HolidayCheck GROUP

INTERIM REPORT FOR THE FIRST HALF OF 2020 OF HOLIDAYCHECK GROUP AG

KEY FIGURES

		First half 2020	First half 2019	Change in %	2Q 2020	2Q 2019	Change in %
REVENUE AND EARNINGS							
Consolidated revenue	in EUR million	0.8	74.9	-98.9%	6.0	32.7	-81.8%
Marketing expenses	in EUR million	-8.5	-37.5	-77.2%	-0.6	-16.3	-96.5%
Personnel expenses	in EUR million	-19.5	-21.0	-7.2%	-8.8	-10.3	-15.1%
Other expenses	in EUR million	-11.9	-12.8	-6.9%	-4.1	-6.6	-37.8%
EBITDA	in EUR million	-33.5	5.3	-	-4.0	1.3	-
Operating EBITDA	in EUR million	-32.9	5.8	-	-3.2	1.5	-
EBIT	in EUR million	-68.8	0.3	-	-8.1	-1.3	-
Financial result	in EUR million	-0.2	-0.2	-11.1%	-0.1	-0.1	11.1%
EBT	in EUR million	-69.0	0.2	-	-8.2	-1.4	-
Consolidated net profit/loss	in EUR million	-66.8	-0.5	-	-7.9	-1.6	-
Earnings per share	in EUR	-1.16	-0.01	-	-0.14	-0.03	-

		30 JUN 2020	30 JUN 2019	Change in %
ASSETS AND CAPITAL STRUCTURE				
Total assets	in EUR million	149.6	210.1	-28.8%
Non-current assets	in EUR million	107.6	143.0	-24.8%
Current assets	in EUR million	42.0	67.1	-37.4%
thereof cash	*in EUR million*	28.0	*28.7*	*-2.3%*
Equity	in EUR million	86.6	158.0	-45.2%
Debt	in EUR million	63.0	52.1	20.9%

		30 JUN 2020	30 JUN 2019	Change in %
KEY CAPITAL MARKET DATA				
Equity ratio	in percent	57.9%	75.2%	-23.0%
Debt ratio	in percent	42.1%	24.8%	69.8%

INVESTOR RELATIONS REPORT

Before the beginning of the virtual Annual General Meeting 2020 of HolidayCheck Group AG

Dear shareholders,

As a result of the Covid 19 pandemic, the HolidayCheck Group AG held this year's Annual General Meeting as a virtual meeting. The shareholders and proxies registered for the AGM accounted for around 69 percent of the company's share capital with voting rights. As in previous years, the HolidayCheck Group AG therefore recorded a high level of attendance. The items on the agenda were each approved by a clear majority.

Shareholders registered for the Annual General Meeting elected Mr Thomas Geitner to the company's Supervisory Board. The supplementary election had become necessary after Mr. Stefan Winners had resigned his Supervisory Board mandate in April.

The proposed resolution on the new authorization to acquire and use treasury shares was adopted with a majority of 99.7 percent. HolidayCheck Group AG is thus authorised, if necessary, to acquire treasury shares up to a total of 10 percent of the share capital existing at the time of the resolution.

The agenda item on the new authorisation to issue convertible and/or option bonds also received a clear majority.

A detailed breakdown of the voting results for the agenda items and a transcript of the presentation made to the shareholders at the general meeting can be found on our website at *www.holidaycheckgroup.com/investor-relations/annual-general-meeting/?lang=en*

At the beginning of April 2020, HolidayCheck Group AG ended the share buy-back programme launched in February ahead of schedule. Under the programme, 412,177 shares were acquired at an average price of EUR 1.517. Of the total of around 1.1 million treasury shares held by the company, around 600,000 shares were subsequently issued to employees and members of the Management Board in July 2020 as part of the existing employee participation programme as a salary component.

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

If you want to keep up to date with all 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.

Yours sincerely,

Armin Blohmann

INVESTOR & PUBLIC RELATIONS CONTACT

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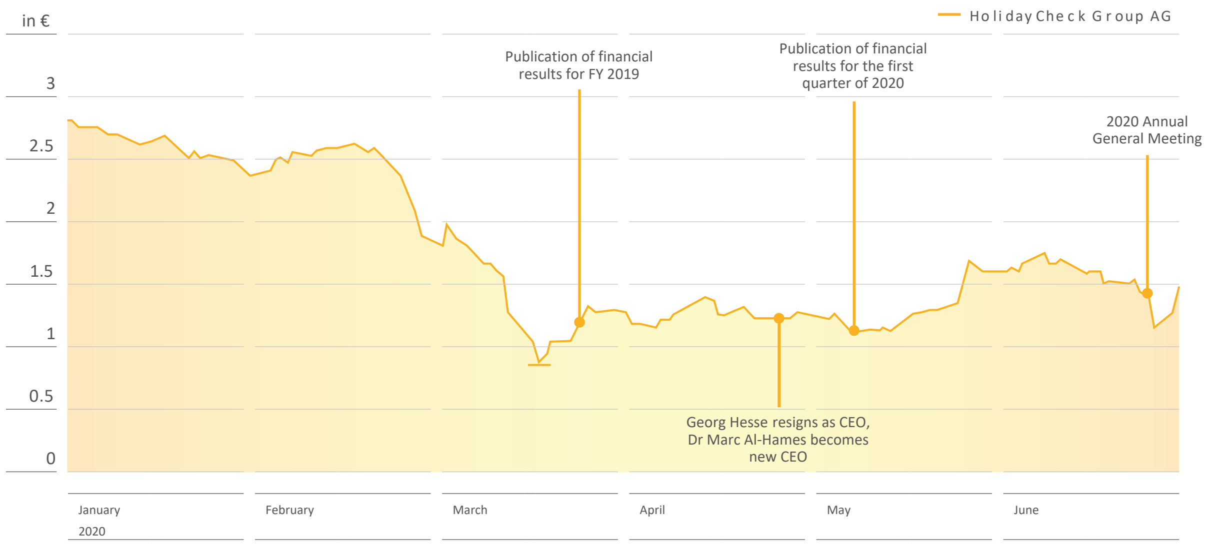
First half of 2020: HolidayCheck Group share price performance

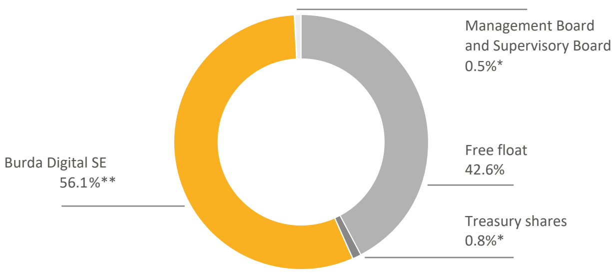


Key HolidayCheck Group share data

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 Seydler Bank AG
Number of shares at 30 June 2020	58,313,628 no-par value bearer shares
Number of treasury shares at 1 July 2020	494,592
Market capitalisation at 30 June 2020	EUR 85.7 million

HOLIDAYCHECK GROUP SHARE PRICE PERFORMANCE (CLOSING PRICE ON XETRA)	
Closing price 2019	EUR 2.69
First half 2020 low	EUR 0.89
First half 2020 high	EUR 2.78
Closing price first half 2020	EUR 1.47
Share price performance first half 2020	-37.2 percent

Shareholder structure (rounded)



*As at 1 July 2020 **As at 19 December 2018; no guarantee for completeness

GROUP MANAGEMENT REPORT OF HOLIDAYCHECK GROUP AG, MUNICH, GERMANY, FOR THE FIRST SIX MONTHS OF 2020

1. GROUP STRUCTURE AND BUSINESS MODEL

1.1 Organisational structure

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

In the first half of 2020 our average total workforce was 451 full-time equivalents (FTEs without Management Board members) based at five locations in Germany, the Netherlands, Poland and Switzerland.

1.2 Description of business operations

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

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

The core sales markets for these web portals are Germany, Austria and Switzerland.

Zoover Media B.V., a Dutch subsidiary of WebAssets B.V. that operates hotel rating and travel booking portals in the Benelux region, was sold in July 2020. The sale took effect on 1 July 2020.

HC Touristik GmbH (based in Munich, Germany) is a tour operator. Its revenue comes from marketing hotels and package holidays through HolidayCheck's booking platforms.

Its core sales markets are Germany, Austria and Switzerland.

Driveboo AG (based in Bottighofen, Switzerland) operates the rental car comparison portal *MietwagenCheck*. It generates revenue in the form of commission for car hire bookings.

Driveboo AG's core sales markets are Germany, Austria and Switzerland.

WebAssets B.V. also operates advertising-based weather portals, e.g. *WeerOnline.nl.* Its main source of revenue is online advertising.

The company's core sales markets are the Netherlands and Belgium.

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 generate no significant amounts of external revenue.

1.3 Research and development activities

The subsidiaries Driveboo, HolidayCheck, HolidayCheck Polska, HolidayCheck Solutions, HC Touristik and WebAssets conduct development activities on a decentralised basis within the Group companies. If the development costs attributable to these employees can be capitalised, they are shown in the balance sheet as software developed in-house. The employees' remaining work is recognised as personnel expenditure. Whenever subsidiaries make use of externally supplied development services, that work is also capitalised (again where permitted under accounting rules), while the remaining development costs are recognised under other expenses.

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

Own work capitalised

Own work capitalised in the first six months of 2020	EUR 1,212 thousand
Own work capitalised in the first six months of 2019	EUR 1,630 thousand

2. ECONOMIC REPORT

2.1 Macro-economic and industry situation

2.1.1 Macro-economic situation

In a report issued on 26 June 2020, Deutsche Bank's Global Market Research unit projects the following picture of economic growth in the HolidayCheck Group's core sales markets over the financial year 2020:

After adjusting for inflation, gross domestic product (GDP) is expected to decrease by 12 percent in the eurozone and by 9 percent in Germany.

2.1.2 Industry situation

According to an assessment by the Management Board, the revenue generated from package holidays and hotels over the first half of 2020 in the core markets targeted by the Group's transaction-based travel portals was down significantly compared with the same period in 2019 due to the COVID-19 pandemic and the resulting global travel warnings. Over the second quarter, as travel warnings were gradually lifted for Europe, demand for hotels recovered to some extent, although demand for package holidays remained at a very low level.

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 first half-year of 2020. Above all, demand for package holidays practically collapsed. It was not until the second quarter that we saw a modest recovery, especially in demand for hotels. Demand for package holidays also improved a little but remained at a very low level compared with the previous year.

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

As we reported in our interim statement for the first quarter of 2020, we conducted a series of simplified unscheduled impairment tests, for example at the Dutch WebAssets Group, once we had a clearer picture of the impact of the pandemic.

These showed that, further investments in the restructuring of Zoover, which is part of the WebAssets Group, were no longer economically prudent. The Management Board of HolidayCheck Group AG therefore decided to completely write off the remaining carrying values of those assets attributed on initial consolidation to Zoover that have not already been written off as well as Zoover's share of goodwill.

No further impairment was identified following the tests conducted in the second quarter of 2020. Due to Zoover's held-for-sale classification, however, a further write-down was required in respect of software developed in-house.

Both revenue and the operating result were down significantly compared with the previous year's figures.

2.2.1 Business development

Share buyback programme discontinued

At the beginning of April 2020, HolidayCheck Group AG prematurely terminated the share buyback programme launched in February of the current year. Over the buyback period, 412,177 shares were acquired at an average price of EUR 1.517.

2020 ordinary general meeting of shareholders

Due to the COVID-19 pandemic, this year's ordinary general meeting of HolidayCheck Group AG on 23 June 2020 was held online. Those shareholders and proxies who registered for the meeting represented around 69 percent of the company's share capital with voting rights. As in previous years, the level of attendance remained high. All agenda items were approved with clear majorities.

The shareholders elected Thomas Geitner to the company's Supervisory Board in order to fill the position left vacant when Stefan Winners stepped down from the Supervisory Board in April.

A resolution newly authorising the Management Board to acquire and use the company's own shares was approved by a majority of 99.7 percent. Should it need to do so, HolidayCheck is now authorised to acquire treasury shares representing up to a maximum of 10 percent of its share capital on the date the resolution was approved.

A resolution newly authorising the company to issue convertible bonds and/or bonds with warrants was also approved by a clear majority.

Dr Marc Al-Hames succeeds Georg Hesse as Chief Executive Officer

On 29 April 2020, HolidayCheck Group AG's former 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, aged 42, to succeed Georg Hesse as Chief Executive Officer. Marc Al-Hames took up his new position on 30 April 2020.

Since 2013, Dr Marc Al-Hames was General Manager of Cliqz GmbH. Major stakeholder of this Munich-based company is Hubert Burda Media.

Prior to that, Dr Marc Al-Hames 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.

2.2.2 Performance

Given the number and range of exceptional factors currently affecting our results, we have decided to adjust our key financial ratios to reflect the material impact of adjustments to revenue generated in the first half of 2020 in respect of holidays in 2020 along with the directly related costs and impairment write-downs. Adjusted financial ratios are not reported for the second quarter of 2020 as the amounts concerned were not material.

All these adjustments to our financial ratios are shown in section 2.4 of the notes to the consolidated financial statements.

2.2.2.1 Income

2.2.2.1.1 Total operating income

Revenue for the first half of 2020 stood at EUR 0.8 million compared with EUR 74.9 million in the same period of 2019. Second-quarter **revenue** totalled EUR 6.0 million in 2020 and EUR 32.7 million in 2019. Revenue for the first half-year of 2020 is lower than the figure for the second quarter of 2020. This is due to negative revenue of around EUR 5.1 million in the first quarter of 2020 (see interim statement for the first quarter of 2020).

Adjusted revenue for the first half of 2020 was EUR 16.0 million.

Gross margin for the first half of 2020 stood at minus EUR 0.8 million compared with EUR 74.9 million in the first six months of 2019. The second-quarter figure was EUR 5.9 million in 2020 and EUR 32.6 million in the prior year.

Adjusted gross margin for the first half of 2020 was EUR 14.4 million.

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).

Other income for the first half of 2020 stood at EUR 4.1 million compared with EUR 0.7 million in the first six months of 2019. The second-quarter figure for other income was EUR 3.5 million in 2020 and EUR 0.4 million in the previous year. This increase was mainly due to the reversal of specific allowances once we had a clear idea of the insurance situation, govern-ment short-time working subsidies and the support available under the NOW programme in the Nether-lands.

Other own work capitalised for the first half-year declined from EUR 1.6 million in 2019 to EUR 1.2 million in 2020. In the second quarter of 2020, other own work capitalised also decreased to EUR 0.3 million after EUR 0.8 million in the same period of 2019. Given the current situation, the volume of planned development work and of the corresponding in-house services was scaled back.

Against this background**, total operating income** of the HolidayCheck Group for the first half-year stood at EUR 6.1 million compared with EUR 77.2 million in the first six months of 2019. Total operating income for the second quarter amounted to EUR 9.8 million in 2020 and EUR 33.9 million in the previous year.

Adjusted total operating income for the first half of 2020 was EUR 21.3 million.

2.2.2.1.2 EBITDA

Marketing expenditure in the first half of 2020 was EUR 8.5 million compared with EUR 37.5 million in the first six months of the previous year. In the second quarter of 2020, marketing expenditure totalled EUR 0.6 million. This figure amounted to EUR 16.3 million in the second quarter of 2019.

Adjusted marketing expenditure for the half-year under review was EUR 13.4 million. The downturn in adjusted marketing expenditure was mainly due to the early discontinuation of marketing activities from mid-March 2020 onwards and to reduced voucher-redemption liabilities in line with the decline in revenue for holidays booked in 2020.

Personnel expenditure for the first six months declined from EUR 21.0 million in 2019 to EUR 19.5 million in 2020. At EUR 8.8 million, the corresponding figure for the second quarter of 2020 was down from EUR 10.3 million in the previous year.

The main factor here was the introduction of short-time working across the Group from April 2020. In the reverse direction, however, personnel expenditure was increased by the settlement with Georg Hesse.

Net impairment on financial assets in the first half of 2020 stood at EUR 0.2 million compared with the figure of EUR 0.6 million in the same period of the prior year. The net loss in the second quarter of 2020 was EUR 0.3 million compared with net income of EUR 0.6 million in the second quarter of 2019.

The total figure for **adjusted net impairment on financial** assets for the first half of 2020 was EUR 0.2 million.

The unadjusted total for the first half of 2020 was due to a correction of the figure for receivables in respect of bookings made in 2019 for holidays in the current year. Consequently, a very large proportion of receivables generated in the past subsequently lapsed, and this had a direct impact on the level of impairment.

At EUR 11.9 million, **other expenses** in the first six months of the current year were down from EUR 12.8 million in same period of 2019. The second-quarter figure also declined from EUR 6.6 million in 2019 to EUR 4.1 million in 2020. Thanks to an intensified Group-wide programme of cost management in every area, the Group was able to reduce the expenditure for fees and – due to increased working from home – in particular its expenses in respect of business travel.

As a result, half-year **EBITDA (operating earnings before interest, tax, depreciation and amortisation)** stood at minus EUR 33.5 million as at 30 June 2020 compared with the figure of EUR 5.3 million in the same period of 2019. Second-quarter EBITDA came to minus EUR 4.0 million in 2020 and EUR 1.3 million in 2019.

Adjusted EBITDA for the first six months of 2020 was minus EUR 23.7 million.

2.2.2.1.3 Calculation of operating EBITDA from EBITDA

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

Adjusted operating EBITDA for the first half of 2020 was minus EUR 23.1 million.

Calculation of operating EBITDA from EBITDA

	1 January 2020 to 30 June 2020 (EUR million)	1 January 2019 to 30 June 2019 (EUR million)	1 April 2020 to 30 June 2020 (EUR million)	1 April 2019 to 30 June 2019 (EUR million)
EBITDA	**-33.5**	**+5.3**	**-4.0**	**+1.3**
Plus: other expenses from personnel obligations linked to share-based payment plans, pension provisions, and severance payments for former members of the Management Board	+0.6	+0.5	+0.8	+0.2
Operating EBITDA	**-32.9**	**+5.8**	**-3.2**	**+1.5**

2.2.2.1.4 Other items in the consolidated statement of income

Depreciation, amortisation and impairment charges stood at EUR 35.3 million in the first six months of 2020 compared with EUR 5.0 million in the first half of 2019. At EUR 4.1 million, depreciation, amortisation and impairment charges reported for the second-quarter 2020 were up on the figure shown for the same period of 2019 (EUR 2.6 million).

The item includes impairment losses of EUR 21.3 million on goodwill allocated to the subsidiary Zoover during first-time consolidation, and EUR 7.5 million on the value of the 'Zoover' brand and domain calculated during purchase price allocation. Additionally, in the second quarter of 2020, self-generated intangible assets totalling EUR 1.7 million were written down at Zoover in line with the requirement to measure the sub-group's assets at fair value prior to sale. For more information on depreciation, amortisation and impairment charges, see section 2.5 of the notes to the consolidated financial statements.

Excluding this unscheduled impairment write-down, **adjusted depreciation, amortisation and impairment charges** for the first half of 2020 came to EUR 4.8 million.

EBIT (earnings before interest and tax) for the first half-year of 2020 was minus EUR 68.8 million compared with EUR 0.3 million in the first six months of 2019. Second-quarter **EBIT** was minus EUR 8.0 million in 2020 and minus EUR 1.3 million in 2019.

Adjusted EBIT for the first half-year of 2020 was minus EUR 28.5 million.

At minus EUR 0.2 million, the **financial result** for the first half-year of the current year was unchanged compared with the same period in 2019. The second-quarter figure was also unchanged year on year at minus EUR 0.1 million.

EBT (earnings before taxes) for the first six months stood at minus EUR 69.0 million in 2020 and EUR 0.2 million over the same period of 2019. Second-quarter EBT totalled minus EUR 8.2 million in 2020 and minus EUR 1.4 million in 2019.

Adjusted EBT for the first half of 2020 was minus EUR 28.7 million.

The **tax result** for the first half of 2020 was EUR 2.2 million compared with minus EUR 0.7 million in the same period of 2019. The corresponding figure for the second quarter was EUR 0.3 million in 2020 and minus EUR 0.1 million in the previous year. Due to the described unscheduled impairments on the brand and domain of Zoover, deferred tax liabilities of EUR 1.9 million accrued on the first-time consolidation were reversed.

The **adjusted tax result** for the first half of 2020 was EUR 0.4 million.

Consolidated net profit/(loss) for the first six months of the current year came to minus EUR 66.8 million compared with minus EUR 0.5 million in the same period of 2019. Consolidated net profit/(loss) for the second quarter of 2020 was minus EUR 7.9 million and minus EUR 1.5 million for the second quarter 2019.

Adjusted consolidated net profit/(loss) for the first half of 2020 was minus EUR 28.3 million.

Consolidated comprehensive income for the first six months of 2020 was minus EUR 66.8 million compared with minus EUR 0.5 million in the same period of 2019. The equivalent figure for the second quarter was minus EUR 7.9 million in 2020 and minus EUR 1.5 million in 2019.

Adjusted consolidated comprehensive income for the first half of 2020 was minus EUR 28.3 million.

Basic and diluted earnings per share stood at minus EUR 1.16 in the first half of 2020 as against minus EUR 0.01 in the same period of 2019. The second-quarter figure for 2020 stood at minus EUR 0.14 compared with minus EUR 0.03 in the same quarter of the prior year.

Adjusted basic and diluted earnings per share amounted to minus EUR 0.49 in the first half of 2020.

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 Liquidity

Cash flows

The HolidayCheck Group's **operating cash flow (net cash used for operating activities)** for the first half of 2020 was minus EUR 15.5 million (first half 2019: EUR 0.9 million). This decline was mainly due to the impact of the COVID-19 pandemic on the Group's operating activities, as described above under the heading 'Income'.

Net cash used in investing activities stood at minus EUR 1.3 million in the first half of 2020 compared with minus EUR 2.4 million over the same period of the previous year. This is mainly due to reduced investments because of the COVID-19 pandemic.

Net cash used in financing activities totalled EUR 17.8 million in the first six months of 2020 and minus EUR 3.6 million in the first half of 2019. The increase was mainly due to a draw-down of cash under existing credit lines. Another factor was the absence of dividend payments in the first half of 2020 due to the present situation, whereas there was a dividend payout in the first six months of 2019.

As at 30 June 2020, cash and cash equivalents stood at EUR 28.5 million compared with the 2019 year-end figure of EUR 27.5 million. This total includes cash and cash equivalents of EUR 28.0 million attributable to continuing operations and EUR 0.5 million in respect of assets held for sale. The corresponding total for 2019 was attributable in full to continuing operations.

The main factor influencing the Group's cash position as at 30 June 2020 was the draw-down of around EUR 20 million under existing credit lines in the first quarter of 2020. HolidayCheck Group AG is also exploring additional, longer-term financing options.

The company will also receive further cash inflows of around EUR 13.6 million following the above mentioned sale of its Dutch subsidiaries once the transactions have been completed.

2.2.2.2.2 Asset position

On the assets side of the consolidated balance sheet, **non-current assets** as at 30 June 2020 declined to EUR 107.6 million compared with the 2019 year-end figure of EUR 141.9 million. The main factor here was a reduction in the figure for intangible assets following the unscheduled write-down of Zoover's goodwill, brand, domain and self-generated intangible assets (see above). In addition to planned amortisation and depreciation, rights of use were also written down following the revaluation of the rental agreement in Amsterdam, Netherlands.

At EUR 42.0 million, **current assets** as at 30 June 2020 were down on the year-end 2019 figure of EUR 52.1 million. The decrease was mainly due to lower trade receivables following COVID-19 cancellations of bookings made in 2019 and the early part of this year for planned holidays in 2020. Another factor was the ongoing slump in demand. In the opposite direction, the figure for current assets was propped up by other miscellaneous assets, primarily receivables for government short-time working subsidies and prepayments from the Group's in-house tour operator in respect of future holidays. All assets held from the sale of Zoover Media B.V. are shown under current assets.

On the liabilities side of the consolidated balance sheet, **equity** declined from EUR 153.4 million as at 31 December 2019 to EUR 86.6 million at the end of the half-year reporting period. This decrease in equity is due to the impact of consolidated retained earnings (see above under 'Income').

Non-current liabilities as at 30 June 2020 were EUR 11.9 million compared with the 2019 year-end figure of EUR 13.9 million. This reduction was mainly due to the unscheduled write-down of the 'Zoover' brand and domain (as stated above) and the corresponding reversal of deferred tax liabilities totalling EUR 1.9 million created on initial consolidation.

As at 30 June 2020, **current liabilities** stood at EUR 51.0 million, whilst a figure of EUR 26.7 million was reported as at 31 December 2019. The upsurge was partly due to liabilities to banks that rose from the year-end figure of EUR 0.0 million to EUR 19.9 million following a draw-down of cash under existing credit lines. Another factor was higher trade liabilities due to an increase in debtors with a credit balance (mostly tour operators as a result of the current situation), although this was partly offset by a reduction in voucher-redemption liabilities.

The figure for **total liabilities** as at 30 June 2020 increased to EUR 63.0 million compared with the 2019 year-end figure of EUR 40.6 million.

Total assets as at 30 June 2020 declined to EUR 149.6 million compared with the 2019 year-end figure of EUR 194.0 million.

The relationship between items in the balance sheet shows a shift towards a higher debt ratio.

3. EVENTS AFTER THE BALANCE SHEET DATE

CPO/CTO Nate Glissmeyer left Management Board prematurely

Chief Product and Chief Technology Officer (CPO/CTO) of HolidayCheck Group AG, Nate Glissmeyer, left the Management Board of the company prematurely at his own request on 31 July 2020. He joined the company at the beginning of 2017.

The Management Board member left the company on the best of terms with the Supervisory Board. The tasks he was responsible for have been split between CEO Dr Marc Al-Hames and CFO Markus Scheuermann until further notice.

Sale of Zoover B.V.

At the beginning of July 2020, WebAssets B.V. – based in Amsterdam, Netherlands, and a subsidiary of HolidayCheck Group AG – sold Zoover Media B.V., which operates a number of hotel ratings portals, for a consideration of around EUR 0.8 million to Vakanties.nl B.V. HolidayCheck Group will now be entirely focused on its core German-speaking region.

Sale of MeteoVista B.V.

HolidayCheck Group AG sells Dutch subsidiary MeteoVista B.V., which operates a number of weather portals, to the Dutch company Infoplaza B.V. Transfer of the shares is scheduled for mid-August.

The sale price amounts to EUR 14.0 million in cash. The parties also agreed a two-year earn-out capped at EUR 1.0 million. After deducting anticipated selling costs, the sale price is roughly equal to the company's carrying value. The resulting direct cash inflows of around EUR 13.0 million will be used to strengthen the Group's capital base.

Staff reductions planned

On 3 August 2020, in response to the COVID-19 pandemic and the resulting slump in demand, the Management Board of HolidayCheck Group AG announced plans to cut the size of the workforce and therefore permanently reduce personnel costs as part of a comprehensive programme of cost savings.

This measure will be implemented by the end of 2020 and is expected to affect around 100 employees, i.e. approximately 20 percent of the total workforce.

4. REPORT ON EXPECTED DEVELOPMENTS, OPPORTUNITIES AND RISKS

4.1 Report on expected developments

4.1.1 Expected macroeconomic developments

Based on the forecast issued by Deutsche Bank's Global Market Research unit, the overall picture of economic activity in the HolidayCheck Group's core sales markets in 2020 is likely to be as follows:

After adjusting for inflation, the gross domestic product (GDP) is expected to contract by 12.0 percent in the eurozone and by 9 percent in Germany.

The GDP figures quoted above are based on estimates published by Deutsche Bank AG's Global Market Research unit on 26 June 2020.

4.1.2 Expected industry developments

The future performance of the travel sector in the German-speaking region over the rest of 2020 depends crucially on the COVID-19 pandemic and the extent of further outbreaks, both in our core sales markets (Germany, Austria and Switzerland) and in the principal holiday regions around the Mediterranean. As in the past weeks and months, it is quite possible that the pandemic will continue to have a negative impact on the willingness of our customers to make holiday bookings, especially for package holidays.

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

4.1.3 HolidayCheck Group

Our long-term vision is to become the most holiday-maker-friendly company in the world. In response to the COVID-19 pandemic, we currently intend to reduce investment in the further develop-ment of our existing products and services to a minimum and to adapt our personnel costs to the current situation by implementing a series of targeted measures, in particular by reducing the number of employees across many parts of the company.

The marketing activities of our subsidiaries have also been heavily scaled back in response to the actual demand.

HolidayCheck AG is based in the Swiss municipality of Bottighofen. The company generates most of its sales revenue in the euro area. However, important costs such as salaries and rents are paid in Swiss francs, so any appreciation in the Swiss franc vis-à-vis the euro will have a negative impact on the Group's earnings. In order to hedge this currency risk, the company concludes either currency futures contracts or, if economically reasonable, holds cash or cash equivalents in Swiss francs.

4.1.3.1 Gross margin and operating EBITDA

With due regard for the underlying assumptions set out above and the corresponding scenarios for the potential impact of COVID-19, the Management Board anticipates a significant year-on-year decline in the HolidayCheck Group's gross margin (sales revenue less cost of goods sold (COGS)/advance purchases of holiday services) for financial 2020, after adjusting for acquisitions or disposals of long-term equity investments. In financial 2019, the HolidayCheck Group achieved a gross margin of EUR 141.9 million. A reliable quantification of the decline is still not possible due to the uncertain facts and information situation.

In view of the assumptions described above, and of the corresponding scenarios for the potential of the COVID-19 pademic, the Management Board expects a significantly negative operating EBITDA in financial 2020.

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

4.1.4 Overall assessment of likely developments

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

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

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

Whether in a positive or negative direction, the actual results of the HolidayCheck Group may deviate from this outlook in response to the opportunities and risks set out in the Group management report (sections 4.3 and 4.2.2) of the 2019 annual report, or if our expectations and assumptions prove to be incorrect.

4.2 Opportunities and risks report

The potential opportunities and risks entailed by the global COVID-19 pandemic are set out in detail in the 2019 annual report (Group management report) of HolidayCheck Group AG. Since then, in the view of the Management Board, there have been no material changes in the classification of the opportunities and risks facing the HolidayCheck Group.

However, the Group's liquidity position could be at risk if the pandemic continues for an extended period. In particular, events and circumstances could give rise to material uncertainty and therefore create significant doubts about the capacity of the Group to continue its business activities. Consequently, the Group may not then be able to realise its assets or settle its debts in the ordinary course of business. For more information, please see our comments in section 2.2.2.2.1 'Liquidity'.

A detailed review of material risks and opportunities can be found starting from page 41 of the annual report for 2019, which can be downloaded from the Internet at *www.holidaycheckgroup.com* under the heading *Investor Relations/Company Reports*. Printed copies are also available free of charge from the company on request.

5. EMPLOYEES

The average headcount for the HolidayCheck Group in the first half of 2020 was 451 full-time equivalents (without Management Board members). The corresponding average figure for the first half of 2019 was 489 full-time equivalents (without Management Board members).

6. NOTES AND FORWARD-LOOKING STATEMENTS

Definitions

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

Forward-looking statements

This interim report contains statements relating to future business and financial performance and future events or developments concerning the HolidayCheck Group that may constitute forward-looking statements. These statements may be identified by words such as 'expects', 'looks forward to', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'will', 'project' or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in media releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on current expectations and certain assumptions of the HolidayCheck Group management team, and are, therefore, subject to various risks and uncertainties. Numerous factors, many of which are beyond the control of the HolidayCheck Group, nevertheless affect its operations, performance, business strategy and results and could cause the Group's actual results, performance or achievements to be materially different from those expressed or implied in such forward-looking statements or anticipated on the basis of historical trends. These factors include in particular, but are not limited to, the matters described in section 4.2 of the 2019 report under the heading 'Risk report'. Further information about risks and uncertain-

ties affecting the HolidayCheck Group can be found in the annual report of 2019 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.

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

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated interim financial statements as at 30 June 2020 give a true and fair view of the assets and liabilities, financial position and profit or loss of the HolidayCheck Group, and the Group management report includes a fair review of the development and performance of the business and the position of the HolidayCheck Group, together with a description of the principal opportunities and risks associated with the expected development of the HolidayCheck Group.

Munich, Germany, 10 August 2020

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

Markus Scheuermann
Member of the Management Board (CFO)

CONSOLIDATED BALANCE SHEET

as at 30 June 2020

ASSETS	30 JUNE 2020 (EUR '000)	30 JUNE 2019 (EUR '000)	31 DECEMBER 2019 (EUR '000)
NON-CURRENT ASSETS			
Intangible assets			
Intangible assets acquired for valuable consideration	7,880	17,776	16,779
Internally generated intangible assets	7,989	11,332	10,611
Goodwill	78,920	100,182	100,182
	94,789	**129,290**	**127,572**
Right-of-use assets	**7,914**	**9,932**	**9,127**
Property, plant and equipment (tangible assets)			
Land, land right and buildings	14	17	16
Other equipment, operating and office equipment	1,673	2,433	2,089
Prepayments	3	0	3
	1,690	**2,450**	**2,108**
Receivables and other assets			
Other financial assets	2,052	660	2,052
Other non-financial assets	0	107	61
	2,052	**767**	**2,113**
Deferred taxes	**1,147**	**572**	**993**
TOTAL non-current assets	**107,592**	**143,011**	**141,913**
CURRENT ASSETS			
Receivables and other assets			
Trade receivables	6,417	34,805	22,429
Contract assets	0	1,575	0
Receivables from affiliated entities	29	135	89
Income tax receivables	29	10	7
Other financial assets	1,358	55	127
Other non-financial assets	4,774	1,854	1,961
	12,607	**38,434**	**24,613**
Cash and cash equivalents	**27,999**	**28,673**	**27,457**
Assets held for sale	**1,396**	**0**	**0**
Total current assets	**42,002**	**67,107**	**52,070**
TOTAL ASSETS	**149,594**	**210,118**	**193,983**

EQUITY AND LIABILITIES	30 JUNE 2020 (EUR '000)	30 JUNE 2019 (EUR '000)	31 DECEMBER 2019 (EUR '000)
EQUITY			
Shares issued	57,212	57,230	57,624
Capital reserves	85,097	85,048	85,097
Revenue reserves	2,747	2,676	2,300
Other reserves	-2,470	-1,811	-2,441
Consolidated retained earnings	-55,963	14,880	10,795
TOTAL equity	**86,623**	**158,023**	**153,375**
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions for pensions	2,251	1,393	2,161
Contract liabilities	0	200	0
Leasing liabilities	6,567	7,470	7,114
Other financial liabilities	200	1,315	253
Other non-financial liabilities	653	0	0
Deferred taxes	2,256	4,534	4,337
TOTAL non-current liabilities	**11,927**	**14,912**	**13,865**
CURRENT LIABILITIES			
Other provisions	331	615	181
Liabilities to banks	19,860	39	0
Trade payables	19,910	23,584	15,301
Contract liabilities	2,517	2,791	2,321
Leasing liabilities	1,894	2,529	2,523
Liabilities to affiliated entities	28	57	45
Income tax liabilities	1,091	2,293	1,115
Other financial liabilities	2,029	1,701	2,330
Other non-financial liabilities	2,639	3,574	2,927
Liabilities linked to assets held for sale	745	0	0
TOTAL current liabilities	**51,044**	**37,183**	**26,743**
TOTAL liabilities	**62,971**	**52,095**	**40,608**
TOTAL EQUITY AND LIABILITIES	**149,594**	**210,118**	**193,983**

CONSOLIDATED STATEMENT OF INCOME

for the period from 1 January to 30 June 2020

	1 JANUARY TO 30 JUNE 2020 (EUR '000)	1 JANUARY TO 30 JUNE 2019 (EUR '000) [1]	1 APRIL TO 30 JUNE 2020 (EUR '000)	1 APRIL TO 30 JUNE 2019 (EUR '000) [1]
Revenue	841	74,861	5,951	32,652
Other income	4,072	672	3,485	370
Other own work capitalised	1,212	1.630	330	831
Total operating income	**6,125**	**77,163**	**9,766**	**33,853**
Marketing expenditure	-8,534	-37,485	-567	-16,257
Personnel expenditure	-19,516	-21,030	-8,755	-10,324
thereof current benefits	*-19,993*	*-20,595*	*-9,027*	*-10,113*
thereof long-term incentive plans and pensions	*477*	*-435*	*272*	*-211*
Net impairment losses on financial assets	250	-556	-314	599
Other expenses	-11,870	-12,753	-4,097	-6,587
EBITDA	**-33,545**	**5,339**	**-3,967**	**1,284**
Depreciation, amortisation and impairment charges	-35,288	-5,000	-4,079	-2,602
EBIT	**-68,833**	**339**	**-8,046**	**-1,318**
Financial income	1	0	0	0
Financial expenses	-162	-177	-105	-88
Financial result	**-161**	**-177**	**-105**	**-88**
EBT	**-68,994**	**162**	**-8,151**	**-1,406**
Actual taxes	-1	-844	23	-199
Deferred taxes	2,237	174	261	57
Tax result	**2,236**	**-670**	**284**	**-142**
Consolidated net profit/(loss)	**-66,758**	**-508**	**-7,867**	**-1,548**
Consolidated net profit/(loss) attributable to				
equity holders of the parent company	-66,758	-508	-7,867	-1,548
	-66,758	**-508**	**-7,867**	**-1,548**
	EUR	EUR	EUR	EUR
Basic and diluted earnings per share	**-1.16**	**-0.01**	**-0.14**	**-0.03**
Average number of shares outstanding	57,382,711	57,229,845	57,212,727	57,229,845

Footnote
[1] Adjustment to IAS 8 (See information in section 2.3 of the notes to the consolidated financial statements)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 30 June 2020

	1 JANUARY TO 30 JUNE 2020 (EUR '000)	1 JANUARY TO 30 JUNE 2019 (EUR '000)	1 APRIL TO 30 JUNE 2020 (EUR '000)	1 APRIL TO 30 JUNE 2019 (EUR '000)
Consolidated net profit/(loss)	-66,758	-508	-7,867	-1,548
Item subject to possible reclassification into the statement of income in the future	**-29**	**8**	**16**	**9**
Currency translation differences	-29	8	16	9
Other comprehensive income	**-29**	**8**	**16**	**9**
Consolidated comprehensive income	**-66,787**	**-500**	**-7,851**	**-1,539**
Consolidated comprehensive income attributable to				
equity holders of the parent company	-66,787	-500	-7,851	-1,539
	-66,787	**-500**	**-7,851**	**-1,539**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from 1 January to 30 June 2020

	1 JANUARY TO 30 JUNE 2020 (EUR '000)	1 JANUARY TO 30 JUNE 2019 (EUR '000)
CASH FLOW FROM OPERATING ACTIVITIES		
Consolidated net profit/(loss)	-66,758	-508
Amortisation, depreciation and write-downs	35,288	5,000
Financial result	161	177
Taxes	-2,236	670
EBITDA	**-33,545**	**5,339**
Other non-cash expenses/income[1)]	573	-169
Increase/decrease in assets not attributable to investing or financing activities	11,725	-13,204
Increase/decrease in liabilities not attributable to investing or financing activities	5,803	9,094
Interest expenses	-7	-82
Income tax payments/refunds[2)]	-48	-74
Net cash used in operating activities	**-15,499**	**904**
CASH FLOW FROM INVESTING ACTIVITIES		
Cash outflow for internally generated intangible assets	-1,216	-1,682
Cash outflow for tangible and intangible assets acquired for valuable consideration	-164	-686
Cash inflow from disposal of tangible and intangible assets	87	10
Cash inflow from interest	1	0
Net cash used in investing activities	**-1,292**	**-2,358**
CASH FLOW FROM FINANCING ACTIVITIES		
Cash inflow from taking up loans	19,785	0
Cash outflow for purchase of treasury shares	-625	0
Cash outflow related to amortisation of rights of use	-1,332	-1,337
Cash outflow for dividend payments	0	-2,289
Net cash used in financing activities	**17,828**	**-3,626**
Net increase/decrease in cash	**1,037**	**-5,080**
Cash and cash equivalents at the beginning of the financial year	**27,457**	**33,759**
Valuation-related changes in cash	-38	-6
Cash at the end of the period	**28,456**	**28,673**
thereof cash and cash equivalents from continuing operations	*27,999*	*28,673*
thereof cash reported as assets held for sale	*457*	*0*

Footnotes

1) The figure mainly comprises unrealised stock market price gains, exchange rate-related currency holding devaluations, losses from asset disposals, and the increase of provisions through own shares issued under the employee stock option plans.

2) In the first half of 2020, there were income tax outflows of EUR 48 thousand (2019: EUR 77 thousand) and income tax inflows of EUR 0 thousand (2019: EUR 3 thousand).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 January to 30 June 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)
1 JANUARY 2019	**58,314**	**-1,084**	**57,230**	**85,048**
Effects of share-based payment plans	0	0	0	0
Consolidated comprehensive income	0	0	0	0
Net profit/(loss) after taxes according to consolidated statement of income	*0*	*0*	*0*	*0*
Other comprehensive income according to consolidated statement of comprehensive income	*0*	*0*	*0*	*0*
Dividends paid	*0*	*0*	*0*	*0*
30 JUNE 2019	**58,314**	**-1,084**	**57,230**	**85,048**
1 JANUARY 2020	**58,314**	**-690**	**57,624**	**85,097**
Purchase of treasury shares	0	-412	-412	0
Reclassification into revenue reserves: purchase of treasury shares	0	0	0	0
Effects of share-based payment plans	0	0	0	0
Consolidated comprehensive income	0	0	0	0
Net profit/(loss) after taxes according to consolidated statement of income	*0*	*0*	*0*	*0*
Other comprehensive income according to consolidated statement of income	*0*	*0*	*0*	*0*
30 JUNE 2020	**58,314**	**-1,102**	**57,212**	**85,097**

	Equity attributable to equity holders of the parent company					
	Revenue reserves	Other reserves				
	(EUR '000)	for the revaluation of defined-benefit pension plans (EUR '000)	for currency translation differences (EUR '000)	TOTAL (EUR '000)	Consolidated retained earnings (EUR '000)	TOTAL EQUITY (EUR '000)
	1,755	**289**	**-2,108**	**-1,819**	**17,677**	**159,891**
	921	0	0	0	0	921
	0	0	8	8	-2,797	–2,789
	0	*0*	*0*	*0*	*-508*	*–508*
	0	*0*	*8*	*8*	*0*	*8*
	0	*0*	*0*	*0*	*-2,289*	*–2,289*
	2,676	**289**	**-2,100**	**–1,811**	**14,880**	**158,023**
	2,300	**-340**	**-2,101**	**-2,441**	**10,795**	**153,375**
	0	0	0	0	0	-412
	-213	0	0	0	0	-213
	660	0	0	0	0	660
	0	0	-29	–29	-66,758	-66,787
	0	*0*	*0*	*0*	*-66,758*	*-66,758*
	0	*0*	*-29*	*-29*	*0*	*-29*
	2,747	**-340**	**-2,130**	**-2,470**	**-55,963**	**86,623**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF HOLIDAYCHECK GROUP AG, MUNICH, GERMANY, FOR THE FIRST SIX MONTHS OF 2020

1. GENERAL DISCLOSURES

HolidayCheck Group AG, a joint-stock corporation under German law with its registered office in Munich, Germany, (also referred to below as 'HCG' or 'the company') is the parent company of the HolidayCheck Group, an Internet group with operations in Central Europe.

2. PREPARATION OF THE FINANCIAL STATEMENTS – ACCOUNTING BASIS AND STANDARDS

These consolidated interim financial statements were drawn up in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU). The amendments to IFRS 16 have not yet been adopted and are therefore an exception. As the Group anticipates that the amendments will be adopted in the near future and their impact is in any case immaterial, the reliefs have been applied accordingly. For more information, please see section 2.1. The consolidated interim financial statements comply with the provisions of International Accounting Standard (IAS) 34 Interim Financial Reporting. Accordingly, certain information and disclosures that are usually contained in annual financial statements are shown in a condensed or omitted form.

Therefore, the financial statements contained in this interim report do not include all the information and disclosures that are required under IFRS rules for the consolidated financial statements at the end of the financial year.

The accounting and valuation methods adopted for these consolidated interim financial statements are essentially the same as those applied to the full consolidated financial statements at the end of the previous financial year except for the first-time application of new or changed standards that will be explained in greater detail below. A comprehensive description of the accounting principles used can be found in the notes to the consolidated financial statements in our 2019 annual report. The report can also be downloaded at *www.holidaycheckgroup.com*.

When preparing the consolidated interim financial statements, the Management Board has to make assumptions and estimates that affect the level and recognition of balance-sheet assets and liabilities, income and expenditure and contingent liabilities. All such assumptions and estimates are based on premises that were valid on the reporting date. This does not include modified estimates based on the impact of COVID-19, as explained in section 2.4.

As a general rule, the same methods are used as applied for the 2019 consolidated financial statements. The actual values may differ from these assumptions and estimates if developments subsequently vary from those anticipated on the balance sheet date.

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

The consolidated interim financial statements have been drawn up in euros. Unless otherwise indicated, all amounts are shown in EUR thousand (EUR '000).

2.1 Effect of new or revised standards

The standards shown were revised or newly issued by the IASB and became mandatory for the financial year commencing on 1 January 2020.

Revised or new IASB standards for financial 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 Rent Concessions	1 June 2020	No
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. 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 are not lease modifications.

The HCG Group has applied this option accordingly 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 materially 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 changes over the entire period of lease payments.

As described above, the rent concessions have no impact on lease liabilities in the statement of cash flows. The only impact is on liabilities not attributable to investing or financing activities, which increase by the deferred amount until they are repaid as agreed.

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

2.2 New or revised standards and interpretations – not applied

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

New or revised IASB standards and interpretations – not applied

	Applicable from [1]	Endorsed by EU
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 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 to IAS 1** define a generally applicable approach to the classification of liabilities.

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

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

2.3 IAS 1/IAS 8 disclosures

In line with the structure of the statement of income as set out in the 2019 annual report, impairment charges on financial assets are shown as a separate item. The figure for the previous year has been adjusted accordingly.

2.4 Adjustments to revenue and costs directly related to that revenue

Due to the COVID-19 pandemic and the resulting travel restrictions, holidays have had to be cancelled and will continue to be cancelled for a large part of the year 2020. This means that the transaction price reverts to 'EUR 0' for current bookings and for any bookings from 2019 with a departure date from mid-March 2020 onwards. As such, there is no longer a transaction basis for commission revenue of EUR 15,161 thousand realised in 2019.

The figure for marketing expenditure has also been adjusted to exclude income of EUR 4,831 thousand. This income relates to vouchers granted for holiday bookings in 2019 with departure dates in 2020. Due to travel restrictions, we expect that these holidays will be cancelled. This has the effect of cancelling the entitlement to the voucher payment.

Expenses from the impairment of financial assets have also been adjusted. This figure shows income of EUR 250 thousand. Out of this total, income of EUR 445 thousand relates to the year-end impairment of trade receivables linked to commission income.

Adjustment of the key financial figures for the period from 1 January to 30 June 2020

	1 JANUARY TO 30 JUNE 2020		
	unadjusted (EUR '000)	thereof adjustments (EUR '000)	thereof adjusted (EUR '000)
Revenue	841	-15,161	16,002
Other income	4,072	0	4,072
Other own work capitalised	1,212	0	1,212
Total operating income	**6,125**	**-15,161**	**21,286**
Marketing expenditure	-8,534	4,831	-13,365
Personnel expenditure	-19,516	0	-19,516
thereof current benefits	*-19,993*	*0*	*-19,993*
thereof long-term incentive plans and pensions	*477*	*0*	*477*
Net impairment losses on financial assets	250	445	-195
Other expenses	-11,870	0	-11,870
EBITDA	**-33,545**	**-9,885**	**-23,660**
Depreciation, amortisation and impairment charges	-35,288	-30,439	-4,849
EBIT	**-68,833**	**-40,324**	**-28,509**
Financial income	1	0	1
Financial expenses	-162	0	-162
Financial result	**-161**	**0**	**-161**
EBT	**-68,994**	**-40,324**	**-28,670**
Actual taxes	-1	0	-1
Deferred taxes	2,237	1,878	359
Tax result	**2,236**	**1,878**	**358**
Consolidated net profit/(loss)	**-66,758**	**-38,446**	**-28,312**
Consolidated net profit/(loss) attributable to			
equity holder of the parent company	-66,758	-38,446	-28,312
	-66,758	**-38,446**	**-28,312**
	in €	in €	in €
Basic and diluted earnings per share	**-1,16**	**-0,67**	**-0,49**
Average number of shares outstanding	57,382,711	57,382,711	57,382,711

2.5 Impairment of intangible assets

The global COVID-19 pandemic is a triggering event for the travel sector, highlighting the need to review the value of intangible assets – especially goodwill, but also other assets allocated on initial consolidation that are not regularly amortised.

The total goodwill figure of EUR 78,920 thousand (2019: EUR 100,182 thousand) relates to goodwill from the acquisitions shown below. In each case, the company has been defined as the goodwill-holding, cash-generating unit.

Goodwill as at 30 June 2020

	30 June 2020 (EUR '000)		31 December 2019 (EUR '000)	
	HolidayCheck AG	WebAssets B.V.	HolidayCheck AG	WebAssets B.V.
Gross goodwill	69,091	31,091	69,091	31,091
Accumulated impairment charges	0	21,262	0	0
Residual carrying value	**69,091**	**9,829**	**69,091**	**31,091**

2.5.1 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.

The impairment test conducted for HolidayCheck AG on 31 May 2020 was based on the following assumptions:

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

	Allocated assets		Valuation parameters				
	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)
HolidayCheck AG	69,091	3,895	6.2% (2019: 9.3%)	15.1% (2019: 15.3%)	1.1% (2019: 1.1%)	9.1% (2019: 9.1%)	4.6 (2019: 5)

The first detailed planning year begins in June and ends in December 2020. The remaining detailed planning periods are 2021 to 2024.

From June 2020 to December 2021, the plan is based on the current situation including cost savings. From 2022, we expect the situation to return more or less to normal. The former plan (as at 31 October 2019) covering 2020 and following has been postponed for two years. This is a relatively conservative plan as none of the present cost-saving measures were included.

Given the exceptional nature of the COVID-19 pandemic, which has created negative revenue at HolidayCheck AG in parts of 2020 due to the cancellation of bookings made in 2019, the figure for average revenue growth in the table above relates to revenue for 2019. The average EBITDA margin for the planning period was calculated using only the years 2021-2024.

The discounting rate before tax is unchanged compared with the figure for 31 October 2019. Even if we anticipate a short-term impact on the discounting rate due to a higher cost of equity, the impacts on the cash-generating unit HolidayCheck AG have to be analysed, partly because the capital structure of the current peer group is different from that of HolidayCheck AG.

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.

With regard to the goodwill of HolidayCheck AG, a 5.0 percent higher cost of capital, a 3.0 percent reduction in the average EBITDA margin or a 27.8 percent decrease in sales revenues (terminal value) would have led to the recoverable value falling below the carrying value.

2.5.2 WebAssets B.V.

The cash-generating unit WebAssets B.V. consists mainly of two sub-divisions, Zoover and Weeronline, each of which is affected differently by the COVID-19 pandemic. Accordingly, separate impairment tests were conducted on 31 March and 31 May 2020 for each unit to identify any impairment with respect to goodwill and intangible assets with an indefinite useful life.

The impact of the pandemic on Zoover, which primarily operates as a travel agent, has been direct and severe. Further planned investments in the restructuring of Zoover from a cost per acquisition (CPA) model to an online travel agency (OTA) model are no longer seen as financially viable. As a result, the entire goodwill of EUR 21,262 thousand allocated to Zoover on initial consolidation on the basis of its value at the time was written off on 31 March 2020 as no further value in use was anticipated. No signs of improvement were identified as at 31 May and 30 June 2020. For more details, please see the notes in sections 6.1 and 9.

The brand names and other Internet domains with an indefinite useful life allocated to Zoover were also written down in full due to impairment on 31 March 2020. The amount of this unscheduled write-down was EUR 7,510 thousand, equal to Zoover's total carrying value within the Group.

Weeronline (WOL), the other sub-division of WebAssets B.V., operates a number of weather portals and generates its revenue from advertising. As such, the impact of the pandemic has been much less pronounced. We also anticipate a faster recovery at WOL.

The recoverable value of WOL as at 30 June 2020 was calculated on the basis of fair value less selling costs. Fair value was measured at level 1 of the hierarchy as there was an observable market price. In order to value the unit, HolidayCheck Group AG calculated a recoverable amount based on provisional price indications from discussions with potential buyers and a deduction for anticipated selling costs. The resulting value was reviewed before signing the contract of sale on 22 July 2020 (see notes in sections 6.1 and 9). Both figures exceeded the carrying value of the unit's net assets as at 31 May and 30 June 2020. Consequently, there is no impairment for Weeronline in the first half of 2020.

When determining fair value less selling costs, the management team has assumed that changes in the main assumptions classed as 'possible' will not lead to a situation where the carrying value of WOL exceeds its recoverable value.

2.6 Government support measures in response to the COVID-19 pandemic

In the first six months of 2020, HolidayCheck Group AG received government subsidies totalling EUR 2,416 thousand. These relate mainly to refunds of payments in lieu of wages and refunds of social security contributions following the introduction of short-time working in Germany and Switzerland and the NOW programme in the Netherlands, which supports companies that expect to lose at least 20 percent of their revenue within three months. In order to protect jobs, the government offers compensation of up to 90 percent of the total wages figure as a proportion of the company's lost revenue. For example, a 100 per-cent or 50 percent loss of revenue would allow a company to claim 90 percent or 45 percent of its total wages figure.

3. CHANGES IN REPORTING PRINCIPLES

There have been no changes to accounting policies except with regard to government support measures. These changes are explained below.

As a general rule, every effort is made to ensure that accounting policies are applied and observed across the Group. Key financial ratios are examined through various procedures and are checked for plausibility. Transactions are monitored by a treasury board.

Accounting treatment of government support measures

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 the NOW programme in the Netherlands.

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.

As a result, the salary figures shown under personnel expenditure 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 expenditure.

Dutch government subsidies through the NOW programme have already been paid and are recognised in the statement of income under ‘other income’.

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

4. PRINCIPLES OF CONSOLIDATION

The principles of consolidation applied in the first half of 2020 were unchanged and therefore match those set out in section 4 of the notes to the consolidated financial statements in the 2019 annual report.

5. SEGMENT REPORTING

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

As from financial 2016, the Management Board has therefore managed the Group on the basis of key ratios for the entire business rather than on a segment basis. As such, the business is no longer divided into segments. Accordingly, this interim report does not contain a separate segment report.

6. REPORTING ENTITY

The consolidated interim financial statements in condensed form include all companies over which HolidayCheck Group AG exerts direct or indirect control.

The table on the next page lists all the companies included in the consolidated interim financial statements of HolidayCheck Group AG:

Reporting entity as of 30 June 2020

Company	Principal place of business	Shareholding (percent)
HolidayCheck AG	Bottighofen, Switzerland	100.00
HolidayCheck Polska Sp. Z o. o.[2)]	Warsaw, Poland	100.00
HolidayCheck Solutions GmbH[1)]	Munich, Germany	100.00
HC Touristik GmbH[1)]	Munich, Germany	100.00
Driveboo AG	Bottighofen, Switzerland	100.00
Tomorrow Travel B.V.	Amsterdam, Netherlands	100.00
WebAssets B.V.	Amsterdam, Netherlands	100.00
Zoover Media B.V.[2)]	Amsterdam, Netherlands	100.00
Zoover International B.V.[2)]	Amsterdam, Netherlands	100.00
Zoover GmbH[2)]	Munich, Germany	100.00
MeteoVista B.V.[2)]	Amsterdam, Netherlands	100.00
Zoover Travel B.V.[2)]	Amsterdam, Netherlands	100.00

[1)] Indirect shareholding via HolidayCheck AG

[2)] Indirect shareholding via WebAssets B.V.

6.1 Disposal group (IFRS 5)

6.1.1 Withdrawal from the Benelux travel market

In response to the COVID-19 pandemic, HolidayCheck Group AG decided to withdraw from the Dutch travel market (Benelux). Zoover Media B.V. (Zoover), a wholly-owned subsidiary of WebAssets B.V., has been sold to Vakanties.nl B.V. The sale took effect on 1 July 2020. Accordingly, Zoover Media is shown in the consolidated interim financial statements as at 30 June 2020 as a disposal group. Zoover Media B.V. is based in Amsterdam and operates a range of hotel rating and holiday 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. The sale price for Zoover Media is expected to be around EUR 800 thousand.

6.1.2 Impact on the consolidated interim financial statements

The recoverable value of Zoover's intangible assets was measured immediately before its classification as a disposal group for IFRS 5 purposes. An impairment loss of EUR 1,667 thousand was recognised, and the carrying value of the assets as part of the disposal group was therefore reduced to fair value less selling costs. The impairment expense is recognised in the consolidated statement of income under depreciation, amortisation and impairment charges. The table on the next page shows how the balance-sheet figure for the disposal group was calculated.

Assets held for sale and associated liabilities

	Before IFRS 5 valuation	**IFRS 5 valuation**	After IFRS 5 valuation
	30 June 2020 (EUR '000)	30 June 2020 (EUR '000)	30 June 2020 (EUR '000)
Intangible assets	2,172	-1,667	505
Property, plant and equipment (tangible assets)	20		20
Trade receivables	361		361
Other financial assets	5		5
Other non-financial assets	48		48
Cash and cash equivalents	457		457
Assets held for sale	**3,063**	**-1,667**	**1,396**
Trade payables	97		97
Contract liabilities	22		22
Other financial liabilities	10		10
Other non-financial liabilities	616		616
Liabilities linked to assets held for sale	**745**	**0**	**745**

6.2 Withdrawal from the Dutch market

WebAssets B.V. also operates a number of advertising-financed weather portals (WOL), e.g. Weer-Online.nl. Online advertising is the main source of revenue. The core sales markets are the Netherlands and Belgium. On 20 July 2020, the Supervisory Board approved a resolution to classify the sub-division WOL as held for sale. From this point onwards, the entire cash-generating unit WebAssets (Zoover and WOL) has been treated as a discontinued operation in line with IFRS 5.

The agreement to sell these weather portals was concluded on 22 July 2020. It is anticipated that ownership of the shares will be transferred in mid-August 2020.

7. NOTES ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Intangible assets

The balance-sheet item 'intangible assets' includes capitalised goodwill, intangible assets acquired from third parties and other own work capitalised (work on the development of mobile applications and website redesign).

Goodwill was capitalised in each case following the acquisition of HolidayCheck AG and WebAssets B.V. At WebAssets B.V., the proportion of total goodwill attributable to Zoover (EUR 21,262 thousand) was written off in March 2020 after the Management Board decided that it was no longer financially viable to invest further amounts in the restructuring of Zoover. For more information see section 2.5 above.

The item 'intangible assets acquired from third parties' mainly consists of the brand names and Internet domains *Zoover*, *Meteovista/Weeronline*, *HolidayCheck* and other Internet domains and websites acquired through business combinations. In this category, too, intangible assets totalling EUR 7,510 thousand for the Zoover brand and Internet domain were also written off.

Up to 30 June 2020, own work totalling EUR 1,212 thousand (previous year: EUR 1,630 thousand) had been capitalised. As at 30 June 2020 Zoover Media B.V. was classified as a disposal group. Consequently, the residual carrying value (EUR 1,667 thousand) of the 'own work' capitalised by this company was written off to match the fair value less selling costs. For more information, please see section 6.2.

Rights of use and leasing liabilities

As at 30 June 2020, rights of use were valued at EUR 7,914 thousand compared with the year-end figure of EUR 9,127 thousand. In addition to scheduled amortisation, the rent agreement in Amsterdam was revalued due to a modification (shortened tenancy).

Trade receivables

Trade receivables fell from the 2019 year-end figure of EUR 22,429 thousand to EUR 6,417 thousand as at 30 June 2020. This is mainly due to travel cancellations in consequence of the COVID-19 pandemic and the persistent subdued demand.

Current other financial and non-financial assets

As at 30 June 2020, current financial assets stood at EUR 1,358 thousand compared with the 2019 year-end figure of EUR 127 thousand. The main factor behind this growth was the first-time inclusion of receivables in respect of short-term working subsidies.

Current non-financial assets as at 30 June 2020 rose from EUR 1,961 thousand at 31 December 2019 to EUR 4,774 thousand, primarily due to an increase in prepayments made by the Group's own tour operator for future holidays.

Assets held for sale and liabilities

The sale of Zoover Media B.V. took effect on 1 July 2020. Accordingly, its assets and liabilities are shown in the half-year financial statements as held for sale. For more information, please see section 6.

Equity

Shares issued

As at 30 June 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 first half of 2020, HolidayCheck Group AG acquired a total of 412,177 of its own shares under a share buyback programme. As at 30 June 2020, the number of treasury shares held by the company was therefore 1,101,494 (31 December 2019: 689,317). This corresponds to around 1.9 percent of the share capital.

Capital reserves

As at 30 June 2020, the capital reserves of HCG stood at EUR 85,097 thousand and thus were unchanged on the 2019 year-end figure.

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

Revenue reserves

In line with IFRS 2, a figure of EUR 660 thousand is shown in the financial statements for the first six months of 2020 as an increase in the revenue reserves for the impending issue of shares to employees and members of the Management Board in July. In addi-tion the revenue reserves 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. As a result, the HCG Group’s revenue reserves as at 30 June 2020 stood at EUR 2.747 T € compared with EUR 2,300 thousand as at 31 December 2019.

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.

Share-based payments

Share-based payments are awarded under the long-term incentive plans LTIP 2011-2016, LTIP 2017-2020 and the restricted stock plan (RSP). These plans are described in our 2019 annual report.

The following table details the personnel ex-penditure recognised in the consolidated interim fi-nancial statements for the first six months of 2020 as a result of the company’s share-based payment obligations.

Personnel expenditure for share-based payments

	1 January to 30 June 2020 (EUR '000)	1 January to 30 June 2019 (EUR '000)
of which from plans with settlement in cash (LTIP 2011-2016)	-233	61
of which from plans with settlement in equity instruments (LTIP 2017-2020)	-134	159
of which from plans with settlement in equity instruments (RSP)	794	762
Total	**427**	**982**

Due to a change in the share price, the end-of-period valuation of LTIP 2011-2016 produced income in the first half-year of the year 2020. Income for the period is also recognised for LTIP 2017-2020 since the partial reversal of provisions exceeded the figure for additions. This was due to the partial waiver of entitlements under the 2019 and 2020 tranches by the former CEO Georg Hesse.

The personnel expenditure on plans with settlement in equity instruments initially increases the revenue reserves 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) will then be recognised under shares issued. This effect on the total figure for shares issued was not included in the calculation of earnings per share for this half-year report.

Liabilities to banks

To protect the Group's liquidity, the Management Board decided to draw down cash under an existing credit facility. Reflecting this draw-down, liabilities to banks as at 30 June 2020 stood at EUR 19,860 thousand (31 December 2019: EUR 0 thousand).

Trade payables

Trade payables rose from the 2019 year-end figure of EUR 15,301 thousand to EUR 19,910 thousand as at 30 June 2020. This was mainly due to an increase in debtors with a credit balance (mostly tour operators as a result of the current situation), although this was partly offset by a reduction in voucher-redemption liabilities.

Revenue

Given the adjustments made to revenue generated in 2019 for holidays in 2020 and to the directly associated costs (primarily marketing expenditure), we took the decision to adjust the corresponding figures for the first half of 2020. Please see section 2.4.

Revenue is subdivided into the categories shown in the table on the next page: type of service and timing of recognition.

Classification of the different categories of revenue

	1 JANUARY TO 30 JUNE 2020 (EUR '000)			1 JANUARY TO 30 JUNE 2019 (EUR '000)
	unadjusted	of which adjustments	of which adjusted	
Type of service				
Brokerage services	-5,256	-15,161	9,905	67,463
Advertising services	4,008	0	4,008	7,156
Tour operator revenue	1,872	0	1,872	0
Other services	217	0	217	242
Timing of revenue recognition				
Over time	6,207	0	6,207	8,008
At a point in time	-5,366	-15,161	9,795	66,853
Total	**841**	**-15,161**	**16,002**	**74,861**

Other income

The main factor producing an increase in other income for the first half-year from EUR 672 thousand in 2019 to EUR 4,072 thousand in 2020 was the reversal of specific valuation allowances once we had a clearer idea of the insurance situation, government short-time working subsidies and the support available under the NOW programme in the Netherlands.

Marketing expenditure

At EUR 8,534 thousand, marketing expenditure for the first six months of 2020 was much lower compared with the figure of EUR 37,485 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 marketing activities from mid-March 2020 onwards.

Financial expenses

In the first half of 2020, the financial expenses of EUR 162 thousand (2019: EUR 177 thousand) result from interest expenses. The total figure for interest expenses includes EUR 70 thousand (2019: EUR 85 thousand) for compounding and EUR 92 thousand (2019: EUR 92 thousand) for loan interest.

Tax result

Deferred tax liabilities totalling EUR 1.9 million created on initial consolidation were reversed following the write-off of the *Zoover* brand and domain (see above).

Additional disclosures to financial instruments

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

- Level 1: the fair value of level 1 financial instruments is determined at the end of the reporting period using quoted (unadjusted) market prices that match the current bid price.
- Level 2: the fair value of level 2 financial instruments is determined using valuation methods for which the 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.

The following table shows the financial assets and/or liabilities measured on a recurring basis and recognised at fair value.

Financial assets at level 2

	30 June 2020 (EUR '000)	30 June 2019 (EUR '000)
Financial assets		
Positive fair value of derivative financial instruments	0	10

Changes in the figures due to switches between fair value levels are calculated at the end of the reporting period. There were no such changes in the period under review.

Financial assets were measured at fair value using recognised actuarial valuation models (market-to-market method). The methods used to value financial instruments are unchanged compared with 31 December 2019.

8. RELATED PARTIES

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

In total, transactions with related parties in the first six months of the financial year involved trade receivables valued at EUR 32 thousand (2019: EUR 25 thousand) and trade payables valued at EUR 251 thousand (2019: EUR 423 thousand).

As at 30 June 2020, receivables and payables from current transactions with related parties amounted to EUR 29 thousand (31 December 2019: EUR°135°thou-sand) and EUR 28 thousand (31 December 2019: EUR 57 thousand) respectively.

9. EVENTS AFTER THE BALANCE SHEET DATE

CPO/CTO Nate Glissmeyer left Management Board prematurely

Chief Product and Chief Technology Officer (CPO/CTO) of HolidayCheck Group AG, Nate Glissmeyer, left the Management Board of the company prematurely at his own request on 31 July 2020. He joined the company at the beginning of 2017.

The Management Board member left the company on the best of terms with the Supervisory Board. The tasks he was responsible for have been split between CEO Dr Marc Al-Hames and CFO Markus Scheuermann until further notice.

Sale of Zoover B.V.

At the beginning of July 2020, WebAssets B.V., based in Amsterdam, Netherlands, and a subsidiary of HolidayCheck Group AG, sold Zoover Media B.V., which operates a number of hotel ratings portals, for around EUR 0.8 million to Vakanties.nl B.V. HolidayCheck Group will now be entirely focused on its core German-speaking region.

Sale of MeteoVista B.V.

HolidayCheck Group AG sells Dutch subsidiary MeteoVista B.V., which operates a number of weather portals, to the Dutch company Infoplaza B.V. The shares will be transferred in mid-August.

The sale price was EUR 14.0 million in cash. The parties also agreed a two-year earn-out capped at EUR 1.0 million. After deducting anticipated selling costs, the sale price is roughly equal to the company's carrying value. The resulting direct cash inflows of around EUR 13.0 million will be used to strengthen the Group's capital base.

Staff reductions planned

On 3 August 2020, in response to the COVID-19 pandemic and the resulting slump in demand, the Management Board of HolidayCheck Group AG announced plans to cut the size of the workforce and therefore permanently reduce personnel costs as part of a comprehensive programme of cost savings.

This measure will be implemented by the end of 2020 and is expected to affect around 100 employees, i.e. approximately 20 percent of the total workforce.

Munich, Germany, 10 August 2020

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

Markus Scheuermann
Member of the Management Board (CFO)

DISCLAIMER

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FINANCIAL CALENDAR 2020*

22 September 2020
Berenberg & Goldman Sachs German Corporate Conference 2020

9 November 2020
Publication of the nine months 2020 Interim Statement

16 November 2020
Analysts' meeting at the German Equity Forum 2020, Frankfurt am Main, Germany

* scheduled dates

LEGAL NOTICE

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