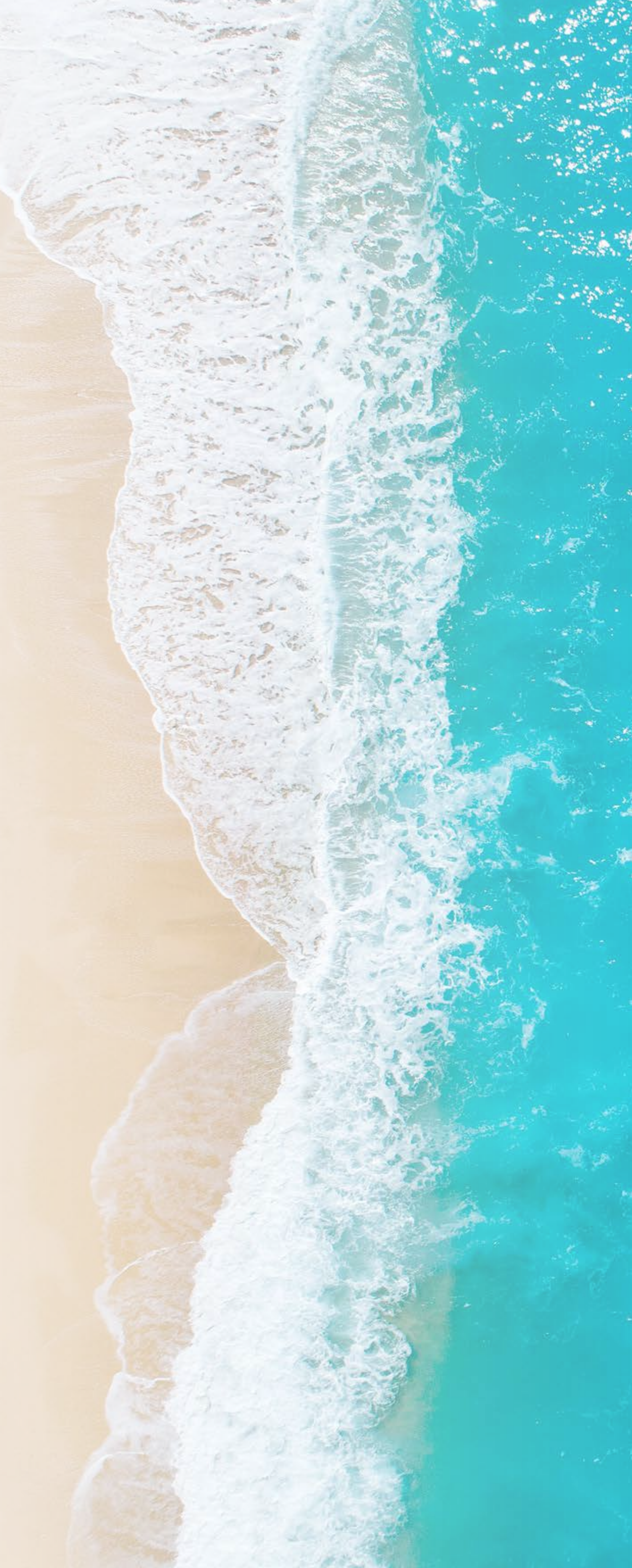
HolidayCheck GROUP

Back to the Beach!

ANNUAL REPORT 2020
OF HOLIDAYCHECK GROUP AG



HolidayCheck GROUP

One of Europe's leading digital companies
for recreational holiday

MUNICH, GERMANY

HolidayCheck

Largest hotel rating community
in the German-speaking countries

BOTTIGHOFEN, SWITZERLAND;
POZNAN & WARSAW, POLAND

HolidayCheck SOLUTIONS

Development of software solutions and technologies
for hotel rating and booking platforms

MUNICH, GERMANY

HolidayCheck Reisen

Tour operator

MUNICH, GERMANY

driveboo

Rental car comparison portals

BOTTIGHOFEN, SWITZERLAND

CONTENTS

HOLIDAY GREETINGS TO SHAREHOLDERS

Dear Shareholders, Dear Holidaymakers, Dear Colleagues, Dear Tour Operators, Hoteliers and Business Partners

2020 was a very tough year for all of us, dominated as it was by the pandemic and the huge damage inflicted on our entire society. It was also quite simply a disastrous year for the tourism industry. Due to the sensible precautions we had to take, uncertainty over the spread of the virus and, of course, a wide range of travel restrictions and outright bans, holiday options were very limited or non-existent. For us at HolidayCheck Group, that meant a lot of work. Mostly based at home, our team was enormously busy throughout the year, making the rebooking or cancellation process as smooth as possible for our holidaymakers or, wherever possible, turning that dream trip into reality. The turmoil led to a massive collapse in our revenue and earnings, unlike anything we had seen before in our 20-year corporate history.

Rapid and wide-ranging measures to cut our costs

Back in the summer of 2020, we took a series of painful but necessary steps to reduce our costs by a considerable margin to a sustainable level. To this end, we reviewed each and every one of our costs and renegotiated our contracts. With a heavy heart, we had to say goodbye to many of our wonderful colleagues and would like to thank every member of the team for their understanding and active support for the tough measures we had to take in order to weather the crisis rather than just trying to hunker down and wait things out. Together, we have been able to steer HolidayCheck through to the promise of a bright future.

We also decided to focus 100 percent on our core package holiday business. That meant discontinuing our cruise holiday service and selling our Dutch subsidiaries Zoover and Meteovista.

A business partner you can count on

The strong and successful partnerships we have built up with tour operators over 20 years proved crucial through a difficult year marked by the concerns, questions and cancellations of our holidaymakers. Not everything worked as well as we would have liked at the start of the crisis, and stories about delays in refunding deposits and unresponsive customer hotlines made uncomfortable headlines. To begin with, like nearly all our partners in the tour operator business, we were stretched to full capacity, but we geared up quickly and found effective solutions with many tour operators. We are very grateful to them and to our hoteliers and all our business partners for their cooperation. We look forward to working with you as we build a strong recovery after the pandemic, return our business to good health and get people back on holiday. You can count on us.

Still Germany's first address for holidays

The tourism industry that emerges from the pandemic will not be the same. It is already clear that many of our competitors and high-street travel agencies are dependent on government support or in some cases have been forced to close down. Thanks to our strong financial base and consistent focus on meeting the needs of holidaymakers, we firmly believe that our company will be among those to benefit in the medium and long term from this process of industry consolidation. Having said that, we are delighted that some of our competitors will maintain a strong market presence. As we see it, healthy competition will encourage us all to keep on improving so that our holidaymakers can enjoy an even better travel experience. With millions of genuine ratings and an unwavering commitment to holidaymaker-friendly service, we remain Germany's first address for holidays.

Still setting the benchmark

We are also making good use of the current low volume of bookings to thoroughly test a raft of new products and services, the best example of which is HolidayCheck Flex – a flexible pricing system for package holidays, launched by our in-house tour operator HolidayCheck Reisen, that sets a completely new benchmark. It is the first time ever that holidaymakers have been able to book without a deposit and still cancel up to six days before the start date. No wonder so many tour operators have more or less copied our holidaymaker-friendly model and are now catching up with their own flexible package holiday offers. We are delighted because that provides greater security in these uncertain times for those booking a package holiday. Incidentally, HolidayCheck Flex continues to offer the best cancellation terms for holidaymakers. We can do this because of our industry-leading technology and strong focus on cost management.

Amazing shareholder support for capital increase

We are also in a more secure financial position. A couple of months ago, as you know, we raised around EUR 47 million of fresh capital. In these uncertain times, we were delighted by the subscription rate of almost 100 percent. Thank you so much! In the worst-case scenario, that will enable us to keep going for much longer and emerge

stronger from the crisis. We really appreciate the trust you have placed in us.

We are ready

We have made good use of a tough year. We are more streamlined, more responsive, more focused and very well capitalised. We are ready to seize the opportunities that lie ahead and play a key role in shaping the industry. In fact, we are looking forward to it.

The desire to travel is as strong as ever

We cannot say when the present crisis will be over. When it comes to making such predictions, your crystal ball is just as good as ours. What we do know, here in Germany, Austria and Switzerland, is that nobody is going to take away our enthusiasm for travel, especially after all we have been through over the last year – our dreams of golden beaches, aquamarine seas, sun, good food and enjoyable, carefree evenings. We think the level of anticipation for that next holiday is probably greater than ever.

So, do not delay! Book your summer holiday with HolidayCheck right now. For extra peace of mind, why not try our new Flex booking service? You have earned it.

Thanks for your support, and enjoy your holiday.
Kind regards

The Management Board

Munich, March 2021

INVESTOR RELATIONS REPORT FOR THE FINANCIAL YEAR 2020

Dear Shareholders,

The year 2020 was a big change for the Investor Relations department in many respects. Personal contact with you, our shareholders, was only possible to a limited extent due to the pandemic. Nevertheless, we were able to present our company to interested investors in digital form, for example at the virtual Berenberg & Goldman Sachs Conference in September or at the virtual German Equity Forum in November 2020. Our Annual General Meeting 2020 also took place in digital form, for the first time in the company's history. We were very pleased that the number of participants matched that of a face-to-face event and would like to take this opportunity to thank you for your keen interest.

The focus of our investor relations communication in 2020 was, of course, the massive impact of the Corona pandemic on the company and the explanation of the associated measures to reduce costs and secure liquidity. A central component was the implementation of a rights issue at the beginning of 2021, which was fully placed. We would also like to take this opportunity to express our sincere thanks to so many of you for expressing your confidence in the company by subscribing to shares.

Through the share-based employee participation programme introduced in 2017, employees receive shares in the company as a salary component year after year. To further service the programme, a share buyback programme was carried out from February to April 2020. A total of 412,177 treasury shares were acquired.

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.

If you want to keep up to date with all the interesting news from the HolidayCheck Group, you might like to visit our social media pages. Follow us on Facebook, Twitter and Xing. We would be happy to meet you there.

Best regards,

Armin Blohmann

Virtual Annual General Meeting 2020

INVESTOR & PUBLIC RELATIONS CONTACT

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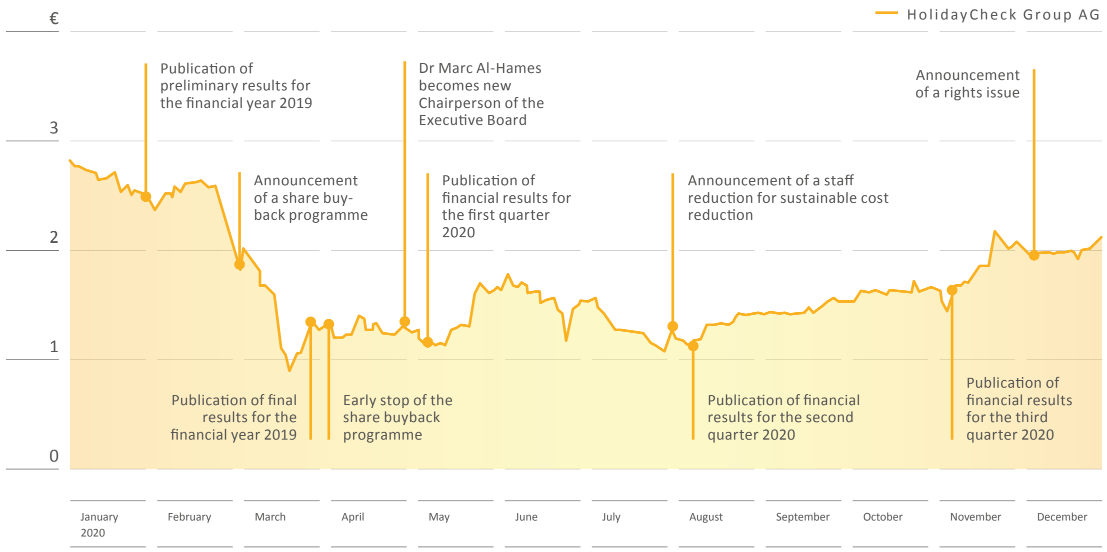
Financial 2020: HolidayCheck Group share price performance



Key HolidayCheck Group share data

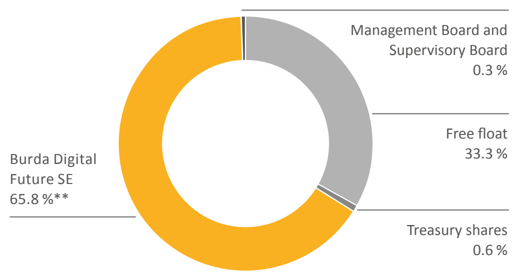
KEY HOLIDAYCHECK GROUP SHARE DATA	
German securities code (WKN)	549532
ISIN	DE0005495329
Stock exchange symbol	HOC
Stock exchange segment	Prime Standard
Indices	CDAX, Technology All Share, Prime All Share
Designated Sponsor	Oddo BHF AG (till 31 March 2021); Stifel Europe Bank AG (from 1 April 2021)
Number of shares at 31 December 2020	58,313,628 no-par value bearer shares
Number of shares at 10 February 2021	87,470,442 no-par value bearer shares
Number of treasury shares at 31 December 2020	494,592
Market capitalisation at 31 December 2020	EUR 122.5 million

HOLIDAYCHECK GROUP SHARE PRICE PERFORMANCE ON XETRA	
Closing Price 2019	EUR 2.69
2020 low	EUR 0.89
2020 high	EUR 2.78
Closing price 2020	EUR 2.10
Share price performance 2020	-21.9 %

Recent HolidayCheck Group share price ratings by analysts

	RECOMMENDATION	PRICE TARGET
Warburg Research	Buy	EUR 2.00
Solventis Research	Buy	EUR 2.30

Shareholder structure (rounded)*



*As at 10 February 2021 **As at 20 January 2021; no guarantee is assumed for completeness of the information provided

REPORT OF THE SUPERVISORY BOARD FOR THE FINANCIAL YEAR 2020

DEAR SIR OR MADAM

For HolidayCheck Group AG, the main focus of the 2020 financial year was on dealing with the industry fallout from the Covid-19 pandemic and all the associated travel warnings and restrictions put in place around the world. Demand for package holidays practically collapsed, especially in the first quarter of 2020. Despite a modest and temporary recovery in hotel and package holiday bookings over the second and third quarters of the year, the situation deteriorated once again in the last three months of the year. For the year as a whole, bookings were well below the level of 2019. This led to dramatic falls in HolidayCheck Group's revenue and earnings, with serious consequences for the company's financial position and liquidity. In response, the Management Board had to take sweeping and in some cases painful decisions in order to steer the company through the crisis and prepare it as well as possible for the eventual reopening of our economies.

The Supervisory Board carefully monitored all the latest industry, business and company developments and maintained close and effective communication with the Management Board at all times.

Main issues discussed by the Supervisory Board

The Supervisory Board of HolidayCheck Group AG performed the activities incumbent upon it under law and the company's articles of association during the financial year 2020. 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.

The Chairperson of the Supervisory Board maintained close contact with the Management Board outside the regular Supervisory Board meetings. These face-to-face and telephone meetings were held several times a month and allowed the Chairperson to remain up to date with the business situation and significant business transactions. The Chairperson of the Audit Committee also held regular face-to-face and telephone meetings with the Management Board.

The Supervisory Board met on 24 March 2020, 23 June 2020, 8 October 2020 and 25 November 2020, and thus held four regular meetings in total. Moreover, the Supervisory Board held six extraordinary meetings on 7 April 2020, 21 April 2020, 29 April 2020, 25 May 2020, 20 July 2020 and 17/28 August 2020, mainly in order to deal with the impact of the pandemic on the company. All ten Supervisory Board meetings were fully attended and for safety reasons were held in the form of videoconferences.

In addition, the Supervisory Board adopted a total of ten resolutions by written circulation on 24 January 2020, 19 February 2020, 7 April 2020, 16 April 2020, 27 May 2020, 6 July 2020, 6 July 2020, 14 August 2020, 7 September 2020 and 29 November 2020.

Summary of Supervisory Board meetings held in 2020 and list of participants

PARTICIPATION (YES/NO)	DR DIRK ALTENBECK	DR THOMAS DÖRING	HOLGER ECKSTEIN	ALEXANDER FRÖSTL	THOMAS GEITNER*	ALIZ TEPFENHART	STEFAN WINNERS**
24 March 2020	Yes	Yes	Yes	Yes		Yes	Yes
7 April 2020 (extraordinary)	Yes	Yes	Yes	Yes		Yes	Yes
21 April 2020 (extraordinary)	Yes	Yes	Yes	Yes		Yes	
29 April 2020 (extraordinary)	Yes	Yes	Yes	Yes		Yes	
25 May 2020 (extraordinary)	Yes	Yes	Yes	Yes		Yes	
23 June 2020	Yes	Yes	Yes	Yes	Yes	Yes	
20 July 2020 (extraordinary)	Yes	Yes	Yes	Yes	Yes	Yes	
17/28 August 2020 (extraordinary)	Yes	Yes	Yes	Yes	Yes	Yes	
8 October 2020	Yes	Yes	Yes	Yes	Yes	Yes	
25 November 2020	Yes	Yes	Yes	Yes	Yes	Yes	

*Thomas Geitner was elected to the Supervisory Board as a new member on 23 June 2020 in a supplementary ballot.
**Stefan Winners stepped down from the Supervisory Board at his own request on 16 April 2020.

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 24 January 2020, by written circulation, the Supervisory Board approved a Management Board proposal to increase the cash-pool agreement with HC Touristik GmbH from EUR 4.0 million to EUR 6.0 million.

On 19 February 2020, by written circulation, the Supervisory Board approved a proposal to buy back up to 750,000 company shares.

The Supervisory Board meeting on 24 March 2020 focused on the Audit Committee report, which included a detailed review of the audit of the consolidated financial statements for 2019. At the same meeting, the Technology Committee reported on its work. The Supervisory Board also discussed the business performance in the financial year 2019 and the financial statements and management reports both of the company and the Group as at 31 December 2019.

The other items discussed at this meeting included the Management Board report on the current market and business situation and the company's present liquidity and financing position. The focus of this report was on the impact of the pandemic and the resulting measures taken by the Management Board.

Vinzenz Greger, Managing Director of the Group's in-house tour operator HC Touristik GmbH, reported on current business developments and on the anticipated impact of the pandemic on future results.

Martijn Olthof, Managing Director of the Group's Dutch subsidiary WebAssets B.V., informed the Supervisory Board about the restructuring of the Dutch business and the latest challenges presented by the Covid-19 pandemic.

Furthermore, the Supervisory Board discussed and approved of the agenda for the 2020 annual general meeting of shareholders.

At its extraordinary meeting on 7 April 2020, again in response to the pandemic, the Supervisory Board approved an updated invitation to the annual general meeting of shareholders so that it could be held in virtual form rather than as a physical event.

The Supervisory Board discussed the Management Board's updated liquidity plan, possible business development scenarios in light of the pandemic and various measures already put in place to reduce personnel costs, e.g. reduced working hours and possible concessions in relation to Management Board remuneration. The Supervisory Board approved a motion proposing a temporary cut in the fixed element of the remuneration of the members of the Management Board.

HOLGER ECKSTEIN

Chairperson of the Supervisory Board of HolidayCheck Group AG

The Supervisory Board also discussed the latest results of the Group's Dutch subsidiaries and in this context authorised the Management Board to push ahead with the sale of the WeerOnline division.

At its extraordinary meeting on 21 April 2020, the Supervisory Board discussed the latest business and industry situation and potential financing measures to maintain the company's liquidity position. Members of the Supervisory Board also discussed the progress of the measures already put in place to deal with the crisis.

The Supervisory Board approved a resolution to set up a temporary expert committee made up of Holger Eckstein and Dr Thomas Döring from the Supervisory Board and an external restructuring expert, Thomas Geitner. The committee's mandate was to hold regular in-depth consultations with the Management Board on the business impacts of the pandemic and to report back regularly to all members of the Supervisory Board.

In addition, without the Management Board, the Supervisory Board discussed the Management Board's current strategy and Covid-19 crisis management plans.

At its extraordinary meeting on 29 April 2020, the Supervisory Board considered a number of issues, including the termination of the service contract of CEO Georg Hesse. After lengthy discussion, it authorised the Chairperson of the Supervisory Board to conclude a termination agreement with Georg Hesse.

The Supervisory Board also discussed the appointment of Dr Marc Al-Hames as the company's new CEO. After detailed examination of the proposal, the Supervisory Board approved the appointment from 30 April 2020 for a three-year period. It also authorised the Chairperson of the Supervisory Board, Holger Eckstein, to draw up a service contract with Dr Marc Al-Hames.

At its extraordinary meeting on 25 May 2020, the Supervisory Board approved various proposals, including a new schedule of responsibilities for members of the Management Board. The Management Board reported on the latest business and financial position against the background of the Covid-19 pandemic.

On 27 May 2020, by written circulation, the Supervisory Board approved the new service contract with CEO Dr Marc Al-Hames.

At its meeting after the annual general meeting of shareholders on 23 June 2020, the Supervisory Board re-elected Holger Eckstein as Chairperson and Dr Dirk Altenbeck as Deputy Chairperson of the Supervisory Board. The Audit Committee was also reappointed and is made up of Dr Dirk Altenbeck, Holger Eckstein and Dr Thomas Döring. As an independent member of the Supervisory Board, Dr Dirk Altenbeck was elected as Chairperson of the Audit Committee. The Management Board reported to the Supervisory Board on the current market situation, the Group's business performance and Forecast I for the Group. The Supervisory Board also approved the sale of Zoover Media B.V. and the restructuring and reorganisation of the Group's other Dutch companies.

On 6 July, the Supervisory Board approved the early termination by mutual agreement of the service contract of Nathan Glissmeyer, to take effect on 31 July 2020.

The list of agenda items for consideration at the extraordinary meeting of the Supervisory Board on 20 July 2020 included the latest market and business developments and the company's liquidity situation and financial plans. Members of the Supervisory Board discussed at length the current state of the ongoing transformation process against the background of the Covid-19 pandemic. The Management Board reported back to the Supervisory Board on the progress of the negotiations for the sale of the company's Dutch subsidiary WeerOnline B.V. and requested approval for the proposed sale. This was granted by the Supervisory Board after detailed consultation. The Supervisory Board approved changes to the schedule of responsibilities for members of the Management Board. It also instructed the Management Board to conduct a final assessment of the feasibility of the restructuring and possible discontinuation of short-time working in August. The Management Board was authorised to implement a possible restructuring plan if the assessment concluded that it was feasible.

On 14 August 2020, by written circulation, the Supervisory Board approved the signing of a framework credit agreement between HolidayCheck AG and the Zurich branch of Commerzbank AG together with a series of additional contractual components. The framework credit agreement allowed HolidayCheck AG in Switzerland to take advantage of a Covid-19 loan and thus improve its liquidity position.

At its extraordinary meeting on 17 and 28 August 2020, the Supervisory Board considered the market situation in detail.

It also discussed the company's latest financial situation and compared the available financing options, in particular the progress of the application made by HolidayCheck AG for the Swiss Covid-19 loan scheme. The meeting was continued on 28 August 2020, when the Supervisory Board considered the merits of a proposal to increase the company's share capital in order to strengthen its equity base.

To conclude this meeting, following the sale of WeerOnline B.V. and Zoover Media B.V., the Supervisory Board approved the liquidation of all the Group's remaining Dutch operations.

On 7 September 2020, by written circulation, the Supervisory Board approved the appointment of Markus Scheuermann as Managing Director of HolidayCheck Solutions GmbH. It also approved a cross-currency swap at HolidayCheck AG and a proposal for HolidayCheck Group AG to provide Commerzbank with a directly enforceable fixed liability guarantee. The bank required sufficient protection against currency fluctuations before it could go ahead and issue the already approved Covid-19 loan. The fixed liability guarantee is designed to secure any claims by Commerzbank under the financial futures transactions with HolidayCheck AG.

The meeting on 8 October 2020 covered the report of the Audit Committee, a report by the Management Board on the latest market and business situation, Forecast II and a report on the preparations being made for the capital increase. Additionally, the Management Board reported on current product and IT developments. The Management Board and the Managing Directors of HC Touristik GmbH and HolidayCheck AG presented their respective plans.

At its scheduled meeting on 25 November 2020, the Supervisory Board considered the latest report of the Audit Committee, which included the annual assessment of the work of the auditors.

The Management Board reported on the latest market and business situation of the HolidayCheck Group and on the preparations for the capital increase. Furthermore, the Management Board presented details to the Supervisory Board of its business plan for HolidayCheck Group AG for the financial year 2021, including the projected liquidity situation. The Supervisory requested information on the company's personnel structure and senior management levels.

On 29 November 2020, by written circulation, the Management Board was authorised to begin preparations for a capital increase with subscription rights.

Composition of the Supervisory Board

Stefan Winners, Chairperson of the Supervisory Board, notified the Supervisory Board and the Management Board on 9 March 2020 of his intention to step down early from his position as a member and Chairperson of the Supervisory Board on or before the end of the annual general meeting of shareholders on 23 June 2020.

On 16 April 2020, Stefan Winners notified the Supervisory Board and the Management Board that he wished to step down from his position as a member and Chairperson of the Supervisory Board with immediate effect. The Supervisory Board agreed to this request by written circulation on 16 April 2020 and at the same time elected Holger Eckstein to be the new Chairperson.

In a supplementary ballot held at the company's annual general meeting of shareholders on 23 June 2020, the registered shareholders or their proxies elected Thomas Geitner as a new member of the Supervisory Board. Thomas Geitner is a former member of the management boards of Vodafone plc and Henkel AG & Co. KGaA. He set up his own business in 2011 and sits on various supervisory boards.

The Supervisory Board confirmed Holger Eckstein as its new Chairperson following the annual general meeting of shareholders on 23 June 2020.

Composition of the Management Board

On 29 April 2020, HolidayCheck Group AG's CEO, Georg Hesse, reached a mutual agreement with the company's Supervisory Board to leave the company before the expiry of his contract at the close of 29 April 2020 owing to differences of opinion over the company's future strategic direction.

The Supervisory Board appointed Dr Marc Al-Hames to succeed Georg Hesse as Chief Executive Officer with effect from 30 April 2020.

Dr Marc Al-Hames joined HolidayCheck Group AG from the Munich-based company Cliqz GmbH (majority-owned by Hubert Burda Media), where he had been General Manager since 2013. Prior to that, he was Head of Corporate Development and a member of the Management Board of Tomorrow Focus AG (now HolidayCheck Group AG), and Project Manager at McKinsey & Company.

In June 2020, HolidayCheck Group AG's Chief Product & Chief Technology Officer (CPO/CTO) Nathan Glissmeyer notified the Supervisory Board that he wished to step down early from his Management Board position on 31 July 2020. The Supervisory Board approved this request by written circulation on 6 July 2020.

His Management Board responsibilities were split between CEO Dr Marc Al-Hames and CFO Markus Scheuermann until further notice.

Committees

An Audit Committee was formed once again in the financial year 2020. Its members were Dr Dirk Altenbeck (Chairperson of the Audit Committee), Dr Thomas Döring and Holger Eckstein.

The Audit Committee met four times in the financial year, on 23 March 2020, 23 June 2020, 8 October 2020 and 24 November 2020. All these meetings were fully attended, and the members of the Audit Committee addressed a range of issues, including the Group's latest results, and their financial impact on the company, and the audit of the financial reports.

Summary of 2020 Audit Committee meetings held in 2020 and list of participants

PARTICIPATION (YES/NO)	DR DIRK ALTENBECK	DR THOMAS DÖRING	HOLGER ECKSTEIN
23 March 2020	Yes	Yes	Yes
23 June 2020	Yes	Yes	Yes
8 October 2020	Yes	Yes	Yes
24 November 2020	Yes	Yes	Yes

Furthermore, a Technology Committee was established in financial 2020. The members of this Committee are Alexander Fröstl (Chairperson of the Technology Committee), Aliz Tepfenhart and Stefan Winners.

The Technology Committee met once in the financial year, on 23 March 2020. The Supervisory Board decided to wind up the committee following the departure of Stefan Winners from the Supervisory Board in April 2020.

Summary of Technology Committee meetings held in 2020 and list of participants

PARTICIPATION (YES/NO)	ALEXANDER FRÖSTL	ALIZ TEPFENHART	STEFAN WINNERS
23 March 2020	Yes	Yes	Yes

No other committees were formed in the financial year 2020.

Corporate Governance

All meetings of the Supervisory Board and its Committees were fully attended.

No conflicts of interest arose in the year under review 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 25 November 2020.

The Management Board and Supervisory Board issued a joint declaration of conformity with the Corporate Governance Code on 25 November 2020 pursuant to section 161 of the German Stock Corporation Act (Aktiengesetz, AktG). 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 (IFRSs).

The Munich-based branch office of Pricewaterhouse-Coopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC), Frankfurt am Main, Germany, audited HolidayCheck Group AG's single-entity financial statements and management report for the financial year from 1 January to 31 December 2020 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 (HGB) and the International Financial Reporting Standards (IFRS). 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. For 2020, this was accompanied by a note highlighting material uncertainty over the Group's future business operations due to the ongoing Covid-19 pandemic. 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 audit meeting on 29 March 2021 and the Supervisory Board's balance sheet meeting on 30 March 2021 in the presence of the auditor, who 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 30 March 2021. 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 30 March 2021, the Supervisory Board also examined the management report of HolidayCheck Group AG on the disclosure of related-party transactions in the financial year 2020 (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 audit meeting on 29 March 2021 and the meeting of the Supervisory Board on 30 March 2021 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 entire Supervisory Board would like to thank the Management Board and all employees of the HolidayCheck Group for their hard work under extremely difficult circumstances in the reporting year 2020 and wish them every success in the financial year 2021.

Munich, Germany, March 2021

For the Supervisory Board

Holger Eckstein
Chairperson

GROUP MANAGEMENT REPORT OF HOLIDAYCHECK GROUP AG, MUNICH, GERMANY, FOR THE FINANCIAL YEAR 2020

1. GROUP STRUCTURE AND BUSINESS MODEL

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

1.1 Organisational structure

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

In financial 2020 the Group's average total workforce was 343 full-time equivalents (FTEs without Management Board members) based at five locations in Germany, Poland and Switzerland.

On average, a further 36 full-time equivalents were employed in the discontinued Benelux operation.
The registered office of the company is in Germany, and the headquarters of the Group are located in Munich. The HolidayCheck Group is led by a Management Board comprising the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO).

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.

1.2 Segments

Since the beginning of financial 2016, the Management Board has steered the Group on the basis of key indicators for the entire business (consolidated revenue and, since financial 2020, consolidated gross margin, consolidated operating EBITDA), rather than on a segment basis. As such, the business is no longer divided into segments. For now, with the exception of the switch from consolidated revenue to consolidated gross margin as one of the Group's main indicators, this arrangement remains unchanged, despite the expansion of the Group's travel portfolio to include its own in-house tour operator. In financial 2020, the main focus of the Management Board's steering activities was on maintaining the Group as a going concern and on its strategic realignment for the time after Covid-19.

1.3 Description of business operations

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

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

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

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

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

In response to the Covid-19 pandemic, HolidayCheck Group AG took the decision to discontinue its business operations in the Benelux region. To this end, the following subsidiaries of WebAssets B.V. were sold: Zoover Media B.V. as at 1 July 2020 and Meteovista B.V., including its subsidiary Meteovista International B.V. (formerly Zoover International B.V and a direct subsidiary of WebAssets B.V.), as at 10 August 2020.

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 and profitability.

To measure growth, the Group now uses 'gross margin'. Gross margin is defined as sales revenue less cost of goods sold (COGS), i.e. advance purchases of holiday services (e.g. expenditure for hotels, flights and transfer services) by the Group's in-house tour operator HC Touristik. We analyse consolidated gross margin and Group operating EBITDA (earnings before interest, tax, depreciation and amortisation) as financial indicators on a monthly basis and compare them with the annual forecast figures and the twice-yearly extrapolation forecast.

In addition, further non-financial key performance indicators (in particular customer and employee satisfaction) are calculated each month and used for control purposes within the operating companies of the HolidayCheck Group (HolidayCheck AG and HC Touristik GmbH).

1.4.1 Gross margin

For the HolidayCheck Group, the development of gross margin (see sub-section 2.2.2.1.2) is an important contributor to long-term growth in enterprise value. The following table shows the changes in gross margin in 2020 and the previous year:

Gross margin

Decrease in gross margin in financial 2020*	-94.4%
Increase in gross margin in financial 2019*	3.0%

(Gross margin for the reporting year / gross margin for the previous year) x 100%
* Adjusted for IFRS 5 effects

1.4.2 Group operating EBITDA

HolidayCheck Group AG endeavours either to maintain or to 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*

	Financial year 2020 (EUR thousand)	Financial year 2019 (EUR thousand)**
Group operating EBITDA	–35,882	6,819

*Further information on Group operating EBITDA can be found in section 2.2.2.1.4 of this report under the heading 'Calculation of operating EBITDA from EBITDA'.
**Adjusted for IFRS 5 effects

1.4.3 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.

Employee satisfaction

One of the decisive 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 employee appraisal and development interviews. Employee satisfaction is recorded on a weekly basis using an online tool that measures satisfaction levels on a scale from 0 (lowest value) to 10 (highest value). Based on the feedback system, satisfaction levels in the second-best quintile remained stable year on year. As such, our forecast of a 'slightly negative to stable' assessment was achieved.

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 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*)[1] in recognition of its quality, security and transparency. (Its latest certificate is dated February 2021.) It has also come out top in many website comparisons, for example in December 2016 when it gained the accolade of best holiday brokerage portal in a review conducted by the German consumer organisation *Stiftung Warentest*. Ongoing innovation, which allows us to keep improving our products and services, is vital to our long-term success. We use a direct year-on-year measure (December 2020 compared with December 2019) of customer satisfaction among users of HolidayCheck – by far the biggest and most important platform operated by the HolidayCheck Group – as our main indicator. Users are asked how satisfied they are with the various areas of the HolidayCheck website.

The body of data generated in the form of the resulting aggregate value and ongoing compilations of user comments will allow us to make continuous improvements in terms of customer experience. Users can rate their customer experience by awarding points on a scale from 1 (*very dissatisfied*) to 5 (*very satisfied*). As our indicator, we take the figure for all customers who awarded us the maximum score of 5. In December 2020, despite the Covid-19 pandemic, nearly half our customers gave us the maximum score of 5. In December 2019, the figure was slightly over a half.

Therefore, the ‚positive' forecast was not achieved.

[1] https://www.safer-shopping.de/zertifikat/holidaycheck-de-at-ch.html (in German language)

1.5 Research and development activities

Some Group companies (Driveboo, HolidayCheck, HolidayCheck Polska, HolidayCheck Solutions and HC Touristik) conduct their own decentralised development activities. If the development costs attributable to these employees can be capitalised, they are shown in the balance sheet as internally generated software. The employees' remaining work is recognised as personnel expenses. Whenever subsidiaries make use of externally supplied development services, that work is also capitalised (again where permitted under accounting rules), while the remaining development costs are recognised under other expenses. As at 31 December 2020, around 82 HolidayCheck Group employees (FTEs) were assigned to development roles (31 December 2019: 185). This year-on-year fall was mainly due to the sale of our Dutch subsidiaries and to a reduction in the size of the workforce.

Apart from this item, research expenses do not generally arise as each development project is linked to the goal of introducing specific functionality.

Capitalised development costs for 2020 and 2019 are shown in the table below.

Own work capitalised

	Financial year 2020 (EUR thousand)	Financial year 2019 (EUR thousand)*
Own work capitalised	1,329	2,611

* Adjusted for IFRS 5 effects

In financial 2020, amortisation charges for internally generated intangible assets totalled EUR 4,020 thousand (financial 2019: EUR 4,626 thousand). The impairment charge for 2020 was EUR 1,667 thousand (financial 2019: EUR 0 thousand). Out of these totals, amortisation charges of EUR 263 thousand (financial 2019: EUR 337 thousand) and impairment charges of EUR 1,667 thousand (financial 2019: EUR 0 thousand) were attributable to the Group's discontinued operations.

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 10 December 2020[2], the overall picture of economic activity in the HolidayCheck Group's core sales markets in 2020 was as follows: Inflation-adjusted gross domestic product in Germany was down by 5.4 percent, in Austria by 7.5 percent and in Switzerland by 4.9 percent.

2.1.2 Industry situation

In financial 2020, according to an assessment by the Management Board, the revenue generated from package holidays in the core markets targeted by the Group's transaction-based travel portals was way below the same period in 2019 due to the Covid-19 pandemic and the resulting global travel restrictions. According to an estimate produced by the market research firm Statista[3] in October 2020, total travel sector revenue for the entire German-speaking region was roughly EUR 30.5 billion compared with EUR 68.5 billion in the previous year. This represents a massive 55.5 percent downturn.
The decline in revenue from package holiday sales in the German-speaking region was even bigger at 62.5 percent. Based on an estimate by Statista,[2] the total figure for 2020 was EUR 15.5 billion compared with EUR 41.4 billion in the previous year.

In 2019, the Management Board had forecast a substantial downturn in 2020. Its original projection was therefore correct.

2.2 Business development and performance

The Covid-19 pandemic and the resulting global travel warnings and restrictions had a massive impact on the HolidayCheck Group in the financial year 2020. Above all, demand for package holidays collapsed almost entirely. Despite a temporary recovery in demand for hotels and package holidays over the second and third quarters, bookings picked up only slightly and even in this period remained well below 2019 levels.

At the same time, many bookings made in 2019 and in the first quarter of 2020 for holidays in 2020 had to be cancelled. This contributed to a substantial decline in the HolidayCheck Group's revenue and earnings in the year under review.

In the second quarter of 2020, once we had a clearer picture of the impact of the pandemic, we conducted various ad hoc impairment tests, for example at the Dutch WebAssets Group.

These showed that further investments in the restructuring of Zoover, which is part of the WebAssets Group, were no longer economically viable. The Management Board of HolidayCheck Group AG therefore

[2] Deutsche Bank AG, *Outlook 2021 – Contingent on the Covid cycle*, published on 10 December 2020 at www.dbresearch.com
[3] Statista, https://de.statista.com/outlook/262/137/reisen-tourismus/deutschland#market-revenue ((available in German language only), https://de.statista.com/outlook/262/128/reisen-tourismus/oesterreich#market-revenue ((available in German language only), https://de.statista.com/outlook/262/155/reisen-tourismus/schweiz#market-revenue (available in German language only)

decided to completely write off the remaining carrying values of those assets attributed on initial consolidation to Zoover that had not already been written off, together with Zoover's share of goodwill.

HolidayCheck Group AG's Dutch subsidiaries, Zoover B.V. and Meteovista B.V., including its subsidiary Meteovista International B.V. (formerly Zoover International B.V and a direct subsidiary of WebAssets B.V.), were finally sold in July and August 2020. These disposals generated net cash inflows of EUR 12,642 thousand.

In August 2020, the Management Board decided on a major reduction in the size of the workforce as a way of permanently reducing costs. This plan was implemented in full by the end of the year.

Both gross margin and the operating result were down significantly compared with the previous year's figures. Compared with the figure of EUR 131,213 thousand in 2019, gross margin fell by 94.4 percent to EUR 7,302 thousand. Operating EBITDA in financial 2020 came to minus EUR 35,882 thousand and EUR 6,819 thousand in the previous year.

The Management Board's forecast for 2020 of a substantial year-on-year decline in gross margin and a significantly negative figure for EBITDA proved correct.

2.2.1 Business development

In financial 2020, the main focus of HolidayCheck Group in response to the Covid-19 pandemic was on ensuring that the Group maintained the liquidity it would need after the pandemic to push ahead with measures initiated over recent years to expand its portfolio of holiday services.

2.2.2 Performance

2.2.2.1 Income

2.2.2.1.1 Total operating income

Due to the many and varied impacts of Covid-19 on the travel sector as a whole and on the HolidayCheck Group in particular, we decided to adjust our financial results to exclude significant out-of-period items, e.g. transactions with fulfilment dates in 2019 (and directly related costs). The observations in the following section relate solely to the Group's continuing operations. The corresponding figures for the previous year have been adjusted accordingly. All figures may contain rounding differences.

At EUR 17,856 thousand, the HolidayCheck Group's **total operating income** in financial 2020 was down 86.9 percent compared with the figure of EUR 136,624 thousand in the previous year. After excluding items attributable to 2019, **total adjusted operating income** stood at EUR 30,455 thousand.

Revenue showed a year-on-year decrease of 89.1 percent, from EUR 132,984 thousand in 2019 to EUR 14,470 thousand in 2020. This decline was mainly due to travel restrictions and the resulting cancellations of previously booked holidays as a result of the Covid-19 pandemic and to the ongoing slump in demand. After excluding items attributable to 2019, **total adjusted revenue** came to EUR 27,069 thousand.

At EUR 2,057 thousand, **other income** in the financial year 2020 was up 99.9 percent compared with the figure of EUR 1,029 thousand for 2019. This was mainly due to payments received under insolvency proceedings and other subsequently cleared out-of-period items.

The total of **other own work capitalised** fell by 49.1 percent from EUR 2,611 thousand in 2019 to EUR 1,329 thousand in the year under review. The main factor here was a reduction in the Group's internal development activities due to the impacts of the Covid-19 pandemic on the travel sector and therefore on the HolidayCheck Group. In response, the company had to introduce a range of measures such as short-time working and staff redundancies.

2.2.2.1.2 Gross margin

In financial 2019, HolidayCheck Group adopted gross margin as its main performance indicator instead of revenue as in the previous years. Gross margin is defined as sales revenue less cost of goods sold (COGS), i.e. cost of services purchased (e.g. expenses for hotels, flights and transfer services) by the Group's in-house tour operator HC Touristik.

Gross margin for the financial year 2020 stood at EUR 7,302 thousand, a decline of 94.4 percent compared with EUR 131,213 thousand in 2019. Here, too, the drop was mainly due to the travel restrictions imposed in response to the Covid-19 pandemic. After excluding items attributable to 2019, the Group's **adjusted gross margin** stood at EUR 19,901 thousand.

2.2.2.1.3 EBITDA

Reflecting the fact that HC Touristik only began operating in June 2019, the figure for **cost of services purchased** rose from EUR 1,771 thousand to EUR 7,168 thousand.

Marketing expenses fell by 87.1 percent from EUR 66,692 thousand in 2019 to EUR 8,631 thousand in financial 2020. The main factors here were lower voucher costs and the almost complete suspension of marketing activities following announcements in mid-March 2020 that Covid-19 was spreading. The Group's marketing activities picked up only slightly over the summer months. The figure for marketing expenses includes income of EUR 4,936 thousand from the derecognition of vouchers in respect of holidays that had to be cancelled due to Covid-19, therefore invalidating the entitlement to the corresponding voucher payments. **Adjusted marketing expenses** were EUR 13,567 thousand.

Personnel expenses decreased by 23.3 percent from EUR 34,867 thousand in the previous year to EUR 26,739 thousand in 2020. This figure was essentially the result of government short-time working subsidies from the second quarter of 2020 and income from the reversal of pension provisions, especially in connection with the long-time incentive (LTI) plan. However, it was partly offset by personnel restructuring costs linked to the termination of employment contracts.

Expenses from the impairment of financial assets were EUR 2,546 thousand compared with EUR 3,634 thousand in the previous year.

Whilst in financial 2019 the main factor behind the increase in total valuation adjustments was the bankruptcy of the Thomas Cook Group, in the year under review the administrator acknowledged amounts payable to HolidayCheck Group AG, allowing the company to present specific claims to the insurer and reverse some of the earlier write-downs. These reversals are shown as income. The total figure for valuation adjustments also reflected the downturn in business volume.

The most important factor here was an adjustment of EUR 435 thousand for cancellations linked to brokerage services provided in 2019 for holidays that were cancelled in 2020. The figure for **adjusted expenses from the impairment of financial assets** was EUR 2,111 thousand (income).

Other expenses were down by 33.6 percent, from EUR 23,364 thousand in financial 2019 to EUR 15,522 thousand in the year under review. This reduction was mainly achieved through general cost-saving measures and lower call-centre costs.

EBITDA (earnings before interest, taxes, depreciation and amortisation) amounted to minus EUR 37,658 thousand in financial 2020 compared with EUR 6,296 thousand in the previous year. **Adjusted EBITDA** was minus EUR 30,430 thousand.

2.2.2.1.4 Calculation of operating EBITDA from EBITDA

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

Calculation of operating EBITDA from EBITDA

	1 January 2020 to 31 December 2020 (EUR thousand)	1 January 2019 to 31 December 2019 (EUR thousand)*
EBITDA	-37,658	6,296
Minus: other income from the reversal of liabilities linked to share-based payment plans and short-term variable remuneration (due to target adjustments) and to pension provisions Plus: other expenses from personnel obligations linked to share-based payment plans and to personnel restructuring measures involving the termination of employment contracts)	1.776	523
Group operating EBITDA	**-35,882**	**6,819**

*Adjusted for IFRS 5 effects

Operating EBITDA (operating earnings before interest, taxes, depreciation and amortisation) for 2020 was minus EUR 35,882 thousand compared with EUR 6,819 thousand in 2019. **Adjusted operating EBITDA** in financial 2020 was minus EUR 28,654 thousand.

2.2.2.1.5 Other items in the consolidated statement of income

At EUR 7,804 thousand, **depreciation, amortisation and impairment charges** for financial 2020 were 6.5 percent lower year on year (2019: EUR 8,345 thousand). This was mainly due to a reduction in the Group's development activities and to the absence of new capital expenditure in response to the Covid-19 pandemic.

EBIT (earnings before interest and taxes) amounted to minus EUR 45,462 thousand in financial 2020 compared with minus EUR 2,049 thousand in the previous year. **Adjusted EBIT** came to minus EUR 38,234 thousand.

At minus EUR 328 thousand, the HolidayCheck Group's **financial result** was down 3.1 percent and therefore roughly unchanged year on year (2019: minus EUR 318 thousand).

EBT (earnings before taxes) amounted to minus EUR 45,790 thousand in financial 2020 compared with minus EUR 2,367 thousand in the previous year. The figure for **adjusted EBT** was minus EUR 38,562 thousand.

The **tax result** for financial 2020 stood at EUR 4,887 thousand compared with minus EUR 961 thousand in 2019. The tax income received in financial 2020 was mainly due to capitalised tax deferrals on loss carryforwards. By contrast, the figure for 2019 consisted mainly of actual tax expenses.

Consolidated net profit/(loss) from continuing operations was minus EUR 40,903 thousand and minus EUR 3,328 thousand in the previous year. The figure for

adjusted consolidated net profit/(loss) from continuing operations was minus EUR 33,675 thousand.

Consolidated net profit/(loss) from discontinued operations totalled minus EUR 31,628 thousand in financial 2020 (2019: minus EUR 1,265 thousand). This figure results from the discontinuation of operations in BENELUX.

The overall figure for **consolidated net profit/(loss)** in 2020 was minus EUR 72,531 thousand (2019: minus EUR 4,593 thousand).

The total **adjusted consolidated net profit/(loss**) for 2020 was minus EUR 65,303 thousand.

Diluted and basic earnings per share from continuing operations amounted to minus EUR 0.71 in financial 2020 compared with minus EUR 0.06 in the previous year. The figure for **adjusted diluted and basic earnings per share from continuing operations** in 2020 was minus EUR 0.58.

Diluted and basic earnings per share from discontinued operations were minus EUR 0.55 in financial 2020 compared with minus EUR 0.02 in the previous year.

D**iluted and basic earnings per share** amounted to minus EUR 1.26 in financial 2020 and minus EUR 0.08 in 2019. A**djusted diluted and basic earnings per share** for 2020 were minus EUR 1.13.

The 2020 figure for **consolidated comprehensive income** was minus EUR 72,721 thousand compared with minus EUR 5,215 thousand in the previous year. The difference between this figure and consolidated net profit/(loss) was mainly due to the revaluation of defined-benefit pension plans.

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 financial 2019, the company restructured its framework loan agreements. In October and November 2019, HolidayCheck Group AG concluded two new **framework loan agreements**, each for EUR 10,000 thousand and covering an indefinite period. Interest, which is payable only if the credit facilities are actually used, is linked to the reference EURIBOR rate plus a margin. As at 31 December 2020, total draw-downs stood at EUR 9,728 thousand. The latest average interest rate was 1.725 percent. The resulting interest expense for 2020 was EUR 197 thousand.

At the year end, one framework loan agreement was subject to a rental guarantee of EUR 272 thousand. The annual commission for providing this guarantee is 0.6 percent.

In financial 2020, in response to the pandemic, the Group obtained a number of partly government-backed **Covid-19 loans** in Switzerland. These are interest-free and fully government-backed Covid-19 loans for HolidayCheck AG (CHF 500 thousand) and Driveboo AG (CHF 175 thousand). At the year end, HolidayCheck AG also held CHF 13,900 thousand under a **Covid-19 Plus loan**. This is 85 percent state-backed and subject to a maximum government-set interest rate (currently 0.500 percent). The rate can be modified annually on 31 March. The remaining 15.0 percent of the loan is secured by HolidayCheck AG through a pledged bank account totalling CHF 2,085 thousand. The interest rate for this part of the loan is 1.450 percent. The bank is entitled to modify this rate at any time in response to money/capital market changes or reassessments of the risk situation. The average interest rate was 0.6425 percent. The resulting interest expense for 2020 was EUR 30 thousand.

The loan obtained by HolidayCheck AG was also secured by means of a **cross-currency swap** (CCS). This allows us to make ongoing interest payments and repay the loan in Euro in two instalments (autumn 2022 and autumn 2023). The average credit interest (CHF) was 0.6425 percent, the average debit interest (EUR) 1.200 percent. In 2020, the CCS generated interest income of EUR 28 thousand and interest expenses of EUR 49 thousand. As at 31 December 2020, the negative market value from the transaction was EUR 145 thousand. This amount is included in other current financial liabilities. The CCS generated interest income.

2.2.2.2.2 Investment

As in the previous year, the amounts capitalised and added to **intangible assets acquired for consideration** were minimal in financial 2020. The main investment items related to customising and are shown as expenses.

Additions to **internally generated intangible assets** (software) mainly concern HolidayCheck AG. This figure was reduced from EUR 3,500 thousand in financial 2019 to EUR 1,708 thousand in the year under review.

In both 2020 and the previous year, the amounts added to **rights of use** were the result of revaluations following the extension of lease agreements, especially at HolidayCheck AG.

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 2020 and 2019. The cash flows highlighted below relate to both continuing and discontinued operations.

Net cash used in operating activities was made up of net cash outflows totalling EUR 25,031 thousand in 2020 compared with net cash inflows of EUR 2,482 thousand in 2019. This was mainly due to the significant reduction in EBITDA as a result of the Covid-19 pandemic, although this factor was partly offset by the decline in asset items not attributable to investing or financing activities. Net cash used in operating activities includes cash used in discontinued operations and stood at minus EUR 1,163 thousand (2019: EUR 1,416 thousand).

Net cash used in investing activities totalled EUR 11,019 thousand in 2020 compared with minus EUR 4,215 thousand in 2019. The Group invested less in internally generated intangible assets during the year under review (2020: minus EUR 1,708 thousand; 2019: minus EUR 3,500 thousand) and generated net cash inflows totalling EUR 12,642 thousand from the sale of its Dutch operations. Net cash used in investing activities includes minus EUR 326 thousand attributable to the Group’s discontinued operations (2019: minus EUR 542 thousand).

Net cash used in financing activities totalled EUR 20,278 thousand in financial 2020 compared with minus EUR 4,552 thousand in the prior year. In financial 2020, the Group drew on its available credit lines (total draw-downs as at 31 December 2020: EUR 9,728 thousand) and obtained Covid-19 loans in Switzerland totalling EUR 12,476 thousand. The figure for 2019 includes a dividend payout of EUR 2,289 thousand. The figure for net cash used in financing activities includes cash flows of minus EUR 583 thousand attributable to the Group's discontinued operations (2019: minus EUR 403 thousand.

As a result, **cash and cash equivalents** increased by EUR 6,217 thousand from EUR 27,457 thousand in 2019 to EUR 33,674 thousand at the end of 2020.

Financial resources

Our financial resources include, among other items, 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 liabilities to banks, trade payables, contract liabilities, lease liabilities, 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.

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 2020, HolidayCheck Group AG held non-current liabilities to banks totalling EUR 12,315 thousand (year-end 2019: EUR 0 thousand) and current liabilities to banks amounting to EUR 10,033 thousand (year-end 2019: EUR 0 thousand). These non-current liabilities included the Covid-19 loan obtained by HolidayCheck AG. Current liabilities to banks included the year-end total of EUR 9,728 thousand drawn down by the company under its available credit lines, deferred interest of EUR 143 thousand and the Covid-19 loan obtained by Driveboo AG (EUR 161 thousand).

For more information on the Group’s liquidity situation, especially in the context of the rapid spread of Covid-19 from January 2020 onwards and the implications for liquidity, please refer to section 4.2.2.2.2.2 ‘Liquidity risk’ and section 4.2.2.3 ‘Overall assessment of risks’ in this Group management report.

2.2.2.2.4 Asset position

On the assets side of the consolidated balance sheet, **non-current assets** fell by 33.0 percent from EUR 141,913 thousand at the end of 2019 to EUR 95,086 thousand as at 31 December 2020. The main factors here were amortisation, depreciation and disposals of non-current assets in connection with the discontinuation and sale of the Group's Dutch operations. Deferred tax assets (especially on loss carryforwards) rose due to the Group's Covid 19-related losses.

At EUR 38,943 thousand, **current assets** as at 31 December 2020 were 25.2 percent lower compared with the figure of EUR 52,070 thousand as at 31 December 2019. The decline was mainly due to a reduction of EUR 20,035 thousand in trade receivables to EUR 2,394 thousand, although this was partly offset by an increase of EUR 6,217 thousand in the figure for cash and cash equivalents. The downturn in year-end trade receivables was primarily attributable to the continued slump in demand. In light of the exceptional circumstances and the high level of dependence on unforeseeable political decisions affecting the travel sector as a whole, a 100 percent cancellation discount was applied to previously booked holidays with departure dates after 31 December 2020. As at 31 December 2020, our order book contained bookings for future holidays with a total commission volume of EUR 3,147 thousand. This amount is not shown in the accounts for the reasons outlined above. For more information on the change in cash and cash equivalents, please refer to section 2.2.2.2.3 of this Group management report.

On the liabilities side of the consolidated balance sheet, **equity** fell by 47.6 percent from EUR 153,375 thousand at the end of 2019 to EUR 80,374 thousand as at 31 December 2020. The main factor here was the Group's net consolidated loss of EUR 72,531 thousand. As a result, the equity ratio fell from 79.1 percent at the end of 2019 to 60.0 percent as at 31 December 2020.

As at 31 December 2020, **non-current liabilities** stood at EUR 24,744 thousand, an increase of 78.5 percent compared with the year-end figure of EUR 13,865 thousand in 2019. This was mainly due to higher non-current liabilities to banks as a result of the Covid-19 loans granted to HolidayCheck AG in August 2020. The increase was partly offset by a reduction in deferred tax liabilities, primarily attributable to the deconsolidation of the Group's Dutch operations.

At EUR 28,911 thousand, **current liabilities** as at 31 December 2020 were 8.1 percent higher compared with the year-end figure of EUR 26,743 thousand for 2019. The main reason for this increase was the recognition of liabilities to banks, mostly in the form of draw-downs under existing credit facilities available to the company. The rise was partly offset by lower contract liabilities due to fulfilment of the corresponding obligations, lower income tax liabilities (mainly as a result of the payment or use of Covid-19 tax relief), lower financial liabilities (above all through a reduction in LTIP provisions) and lower trade payables. While the overall reduction in trade payables is relatively small, it is worth mentioning a number of larger items that partly offset each other. For the first time, the balance sheet includes current liabilities totalling EUR 9,400 thousand in respect of refunds to tour operators following holiday cancellations linked to Covid-19. At the same time, however, trade liabilities were pushed down by general cost-saving measures and by a significant fall of EUR 7,070 thousand in the figure for ‘on-site’ voucher liabilities, since the vouchers are no longer valid for holidays cancelled due to Covid-19.

As at 31 December 2020, **total liabilities** stood at EUR 53,655 thousand, an increase of 32.1 percent compared with the year-end figure of EUR 40,608 thousand in 2019.

At EUR 134,029 thousand, **total assets** as at 31 December 2020 were down by 30.9 percent compared with the 2019 year-end figure of EUR 193,983 thousand.

The relationship between items in the balance sheet shows a shift towards a higher debt ratio. Current liabilities are covered entirely by current assets.

3. EVENTS AFTER THE BALANCE SHEET DATE

Successful capital increase with subscription rights

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

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

All the shares offered were placed. 99.44 percent of subscription rights were exercised.

This includes the subscription of the company’s main shareholder, Burda Digital SE, which exercised its subscription rights in full. 28,747,815 new shares were subscribed at an offer price of EUR 1.65.

In total, 29,156,814 new shares were placed, equal to 50 percent of the company’s previous share capital, generating gross issue proceeds of around EUR 48 million. The resulting cash inflow was EUR 47.6 million. The costs of the corporate action are estimated at EUR 1.5 million. As a result of the transaction, the total number of shares rose from 58,313,628 to 87,470,442.

The capital increase was entered in the commercial register on 10 February 2021. The new shares have been admitted to trading on the Frankfurt Stock Exchange since 10 February 2021. They are included in the Prime Standard segment of the Regulated Market with additional admission follow-up obligations. The new shares carry full dividend rights from 1 January 2020.

Repayment and modification of credit facilities

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

Other events

In January 2021, the company pledged additional bank credits totalling EUR 300 thousand as security for a bankruptcy insurance policy for package holidays for HC Touristik.

The liquidation of Tomorrow Travel B.V. was completed in March 2021. Its liquidation and deconsolidation are not expected to have any material impact on the Group.

In March 2021, the company received a letter from Georg Hesse, a former member of the Management Board. In the letter, he asked to be released early from his service contract on 31 March 2021. The contract was originally due to end on 30 June 2023. Based on the resulting cancellation agreement, the company will pay Georg Hesse 50 percent of the gross remuneration payable from the date of effective termination to the termination date as a one-off gross settlement. It is anticipated that liabilities totalling EUR 373 thousand under the cancellation agreement can be reversed.

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[4] anticipates in its publication of 10 December 2020 the following levels of economic growth in the HolidayCheck Group's core sales markets in 2021:

Inflation-adjusted gross domestic product (GDP) is expected to grow by 4.5 percent in Germany, 3.4 percent in Austria and 3.7 percent in Switzerland.

According to the annual report for 2020/2021 issued by the German Council of Economic Experts[5] on 11 November 2020, however, GDP growth in Germany, the HolidayCheck Group's biggest sales market by a long way, GDP growth in Germany will be around 3.7 percent.

4.1.2 Expected industry developments

During the period in which these consolidated financial statements were prepared, there was very little certainty over the impact of Covid-19 on the industry.

Looking ahead at 2021 as a whole, overall results in the travel sector will depend very largely on whether and, if so, to what extent people are able to go on holiday, especially during the summer months that generate the greatest share of annual sales revenue. The crucial factor here is whether the rate of Covid-19 infections – in particular with regard to the emergence and spread of new virus mutations – can be reduced to a level that allows governments to relax or even lift the current national and international travel warnings and restrictions. Results will also depend on the extent to which holidaymakers in the German-speaking region are willing to travel again.

In the positive (best-case) scenario, the Management Board of HolidayCheck Group AG believes it is possible that demand will noticeably recover from the second half of 2021 onwards in the core sales markets targeted by our holiday portals, above all in the package holiday market. This would push holiday sales back up above the level of 2020, albeit it would remain well below the pre-crisis level of 2019.

By contrast, assuming a negative (worst-case) scenario in which Covid-19 infection rates remain high throughout the year and cannot be reduced even by an ongoing population-wide vaccination programme, it is probable that the current national and international travel restrictions and warnings will remain in place and that holidays will either not be possible or will be subject to very tight restrictions. Under these circumstances, the Management Board expects revenue across the travel sector as a whole to be roughly on a par with or even below the level of 2020.

At present, it is not possible to predict what impact the crisis will have on future competition within the travel industry.

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

4.1.3 HolidayCheck Group

Our vision is to become the most holidaymaker-friendly company in the world and to keep on improving the quality of our services.

For the time being, however, in response to the current situation, we have scaled back investment in the further development of our existing products and services to the minimum required and focused on our core business.

Over the last financial year, wherever possible and appropriate, we also gradually reduced all our fixed costs to a level consistent with the present circumstances. Overall, we currently anticipate that they will remain at roughly this level for the rest of 2021. During the course of 2020, for example, we reduced our personnel costs, most of which are fixed, by a significant margin, largely by cutting the size of the workforce.

At present, for financial 2021 as a whole, we anticipate neither a further reduction in personnel costs nor a significant increase. Looking ahead, however, the Management Board will take whatever action is required over the rest of the year to adjust personnel costs to the situation as it evolves.

Equally, the marketing activities of our subsidiaries, which as a variable cost factor were scaled back massively in 2020 in response to the slump in bookings, will continue to reflect the demand situation in the current financial year 2021. Above all, this affects our activities in the area of search engine marketing, which is particularly sensitive to demand.

At present, given the continued high level of uncertainty over the likely course of the Covid-19 pandemic in the coming months, it is not possible to offer a quantitative forecast for gross margin and operating EBITDA.

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

4.1.3.1 Gross margin and operating EBITDA

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

[4] Deutsche Bank AG, *Outlook 2021 – Contingent on the Covid cycle*, published on 10 December 2020 at www.dbresearch.com
[5] https://www.sachverstaendigenrat-wirtschaft.de/fileadmin/dateiablage/gutachten/jg202021/JG202021_Gesamtausgabe.pdf (partly available in English: https://www.sachverstaendigenrat-wirtschaft.de/en/publications/annual-reports.html)

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

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

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

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

The figure for operating EBITDA in 2020 was minus EUR 35,882 thousand.
Given the current uncertainty, we are unable to provide reliable forecasts of increases in gross margin and operating EBITDA.

4.1.3.2 Non-financial performance indicators

Employee satisfaction

Employee satisfaction within the HolidayCheck Group is measured weekly using an online tool. In comparison with the previous year and based on an average of the weekly scores due to the consequences of the corona crisis, we expect this feedback system to deliver a 'stable to slightly negative' assessment. Based on the feedback system, employee satisfaction levels were in the second-best quintile on a scale of 0 to 10 in the year under review.

Customer satisfaction

To measure the level of customer satisfaction, HolidayCheck users will be asked how satisfied they are with the various services offered by HolidayCheck. An aggregate value will be calculated monthly, and the resulting body of data will help us to make continuous improvements in terms of user experience. We expect this feedback system to deliver a 'stable' assessment in December 2021, when compared with the same month of 2020. In December 2020, 47 percent of our customers gave us the maximum score of five.

4.1.4 Overall assessment of likely developments

In light of the ongoing Covid-19 pandemic, uncertainty over the potential for virus mutations to spread more rapidly with unpredictable impacts on the travel sector, not to mention the wider economic fallout, we are not in a position to offer reliable forecasts for our key financial ratios, i.e. gross margin and operating EBITDA.

We are continuously reviewing the options available to us as the situation develops and will take prompt action as required, both to minimise the financial damage caused by the Covid-19 pandemic and to seize the economic opportunities that arise as the pandemic recedes.

Further changes in the economic situation and the competitive environment are possible given the continued uncertainty and the structural insecurity affecting tour operators above all but also other service providers and suppliers. There is also a possibility of change in the political situation in those Mediterranean countries with the biggest holiday markets.

In response to the opportunities (see section 4.3 of the Group management report) and risks (see 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

The risk management system covers all those operating companies of the Group which have dealings with other companies outside the Group and are therefore exposed to risks, i.e. HolidayCheck AG, HC Touristik GmbH, Driveboo AG and HolidayCheck Group AG. The risk management system identifies the inherent and active risks for each of these Group companies. It also assesses the potential for damage and the probability of those risks occurring. Finally, it combines all the identified risks at Group level.

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 at least 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.

- The risk management system is rooted in our values. Good decisions are based on a judicious balancing of opportunities and risks. We examine all relevant factors carefully, especially where large sums are involved, and take responsibility if measures are required to reduce or avoid risk. We have the courage to proactively address risks and deficiencies.
- Risk awareness should be heightened continuously at all levels of the company and its subsidiaries.
- Appropriate measures should be taken to limit the potential impact of risks.
- 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 company must be reported as and when they arise.
- Suitable risk assessment criteria (materiality limits) should be defined and regularly updated as part of

corporate controls with regard to the classification of risks as critical or as a threat to the existence of the company and to facilitate the process of escalation to the next higher level or to the Management Board.

- The risk management system should be documented in the form of a risk map.

4.2.1.2 Risks subject to mandatory disclosure

Risks are identified within each of the Management Board areas of responsibility or at Group-wide level in workshops. Risks are divided into two categories: 'inherent' and 'active' risks.

Risk categories

Inherent risks	Active risks		
STRATEGIC	OPERATIONAL	FINANCIAL	COMPLIANCE

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

Active risks are those which depend on internal factors that can be influenced by decisions and actions. On the operational side, examples in this category are sales and personnel risks.

Risks are assessed in terms of the probability of their occurrence and their potential to cause damage. The table above 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

Risk assessment – potential damage

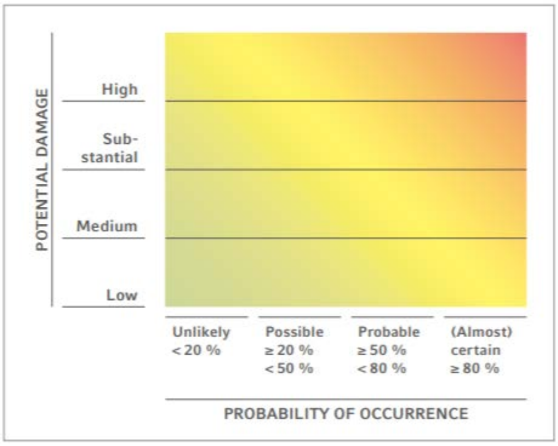
		STRATEGIC	OPERATIONAL	FINANCIAL	COMPLIANCE
High (critical / threat to existence of company)	**4**	Risk that most strategic targets may not be achieved	Disruption to all business activities (complete failure of IT systems, loss of data, fire, terrorist attack)	Threat to existence of the company (e.g. 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/or 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 company 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 company if they could have a substantial impact on its asset, financial and earnings position.

The following risk matrix is based on these classifications.

Risk matrix



4.2.1.3 Structure and implementation of the risk management system

Risk management structures

Overall responsibility for risk management lies with the Management Board. In particular, it has a duty to ensure that the Supervisory Board receives all relevant information and that the company complies with the ad hoc reporting obligations imposed by the German Stock Corporation Act (*Aktiengesetz, AktG*).

The role of the risk coordinator is to oversee and manage the risk management process for the entire Group. To this end, the risk coordinator prepares a risk report for the Management Board based on reports from individual Group companies and identified Group-level risks.

The senior management of each Group company is responsible for that company's risk management system. This includes:

- setting up effective risk management structures;
- maintaining the risk management system;
- implementing appropriate control measures;
- reporting and updating all notifiable risks including ad hoc reporting of critical individual risks with the potential to threaten the company's existence.

The task of maintaining the risk management system and of reporting and updating risks may be delegated to a risk management officer.

The HolidayCheck Group has also established compliance regulations and mechanisms. These include a code of conduct and a whistleblower procedure. The aim is to identify potential infringements of these rules and systematically prevent them from occurring. HolidayCheck Group AG has set up a new Compliance Board, whose main duty is to establish an appropriate compliance management system (CMS) for the HolidayCheck Group and to ensure that this system is continuously developed.

The HolidayCheck Group draws on its own internal resources and, where necessary, calls in external tax advisers to ensure that it complies with tax regulations. We monitor all changes in legislation and regularly evaluate their impact on Group companies.
In 2009, Germany's Accounting Law Modernisation Act (*Bilanzrechtsmodernisierungsgesetz, 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 the Group financial controls department.

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.

Risk management implementation

Identification and recording of risks

A risk inventory must be conducted on a regular basis. In order to identify new or significantly increased risks at an early stage, it is particularly important to examine whether risks that are implicitly detected in our usual work processes (e.g. budgeting) are given due consideration within the risk management system. In addition to business processes, this examination should include support processes such as finance, human resources, information technology and outsourced processes. Particular attention must be paid to any strategic risks with the potential to jeopardise key opportunities. In general, risks of this nature can only be analysed with the involvement of the senior management. The systematic recording of uncertain assumptions made in the planning and budgeting process and when making decisions in the context of new technologies is also an important source of risk identification. Methods for identifying risks that are less common but have the potential to cause considerable damage must also be employed. Developments that jeopardise the continued existence of the Group often depend on such uncommon but extreme risks (or on a combination of risks). In such cases, early detection is very important.

Risk analysis and assessment

In the risk analysis phase, all risks recorded in the risk inventory must be examined to identify the underlying cause-and-effect relationships and assess the probability of occurrence and quantitative impact. The potential impact should be measured on a 'net risk' basis, i.e. risks after factoring in existing risk management measures. The basis on which the net risk measure is calculated must be set out clearly. The concept of quantitative impact encompasses possible positive and negative deviations. In general, when a risk occurs, the impact is uncertain and should therefore be presented in the form of a range with a suitable probability distribution. The assessment of quantitative impacts must be checked.

The process of quantifying risks involves regularly obtaining subjective expert knowledge as well as referring to benchmarks and historical loss data.

Risk measurements should always be based on the best available information or the best details that can be obtained at reasonable cost. Since objective risk measurement is often difficult, the data on which the measurement is based must be clearly specified in order to ensure maximum transparency.

Potential damage is defined as the impact on the company's earnings (EBITDA) over a two-year period.

Risk controls and monitoring of risk

Risk controls is about deciding which measures should be taken to control, in line with the company's risk strategy, all risks that have previously been identified and analysed. The resulting risk control measures are based on the organisation's risk strategy and may be designed to avoid risk (by ceasing or refraining from certain activities), transfer risk to others (suppliers, customers, capital markets, insurers), reduce risk (market-based or process-related measures) or simply to accept risk. They address risk impacts, the probability of occurrence, or both these indicators, and are designed to ensure that the organisation can achieve its goals while avoiding any risk to its continued existence.

Risk reporting and communication

The main objective of risk reporting and communication is to map out the risk situation of the organisation in a timely manner for decision-makers and supervisory bodies. They must be informed about the overall risk level and the probability of any developments with the potential to jeopardise the organisation's continued existence.

Companies must report all risks and their current status to the risk coordinator in the prescribed format when submitting their quarterly financial statements (mid-April, mid-July, mid-October and the end of January).

Based on these individual company reports and any identified Group-level risks, the risk coordinator then prepares a risk report for the Management Board. There is no general procedure for the Management Board to respond to individual company reports, although this may be done in certain cases if there is good reason.

Independently of these arrangements, all risks that are judged as critical or as a threat to the existence of the company must be reported in writing as and when they are identified (i.e. ad hoc) to the Group risk coordinator, who will then notify the Management Board.

In addition, each individual company's senior management must report to the respective governance bodies (e.g. the shareholders' meeting) on all new risks or changes to existing risks.

In order to demonstrate that the risk management system is functioning correctly, all risk management documentation must be updated continuously at both Group and subsidiary level.

Individual companies must document the organisational measures required in order to establish and operate an effective risk management system. Quarterly reports are also regarded as documentary evidence of the functioning of the risk management system.

Each subsidiary's risk management officer must document all that company's risks and measures and the corresponding responsibilities in a standardised format.

This documentation can then be examined by the internal audit team and external auditors to evaluate whether the system is working correctly. Responsibility for keeping proper documentation lies with individual senior managers and the Group risk coordinator.

4.2.2 Risks

For reasons of clarity and ease of presentation, some of the risks in the following summary have been combined.

4.2.2.1 Inherent risks of the HolidayCheck Group

4.2.2.1.1 Strategic risks

4.2.2.1.1.1 Demand-related risks

The HolidayCheck Group's travel portals concentrate on business activities in the holiday sector, especially in connection with the brokerage and realisation of hotel and package holidays for consumers.

In addition to its brokerage and tour operator activities, the HolidayCheck Group generates revenue from advertising on its websites.

The spread of Covid-19 has had a huge impact in various ways on demand for holidays. As a result of government-imposed measures in destination countries, e.g. border closures, quarantine rules and local lockdowns, travel to some countries or regions has been either impossible or subject to tight restrictions. The freedom to travel has also been curtailed by domestic rules such as travel warnings, other travel restrictions, and testing and quarantine rules on return. In particular, continued restrictions on travel to one or more core destinations could jeopardise the future of the entire Group as a going concern.

It is reasonable to assume that restrictions will remain in place until vaccination rates are considered to be sufficiently high. The emergence of further mutations and new epidemics or even pandemics cannot be ruled out.

As well as directly choking off demand, the pandemic could have other indirect impacts. For example, any decline in purchasing power could reduce the volume of holiday bookings.

Ongoing risks in destination countries, e.g. terrorist attacks, political crises and natural disasters, can also have a negative impact on demand for holidays.

Changes in customer preferences (e.g. with regard to types of holiday or the technology used) could also affect the Group's future revenue and earnings.

The HolidayCheck Group adopts various strategies in anticipation of changing customer requirements. These include continuously developing new products and services and regularly updating existing portfolios.

Since the HolidayCheck Group does not operate internet portals in China, the United Kingdom or the USA and these countries are no significant holiday destinations for our customers, neither Brexit nor the trade disputes between the China and the USA have a direct impact on the demand behaviour of our customers.

Covid-19 has also affected our advertising activities. Most of our advertising partners are travel sector companies, and some have had to reduce their budgets in line with general expectations of where and when travel is possible. In addition, we use click-based forms of advertising that generate very little revenue when traffic is low.

Risk classification
Probability of occurrence: (almost) certain (≥ 80 percent); potential damage: high (single Group EBITDA risk ≥ EUR 10 million). The risk classification has been increased compared with the previous year due to the ongoing pandemic.

4.2.2.1.1.2 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. 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 MietwagenCheck. However, they also present their own web services such as Google Hotel Finder.

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 the HolidayCheck Group may fall temporarily or even permanently.

In response, the HolidayCheck Group takes specific measures in order to direct users straight to its own online offers.

Risk classification
Probability of occurrence: possible (≥ 20 – < 50 percent); potential damage: medium (single Group EBITDA risk ≥ EUR 1 million). Reflecting the general year-on-year decline in revenue expectations, the potential damage level has been reduced from substantial to medium.

Existing and new competitors

Any consolidation of the travel agency market, possibly due to the Covid-19 crisis, or moves by tour operators to expand their own online sales channels, could have a negative impact on the HolidayCheck Group.

The entry of new competitors into the market or the introduction of innovative new technology can affect the use and/or purchase of products or services offered by the Group. This includes companies such as Google, which directs users towards its own offers (e.g. Google Flights and Google Hotel Finder) and therefore creates a potential risk of market consolidation, putting Google in direct competition for traffic with other providers such as the HolidayCheck Group. Any serious reduction in traffic could lead to a significant downturn in revenue and earnings for the HolidayCheck Group.

Risk classification
Probability of occurrence: possible (≥ 20 – < 50 percent); potential damage: substantial (single Group EBITDA risk ≥ EUR 6 million)

Compared with the previous year, the potential damage level has been reduced from high to substantial. The financial impact of any reduction in market share is likely to be more limited since total market volume is only expected to return gradually to pre-crisis levels after the pandemic.

4.2.2.1.1.3 Bankruptcy risks

Through their respective internet portals, on which customers can, inter alia, book package holidays, hotels, holiday apartments and car rentals, HolidayCheck Group companies act as brokerage agents for contractual partners, such as tour operators and car rental companies. As a tour operator, our subsidiary HC Touristik creates its own packages based on hotel and airline offers. These packages are sold under the HolidayCheck Reisen brand through HolidayCheck's travel platforms. For marketing and sales support, for example, HolidayCheck Group companies also work with other contractual partners, e.g. call centre service providers and database operators.

The bankruptcy of an important contractual partner, such as a tour operator or an airline, can lead to a significant loss of revenue and additional costs, e.g. to repatriate holidaymakers, and thus cause significant financial damage to the HolidayCheck Group.

As the pandemic continues, we believe the risks to the travel sector will remain high as in 2020. As a result, insurers are reluctant to cover the credit default risks of travel sector companies.

The year-end figure for trade receivables was very low, mainly because commission income for future holidays has been recognised with contingent consideration of zero. Regardless of the volume of individual trade receivables, the Group maintains a very active receivables management policy in order to mitigate its exposure to risk, even as demand increases.

As well as the direct impacts of bankruptcy on the HolidayCheck Group, there is an indirect risk that capacity reductions, especially in terms of the number of flights available, may push up the price of package holidays or reduce supply and therefore have a negative impact on demand. In turn, this can undermine consumer confidence in the package holiday sector.

Risk classification
Probability of occurrence: possible (≥ 20 – < 50 percent); potential damage: medium (single Group EBITDA risk ≥ EUR 1 million). This risk classification is unchanged compared with the previous year.

4.2.2.1.1.4 Content risks

HolidayCheck Group AG's brokerage models are based on it providing relevant content in the form of ratings and photos and products in the form of holiday offers. Although ratings and photos are not directly monetised, they are a key element of our business model as they draw traffic to our sites and help customers to choose their holiday.

Up-to-date content that clearly presents the actual situation – in a hotel, for example – is particularly useful when making decisions. Covid-19 has a massive impact on people's holiday experience, especially in terms of the local hygiene and safety regulations. If we are unable to gather sufficiently up-to-date ratings for hotels, our platforms will be less useful to potential holidaymakers as an aid to decision-making. In turn, this could affect our revenue.

The issue of fake ratings is another challenge. The damage to our image from fake ratings can also have a knock-on effect on revenue. The Group has established a wide range of automatic and manual checking processes to detect fake ratings.

Risk classification
Probability of occurrence: possible (≥ 20 – < 50 percent); potential damage: medium (single Group EBITDA risk ≥ EUR 1 million). This section on content risks was added to the risk report for the first time as at 31 December 2020 in response to the Covid-19 situation and the large proportion of SEO traffic (visitors directed to sites by a search engine).

4.2.2.2 Active risks of the HolidayCheck Group

4.2.2.2.1 Operational risks

4.2.2.2.1.1 Operational sales risks

From a sales perspective, the success of the HolidayCheck Group's travel portals depends crucially on continuous technological developments and on the portals' usability across every type of device such as laptop, tablet or smartphone. In particular the increased use of mobile devices presents a specific challenge for web-based service providers. Website visitors are currently less likely to use them to make purchases than from a stationary device such as a laptop. Accordingly, any perception among users that travel portals are either unsatisfactory or difficult to access could undermine the level of customer acceptance of those portals and have a negative impact on revenue and earnings.

This risk also includes technical dependence on service providers, especially Traveltainment and Peakwork as internet booking engines, and on the systems maintained by tour operators.

To limit these risks, we invest consistently in the further development of platforms and systems for all relevant devices. We also continuously measure and evaluate customer satisfaction levels and feed the results 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 and skills 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 faults, customer acceptance of the travel centre could be seriously undermined. In turn, this could lead to a 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
Probability of occurrence: possible (≥ 20 – < 50 percent); potential damage: high (single Group EBITDA risk ≥ EUR 10 million). This risk classification is unchanged compared with the previous year.

4.2.2.2.1.2 Marketing risks

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

Risk classification
Probability of occurrence: possible (≥ 20 – < 50 percent); potential damage: substantial (single Group EBITDA risk ≥ EUR 6 million). This risk classification is unchanged compared with the previous year.

4.2.2.2.1.3 Purchasing risks

The Group generates a large proportion of its total revenue from a small number of tour operators. This could lead to a substantial drop in revenue if one of these key partners withdraws from the market or declares bankruptcy, unless that business is picked up by other tour operators. With tour operators currently under great pressure, especially due to the Covid-19 crisis, any changes made by a key partner to our commission arrangements could also have a significant impact on revenue.

To establish a profitable business, tour operators have to negotiate good terms and prices for their hotel, flight and other package holiday components.

Price increases for prepayable services can have a negative impact on profit margins unless they are passed on to customers. The Group is gradually reducing its dependence on specific business partners by continuously expanding its portfolio and its partner base.

Risk classification
Probability of occurrence: possible (≥ 20 – < 50 percent); potential damage: medium (single Group EBITDA risk >= EUR 1 million.

This section on purchasing risks was added to the risk report for the first time as at 31 December 2020 in response to the ongoing Covid-19 situation and the increased business activity of the in-house tour operator.

4.2.2.2.1.4 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. Operational business development could be impaired if staff turnover is high, and no adequate replacements can be found.

Over the last three years in particular, we have introduced a wide range of training and skills development measures to help position ourselves as an attractive employer and encourage employees to remain with us. As a further incentive we offer various benefits such as an employee stock option plan.

Risk classification
Probability of occurrence: possible (≥ 20 – < 50 percent); potential damage: medium (single Group EBITDA risk ≥ EUR 1 million). This risk classification is unchanged compared with the previous year.

4.2.2.2.1.5 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 structural risks 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 on 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. Portfolio measures may also result in additional financing requirements, which 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 long-term 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 processes.

Risk classification
Probability of occurrence: possible (≥ 20 – < 50 percent); potential damage: medium (single Group EBITDA risk ≥ EUR 1 million). This risk classification is unchanged compared with the previous year.

4.2.2.2.2 Financial risks

4.2.2.2.2.1 Impairment

HolidayCheck Group AG performs annual impairment tests to assess whether there has been any impairment in the valuations of long-term equity investments, receivables of all kinds, self-generated intangible assets or brand names in its single-entity 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 earnings of the entire HolidayCheck Group.

To counter this risk as effectively as possible, the HolidayCheck Group prepares monthly accounts for the Group. Furthermore financial controls officers analyse and report Group accounts and submit them to the senior managers and Management Board members. Any deviations from targets are reported to the Management Board promptly, so that suitable measures can be initiated.

Moreover, trade receivables are checked monthly for potential impairment. Specific valuation allowances are made to address any default risks. Where possible, and financially viable, insurance is obtained to protect receivables against default risks.

As a result of Covid-19, the share of total goodwill attributable to the Group’s Dutch operations had to be written off completely.

Risk classification
Probability of occurrence: possible (≥ 20 – < 50 percent); potential damage: high (single Group EBITDA risk ≥ EUR 10 million). This risk classification is unchanged compared with the previous year.

4.2.2.2.2.2 Liquidity risks

The Covid-19 crisis has massive liquidity implications for companies in the travel sector. One of the main issues here is the free cancellation option available to holidaymakers in the event that a travel warning is issued. If a customer exercises this option, the direct result is that we lose, retrospectively, our entire claim to a commission and therefore do not receive a cash payment. Equally, any commission fees already received must be refunded. Furthermore, any deposits received by HC Touristik must be repaid to customers.

The ongoing restrictions – lockdowns, for example – make it currently almost impossible to travel. As a result, demand has slumped, and cash inflows have all but ceased.

As we have no control over travel restrictions and their impact, we have taken a range of measures to ensure that the Group remains solvent. These include:

- EUR 19.7 million drawn down, as a precautionary, measure, by HolidayCheck Group AG under negotiated credit facilities in March 2020, of which EUR 10.0 million had been repaid as at 31 December 2020;
- CHF 14.6 million of government-backed loans obtained by HolidayCheck AG and Driveboo AG;
- preparations for a capital increase through the issue of 29,156,814 bearer shares (carried out in January 2021, see section 3 Events after the balance sheet date);
- negotiations with tour operators to extend payment dates for returning commissions and continuous monitoring of government relief programmes, e.g. deferred payment of tax and social insurance contributions;

- cost savings during periods of restricted travel by discontinuing search engine marketing activities, introducing short-time working, personnel restructuring measures involving reductions in the size of the workforce at Group sites in Bottighofen (Switzerland), Munich (Germany) and Warsaw (Poland), and cancelling or renegotiating service contracts (e.g. external call centre providers);

- reducing our own liquidity and insolvency risk during the travel restrictions by temporarily suspending the sale of package tours at HC Touristik and excluding tour operators from sales activities if they are known to be at a high risk of insolvency. Overall, we believe these measures should allow us to maintain the Group's liquidity. If the travel restrictions remain in force permanently, however, internal measures may no longer be sufficient on their own to avoid liquidity problems. In this scenario we are confident that we can request and receive government support – and in particular bridging loans – in those German federal states or countries outside Germany in which the Group's parent company and/or subsidiaries are based.

Overall, we believe these measures will be sufficient to ensure that the Group remains solvent even if the Covid-19 crisis continues for some time.

Risk classification
Probability of occurrence: possible (≥ 20 – < 50 percent); potential damage: high (single Group EBITDA risk ≥ EUR 10 million). This risk classification is unchanged compared with the previous year.

These risks have the potential to jeopardise the Group's future as a going concern within the meaning of section 322, paragraph 2, sentence 3 of the German Commercial Code if Covid-19 continues to spread for a much longer period and the measures taken to stop it, e.g. vaccinations, are not as effective as required.

4.2.2.2.2.3 Foreign currency and interest-change risks
HolidayCheck AG (based in Switzerland) uses the euro as its functional currency, as a consequence, liabilities to HolidayCheck AG are charged in euros. The income generated by HolidayCheck AG is also calculated in euros. This has reduced the currency risk. Certain risks remain, however, particularly in relation to personnel costs, since any appreciation in the Swiss franc against the euro would have a negative impact on the Group's earnings. In 2020, the Group also obtained a Covid-19 loan denominated in Swiss francs. This creates both an interest rate risk and a foreign currency risk.

A cross-currency swap was obtained to hedge the resulting currency risks. The Management Board regularly evaluates other potential hedging transactions and the option to hold cash deposits in Swiss francs.

Risk classification
Probability of occurrence: possible (≥ 20 – < 50 percent); potential damage: medium (single Group EBITDA risk ≥ EUR 1 million). This risk classification is unchanged compared with the previous year.

This risk category includes the risk of any change in the variable interest rate for the Covid-19 loan obtained in financial 2020.

4.2.2.2.3 Compliance risks
4.2.2.2.3.1 Data protection risks
The websites operated by the HolidayCheck Group store and process personal user data, some of which are highly sensitive. The treatment of personal data is governed by different laws, including the General Data Protection Regulation (GDPR). Violations may result in heavy fines. There is a risk that this data could 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. Together with any financial penalties, the resulting damage to our image could affect the revenue and earnings of individual sites and, in the worst-case scenario, of the entire Group.

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).

Risk classification
Probability of occurrence: possible (≥ 20 – < 50 percent); potential damage: substantial (single Group EBITDA risk ≥ EUR 6 million. This risk classification is unchanged compared with the previous year.

For more information about compliance issues, see section 4.2.1.3 'Risk management structures'.

4.2.2.2.3.2 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
Probability of occurrence: unlikely (< 20 percent); potential damage: medium (single Group EBITDA risk ≥ EUR 1 million). This risk classification is unchanged compared with the previous year.

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, asset and financial position of the HolidayCheck Group. As at 31 December 2020, the overall risk level of the HolidayCheck Group was almost unchanged compared with the preceding year.

In summary, the Management Board believes it is highly probable that the Group will remain solvent during the period under consideration despite the impact of Covid-19. In this context, it is particularly worth noting the success of our recent capital increase (see section 3 'Events after the balance sheet date'). It has therefore prepared the accounts on a going concern basis. Nevertheless, should the continuing Covid-19 pandemic have an impact for a longer period, the Group would face liquidity risks, thus creating material uncertainty in relation to events and circumstances that could give rise to significant doubts about the capacity of the Group to continue its business activities. Consequently, the Group may not then be able to realise its assets and settle its debts in the ordinary course of business.

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 Demand-related opportunities

The HolidayCheck Group's travel portals concentrate on business operations in the holiday sector, especially the brokerage and arrangement of package holidays and hotel brokerage services for end users.

Increased consumer demand for travel products in general, e.g. as a result of a strong economic upswing or a growing preference for package holidays after the Covid-19 pandemic, could in turn push up demand for the products and services offered by the HolidayCheck Group's travel portals.

The distribution of market share in the package holiday segment also creates opportunities for the Group. In Germany, based on the company's own estimates, two thirds of all package holidays are currently booked through high street travel agencies and just one third online. In other European countries (such as the Netherlands, Sweden and the United Kingdom) online travel agencies already account for between roughly 60 and 90 percent of the total. Any significant decline in the number of high street travel agencies due to Covid-19 and a resulting shift in market share towards online providers would above all have a positive impact on the revenue and earnings of online travel agencies such as HolidayCheck that focus on providing advice for holidaymakers.

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.

The absence of relevant negative events such as natural disasters, epidemics and especially major terrorist attacks in key holiday areas could encourage more potential customers to make holiday bookings.

Opportunity classification
Probability of occurrence: possible (≥ 20 – < 50 percent);
Group EBITDA potential: substantial (≥ EUR 6 million).
The potential of this factor has been increased from 'medium' in the previous year to 'substantial'. People may feel more in need of a holiday given the length and intensity of travel restrictions.

4.3.1.1.2 Competition-related opportunities

An easing of the competitive pressures, for instance 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.

Opportunity classification
Probability of occurrence: possible (≥ 20 – < 50 percent);
Group EBITDA potential: substantial (≥ EUR 6 million).
This opportunity classification is unchanged compared with the previous year. Given the tremendous upheavals in the travel sector, there are opportunities for companies that survive the crisis to increase both revenue and earnings.

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 centre may show a sustained increase. This could lead to growth in revenue and earnings of the HolidayCheck Group.

Opportunity classification
Probability of occurrence: possible (≥ 20 – < 50 percent); Group EBITDA potential: substantial (≥ EUR 6 million). Compared with the previous year, the probability of occurrence has been downgraded from ‘probable’ to ‘possible’. The HolidayCheck Travel Centre was stretched to the limit by the sheer number of holiday cancellations due to Covid-19. The introduction of short-time working by the Group and by tour operators has also had a negative impact on customer satisfaction. At the same time, cuts in the resources available for development due to the reduction in working hours and restructuring have slowed down the Group's development activities.

4.3.2.1.2 Marketing opportunities

Under normal circumstances, expenses for marketing activities, especially search engine marketing (SEM), vouchers and TV advertising, make 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 expenses of the HolidayCheck Group and its travel portals and impact positively on the earnings of the entire HolidayCheck Group. At the same time, the Group’s revenue and earnings situation could also benefit if its advertising measures prove to be even more effective than anticipated.

Furthermore, the trend towards greater mobile connectivity to the internet (mobile shift), the resulting increase in internet traffic and the emergence of completely new ways of using the internet present established online service providers, such as the HolidayCheck Group, with additional business opportunities, for example from advertising revenues.

Opportunity classification
Probability of occurrence: improbable (< 20 percent); Group EBITDA potential: substantial (≥ EUR 6 million). This opportunity classification is unchanged compared with the previous year.

4.3.2.1.3 Purchasing opportunities

If demand recovers more quickly, therefore pushing up the volume of bookings made through our platforms, there may be opportunities to improve our purchasing terms and generate revenue based on sliding-scale commissions.

With regard to our tour operator business, purchasing terms for hotel, flight and other package holiday components are one of the key factors affecting our profit margins. If the volume of holiday bookings increases, there are opportunities to boost earnings in this area of the business, too.

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

This section on purchasing opportunities was added to the year-end risks and opportunities report to balance out the new section on purchasing risks.

4.3.2.1.4 Personnel opportunities

Highly-qualified employees and managers are essential to the long-term success of any business undertaking.

Over the last three years in particular, we have introduced a wide range of training and skills development measures to help position ourselves as an attractive employer and encourage staff to remain with us. As a further incentive we offer various benefits such as an employee stock option plan.

Opportunity classification
Probability of occurrence: improbable (< 20 percent); Group EBITDA potential: medium (≥ EUR 1 million). The probability of occurrence has been lowered compared with the previous year due to the particularly severe impact of the Covid-19 pandemic on the travel sector.

4.3.2.1.5 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 which could boost revenue and earnings.

Our main structural 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 successfully establish new or upgraded products and business models on the market, the resulting potential for additional revenue and synergies could increase earnings.

Opportunity classification
Probability of occurrence: possible (≥ 20 – < 50 percent); Group EBITDA potential: medium (≥ EUR 1 million). This opportunity classification is unchanged compared with the previous year.

4.3.2.2 Financial opportunities

4.3.2.2.1 Foreign currency and interest-rate opportunities

HolidayCheck AG (based in Switzerland) 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. There is a chance of currency translation gains if the euro appreciates against the Swiss franc. This would positively influence the earnings of HolidayCheck AG.

Opportunity classification
Probability of occurrence: possible (≥ 20 – < 50 percent); Group EBITDA potential: medium (≥ EUR 1 million). This opportunity classification is unchanged compared with the previous year.

4.3.3 Overall assessment of opportunities

On the whole, there was no significant change in the overall opportunities situation year on year.
Given the huge impact Covid-19 has had on the travel sector, there is a real prospect (as set out above in section 4.3.1.1.1 'Demand-related opportunities') of a boost to the Group's revenue and earnings as a result of a strong economic upswing or a growing preference for package holidays after the Covid-19 pandemic.

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 AG, 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 single-entity financial statements, and any resulting changes are incorporated in the Group's internal processes and systems.

Across the company, planning, reporting, financial controls 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 financial controls). 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 AG has so far decided not to set up its own separate audit department. Any internal audit work that may be required is carried out by external service providers.

Basic principles of the 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 accounts and financial statements locally. Using a defined standardised Group-wide consolidation and reporting system, they are then sent to the Group Accounting department in Munich, Germany. Newly introduced validation processes, as well as plausibility and sanity checks, will continue to ensure that the annual 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, evaluated and recognised 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.

6. RISK REPORTING WITH REGARD TO THE USE OF FINANCIAL INSTRUMENTS

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

Changes in exchange rates can have a negative impact on the earnings, asset and financial position. Accordingly, in order to minimise the risks associated with changes in exchange rates, the Group makes use of derivative financial instruments as required. These are solely intended to function as a hedge for own requirements.

The principal 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 (see section 4.2.2.2.2.3 of this Group management report). This mainly affects the ongoing expenditure of HolidayCheck AG in Swiss francs. In financial 2020, HolidayCheck AG obtained a Covid-19 loan of CHF 14.4 million. This was sufficient to cover its ongoing requirements in Swiss francs. To protect loan repayments made in euros (the company's functional currency), it also concluded a cross-currency swap.

The aim of interest rate hedging is to reduce interest costs. There are currently no interest rate hedges in place as the Group's non-current borrowings are very low.

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 very least. The maximum extent of the potential bad debts to which the Group is exposed corresponds to the reported aggregate amount of trade receivables and 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) in combination with past experience of the default ratios of the business partners concerned. The creditworthiness of financial assets that are neither overdue nor impaired is assumed. HolidayCheck AG insures some of its receivables against default. There are no other types of security or credit improvement measures 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 of the HolidayCheck Group') 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 289A PARAGRAPH 1 AND SECTION 315A PARAGRAPH 1 GERMAN COMMERCIAL CODE

The disclosures and notes pursuant to section 315a, sentence 1, number 3 and section 289a, sentence 1, number 3 of the German Commercial Code concerning direct and indirect shareholdings that exceed 10 percent of voting rights can be found in paragraph 5.20 ('Shareholder structure') of the notes to the annual single-entity financial statements of HolidayCheck Group AG.

Share capital structure

As at 31 December 2020, 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 par 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 2020, the company held a total of 494,592 treasury shares, corresponding to around 0.8 percent of the share capital, purchased at a weighted average price of EUR 1.77. More information on treasury shares can be found in section 11.9 of the notes to the consolidated financial statements.

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.

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 nomination 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.

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 19 June 2023 up to a maximum of EUR 29,156,814 by issuing up to 29,156,814 new no-par value shares in exchange for cash or non-cash contributions (authorised capital 2018). As a general rule, shareholders must be granted subscription rights. The new shares may also be issued to one or several banks, subject to the obligation to offer them to shareholders. However, 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 10.0 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 14,578,407 by way of issuing up to 14,578,407 no-par value bearer shares has been carried out (conditional capital 2020). 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 22 June 2025, on the basis of the authorisation of the general meeting of shareholders of 23 June 2020, 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 2020 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 ordinary general meeting of shareholders of 23 June 2020, the Management Board is 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 10.0 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 22 June 2025.

The purchase will be concluded on the stock exchange or by means of a public offer to purchase company shares (directed at all the company’s shareholders) or a public invitation to submit offers to sell company shares.

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 10.0 percent higher or 10.0 percent lower than the average closing price over the three 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 (or a public invitation to submit offers to sell company shares) to all the company's shareholders, the price per share offered (excluding ancillary purchase costs) may not be more than 10 percent higher or 10.0 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 characteristics. The public offer to purchase company shares or public invitation to submit offers to sell company shares 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 fractions of shares. Beyond this, shareholders are not entitled to require the company to repurchase 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 is authorised, with no further requirement for approval by the general meeting of shareholders, not only to sell the shares on the stock exchange or through a public offer to all shareholders, but also, subject in each case to Supervisory Board approval, to use the shares for all lawful purposes. In particular:

a) treasury shares may be issued to third parties in exchange for non-cash contributions, in particular as consideration for the acquisition of a company, long-term equity investments in a company or parts of a company or in order to purchase claims against HolidayCheck Group AG;

b) treasury shares may be sold to third parties. The price at which the company shares are sold to third parties must not be significantly lower than the stock exchange price at the time of sale. 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) treasury shares may be offered and transferred to Management Board members, or to persons who have an employment contract with HolidayCheck Group AG or one of its Group companies, in fulfilment of obligations under employee stock option plans and/or in fulfilment of 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) treasury shares may be withdrawn without seeking further approval from the general meeting of shareholders. 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 par 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) and c). 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.

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 2020, the company held a total of 494,592 treasury shares, corresponding to around 0.8 percent of the share capital, purchased at a weighted average price of EUR 1.77.

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 AND CONFORMITY

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 principle 22 of the German Corporate Governance Code and section 289f, paragraph 1 of the German

Commercial Code) and the declaration of conformity with the German Corporate Governance Code as required by section 161 of the German Stock Corporation Act. Both declarations have been 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*.

9. REMUNERATION REPORT

Remuneration report for the Management Board

The overall structure of the remuneration system for the Management Board is determined by all members of the 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 remuneration paid to members of the Management Board is also calibrated in line with the salary structure for the Group as a whole.

The short-term remuneration of Management Board members generally includes a fixed element, which is not based on performance, and a variable, single-year, performance-related element of between 46.0 percent and 51.0 percent (maximum amount based on the non-performance-related fixed element). The non-performance-related fixed element contains the basic gross salary of the members of the Management Board and, in 2020, due to the impact of the Covid-19 pandemic, a one-off guaranteed bonus for the new member of the Management Board, Dr Marc Al-Hames. Members of the Management Board also waived part of their fixed remuneration for a limited period. The ancillary benefits include the use of a company car (or a cash payment in lieu of a company car), and an allowance for health, long-term care and retirement insurance.

No short-term, performance-related payments were specified for 2020. This was due to the Covid-19 pandemic. In addition, the Supervisory Board may award a short-term bonus payment of up to EUR 100 thousand for exceptional individual performance. These variable components are specified by the Supervisory Board for each new financial year.

In the years from 2011 to 2016, phantom shares were issued to members of the Management Board and other employees of HolidayCheck Group AG (formerly Tomorrow Focus AG) and its subsidiaries under a long-term incentive plan (LTIP 2011-2016). The phantom 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. The phantom shares were granted in annual tranches. There is no link between these tranches. The last tranche was granted in financial 2016.

Vesting of the phantom shares granted 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 phantom 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 phantom shares may be forfeited completely. After this point, the earned phantom shares must be held for a further three years. The holding period for the last tranche granted in financial 2016 ended in June 2020.

On expiry of the holding period, the beneficiaries are entitled to a cash payment (plus accumulated dividends) based on their earned phantom shares. The total payment may not exceed three times the grant value of that tranche of phantom shares. The grant value, assuming complete attainment of the target, is an individual gross amount converted into phantom shares on the basis of the average share price (initial reference price) over the last one hundred stock exchange trading days up to the general meeting at which the consolidated financial statements approved by the Supervisory Board for the financial year in question are presented to shareholders.

The LTIP 2017-2020 replaced the LTIP 2011-2016 in financial 2017. The new share-based payment plan will generally be settled in the form of equity instruments.

Under the terms of the LTIP 2017-2020, the members of the Management Board of HolidayCheck Group AG will each be granted a number of company shares ('restricted stocks') in annual tranches between the years 2017 and 2020. Each tranche will be granted independently of the others. The number of shares granted is based on the contractually agreed monetary target (baseline figure) for the long-term remuneration of the member of the Management Board in question. This baseline figure depends on the degree to which the member of the Management Board meets two performance indicators covering EBT (50 percent) and revenue (50 percent) with reference to the definitive figures shown in the consolidated financial statements drawn up by the HolidayCheck Group AG under IAS/IFRS rules for that financial year.

The Supervisory Board of HolidayCheck Group AG defines a target corridor for both constituent performance indicators for each tranche and therefore each financial year. A threshold, target and ceiling are specified for each corridor. If the result is below the threshold, the performance score is set at 0.0 percent. Above the threshold, it is set at 80.0 percent. If the result is on target, the performance score is 100.0 percent, while a 120.0 percent performance score is awarded for reaching the ceiling. For results between the threshold and the target or between the target and the ceiling, the precise performance score is calculated on a linear basis. The overall performance score is taken as the arithmetical average of the scores for the two constituent indicators. This average score is then multiplied by the baseline figure for the member of the Management Board in question. Using this method, the Supervisory Board can weigh the results by a factor of between 80.0 and 120.0 percent in recognition of the overall performance of each member of the Management Board in the financial year.

After deducting all the corresponding taxes and contributions retained by the company, the resulting figure (in euros) is divided by the reference amount for HolidayCheck Group AG shares in order to calculate the number of shares to be granted for that tranche. The reference amount is defined as the average closing price of HolidayCheck Group AG shares on the XETRA trading system over the last one hundred stock exchange trading days up to the ordinary general meeting of shareholders at which the consolidated financial statements for the qualifying financial year are presented to shareholders.

These performance targets were set for the tranches 2017 to 2020 when the LTIP 2017-2020 was introduced in financial 2017. For this reason, all the tranches from 2017 to 2020 are treated as having been granted in financial 2017. As a result of extensions to Management Board contracts in 2018 and 2019, changes were made to the underlying agreements for the 2019 and 2020 tranches. However, the number of tranche shares granted can lapse without entitlement or can be calculated on a pro rata basis if a member of the Management Board leaves the HolidayCheck Group AG during the financial year for which performance is being measured.

Once they have been granted, the shares are transferred to a securities account designated by the member of the Management Board. They cannot be sold during the three-year holding period. After this period, the holder is free to choose when to sell them, i.e. there are no further restrictions on shares granted under the LTIP 2017-2020.

Total remuneration for members of the Management Board in respect of short-term benefits in financial 2020 came to EUR 876,144.89 (2019: EUR 1,622 thousand) and in respect of the LTIP EUR 170 thousand (2019: EUR 688 thousand). Following the departure of members of the Management Board in 2020, the company incurred expenses totalling EUR 1,187 thousand under cancellation agreements (2019: none). As at 31 December 2020, there were no new provisions covering long-term share-based payments (31 December 2019: EUR 1,551 thousand). No corresponding expenses were recorded in the year under review (2019: EUR 567 thousand). However, the company generated income totalling EUR 1,022 thousand (2019: EUR 0 thousand) from the reversal of various LTIP tranches.

In addition, the company pays the third-party liability insurance premiums for pecuniary loss for each member of the Management Board. No loans or advances were granted to members of the Management Board in the reporting period.

In accordance with the recommendations of the German Corporate Governance Code and the requirements of the German Commercial Code, the following information is provided in respect of the remuneration of individual members of the Management Board who were in office in financial 2020.

Expenses recognised for serving members of the Management Board during the financial year 2020

	Dr Marc Al-Hames		Markus Scheuermann		Georg Hesse		Nathan Glissmeyer	
FUNCTION	Chief Executive Officer (CEO) since 30 April 2020		Chief Financial Officer (CFO) since 29 May 2017		Chief Executive Officer (CEO) until 29 April 2020		Chief Product Officer (CPO) until 31 July 2020	
(EUR '000)	2019	2020	2019	2020	2019	2020	2019	2020
Non-performance-related remuneration	0	222	271	278	382	123	366	203
Performance-related remuneration[1)]	0	0	100	50	150	0	130	0
Remuneration based on long-term incentives[2)]	0	0	81	0	51	0	90	0
Benefits linked to the termination of service contracts	0	0	0	0	0	1.062	0	125
Total expenses recognised	**0**	**222**	**452**	**328**	**583**	**1.185**	**586**	**328**

[1)] In financial 2020, no performance-related payments were made in the form of single-year variable remuneration (2019: single-year, performance-related remuneration shown in the case of 100 percent achievement). The CFO was granted a bonus payment of EUR 50 thousand for 2020.

[2)] For 2019, the figure for remuneration based on long-term incentives contains an adjustment to the 2020 tranche under the LTIP 2017-2020 based on fair value on the grant date in accordance with IFRS 2 and on an expected average target achievement of 100 percent. In 2019, additional remuneration was granted in respect of the 2018 tranche for meeting the agreed target of 125.7 percent. No expenses have been recognised for 2020 in respect of remuneration based on long-term incentives (due to waivers of contractual entitlements or target achievement of 0 percent).

Benefits granted to serving members of the Management Board in the financial year 2020

	Dr Marc Al-Hames				Markus Scheuermann				Georg Hesse				Nathan Glissmeyer			
FUNCTION	Chief Executive Officer (CEO) since 30 April 2020				Chief Financial Officer (CFO) since 29 May 2017				Chief Executive Officer (CEO) until 29 April 2020				Chief Product Officer (CPO) until 31 July 2020			
(EUR '000)	2019	2020	2020 (Min.)	2020 (Max.)	2019	2020	2020 (Min.)	2020 (Max.)	2019	2020	2020 (Min.)	2020 (Max.)	2019	2020	2020 (Min.)	2020 (Max.)
Non-performance-related remuneration	**0**	**222**	**222**	**222**	**271**	**278**	**278**	**278**	**382**	**1,185**	**1,185**	**1,185**	**366**	**328**	**328**	**328**
of which: fixed remuneration	0	158	158	158	250	256	256	256	355	114	114	114	340	188	188	188
of which: contractually agreed bonus	0	40	40	40	0	0	0	0	0	0	0	0	0	0	0	0
of which: settlements/ payments after leaving the company	0	0	0	0	0	0	0	0	0	1,062	1,062	1,062	0	125	125	125
of which: ancillary benefits	0	24	24	24	21	22	22	22	27	9	9	9	26	15	15	15
Short-term variable remuneration	**0**	**0**	**0**	**0**	**100**	**160**	**0**	**182**	**150**	**0**	**0**	**0**	**130**	**0**	**0**	**0**
of which single-year variable remuneration1)	0	0	0	0	100	110	0	132	150	0	0	0	130	0	0	0
of which: bonus payment	0	0	0	0	0	50	0	50	0	0	0	0	0	0	0	0
Multi-year variable remuneration	**0**	**0**	**0**	**0**	**151**	**170**	**0**	**245**	**276**	**0**	**0**	**0**	**260**	**0**	**0**	**0**
of which: LTIP tranche 20202)	0	0	0	0	0	170	0	245	0	0	0	0	0	0	0	0
of which LTIP tranche 20193)	0	0	0	0	120	0	0	0	225	0	0	0	210	0	0	0
of which: LTIP tranche 20183)	0	0	0	0	31	0	0	0	51	0	0	0	50	0	0	0
Total remuneration	**0**	**222**	**222**	**222**	**522**	**608**	**278**	**705**	**808**	**1,185**	**1,185**	**1,185**	**756**	**328**	**328**	**328**

1) The single-year variable remuneration is shown in the case of 100 percent achievement (2019: 100 percent).
2) The 2019 and 2020 figures for multi-year variable remuneration contain the earned tranches of each beneficiary under the LTIP 2017-2020. These are shown at their fair value on the grant date in accordance with IFRS 2 and on the basis of 100 percent achievement.
3) The 2018 figures for multi-year variable remuneration contain three LTIP tranches under the LTIP 2017-2020. These are shown at their fair value on the grant date in accordance with IFRS 2 and on the basis of 125.7 percent achievement.

In addition, the total remuneration of members of the Management Board in respect of financial 2020 as shown above is capped as follows. If the ceiling for a given financial year is exceeded, the LTIP baseline figure for that financial year is reduced accordingly:

- the overall remuneration payable to Dr Marc Al-Hames, including the fixed element, ancillary benefits, the single-year variable element, bonus payments and multi-year variable components is capped at EUR 300 thousand;
- the overall remuneration payable to Markus Scheuermann, including the fixed element, ancillary benefits, the single-year variable element, bonus payments and multi-year variable components is capped at EUR 871 thousand.

In financial 2019, the total remuneration of members of the Management Board was capped as follows:

- the overall remuneration payable to Georg Hesse, including the fixed element, ancillary benefits, the single-year variable element, bonus payments and multi-year variable components is capped at EUR 959 thousand;

- the overall remuneration payable to Nathan Glissmeyer, including the fixed element, ancillary benefits, the single-year variable element, bonus payments and multi-year variable components is capped at EUR 898 thousand;
- the overall remuneration payable to Markus Scheuermann, including the fixed element, ancillary benefits, the single-year variable element, bonus payments and multi-year variable components is capped at EUR 643 thousand.

The revaluation of the LTIP 2017-2020 for the 2019 tranche generated income of EUR 351 thousand in financial 2020. This figure includes EUR 142 thousand for Georg Hesse, EUR 133 thousand for Nathan Glissmeyer and EUR 76 thousand for Markus Scheuermann.

The revaluation of the LTIP 2017-2020 for the 2020 tranche generated income of EUR 461 thousand in financial 2020. This figure includes EUR 183 thousand for Georg Hesse, EUR 175 thousand for Nathan Glissmeyer and EUR 103 thousand for Markus Scheuermann.

The revaluation of the LTIP 2011-2016 for the 2016 tranche generated income of EUR 210 thousand in financial 2020. This figure includes EUR 89 thousand for Georg Hesse and EUR 121 thousand for members of the Management Board who left the company before the financial year 2020.

Total liabilities to current members of the Management Board were EUR 50,000.00 in respect of a bonus payment and EUR 828,798.26 under cancellation agreements to former members of the Management Board. In the previous year, liabilities to members of the Management Board totalled EUR 1,921 thousand. This figure includes liabilities from share-based payment transactions with cash settlement (LTIP 2011-2016), liabilities under share-based payment agreements with settlement generally in the form of equity instruments (LTIP 2017-2020) and liabilities in respect of bonuses. The 2019 figure for liabilities from share-based payment transactions (LTIP 2011-2016) includes liabilities of EUR 307 thousand to members of the Management Board who left the company before financial 2020. There were no amounts receivable from members of the Management Board.

Benefits received by serving or former members of the Management Board in the financial year 2020

	Dr Marc Al-Hames		Markus Scheuermann		Georg Hesse		Nathan Glissmeyer		Dr Dirk Schmelzer		Timo Salzsieder	
FUNCTION	Chief Executive Officer (CEO) since 30 April 2020		Chief Financial Officer (CFO) since 29 May 2017		Chief Executive Officer (CEO) until 29 April 2020		Chief Product Officer (CPO) until 31 July 2020		Chief Financial Officer (CFO) until 29 May 2017		Chief Product & IT Officer (COO) until 28 February 2017	
(EUR '000)	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Non-performance-related remuneration	**0**	**222**	**271**	**278**	**373**	**356**	**366**	**328**	**0**	**0**	**0**	**0**
of which: fixed remuneration	0	158	250	256	346	114	340	188	0	0	0	0
of which: contractually agreed bonus	0	40	0	0	0	0	0	0	0	0	0	0
of which: settlements/ payments after leaving the company	0	0	0	0	0	233	0	125	0	0	0	0
of which: ancillary benefits	0	24	21	22	27	9	26	15	0	0	0	0
Short-term variable remuneration	**0**	**0**	**206**	**45**	**169**	**67**	**137**	**58**	**0**	**0**	**0**	**0**
of which: single-year variable remuneration for 2019	0	0	0	45	0	67	0	58	0	0	0	0
of which: single-year variable remuneration for 2018	0	0	106	0	169	0	137	0	0	0	0	0
of which: bonus payment	0	0	100	0	0	0	0	0	0	0	0	0
Multi-year variable remuneration	**0**	**0**	**151**	**44**	**251**	**221**	**245**	**77**	**182**	**104**	**61**	**83**
of which: LTIP tranche 2020	0	0	0	0	0	0	0	0	0	0	0	0
of which: LTIP tranche 2019[1)]	0	0	0	44	0	83	0	77	0	0	0	0
of which: LTIP tranche 2018[2)]	0	0	151	0	251	0	245	0	0	0	0	0
of which: LTIP tranche 2016	0	0	0	0	0	138	0	0	0	104	0	83
of which: LTIP tranche 2015	0	0	0	0	0	0	0	0	182	0	61	0
Total remuneration	**0**	**222**	**628**	**367**	**793**	**644**	**748**	**463**	**182**	**104**	**61**	**83**

1) in the case of target achievement of 36.7 percent
2) in the case of target achievement of 125.7 percent

Shareholdings of the Management Board

Dr Marc Al-Hames (CEO) held a total of 22,500 shares in the HolidayCheck Group AG as at 31 December 2020. This corresponds to approximately 0.04 percent of the company's shares.

Markus Scheuermann (CFO) held a total of 157,375 shares in the HolidayCheck Group AG as at 31 December 2020. This corresponds to approximately 0.27 percent of the company's shares.

In financial 2020, HolidayCheck Group AG received the following disclosures of securities transactions involving members of the Management Board pursuant to section 15a of the German Securities Trading Act.

Transactions of Management Board members in HolidayCheck Group AG shares in the financial year 2020

PERSON/ENTITY SUBJECT TO DISCLOSURE REQUIREMENTS	TRANSACTION DATE	TRANSACTION	TRADING VENUE	QUANTITY	PRICE PER SHARE
Dr Marc Al-Hames	18 September 2020	Purchase	XETRA	14,000	EUR 1.430
Dr Marc Al-Hames	3 December 2020	Purchase	XETRA	500	EUR 1.880
Dr Marc Al-Hames	3 December 2020	Purchase	XETRA	2,000	EUR 1.895
Dr Marc Al-Hames	3 December 2020	Purchase	XETRA	300	EUR 1.870
Dr Marc Al-Hames	3 December 2020	Purchase	XETRA	4,823	EUR 1.900
Dr Marc Al-Hames	3 December 2020	Purchase	XETRA	677	EUR 1.890
Dr Marc Al-Hames	3 December 2020	Purchase	XETRA	200	EUR 1.875
Markus Scheuermann	1 July 2020	Purchase under LTIP	–	14,927	EUR 1.618
Georg Hesse	17 March 2020	Purchase	XFRA	20,000	EUR 1.090
Georg Hesse	1 July 2020	Purchase under LTIP	–	28,432	EUR 1.618
Nathan Glissmeyer	1 July 2020	Purchase under LTIP	–	26,536	EUR 1.618

Remuneration report for the Supervisory Board

The remuneration of the Supervisory Board of HolidayCheck Group AG is regulated in article 11 of HolidayCheck Group AG's articles of association, which stipulates a fixed amount of EUR 30 thousand for every member of the Supervisory Board for each complete financial year. The Chairperson receives EUR 70 thousand and the deputy Chairperson EUR 35 thousand. An additional sum of EUR 15 thousand is paid to the Chairperson of the Audit Committee and EUR 5 thousand to every other member of the Audit Committee for each full year of membership. An additional sum of EUR 10 thousand was paid to the Chairperson of the Technology Committee and EUR 5 thousand to every other member for each full year of membership. The Technology Committee was wound up in April 2020. Remuneration for the work performed by members of the Committee in 2020 was paid on a pro rata basis.

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 year under review amounted to EUR 251,511.24 (2019: EUR 275 thousand). Liabilities towards members of the Supervisory Board totalled EUR 253,692.59 (2019: EUR 324 thousand). There were no amounts receivable from members of the Supervisory Board.

The company also pays the premiums for a directors' and officer's (D&O) liability insurance policy covering individual members of the Supervisory Board. No loans or advance payments were provided for members of the Supervisory Board in financial 2020.

The members of the Supervisory Board received the following remuneration (including reimbursement of expenses) in the financial year 2020:

The members of the Supervisory Board received the following remuneration in the financial year 2020

NAME	FUNCTION	REMUNERATION EUR '000
Holger Eckstein	Chairperson of the Supervisory Board since 16 April2020; member of the Audit Committee	63
Dr Dirk Altenbeck	Deputy Chairperson of the Supervisory Board; Chairperson of the Audit Committee	51
Aliz Tepfenhart	Member of the Supervisory Board	32
Dr Thomas Döring	Member of the Supervisory Board; member of the Audit Committee	35
Alexander Fröstl	Member of the Supervisory Board	33
Thomas Geitner	Member of the Supervisory Board from 23 June 2020	16
Stefan Winners	Chairperson and member of the Supervisory Board until 16 April 2020	22

Shareholdings of Supervisory Board members

At the end of the financial year 2020, the total number of shares in HolidayCheck Group AG held directly or indirectly by all members of the Supervisory Board amounted to a total of 18,000 shares.

In financial 2020, HolidayCheck Group AG received the following disclosures of securities transactions involving members of the Supervisory Board:

Transactions of Supervisory Board members in HolidayCheck Group AG shares in the financial year 2020

PERSON/ENTITY SUBJECT TO DISCLOSURE REQUIREMENTS	TRANSACTION DATE	TRANSACTION	TRADING VENUE	QUANTITY	PRICE PER SHARE
Two Wins GmbH*	10 March 2020	Sale	TGAT	4,000	EUR 1.605
Two Wins GmbH*	10 March 2020	Sale	TGAT	9,500	EUR 1.610
Two Wins GmbH*	10 March 2020	Sale	TGAT	4,500	EUR 1.620
Two Wins GmbH*	10 March 2020	Sale	TGAT	9,578	EUR 1.640
Two Wins GmbH*	10 March 2020	Sale	TGAT	10,000	EUR 1.680
Two Wins GmbH*	10 March 2020	Sale	TGAT	7,500	EUR 1.690
Two Wins GmbH*	10 March 2020	Sale	XETRA	2,000	EUR 1.610
Two Wins GmbH*	10 March 2020	Sale	XETRA	5,000	EUR 1.620
Two Wins GmbH*	10 March 2020	Sale	XETRA	2,500	EUR 1.650
Two Wins GmbH*	11 March 2020	Sale	TGAT	10,000	EUR 1.624
Two Wins GmbH*	11 March 2020	Sale	TGAT	10,000	EUR 1.600
Two Wins GmbH*	11 March 2020	Sale	XETRA	7,100	EUR 1.620
Two Wins GmbH*	12 March 2020	Sale	XETRA	2,000	EUR 1.600
Two Wins GmbH*	12 March 2020	Sale	XETRA	4,716	EUR 1.605

The HolidayCheck Group AG shares held by Two Wins GmbH were attributed to Stefan Winners, Chairperson of the Supervisory Board. Accordingly, all securities transactions involving these shares by Two Wins GmbH were subject to disclosure rules in accordance with Regulation (EU) No. 596/2014 of the European Parliament and the Council of the European Union.

10. EMPLOYEES

The average headcount of the HolidayCheck Group in 2020 was 343 full-time equivalents (without Management Board members). The corresponding figure for the Group in 2019 was 415 full-time equivalents (without Management Board members).

This decrease is mainly due to the staff reduction completed in the second half of 2020.

On average, a further 36 full-time equivalents (FTE) were employed in the discontinued Benelux operations (2019: 75).

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 Group 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. may from time to time make oral forward-looking statements. Such statements are based on current expectations and certain assumptions of the HolidayCheck Group senior 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 2020 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.

13. FINAL COMBINED DECLARATION

Based on the circumstances of which our company was aware at the time of the transactions listed in the disclosure statement on related parties, we received appropriate consideration for each transaction.

No transactions with third parties or measures were concluded, taken or deliberately not concluded or taken at the instigation or in the interest of controlling entities or of another entity related to them.

Munich, Germany, 30 March 2021

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

Markus Scheuermann
Member of the Management Board (CFO)

FINANCIAL STATEMENTS OF HOLIDAYCHECK GROUP AG, MUNICH, GERMANY, FOR THE FINANCIAL YEAR 2020

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2020

ASSETS	Notes	31 DECEMBER 2020 (EUR '000)	31 DECEMBER 2019 (EUR '000)
NON-CURRENT ASSETS			
Intangible assets	10.1.		
Intangible assets acquired for valuable consideration		4,933	16,779
Internally generated intangible assets		5,418	10,611
Goodwill		69,091	100,182
		79,442	**127,572**
Right-of-use assets	10.2.	**8,113**	**9,127**
Property, plant and equipment (tangible assets)	10.3.		
Land, land rights and buildings		13	16
Other equipment, operating and office equipment		1,070	2,089
Prepayments		0	3
		1,083	**2,108**
Receivables and other assets			
Other financial assets	10.6.	2,477	2,052
Other non-financial assets	10.6.	0	61
		2,477	**2,113**
Deferred taxes	10.14.	**3,971**	**993**
TOTAL non-current assets		**95,086**	**141,913**
CURRENT ASSETS			
Receivables and other assets			
Trade receivables	10.4.	2,394	22,429
Receivables from affiliated entities	10.5.	0	89
Income tax receivables		34	7
Other financial assets	10.6.	989	127
Other non-financial assets	10.6.	1,852	1,961
		5,269	**24,613**
Cash and cash equivalents	10.7.	**33,674**	**27,457**
TOTAL current assets		**38,943**	**52,070**
TOTAL ASSETS		**134,029**	**193,983**

EQUITY AND LIABILITIES	Notes	31 December 2020 (EUR '000)	31 December 2019 (EUR '000)
EQUITY			
Shares issued	10.8./10.9.	57,819	57,624
Capital reserves	10.8.	84,404	85,097
Retained earnings	10.8.	5,518	2,300
Other reserves	10.11.	-2,631	-2,441
Consolidated retained earnings		-64,736	10,795
TOTAL equity		**80,374**	**153,375**
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions for pensions	10.12.	2,165	2,161
Liabilities to banks	10.18.	12,315	0
Contract liabilities	10.15.	1,414	0
Lease liabilities	10.16.	6,899	7,114
Other financial liabilities	10.20.	0	253
Other non-financial liabilities	10.20.	1,463	0
Deferred taxes	10.14.	488	4,337
TOTAL non-current liabilities		**24,744**	**13,865**
CURRENT LIABILITIES			
Other provisions	10.17.	177	181
Liabilities to banks	10.18.	10,033	0
Trade payables	10.19.	12,257	15,301
Contract liabilities	10.15.	887	2,321
Lease liabilities	10.16.	2,180	2,523
Liabilities to affiliated entities	10.5.	55	45
Income tax liabilities		363	1,115
Other financial liabilities	10.20.	396	2,330
Other non-financial liabilities	10.20.	2,563	2,927
TOTAL current liabilities		**28,911**	**26,743**
TOTAL liabilities		**53,655**	**40,608**
TOTAL EQUITY AND LIABILITIES		**134,029**	**193,983**

CONSOLIDATED STATEMENT OF INCOME

FOR THE PERIOD 1 JANUARY TO 31 DECEMBER 2020

STATEMENT OF INCOME	Notes	1 JANUARY - 31 DECEMBER 2020 (EUR '000)	1 JANUARY - 31 DECEMBER 2019[1] (EUR '000)
Revenue	11.1.	14,470	132,984
Other income	11.2.	2,057	1,029
Other own work capitalised	11.3.	1,329	2,611
Total operating income		**17,856**	**136,624**
Expenses for purchased services	11.4.	-7,168	-1,771
Marketing expenses	11.5.	-8,631	-66,692
Personnel expenses	11.7.	-26,739	-34,867
thereof current benefits		*-27,976*	*-34,344*
thereof long-term incentive plans and pensions	10.11./10.12./10.13	*1,237*	*-523*
Net impairment losses on financial assets	10.4.	2,546	-3,634
Other expenses	11.8.	-15,522	-23,364
EBITDA		**-37,658**	**6,296**
Depreciation, amortisation and write-downs	10.1./10.2./10.3.	-7,804	-8,345
EBIT		**-45,462**	**-2,049**
Financial income	11.9.	29	0
Financial expenses	11.10.	-357	-318
Financial result		**-328**	**-318**
EBT		**-45,790**	**-2,367**
Actual taxes	10.14.	207	-1,247
Deferred taxes	10.14.	4,680	286
Tax result		**4,887**	**-961**
Consolidated net profit/(loss) from continuing operations		**-40,903**	**-3,328**
Consolidated net profit/(loss) from discontinued operations	9.2.	**-31,628**	**-1,265**
Consolidated net profit/(loss)		**-72,531**	**-4,593**
Consolidated net profit/(loss) attributable to			
equity holders of the parent company		-72,531	-4,593
		-72,531	**-4,593**
		(EUR)	(EUR)
Diluted and basic earnings per share from continuing operations		**-0.71**	**-0.06**
Diluted and basic earnings per share from discontinued operations		**-0.55**	**-0.02**
Basic and diluted earnings per share		**-1.26**	**-0.08**
Average number of shares outstanding		57,600,407	57,429,073

[1] Adjusted for IAS 1 / IAS 8 effects and IFRS 5 (see information in section 2.3. of the notes to the consolidated financial statements)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD 1 JANUARY TO 31 DECEMBER 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Notes	1 JANUARY - 31 DECEMBER 2020 (EUR '000)	1 JANUARY - 31 DECEMBER 2019[1)] (EUR '000)
Consolidated net profit/(loss)		**-72,531**	**-4,593**
Items not subject to reclassification into the statement of income		**-159**	**-629**
Revaluation of defined-benefit plans	10.11.	-159	-629
Change due to revaluation		*-167*	*-741*
Deferred tax effect		*8*	*112*
Items subject to possible reclassification into the statement of income in the future		**-31**	**7**
Currency translation differences	10.11.	-31	7
Other consolidated comprehensive income		**-190**	**-622**
Consolidated comprehensive income		**-72,721**	**-5,215**
Consolidated comprehensive income attributable to			
equity holders of the parent company		-72,721	-5,215
		-72,721	**-5,215**

[1)] Adjusted for IAS 1 / IAS 8 effects and IFRS 5 (see information in section 2.3. of the notes to the consolidated financial statements).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 1 JANUARY TO 31 DECEMBER 2020

	Equity attributable to equity holders of the parent company			
	Shares issued			Capital reserves
	Subscribed capital (EUR '000)	Treasury shares (EUR '000	TOTAL (EUR '000)	(EUR '000)
Notes	10.8.	10.8./10.9.		10.8.
1 JANUARY 2019	**58,314**	**-1,084**	**57,230**	**85,048**
Effects of share-based payment plans	0	394	394	49
Consolidated comprehensive income	0	0	0	0
Net profit/(loss) after taxes according to Consolidated Statement of Income	*0*	*0*	*0*	*0*
Other comprehensive income according to Consolidated Statement of Comprehensive Income	*0*	*0*	*0*	*0*
Dividend payments	0	0	0	0
31 DECEMBER 2019	**58,314**	**-690**	**57,624**	**85,097**
1 JANUARY 2020	**58,314**	**-690**	**57,624**	**85,097**
Purchase of treasury shares	0	-412	-412	0
Addition to retained earnings	0	0	0	0
Effects of share-based payment plans	0	607	607	-693
Consolidated comprehensive income	0	0	0	0
Net profit/(loss) after taxes according to Consolidated Statement of Income	*0*	*0*	*0*	*0*
Other comprehensive income according to Consolidated Statement of Comprehensive Income	*0*	*0*	*0*	*0*
31 DECEMBER 2020	**58,314**	**-495**	**57,819**	**84,404**

	Equity attributable to equity holders of the parent company					
	Retained earnings	Other reserves				
	(EUR '000)	for the revaluation of defined-benefit pension plans (EUR '000)	for currency translation differences (EUR '000)	TOTAL (EUR '000)	Consolidated retained earnings (EUR '000)	TOTAL EQUITY (EUR '000)
	10.8.	10.11.	10.11.			
	1,755	**289**	**-2,108**	**-1,819**	**17,677**	**159,891**
	545	0	0	0	0	988
	0	-629	7	-622	-4,593	-5,215
	0	*0*	*0*	*0*	*-4,593*	*-4,593*
	0	*-629*	*7*	*-622*	*0*	*-622*
	0	0	0	0	-2,289	-2,289
	2,300	**-340**	**-2,101**	**-2,441**	**10,795**	**153,375**
	2,300	**-340**	**-2,101**	**-2,441**	**10,795**	**153,375**
	-213	0	0	0	0	-625
	3,000	0	0	0	-3,000	0
	431	0	0	0	0	345
	0	-159	-31	-190	-72,531	-72,721
	0	*0*	*0*	*0*	*-72,531*	*-72,531*
	0	*-159*	*-31*	*-190*	*0*	*-190*
	5,518	**-499**	**-2,132**	**-2,631**	**-64,736**	**80,374**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD 1 JANUARY TO 31 DECEMBER 2020

CONSOLIDATED STATEMENT OF CASH FLOWS	Notes	1 JANUARY - 31 DECEMBER 2020 (EUR '000)	1 JANUARY - 31 DECEMBER 2019 (EUR '000)
CASH FLOW FROM OPERATING ACTIVITIES			
Consolidated net profit/(loss)		-72,531	-4,593
Amortisation, depreciation and write-downs		39,587	10,081
Financial result	11.9./11.10.	418	353
Taxes	10.14.	-6,432	567
EBITDA		**-38,958**	**6,408**
Other non-cash expenses/income		433	964
Increase/decrease in assets not attributable to investing or financing activities		18,013	-759
Increase/decrease in liabilities not attributable to investing or financing activities		-3,879	-2,273
Interest expenses		-67	-195
Income tax payments/refunds		-573	-1,663
Net cash used in operating activities		**-25,031**	**2,482**
CASH FLOW FROM INVESTING ACTIVITIES			
Cash outflow for internally generated intangible assets		-1,708	-3,500
Cash outflow for tangible and intangible assets acquired for valuable consideration		-208	-767
Cash inflow from disposal of tangible and intangible assets		264	52
Cash inflow from sale of formerly consolidated companies	9.2.	13,602	0
Cash outflow for transaction costs in connection with the sale of formerly consolidated companies	9.2.	-960	0
Cash inflow from interest		29	0
Net cash used in investing activities		**11,019**	**-4,215**
CASH FLOW FROM FINANCING ACTIVITIES			
Cash inflow from loans obtained	13.	33,244	0
Cash outflow for purchase of treasury shares	10.8./10.9.	-625	0
Cash outflow for repayment of loans to banks	13.	-10,000	0
Cash outflow for payment of lease liabilities	13.	-2,341	-2,263
Cash outflow for dividend payments		0	-2,289
Net cash used in financing activities		**20,278**	**-4,552**
Net increase/decrease in cash		**6,266**	**-6,285**
Cash and cash equivalents at the beginning of the financial year		**27,457**	**33,759**
Valuation-related changes in cash		-49	-17
Cash at the end of period		**33,674**	**27,457**

CONSOLIDATED STATEMENT OF CHANGES IN NON-CURRENT ASSETS

FOR THE PERIOD 1 JANUARY TO 31 DECEMBER 2020 | PART OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Net carrying amounts	
	31 DECEMBER 2020 (EUR '000)	31 DECEMBER 2019 (EUR '000)
Intangible assets		
Intangible assets acquired for valuable consideration	4,933	16,779
Internally generated intangible assets	5,418	10,611
Goodwill	69,091	100,182
	79,442	**127,572**
Right-of-use assets		
Land and buildings	8,003	8,919
Vehicles	50	123
Other equipment, operating and office equipment	60	85
	8,113	**9,127**
Property, plant and equipment (tangible assets)		
Land, land rights and buildings	13	16
Other equipment, operating and office equipment	1,070	2,089
Prepayments	0	3
	1,083	**2,108**

Intangible assets
Intangible assets acquired for valuable consideration
Internally generated intangible assets
Goodwill
Right-of-use assets
Land and buildings
Vehicles
Other equipment, operating and office equipment
Property, plant and equipment (tangible assets)
Land, land rights and buildings
Other equipment, operating and office equipment
Prepayments

ACQUISITION AND PRODUCTION COSTS

1 JANUARY 2020 (EUR '000)	Additions (EUR '000)	Other additions (EUR '000)	Disposals (EUR '000)	Revaluation (EUR '000)	Reporting entity (EUR '000)	Currency reserves (EUR '000)	31 DECEMBER 2020 (EUR '000)
36,522	52	0	-50	0	-25,920	0	10,604
26,795	1,708	0	-8,411	0	-5,365	0	14,727
105,261	0	0	0	0	-31,091	0	74,170
168,578	**1,760**	**0**	**-8,461**	**0**	**-62,376**	**0**	**99,501**
11,446	0	0	-1,074	1,676	0	0	12,048
185	13	0	-72	0	0	0	126
103	0	0	0	0	0	0	103
11,734	**13**	**0**	**-1,146**	**1,676**	**0**	**0**	**12,277**
20	0	0	0	0	0	-1	19
8,878	156	0	-1,681	0	-793	-9	6,551
3	0	0	-3	0	0	0	0
8,901	**156**	**0**	**-1,684**	**0**	**-793**	**-10**	**6,570**

AMORTISATION, DEPRECIATION AND WRITE-DOWNS

1 JANUARY 2020 (EUR '000)	Additions amortisation, depreciation (EUR '000)	Additions write-downs (EUR '000)	Disposals amortisation, depreciation (EUR '000)	Revaluation (EUR '000)	Reporting entity (EUR '000)	Currency reserves (EUR '000)	31 DECEMBER 2020 (EUR '000)
19,743	1,468	7,532	-13	0	-23,059	0	5,671
16,184	4,020	1,667	-7,969	0	-4,593	0	9,309
5,079	0	21,262	0	0	-21,262	0	5,079
41,006	**5,488**	**30,461**	**-7,982**	**0**	**-48,914**	**0**	**20,059**
2,527	2,593	0	-1,074	0	0	0	4,046
62	52	0	-38	0	0	0	76
18	25	0	0	0	0	0	43
2,607	**2,670**	**0**	**-1,112**	**0**	**0**	**0**	**4,165**
4	2	0	0	0	0	0	6
6,789	827	166	-1,539	0	-756	-6	5,481
0	0	0	0	0	0	0	0
6,793	**829**	**166**	**-1,539**	**0**	**-756**	**-6**	**5,487**

CONSOLIDATED STATEMENT OF CHANGES IN NON-CURRENT ASSETS

FOR THE PERIOD 1 JANUARY TO 31 DECEMBER 2019 | PART OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Net carrying amounts	
	31 DECEMBER 2019 (EUR '000)	31 DECEMBER 2018 (EUR '000)
Intangible assets		
Intangible assets acquired for valuable consideration	16,779	18,611
Internally generated intangible assets	10,611	11,886
Goodwill	100,182	100,182
	127,572	**130,679**
Right-of-use assets		
Land and buildings	8,919	0
Vehicles	123	0
Other equipment, operating and office equipment	85	0
	9,127	**0**
Property, plant and equipment (tangible assets)		
Land, land rights and buildings	16	18
Other equipment, operating and office equipment	2,089	2,363
Prepayments	3	0
	2,108	**2,381**

Intangible assets		
Intangible assets acquired for valuable consideration		
Internally generated intangible assets		
Goodwill		
Right-of-use assets		
Land and buildings		
Vehicles		
Other equipment, operating and office equipment		
Property, plant and equipment (tangible assets)		
Land, land rights and buildings		
Other equipment, operating and office equipment		
Prepayments		

ACQUISITION AND PRODUCTION COSTS

1 JANUARY 2019 (EUR '000)	Additions (EUR '000)	Disposals (EUR '000)	Transfer (EUR '000)	Reporting entity (EUR '000)	Currency reserves (EUR '000)	31 DECEMBER 2019 (EUR '000)
36,549	18	-44	-1	0	0	36,522
29,471	3,500	-6,177	1	0	0	26,795
105,261	0	0	0	0	0	105,261
171,281	**3,518**	**-6,221**	**0**	**0**	**0**	**168,578**
10,532	914	0	0	0	0	11,446
146	39	0	0	0	0	185
7	104	-8	0	0	0	103
10,685	**1,057**	**-8**	**0**	**0**	**0**	**11,734**
20	0	0	0	0	0	20
8,222	746	-91	0	0	1	8,878
0	3	0	0	0	0	3
8,242	**749**	**-91**	**0**	**0**	**1**	**8,901**

AMORTISATION, DEPRECIATION AND WRITE-DOWNS

1 JANUARY 2019 (EUR '000)	Additions (EUR '000)	Disposals (EUR '000)	Transfer (EUR '000)	Reporting entity (EUR '000)	Currency reserves (EUR '000)	31 DECEMBER 2019 (EUR '000)
17,938	1,834	-6	-23	0	0	19,743
17,585	4,626	-6,050	23	0	0	16,184
5,079	0	0	0	0	0	5,079
40,602	**6,460**	**-6,056**	**0**	**0**	**0**	**41,006**
0	2,527	0	0	0	0	2,527
0	62	0	0	0	0	62
0	21	-3	0	0	0	18
0	**2,610**	**-3**	**0**	**0**	**0**	**2,607**
2	2	0	0	0	0	4
5,859	1,009	-80	0	0	1	6,789
0	0	0	0	0	0	0
5,861	**1,011**	**-80**	**0**	**0**	**1**	**6,793**

HOLIDAYCHECK GROUP AG, MUNICH, GERMANY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, FOR THE FINANCIAL YEAR 2020

1. GENERAL DISCLOSURES

HolidayCheck Group AG (HCG) is a joint-stock company under German law (*Aktiengesellschaft, AG*). Its registered office is in Munich, Germany. HolidayCheck Group AG is the parent company of the HolidayCheck Group, a travel group with operations in Central Europe.

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

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

The company is listed in the Prime Standard segment of Deutsche Börse AG, and a total of 58,313,628 shares (ISIN: DE0005495329; ticker symbol: HOC) were admitted to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse, FWG*) on the reporting date. The shares are no-par value bearer shares, each representing an accounting par value of EUR 1 of the company’s share capital.

HCG can be contacted at the following addresses:

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

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

The company is included in the consolidated financial statements of the sub-group Burda GmbH, Offenburg, Germany (smallest reporting entity) and in the consolidated financial statements of Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, Germany (largest reporting entity). These consolidated financial statements are submitted for publication to the operator of the electronic Federal Gazette (*Bundesanzeiger*).

2. FINANCIAL STATEMENTS ACCOUNTING BASIS AND STANDARDS

The consolidated financial statements of HolidayCheck Group AG (HCG) were drawn up in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (EU), the interpretations issued by the IFRS Interpretations Committee (IFRS IC) and the supplementary provisions of commercial law as stipulated in section 315 e paragraph 1 of the German Commercial Code.

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 tables and disclosures in the notes to the consolidated management report may contain rounding differences. Unless explicitly stated otherwise, figures for the previous year have been adjusted in accordance with IFRS 5 and IAS 1 / IAS 8 (see also section 2.3).

The consolidated financial statements are prepared on the basis of the single-entity financial statements as at 31 December 2020 of those companies included in the consolidated financial statements.

All International Financial Reporting Standards (IFRSs) that were mandatory and endorsed by the European Union as at 31 December 2020 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. With the exception of the following changes due to first-time application or new circumstances, there has been no change from the accounting and valuation policies applied in HCG’s consolidated financial statements for 2019.

2.1 Impact of new or revised standards

The standards shown were revised or newly issued by the International Accounting Standards Board (IASB) and became mandatory for the financial year commencing on 1 January 2020:

Standards revised by the International Accounting Standards Board (IASB) in the financial year 2020

	Applicable from[1]	Endorsed by EU
Amendments to IFRS 3 Business Combinations: Definition of a Business	1 January 2020	Yes
Amendments to IFRS 16: Covid-19-Related Effects	1 June 2020	Yes
Amendments to IAS 1 and IAS 8: Definition of 'material'	1 January 2020	Yes
Amendments based on IBOR Reform Phase 1: Amendments to IFRS 9, IAS 39 and IFRS 7	1 January 2020	Yes
Amendments to References to the Framework Concept	1 January 2020	Yes

1) Date first applicable in EU

In May 2020, the IASB issued amendments to **IFRS 16** applicable to reporting periods beginning on or after 1 June 2020. Early application is admissible. The amendments basically clarify whether a Covid-19-related rental concession represents a modification of the lease.

The amendments grant lessees an option not to assess whether particular rent concessions granted as a direct consequence of the Covid-19 pandemic are lease modifications. Accordingly, lessees can decide to account for any rent concessions that meet the criteria as if they were not lease modifications.

The HCG Group applied this option, already in financial 2020, to all leases with similar characteristics for which concessions have been granted. This affects rent agreements for premises in the German city of Munich and the Swiss municipality of Bottighofen.

The exemption to IFRS 16 can be applied only if all the following criteria are met.

- The rent concession is a direct consequence of the Covid-19 pandemic.
- The revised consideration after the change in lease payments is substantially the same or less than the original consideration before the change.
- All reductions in lease payments relate only to payments due on or before 30 June 2021.
- No other substantive changes have been made to the terms of the lease.

When valuing rent concessions granted as a direct consequence of the Covid-19 pandemic, a distinction is made between reductions and deferrals of lease payments. With regard to the rent agreements for buildings and parking spaces in Munich and Bottighofen, only deferred models were agreed with the lessors.

While deferred lease payments reduce the payments in a given period, they increase the payments by the same proportion in another period. Based on the criteria set out in the IASB announcement, this does not reduce the amount owed by the lessee or change the consideration payable under the lease. Accordingly, there is no impact on the balance-sheet reporting of the rights of use.

The above deferrals have no impact on the recognition of lease payments in the statement of income as there are no material changes over the entire period of lease payments.

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

2.2 New or revised standards and interpretations – not applied

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

New or revised standards and interpretations – not applied

	Applicable from[1]	Endorsed by EU
Amendments from IBOR reform phase 2: Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16	1 January 2021	Yes
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2021	Yes
Amendments to IAS 16: Clarification of Proceeds before Intended Use	1 January 2022	No
Amendments to IAS 37: Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022	No
Annual Improvements to International Reporting Standards (2018-2020 cycle)	1 January 2022	No
Updated reference to the Framework Concept (IFRS 3)	1 January 2022	No
Amendments to IAS 1: Classification of Liabilities as Current or Non-Current	1 January 2023	No
Amendments to IFRS 17: Clarifications regarding Insurance Contract	1 January 2023	No

1) Date first applicable in EU

The amendments resulting from **phase 2 of the IBOR reform** concern issues that could affect financial reporting after the reform of an interest rate benchmark, including its replacement by alternative benchmark rates.

The amendments to IFRS 4 include an option for insurance companies to defer the introduction of IFRS 9.

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

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

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

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

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

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

2.3 Changes to prior-year figures

IAS 1/IAS 8 disclosures

'Cost of services purchased', which was shown in the financial statements for 2019 under 'other expenses', will be shown from 2020 onwards as a separate item in the consolidated statement of income. The figure for the previous year has been adjusted accordingly.

Disclosures pursuant to IFRS 5

The previous year's statement of income was adjusted in line with IFRS 5 (see section 9.3).

3. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the annual accounts of HolidayCheck Group AG and its subsidiaries as at 31 December 2020, 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 long-term 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'.

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 latter is responsible for decisions on the allocation of resources to business segments and for the evaluation of their profitability. The Management Board of HCG constitutes the principal decision-making body.

Since the beginning of financial 2016, the Management Board has steered the Group on the basis of key indicators for the entire business. As such, the business is no longer divided into segments. This arrangement remains unchanged, despite the expansion of the Group's travel portfolio to include its own in-house tour operator. Accordingly, the consolidated financial statements do not contain a separate segment report.

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

5. REPORTING CURRENCY AND CURRENCY TRANSLATION

The consolidated financial statements are prepared in euros, 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. Other non-monetary items measured at their fair value in a currency other than the euro are translated at the rate applicable at the time when the fair value was established.

Income and expenses are translated at the average exchange rate.

In the financial year 2020, with the exception of HolidayCheck Polska, whose functional currency is the zloty (PLN), all entities within the Group used the euro as their functional currency.

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.

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 than 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.

Intangible assets and goodwill

Intangible assets consist primarily of goodwill and brands from the acquisition of fully consolidated subsidiaries and internally generated intangible assets, in particular software.

Intangible assets acquired from third parties in return for payment are recognised at acquisition cost. Where there is a definite useful life, this figure is reduced by amortisation according to the straight-line method (or the declining balance method in the case of the database acquired from Beach-Inspector.com) over the intangible assets' useful life. 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 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.

Internally 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 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 expenses 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 (see section 11.6 'Research and development expenses').

The 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 market readiness of the internally generated intangible assets.

Throughout the Group, the following useful lives form the basis of amortisation for material intangible assets. Any 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
Trademark rights / brand names and internet domains	5 to 20 years or no amortisation
Software / websites	3 to 15 years
Customer bases	5 to 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 at least once a 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.

Right-of-use assets

Right-of-use assets are recognised in respect of lease contracts where HCG is the lessee and has the right to use an asset for a defined period. Right-of-use assets are shown at the cost of acquisition less accumulated depreciation. They are adjusted whenever it becomes necessary to revalue the lease liabilities due to changes in the contract or the contract term or as a result of assessed impairment losses or if there is a change in use.

Straight-line depreciation of right-of-use assets is based on useful lives of between one and six years. The asset's useful life is based in turn on the period of use or the duration of the lease, whichever is shorter.

The lease duration was taken to be the agreed rental term (excluding the ordinary right of termination) with due regard for any options to extend where there is adequate certainty that such options will be exercised.

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, depreciation of property, plant and equipment is based on the following useful lives for material assets:

Depreciation of property, plant and equipment

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.

Impairment of intangible assets, right-of-use 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 right-of-use assets and 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, right-of-use 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.

The global Covid-19 pandemic constituted a triggering event for the travel industry, which necessitated a review of goodwill in particular, but also of other assets allocated in the first consolidation that are not subject to any regular amortisation. To this end we conducted ad hoc impairment tests as at 30 June 2020, 30 September 2020 and 31 December 2020. These impairment tests are conducted at the level of the smallest cash-generating unit and cover all assets.

All goodwill and all intangible assets with an indefinite useful life and intangible assets that are not yet in use are not subject to amortisation. They were tested for impairment on 31 October, or whenever there were particular grounds for doing so, in order to determine whether they had kept their value. Impairment testing was brought forward to 31 October for organisational reasons. The company has brought forward the multi-annual planning process, and the plan is now drawn up directly after the annual strategy meetings.

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.

Whereas in the past a plan served as the basis for determining the discounted cash flow, owing to the uncertain impacts of the Covid-19 pandemic on the travel industry, three plan scenarios have been drawn up (planned, negative and positive). A free cash flow was determined for each scenario. A weighted free cash flow was calculated from this on the basis of the probability of occurrence of each scenario. This was then used to calculate the value in use.

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.

Profits and losses from disposals of intangible assets, right-of-use assets and property, plant and equipment (tangible assets)

Profits and losses from disposals of intangible assets, right-of-use assets and property, plant and equipment (tangible assets) are shown under other income or other expenses in the statement of income at the time of derecognition.

Financial instruments

Financial instruments are contracts that create a financial asset for one company and a financial liability or equity instrument for another company. They are recognised as soon as HCG becomes a party to the financial instrument.

For purchases and sales under normal market conditions, financial instruments are recognised as additions or disposals on the trading date.

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. In the current financial year, financial assets and liabilities were netted off against each other for the first time. The liabilities in question were Covid-19-related refund obligations to tour operators. In 2020, most of the associated commissions were paid by tour operators to the company when holiday bookings were made. For those holidays that were subsequently cancelled or not taken, the company's refund obligation was deferred for up to 12 months. In future, all such refund liabilities will be netted off against new receivables from tour operators for future holiday brokerage services. The purpose of this arrangement is to ensure that travel agents retain enough liquidity to meet their short-term requirements. Apart from this arrangement, no other financial assets and liabilities are netted off. No financial assets and liabilities were netted off in the previous year.

Following initial recognition, financial instruments are reclassified only if the Group changes its business model in relation to the generation of cash flows from financial assets.

Financial assets

The Group's main financial assets are trade receivables, cash and cash equivalents, other financial assets and derivative financial instruments.

Classification and measurement

On initial recognition, in accordance with IFRS 9, financial assets are allocated to one of the following measurement categories:

- financial assets measured at amortised cost (AC);
- financial assets measured at fair value with changes in fair value recognised in profit and loss as they arise (FVPL);
- financial assets measured at fair value with changes in fair value recognised in other comprehensive income (FVOCI).

Financial assets are measured at amortised cost (AC) if they are held as part of a business model whose objective is to hold that financial instrument in order to generate contractual cash flows consisting solely of payments of interest and principal.

Financial assets held for trading purposes and some equity instruments and financial derivatives are measured at fair value with changes in fair value recognised in profit and loss as they arise (FVPL).

Financial assets held as part of a business model whose objective is to generate contractual cash flows and to sell the financial instruments are measured at fair value with changes in fair value recognised in other comprehensive income (FVOCI).

Financial assets are recognised initially at fair value, which is the same as the value of the consideration paid. If a financial asset is not subsequently measured at fair value through profit and loss, all directly attributable transaction costs must be taken into account in the initial measurement.

If the case of investments in equity instruments that are not held for trading purposes, the Group can choose, at the time of initial recognition, whether to recognise changes in fair value irrevocably in the statement of comprehensive income. This option was not exercised.

After initial recognition, financial assets in the amortised cost (AC) category are measured in subsequent periods 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 through profit or loss in the same period.

Financial assets measured at fair value with changes in fair value recognised in profit and loss as they arise (FVPL) are measured at fair value in subsequent periods. This means that changes in fair value are shown in the statement of income.

Financial assets measured at fair value with changes in fair value recognised in other comprehensive income (FVOCI) are measured at fair value in subsequent periods. This means that changes in fair value are shown in equity with no impact on the statement of income. If the financial instrument is derecognised, the amounts shown in the statement of comprehensive income (OCI) are transferred to the statement of income. No debt instruments in the FVOCI measurement category were held or sold in either the previous year or in the year under review.

Impairment of financial assets

Based on IFRS 9, financial assets are assessed for impairment using the ‘expected credit loss’ model. This model must be used for financial assets measured at amortised cost and for contract assets and debt instruments measured at fair value with changes in fair value recognised in other comprehensive income.

Expected credit losses for these categories of financial assets are recognised in the form of a risk allowance or, in the case of losses that have already been incurred, by means of impairment. This is normally done using the general or simplified approach prescribed in IFRS 9.

Using the **general approach**, the credit risk of financial assets is considered to be low at initial recognition. Loss allowance is based on a 12-month model of expected credit losses. An allowance for the expected credit losses over the lifetime of the asset is required if the credit risk of that financial instrument has increased significantly since its initial recognition. Contractual payments that are more than 30 days past due could be an indicator for the fact that credit risk has increased significantly. If there are objective indicators of such an increase (e.g. bankruptcy), an appropriate loss allowance is recognised.

HCG assesses expected credit losses on cash and cash equivalents and other financial assets, with the exception of trade receivables, using the general approach. These financial assets are reviewed quarterly for any deterioration in credit quality that could lead to their reclassification.

The **simplified approach** is mandatory for contract assets or trade receivables that do not constitute a substantial financing element. A loss allowance for full lifetime expected credit losses must be recognised.

In the case of brokerage services, credit loss risks are established by means of external credit ratings and internal risk assessments. On the basis of these assumptions, expected loss rates are calculated separately for each contract partner. Rather than applying a flat rate for all commission revenue, the Group calculates individual loss rates for each tour operator, and these are continuously reviewed to ensure that they remain up to date. In addition, we fully insure all receivables from our main contract partners up to the permitted credit limit in respect of holidays brokered by us that are due to take place within the next 270 days. This insurance cover includes a deductible at the usual market level in the event of claims. We do not insure receivables for holidays that we have brokered where there are more than 270 days before the departure date. As a result of the Covid-19 pandemic, the insurers have restricted or completely stopped providing cover for many credit limits. This means that only a small proportion of receivables can now be insured.

In the case of receivables for advertising services, the expected credit loss is calculated using an expected loss rate based on macroeconomic factors. In this context, the Group has identified country-specific risks (based on external ratings) as the most relevant factor. The loss rate applied by the Group was derived from historic cases of credit losses in previous periods and was unchanged to the previous year.

Financial liabilities

The Group's main financial liabilities are trade payables, contract liabilities, liabilities to banks, lease liabilities, other financial liabilities and derivative financial instruments.

Classification and measurement

On initial recognition, in accordance with IFRS 9, financial liabilities are allocated to one of the following measurement categories:

- financial liabilities measured at fair value with changes in fair value recognised in profit and loss as they arise (FVPL)
- financial liabilities measured at amortised cost (FLAC)

All financial liabilities are initially measured at fair value, in the case of loans and liabilities after deducting the directly attributable transaction costs.

Financial liabilities initially allocated to the amortised cost category are subsequently measured at amortised cost using the effective interest rate method. Interest expenses and income or expenses from derecognition are shown in the statement of income. In the HCG Group, this category is mainly used for trade payables, contract liabilities, liabilities to banks, lease liabilities and other financial liabilities. It does not include derivatives with a negative market value, which are measured at fair value through profit and loss

Financial liabilities in the fair value in profit and loss category (FVPL) are measured both initially and in subsequent periods at fair value. Net gains or losses including interest expenses are recognised in the statement of income.

Derecognition of financial assets and liabilities

Financial assets are derecognised if:

- the rights to the cash flows have expired; or
- they have been transferred and HCG has transferred all the main opportunities and risks associated with ownership; or
- the main opportunities and risks have essentially neither been transferred nor retained but HCG has transferred control over the assets.

Financial liabilities are derecognised if the underlying obligation has been fulfilled or cancelled or has expired.

Derivative financial instruments

The list of financial assets and liabilities measured at fair value with changes in fair value recognised in profit and loss as they arise (FVPL) may include **derivatives** that are not held for hedging purposes.

Any profit or loss from subsequent measurements, including from interest and dividends, is recognised in the statement of income.

The HCG Group uses derivative financial instruments solely as a hedge against currency risks linked to its operating activities and against currency risks created by holding liabilities to banks in a foreign currency. It does neither hold nor issue derivative financial instruments for speculative purposes.

Derivative financial instruments are recognised initially and on subsequent measurements at fair value. This value can be positive or negative. Derivative financial instruments are recognised as financial assets if the fair value of the derivative is positive or as financial liabilities if the fair value of the derivative is negative. Fair value is taken to be the market price of traded derivative financial instruments, provided that they are observable on the market. If a market value cannot be determined, the fair value must be calculated using recognised actuarial models.

On initial recognition of an **equity instrument** that is not held for trading purposes, the Group can decide whether to recognise changes in fair value irrevocably in the statement of other comprehensive income (OCI). This choice option is available for each individual equity instrument. After initial recognition at fair value, dividends are recognised in profit and loss unless they clearly represent recovery of a part of the cost of the investment. Other profits and losses are recognised in the statement of other comprehensive income. They are not transferred to the statement of income even if the financial instrument is derecognised.

No equity instruments were held or sold in either the previous year or in the year under review.

Share-based payments

The Group's share-based payment plans are remuneration schemes with settlement in the form of cash or shares in the company.

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

Share-based payments with cash settlement formed part of a long-term incentive plan ('LTIP 2011-2016') for senior management staff and members of the Management Board. In accordance with IFRS 2, these payments were recognised as personnel expenses and as a corresponding increase in other financial liabilities. (See section 10.13 'Employee stock option plans of the company'). The last tranche under this plan was paid out in 2020.

The share-based payments with settlement in the form of shares in the company are granted under a long-term incentive plan ('LTIP 2017-2020') for members of the Management Board and a stock option plan ('RSP') for employees and senior management staff. In accordance with IFRS 2, these payments are recognised as personnel expenses and as a corresponding increase in other financial liabilities or equity. (See section 10.13. 'Employee stock option plans of the company').

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

Equity

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

Treasury shares

Items shown under equity are recognised at their nominal value. The company's purchases of its own shares (treasury shares) were offset against the total for shares issued and its free reserves (capital reserve as per section 272 paragraph 2 number 4 of the German Commercial Code, and other revenue reservesretained earnings). In terms of economic ownership, the sale or issue of the company's own shares to its employees constitutes a capital increase. If the income generated by the sale exceeds the nominal value or accounting par value of the shares, the difference – up to the amount offset when the treasury shares were purchased against the company's freely available reserves in accordance with section 272, paragraph 1a, sentence 2 of the German Commercial Code – will be returned to those reserves. If the income from the sale of treasury shares exceeds or falls below their original purchase price, the difference is placed in the capital reserve in accordance with section 272 paragraph 2 number 1 of the German Commercial Code. The remaining difference between the income from sale and the amount placed in the capital reserve as per section 272 paragraph 2, numbers 1 and 4 of the German Commercial Code is shown under other revenue reservesretained earnings.

Lease liabilities

Lease liabilities are recognised at the present value of the future settlement value. Lease payments are discounted using the implicit interest rate in the contract, assuming it is possible to calculate an implicit interest rate. If this rate cannot be determined, the Group discounts the lease payments using the lessee's incremental borrowing rate of interest that underlies all leases.

Subsequently, lease liabilities are measured and compounded using the effective interest rate method and are shown after deducting lease payments. Lease liabilities are adjusted if the underlying contract, the price or term of the contract changes.

Pension provisions

The pension provision is based on defined-benefit pension plans for the employees of HC and Driveboo. 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 expenses are recognised as personnel expenses.

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 when forming the provision in so far as they can be predicted with sufficient objective certainty. The amount recognised is that which seems most likely on careful examination of the circumstances. Provisions are discounted in so 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.

Current and deferred income tax

Actual tax assets and 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.

If it is not possible to refrain from doing so under exemption rules, **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-based approaches. This is done according to the liability method, which reflects the Group's expectations at the balance sheet date. Deferred tax assets and liabilities are not generally formed for temporary differences based on IFRS 16. 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 non-financial assets and liabilities and financial obligations

Other non-financial assets are recognised if it is expected that there will be an inflow of resources that embody an economic benefit in order to settle a receivable, provided that this amount can be reliably determined.

Other non-financial 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.

Other financial obligations 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 (see section 16.2.).

Government support

In response to the Covid-19 pandemic, the Group took the decision to claim government support in the form of subsidies for short-time working payments in Germany and Switzerland and Covid+ loans in Switzerland (government grants).

Government grants are recognised only when there is reasonable assurance that the conditions attached to them are met, and that the grants will be received. They were only recognised when there was reasonable assurance that the company will meet the conditions attached to them and that the grants will be received. At initial recognition, this was the date on which the application for the subsidy for the short-time working allowance was submitted and the subsequent written government approval. Covid+ loans were recognised on the date of cash inflows.

Employers merely act in a fiduciary capacity when making short-time working payments up front to employees. For accounting purposes, the payments are matched in the balance sheet by receivables from the Employment Agency and the cantonal unemployment insurance scheme (Canton of Thurgau). As a result, the salary figures shown under personnel expenses exclude short-time working payments. Income from capitalised receivables in respect of government social security subsidies is shown in the statement of income under 'other income'. All voluntary top-ups made by Group companies are shown in the statement of income as current personnel expenses.

Government grants received as part of Covid+ loans were measured as the difference between the fair value and the transaction price of the loans and is recognised under other non-financial liabilities.

The difference shown under government grants is mainly due to the interest rate arrangements, since the interest on the government-backed element of the loan is below the market rate. The reversal of the deferred item (recognised as income) is calculated in the same way as the compounding of Covid+ loans and netted off against the corresponding interest expenses under the item 'interest expenses'.

The government grants were recognised in the statement of income on a systematic basis over the periods in which expenses were recognised for the related costs for which the government grants are intended to compensate.

Contingent liabilities have not been created as the Group does not anticipate any situation where unfulfilled conditions make it necessary to repay the subsidies.

Discontinued operations

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.

In accordance with IFRS 5.30, an entity has to present and disclose information that enables users of financial statements to evaluate the financial effects of discontinued operations and the disposals of non-current assets. There is no provision in IFRS 5 as to how intragroup transactions between continuing and discontinued operations should be eliminated. However, the IFRIC agenda decision of 12 January 2016 allows for two possible procedures for presenting intragroup transactions between continuing and discontinued operations.

- Procedure 1: eliminate intragroup-internal transactions in line with IFRS 10.B86(c) without adjustments.
- Procedure 2: eliminate intragroup transactions, taking into account adjustments to allow for the effect of these transactions on the continuing operation after the disposal of the discontinued operation in line with IFRS 5.30.

Intragroup transactions were consistently eliminated in the HolidayCheck Group financial statements on the basis of substance over form (procedure 2).

Realisation of income and expenses

Under IFRS 15 rules, **revenue** is shown less value-added tax (VAT), passenger-related taxes and fees, income deductions, credits and compensation payments or customer goodwill and after the elimination of intragroup sales.

Revenue generated as an online travel agency **from the brokerage** of package holidays, hotel bookings, insurance policies and car rental bookings is realised once the performance obligation (brokerage service) to the customer has been fulfilled (see also section 8). The figure for revenue from brokerage services also includes advertising subsidies.

Revenue generated as a **tour operator** is realised when the corresponding performance obligation vis-à-vis the customer is fulfilled. In this context, the tour operator provides significant integration services within the meaning of IFRS 15 to transform the performance obligation into a product (holiday/package tour) for the customer. As such, the package tour constitutes a performance obligation for HCT.

Revenue is generally realised over the course of the holiday since the customer uses the holiday product on a pro rata basis over that time. A package holiday generally consists of various services, e.g. flights, hotel accommodation and transfers.

With regard to **advertising services**, HCG fulfils its performance obligations over a specified period based on the criteria set out in the contract. Advertising contracts specify the period, volume and price per advertising period (generally on a weekly basis). Weightings are applied to spread out discounts on the basis of the individual prices of the different components of the services. In the case of advertisements brokered by external agencies, sales revenue is based on advertising media supplied and invoiced and on the same principles.

Income from **other services** is realised at the point when the contractual service is provided to the customer. 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 recognised on a gross basis in revenue and services received under the corresponding expense items.

Expenses are generally recognised in the period in which the service was provided.

Expenses for advance holiday services (shown under 'cost of services purchased') are totalled and divided up in the same way as sales revenue over the period of the holiday.

Royalty and rental income and expenses are allocated on a pro rata basis in accordance with the relevant contractual period.

Interest income and interest expenses are calculated using the effective interest rate method.

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.

HCG's Finance team establishes appropriate valuation methods and input parameters for the measurement of fair value.

As a guide to the reliability of the input factors used when calculating fair values, financial instruments are allocated to one of the following levels:

- level 1: in the case of level 1 financial instruments, the fair value is determined using (unadjusted) quoted market prices at the end of the reporting period;
- level 2: in the case of level 2 financial instruments, the fair value is determined using measurement techniques for which the main input factors are based on observable market data;
- level 3: in the case of level 3 financial instruments, at least one of the main input factors is not based on observable market data.

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;
- 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.

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.

Impairment of goodwill and of intangible assets with indefinite 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. Especially calculations of discounted cash flows are very much subject to planning assumptions that can be sensitive to change and therefore to impairment.

Details of intangible assets and the assumptions on which impairment tests are based can be found in section 10.1. '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.

Pension provisions

The measurement of pension provisions includes known pension commitments and vested entitlements on the balance sheet date as well as anticipated increases in salaries and pensions. The interest rate used to calculate the present value of these liabilities is generally based on the yield for senior fixed income corporate bonds denominated in the currency of the relevant currency area.

Voucher provisions

Provisions in respect of 'on-site' vouchers issued by the Group (shown under trade payables) are reversed using the same cancellation rates as for sale revenue. For this reason, the assumptions underlying our estimates have changed compared with the consolidated financial statements for 2019. Issues of on-site vouchers were discontinued in 2020, and customers lost any voucher entitlements when cancelling holidays due to the Covid-19 pandemic. Accordingly, the assumptions underlying these figures are now relatively minor.

Commission revenue from brokerage services

With regard to brokerage services, HCG fulfils its performance obligations on the date on which the holidaymaker books a product offered by our customer. The fulfilment date is taken as the date on which the product is brokered by HCG. The transaction price is determined as follows: holiday price multiplied by the basic commission rate less a cancellation factor. Before Covid-19, the cancellation factor was calculated retrospectively as a rolling 12-month average and applied to current revenues. However, after the beginning of the Covid-19 pandemic, with the resulting travel restrictions and cancellations, this no longer fulfilled its objective. Given our obligation to refund commissions linked to holidays which are not taken, the figure for brokerage commissions is treated as a variable transaction price. Revenue is recognised only if it is highly probable that the holiday will not be cancelled and that the commission will not have to be refunded. In light of the great uncertainty created by these exceptional circumstances and by the high level of dependence on unforeseeable political decisions affecting the travel sector, it is not possible to provide a reliable estimate of cancellation rates for previously booked holidays with departure dates after 31 December 2020. Accordingly, no revenue has been recognised for holidays in this category.

Under normal circumstances, the basic commission may be increased to include additional commissions using a sliding scale based on brokerage revenue. No such additional commission revenue has been recognised for 2020 due to Covid-19 as in most cases the sliding-scale targets were not (and are not likely to be) reached. Only fixed advertising subsidies have been recognised in accordance with the policy set out in section 6 on income from advertising.

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 8 other fully consolidated companies in respect of which HolidayCheck Group AG directly or indirectly holds a majority of the voting rights and therefore control. As such, these consolidated financial statements include the single-entity financial statements of all the significant subsidiaries over which HolidayCheck Group AG has legal and/or de facto control.

As at 31 December 2020, HCG held shares in the entities shown in the table below.

Reporting entity as at 31 December 2020

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

[1] Indirect shareholding via HolidayCheck AG

[2] Indirect shareholding via WebAssets B.V.

[3] Company is in liquidation

In both financial 2020 and 2019, HolidayCheck Solutions GmbH and HC Touristik GmbH took advantage of the exemption available under section 264 paragraph 3 of the German Commercial Code.

9.2 Changes in the reporting entity

9.2.1 Sale of Zoover Media B.V., Amsterdam, Netherlands

Zoover Media B.V., a wholly-owned subsidiary of WebAssets B.V. based in Amsterdam, Netherlands, operates several hotel rating and travel booking portals. It generates revenue in the form of a commission for referring internet users to other booking portals. Its core sales markets are the Netherlands and Belgium. On 1 July 2020, Zoover Media B.V. was sold to Vakanties.nl B.V. for around EUR 1,020 thousand.

The company was deconsolidated on 1 July 2020 due to the loss of control following its sale.

Impact of deconsolidation of Zoover Media B.V. on the Group

	1 July 2020 (EUR '000)
Intangible assets	421
Property, plant and equipment (tangible assets)	20
Trade receivables	361
Other financial assets	5
Other non-financial assets	48
Cash and cash equivalents	457
Assets disposed of from discontinued operations	**1,312**
Trade payables	-97
Contract liabilities	-22
Other financial liabilities	-10
Other non-financial liabilities	-616
Liabilities linked to the assets of discontinued operations on disposal	**-745**
NET ASSET DISPOSAL	**567**
Cash consideration received	1,020
Disposal costs linked to the sale	-164
CONSIDERATION RECEIVED LESS DISPOSAL COSTS	**856**
DECONSOLIDATION PROFIT FROM DISPOSAL OF SUBSIDIARIES	**289**
Disposal price settled in cash less sale costs paid	856
Cash and cash equivalents disposed of	-457
NET CASH INFLOWS FROM DISPOSAL	**399**

The figure for consolidated comprehensive income from the disposal of Zoover is EUR 289 thousand and is recognised in consolidated net profit/(loss) after tax from discontinued operations from 1 January to 30 December 2020. Of this total, the profit from deconsolidation of the subsidiary was EUR 289 thousand.

9.2.2 Sale of Meteovista B.V., Amsterdam, Netherlands, and Meteovista International B.V. (formerly Zoover International B.V.), Amsterdam, Netherlands

Meteovista B.V., a wholly-owned subsidiary of WebAssets B.V., and its subsidiary Meteovista International B.V. (formerly Zoover International B.V. and a direct subsidiary of WebAssets B.V.), both with registered offices in Amsterdam, Netherlands (together Weeronline), operate advertising-financed weather portals, e.g. Weer-Online.nl. Online advertising is the main source of revenue. Their core sales markets are the Netherlands and Belgium. Meteovista B.V., together with its subsidiary Meteovista International B.V., was sold to Infoplaza B.V. The sale took effect on 10 August 2020. The sale price was EUR 13,425 thousand in cash. The parties also agreed a two-year earn-out capped at EUR 1,000 thousand.

Due to the loss of control associated with the transaction, the company was deconsolidated on 10 August 2020.

Impact of the deconsolidation of Weeronline on the Group

	10 August 2020 (EUR '000)
Intangible assets	13,040
Property, plant and equipment (tangible assets)	16
Trade receivables	588
Receivables from affiliated companies	0
Other non-financial assets	45
Cash and cash equivalents	386
Assets disposed of from discontinued operations	**14,075**
Deferred tax liabilities	-584
Trade payables	-184
Contract liabilities	-26
Other financial liabilities	-53
Other non-financial liabilities	-320
Liabilities linked to the assets of discontinued operations on disposal	**-1,167**
NET ASSET DISPOSAL	**12,908**
Cash consideration received	13,425
Reimbursement of security deposits	500
Disposal costs linked to the sale	-796
CONSIDERATION RECEIVED LESS DISPOSAL COSTS	**13,129**
DECONSOLIDATION PROFIT FROM DISPOSAL OF SUBSIDIARIES	**221**
Disposal price settled in cash less sale costs paid	12,629
Cash and cash equivalents disposed of	-386
NET CASH INFLOWS FROM DISPOSAL	**12,243**

The figure for consolidated comprehensive income from the disposal of Weeronline is EUR 221 thousand and is recognised in consolidated net profit/(loss) after tax from discontinued operations from 1 January to 30 December 2020. Of this total, the profit from deconsolidation of the subsidiary was EUR 221 thousand.

9.2.3 Deconsolidation of Zoover Travel B.V., Amsterdam, Netherlands

Zoover Travel B.V., a wholly-owned subsidiary of WebAssets B.V., was liquidated on 30 September 2020 and deconsolidated on 1 October 2020. The liquidation and subsequent deconsolidation had no impact on the consolidated financial statements since the company had no assets or liabilities.

9.3 Discontinued operations pursuant to IFRS 5

9.3.1 Discontinuation of operations in the Benelux region

In response to the Covid-19 pandemic, HolidayCheck Group AG took the decision to discontinue its business operations in the Benelux region.

After the sale of Zoover Media B.V. on 1 July 2020, the Supervisory Board approved a resolution on 20 July 2020 to classify the sub-division Weeronline as held for sale. As a result, the entire WebAssets Group (CGU), which has no other operating units, is now run as a discontinued operation (with the exemption of pure liquidity costs).

Tomorrow Travel B.V. (Tjingo) will also be allocated to the geographical segment of the Benelux region. Tomorrow Travel B.V. (in liquidation since 30 September 2020) forms a discrete CGU.

9.3.2 Impacts on the consolidated financial statements

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

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

9.3.2.1 IFRS 5 disclosures in the consolidated balance sheet

In accordance with IFRS 5, the Group's former Benelux activities constitute a discontinued operation given their importance to the income, asset and financial position of the HCG Group. Accordingly, their respective contributions to earnings are combined and recognised separately in consolidated net profit/(loss) after tax from discontinued operations. The corresponding 2019 figures in the consolidated statement of income have been adjusted accordingly.

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

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

	1 January to 31 December 2020 (EUR '000)	1 January to 31 December 2019 (EUR '000)
Revenue	3,073	10,721
Other income	1,938	457
Other own work capitalised	349	820
Total operating income	**5,360**	**11,998**
Expenses	–37,083	–13,657
EBT	**–31,723**	**–1,659**
Attributable income tax expense	1,545	394
Earnings after tax	**–30,178**	**–1,265**
Profit from disposal of discontinued operations	510	0
IFRS 5 impairment	–1,960	0
Attributable income tax expense	0	0
Result from discontinued operations	**–31,628**	**–1,265**
Earnings per share (EUR)	**–0.55**	**-0.02**

The IFRS 5 valuation conducted following classification as operations held for sale led to an impairment expense of EUR 1,667 thousand and a corresponding reduction in the figure for self-generated intangible assets for Zoover before deconsolidation. The classification of WebAssets B.V. as a discontinued operation led to an impairment expense of EUR 293 thousand. The impairment expense is shown in the consolidated statement of income under results from discontinued operations.

Ad hoc impairment tests were conducted before classification as a discontinued operation. As a result, the goodwill of the CGU WebAssets B.V. was written down by EUR 21,262 thousand and of the 'Zoover' brand and internet domain by EUR 7,510 thousand. This impairment expense is included under expenses in the result from discontinued operations (EBT).

It is partly offset by the reversal of deferred tax liabilities totalling EUR 1,878 thousand (created on initial consolidation) in respect of the Zoover brand and domain. This tax income is included in the result from discontinued operations after tax.

The 2020 figure for consolidated comprehensive income from continuing operations for the period from 1 January to 31 December 2020 (including comprehensive income of minus EUR 190 thousand (2019: minus EUR 622 thousand) was minus EUR 41,093 thousand (2019: minus EUR 3,950 thousand). Consolidated comprehensive income from discontinued operations was minus EUR 31,628 thousand (2019: minus EUR 1,265 thousand).)

9.3.2.2 Presentation of consolidated cash flows under IFRS 5

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

Net cash flow from discontinued operations

	1 January to 31 December 2020 (EUR '000)	1 January to 31 December2019 (EUR '000)
Net cash flow from operating activities	–1,163	–36
Net cash flow from investing activities	–326	–856
Net cash flow from financing activities	–583	–524
Net cash flow from discontinued operations	**–2,072**	**–1,416**

In the financial year 2020 and the prior year, the net cash flow from investing activities linked to discontinued operations mainly consists of cash outflows from investments in internally generated intangible assets.

For both financial 2020 and 2019, the net cash flow from financing activities linked to discontinued operations consists of payments of lease liabilities.

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 *HolidayCheck* (EUR 3,386 thousand) and other internet domains and websites (EUR 509 thousand). These figures are unchanged from 31 December 2019.

Following the sale of Zoover and Weeronline, the brand names and internet domains *Zoover* (31 December 2019: EUR 7,510 thousand) and *Meteovista/Weeronline* (31 December 2019: EUR 1,636 thousand) as well as customer bases acquired (31 December 2019: EUR 875 thousand) – associated with the WebAssets business combination – were either written off (*Zoover* brand) in 2020 and/or disposed of. For more details, please see section 9.2.

Furthermore, the principal assets of *Beach-Inspector.com* (internet portal, brand, domain and ratings database) were acquired in 2018 under the terms of an asset deal. The ratings database is written down according to the declining-balance method. The internet portal, brand and domain are amortised on a straight-line basis over their useful life. The residual carrying value of these assets was EUR 707 thousand as at 31 December 2020 (2019: EUR 1,361 thousand).

In most cases, brand names and internet domains acquired as a result of business combinations have no finite 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 brand names, a write-down is performed in line with IAS 36.

In financial 2020, as in the previous year, write-downs due to the impairment of brand names and other internet domains with an indefinite useful life were not required in the Group's continuing operations. The impairment losses shown in the consolidated statement of changes in non-current assets relate entirely to discontinued operations.

The **internally generated intangible assets** of EUR 5,418 thousand (31 December 2019: EUR 10,611 thousand) entirely concern internally generated software, e.g. website programming and mobile applications.

If software that has been developed and generated internally is complete and ready to use, the capitalised development costs are written down over the useful life of the software. The company has set the useful life of software development costs capitalised within the HCG Group at five years.

With regard to the development of acquisition and 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 2020 and 2019. The impairment losses shown relate entirely to discontinued operations. Out of the total figure, EUR 1,960 thousand was impairment recognised on classification as discontinued operations. Out of total additions for amortisation and depreciation, intangible assets accounted for EUR 641 thousand, right-of-use assets EUR 315 thousand, and property, plant and equipment (tangible assets) of discontinued operations EUR 95 thousand.

The **goodwill figure** of EUR 69,091 thousand (31 December 2019: EUR 100,182 thousand) consists of goodwill from the following acquisitions. In each case, the respective company was defined as the goodwill-holding cash generating unit.

The goodwill from the acquisitions of HolidayCheck AG and WebAssets B.V. was capitalised. Before its classification as a discontinued operation, the goodwill figure for WebAssets B.V. was written down by EUR 21,262 thousand. In the third quarter of 2020, the remaining goodwill of the WebAssets cash-generating unit was written off on deconsolidation.

Goodwill from acquisitions

	31 December 2020 (EUR '000)	31 December 2019 (EUR '000)
HolidayCheck AG	69,091	69,091
WebAsstets B.V.	0	31,091
Goodwill	69,091	100,182

Goodwill of HolidayCheck AG

In the case of HolidayCheck AG, the recoverable amount has been established on the basis of value-in-use calculations. Value in use exceeds the carrying value of the cash-generating unit. As such, there is no requirement for impairment of goodwill.

As at 31 December 2020, the 2021-2025 plan on the basis of which value in use was calculated envisages three scenarios.

- Basic (planned) scenario: HolidayCheck AG's future results are consistent with the Statista 9/2020 forecast for the online package holiday market.
- Negative scenario: demand takes longer to recover than currently forecast by Statista.
- Positive scenario: HolidayCheck AG outperforms the market; the assumption here is that not all market players will survive the pandemic, thus allowing HolidayCheck AG to increase its market share.

A free cash flow projection has been drawn up for each scenario. This figure was then weighted to reflect the probability of occurrence for each scenario.

The impairment test conducted for HolidayCheck AG on 31 December 2020 was based on the following assumptions.

Valuation parameters for impairment testing of HolidayCheck AG as at 31 December 2020

	Allocated assets with an indefinite use of life		Valuation parameters					
Scenario	Goodwill (EUR '000)	Brands and internet domains (EUR '000)	Average revenue growth	Average EBITDA margin	Growth rate of perpetuity	Discounting rate before tax	Detailed planning period (years)	Probability of occurrence
Positive scenario	69,091	3,895	5.0% (2019: 9.3%)	27.8% (2019: 15.3%)	1.1% (2019: 1.1%)	10.3% (2019: 9.2%)	5 (2019: 5)	33%
Basic scenario	69,091	3,895	2.9% (2019: 9.3%)	25.8% (2019: 15.3%)	1.1% (2019: 1.1%)	10.3% (2019: 9.2%)	5 (2019: 5)	33%
Negative scenario	69,091	3,895	0.0% (2019: 9.3%)	17.2% (2019: 15.3%)	1.1% (2019: 1.1%)	10.3% (2019: 9.2%)	5 (2019: 5)	33%

The calculations of average figures are generally based on the detailed planning period (2021 to 2025). Owing to the exceptional situation created by the Covid-19 pandemic, which resulted in the cancellation of holidays already booked with HolidayCheck AG in 2019 and consequently negative revenues in some areas, the average figures for revenue growth in the table are based on the revenues in 2019.

When determining the 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 Right-of-use assets

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

At EUR 8,113 thousand, rights of use as at 31 December 2020 were down on the 2019 year-end figure of EUR 9,127 thousand. Besides amortisation, the rent agreement in Amsterdam, Netherlands, was revalued due to a modification (shortened tenancy). HolidayCheck AG's rental agreement in Bottighofen, Switzerland, was also revalued following the extension of the notice period from one to two years.

For more information, please see the consolidated statement of changes in non-current assets.

10.3 Property, plant and equipment (tangible assets)

Property, plant and equipment relates primarily to other equipment, operating and office equipment with a value of EUR 1,083 thousand (previous year: EUR 2,108 thousand).

With regard to the development of acquisition and production costs and the depreciation and impairment of property, plant and equipment (tangible assets), reference is made to the consolidated statement of changes in non-current assets.

10.4 Trade receivables

The company constantly monitors trade receivables. This category of receivables mainly consists of amounts owed by customers for brokerage services and advertising.

Trade receivables as at 31 December 2020 stood at EUR 2,394 thousand, compared with the year-end figure of EUR 22,429 thousand for 2019. This was mainly due to travel cancellations as a consequence of the Covid-19 pandemic and persistent subdued demand. Appropriate loss allowances are formed if there are expected credit losses. Total gross trade receivables and total net trade receivables are shown in the following table.

Total gross trade receivables and total net trade receivables

	2020 (EUR '000)	2019 (EUR '000)
Total gross receivables	4,135	27,480
Loss allowances	–1,741	–5,051
Total net receivables	**2,394**	**22,429**

The following table reconciles the figures for loss allowances in respect of trade receivables as at 1 January 2020 and 31 December 2020.

Reconciliation of loss allowances for trade receivables

	2020 (EUR '000)	2019 (EUR '000)
Impairment as at 1 January	5,051	2,101
Used	–745	–607
Reversed	–2,546	–117
Added	0	3,674
No longer part of reporting entity	–19	0
Impairment as at 31 December	**1,741**	**5,051**

EUR 1,944 thousand of the reversal followed the acknowledgement of receivables by the Thomas Cook Group's administrator. These amounts can now be claimed from the insurer, and some have already been received.

In financial 2020, as part of a wider series of adjustments to revenue figures for 2019 made necessary by Covid-19 (see 11.1 Sales revenue), the corresponding receivables (and impairment expenses) as at 31 December 2019 were also adjusted. Income of EUR 435 thousand for the financial year 2020 comes from the reversal of impairment on trade receivables included in the 2019 year-end balance sheet that were linked to adjusted commission revenue.

In respect of those trade receivables shown in the balance sheet, the Group had an unconditional right to consideration covering the full amount in accordance with IFRS 15. For more information on credit losses see section 10.22.

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

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

10.5 Receivables from and liabilities to affiliated entities

Receivables and payables in relation to affiliated entities are mainly due to trade relationships with Burda Group companies (see section 16.1). They do not bear interest and in most cases fall due within a short period.

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

The carrying value of **non-current financial assets** was EUR 2,477 as at 31 December 2020 and EUR 2,052 thousand as at 31 December 2019. These amounts consist mainly of 'restricted' cash deposits at banks with indefinite maturities. As at 31 December 2020, the Group held bank deposits totalling EUR 1,921 thousand with Commerzbank (31 December 2019: none), EUR 523 thousand with Thurgauer Kantonalbank (31 December 2019: EUR 523 thousand) and EUR 149 thousand (classed as current) with ING Diba (31 December 2019: EUR 1,529 thousand) as security for bank guarantees or, in the case of Commerzbank, as security for the Covid-19-Plus loan granted to HolidayCheck AG. Since access to these deposits is subject to restrictions, the cash is not available for general use.

The carrying value of **current other financial assets** rose from the 2019 year-end figure of EUR 127 thousand to EUR 989 thousand as at 31 December 2020, mainly due to refundable security deposits linked to the sale of Meteovista B.V. and the first-time inclusion of receivables in respect of short-time working subsidies.

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

As at 31 December 2020 and 31 December 2019, there was no identified need for impairment on current and non-current financial assets.

At EUR 1,853 thousand, the carrying value of **current other non-financial liabilities** as at 31 December 2020 was down from the 2019 year-end figure of EUR 1,961 thousand. The main factor here was a decline in the figure for VAT receivables.

10.7 Cash and cash equivalents

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

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

10.8 Equity

As at 31 December 2020, the cash equivalent of shares issued by the company amounted to 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.

In the financial year 2020, HolidayCheck Group AG acquired a total of 412,177 of its own shares under a share buyback programme. In the year under review, the figure for treasury shares was reduced to EUR 495 thousand following the issue of 606,902 no-par value bearer shares, each with an accounting par value of EUR 1, to employees under the RSP and LTIP 2017-2020 stock option plans (see also section 10.9. 'Treasury shares').

As at 31 December 2020, the number of treasury shares held by the company was 494,592 (31 December 2019: 689,317), approximately 0.8 percent (31 December 2019: 1.2 percent) of the company's total share capital.

Capital reserves

As at 31 December 2020, the capital reserves of HCG stood at EUR 84,404 thousand, down by EUR 693 thousand, following issues of treasury shares under the RSP and LTIP 2017-2020 stock option plans.

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.

Retained earnings

On 23 June 2020, the annual general meeting of shareholders approved a resolution to transfer EUR 3,000,000 to retained earnings. An amount of EUR 431 thousand was recognised as increase in retained earnings in connection with the share-based payment plan. In addition, retained earnings were reduced by EUR 213 thousand in respect of those shares acquired under the buyback programme that exceeded the nominal value of the shares based on an average price of EUR 1.517. Thus, the HCG Group's retained earnings as at 31 December 2020 stood at EUR 5,518 thousand.

Authorised capital

On 20 June 2018, the general meeting of shareholders passed a resolution authorising the Management Board, subject to Supervisory Board approval, to undertake one or more increases in the company's share capital until 19 June 2023 of up to EUR 29,156,814 through the issuance of up to 29,156,814 new no-par value shares in exchange for cash and/or non-cash contributions (authorised capital 2018). The Management Board is authorised to exclude shareholders' statutory subscription rights.

Contingent capital

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

Purchases of treasury shares

The general meeting of shareholders on 23 June 2020 authorised the Management Board to purchase own shares in the company equal to a proportion of up to 10 percent of the company's share capital. This authorisation expires on 22 June 2025.

10.9 Treasury shares

In the current financial year, the company repurchased 412,177 of its shares through the stock exchange. Since each of the repurchased shares represented EUR 1 of the company's share capital, the total figure came to EUR 412,177, around 0.7 percent of the company's share capital. The total purchase price (excluding transaction costs) was EUR 625,446.35.

In the financial year 2020, the company transferred 606,902 no-par value shares, each representing EUR 1 of its share capital, to employees of the HolidayCheck Group under the RSP and to members of the Management Board under the LTIP 2017-2020 (in the form of shares).

The buying and selling prices for each tranche of shares are shown in the table 'Buying and selling prices of shares issued'.

Buying prices of treasury shares purchased in the financial year 2020

NUMBER OF SHARES	PORTION OF SHARE CAPITAL (EUR)	PORTION OF SHARE CAPITAL (PERCENT)	VOLUME-WEIGHTED AVERAGE PRICE AT PURCHASE (EUR)	BUYING PRICE (EUR)	PURCHASE DATE
56,400	56,400.00	0.10%	2.13	120.080,24	February 2020
282,347	282,347.00	0.48%	1.46	413.469,00	March 2020
73,430	73,430.00	0.13%	1.25	91.897,11	April 2020
412,177	**412,177.00**	**0.71%**		**625.446,35**	

Buying and selling prices of shares issued

NUMBER OF SHARES	PORTION OF SHARE CAPITAL (EUR)	PORTION OF SHARE CAPITAL (PERCENT)	AVERAGE PRICE AT PURCHASE (EUR)	BUYING PRICE (EUR)	PRICE AT ISSUE (EUR)	SELLING PRICE (EUR)	ISSUE LINKED TO
316,238	316,238.00	0.54%	2.59	818,728.60	1.43	452,220.34	RSP
220,769	220,769.00	0.38%	2.59	571,562.85	1.42	313,491.98	RSP
69,895	69,895.00	0.12%	2.59	180,955.59	1.62	113,107.58	LTIP 2019
606,902	**606,902.00**	**1.04%**		**1,571,247.04**		**878,819.90**	

10.10 Earnings per share

Earnings per share, in relation to the shares issued or assumed as issued, were as follows in the reporting period:

Earnings per share

	Unit	2020	2019
Consolidated net profit/(loss) accruing to shareholders of HCG	(EUR '000)	–72,531	–4,593
of which from continued activities	(EUR '000)	–40,903	–3,328
of which from discontinued activities	(EUR '000)	–31,628	–1,265
Weighted average of shares issued	**(shares)**	**57,600,407**	**57,429,073**
Earnings per share		–1.26	–0.08
of which from continued activities	EUR	–0.71	–0.06
of which from discontinued activities	EUR	–0.55	–0.02

10.11 Other reserves

Other reserves are 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. The item also includes a reserve for the revaluation of defined-benefit pension plans.

Development of other reserves

	Reserves for revaluation of defined-benefit pension plans (EUR '000)	Reserves for currency translation differences (EUR '000)	Total (EUR '000)
Initial level as at 1 January 2020	**-340**	**–2,101**	**–2,441**
Revaluation of defined-benefit pension plans	-159	0	–159
Change due to revaluation	*-167*	*0*	*–167*
Deferred tax effect	*8*	*0*	*8*
Currency translation differences	0	–31	–31
Final level as at 31 December 2020	**–499**	**–2,132**	**–2,631**

10.12 Provisions for pensions

As at 31 December 2020, the provisions for pensions amounted to EUR 2,165 thousand (EUR 2,161 thousand in the previous financial year). This figure relates to the entitlements of HolidayCheck AG and Driveboo AG employees.

With regard to occupational pension schemes, HolidayCheck AG and Driveboo AG have joined a number of collective foundations. The companies maintain 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).

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 343 thousand in the financial year 2020 (EUR 512 thousand in the prior year) was recognised in the statement of income.

Development of pension obligations in the financial year

	2020 (EUR '000)	2019 (EUR '000)
Present value of pension obligations as at 1 January	8,291	5,895
Expenses for additional pension entitlements acquired in the financial year	630	538
Employee contributions	539	549
Interest expenses for existing entitlements	16	55
Pension payments in the financial year	–942	–276
Gains/(losses) resulting from changes in financial assumptions	70	913
Gains/(losses) resulting from experience adjustments	173	356
Exchange rate changes in the case of plans in a currency other than the euro	23	297
Past service costs and settlements	–983	–36
Present value of pension obligations as at 31 December	**7,817**	**8,291**

Out of these obligations, plan assets are in place covering EUR 7,817 thousand (previous year: EUR 8,291 thousand). This decline was mainly due to higher pension and settlement payments linked to the company's restructuring measures.

Development of plan assets in the financial year

	2020 (EUR '000)	2019 (EUR '000)
Present value of plan assets as at 1 January	–6,130	–4,520
Interest income	–12	–45
Employer contributions	–539	–549
Employee contributions	–539	–549
Pension payments in the financial year	942	276
Return on plan assets excluding amounts recognised as interest income	–61	–528
Exchange rate changes in case of plans in a currency other than the euro	–13	–215
Settlements	700	0
Present value of plan assets as at 31 December	**–5,652**	**–6,130**

The plan assets do not include any financial instruments belonging to the company or property used by the company. The actual income from plan assets amounts to EUR 73 thousand (previous year: EUR 574 thousand).

Breakdown of plan assets

	2020 (EUR '000)	2019 (EUR '000)
Equity instruments	25.1	24.4
quoted	*25.1*	*8.7*
not-quoted	*0.0*	*15.7*
Debt instruments	22.8	25.0
quoted	*22.3*	*17.6*
not-quoted	*0.5*	*7.4*
Property	16.3	16.9
quoted	*2.5*	*2.5*
not-quoted	*13.8*	*14.4*
Cash	2.3	2.6
Insurance policy assets	0.0	0.0
Other	33.5	31.1
quoted	*1.7*	*0.0*
not-quoted	*31.8*	*31.1*
Total	**100.0**	**100.0**

Derivation of pension provisions in the year under review

	2020 (EUR '000)	2019 (EUR '000)
Present value of plan assets as at 31 December	–5,652	–6,130
Present value of pension obligations as at 31 December	7,817	8,291
Benefit obligations in excess of assets	2,165	2,161
Net defined benefit liability as at 31 December	**2,165**	**2,161**

Derivation of pension expenses in the year under review

	2020 (EUR '000)	2019 (EUR '000)
Expenses for additional pension entitlements acquired in the financial year	–630	–538
Interest expenses for existing entitlements	–16	–55
Interest income	12	45
Past service costs and settlements	291	36
Expenses recognised in the statement of income	**–343**	**–512**

Actuarial assumptions

	2020 (percent)	2019 (percent)
Interest rate	0.15	0.20
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 2015). The length of this pension commitment is based on an assumed period of 18.06 years (previous year: 17.92 years) for HolidayCheck AG and a period of 18.24 years (previous year: 17.89 years) for Driveboo AG.

In 2021, the company expects to make contributions to the plan of EUR 489 thousand (contributions in 2020: EUR 539 thousand).

Sensitivity analysis

	Effects on obligations (EUR '000)				
		2020		2019	
	Change in the assumption	Increase in the assumption	Decrease in the assumption	Increase in the assumption	Decrease in the assumption
Discount rate	0.50%	-648	764	-681	804
Salary progression in the future	0.50%	166	-174	163	-185
Increase in pensions in the future	0.50%	271	-243	276	-248
Life expectancy	1 year	116	-99	114	-98

There are a number of risks associated with HC's and Driveboo's own pension plans. The collective foundations joined by HolidayCheck AG and Driveboo AG could change their funding 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), the foundation 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

In the financial year 2020, HolidayCheck Group AG maintained three share-based payment plans: the restricted stock plan (RSP) for employees of HolidayCheck Group AG and its subsidiaries and the long-term incentive plan 2017-2020 (LTIP 2017-2020) for members of the Management Board of HolidayCheck Group AG, which replaced the long-term incentive plan 2011-2016 (LTIP 2011-2016). Under IFRS 2 rules, all the above plans are classed as share-based payment agreements.

Long-term incentive plan (LTIP) 2011-2016

Between 2011 and 2016, phantom shares were 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 plan (LTIP 2011-2016). The phantom 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. The phantom shares were granted in annual tranches. There is no link between these tranches. The last tranche was granted in financial 2016.

Vesting of the phantom 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 phantom 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 phantom shares may be forfeited completely. After this point, the earned phantom shares must be held for a further three years. As the holding period for the last tranche granted in financial 2016 ended in June 2020, the amounts paid out in 2020 were the last under this plan.

On expiry of the minimum holding period, the beneficiaries are entitled to a cash payment (plus accumulated dividends) based on their earned phantom shares. The total payment may not exceed three times the grant value of that tranche of phantom shares. The grant value, assuming complete attainment of the target, is an individual gross amount converted into phantom 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 the financial year 2020, phantom shares from the 2016 tranche were earned and paid out as shown below.

LTIP 2011-2016

Outstanding phantom shares as at 1 January 2020	216,771
Phantom shares granted	0
Phantom shares forfeited	0
Phantom shares paid out	216,771
Outstanding phantom shares as at 31 December 2020	0

Long-term incentive plan (LTIP) 2017-2020

The LTIP 2017-2020 replaced the LTIP 2011-2016 in financial 2017. This share-based payment plan is generally to be settled in the form of equity instruments.

Under the terms of the LTIP 2017-2020, the members of the Management Board of HolidayCheck Group AG are granted a number of shares in the company ('restricted stocks') in annual tranches between the years 2017 and 2020. Each tranche will be granted independently of the others. The number of shares granted is based on the contractually agreed monetary target (baseline figure) for the long-term remuneration of the member of the Management Board in question. This baseline figure depends on the degree to which the member of the Management Board meets two performance indicators covering EBT (50 percent) and revenue (50 percent) with reference to the definitive figures shown in the consolidated financial statements drawn up by the HolidayCheck Group AG under IAS/IFRS rules for that financial year.

The Supervisory Board of HolidayCheck Group AG defines a target corridor for both constituent performance indicators for each tranche and therefore each financial year. A threshold, target and ceiling are specified for each corridor. If the result is below the threshold, the performance score is set at 0 percent. Above the threshold, it is set at 80 percent. If the result is on target, the performance score is 100 percent, while a 120 percent performance score is awarded for reaching the ceiling. For EBT/revenue results between the threshold and the target or between the target and the ceiling, the precise performance score is calculated on a linear basis. The overall performance score is taken as the arithmetical average of the scores for the two constituent indicators. This average score is then multiplied by the baseline figure for the member of the Management Board in question.

Using this method, the Supervisory Board can weigh the results by a factor of between 80 and 120 percent in recognition of the overall performance of each member of the Management Board in the financial year.

After deducting all the corresponding taxes and charges payable, the resulting figure (in EUR) is divided by the reference price for HolidayCheck Group AG shares in order to calculate the number of shares to be awarded for a tranche. The reference price is defined as the average closing price of HolidayCheck Group AG shares on the XETRA trading platform over the last one hundred stock exchange trading days up to the ordinary general meeting of shareholders at which the consolidated financial statements for the qualifying financial year are presented to the shareholders.

These performance targets were set for the tranches 2017-2020 when the LTIP 2017-2020 was introduced in financial 2017. For this reason, all the tranches from 2017 to 2020 are treated as having been granted in financial 2017. However, the number of shares awarded for each tranche can lapse without entitlement or can be calculated on a pro rata basis if a member of the Management Board leaves the HolidayCheck Group AG during the financial year for which performance is being measured.

Once they have been granted, the shares are transferred to a securities account designated by the member of the Management Board. They cannot be sold during the three-year holding period. After this period, the holder is free to choose when to sell them, i.e. there are no further restrictions on shares granted under the LTIP 2017-2020.

The LTIP 2017-2020 was set up in financial 2017, when 447,588 shares were granted. On the grant date, these had a total allocation value of EUR 2,375 thousand.

LTIP 2017-2020

	2019 TRANCHE	2020 TRANCHE	TOTAL
Outstanding shares as at 1 January 2020	106,909[1)]	129,393[3)]	236,302
Shares granted	0	0	0
Shares earned	69,895[2)]	0	69,895
Shares forfeited	37,014	129,393[4)]	166,407
Shares transferred	69,895[2)]	0	69,895
Outstanding shares as at 31 December 2020	0	0	0

1) The underlying stock market prices for HolidayCheck Group AG shares granted in previous years can be found in our 2019 annual report.

2) In addition to [1)], in 2020 the Supervisory Board set the actual reference price on transfer for the shares of HolidayCheck Group AG in respect of the 2019 tranche at EUR 1.62 and factored in the degree to which performance targets had been met.

3) In addition to [1)], the total for the 2020 tranche on transfer depends on the level of performance in relation to the specified EBT and revenue targets for the shares granted in the financial years from 2017 to 2019.

4) Due to departure of two members of the Management Board and the pandemic-related failure to meet specified targets for 2020, all shares from the 2020 tranche were forfeited.

The shares granted under the LTIP 2017-2020 are classed and valued as share-based payments with equity settlement. Unlike previous years, it was not necessary to estimate the fair value of the equity instruments granted under the plan since all shares from the last remaining 2020 tranche were forfeited. In the previous year, the fair value of the equity instruments granted under the plan was estimated for the remaining tranches from the basic amounts granted to participants under the LTIP 2017-2020 and then adjusted to take account of the expected degree of target fulfilment as at reporting date. The XETRA closing price for HolidayCheck Group AG shares on the grant date was regularly used to calculate the number of shares. The number of shares granted will be adjusted if there is any change in the actual degree of target fulfilment. The weighted average fair value was regularly equal to HolidayCheck Group AG's share price on the XETRA trading platform on the last exchange trading day in the calendar year.

Restricted stock plan (RSP)

The restricted stock plan was introduced in the financial year 2017 as a form of new variable payment to replace the existing variable salary component (bonus). This share-based payment plan is generally settled in the form of equity instruments.

The plan is open to employees of HolidayCheck Group AG and its subsidiaries who were entitled to a variable salary component when the restricted stock plan was introduced and who agreed to their inclusion in the plan or to a corresponding provision in their employment contract.

Under the RSP, employees receive shares in HolidayCheck Group AG. The shares are granted in annual tranches with no link between individual tranches. Under the terms of the plan, employees are entitled to a specific, individually agreed target amount in euro (the 'grant value'). The target amount is generally equal to the employee's previous variable remuneration based on 100 percent target achievement, or it may be specified in the employee's contract.

For each RSP tranche, the individual grant value is converted into shares (restricted stocks) on the basis of the stock market price of HolidayCheck Group AG shares on the grant date.

The grant date for the restricted stocks is 1 July of each year. The applicable share price is the stock market price of HolidayCheck Group AG shares at the point when they are taken out of the HolidayCheck Group AG treasury holding. If the total of all the shares granted exceeds the total number of treasury shares held by HolidayCheck Group AG in the grant year, HolidayCheck Group AG is entitled to fulfil the RSP entitlement of employees in cash. At present, HolidayCheck Group AG does not plan to use this option. Once they have been granted, the shares must generally be held for two years. The shares cannot be sold during the holding period. After this period, the holder is free to choose when to sell the shares held, i.e. there are no further restrictions on shares granted under the RSP.

In 2020, the total number of shares granted under the RSP and the share matching plan (ShareMatch) was 537,007 (previous year: 273,683). On the grant date, these corresponded to a total allocation volume of EUR 766 thousand (previous year: EUR 724 thousand).

RSP

	2019 TRANCHE	2020 TRANCHE
Outstanding shares as at 1 January 2019	0	0
Shares granted	273,683 [1)]	537,007 [2)]
Shares earned	273,683 [1)]	537,007 [2)]
Shares forfeited	0	0
Shares transferred	273,683 [1)]	537,007 [2)]
Outstanding shares as at 31 December 2020	0	0

1) This includes additional matching shares. The underlying HolidayCheck Group AG share price on the grant date was EUR 2.64 and EUR 2.65 respectively.

2) The underlying HolidayCheck Group AG share price on the grant date was EUR 1.43 and EUR 1.42 respectively.

Other miscellaneous obligations from share-based transactions

The table below shows the amounts recognised in the consolidated financial statements for financial 2020 in respect of liabilities from share-based payment transactions.

Other miscellaneous obligations from share-based transactions

	31 December 2020 (EUR '000)	31 December 2019 (EUR '000)
Plans with cash settlement (LTIP 2011 - 2016)	0	592
Plans with cash settlement (LTIP 2017 - 2020)	0	1,016
of which settlement in equity instruments	*0*	*534*
of which ancillary personnel costs	*0*	*482*
Total	**0**	**1,608**

The holding period for the phantom shares granted in the 2016 tranche of the LTIP 2011-2016 ended in financial 2020. Based on an aggregate number of 216,771 phantom shares, the total payout from this tranche was EUR 359 thousand.
The holding period for shares earned in the 2019 tranche of the LTIP 2017-2020 ended in financial 2020. Based on an aggregate number of 69,895 shares, the total payout from this tranche was EUR 113 thousand.

Expenses and/or income for the HolidayCheck Group in relation to the two LTIPs and the RSP during the period under review were as follows:

Personnel expenses for share-based payments

	2020 (EUR '000)	2019 (EUR '000)
Of which from plans with settlement in cash (LTIP 2011-2016)	–233	68
Of which from plans with settlement in equity instruments (LTIP 2017-2020)	–812	264
Of which from plans with settlement in equity instruments (RSP)	766	724
Total	**–279**	**1,056**

Due to a change in the share price, the year-end valuation of LTIP 2011-2016 produced income for the financial year 2020. Income was also generated from LTIP 2017-2020. This was due to the low level of target achievement for the 2019 tranche, the departure of two members of the Management Board and a target achievement of zero percent for the remaining qualifying member of the Management Board. Accordingly, all the previously recognised expenses for the 2020 tranche were derecognised.

Personnel expenses on plans with settlement in equity instruments initially increase the figure for retained earnings in accordance with IFRS 2. The shares were allocated to employees (RSP) and to the Management Board for 2019 (LTIP 2017-2020) in July 2020. Their nominal value as part of the company's share capital (i.e. the number of shares allocated at an accounting par value of EUR 1 each) is then recognised under shares issued.

10.14 Deferred taxes

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 (previous year: 32.98 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 (previous year: 17.15 percent) and a corporation tax rate of 15.0 percent (previous year: 15.0 percent) plus the solidarity surcharge of 5.5 percent (previous year: 5.5 percent) of the corporation tax.

Individual tax rates have been used to calculate deferred taxes for each German company outside the reporting entity and for all non-German companies in the Group. In 2020, these tax rates lie between around 12.53 percent for HolidayCheck AG and Driveboo AG.

There are trade tax loss carryforwards of EUR 137,127 thousand (EUR 128,869 thousand in the previous year), corporation tax loss carryforwards of EUR 145,112 thousand (EUR 136,807 thousand in the previous year) and international loss carryforwards of EUR 28,853 thousand (EUR 6,383 thousand in the previous year) within the HCG Group.

No deferred tax assets were recognised on trade tax loss carryforwards of EUR 136,448 thousand (EUR 128,864 thousand in the previous year), corporation tax loss carryforwards of EUR 144,508 thousand (EUR 136,802 thousand in the previous year) and international loss carryforwards of EUR 18 thousand (EUR 3,181 thousand in the previous year) within the Group, as it is currently thought unlikely that they will be utilised.

Losses incurred in Switzerland must be used within seven years of the date on which they arise whereas losses incurred in Germany can be carried forward indefinitely. However, tax loss carryforwards in and outside Germany and their previous offsetting are subject to final scrutiny by the responsible taxation authorities. Several financial years of HCG Group 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.

Deferred taxes of approximately EUR 5 thousand (2019: EUR 362 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 tables below show a breakdown of the deferred tax assets and liabilities in the balance sheet and statement of income. The first table refers to deferred tax assets and the second table to deferred tax liabilities in the balance sheet.

Deferred tax assets

	1 January 2020 (EUR '000)	Changes due to deconsolidation (EUR '000)	Recognised in other comprehensive income (EUR '000)	Discontinued operations (EUR '000)	Currency effects (EUR '000)	Income (+)/ Expenses (-) (EUR '000)	31 December 2020 (EUR '000)
Resulting from temporary differences							
Provisions for pensions	336	0	23	0	0	-88	271
Other balance sheet items	24	0	0	0	-2	27	49
	360	**0**	**23**	**0**	**-2**	**-61**	**320**
Resulting from loss carryforwards	**638**	**0**	**0**	**-377**	**-2**	**3,621**	**3,880**
	998	**0**	**23**	**-377**	**-4**	**3,560**	**4,200**
Less deferred tax liabilities resulting from offsetting							
Resulting from temporary differences							
Intangible assets	5	0	0	0	0	1	6
Other balance sheet items	0	0	0	0	0	223	223
	5	**0**	**0**	**0**	**0**	**224**	**229**
Balance of deferred tax assets	**993**	**0**	**23**	**-377**	**-4**	**3,336**	**3,971**

Deferred tax liabilities

	1 January 2020 (EUR '000)	Changes due to deconsolidation (EUR '000)	Recognised in other comprehensive income (EUR '000)	Discontinued operations (EUR '000)	Currency effects (EUR '000)	Income (+)/ Expenses (-) (EUR '000)	31 December 2020 (EUR '000)
Resulting from temporary differences							
Intangible assets	4,337	–584	0	–1,921	0	–1,344	488
Balance of deferred tax liabilities	**4,337**	**–584**	**0**	**–1,921**	**0**	**–1,344**	**488**
Effects on the statement of income						**4,680**	
thereof recognised as deferred tax expenses						**4,680**	

Deferred tax assets of EUR 36 thousand (EUR 24 thousand in the previous year) and deferred tax liabilities of EUR 0 thousand (EUR 742 thousand in the previous year) had less than one year remaining.

The revaluation of defined-benefit pension plans – recognised as other comprehensive income – led to an increase of EUR 23 thousand in equity (EUR 112 thousand in the previous year) on account of their deferred tax effect.

The following table shows the reconciliation of the fictitious tax expense and tax income to the actual tax expense and tax income:

Tax reconciliation at HolidayCheck Group

Tax effects	2020 (EUR '000)	2019 (EUR '000)
Earnings from continuing operations before taxes	**–45,790**	**–2,367**
Fictitious tax expense/income (32.98%, 2019: 32.98%)	15,102	781
Adjustments to fictitious tax expense/income		
Deferred taxes not capitalised on tax losses in reporting year	–3,418	–2,296
Tax-free income	184	0
Tax reduction due to different tax rates in countries other than Germany	–7,585	914
Non-deductible expenses	–50	–53
Tax effects due to additions and reductions for local taxes	471	0
Tax income and expenses of other periods	208	–98
Other differences	–25	–209
Tax expenses/income according to consolidated statement of income	**4,887**	**–961**

10.15 Contract liabilities

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

The carrying value of current contractual assets as at 31 December 2020 was EUR 887 thousand, down EUR 1,434 thousand compared with the year-end figure of 2019. This item mainly consists of advance payments received for brokerage services to be provided at short term. The opening and closing balances for these contract liabilities are shown in section 11.1.

10.16 Lease liabilities

For the purposes of IFRS 16, HCG acts solely as a lessee. Its lease activities consist of renting various office buildings, parking spaces, vehicles and equipment (e.g. IT equipment). Rental agreements generally have a fixed term of between three months and eight years.
The terms of these contracts may vary considerably as they are negotiated individually. In particular, contracts to lease property may, for example, include extension or termination options to provide a degree of flexibility over the assets used by the Group. In addition, rental payments for property may change over time in line with changes in the corresponding price indices.

HCG sublets some of its premises in Munich. These contracts are shown as operating leases. Income from these leases is shown under 'other operating income'.

At EUR 9,079 , the carrying value of current and non-current lease liabilities as at 31 December 2020 was down by EUR 558 thousand compared with the 2019 year-end figure. In addition to the scheduled lease payments, the rent agreement in Amsterdam was revalued due to a modification (shortened tenancy). HolidayCheck AG's rental agreement in Bottighofen, Switzerland, was also revalued following the extension of the notice period from one to two years.

Deferred lease payments totalled EUR 375 thousand and are shown under non-current lease liabilities. They increase the figure for cash flow from financing activities. The following table shows a breakdown of lease liabilities.

Lease liabilities

	2020 (EUR '000)	2019 (EUR '000)
Non-current lease liabilities	6,899	7,114
Current lease liabilities	2,180	2,523
	9,079	**9,637**

The amounts recognised in the statement of income in respect of leases are shown in the following table:

Expenses related to current lease liabilities

	2020 (EUR '000)	2019 (EUR '000)
Interest expenses from the compounding of lease liabilities related to IFRS 16	133	148
Expenses related to current leases	0	15
Expenses related to leases of low-value assets	0	37
	133	**200**

The following table shows the maturities of lease liabilities:

Maturities of lease liabilities

31 December 2020	2021 (EUR '000)	2022-2024 (EUR '000)	from 2025 (EUR '000)
Lease liabilities	**2,180**	**5,701**	**1,198**

31 December 2019	2020 (EUR '000)	2021-2023 (EUR '000)	from 2024 (EUR '000)
Lease liabilities	**2,523**	**4,756**	**2,358**

10.17 Other provisions

The table below shows the changes in other provisions during the year under review.

Anniversary benefits are based on the length of service.

Furthermore, the Group is exposed to legal risks. These can particularly be risks in connection with other legal disputes and tax law disputes.

Other provisions

	As at 1 January 2020 (EUR '000)	Used (EUR '000)	Reversed (EUR '000)	Added (EUR '000)	As at 31 December 2020 (EUR '000)
Provisions for anniversary payments	77	–16	0	21	82
Litigation costs	101	–3	–59	55	94
Other current provisions	3	–3	0	1	1
Total other current provisions	**181**	**–22**	**–59**	**77**	**177**

10.18 Current and non-current liabilities to banks

To ensure the Group's liquidity, the Management Board decided to draw down cash under existing credit facilities. In the third quarter of 2020, the HCG Group also took advantage of Covid-19 loans in Switzerland.

These are guaranteed up to EUR 10,691 thousand by the Swiss Confederation (under the Swiss Covid-19 Regulation on Joint and Several Guarantees). HCG secured the rest of the Covid-19 Plus loan by means of a pledged bank deposit totalling EUR 1,785 thousand.

No other types of security were provided for liabilities to banks.

As at 31 December 2020, the Group had remaining credit facilities totalling EUR 10,000 thousand (remaining credit lines as at 31 December 2019: EUR 19,728 thousand).

The figure for other liabilities to banks includes deferred interest of EUR 144 thousand as at 31 December 2020.

Liabilities to banks

	31 December 2020 (EUR '000)		31 December 2019 (EUR '000)	
Carrying value in EUR '000	Current	Non-current	Current	Non-current
Money market credit drawdowns (EUR)	9,728	0	0	0
Covid-19-Plus loans (CHF)	161	12,315	0	0
Other liabilities to banks	144	0	40	0
	10,033	**12,315**	**40**	**0**

10.19 Trade payables

The carrying value of trade payables as at 31 December 2020 was EUR 12,257 thousand compared with the 2019 year-end figure of EUR 15,301 thousand. There are especially two larger items that partly counteract each other: the first-time recognition of liabilities totalling EUR 9,400 thousand for refunds to tour operators and holidaymakers (IFRS 15) on account of Covid-19; and a reduction of EUR 7,070 thousand in liabilities for on-site vouchers, mainly due to Covid-19-related holiday cancellations (the voucher is no longer valid if the holiday is cancelled). Additionally, we are not issuing any more vouchers at present, so no new liabilities are being created when existing vouchers are redeemed (especially for departures up to mid-March).

Trade payables have a remaining term of less than one year.

10.20 Current and non-current other financial and non-financial liabilities

Current and non-current other financial and non-financial liabilities

	31 December 2020 (EUR '000)		31 December 2019 (EUR '000)	
	Current	Non-current	Current	Non-current
Other personnel obligations	0	0	2,059	219
Liabilities to the Supervisory Board	251	0	271	0
Derivative financial instruments	144			
Other miscellaneous financial liabilities	1	0	0	34
TOTAL FINANCIAL LIABILITIES	**396**	**0**	**2,330**	**253**
Debtors with a credit balance	53	0	0	0
Liabilities in connection with government grants	0	963	0	0
Obligations for leave not taken and other personnel obligations	1,374	500	940	0
Social security liabilities	233	0	578	0
Transit items	589	0	974	0
Wage and church tax liabilities	279	0	315	0
Other miscellaneous non-financial liabilities	35	0	120	0
TOTAL NON-FINANCIAL LIABILITIES	**2,563**	**1,463**	**2,927**	**0**

The carrying value of non-current and current other financial liabilities as at 31 December 2020 was EUR 396 thousand compared with the 2019 year-end figure of EUR 2,583 thousand. This decrease was mainly due to reversals or payments of personnel liabilities for the LTIP and bonuses.

Non-current and current other non-financial liabilities rose from EUR 2,927 thousand to EUR 4,026 thousand. This was mainly due to outstanding obligations of EUR 829 thousand under the employment contract of a member of the Management Board who left the company in financial 2020.

In 2020, the Group also received EUR 1,105 thousand in the form of a government-backed Covid-19 Plus loan. As at 31 December 2020, an amount of EUR 963 thousand was still deferred.

The year-end figures for transit items mainly consist of advance payments for holidays and vouchers.

10.21 Additional disclosures on financial instruments

The carrying amounts, amounts recognised and fair values by measurement category as at 31 December 2020 and 31 December 2019 are shown in the tables on the next pages.

Cash and cash equivalents, trade receivables, receivables from affiliated entities and other miscellaneous financial assets mostly have short remaining terms. For this reason, their carrying amounts on the reporting date were approximately the same as their fair values.

On account of their short terms, the carrying amount and the fair value of liabilities to banks as at 31 December 2019 were the same. The only items in this category were loan arrangement fees (see section 10.18 'Liabilities to banks'). On account of their short terms, the carrying amount and the fair value of credit facilities classed in 2020 as current liabilities to banks, of deferred interest and of the DB Covid-19 loan were the same. The fair value of the non-current Covid-19 Plus loan obtained by HC was calculated as follows: financial liabilities at fair value are measured using recognised actuarial models. The fair value of the non-current portion of the Covid-19 Plus loan is based on the present value of all discounted payment flows. Discounting is based on interpolated interested rates with matching maturities (zero rates) for the corresponding currency, hence the allocation to level 3 of the fair value hierarchy.

The fair values of derivative financial instruments are determined by the banks using common valuation methods based on market data such as currency prices and interest rate curves.

Trade payables, payables to affiliated entities and other miscellaneous financial liabilities that do not result from the stock option plans mostly have short remaining terms. For this reason, their carrying amounts on the reporting date were approximately the same as their fair values.

The following table shows the carrying amounts of the financial assets and liabilities according to their measurement category and asset classification based on IFRS 9.

Classification of the different categories of financial instruments

ASSETS	Measurement category according to IFRS 9	Carrying amount 31 December 2020 (EUR '000)	Carrying amount 31 December 2019 (EUR '000)
Other financial assets			
Other financial assets	AC	3,466	2,169
Derivative financial instruments	FVPL	0	10
Other non-financial assets	n.a.	1,852	2,022
Trade receivables	AC	2,394	22,429
Receivables from affiliated entities	AC	0	89
Cash and cash equivalents	AC	33,674	27,457

LIABILITIES	Measurement category according to IFRS 9	Carrying amount 31 December 2020 (EUR '000)	Carrying amount 31 December 2019 (EUR '000)
Other financial liabilities			
Other financial liabilities	FLAC	251	1,509
Derivative financial instruments	FVPL	145	0
Other financial liabilities outside the scope of IFRS 7 (IFRS 2)	n.a.	0	1,074
Other non-financial liabilities	n.a.	4,026	2,927
Liabilities to banks	FLAC	22,348	0
Trade payables	FLAC	12,257	15,301
Lease liabilities	n.a.	9,079	9,637
Liabilities to affiliated entities	FLAC	55	45
Of which aggregated by measurement category			
Financial assets measured at amortised costs	AC	39,534	52,144
Financial assets measured at fair value through profit and loss	FVPL	0	10
Financial liabilities measured at amortised costs	FLAC	34,911	16,855
Financial liabilities measured at fair value through profit and loss	FVPL	145	0

The net totals for each measurement category are shown in the following table:

Net totals by measurement category

	31 December 2020 (EUR '000)	31 December 2019 (EUR '000)
Financial assets measured at amortised cost (AC)	2.546	–3.634
Financial assets measured at fair value through profit and loss (FVPL)	–10	10
Financial liabilities measured at amortised cost (FLAC)	131	–150
Financial liabilities measured at fair value through profit and loss (FVPL)	–145	0
Total	**2.522**	**–3.774**

Income of EUR 2,546 thousand (2019: minus EUR 3,557 thousand) from financial instruments in the amortised cost category includes reversals of allowances on trade receivables totalling EUR 3,291 thousand (2019: EUR 3,557 thousand) and write-downs on receivables totalling EUR 745 thousand (2019: EUR 0). This income is recognised in the statement of income. Expenses of minus EUR 155 thousand (2019: income of EUR 10 thousand) from the measurement of derivative financial instruments in the FVPL category were recognised in full in the statement of income. Income of EUR 131 thousand (2019: expense of minus EUR 150 thousand) from the measurement of financial liabilities in the amortised cost (FLAC) category consists of allocated interest totalling minus EUR 227 thousand (2019: EUR 0 thousand) from liabilities to banks and other bank interest of minus EUR 33 thousand (2019: minus EUR 150 thousand), reversals of liabilities totalling EUR 316 thousand (2019: EUR 0 thousand) and unrealised currency income totalling EUR 75 thousand (2019: 0 thousand). These amounts were recognised in full in the consolidated statement of income. These interest amounts represent the total interest expenses for the FLAC measurement category.

The table below shows the fair values of financial liabilities and of financial liabilities measured at amortised cost for which a fair value was required (see 7. 'Determining fair value'). It contains no information on financial assets and financial liabilities that were not measured at fair value if the carrying amount constitutes a reasonable approximation of the fair value.

Level 2 financial assets and financial liabilities

	Carrying amount 31 December 2020 (EUR '000)	Fair value 31 December 2020 (EUR '000)
Current liabilities		
Other current financial liabilities	**396**	
Derivative instruments (cross currency SWAP)	145	145
Other miscellaneous financial liabilities	251	n/a

	Carrying amount 31 December 2019 (EUR '000)	Fair value 31 December 2019 (EUR '000)
Current assets		
Other current financial assets	**127**	
Derivative instruments (currency forwards)	10	10
Other miscellaneous financial assets	117	n/a

Level 3 financial liabilities

	Carrying amount 31 December 2020 (EUR '000)	Fair value 31 December 2020 (EUR '000)
Non-current liabilities		
Liabilities to banks	12,315	13,410

At the end of each financial year, checks are conducted to identify whether any instruments need to be reclassified (i.e. at a different level) within the fair value hierarchy. There were no such reclassifications at the end of 2020 or 2019.

10.22 Disclosures on 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.

Default (or credit) risk

The default (or credit) risk is the risk of incurring a financial loss if a customer or the other party to a contract for a financial instrument fails to meet its contractual obligations. The default (or credit) risk arises from cash and cash equivalents, derivative financial instruments with a positive market value, other miscellaneous financial assets, credit balances with banks and financial institutions and trade receivables. In accordance with IFRS 9, the carrying value of a financial asset equals the maximum default risk.

Default (or credit) risks are managed at Group level. They are carefully checked before signing a contract and thereafter monitored continuously so that we can respond promptly to any deterioration in the other party's credit rating.

As part of the financial risk management system, the Finance department ensures that credit limits are not exceeded and that reminders are issued at fortnightly intervals for outstanding trade receivables.

Assessments of the credit quality of trade receivables are based on external credit ratings (where available) and on past experience of default rates for the business partner in question. Creditworthiness is generally assumed. Furthermore, the analysis of outstanding receivables provides information on the credit quality. As described in section 6 above, we fully insure all receivables from our main contract partners, up to the permitted credit limit and less a deductible at the usual market level, in respect of holidays brokered by us that are due to take place within the next 270 days. Receivables for brokerage services in respect of holidays that are due to commence in more than 270 days are not insured. As a result of the Covid-19 pandemic, insurers have restricted or completely stopped providing cover for many credit limits. This means that only a small proportion of current receivables can now be insured. There are no other types of security or other credit improvement measures that would reduce the risk of default (or credit) losses. Uninsured trade receivables that are credit-impaired at the reporting date (level 3) may be defaulted entirely.

Section 10.4 explains the change in the figures for impairment of trade receivables between 1 January 2020 and 31 December 2020.

The table below shows the total gross carrying amounts of trade receivables classified by rating categories.

The risk assessed for trade receivables from brokerage services is based on common default risk features (external ratings in conjunction with an internal risk assessment; grades 1 (lowest risk) to 8 (highest risk)). A fixed default risk (grade 9) is recognised for advertising services. In addition, receivables that are more than 90 days overdue or receivables from customers that have filed for bankruptcy are classified as rating category 10.

Gross carrying values of trade receivables by rating category as at 31 December 2020

	GROSS CARRYING VALUE (covered by credit loss insurance, no risk) (EUR '000)	GROSS CARRYING VALUE (not covered by credit loss insurance, item at risk) (EUR '000)
TRADE RECEIVABLES		
Rating category 1	0	1
Rating category 2	1	0
Rating category 3	40	0
Rating category 4	1	0
Rating category 5	1	6
Rating category 6	14	21
Rating category 7	63	39
Rating category 8	21	0
Rating category 9	0	341
Rating category 10	1,838	1,749
Total	**1,979**	**2,157**

Gross carrying values of trade receivables by rating category as at 31 December 2019

	GROSS CARRYING VALUE (covered by credit loss insurance, no risk) (EUR '000)	GROSS CARRYING VALUE (not covered by credit loss insurance, item at risk) (EUR '000)
TRADE RECEIVABLES		
Rating category 1	21	458
Rating category 2	2,732	944
Rating category 3	201	50
Rating category 4	2,674	700
Rating category 5	2,478	755
Rating category 6	5,539	2,451
Rating category 7	591	450
Rating category 8	0	1
Rating category 9	0	967
Rating category 10	2,145	4,323
Total	16,381	11,099

To assess the creditworthiness of financial institutes, the Group uses current credit quality ratings from external rating agencies.

HCG has allocated all cash and cash equivalents to the following default risk category based on capital market ratings (see table above). Other financial assets include (rent) deposit accounts.

Gross carrying values (item at risk; not covered by credit loss insurance)

	2020 (EUR '000)	2019 (EUR '000)
Other financial assets	**3,466**	**2,169**
Rating category 1	3,466	2,169
Cash and cash equivalents	**33,674**	**27,457**
Rating category 1	33,674	27,457
Total	**37,140**	**29,626**

The credit quality of other financial assets and cash and cash equivalents was analysed. Due to immateriality no risk allowances were recognised as at 31 December 2019 or 31 December 2020.

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.

Interest rate risk

The Group's main interest rate risks relate to the amounts drawn down by the parent company under credit facilities and to the Covid-19 Plus loan and associated cross-currency swap held by HCAG. These have variable interest rates or rates that can be routinely adjusted by the Swiss government or the banks. Interest rate risks have not been hedged given the short-term nature of the draw-downs and the low rate guaranteed by the Swiss government for the Covid-19 Plus loan.

Assuming all other variables remained constant, if there had been a 10 percent change in interest rate as at 31 December 2020, net income/(loss) for the year would have been EUR 25 thousand (previous year: EUR 0 thousand) higher or EUR 25 thousand (previous year: EUR 0 thousand) lower.

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 expenses outside their functional currency. This primarily concerns the ongoing expenses of HC in Swiss francs.

Where required, the Group obtains currency forwards to hedge cash flows in CHF against exchange rate risks. As at 31 December 2019, the positive fair value of derivatives was EUR 10 thousand. The 2020 figure was shown in the consolidated balance sheet under 'other current financial assets' and in the consolidated statement of income under 'other income' as income from currency translation.

In financial 2020, HolidayCheck AG obtained a Covid-19 (Plus) loan of CHF 14.4 million. This was sufficient to cover its ongoing CHF requirements.
To protect interest and redemption of the loan amount in EUR, the company's functional currency, it also purchased a cross-currency swap. In principle, the cross-currency swap would have met the conditions for hedge accounting as it translates all CHF payment flows for the underlying into EUR payment flows. However, the Group did not exercise this right. The negative fair value of EUR 145 thousand for this transaction is shown under 'current other financial liabilities' and in the consolidated statement of income as currency translation losses under 'other expenses'. No derivative contracts were concluded as a hedge against interest rate risks.

Assuming all other variables remained constant, if there had been a 10 percent change in the EUR/CHF exchange rate as at 31 December 2020, net income/(loss) for the year would have been EUR 357 thousand (previous year: EUR 1,277 thousand) higher or EUR 437 thousand (previous year: EUR 1,560 thousand) lower.

Assuming all other variables remained constant, if there had been a 10 percent change in the EUR/PLN exchange rate as at 31 December 2020, net income/(loss) for the year would have been EUR 32 thousand (previous year: EUR 24 thousand) lower or EUR 39 thousand (previous year: EUR 29 thousand) higher.

Liquidity risk

With regard to liquidity risks, please see the notes in section 15 'Risks to continued existence within the meaning of section 322 paragraph 2 sentence 3 of the German Commercial Code'. The Group may be exposed to liquidity risks if the Covid-19 pandemic continues for a longer period (see also sections 4.2.2.2.2.2 'Liquidity risks' and 4.2.2.3 'Overall assessment of risks' in the Group management report). The risk of a shortfall in cash is monitored by means of periodic cash planning and monthly variance analyses. In addition, all payment outflows continue to be monitored by the Treasury Board.

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 2020

	2021 (EUR '000)	2022-2024 (EUR '000)	from 2025 (EUR '000)
Liabilities to banks	10,059	13,554	0
Trade payables and liabilities to affiliated entities	12,312	0	0
Other miscellaneous financial liabilities	396	0	0
Other miscellaneous financial liabilities outside the scope of IFRS 7	0	0	0

Maturity dates of liabilities as at 31 December 2019

	2020 (EUR '000)	2021-2023 (EUR '000)	from 2024 (EUR '000)
Liabilities to banks	10,059	13,554	0
Trade payables and liabilities to affiliated entities	12,312	0	0
Other miscellaneous financial liabilities	396	0	0
Other miscellaneous financial liabilities outside the scope of IFRS 7	0	0	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).

10.23 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 ratio (the ratio between net debt and total capital). Net debt is made up of total debt (including financial liabilities, trade payables and other miscellaneous liabilities as per the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated by adding the consolidated balance sheet figures for equity and net debt.

In financial 2020, equity fell by 47.6 percent from EUR 153,375 thousand to EUR 80,374 thousand. The main factor here was the consolidated net profit/(loss) of EUR 72,531 thousand. As a result, the equity ratio fell from 79.1 percent at the end of 2019 to 60.0 percent as at 31 December 2020.

Performance indicators

INDICATOR	METHOD OF CALCULATION	31 December 2020	31 December 2019
Equity ratio	Equity / total capital	60.0%	79.1%
Return on equity	Consolidated net profit/(loss) after taxes / equity	-293.1%	-3.0%
Return on total capital	Consolidated net profit/(loss) after taxes / total capital	-54.1%	-2.4%
Debt ratio	Net debt / equity	66.8%	26.5%

The ratio of equity to total capital went down. This was largely due to consolidated net profit/(loss) and the recognition of liabilities to banks.

In terms of capital management, the Group's aims are to safeguard the continued existence of the company and thus to generate income for shareholders in future again, as well as to provide other stakeholders 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.

11. NOTES TO THE CONSOLIDATED STATEMENT OF INCOME

11.1 Sales revenue

Sales revenue is subdivided into the following categories: type of service and timing of revenue recognition. Due to the impact of Covid-19 and the associated travel restrictions, holidays have been cancelled for a large part of 2020. Accordingly, we have had to change the transaction price to zero for current bookings and for all holidays booked in 2019 with departure dates from mid-March 2020 onwards. As such, there is no longer a transaction basis for commission revenue of EUR 12,599 thousand realised in 2019. To reflect this, in accordance with IFRS 15, 116 c, we have added a new column ('Fulfilment 2019') to the following table.

This provides additional information in the form of revenue recognised in the reporting period but linked to deliverables that were fulfilled in previous periods.

Sales revenue from contracts with customers

	2020 (EUR '000)			2019 (EUR '000)
	Total revenue	Fulfilment in 2019	Fulfilment in 2020	
Type of service				
Brokerage services	3,908	-12,599	19,139	124,331
Advertising	3,416	0	3,377	6,567
Tour operator commissions	7,026	0	7,026	2,038
Other services	120	0	120	48
Timing of revenue recognition				
Over time	10,563	2	11,038	9,727
At a point in time	3,907	-12,601	18,624	123,257
Total	**14,470**	**-12,599**	**29,662**	**132,984**

The figure for brokerage services includes revenue generated over time and at specific points in time. The 'other services' are provided over time. The table below contains information about the Group's contract assets and contract liabilities from contracts with customers. Refund liabilities are shown under trade payables.

Contract assets and contract liabilities from contracts with customers

	31 December 2020 (EUR '000)	31 December 2019 (EUR '000)
Trade receivables	2,394	22,429
Contract assets	0	0
Refund liabilities	7,400	0
Contract liabilities	2,301	2,321

Refund liabilities account for the main changes in the balances for contract liabilities. See also section 10.19 'Trade payables'.

In financial 2020, the Group recorded sales revenue of EUR 1,643 thousand that was shown at the beginning of the year in the sum of EUR 1,615 thousand in the balance for contract liabilities. Of this figure, contracts totalling EUR 678 thousand were not fulfilled. Some of these amounts (EUR 120 thousand) had fulfilment dates in 2021, and some were refunded due to Covid-19.

The transaction price of performance obligations that were not yet (or not yet entirely) fulfilled as at 31 December 2020 was EUR 1,770 thousand. It is expected that this revenue will be realised over the next five years.

In accordance with IFRS 15, this report contains no further disclosures on other performance obligations with an expected term of less than one year.

The table above contains information on the performance obligations with customers concerning the timing of fulfilment of those obligations, material payment conditions and types of services.

11.2 Other income

Other operating income recognised in the financial statements for 2020 stood at EUR 2,057 thousand (EUR 1,029 thousand in the previous year).The main items here were income of EUR 564 thousand (previous year: EUR 388 thousand) from currency translation, income of EUR 186 thousand (previous year: EUR 205 thousand) from the reversal of provisions for which there are no corresponding expenses, income of EUR 286 thousand (previous year: EUR 258 thousand) from the subletting of buildings and out-of-period income of EUR 879 thousand (previous year: EUR 40 thousand). The figure for out-of-period income includes payments received under insolvency proceedings.

11.3 Other own work capitalised

Other own work capitalised amounting to EUR 1,329 thousand (previous year: EUR 2,611 thousand) concerns the capitalisation of software internally generated by HC and DB. Work performed by external contractors is not included under 'other own work capitalised' in the statement of income.

11.4 Cost of services purchased

Reflecting the fact that HC Touristik only began operating in June 2019, the figure for cost of services purchased rose from EUR 1,771 thousand to EUR 7,168 thousand. In 2019, these expenses were shown under other operating expenses. For more details, please see the notes in section 2.3.

11.5 Marketing expenses

At EUR 8,631 thousand, marketing expenses for the financial year 2020 were much lower compared with the figure of EUR 66,692 thousand for the same period in 2019. This reduction was mainly due to lower voucher costs (in line with lower revenue for holidays booked in 2020) and the early suspension of nearly all marketing activities from mid-March 2020 onwards.

The figure for marketing expenses also includes income of EUR 4,936 thousand in respect of vouchers linked to holiday bookings made in 2019 with departure dates in 2020 that have since been cancelled on account of the travel restrictions, since the voucher holders are no longer entitled to use them.

11.6 Research and development expenses

At HC, HCPL, Driveboo and HCS, development activities are decentralised and conducted within the companies themselves. Development costs that can be capitalised are recognised in the balance sheet as internally generated software (see also section 11.3. 'Other own work capitalised').

Research expenses do not generally arise as each development project is linked to the goal of introducing specific functionality.

11.7 Number of employees and personnel expenses

On average, 343 people (full-time equivalents without Management Board members) worked in the continuing operations of HCG Group over the financial year 2020. The corresponding figure for 2019 was 415 full-time equivalents (without Management Board members).

Over the financial year, the total workforce for the continuing operations was as follows:

Breakdown of total workforce

POSITION	2020 FTEs	2019 FTEs
Senior executive managers of the subsidiaries	4	4
Holders of general commercial power of attorney (*Prokurist* under German law)	7	8
Employees	332	403
TOTAL	**343**	**415**

In the financial year 2020, personnel expenses amounted to EUR 26,739 thousand (previous year: EUR 34,867 thousand). Out of this total, EUR 834 thousand was attributable to defined-contribution pension plans (previous year: EUR 1,243 thousand) and EUR 630 thousand to defined-benefit pension plans (previous year: EUR 538 thousand). For disclosures regarding the share-based payment plans see section 10.13 'Employee stock option plans of the company'.

Given the protracted nature of the Covid-19 pandemic and the associated financial pressures, the Group was forced to undertake a series of restructuring measures, including redundancies. These measures generated total costs of EUR 2,027 thousand.

11.8 Other expenses

Other expenses

	2020 (EUR '000)	2019 (EUR '000)
Distribution expenses	6,179	11,105
IT expenses	3,252	3,536
Product expenses	1,557	2,239
Legal, consulting and audit expenses	882	1,540
Currency translation losses	614	235
Insurance fees and charges	342	494
Rental and building costs	320	372
Expenses relating to previous years	287	213
Freelancer fees	273	764
Supervisory Board remuneration	251	274
Travel costs and entertainment	184	1,105
Expenses for external content	76	441
Other miscellaneous expenses	1,305	1,046
TOTAL	**15,522**	**23,364**

Other expenses fell by EUR 7,842 thousand year on year. This reduction was mainly achieved through general cost-saving measures and lower service centre costs due to the Covid-19 pandemic.

Most of the Group's **distribution expenses** are generated by HC and relate primarily to the telephone-based customer centre.

IT expenses are incurred for server hosting, external IT expenses and IT product licences. Freelancer fees are also mainly generated by HC for IT work.

Legal, consulting and audit expenses arise primarily in connection with in-house audit expenses incurred by the Group, consultancy services, legal advice and statutory audit costs.

Product expenses are expenses that have a strong link to sales of holidays, e.g. licences for *Traveltainment* and other services.

11.9 Financial income

Total financial income of EUR 29 thousand (previous year: EUR 0 thousand) 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.

11.10 Financial expenses

The main items in the total figure of EUR 357 thousand (2019: EUR 318 thousand) for financial expenses are financing-related interest expenses of EUR 224 thousand (2019: EUR 170 thousand) and interest expenses totalling EUR 133 thousand (2019: EUR 148 thousand) from the compounding of lease liabilities).

12. IFRS 8 NOTES

The tables below contain geographical information on external revenue and non-current assets.

External revenue

	2020 (EUR '000)	2019 (EUR '000)
In Germany	11,248	123,612
Outside Germany	3,222	9,372
of which in Switzerland	332	2,632
of which in the Netherlands	394	695
of which in other countries	2,496	6,045
TOTAL	**14,470**	**132,984**

Non-current assets

	2020 (EUR '000)	2019 (EUR '000)
In Germany	8,211	7,634
Outside Germany	86,876	134,279
of which in Switzerland	86,524	86,612
of which in the Netherlands	0	47,409
of which in other countries	351	258
TOTAL	**95,087**	**141,913**

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

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

HC Touristik GmbH was formed in Munich, Germany, as a tour operator.

Its revenue comes from organising hotel and package holidays through HolidayCheck's booking platforms.

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

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 sales revenue, we have taken the registered office of the customer.

In financial 2020, the HCG Group had no major customers that accounted for more than 10 percent of total consolidated revenue.

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. The figure for cash flow from financing activities includes interest payments of EUR 227 thousand (2019: EUR 0 thousand) for liabilities to banks and interest expenses of EUR 133 thousand (2019: EUR 148 thousand) in respect of lease liabilities.

Cash and non-cash changes in liabilities from financing activities in the financial year 2020

			Non-cash changes			
	As at 1 January 2020 (EUR '000)	Cash changes (EUR '000)	Other changes (EUR '000)	Initial recognition at fair value (EUR '000)	Effective interest rate method changes (EUR '000)	As at 31 December 2020
Liabilities to banks	0	23,244	66	-1,108	145	22,347
Lease liabilities	9,637	-2,341	1,650	0	133	9,079
Total liabilities from financing activities	**9,637**	**20,903**	**1,716**	**-1,108**	**278**	**31,426**

Cash and non-cash changes in liabilities from financing activities in the financial year 2019

			Non-cash changes			
	As at 1 January 2019 (EUR '000	Cash changes (EUR '000)	Other changes (EUR '000)	Initial recognition at fair value (EUR '000)	Effective interest rate method chances (EUR '000)	As at 31 December 2019 (EUR '000)
Liabilities to banks	40	-40	0	0	0	0
Lease liabilities	10,685	-2,263	1,067	0	148	9,637
Total liabilities from financing activities	**10,725**	**-2,303**	**1,067**	**0**	**148**	**9,637**

14. EVENTS AFTER THE BALANCE SHEET DATE

Successful capital increase with subscription rights

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

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

All the shares offered were placed. 99.44 percent of subscription rights were exercised. This includes the subscription of the company's main shareholder, Burda Digital SE, which exercised its subscription rights in full. 28,747,815 new shares were subscribed at an offer price of EUR 1.65.

In total, 29,156,814 new shares were placed, equal to 50 percent of the company's previous share capital, generating gross issuing proceeds of around EUR 48 million. The resulting cash inflow was EUR 47.6 million. The costs of the corporate action are estimated at EUR 1.5 million. As a result of the transaction, the total number of shares rose from 58,313,628 to 87,470,442.

The capital increase was entered in the commercial register on 10 February 2021. The new shares have been admitted to trading since 10 February 2021. They are included in the Prime Standard segment of the Regulated Market with additional admission follow-up obligations. The new shares carry full dividend rights from 1 January 2020.

Repayment and modification of credit facilities

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

Other events

In January 2021, the company pledged additional bank credits totalling EUR 300 thousand as security for a bankruptcy insurance policy for HC Touristik.

The liquidation of Tomorrow Travel B.V. was completed in March 2021. Its liquidation is not expected to have any material impact on the Group.

In March 2021, the company received a letter from Georg Hesse, a former member of the Management Board. In the letter, he asked to be released early from his service contract on 31 March 2021. The contract was originally due to end on 30 June 2023. Based on the resulting cancellation agreement, the company will pay Georg Hesse 50 percent of the gross remuneration payable from the date of effective termination to the termination date as a one-off gross settlement. It is anticipated that liabilities totalling EUR 373 thousand under the cancellation agreement can be reversed.

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

The Management Board believes it is highly probable that the Group will remain solvent during the period under consideration despite the impact of Covid-19. Overall, the continued existence of the company depends on implementing a series of measures to deal with the impact of the ongoing Covid-19 pandemic and, above all, on the successful implementation of the capital increase (see 14 'Events after the balance sheet date'). It has therefore prepared the accounts on a going concern basis. Nevertheless, should the spread of Covid-19 continue to have an impact for a longer period, the Group would face liquidity risks (see also section 4.2.2.2.2.2 'Liquidity risks' and section 4.2.2.3 'Overall assessment of risks' in the Group management report), thus creating material uncertainty in relation to events and circumstances that could give rise to significant doubts about the capacity of the Group to continue its business activities. Consequently, the Group may not then be able to realise its assets or settle its debts in the ordinary course of business.

16. OTHER DISCLOSURES

16.1 Business relations with affiliated entities and parties

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

The emoluments paid to the members of the Supervisory Board in the reporting period totalled EUR 251 thousand (previous year: EUR 270 thousand) and consisted entirely of short-term benefits. In addition, the company incurred expenses of EUR 1 thousand (previous year: EUR 4 thousand) in respect of travel expenses for members of the Supervisory Board. In financial 2019, the Group incurred expenses of EUR 30 thousand in respect of a time-limited consulting contract on standard commercial terms between a Group subsidiary and a member of the Supervisory Board.

Total remuneration for members of the Management Board in respect of short-term benefits in financial 2020 came to EUR 877 thousand (2019: EUR 1,622 thousand) and in respect of the LTIP EUR 170 thousand (2019: EUR 688 thousand). Following the departure of members of the Management Board in 2020, the company incurred expenses totalling EUR 1,187 thousand under cancellation agreements (2019: none). As at 31 December 2020, there were no new provisions covering long-term share-based payments (31 December 2019: EUR 1,551 thousand).

No corresponding personnel expenses were recorded in the year under review (2019: EUR 567 thousand). However, the company generated income totalling EUR 1,022 thousand (2019: EUR 0 thousand) from the reversal of various LTIP tranches. With regard to income from LTIP 2020, EUR 358 thousand was due to the departure of former members of the Management Board and EUR 103 thousand linked to performance targets. LTIP 2019 produced income of EUR 351 thousand linked to performance targets, while income of EUR 210 thousand from LTIP 2016 was due to a change in the share price. The 2016 tranche applies only to former members of the Management Board. Total liabilities to current members of the Management Board were EUR 50 thousand in respect of a bonus payment and EUR 829 thousand to former members of the Management Board under cancellation agreements. In the previous year, liabilities to members of the Management Board totalled EUR 1,921 thousand. This figure includes liabilities from share-based payment transactions with cash settlement (LTIP 2011-2016), liabilities under share-based payment agreements with settlement generally in the form of equity instruments (LTIP 2017-2020) and liabilities in respect of bonuses. The 2019 figure for liabilities from share-based payment transactions (LTIP 2011-2016) includes liabilities of EUR 307 thousand to members of the Management Board who left the company before financial 2020. There were no amounts receivable from members of the Management Board.

Further details can be found in the remuneration report, which forms part of the Group management report.

Based on the most recent notification of voting rights dated 20 December 2018, Burda Digital SE, Munich, Germany (formerly Burda Digital Future SE; a subsidiary of Burda GmbH, Offenburg, Germany, which is in turn a subsidiary of Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, Germany) holds more than 50 percent of the share capital of HolidayCheck Group AG. As such, HCG is a controlled company within the meaning of section 312 paragraph 1 sentence 1 in conjunction with section 17 paragraph 2 of the German Stock Corporation Act. As there is no control agreement between HCG and Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, Germany, the Management Board of HCG prepares a report on the relations of the company with affiliated enterprises in accordance with section 312 paragraph 1 sentence 1 of the German Stock Corporation Act.

In financial 2020, as in the previous year, HCG and the enterprises under its control exchanged services with Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, Germany, and its affiliated enterprises. 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.

The following transactions were entered into with related parties:

Revenue and other income

	2020 (EUR '000)	2019 (EUR '000)
Burda GmbH, Offenburg, Germany	54	53
Hubert Burda Media Holding KG, Offenburg, Germany	6	5
Subsidiaries of Hubert Burda Media Holding KG	3	0
TOTAL	**63**	**58**

Marketing, personnel and other operating expenses

	2020 (EUR '000)	2019 (EUR '000)
Subsidiaries of Hubert Burda Media Holding KG	470	766
Hubert Burda Media Holding KG, Offenburg, Germany	43	61
Burda GmbH, Offenburg, Germany	0	0
TOTAL	**513**	**827**

The following balances remained outstanding at the end of the reporting period:

Trade receivables

	31 December 2020 (EUR '000)	31 December 2019 (EUR '000)
Subsidiaries of Hubert Burda Media Holding KG	0	89
TOTAL	**0**	**89**

Trade payables

	31 December 2020 (EUR '000)	31 December 2019 (EUR '000)
Subsidiaries of Hubert Burda Media Holding KG	48	31
Hubert Burda Media Holding KG, Offenburg, Germany	7	14
TOTAL	**55**	**45**

16.2 Other obligations

As at the reporting date, the Group had the following other financial liabilities:

Other financial liabilities in 2020

	Total (EUR '000)	Of which affiliated entities (EUR '000)
Liabilities under other contracts (temporary)		
Due in 2021	805	0
Due between 2022 and 2025	1,290	0
Due after 2025	0	0
	2,095	**0**

The item **other contracts** consists mainly of key operational contracts, generally paid on the basis of revenue, for access to databases and booking systems. The amounts shown in the table are the agreed minimum fees.

There are no contingent liabilities as at 31 December 2020.

16.3 Notifications received in accordance with section 21 of the German Stock Corporation Act

With regard to the notification requirements imposed by section 21 of the German Stock Corporation Act, please see the notes to the single-entity financial statements of HolidayCheck Group AG.

16.4 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 December 2020 for perusal by the shareholders.

16.5 Management Board

In the financial year 2020, the persons listed in the table below 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).

Management Board

Name	POSITION	Supervisory Board mandates / exercised activity
Dr Marc Al-Hames	Chairperson of the Management Board (CEO) since 30 April 2020	Member of the Board of Directors, Ghostery Inc., New York, USA (unlisted); Member of the Board of Directors, Cốc Cốc Pte. Ltd., Singapore (unlisted); Member of the Advisory Board, jameda GmbH, Munich, Germany; Member of the Advisory Board, GoodHood GmbH (nebenan.de), Berlin, Germany; Managing Director, Cliqz GmbH, Cliqz International GmbH, Clico GmbH and DLD Ventures GmbH, all companies based in Munich, Germany (until 30 June 2020); Member of the Advisory Board, Cliqz MyOffrz GmbH, Munich, Germany (until 30 June 2020).
Markus Scheuermann	Member of the Management Board (CFO)	
Georg Hesse	Chairperson of the Management Board (CEO) until 29 April 2020	Member of the Supervisory Board, Leifheit AG
Nathan Brent Glissmeyer	Member of the Management Board (CPO/CTO) until 31 July 2020	

The business division of HolidayCheck Group AG's Chairperson of the Management Board, Dr Marc Al-Hames, includes the following functions and areas:

- information and consultation with the Supervisory Board;
- overall strategy and corporate development;
- HR senior management and junior staff;
- personnel development;
- Group communications;
- Group internal audit;
- 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.

In his business division, the Management Board member Markus Scheuermann is responsible for the following functions and areas:

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

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.

16.6 Supervisory Board

Name	Position	Other supervisory board mandates / exercised activity
Holger Eckstein	Chairperson of the Supervisory Board (since 16 April 2020, former member of the Supervisory Board)	Managing Director, Hubert Burda Media Holding Geschäftsführung SE, Offenburg, Germany; Managing Director Burda GmbH, Offenburg, 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; Member of the Board of Directors, Sparkasse Mainfranken Würzburg, Germany (since July 2020); Member of the Supervisory Board, Lakestar SPAC ISE, Luxembourg (since January 2021).
Dr Thomas Döring	Member of the Supervisory Board	Managing Director, Delaunay Capital Partners GmbH, Traunstein, Germany; Managing Director, Distribusion Technologies GmbH, Berlin, Germany; Managing Director, LP Capital Management GmbH; Member of the Supervisory Board, FMTG AG, Vienna, Austria; Member of the Advisory Board, OpenCampus GmbH, Munich, Germany.
Aliz Tepfenhart	Member of the Supervisory Board	Managing Director, Burda Digital SE, Munich, Germany; Chairperson of the Advisory Board, Cyberport GmbH, Dresden, Germany, and computeruniverse GmbH, Friedberg (Hessen), Germany; Chairperson of the Advisory Board, Silkes Weinkeller GmbH, Mettmann, Germany; Shareholder representative, jameda GmbH, Munich, Germany; Member of the Advisory Board, BurdaForward GmbH, Munich; Germany.
Alexander Fröstl	Member of the Supervisory Board	Managing Director, iLX GmbH, Munich, Germany; Member of the Board of Directors, Ifolor AG, Kreuzlingen, Switzerland.
Thomas Geitner	Member of the Supervisory Board (since 23 June 2020)	Chairperson, Bibliotheca RFID Library Solutions, Zug, Switzerland; Non-Executive Director and Chairperson of the Compensation Committee, Oxford Instruments Plc, Abingdon/United Kingdom.
Stefan Winners	Chairperson of the Supervisory Board (until 16 April 2020)	Chairperson of the Supervisory Board, New Work SE, Hamburg, Germany (until 29 May 2020); Member of the Supervisory Board and Board of Advisors, Giesecke & Devrient GmbH, Munich, Germany; Member of the Board of Directors, Cyndx Holdco, Inc., Delaware, USA.

16.7 Auditor’s fees

The total fee charged by our accountants in respect of financial 2020 covers the audit (2020: EUR 338 thousand; 2019: EUR 172 thousand) and other services (2020: EUR 301 thousand; 2019: EUR 9 thousand). Other (assurance) services comprise fees for covenant compliance.

16.8 Authorisation to publish the annual financial statements

On 30 March 2021, 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 30 March 2021.

Munich, Germany, 30 March 2021

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

Markus Scheuermann
Member of the Management Board (CFO)

INDEPENDENT AUDITOR'S REPORT TO HOLIDAYCHECK GROUP AG, MUNICH, GERMANY

The following copy of the auditor's report also includes a "Report on the audit of the electronic renderings of the financial statements and the management report prepared for disclosure purposes in accordance with § 317 Abs. 3b HGB" ("Separate report on ESEF conformity "). The subject matter (ESEF documents) to which the Separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of HolidayCheck Group AG, München, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of HolidayCheck Group AG for the financial year from 1 January to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of the group statement on corporate governance pursuant to § [Article] 315d HGB [Handelsgesetzbuch: German Commercial Code].

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. [paragraph] 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2020, and of its financial performance for the financial year from 1 January to 31 December 2020, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the group statement on corporate governance referred to above.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Significant uncertainty in connection with the continuation of business operations

We refer to the disclosures in section "15. Risks to continued existence within the meaning of section 322 paragraph 2 sentence 3 of the German Commercial Code" of the notes to the consolidated financial statements and in section "4.2.2.2.2.2 Liquidity risks" of the group management report, in which the legal representatives describe that the Group could face a tense liquidity situation depending on the further spread of the Covid-19 virus. As explained in section "15. Risks to continued existence within the meaning of section 322 paragraph 2 sentence 3 of the German Commercial Code" and section

"4.2.2.2.2.2. Liquidity risks", these events and circumstances indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and that constitutes a going concern risk as defined in § 322 Abs. 2 Satz 3 HGB. In the course of our audit, we assessed, among other things, the groupwide business and liquidity planning prepared by the company. In this context, we also assessed the appropriateness of the assumptions underlying the business and liquidity planning and whether the business and liquidity planning was derived appropriately on the basis of these assumptions. Our audit opinion has not been modified with regard to this matter.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

❶ impairment of goodwill

Our presentation of this key audit matter has been structured as follows:

① Matter and issue
② Audit approach and findings
③ Reference to further information

Hereinafter we present the key audit matter:

❶ impairment of goodwill

① The company's consolidated financial statements contain a total of EUR 69,091 thousand (51.55 percent of total assets and 85.96 percent of equity) in respect of goodwill under the balance sheet heading 'Intangible assets'. Goodwill is tested by the company for impairment once a year or on an ad hoc basis to identify any write-downs that may be required. Impairment tests are conducted at Group level for all cash-generating units to which the goodwill in question has been allocated. When performing an impairment test, the carrying value of the cash-generating unit (including its goodwill) is measured against the corresponding recoverable amount. The recoverable amount is generally calculated on the basis of the value in use. In turn, this figure is regularly based on the present value of future cash flows from the group of cash-generating units. Present values are calculated using discounted cash flow models. In the past, the starting point for this calculation was the Group's medium-term plan. This year, however, reflecting the uncertain impact of the Covid-19 pandemic on the travel sector, the Management Board produced three scenarios (base, negative and positive). A free cash flow figure was calculated for each scenario and then weighted to take account of the anticipated probability of occurrence of that scenario. The scenarios also reflect expectations of future market development, macroeconomic assumptions and assumptions about the expected impact of the ongoing coronavirus pandemic on the Group's business activities. Discounting is based on the average weighted cost of capital for the group of cash-generating units in question. The impairment test did not identify any need to write down the value of goodwill.
The result of this valuation is very much dependent on the assessment made by the company's legal representatives of future cash inflows from the group of cash-generating units in question, on the discounting rate used, on the assumed growth rate and on other assumptions and is therefore subject to a high degree of uncertainty, especially in the context of the Covid-19 pandemic. Against this background and given the complexity involved in the valuation processes, this matter was held to be particularly important in our audit.

② As part of our audit, we retraced the company's impairment testing methodology. We reconciled the future cash inflows used in the calculation with the planning scenarios. We then assessed whether the calculation was reasonable, in particular with reference to general and industry-specific market expectations. In this context, we also took account of the assessment of the legal representatives concerning the impacts of the Covid-19 pandemic on the Group's business activities and reviewed how those impacts were factored into calculations of future cash flows. We also assessed whether the associated Group function costs had been properly factored in to the calculation.
Since even relatively small changes in the discounting rate and growth rate can have a significant impact on company valuations produced using this method, we subjected the parameters used in determining the discounting rate to close scrutiny and retraced the method of calculation. In light of the forecasting uncertainties involved, we retraced the sensitivity analyses produced by the company and conducted our own sensitivity analyses. In this respect, based on the available information, we found that the carrying values of the cash-generating units, including the goodwill attributed to those units, are adequately covered by discounted future cash surpluses. The valuation parameters and assumptions used by the legal representatives are generally in line with our own expectations and lie within what we judge to be appropriate ranges.

③ The company's disclosures on goodwill are contained in sections 6, 8 and 10.1 of the notes to the consolidated financial statements under the heading 'Intangible assets'.

Other Information

The executive directors are responsible for the other information. The other information comprises the group statement on corporate governance pursuant to § 315d HGB.

The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file HCG_AG_KA+KLB_ESEF-2020-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2020 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited group management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional scepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.
- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 23 June 2020. We were engaged by the supervisory board on 11 December 2020. We have been the group auditor of the HolidayCheck Group AG, München, without interruption since the financial year 2007.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Alexander Fiedler.

Munich, March 30, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Alexander Fiedler	sgd. Ppa. Sonja Knösch
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

INFORMATION ABOUT THE AUDITOR

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Frankfurt am Main, Munich branch, Bernhard-Wicki-Strasse 8, 80636 München, Germany, has acted as auditor and Group auditor for HolidayCheck Group AG (formerly TOMORROW FOCUS AG) since 2007. The responsible lead auditors are Alexander Fiedler (since financial 2014) and Sonja Knösch (since financial 2019).

The fees paid to the accountants were recognised as expenses in the financial year and amounted to EUR 339 thousand for financial statement audit services (previous year: EUR 172 thousand) and EUR 300 thousand for other services (previous year: EUR 9 thousand). Other (assurance) services comprise fees for compliance.

FINANCIAL CALENDAR 2021*

10 May 2021
Publication of the Q1 2021 Interim Statement

11 May 2021
Participation in the Stifel German SMID Cap Conference, virtual event, Frankfurt/Main, Germany

17 June 2021
Annual General Meeting 2021 of HolidayCheck Group AG in Munich as a virtual event

9 August 2021
Publication of the HY1 2020 Interim Report

8 November 2021
Publication of the nine months 2021 Interim Statement

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

***scheduled dates**

LEGAL NOTICE

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KEY FIGURES

REVENUE AND EARNINGS		FY 2020	FY 2019	Change in %
Revenue	in EUR million	14.5	133.0	-89.1%
Cost of goods sold	in EUR million	-7.2	-1.8	>100%
Gross margin	in EUR million	7.3	131.2	-94.4%
Marketing expenses	in EUR million	-8.6	-66.7	-87.1%
Personnel expenses	in EUR million	-26.7	-34.9	-23.5%
Net impairment losses on financial assets	in EUR million	2.5	-3.6	>100%
Other expenses	in EUR million	-15.5	-23.4	-33.8%
EBITDA	in EUR million	-37.7	6.3	-
Operating EBITDA	in EUR million	-35.9	6.8	>100%
EBIT	in EUR million	-45.5	-2.0	>100%
Financial result	in EUR million	-0.3	-0.3	0.0%
EBT	in EUR million	-45.8	-2.3	>100%
Consolidated net profit/loss from continuing operations	in EUR million	-40.9	-3.3	>100%
Consolidated net profit/loss from discontinued operations	in EUR million	-31.6	-1.3	>100%
Consolidated net profit/loss	in EUR million	-72.5	-4.6	>100%
Earnings per share	in EUR	-1.26	-0.08	>100%

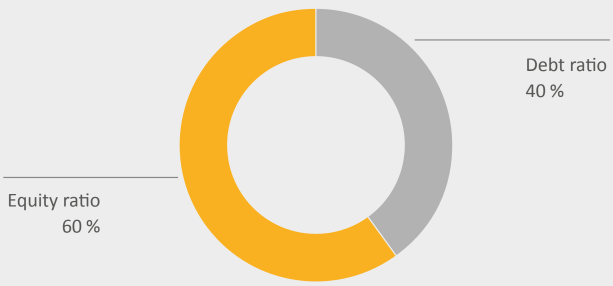
CASH FLOW		FY 2020	FY 2019	Change in %
Cash flow from operating activities	in EUR million	-25.0	2.5	>100%
Cash flow from investing activities	in EUR million	11.0	-4.2	>100%
Cash flow from financing activities	in EUR million	20.3	-4.6	>100%

EMPLOYEES		FY 2020	FY 2019	Change in %
Average number of employees (FTEs; without Management Board)		343	415	-30.0%

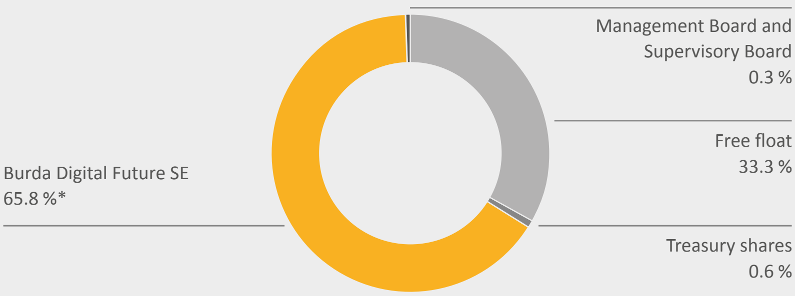
KEY CAPITAL MARKET DATA		31 Dec 2020	31 Dec 19	Change in %
Equity ratio		60.0%	79.1%	-24.1%
Debt ratio		40.0%	20.9%	91.4%

		31 Dec 2020	31 Dec 19	Change in %
ASSETS AND CAPITAL STRUCTURE				
Total assets	in EUR million	134.0	194.0	-30.9%
Non-current assets	in EUR million	95.1	141.9	-33.0%
Current assets	in EUR million	38.9	52.1	-25.3%
thereof cash	in EUR million	33.7	27.5	22.5%
Equity	in EUR million	80.4	153.4	-47.6%
Debt	in EUR million	53.6	40.6	32.0%

KEY CAPITAL MARKET DATA AS AT 31 DECEMBER 2020



SHAREHOLDER STRUCTURE AS AT 10 FEBRUARY 2021



*as at 20 January 2021; no guarantee of completeness

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