HolidayCheck GROUP

Urlaubers* at heart!

*Urlauber [uːɐlaʊbɐ] is the German term for holidaymaker, vacationer

ANNUAL REPORT 2016 HOLIDAYCHECK GROUP AG

On our way to becoming the most Urlauber*-friendly company in the world

For all of us in the HolidayCheck Group, the needs and wishes of our customers are always at the heart of everything we do. This commitment is enshrined in our vision – **to become the most Urlauber-friendly company in the world.**

It is not hard to be on the customer's side when it doesn't cost you anything, but we are determined to choose the best solution for our holidaymakers even when that choice is controversial, difficult or expensive. Why? Because we believe that by doing so we will be even more successful over the long term and can develop into a distinctive and reliable provider in a highly competitive industry environment. We are firmly of the view that our efforts will be rewarded in the form of future recommendations by very satisfied customers. One important step towards achieving our vision involves expanding our portfolio of holiday services. To this end, as well as investing in the ongoing development of our existing products and services, we are establishing new ones and expanding our customised holiday advice service. As ever, we can only offer the best service to our holidaymakers if we can attract the right talented people, and if we help them to acquire new skills and equip them with the tools they need. With this in mind, we want to create a working environment in which the best team in the travel industry can grow. Our annual report contains lots more information about the progress we are making towards our goal of becoming the most Urlauber-friendly company in the world. We hope you enjoy reading it.

* Urlauber [uːɐlaʊbɐ] is the German term for holidaymaker, vacationer


zoover
Largest hotel rating community in the Benelux region
41
Amsterdam, The Netherlands
Amsterdam
HolidayCheck
Largest hotel rating community in the German-speaking countries
231 Bottighofen, Switzerland; Poznan & Warsaw, Poland
Warsaw/ Poznan
Meteovista
International weather portal
19
Amsterdam, The Netherlands
HolidayCheck GROUP
One of Europe's leading digital companies for holidaymakers
17 Munich, Germany
Bottighofen
Munich
Mietwagen Check.de
Rental car comparison portal
12 Bottighofen, Switzerland
HolidayCheck SOLUTIONS
Development of software solutions and technologies for hotel rating and booking platforms
66 Munich, Germany
Annual average of employees (full-time equivalent)
Locations

6

8

10

22

24

28

MAGAZINE

FINANCIALS

NOTES

GEORG HESSE, CEO HolidayCheck Group AG, at the Summer Summit 2016

The DNA focused on holidaymakers

INTERVIEW WITH GEORG HESSE

Georg, you have served as CEO of the HolidayCheck Group AG since January 2016. How was your first year? What did you focus on?

Georg Hesse: It was a very exciting and intense year in which we laid the foundation for our long-term success. After we sold most major investments outside of the travel area in 2015, we faced the challenge of reducing the innovation bottleneck of our major holiday brands HolidayCheck and Zoover piece by piece at the start of 2016. A key first step was the successful IT migration at HolidayCheck that allowed us to develop new products and services more quickly and flexibly and to continuously improve our existing products.

At the same time, we developed an inspiring new vision. To do so, we looked at the German tourism situation and found that there is a large discrepancy between the customer-friendly personnel that one encounters while on holiday – such as the cabin crew on the plane or the concierge of the hotel – and the corporations that employ them and whose thinking is not at all focused on customers. Because the companies active in the tourism industry are primarily managed according to output parameters, such as turnover and profit and not according to input parameters, such as customer satisfaction. As a result, a lot of online travel agencies are spending an increasing amount of money for increasingly shrill commercials instead of investing in the quality of their products. We want to change that. Therefore, our vision is to become the most holidaymaker-friendly company in the world.

An important factor for the realisation of this vision is the DNA of HolidayCheck and Zoover, which has always been characterised by the transparent recommendations from holidaymakers for holidaymakers. That means that both holiday brands have always contained this DNA focuses on holidaymakers. Our employees are another important key to our success. Our aspiration is to become the best team in the travel industry. As part of our Talent 2020 programme, we are therefore making massive investments in our employees – regardless of whether they are IT developers or holiday traffic experts. It is our goal to build a team that is much more committed and qualified than is the norm in our industry.

As the basis for this new vision, we developed a long-term corporate strategy and, beyond that, compiled a list of twelve values together with our employees according to which we want to act. All of this has released a lot of positive energy among our staff and created the foundation for our long-term success.

The past year was difficult for the package holiday market. What opportunities is the package holiday market still offering?

The package holiday market is not a market experiencing aggressive growth. The geopolitical events of the past year have created a significant headwind. Still, the package holiday market offers large potential because only about 30 percent of all package holidays are booked online. I believe the reason is that online travel agencies are simply not good enough yet when it comes to a complex product such as a holiday package. They are providing their customers with an overview of the market, but they leave them on their own when it comes to making a selection and, as opposed to a travel agent in a traditional travel agency, don't offer personal consultation. That is our opportunity. Because nobody else has as many high quality hotel ratings for the classic holiday regions as we do. They provide us with the necessary wealth of data to competently answer all questions of holidaymakers online. The technical implementation of our consultation competence at our holiday portals HolidayCheck and Zoover is therefore a core subject that we are working on emphatically. We generally believe that, in the long run, investments in the product are the most successful and effective way to sustainably tie our existing products to our brand and to gain new customers – in particular those that are still using traditional travel agencies.

But there are also industry issues that need to be solved. For example, we are fighting with the heterogeneous and at times not very current data that the platform receives from the systems of operators. That makes it difficult for customers to correctly evaluate the offers and sometimes results in situations where offers are still being displayed but are no longer available. That is why we are working closely with suppliers and tour operators to improve the data quality for our customers. We also want to shake up the market in this area and trigger improvements that benefit holidaymakers.

We want to expand our DNA and build something truely unique.

What is on the agenda for the next 18 months?

Our strategic core competence is recreational holidays and that is why we are laying the groundwork to further expand our product range and our services in that area. We are seeing a lot of potential in packaged tours, short holidays, holiday homes and cruises. We are also working to improve our „hotel only" offers. We want to expand our DNA and, thanks to our position in the German-speaking and Dutch travel market, build something truly unique and invest in a completely different way of talking to holidaymakers. Our goal is to become a differentiated, long-term and competitive provider. That is why we are not merely looking to optimise the results of the next quarter or of the next fiscal year.

Dubai, United Arab Emirates

OUR TRAVEL TIPS

Armin Blohmann, Director of Group Communications and Investor Relations, HolidayCheck Group AG

„This past autumn, my family and I flew to Dubai for a short holiday. A real highlight was our desert tour with Royal Desert Safari. A Hummer took us to the desert. Then we went “Dune Bashing”. During this action-packed drive across the tops of the dunes we felt like we were riding a roller coaster. Things quieted down when the sun set and cast the desert in a red and golden light. We were able to enjoy this amazing view from a particularly tall dune. The subsequent evening programme in the Al-Sahara Desert Resort included culinary specialities from the entire Arabian region and, most importantly, fun and entertainment for the entire family. Camel and horseback rides were offered as well as henna tattoos, live music, dervish dances and fire-breathers. The day was a great success for us – filled with adventures that allowed all of us to experience our own personal highlight.“


Through the desert with a Hummer.


„Things quieted down when the sun set and cast the desert in a red and golden light."

Think out of the BOX

1. BRAINSTORMING

2. MARKETPLACE

THE 4 STAGES OF THE INNOVATION DAYS

HOLIDAYCHECK GROUP INNOVATION DAYS

Innovation is the only way to win", goes a quote attributed to Steve Jobs. Following successful migration of the HolidayCheck AG IT platform and the ongoing migration of Zoover, the companies are now working with new technology that allows the flexible implementation of innovative ideas and provision of new products and services. The Innovation Days held twice a year at all locations throughout the group represent a primary brainstorming and realisation instrument.

Anything goes

The Innovation Day format consists of four stages: brainstorming, marketplace, teamwork and final presentation. As a first step, all employees have the chance to submit ideas without any restriction whatsoever in terms of creativity. Be it new products, new services, a new feature or even a marketing idea - anything goes! „Think out of the box!" is the motto. At the second stage, any employee can present their idea in the marketplace to all other participants with the aim of gaining fellow supporters. If at least three colleagues are convinced of the idea, a team is formed and implementation can begin. The teams then have three days to work on the concept and build and test prototypes. Some teams are even able to present finished products at the final presentation stage, which can then go live straight away on the platforms.

Results

„February 2017 saw Innovation Days held for the third time at each of our locations - in Germany, Switzerland, Poland and the Netherlands. As a result, a whole host of new, innovative ideas were generated. Seven product developments from previous Innovation Days are already live on our platforms. I'm really delighted with the format and the commitment of employees. My task in future as Chief Product Officer will be to prioritise the many ideas and consolidate them into a meaningful whole in line with our vision", said Nate Glissmeyer, CPO of HolidayCheck Group.

> > >

Further information on the Innovation Days is available in this video:
https://www.youtube.com/watch?v=yc__u9AiVVE

3. TEAMWORK

4. PRESENTATION

On 1 January 2017, Nate Glissmeyer (45) took over as Chief Product Officer (CPO). He will also serve as Senior Vice President Engineering on the Management Board of the HolidayCheck Group AG.

Previously, he served as Director, Product Development at Amazon.com Inc. in Seattle, USA, where he was in charge of the „Kids and Families, Digital" department. Between 1996 and 2016, Nate Glissmeyer worked in various positions for Amazon and holds patents for his inventions. Amongst other things, he headed different software and tech teams during this time and was the department head for various e-commerce units. Between 2000 and 2004, he ran the company pdaOrder, which he founded, as well as the ACS Group. Nate Glissmeyer earned a Master's degree in linguistics and literary studies from the University of Utah, USA.

NATE GLISSMEYER
CPO of the HolidayCheck Group AG

INTERVIEW WITH NATE GLISSMEYER

What draws an Amazon manager from Seattle to the HolidayCheck Group in Munich?
Nate Glissmeyer: I found the company and the job highly exciting. Our largest brands HolidayCheck and Zoover already enjoy a significant level of trust in their respective markets and thanks to the abundance of hotel ratings have an exceptional database. Not forgetting of course that our vision is to become the most holidaymaker-friendly company in the world. All that convinced me it was the right move. I also think the size of the company is ideal. We are big enough to get things moving and exert influence, but not so large that our structures are bogged down with complexity. In my initial discussions with the supervisory board and my colleagues on the management board it was apparent that they were serious about changing the company. In large companies or those that have already been on the market for decades, much is often said about innovation and change, then at the end of the day nothing really happens. HolidayCheck is different. I know that I can really make a difference here. That was extremely important to me. I'm used to the scenario of ‚Nate, think about what to do and then do it!' The decision to move to Munich was also really easy. It's a beautiful city. I love mountain biking and also skiing and now I have the Alps practically on my doorstep. There really is nothing to complain about (laughs).

What is your first impression of the company and the teams?
My predecessor Timo Salzsieder made sure that the company has the right people. The staff are motivated and extremely competent technically. By contrast, the online travel sector is in need of overhaul, especially in terms of holidaymaker friendliness. Consequently, the possibilities to do more for holidaymakers are boundless. I'm already facing a backlog that will keep us occupied for an entire year. In product development, backlog is the catalogue of tasks that needs to be dealt with. So there is a lot of work to do. The question is how to prioritise? And what do we do first? That's essentially my primary task. To give direction and define a framework so that what we develop ultimately forms a meaningful whole which contributes to implementing our vision.

What will product development focus on in future?
Holiday is the best time of the year. Many people start planning their summer holiday a good six months in advance. Planning, gathering information and booking should be fun - they should have the thrill of anticipation. Unfortunately, the status quo in the online travel sector is a different story. Many holidaymakers are unsure of what to choose. They are unaware of what they need to look out for and consequently have to burrow through a mass of unstructured information. That needs to stop! We want to develop products that simplify the process of searching for and finding the perfect holiday for our users - products that offer them the appropriate information and good advice and which make booking as simple as possible.

„When holidaymakers feel like taking in some culture or doing a bit of shopping, then they can visit nearby Cádiz, which is Europe's oldest city."

OUR TRAVEL TIPS

**Christopher Benjamin Marxen,
Travel Agent at HolidayCheck**

„I love travelling to Spain, and in particular the Andalusia region. My tip for a holiday there is the Hotel Valentin Sancti Petri, which has a picturesque location at the Costa de la Luz. In Spain, beaches are often blocked by too many adjacent buildings. That is not the case here. There is an unobstructed view of the beautiful dunes that are perfect for relaxing walks. That is a particularly dream-like experience in the evenings when the sun sets. And when holidaymakers feel like taking in some culture or doing a bit of shopping, then they can visit nearby Cádiz, which is Europe's oldest city. Furthermore, there are lots of opportunities for fantastic day trips in the surrounding area. My personal tip: You absolutely must visit one of the region's many bodegas and participate in a sherry tasting session."

Christopher's tip is the Hotel Valentin Sancti Petri. He also recommends trying the sherries in the region's bodegas.

The Psychology of Reviewing

As part of the study series dubbed „The Psychology of Reviewing“, HolidayCheck surveyed 1,800 German Internet users on the topic of online reviews in the summer of 2016. In addition to the role of reviews in everyday life and the most frequently reviewed topic areas, the issues of author motivation and trust in Internet reviews were also examined. The key results are shown in this infographic.

Relevance of online ratings

92% study online ratings at least 3x per year;
nearly half (46%) do so multiple times per month.

82% have **submitted** an online rating; in 2014 that number was 74%.

50% trust online ratings as much as the advice from family and friends.
6% trust them even more.

46% have already been **rated** as service provider, vendor, guest, customer, etc.

42% submit a rating at least 5x per year;
8% write multiple reviews per month.

Sectors of the Internet with most ratings

69% Online retailers

62% Holiday, travel and accommodations

39% Restaurant, cafés, bars

37% Electronics

32% Clothing

The usefulness of ratings

36% believe that products and services continuously **improve** because of ratings.

23% say that online ratings lead to **transparency.**

Rating types

33% The helpful one
wants to help others find the right service or product.

27% The optimiser
wants the rated entity to improve or maintain the high level of service.

23% The emotional
either wants to thank the person or business they rate or vent.

From the outfield to the CENTRE

The new location provides Zoover and Meteovista with better access to the international recruiting market

The coffee bar on the ground floor of the new office is open to visitors and also used for events.

> > >

SAHBI DERKSEMA
Head of HR & Talent at Zoover and Meteovista

The open design of the office fosters communication and cooperation. Lounges and sitting areas offer quiet places for focused work and team meetings.

The Dutch capital Amsterdam has a thriving tech and Internet scene. Numerous global Internet groups have been drawn to the city by its blend of open, international focus, excellent infrastructure and high standard of living. In combination with the presence of successful local heavyweights like Booking.com, WeTransfer and TomTom, this situation ensures that Amsterdam is a place of choice for international talent. Since December 2016, hotel rating portal Zoover and the weather portal WeerOnline have also operated an office in Amsterdam. The new facility located centrally in the Dutch capital at the historic ring of canals offers a unique working environment.

International talent

IT developers, product managers and so-called user experience experts are currently in particularly high demand on the employment market, a reason why tech companies are constantly competing for the most talented candidates. „The demand can hardly be met locally, so the recruitment of international talent is on the up and Amsterdam is the ideal location for this. At Zoover and Meteovista we now have 12 different nationalities, with our office language naturally being English," explained Sahbi Derksema, Head of HR & Talent at Zoover and Meteovista. The decision to move to the city from 60 kilometres away in Zeist was not easy, but it was an important one for the long-term development of the company. „This location is not the only success factor as regards recruiting," added Sahbi Derksema, „but it does enable us to be competitive in the battle to attract the best talent.

Everyone is fishing in the same pond

As a location, Amsterdam enables Zoover and Meteovista to better access international talent. But in the next step, that talent has to be impressed with the company. „Everyone is fishing in the same pond. We are not a major group with a global brand, so we have to impress people in terms of who we are and what we value," said Sahbi Derksema. „Today's generation of young talent has different requirements when it comes to the working environment. They have a desire to create value, continuously improve and at the same time remain independent and flexible. The question ‚what do I want to be doing in five years' hardly ever comes up. It is more about building good products now and having an impact on company development. We can offer such opportunities. Our technology, or tech stack, which our developers work with, is state-of-the-art. That is a big pull for many of those who join us." The emotive core of the recruiting positioning is the corporate culture and corresponding values. „The candidates that we end up employing have to fit in. We are confident that company culture is the key aspect when engaging employees."

A place for talent

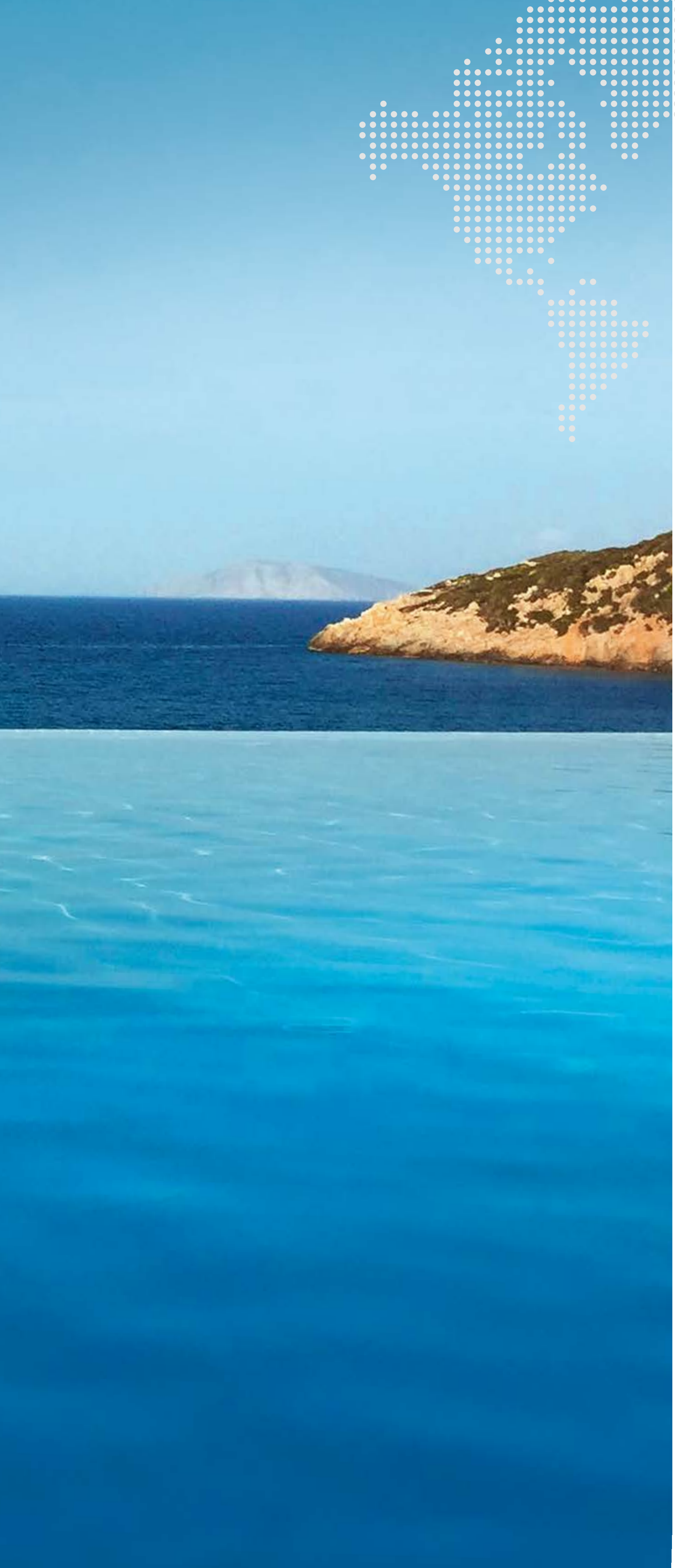
While other large tech companies have changed tack and let their employees decide where they work, when they work and how much holiday they take, Zoover and Meteovista have consciously chosen another path. „It is important for our culture and agile and scrum processes that we have a centralised location where we work together personally on a daily basis. Naturally we also provide the opportunity to work from a home office or agree flexible working times, but experience has shown us that total decentralisation hampers efficiency," explained Sahbi Derksema. Also important for successful recruiting is developing a personal contact to suitable talent and at the same time being part of a network of tech companies. „In future we want to organise far more hackathons and business events and our new office enables us to do just that. Our goal is to create a great place for talent, where people come together, learn from each other and also get to know who we are."

Further information on the new Zoover and Meteovista office is available in the following video:
https://www. youtube.com/watch?v=kK96OCbBWZ4

HOUSEWARMING

Customers and business partners were invited to the grand opening of the office. The staff celebrated the move with a winter barbecue in the evening.

„One of the hotel's special features is that it has its own bay."



OUR TRAVEL TIPS

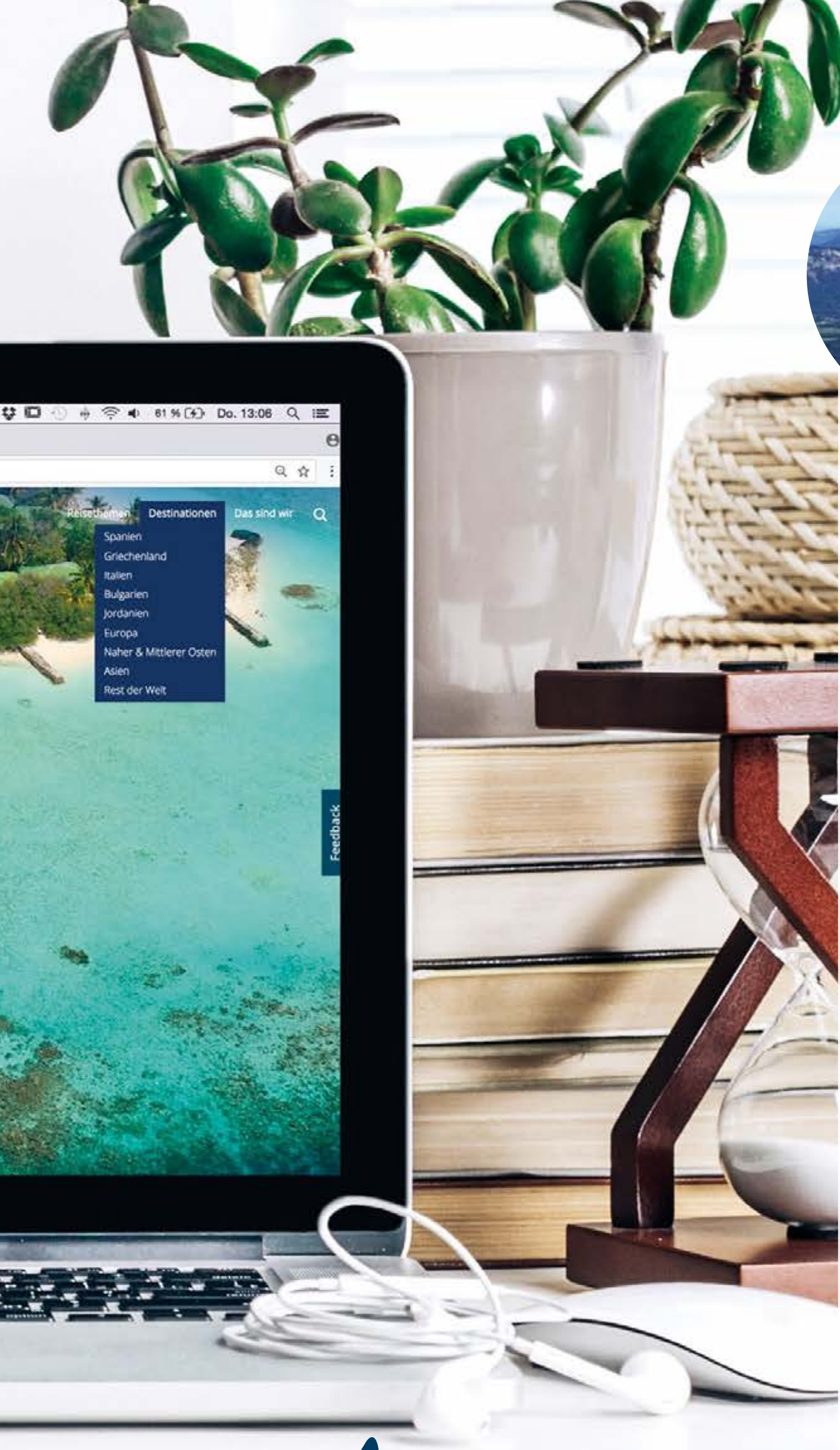
Georg Ziegler, Director Content at HolidayCheck

„My favourite hotel on Crete is the Daios Cove Luxury Resort & Villas in Agios Nikolaos. I spent five amazing days there last year with my small family. One of the hotel's special features is that it has its own bay. The rooms, as well as the separate villas, are very modern and feature high-quality furniture. In addition, the villas and a few of the rooms have their own seawater pools. The beds are another highlight; these are made from coconut fibres and are large and fluffy. It's like sleeping on a cloud. The staff are very friendly and kids are welcome. It's our absolute dream hotel and we're looking forward to going back."

The villas and a few of the rooms have their own seawater pools.

Away inspires readers with many photos and videos that show what a place actually looks like.

Away – the new digital travel magazine from HolidayCheck



UTA MERKLINGER
Product Manager of Away

TILL ISSLER
Head of Mobile at HolidayCheck and initiator of Away

Who hasn't had that feeling - you want to book a holiday, but you don't know where to go. What's missing is the inspiration. Away, the new digital travel magazine from HolidayCheck is a new, innovative source of inspiration for holidaymakers that helps find the perfect holiday by featuring beach and fact checks, travel reports, background stories and exciting video and photo material.

From concept to product

„For us, holidaymakers take centre stage and we continuously strive to give them even more of what they want. Our user surveys have established that many holidaymakers are primarily looking for inspiration on our platform. Away has consequently been designed to provide ideas and stimulation for choosing a holiday," explained Away product manager Uta Merklinger. Development of the digital magazine was carried out in close cooperation with the digital agency Pure Labs, while the magazine content is put together by Cross Media Redaktion, a team of professional travel editors. „Having started out with nothing but an idea in July 2016, we had the finished concept up and running within a very short time thanks to the great support shown by many of our HolidayCheck colleagues. We were particularly thrilled with their level of enthusiasm for the project. I think that without that enthusiasm and > > >

© Mohamed Muha, JA Manafaru, Sakis Papadopoulos

In the Maldives fact check, readers will find out all they need to know about the island, e.g. nation's location, how to get there, activities, security, and hotel islands.

the excellent support, both internal and external, we would never have been able to launch in December," added Till Issler, Head of Mobile at HolidayCheck and the initiator of Away.

No illusions

On the Away website, which has been optimised for desktop PCs, tablets and smartphones, anyone seeking inspiration will find 360-degree photos and loop videos that offer an in-depth look at a destination and show what it really looks like. A transparent, contemporary design was also a significant priority. Till Issler went on to explain, „We are not in the business of selling illusions. Holidaymakers are presented with as realistic a picture as possible, for instance what a beach at a given destination actually looks like." Away also has a broad range of authors writing for the magazine, including travel journalists, travel bloggers, celebrities and HolidayCheck customers and employees. „We don't want to be just another travel magazine, we want to offer the perfect blend of editorial content, community articles and tips from our team," said Uta Merklinger. Away has also been integrated into the HolidayCheck platform. „We want to inspire holidaymakers even as they surf on holidaycheck.de. After all, stimulating emotions and aspirations is Away's whole raison d'être," declared Till Issler. The magazine is also of interest to advertising customers, with the HolidayCheck sales team offering novel and attractive advertising space in Away.

The most holidaymaker-friendly magazine on the planet

„We found that articles about beaches and families were particularly popular," said Uta Merklinger, „so we aim to offer that type of article more frequently in Away and complement them with even more high-quality content and images." The team also plans to integrate HolidayCheck content into the magazine to a greater extent. One example being that images on Away will be directly linked to commensurate HolidayCheck ratings. This will enable readers to view other holidaymakers' opinions of a specific destination or hotel with one click. „Our long-term goal is for holidaymakers to be able to put together their very own, personal Away magazine in line with their personal tastes, consequently making us the most holidaymaker-friendly travel magazine on the planet," said Till Issler.

How do the Dutch check the weather?

The Weeronline/Meteovista weather portal surveyed 500 Dutch people on the topic of weather. Women were found to check weather forecasts more frequently than men, and for different reasons. The results are shown in this infographic.

Weeronline

9 of 10 people get their weather forecast from an app

The Dutch refer to themselves as...

25% Sun worshippers
22% Haters of dark days
13% Cold weather fans
10% Wearers of t-shirts in the winter

Women like to do it in bed!
Twice as many women as men are checking the wheather while they are still in bed. The reason: More women than men are choosing their outfit based on the wheather forecast.

56% (women) **37%** (men)

The older a person gets, the more they feel depressed by dark days.

1 of 10 of those 30 and under
1 of 4 of those 50 and over
are seeing it this way.

Women are more mindful of the weather in their daily lives...

40% **23%**

55% **42%**

... but men take the weather forecast more seriously than women.

Our set of **Values**

... is the heart of our company culture.

At the internal Values Summit in July 2016, HolidayCheck Group employees came up with 12 corporate values.

Being able to attract the right talent is essential for the long-term success of the HolidayCheck Group. That is why the Management Board wants to build the travel industry's best team. To achieve that goal, the so-called Talent 2020 initiative was launched. As part of this initiative, the HolidayCheck Group is investing in the training and development of its employees as well as the recruitment of new talent. The basis for this undertaking is a set of 12 corporate values that was jointly developed by HolidayCheck employees during an internal summit at Lake Constance in July 2016.

Watch this video for additional information on the values of the HolidayCheck Group:
https://www.youtube.com/watch?v=JBvN2MJaRf8

We love it when...

... you love what you do.

... you excite others.

... you're hungry for success.

... you'd rather make a risky decision than no decision.

... you give everything for the team.

... we trust each other unconditionally.

... you're courageous, even if it's uncomfortable.

.... you actively take responsibility.

... you get to the bottom of things.

... you always put the Urlauber* first.

... you want to improve every day.

... you're curious.

*Urlauber [uːɐlaʊbɐ] is the German term for holidaymaker, vacationer

„At the hotel's infinity pool you can enjoy the pretty view high above Bangkok's rooftops."

OUR TRAVEL TIPS

**Stefanie Schreiner,
UX Manager at HolidayCheck Solutions**

„My personal hotel tip for Bangkok is the Eastin Grand Hotel Sathorn. It is the best hotel I have ever stayed in. The day at the Eastin Grand begins with a fabulous breakfast that leaves nothing to be desired. The selection ranges from Bircher muesli to Asian dishes from dim sum to the hotel's own special egg dishes. There truly is something for every palate. The view from the panoramic windows in the rooms is particularly beautiful. They provide a fascinating view of the sea of lights that characterises Bangkok at night. At night, I recommend the hotel's infinity pool. It's the perfect place to relax with a fresh coconut or a cocktail and to enjoy the pretty lighting and the view high above Bangkok's rooftops. The private entrance to the city's underground transportation is particularly convenient and offers the perfect start to a tour through the city."

Following a tour of Bangkok, the pool is the perfect place for relaxing and enjoying a fresh coconut.

Good service
makes all the difference

Erik Weenink, Head of MietwagenCheck and Nadine Matt, Marketing Manager of MietwagenCheck

MIETWAGENCHECK

With its German Service Awards, the Institute for Service Quality of the German news channel n-tv recognises companies that place an emphasis on personal service and focus on their customers. In the „Tourism portals" category, the much-coveted prize this year was awarded to the rental car price comparison portal MietwagenCheck.

The prize was awarded on the basis of a study that used a total of 16,300 secret service contacts to evaluate 484 companies. That means each company was contacted an average of 33 times. Based on the results, 51 companies in 17 categories – ranging from retail to the insurance sector – received the coveted award.

„We are very excited about receiving this award. It is a validation of our goal to always make our customers the focus of everything we do. A qualified customer service with a personal touch and excellent support via email and chat is an essential component of those efforts," said Erik Weenink, who heads MietwagenCheck.

Holidays
are always an option

#ZOOVERZOMERWENS

At work while the sun is shining and friends and colleagues are enjoying a holiday at the beach?! For several Dutch people that got left behind, this was a sad reality last summer. That is why Zoover and the radio station Veronica surprised four candidates with unusual activities as part of their #ZooverZomerwens campaign and brought a holiday to them.

Holiday in the office

Holiday was brought to Miranda's office including a samba dancer, palm trees and cocktails.

Garden party

Angela's terrace was converted into a holiday oasis – including a phenomenal garden party.

Swimming with dolphins

Kristel's dream to swim with dolphins became a reality.

A night in a plane

Andrea spent the night in style in the suites of a hotel aeroplane.

HolidayMonitor 2017

HolidayCheck

With its yearly HolidayMonitor survey, HolidayCheck investigates the travel habits of 2,000 Germans, captures the current mood on the travel market and sheds light on developments in the ongoing travel year. HolidayCheck's early booking data as well as a representative survey among holidaymakers form the basis for this study. The key results for 2017 are shown in this infographic. ●

The travel mood of Germans

Do attacks and political unrest influence your holiday plans in 2017?*

Yes, with regard to my destination	34%
No, I won't let that influence my holiday plans	24%
Not applicable – I am not planning any trips in 2017	22%
Yes, I delay booking my holiday in order to quickly react to the state of security	9%
Yes, I travel less frequently	9%
Yes, with regard to my mode of transportation	8%
Yes, I'm booking earlier because the spaces in areas deemed safe are limited	5%
Don't know – no response	5%
Yes, I no longer go on holiday because of attacks and political unrest	2%

A quarter of respondents (24%) said their holiday plans are not at all influenced by attacks and political unrest.

About one-third (34%) of Germans say attacks and unrest influence their choice of destination.

Nearly 1 in 10 said they would travel less in 2017 than previously, and 2% of respondents said they stopped travelling altogether because of attacks and political unrest.

**YouGov poll conducted between 16–18 January 2017 with 2,034 participants, multiple answers possible; the results were weighted and are a representative sample of Germany's population (age 18 and over)*

2017 early booking season

Winners and losers among package holiday destinations

Development of early booking figures compared to the previous year*

Ranking according to volume of bookings

Destination	Change
Spain	+2%
Egypt	+106%
Greece	+60%
Turkey	-21%
Portugal	+12%
Bulgaria	+30%
Dom. Republic	+6%
UAE	+13%
Thailand	+26%
Italy	+6%
Cyprus	+100%
Tunisia	+47%
Maldives	+30%
Mexico	+29%
Morocco	+162%
Cuba	+50%
Mauritius	+40%
Croatia	+42%
Malta	+13%
Sri Lanka	+6%

**Booking period 01/11/2016 – 31/01/2017*
Compared to 01/11/2015 – 31/01/2016
Package holiday bookings of German holidaymakers

Between November and January, 19 of the top 20 package holiday destinations recorded an at times significant **increase in bookings**. Following an initial negative trend, Turkey has been catching up since mid-January and shows significant growth since the beginning of February compared to the previous year.

Holiday costs

Average expenses of HolidayCheck holidaymakers per person/day*

No change
Less than last year
More than last year

Destination	Expenses per person/day	Change
UAE	€136	-1%
Dom. Republic	€136	
Thailand	€101	-6%
Italy	€97	
Spain	€93	+2%
Portugal	€91	+1%
Greece	€89	+5%
Egypt	€72	-8%
Bulgaria	€72	+5%
Turkey	€67	-12%

On average, Holiday-Check holidaymakers are spending **€131** per person/day for their package holiday.

Analysis of bookings of German holidaymakers from January 2016 to January 2017 compared to the previous year; a package holiday includes transportation and accommodation as a minimum

Stockholm, Sweden

OUR TRAVEL TIPS

Maike Diehl, Junior Manager B2B Marketing at HolidayCheck

„I always particularly enjoy being able to view the cities I visit from afar. In doing so, I often discover many hidden treasures that I definitively want to visit. However, the most common viewing points are often highly frequented and rather expensive. This is my secret tip for Stockholm: In the northern area of the Södermalm district, or more specifically the idyllic Mariaberget area, one can find the Monteliusvägen footpath. This narrow pathway leads directly to a viewpoint from which the entire old town of Gamla Stan can be seen. If you visit Stockholm in the summer, then make sure you don't miss out on seeing the sun rise from there. Seeing the sun creep slowly over the still-sleeping city and basking it in a reddish light is simply magical. I would recommend that you travel to Mariatorget using Stockholm's underground rail system, the so-called T-Bana, and then stroll through the cobblestone streets until you get to the viewpoint."

The narrow Monteliusvägen path leads to a viewpoint overlooking the old town.

„I always particularly enjoy being able to view the cities I visit from afar.“

HolidayCheck says Thank You for...

6.9 million submitted ratings, 7.4 million uploaded holiday photos and 253,000 rated hotels. In the summer of 2016, more than 100 HolidayCheck employees participated in our „We Are Saying Thank You“ campaign. They wrote personal notes to the dedicated holidaymakers and sent 300 bouquets of flowers to our most active raters. We also raffled off three dream holidays.

7.4 million **PHOTOS**

84,000 VIDEOS

6.9 million **RATINGS**

91% **RECOMMENDATION RATE** in 2016

253,000 rated **HOTELS**

GOOD was the **MOST FREQUENTLY** used adjective in the ratings

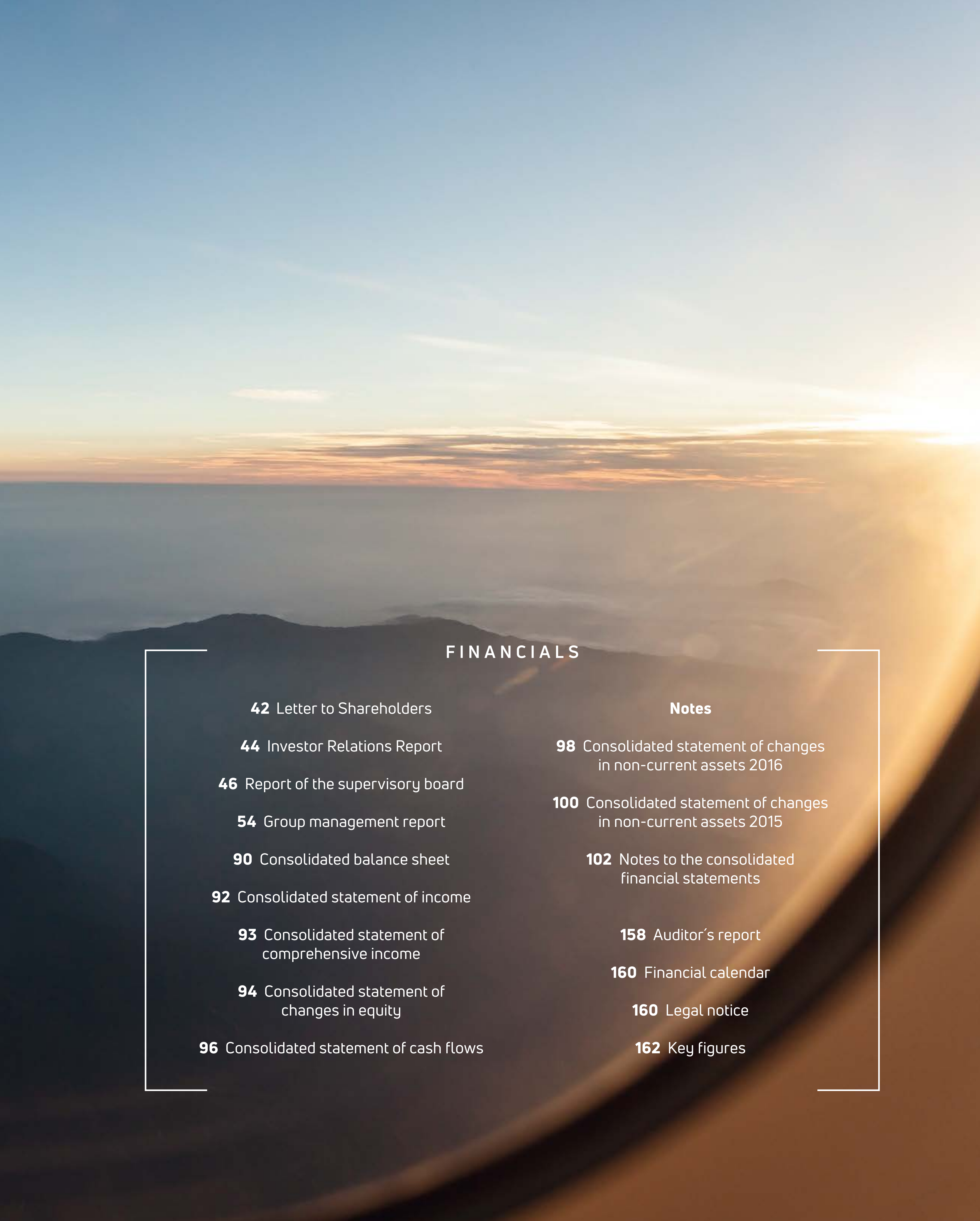
The countries with the **HIGHEST** rated hotels in **2016**

TURKEY

AUSTRIA

EGYPT

HolidayCheck employees say thank you for the great commitment of the holidaymakers.



FINANCIALS

Notes

Letter to shareholders

Dear Shareholders and Holidaymakers

Around nine months ago, at our annual general meeting, you voted by an overwhelming majority of 99.99 percent to change the name of our company from Tomorrow Focus AG to HolidayCheck Group AG. For us, this was an important and hugely symbolic step, as the company's name now reflects the work we carry out every day with great passion – advising our customers on their choice of holiday.

Our vision

The most popular feature on the sites operated by HolidayCheck and Zoover is the section containing recommendations by holidaymakers for holidaymakers. Although both these brands have always striven to meet the needs and wishes of customers, that focus may have slipped a little over the years.

That is why, when we defined our new company vision at the beginning of 2016, we were keen to put it firmly back where it belongs – right at the heart of our business.

We want to become the most holidaymaker-friendly company in the world – fast and innovative, with a long-term strategy and a total focus on holidaymakers. To be more specific, that means concentrating our efforts on helping people to find and book the perfect holiday.

Our strategy

Based on our new vision we decided to adopt a strategic geographical focus on the markets in which we have already established a presence, i.e. Austria, Germany, the Netherlands, Poland, and Switzerland, and a thematic focus on the holiday sector. We have chosen to embrace the regional complexity of this approach and are delighted to see so much scope for improvement in the industry.

Our values

It is vital to establish a clear set of values that apply equally to all the Group's employees in their everyday work and their dealings with each other. If those values are well thought out and implemented, they can guide our efforts to achieve the vision we have set out. In July, around 300 Group employees from every one of our sites came together for a day to discuss in detail how the HolidayCheck Group's newly defined values can be integrated into each individual's day-to-day work.

GEORG HESSE
Chairperson of the Management Board

Our team

Having established our values, we want to embed them firmly in our HR processes – from the recruitment of talented new staff through to our employee feedback and appraisal systems and staff development measures. To help us achieve this, we set up a new initiative entitled Talent 2020, which involves both investing massively in our existing workforce and attracting skilled new employees. Our aim is to create the best team in the whole tourism industry. At the end of the day, we need people with the right skills if we are to make it even easier for our customers to find and book the most suitable holiday.

Our technology

After successfully completing the IT migration process last year, we are now developing products and features on a completely new IT stack. That allows us to innovate flexibly and rapidly. It also helps us to attract the most talented IT developers who are keen to work on the latest cutting-edge systems.

Our accolades

In many areas, we are of course just in the early stages of the journey towards our goal of building the most holidaymaker-friendly company in the world – all the more reason for us to celebrate HolidayCheck's winning score of 2.4 ('Good') in a review of holiday brokers conducted by the German consumer organisation Stiftung Warentest in January. What is more, our rental car comparison portal MietwagenCheck came out on top in a 2016 review carried out by the German Institute for Service Quality on behalf of the news channel n-tv and shortly afterwards received a score of 1.7 ('Good') in a survey of providers by Stiftung Warentest.

Our hotel ratings

The hotel ratings uploaded by holidaymakers for holidaymakers are the centrepiece of our travel portals HolidayCheck and Zoover, and we are particularly delighted to see that the number of ratings increased sharply in 2016 – by 10 percent at HolidayCheck and by as much as 44 percent at our Dutch hotel ratings portal Zoover.

This achievement was mainly due to the successful redesign of the two forms used to upload ratings on the basis of 'A/B tests'. These allow us to gear our products and services more and more effectively to the needs of holidaymakers thanks to continuous testing.

Our industry

In 2016, the European package holiday sector experienced its worst crisis for many years in the wake of a series of terrorist attacks on countries around the Mediterranean that are also popular holiday destinations. This created a tangible sense of insecurity among many holidaymakers and produced a major geographical shift in terms of resort selection. While Egypt, Tunisia and Turkey in particular became less popular, other destinations such as Bulgaria, Greece, Portugal, Spain and even Germany saw a considerable increase in bookings.

For the industry, this situation was exacerbated by political developments in July 2016 in Turkey following the attempted coup. Turkey is one of the biggest package holiday destinations. Thankfully, the situation remained calm in the resort areas, and there was no direct risk to our holidaymakers. In the aftermath of the failed coup, however, many people considering a last-minute summer trip to the country were put off by the negative headlines. As a result, the number of bookings to Turkey fell substantially, and the cancellation rate for existing bookings rose by a significant margin.

Fortunately, the overall climate for tourism returned to normal in the fourth quarter of 2016, bringing a significant recovery in demand for bookings and a more optimistic end to the year for Europe's package holiday sector. Overall, we estimate that package holiday bookings in 2016 fell by a small margin compared with the previous year.

Our performance indicators

Despite the tough market environment in 2016, we managed to generate a 3.5 percent increase in revenue. Although this was at the lower end of our expectations, we nevertheless increased our share of the package holiday market.

In terms of operating EBITDA, we had planned to at least break even. In the event, despite all the market obstacles in our way, we exceeded this target by a substantial margin of EUR 2.7 million.

We also remain on a sound financial footing. We have no bank loans, an equity ratio of 86 percent and funds of around EUR 40 million available to spend.

Our objectives for 2017 and beyond

The travel industry has been undergoing a period of fundamental transformation and innovation, and even greater changes lie ahead. We want to play a major role in shaping that future. This year, we intend to take one important step in this direction by expanding our portfolio of holiday services. We plan to make substantial investments in measures to speed up the further development of our existing products and services, especially in the core fields of package holidays and 'hotel only' bookings, in the development of new products and services in adjoining areas, and in the expansion of data intelligence and customised travel advice.

We also plan to scale up our marketing activities for products and services.

Naturally, the long-term goal of all these measures is to deliver a lasting boost to our holiday brands in terms of their recognition and popularity among holidaymakers. If we can persuade our customers to recommend HolidayCheck and Zoover to their friends and relatives in even greater numbers, we will have taken a big step towards achieving our vision and of course towards even faster revenue and earnings growth.

We still have a long way to go on our journey as we build the most holidaymaker-friendly company in the world, but we have made a start, and we are honoured that you have chosen to accompany us.

Your sincerely

Georg Hesse
Chairperson of the Management Board

Investor relations report for the financial year 2016

Dear Shareholders

In our communications with investors, analysts and journalists we focused throughout 2016 on the impact of terrorist attacks and political developments in the holiday regions bordering the Mediterranean and on the intense competition between Germany's online travel agencies.

Naturally, we were equally keen to present our new corporate strategy and the vision and mission on which it is based.

From a communications perspective, one important milestone was the decision – passed by a large majority at the annual general meeting in June 2016 – to change the company's name to HolidayCheck Group AG.

Following this change, the company's focus on its holiday brands is now reflected in its trading name.

As part of our investor relations work in 2016, we attended a total of six investor conferences and presented the HolidayCheck Group to institutional investors at our own road shows.

At *www.holidaycheckgroup.com* you will find a wealth of information about the company. For example, our website contains current company reports and presentations covering important investor events and roadshows.

For regular and fascinating insights into the world of HolidayCheck Group, you can also visit our social media channels on Facebook, Twitter, or XING. We are always delighted to welcome new followers.

Yours sincerely
Armin Blohmann

At the annual general meeting in 2016

Investor and Public Relations contact

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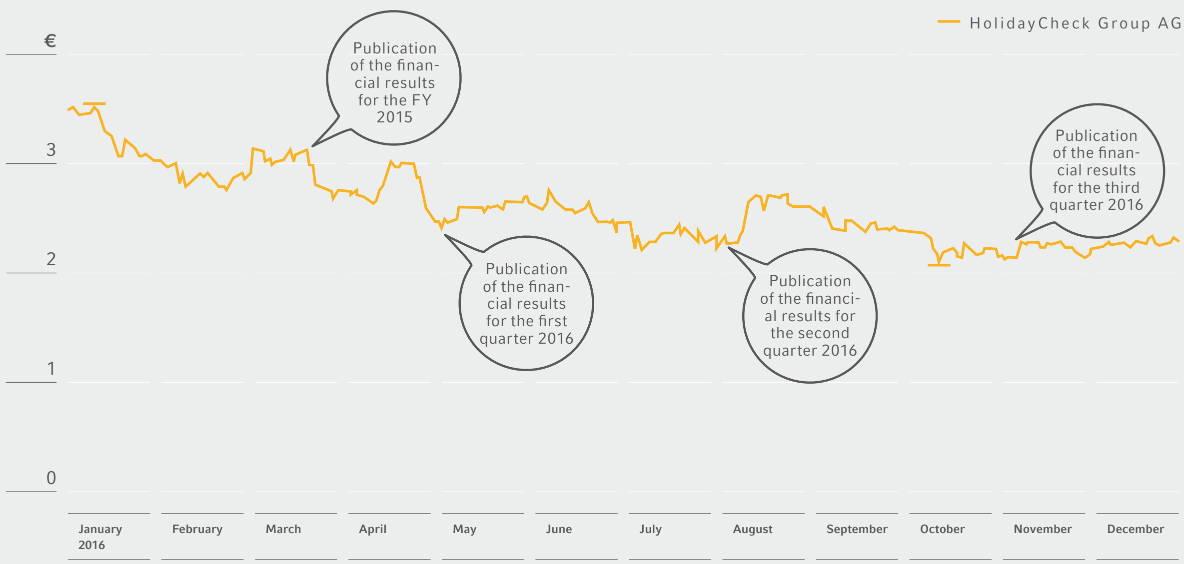
HolidayCheck Group share price performance chart for 2016



Key HolidayCheck Group share data

Key HolidayCheck Group share data	
German securities code (WKN)	549532
ISIN	DE0005495329
Stock exchange symbol	HOC
TFA Stock exchange segment	Prime Standard
Indices	CDAX, Technology All Share, Prime All Share
Designated sponsor	Oddo Seydler
Number of shares at 31 Dec 2016	58,313,628 no-par value bearer shares
Market capitalisation at 31 Dec 2016	EUR 207.0 million

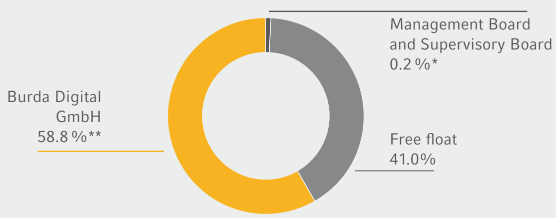
HolidayCheck Group share price performance on the Xetra trading platform	
Starting price 2016	EUR 3.56
2016 low	EUR 2.17
2016 high	EUR 3.57
Closing price 2016	EUR 2.32
Share price performance 2016	-34.8 %

Recent HolidayCheck Group share price ratings by analysts*

	recommendation	price target
HSBC Global Research	hold	EUR 2.40
Warburg Research	hold	EUR 2.60

* As at 31 December 2016; no guarantee is assumed for completeness of the information provided.

Shareholder structure (rounded)



* as at 31 December 2016 ** as at 4 June 2014; no guarantee for completeness.

Report of the Supervisory Board for the financial year 2016

Dear Shareholders

Following on from the financial year 2015, when Tomorrow Focus AG concentrated successfully on its digital business models in the travel sector, in 2016 the company laid the foundations for sustained growth in both revenue and earnings.

A symbolically important milestone was reached in June 2016, when the annual general meeting approved a proposal to change the name of the company to HolidayCheck Group AG.

Right at the beginning of the year, the Management Board set out a new vision – to become the most holidaymaker-friendly company in the world. The company's goal is to help holidaymakers find the perfect getaway.

Accordingly, in strategic terms, the company will maintain its geographical focus on existing sales markets in Germany, Belgium, the Netherlands, Austria, Poland and Switzerland, and a thematic focus on existing and complementary business models in the holiday sector.

The HolidayCheck Group sees motivated and well-qualified employees and flexible and modern IT systems as two key success criteria that will allow it to offer even more customer-friendly core products in the fields of package holidays and hotel bookings and to expand its portfolio of innovative and complementary services.

The successful migration of HolidayCheck AG to the new IT platform in 2016 will be followed shortly by the migration of Zoover's information technology. This new technical framework is designed to allow flexible and rapid product development.

It also makes the HolidayCheck Group an attractive employer for the best IT developers who want to work on the latest cutting-edge platforms.

Attracting people with the right skills is extremely important for the HolidayCheck Group. With this in mind, the Management Board has launched a Talent 2020 initiative that will see the company invest heavily in training for its current employees and in measures to attract talented new people. One important element of this initiative is the employee stock option plan set up at the end of the year.

From now on, employees will receive shares in the HolidayCheck Group every year as a fixed part of their total remuneration, thus giving them a greater stake in the company.

In 2016, the European travel market was again highly competitive and – as a result of terrorist attacks and other political developments – extremely volatile.

The Management Board and Supervisory Board believe that the foundations laid in 2016 will allow us to offer an unmatched holiday experience and therefore stand out from the more or less uniform service offered by our competitors. In turn, this will help us to deliver a further sustained boost in our revenue and earnings growth over the coming years.

Main issues discussed by the Supervisory Board

The Supervisory Board of HolidayCheck Group AG performed the activities incumbent upon it under German law and the company's articles of association during the financial year 2016. It regularly conferred with the Management Board and diligently supervised its activities. The Management Board regularly provided the Supervisory Board with written reports and verbal accounts containing information on the business plan, the course of business operations, future strategic development, risk management and all of the company's major business transactions. The Supervisory Board was directly involved in all decisions of fundamental importance to the company.

Outside the regular Supervisory Board meetings, the Chairperson of the Supervisory Board and the Chairpersons of the individual Committees maintained close contact with the Management Board through face-to-face and telephone meetings. These were held several times a month to ensure that they remained up to date with the business situation and significant business transactions.

The Supervisory Board held a total of five regular meetings that were attended by the members in person on 21 March 2016, 16 June 2016, 27 July 2016, 5 Oc-

STEFAN WINNERS
Chairperson of the Supervisory Board of HolidayCheck Group AG

tober 2016, and 29 November 2016. A further extraordinary Supervisory Board meeting was held on 22 April 2016 in the form of a telephone conference. The Supervisory Board also passed nine resolutions by way of written circulation during the course of the year.

The main issues discussed during the regular Supervisory Board meetings were revenue, earnings and employment levels, as well as the financial position and liquidity of HolidayCheck Group AG and the Group.

On 11 February 2016, the Supervisory Board approved a settlement agreement with the pre-takeover shareholders of WebAssets B.V. in respect of outstanding earn-out obligations. The decision was taken by way of written circulation.

The Supervisory Board meeting on 21 March 2016 focused on the Audit Committee report, which included a detailed review of the audit of the consolidated financial statements for 2015. At this meeting, the Supervisory Board also discussed the business performance in the financial year 2015 and the financial statements and management reports of the company, which was operating under the name of TOMORROW FOCUS AG in 2015, as well as the Group as at 31 December 2015.

Other topics covered at this Supervisory Board meeting included the reports drawn up by the Management Board on the current market situation, the Group's business performance and the Group's liquidity and financing situation, as well as a proposal to approve an update to the declaration of conformity with the German Corporate Governance Code. The Supervisory Board also approved the relocation of WebAssets B.V. to Amsterdam, Netherlands, partly in order to give it better access to qualified employees and partly to establish stronger links within Amsterdam's start-up and internet scene. To conclude the meeting, Holger Taubmann informed the Supervisory Board that he wished to step down at the end of the 2016 annual general meeting. The Supervisory Board thanked Holger Taubmann for his outstanding work as a member of the Supervisory Board.

At an unscheduled meeting of the Supervisory Board held by means of a telephone conference on 22 April 2016, the Audit Committee reported in detail on the results of the tender procedure to appoint a statutory auditor for the Group for the financial year 2016 and on its proposed candidates following a detailed examination of the tenders received. Subject to approval by the annual general meeting of 2016, the Supervisory Board then decided on 29 April 2016 by way of written circulation to maintain the current relationship with the Munich office of the accountancy firm PricewaterhouseCoopers, GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany.

The Chairperson of the Supervisory Board, Stefan Winners, reported back on the results of the search for a suitable candidate to bring the number of members of the Supervisory Board up to the required level. The Supervisory Board agreed to his proposal to put forward Alexander Fröstl, a proven technology expert, for the supplementary election.

Next, the Supervisory Board discussed the agenda for the 2016 annual general meeting.

The various agenda items, including the proposal to rename the company HolidayCheck Group AG, were subsequently approved by the Supervisory Board on 29 April 2016 by way of written circulation.

At the Supervisory Board meeting on 22 April 2016, the Management Board reported to the Supervisory Board on the current market situation, the Group's business performance and 'Forecast I' for the Group, which was still trading at the time of the Supervisory Board meeting under the name TOMORROW FOCUS. The Management Board then explained to the Super-

> > >

visory Board its business plan for the company for the months May to December 2016 including its projected liquidity situation. Having given its initial approval to the plan for the first four months of 2016 at its previous meeting on 21 December 2015, in order to give the new Chief Executive Officer (CEO) Georg Hesse the time needed to become more familiar with the company, the Supervisory Board went on to approve the business plan presented by the Management Board for the months May to December 2016.

At its meeting following the annual general meeting on 16 June 2016, the Supervisory Board re-elected its former Chairperson, Stefan Winners. The Supervisory Board also re-elected Dr Dirk Altenbeck to the position of Deputy Chairperson.

Dr Dirk Altenbeck was elected to the position of Chairperson of the Audit Committee. The other members of the Audit Committee elected by the Supervisory Board were Dr Thomas Döring and Dr Andreas Rittstieg.

In addition, the Supervisory Board decided to set up a Tech Board and elected Alexander Fröstl to act as its Chairperson. Aliz Tepfenhart and Stefan Winners were also elected as members of the Tech Board.

Another item addressed during the Supervisory Board meeting was the report of the Audit Committee. The Management Board reported to the Supervisory Board on the current market situation, the business performance and the progress made towards developing a strategy for the HolidayCheck Group. Anja Keckeisen, CEO of HolidayCheck AG, gave a presentation to the Supervisory Board on HolidayCheck AG's current marketing strategy.

Next, the Management Board and Supervisory Board discussed the introduction of an employee stock option plan based on a 'restricted' model instead of the variable annual bonus currently awarded.

On 18 July 2016, by way of written circulation, the Supervisory Board approved the merger of TF Digital GmbH and organize.me GmbH into HolidayCheck Group AG, the renaming of Tomorrow Travel Solutions GmbH as HolidayCheck Solutions GmbH and a new lease agreement for WebAssets B.V. following its relocation to Amsterdam, Netherlands.

At the strategy meeting of the Supervisory Board held on 27 July 2016, the Management Board and Supervisory Board discussed the detailed implementation of the employee stock option plan referred to above. The Supervisory Board then gave its approval to the introduction of the plan.

The Management Board and Supervisory Board went on to discuss in depth the current industry environment and the resulting strategic opportunities for HolidayCheck Group AG and WebAssets B.V. As a basis for discussion, the Management Board presented an analysis of the strengths, weaknesses, opportunities and threats (SWOT Analysis) for the portals operated by HolidayCheck Group AG.

On 28 September 2016, by way of written circulation, the Supervisory Board approved the signing of an agreement with Parship Elite Group GmbH to adjust the purchase price under the share purchase agreement.

At its meeting on 5 October 2016, the Supervisory Board agreed to the early cancellation of the service contract of Dr Dirk Schmelzer as a member of the Management Board of HolidayCheck Group AG with effect from midnight on 31 March 2017.

It also approved a proposal to invite tenders for the appointment of a statutory auditor for HolidayCheck Group AG for the financial year 2017.

Other matters addressed by the Supervisory Board at this meeting included the reports of the Audit Committee and the Tech Board, the Management Board's report on the current market situation and the business performance, and Forecast II for the HolidayCheck Group. Thereafter, Dr Philipp Goos, CEO of WebAssets B.V., gave a detailed report on the current business performance and future business strategy of WebAssets B.V.

On 4 November 2016, by way of written circulation, the Supervisory Board approved a proposal to extend the long-term incentive programme (LTIP) for the Management Board, which expired at the end of 2015, by a further year.

On 4 November 2016, again by way of written circulation, the Supervisory Board approved a proposal for a Management Board resolution to make use of the authorisation granted by the annual general meeting on 16 June 2015 to buy the company's own shares in accordance with section 71, paragraph 1, no. 8 of the German Stock Corporation Act (Aktiengesetz, AktG) and on that basis to purchase a total of up to 1,500,000 of the company's own shares at a total purchase price of up to EUR 7,500,000 over the period from 18 November 2016 to 15 June 2020.

The Supervisory Board meeting held on 29 November 2016 dealt with the latest report of the Audit Committee. The Management Board reported on the current market situation and the business performance of the HolidayCheck Group and presented details to the Supervisory Board of its business plan for HolidayCheck Group AG for the year 2017, including the projected liquidity situation. The Supervisory Board approved the business plan after detailed discussion.

Against the background of new legislation on the rotation of audit firms, the Supervisory Board adopted a proposal to issue a new invitation to tender for the role of statutory auditor for the annual single-entity and consolidated financial statements of HolidayCheck AG from the financial year 2017 onwards.

Dr Andreas Rittstieg informed the Supervisory Board that he wished to step down with effect from 31 December 2016. The Supervisory Board thanked Dr Rittstieg for many years of outstanding work on the Supervisory Board. The Supervisory Board adopted a proposal to instruct and authorise Stefan Winners to propose to the Munich District Court (Amtsgericht) the appointment to the Supervisory Board of Holger Eckstein, Chief Financial Officer of Hubert Burda Media Holding Kommanditgesellschaft in Munich, Germany, up to the end of the annual general meeting on 30 May 2017.

On 20 December 2016, by way of written circulation, the Supervisory Board approved the early cancellation of the service contract of Timo Salzsieder as a member of the Management Board of HolidayCheck Group AG with effect from 28 February 2017. At the same time, it appointed Nate Glissmeyer to the Management Board of HolidayCheck Group AG with effect from 1 January 2017 to 31 December 2019. The Supervisory Board also authorised its Chairperson Stefan Winners to conclude a service contract with Nate Glissmeyer.

Composition of the Management Board

In autumn 2016, Timo Salzsieder, at that point Chief Technology Officer (CTO) of HolidayCheck Group AG, informed the Supervisory Board that he wished to step down early from his post in order to pursue a new career challenge. The Supervisory Board acceded to Timo Salzsieder's request to cancel his service contract early. Timo Salzsieder stepped down from the Management Board of the company with effect from the end of 28 February 2017.

On 20 December 2016, to succeed him, the Supervisory Board of HolidayCheck Group AG appointed Nate Glissmeyer, 45 years old, to the Management Board with the position of Chief Product Officer (CPO) and Senior Vice President Engineering. He joined the company on 1 January 2017.

The Supervisory Board expressed its satisfaction at the recruitment of Nate Glissmeyer to HolidayCheck Group AG given his background as an experienced product and IT expert.

Before joining HolidayCheck Group AG, Nate Glissmeyer was responsible for the 'Kids and Families, Digital' division at Amazon Inc., Seattle, USA, as Director of Product Management. He had previously held various management roles for Amazon since 2004.

In autumn 2016, Dr Dirk Schmelzer, at that point Chief Financial Officer (CFO) of HolidayCheck Group AG, informed the Supervisory Board that he wished to step down early from his post in order to pursue a new career challenge. The Supervisory Board acceded to Dr Schmelzer's request to cancel his service contract early. He will step down from the Management Board of the company with effect from midnight on 31 March 2017.

In February 2017, to succeed Dr Schmelzer, the Supervisory Board of HolidayCheck Group AG appointed Markus Scheuermann, 43, to the Management Board with the position of Chief Financial Officer (CFO). He will join the company on or before 29 May 2017.

He is currently Managing Director and Chief Financial Officer at Burda Forward GmbH, Munich, Germany, with responsibility for Finance, Controlling and Business Intelligence, as well as for the News and Magazine division of Chip. Before joining Burda Forward GmbH, he held a number of positions including a period of around nine years as Associate Principal with McKinsey & Company.

Composition of the Supervisory Board

At the annual general meeting of HolidayCheck Group AG (formerly TOMORROW FOCUS AG) on 16 June 2016, Alexander Fröstl was elected to the Supervisory Board in order to fill the positions left vacant by Holder Taubmann, who stepped down at the end of the annual general meeting of shareholders. Alexander Fröstl is founder and managing director of the IT service and consulting firm iLX GmbH based in Munich, Germany.

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Dr Andreas Rittstieg stepped down from the Supervisory Board with effect from 31 December 2016. On 19 January 2017, at the request of the Management Board and Supervisory Board, the District Court of Munich (Registry Court) appointed Holger Eckstein to the company's Supervisory Board up to the end of the annual general meeting on 30 May 2017.

He is Chief Financial Officer (CFO) of Hubert Burda Media Holding Kommanditgesellschaft in Munich, Germany.

Committees

An Audit Committee was formed once again in the financial year 2016. Its members were Dr Dirk Altenbeck (Chairperson of the Audit Committee), Dr Thomas Döring (since 16 June 2016), Dr Andreas Rittstieg and Stefan Winners (until the end of the annual general meeting of shareholders on 16 June 2016).

No other committees were formed in the financial year 2016.

Corporate governance

All meetings of the Supervisory Board and its Committees were fully attended with the exception of the extraordinary Supervisory Board meeting on 22 August 2016, at which Holger Taubmann was not present.

No conflicts of interest arose in 2016 on the part of Supervisory Board members in connection with their membership of the Supervisory Board of HolidayCheck Group AG.

The Supervisory Board reviewed the efficiency of its activities in accordance with the German Corporate Governance Code during its meeting on 29 November 2016.

The Management Board and Supervisory Board issued a joint declaration of conformity with the Corporate Governance Code on 29 November 2016 pursuant to section 161 of the German Stock Corporation Act. The declaration has been made permanently available to the public on the company's website. Reference is also made to the corporate governance report on the company's website.

Annual financial statements and consolidated financial statements

HolidayCheck Group AG prepared its annual financial statements and management report in accordance with the statutory requirements of the German Commercial Code (Handelsgesetzbuch, HGB). The consolidated financial statements and the Group management report were prepared in accordance with the International Financial Reporting Standards (IFRS).

The Munich-based branch office of Pricewaterhouse-Coopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Frankfurt am Main, Germany, audited Holiday-Check Group AG's single-entity financial statements and management report for the financial year from 1 January to 31 December 2016 and the consolidated financial statements and Group management report for the same financial year.

Pursuant to section 317 paragraph 4 of the German Commercial Code, the auditor carried out a review and found that the Management Board has put in place a monitoring system, that the company fulfils the statutory requirements for the early detection of risks that might jeopardise the existence of the company and that the Management Board has taken appropriate steps to identify developments and counteract risks at an early stage.

The auditor submitted the declaration of independence required under the German Corporate Governance Code to the Supervisory Board, and disclosed the audit and consultancy fees for the corresponding financial year.

The auditor detailed the auditing principles in the audit report. It concluded that HolidayCheck Group AG complied with the statutory requirements of the German Commercial Code and the International Financial Reporting Standards (IFRSs). The auditor did not raise any objections in connection with the audit.

The single-entity financial statements and the consolidated financial statements received the auditor's unqualified approval. The single-entity financial statements, consolidated financial statements, single-entity management report, Group management report and auditor's report were made available to all members of the Supervisory Board. The financial statements were discussed in detail at the Supervisory Board's balance sheet meeting on 23 March 2017 in the presence of the auditor, who also provided a report.

At this meeting, the discussions centred on the main audit findings, especially the audit focus points specified in agreement with the Audit Committee and the Supervisory Board and the main audit findings.

The financial statements and management reports for both the single entity and the Group were examined in detail by the Supervisory Board.

No objections were raised upon conclusion of this examination. The Supervisory Board therefore approved the result of the examination during its meeting on 23 March 2017. The single-entity financial statements and consolidated financial statements prepared by the Management Board were endorsed and adopted by the Supervisory Board. The Supervisory Board approved the single-entity management report and the Group management report and agreed with the assessment of the company's future development. The Supervisory Board agreed with the proposal of the Management Board for the appropriation of the net retained profit.

Audit of the dependency report pursuant to section 314 paragraphs 2 and 3 of the German Stock Corporation Act

At its meeting on 23 March 2017, the Supervisory Board also examined the management report of HolidayCheck Group AG on the disclosure of related-party transactions in the financial year 2016 (dependency report) pursuant to section 312 of the German Stock Corporation Act.

The Supervisory Board examined this report and no objections were raised. The Management Board explained the advantages and possible risks associated with the transactions specified in the dependency report to the Supervisory Board, which then examined them and weighed them up.

The Supervisory Board also requested an explanation of the principles according to which the services provided by the company and the consideration received are determined.

Furthermore, the auditor examined the dependency report and issued the following opinion:

'Following our statutory audit, it is our considered judgement that:

1. the factual information contained in the report is accurate; and
2. in terms of the legal transactions shown in the report that were conducted under the circumstances known at the time, the consideration paid by the company was not inappropriately high.'

The auditor submitted the audit report to the Supervisory Board. The dependency report and audit report were made available to the Supervisory Board in good time. The auditor attended the meeting of the Supervisory Board on 23 March 2017 and outlined the main findings of its audit of the dependency report.

The Supervisory Board, for its part, examined the Management Board's dependency report and the audit report produced by the auditor.

The Supervisory Board agreed with the audit findings and approved the report based on the concluding results of its own examination. Following the concluding result of the audit, there are no objections from the Supervisory Board to the declaration of the Management Board at the end of the dependency report.

Thanks

The Supervisory Board would like to thank the Management Board and all employees of the HolidayCheck Group for their hard work in the reporting year 2016 and wish them every success in the financial year 2017.

Munich, Germany, March 2017

On behalf of the Supervisory Board

Stefan Winners
Chairperson

„We want to become the most holidaymaker-friendly company in the world – fast and innovative, with a long-term strategy and a total focus on holidaymakers."

GEORG HESSE
CEO at HolidayCheck Group AG

Group management report of HolidayCheck Group AG (formerly TOMORROW FOCUS AG), Munich, Germany, for the financial year 2016

1. Group structure and business model

1.1 Organisational structure

HolidayCheck Group AG is a joint-stock company under German law (Aktiengesellschaft). Its registered office is in Munich, Germany. HolidayCheck Group AG is the parent company of the HolidayCheck Group, an Internet group with operations in Central Europe. We have been an exchange-listed company for around seventeen years.

As part of a strategy of realignment towards business activities in the holiday sector, all the Group's operating companies outside this sector were sold over the course of financial 2015 with the exception of organize.me, whose main assets were then sold in the first quarter of 2016, and MeteoVista.

In financial 2016 the Group's average total workforce was 386 full-time equivalents (FTEs) based at five locations in Germany, the Netherlands, Poland and Switzerland.

The registered office of the company is in Germany, and the headquarters of the Group are located in Munich. As at 31 December 2016, the HolidayCheck Group was led by a Management Board comprising the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the Chief Operating Officer (COO).

The Management Board of HolidayCheck Group AG manages the company's business in accordance with the law, the articles of association and its own rules of procedure. The latter includes a schedule of responsibilities, in which individual business divisions are allocated to members of the Management Board.

On 1 January 2016 Georg Hesse took up the position of Chief Executive Officer (CEO) at HolidayCheck Group AG. In October 2016, it was announced that the Chief Financial Officer (CFO), Dr Dirk Schmelzer, would step down from the Management Board and leave the company on 31 March 2017. The Supervisory Board appointed Markus Scheuermann to succeed him on the Management Board as Chief Financial Officer on or before 29 May 2017.

In December 2016, it was announced that the Chief Operating Officer, Timo Salzsieder, would step down from the Management Board and leave the company on 28 February 2017. The Supervisory Board appointed Nathan Glissmeyer to succeed him as Chief Product Officer and Senior Vice President Engineering on the Management Board with effect from 1 January 2017 (see also section 2.2.1 of this management report).

The business division of Georg Hesse (Chief Executive Officer) includes the functions (as at 1 January 2017) and areas listed below:

- information and consultation with the Supervisory Board;
- overall strategy and corporate development;
- marketing and sales;
- human resources;
- Group communications;
- Group internal audit.

In his position as Chief Financial Officer, Dr Dirk Schmelzer has responsibility (as at 1 January 2017) for the functions and areas shown below until he leaves the company on 31 March 2017:

- controlling, reporting, risk management and internal control systems;
- financial management of long-term equity investments;
- financing and bank relations;
- external financial reporting;
- investor relations;
- legal, contract and tax management;
- general administration and purchasing.

Markus Scheuermann will assume responsibility for the above functions and areas in his capacity as Chief Financial Officer on or before 29 May 2017.

The Chief Operating Officer, Timo Salzsieder, was responsible (as at 1 January 2017) for the functions and areas shown below until 28 February 2017, the date on which he left the company:

- product development and operation of all the brands owned by HolidayCheck Group AG;
- IT units (development and operations);
- product and user experience (UX) including interaction/visual design.

On 1 March 2017, Nathan Glissmeyer assumed responsibility for the above functions and areas in his capacity as Chief Product Officer (CPO) and Senior Vice President Engineering.

1.2 Segments

Since the beginning of financial 2016, the Management Board has steered the Group on the basis of key indicators (Group revenue, Group operating EBITDA and the Group equity ratio) for the entire business rather than on a segment basis. As such, the business is no longer divided into segments.

1.3 Description of business operations

The HolidayCheck Group encompasses various operating companies that mainly generate revenue from transaction-based online business models in the fields of travel and weather.

HolidayCheck AG (based in Bottighofen, Switzerland) and WebAssets B.V. (based in Amsterdam, Netherlands) operate a range of hotel rating and holiday booking portals that generate revenue in the form of commission from the brokerage of package tour, hotel and rental car bookings and from website links that take visitors to other booking portals.

The core sales markets for these web portals are Austria, Belgium, Germany, the Netherlands, Poland and Switzerland.

WebAssets B.V. also operates advertising-based weather portals, e.g. WeerOnline.nl. Its main source of revenue is online advertising, and its core sales markets are Belgium, Germany and the Netherlands.

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 (formerly Tomorrow Travel Solutions GmbH), which generate no significant amounts of external revenue.

In financial 2016, the HolidayCheck Group achieved a consolidated revenue of EUR 107.3 million compared with EUR 104.4 million in financial 2015. Excluding revenue from the assets of Zoover Travel B.V. and Tomorrow Travel B.V. sold in 2015 and the B2B operations of WeerOnline sold in 2016, which were largely discontinued, the HolidayCheck Group's total revenue rose by 3.5 percent from EUR 103.5 million in 2015 to EUR 107.1 million in 2016.

1.4 Financial control system with financial and non-financial indicators

HolidayCheck Group AG has developed a financial control system to control and develop each of its subsidiaries. The aim is for those companies to grow faster than the market average. The financial control system defines a series of indicators for growth in sales revenue, profitability and capital efficiency and for the optimisation of our capital structure. To this end, a number of key financial indicators are analysed either every month, as in the case of consolidated revenue and Group operating earnings before interest, tax, depreciation and amortisation (EBITDA), or every quarter, as in the case of the equity ratio. These indicators are then compared with the Group's annual forecast figures and the twice-yearly extrapolation forecast.

In addition, further non-financial key performance indicators are calculated each month for control purposes and are used within the operating companies of the HolidayCheck Group (HolidayCheck AG and the WebAssets Group). External indicators such as inflation rates, interest rates, general economic trends and market-specific business developments are also regularly analysed for company management purposes.

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1.4.1 Growth and revenue

For HolidayCheck Group, consistent revenue growth is an important contributor to long-term growth in enterprise value.

Growth in revenue*

Growth in sales revenue – FY 2016	3.5%
Growth in sales revenue – FY 2015	4.3%

(Sales revenue for the reporting period / Sales revenue for the same period in the previous year) x 100 percent
* Revenue comparison based on revenue from continuing operations

In 2015, we forecast a year-on-year mid-single digit percentage increase in the revenue of the HolidayCheck Group in financial 2016 (after adjusting for acquisitions and disposals of long-term equity investments). Based on continuing operations, this target was reached in financial 2016. The actual figure for revenue growth was 3.5 percent.

1.4.2 Profitability

HolidayCheck Group AG endeavours to maintain or improve the profitability of its business. At Group level, the indicator used to measure and control profitability is the change in Group operating EBITDA*. This indicator provides the best reference when making comparisons and has the biggest impact on capital market communications.

Group operating EBITDA*

	FY 2016 EUR million	FY 2015 EUR million
Group operating EBITDA*	2.7	6.4

*Further information on Group operating EBITDA can be found in section 2.2.2.1.3 of this report under the heading 'Calculation of operating EBITDA from EBITDA'.

In 2015, for Group operating EBITDA, we set ourselves the target of at least breaking even. This target was reached, as operating EBITDA stood at EUR 2.7 million.

1.4.3 Capital structure

In order to manage our capital structure, it is essential that we retain broad access to a range of external financing on the capital markets to meet any future requirements.

In this context, the main indicator we use is the equity ratio. In 2015 the company established a target for financial 2016 of keeping its equity ratio (equity / total capital x 100 percent) to at least 40 percent. This target was achieved; the actual equity ratio was 86.1 percent.

Information on how the equity ratio is calculated can be found in section 2.2.2.2.1 of this Group management report under the heading 'Capital structure'.

Equity ratio

Equity ratio – financial year 2016	86.1%
Equity ratio – financial year 2015	76.3%

(equity / total capital) x 100%

1.4.4 Non-financial performance indicators

In the view of the Management Board, the following non-financial performance indicators make an important contribution to the long-term success of the HolidayCheck Group.

Customer satisfaction

Taking customer needs into account is an elementary aspect of the HolidayCheck Group's business philosophy. This is reflected, for example, in the company's stated vision of becoming the most holiday-maker friendly company in the world. The objective is to create optimum added value for customers by working precisely, to deadline and delivering high quality results while remaining flexible and aware of costs. In all this, we never lose sight of our customers' interests.

In 2005, HolidayCheck was the first hotel ratings platform to be awarded a certificate from the German technical control board, TÜV Süd. Its latest certificate is dated July 2016. It has also come out top in many website comparisons, most recently gaining the accolade of best holiday brokerage portal in a review conducted by the German consumer organisation Stiftung Warentest in December 2016.

Sector and employee know-how

One of the main factors contributing to the sustainable development of the HolidayCheck Group has been its extensive knowledge of the markets that are relevant to the company, and this will come to be even more important in the future.

Consequently, the HolidayCheck Group strives to recruit people with a good level of technical and industry knowledge for positions within the Group and to provide regular opportunities for professional development. We have established specific training regimes to help our people develop new personal and professional skills.

To this end, a wide range of training seminars is offered for employees and managerial staff to support their professional development and strengthen their commitment to the company.

In addition, employees and their line managers meet every year for 'Performance & Development' talks. Employee satisfaction is measured on a weekly basis using an online tool. During the period covered by this report, this feedback system delivered a positive assessment, thus exceeding the 'stable' forecast.

Product and service quality

The HolidayCheck Group is committed to delivering products and services marked by excellent quality and total customer orientation. To this end, regular training is provided to the employees of the Group. In addition, outside inspectors regularly carry out checks in relation to the quality of services rendered by individual companies and brands of the HolidayCheck Group. By way of example, the website www.holidaycheck.de was awarded the s@afer shopping certificate by the German technical control board (TÜV Süd) in recognition of its quality, security and transparency. We know that ongoing innovation, which allows us to keep improving our products and services, is vital to our long-term success. One of the key indicators we use to measure quality is the number of A/B tests. These involve showing different versions of a website to various user groups and measuring their responses in order to make ongoing improvements to our service. The number of A/B tests conducted in 2016 was significantly higher than in the previous year.

The 'stable' forecast for 2016 issued in the previous year was therefore exceeded.

1.5 Research and development activities

Development activities are conducted on a decentralised basis within the Group companies. To a large extent, HolidayCheck Group AG's subsidiaries draw on their own development resources. Where permitted under accounting rules, the work performed by employees in this field is capitalised as software developed in-house, while the 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. In general, there are no research expenses. As at 31 December 2016, around 119 HolidayCheck Group employees were assigned to development roles (31 December 2015: 95).
Capitalised development costs for 2015 and 2016 are shown in the table below.

Capitalised development costs

> > >

Own work capitalised – financial year 2016	EUR 3,906 thousand
Own work capitalised – financial year 2015	EUR 3,345 thousand

In financial 2016, amortisation charges for own work capitalised were EUR 2.5 million (2015: EUR 2.6 million), while write-downs of own work capitalised came to EUR 0.2 million (2015: EUR 0.9 million).

2. Economic report

2.1 Macro-economic and industry situation

2.1.1 Macro-economic situation

According to a report by Deutsche Bank's Global Market Research unit issued on 20 January 2017, the overall picture of economic activity in the HolidayCheck Group's core sales markets in 2016 was as follows.

Inflation-adjusted gross domestic product (GDP) in the Netherlands rose by 2.1 percent (GDP 2015: 2.0 percent). The analysts put inflation-adjusted growth in Belgian GDP at 1.1 percent (GDP 2015: 1.2 percent). The corresponding figures for Germany, Austria and Switzerland were 1.9 percent (GDP 2015: 1.6 percent), 1.3 percent (GDP 2015: 0.8 percent) and 1.4 percent (GDP 2015: 0.8 percent) respectively.

2.1.2 Industry situation

According to an assessment by the Management Board, the revenue generated from package holidays in financial 2016 in the core markets targeted by the Group's **transaction-based travel portals** was roughly on a par with the previous year, mainly as a result of terrorist attacks in some popular holiday destinations. In the previous year, we forecast moderate revenue growth for 2016 in all our core markets.

As forecast in 2015, competitive pressures in the Group's core sales markets were again higher compared with the previous year, largely as a result of increased marketing expenditure and the entry of new competitors.

These assessments are based on the company's own estimates.

2.2 Business development and performance

Financial 2016 presented a satisfactory picture for the HolidayCheck Group. Despite intense competition, a correspondingly significant increase in expenditure on marketing and the difficulties faced by the industry – primarily due to terrorist attacks and political unrest in Mediterranean holiday regions, revenue and operating EBITDA were in line with the Management Board's expectations. After adjusting for the sale of various operations, consolidated revenue ended the year 3.5 percent higher at EUR 107.1 million (2015: EUR 103.5 million). Operating EBITDA fell by 57.8 percent year on year from EUR 6.4 million to EUR 2.7 million. Accordingly, the Group's results for 2016 were in line with its forecasts (after adjusting for any sales of Group operations) of a mid-single digit percentage increase in revenue and operating EBITDA at the break-even point or better.

As at 31 December 2016, the equity ratio stood at 86.1 percent compared with the year-end figure of 76.3 percent in 2015. This increase was mainly due to a reduction in total liabilities following the repayment of liabilities to banks. As such, the minimum equity ratio of 40 percent forecast by the Management Board for 2016 was reached.

2.2.1 Business development

Changes to the composition of the Management Board

Timo Salzsieder steps down as member of the Management Board

In autumn 2016, Timo Salzsieder, then Chief Operations Officer (COO) of HolidayCheck Group AG, informed the Supervisory Board that he wished to step down early from his post in order to pursue a new career challenge. The Supervisory Board acceded to the request to cancel his service contract early. Timo Salzsieder stepped down from the Management Board of the company with effect from the end of 28 February 2017.

Nathan Brent Glissmeyer appointed Chief Product Officer and Senior Vice President Engineering

In December 2016, to succeed Timo Salzsieder, the Supervisory Board of HolidayCheck Group AG appointed Nathan Glissmeyer (45) to the Management Board with the position of Chief Product Officer (CPO) and Senior Vice President Engineering. Nathan Glissmeyer started to work for the company on 1 January 2017.

He joins HolidayCheck Group AG with considerable experience as a product and IT expert. Before joining the Group, he was responsible for the 'Kids and Families, Digital' division at Amazon Inc., Seattle, USA, as Director of Product Management. Nathan Glissmeyer had previously held a number of management roles for Amazon since 2004 and was granted several patents for his inventions. During this period, he led various software and tech teams. In addition, as Category Manager and Director, he had responsibility for different e-commerce units. Nathan Glissmeyer studied languages and literature at the University of Utah and graduated with a Master of Arts in 1995.

Dr Dirk Schmelzer steps down as Chief Financial Officer

In autumn 2016, Dr Dirk Schmelzer, Chief Financial Officer (CFO) of HolidayCheck Group AG, informed the Supervisory Board that he wished to step down early from his post in order to pursue a new career challenge. The Supervisory Board acceded to Dr Schmelzer's request to cancel his service contract early. He will step down from the Management Board of the company with effect from midnight on 31 March 2017.

Markus Scheuermann appointed new Chief Financial Officer

In February 2017, to succeed Dr Dirk Schmelzer, the Supervisory Board of HolidayCheck Group AG appointed Markus Scheuermann (43) to the Management Board with the position of Chief Financial Officer (CFO). He will join the company on or before 29 May 2017.

Annual general meeting approves resolution to change trading name from Tomorrow Focus AG to HolidayCheck Group AG

The shareholders and proxies who attended the annual general meeting of Tomorrow Focus AG in Munich, Germany, on 16 June 2016 voted by a large majority in favour of a resolution to change the company's trading name to HolidayCheck Group AG.

The decision means that the company's successfully implemented strategy of focusing on its holiday brands, especially HolidayCheck, is now reflected in its name. The change took effect on 21 June 2016 when the corresponding entry was made in the commercial register.

Supervisory Board

New elections to the Supervisory Board

Dr Dirk Altenbeck, Dr Thomas Döring, Dr Andreas Rittstieg, Aliz Tepfenhart and Stefan Winners were re-elected to the Supervisory Board at the above-mentioned annual general meeting. They were joined by newly elected member Alexander Fröstl, General Manager of iLX GmbH. He succeeds Holger Taubmann, who stepped down from the Supervisory Board at his own request at the end of the annual general meeting. Following the shareholders' meeting, the Supervisory Board re-elected Stefan Winners as its Chairperson.

Dr Andreas Rittstieg steps down from Supervisory Board – Holger Eckstein appointed as new member of the Supervisory Board

Dr Andreas Rittstieg stepped down from the Supervisory Board on 31 December 2016. The Munich Court of Registration (Registergericht) then appointed Holger Eckstein to the Supervisory Board from January 2017 up to the end of the next annual general meeting on 30 May 2017. As Managing Director of Hubert Burda Media Holding Geschäftsführungs-GmbH and Burda GmbH, Holger Eckstein holds management board responsibility for the finance division at the media group.

HolidayCheck Group AG opts for early settlement of earn-out obligations from acquisition of further tranche of shares in WebAssets B.V.

In February 2016 HolidayCheck Group AG concluded a settlement agreement with the pre-takeover shareholders of WebAssets B.V. in respect of its remaining earnout obligations. Under the terms of the agreement, HolidayCheck Group AG settled all its obligations (except a retained amount of EUR 0.1 million as security) through a payment of EUR 2.1 million. The obligation was already valued at the repayment figure in the 2015 financial statements.

HolidayCheck Group AG concludes deal on the sale of assets of organize.me GmbH subsidiary

On 1 February 2016, the former Group company organize.me GmbH sold all its major assets in an asset deal that generated a total of EUR 1.0 million. organize.me GmbH previously operated an online document storage service and a scanning app. The company's business-to-business (B2B) activities and assets were sold to a third party (EUR 1,000 thousand), whereas parts of its business-to-customer (B2C) operations will be reused within the Group. The B2C online storage services and app were closed down on 29 February 2016.

organize.me GmbH merged into HolidayCheck Group AG

With effect from 1 January 2016, following the above disposal of assets, organize.me GmbH, as the transferor company, was merged by amalgamation into HolidayCheck Group AG, acting as the absorbing company, in accordance with the German Transformation Act (Umwandlungsgesetz, UmwG).

HolidayCheck Group AG opts for early settlement of earn-out receivables from the sale of shares in Cellular GmbH

In April 2016 HolidayCheck Group AG concluded a settlement agreement with the buyers of Cellular GmbH in respect of their remaining earn-out obligations. Under the terms of the agreement, the buyers settled all their obligations through a payment of EUR 0.7 million. This receivable had been recognised for the first time at the repayment value as at 31 March 2016. The income of EUR 0.7 million resulting from the deal was allocated to discontinued operations. A vendor loan of EUR 0.5 million was also repaid early.

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Merger of TF Digital GmbH into HolidayCheck Group AG

With effect from 1 January 2016, in accordance with the provisions of the German Transformation Act, the non-operating company TF Digital GmbH, as the transferor company, was merged by amalgamation into HolidayCheck Group AG, acting as the absorbing company.

Settlement agreement with Parship Elite Group GmbH

An agreement was concluded on 4 October 2016 to settle definitively all the outstanding claims of both parties. The agreement led to purchase price adjustments of EUR 0.5 million and ex post selling costs of EUR 0.2 million, and therefore produced a corresponding increase in expenditure.

Parship Elite Group repays vendor loan

On account of the sale of Parship Elite Group GmbH, the vendor loan granted by HolidayCheck Group AG to cover the remaining purchase price of EUR 6.0 million was repaid early, together with the agreed interest, in October 2016.

HolidayCheck Group AG adopts share buy-back resolution

Following approval by the Supervisory Board, the Management Board of HolidayCheck Group AG decided on 8 November 2016 to make use of the share buy-back authorisation granted by the annual general meeting on 16 June 2015 in accordance with section 71 paragraph 1 number 8 of the German Stock Corporation Act (Aktiengesetz, AktG). Over the period from 18 November 2016 to 15 June 2020 the company will acquire up to 1,500,000 of its own shares subject to an overall price limit of EUR 7,500,000. The shares will be acquired through the stock exchange. The intention is to offer the repurchased shares to members of the Management Board and employees of the company and its affiliated entities as part of an employee stock option plan.

The share buy-back will be carried out by a bank and will comply with the Market Abuse Regulation and with Articles 2 to 4 of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures. The bank will decide independently when to repurchase the shares and on each occasion how many shares to acquire. The company will have no influence over these decisions.

The price paid per share (excluding ancillary purchase costs) may not be more than 10 percent higher or 10 percent lower than the average closing price over the last three trading days on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse, FWB) preceding the purchase. The buy-back programme may be suspended and subsequently continued at any time as required and legally admissible.

All transactions will be announced in a form that meets the requirements of Article 5 paragraph 3 of Regulation (EU) no. 596/2014 in conjunction with Article 2 paragraphs 2 and 3 of Commission Delegated Regulation (EU) 2016/1052 no later than the end of the seventh trading day after execution. Details of the transactions will also be published on the company's website at https://www.holidaycheckgroup.com/investor-relations/.

By 31 December 2016, the company had purchased a total of 66,947 of its own shares at a weighted average price of EUR 2.312.

2.2.2 Performance

Following the Group's successful strategic realignment, the Management Board took the decision to change the structure of the consolidated statement of income beginning in financial 2016. The new structure is designed to provide a clearer and more informative picture of the Group's business activities. The figures for the previous year have been adjusted accordingly. Further details can be found in section 2.3 of the notes to the consolidated financial statements.

2.2.2.1 Income

2.2.2.1.1 Total operating income

At EUR 113.3 million, HolidayCheck Group's total operating income in financial 2016 was 2.4 percent higher compared with the figure of EUR 110.6 million in the previous year.

Revenue showed a year-on-year improvement of 2.8 percent from EUR 104.4 million in 2015 to EUR 107.3 million in 2016. Excluding income from the disposal of the assets of Zoover Travel B.V. and Tomorrow Travel B.V. in 2015 and the B2B operations of WeerOnline, which were largely discontinued in 2016, the HolidayCheck Group's total revenue rose by 3.5 percent from EUR 103.5 million in 2015 to EUR 107.1 million in 2016. These results were in line with the forecast, issued in the 2015 Group management report, of a mid-single digit percentage increase in total revenue after adjusting for acquisitions and disposals of long-term equity investments.

Revenue at Tomorrow Travel B.V. and WebAssets B.V. in financial 2016 was down on the previous year. This was mainly due to the sale of Zoover's and Tjingo's travel agency operations and the almost complete discontinuation of WeerOnline's B2B activities. By contrast, in a generally difficult market environment, HolidayCheck AG achieved a small increase in revenue in the year under review.

At EUR 2.1 million, **other income** was down on the figure of EUR 2.9 million for 2015. This was partly due to a fall in income from the reversal of provisions for onerous contracts.

The figure for **other own work capitalised** rose by 18.2 percent from EUR 3.3 million in 2015 to EUR 3.9 million in 2016. This reflects an ongoing focus on development measures for the IT and mobile applications used in the Group and other software solutions. Another factor in this increase is the need for completely redesigned websites.

2.2.2.1.2 EBITDA

Marketing expenses ended the year 14.6 percent higher at EUR 54.0 million compared with the 2015 figure of EUR 47.1 million. This was mainly due to price increases and an extensive marketing campaign by Zoover in the Netherlands in financial 2016.

Personnel expenses in 2016 fell by 7.7 percent to EUR 32.4 million compared with EUR 35.1 million in 2015, largely as a result of non-recurring settlement costs of EUR 3.2 million in the previous year.

At EUR 24.2 million, **other expenses** fell by 9.7 percent in financial 2016 compared with EUR 26.8 million in the previous year. This was mainly due to lower consultancy costs.

At EUR 2.8 million, **EBITDA (Earnings before interest, taxes, depreciation and amortisation)** was up 75.0 percent on the 2015 total of EUR 1.6 million.

2.2.2.1.3 Calculation of operating EBITDA from EBITDA

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

At EUR 2.7 million, **operating EBITDA (operating earnings before interest, tax, depreciation and amortisation)** was 57.8 percent down on the 2015 figure of EUR 6.4 million. As such, the company achieved the target established by the Management Board in 2015 of break-even or above for Group operating EBITDA.

Calculation of operating EBITDA from EBITDA

	1 JAN 2016 TO 31 DEC 2016 EUR million	1 JAN 2015 TO 31 DEC 2015 EUR million
EBITDA	+2.8	+1.6
Minus: other income Plus: other expenses from revaluations of earn-out or put/call obligations	-0.1	+0.1
Plus: other expenses from personnel obligations linked to restructuring and remuneration programmes and pension provisions	+0.5	+3.8
Plus/minus: other expenses/income from the reversal of provisions for onerous contracts and loss on sale of assets of Tomorrow Travel B.V.	-0.5	+0.9
Group operating EBITDA	+2.7	+6.4

2.2.2.1.4 Other items in the consolidated statement of income

At EUR 5.8 million, **depreciation, amortisation and impairment charges** for 2016 were 64.0 percent down year on year (2015: EUR 16.1 million). This was mainly due to a series of impairment losses at the end of 2015 comprising goodwill impairment of EUR 3.4 million following the disposal of assets of Tomorrow Travel B.V.; impairment of EUR 2.9 million on software developed in-house at HolidayCheck; and impairment totalling EUR 3.2 million in respect of bought-in software at WebAssets B.V. and a domain at HolidayCheck AG. There were no impairment charges in 2016.

EBIT (earnings before interest and tax) stood at minus EUR 3.0 million in financial 2016 compared with minus EUR 14.5 million in the previous year.

At EUR 0.2 million, the HolidayCheck Group's **financial result** for 2016 was up from minus EUR 1.9 million in 2015.

The main factor here was a year-on-year reduction of EUR 1.8 million in the Group's financial expenses, primarily as a result of lower interest expenses for loans.

EBT (earnings before taxes) rose from minus EUR 16.4 million in 2015 to minus EUR 2.8 million.

The **tax result** for 2016 increased to EUR 0.3 million compared with EUR 0.0 million in 2015. This improvement was mainly due to refunds of actual taxes through the use of the taxable results of HolidayCheck AG and WebAssets B.V.

Consolidated net profit/(loss) from continuing operations was minus EUR 2.5 million in 2016 (2015: minus EUR 16.4 million).

Consolidated net profit/(loss) from discontinued operations was minus EUR 0.4 million in 2016 compared with EUR 58.9 million in 2015. The figure for financial 2016 mainly consists of ex post transaction and consultancy costs, a purchase price adjustment and the reversal of an earn-out receivable. The figure for financial 2015 includes accumulated non-recurring income of EUR 21.4 million from the disposal of the former Publishing segment and EUR 37.5 million from the disposal of the former Subscription segment.

Consolidated net profit/(loss) was minus EUR 2.9 million in 2016 compared with EUR 42.5 million in 2015.

Consolidated comprehensive income for 2016 was minus EUR 3.0 million compared with EUR 43.4 million in 2015.

Basic and diluted earnings per share from continuing operations rose from minus EUR 0.28 in the previous year to minus EUR 0.04 in 2016.

Basic and diluted earnings per share from discontinued operations were minus EUR 0.01 in 2016 compared with EUR 1.01 in 2015.

Basic and diluted earnings per share from all operations were minus EUR 0.05 in 2016 compared with EUR 0.73 in 2015.

2.2.2.2 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.

2.2.2.2.1 Capital structure

In order to maintain a healthy capital structure, the company established a target of keeping its equity ratio (equity / total capital x 100 percent) to at least 40 percent, see table on the next page.

More information on changes in equity and financial liabilities can be found in section 2.2.2.2.4 'Asset position'.

In June 2014, as part of a wider plan to restructure the way HolidayCheck Group AG finances its activities, the company entered into a syndicated loan agreement. Under the terms of this agreement, it can borrow up to EUR 49 million on a flexible basis with repayment by 2019. This agreement was renegotiated in May 2015 to take account of the Group's new structure and the fact that guarantors for the loan were no longer part of the Group. The term of the loan was extended to 2020. As at 31 December 2016, HolidayCheck Group AG had not drawn down any of the funds available under this loan agreement.

The interest payable on the syndicated loan is stipulated for each interest period. The latest figure was 0.9 percent. The variable rate is therefore lower compared with the previous year.

Capital structure

	31 DEC 2016 EUR million	31 DEC 2015 EUR million	Change as percentage
Total equity	165.7	168.9	-1.9%
Total capital	192.5	221.4	-13.1%
Equity ratio	86.1	76.3	+12.8%

2.2.2.2.2 Investment

Additions to internally generated intangible assets (software) mainly concern HolidayCheck AG. This figure was reduced from EUR 6.2 million in financial 2015 to EUR 5.7 million in the year under review due to a fall in the use of external staff.

2.2.2.2.3 Liquidity

Cash flows

The following section contains an analysis of cash flows from operating, investing and financing activities in the financial years 2016 and 2015. Only a limited year-on-year comparison is possible as some operations were discontinued in 2015.

Net cash from operating activities fell from EUR 5.6 million in 2015 to minus EUR 1.0 million in 2016. This was mainly due to an increase in the amount of cash tied up in the Group's net working capital.

Net cash used in investing activities was made up of net cash outflows totalling EUR 2.8 million in 2016 compared with net cash inflows of EUR 78.7 million in 2015.

This reduction was mainly due to cash inflows in 2015 totalling EUR 89.3 million from the disposal of subsidiaries (net of cash disposed of).

In financial 2016, cash inflows of EUR 1.1 million for investments in intangible and tangible assets were mainly attributable to the sale of organize.me. Other cash inflows came from the disposal of financial assets totalling EUR 6.9 million (including interest), mainly due to the repayment of a vendor loan granted by HolidayCheck Group AG to Parship Elite Group GmbH on the sale of EliteMedianet GmbH.

Net cash from financing activities stood at minus EUR 19.9 million in 2016 compared with minus EUR 47.2 million in 2015.

The above total for 2016 includes payments of EUR 3.1 million in settlement of cash-pool liabilities to jameda GmbH, which was deconsolidated in the previous year (2015: EUR 3.1 million in settlement of cash-pool liabilities to Tomorrow Focus Publishing GmbH); cash outflows of EUR 14.5 million (2015: EUR 40.3 million) in repayment of loans; and payments of EUR 2.1 million to settle earn-out obligations in connection with the purchase of the remaining shares in WebAssets B.V. (2015: earn-out payments of EUR 3.9 million linked to jameda GmbH).

As a result, cash and cash equivalents at the end of 2016 stood at EUR 40.1 million, down from EUR 63.7 million at the end of 2015.

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Financial resources

Our financial resources include bank loans, cash and cash equivalents, financial assets available for sale and cash flows from operating activities.

We need capital to fund regular investment, to cover ongoing capital requirements linked to our operating activities, to arrange financing and to fund cash outflows related to portfolio activities.

The main components of our total liabilities are trade payables, personnel liabilities and deferred tax liabilities.

The figure for total liquidity relates to the liquid assets that were available to us on a given balance sheet date to finance our operating activities and to pay current liabilities. These are made up of cash and cash equivalents and financial assets available for sale, as shown in the consolidated balance sheet.

In order to finance its acquisition of the remaining shares in WebAssets B.V. in 2014, HolidayCheck Group AG signed a new agreement stipulating a fixed purchase price and a variable earn-out obligation that was repaid in full in the year under review (except for a security deposit of EUR 0.1 million which is included under other miscellaneous liabilities).

Contractual liabilities

With regard to HolidayCheck Group's ordinary business activities, the main contractual liabilities affecting cash flow are its obligations to pay salaries and rents.

Liabilities to banks

As at 31 December 2016, with the exception of the arrangement fee for the syndicated loan, HolidayCheck Group AG had no liabilities to banks (31 December 2015: EUR 15.2 million).

2.2.2.2.4 Asset position

On the assets side of the consolidated balance sheet, **non-current assets** were down by 3.5 percent from EUR 138.4 million in 2015 to EUR 133.5 million as at 31 December 2016. This decline was mainly due to a reduction from EUR 6.7 million to zero of the balance sheet item 'Loans' following the repayment of a vendor loan granted by HolidayCheck Group AG to Parship Elite Group GmbH on the sale of EliteMedianet GmbH. On the liabilities side, internally generated intangible assets ended the year EUR 3.0 million higher compared with the year-end figure for 2015.

At EUR 58.9 million, **current assets** as at 31 December 2016 were 29.1 percent lower compared with the figure of EUR 83.1 million as at 31 December 2015.

This was mainly due to a fall of EUR 23.6 million in cash and cash equivalents to EUR 40.1 million as a result of cash outflows, partly in settlement of loans totalling EUR 14.5 million.

At the same time, the assets of discontinued operations held for sale fell by EUR 0.9 million to EUR 0.0 million following the disposal of the assets of organize.me GmbH.

On the liabilities side of the consolidated balance sheet, **equity** as at 31 December 2016 decreased slightly by 1.9 percent to EUR 165.7 million from the 2015 year-end figure of EUR 168.9 million. This was due to a decrease of EUR 2.9 million in the figure for consolidated net income/(loss).

As at 31 December 2016, the equity ratio stood at 86.1 percent compared with the previous year-end figure of 76.3 percent. This increase was mainly due to a sharp fall in debt. As in 2015, the equity ratio remained well above the minimum 40 percent long-term target regarded as necessary to maintain a healthy capital structure.

At EUR 7.8 million, **non-current liabilities** were 6.0 percent lower as at 31 December 2016 and therefore slightly down on the year-end figure of EUR 8.3 million. This was mainly due to a revaluation of the non-current component of the long-term incentive plan at the end of the period and the reclassification of the tranche for financial 2013 as current liabilities.

As at 31 December 2016, **current liabilities** stood at EUR 19.0 million, a considerable 57.1 percent decline compared with the year-end total of EUR 44.3 million. The main factor here was a reduction in liabilities to banks from EUR 15.2 million to EUR 0.0 million following the repayment of bank loans.

At the same time, other miscellaneous liabilities declined from EUR 11.9 million to EUR 6.4 million. This was mainly due to the settlement of earn-out obligations towards the pre-takeover shareholders of WebAssets B.V., payments linked to personnel liabilities in the form of bonuses and severance payments, and the payment of fees related to the sale of jameda GmbH. The reduction in liabilities to affiliated entities from EUR 3.4 million to EUR 0.04 million is due to settlement of the cash-pool liability towards jameda GmbH.

The figure for **total liabilities** ended the year 49.0 percent lower at EUR 26.8 million compared with the 2015 year-end figure of EUR 52.6 million.

Total assets fell by 13.1 percent from EUR 221.4 million at the end of 2015 to EUR 192.5 million as at 31 December 2016.

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

3. Events after the balance sheet date

Markus Scheuermann appointed Chief Financial Officer

In February 2017, the Supervisory Board of HolidayCheck Group AG appointed Markus Scheuermann (43) to the Management Board with the position of Chief Financial Officer (CFO). He will join the company on or before 29 May 2017 as the successor to Dr Dirk Schmelzer, who will leave the company on 31 March 2017.

4. Report on expected developments, opportunities and risks

4.1 Report on expected developments

4.1.1 Expected macro-economic developments

Deutsche Bank's Global Market Research unit anticipates the following levels of economic growth in the HolidayCheck Group's core sales markets:

Inflation-adjusted gross domestic product (GDP) in the Netherlands is expected to grow by 2.1 percent and in Belgium by 1.1 percent. Again after adjusting for inflation, GDP in both Austria and Switzerland is expected to grow by 1.5 percent. According to the Deutsche Bank experts, inflation-adjusted GDP in Germany is expected to rise by 1.1 percent.

The GDP figures quoted above are based on estimates published by Deutsche Bank AG's Global Market Research unit on 20 January 2017.

4.1.2 Expected industry developments

For the current year, the Management Board of HolidayCheck Group AG anticipates moderate sector growth, in the low single digits expressed as a percentage, in the core markets served by the Group's holiday portals, especially in the package holiday sector. One important factor here will be the forecast economic developments in the core sales markets served by those holiday portals (see section 4.1.1 of this Group management report) and the corresponding likelihood of a modest increase in consumer demand for holidays.

Another important but unpredictable factor that could have an impact on the HolidayCheck Group's future revenue and earnings is any political unrest or terrorist attacks, either in our key Mediterranean package holiday regions or in our customers' own countries.

At the same time, the company anticipates strong and sustained competitive pressures, primarily as a result of continued high levels of spending by competitors on marketing and the entry of new competitors into the market. In the medium term, a possible trend towards consolidation could lead to some easing of the competitive situation and to a corresponding reduction in marketing expenditure.

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

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4.1.3 HolidayCheck Group

Our vision is to become the most holidaymaker-friendly company in the world. This year, we intend to take one important step in this direction by expanding our portfolio of holiday services. We plan to make substantial investments in measures to speed up the further development of our existing products and services, especially in the core fields of package holidays and 'hotel only' bookings, in the development of new products and services in adjoining areas, and in the expansion of data intelligence and customised travel advice. In order to implement these measures, we will need to recruit additional personnel in HolidayCheck Group AG's subsidiaries, mainly in the areas of product and IT development, data quality management and travel advice. This will entail an increase in personnel costs.

We also anticipate an increase in our subsidiaries' marketing costs as a result of more intensive marketing activities involving both direct sales promotions and other measures designed to give a sustained boost to the profile of our various brands.

Although HolidayCheck AG is based in Bottighofen in Switzerland, it generates most of its sales revenue in the euro area. However, important costs such as salaries and rents are paid in Swiss francs, so any appreciation in the Swiss franc vis-à-vis the euro will have a negative impact on the Group's earnings. In order to hedge this currency risk, the company has established cash holdings in Swiss francs.

The Management Board's forecast for 2017 is premised on the scheduled implementation of the above investments in products and marketing. It also assumes a modest economic recovery and further intense competition at the same level as in 2016. Finally, the forecast is based on a degree of political stabilisation in the countries that represent our most important Mediterranean holiday destinations, accompanied by fewer and less intensive terrorist attacks.

The impact of any legal and regulatory changes is not factored into this forecast.

4.1.3.1 Revenue and profitability

Based on the above assumptions, the Management Board anticipates a year-on-year increase of between 5 and 10 percent in the HolidayCheck Group's total revenue in 2017, after adjusting for any acquisitions or disposals of long-term equity investments.

In view of its plans to scale up investment in personnel and marketing, the Management Board expects operating EBITDA in financial 2017 to lie between minus EUR 5 million and EUR 0 million.

If our expectations and assumptions do not materialise, the actual figures for revenue and operating EBITDA could be either higher or lower than forecast.
If, for example the marketing activities of our competitors decline significantly, contrary to the Management Board's expectations, and if at the same time there are signs of a marked improvement in stability in the key Mediterranean holiday regions and/or a substantially greater than expected return from the implementation of our plans to invest in products and marketing, the Management Board believes that revenue could increase by 10 to 15 percent in financial 2017.

In this scenario, the Management Board believes that operating EBITDA in financial 2017 could lie between EUR 0 million and EUR 5 million.

By contrast, contrary to the Management Board's expectations, if the current financial year brings a marked intensification of our competitors' marketing activities, further serious and destabilising events in key Mediterranean holiday regions or holidaymakers' own countries, especially in the form of terrorist attacks, and/or a substantially worse than expected return from the implementation of our plans to invest in products and marketing, the Management Board believes that the year-on-year change in revenue could lie between minus 5 and plus 5 percent.

In this scenario, the Management Board believes that operating EBITDA in financial 2017 could lie between minus EUR 10 million and minus EUR 5 million.

For information

In financial 2016 the HolidayCheck Group's total revenue was EUR 107.3 million. Group operating EBITDA was EUR 2.7 million.

Further information on Group operating EBITDA can be found in section 2.2.2.1.3 of this report under the heading 'Calculation of operating EBITDA from EBITDA'.

4.1.3.2 Capital structure

With regard to its capital structure, the HolidayCheck Group has set itself the following goal:
An equity ratio (equity / total capital x 100 percent) of at least 70 percent should be reached in financial 2017. The figure for financial 2016 was 86.1 percent.

4.1.3.3 Non-financial performance indicators

We expect a positive outcome for the non-financial performance indicators 'Customer satisfaction', 'Industry and employee know-how' and 'Product and service quality' in the current financial year.

Non-financial performance indicator

Non-financial performance indicator	Forecast for financial year 2017
Customer satisfaction	Positive
Industry and employee know-how	Positive
Product and service quality	Positive

4.1.4 Overall assessment of likely developments

For 2017 as a whole, we expect to implement investments in products and marketing in line with our plans. We also anticipate a modest economic recovery and further intense competition at the same level as in 2016. Finally, we expect to see a degree of political stabilisation in the countries that represent our most important Mediterranean holiday destinations, accompanied by a fall in the number and intensity of terrorist attacks.

Based on the above assumptions, we anticipate a year-on-year increase of between 5 and 10 percent in the HolidayCheck Group's total revenue in 2017, after adjusting for any acquisitions or disposals of long-term equity investments

In view of our plans to scale up investment in personnel and marketing, we expect operating EBITDA in financial 2017 to lie between minus EUR 5 million and EUR 0 million.

The potential effects of legal and regulatory issues have not been factored into these forecasts.

In response to the opportunities (see section 4.3) and risks (section 4.2.2 of this Group management report) outlined below, or if our expectations and assumptions do not materialise, the actual results of the HolidayCheck Group may vary in either direction from these forecasts.

4.2 Risk report

4.2.1 Risk management system

As the parent company of the HolidayCheck Group, HolidayCheck Group AG is integrated into the Group-wide risk management system. In principle, HolidayCheck Group AG is exposed to the same risks as the individual companies making up the Group. These risks can result in the entire Group being unable to meet financial, operational or strategic business objectives. The HolidayCheck Group therefore has to identify and analyse the risks and implement suitable measures to eliminate or mitigate these risks in order to safeguard its long-term business success.

4.2.1.1 Risk policy guidelines

The Management Board has formulated a series of policy guidelines for the risk management system.

- Risk awareness should be consistently heightened at all levels of the Group and its subsidiaries.
- Risk exposure should be limited by taking appropriate measures to prevent potential damage.
- A risk management system should be established in each company to identify risks at an early stage and to assess and control those risks.
- Specific critical risks or those with the potential to jeopardise the existence of the Group must be reported as and when they arise.
- Suitable risk assessment criteria (materiality limits and potential damage) should be defined and regularly updated as part of corporate controlling with regard to the classification of risks as critical or as a threat to the existence of the Group and to facilitate the process of escalation to the next higher level or to the Management Board.
- Where there is suspicion of criminal activity, compliance issues must be reported as soon as they are identified.
- The risk management system should be documented in the form of a risk map.
- The risks to which individual companies are exposed are also documented using the risk-to-chance (R2C) tool. If the companies do not have their own access to this tool, the information is maintained by the Group risk coordinator. Otherwise, responsibility for maintaining and updating the risk data lies with the companies themselves.
- The risk management system of HolidayCheck Group AG does not cover opportunities.

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4.2.1.2 Risks subject to mandatory disclosure

Risks are identified in relation to individual areas of responsibility or on a more general basis in workshops. Risks are classified using the following model: see table below.

Inherent risks are those which depend on external factors that cannot be influenced by the HolidayCheck Group and/or its individual companies.

Active risks are those which depend on internal factors that can be influenced by the decisions and actions of the HolidayCheck Group and/or its individual companies.

Risk categories

Inherent risks	Active risks		
STRATEGIC	OPERATIONAL	FINANCIAL	COMPLIANCE
Competition	Sales	Liquidity	Corporate compliance
Consumers	Personnel	Foreign currency	Data protection
Economy	Organisational structure	Other financial risks	Company and capital market legislation
Technology	Marketing		
Sales	Bookkeeping and accounting		
Other strategic risks			

Risks are assessed in terms of the probability of their occurrence and their potential to cause damage. The table below shows how risks are classified in terms of the probability of occurrence within a planning horizon of two years:

Risk assessment – probability of occurrence

Probability of occurrence within planning horizon (2 years)		
(Almost) certain	4	Probability >= 80 percent of the risk event occurring within the planning horizon
Probable	3	Probability >= 50 percent and < 80 percent of the risk event occurring within the planning horizon
Possible	2	Probability >= 20 percent and < 50 percent of the risk event occurring within the planning horizon
Unlikely	1	Probability < 20 percent of the risk event occurring within the planning horizon

Potential to cause damage is defined in terms of the potential impact on Group EBITDA over a two-year period. Risks are allocated to one of four categories depending on the potential scale of the impact.

Risk assessment – potential damage

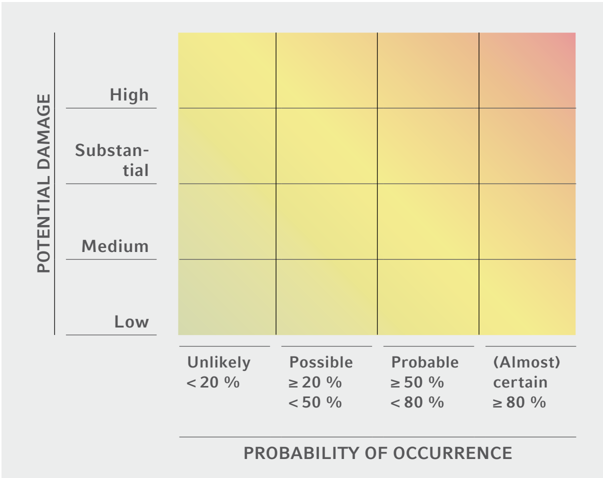
		STRATEGIC	OPERATIONAL	FINANCIAL	COMPLIANCE
High (critical/ threat to existence of Group)	4	Risk that most strategic targets may not be achieved	Disruption to all business activities (complete failure of IT systems, loss of data, fire, terrorist attack)	Threat to existence of the Group (e.g. large-scale systematic manipulation of balance sheet and severe exchange rate fluctuations) Single Group EBITDA risk >= EUR 10 million	Serious violations of the law leading to external investigations and legal proceedings (risk to reputation)
Substantial	3	Risk that one or several strategic targets may not be achieved	Serious disruption to business activity (temporary failure of IT systems, fluctuation of key personnel)	Substantial risks that lead to an annual deficit or a reduction in enterprise value Single Group EBITDA risk >= EUR 6 million	Systematic and ongoing violations of the law with large penalties and damage to corporate image
Medium	2	Risk that one strategic target may not be achieved	Significant disruption to or interruption of operating processes	Significant negative impact on annual results and enterprise value, manipulation of valuations Single Group EBITDA risk >= EUR 1 million	Systematic violations of the law with significant penalties
Low	1	Risk has very little potential impact on achievement of targets	Little or no impact on operating processes	No significant impact on annual results or enterprise value, (minor reporting violations) Single Group EBITDA risk < EUR 1 million	Less than full compliance with provisions and rules (e.g. minor violations of the expenses code)

Unless provisions or insurance cover have already been established covering the entire potential damage, or unless reduced by insurance policies, all risks must be included if they jeopardise the existence of the Group or exceed the thresholds defined as critical. Details of any existing provisions must be added.

In this context, it is important to take not only individual risks but also the potential cumulative impact of several risks into consideration. Risks are classed as a potential threat to the existence of the Group if they could have a substantial impact on its asset, financial and earnings position.

The following risk matrix is based on the above classifications:

Risk matrix



4.2.1.3 Risk management structures

The companies making up the Group organise their processes and information flows in such a way that corporate risks can be identified, evaluated and controlled at an early stage. The role of the Group risk coordinator is to monitor and control the risk management process.

4.2.1.3.1 Information flow / Ad hoc reporting

All risks and the status of those risks are reported to the Group Controlling unit together with the quarterly financial statements. Risks are updated solely through the Group's own risk management tool. Following consultation, this may be done by the companies themselves or by Group Controlling. In addition, the Group risk coordinator must be advised immediately in writing of any critical risks, risks that jeopardise the existence of the Group or potentially criminal incidents relating to compliance rules. The Group risk coordinator will forward the details to the Management Board. Senior management teams at the Group's individual companies are responsible for reporting any new risks or changes in the status of existing risks at the appropriate meetings (e.g. shareholder meetings).

4.2.1.3.2 Role of Management Board and Group Controlling

Group Controlling will prepare a report for the Management Board based on the reports received from individual companies and any Group-level risks identified.

4.2.1.4 Responsibility for the risk management system

Responsibility for updating the risk management system lies with the Group's Management Board, Group Controlling and the senior management teams of the respective subsidiaries. This work may be delegated to a risk management officer who is not a member of a senior management team or the Management Board.

4.2.1.4.1 Establishing a risk management system

The subsidiaries of HolidayCheck Group AG have established their own risk management systems on this basis. These should be documented. Risk workshops should be held as required.

4.2.1.4.2 Maintaining risk management systems at subsidiaries

Responsibility for updating the risk management systems of subsidiaries lies with their respective senior management teams. All subsidiaries have designated a risk management officer as the point of contact for Group Controlling. These risk management officers are also responsible for the ad hoc reporting of specific risks of a critical nature or with the potential to jeopardise the existence of their company and any breaches of compliance rules.

4.2.1.5 System monitoring and documentation

As evidence of the proper functioning of risk management systems, the corresponding documentation is continuously updated at both Group and subsidiary level.

The documentation kept by individual Group companies includes details of the organisational measures necessary to establish and operate an effective risk management system. Quarterly reports are also regarded as documentary evidence of the effectiveness of risk management systems.

Risk management officers at subsidiary level are responsible for documenting risks and measures and for implementing the latter on the basis of a uniform scheme.

This documentation provides evidence of the proper functioning of the system for internal and external audit purposes. Responsibility for correct documentation lies with risk officers at subsidiary level and with Group Controlling.

In order to facilitate a systematic response to the risks identified within the Group and reported to HolidayCheck Group AG, the risk map is updated every quarter and submitted to Group Controlling. Any changes and new risks are highlighted.

4.2.1.6 Other elements of the risk management system

In addition to the dedicated risk management system outlined above in sections 4.2.1.1 to 4.2.1.5, the following elements also serve to identify risk within the Group:

- Operational planning, including updated intra-year forecasts
- Quarterly financial statements
- Liquidity planning
- Monthly reporting by subsidiaries (comparing target and actual results) to the Group

4.2.1.7 Monitoring of the risk management system

In 2009, Germany's Accounting Law Modernisation Act (Bilanzrechtsmodernisierungs-gesetz, BilMoG) imposed a duty on Supervisory Boards to assess the effectiveness of corporate risk management. In making its assessment, the Supervisory Board draws on the results of internal audits and information from Group Controlling.

HolidayCheck Group AG is also subject by law to an inspection by the Group's auditor in accordance with section 317, paragraph 4 of the German Commercial Code (Handelsgesetzbuch, HGB).

The task of the auditor is to evaluate whether the Management Board has implemented the measures imposed under section 91, paragraph 2 of the German Stock Corporation Act in an appropriate form and whether the corresponding monitoring system is designed in such a way that it can identify developments which jeopardise the continued existence of the company at an early stage.

4.2.2 Risks

4.2.2.1 Inherent risks of the HolidayCheck Group

4.2.2.1.1 Strategic risks

4.2.2.1.1.1 Competition-related risks

Market dominance of search engine providers
Many Internet users turn above all to search engines such as that operated by the market leader Google when they are looking for hotels, etc. Search engines are based on complex and confidential algorithms, and they present users with hit lists containing links to relevant third-party websites such as those of HolidayCheck and Zoover. They also present their own web services such as Google Hotel Finder. Experience has shown that links placed high up on the first page of search results are opened much more frequently than those on subsequent pages. A higher ranking generally means more traffic, and in turn this can have a positive impact on advertising and business revenue.

As a result, search engine optimisation (SEO) is now a very important tool. Its aim is to ensure that an organisation's web content is placed as high up as possible in the hit lists generated by search engines.

Search engine providers regularly make wide-ranging changes to their search algorithms. As such, there is always a potential risk that the search engine rankings of websites operated by HolidayCheck Group AG may fall temporarily or even permanently. This would mean a serious reduction in traffic that could have a significant negative effect on the revenue and earnings position of the web portals affected and of the HolidayCheck Group as a whole.

In response, the HolidayCheck Group aims to reduce its dependency on search engines, especially Google. This involves boosting the traffic generated through social media platforms. At the same time, we aim to attract visitors directly to our sites, i.e. bypassing search engines, by expanding our mobile offer and presence and intensifying our brand advertising.

Risk classification (see section 4.2.1.2 of this management report)
Probability of occurrence: possible (≥ 20 – < 50 percent); potential damage: high (single Group EBITDA risk ≥ EUR 10 million).

Existing and new competitors
Increased competition (for example due to more intensive marketing campaigns by existing competitors, the entry of new competitors into the market or the introduction of innovative new technology) can undermine website reach and usage and/or the purchase of products and services through the websites operated by HolidayCheck Group companies. In turn, this can lead to a significant decline in revenue and earnings and may even jeopardise the existence of the Group as a whole.

Companies such as Google and Facebook are of particular concern in this context. As described above, the hit lists presented by Google include its own services such as Google Flights, Google Hotel Finder and Google Shopping. This puts Google in direct competition for traffic with other websites, including those operated by the HolidayCheck Group.

If high-reach providers with a correspondingly powerful market presence such as Google and Facebook were to introduce new services in the same fields as those covered by the HolidayCheck Group, this could have a similar impact to that of changes in search algorithms, i.e. a serious reduction in traffic and thus a significant downturn in revenue and earnings of those web portals and segments and of the HolidayCheck Group as a whole.

The same applies to high-reach media companies (especially in the television industry) that advertise their own web content during broadcasts and may thus compete with the sites operated by the HolidayCheck Group; and to competing Internet groups (including multinationals) with the financial strength needed to invest heavily in marketing and IT in order to introduce their own products in the same sale markets as those targeted by the HolidayCheck Group's websites.

Risk classification (see section 4.2.1.2 of this management report)
Probability of occurrence: possible (≥ 20 – < 30 percent); potential damage: high (single Group EBITDA risk ≥ EUR 10 million).

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In response to a slight easing in the level of competition in comparison with the previous year, this risk classification has been reduced from 'probable' in last year's report to 'possible'.

4.2.2.1.1.2 Consumer-related risks

The HolidayCheck Group's travel portals concentrate on business operations in the holiday sector, especially by facilitating package holiday and hotel bookings by end users. Any changes in customer behaviour or travel preferences, e.g. greater use of the travel products and services of other providers, could have a negative impact on the future revenue and earnings of the HolidayCheck Group.

In anticipation of changing customer requirements, the HolidayCheck Group continuously develops new products and services and regularly updates its existing portfolio.

Risk classification (see section 4.2.1.2 of this management report)
Probability of occurrence: unlikely (< 20 percent); potential damage: medium (single Group EBITDA risk ≥ EUR 1 million).

4.2.2.1.1.3 Economic risks

Subdued demand for travel products in general, e.g. as a result of economic, political, legal or social crises, could lead to a substantial decline in revenue and earnings and even jeopardise the continued existence of the Group.

Risk classification (see section 4.2.1.2 of this management report)
Probability of occurrence: possible (≥ 20 – < 50 percent); potential damage: substantial (single Group EBITDA risk ≥ EUR 6 million).

4.2.2.1.1.4 Sales risks

Expenditure on marketing activities, especially popular tools such as search engine marketing (SEM), vouchers and TV advertising, currently makes up the HolidayCheck Group's largest single block of costs. Any more intensive marketing activities by our competitors or increased dominance of key marketing and media service providers such as Google could lead to a substantial increase in the marketing costs of the HolidayCheck Group and its travel portals and impact negatively on the earnings of the entire HolidayCheck Group.

Risk classification (see section 4.2.1.2 of this management report)
Probability of occurrence: unlikely (< 20 percent); potential damage: medium (single Group EBITDA risk ≥ EUR 1 million).

4.2.2.1.1.5 Technology risks

Driven by the continuous introduction of innovative and in some cases disruptive technology, the markets in which the HolidayCheck Group operates are subject to rapid and large-scale transformations that can produce fundamental changes in consumer behaviour. If the HolidayCheck Group's products and services cannot keep pace with these technological changes, it is likely that customers will find them less attractive. In turn, this could lead to a decline in revenue and earnings.

In anticipation of technological and product changes, the HolidayCheck Group continuously develops new products and services and regularly updates its existing portfolio.

Risk classification (see section 4.2.1.2 of this management report)
Probability of occurrence: unlikely (< 20 percent); potential damage: medium (single Group EBITDA risk ≥ EUR 1 million).

Following a successful start to the migration of HolidayCheck's IT platform, which provides greater technical flexibility, this risk classification has been reduced from 'possible' in last year's report to 'unlikely'.

4.2.2.1.1.6 Other strategic risks

With regard to the travel portals operated by the HolidayCheck Group, events such as natural disasters, epidemics and terrorist attacks, especially in key holiday areas but also in our customers' own countries, could lead to a temporary or even long-term downturn in holiday travel, and therefore have a highly negative impact on the development of HolidayCheck Group's revenue and earnings situation.

Risk classification (see section 4.2.1.2 of this management report)
Probability of occurrence: probable (≥ 50 - < 80 percent); potential damage: high (single Group EBITDA risk ≥ EUR 10 million).

In light of recent terrorist attacks in the Mediterranean region, especially in Turkey, the potential damage level has been increased from 'substantial' in last year's report to 'high'.

4.2.2.2 Active risks of the HolidayCheck Group

4.2.2.2.1 Operational risks

4.2.2.2.1.1 Sales risks

From a sales perspective, the success of the HolidayCheck Group's travel portals depends crucially on their usability across every type of device and on fast and unrestricted access.

The usability and customer acceptance of our travel portals can be impaired significantly by various factors, especially technical issues such as long page-loading times, inaccurate product and price information, software programming errors, the loss of key data and temporary disruption to individual systems, in particular the booking systems or the entire website. In turn, these problems can lead to substantial losses in revenue and earnings.

In order to limit these risks, we measure indicators such as the response of our customers to new features and products by comparing acceptance levels with those of the original versions in A/B tests. In addition, we monitor the operation of our portals continuously so that we can take appropriate and rapid action in the event of any disruption. To ensure that our systems remain secure and stable, they are connected to geographically separate and redundant data and computer centres. We also conduct regular penetration tests, which involve commissioning an external agency to attack our systems. The findings of these tests are fed directly into our product development work.

The level of customer acceptance of our HolidayCheck Travel Centre and consequently its success in terms of actual sales depend largely on the expertise of our Travel Centre staff, on the ability of users to contact them by telephone at any time during business hours and on stable access to the booking systems used. If poor advice is given, or if the telephone or booking systems develop temporary or more lasting faults, customer acceptance of the Travel Centre could be seriously undermined. In turn, this could lead to a serious downturn in revenue and earnings.

To limit this risk, we employ well-qualified staff and update their skills regularly through training. In addition, we monitor the operation of our telephone and booking systems continuously so that we can take appropriate and rapid action in the event of any disruption.

Risk classification (see section 4.2.1.2 of this management report)
Probability of occurrence: possible (≥ 20 - < 50 percent); potential damage: high (single Group EBITDA risk ≥ EUR 10 million).

4.2.2.2.1.2 Personnel risks

Highly-qualified employees and managers are essential to the long-term success of any business undertaking. The HolidayCheck Group is strongly committed to fostering its employees' long-term loyalty to the company and to recruiting new, highly-qualified staff. Business development could be impaired if a large number of these employees leave the company within a short time span and no adequate replacements can be found. In particular, in the event of increased competition in the labour market to recruit highly-qualified employees, especially people with IT and Internet expertise, there is no guarantee that the Group will be able to retain key personnel over the long term.

The HolidayCheck Group is determined to exploit all business opportunities that present themselves and at the same time counteract general personnel risks through a series of measures, in particular the provision of advanced training for further qualifications and the professional development for employees, rigorous succession planning and additional benefits such as performance-based remuneration systems. As a result of these measures, the company sees itself as an attractive employer and believes that it can draw on its employees' skills to make effective use of the available business opportunities.

It therefore currently classifies the risk of significant impairment to business development due the potential loss of employees and senior staff as low.

Risk classification (see section 4.2.1.2 of this management report)
Probability of occurrence: possible (≥ 20 – < 50 percent); potential damage: medium (single Group EBITDA risk ≥ EUR 1 million).

4.2.2.2.1.3 Structural risks

The corporate strategy adopted by the HolidayCheck Group envisages further expansion of its market position in the holiday sector. The target will be achieved by developing successful new products and business models, and implementing other measures to increase market share and generate further corporate growth. However, this also exposes the company to risks which may have a negative impact on its financial position and earnings.
The company is particularly exposed to strategic risks

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in connection with corporate acquisitions, long-term equity investments and the organic expansion of new business models. These harbour intrinsic risks such as the risk of integrating employees, processes, technologies and products. As a result, it is impossible to guarantee that all bought-in or internally developed business models can be successfully integrated and established in the market, or that they will develop as planned. Corporate acquisitions, long-term equity investments and the organic expansion of new business models can also generate substantial acquisition, development, administration and other costs, including the cost of integrating newly acquired business activities. Portfolio measures may also result in additional financing requirements, which in turn can increase debt and have a negative impact on the financing structure. Acquisitions and long-term equity investments can substantially appreciate the value of non-current assets, including goodwill. Impairment of and subsequent write-downs on these assets due to unforeseen business developments, e.g. a slump in the wider economy, can strongly depress operating earnings.

In order to limit these risks, we continuously monitor and analyse current developments in our markets with regard to both possible strategic equity investments or partnerships and the potential of our existing or new business models. In addition, we evaluate the risks and opportunities of potential long-term equity investments as part of our system of due diligence.

Risk classification (see section 4.2.1.2 of this management report)
Probability of occurrence: possible (≥ 20 – < 50 percent); potential damage: substantial (single Group EBITDA risk ≥ EUR 6 million).

4.2.2.2.1.4 Marketing risks

From a sales perspective, the sustained success of the HolidayCheck Group's travel portals depends to a large extent on our ability to appeal to precise target groups by making efficient use of the right marketing tools and channels. Expenditure on marketing activities, especially search engine marketing, vouchers and TV advertising, currently makes up the HolidayCheck Group's largest single block of costs. Any misallocation of marketing tools and channels or lack of precision in the way we appeal to certain target groups can undermine the expected success of those sales activities and result in lower than anticipated revenue and earnings.

To limit these risks, we establish a marketing budget for each brand in our annual business plan. This budget specifies clearly how much can be spent on particular marketing tools and channels. The success of these activities is measured at regular intervals over the year in terms of quality and quantity, and the results are used to identify any adjustments that may be required to the budget and to individual marketing tools and channels.

Risk classification (see section 4.2.1.2 of this management report)
Probability of occurrence: possible (≥ 20 – < 50 percent); potential damage: medium (single Group EBITDA risk ≥ EUR 1 million).

4.2.2.2.2 Financial risks

4.2.2.2.2.1 Liquidity risks

Various factors can limit the supply of liquidity available to the Group of companies. On the operational side, for example, a general recession in the economy can restrict the availability of credit from banks or at least make it more expensive to obtain finance.

In addition, there is a risk that negative developments on the capital markets could significantly reduce the supply of liquidity from this alternative source, which can be used for capital-raising measures such as cash capital increases and bond issues, or make such measures more expensive. If this occurs, the Group's available liquid assets may not be sufficient to meet all its financial liabilities on time.

From a medium-term perspective, the Group's liquidity position is secure. This is partly due to the cash inflows generated by the sale of long-term equity investments in 2015.
Looking further ahead, however, the possibility of constraints on the Group's liquidity position cannot be ruled out entirely. In order to minimise the risk of an unexpected shortfall in liquidity or finance, we conduct regular simulations and scenario analyses relating to our liquidity and financing position.

Risk classification (see section 4.2.1.2 of this management report)
Probability of occurrence: unlikely (< 20 percent); potential damage: medium (single Group EBITDA risk ≥ EUR 1 million).

4.2.2.2.2.2 Foreign currency risks

HolidayCheck AG uses the euro as its functional currency, and liabilities towards it are therefore charged in euros. The income generated by HolidayCheck AG is also calculated in euros. This has reduced the currency risk, although certain risks remain. There is a risk that the company's salary, rent, marketing and other costs could rise substantially in the event of an increase in the relative value of the Swiss franc against the euro, as was the case in January 2015, and this could have a negative impact on HolidayCheck AG's earnings situation. For this reason, the Management Board has decided to invest a portion of its cash reserves in Swiss francs.

Risk classification (see section 4.2.1.2 of this management report)
Probability of occurrence: possible (≥ 20 – < 50 percent); potential damage: medium (single Group EBITDA risk ≥ EUR 1 million).

4.2.2.2.2.3 Other financial risks

Impairment
HolidayCheck Group AG performs annual impairment tests to assess whether there has been any impairment in the respective valuations of long-term equity investments in its separate financial statements or of goodwill within the Group. This could result in major write-downs which would not lead to payouts but could considerably depress the results of the entire HolidayCheck Group.

HolidayCheck Group AG counteracts this as well as possible by means of a central control system for long-term equity investments and monthly reports from all equity investments. Deviations from targets are reported to the Management Board promptly so that suitable countermeasures can be initiated.

Risk classification (see section 4.2.1.2 of this management report)
Probability of occurrence: probable (≥ 50 – < 80 percent); potential damage: high (single Group EBITDA risk ≥ EUR 10 million).

4.2.2.2.3 Compliance risks

4.2.2.2.3.1 Corporate compliance risks
The HolidayCheck Group's compliance rules are designed to ensure that our employees behave lawfully, responsibly and sustainably. The aim is to identify potential infringements of these rules and systematically prevent them from occurring. Even so, it is not possible to rule out serious breaches of the compliance rules entirely, whether they are committed negligently or culpably, and any such actions can lead to reputational damage and/or substantial financial damages.

Risk classification (see section 4.2.1.2 of this management report)
Probability of occurrence: possible (≥ 20 – < 50 percent); potential damage: medium (single Group EBITDA risk ≥ EUR 1 million).

4.2.2.2.3.2 Data protection risks
The websites operated by the HolidayCheck Group store and process personal user data, some of which may be highly sensitive. There is a risk that this data may be targeted and stolen, e.g. by hackers or Group employees or as a result of human error. The data may then end up in the public domain and in the worst scenario may be misused for criminal purposes. The resulting damage to our image could lead to a serious decline in revenue and earnings for individual portals and in the worst-case scenario for the entire Group of companies.

In order to reduce this risk, the HolidayCheck Group works with an external data protection specialist whose role includes checking compliance with data protection laws. In addition, the Group has implemented numerous security measures of a technical nature, e.g. state-of-the-art firewall and antivirus technologies. HolidayCheck and other portals are regularly certified by the German technical control board (TÜV).

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Risk classification (see section 4.2.1.2 of this management report)
Probability of occurrence: unlikely (< 20 percent); potential damage: medium (single Group EBITDA risk ≥ EUR 1 million).

4.2.2.2.3.3 Legal risks
HolidayCheck Group AG and its subsidiaries are obliged to comply with a range of rules, laws and directives. We monitor the regulatory situation regularly and where required adapt our business activities to any changes in the law. Even so, it is not possible to entirely rule out breaches of current rules, laws and directives and potential sanctions, fines and compensation orders under criminal or civil law. In addition, any such breaches could damage our reputation and lead to a significant loss of revenue and earnings.
Adapting our business activities to changes in the law can increase our operating costs or even place severe restrictions on our business operations.

Risk classification (see section 4.2.1.2 of this management report)
Probability of occurrence: unlikely (< 20 percent); potential damage: low (single Group EBITDA risk < EUR 1 million).

4.2.2.3 Overall assessment of risks

The risks described in the above risk report could potentially have a substantial impact on the earnings, assets and financial position of the HolidayCheck Group. The overall risk situation of the HolidayCheck Group is largely unchanged compared with the preceding year after the restructuring measures implemented in 2015. When all known facts and circumstances are taken into consideration, no risks currently exist, whether individually or in combination, that could jeopardise the company's continued existence in the foreseeable future.

4.3 Opportunities report

With regard to its business activities, HolidayCheck Group AG is largely faced with the same opportunities as the HolidayCheck Group. In general, the opportunities available to HolidayCheck Group AG reflect the size of its holding in subsidiaries and long-term equity investments. For this reason, potential opportunities are also expressed in relation to Group EBITDA. Business opportunities are not reported as part of the risk management system. They are identified in the Group's annual operational planning and followed up during the year in its periodic consolidated reporting. Direct responsibility for the early identification and exploitation of opportunities lies with the senior management of the subsidiaries. The strategy process involves identifying opportunities for further profitable growth in the long term. These are then considered as part of the decision-making processes.

4.3.1 Inherent opportunities of the HolidayCheck Group

4.3.1.1 Strategic opportunities

4.3.1.1.1 Competition-related opportunities

An easing of the competitive pressures facing the Group, e.g. through a reduction in the marketing activities of our competitors or through a degree of market consolidation and the consequent departure of individual competitors, could lead to an increase in our market share, lower advertising costs and an improvement in our revenue and earnings.

Probability of occurrence: possible (≥ 20 – < 50 percent); Group EBITDA potential: medium (≥ EUR 1 million).

4.3.1.1.2 Consumer-related opportunities

The HolidayCheck Group's travel portals concentrate on business activities in the holiday sector, especially in connection with the brokerage of package holidays and hotels for consumers. Above all, a growing preference among users for package holidays could lead to increased use of the products and services offered by the travel portals of the HolidayCheck Group and therefore boost its revenue and earnings.

Probability of occurrence: possible (≥ 20 – < 50 percent); Group EBITDA potential: medium (≥ EUR 1 million).

4.3.1.1.3 Economic opportunities

Increased demand for travel products in general, e.g. as a result of a strong economic upswing or tax policy incentives, could lead to an improvement in the HolidayCheck Group's revenue and earnings.

Probability of occurrence: possible (≥ 20 – < 50 percent); Group EBITDA potential: medium (≥ EUR 1 million).

4.3.1.1.4 Sales opportunities

Expenditure on marketing activities, especially popular tools such as search engine marketing, vouchers and TV advertising, currently makes up the HolidayCheck Group's largest single block of costs. Any reduction in the marketing activities of our competitors or greater competition among key marketing and media service providers could lead to a reduction in the marketing costs of the HolidayCheck Group and its travel portals and impact positively on the earnings of the entire HolidayCheck Group.

Probability of occurrence: unlikely (< 20 percent); Group EBITDA potential: substantial (≥ EUR 6 million)

4.3.1.1.5 Technology opportunities

Driven by the continuous introduction of innovative and in some cases disruptive technology, the markets in which the HolidayCheck Group operates are subject to rapid and large-scale transformations that can produce fundamental changes in consumer behaviour. If we can play an active role in driving forward technological changes through our products and services, it is likely that our customers will find them more attractive. In turn, this could lead to an increase in revenue and earnings.

Probability of occurrence: possible (≥ 20 – < 50 percent); Group EBITDA potential: substantial (≥ EUR 6 million).

4.3.1.1.6 Other strategic opportunities

The absence of negative events such as natural disasters, epidemics and especially terrorist attacks (both in key holiday areas and in our customers' own countries) could encourage more potential customers to make holiday bookings and therefore boost the revenue and earnings of the HolidayCheck Group.

Probability of occurrence: unlikely (< 20 percent); Group EBITDA potential: substantial (≥ EUR 6 million)

4.3.2 Active opportunities

4.3.2.1 Operational opportunities

4.3.2.1.1 Sales opportunities

From a sales perspective, the success of the HolidayCheck Group's travel portals depends crucially on their usability across every type of device and on fast and unrestricted access. If they are perceived by customers to be particularly reliable, clear, trustworthy and technically sophisticated, customer acceptance of the travel portals may show a sustained increase. In turn, this could boost the revenue and earnings of the HolidayCheck Group.

The level of customer acceptance of our HolidayCheck Travel Centre and consequently its success in terms of actual sales depend largely on the expertise of our Travel Centre staff, on the ability of users to contact them by telephone at any time during business hours and on stable access to the booking systems used. If the quality of the advice is good, if the Travel Centre can be contacted quickly and reliably by telephone, and if there is unimpaired access to all the booking systems, customer acceptance of the travel portals may show a sustained increase. In turn, this could boost the revenue and earnings of the HolidayCheck Group.

Probability of occurrence: probable (≥ 50 – < 80 percent); Group EBITDA potential: substantial (≥ EUR 6 million).

4.3.2.1.2 Personnel opportunities

Highly-qualified employees and managers are essential to the long-term success of any business undertaking. The HolidayCheck Group has established various measures designed to foster its employees' long-term loyalty to the company and recruit new, highly-qualified employees. These include a comprehensive programme of staff training and development. In addition, we regularly measure the level of employee satisfaction.

The HolidayCheck Group sees itself as an attractive employer and believes that it can draw on its employees' skills to make effective use of the available business opportunities.

Probability of occurrence: possible (≥ 20 – < 50 percent); Group EBITDA potential: medium (≥ EUR 1 million).

4.3.2.1.3 Structural opportunities

The corporate strategy adopted by the HolidayCheck Group envisages further expansion of its market position in the holiday sector. The target will be achieved by developing successful new products and business models, and implementing other measures to increase market share and generate further corporate growth. In turn, this could boost the revenue and earnings of the HolidayCheck Group.

Our main strategic opportunities lie in making successful corporate acquisitions and long-term equity investments, in the organic expansion of new business models and in the further development of existing products and services.

If we can integrate the companies we acquire along with their employees, products, technologies and processes smoothly and rapidly, and establish new or upgraded products and business models on the market, the resulting potential for additional revenue and synergies could increase the Group's earnings.

Probability of occurrence: possible (≥ 20 – < 50 percent); Group EBITDA potential: medium (≥ EUR 1 million).

4.3.2.1.4 Marketing opportunities

From a sales perspective, the success of the HolidayCheck Group's travel portals depends to a large extent on our ability to appeal to precise target groups by making efficient use of the right marketing tools and channels. Expenditure on marketing activities, especially search engine marketing, vouchers and TV advertising, currently makes up the HolidayCheck Group's largest single block of costs. The effective allocation of marketing tools and channels and precise targeting of customer groups can make a substantial contribution to our wider efforts to exceed planned sales results and therefore boost revenue and earnings.

Probability of occurrence: possible (≥ 20 – < 50 percent); Group EBITDA potential: medium (≥ EUR 1 million).

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4.3.2.2 Financial opportunities

4.3.2.2.1 Foreign currency opportunities

HolidayCheck AG uses the euro as its functional currency, and the Group's liabilities towards it are therefore charged in euros. The income generated by HolidayCheck AG is also calculated in euros. With regard to salary, rent, marketing and other costs payable in Swiss francs, however, there is a chance of currency translation gains if the euro appreciates against the Swiss franc. In turn, this would positively influence the earnings of HolidayCheck AG.

Probability of occurrence: unlikely (< 20 percent); Group EBITDA potential: medium (≥ EUR 1 million)

4.3.3 Overall assessment of opportunities

It is our assessment that in the financial year 2016 the HolidayCheck Group was able to slightly expand its overall market position. This is clear from the consolidated revenue figures, which show a modest improvement over the preceding year. By contrast, the earnings figures were down on the previous year, partly as a result of substantially higher marketing, product development and IT expenses. Consequently, there was no significant change in the overall opportunities situation.

The company takes the view that, in terms of opportunities, the situation of the Group in 2016 is unchanged year on year.

There is a distinct possibility that some of our key indicators will exceed the levels anticipated in the company's forward planning and have a positive impact on the earnings, asset and financial position of the HolidayCheck Group.

5. Internal control system and risk management system as part of the Group accounting process

The objective of the internal control system (ICS) for the accounting process is to ensure that the financial statements are drawn up in compliance with regulations. In the internal control and risk management system adopted by the HolidayCheck Group, the structures and processes related to accounting policies are defined and implemented within the organisation. This ensures that accounting procedures are reliable and performed correctly, that business transactions are fully and promptly reported as prescribed by law and in the articles of association, and that legal standards and internal accounting guidelines are observed. Amendments to legislation and accounting standards are continuously analysed in order to determine whether they are relevant to the consolidated financial statements and/or the separate financial statements, and any resultant changes are incorporated in the Group's internal processes and systems.

Across the company, planning, reporting, controlling and early warning systems and processes have been established that allow it to comprehensively analyse and manage income-related risk factors and going-concern threats. Functional responsibilities are clearly defined for all (Group) accounting processes (e.g. accounting system, financial accounting and controlling). Wherever accounting processes are outsourced to service providers, their control and risk management systems are adapted to the particular requirements of our company and monitored by us on an ongoing basis. As it is relatively small and not particularly complex, the HolidayCheck Group has so far decided not to set up its own separate audit unit. Any internal audit work that may be required is carried out by external service providers.

Basic principles of accounting-based internal control system

As the parent company, HolidayCheck Group AG produces the consolidated financial statements of the HolidayCheck Group. This process is based on the financial reports of the Group companies included in the consolidated financial statements, all of which prepare their individual financial statements locally. Using a defined Group-wide reporting system, they are then sent to the Finance and Controlling department in Munich, Germany, and an external Shared Service Centre in Offenburg, Germany, where they are validated and checked for plausibility. These measures are designed to ensure that the financial statements produced by HolidayCheck Group AG and its subsidiaries are correct and complete.

From January 2017 onwards, the consolidated financial statements drawn up by HolidayCheck Group AG as the Group's parent company will be produced exclusively and entirely in-house. All the processes previously carried out at the external Shared Service Centre in Offenburg will be performed internally starting this year. Newly introduced validation processes and plausibility checks will continue to ensure that the financial statements of HolidayCheck Group AG and its subsidiaries are correct and complete.

The internal control and risk management system for the accounting process ensures that business data have been correctly entered, processed and evaluated before they are included in external financial accounting.

Responsibility for compliance with Group-wide guidelines and procedures and for the correct and prompt implementation of accounting processes and systems lies with the individual Group companies.

Basic elements of the internal control system

- Automatic controls are in place to ensure that accounting practice complies with legislation and accounting standards when the consolidated and single-entity financial statements of HolidayCheck Group AG are prepared. These controls are supplemented by manual checks on the accounts and other approval and validation procedures (separation of functions, rules and restrictions on access, cross-checking and rules on payments and transfers).
- The Finance and Controlling department carries out regular completeness checks and analyses any discrepancies from the specified business plan. It submits its results in a standardised monthly report to the Management Board. Finance and Controlling also produces a standardised monthly report for the Management Board examining any deviation from the business plan with regard to forecast income and expenditure.
- Uniform accounting rules and instructions are in place across the Group to ensure that accounts are based on prescribed standards. This is also achieved by means of centralised checks on reporting packages, analyses of any deviation from set budgets and reports on the results of monthly and quarterly reconciliation work.
- The IT-based accounting systems used are protected against unauthorised access. A uniform consolidation and reporting system is in place for all external accounting and internal reports produced by Group companies.
- Responsibility for the overall consolidation of the Group's financial statements lies with an external Shared Service Centre in close cooperation with the Finance and Controlling department. Together, these two units implement the necessary consolidation and reconciliation measures and monitor compliance with the prescribed schedules and processes.
- Accounting support is available to Group companies from key contacts at the Finance and Controlling department in Munich.
- Any particularly technical or complex matters are clarified on a case-by-case basis with the help of external experts and consultants.
- The Finance and Controlling department ensures that all transactions are recognised promptly and in due time so that the financial statements can be drawn up by the scheduled date.
- Finance and Controlling ensures that all intra-group transactions are fully recognised, reconciled and eliminated.
- The Finance and Controlling department monitors that matters of accounting significance or those subject to disclosure requirements in relation to contractual agreements are identified and correctly shown in the financial statements.

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In evaluating the internal control system, processes at the level of the single legal entities were included where they were deemed to be of significance for Group reporting purposes. The control targets were checked against the implemented controls and evaluated. The effectiveness of these systems is continuously reviewed, further developed and improved. Systematic checks are performed to monitor compliance with the internal control system and to ensure that it remains up to date. The results of all accounting-related internal controls are summarised in a report which is made directly available to the Management Board and Supervisory Board.

With regard to the accounting process, it should be noted that the internal control and risk management system can only offer a relative degree of assurance. Regardless of the care taken in designing the system, it does not provide an absolute safeguard that financial reporting objectives will be met or that significant accounting inaccuracies will be detected or avoided.

6. Risk reporting with regard to the use of financial instruments

The company's main financial liabilities are trade payables and other miscellaneous liabilities. These are primarily required as a source of financing for the company's business operations. The company's trade receivables, other miscellaneous assets, cash and cash equivalents, and short-term deposits are directly generated as a result of its business operations.

Changes in exchange rates and interest rate fluctuations can also have a negative impact on the Group's income, asset and financial position. Accordingly, in order to minimise the risks associated with changes in exchange rates and interest rates, the Group makes use of derivative financial instruments as required. These are solely intended to function as a hedge for the underlying transactions.

The principle goal of currency hedging is to hedge payment flows against exchange rate fluctuations. To this end, based on the Group's corporate planning, payment flows in currencies other than the functional currency are identified with a view to hedging them through the use of currency hedging instruments or to maintaining the required foreign currency holdings. This mainly affects the ongoing expenditure of HolidayCheck AG in Swiss francs. HolidayCheck Group AG has invested available cash deposits in Swiss francs as a hedge for these future payments (see also section 4.2.2.2.2.2 of this Group management report under the heading 'Foreign currency risks').

The aim of interest rate hedging is to reduce interest costs. A number of interest rate swaps were agreed in April 2011 in order to hedge the risk of fluctuation in the interest payable on variable-rate, non-current financial liabilities. These were originally assigned directly to the underlying transactions in the form of cash flow hedges. The interest rate swaps in place and recognised in equity at their market value expired on 9 March 2016. In 2015, they created financial liabilities of EUR 93 thousand. There are currently no interest rate hedges in place as the Group has no outstanding borrowings.

In the risk management system, the Finance department ensures that no credit limits are exceeded and that reminders are sent out at fortnightly intervals. The maximum extent of the potential bad debts to which the Group is exposed corresponds to the reported aggregate amount of trade receivables and other miscellaneous financial instruments.

The credit quality of financial assets that are neither overdue nor impaired is determined by reference to external credit ratings (where available) or to past experience of the default ratios of the business partners concerned. The creditworthiness of financial assets that are neither overdue nor impaired is assumed. There are no securities or other credit improvement measures in place that would reduce the risk of default from financial assets.

Responsibility for managing these risks lies with the company's management, which ensures that all activities of the HolidayCheck Group that are exposed to financial risks (see also section 4.2.2.2.2 of this Group management report under the heading 'Financial risks') are conducted in line with the corresponding internal directives and that financial risks are identified, measured and managed in accordance with these directives and with due regard for the Group's risk profile. The risk management system also takes account of any risk concentration affecting individual transactions or Group companies.

7. Takeover-related disclosures and notes pursuant to section 289, paragraph 4 and section 315, paragraph 4 German Commercial Code

Share capital structure

As at 31 December 2016, the company's subscribed share capital amounted to EUR 58,313,628. The share capital is divided into 58,313,628 no-par value bearer shares, each with an accounting value of EUR 1. The share capital is paid up in full. The shareholders have no entitlement to the issue of physical individual shares in accordance with article 4, paragraph 3 of the articles of association, except when the issue of physical individual shares is required under the rules and regulations of the stock exchange where the shares are listed. The shares are wholly evidenced by global certificates. All shares carry the same rights and obligations. Each share entitles the holder to one vote at the shareholders' meeting and evidences the right to a portion of the company's distributable profit. This does not apply to treasury shares held by the company, in respect of which the company does not have any rights. As at 31 December 2016, the company held a total of 66,947 treasury shares purchased at a weighted average price of EUR 2.312.

The shareholders' rights and obligations are specified in particular in sections 12, 53a et seq, 118 et seq and 186 of the German Stock Corporation Act.

Transfer and voting rights restrictions

The company is not currently aware of any transfer or voting rights restrictions.

Disclosures relating to direct and indirect shareholdings

According to the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG), any investor whose share of voting capital reaches, exceeds or falls below certain thresholds as the result of purchases, disposals or otherwise must notify the company in question and the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) of this fact. In the financial year 2016, the company received no such notifications in respect of voting rights.

Special rights

Shares vested with special rights, such as controlling powers or delegation rights, do not exist.

Voting right controls relating to shares held by employees

The Management Board is not aware of any voting right controls relating to shares held by employees of HolidayCheck Group AG.

Appointment and dismissal of Management Board members and amendments to the articles of association

The appointment and dismissal of Management Board members is governed by sections 84 and 85 of the German Stock Corporation Act. Management Board members are appointed by the Supervisory Board for a maximum term of 5 years. They may be re-appointed or have their term extended for one or more terms of up to a maximum of five years each.

Pursuant to article 5, paragraph 1 of the articles of association, the Management Board is made up of one or more persons. The Supervisory Board appoints the members of the Management Board and specifies their number. It can also appoint deputy Management Board members. The Supervisory Board may appoint a chairperson of the Management Board.

Pursuant to article 5, paragraph 2 of the Articles of Association, the company is represented by two members of the Management Board or by one member of the Management Board in conjunction with another employee holding general commercial power of attorney (Prokurist under German law). In this respect, deputy Management Board members have the same status as ordinary Management Board members.

If only one member of the Management Board is appointed, he or she represents the company alone. The Supervisory Board may grant one or all members of the Management Board the authority to represent the company alone and/or exempt them from the ban on multiple representation under section 181 of the German Civil Code (Bürgerliches Gesetzbuch, BGB) in so far as this is permissible pursuant to section 112 of the German Stock Corporation Act.

The authority of sole representation and/or exemption from the ban on multiple representation under section 181 of the German Civil Code may be revoked at any time.

Pursuant to section 84, paragraph 3 of the German Stock Corporation Act the appointment of Management Board members and the appointment of the Chairperson of the Management Board may be revoked if there is good cause to do so.

Amendments to the articles of association are subject to a resolution of the general meeting of shareholders pursuant to section 179 of the German Stock Corporation Act. The authority to make amendments to the wording only is accorded to the Supervisory Board in article 8, paragraph 5 of the articles of association. The Supervisory Board is also authorised by resolution of the shareholders' meeting to amend article 4 of the articles of association in accordance with the use of contingent capital.

Resolutions by the general meeting of shareholders are taken by simple majority pursuant to article 18 of the articles of association unless a larger majority is mandatory by law.

Resolutions on amendments to the articles of association require at least a three-quarter majority of share capital represented according to section 179, paragraph 2 of the German Stock Corporation Act, unless otherwise stipulated in the company's articles of association.

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Authority of the Management Board to buy back the company's own shares and/or to issue new shares

1. The Management Board is authorised, subject to Supervisory Board approval, to undertake one or more increases in the company's share capital until 11 June 2018 up to a maximum of EUR 14,578,407 by issuing 14,578,407 new no-par value shares in exchange for cash or non-cash contributions (authorised capital 2013). The Management Board is authorised, subject to Supervisory Board approval, to exclude shareholders' statutory subscription rights in the following circumstances:

- where required, to settle fractional amounts;
- where a capital increase in exchange for cash contributions does not exceed 10 percent of the share capital, and the issue price for the new shares is not significantly lower than the stock market price (section 186, paragraph 3, sentence 4 of the German Stock Corporation Act); if this authority to exclude subscription rights under section 186, paragraph 3, sentence 4 of the German Stock Corporation Act is exercised, due regard should be given to other authorities to exclude subscription rights granted by section 186, paragraph 3, sentence 4 of the German Stock Corporation Act;
- where a capital increase in exchange for non-cash contributions is carried out for the purpose of acquiring another company, a long-term equity investment in another company or parts of another company or in order to purchase claims against the company.

Subject to the approval of the Supervisory Board, the Management Board is authorised to specify the remaining details pertaining to the capital increase and its implementation. The Supervisory Board is authorised to amend the wording of the articles of association in line with the use made of authorised capital.

2. A conditional increase in share capital up to EUR 11,600,000 by way of issuing up to 11,600,000 no-par value bearer shares has been carried out (conditional capital 2015). This conditional capital increase is only implemented to the extent that the holders of the convertible bonds and/or bonds with warrants issued by the company up to 15 June 2020, on the basis of the authorisation of the general meeting of shareholders of 16 June 2015, actually exercise their conversion or option rights or where the conversion obligations linked to such bonds are met and to the extent that no other methods of servicing such commitments are used. The new shares carry dividend rights from the beginning of the financial year in which they are created by the exercise of conversion or option rights or through the fulfilment of conversion obligations. Subject to the approval of the Supervisory Board, the Management Board is authorised to establish the further details pertaining to the execution of the conditional capital increase. The Supervisory Board is authorised to amend the wording of the articles of association in line with the use made of conditional capital. The same conditions apply if the authority to issue convertible bonds and/or bonds with warrants is not used before the end of the designated period, or if conditional capital 2015 has not been used on expiry of the deadlines for the exercise of conversion and/or option rights or for the fulfilment of conversion and/or option obligations.

3. By resolution of the annual shareholders' meeting of 16 June 2015, the Management Board has been authorised to purchase the company's own shares subject to the following conditions. This authorisation is limited to the purchase of the company's own shares worth up to 10 percent of its share capital, based on the accounting par value. It may be exercised in full or in partial amounts, on one or more occasions, by the company or by third parties acting on its behalf. The authorisation expires on 15 June 2020.

The purchase should be concluded on the stock exchange or by means of a public offering directed at all the company's shareholders.

aa) If the shares are purchased on the stock exchange, the consideration per share paid by the company (excluding ancillary purchase costs) may not be more than 10 percent higher or 10 percent lower than the average closing price over the ten trading days on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse, FWB) preceding the purchase of the shares (on the electronic trading platform XETRA or a comparable successor trading system) for shares with the same features.

bb) If the shares are acquired by means of a public offering to all the company's shareholders, the price per share offered (excluding ancillary purchase costs) may not be more than 10 percent higher or 10 percent lower than the average closing price (on the electronic trading platform XETRA or a comparable successor trading system) over the last three trading days on the Frankfurt Stock Exchange preceding the publication of the offer for shares with the same properties. The purchase offer may stipulate further conditions. The volume for the offer may be limited. If the total number of shares offered for sale by shareholders exceeds this volume, the shares will be accepted in the ratio of the shares offered. The public offering may stipulate that priority will be given to smaller bundles of up to 50 shares per shareholder offered for sale and may also allow for commercial rounding to avoid creating factions of shares. Beyond this, shareholders are not entitled to require the company to purchase their shares.

With respect to shares in the company that are acquired on the basis of this authorisation or that have been acquired on the basis of previous authorisations, the Management Board has been authorised, with the approval of the Supervisory Board, to dispose of the shares by means of an offering to all shareholders or selling on the stock exchange, or in addition:

a) to offer them as consideration to third parties under a business combination agreement, for the acquisition of another company or of a long-term equity investment in another company or parts of another company or for the purchase of claims against the company;

b) to dispose of them to third parties; the price at which the shares are sold to third parties may not be significantly lower than the stock exchange price at the time of their disposal; if the company decides to make use of this authorisation, the exclusion of subscription rights on account of other authorisations pursuant to section 186, paragraph 3, sentence 4 of the German Stock Corporation Act should be observed;

c) to use them to fulfil option and/or conversion rights or obligations in respect of bonds with warrants and/or convertible bonds issued by the company or its Group companies;

d) to offer them for sale to employees of the company and its affiliated entities and senior managers or to transfer the acquired shares to them and/or use them to fulfil commitments or obligations to purchase company shares that have been or may in future be granted to employees of the company and its affiliated entities and senior managers. In particular they may also be used to service purchase obligations or rights in respect of company shares that have been agreed with senior managers under the terms of employee stock option plans. If members of the company's Management Board qualify, the Supervisory Board is responsible for selecting those who qualify and determining the number of shares to be granted in each case;

e) to withdraw the shares without a requirement for the withdrawal or its execution to be approved by means of a further resolution by the shareholders' meeting; any such withdrawal would lead to a capital reduction; the shares may also be withdrawn by means of a simplified procedure without a capital reduction by adjusting the proportional accounting value of the remaining no-par value shares to the company's share capital; withdrawal may be limited to the part of the shares acquired by this means.

The above authorisations concerning the use of treasury shares acquired by the company may be exercised on one or more occasions, wholly or partially and singly or together. Shareholders' subscription rights to treasury shares acquired by the company are excluded provided that the shares in question are used under the authorisations detailed above in a), b), c) and d). In addition, the Management Board is entitled, subject to approval by the Supervisory Board, to exclude the subscription rights of shareholders in respect of fractional amounts in cases where shares are sold in the form of an offer for sale. The Management Board will in each case report to the shareholders' meeting on the reasons for and the purpose of the acquisition of treasury shares, the number of shares purchased, the amount of share capital they represent and the consideration paid for the shares.

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The Supervisory Board is authorised to amend the wording of the articles of association depending on the use made in individual cases of the authorisation to call in shares.

As at 31 December 2016, the company held a total of 66,947 treasury shares purchased at a weighted average price of EUR 2.312.

Significant agreements to which the company is party that take effect upon a change of control following a takeover bid

HolidayCheck Group AG is not aware of any significant agreements which take effect upon a change of control following a takeover bid.

Compensation agreements between the company and members of the Management Board or employees providing for the event that a takeover bid takes place

There are no compensation agreements between the company and current members of the Management Board or employees in the event of a takeover bid.

8. Declaration on Corporate Governance

The actions taken by the management and controlling bodies of HolidayCheck Group AG are determined by the principles of responsible and proper corporate governance. For further details, please see the Declaration on Corporate Governance in accordance with section 3.10 of the German Corporate Governance Code and section 289a, paragraph 1 of the German Commercial Code. This declaration was released by the Management Board, also on behalf of the Supervisory Board, and can be found on the website of HolidayCheck Group AG at *https://www.holidaycheckgroup.com/investor-relations/corporate-governance/?lang=en.*

Commitment to measures promoting the equal participation of women and men in leadership positions in accordance with section 76, paragraph 4 and section 111, paragraph 5 of the German Stock Corporation Act

With regard to the German Act on the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector (Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst, FührposGleichberG) version of May 2015, a decision was taken in 2015 to implement the required measures at HolidayCheck Group AG by 30 June 2017. The target of 1/6 female representation has already been achieved on the Supervisory Board of HolidayCheck Group AG. The Supervisory Board has set a target of zero percent for female representation on the Management Board.

At HolidayCheck Group AG, there is only one management level below the Management Board. As at 31 December 2016, the proportion of women in management positions at this level was 66.7 percent compared with the target figure of 25 percent.

9. Remuneration report

Remuneration report for the Management Board

The overall structure of the remuneration system for the Management Board is determined by the entire Supervisory Board. There is therefore no committee within the Supervisory Board that deals specifically with the issue of remuneration for members of the Management Board. The remuneration paid to the members of the Management Board depends on the company's size and orientation, as well as its economic and financial position. It is also fixed at a competitive rate as an incentive for committed and effective work in a dynamic environment. The short-term remuneration of Management Board members includes a fixed element, which is not based on performance, and a variable, single-year, performance-related element of between 20 percent and 35 percent based on the non-performance-related fixed element. The non-performance-related fixed element contains the basic gross salary of members of the Management Board. The ancillary benefits include the use of a company car or a cash payment in lieu of a company car.

In 2016, the short-term performance-related element of Management Board remuneration was made up of a variable component based on profit targets (34 percent), a component based on revenue targets (33 percent) and a further component based on a mixture of non-financial indicators (employee know-how and satisfaction) and other financial indicators such as capital expenditure and the share price (between 11 and 33 percent). In addition, the Supervisory Board may award a separate short-term payment of up to EUR 100 thousand for exceptional individual performance. In 2015, 50 percent of this variable element was based on profit targets, 25 percent on revenue targets and the remaining 25 percent on individual performance targets. These variable components are specified by the Supervisory Board for each new financial year.

Since 2011, virtual shares have been issued to members of the Management Board and other employees of HolidayCheck Group AG and its subsidiaries under a long-term incentive programme (LTIP). The virtual shares entitle the holder to a cash payment based on the average share price over the last one hundred stock exchange trading days up to the payment date. There is generally no automatic entitlement to shares in HolidayCheck Group AG. Under the terms of the LTIP, virtual shares are granted in annual tranches. There is no link between these tranches. The last tranche under the LTIP was granted in financial 2016. Vesting of the virtual shares granted under the LTIP is subject to individually negotiated EBTA targets or corridors for each financial year. Depending on the extent to which targets are met in the financial year in which the tranche was granted, the original number of virtual shares is increased or reduced. If a specified minimum target is not achieved, or if the company's liabilities exceed a certain threshold, entitlement to the granted virtual shares may be forfeited completely. After this point, the vested virtual shares must be held for a further three years. On expiry of the holding period, the beneficiaries are entitled to a cash payment (plus accumulated dividends) based on their vested

Total remuneration of current members of the Management Board in the financial year

REMUNERATION OF MANAGEMENT BOARD	Georg Hesse		Dr Dirk Schmelzer		Timo Salzsieder	
POSITION	Chief Executive Officer (CEO) since 1 January 2016		Chief Financial Officer (CFO) since 1 February 2011		Chief Product & IT Officer (COO) since 1 September 2015	
EUR ,000	2015	2016	2015	2016	2015	2016
Non-performance-related remuneration	-	366	386	386	135	295
Performance-related remuneration	-	200	186	175	26	125
Remuneration based on long-term incentives	-	178	143	133	16	106
Total remuneration	**-**	**744**	**715**	**694**	**177**	**526**

Granted contributions for current members of the Management Board

REMUNERATION OF MANAGEMENT BOARD	Georg Hesse				Dr Dirk Schmelzer				Timo Salzsieder			
POSITION	Chief Executive Officer (CEO) since 1 January 2016				Chief Financial Officer (CFO) since 1 February 2011				Chief Product & IT Officer (COO) since 1 September 2015			
EUR ,000	2015	2016	2016 (Min.)	2016 (Max.)	2015	2016	2016 (Min.)	2016 (Max.)	2015	2016	2016 (Min.)	2016 (Max.)
Fixed remuneration	0	340	340	340	360	360	360	360	100	300	300	300
Ancillary benefits	0	26	26	26	26	26	26	26	7	23	23	23
	0	**366**	**366**	**366**	**386**	**386**	**386**	**386**	**107**	**323**	**323**	**323**
Single-year variable remuneration	0	0	0	160	50	86	0	140	0	23	0	33
Special payment	0	0	0	100	25	0	0	100	0	0	0	100
Multi-year variable remuneration	**0**	**178**	**0**	**600**	**143**	**133**	**0**	**528**	**16**	**106**	**0**	**360**
of which: LTIP tranche 2016*	0	178	0	600	0	133	0	528	0	106	0	360
of which: LTIP tranche 2015*	0	0			143	0			16	0		
Total	**0**	**544**	**366**	**1,226**	**604**	**605**	**386**	**1.154**	**123**	**452**	**323**	**816**
Pension-related expenses	0	0	0	0	0	0	0	0	0	0	0	0
Total remuneration	**0**	**544**	**366**	**1,226**	**604**	**605**	**386**	**1.154**	**123**	**452**	**323**	**816**

*(4-year period)

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virtual shares. The total payment may not exceed three times the grant value of that tranche of virtual shares. The grant value, assuming complete attainment of the target, is an individual gross amount converted into virtual shares on the basis of the average share price (initial reference price) over the last one hundred stock exchange trading days up to the annual general meeting at which the consolidated financial statements approved by the Supervisory Board for the financial year in question are presented to shareholders.

In accordance with the recommendations of the German Corporate Governance Code and the requirements of the German Commercial Code (HGB) and of International Financial Reporting Standards (IFRSs), the following information is provided in respect of the remuneration of individual members of the Management Board. The opt-clause previously applied on the basis of a qualified majority vote at the annual general meeting held on 1 June 2011 expired at the end of 2015.

Inflows for current members of the Management Board

REMUNERATION OF MANAGEMENT BOARD	Georg Hesse		Dr Dirk Schmelzer		Timo Salzsieder	
POSITION	Chief Executive Officer (CEO) since 1 January 2016		Chief Financial Officer (CFO) since 1 February 2011		Chief Product & IT Officer (COO) since 1 September 2015	
EUR ,000	2015	2016	2015	2016	2015	2016
Fixed remuneration	0	340	360	360	128	272
Ancillary benefits	0	26	26	26	7	23
	0	**366**	**386**	**386**	**135**	**295**
Single-year variable remuneration	0	0	50	86	0	23
Other (special payment)	0	0	25	0	0	0
Multi-year variable remuneration	**0**	**0**	**191**	**96**	**0**	**0**
of which: LTIP tranche 2012*	0	0	0	96	0	0
of which: LTIP Tranche 2011*	0	0	191	0	0	0
	0	**366**	**652**	**568**	**135**	**317**
Pension-related expenses	0	0	0	0	0	0
Total remuneration	**0**	**366**	**652**	**568**	**135**	**317**

* (4-year period)

In addition, assuming the criteria for all the remuneration components have been met, the overall remuneration payable to members of the Management Board is capped as follows:

- The overall remuneration payable to Georg Hesse for a single financial year including the fixed element, single-year variable element, special payments and multi-year variable components is capped at EUR 1,200 thousand.
- The overall remuneration payable to Dr Dirk Schmelzer for a single financial year including the fixed element, ancillary benefits, the single-year variable element, special payments and multi-year variable components is capped at EUR 1,154 thousand.
- The overall remuneration payable to Timo Salzsieder for a single financial year including the fixed element, single-year variable element, special payments and multi-year variable components is capped at EUR 860 thousand.

If the maximum remuneration shown above is exceeded in a single financial year, the amount payable for that year in the form of multi-year variable remuneration is reduced accordingly.

The 2015 figures for Timo Salzsieder are shown on a pro rata basis following his appointment to the Management Board in September of that year.

The 2016 figures for former members of the Management Board include income of EUR 158 thousand from revaluation under the LTIP (Antonious Bouten: EUR 72 thousand; Christoph Schuh: EUR 61 thousand; Stefan Winners: EUR 25 thousand) and expenses of EUR 23 thousand in respect of ex post charges under release agreements.

The 2015 figure for personnel expenses includes the following expenses for former members of the Management Board:

- Current salary: EUR 595 thousand
- Bonus payments: EUR 145 thousand
- LTIP costs: EUR 170 thousand
- Severance and release payments: EUR 1,340 thousand

The following inflows were paid to former members of the Management Board (Antonious Bouten, Christoph Schuh and Stefan Winners):

- Current salary 2016: EUR 0 thousand (2015: EUR 595 thousand)

Share-based payments granted in 2016

	Georg Hesse	Dr Dirk Schmelzer	Timo Salzsieder	Gesamt
LTIP Tranche 2016 Grant Date FV (in EUR thousands)	178	133	106	417
Number of virtual shares	76,655	57,491	45,993	180,139
Personnel costs	177,534	133,150	106,521	417,205

- Bonus payments 2016: EUR 273 thousand (2015: EUR 145 thousand)
- LTIP payments 2016: EUR 193 thousand (2015: EUR 445 thousand)
- Severance and release payments 2016: EUR 885 thousand (2015: EUR 206 thousand)

The 2015 figures for Timo Salzsieder are shown on a pro rata basis following his appointment to the Management Board in September of that year. In addition, the figure for his 2016 basic salary includes a correction of an incorrect calculation in 2015.

Liabilities to members of the Management Board total EUR 1,591 thousand (2015: EUR 2,564 thousand). In addition to liabilities from share-based payment transactions with cash settlement, this figure includes liabilities in respect of bonuses. The figure for liabilities from share-based payment transactions includes liabilities of EUR 368 thousand to former members of the Management Board (2015: EUR 718 thousand, including EUR 386 thousand to the most recently departed member of the Management Board). There are no amounts receivable from the Management Board.

Shareholdings of Management Board members

Timo Salzsieder held a total of 5,000 HolidayCheck Group shares as at 31 December 2016. This corresponds to approximately 0.01 percent of the company's shares.
Dr Dirk Schmelzer held a total of 5,000 HolidayCheck Group shares as at 31 December 2016. This corresponds to approximately 0.01 percent of the company's shares.

In financial 2016, HolidayCheck Group AG received no disclosures of securities transactions involving members of the Management Board pursuant to section 15a of the German Securities Trading Act:

Remuneration report for the Supervisory Board

The remuneration of the HolidayCheck Group AG Supervisory Board is regulated in article 11 of HolidayCheck Group AG's articles of association, which stipulates a fixed amount of EUR 30,000 for every member of the Supervisory Board for each complete financial year. The Chairperson receives EUR 70,000 and the Deputy Chairperson EUR 35,000. An additional sum of EUR 15,000 is paid to the Chairperson of the Audit Committee and EUR 5,000 to each other member of the Audit Committee for each full year of membership. A pro rata sum is paid to members of the Supervisory Board who do not serve for a full financial year.

The emoluments paid to the members of the Supervisory Board in the reporting period amounted to EUR 253,615.13 (2015: EUR 200,009.74). Liabilities towards members of the Supervisory Board totalled EUR 233,770.00 (2015: EUR 195,000.00). There were no amounts receivable from members of the Supervisory Board.

The members of the Supervisory Board received the following remuneration in the financial year 2016: see first table on next page.

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Remuneration of the members of the Supervisory Board

NAME	POSITION	REMUNERATION EUR '000
Stefan Winners	Chairperson of the Supervisory Board, member of the audit committee up to 16 June 2016	72,295
Dr Dirk Altenbeck	Deputy Chairperson of the Supervisory Board, Chairperson of the Audit Committee	50,000
Dr Andreas Rittstieg	Member of the Supervisory Board, member of the Audit Committee	35,000
Aliz Tepfenhart	Member of the Supervisory Board	30,000
Dr Thomas Döring	Member of the Supervisory Board, member of the Audit Committee from 16 June 2016	32,705
Holger Taubmann	Member of the Supervisory Board from 16 June 2016	13,770
Alexander Fröstl	Member of the Supervisory Board up to 16 June 2016	16,230

Transactions of Supervisory Board members in HolidayCheck Group shares

PERSON/ENTITY SUBJECT TO DISCLOSURE REQUIREMENTS	TRANSACTION DATE	TRANSACTION	STOCK MARKET	QUANTITY	SHARE PRICE PER UNIT
Two Wins GmbH*	10 February 2016	Purchase	Xetra	5,172	EUR 2.90
Two Wins GmbH*	18 May 2016	Purchase	Quotrix	2,000	EUR 2.5977
Two Wins GmbH*	18 May 2016	Purchase	Tradegate	2,000	EUR 2.599
Two Wins GmbH*	18 May 2016	Purchase	Xetra	1,700	EUR 2.59987
Two Wins GmbH*	18 May 2016	Purchase	Stuttgart	1,000	EUR 2.599
Two Wins GmbH*	18 May 2016	Purchase	Frankfurt	1,000	EUR 2.599
Two Wins GmbH*	10 August 2016	Purchase	Xetra	5,000	EUR 2.32
Aliz Tepfenhart	29 April 2016	Purchase	Xetra	3,000	EUR 2.74951
Aliz Tepfenhart	1 June 2016	Purchase	Frankfurt	5,000	EUR 2.713

* Shares in HolidayCheck Group AG held by Two Wins GmbH are attributed to Stefan Winners, Chairperson of the Supervisory Board. Accordingly, transactions in these shares made by Two Wins GmbH must be disclosed in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council.

Shareholdings of Supervisory Board members

At the end of the financial year 2016, the total number of shares in HolidayCheck Group AG held directly or indirectly by all members of the Supervisory Board stood at 130,671 shares.

The disclosures required by section 15a of the German Securities Trading Act and received by HolidayCheck Group AG from Supervisory Board members who carried out securities transactions in the financial year 2016 are shown in the table above.

10. Employees

The average headcount of the HolidayCheck Group in 2016 was 386 full-time equivalents (FTEs). The corresponding figure for the Group in 2015 was 384 FTEs.

11. Notes and forward-looking statements

Definitions

All mentions of 'the HolidayCheck Group' in this management report relate to the group of companies of which HolidayCheck Group AG is the parent.

Forward-looking statements

This management report 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 4.2.2 of this annual report under the heading Risks.

Further information about risks and uncertainties affecting the HolidayCheck Group can be found in this annual report and in our most recent earnings release, 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.

12. Responsibility statement by the legal representatives in accordance with Section 37y, number 1 of the German Securities Trading Act in conjunction with Section 297, paragraph 2, sentence 4 and Section 315, paragraph 1, sentence 6 of the German Commercial Code

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements as at 31 December 2016 give a true and fair view of the assets and liabilities, financial position and earnings position 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, 23 March 2017

Georg Hesse
Chairperson of the
Management Board (CEO)

Nathan Brent Glissmeyer
Member of the
Management Board (CPO)

Dr Dirk Schmelzer
Member of the
Management Board (CFO)

Consolidated balance sheet

as at 31 December 2016

ASSETS	NOTES	31 DEC 2016 € '000	31 DEC 2015 € '000
NON-CURRENT ASSETS			
Intangible assets	**10.1.**		
Intangible assets acquired for valuable consideration		18,136	18,638
Internally generated intangible assets		10,831	7,801
Goodwill		100,182	100,182
		129,149	**126,621**
Property, plant and equipment (tangible assets)	**10.2.**		
Land, land rights and buildings		18	20
Other plant, furniture and fixtures		2,746	3,164
		2,764	**3,184**
Financial assets			
Shares in affiliated entities		0	4
Loans	10.3.	0	6,713
		0	6,717
Receivables and other assets			
Other miscellaneous assets	10.6.	868	640
		868	**640**
Deferred taxes	**10.15.**	**759**	**1,189**
TOTAL non-current assets		**133,540**	**138,351**
CURRENT ASSETS			
Receivables and other assets			
Trade receivables	10.4.	15,172	14,747
Receivables from affiliated entities	10.5.	238	462
Income tax receivables		694	416
Other assets	10.6.	2,746	2,792
		18,850	**18,417**
Cash and cash equivalents	**10.7.**	**40,085**	**63,702**
Held-for-sale assets of discontinued operations	9.2.	0	946
TOTAL current assets		**58,935**	**83,065**
TOTAL ASSETS		**192,475**	**221,416**

EQUITY AND LIABILITIES	NOTES	31 DEC 2016 € '000	31 DEC 2015 € '000
EQUITY			
Shares issued	10.8.	58,247	58,314
Capital reserves	10.8.	84,720	84,808
Other reserves	10.11.	-1,822	-1,684
Consolidated retained earnings		24,515	27,423
TOTAL equity		**165,660**	**168,861**
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions for pensions	10.12.	1,371	1,001
Deferred taxes	10.15.	5,307	5,236
Trade payables	10.18.	0	38
Other miscellaneous liabilities	10.19.	1,127	1,991
Total non-current liabilities		**7,805**	**8,266**
CURRENT LIABILITIES			
Other provisions	10.16.	390	964
Liabilities to banks	10.17.	40	15,214
Trade payables	10.18.	11,966	12,471
Liabilities to affiliated entities	10.5.	35	3,424
Income tax liabilities		160	260
Other miscellaneous liabilities	10.19.	6,419	11,858
Liabilities related to held-for-sale assets of discontinued operations	9.2.	0	98
Total current liabilities		**19,010**	**44,289**
TOTAL liabilities		**26,815**	**52,555**
TOTAL EQUITY AND LIABILITIES		**192,475**	**221,416**

Consolidated statement of income

for the period 1 January to 31 December 2016

	NOTES	1 JAN - 31 DEC 2016 € '000	1 JAN - 31 DEC 2015 € '000 [1]
Revenue	11.1.	107,310	104,397
Other income	11.2.	2,122	2,905
Other own work capitalised	11.3.	3,906	3,345
Total operating income		**113,338**	**110,647**
Marketing expenses	11.4.	-53,968	-47,093
Personnel expenses	11.6.	-32,394	-35,134
thereof current benefits		*-31,934*	*-34,508*
thereof long-term incentive plans and pensions	*10.12./ 10.13./10.14.*	*-460*	*-626*
Other expenses	11.7.	-24,152	-26,807
EBITDA		**2,824**	**1,613**
Depreciation, amortisation and write-downs	10.1./10.2.	-5,783	-16,142
EBIT		**-2,959**	**-14,529**
Financial income	11.8.	543	290
Financial expenses	11.9.	-359	-2,150
Financial result		**184**	**-1,860**
EBT		**-2,775**	**-16,389**
Actual taxes	10.15.	782	-874
Deferred taxes	10.15.	-527	871
Tax result		**255**	**-3**
Consolidated net profit/(loss) from continuing operations		**-2,520**	**-16,392**
Consolidated net profit/(loss) from discontinued operations	**9.2.**	**-388**	**58,888**
Consolidated net profit/(loss)		**-2,908**	**42,496**
Consolidated net profit/(loss) attributable to			
equity holders of the parent		-2,908	42,496
		-2,908	**42,496**
		€	€
Basic and diluted earnings per share from continuing operations		**-0.04**	**-0.28**
Basic and diluted earnings per share from discontinued operations		**-0.01**	**1.01**
Basic and diluted earnings per share	**10.10.**	**-0.05**	**0.73**
Average number of shares outstanding		**58,311,261**	**58,313,628**

Note
1) Adjusted for the effects resulting from application of IAS 1. Explanation in the notes to the consolidated financial statements (2.3)

Consolidated statement of comprehensive income

for the period 1 January to 31 December 2016

	NOTES	1 JAN - 31 DEC 2016 € '000	1 JAN - 31 DEC 2015 € '000
Consolidated net profit/(loss)		**-2,908**	**42,496**
Items not subject to reclassification to the statement of income		**-184**	**930**
Revaluation of defined-benefit pension plans	10.11.	-184	930
Change due to revaluation		*-224*	*1,132*
Deferred tax effect		*40*	*-202*
Items subject to possible reclassification to the statement of income in the future		**46**	**-58**
Currency translation differences	10.11.	-12	0
Cash flow hedges	10.11.	58	-58
Changes in fair value recognised in equity		*-39*	*-71*
Recognised in the statement of income		*110*	*0*
Deferred taxes on cash flow hedges		*-13*	*13*
Other comprehensive income		**-138**	**872**
Consolidated comprehensive income		**-3,046**	**43,368**
Consolidated comprehensive income attributable to			
equity holders of the parent		-3,046	43,368
		-3,046	**43,368**

Consolidated statement of changes in equity

for the period 1 January to 31 December 2016

	Equity attributable to equity holders of the parent company			
	Issued shares			Capital reserves
	Subscribed capital € '000	Treasury shares € '000	TOTAL € '000	€ '000
NOTES	10.8.	10.8.		10.8.
1 JANUARY 2015	**58,314**	**0**	**58,314**	**84,808**
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
Consolidated comprehensive income	**0**	**0**	0	**0**
31 DECEMBER 2015	**58,314**	**0**	**58,314**	**84,808**
1 JANUARY 2016	**58,314**	**0**	**58,314**	**84,808**
Acquisition of treasury shares	0	-67	-67	-88
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
Consolidated comprehensive income	**0**	**0**	0	**0**
31 DECEMBER 2016	**58,314**	**-67**	**58,247**	**84,720**

Equity attributable to equity holders of the parent company						
Other reserves						
for the revaluation of defined-benefit pension plans € '000	for currency translation differences € '000	for cash flow hedges € '000	TOTAL € '000	Consolidated retained earnings € '000	TOTAL € '000	TOTAL equity € '000
10.11.	10.11.	10.11.				
-448	**-2,108**	**0**	**-2,556**	**-15,073**	**125,493**	**125,493**
0	0	0	0	42,496	42,496	42,496
930	0	-58	872	0	872	872
930	**0**	**-58**	872	**42,496**	43,368	43,368
482	**-2,108**	**-58**	**-1,684**	**27,423**	**168,861**	**168,861**
482	**-2,108**	**-58**	**-1,684**	**27,423**	**168,861**	**168,861**
0	0	0	0	0	-155	-155
0	0	0	0	-2,908	-2,908	-2,908
-184	-12	58	-138	0	-138	-138
-184	**-12**	**58**	-138	**-2,908**	-3,046	-3,046
298	**-2,120**	**0**	**-1,822**	**24,515**	**165,660**	**165,660**

Consolidated statement of cash flows

for the period 1 January to 31 December 2016

		NOTES	1 JAN - 31 DEC 2016 € '000	1 JAN - 31 DEC 2015 € '000
CASH FLOW FROM OPERATING ACTIVITIES				
Consolidated net profit/(loss) after taxes			-2,908	42,496
Adjustments for translation of net profit/(loss) after taxes to inflows/outflows				
–	Financial income	11.8.	-543	-290
+	Financial expenses	11.9.	359	1,753
+	Write-downs on financial assets	11.9.	0	500
+	Amortisation, depreciation and write-downs [1]	10.1./10.2.	5,783	20,391
+/–	Disposal results from discontinued operations	9.2.	144	-64,646
+/–	Personnel expenses resulting from incentive and stock option programmes	10.13./ 10.14.	495	-916
–	Outflows for performance-based payments previously recognised as expenses	10.13.	0	-1,098
–/+	Unrealised price gains and losses on financial assets		-27	-99
–/+	Changes in deferred taxes [2]	10.15.	527	3,144
+/–	Changes in provisions for pensions	10.12.	146	337
=	**Operating result before changes in net working capital**		**3,976**	**1,572**
–/+	Gains/losses from disposal of non-current assets		-2	141
–/+	Increase/decrease in assets not attributable to investing or financing activities		-1,208	2,571
+/–	Increase/decrease in liabilities not attributable to investing or financing activities		-2,198	3,263
–/+	Changes in receivables from/liabilities to affiliated entities		-50	-556
+/–	Other non-cash expenses/income [3]		-542	170
=	**Changes in net working capital**		**-4,000**	**5,589**
=	**Cash from current operations**		**-24**	**7,161**
–	Interest expenses		-999	-1,581
=	**Net cash from operating activities**		**-1,023**	**5,580**
CASH FLOW FROM INVESTING ACTIVITIES				
+	Cash inflow from disposal of tangible and intangible assets		1,062	35
–	Cash outflow for investment in tangible and intangible assets		-8,017	-9,891
+	Cash inflow from interest		536	11
+	Cash inflow from disposal of financial assets		6,413	179
+/–	Cash inflow from dispoal of previously consolidated entities [4]	9.2.	373	89,331
–	Cash outflow for transaction costs arising from disposal of previously consolidated entities [5]	9.2.	-3,195	-973
=	**Net cash used in investing activities**		**-2,828**	**78,692**

		NOTES	1 JAN - 31 DEC 2016 € '000	1 JAN - 31 DEC 2015 € '000
CASH FLOW FROM FINANCING ACTIVITIES				
-	Cash outflow for acquisition of treasury shares		-155	0
-	Distribution to third parties		0	-22
-	Cash outflow for the repayment of loans to banks	10.17.	-14,500	-40,270
-	Cash outflow for payment of cash pool liabilities to deconsolidated entities [6]	9.2.	-3,149	-3,061
+	Cash inflows/outflows for purchase price payments relating to the disposal of already deconsolidated entities, made in subsequent periods [7]		0	42
-	Cash outflows for purchase price payments relating to the aquisition of already consolidated entities, made in subsequent periods [8]		-2,100	-3,858
=	**Net cash used in financing activities**		**-19,904**	**-47,169**
VALUATION-RELATED CHANGES IN CASH				
+/-	Non-cash change resulting from translation of cash flows to average costs		0	-1
+/-	Change in value of cash due to closing rate changes		-6	1
+/-	Exchange rate-related revaluation or devaluation of currency holdings		139	-36
=	**Valuation-related changes in cash**		**133**	**-36**
=	**Net increase/decrease in cash**		**-23,622**	**37,067**
+	Cash and cash equivalents at the beginning of the financial year		63,707	26,640
=	**Cash at the end of period**		**40,085**	**63,707**
	thereof cash and cash equivalents from continuing operations		40,085	63,702
	thereof cash and cash equivalents related to held-for-sale assets from discontinued operations		0	5

Additional information

In the financial year 2016, there were tax outflows of € 615 thousand (2015: € 3,300 thousand) and tax credit inflows of € 379 thousand (2015: € 19 thousand).

Note

1) A total of € 1 thousand (2015: € 4,249 thousand) from discontinued operations is included in the figure shown for amortisation, depreciation and writedowns.
2) In financial year 2015, this item included deferred taxes of € 4,016 thousand from discontinued operations.
3) In the current financial year, the item mainly includes non-cash income resulting from the settlement with TIE Kinetix GmbH.
4) This item includes a subsequent purchase price payment of EUR 26 thousand relating to the sale of shares in jameda GmbH in financial 2015. Furthermore, the amount comprises earn-out payments of EUR 670 thousand relating to the sale of shares in Cellular GmbH in 2014. In addition the item includes a cash outflow of EUR 332 thousand resulting from a subsequent adjustment of the purchase price for the disposal of shares in Elitemedianet GmbH in 2015. The Group received a cash inflow of EUR 29,896 thousand from the disposal of BurdaForward GmbH (formerly TOMORROW FOCUS Publishing GmbH) and its subsidiaries. Furthermore, there was a cash inflow resulting from liquidation gains in connection with the disposal of shares in EliteMedianet GmbH (€ 12,718 thousand) and jameda (€ 46,717 thousand). The amounts shown respectively include the revenue figures, less cash disposed of.
5) The amount shown for 2016 refers mainly to transaction costs paid in connection with the sale of shares in jameda GmbH. The amount shown for 2015 refers mainly to transaction costs paid in connection with the disposal of BurdaForward GmbH and EliteMedianet GmbH.
6) In the current financial year, there was a cash outflow to balance cash pool obligations vis-à-vis jameda GmbH. In 2015, the item referred to the balancing of cash pool accounts of the disposed BurdaForward Group after its deconsolidation.
7) The figure of EUR 42 thousand shown for 2015 is for purchase price payments arising from the disposal of shares in Cellular GmbH in 2014.
8) There was a cash outflow due to earn-out liabilities for the acquisition of the remaining shares held in WebAsssets B.V. In 2015, this item refers to a cash outflow due to maturing earn-out liabilities for shares held in jameda GmbH.

Consolidated statement of changes in non-current assets

for the period 1 January to 31 December 2016,
part of the notes to the consolidated financial statements

	NET CARRYING AMOUNTS	
	31 DEC 2016 € '000	31 DEC 2015 € '000
INTANGIBLE ASSETS		
Intangible assets acquired for valuable consideration	18,136	18,638
Internally generated intangible assets	10,831	7,801
Goodwill	100,182	100,182
	129,149	**126,621**
PROPERTY, PLANT AND EQUIPMENT (TANGIBLE ASSETS)		
Land, land rights and buildings	18	20
Other plant, furniture and fixtures	2,746	3,164
	2,764	**3,184**
FINANCIAL ASSETS		
Shares in affiliated entities	0	4
Loans	0	6,713
	0	**6,717**

INTANGIBLE ASSETS
Intangible assets acquired for valuable consideration
Internally generated intangible assets
Goodwill
PROPERTY, PLANT AND EQUIPMENT (TANGIBLE ASSETS)
Land, land rights and buildings
Other plant, furniture and fixtures
FINANCIAL ASSETS
Shares in affiliated entities
Loans

ACQUISITION AND PRODUCTION COSTS

1 JAN 2016 € '000	Additions € '000	Disposals € '000	Currency reserves € '000	31 DEC 2016 € '000
32,920	1,330	476	1	33,775
16,878	5,695	1,323	0	21,250
105,261	0	0	0	105,261
155,059	**7,025**	**1,799**	**1**	**160,286**
22	0	0	-1	21
6,950	992	528	-4	7,410
6,972	**992**	**528**	**-5**	**7,431**
4	0	4	0	0
7,232	0	7,213	0	19
7,236	**0**	**7,217**	**0**	**19**

AMORTISATION, DEPRECIATION AND WRITE-DOWNS

1 JAN 2016 € '000	Additions[1], amortisation and depreciation € '000	Additions[1] Write-downs € '000	Disposals, amortisation and depreciation € '000	Currency reserves € '000	31 DEC 2016 € '000
14,282	1,783	22	449	1	15,639
9,077	2,471	194	1,323	0	10,419
5,079	0	0	0	0	5,079
28,438	**4,254**	**216**	**1,772**	**1**	**31,137**
2	2	0	0	-1	3
3,786	1,193	118	431	-2	4,664
3,788	**1,195**	**118**	**431**	**-3**	**4,667**
0	0	0	0	0	0
519	0	0	500	0	19
519	**0**	**0**	**500**	**0**	**19**

Note

1) Includes additions of EUR 1 thousand (2015: EUR 783 thousand to amortisation and depreciation, additions of EUR 0 thousand (2015: EUR 3,310 thousand) to write-downs on intangible assets, and additions of EUR 0 thousand (2015: EUR 156 thousand) to depreciation on tangible assets of discontinued operations.

Consolidated statement of changes in non-current assets

for the period 1 January to 31 December 2015,
part of the notes to the consolidated financial statements

	NET CARRYING AMOUNTS	
	31 DEC 2015 € '000	31 DEC 2014 € '000
INTANGIBLE ASSETS		
Intangible assets acquired for valuable consideration	18,638	31,493
Internally generated intangible assets	7,801	14,912
Goodwill	100,182	123,296
	126,621	**169,701**
PROPERTY, PLANT AND EQUIPMENT (TANGIBLE ASSETS)		
Land, land rights and buildings	20	0
Other plant, furniture and fixtures	3,164	3,845
	3,184	**3,845**
FINANCIAL ASSETS		
Shares in affiliated entities	4	31
Long-term equity investments	0	459
Loans	6,713	1,350
	6,717	**1,840**

INTANGIBLE ASSETS
Intangible assets acquired for valuable consideration
Internally generated intangible assets
Goodwill
PROPERTY, PLANT AND EQUIPMENT (TANGIBLE ASSETS)
Land, land rights and buildings
Other plant, furniture and fixtures
FINANCIAL ASSETS
Shares in affiliated entities
Long-term equity investments
Loans

ACQUISITION AND PRODUCTION COSTS						
1 JAN 2015 € '000	Additions € '000	Disposals € '000	Disposals to reporting entity € '000	Disposals according to IFRS 5 € '000	Transfers € '000	31 DEC 2015 € '000
45,482	2,112	763	13,856	55	0	32,920
25,102	6,182	2,023	9,774	2,609	0	16,878
125,006	0	0	19,745	0	0	105,261
195,590	**8,294**	**2,786**	**43,375**	**2,664**	**0**	**155,059**
0	0	0	0	0	22	22
8,331	1,597	520	2,406	30	-22	6,950
8,331	**1,597**	**520**	**2,406**	**30**	**0**	**6,972**
56	0	52	0	0	0	4
483	0	0	483	0	0	0
1,369	6,000	137	0	0	0	7,232
1,908	**6,000**	**189**	**483**	**0**	**0**	**7,236**

AMORTISATION, DEPRECIATION AND WRITE-DOWNS						
1 JAN 2015 € '000	Additions [1] Amortisation and depreciation € '000	Additions [1] Write-downs € '000	Disposals Amortisation and depreciation € '000	Disposals to reporting entity € '000	Disposals according to IFRS 5 € '000	31 DEC 2015 € '000
13,989	2,989	3,231	630	5,260	37	14,282
10,190	3,357	4,057	2,023	4,804	1,700	9,077
1,710	0	5,469	0	2,100	0	5,079
25,889	**6,346**	**12,757**	**2,653**	**12,164**	**1,737**	**28,438**
0	2	0	0	0	0	2
4,486	1,232	54	462	1,503	21	3,786
4,486	**1,234**	**54**	**462**	**1,503**	**21**	**3,788**
25	0	0	25	0	0	0
24	0	0	0	24	0	0
19	0	500	0	0	0	519
68	**0**	**500**	**25**	**24**	**0**	**519**

Note

1) Includes additions of EUR 783 thousand to amortisation and depreciation, additions of EUR 3,310 thousand to write-downs on intangible assets, and additions of EUR 156 thousand to depreciation on tangible assets of discontinued operations.

HolidayCheck Group AG (formerly TOMORROW FOCUS AG), Munich, Germany Notes to the consolidated financial statements for the financial year 2016

1. General disclosures

HolidayCheck Group AG (HCG) is a joint-stock company under German law (Aktiengesellschaft). Its registered office is in Munich, Germany. HolidayCheck Group AG is the parent company of the HolidayCheck Group, an Internet group with operations in Central Europe. We have been an exchange-listed company for around seventeen years.

As part of a strategy of realignment towards business activities in the holiday sector, all the Group's operating companies outside the travel sector were sold over the course of financial 2015 with the exception of organize.me (whose main assets were then sold in the first quarter of 2016) and MeteoVista.

In financial 2016, the Group's average total workforce was 386 full-time equivalents (FTEs) based at five locations in Germany, the Netherlands, Poland and Switzerland.

The company is listed in the Prime Standard segment of Deutsche Börse AG, and a total of 58,313,628 shares (ISIN: DE0005495329; stock exchange 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 Munich	81673 Munich
Germany	Germany

The present and former companies of the HolidayCheck Group (HCG Group) are mentioned in the notes as follows:

- EliteMedianet GmbH, Hamburg, Germany ('EP')
- HolidayCheck AG, Bottighofen, Switzerland ('HC')
- HolidayCheck Polska sp. z o.o., Warsaw, Poland ('HCPL')
- HolidayCheck Solutions GmbH (formerly Tomorrow Travel Solutions GmbH), Munich, Germany ('HCS')
- jameda GmbH, Munich, Germany ('jameda')
- MeteoVista B.V., Amsterdam, Netherlands ('MeteoVista')
- organize.me GmbH, Munich, Germany, ('o.me')
- TF Digital GmbH, Munich, Germany ('TFD')
- Tomorrow Travel B.V., Amsterdam, Netherlands ('Tomorrow Travel' or 'Tjingo')
- WebAssets B.V., Amsterdam, Netherlands ('WebAssets' or 'WA')

2. Preparation of the annual report – accounting basis and standards

The consolidated financial statements of HCG are prepared in accordance with International Financial Reporting Standards (IFRSs), as applicable in the European Union, and also according to the supplementary rules set out in section 315a paragraph 1 of the German Commercial Code (Handelsgesetzbuch, HGB).

The consolidated financial statements of HCG have been prepared on a going concern basis.

With the exception of certain financial instruments recognised at fair value, the consolidated financial statements have been prepared on the basis of amortised cost.

HolidayCheck Group AG has prepared a statement of income based on the nature of expense method.

The company's reporting currency is the euro. Numerical disclosures are generally made in EUR thousand (or EUR '000).

The consolidated financial statements are prepared on the basis of the single-entity financial statements as at 31 December 2016 of those companies included in the consolidated financial statements.

All International Financial Reporting Standards (IFRSs)

Effect of new or revised standards by IASB in 2016

	Applicable from [1]	Endorsed by EU
Amendments to IAS 1 Disclosure Initiative	1 January 2016	Yes
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	Yes
Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants	1 January 2016	Yes
Amendments to IAS 19: Employee Benefits	1 January 2016	Yes
Amendments to IAS 27 Equity Method in Separate Financial Statements	1 January 2016	Yes
Amendments to IFRS 10, IFRS 12 and IAS 28: Applying the Consolidation Exception	1 January 2016	Yes
Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	Yes
Annual Improvements to International Reporting Standards (2010-2012 cycle)	1 January 2016	Yes
Annual Improvements to International Reporting Standards (2012-2014 cycle)	1 January 2016	Yes

1) Date first applicable in EU

that were mandatory and endorsed by the European Union as at 31 December 2016 were applied. This also includes the International Accounting Standards (IASs), and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC).

The companies included in the consolidated financial statements all apply the same accounting and valuation policies. There has generally been no change from the accounting and valuation policies applied in HCG's consolidated financial statements for 2015.

2.1. Effect of new or revised standards

In addition, the standards shown in the table above were revised or newly issued by the IASB and became mandatory for the financial year commencing on 1 January 2016, (see table above).

The amendments relating to **IAS 1** concern various reporting issues. The standard now clarifies that disclosures in the notes are only necessary if their content is not immaterial. This is explicitly the case if an IFRS standard specifies a list of minimum disclosures. Explanatory notes on the procedure for aggregating and disaggregating items in the balance sheet and the statement of comprehensive income are now included. In addition, the standard clarifies how contributions to other comprehensive income from companies that are recognised using the equity method are to be reported in the statement of comprehensive income.

The amendments to **IAS 16** and **IAS 38** contain further guidance from the IASB on determining acceptable methods of depreciation and amortisation. A revenue-based depreciation method for property, plant and equipment (tangible assets) is regarded as inadmissible; in the case of intangible assets, however, there is only a rebuttable assumption that such a method is not appropriate.

The amendments to **IAS 16** and **IAS 41** concern fruit-bearing plants and are therefore irrelevant to the HCG Group.

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The amendments to **IAS 19** clarify the rules on the allocation of contributions by employees or third parties to periods of service where those contributions are linked to the period of service. The amendments also simplify accounting procedures where the contributions are independent of the number of years of service.

The amendments to **IAS 27** relate to single-entity financial statements and are therefore irrelevant to the consolidated financial statements of HCG.

The amendments to **IFRS 10, IFRS 12** and **IAS 28** are partly designed to clarify various issues relating to the application of the exemption from the duty of consolidation imposed by IFRS 10 in cases where the parent company meets the definition of an 'investment company'.

IFRS 11 contains rules on the procedure for recognising joint ventures and joint operations in both the balance sheet and the statement of income. While joint ventures must be recognised using the equity method, the presentation of joint operations under IFRS 11 is comparable to proportionate consolidation. In this amendment to IFRS 11, the International Accounting

Non-applied new / or revised standards and interpretations of IASB and IFRIC

	Applicable from [1]	Endorsed by EU
Amendments to IFRS 9 Financial Instruments	1 January 2018	Yes
IFRS 15 Revenue from Contracts with Customers	1 January 2018	Yes
Amendments to IAS 7 Disclosure Initiative	1 January 2017	No
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017	No
IFRS 16 Leases	1 January 2019	No
Amendments to IFRS 2: Classification and Measurement of Share-based Payments	1 January 2018	No
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018	No
IFRS 15: Clarification of IFRS 15	1 January 2018	No
Amendments to IAS 40: Transfers of Investment Property	1 January 2018	No
IFRIC 22: Foreign Currency Transactions and Advance Consideration	1 January 2018	No
Annual Improvements to International Reporting Standards (2014-2016 cycle)	1 January 2017/ 1 January 2018	No

1) Date first applicable in EU

Standards Board (IASB) regulates the accounting procedure for acquisitions of interests in joint operations that constitute a business, as defined in IFRS 3 Business Combinations. In such cases, the acquirer is required to apply the principles of accounting for business combinations laid out in IFRS 3. The disclosure requirements specified in IFRS 3 also apply.

As part of the **Annual Improvements to International Reporting Standards (2010-2012 cycle)** amendments were made to seven standards. The wording of individual IFRS/IAS standards has been amended to clarify existing regulations. Other amendments affect disclosures in the notes. The following standards are affected: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.

As part of the **Annual Improvements to International Reporting Standards (2012-2014 cycle)** amendments were made to four standards. The wording of individual IFRS/IAS standards has been amended to clarify existing regulations. The following standards are affected: IFRS 5, IFRS 7, IAS 19 and IAS 34.

The amendments outlined above had no significant impact on the presentation of the HCG Group's assets, financial and earnings position.

2.2. New or revised standards and interpretations not applied

The IASB has adopted the following new or revised standards that are relevant in principle to HCG from our current perspective. However, as these standards are not yet mandatory or have not yet been formally endorsed by the European Union, they have not been applied to the consolidated financial statements as at 31 December 2016. New standards or amendments to existing standards must be applied to financial years that begin on or after the standards take effect. HCG does not generally apply standards before they become mandatory even though certain standards provide for this option (see table above).

In July 2014, the IASB published **IFRS 9 Financial Instruments**, which replaces IAS 39. The new standard was adopted by the European Union in the final quarter of 2016. IFRS 9 includes a uniform model for classification and measurement methods (including impairment) for financial instruments. It also includes rules on hedge accounting. IFRS 9 stipulates additional disclosures in the notes as a result of amendments to IFRS 7.

IFRS 9 retains 'amortised cost' and 'fair value' as the criteria for measuring financial instruments. In future, however, the decision on whether to measure financial assets at amortised cost or fair value will depend on two factors: the underlying business model for the portfolio to which the financial asset has been allocated and the particular structure of the contractually agreed cash flows. According to IFRS 9, impairment charges on financial assets will be recognised on the basis of expected losses. The general approach involves a three-stage model to determine provisions for risks. The model requires different degrees of impairment based on the credit default risk of the counterparty.

We have not yet completed our assessment of the potential effects of applying IFRS 9 to the consolidated financial statements of HCG. Above all, the fact that the new rules for recognising impairment also include expected future losses (whereas IAS 39 only provides for the recognition of impairment that has already occurred) could have an impact. Under IFRS 9 rules, expected losses in respect of trade receivables are mainly recognised on the basis of internal and external customer ratings and the corresponding probabilities of default. On the reporting date, this method is already applied for a large proportion of the Group's trade receivables. The new impairment model is also to be used for other financial instruments measured at amortised cost, such as bank credit balances and other receivables to the extent that they constitute financial instruments.

As flat-rate individual value adjustments are not at present calculated for such assets, the introduction of IFRS 9 will generally lead to an increase in the risk provision. As yet, the scale of this increase cannot be reliably quantified, although it is not expected to have any significant impact on the consolidated financial statements.

The HCG Group will apply IFRS 9 for the first time in the financial year beginning on 1 January 2018. In accordance with the transitional rules, HC currently plans to show the cumulative transitional effects in the revenue reserves rather than adjusting the previous year's figures. At present, HCG does not anticipate that the transition to IFRS 9 will have any significant impact on the Group's income, asset and financial position.

In May 2014, the IASB published **IFRS 15 Revenue from Contracts with Customers**. This standard was adopted by the European Union in 2016. IFRS 15 replaces existing guidelines (e.g. in IAS 18, IAS 11 and IFRIC 13) on the recognition of revenue. The new standard establishes a comprehensive framework for determining the amount of revenue and the date on which it is to be recognised. IFRS 15 stipulates a uniform, five-step model for recognising revenue. This model is generally to be applied to all contracts with customers. IFRS 15 introduces new items into the balance sheet in the form of 'contract assets' and 'contract liabilities'. These items can arise through a performance surplus or performance obligation at the contract level. The associated disclosure requirements have also been extended.

We have not yet completed our Group-wide assessment of the potential impact of applying IFRS 15 to the consolidated financial statements (including the disclosures in the notes). In our initial analysis, we identified key types of contracts and examined the likely impact on those contracts of the IFRS 15 accounting changes. Based on our early analyses, we did not identify any fundamental changes in the accounting treatment of individual deliverables and the recognition of the corresponding revenue. However, our analyses are not yet complete. From our current perspective, we do not expect the application of IFRS 15 to have any significant impact on the Group's income, asset and financial position. A reliable estimate of the quantitative impact will not be available until our Group-wide assessment is completed. We expect this assessment to be ready around the end of 2017. At present, we do not expect the application of IFRS 15 to have any significant impact on Group operating EBITDA and do not anticipate any shifts in our revenue flows.

The application of IFRS 15 is mandatory for reporting periods beginning on or after 1 January 2018. Early adoption is permitted. The HCG Group currently plans to apply IFRS 15 for the first time in the financial year beginning on 1 January 2018. It plans to implement the new standard retrospectively and therefore simultaneously present the comparison period in accordance with IFRS 15 rules.

In January 2016, the IASB published **IFRS 16 Leases**, replacing IAS 17, IFRIC 4 and other standards and interpretations. Accordingly, the previously required accounting distinction between finance leases and operating leases is no longer applicable for the lessee. Instead, IFRS 16 has introduced a uniform accounting model that requires lessees to recognise assets corresponding to the right of use as well as leasing liabilities in the case of leases with a term of more than twelve months. This means that leases that were previously not recognised in the balance sheet will now have to be shown in a form largely comparable to the current accounting treatment of finance leases. The lease accounting rules for lessors in IAS 17 have been incorporated into IFRS 16 with hardly any changes.

> > >

IFRS 16 is to be applied to annual reporting periods beginning on or after 1 January, 2019. Early adoption is permitted if IFRS 15 is already being applied. The standard has not yet been transposed into European Law. It is likely that the HCG Group will apply IFRS 16 for the first time for the financial year beginning on 1 January 2019. A decision has not yet been taken on the alternatives provided by the standard for the transition to IFRS 16 (i.e. full or partially retrospective implementation). The potential impact of IFRS 16 on the consolidated financial statements is currently being assessed.

The HCG Group currently takes the view that the potential impact of the remaining published standards and interpretations that have not yet been adopted by the EU is of less or no importance to the Group's income, asset and financial position.

2.3 IAS 1 disclosures

Change to structure of the consolidated statement of income

Following the Group's successful strategic realignment, the Management Board took the decision to change the structure of the consolidated statement of income beginning in financial 2016. The new structure is designed to provide a clearer and more informative picture of the Group's business activities.

Under this new management approach, future reports will additionally contain the key indicators 'total operating income' and 'EBITDA'.

To facilitate a year-on-year comparison, the following adjustments have been made to the consolidated statement of income for the financial year 2015 (see table on the right).

Adjustment of the figures shown in the consolidated statement of income for financial 2015 to the new structure

	Prior-year figure 1 JAN - 31 DEC 2015 € '000	Reclassification 1 JAN - 31 DEC 2015 € '000	New classification 1 JAN - 31 DEC 2015 € '000
Revenue	104,397		104,397
Other income	3,049	-144 [1)]	2,905
Other own work capitalised	3,345		3,345
Total operating income	**110,791**	**-144**	**110,647**
Marketing costs	0	-47,093 [2)]	-47,093
Personnel costs	-32,052	-3,082 [3)]	-35,134
of which current benefits			*-34,508*
long-term incentive plans and pensions			*-626*
Materials costs	-8,272	8,272 [4)]	0
Other expenses	-68,851	42,044 [5)]	-26,807
Other taxes	-3	3 [6)]	0
EBITDA	**1,613**	**0**	**1,613**
Depreciation, amortisation and write-downs	-16,142		-16,142
EBIT	**-14,529**	**0**	**-14,529**
Financial income	290		290
Financial expenses	-2,150		-2,150
Financial result	**-1,860**	**0**	**-1,860**
EBT	**-16,389**	**0**	**-16,389**
Actual taxes	-874		-874
Deferred taxes	871		871
Tax result	**-3**	**0**	**-3**
Consolidated net profit/(loss) from continuing operations	**-16,392**	**0**	**-16,392**
Consolidated net profit/(loss) from discontinued operations	**58,888**	**0**	**58,888**
Consolidated net profit/(loss)	**42,496**	**0**	**42,496**
Consolidated net profit/(loss) attributable to			
Equity holders of the parent company	**42,496**		**42,496**
	42,496	**0**	**42,496**

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Footnotes

1) Income from the reversal of personnel provisions was previously shown under 'other operating income'. Under the new structure, it is netted off against the associated costs and shown under 'personnel costs'.
2) Previously, marketing costs were shown under the heading 'other expenses'. Beginning in financial 2016, however, they will be shown as a separate item ('marketing costs') in order to reflect their greater importance following the Group's realignment.
3) Previously, 'other personnel costs' (e.g. for training courses) were shown under 'other expenses' but are now recognised under 'personnel costs'. Under the new structure, 'personnel costs' are separated into 'current benefits' and 'long-term incentive plans and pensions'. Income from the reversal of personnel provisions is netted off and shown under 'personnel costs' (see footnote 1).
4) The item 'materials costs' (excluding work and services purchased) was previously shown as a separate item. Following the Group's realignment, however, it is now less important and will therefore be shown in the new structure under 'other expenses'.
5) Under the new structure, the item 'other expenses' includes 'materials costs' (see footnote 4) and 'other taxes' (see footnote 6). 'Marketing costs' (see footnote 2) and 'other personnel costs' (see footnote 3) are shown separately or included in 'personnel costs'.
6) 'Other taxes' are now shown under 'other expenses' rather than as a separate item.

3. Principles of consolidation

The consolidated financial statements comprise the annual accounts of HolidayCheck Group AG and its subsidiaries as at 31 December 2016, which is the balance sheet date for all Group entities. Subsidiaries are companies that are controlled by HolidayCheck Group AG, i.e. if the company is exposed to risk, or has rights to variable returns, from its involvement with the long-term equity investment, and the Group is in a position to use its power over the equity investment to affect the returns of the latter.

HolidayCheck Group AG re-evaluates whether or not it controls a long-term equity investment whenever facts and circumstances indicate that one or more of the above control criteria has changed.

The separate financial statements of the subsidiaries are prepared on the basis of uniform accounting and valuation policies at the same balance sheet date as the parent company.

All intragroup balances, transactions, revenue, expenses, profits and losses from intragroup transactions contained in the carrying amount of assets are eliminated in full.

A list of all the subsidiaries of HolidayCheck Group AG can be found in section 9.1 'Composition of the Group'.

Business combinations

Subsidiaries are fully consolidated from the date of acquisition, i.e. from the time when the HCG Group gains control. Subsidiaries are no longer included in the consolidated financial statements as soon as the parent company surrenders control.

Newly acquired subsidiaries are recognised using the acquisition method of accounting. This means that the costs of the business combination are distributed over the acquired, identifiable assets and the acquired identifiable liabilities and contingent liabilities according to their fair values on the date of acquisition. Goodwill is created in cases where the costs of the long-term equity investment exceed the Group's share in the calculated equity of the company in question. This goodwill is checked for impairment at regular intervals on the balance sheet date and whenever there are indications that an entity's value may have fallen. Where necessary, the value of goodwill is written down by means of impairment.

If the Group loses control or significant influence over an entity, the remaining interest is remeasured at fair value and the resulting difference recognised as a profit or loss. The fair value is that calculated on first recognition. In addition, all amounts relating to that entity and shown under other comprehensive income are accounted for using the same rules that would apply if the parent company had sold the associated assets and liabilities directly. This means that any profit or loss previously recognised under other comprehensive income is transferred from equity to the statement of income.

A discontinued operation is part of the Group's business which contains operations and cash flows that can be clearly set apart from the rest of the Group, which has been sold or identified for sale, and which:

- constitutes a separate, significant line of business or geographical business area;
- forms part of a single, agreed plan to dispose of a separate, significant line of business or geographical business area; or
- constitutes a subsidiary that was acquired with the sole purpose of selling it on.

Any such business unit is classed as a discontinued operation when it is sold or earlier once it meets the criteria for treatment as 'held for sale'.

Whenever a business unit is classed as a discontinued operation, the statement of comprehensive income for the reference year is adjusted and the results shown as though the business unit had been discontinued at the beginning of that reference year. For details of the procedure for recognising intragroup transactions between continuing and discontinued operations see section 6 'Accounting and valuation principles'.

4. 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 principal decision-making body 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.

Over the course of financial 2015, as part of a strategy of realignment, HCG sold all its operating companies outside the Travel segment with the exception of MeteoVista and organize.me. The assets of organize.me were sold in February 2016, and the company itself was then amalgamated into HCG with retrospective effect from 1 January 2016. MeteoVista was allocated to the Travel segment in 2015 after the winding up of the Publishing segment.

Starting in financial 2016, the Management Board will therefore manage the Group on the basis of key indicators for the travel group's entire business rather than on a segment basis. The previous business segments have either been wound up or combined. The non-operating parent company is not managed separately and is therefore no longer shown as a separate segment. Accordingly, the Group's activities are not broken down by business segment in the consolidated financial statements.

5. Reporting currency and currency translation

The consolidated financial statements are prepared in euros (EUR), the Group's functional currency and presentation currency. Each entity within the Group determines its own functional currency. The items included in the financial statements of the entity in question are measured in this functional currency. Transactions in a currency other than the euro are initially translated between the functional currency and the other currency at the spot rate valid on the date of the transaction.

Monetary assets and liabilities in currencies other than the euro are translated into the functional currency on the reporting date. All currency differences are recognised in the statement of income. Non-monetary items that are measured at cost in a currency other than the euro are translated at the rate applicable on the date of the transaction. Non-monetary items measured at their fair value in a currency other than the euro are translated at the rate applicable at the time that the fair value was calculated.

In the financial year 2016, with the exception of HolidayCheck Polska, whose functional currency is the zloty (PLN), all entities within the Group adopted the euro (EUR) as their functional currency.

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The assets and liabilities of all Group entities with a functional currency other than the euro are translated into euros on the balance sheet date for consolidation purposes. Income and expenditure are translated for each statement of income at the average exchange rate. All translation differences are recognised as a separate item in equity under other reserves.

Any goodwill created through the acquisition of a foreign entity and any adjustments to the fair values of the identifiable assets and liabilities are treated as assets and liabilities of the foreign entity and translated on the balance sheet date. Any resulting translation differences are shown in the foreign currency translation reserve. On disposal of this foreign entity, any corresponding amount in the foreign currency translation reserve is transferred to the statement of income.

6. Accounting and valuation principles

The companies included in the consolidated financial statements all apply the same accounting and valuation principles. The following section describes the main accounting and valuation principles applied in the preparation of these consolidated financial statements.

Accounting and valuation principles

BALANCE SHEET ITEMS	VALUATION BASIS
ASSETS	
Intangible assets (excluding goodwill):	
with specified useful life	Amortised acquisition/production cost
with unspecified useful life	Impairment-only ap proach
Goodwill	Impairment-only approach
Property, plant and equipment (tangible assets)	(Amortised) acquisition/production cost
Financial investments	Fair value/Amortised cost
Trade receivables	Fair value/Amortised cost
Other assets (current and non-current):	
Other miscellaneous assets	(Amortised) acquisition cost
Cash and cash equivalents	Nominal value
Assets of discontinued operations held for sale	Lower of carrying amount and fair value less selling costs
LIABILITIES	
Provisions	
Pensions	Projected unit credit method
Liabilities to banks	Fair value/Amortised cost
Trade payables	Fair value/Amortised cost
Other miscellaneous liabilities	Fair value/Amortised cost
Liabilities related to held-for-sale assets from discontinued operations	Lower of carrying amount and fair value less selling costs

Intangible assets

The two main items that make up the Group's intangible assets are goodwill and trade marks from the acquisition of fully consolidated subsidiaries.

Intangible assets acquired from third parties in return for payment are recognised at cost. Where there is a definite normal useful life, this figure is reduced by amortisation according to the straight-line method over the intangible assets' normal useful lives.

They are recognised only if it is sufficiently probable that a future benefit will thus accrue to the enterprise and the acquisition costs of the asset can be reliably determined.

The normal useful life of an asset is generally estimated taking account of the following criteria:

- anticipated use of the asset by the enterprise;
- typical product life cycle and public information concerning the estimated useful lives of comparable assets;
- technical, technological and other types of obsolescence;
- stability of the sector in which the asset is employed.

Self-generated intangible assets are recognised to the extent of the directly attributable development costs if all the conditions set out in IAS 38.57 have been fulfilled. The capitalisation of the costs ends when the product has been completed and has been generally released.

According to IAS 38.57, the following six requirements need to be met in order for development costs to be capitalised; in the following cases they have been met in full:

1. technical feasibility of the completion of the asset so that it is available for internal use and/or sale;
2. the intention to complete the intangible asset and to either use or sell it;
3. the ability to either use or to sell the intangible asset;
4. evidence of presumable future economic benefits;
5. the availability of adequate technical, financial and other resources to complete the development and the ability to either use or to sell the intangible asset; and
6. the ability to establish a reliable measure of the expenditure attributable to the company during the development of the asset.

In accordance with SIC-32, relaunches were not capitalised on producing the website if these were only updates of a pre-existing website.

Expenses for general development that do not meet the above criteria are recognised immediately as expense in accordance with IAS 38.

The normal useful life of the asset also forms the basis for straight-line **amortisation of both purchased and internally generated intangible assets**, starting from the time of purchase or completion and the market readiness of the internally generated intangible assets.

Throughout the Group, the following useful lives form the basis of amortisation for important intangible assets. Intangible assets acquired from third parties in return for payment and assets that are internally generated are amortised over the same periods:

Amortisation of intangible assets

Goodwill	no amortisation
Internet domains	no amortisation
Trade mark rights/ brand names	5 to 20 years or no amortisation
Software/websites	3 to 15 years
Customer bases	5 or 10 years

Brands acquired as a result of business combinations are not amortised according to a schedule as these are Internet brands whose rights are in the full ownership of the company. They are tested for impairment every year.

In this context, 'in the full ownership of the company' means that the company can directly influence the brand's development by taking targeted measures. As it is assumed that the Internet domains depend on the brand names, there is no regular amortisation in this case either.

Property, plant and equipment (tangible assets)

Property, plant and equipment are recognised at the cost of acquisition less accumulated depreciation. The cost figure includes all costs directly attributable to the purchase together with the cost of borrowed funds (providing the recognition criteria are met).

Throughout the Group, the **depreciation of property, plant and equipment** is based on the following useful lives for important assets:

Depreciation of property, plant and equipment

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IT hardware	3 years
Lines, technical installations	8 years
Furnishings	10 years
Technical devices	4 to 5 years

Property, plant and equipment items are written down according to the straight-line method.

The cost of maintenance is treated as expense for the period.

Profits and losses on the disposal of property, plant and equipment are shown in the consolidated statement of income under other income or other expenses.

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

The amortisation period and the method of amortisation for intangible assets and the depreciation period and the method of depreciation for property, plant and equipment (tangible assets) are reviewed at the end of each financial year. If the expected useful life of an asset significantly deviates from prior estimates, the amortisation or depreciation period is adjusted accordingly. In the case of material changes during the course of amortisation or depreciation, a suitable amortisation or depreciation method is selected.

All intangible assets and all items of property, plant and equipment are tested for impairment at the end of each financial year if the circumstances or changes in the circumstances indicate that the carrying amount of the assets may possibly be irrecoverable. If the recoverable amount of the asset is lower than the carrying amount, the impairment loss is recognised in the statement of income. The recoverable amount is the higher of the net selling price and the value in use of the asset. The net selling price is the recoverable amount from the sale of an asset at fair value less selling costs. The value in use is the present value of the estimated future cash flow to be expected from the continued use of an asset and its disposal at the end of its useful life. The recoverable amount is determined separately for each asset or, if this is not possible, for the cash-generating unit to which the asset belongs. All goodwill and all intangible assets with an unspecified useful life and intangible assets that are not yet in use are not subject to amortisation. They are tested for impairment on the balance sheet date or whenever there are particular grounds for doing so, in order to determine whether they have kept their value.

HCG generally calculates the recoverable amount using valuation methods based on discounted cash flows. These discounted cash flows are based on five-year forecasts, which in turn derive from financial plans approved by the management.

The cash flow forecasts take into account past experience and are based on the management's best estimate of future trends and on other externally sourced information. Cash flows beyond the planning period are extrapolated using individual growth rates that do not however exceed inflation forecasts for the business units in question. The most important assumptions on which the value-in-use calculation is based are future cash flows (based on forecast revenue growth and the EBITDA margin), weighted average costs of capital (WACC) and tax rates. These assumptions and the underlying methodology may have a considerable impact on the corresponding valuations.

If necessary, impairment checks are not performed at the level of the individual asset but at the level of the cash-generating unit to which the asset has been allocated.

In such cases, the goodwill acquired following a business combination is allocated to the cash-generating unit or the group of cash-generating units that are regarded as most likely to benefit from synergies created by the business combination.

Financial investments are valued at the costs of acquisition. If there are grounds to believe that a financial investment shown in the balance sheet at the cost of acquisition may need to be impaired, an impairment test is conducted. Any impairment is then recognised in profit or loss.

Financial instruments

The accounting treatment and valuation of **financial assets and liabilities** (financial instruments) are based on the rules laid out in IAS 39.

They are allocated by management to one of the following categories:

- loans granted by the company and receivables;
- financial instruments measured at fair value and recognised in profit or loss;
- financial assets available for sale;
- financial assets held to maturity;
- borrowings by the company and financial liabilities.

On initial recognition of financial instruments these are measured at cost, corresponding to the fair value of the consideration given on acquiring them. Transaction costs are included in as far as the financial instrument is not recognised at fair value through profit or loss.

Financial assets and liabilities measured at fair value and recognised in profit or loss refers to financial assets held for trading purposes and financial assets that were classed on initial recognition as being measured at fair value and recognised in profit or loss. Financial assets are classed as held for trading purposes if they have been acquired with the intention of selling them in the near future. Derivatives that are not held for hedging purposes are allocated to the category of 'financial instruments measured at fair value and recognised in profit or loss'.

Financial instruments measured at fair value and recognised in profit or loss are recognised at their value on the settlement date, taking account of fluctuations in value between the trade date and the settlement date. They are measured at their market values on the balance sheet date. The resulting income or expense is immediately recognised in the statement of income.

Borrowings by the company and financial liabilities are measured on first recognition at fair value and in subsequent years at amortised cost.

Financial instruments such as **cash and cash equivalents, receivables and payables** are measured at their nominal value. Because of their maturity, this is also their fair value.

Loans and receivables are non-derivative financial liabilities or assets with fixed or identifiable payments that are not listed on an active market. After initial recognition, they are measured at amortised cost using the effective interest rate method less any impairment. If they are derecognised or written down or their value reduced by amortisation, any profits and losses are recognised in profit and loss in the same period.

Valuation adjustments are made in response to identifiable risks of default in the case of loans and receivables. The value of available-for-sale financial assets is adjusted as soon as there is objective information pointing to a permanent loss of value. On subsequent measurement, such impairment charges may be wholly or partly reversed if there are objective indications that the fair value of the assets in question has risen back up.

Financial instruments are derecognised when the underlying rights and obligations expire or are transferred.

As a general rule, financial assets and financial liabilities are not netted in the financial statements. They are only netted if there is at the time a legally enforceable right to offset the amounts in question and the Group intends to arrange for settlement on a net basis.

As at 31 December 2016, no financial instruments were allocated to the categories ‘financial assets available for sale’ or ‘financial assets held to maturity’.

Hedge accounting

The Group uses **derivative financial instruments** such as currency forward contracts and interest rate swaps as a hedge against interest rate and currency fluctuation risks. These derivative financial instruments are recognised at fair value when the contract is signed and remeasured at fair value in subsequent periods.

The Group makes regular use of derivatives to secure future cash flows from pending or planned transactions (cash flow hedges).

When the hedge is first established, both the hedging relationship and the Group’s risk management objectives and strategies in respect of the hedge are formally defined and documented. The documentation is regularly assessed to determine whether it was indeed highly effective during the entire reporting period for which the hedging relationship was defined.

Derivative financial instruments are recognised as financial assets (if the fair value of the derivative is positive) or as liabilities (if the fair value of the derivative is negative).

Profits or losses from changes to the fair value of derivative financial instruments during the financial year that do not meet the criteria for recognition as hedging relationships are immediately shown in profit or loss together with the ineffective portion of an effective hedging instrument. The effective portion of changes in the market value of derivative instruments intended as cash flow hedges is shown in equity under other reserves (after taking account of deferred taxes). The amounts accrued in equity are recognised in the statement of income in the financial year in which the underlying transaction is considered in the statement of income. For further information, please see note 10.11 ‘Other reserves’.

When a hedging instrument expires or is sold, cancelled or exercised without being replaced or rolled over into another hedging instrument, or if the criteria for recognition as a hedging relationship are no longer met, the amounts recognised in equity up to that point remain as a separate item in equity until such time as the anticipated transaction or fixed obligation occur or take effect.

Share-based payments

All the Group’s share-based payment plans are remuneration schemes with cash settlement.

In the case of share-based payments with cash settlement, the Group’s corresponding liability is recognised as an expense at its fair value when the beneficiary fulfils the relevant conditions. Until the liability is settled,

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its fair value is remeasured on every balance sheet date and any changes recognised in profit or loss.

Share-based payments with cash settlement form part of a long-term incentive plan (LTIP) for senior staff and members of the Management Board. In accordance with IFRS 2, these payments are recognised as personnel costs and as a corresponding increase in other liabilities. See 10.13 'Employee stock option plans of the company'.

If the criteria for exercising an entitlement under the LTIP are not met, there is no corresponding expense.

In addition to the long-term incentive plan for senior staff and members of the Management Board, a share-based payment programme is also in place for the managing director of a subsidiary. See 10.14 'Stock options for a managing director at WebAssets B.V.'

Cash and cash equivalents

Cash and cash equivalents include cash and other short-term, highly liquid financial assets with an original time to maturity of no more than three months. On the balance sheet, current account overdrafts are shown as payables to banks under current financial liabilities.

Other non-financial assets

Other non-financial assets are measured at amortised cost. Any risks associated with these assets are taken into account by means of valuation adjustments.

Equity

Shares issued are recognised in **equity** at nominal values. Transaction costs for the issue of new shares are deducted from the capital reserves.

Provisions

Provisions are recognised at the amount that is necessary according to the best possible estimate in order for the Group to be in a position to meet all current obligations, legal or de facto, at the balance sheet date. Future events that could have an effect on the amount needed to meet an obligation have to be taken into account in forming the provision in as far as they can be predicted with sufficient objective certainty. The amount recognised is that which seems most likely on a careful examination of the circumstances. Provisions are discounted in as far as they are material. In the case of discounting, the passage of time is reflected in the periodic increase in the carrying amount of a provision. This increase is recognised as an interest expense.

The **pension provision** is based on defined-benefit pension plans for the employees of HC. The provisions recognised in the balance sheet for defined-benefit plans correspond to the present value of the defined-benefit obligation (DBO) at the balance sheet date less the fair value of the plan assets. The DBO is calculated annually by an independent actuarial expert using the projected unit credit method. Actuarial gains and losses are recognised in other comprehensive income for the period in which they are created. With the exception of interest income and expenses, which are reported under the financial result, pension costs are recognised as personnel costs.

Current and deferred income tax

Current tax assets and current tax liabilities for the current period and former periods are measured at the amount expected to be recovered from or paid to the tax authorities on the basis of the tax rates and tax laws applicable on the balance sheet date.

Management regularly checks tax declarations, especially with regard to matters that are open to interpretation, and establishes provisions where necessary on the basis of the amounts that past experience shows might have to be paid to the tax authorities.

Deferred tax assets and liabilities are generally formed for all temporary differences between the amounts recognised for tax purposes and the amounts recognised according to IFRS approaches. This is done according to the liability method, which reflects the Group's expectations at the balance sheet date. The 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 are determined on the basis of the tax rates that apply under current tax legislation in the individual countries at the time of realisation or the rates that are expected to apply when a deferred tax asset is realised or a deferred tax liability settled. Deferred taxes based on events that are recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity.

The carrying amount of the deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer likely that sufficient taxable income will be available against which at least some of the deferred tax assets can be utilised. Deferred tax assets that are not recognised are reviewed on each balance sheet date and recognised to the extent that it has become likely that future taxable income will allow the deferred tax assets to be utilised.

Deferred tax assets and deferred tax liabilities are offset provided that there is a legal right to the netting of actual tax refund claims against actual tax liabilities and these relate to the income tax of the same taxpayer or taxable object, and are levied by the same tax authority.

Other miscellaneous liabilities and other financial liabilities

Other miscellaneous liabilities are recognised if it is expected that there will be an outflow of resources that embody an economic benefit in order to settle a liability and this amount can be reliably determined. Liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities are not recognised as liabilities in the consolidated financial statements until it is probable that they will materialise. They are disclosed in the notes to the consolidated financial statements.

Realisation of income and expenses

Revenue is recognised in application of IAS 18. Revenue is shown less value-added tax (VAT), income deductions and credits, after the elimination of intragroup sales.

Commission revenue generated as an online travel agency from the brokerage of package holidays and hotel bookings is realised once the contractual obligation to the tour operator has been fulfilled.

Advertising revenue is included in profit in the month in which the advertisement is placed.

Revenue for services is recognised when the service has been provided. Services are also provided within the framework of offsetting transactions. Unless these are of the same type, in which case they have to be eliminated in accordance with SIC-31, services provided are shown gross in revenue and services received in the corresponding expense items.

Interest income is calculated using the effective interest rate method.

Royalties from licences and rental income are allocated on a pro rata basis in accordance with the relevant contractual period.

Leasing payments within the framework of an operating lease are recognised as expense in the statement of income over the period of the lease using the straight-line method, unless a different systematic basis corresponds to the duration of the benefit for the company as lessee. A lease is classified as an operating lease if the leasing agreement, in economic terms, does not essentially transfer all risks, rewards and opportunities associated with ownership to the company.

Procedure for recognising intragroup transactions between continuing and discontinued operations

The International Financial Reporting Interpretations Committee (IFRIC) published an agenda decision on the presentation of intragroup transactions with discontinued operations on 12 January 2016. According to this agenda decision, neither IFRS 5 nor IAS 1 contains rules that take precedence over the rules on consolidated financial statements in IFRS 10. It specifies that two procedures are admissible for the presentation of intragroup transactions between continuing and discontinued operations:

Procedure 1
Eliminate the intragroup transactions in accordance with IFRS 10.B86(c) without adjustments.

Procedure 2
Eliminate the intragroup transactions taking account of adjustments in order to show the impact of the transactions on the continuing operation after disposal of the discontinued operation in accordance with IFRS 5.30 (net presentation).

In 2015, intragroup transactions within the HCG Group were eliminated using the second of these two procedures.

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7. Determining fair value

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. Fair value is the price that would be paid on the measurement date for the sale of an asset or transfer of a liability in an orderly transaction between market participants regardless of whether the price can be directly observed or has been estimated using a valuation method.

The Group has established a framework for determining fair value. HCG's financial team establishes appropriate valuation methods and input parameters for the measurement of fair value.

Wherever possible, HCG uses observable market data in order to determine the fair value of assets and liabilities. If such level 1 inputs are not available, HCG engages qualified external experts to carry out a valuation. The Valuation Committee works closely with these external experts to establish appropriate valuation procedures and input parameters. Based on the quarterly financial reports of HCG, the Chief Financial Officer notifies the Audit Committee every three months of the results of the work of the Valuation Committee in order to explain the reasons for any fluctuations in the fair value of assets and liabilities.

Details of the valuation methods and inputs used to determine the fair value of various assets and liabilities are provided in the relevant sections of this report.

When determining the fair value of an asset or liability, the Group considers certain characteristics of that asset or liability (e.g. the condition and location of an asset or any restrictions on sale or use) in all cases where market participants would also take them into account on the valuation date when determining a price for the acquisition of an asset or the transfer of a liability. As a general rule, in these consolidated financial statements fair value is calculated on this basis for valuation and/or disclosure purposes. An exception applies to:

- share-based payments subject to IFRS 2 Share-based Payments;
- leases within the scope of IAS 17 Leases;
- valuation benchmarks similar to but not the same as fair value, e.g. net realisable value in IAS 2 Inventories or utility value in IAS 36 Impairment of Assets.

Fair value cannot always be derived from a market price. In many cases, it has to be calculated on the basis of different valuation parameters. Depending on the availability of observable parameters and the importance of those parameters in determining overall fair value, fair value is classified as level 1, 2 or 3 based on the following criteria:

- level 1 inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- level 2 inputs are inputs other than the quoted market prices included within level 1 that are directly observable for the asset or liability or that can be derived indirectly from other prices;
- level 3 inputs are unobservable inputs for the asset or liability.

8. Estimates, assumptions and judgments

In order to prepare the consolidated financial statements, the Management Board has to make the best possible estimates and assumptions on the basis of the information currently at its disposal. These may influence the recognised values of assets and liabilities and disclosures concerning contingent assets and liabilities on the balance sheet date, and also the income and expenses recognised for the reporting period. The actual results occurring at a later date may differ from these estimates.

There follows an explanation of the most important assumptions in relation to the future and the main sources of uncertainty at the balance sheet date giving rise to the risk of material adjustments being made to the carrying amounts of the assets and liabilities during the coming financial year:

Impairment of goodwill and of intangible assets with unspecified useful lives

HCG makes an impairment test in relation to goodwill at least once a year or whenever there are any indications that such impairment may have taken place. Goodwill impairment tests are conducted at the level of the cash-generating units. This is the lowest level at which goodwill is monitored for internal corporate management purposes. In each case, the cash-generating unit is defined as the corresponding company.

The criteria and underlying methods used when conducting an impairment test can have a significant influence on the resulting values and on the extent of any impairment of intangible assets. Calculations of discounted cash flows are very much subject to planning assumptions that can be sensitive to change and therefore to impairment.

As at 31 December 2016, the carrying amount of goodwill stood at EUR 100,182 thousand (31 December 2015: EUR 100,182 thousand). Details of intangible assets and the assumptions on which impairment tests are based can be found in section 10.1 of these notes under the heading 'Intangible assets'.

Loss carryforwards

HCG and its subsidiaries recognise deferred tax assets for tax loss carryforwards, in as far as it is sufficiently certain that the loss carryforwards will be utilised in tax planning. For tax planning purposes, HCG and its subsidiaries have to make estimates of the tax results to be achieved in the future. As at 31 December 2016 the deferred tax assets for loss carryforwards amounted to EUR 543 thousand (EUR 971 thousand in 2015) (see also section 10.15. 'Deferred taxes').

Provisions

HCG recognises provisions at the amount necessary, according to the best possible estimates, to cover all legal or de facto liabilities that the Group has on the balance sheet date. Future events that could affect the amount needed to meet a liability are reflected in the size of the provision, providing they can be predicted with sufficient objective certainty. The amount recognised is that which is most likely on an objective assessment of the facts. In the case of large volumes (e.g. warranties), calculation is based on the anticipated figure. As at 31 December 2016, other provisions amounted to EUR 390 thousand (EUR 964 thousand in 2015) (see also section 10.16. 'Other provisions').

Share-based payments

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Costs that arise from the granting of equity instruments and from share-based payments to staff and members of the Management Board with cash settlement are measured within the Group at the fair value of the equity instruments at the time they were granted. The most suitable valuation method has to be identified in order to estimate the fair value of share-based payments; the choice of method will depend on the conditions under which the entitlements were granted. When producing this estimate, the Group also has to determine suitable input parameters for the chosen method (in particular the anticipated term of the option, volatility and dividend yield) and make corresponding assumptions. The assumptions and methods applied when estimating the fair value of share-based payments are described in section 10.13 'Employee stock option plans of the company'.

9. Disclosures relating to subsidiaries

9.1. 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 eleven 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 fact control.

As at 31 December 2016, HCG held shares in the entities shown in the table below.

9.2. Discontinued operations and sale of subsidiaries

a) Sale of and withdrawal from publishing business

The annual report of HolidayCheck Group AG (formerly Tomorrow Focus AG) for the financial year 2015 contains detailed information about its withdrawal from the Publishing business. This information is also included in the following notes and disclosures as we are obliged to provide comparative figures from the previous year.

b) Withdrawal from Subscription business

The annual report of HolidayCheck Group AG of the financial year 2015 contains detailed information about

Scope of consolidation as at 31 December 2016

Company	Principal place of business	Shareholding in percent	Equity as at 31 DEC 2016 € '000	Income in 2016 € '000
HolidayCheck Group AG	Munich, Germany	-	-	-
HolidayCheck AG	Bottighofen, Switzerland	100.00	18,420	395
HolidayCheck Polska Sp. zo.o. [1]	Warsaw, Poland	100.00	421	154
HolidayCheck Solutions GmbH	Munich, Germany	100.00	69	0
Tomorrow Travel B.V.	Amsterdam, Netherlands	100.00	-1,537	122
WebAssets B.V. [2]	Amsterdam,Netherlands	98.00	6,087	-733
Zoover Media B.V. [3]	Amsterdam, Netherlands	100.00	6,040	-2,166
Zoover International B.V. [3]	Amsterdam, Netherlands	100.00	2,783	1,029
Zoover GmbH [3]	Munich, Germany	100.00	-105	27
Meteovista B.V. [3]	Amsterdam, Netherlands	100.00	3,440	1,211
SARL Zoover France [3] [5]	Paris, France	100.00	87	0
Zoover Internet Teknolojileri Tuzim Ticaret Ltd. [3] [4]	Kusadasi, Turkey	95.00	0	0
Zoover Travel B.V. [3]	Amsterdam, Netherlands	100.00	-170	14

1) Indirect shareholding via HolidayCheck AG
2) A minority shareholder holds a stake of 2 percent; a put/call option is in place for buying back the shares.
3) Indirect shareholding via WebAssets B.V.
4) Affiliated entity not included in the reporting group due to its minor importance.
5) Company in liquidation

its withdrawal from the Subscription business. This information is also included in the following notes and disclosures as we are obliged to provide comparative figures from the previous year.

Settlement agreement with Parship Elite Group GmbH

An agreement was concluded on 30 August 2016 to settle definitively all the outstanding claims of both parties. The agreement led to purchase price adjustments (subsequent payments) of EUR 463 thousand and ex post selling costs of EUR 156 thousand.

HolidayCheck Group AG concludes two asset deals for the sale of subsidiary organize.me GmbH

On 1 February 2016, HolidayCheck Group AG sold all the main assets of organize.me GmbH in an asset deal for a total of EUR 1,000 thousand. The company's business-to-business (B2B) activities and assets were sold to a third party, whereas parts of its business-to-customer (B2C) operations are being reused within the Group. The B2C online storage services and app were closed down on 29 February 2016.

As at 31 December 2015, these assets were classed as held for sale. Following the sale, however, this classification was no longer applicable.

Under the terms of an amalgamation agreement dated 25 July 2016, organize.me GmbH was merged into HolidayCheck Group AG with effect from 1 January 2016.

HolidayCheck Group AG opts for early settlement of earn-out receivables from the sale of shares in Cellular GmbH

In April 2016 HolidayCheck Group AG concluded a settlement agreement with the buyers of Cellular GmbH in respect of possible earn-out receivables. Under the terms of the agreement, the buyers settled all their obligations through a payment of EUR 670 thousand. This receivable had been recognised for the first time at the repayment value as at 31 March 2016. The deal generated income of EUR 670 thousand.

c) Impact on the consolidated financial statements

Given their importance to the earnings, assets and financial position of HolidayCheck Group AG, the above-mentioned subsidiaries and Group business units that have been sold constitute discontinued operations within the meaning of IFRS 5.

Owing to their classification as discontinued operations, the Publishing and Subscription segments have been wound up in the 2015 segment report. Their contribution to earnings has been combined and shown separately as consolidated net profit/(loss) after taxes from discontinued operations. The corresponding figures for the previous year have been adjusted accordingly in the consolidated statement of income and in the segment report. Further details can be found in our annual report for the financial year 2015.

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No assets or liabilities were allocated to the Group's discontinued operations in 2016.

In financial 2016, the main impact on the Group's discontinued operations was from ex post transaction and consulting expenses, a purchase price adjustment and the settlement of an earn-out receivable.

Consolidated net profit/(loss) after taxes from discontinued operations is shown in the following tables:

Consolidated net profit/(loss) from dicontinued operations for the period 1 January to 31 December 2016

	B2B activities € '000	Publishing € '000	Subscription € '000	TOTAL € '000
Revenue	0	0	4	4
Other income	0	0	73	73
Other own work capitalised	0	0	0	**0**
Expenses	0	0	-321	**-321**
Operating result (EBIT)	**0**	**0**	**-244**	**-244**
Financial result	0	0	0	**0**
Attributable income tax expense	0	0	0	**0**
Income/loss after taxes	**0**	**0**	**-244**	**-244**
Gains/(losses) from sale of discontinued operations	670	-343	-471	-144
Attributable income tax expense	0	0	0	0
Net profit/(loss) from discontinued operations	**670**	**-343**	**-715**	**-388**
Earnings per share (EUR)	0.01	-0.01	-0.01	-0.01

Consolidated net profit/(loss) from dicontinued operations for the period 1 January to 31 December 2015

	Publishing € '000	Subscription € '000	TOTAL € '000
Revenue	10.400	28.717	39.117
Other income	681	765	1.446
Other own work capitalised	170	658	**828**
Expenses	-11.094	-31.993	**-43.087**
Operating result (EBIT)	**157**	**-1.853**	**-1.696**
Financial result	-12	-91	**-103**
Attributable income tax expense	-151	-425	**-576**
Income/loss after taxes	**-6**	**-2.369**	**-2.375**
Gains/(losses) from sale of discontinued operations	22.076	42.791	64.867
Attributable income tax expense	-648	-2.956	-3.604
Net profit/(loss) from discontinued operations	**21.422**	**37.466**	**58.888**
Earnings per share (EUR)	0,37	0,64	1,01

In financial 2016, net profit/(loss) from continuing operations (i.e. including other comprehensive income of minus EUR 138 thousand) stood at minus EUR 2,658 thousand. Comprehensive income from discontinued operations stood at minus EUR 388 thousand.

In financial 2015, net profit/(loss) from continuing operations (i.e. including other comprehensive income of EUR 872 thousand) stood at minus EUR 15,520 thousand. Comprehensive income from discontinued operations stood at EUR 58,888 thousand.

There is no change in the presentation of cash flows attributable to the operating, investing or financing activities of discontinued operations. These are shown in the consolidated statement of cash flows for both 2016 and the previous comparison year 2015. As required, cash flows from discontinued operations are also presented in detail in the notes to the financial statements.

The following tables contain a breakdown of cash flows from discontinued operations:

Cash flow from discontinued operations for the period 1 January to 31 December 2016

	B2B activities € '000	Publishing € '000	Subscription € '000	TOTAL € '000
Net cash flow from operating activities	0	0	-101	-101
Net cash flow from investing activities	670	0	-2,492	**-1,822**
Net cash flow from financing activities	0	0	-3,149	**-3,149**
Net cash flow from discontinued operations	**670**	**0**	**-5,742**	**-5,072**

Cash flow from discontinued operations for the period 1 January to 31 December 2015

	Publishing € '000	Subscription € '000	TOTAL € '000
Net cash flow from operating activities	2,541	-1,997	544
Net cash flow from investing activities	29,288	58,378	**87,666**
Net cash flow from financing activities [1]	-3,019	0	**-3,019**
Net cash flow from discontinued operations	**28,810**	**56,381**	**85,191**

1) Where related to equity, cash flows from the financing activities of discontinued operations have been eliminated.

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In the financial year 2016, the impact of the purchase price adjustment on cash flow and profit and loss in the Subscription business was EUR 323 thousand.

9.3. Other changes

Merger by amalgamation of TF Digital GmbH and organize.me GmbH

Following the merger agreement signed on 25 July 2016, the amalgamation of organize.me GmbH (Munich, Germany) and TF Digital GmbH (Munich, Germany) with HolidayCheck Group AG were entered into the commercial register on 31 August 2016 with retrospective effect from 1 January 2016.

HolidayCheck Group AG opts for early settlement of earn-out obligations from the purchase of additional shares in WebAssets B.V.

In February 2016 HolidayCheck Group AG concluded a settlement agreement with the pre-takeover shareholders of WebAssets B.V. in respect of its remaining earn-out obligations. Under the terms of the agreement, HolidayCheck Group AG settled all its obligations (except a retained amount of EUR 100 thousand as security) through a payment of EUR 2,100 thousand. The obligation was already valued at the repayment figure in the 2015 financial statements.

10. Notes to the consolidated balance sheet

10.1. Intangible assets

The **intangible assets acquired from third parties** were mainly acquired as a result of business combinations. They include the brand names and Internet domains Zoover (EUR 7,510 thousand; 2015: EUR 7,510 thousand), MeteoVista/Weeronline (EUR 1,636 thousand; 2015: EUR 1,636 thousand), HolidayCheck (EUR 3,386 thousand; 2015: EUR 3,386 thousand) and other miscellaneous Internet domains and websites (EUR 509 thousand; 2015: EUR 509 thousand).

The main component of the other miscellaneous Internet domains and websites is the domain hotelcheck.de (EUR 509 thousand; 2015: EUR 509 thousand).

This item also includes the customer bases acquired as a result of the business combinations with WebAssets (EUR 2,329 thousand; 2015: EUR 3,852 thousand) as well as acquired software.

In most cases, brand names and Internet domains acquired as a result of business combinations have no specific useful life, as there is no foreseeable end to their economic use. Brand names are allocated to cash-generating units at the time of acquisition. Goodwill is also allocated to these cash-generating units. If impairment risks are discovered while determining the value in use of goodwill, a write-down is performed in line with IAS 36.

Impairment losses totalled EUR 0 thousand (2015: EUR 3,231 thousand) for brand names and other Internet domains with an undefined useful life.

The **internally generated intangible assets** of EUR 10,831 thousand (EUR 7,801 thousand in 2015) entirely concern software developed in-house, e.g. website programming and mobile applications.

If additional software that has been developed and produced in-house is complete and ready to use, the capitalised development costs are written down over the normal useful life of the software. The company has estimated the normal useful life of software development costs capitalised within the HCG Group to be between 3 and 5 years maximum. This estimation has mainly been made on the basis of the possible technical and technological obsolescence of the software.

With regard to the development of acquisition/production costs and the amortisation of intangible assets, reference is made to the consolidated statement of changes in non-current assets for the financial years 2016 and 2015.

The year-end carrying amount of intangible assets under development was EUR 649 thousand (2015: EUR 80 thousand).

The total figure for **goodwill** in 2016 stood at EUR 100,182 thousand (2015: EUR 100,182 thousand) and derives from the following acquisitions:

Goodwill from acquisitions

	31 DEC 2015 EUR '000	31 DEC 2016 EUR '000
HolidayCheck AG	69,091	69,091
WebAssets B.V.	31,091	31,091
Goodwill	**100,182**	**100,182**

As required by IAS 36, all goodwill is subjected to an annual impairment test based on value in use following the procedure outlined in section 6 entitled 'Accounting and valuation principles'. In each case, the company concerned acts as the cash-generating unit.

With regard to all other Group companies, the mandatory annual impairment tests confirmed that there had been no impairment of capitalised goodwill as at 31 December 2016.

The above impairment tests for goodwill and for intangible assets with an unspecified useful life were based on the assumptions as at 31 December 2016 shown in the table on the following page.

Goodwill and intangible assets with an unspecified useful life 2016

	Allocated goodwill and intangible assets with an unspecified useful life		Valuation parameters				
	Goodwill	Brand names and Internet domains	Average revenue growth	Average EBITDA margin	Growth rate of perpetuity	Discounting rate before tax	Detailed planning period (years)
HolidayCheck AG	69,091	3,895	9.7% (2015: 14.8%)	6.3% (2015: 5.4%)	1.1% (2015: 2%)	7.8% (2015: 9.7%)	5 (2015: 5)
WebAssets B.V.	31,091	9,146	8.5 % (2015: 20.2%)	22.7% (2015: 27.2%)	1.1% (2015: 2%)	7.8% (2015: 12.0%)	5 (2015: 5)

Write-downs of goodwill were calculated on the basis of impairment tests. With regard to goodwill, a rise in the weighted average costs of capital (WACC) of 1 percent would have had as little effect on the impairment of goodwill as a fall in the EBITDA margin of 1 percent over the entire detailed planning period with a corresponding decline in cash flows. When determining value in use for the cash-generating units, HCG takes the view that changes in the main assumptions classed as ‘possible’ will not lead to a situation where the carrying amounts of those units exceed their recoverable amounts.

10.2. Property, plant and equipment (tangible assets)

Property, plant and equipment relates primarily to ‘Other plant, furniture and fixtures’ with a value of EUR 2,746 thousand (2015: EUR 3,164 thousand).

With regard to the development of acquisition/production costs and the depreciation and impairment of property, plant and equipment (tangible assets), reference is made to the consolidated statements of changes in non-current assets for financial years 2016 and 2015 (see tables on pages 96 to 99).

10.3. Loans receivable

As at reporting date, loans receivable stood at EUR 0 thousand. The year-end figure of EUR 6,713 thousand for the previous year mainly consisted of loans and accumulated interest receivable from third parties.

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10.4. Trade receivables

The company constantly monitors trade receivables. All receivables have been tested for impairment to determine whether their fair value is lower than their amortised cost. Default risks are taken into account through appropriate valuation adjustments.

The following table shows the due dates of trade receivables:

Trade receivables

			Not impaired on reporting date and past due in the followig periods				
TRADE RECEIVABLES € ’000	CARRYING AMOUNT	thereof not impaired or overdue on the reporting date	less than 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	more than 181 days
as at 31 December 2016	15,172	13,580	697	515	220	45	115
as at 31 December 2015	14,747	13,550	536	311	188	81	80

As at 31 December 2016, there were individual allowances for bad debts of EUR 1,093 thousand (2015: EUR 1,033 thousand). In 2016, the individual allowances for bad debts included additions of EUR 241 thousand (2015: EUR 373 thousand), allowances used of EUR 39 thousand (2015: EUR 38 thousand), disposals from deconsolidation of EUR 0 thousand (2015: EUR 3,311 thousand) and the reversal of individual allowances for bad debts to the value of EUR 142 thousand (2015: EUR 0 thousand). There are no indications that the creditors of the receivables for which an allowance has not been made or which are not overdue will not meet their payment obligations within the stipulated period.

10.5 Receivables from and liabilities to affiliated entities

Receivables and payables in relation to affiliated entities are mainly due to trade relationships. All receivables and payables are measured at fair value. Their value has not been adjusted and they are not overdue.

10.6 Other miscellaneous assets

Other miscellaneous assets mainly consist of tax receivables (including future value-added tax refund entitlements, i.e. German input tax, deductible in the following month), interest receivables, items in transit, claims against insurance companies, creditors with debit balances, prepaid expenses and prepayments received. Other current assets fell by EUR 46 thousand compared with the previous year. This was primarily due to the decline in prepayments for advertising services at HC on the balance sheet date.

10.7 Cash and cash equivalents

Cash and cash equivalents are made up of cash on hand amounting to EUR 7 thousand (2015: EUR 6 thousand) and cash at banks of EUR 40,078 thousand (2015: EUR 63,696 thousand).

10.8 Equity

Shares issued

The year-end figure for shares issued by the company stood at EUR 58,313,628. This total is divided into 58,313,628 no-par value shares, each with an accounting par value of EUR 1. All shares in the company are fully paid up.

As at 31 December 2016, following the buy-back of own shares, 66,947 no-par value shares with an accounting par value of EUR 1 were deducted from the total figure for shares issued.

Capital reserves

As at 31 December 2016, the capital reserves of HCG were EUR 84,720 thousand. This reduction of EUR 88 thousand compared with the figure for 2015 was due to the buy-back of own shares.

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.

According to section 150 of the German Stock Corporation Act, the statutory reserve and the capital reserves prescribed by section 272, paragraph 2, numbers 1 to 3 of the German Commercial Code must together exceed a tenth of the share capital, so that they can be used to offset losses or for a capital increase out of company funds. As long as the total of statutory reserve and capital reserve does not exceed a tenth of the share capital, they may only be used to make up for losses in as far as the loss cannot be covered by carrying forward profits or by the net income for the year and cannot be balanced by releasing other revenue reserves.

Authorised capital

At the general meeting of shareholders held on 12 June 2013, it was decided to nullify authorised capital 2010/I, last valued at EUR 21,204,957 and at the same time to authorise the Management Board, subject to Supervisory Board approval, to undertake one or more increases in the company’s share capital until 11 June 2018 of up to EUR 14,578,407 in exchange for cash and/or non-cash contributions (authorised capital 2013/I). The Management Board is authorised to exclude shareholders’ statutory subscription rights.

Contingent capital

The general meeting of shareholders held on 16 June 2015 adopted a resolution to create new contingent capital of EUR 11,600,000 (contingent capital 2015/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 15 June 2020.

The general meeting of shareholders on 16 June 2015 authorised the Management Board to purchase own shares equal to a proportion of up to 10 percent of the company’s share capital. This authorisation expires on 15 June 2020.

Earnings per share

	Unit	2016	2015	2014	2013
Consolidated net profit/(loss) accruing to shareholders of HCG	EUR '000	-2,908	42,496	-3,678	11,979
of which from continuing operations	EUR '000	-2,520	-16,392	6,885	12,429
of which from discontinued operations	EUR '000	-388	58,888	-10,563	-450
Weighted average number of issued shares	units	58,311,261	58,313,628	58,313,628	58,313,628
Earnings per share					
of which from continuing operations	EUR	-0,04	-0,28	0,12	0,21
of which from discontinued operations	EUR	-0,01	1,01	-0,18	-0,01

10.9 Treasury shares

The authorisation issued by the annual general meeting on 16 June 2010 allowing the company to buy its own shares expired on 15 June 2015. At the annual general meeting on 16 June 2015, the Management Board was again authorised to purchase shares in the company equal to a proportion of up to 10percent of the company's share capital. This authorisation expires on 15 June 2020.

Between 30 November 2016 and 31 December 2016, the company purchased a total of 66,947 shares on the capital market at an average price of approximately EUR 2.31 per share. As at 31 December 2016, the nominal value of these treasury shares (EUR 66,947) was subtracted from the figure for shares issued, while EUR 87,837.70 was subtracted from the capital reserves.

10.10 Earnings per share

Earnings per share in the reporting period, in relation to the shares issued or assumed as issued were as shown in the table above

10.11 Other reserves

The item 'other reserves' relates to currency reserves for currency differences arising from the translation of the results of companies whose functional currency is not the same as that of the Group. It also includes a reserve for the revaluation of defined-benefit pension plans and a reserve for hedging transactions (cash flow hedge accounting) as shown in the table below:

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Development of other reserves

	Reserve for the revaluation of defined-benefit pension plans EUR '000	Reserve for currency translation differences EUR '000	Reserve from hedging transactions EUR '000	TOTAL EUR '000
Initial level as at 1 January 2016	482	-2,108	-58	-1,684
Revaluation of defined-benefit pension plans	-184			-184
Change due to revaluation	-224			-224
Deferred tax effect	40			40
Currency translation differences		-12		-12
Cash flow hedges			58	58
Changes in fair value recognised in equity			-39	-39
Recognised in the statement of income			110	110
Deferred taxes on cash flow hedges			-13	-13
Final level as at 31 December 2016	298	-2,120	0	-1,822

Development of pension obligations

	2016 € '000	2015 € '000
Present value of pension obligations at 1 January	3,735	4,896
Expenses for additional pension entitlements acquired in the financial year	567	663
Employee contributions	444	486
Interest expenses for existing entitlements	29	55
Pensions payments in the financial year	-596	-1,429
Gains/(losses) resulting from change in demographic assumptions	25	-885
Gains/(losses) resulting from changes in financial assumptions	87	239
Gains/(losses) resulting from experience adjustments	300	-782
Exchange rate changes in the case of plans in a currency other than EUR	42	558
Past service costs and settlements	0	-66
Present value of pension obligations at 31 December	**4,633**	**3,735**

The reserve for hedging transactions covered gains and losses from effective cash flow hedges arising from changes in the fair value of the hedging transactions. Accumulated gains or losses from changes in the fair value of hedging transactions, as shown in the reserve for hedging transactions, were transferred to the statement of income as soon as the underlying transactions themselves affected the statement of income, when the cash flows associated with the underlying transaction were recognised in profit or loss, or if the hedged transaction was cancelled.

10.12 Provisions for pensions

As at 31 December 2016, the provision for pensions amounted to EUR 1,371 thousand (EUR 1,001 thousand in 2015). This figure relates to the entitlements of HolidayCheck AG employees.

In order to deliver its own occupational pension scheme, HolidayCheck AG has joined a number of collective foundations. At present, the company maintains three employee pension schemes that pay out on retirement or invalidity, with benefits for the dependents of deceased employees. As a minimum, the benefits provided under these schemes comply with the statutory requirements as prescribed in the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans - LOB - (Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge, BVG). The level of death and invalidity benefit depends on the underlying salary, while the retirement benefit is based on the credits accumulated by employees when they retire. In accordance with IAS 19 (revised), these plans should be classed as defined-benefit plans.

The expense of EUR 573 thousand in the financial year 2016 (EUR 616 thousand in 2015) was recognised in the statement of income as shown in the table above.

Out of these total obligations, plan assets are in place covering EUR 4,633 thousand (2015: EUR 3,735 thousand).

Development of plan assets in the financial year

	2016 € '000	2015 € '000
Present value of plan assets at 1 January	-2,734	-3,100
Tax income	-23	-36
Employer contributions	-440	-486
Employee contributions	-444	-486
Pension payments in financial year	596	1,429
Return on plan assets excluding amounts recognised as interest income	-189	295
Exchange rate changes in case of plans in a currency other than EUR	-28	-350
Present value of plan assets at 31 December	**-3,262**	**-2,734**

The plan assets do not include any financial instruments belonging to the company or property used by the company. The actual income/loss from the plan assets amounts to income of EUR 212 thousand (2015: loss of EUR 259 thousand).

Breakdown of plan assets

	2016 in percent	2015 in percent
Equity instruments	21.0	26.6
quoted	*18.7*	*23.9*
not-quoted	*2.3*	*2.7*
Debt instruments	21.8	27.7
quoted	*21.6*	*27.6*
not-quoted	*0.2*	*0.1*
Property	17.5	18.8
quoted	*2.6*	*2.8*
not-quoted	*14.9*	*16.0*
Cash	4.9	6.4
Assets from insurance policies	0.0	5.3
Other	34.8	15.2
quoted	*0.0*	*0.0*
not-quoted	*34.8*	*15.2*
Total	**100.0**	**100.0**

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Derivation of pension provisions in the year under review

	2016 € '000	2015 € '000
Present value of plan assets at 31 December	-3,262	-2,734
Present value of pension obligations at 31 December	4,633	3,735
Benefit obligations in excess of assets	**1,371**	**1,001**
Net defined benefit liability at 31 December	**1,371**	**1,001**

Derivation of pension expenses in the year under review

	2016 € '000	2015 € '000
Expenses for additional pension entitlements acquired in the financial year	-567	-663
Interest expenses for existing entitlements	-29	-55
Interest income	23	36
Past service costs and settlements	0	66
Expense recognised in the statement of income	**-573**	**-616**

Actuarial assumptions

	2016 in percent	2015 in percent
Interest rate	0.65	0.80
Rate of salary progression	1.00	1.00
Rate of pension progression	0.00	0.00

The assumptions made with regard to future mortality rates are based on death statistics published in Switzerland (LOB 2010). The length of this pension commitment is based on an assumed period of 17.4 years (2015: 16.5 years).

In 2017, the company expects to make contributions to the plan of EUR 466 thousand (actual contributions 2016: EUR 444 thousand).

Sensitivity analysis

		Effects on obligations EUR '000			
		2016		2015	
	Change in the assumption	Increase in the assumption	Decrease in the assumption	Increase in the assumption	Decrease in the assumption
Discount rate	0.50%	-370	437	-282	332
Salary progression in the future	0.50%	152	-168	113	-124
Increase in pensions in the future	0.50%	172	-152	135	n/a
Life expectancy	1 year	66	-57	1,535	-1,528

There are a number of risks associated with the HC's own pension plan. The collective foundations joined by HolidayCheck AG could change their financing systems (contributions and future benefits) at any time. They may cancel agreements provided that they observe the contractual and statutory notice periods. They may also ask the employer and employees to pay higher risk and cost premiums. In the case of ASGA (a Swiss pension fund for small and medium-sized companies) it may even levy remedial contributions from the employer and employees to rectify any lack of cover if other measures fail to do so.

10.13 Employee stock option plans of the company

Since 2011, virtual shares have been issued to members of the Management Board and other staff of HolidayCheck Group AG (formerly Tomorrow Focus AG) and its subsidiaries under a long-term incentive programme (LTIP). The virtual shares entitle the holder to a cash payment based on the average share price over the last one hundred stock exchange trading days up to the payment date. There is no automatic entitlement to shares in HolidayCheck Group AG. Under the terms of the LTIP, virtual shares are granted in annual tranches. There is no link between these tranches. The last tranche under the LTIP was granted in financial 2016.

Vesting of the virtual shares conferred under the LTIP is subject to meeting individually negotiated EBTA targets or corridors for each financial year. Depending on the extent to which targets are met in the financial year in which the tranche was granted, the original number of virtual shares is increased or reduced. If a specified minimum target is not achieved or if the company's liabilities exceed a certain threshold, entitlement to the granted virtual shares may be forfeited completely. After this point, the vested virtual shares must be held for a further three years.

On expiry of the minimum holding period, the beneficiaries are entitled to a cash payment (plus accumulated dividends) based on their vested virtual shares. The total payment may not exceed three times the grant value of that tranche of virtual shares. The grant value, assuming complete attainment of the target, is an individual gross amount converted into virtual shares on the basis of the average share price (initial reference price) over the last one hundred stock exchange trading days up to the annual general meeting at which the consolidated financial statements approved by the Supervisory Board for the financial year in question are presented to shareholders.

In financial 2016, beneficiaries of the LTIP received a total of 185,492 virtual shares. At the time they were granted, the total volume of shares distributed had a value of EUR 520 thousand.

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Virtual shares

	TRANCHE 2016	TRANCHE 2015
Outstanding virtual shares after factoring in achievement of performance targets at 1 January 2016	0	287,158
Virtual shares granted	185,492 *	0
Virtual shares forfeited	0 *	0
Outstanding virtual shares at 31 December 2016	185,492 *	287,158
Outstanding virtual shares after factoring in achievement of performance targets at 31 December 2016	199,304 *	287,158

* Estimated number of shares - The actual number of shares depends on the initial reference price, but this cannot be determined until the annual general meeting for the financial year 2016.

The virtual shares granted are classed and valued as share-based payments with cash settlement. The fair value of the balance sheet liabilities created by the LTIP was calculated using the Black-Scholes method while taking account of the specific conditions on which the LTIP is based.

The valuation as at 31 December 2016 is based on the following parameters:

Valuation parameters

	TRANCHE 2016
End of holding period	1 June 2020
Residual term of virtual shares	1,248 days
Share price on valuation date	EUR 2.32
Initial reference price*	EUR 2.80
Projected dividend yield	2.14%
Risk-free interest rate for the term	-0.65 %
Projected volatility for the term	3.81 %
Cap	EUR 8.41
Fair value per virtual share	EUR 2.32

* Estimate based on the initial reference price for the 2015 tranche. The initial reference price for the 2016 tranche cannot be set until the annual general meeting for the financial year 2016.

The volatility estimate is based on historic volatilities. This assumes that future trends can be determined on the basis of past volatilities over a similar period to the anticipated term of the virtual shares. Actual volatility may vary from these assumptions.

The amounts recognised in the consolidated financial statements for financial 2016 in respect of the LTIP are shown below:

Other miscellaneous liabilities

	2016 EUR '000	2015 EUR '000
Liabilities from share-based payments with cash settlement	1,664	2,140
Total	**1,664**	**2,140**

The holding period for the virtual shares vested in the 2012 tranche ended in the financial year under review. Accordingly, the beneficiaries were paid a total of EUR 546 thousand in respect of 186,838 virtual shares from that tranche.

Up to the balance sheet date, the LTIP generated the personnel costs for HolidayCheck Group AG shown in the table on the following page:

Personnel costs

	2016 EUR '000	2015 EUR '000
Cost of share-based payments with cash settlement	70	679
Total	**70**	**679**

The above personnel costs mainly comprise expenses for the 2016 tranche granted in the year under review and expenses from revaluation of the 2013 and 2015 tranches. In financial 2015 the corresponding income arose solely from revaluation of the 2012 to 2015 tranches.

10.14 Stock options for a managing director at WebAssets B.V.

The managing director of WebAssets B.V. acquired 2 percent of the shares in the company for EUR 750 thousand. Under the terms of the purchase agreement, put/call options for these shares give the managing director the right to sell his shares to HCG in 2016 or 2017 and give HCG the right to buy the shares held by the managing director in 2017. When the option is exercised, the purchase price will be calculated on the basis of an adjusted consolidated EBIT figure for WebAssets B.V.

The fair value of the put/call option as at 31 December 2016 was EUR 396 thousand and is recognised as a financial liability. The difference between this figure and the fair value of EUR 476 thousand shown in the balance sheet for 2015 was recognised in profit and loss under the heading 'personnel costs' as income of EUR 87 thousand (2015: income of EUR 451 thousand). This amount does not include interest, which is shown in the financial result.

10.15 Deferred taxes

The financial statements show actual tax income for 2016 of EUR 782 thousand compared with a tax expense in 2015 of EUR 874 thousand.

Deferred taxes are formed on loss carryforwards and temporary differences between IFRSs and the tax balance sheet. Within the tax group, an average tax rate of 32.98 percent (2015: 32.59 percent) was taken as a basis for calculating the deferred taxes. The tax rate is calculated on the basis of an average trade tax rate of 17.15 percent (2015 16.76 percent) and a corporation tax rate of 15.83 percent (2015: 15.0 percent) plus the solidarity surcharge of 5.5 percent (2015: 5.5 percent) of the corporation tax.

For the Group's non-German companies, deferred taxes were calculated on the basis of each company's individual tax rate, ranging from around 17.84 percent for HolidayCheck to 25.00 percent for WebAssets B.V.

There are trade tax loss carryforwards of EUR 114,508 thousand (EUR 115,438 thousand in 2015), corporation tax loss carryforwards of EUR 119,347 thousand (EUR 120,186 thousand in 2015) and foreign loss carryforwards of EUR 4,980 thousand (EUR 6,965 thousand in 2015) within the HCG Group.

No deferred tax assets were recognised on trade tax loss carryforwards of EUR 114,419 thousand (EUR 115,438 thousand in 2015), corporation tax loss carryforwards of EUR 119,265 thousand (EUR 120,186 thousand in 2015) and foreign loss carryforwards of EUR 3,074 thousand (EUR 3,131 thousand in 2015) within the Group, as it is currently thought unlikely that they will be utilised.

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At present, although foreign losses must be used within nine years of the date on which they arise, losses incurred in Germany can be carried forward indefinitely. However, both German and foreign tax loss carryforwards and their previous offsetting are subject to final scrutiny by the responsible taxation authorities. Several financial years of HCG have not yet been definitively assessed by the taxation authorities. It is therefore possible that changes will have to be made to the tax loss carryforwards and to the assessed taxes as a result of external fiscal audits.

In the year under review, deferred taxes of EUR 46 thousand (2015: EUR 0 thousand) were recognised as tax liabilities in respect of planned dividend payments by subsidiaries. By contrast, deferred taxes of approximately EUR 290 thousand (2015: EUR 310 thousand) in respect of temporary differences in the retained earnings of subsidiaries were not recognised as liabilities, as the Group is in a position to control the time of reversal, and the temporary differences will not reverse in the foreseeable future.

The following tables show a breakdown of the deferred tax assets and liabilities in the consolidated balance sheet and statement of income. The first table is carried forward to deferred tax assets and the second table to deferred tax liabilities in the balance sheet.

Deferred tax assets

	1 January 2016 € '000	Recognised in other comprehensive income € '000	Currency translation effects € '000	Income (+)/ Expenses (-) € '000	31 December 2016 € '000
Resulting from temporary differences					
Provisions for pensions	179	40	0	26	245
Other balance sheet items	42	-13	-1	5	33
	221	**27**	**-1**	**31**	**278**
Resulting from loss carryforwards	**971**	**0**	**0**	**-428**	**543**
	1,192	**27**	**-1**	**-397**	**821**
Less deferred tax liabilities resulting from offsetting					
Resulting from temporary differences					
Intangible assets	3	0	0	13	16
Other current assets	0	0	0	46	46
	3	**0**	**0**	**59**	**62**
Balance of deferred tax assets	**1,189**	**27**	**-1**	**-456**	**759**

Deferred tax liabilities

	1 January 2016 € '000	Recognised in other comprehensive income € '000	Currency translation effects € '000	Income (+)/ Expenses (-) € '000	31 December 2016 € '000
Resulting from temporary differences					
Intangible assets	5,236	0	0	71	5,307
Balance of deferred tax liabilities	**5,236**	**0**	**0**	**71**	**5,307**
Effects on the statement of income				-527	
thereof recognised as deferred tax expenses				*-527*	

Deferred tax assets of EUR 89 thousand (EUR 227 thousand in 2015) and deferred tax liabilities of EUR 306 thousand (EUR 783 thousand in 2015) had less than one year remaining.

The revaluation of defined-benefit pension plans (recognised as other comprehensive income) led to an increase of EUR 40 thousand (2015: reduction of EUR 202 thousand) in total equity on account of their deferred tax effect. For the same reason, changes in the fair value of derivatives used for hedging purposes (recognised as other comprehensive income) led to a reduction of EUR 13 thousand (2015: increase of EUR 13 thousand) in equity.

The following table shows the translation of the fictitious tax expense and tax income into the actual tax expense and tax income:

Tax reconciliation at HolidayCheck Group

Tax effects	2016		2015	
	€ '000	€ '000	€ '000	€ '000
Earnings from continuing operations before taxes	**-2,775**		**-16,389**	
Fictitious tax expense/income (32.98 %, 2015: 32.59 %)		915		5,341
Adjustments to fictitious tax expense				
Deferred taxes not recognised in respect of tax losses in reporting year		-1,429		-3,073
Initial recognition of previously unrecognised deferred taxes in respect of tax loss carryforwards		57		0
Utilisation of unrecognised tax loss carryforwards		0		13
Write-up on temporary differences (2015: write-down)		168		-514
Tax-free income		181		147
Tax reduction due to different tax rates in other countries		230		96
Tax increase due to non-deductible expenses		-145		-1,764
Tax effects due to additions and reductions for local taxes		-19		-71
Recognition of deferred taxes in respect of planned dividend payments		-46		0
Currency effect Switzerland		0		-3
Tax expenses not related to the period		324		-175
Other differences		19		0
Tax expenses/income according to consolidated statement of income		**255**		**-3**

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10.16 Other provisions

The following table shows the changes in other provisions during the year under review:

Other current provisions

	At 1 January 2016 € '000	Used € '000	Reversed € '000	Added € '000	At 31 December 2016 € '000
Provisions for anniversary payments	57	-13	0	17	61
Onerous contracts	868	-670	-159	273	312
Litigation costs	39	-31	0	9	17
Total other current provisions	**964**	**-714**	**-159**	**299**	**390**

The provisions for onerous contracts mainly relate to future rental expenses for unused premises.

The Group is exposed to many legal risks. These can particularly be risks in connection with other legal disputes and tax law disputes. The outcome of cases currently pending and future cases cannot be predicted with certainty, so court decisions may lead to expenses that are not entirely covered by insurance and that can have material effects on the business and its events. In the estimation of the Management Board, the litigation currently pending does not involve decisions that could have a material detrimental effect on the Group's assets and earnings situation.

10.17 Liabilities to banks

Liabilities to banks amount to EUR 40 thousand (EUR 15,214 thousand in 2015).

In June 2014, as part of a wider plan to restructure the way the HCG Group finances its activities, the company entered into a syndicated loan agreement repayable in 2019. Under the terms of this agreement, it can borrow individual tranches of up to EUR 50,000 thousand on a flexible basis. Existing borrowings from this syndicated loan were fully repaid in 2015.

Out of the Group's overall borrowing requirements, EUR 0 thousand (2015: EUR 14,500 thousand) is in the form of a bonded loan that was taken out in four tranches in 2011. The last tranches were repaid together with the corresponding interest as scheduled on 9 March 2016.

Other liabilities to banks mainly comprised the loan arrangement fee and deferred interest obligations of EUR 40 thousand (2015: EUR 572 thousand) and other fees and liabilities of EUR 0 thousand in respect of swap agreements (2015: EUR 142 thousand). As at 31 December 2016, the Group also had unused credit lines totalling EUR 49,000 thousand (2015: EUR 49,000 thousand).

The interest rate payable on the syndicated loan is set for each interest period. The most recent figure was 0.9 percent.

The Group hedged part of its borrowings by means of interest rate swaps. This has the effect of transforming the variable-rate payments into fixed-rate interest payments. The negative fair value of the interest rate swap stood at EUR 93 thousand in 2015 and expired on repayment of the bonded loan.

All loans are unsecured and are not subject to financial covenants that could allow a lender to cancel a loan with immediate effect if stipulated financial indicators are not met.

10.18 Trade payables

Liabilities in relation to outstanding invoices amounted to EUR 1,403 thousand (EUR 2,540 thousand in 2015) and are recognised under trade payables.

Trade payables have a remaining term of less than one year.

Liabilities to banks

	31 December 2016 EUR '000		31 DECEMBER 2015 EUR '000	
	Current	Non-current	Current	Non-current
Bonded loan	0	0	14,500	0
Syndicated loan	0	0	0	0
Other liabilities to banks	40	0	714	0
	40	**0**	**15,214**	**0**

Other miscellaneous liabilities

	31 December 2016 EUR '000		31 DECEMBER 2015 EUR '000	
	Current	Non-current	Current	Non-current
Earn-out obligations	100	0	2,200	0
Deferred income	391	0	1,030	61
Other personnel liabilities	3,585	1,127	5,319	1,930
Wage and church tax	228	0	500	0
Holiday pay obligations	779	0	648	0
Social security liabilities	23	0	12	0
Transit item	412	0	392	0
Other miscellaneous liabilities	901	0	1,758	0
	6,419	**1,127**	**11,858**	**1,991**

10.19 Other miscellaneous liabilities

The total figure for earn-out obligations is made up of EUR 100 thousand (2015: EUR 2,200 thousand) in respect of earn-out obligations towards the pre-takeover shareholders of WebAssets B.V.

The total for other non-current personnel liabilities mainly comprises EUR 1,127 thousand (2015: EUR 1,454 thousand) in respect of the non-current portion of obligations from share-based payment transactions for HCG and EUR 0 thousand (2015: EUR 476 thousand) covering the stock options granted to the managing director of WebAssets B.V.

The total for other current personnel liabilities mainly comprises: EUR 2,839 thousand (2015: EUR 2,915 thousand) in respect of provisions for bonuses (including the portion of the LTIP classified as current); EUR 396 thousand (2015: EUR 0 thousand) in respect of the stock options granted to the managing director of WebAssets B.V.; EUR 350 thousand in respect of other personnel liabilities; EUR 0 thousand (2015: EUR 1,399 thousand) in respect of liabilities for severance payments; and EUR 0 thousand (2015: EUR 880 thousand) for sale-related bonuses.

As at 31 December 2016, all remaining liabilities were due within one year. These mainly relate to other tax liabilities.

10.20 Derivative financial instruments

As part of the risk management system, derivative financial instruments may be used to hedge the risks to which the company is exposed. These are primarily a result of exchange rate and interest rate fluctuations. Their use is essentially intended to hedge existing or planned underlying transactions and to reduce foreign currency and interest rate risks. They are not used for trading or speculative purposes.

Derivative financial instruments used to hedge foreign currency and interest rate risks are treated as a cash flow hedge in line with IAS 39 Financial Instruments: Recognition and Measurement. The effective portion of the profit or loss from the hedging instruments is recognised directly in equity and is then transferred to profit or loss as soon as the hedged cash flows from the underlying transaction are also reflected in profit or loss or if a hedged future transaction does not actually take place.

In the event that hedged future transactions (referred to in IAS 39 as forecast transactions) lead to the recognition of a non-financial asset or liability, their fair values are adjusted to the corresponding figure in equity from the hedging transaction.

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A number of **interest rate swaps** were agreed in April 2011 in order to hedge the risk of fluctuation in the interest payable on variable-rate, non-current financial liabilities. These were assigned directly to the underlying transactions in the form of cash flow hedges. The interest rate swap expired on 9 March 2016 (nominal value of EUR 6,000 thousand). In 2015, the interest rate swap created financial liabilities of EUR 93 thousand.

The Group had previously employed currency forwards to hedge cash flows denominated in Swiss francs (CHF) against possible exchange rate risks. The future transactions covered by these hedges were realised at different points over the financial year.

Since these transactions met the conditions for recognition as **cash-flow hedges** and appeared in the balance sheet accordingly, the accumulated profit or loss from changes in the fair value of hedging transactions was shown in the reserve for hedging transactions and then transferred to the statement of income when the underlying transaction itself affected the statement of income or when the cash flows associated with the underlying transaction were recognised in profit or loss or if the hedged transaction was cancelled.

The currency forwards matured completely at different points in financial 2016 and in total were recognised in the statement of income at EUR 110 thousand (2015: EUR 0 thousand). Changes to the fair value of the maturing currency forwards came to minus EUR 39 thousand (2015: minus EUR 71 thousand). Up to 31 December 2016, a corresponding unrealised gain of EUR 58 thousand (2015: unrealised loss of EUR 58 thousand) was recognised under other comprehensive income with due regard for deferred tax of minus EUR 13 thousand (2015: EUR 13 thousand).

10.21 Additional disclosures on financial instruments

The carrying amounts, amounts recognised and fair values by valuation category as at 31 December 2016 and 31 December 2015 are shown in the tables in section 10.22 'Financial instruments by category'.

Cash and cash equivalents, trade receivables, receivables from affiliated entities and other miscellaneous assets mostly have short remaining terms. For this reason, their carrying amounts on the reporting date were approximately the same as their fair values.

In the absence of an exchange or market price, it was not possible to derive a fair value for the corresponding period on the basis of similar transactions. A valuation based on the discounting of anticipated cash flows was not undertaken as the cash flows could not be reliably determined. Recognition was therefore based on amortised cost.

The 2015 figure for shares in affiliated entities relates solely to equity instruments (i.e. equity brought into the company) for which a stock market price is not available. As a reliable fair value cannot be calculated, these instruments have been measured at amortised cost. There are no plans to sell them.

Most of the other loans shown for 2015 had a residual period of more than one year and were settled early. As the rate of interest is more or less equivalent to the normal market rate, the carrying amount and the fair value were approximately the same.

On account of their short terms, the carrying amount and the fair value of liabilities to banks are approximately the same, as the loans attract interest at the normal market rate.

The majority of trade payables, payables to affiliated entities and other miscellaneous financial liabilities not created by purchase price liabilities have short remaining terms. Their carrying amounts on the reporting date were therefore approximately the same as their fair values.

The fair value of derivative financial instruments is measured by applying appropriate valuation methods. The corresponding assumptions are very largely based on market conditions on the balance sheet date.

The fair values of other financial liabilities (IFRS 3 2008) resulting from purchase price liabilities were calculated on the basis of the discounted contingent consideration.

10.22 Financial instruments by category

The table below contains a breakdown of the Group's financial assets and liabilities according to their valuation category and asset class.

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Classification of the different categories of financial instruments

ASSETS	Measurement category according to IAS 39	Carrying amount 31 Dec 2016 EUR '000
Cash and cash equivalents	LaR	40,085
Trade receivables	LaR	15,172
Receivables from affiliated entities	LaR	238
Other miscellaneous assets		
Other miscellaneous financial assets	LaR	2,111
Other miscellaneous non-financial assets	n.a.	1,503
Shares in affiliated entities	AfS	0
Other loans	LaR	0

LIABILITIES	Measurement category according to IAS 39	Carrying amount 31 Dec 2016 EUR '000
Liabilities to banks	FLAC	40
Trade payables	FLHfT	0
Liabilities to affiliated entities	FLAC	11,966
	FLAC	35
Other miscellaneous liabilities		
Other miscellaneous financial liabilities (IFRS 3 2008)	no category	100
Other miscellaneous financial liabilities	FLAC	4,645
Other miscellaneous financial liabilities outside scope of IFRS 7 (IFRS 2)	n.a.	2,410
Other miscellaneous non-financial liabilities	n.a.	391
Of which aggregated by measurement category as per IAS 39		
Loans and receivables	LaR	57,606
Financial liabilities measured at amortised cost	FLAC	16,686
Financial Liabilities Held for Trading	FLHfT	0
Available for Sale	AfS	0

Amount recognised						
Amortised cost EUR '000	Acquisition cost EUR '000	Fair value not recognised in income EUR '000	Fair value recognised in income EUR '000	Valuation according to IAS 17 EUR '000	Carrying amount 31 Dec 2016 EUR '000	FAIR VALUE EUR '000
40,085					40,085	40,085
15,172					15,172	15,172
238					238	238
2,111					2,111	2,111
	0				0	0
0					0	0

Amount recognised						
Amortised cost EUR '000	Acquisition cost EUR '000	Fair value not recognised in income EUR '000	Fair value recognised in income EUR '000	Valuation according to IAS 17 EUR '000	Carrying amount 31 Dec 2016 EUR '000	FAIR VALUE EUR '000
40					40	40
			0		0	0
11,966					11,966	11,966
35					35	35
			100		100	100
4,645					4,645	4,645
57,606					57,606	57,606
16,686					16,686	16,686
			0		0	0
	0				0	0

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Classification of the different categories of financial instruments

ASSETS	Measurement category according to IAS 39	Carrying amount 31 Dec 2015 EUR '000
Cash and cash equivalents	LaR	63,702
Trade receivables	LaR	14,747
Receivables from affiliated entities	LaR	462
Other miscellaneous assets		
Other miscellaneous financial assets	LaR	2,508
Other miscellaneous non-financial assets	n.a.	924
Shares in affiliated entities	AfS	4
Other loans	LaR	6,713

LIABILITIES	Measurement category according to IAS 39	Carrying amount 31 Dec 2015 EUR '000
Liabilities to banks		
Liabilities to banks	FLAC	15,121
Derivatives without hedging relationship	FLHfT	93
Trade payables	FLAC	12,509
Liabilities to affiliated entities	FLAC	3,424
Other miscellaneous liabilities		
Other miscellaneous financial liabilities (IFRS 3 2008)	no category	2,200
Other miscellaneous financial liabilities	FLAC	6,276
Other miscellaneous financial liabilities outside scope of IFRS 7 (IFRS 2)	n.a.	4,140
Other miscellaneous non-financial liabilities	n.a.	1,233
Of which aggregated by measurement category as per IAS 39		
Loans and receivables	LaR	88,132
Financial liabilities measured at amortised cost	FLAC	37,330
Financial liabilities held for trading	FLHfT	93
Available for sale	AfS	4

Amount recognised						
Amortised cost EUR '000	Acquisition cost EUR '000	Fair value not recognised in income EUR '000	Fair value recognised in income EUR '000	Valuation according to IAS 17 EUR '000	Carrying amount 31 Dec 2015 EUR '000	FAIR VALUE EUR '000
63,702					63,702	63,702
14,747					14,747	14,747
462					462	462
2,508					2,508	2,508
	4				4	4
6,713					6,713	6,713

Amount recognised						
Amortised cost EUR '000	Acquisition cost EUR '000	Fair value not recognised in income EUR '000	Fair value recognised in income EUR '000	Valuation according to IAS 17 EUR '000	Carrying amount 31 Dec 2015 EUR '000	FAIR VALUE EUR '000
15,121					15,121	15,121
			93		93	93
12,509					12,509	12,509
3,424					3,424	3,424
			2,200		2,200	2,200
6,276					6,276	6,276
88,132					88,132	88,132
37,990					37,330	37,330
			93		93	93
	4				4	

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Financial liabilities

	CARRYING AMOUNT EUR'000		FAIR VALUE EUR'000	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Financial liabilities				
Interest rate swap – hedging relationship	0	93	0	93
Contingent consideration	100	2.200	100	2,200

10.23 Financial instruments – fair values

The table above shows the carrying amounts and fair values of financial liabilities. It contains no information on financial liabilities that were not measured at fair value if the carrying amount constitutes a reasonable approximation of the fair value.

The fair values of current financial assets and liabilities are approximately the same as their carrying amounts.

Financial liabilities measured at fair value are allocated to the following levels in the fair value hierarchy (see section 7 'Determining fair value').

In 2015, interest rate swaps with a hedging relationship totalling EUR 93 thousand were allocated to level 2 of the fair value hierarchy. Contingent consideration totalling EUR 100 thousand (2015: EUR 2,200 thousand) is allocated to level 3 of the fair value hierarchy.

There were no transfers between levels in the year under review.

In accordance with IFRS 13, the fair value of derivative financial instruments from contingent consideration has to be allocated to level 3 and is calculated using suitable measurement techniques in the form of recognised actuarial valuation models (mark-to-market) based on market prices. The valuation factors (e.g. exchange rates) can be observed directly or indirectly on active markets.

The following table shows the initial and closing figures for fair value measurement in level 3 of the fair value hierarchy.

Reconciliation of level 3 fair values of financial instruments

	2016 EUR '000	2015 EUR '000
As at 1 January	2,200	5,867
Resulting from payment of earn-out obligations	-2,100	-3,858
Total profit and loss - recognised in the statement of income under other expenses	0	+191
As at 31 December	**100**	**2,200**

The change in fair value of the financial liabilities shown under level 3 mainly comprises EUR 2,100 thousand from the settlement of an earn-out obligation towards the pre-takeover shareholders of WebAssets B.V.

As the acquired companies were not listed on the stock exchange, price quotations were not available. The fair value calculations were therefore allocated to level 3 of the fair value hierarchy. In the last case shown in the records on 31 December 2016 (earn-out obligation towards the pre-takeover shareholders of WebAssets B.V.) agreement was reached on a contractually fixed payment.

It was therefore not necessary to calculate the fair value of the shares using discounted cash payment flows based on a probability-weighted average of the range of possible results.

10.24 Financial risk management

A comprehensive risk management system for HCG Group companies has been adopted and implemented by the Management Board. The risk management system and financial risks are discussed in section 4.2 of the Group management report.

The company's strategy can be characterised as risk-averse. The company avoids entering into contracts and business relationships that at the time of signing could identifiably jeopardise its future, pose a threat to its liquidity or hamper its further development.

Credit risk

In the risk management system, the Finance department ensures that no credit limits are exceeded and that reminders are sent out at fortnightly intervals. The maximum extent of the potential bad debts to which the Group is exposed corresponds to the reported aggregate amount of trade receivables and other financial instruments.

The credit quality of financial assets that are neither overdue nor impaired is determined by reference to external credit ratings (where available) or to past experience of the default ratios of the business partners concerned. The creditworthiness of financial assets that are neither overdue nor impaired is assumed. There are no securities or other credit improvement measures in place that would reduce the risk of default from financial assets.

Investment strategy

If attractive terms are available, cash that is not needed in the short term is partly invested in fixed-term deposits and in cash holdings denominated in Swiss francs.

Currency risk

The currency risks to which the HCG Group is exposed arise from its operating activities. Currency risks are partly hedged in as far as they affect the Group's cash flows. Risks resulting from the translation of assets and liabilities of entities domiciled outside Germany into the Group's presentation currency, on the other hand, are not generally hedged.

The operating activities of the individual companies in the Group are mainly conducted in the functional currency, i.e. the euro. However, some Group companies are exposed to foreign currency risks in relation to planned expenditure outside their functional currency. This primarily concerns the ongoing expenditure of HC in Swiss francs (CHF). HCG makes regular use of currency forwards (cash flow hedges) to hedge these payments in advance.

Assuming all other variables remained constant, if there had been a 10 percent change in the EUR/CHF exchange rate as at 31 December 2016, net income/(loss) for the year as a whole would have been EUR 1,384 thousand (2015: EUR 1,490 thousand) higher or EUR 1,692 thousand lower (2015: EUR 1,821 thousand).

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Assuming all other variables remained constant, if there had been a 10 percent change in the EUR/PLN exchange rate as at 31 December 2016, net income/(loss) for the year as a whole would have been EUR 16 thousand higher (2015: EUR 6 thousand) or EUR 17 thousand lower (2015: EUR 5 thousand).

Liquidity risk

The aim of HCG's business policy is to continue to achieve a positive cash flow in the future. In order to retain sufficient flexibility, financing instruments are selected that offer the most suitable maturities and corresponding liquidity. The risk of a shortfall in cash is monitored by holding periodic cash planning meetings.

As at 31 December 2016, liabilities to banks amounted to EUR 40 thousand (EUR 15,214 thousand in 2015).

The table below shows the maturity dates for the Group's liabilities. The figures are based on contractual, undiscounted payments.

Maturity dates of liabilities as at 31 December 2016

	2017 EUR '000	2018-2020 EUR '000	from 2021 EUR '000
Liabilities to banks	40	0	0
Trade payables and liabilities to affiliated entities	12,001	0	0
Other miscellaneous financial liabilities	4,745	0	0
Other miscellaneous financial liabilities outside the scope of IFRS 7	1,283	1,127	0

Maturity dates of liabilities as at 31 December 2015

	2016 EUR '000	2017-2019 EUR '000	from 2020 EUR '000
Liabilities to banks	15,345	0	0
Trade payables and liabilities to affiliated entities	15,933	0	0
Other miscellaneous financial liabilities	8,476	0	0
Other miscellaneous financial liabilities outside the scope of IFRS 7	2,978	1,162	0

In addition to the mandatory disclosures, both tables contain other miscellaneous financial liabilities that fall outside the scope of IFRS 7 (in respect of other miscellaneous financial liabilities from employee stock option plans disclosed under IFRS 2).

10.25 Additional disclosures on capital management

The capital management policy at HCG is primarily geared towards ensuring that adequate financing is available for the Group's long-term growth.

Reflecting common practice within the industry, the Group monitors its capital on the basis of its debt-to-capital ratio (the ratio between net debt and total capital). Net debt is made up of total debt (including financial liabilities, trade payables and other liabilities as per the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated by adding the consolidated balance sheet figure for equity and net debt.

Equity fell by 1.9 percent in the financial year 2016, mainly as a result of the negative figure for consolidated net profit/(loss) after taxes.

Performance indicators including discontinued operations

INDICATOR	METHOD OF CALCULATION	31 DEC 2016	31 DEC 2015
Equity ratio	Equity / total assets	86.1%	76.3%
Return on equity	Consolidated net profit/(loss) after taxes / equity	-1.8%	25.2%
Return on investment	Consolidated net profit/(loss) after taxes / total capital	-1.5%	19.2%
Debt-to-capital ratio	Net debt / equity	16.2%	31.1%

Performance indicators for continuing operations

INDICATOR	METHOD OF CALCULATION	31 DEC 2016	31 DEC 2015
Return on equity	Consolidated net profit/(loss) after taxes / equity	-1.5%	-9.7%

The ratio of equity to total capital improved thanks to a reduction in total assets. At the same time, the debt-to-capital ratio fell substantially as a result of lower borrowings.

In terms of capital management, the Group's aims are to safeguard the continued existence of the company, and thus continue to generate income for shareholders and provide other interested parties with the payments to which they are entitled. A further target is to maintain the most efficient capital structure possible in order to reduce capital costs.

The equity ratio helps the Group to monitor its capital, i.e. the equity shown in the consolidated balance sheet.

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11. Notes to the consolidated statement of income

11.1 Revenue

A breakdown of the Group's revenue is shown in the following table:

Revenue of the Group

	2016 EUR '000	2015 EUR '000
Commission revenue	91,695	88,166
Online advertising revenue	13,659	13,852
Other revenue	1,956	2,379
TOTAL	**107,310**	**104,397**

A geographical breakdown of revenue can be found in the segment report.

Commission revenue is generated from the brokerage of travel and hotel bookings. The increase in commission revenue is largely due to a rise in the volume of travel booking brokerage achieved by HC.

Online advertising revenue declined following the partial sale of the B2B activities of Weeronline in the Netherlands.

Other revenue includes licensing revenue from the use of the HolidayCheck trade mark. The year-on-year decline is due to the expiry of a licensing agreement during the year under review.

11.2 Other income

Other operating income recognised in the financial statements for 2016 stood at EUR 2,122 thousand (2015: EUR 2,905 thousand). This mainly relates to other miscellaneous income of EUR 1,045 thousand (2015: EUR 1,239 thousand).

In addition, other income was generated by the derecognition of liabilities totalling EUR 303 thousand (2015: EUR 311 thousand) and out-of-period income of EUR 103 thousand (2015: EUR 121 thousand). Income of EUR 159 thousand (2015: EUR 155 thousand) from the reversal of provisions for which there are no corresponding expenses (e.g. reversal of the provision for onerous contracts) is also shown under other operating income. Income from currency translation was EUR 584 thousand (2015: EUR 630 thousand), while income from subletting came to EUR 424 thousand (2015: EUR 182 thousand).

11.3 Other own work capitalised

Other own work capitalised amounting to EUR 3,906 thousand (EUR 3,345 thousand in 2015) mainly concerns the capitalisation of software developed in-house by HC and WA. The year-on-year increase reflects an ongoing push to develop IT and mobile applications for use within the Group together with other software solutions, although it is also due to updating and extensive remodelling of websites.

11.4 Marketing expenses

Marketing expenses are mainly incurred by HC and WA. This item covers the redemption of vouchers, online and offline marketing campaigns and advertising.

11.5 Research and development expenses

At HC, WA, HCPL and HCS, development activities are decentralised and conducted within the companies themselves. Development costs that can be capitalised are shown in the balance sheet as software developed in-house (see also section 11.3 'Other own work capitalised').

Research expenses do not apply as each development project is linked to the goal of introducing specific functionality.

11.6 Number of employees and personnel expenses

On average over the financial year 2016, the HCG Group's continuing operations employed 386 full-time equivalents (FTEs). The corresponding figure for 2015 was 384 FTEs.

Average headcount over the financial year (including Management Board members) for the Group's continuing operations was as follows:

Overview of positions

	2016 FTEs	2015 FTEs
Management Board members of the parent company	3	3
Managing directors and chief executives of the subsidiaries	2	3
Holders of general commercial power of attorney (Prokurist under German law)	2	3
Staff	379	375
TOTAL	**386**	**384**

In the financial year 2016, personnel expenses amounted to EUR 32,394 thousand (EUR 35,134 thousand in 2015). Out of this total, EUR 817 thousand was attributable to defined-contribution pension plans (EUR 793 thousand in 2015), EUR 567 thousand to defined-benefit pension plans (EUR 663 thousand in 2015) and EUR 1,711 thousand to other social security expenses (EUR 1,754 thousand in 2015).

The figure for personnel expenses includes severance payments of EUR 0 thousand (EUR 3,287 thousand in 2015) in connection with the termination of employment contracts. Personnel costs under the long-term incentive programme (LTIP) totalling EUR 70 thousand (EUR 679 thousand in 2015) are also included (see section 10.13. of the notes).

11.7 Other expenses

Most of the Group's **distribution and marketing expenses** are generated by HC and relate primarily to the telephone-based customer centre. **IT expenses** are incurred for server hosting, external IT services and IT product licences. **Freelancer fees** are mainly generated by WA and HC for IT work.

In the reporting period, EUR 2,761 thousand was spent on **rent and building costs** (EUR 4,222 thousand in 2015). These costs relate mainly to rent for office space and servers. The figure for 2015 includes additions to provisions for onerous contracts at WebAssets and HCG. As regards the binding force of the tenancy, rental and leasing agreements, reference is made to section 15.2. 'Contingent liabilities and other liabilities'.

Legal, consulting and audit expenses arose primarily in connection with in-house audit expenses incurred by the Group, consultancy services, legal advice and statutory audit costs (cf. also section 15.8. 'Auditor's fees').

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Other expenses

	2016 EUR '000	2015 EUR '000
Distribution and marketing expenses	6,439	6,122
IT expenses	4,267	2,997
Freelancer fees	3,272	1,985
Rent and building costs	2,761	4,222
Legal, consulting and audit expenses	1,625	3,739
Product expenses	1,549	1,765
Travel costs and entertainment	911	589
Currency translation losses	447	534
Valuation adjustments	383	720
Insurance and charges	362	534
Expenses relating to previous years	141	316
Other miscellaneous expenses	1,995	3,284
TOTAL	**24,152**	**26,807**

Product expenses are expenses that have a strong link to sales of holidays, e.g. licences for Traveltainment and other services.

Valuation adjustments mainly affect HC and also include customer goodwill.

The item ‘other miscellaneous expenses’ includes accountancy and personnel services, external content, other taxes, office materials and outward shipping.

11.8 Financial income

Total financial income of EUR 543 thousand (EUR 290 thousand in 2015) was made up of interest and similar income.

In future, the success of the company’s investment strategy will be largely determined by interest rate movements on the capital and money markets.

11.9 Financial expenses

The financial expenses of EUR 359 thousand (EUR 2,150 thousand in 2015) result mainly from interest expenses of EUR 359 thousand (EUR 1,650 thousand in 2015). Interest expenses also include expenses from compounding in the sum of EUR 6 thousand (EUR 84 thousand in 2015) and financing-related interest expenses of EUR 353 thousand (EUR 1,566 thousand in 2015). The financial expenses item for 2015 also includes amortisation of EUR 500 thousand in respect of financial assets.

11.10 Net results by valuation category

The valuation adjustments to trade receivables and the fair value measurement of derivatives without a hedging relationship (which fall into the loans and receivables category) are recognised under other operating expenses. Interest on liabilities to banks (which falls into the valuation category of ‘financial liabilities measured at amortised cost – FLAC’) is recognised in full under financial expenses. All other components of the net result with an impact on profit or loss are included in the financial result.

Net results of valuation categories

	2016 EUR ’000	2015 EUR ’000
Financial liabilities measured at amortised cost (FLAC)	-353	-1,328
Loans and receivables (LaR)	447	-835
Financial liabilities held for trading (FLHfT)	0	-6
TOTAL	**94**	**-2,169**

12. Notes on segment reporting

The following tables contain geographical information on external revenue and non-current assets.

HolidayCheck AG (Bottighofen, Switzerland) and WebAssets B.V. (Amsterdam, Netherlands) operate a range of hotel rating and holiday booking portals that generate revenue in the form of commission from the brokerage of package tours and hotel bookings and from website links that take visitors to other booking portals.

The core sales markets for these web portals are Austria, Belgium, Germany, the Netherlands, Poland and Switzerland.

WebAssets B.V. also operates advertising-based weather portals. In 2015, reflecting the HolidayCheck Group's new operational focus and the obvious link between weather and travel, a decision was taken to allocate MeteoVista to the Group's Travel segment.

The main source of revenue is online advertising, and the core sales markets are Belgium, Germany and the Netherlands.

The above information was produced using the Group's accounting and valuation methods.

For non-current assets, the geographical information is based on the location of the company's registered office. For revenue, we have taken the registered office of the customer.

None of the HCG Group's customers generated more than 10 percent of the Group's total consolidated revenue.

External sales

	2016 EUR '000	2015 EUR '000
Germany	88,336	86,501
Outside Germany	18,974	17,896
of which in Switzerland	2,455	1,434
of which in the Netherlands	10,901	11,451
of which in other countries	5,618	5,011
TOTAL	**107,310**	**104,397**

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Non-current assets

	2016 EUR '000	2015 EUR '000
Germany	867	1,011
Outside Germany	132,673	129,434
of which in Switzerland	86,948	84,155
of which in the Netherlands	45,636	45,221
of which in other countries	89	58
TOTAL	**133,540**	**130,445**

13. Notes to the consolidated statement of cash flows

The statement of cash flows shows how the Group's cash and cash equivalents changed during the course of the reporting period through inflows and outflows of cash. In accordance with IAS 7 (Statement of Cash Flows), a distinction is made between operating activities, investing activities and financing activities. The Group applies the indirect method for cash flows from operating activities and the direct method for cash flows from financing and investing activities. The liquidity shown in the financial statement includes cash on hand and cash at banks.

14. Events after the balance sheet date

The Supervisory Board of HCG approved the release of these consolidated financial statements on 23 March 2017. At that point, with the following exceptions, no significant events had occurred after the balance sheet date.

Markus Scheuermann appointed Chief Financial Officer

In February 2017, the Supervisory Board of Holiday-Check Group AG appointed Markus Scheuermann (43) to the Management Board with the position of Chief Financial Officer (CFO). He will join the company on 29 May 2017 at the latest and succeed Dr Dirk Schmelzer, who will leave the company on 31 March 2017.

15. Other disclosures

15.1 Related parties

The Group is controlled by Burda Digital GmbH. The consolidated financial statements of HCG are therefore included in the sub-group financial statements of Burda GmbH, Offenburg, Germany (which holds the shares in Burda Digital GmbH) and in the group financial statements of Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, Germany. The consolidated financial statements are submitted to the operator of Germany's electronic Federal Gazette (Bundesanzeiger) for publication.

In addition to the entities included in the consolidated financial statements of HCG, the entities making up the Hubert Burda Media Group are closely related to HolidayCheck Group AG, as are persons and entities in the management structure of HCG and in the Hubert Burda Media Group that exert a significant influence on financial and business policies, including close family members and intermediate entities.

All transactions with related entities primarily concern services as defined by IAS 24.21c. Any transactions between related persons were concluded on arm's length basis at the conditions that apply to transactions between third parties.

SARL Zoover France and Zoover Internet Teknolojileri Tuzim Ticaret Ltd. are in liquidation. As they do not provide services, there are no transactions between these companies and HCG Group entities.

Balances and transactions between HCG and its subsidiaries, which constitute related parties, were eliminated in full as part of the consolidation process and are not included in these notes. The following tables show a list of the transactions entered into with related parties:

Revenue and other income

	2016 EUR '000	2015 EUR '000
Burda GmbH, Offenburg, Germany	517	294
Subsidiaries of Hubert Burda Media Holding KG	132	2,205
Burda Digital GmbH, Munich, Germany	1	0
Long-term equity investments of HCG	0	179
Associated entities of Hubert Burda Media Holding KG	0	52
TOTAL	**650**	**2,730**

Marketing and other operating expenses

	2016 EUR '000	2015 EUR '000
Subsidiaries of Hubert Burda Media Holding KG	714	1,709
Hubert Burda Media Holding KG, Offenburg, Germany	155	1
Burda GmbH, Offenburg, Germany	16	65
Burda Digital GmbH, Munich, Germany	1	103
Long-term equity investments of HCG	0	25
TOTAL	**886**	**1,903**

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Out of the total, the discontinued operations of the former Tomorrow Focus Publishing sub-group (up to April 2015) and the companies from the former Subscription segment provided goods and services of EUR 0 thousand (2015: EUR 1,995 thousand) and received goods and services of EUR 0 thousand (2015: EUR 995 thousand).

The following balances remained outstanding at the end of the reporting period:

Receivables

	31 DEC 2016 EUR '000	31 DEC 2015 EUR '000
Subsidiaries of Hubert Burda Media Holding KG	139	462
Burda GmbH, Offenburg, Germany	99	0
TOTAL	**238**	**462**

Liabilities

	31 DEC 2016 EUR '000	31 DEC 2015 EUR '000
Subsidiaries of Hubert Burda Media Holding KG	24	3,424
Hubert Burda Media Holding KG, Offenburg, Germany	11	0
TOTAL	**35**	**3,424**

Share-based payments in 2016

EUR '000	Georg Hesse	Dr Dirk Schmelzer	Timo Salzsieder	Total
POSITION	Chief Executive Officer (CEO) since 1 January 2016	Chief Financial Officer (CFO) since 1 February 2011	Chief Product & IT Officer (COO) since 1 September 2015	
LTIP tranche 2016	178	133	106	417
Number of virtual shares	76,655	57,491	45,993	180,139
Personnel expenses	177,534	133,150	106,521	417,205

The outstanding balances at the end of the reporting period are unsecured and do not bear interest. They are settled by cash payment. There are no guarantees in place in respect of receivables from and payables to related parties. There were no adjustments to the value of receivables from related parties in 2016 (2015: EUR 0 thousand).

Liabilities to related parties

Liabilities to related parties mainly include obligations in respect of rent and leasing agreements and agency agreements for services provided by various entities in the Burda Group. The year-end figure for 2015 includes cash pool liabilities of EUR 3,332 thousand towards jameda GmbH. See also section 15.2 of the notes relating to 'contingent liabilities and other liabilities'. There were no liabilities towards related persons as at the balance sheet dates.

Remuneration of persons in key Group positions

The following remuneration was paid to members of the Supervisory Board as consideration for their work:

- The emoluments paid to the **members of the Supervisory Board** in the reporting period totalled EUR 250 thousand (EUR 195 thousand in 2015). In addition, the company incurred expenses of EUR 4 thousand (2015: EUR 5 thousand) in respect of travel expenses for members of the Supervisory Board.
- Liabilities to members of the Supervisory Board totalled EUR 254 thousand (2015: EUR 195 thousand).
- As at the balance sheet date, the total number of shares in the company held directly or indirectly by members of the Supervisory Board in accordance with section 15a paragraph 3 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) was 130,671 (2015: 104,799 shares).

Remuneration of the Management Board

A description of the remuneration system for members of the Management Board is provided, together with the mandatory disclosures required by section 314, paragraph 1, no. 6a, sentences 5-8 of the German Commercial Code, in the consolidated management report.

The total remuneration of the members of the Management Board in the financial year 2016 was EUR 1,964 thousand (EUR 1,644 thousand in 2015).

The following total remuneration was granted to former members of the Management Board (Antonious Bouten, Christoph Schuh and Stefan Winners):

- Current salary 2016: EUR 0 thousand (2015: EUR 595 thousand)
- Severance and release payments 2016: EUR 23 thousand (2015: EUR 1,340 thousand)

As regards the presentation of HCG's Management Board and the Supervisory Board, we refer to our comments in section 15.6 of the notes relating to the 'Management Board' and in section 15.7 relating to the 'Supervisory Board'.

A description of the remuneration system for members of the Management Board is provided, together with the mandatory disclosures required by section 314, paragraph 1, no. 6a, sentences 5-8 of the German Commercial Code, in the consolidated management report.

15.2 Contingent liabilities and other liabilities

As part of its business activities, HCG assumed contingent liabilities and other liabilities in relation to a large number of underlying events.

HCG issued a going concern forecast on behalf of one subsidiary. This obliges HCG to provide enough financing to ensure the continued operation of the subsidiary.

Other financial liabilities in 2016

	TOTAL EUR '000	of which affiliated entities EUR '000
1. Under tenancy and leasing agreements (temporary)		
Due in 2017	2,421	0
Due between 2018 and 2021	4,762	0
Due after 2021	0	0
	7,183	**0**
2. Liabilities under other contracts (temporary)		
Due in 2017	1,054	149
Due between 2018 and 2021	0	0
Due after 2021	0	0
	1,054	**149**

Other financial liabilities in 2015

	TOTAL EUR '000	of which affiliated entities EUR '000
1. Under tenancy and leasing agreements (temporary)		
Due in 2016	1,995	0
Due between 2017 and 2020	4,597	0
Due after 2020	0	0
	6,592	**0**
2. Liabilities under other contracts (temporary)		
Due in 2016	463	223
Due between 2017 and 2020	58	0
Due after 2020	0	0
	521	**223**

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According to the information available, the companies in question are in a position to meet the underlying obligations in all cases. It is not expected that the guarantees will need to be exercised.

The tables above show the Group's other financial liabilities as at the balance sheet date.

The liabilities primarily arise from **rental and leasing contracts** for buildings, IT systems and office machinery. These contracts usually run for 12 to 60 months and more than 60 months in exceptional cases. The economic risks and rewards remain with the owner due to obligations to return the items and rights to require purchase.

The **other contracts** mainly relate to service contracts with various entities in the Burda Group (business management) and other third parties.

Acquisitions/disposals subject to mandatory disclosure

Shareholder	Last reported share of voting rights	Date of notification
Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte, Tübingen, Germany	2.98%	27 April 2015
LBBW Asset Management Investmentgesellschaft mbH, Stuttgart, Germany	2.98%[1)]	29 April 2015
Allianz Global Investors GmbH, Frankfurt am Main, Germany	3.28%	7 April 2015
Deutsche Asset & Wealth Management Investment GmbH, Frankfurt am Main, Germany	8.50%	17 September 2014
Burda Digital GmbH, Munich, Germany (subsidiary of Burda GmbH)	63.61%	20 October 2010[2)]
Burda GmbH, Offenburg, Germany	63.61%[3)]	20 October 2010
Deutsche Bank AG, Frankfurt am Main, Germany	5.04%[4)]	13 December 2006

1) of which 2.98 percent held indirectly
2) Three notifications contained the same share of voting rights.
3) of which 63.61 percent held indirectly
4) of which 5.04 percent held indirectly

Rental payments received under subletting agreements totalled EUR 729 thousand (2015: EUR 448 thousand).

As at 31 December 2016, there were no contingent liabilities.

15.3 Long-term equity investments in the company as defined by section 21 paragraph 1 sentence 1 of the German Securities Trading Act in conjunction with section 160 paragraph 1 number 8 of the German Stock Corporation Act

The table above shows the shareholder structure and lists the acquisitions or disposals in financial 2015 that were subject to mandatory disclosure under section 21 paragraph 1 sentence 1 of the German Securities Trading Act. We are not aware of any acquisitions or disposals in financial 2016 that were subject to mandatory disclosure under section 21 paragraph 1 sentence 1 of the German Securities Trading Act.

15.4 Section 25 paragraph 1 sentence 1 of the German Securities Trading Act

In the financial year 2016, we received no notifications in relation to section 25 paragraph 1 sentence 1 of the German Securities Trading Act.

15.5 Corporate governance

The company has made the declaration required under section 161 of the German Stock Corporation Act for this financial year and published it on its website *(https://www.holidaycheckgroup.com/investor-relations/corporate-governance/?lang=en)* in November 2016 for perusal by the shareholders.

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).

Management Board

Name	Position	Supervisory board mandates
Georg Hesse	Chairperson of the Management Board (CEO)	
Timo Salzsieder (up to 28 February 2017)	Member of the Management Board (COO)	
Dr Dirk Schmelzer (up to 31 March 2017)	Member of the Management Board (CFO)	Member of the Board of Directors, HolidayCheck AG, Bottighofen, Switzerland up to 30 June 2015 (Chairperson of the Board of Directors from 1 July 2015) Member of the Advisory Board, Munich Business School, Munich, Germany
Nathan Brent Glissmeyer (from 1 January 2017)	Member of the Management Board (CPO)	

15.6 Management Board

In the financial year 2016, the following persons held positions as Management Board members of the company with rights of representation, either jointly with another member of the Management Board or together with a holder of general commercial power of attorney (Prokurist under German law):

The business division of HolidayCheck Group AG's Chairperson of the Management Board, Georg Hesse, who joined the company on 1 January 2016, includes the functions and areas listed below:

- information and consultation with the Supervisory Board;
- overall strategy and corporate development;
- human resources;
- Group communications;
- Group internal audit.

In his business division, the Management Board member Dr Dirk Schmelzer is responsible for the functions and areas shown below:

- financial control, reporting, risk management and internal control systems;
- financial management of long-term equity investments;
- financing and bank relations;
- external financial reporting;
- investor relations;
- legal, contract and tax management;
- general administration and purchasing.

In his business division, the Management Board member Timo Salzsieder is responsible for the functions and areas shown below:

- product development and operation of all the brands owned by HolidayCheck Group AG;
- IT units (development and operations);
- product and user experience (UX) including interaction/visual design

When Timo Salzsieder leaves the company, responsibility for his Management Board functions and areas will be assumed by Nathan Brent Glissmeyer. Markus Scheuermann will succeed Dr Dirk Schmelzer and assume all his predecessor's functions and areas.

According to its articles of association, the company is represented by two members of the Management Board or by one member of the Management Board jointly with one holder of general commercial power of attorney (Prokurist under German law). If only one Management Board member has been appointed, this member represents the company alone. The members of the Management Board represent the company as set out in the articles of association.

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Supervisory Board

Name	Position	Occupation / other supervisory board mandates
Stefan Winners	Chairperson of the Supervisory Board	• Managing Director, Hubert Burda Media Holding Geschäftsführungs-GmbH and Burda Digital GmbH; • Chairperson of the Supervisory Board, XING AG, Hamburg, Germany; • Chairperson of the Advisory Board,BurdaForward GmbH, Munich, Germany (since 15 July 2015); • Member of the Supervisory Board, zooplus AG, Munich, Germany; • Member of the Advisory Board, Cyberport GmbH, Dresden, Germany; • Member of the Supervisory and Advisory Boards, Giesecke & Devrient GmbH, Munich, Germany.
Dr Andreas Rittstieg	Member of the Supervisory Board (up to 31 December 2016)	• Managing Director, Hubert Burda Media Holding Geschäftsführungs-GmbH and Burda GmbH • Member of the Supervisory Board, Brenntag AG, Mühlheim an der Ruhr, Germany; • Member of the Advisory Board, Huesker Holding GmbH, Gescher, Germany; • Member of the Board of Directors, Kühne Holding AG, Schindellegi, Switzerland; • Member of the Supervisory Board, XING AG, Hamburg, Germany.
Dr Dirk Altenbeck	Deputy Chairperson of the Supervisory Board	• Tax consultant, Managing partner, PKF Issing Faulhaber Wozar Altenbeck GmbH & Co. KG (accountants and tax consultants), Würzburg, Germany.
Dr Thomas Döring	Member of the Supervisory Board	• Managing Director, Delaunay Capital Partners GmbH, Traunstein, Germany; • Chairperson of the Advisory Board, Distribusion Technologies GmbH, Berlin, Germany; • Member of the Advisory Board, OTI Holding Plc., Istanbul, Turkey.
Aliz Tepfenhart	Member of the Supervisory Board	• Managing Director, Burda Digital GmbH, Munich, Germany; • Chairperson of the Advisory Board, Cyberport GmbH, Dresden, Germany; • Member of the Advisory Board, BurdaForward GmbH, Munich, Germany (since 15 July 2015).
Holger Taubmann	Member of the Supervisory Board (up to 16 June 2016)	• Member of the Supervisory Board,CPC AG, Frankfurt am Main,Germany, (up to December 2015); • Chairperson of the Supervisory Board, IFAO AG, Frankfurt am Main, Germany; • SVP Distribution, Amadeus IT Group, Madrid, Spain.
Alexander Fröstl	Member of the Supervisory Board (from 17 June 2016)	• Managing Director, iLX GmbH, Munich, Germany; • Member of the Advisory Board, BurdaForward GmbH, Munich, Germany; • Member of the Advisory Board, Ifolor AG, Kreuzlingen, Switzerland.
Holger Eckstein	Member of the Supervisory Board (from 19 January 2017 to 30 May 2017)	• Managing Director, Hubert Burda Media Holding Geschäftsführungs-GmbH and Burda GmbH • President of the Board of Directors,Burda Service AG, Basel, Switzerland.

15.7 Supervisory Board

(see table above)

15.8 Auditor's fees

The fees paid to the accountants were recognised as expenses in the financial year and amounted to EUR 60 thousand for the audit (EUR 301 thousand in 2015), EUR 0 thousand for other assurance services (EUR 0 thousand in 2014), EUR 73 thousand for tax consultancy services (2015: EUR 0 thousand) and EUR 14 thousand for other services (EUR 6 thousand in 2015).

15.9 Exemption from the requirement to prepare annual financial statements in accordance with section 264 paragraph 3 of the German Commercial Code

The following subsidiaries of HolidayCheck Group AG, which were included in the consolidated financial statements and meet all other preconditions, have opted to make use of the exemption pursuant to section 264 paragraph 3 of the German Commercial Code:

a. HolidayCheck Solutions GmbH

15.10 Authorisation to publish the annual financial statements

On 23 March 2017, the Management Board released HCG's consolidated financial statements and consolidated management report for presentation to the Supervisory Board. The Supervisory Board is expected to approve the consolidated financial statements and release them for publication on 23 March 2017.

Munich, Germany, 23 March 2017

Georg Hesse
Chairperson of the Management Board (CEO)

Nathan Brent Glissmeyer
Member of the Management Board(CPO)

Dr Dirk Schmelzer
Member of the Management Board (CFO)

Auditor's Report

We have audited the consolidated financial statements prepared by the HolidayCheck Group AG (formerly TOMORROW FOCUS AG), Munich, comprising the statement of financial position, the statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1, 2016, to December 31, 2016. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and/or the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB („Handelsgesetzbuch": German Commercial Code) are the responsibil-ity of the parent Company's Board of Managing Directors. Our responsi-bility is to express an opinion on the consolidated financial state-ments and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in ac-cordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated fi-nancial statements in accordance with the applicable financial report-ing framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the con-solidated financial statements and the group management report are ex-amined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company´s Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management re-port. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated fi-nancial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and full IFRS and give a true and fair view of the net as-sets, financial position and results of operations of the Group in ac-cordance with these requirements. The group management report is con-sistent with the consolidated financial statements, complies with le-gal requirements, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, Germany, 23 March 2017

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Alexander Fiedler
German Public Auditor

ppa. Ulrich Warning
German Public Auditor

Information about the auditor

The accountancy firm PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Frankfurt am Main, Munich office (Bernhard-Wicki-Strasse 8, 80636 Munich, Germany) has audited the single-entity and consolidated financial statements of HolidayCheck Group AG (formerly Tomorrow Focus AG) since the financial year 2007. As of the financial year 2016, Alexander Fiedler, who has had lead responsibility for the audits since financial 2014, shares this position with Ulrich Warning (involved since 2015). The fees paid to the accountants were recognised as expenses in the financial year and amounted to EUR 60 thousand for the audit (EUR 301 thousand in 2015), EUR 0 thousand (EUR 0 thousand in 2015) for other assurance services, EUR 73 thousand (EUR 0 in 2015) for tax consultancy services, and EUR 14 thousand (EUR 6 thousand in 2015) for other services.

„We want to concentrate our efforts on helping people to find and book the perfect holiday."

GEORG HESSE
CEO at HolidayCheck Group AG

Financial Calendar 2017*

27 April 2017
Solventis Aktienforum 2017 in Frankfurt, Germany

5 May 2017
Publication of the interim statement for Q1 2017 (German version; English version will follow a few days later)

9 May 2017
Goldman Sachs European Small & Mid Cap Symposium 2017 in London, United Kingdom

30 Mai 2017, from 10 a.m. CET
Annual General Meeting at
Haus der Bayerischen Wirtschaft,
Max-Joseph-Str. 5, 80333 Munich, Germany

8 August 2017
Publication of the interim report for HY1 2017 (German version; English version will follow a few days later)

18 September 2017
Berenberg & Goldman Sachs Sixth German Corporate Conference, in Munich-Unterschleissheim

8 November 2017
Publication of the interim statement for Q1-3 2017 (German version; English version will follow a few days later)

27 - 29 November 2017
Analysts' conference at the German Equity Forum 2017 in Frankfurt, Germany

** provisional dates*

Legal notice

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KATHARINA ENDRESZ, Financial Controller at HolidayCheck Group AG, on top of Table Mountain in Cape Town, South Africa.

KERSTIN TROTTNOW, Commercial Manager at HolidayCheck Group AG, on Silhouette, one of the islands of the Seychelles.

URSZULA JASIULEWICZ, Financial Controller at HolidayCheck Group AG in front of the La Seu cathedral in Palma de Mallorca, Spain.

ANJA FLIEDA FRITZSCHE, Graphic Designer, in front of the Faraglioni rocks on Capri, Italy.

UTE PFEUFFER, Graphic Designer, on Isla Holbox, Mexico.

MELANIE STUCHLIK, Student Trainee at HolidayCheck Group AG, on the island of Nusa Penida, Indonesia.

Key figures

		FY 2016	FY 2015	Change
REVENUE AND EARNINGS				
Consolidated revenue	in EUR million	107.3	104.4	2.8%
Consolidated revenue (excluding disposals of equity investments)	in EUR million	107.1	103.5	3.5%
EBITDA	in EUR million	2.8	1.6	75.0%
Operating EBITDA	in EUR million	2.7	6.4	-57.8%
EBIT	in EUR million	-3.0	-14.5	-79.3%
Financial result	in EUR million	0.2	-1.9	–
EBT	in EUR million	-2.8	-16.4	-82.9%
Consolidated net profit/loss from continuing operations	in EUR million	-2.5	-16.4	-84.8%
Consolidated net profit/loss from discontinued operations	in EUR million	-0.4	58.9	–
Consolidated net profit/loss	in EUR million	-2.9	42.5	–
Earnings per share from continuing operations	in EUR	-0.04	-0.28	-85.7%
Earnings per share from discontinued operations	in EUR	-0.01	1.01	–

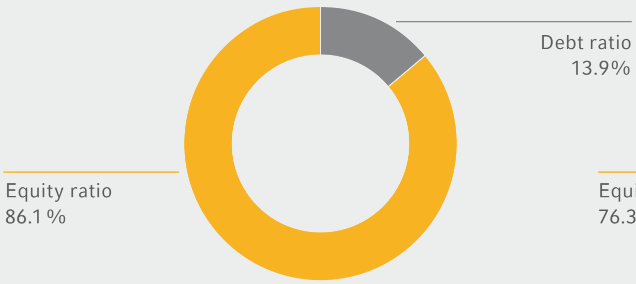
		FY 2016	FY 2015	Change
CASH FLOWS				
Cash flow from operating activities	in EUR million	-1,0	5,6	–
Cash flow from investing activities	in EUR million	-2,8	78,7	–
Cash flow from financing activities	in EUR million	-19,9	-47,2	-57,8%

		FY 2016	FY 2015	Change
EMPLOYEES (FROM CONTINUING OPERATIONS)				
Average number of employees (FTEs)		386	382	1.0%

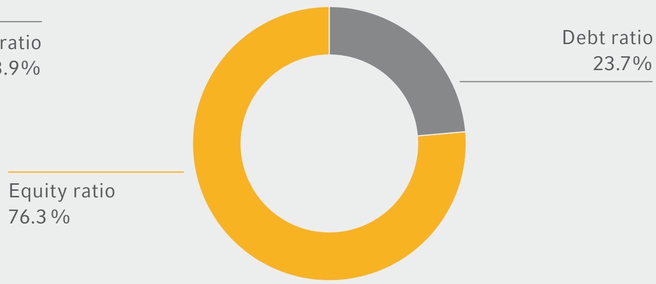
		31 DEC 16	31 DEC 15	Change
KEY CAPITAL MARKET DATA				
Equity ratio	in percent	86.1%	76.3%	12.8%
Debt ratio	in percent	13.9%	23.7%	-41.4%

		31 DEC 16	31 DEC 15	Change
ASSETS AND CAPITAL STRUCTURE				
Total assets	in EUR million	192.5	221.4	-13.1%
Non-current assets	in EUR million	133.5	138.4	-3.5%
Current assets	in EUR million	58.9	83.1	-29.1%
thereof cash	in EUR million	40.1	63.7	-37.0%
Equity	in EUR million	165.7	168.9	-1.9%
Debt	in EUR million	26.8	52.6	-49.0%

Development of Equity ratio and Debt ratio

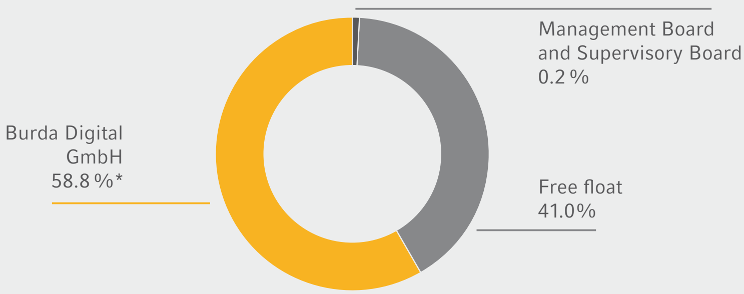


AS AT 31 DECEMBER 2016



AS AT 31 DECEMBER 2015

Shareholder structure as at 31 December 2016 (rounded)



* As at 4 June 2014; no guarantee of completeness

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