



**QUARTERLY STATEMENT
OF HOLIDAYCHECK GROUP AG
FOR THE FIRST QUARTER OF 2020**



QUARTERLY STATEMENT OF HOLIDAYCHECK GROUP AG FOR THE FIRST QUARTER OF 2020 (PERIOD FROM 1 JANUARY TO 31 MARCH 2020)

1. BUSINESS DEVELOPMENT

The global spread of COVID-19 and the associated extensive travel restrictions in many countries, as well as the worldwide travel warning issued by the German Foreign Office, have almost completely wiped out the demand for holiday travel in recent weeks. In addition, numerous trips booked in 2019 and the first quarter of 2020, and planned for this year, have had to be cancelled. This had a significant impact on the revenue and earnings figures of HolidayCheck Group AG in the first quarter 2020. In the supplementary report for the 2019 financial year, HolidayCheck Group AG assumed travel restrictions would continue until mid-July 2020. Although the current travel warning issued by the Federal Foreign Office is only in place until mid-June 2020, the company still expects significantly longer travel restrictions depending on the destination. The lifting of restrictions on, and/or recovery in the demand for, worldwide travel are now only expected to take effect from November 2020.

In addition, the supplementary report for the 2019 financial year clearly indicated that there was a risk of impairment of assets. Unscheduled impairment tests have been carried out in light of the now clear effects of COVID-19, including for the Dutch WebAssets Group. These show that, due to the current travel restrictions, further investments in the restructuring of Zoover, which is part of the WebAssets Group, are no longer economically prudent. The company therefore already announced on Tuesday that the carrying amounts of the assets not yet written off and the goodwill would be written off in full. The Management Board of HolidayCheck Group AG has 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.

2. INCOME, ASSETS AND FINANCIAL POSITION

Given the number and range of exceptional factors currently affecting our results, we have decided to adjust our key financial indicators to reflect the material impact of adjustments to revenue generated in 2019 in respect of holidays in 2020 along with the directly related costs and impairment write-downs.

All these adjustments to our financial indicators are shown in the table in section 3.

2.1 Income

Revenue

In this market environment, HolidayCheck Group AG's first-quarter revenue was minus EUR 5.1 million compared with EUR 42.2 million over the same period in 2019.

The **adjusted revenue** (see section 3 for the described effects) for the first quarter 2020 was EUR 10.2 million.

The **total operating income** for the first quarter 2020 amounted to minus EUR 3.6 million compared with EUR 43.3 million over the same period in 2019.

The **adjusted total operating income** for the first quarter 2020 was EUR 11.7 million.

The **gross margin** for the first quarter 2020 amounted to minus EUR 6.6 million compared with EUR 42.2 million over the same period in 2019.

The **adjusted gross margin** for the first quarter 2020 was EUR 8.7 million.

The gross margin is defined as sales revenue less cost of goods sold (COGS), such as advance purchases of holiday services (e.g. expenditure for hotels, flights and transfer services) by the Group's own tour operator HC Touristik.



EBITDA

The **marketing expenses** for the first quarter 2020 amounted to EUR 8.0 million compared with EUR 21.2 million over the same period in 2019.

The **adjusted marketing expenses** for the first quarter 2020 were EUR 12.8 million. The main factors of the decrease of the adjusted marketing expenses in the amount of EUR 8.4 million were the suspension of marketing activities at an early stage and the reduced voucher liabilities corresponding to sales revenue for booked holidays in 2020.

The **personnel expenses** in the first quarter rose slightly from EUR 10.7 million in 2019 to EUR 10.8 million in the year under review.

For the **net impairment losses on financial assets** we note an income for the first quarter 2020 of EUR 0.6 million in comparison to expenses of EUR 1.1 million over the same period in 2019.

The **adjusted net impairment losses on financial assets** still show an income of EUR 0.1 million. The income results from the correction of receivables for travel bookings in the current year, in particular for the summer season. Therefore a very high proportion of the receivables incurred in the past, mainly for departures already made, is insured and thus not included in the net impairment.

The **other expenses** for the first quarter 2020 amounted to EUR 7.8 million compared with EUR 6.2 million over the same period in 2019. The reason for the increase is the rise of the advance purchases of holiday services (COGS) by the Group's own tour operator HC Touristik with EUR 1.5 million.

The **EBITDA (earnings before interest, taxes, depreciation and amortisation)** for the first quarter 2020 was EUR 29.6 million compared to minus EUR 4.1 million in the same quarter of the previous year.

The **adjusted EBITDA** for the first quarter 2020 was minus EUR 19.6 million.

The **operating EBITDA (operating earnings before interest, taxes, depreciation and amortisation)** for the first quarter 2020 stood at minus EUR 29.8 million compared with EUR 4.3 million in the same quarter of the previous year.

The **adjusted operating EBITDA** for the first quarter 2020 was minus EUR 19.8 million.

Other items in the statement of income

Depreciation, amortisation and impairment charges in the first quarter totalled EUR 31.2 million compared with EUR 2.4 million in the same quarter of the previous year.

This includes unscheduled 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 allocated during purchase price allocation.

Adjusted **depreciation and amortisation** (excluding the aforementioned impairment losses on Zoover's goodwill, domain and brand) was EUR 2.4 million in the first quarter of 2020.

The **EBIT (earnings before interest and taxes)** for the first quarter 2020 amounted to minus EUR 60.8 million compared with EUR 1.7 million over the same period in 2019.

The **adjusted EBIT** for the first quarter 2020 was minus EUR 22.0 million.

The **financial result** of the first quarter 2020 was minus EUR 0.1 million and remained on the same level as in the first quarter of 2019.

The **EBT (earnings before taxes)** for the first quarter of 2020 was minus EUR 60.9 million compared with EUR 1.6 million in the same quarter of the previous year.

The **adjusted EBT** for the first quarter 2020 was minus EUR 22.1 million.

The **tax result** for the first quarter 2020 amounted to EUR 2.0 million compared with minus EUR 0.5 million over the same period in 2019. Due to the described impairments on the brand and domain "Zoover" the thereon deferred tax liabilities of EUR 1.9 million, which accrued at the first time consolidation, were reversed.

The **adjusted tax result** for the first quarter 2020 was EUR 0.1 million.

The **consolidated net loss** for the first quarter 2020 amounted to minus EUR 58.9 million compared with consolidated net profit of EUR 1.0 million over the same period in 2019.

The **adjusted consolidated net loss** for the first quarter 2020 was minus EUR 22.0 million.

The **basic and diluted earnings per share** in the first quarter of 2020 were minus EUR 1.03 compared with EUR 0.02 in the prior-year period.

The **adjusted basic and diluted earnings per share** for the first quarter 2020 were minus EUR 0.39.

2.2 Asset and financial position

The **Group's equity ratio** fell from 79.2 percent at year-end 2019 to 59.3 percent as at 31 March 2020. The main factors for the decrease are the consolidated net loss in the first quarter 2020 and the increase of current liabilities, i.e. due to the draw of existing credit lines.

Accordingly the **debt ratio** rose from 20.8 percent at the end of 2019 to 40.7 percent as at 31 March 2020, partly due to the increase of liabilities to banks.

As at 31 March 2020, **cash and cash equivalents** stood at EUR 36.4 million compared with EUR 27.5 million as at 31 December 2019. Again the main factor is the mentioned drawing of existing credit lines mainly reduced by expenses from operating activities.

3. KEY EVENTS AND ADJUSTMENTS TO FINANCIAL INDICATORS

The table below (see next page) shows the material effects on our key financial indicators for the period 1 January to 31 March 2020 of adjustments to revenue recognised in 2019 in respect of holidays in 2020 and to the directly related costs and impairment write-downs.

Adjustments to sales revenue and directly related costs

Due to the impact of COVID-19 and the associated travel restrictions, holidays have had to be cancelled

and will continue to be cancelled for a large part of 2020.

Accordingly, we have had to change the transaction price to zero for current bookings and for all holidays booked in 2019 with departure dates from mid-March 2020 onwards. As such, the basis on which commission revenue totalling EUR 15.3 million was recognised in 2019 no longer exists.

Equally, the figure for marketing expenses has been adjusted to include income of EUR 4.9 million in respect of vouchers linked to holiday bookings made in 2019 with departure dates in 2020 that are now likely to be cancelled on account of the travel restrictions, since the voucher holders will no longer be entitled to use them.

An adjustment has also been made to impairment charges on financial assets. This figure now shows income of EUR 0.6 million, including EUR 0.5 million in respect of impairment charges on trade receivables as at 31 December 2019 that form part of adjusted commission revenue.

Adjustment to impairment write-downs at Zoover

Adjustments have been made to the impairment write-downs referred to in sections 1 and 2 of this quarterly statement on Group assets totalling EUR 28.8 million that were attributed to Zoover as part of WebAssets when the latter was initially consolidated.

The deferred tax liabilities of EUR 1.9 million created on initial consolidation were reversed due to the unscheduled write-off of the Zoover brand and domain (see above).



Adjustments of the financial results for the period of 1 January to 31 March 2020

	1 JAN - 31 MAR 2020 (EUR ,000)	thereof adjustments (EUR ,000)	thereof adjusted (EUR ,000)
Revenue	-5,110	-15,292	10,182
Other income	620	0	620
Other own work capitalised	882	0	882
Total operating income	-3,608	-15,292	11,684
Marketing expenses	-7,968	4,859	-12,827
Personnel expenses	-10,794	0	-10,794
<i>thereof current benefits</i>	-10,999	0	-10,999
<i>thereof long-term incentive plans and pensions</i>	205	0	205
Net impairment losses on financial assets	564	449	115
Other expenses	-7,773	0	-7,773
Earnings before interest, taxes, depreciation an amortisation (EBITDA)	-29,579	-9,984	-19,595
Depreciation, amortisation and impairment	-31,208	-28,772	-2,436
Earnings before interest and taxes (EBIT)	-60,787	-38,756	-22,031
Financial income	1	0	1
Financial expenses	-57	0	-57
Financial result	-56	0	-56
Earnings before taxes (EBT)	-60,843	-38,756	-22,087
Actual taxes	-24	0	-24
Deferred taxes	1,976	1,878	98
Tax result	1,952	1,878	74
Consolidated net loss	-58,891	-36,878	-22,013
<i>Consolidated net loss attributable to equity holders of the parent company</i>	-58,891	-36,878	-22,013
	-58,891	-36,878	-22,013
	EUR	EUR	EUR
Basic and diluted earnings per share	-1.03	-0.64	-0.39
Average number of shares outstanding	57,158,229	57,158,229	57,158,229

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 showed as a separate item. The figure for the previous year has been adjusted accordingly.

Employee stock option plan

At the end of the first quarter, the revenue reserves contained a further EUR 0.6 million in respect of share-based payment plans, the long-term incentive plan (LTIP) 2017-2020 and the restricted stock plan (RSP), compared with the year-end figure for 2019. Full details of the Group's employee stock option plans can be found in section 11.14 of the notes to the 2019 consolidated financial statements (page 99 and following).

4. EVENTS AFTER 31 MARCH 2020

HolidayCheck Group AG halts share buy-back programme

On 3 April 2020, HolidayCheck Group AG discontinued the share buy-back programme announced in its 2019 annual report. The programme was originally due to run from 24 February 2020 to 15 June 2020.

The number of shares repurchased before discontinuation was 368,647. As such, the company now holds a total of 1.06 million treasury shares.

Stefan Winners, Chairperson of the Supervisory Board steps down prematurely on 16 April 2020

Stefan Winners, Chairperson of the Supervisory Board of HolidayCheck Group AG, notified the company on 16 April 2020 of his intention to step down from this position with immediate effect.

Holger Eckstein will chair the Supervisory Board until a successor is elected.

In advance of the 2020 annual general meeting, the Supervisory Board of HolidayCheck Group AG will propose a suitable replacement for Stefan Winners as a member of the company's Supervisory Board.

CEO Georg Hesse left company prematurely on 29 April 2020 – Dr Marc Al-Hames succeeds him as new Chairperson of the Management Board

The Chief Executive Officer of HolidayCheck Group AG, Georg Hesse, reached a mutual agreement with the company's Supervisory Board to leave the company prematurely on 29 April 2020.

The Supervisory Board appointed Dr Marc Al-Hames as the new CEO of HolidayCheck Group AG with effect from 30 April 2020.

5. OUTLOOK

The Management Board has adopted a cautious approach by basing its assumptions for the 2020 financial year on further travel restrictions clearly extending longer than the current warnings. The Management Board is also actively managing the cost and liquidity situation to ensure that the company is able to meet its financial obligations and continue its business operations despite the current impact of COVID-19. This will be done in part through reduced working hours across the company. The impact of a much longer-lasting crisis than currently assumed can only be estimated to a limited extent and could trigger further liquidity risks.

Overall, the Management Board of HolidayCheck Group AG expects a significant year-on-year decline in the gross margin (sales revenue less COGS/advance purchases of holiday services) for the 2020 financial year, adjusted for the acquisition and sale of investments, as well as substantial negative operating EBITDA. A more reliable quantification of the decline is still not possible at present due to the uncertainty with regard to facts and information.

6. NOTES AND FORWARD-LOOKING STATEMENTS

Definitions

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

Forward-looking statements

This interim statement contains statements relating to future business and financial performance and future events or developments concerning the HolidayCheck Group that may constitute forward-looking statements. These statements may be identified by words such as 'expects', 'looks forward to', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'will', 'project' or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in media releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on current

expectations and certain assumptions of the HolidayCheck Group management team, and are, therefore, subject to various risks and uncertainties. Numerous factors, many of which are beyond the control of the HolidayCheck Group, nevertheless affect its operations, performance, business strategy and results and could cause the Group's actual results, performance or achievements to be materially different from those expressed or implied in such forward-looking statements or anticipated on the basis of historical trends. These factors include in particular, but are not limited to, the matters described in section 4.2 of the annual report 2019 under the heading Risk report. Further information about risks and uncertainties affecting the HolidayCheck Group can be found in the annual report and in our most recent interim statement, both of which are available on our website at www.holidaycheckgroup.com. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, the actual results, performance or achievements of the HolidayCheck Group may vary materially from those described in the corresponding forward-looking statements as being expected, anticipated, intended, planned, believed, sought, estimated or projected. The HolidayCheck Group neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

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



CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2020

ASSETS	31 MAR 2020 (EUR ,000)	31 MAR 2019 (EUR ,000)	31 DEC 2019 (EUR ,000)
NON-CURRENT ASSETS			
Intangible assets			
Intangible assets acquired for valuable consideration	8,822	18,268	16,779
Internally generated intangible assets	10,411	11,572	10,611
Goodwill	78,920	100,182	100,182
	98,153	130,022	127,572
Rights of use	8,472	10,345	9,127
Property, plant and equipment (tangible assets)			
Land and land rights	15	18	16
Other equipment, operating and office equipment	1,959	2,229	2,089
Prepayments	3	20	3
	1,977	2,267	2,108
Receivables and other assets			
Other financial assets	2,052	657	2,052
Other non-financial assets	0	129	61
	2,052	786	2,113
Deferred taxes	1,025	591	993
TOTAL non-current assets	111,679	144,011	141,913
CURRENT ASSETS			
Receivables and other assets			
Trade receivables	5,143	35,292	22,429
Contract assets	0	476	0
Receivables from affiliated entities	102	188	89
Income tax receivables	7	10	7
Other financial assets	77	47	127
Other non-financial assets	5,910	2,425	1,961
	11,239	38,438	24,613
Cash and cash equivalents	36,432	30,400	27,457
TOTAL current assets	47,671	68,838	52,070
TOTAL ASSETS	159,350	212,849	193,983

EQUITY AND LIABILITIES	31 MAR 2020 (EUR ,000)	31 MAR 2019 (EUR ,000)	31 DEC 2019 (EUR ,000)
EQUITY			
Shares issued	57,286	57,230	57,624
Capital reserves	85,097	85,048	85,097
Revenue reserves	2,682	2,264	2,300
Other reserves	-2,486	-1,820	-2,441
Consolidated retained earnings	-48,096	18,717	10,795
TOTAL equity	94,483	161,439	153,375
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions for pensions	2,206	1,384	2,161
Contract liabilities	0	300	0
Leasing liabilities	6,690	7,858	7,114
Other financial liabilities	278	1,251	253
Deferred taxes	2,396	4,612	4,337
TOTAL NON-CURRENT LIABILITIES	11,570	15,405	13,865
CURRENT LIABILITIES			
Other provisions	411	537	181
Liabilities to banks	19,801	38	0
Trade payables	22,035	22,881	15,301
Contract liabilities	3,338	3,075	2,321
Leasing liabilities	2,314	2,522	2,523
Liabilities to affiliated entities	29	26	45
Income tax liabilities	1,105	2,140	1,115
Other financial liabilities	1,592	2,017	2,330
Other non-financial liabilities	2,672	2,769	2,927
TOTAL current liabilities	53,297	36,005	26,743
TOTAL liabilities	64,867	51,410	40,608
TOTAL EQUITY AND LIABILITIES	159,350	212,849	193,983

CONSOLIDATED STATEMENT OF INCOME

FOR THE PERIOD 1 JANUARY TO 31 MARCH 2020

	1 JAN - 31 MAR 2020 € '000	1 JAN - 31 MAR 2019 ¹⁾ € '000
Revenue	-5,110	42,209
Other income	620	302
Other own work capitalised	882	799
Total operating income	-3,608	43,310
Marketing expenses	-7,968	-21,227
Personnel expenses	-10,794	-10,706
<i>thereof current benefits</i>	-10,999	-10,481
<i>thereof long-term incentive plans and pensions</i>	205	-225
Net impairment losses on financial assets	564	-1,155
Other expenses	-7,773	-6,167
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-29,579	4,055
Depreciation, amortisation and impairment	-31,208	-2,398
Earnings before interest and taxes (EBIT)	-60,787	1,657
Financial income	1	0
Financial expenses	-57	-89
Financial result	-56	-89
Earnings before taxes (EBT)	-60,843	1,568
Actual taxes	-24	-645
Deferred taxes	1,976	117
Tax result	1,952	-528
Consolidated net profit/(loss)	-58,891	1,040
<i>Consolidated net profit/(loss) attributable to equity holders of the parent company</i>	-58,891	1,040
	-58,891	1,040
	EUR	EUR
Basic and diluted earnings per share	-1.03	0.02
Average number of shares outstanding	57,158,229	57,229,845

Footnote

¹⁾ Adjustment to IAS 8 (See information in section 3 of the quarterly statement)

FINANCIAL CALENDAR 2020*

23 June 2020

Annual General Meeting 2020
of HolidayCheck Group AG

10 August 2020

Publication of the HY1 2020 Interim Report

9 November 2020

Publication of the nine months 2020
Interim Statement

November 2020

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

* scheduled dates

DISCLAIMER

This is a translation of HolidayCheck Group AG's quarterly statement for the first quarter 2020. Only the German version of the statement is legally binding. Every effort was made to ensure the accuracy of the translation, however, no warranty is made as to the accuracy of the translation and the company assumes no liability with respect thereto. The company cannot be held responsible for any misunderstandings or misinterpretation arising from this convenience translation.

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