Highlight

Highlight Communications AG

2Q2021

INTERIM REPORT AS OF June 30, 2021

Highlight Group posts positive sales performance

- Consolidated sales increase by 20.2 % year-on-year to CHF 206.7 million.
- EBIT amounts to CHF 6.0 million.
- The equity ratio was 31.1 % as of the end of the first half of 2021 (December 31, 2020: 31.3 %).

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Owing to the COVID-19 situation, state governments decided to keep movie theaters closed until mid June. After their reopening, “Breaking News in Yuba County” could be released and the movie “Dragon Rider” could return to the show.

Home entertainment

Film activities were impacted by the coronavirus pandemic in the first half of 2021. The movie theater closings led to a drop in sales due to the lack in the exploitation of home entertainment products.

While the digital distribution formats TVoD and EST broke even, the performance of the classic home entertainment market as a whole was considerably softer, also as a result of the closure of stores. Sales of EUR 375.0 million were generated in the period from January to June 2021, down –23.0 % on the same period of 2020 (EUR 491 million).

However, these figures do not include SVoD (subscription video-on-demand), an area that is experiencing substantial growth and achieved sales of EUR 1,003 million in the reporting period (same period of 2020: EUR 717.0 million).

The downturn on the conventional market as a whole relates to the ongoing decline in sales volumes for purchases and rentals of physical media (DVDs and Blu-rays), which fell by around 29.0 % to EUR 170.0 million (same period of 2020: EUR 239.0 million). Digital exploitation formats (electronic sell-through and transactional video-on-demand) also came under pressure, with sales of EUR 198.0 million around 15.0 % below the previous year’s figure of EUR 235 million.

Operational development

Various library deals were agreed with several TV exploiters and streaming platforms, including ORF, Arte, Amazon Prime and RTL interactive.

Theatrical production

In the first half of 2021, filming began on “Liebesdings”, directed by Anika Decker, “Der Nachname” (a sequel to “Der Vorname”) and “Rumspringa”, which is being produced for Netflix.

In the same period, the Constantin Film Group secured the exploitation rights for “Die in a Gunfight”.

Theatrical distribution

As German movie theaters were closed due to the COVID-19 pandemic until mid June, first Constantin Film Group movies were released end of June 2021.

Home entertainment

Notable new releases on the home entertainment market in the first half of 2021 included the theatrical productions “After Truth” and the lavish in-house production “Dragon Rider”.

License trading/TV exploitation

In German free TV exploitation, sales were generated in particular by the start of the licenses for the theatrical movies “Der Vorname” and “Nur Gott kann mich richten” (both ProSieben) in the second quarter of this year. In pay TV, licenses began for movies such as “Wrong Turn”, “Horizon Line” and “Waiting for the Barbarians” (Sky).

TV service production

Constantin Entertainment GmbH productions in the reporting period included more episodes of “Shopping Queen” with Guido Maria Kretschmer (VOX) and “K11 – Kommissare im Einsatz” (SAT.1), plus the documentary series “Anwälte des Bösen” (Sky).

Constantin Television GmbH filmed more episodes of the soap opera “Dahoam is Dahoam” for BR and, after being held up by COVID-19 again, the high-end series “Der Palast” for ZDF. Also, more episodes were filmed of the hit TV series “Der Kroatien-Krimi” and filming began on “Eldorado KaDeWe” for Degeto/RBB.

Hager Moss Film GmbH filmed further episodes of the TV series “Ein Krimi aus Passau” for BR and a TV movie, also for BR.

Moovie GmbH filmed the second episode of the TV series “Die Toten am Meer – Der Wikinger” for ARD.

Olga Film GmbH filmed the remaining episodes of the third season of “Die Heiland” for Degeto/RBB and more episodes of the police TV movie series “Kommissarin Lucas” for ZDF.

PSSST! Film GmbH created a short media library format for ZDF and Rat Pack Filmproduktion GmbH filmed a direct-to-service (DTS) movie for an international streaming service.

Analysis of non-financial performance indicators

Theatrical distribution

A performance summary can be dispensed with as no new movies were released on account of the COVID-19 pandemic.

Home entertainment

In the period from January to June 2021, the Highlight Group achieved a share of around 3.0 % on the German video market without its sales partners Paramount Home Entertainment and Universal Home Entertainment. Its market position was expanded in 2021 as compared to the same period of 2020 (2.55 %) thanks to its broad range of programming and good sales figures. Performance in the first half of 2021 benefited from the sales figures for the theatrical hit “After Truth”, which generated more than 310,000 transactions in digital distribution.

While the negative trend on the physical home entertainment market will presumably continue, the growth prospects for digital home entertainment are still highly positive. Significant growth is expected, partly as a result of additional SVoD platforms entering the market.

License trading/TV exploitation

“Fack Ju Göhte 3” was broadcast on SAT.1 again in the second quarter of 2021 for a market share (overall market) of 5.7 %. The premiere broadcast of “Der Vorname” on SAT.1 also scored a share of 5.2 % of the overall market.

TV service production

There were very good ratings again in TV exploitation in the second quarter of 2021, especially for TV series. The ARD broadcast of two more episodes of “Der Kroatien-Krimi” (Constantin Television) achieved overall market shares of 17.6 % and 19.9 %. Further episodes of the ARD series “Daheim in den Bergen” (Rat Pack Filmproduktion) experienced their usual success with an overall market share of around 14 %.

At Constantin Television, the daily show “Dahoam is Dahoam” again delivered solid ratings with an average overall market share of around 13 % in the reporting period. The ARD movie “Hartwig Seeler – Ein neues Leben” (Hager Moss) also achieved an overall market share of 18.7 %.

The comedy format “LOL: Last One Laughing” (Constantin Entertainment) was highly successful as well, having been opened 32.7 million times in the first nine weeks after being released on Amazon Prime.

BUSINESS DEVELOPMENT OF THE SPORTS- AND EVENT-MARKETING SEGMENT

Sector-specific situation

TEAM Group

The uncertainty caused by the COVID-19 pandemic has continued to impact the sports- and event-marketing industry. Following the 5 % decline in the Bundesliga’s domestic rights value in 2020, the general trend of decreasing media revenues continued this year for Europe’s main football leagues. So far in 2021, none of the top 5 European leagues achieved an increase on their domestic rights value.

Serie A (Italy) signed a 3-season deal with DAZN and Sky Italia for 2021/22–2023/24 that is 5 % lower than the previous agreement. Ligue 1 (France) will start the next season without all broadcasters confirmed and with the value of rights falling by 9 % for 2021/22–2023/24, compared to the previous cycle. The EPL (Premier League England) extended its previous domestic deals with Sky, BT and Amazon on the same terms for 2022/23–2024/25, trying to avoid potential decreases. Finally, LaLiga’s (Spain) President, Javier Tebas, managed market expectations by declaring the league is not expecting a big increase, if any, in the upcoming tender process.

Highlight Event AG

Despite extensive restrictions and safety requirements for concert halls and venues on account of the COVID-19 pandemic, concert operations were able to resume with limited audiences in the second quarter. This means a relative normalization of activities for Highlight Event AG’s (HLE) event marketing operations, provided that the COVID situation does not deteriorate again.

Operational development

TEAM Group

In the first half of 2021, TEAM Group’s primary focus was on completing the COVID-delayed sales process for the commercial rights to the UEFA Champions League, the UEFA Europa League and the newly-established UEFA Europa Conference League for the 2021/22 to 2023/24 seasons.

Furthermore, TEAM supported UEFA with the compensation negotiations for the reductions in payments due to COVID-19 for the 2018/19 to 2020/21 cycles of the UEFA Champions League and the UEFA Europa League.

In the second quarter of 2021, TEAM also supported UEFA with instructing new commercial partners on the optimal use of broadcasting and sponsors at the start of the new cycle.

Highlight Event AG

All major events – including the Eurovision Song Contest and the Vienna Philharmonic's Summer Night Concert – were able to go ahead successfully in Highlight Event AG's (HLE) event marketing operations in the second quarter. The media and sponsorship agreements were therefore carried out despite limited audience numbers. Moreover, all compensation negotiations with sponsors for limited performance of the contracts for 2020 and 2021 were brought to a successful conclusion.

On September 18, 2021, a major concert with the Vienna Philharmonic Orchestra will be held in the Sagrada Familia, Barcelona. This concert will be broadcast as a special major event by more than 20 EBU members in Europe. For the contract cycle for New Year's and Summer Night Concerts until 2027, contracts have also been signed with TV broadcasters in more than 80 countries already, and new global streaming exploitation has been facilitated in all remaining countries worldwide.

Analysis of non-financial performance indicators

TEAM Group

The UEFA Champions League Final in Porto was broadcast in over 200 countries around the world and attracted an average audience of approximately 85 million viewers across all platforms. Across the seven day period containing the Final, on social media platforms, there was 1.2 billion interactions with UEFA Champions League content globally. These figures reemphasize the Final's status as one of the world's leading annual sports events.

The UEFA Europa League Final was broadcast in over 100 countries around the world and was seen by an average of 42 million viewers. Across the seven day period containing the Final, there was 231 million interactions with UEFA Europa League related content globally via social media platforms.

BUSINESS DEVELOPMENT OF THE SPORTS SEGMENT

Industry conditions

The advertising trend of the data analysis company Nielsen shows a slight increase on the German advertising market in the first six months, with gross advertising expenditure 2.9 % higher than in the first half of 2020. In the segment with the highest revenue, TV, gross investment was up by 9.8 % year-on-year in the first half of the year. The online segment* was also up by 6.5 % as against the previous year. The print segment was down compared to the first half of 2020 (by 3.4 %), as were radio and direct mail (by 5.7 % and 10.1 %). In the movie theater media group, spending was down by 99.7 % in the first half of the year, while out-of-home advertising was up slightly by 1.3 %.

** The figures for the online and out-of-home media classes are provisional and subject to subsequent revision.*

Operational development

The 360°-sports platform SPORT1 again focused on the ongoing optimization of its portfolio of rights in the second quarter of 2021: Sport1 GmbH acquired rights to the FIA WEC and ADAC GT Masters (motorsports) and the Olympic preparation tournament of the German National Handball Team in Nuremberg. In partnership with Activision Blizzard, rights were acquired to leading esports titles and competitions such as Overwatch League, Hearthstone Masters Tour and Grandmasters as well as World of Warcraft's Arena World Championship and Mythic Dungeon International. For the European Football Championship, SPORT1 launched "EM Doppelpass", "EM Aktuell" and "SNICKERS® Fan Talks" – a new talk format on its digital and social media platforms sponsored by Mars Wrigley's SNICKERS® brand. Since the end of June, SPORT1 has been the first German TV channel to show the US action show "The Titan Games" with Hollywood star Dwayne "The Rock" Johnson.

In pay TV, SPORT1 signed a deal with CANAL+ to distribute the international broadcaster eSportsONE in Ethiopia.

Following the successful start with "SPORT1 Akademie – Darts" in the previous year, SPORT1 further expanded its new e-learning range: "SPORT1 Akademie – Poker" with Germany's best-known poker expert Jan Heitmann was launched in June.

In May, SPORT1 also went on air with its new studio landscape, which will combine five studio sets moving ahead: The "Mittendrin Studios" provide a 24/7 studio environment for all TV, digital and social media channels.

In the second quarter, PLAZAMEDIA focused in particular on studio production for all 51 matches of UEFA EURO 2020™ and an extensive program for Deutsche Telekom's MagentaTV. PLAZAMEDIA GmbH had been commissioned by Deutsche Telekom as a general contractor to handle studio production for four channels in UHD and HD on 22 live production days in total between June 11 and July 11.

The other subsidiaries of Sport1 Medien AG – SPORT1, PLAZAMEDIA, MAGIC SPORTS MEDIA, LEITMOTIF and Match IQ – continued to focus in general on maintaining and expanding existing customer relationships and building new ones in the first half of the year.

Analysis of non-financial performance indicators

In the first half of 2021, SPORT1's free TV market share among viewers aged three and over was stable year-on-year at 0.5 %. In the core target group of men aged 14 to 59, SPORT1's free TV market share was 0.9 %, an increase of 13 % as against the previous year. In particular, ratings highlights included the World Darts Championship in January, the Ice Hockey World Championship in May and June, the round of 16 and the quarter-finals of the DFB Cup in February and April and the familiar soccer formats for Bundesliga, the European cup and the European Football Championship, first and foremost "Doppelpass" and "Fantalk".

SPORT1+ had 2.34 million pay TV subscribers in total as of June 30, 2021 (June 30, 2020: 2.26 million), eSPORTS1 had 2.09 subscribers (June 30, 2020: 0.89 million) and the international broadcaster eSportsONE – launched in November 2020 – 2.19 million subscribers.

While SPORT1's digital platforms lost considerable range due to the COVID-19 pandemic in the first half of 2020, this grew again in the first six months of this year: Online visits increased by 10 % and mobile visits by 25 %. There was an increase in visits in the video numbers as well: SPORT1 platforms achieved 30 % more video views than in the first half of 2020, and video views on YouTube increased by 8 %. At 21 %, the rise in video views on YouTube in the second quarter was a particular highlight.

According to the German Audit Bureau of Circulation (IVW), SPORT1 set a new record with 93.13 million visits in June. Its previous record was 92.4 million visits in May 2016. At 63.05 million, the number of visits was up by around 48 % compared to the same month of the previous year (June 2020). The extensive reporting on the Ice Hockey World Championship and the European Football Championship contributed in particular to the record result.

** Note on the performance indicator "unique user": Unique user comparisons are not possible due to a change in measurement methods by AGOF and the associated non-reporting. Therefore focus on performance indicators "visits" and "video views".*

RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL SITUATION OF THE HIGHLIGHT GROUP

Results of Group operations

(CHF million)	Jan. 01 to June 30, 2021	Jan. 01 to June 30, 2020	Change
Sales	206.7	172.0	20.2 %
EBIT	6.0	11.9	–49.9 %
Net profit for the period	0.0	4.0	n/a
Net profit attributable to shareholders	– 0.2	4.2	n/a
Earnings per share (CHF)	0.00	0.07	n/a

After sales declined across all segments in the previous year as a result of the COVID-19 pandemic, an increase in sales was posted in all segments in the first half of 2021. The Film segment generated an increase of CHF 23.6 million. The Sports- and Event-Marketing segment reported growth of CHF 3.3 million, while the Sports segment increased its sales by CHF 7.7 million. Capitalized film production costs and other own work capitalized was up by CHF 26.8 million at CHF 65.8 million on account of productions.

Consolidated operating expenses were up on the previous year on account of productions at CHF 274.8 million (CHF 205.4 million), with year-on-year increases in staff costs (from CHF 72.4 million to CHF 94.5 million), the cost of materials and licenses (from CHF 86.8 million to CHF 108.4 million) and depreciation, amortization and impairment (from CHF 22.9 million to CHF 47.9 million). As a result, EBIT amounted to CHF 6.0 million after CHF 11.9 million in the first half of 2020.

The financial result of CHF –3.3 million was down slightly on the previous year's level (CHF –3.0 million), while tax expenses decreased by CHF 2.2 million to CHF 2.6 million. As a result, consolidated net profit came to CHF 0.0 million (previous year: CHF 4.0 million).

Results of segment operations

Film segment

(CHF million)	Jan. 01 to June 30, 2021	Jan. 01 to June 30, 2020	Change
Segment sales	121.6	98.0	24.1 %
Segment earnings	4.8	8.8	–44.9 %

The sales growth in the Film segment reflects positive developments in home entertainment and TV service production, although there was still a lack of sales in theatrical distribution due to closures in connection with the coronavirus pandemic.

Other segment income, which is largely influenced by capitalized film production costs, was also up by CHF 29.4 million year-on-year at CHF 71.7 million (previous year: CHF 42.3 million). This increase reflects the higher production volume at present compared to the first half of 2020. In relation to this, segment expenses recorded a higher increase of CHF 57.0 million to CHF 188.5 million (previous year: CHF 131.5 million), with the effect that segment earnings declined.

Sports- and Event-Marketing segment

(CHF million)	Jan. 01 to June 30, 2021	Jan. 01 to June 30, 2020	Change
Segment sales	34.5	31.2	10.4 %
Segment earnings	16.2	14.7	10.3 %

The external sales of the Sports- and Event-Marketing segment increased by CHF 3.3 million year-on-year. At the same time, segment expenses climbed by CHF 1.5 million to CHF 18.4 million, with the effect that segment earnings were up CHF 1.5 million year-on-year at CHF 16.2 million.

Sports segment

(CHF million)	Jan. 01 to June 30, 2021	Jan. 01 to June 30, 2020	Change
Segment sales	50.9	43.2	17.8 %
Segment earnings	–12.1	–8.6	n/a

Sales in the Sports segment increased by CHF 7.7 million year-on-year to CHF 50.9 million due to the expansion of the rights portfolio. As a result of the increase in segment expenses by CHF 10.8 million to CHF 65.4 million, segment earnings were down on the previous year's level at CHF –12.1 million.

Holding costs remained at the level of the first half of 2020 (CHF 3.0 million) at CHF 2.9 million.

Net assets situation

(CHF million)	June 30, 2021	Dec. 31, 2020	Change
Total assets	**670.4**	**661.3**	**1.4 %**
Equity	**208.4**	**207.0**	**0.7 %**
Equity ratio (in %)	**31.1**	**31.3**	**–0.2 points**
Current financial liabilities	**111.7**	**69.4**	**60.9 %**
Cash and cash equivalents	**35.0**	**48.2**	**–27.3 %**

On the assets side, non-current assets declined by CHF 12.5 million to CHF 425.0 million (December 31, 2020: CHF 437.5 million). The decrease is essentially due to lower capitalized in-house productions and third-party productions in film assets.

Current assets were up by CHF 21.6 million year-on-year at CHF 245.4 million as of the end of the first half of 2021 (December 31, 2020: CHF 223.8 million).

On the equity and liabilities side, non-current liabilities declined by CHF 22.4 million to CHF 151.0 million (December 31, 2020: CHF 173.4 million). At the same time, current liabilities rose by CHF 30.1 million in total to CHF 310.9 million (December 31, 2020: CHF 280.8 million). An increase in financial liabilities of CHF 42.3 million was offset by a reduction in advance payments received of CHF 6.9 million and in trade payables and other liabilities of CHF 3.3 million.

The main reasons for the slight increase in consolidated equity (including non-controlling interests) to CHF 208.4 million were profits carried forward (up CHF 1.5 million year-on-year) and other reserves (up CHF 1.5 million year-on-year), which were offset by declines in non-controlling interests (down CHF 1.1 million).

Financial situation

Operating activities generated a net cash inflow of CHF 1.5 million in the period from January to June 2021. The decrease of CHF 32.2 million in comparison to the same period of the previous year (CHF 33.7 million) was primarily due to changes in net current assets.

Net cash used in investing activities remained at the previous year's level (CHF 32.3 million) at CHF 31.7 million, with the change in cash and cash equivalents due to the acquisition/disposal of companies/shares in companies (up CHF 0.6 million year-on-year) and payments for intangible assets (down CHF 0.7 million year-on-year) representing the two biggest opposing items.

Financing activities resulted in a cash inflow of CHF 16.5 million (previous year: outflow of CHF 19.9 million), essentially due to proceeds from the receipt of current financial liabilities.

Cash and cash equivalents decreased by CHF 13.1 million to CHF 35.0 million in the first half of 2021.

REPORT ON RISKS AND OPPORTUNITIES

Coronavirus continued to spread around the world in the first half of 2021. Given this development, the Board of Directors is not currently able to issue an updated forecast for fiscal 2021 that takes COVID-19 into account as of this date. In view of the ongoing nature of the situation, the extent of the overall impact on our business in 2021 cannot be reliably quantified at this time. It is uncertain how business will be affected as the year progresses. The outlook for fiscal 2021 as described in this report could change depending on the further developments in connection with the COVID-19 outbreak. The Board of Directors is monitoring the situation and has already taken the appropriate action. A detailed description of the risk management system and the risk and opportunity profile can be found in the management report in our 2020 annual report.

FORECAST

Industry conditions

Film segment

Owing to the unpredictable COVID-19 situation, the statements made in the forecast for the development of the movie theater market as a whole in our 2020 annual report can be neither confirmed nor discarded.

While the negative trend on the physical home entertainment market will presumably continue, the growth prospects for digital home entertainment are still highly positive. Significant growth is expected, partly as a result of additional SVoD platforms entering the market.

Sports- and Event-Marketing segment

TEAM Group/Highlight Event AG

OMDIA (previously Ovum), a media and telecommunications technology consultancy, forecasts that global advertising expenditure will increase by 9.1 % in 2021 compared to 2020, and 1.5 % when compared to the pre-pandemic levels in 2019. Strong growth is forecast to continue in 2022, when advertising expenditure will grow by 7.6 %.

Sports segment

The Dentsu ad spend forecast anticipates growth on the advertising market. Worldwide, advertising expenditure is set to rise by 10.4 % to USD 634 billion in 2021. Above all, the agency believes that spending will be driven by the European Football Championship and the Summer Olympics. Dentsu is projecting a net increase of 3.3 % for the German advertising market, which is more conservative than the forecasts issued by Magna and the Central Association for the German Advertising Industry, ZAW. It writes that the ongoing development of the pandemic could still slow growth, as investment is focusing more on the second half of the year. Even stronger growth of 4 % is predicted for 2022. At 42.9 % this year, digital media account for most of the advertising revenue in Germany and this share is set to continue rising. TV is believed to account for 29.9 % of advertising expenditure in 2021 – according to Dentsu this class will grow by 2 % this year and 1 % in 2022.

Magna, the media purchasing company of Interpublic (IPG), is assuming an increase in net advertising expenditure on the German market of 11 % in 2021 and 5 % in the coming year. Here, too, digital media account for most of the advertising revenue (57 % of total expenditure), and are growing by 19 % according to Magna. The growth rates in conventional media are lower (TV up 5.5 %, radio up 3 % and out-of-home up 7 %) or are in decline (print down 2 %). Magna also takes a more optimistic view of the global spend, predicting a global increase in advertising expenditure of approximately 14 % in 2021 to an all-time high of USD 657 billion.

According to the ZAW spring trend analysis, members are assuming that advertising revenue will stabilize from the third quarter of 2021. Most of those surveyed expect to see a return to pre-crisis levels from 2022 at the earliest. The advertising market is expected to grow by between 5 % and 10 % in 2021 – assuming that the general situation as regards the pandemic, the vaccination rate and the infection numbers remains positive.

Key areas

Film segment

According to current planning (not reliable due to the COVID-19 pandemic) for the theatrical production/acquisition of rights business area, the eighth Eberhofer adaptation “Guglhupfgeschwader” is due to be filmed in the second half of 2021.

In theatrical distribution, currently twelve movies are slated for release in the second half of 2021, provided that the general situation in Germany allows this. These include “Monster Hunter”, “Ostwind 5 – Der große Orkan”, “Kaiserschmarrndrama”, “Contra”, “Caveman” and “Stasikomödie”.

In license trading/TV exploitation, free TV exploitation will mainly benefit from sales for the theatrical movies “Der Fall Collini” (Seven Pictures) and “Asphaltgorillas” (ProSieben) in the third quarter of this year. In pay TV exploitation, sales will be generated from titles including “After Truth” and “Monster Hunter” (both pay-per-channel, Sky).

In the TV (service) production business area, the Constantin Film subsidiaries are preparing a number of new projects, including further episodes of “Daheim in den Bergen” and “Kroatien-Krimi” (both ARD).

Sports- and Event-Marketing segment

TEAM Group

In the second half of 2021, the TEAM Group’s activities will focus on supporting UEFA in delivering the first season of the new commercial cycle of the UEFA Champions League, the UEFA Europa League and the newly established UEFA Europa Conference League.

In addition, the TEAM Group will start work on the commercial concept and sales strategy for the next commercial cycle, covering the seasons from 2024/25 to 2026/27.

Highlight Event AG

In the second half of the year, Highlight Event AG’s (HLE) event marketing operations will focus firstly on the preparations for and implementation of various events by the Vienna Philharmonic (including in Amsterdam, Barcelona and Vienna) and secondly on the sale of further TV and sponsorship rights for the 2022 Eurovision Song Contest. Work on both projects will continue to center around advising/guiding partners on how to handle the COVID-19 crisis when implementing events and commercial contracts.

Sports segment

The Sports segment will continue to focus on the systematic use, distribution and capitalization of multimedia content in fiscal 2021 as well. In addition to augmenting the SPORT1 portfolio by acquiring new rights, extending existing partnerships and developing new content cooperations and business areas, cross-platform exploitation and production of established pillars of programming also remain central. In particular, these include the core sports of football, motorsports, ice hockey, basketball, volleyball, darts, tennis, US sports and esports. Furthermore, the digital diversification of the SPORT1 brand will continue to be promoted and new content and marketing environments will be created in view of the continued massive growth in the digital and cross-platform use of media content – for example, using the Bundesliga and Bundesliga 2 highlight and archive clips acquired in the DFL rights tender for exploitation on digital platforms.

In addition to complex live and non-live productions, PLAZAMEDIA will continue to focus on developing innovative production technologies, content management solutions and technical content distribution in 2021. The main priorities for sports at the other subsidiaries of Sport1 Medien AG will also be maintaining and expanding existing customer relationships and developing new ones. There will be a particular focus on making the best possible use of synergies in the sports sector, where the subsidiaries cover the entire value chain and accordingly provide integrated services for partners and customers.

With a view to the challenges arising from the COVID-19 pandemic, the aim is still to make up the loss in sales caused, in particular, by the decline in advertising revenue, predominantly with savings. With regard to sales potential, marketing activities will increasingly involve contacting companies that can benefit from the current situation on account of their business model.

Notes and forward-looking statements

For calculation-related reasons, rounding differences of +/- one unit may arise and the percentages shown may not precisely reflect the absolute figures to which they relate.

This document contains forward-looking statements that are based on estimates and expectations of the Group management. Words such as "anticipate", "intend", "expect", "can/could", "plan", "intended", "further improvement", "target is", and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not historical facts. These are subject to risks, uncertainty, and factors that are mostly difficult to assess and, in general, beyond the control of the Group management. If one or more of these risks or uncertainties materializes, or if underlying expectations do not occur or assumptions prove to be incorrect, the actual results, performance, or achievements of the Highlight Group may differ significantly from those described explicitly or implicitly in the forward-looking statements. Highlight Communications AG does not intend to update the forward-looking statements contained in this document on an ongoing basis.

Although every effort has been made to ensure that the information and facts provided are correct, and that the opinions and expectations are reasonable, no liability or warranty as to the completeness, correctness, adequacy, or accuracy of any forward-looking statements in this document is assumed.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as of June 30, 2021 – Highlight Communications AG, Pratteln

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of June 30, 2021 (unaudited) – Highlight Communications AG, Pratteln

ASSETS (TCHF)	June 30, 2021	Dec. 31, 2020
Non-current assets		
In-house productions	141,011	146,242
Third-party productions	11,806	15,733
Film assets	152,817	161,975
Other intangible assets	60,240	62,259
Goodwill	133,161	133,077
Property, plant and equipment	13,549	13,674
Right-of-use assets	36,936	38,276
Investments in associates and joint ventures	55	54
Non-current receivables	13,928	13,116
Other assets	1,993	1,993
Deferred tax assets	12,271	13,034
	424,950	437,458
Current assets		
Inventories	76,438	24,114
Trade receivables and other receivables	107,110	118,080
Contract assets	26,466	32,680
Other financial assets	–	23
Income tax receivables	371	758
Cash and cash equivalents	35,037	48,178
	245,422	223,833
Assets	670,372	661,291
EQUITY AND LIABILITIES (TCHF)		
Equity		
Issued capital	63,000	63,000
Treasury shares	-6,300	-6,300
Capital reserve	-100,425	-99,973
Other reserves	-37,085	-38,573
Profit carryforward	282,222	280,714
Equity attributable to shareholders	201,412	198,868
Non-controlling interests	7,017	8,157
	208,429	207,025
Non-current liabilities		
Financial liabilities	85,594	103,319
Lease liabilities	29,131	29,328
Other liabilities	95	94
Pension liabilities	4,975	6,570
Deferred tax liabilities	31,225	34,124
	151,020	173,435
Current liabilities		
Financial liabilities	111,703	69,416
Lease liabilities	8,561	9,888
Advance payments received	45,237	52,147
Trade payables and other liabilities	126,670	129,967
Contract liabilities	6,977	9,900
Provisions	2,674	2,835
Income tax liabilities	9,101	6,678
	310,923	280,831
Equity and liabilities	670,372	661,291

The notes on pages 20 – 25 are an integral part of these consolidated interim financial statements.

CONSOLIDATED INCOME STATEMENT

January 1 to June 30, 2021 (unaudited) – Highlight Communications AG, Pratteln

(TCHF)	Jan. 01 to June 30, 2021	Jan. 01 to June 30, 2020
Sales	206,721	172,005
Capitalized film production costs and other own work capitalized	65,757	38,970
Other operating income	8,279	6,333
Costs for licenses, commissions and materials	–23,859	–20,150
Cost of purchased services	–84,526	–66,659
Cost of materials and licenses	–108,385	–86,809
Salaries	–83,273	–63,338
Social security, pension costs	–11,190	–9,051
Staff costs	–94,463	–72,389
Amortization and impairment on film assets	–37,113	–13,297
Amortization, depreciation and impairment on intangible assets and property, plant and equipment	–6,112	–5,481
Amortization, depreciation and impairment on right-of-use assets	–4,645	–4,082
Amortization, depreciation and impairment	–47,870	–22,860
Other operating expenses	–24,161	–23,804
Impairment/reversals of impairment on financial assets	86	477
Gains/losses from the derecognition of financial assets at amortized cost	–1	–10
Profit from operations	5,963	11,913
Net income equity investments in associates and joint ventures	–	–
Financial income	4,487	1,915
Financial expenses	–7,818	–4,926
Net financial result	–3,331	–3,011
Profit before taxes	2,632	8,902
Income taxes	–5,109	–2,827
Deferred taxes	2,478	–2,030
Taxes	–2,631	–4,857
Net profit for the period	1	4,045
thereof shareholders' interests	–164	4,234
thereof non-controlling interests	165	–189

Earnings per share (CHF)		
Earnings per share attributable to shareholders (basic)	0.00	0.07
Earnings per share attributable to shareholders (diluted)	0.00	0.07
Average number of shares outstanding (basic)	56,700,499	56,700,499
Average number of shares outstanding (diluted)	56,700,499	56,700,499

The notes on pages 20 – 25 are an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/LOSS

January 1 to June 30, 2021 (unaudited) – Highlight Communications AG, Pratteln

(TCHF)	Jan. 01 to June 30, 2021	Jan. 01 to June 30, 2020
Net profit for the period	**1**	**4,045**
Unrealized gains/losses from currency translation	1,776	–2,433
Reclassification of realized gains/losses through profit or loss	–	–
Currency translation differences	1,776	–2,433
Gains/losses from cash flow hedges	–255	55
Items that may be reclassified to the income statement in future	**1,521**	**–2,378**
Actuarial gains/losses of defined benefit pension plans	1,672	333
Gains/losses from financial assets at fair value through other comprehensive income	–	–
Items that will not be reclassified to the income statement in future	**1,672**	**333**
Total other comprehensive income/loss, net of tax	**3,193**	**–2,045**
Total comprehensive income/loss	**3,194**	**2,000**
thereof shareholders' interests	2,996	2,286
thereof non-controlling interests	198	–286

The notes on pages 20 – 25 are an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

January 1 to June 30, 2021 (unaudited) – Highlight Communications AG, Pratteln

(TCHF)	Equity attributable to shareholders							
	Issued capital	Treasury shares	Capital reserves	Other reserves	Profit carry-forward	Total	Non-controlling interests	Total equity
As of January 1, 2021	63,000	–6,300	–99,973	–38,573	280,714	198,868	8,157	207,025
Currency translation differences	–	–	–	1,743	–	1,743	33	1,776
Gains/losses from cash flow hedges	–	–	–	–255	–	–255	–	–255
Items that may be reclassified to the income statement in future	–	–	–	1,488	–	1,488	33	1,521
Actuarial gains/losses of defined benefit pension plans	–	–	–	–	1,672	1,672	–	1,672
Gains/losses from financial assets at fair value through other comprehensive income	–	–	–	–	–	–	–	–
Items that will not be reclassified to the income statement in future	–	–	–	–	1,672	1,672	–	1,672
Total other comprehensive income/loss, net of tax	–	–	–	1,488	1,672	3,160	33	3,193
Net profit for the period	–	–	–	–	–164	–164	165	1
Total comprehensive income/loss	–	–	–	1,488	1,508	2,996	198	3,194
Dividend payments	–	–	–	–	–	–	–1,116	–1,116
Changes in consolidated group	–	–	–	–	–	–	–	–
Change in non-controlling interests	–	–	–452	–	–	–452	–222	–674
As of June 30, 2021	63,000	–6,300	–100,425	–37,085	282,222	201,412	7,017	208,429
Balance as of January 1, 2020	63,000	–6,300	–98,968	–38,753	268,374	187,353	10,335	197,688
Currency translation differences	–	–	–	–2,336	–	–2,336	–97	–2,433
Gains/losses from cash flow hedges	–	–	–	55	–	55	–	55
Items that may be reclassified to the income statement in future	–	–	–	–2,281	–	–2,281	–97	–2,378
Actuarial gains/losses of defined benefit pension plans	–	–	–	–	333	333	–	333
Gains/losses from financial assets at fair value through other comprehensive income	–	–	–	–	–	–	–	–
Items that will not be reclassified to the income statement in future	–	–	–	–	333	333	–	333
Total other comprehensive income/loss, net of tax	–	–	–	–2,281	333	–1,948	–97	–2,045
Net profit for the period	–	–	–	–	4,234	4,234	–189	4,045
Total comprehensive income/loss	–	–	–	–2,281	4,567	2,286	–286	2,000
Dividend payments	–	–	–	–	–	–	–1,176	–1,176
Changes in consolidated group	–	–	–	–	–	–	–20	–20
Change in non-controlling interests	–	–	–717	–	–	–717	–488	–1,205
Other changes	–	–	–	–	–500	–500	–	–500
As of June 30, 2020	63,000	–6,300	–99,685	–41,034	272,441	188,422	8,365	196,787

The notes on pages 20 – 25 are an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

January 1 to June 30, 2021 (unaudited) – Highlight Communications AG, Pratteln

(TCHF)	Jan. 01 to June 30, 2021	Jan. 01 to June 30, 2020
Net profit for the period	1	4,045
Deferred taxes	–2,478	2,030
Income taxes	5,109	2,827
Financial result (without currency result)	2,656	3,139
Net income equity investments in associates and joint ventures	–	–
Amortization, depreciation and impairment on non-current assets	47,870	22,860
Gain (–)/loss (+) from disposal of non-current assets	–29	–57
Other non-cash items	–1,579	–1,281
Increase (–)/decrease (+) in inventories, trade receivables and other assets not classified as investing or financing activities	–24,902	38,622
Decrease (–)/increase (+) in trade payables and other liabilities not classified as investing or financing activities	–20,721	–32,298
Dividends received from associated companies and joint ventures	–	–
Interest paid	–2,683	–2,381
Interest received	510	91
Income taxes paid	–3,083	–4,070
Income taxes received	810	195
Cash flow from operating activities	1,481	33,722
Change in cash and cash equivalents due to acquisition/disposal of companies/shares in companies (net)	–	–634
Payments for intangible assets	–1,688	–985
Payments for film assets	–28,015	–28,152
Payments for property, plant and equipment	–2,092	–2,231
Payments for right-of-use assets	–	–477
Proceeds from disposals of intangible assets and film assets	1	–
Proceeds from disposal of property, plant and equipment	82	203
Proceeds from disposals of financial assets	58	–
Cash flow for investing activities	–31,654	–32,276
Payments for purchase of non-controlling interests	–674	–1,205
Repayment of current financial liabilities	–7,767	–19,833
Repayment of lease liabilities	–4,836	–4,173
Proceeds from receipt of current financial liabilities	30,851	6,508
Dividend payments	–1,116	–1,176
Cash flow from/for financing activities	16,458	–19,879
Cash flow for the reporting period	–13,715	–18,433
Cash and cash equivalents at the beginning of the reporting period	48,178	52,970
Effects of currency differences	574	–990
Cash and cash equivalents at the end of the reporting period	35,037	33,547
Change in cash and cash equivalents	–13,715	–18,433

The notes on pages 20 – 25 are an integral part of these consolidated interim financial statements.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as of June 30, 2021 (unaudited) – Highlight Communications AG, Pratteln

1. GENERAL INFORMATION ON THE GROUP

The parent company Highlight Communications AG is based at Netzibodenstrasse 23b, Pratteln, Switzerland.

Highlight Communications AG's Board of Directors authorized the publication of these unaudited, condensed interim consolidated financial statements on August 18, 2021.

2. ACCOUNTING POLICIES

The unaudited, condensed interim consolidated financial statements for the period from January 1 to June 30, 2021 have been prepared in accordance with the International Accounting Standard on Interim Financial Reporting (IAS 34).

The condensed interim consolidated financial statements do not include all explanations and disclosures required for the financial statements for the full fiscal year and should be read in conjunction with the consolidated financial statements of the company as of December 31, 2020.

The accounting policies applied in preparing the condensed interim consolidated financial statements are the same as those used to prepare the consolidated financial statements for fiscal 2020 (see 2020 annual report, notes to the consolidated financial statements, note 4).

The condensed interim consolidated financial statements have been prepared in Swiss francs, which is the functional and reporting currency of the Group's parent company. Amounts are reported in thousands of Swiss francs (TCHF) unless stated otherwise.

The Film and Sports segments are subject to seasonal fluctuations. The sales of the Film segment are dependent on the respective theatrical release dates and the subsequent exploitation chain. The Sports segment generates lower sales in the summer months due to lower advertising income, which is dependent on broadcasting rights to sporting events. This leads to fluctuations in sales and segment earnings in the different quarters of the fiscal year.

In preparing the condensed interim consolidated financial statements, management is required to make estimates and assumptions influencing the assets, liabilities, contingent liabilities and contingent assets reported as of the end of the reporting period and the income and assets for the reporting period (see 2020 annual report, notes to the consolidated financial statements, note 5).

3. CHANGES IN ACCOUNTING POLICIES

3.1 Relevant standards and interpretations applied for the first time

A small number of amendments to standards became effective in the reporting period but did not affect the Group's accounting policies or necessitate any retroactive amendments.

3.2 Relevant standards, revised standards and interpretations published but not yet adopted

The Highlight Group waived the early adoption of the other new or revised standards and interpretations not yet effective for Highlight Communications AG. The Group considers the impact of these new standards and interpretations on current or future reporting periods and foreseeable future transactions to be immaterial.

4. CHANGES IN THE CONSOLIDATED GROUP

Retroactively to January 1, 2021, Mythos Film Verwaltungs GmbH, Berlin, was merged with its parent company Mythos Film GmbH, Berlin. Also effective January 1, 2021, the business operations of Mythos Film Produktions GmbH & Co. KG, Berlin, were transferred to Mythos Film GmbH, Berlin.

TEAM Marketing Asia Limited was founded on January 11, 2021. TEAM Holding AG holds all shares in the company.

PLAZAMEDIA Austria Ges.m.b.H. was liquidated on March 2, 2021 and removed from the company register.

The consolidated company Constantin Entertainment Slovakia s.r.o., Bratislava, was liquidated on March 20, 2021.

High-end productions GmbH, Vienna, was founded by way of contract dated June 17, 2021. Constantin Television GmbH, Munich, holds 50 % of the shares in the company. The company is included in the consolidated financial statements using the equity method. The company has commenced operations in July 2021.

The effects of these transactions on these interim consolidated financial statements are insignificant.

In the first half of 2021, Highlight Communications AG increased its shareholding in Sport1 Medien AG, which was already included in consolidation, from 94.91 % to 95.19 %. This is a transaction between equity providers that changed equity by TCHF –674.

5. NOTES ON SELECTED ITEMS OF THE STATEMENT OF FINANCIAL POSITION AND THE INCOME STATEMENT

5.1 Film assets

Film assets decreased by TCHF 9,158 as against December 31, 2020 as of June 30, 2021. Third-party productions declined by TCHF 3,927, while in-house productions decreased by a total of TCHF 5,231.

5.2 Contract assets

The carrying amount of contract assets declined from TCHF 32,680 to TCHF 26,466.

5.3 Cash and cash equivalents

Cash and cash equivalents declined from TCHF 48,178 to TCHF 35,037 as of June 30, 2021. Financing activities resulted in a cash inflow of TCHF 16,458, primarily as a result of the borrowing of current financial liabilities. The Group's investing activities used cash of TCHF 31,654, which was essentially due to payments for film assets. Operating activities generated a positive cash flow of TCHF 1,481.

5.4 Equity

The number of directly and indirectly held non-voting treasury shares in Highlight Communications AG was 6,299,501 as of June 30, 2021 (December 31, 2020: 6,299,501).

The increase in the equity investment in Sport1 Medien AG from 94.91 % to 95.19 % shown in equity led to a reduction in capital reserves of TCHF 452 and a reduction in non-controlling interests of TCHF 222.

The remeasurement of pension obligations resulted in an increase in retained earnings of TCHF 1,672 on account of the rise in the discount rate and plan amendments in particular.

Other reserves totaled TCHF -37,085 as of the end of the reporting period (December 31, 2020: TCHF -38,573). As of June 30, 2021, these relate to the translation of the equity of companies that do not use Swiss francs as their functional currency (TCHF -37,344; December 31, 2020: TCHF -39,087) and to other cash flow hedge reserves of TCHF 259 (December 31, 2020: TCHF 514).

5.5 Contract liabilities

The carrying amount of contract liabilities declined from TCHF 9,900 to TCHF 6,977.

5.6 Amortization, depreciation and impairment

(TCHF)	Jan. 1 to Jun. 30, 2021	Jan. 1 to Jun. 30, 2020
Amortization of film assets	36,377	12,404
Amortization of intangible assets	3,801	3,226
Depreciation of property, plant and equipment	2,311	2,255
Amortization/depreciation of right-of-use assets	4,645	4,082
Amortization/depreciation	**47,134**	**21,967**
Impairment of film assets	736	893
Impairment	**736**	**893**

5.7 Operating expenses

The Group recognized TCHF 207 (previous year: TCHF 971) of the reimbursement of employer's share of social security contributions in relation to short-time allowances as deductions from staff costs.

5.8 Net financial result

Financial income

(TCHF)	Jan. 1 to Jun. 30, 2021	Jan. 1 to Jun. 30, 2020
Interest and similar income	512	95
Gains from changes in the fair value of financial instruments	501	390
Currency exchange gains	3,474	1,430
Total	**4,487**	**1,915**

Financial expenses

(TCHF)	Jan. 1 to Jun. 30, 2021	Jan. 1 to Jun. 30, 2020
Interest and similar expenses	3,289	3,156
Losses from changes in the fair value of financial instruments	58	90
Currency exchange losses	4,149	1,302
Interest expenses from lease liabilities	322	378
Total	**7,818**	**4,926**

6. DISCLOSURES ON FINANCIAL RISK MANAGEMENT

6.1 Fair value of financial assets and liabilities

The following table shows the allocation of financial assets and liabilities measured at fair value to the three levels of the fair value hierarchy:

Fair value hierarchy

Jun. 30, 2021 (TCHF)		**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value					
Derivative financial instruments	FVTPL /no category	–	278	176	454
Financial assets at fair value through profit or loss	FVTPL	–	12,342	–	12,342
Financial assets (equity instruments)	FVTOCI	–	–	43	43
Financial liabilities at fair value					
Derivative financial instruments	FLTPL	–	269	–	269

Dec. 31, 2020 (TCHF)		**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value					
Derivative financial instruments	FVTPL /no category	–	1,136	174	1,310
Financial assets at fair value through profit or loss	FVTPL	–	11,397	12	11,409
Financial assets (equity instruments)	FVTOCI	–	–	54	54
Financial liabilities at fair value					
Derivative financial instruments	FLTPL	–	337	–	337

FVTOCI: Financial assets at fair value through OCI
FVTPL: Financial assets at fair value through profit or loss
FLTPL: Financial liabilities at fair value through profit or loss

Disclosures on level 3 financial instruments

	Investment in Geenee Inc.	AGF Video-forschung GmbH	Summacum GmbH	Other investments	Convertible loans	Financial liabilities	Options
Fair value as of December 31, 2019	**–**	**504**	**329**	**63**	**28**	**231**	**-**
Gains/(losses) through profit or loss	–	–	–	–	–4	–100	39
Gains/(losses) through equity	–	–504	–295	–21	–	–1	–
Gains/(losses) through equity due to contract liabilities	–	–	–	–	–	–	135
Utilization due to payment	–	–	–	–	–	–130	–
Sale	–	–	–	–22	–12	–	–
Fair value on December 31, 2020	**–**	**–**	**34**	**20**	**12**	**–**	**174**
Gains/(losses) through equity	–	–	–	1	–	–	2
Sale	–	–	–	–12	–12	–	–
Fair value on Jun. 30, 2021	**–**	**–**	**34**	**9**	**–**	**–**	**176**

The financial assets measured at fair value and included in level 1 are measured using market prices.

The derivative financial instruments in level 2 are measured at current market rates. A discounted cash flow method was used to determine the fair value of level 2 derivative financial instruments.

The shares in Geenee Inc. and in AGF Videoforschung GmbH, both assigned to level 3 of the fair value hierarchy, had already been written down in full in previous years. There were no indications of a reversal of impairment in the reporting period.

The equity investment Diggin Ltd. and the Dynamic Bets Inc. convertible loan were both sold for TCHF 12 each in the first half of 2021.

The shares in Summacum GmbH were written down by TCHF 295 to TCHF 34 in the previous year. There were no indications of further impairment or a reversal of impairment in the reporting period.

For reasons of materiality, other equity instruments totaling TCHF 9 (December 31, 2020: TCHF 9) are recognized at historical cost.

There were no reclassifications between the individual levels of the fair value hierarchy. They are reclassified quarterly in each reporting period if circumstances requiring a different classification arise.

6.2 Financial assets and liabilities at amortized cost

Given the short remaining term, the carrying amounts of current financial receivables and liabilities as of the end of the reporting period are approximately the fair value. Non-current receivables are discounted according to their remaining term. Their carrying amounts are therefore also approximately their fair value.

6.3 Fair value of non-financial assets and liabilities

As of June 30, 2021 and December 31, 2020, there were no non-financial assets or liabilities at fair value.

7. SEGMENT REPORTING

Segment information Jan. 1 to Jun. 30, 2021

(TCHF)	Film	Sports- and Event-Marketing	Sports	Other	Reconciliation	Group
External sales	121,626	34,450	50,645	–	–	206,721
Intragroup sales	–	–	211	–	–211	–
Total sales	121,626	34,450	50,856	–	–211	206,721
Other segment income	71,677	166	2,380	–	–187	74,036
Segment expenses	–188,455	–18,445	–65,358	–2,934	398	–274,794
thereof amortization, depreciation	*–38,573*	*–1,051*	*–7,510*	*–*	*–*	*–47,134*
thereof impairment	*–736*	*–*	*–*	*–*	*–*	*–736*
Segment earnings	**4,848**	**16,171**	**–12,122**	**–2,934**	**–**	**5,963**
Time of revenue recognition						
Over time	57,363	–	27,161	–	–	84,524
Point in time	64,263	34,450	23,484	–	–	122,197
	121,626	**34,450**	**50,645**	**–**	**–**	**206,721**
Sales by product						
Film	64,263	–	–	–	–	64,263
Production services	57,363	–	–	–	–	57,363
Sports- and Event-Marketing	–	34,450	–	–	–	34,450
Platform	–	–	37,942	–	–	37,942
Services	–	–	12,703	–	–	12,703
	121,626	**34,450**	**50,645**	**–**	**–**	**206,721**

Segment information Jan. 1 to Jun. 30, 2020

(TCHF)	Film	Sports- and Event-Marketing	Sports	Other	Reconciliation	Group
External sales	97,987	31,198	42,820	–	–	172,005
Intragroup sales	–	–	359	–	–359	–
Total sales	97,987	31,198	43,179	–	–359	172,005
Other segment income	42,296	384	2,786	–	–163	45,303
Segment expenses	–131,483	–16,919	–54,527	–2,988	522	–205,395
thereof amortization, depreciation	*–14,628*	*–839*	*–6,500*	*–*	*–*	*–21,967*
thereof impairment	*–893*	*–*	*–*	*–*	*–*	*–893*
Segment earnings	**8,800**	**14,663**	**–8,562**	**–2,988**	**–**	**11,913**
Time of revenue recognition						
Over time	44,135	–	20,924	–	–	65,059
Point in time	53,852	31,198	21,896	–	–	106,946
	97,987	**31,198**	**42,820**	**–**	**–**	**172,005**
Sales by product						
Film	53,852	–	–	–	–	53,852
Production services	44,135	–	–	–	–	44,135
Sports- and Event-Marketing	–	31,198	–	–	–	31,198
Platform	–	–	33,992	–	–	33,992
Services	–	–	8,828	–	–	8,828
	97,987	**31,198**	**42,820**	**–**	**–**	**172,005**

The elimination of inter-segment transactions is reported in the reconciliation column.

8. FINANCIAL COMMITMENTS, CONTINGENT LIABILITIES AND OTHER UNRECOGNIZED FINANCIAL OBLIGATIONS

Compared to the consolidated financial statements as of December 31, 2020, financial commitments, contingent liabilities and other unrecognized financial obligations decreased by TCHF 8,841 to TCHF 268,645 as of June 30, 2021.

9. RELATED PARTY DISCLOSURES

As part of its normal business activities, the company maintains relations with associates, joint ventures, its main shareholder (and its subsidiaries) and companies controlled by members of the Board of Directors.

Related party disclosures

(TCHF)	June 30, 2021	Dec. 31, 2020
Receivables	–	–
Liabilities	58	106

(TCHF)	Jan. 1 to Jun. 30, 2021	Jan. 1 to Jun. 30, 2020
Sales and other income	–	–
Cost of materials and licenses and other expenses	25	36

Parent company and its direct subsidiaries

(TCHF)	June 30, 2021	Dec. 31, 2020
Receivables	6,228	10,062
Liabilities	80	85

(TCHF)	Jan. 1 to Jun. 30, 2021	Jan. 1 to Jun. 30, 2020
Sales and other income	37	38
Cost of materials and licenses and other expenses	–	–

As in the previous year, there were no transactions with associated companies or joint ventures in the reporting year.

There were liabilities to various members of the Board of Directors and Managing Directors of TCHF 58 as of June 30, 2021 (December 31, 2020: TCHF 106).

Related parties include the members of the Board of Directors, the members of Group management and their relatives.

Highlight Communications AG did not perform significant services for companies controlled by related parties in the reporting period or in the same period of the previous year.

10. EVENTS AFTER THE END OF THE REPORTING PERIOD

The new coronavirus strain has continued to spread around the world in the first half of 2021. The Board of Directors is continuing to monitor the situation and has already taken the appropriate action. The Board of Directors assumes that the spread of coronavirus will affect the Highlight Group.

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