

Interim report for the first quarter 2020





Highlights interim report for Q1 2020:

First quarter 2020 (same quarter last year in brackets)

- Net revenue amounted to 20.9 MSEK (18.5). Pro-forma revenues decreased with 5.3 MSEK compared to Q1 2019
- EBITDA amounted to -29.4 MSEK (-11.7)
- Pro-Forma Adjusted EBITDA^{*)} amounted to -34.2 MSEK (-25.5)
- For the period Q2 2019 – Q1 2020 Pro-Forma Adjusted EBITDA^{*)} amounted to 105.1 MSEK. Expected additional cost reductions of 11.5 MSEK from the Danish acquisitions not included in Pro-Forma Adjusted EBITDA
- Cash flow from operating activities -35.2 MSEK (-13.7)
- Agreement signed to acquire Hasmark Strand and Bogense Strand campsites
- Closing of acquisition of Skovlund, Hasmark Strand, Bogense Strand and Bøsøre Strand Feriepark campsites

**) Swedish GAAP EBITDA, pro-forma acquisitions, adjusted for bond financing cost, adjustment items and unrealized synergies from First Camp / Nordic Camping integration*

Significant events after the period and effects of Covid-19

- Covid-19 began to have an impact on First Camp in the middle of March 2020, and we expect a significant revenue drop due to this in Q2 2020
- In the first full month after the Covid-19 situation escalated in Scandinavia, April, preliminary pro-forma revenues were approximately 32% lower than in April 2019. During the most recent weeks, week 18 and 19, gross booking volume were approximately 35% lower than during the same period last year
- Despite a near-term dip in demand following Covid-19, we remain confident that the long-term prospects for the Scandinavian camping market are very attractive





CEO Comments

Following intense integration efforts during the autumn after Nordic Camping & Resort BidCo AB's acquisition of First Camp in 2019, we entered 2020 as one company with one brand – First Camp – and a common website. The website is already Scandinavia's largest booking channel for campsite stays. We are approaching 40% of booking volume coming through our website which is uniquely high in the camping industry.

During the quarter we continued to invest to establish a solid operating model across all destinations, including a training program for destination managers, joint concepts for campsite shops, restaurants and activities, and enhanced reporting procedures.

This year's winter was unusually mild in many parts of Sweden, which affected revenues negatively on our destinations with a winter profile, primarily Lugnet-Falun, Ännaboda-Örebro, and Frösön-Östersund. At the same time, the mild weather brought down energy costs.

Covid-19, and related government measures, began to have an impact on revenues in the middle of March. Cancelled events and conferences, as well as weaker business and leisure travel in general, had a clear effect on First Camp although the effect is more modest than in many other travel and tourism industries. We quickly began to take cost measures, including staff reductions and significant cuts on maintenance cost, which however have a certain lead-time before the measures fully affect the P&L. The first quarter of the year typically accounts for 5-7% of full-year revenues.

Total revenues for the quarter amounted to 20.9 MSEK, which represents a pro-forma decrease of 5.3 MSEK (-20%) compared to Q1 2019.

Camping is a seasonal business and the first quarter is always a weak quarter in terms of revenue and profit, with negative contribution from the

campsites. The expected drop in EBITDA for the first quarter, due to the increased number of campsites and added head-office resources last fall to support growth, was increased by the revenue drop. Pro-Forma Adjusted EBITDA in the quarter amounted to -34.2 MSEK (-25.5).

The Covid-19 situation is further commented on later in this report.

Despite a near-term dip in demand following Covid-19, we remain confident that the long-term prospects for the Scandinavian camping market are very attractive.

Stockholm, May 15, 2020

Johan Söör
CEO



Business and market

First Camp operates campsites in Scandinavia, either on owned land or through long-term site leasehold (Swedish: tomträtt) or leasehold (Swedish: arrende) agreements with primarily municipalities. In 2019 First Camp operated 39 campsites in Sweden and one in Denmark, with a total of up to 10,000 camping pitches and approximately 1,400 cabins. In February 2020, an additional campsite in Denmark was acquired, and another three Danish campsites acquired in March 2020. In total First Camp now has 44 campsites.

The long-term market outlook is steadily positive. The Swedish market has had an average growth in guest nights of approximately 2% per year 2013-19, and an estimated revenue growth of approximately 5% per year. The Scandinavian market is highly fragmented and has a total of approximately 2,200 campsites, with First Camp being by far the largest player. Most players in the market are family-owned single-site operators.

Significant in the first quarter of 2020

- January 2020: Signing of acquisition of Hasmark Strand and Bogense Strand campsites in Denmark.
- February 2020: Closing of acquisition of Skovlund campsite in Denmark.
- March 2020: Closing of acquisition of Hasmark Strand, Bogense Strand and Bøsøre Strand Feriepark campsites in Denmark.

Financial development during the first quarter 2020

Net revenue

Net revenue in the first quarter amounted to 20.9 MSEK (18.5).

Pro-forma net revenue, adjusted for the First Camp acquisition and the four Danish campsites acquired in first quarter of 2020, amounted to 21.0 MSEK (26.2), a decrease with 20% compared to the same quarter last year.

Operating profit/loss

The operating profit for the quarter amounted to -41.5 MSEK (-20.0).

The IFRS16 effect on operating profit for the first quarter was positive 2.6 MSEK. Other operating costs (rent, leasehold and land lease fees, lease fees) were reduced with 5.5 MSEK and Depreciation was increased with 2.9 MSEK amortization of Right of Use debt.

Financial income/expense

The net financial expenses for the quarter amounted to 17.9 MSEK (17.0).

Financial expenses for the quarter include 2.8 MSEK interest cost on Right of Use Liabilities in accordance with IFRS16.

Profit/loss for the period

The profit for the quarter amounted to -55.0 MSEK (-32.8).

Liquidity and cash flow

Cash flow from operating activities amounted to -35.2 MSEK (-13.7).

Cash flow from investing activities amounted to -71.4 MSEK (-54.9), including closing of the acquisitions of Bøsøre Strand Feriepark, Hasmark Strand, Bogense and final settlement of First Camp purchase price.

Cash flow from financing activities amounted to -38.4 MSEK (66.8). As part of the acquisitions closed in the period, the company repaid 39.4 MSEK of debt in the acquired companies of Hasmark, Bogense and Bøsøre. An additional 45.6 MSEK of debt in the acquired companies, to be repaid in Q2, is accounted as short-term liabilities to credit institutions.

The cash flow for the quarter was -145.0 MSEK (-1.8).

At the end of the quarter the Group's cash and cash equivalents amounted to 51.9 MSEK (11.1). In February 2020, the withdrawal criteria for the Overfund Account was met, and the full amount of 81.4 MSEK was withdrawn and made available as free cash.



At the end of the quarter, 25.7 MSEK of the overdraft facility was used with a remaining unused facility of 99.3 MSEK.

Significant events after the reporting period

Covid-19

Covid-19 began to have an impact on First Camp in the middle of March 2020, and we expect a significant revenue drop due to this in Q2 2020. The situation impacts demand in terms of fewer events and conferences, fewer B2B stays in cabins, and overall lower propensity to travel in Scandinavia due to travel restrictions imposed by governments as well as concerns among campers.

Operationally several measures have been taken at the destinations to create a safe and healthy environment for our guests and employees.

In April, the first full month after the Covid-19 situation escalated in Scandinavia, preliminary proforma revenues were approx. 32% lower than in April 2019. During the most recent weeks, week 18 and 19, gross new booking volume were approximately 35% lower than during the same period last year. As a comparison, in the beginning of the Covid-19-outbreak in March, gross new booking volume were down approximately 50% vs. 2019.

Several significant cost measures have been taken, including reduced staff levels, sharp reduction of maintenance costs, paused investments, and stricter purchasing policies. We expect some of this to have a P&L impact as early as in April, with more effects coming in May and June. We have also taken measures to ensure further flexibility to the cost base during the peak summer season.

Furthermore, several actions have been taken to improve sales, including an enhanced website, frequent online and offline advertising and special campaigns. Also, we have maintained regular booking conditions which is in line with recommendations from the Swedish camping association, SCR.

The main bottlenecks to a substantial acceleration of demand are current

restrictions regarding “un-necessary travel” within Sweden, closed Danish borders as well as quarantine policies in Norway. An update to these restrictions is expected in early-June at the latest. June-August typically account for almost 70% of full-year revenues and we expect many campers to book their stay close to arrival this summer. Thanks to measures to increase flexibility, we are prepared for a rapid increase in demand.

Changes in 2019 financial result

As part of the year end closing and audit process certain changes has been made to the full year 2019 numbers presented in the Company's Q4 report.

In connection with the change of booking system for the former Nordic Camping campsites in May 2019, revenues for the full year 2019 were overstated with 6.5 MSEK. Since, revenue recognition and controlling procedures have been strengthened.

During the audit process, cost accruals for e.g. inventory obsolescence and bonuses have been reduced, and a harmonization of the accounting principles and classifications between the Group companies have been performed.

Net effect of the changes on reported EBITDA amounts to -0.4 MSEK. Reported revenue decreased with 7.2 MSEK compared to numbers presented in the Q4 report, whereas COGS, salaries and other operating cost were reduced with in total 6.8 MSEK.

Net effect of the changes on Pro-Forma Adjusted EBITDA^{*)} amounts to -3.9 MSEK. Pro-Forma Adjusted EBITDA^{*)} for full year 2019 as calculated per 2019-12-31, excluding the Danish acquisitions closed in 2020, amounts to 96.5 MSEK.

**) Swedish GAAP EBITDA, pro-forma First Camp Acquisition but excluding the Danish acquisitions closed in 2020, adjusted for bond financing cost, adjustment items and unrealized synergies from First Camp / Nordic Camping integration*



Condensed Consolidated income statement

Amounts in MSEK	2020 Jan–Mar	2019 Jan–Mar	2019 Jan–Dec
Total revenue	20.9	18.5	380.9
COGS	(1.4)	(1.0)	(33.4)
Salaries	(22.0)	(12.6)	(123.2)
Other Operating Costs	(26.9)	(16.5)	(121.9)
Operating Profit Before Depreciation, Amortization (EBITDA)	(29.4)	(11.7)	102.4
Depreciation and Amortization	(12.1)	(8.4)	(48.1)
Operating Profit (EBIT)	(41.5)	(20.0)	54.3
Net Financial Expense	(17.9)	(17.0)	(62.8)
Profit Before Tax	(59.5)	(37.0)	(8.5)
Tax For The Period	4.5	4.2	(5.0)
Profit/loss For The Period	(55.0)	(32.8)	(13.5)
Attributable to:			
Owners of the parent	(55.0)	(32.8)	(13.5)
Non-controlling interests	0.0	0.0	0.0



Condensed Consolidated balance sheet – Assets

Amounts in MSEK	2020-03-31	2019-03-31	2019-12-31
Goodwill	288.0	286.6	287.5
Other Intangible Assets	57.6	58.9	58.5
Intangible Assets	345.5	345.6	346.0
Deferred Tax Assets	19.6	17.8	15.5
Other Long-Term Financial Assets	2.4	2.4	2.4
Financial Fixed Assets	22.0	20.1	17.8
Buildings and Land	945.1	736.2	736.4
Ongoing Projects	68.7	42.2	45.6
Equipment	33.1	21.6	25.3
Right of Use Assets	344.3	356.0	347.2
Tangible Fixed Assets	1 391.1	1 156.1	1 154.5
Inventories	2.9	2.5	1.6
Account Receivables	6.3	22.3	8.7
Other Current Assets	37.5	62.9	88.5
Cash and Cash Equivalent	51.9	11.1	197.0
Total Current Assets	98.7	98.7	295.8
Total Assets	1 857.3	1 620.4	1 814.1



Condensed Consolidated balance sheet - Liabilities

Amounts in MSEK	2020-03-31	2019-03-31	2019-12-31
Equity (incl. Minority)	253.6	284.6	305.1
Deferred Tax Liability	89.8	75.7	73.3
Liabilities to Credit Institutions and Bond Holders	686.3	378.2	685.4
Shareholder loan	104.7	104.7	104.7
Other Long-Term Liabilities	161.4	158.4	158.4
Right of Use Liabilities	333.2	346.0	335.9
Total Long-Term Liabilities	1 285.5	987.4	1 284.4
Liabilities to Credit Institutions	71.5	110.0	25.4
Shareholder loan	0.0	35.0	0.0
Accounts Payable	26.5	20.7	20.8
Tax Liabilities	5.3	0.0	7.2
Other Current Liabilities	7.4	4.3	16.7
Customer Advances & Deferred Expenses	104.5	91.5	67.9
Right of Use Liabilities	13.2	11.2	13.2
Total Short-Term Liabilities	228.4	272.7	151.3
Total Equity and Liabilities	1 857.3	1 620.4	1 814.1



Condensed Consolidated statement of cash flows

Amounts in MSEK	2020 Jan–Mar	2019 Jan–Mar	2019 Jan–Dec
Net cash generated from operating activities	(35.3)	(13.8)	53.3
Net cash used in investing activities	(71.4)	(54.9)	(108.0)
Net cash generated from financing activities	(38.4)	66.8	238.7
Net change in cash and cash equivalents	(145.1)	(1.9)	184.0
Cash and cash equivalents at beginning of period	197.0	13.0	13.0
Cash and cash equivalents at end of period	51.9	11.1	197.0

Notes to the financial statements

1. Accounting policies

- This interim report is the second consolidated interim financial statements issued by United Camping AB. The Group applies the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. The Group also applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups. This report has been prepared in accordance with IAS 34 Interim Financial Reporting and in compliance with the applicable provisions in the Swedish Annual Accounts Act. Disclosures according to IAS 34 Interim Financial Reporting are provided in the notes and elsewhere in this interim report.
- The accounting principles applied for preparing consolidated financial statements will be disclosed in more detail when the annual report for fiscal year 2019 is published.

2. Disclaimer

The report has not been reviewed by the company's auditors. Certain items may be subject to re-assessments and changes in the process of preparing the consolidation for the 2020 Annual Report. In particular, the purchase price allocation regarding the acquisition of Danish campsites is not yet finalized and may thus be changed within the next twelve months.

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