

# NUSTAY

## Market update: an assessment of Nustay's performance in the context of the global Coronavirus outbreak

Nustay A/S ("Nustay") is today updating the market on the Company's performance since the onset of the Coronavirus outbreak December 2019. As previously communicated (see press release dated March 4<sup>th</sup> announcing the rights issue), Nustay has seen a positive trendline across activities as well as in profitability over the past months and a strong growth in sales (handled revenue) totalling to more than 46 MDKK in just the first two months of 2020. Based on these results, it is the Board of Directors' and Management's current opinion that Nustay, in all material aspects, has not been impacted by the spread of the Coronavirus. The Board and Management will continue to very closely monitor Key Performance Indicators (KPIs) moving forward.

### Background: Coronavirus outbreak and the Travel Industry

In being one of the most susceptible industries to international viral outbreaks, the travel industry has been under the spotlight since the first reported cases of the 'novel Coronavirus' in the city of Wuhan, China, December 2019. In line with market expectations, as the virus has spread across borders, the industry has reported a deteriorating situation as travellers cancel arrangements and booking.<sup>[1]</sup>

### Nustay's performance since start of calendar year 2020

Nustay however has continued to see a positive trendline on its primary marketing channels since the beginning of the year. Nustay's handled revenue for the first two months in 2020 amounted to approx. 46 MDKK, more than 60% higher than the handled revenue in Q4-2019, generating even higher growth in net revenue, due to an average commission of 12%. This is driven by focus on the Company's primary KPIs, including relative commission (net revenue, as above), conversion rates and number of bookings (see Figures 1, 2 and 3 below), have continued to improve, as has the Company's financial performance. This is also demonstrated by the increasing positive return on marketing, which since February 10<sup>th</sup> 2020 has been positive every single day, meaning Nustay has been earning more on each booking compared to the marketing cost of attaining the booking.

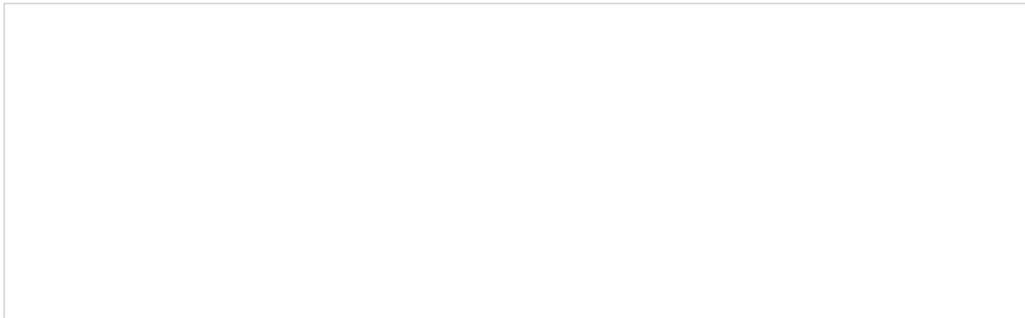


Figure 1

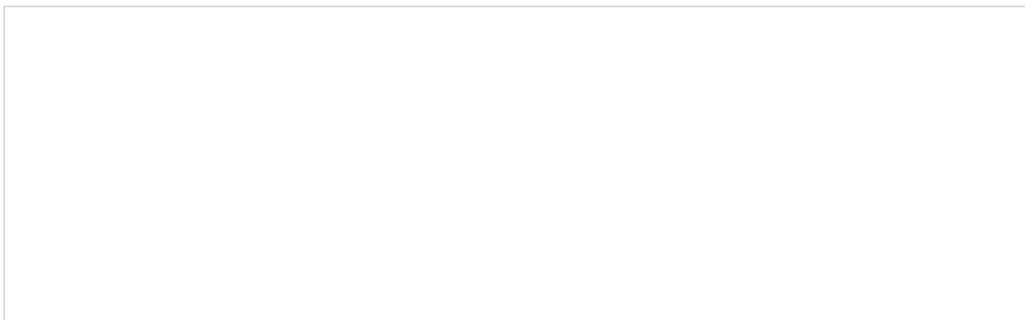


Figure 2

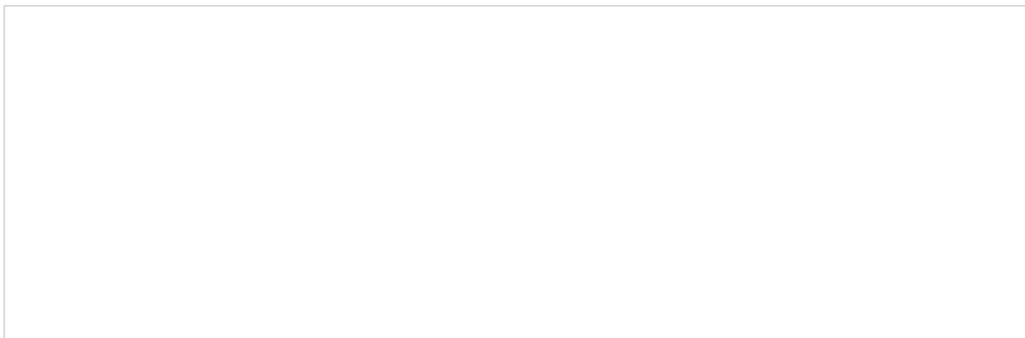


Figure 3

## **Analysis of Nustay's performance and risks**

Following a detailed report into the Company's performance, including customer behaviour, over the first 10 weeks of the year (up until first week of March), the Management considers Nustay's positive performance to be the result of two primary factors. Firstly, approx. 90% of all bookings made on Nustay are non-refundable. This means that Nustay's exposure to cancellations is greatly reduced. Accordingly, over the 10 weeks cancellation rates have remained the same as our previous quarter average. Just 0,1% of all bookings, refundable and non-refundable, (between February 1<sup>st</sup> 2020 and 6<sup>th</sup> March 2020) have been cancelled due to the customer citing Coronavirus as the reason for cancellation. The impact on net revenue from this has been approx. 500 EUR, i.e. immaterial. Secondly, the fact that Nustay is comparatively still a small player Nustay within the travel market, means that even with a substantial decline in the overall travel market, Nustay can continue working towards growing its share.

The Board of Directors and Management are both very much aware of the fluidity of the situation, and the speed at which facts on the ground are changing. Because of this, Nustay cannot predict a future possible impact on our development trajectory, particularly in a scenario where Nustay's best performing markets are affected by the virus. Another risk is potential future bankruptcies in the industry of companies such as bed bank who act as hotel suppliers to Nustay, which could lead to a short-term lack of availability at certain hotels. There have not been any bankruptcies to this date, but the Board is still highlighting it as a risk due to the fast-changing landscape of the corona virus.

The conclusion is that Nustay has not experienced impact from the global spread of the Coronavirus, most likely due to Nustay's extensive, global hotel portfolio, global customer base and the overall market size being so large that even in times of decline, the market is still so large that it takes a very little share for Nustay to grow. With the current performance, both the Board and Management do not see a necessity to change Nustay's company targets and performance outlook. The Board and Management will continue to closely monitor the situation.

### **For further information about Nustay**

Nustay A/S

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*This information is information that Nustay A/S is obliged to publish following the EU Market Abuse Regulation. The information was provided by the contact person above for publication on March 9<sup>th</sup>, 2020.*

### **About Nustay**

Nustay is a Danish online hotel booking company established in 2014. The company has developed an innovative booking platform offering the lowest possible hotel prices while also enhancing customer's booking experience. Nustay has set out an ambitious vision to become the global leader within the online hotel booking industry, and is confident its large hotel room inventory, novel pricing strategy, and transparent booking process, will achieve that goal.

<sup>[1]</sup> See for example: <https://www.bloomberg.com/news/articles/2020-03-04/coronavirus-latest-travel-industry-could-lose-tens-of-billions>