



Hostelworld Group plc

(“Hostelworld” or the “Group” or the “Company”)

Interim Results 2022

Strong recovery continues into summer 2022

10th August 2022: Hostelworld, a leading global Online Travel Agent (OTA) focused on the hostel market, is pleased to announce its interim results for the six-month period ended 30 June 2022

Significant developments

- Net Bookings 59% of H1 2019 levels with an increasing percentage achieved as we moved through the period. January bookings were at 33% of January 2019 while June bookings were at 80% of June 2019. Net revenue reached 104% of 2019 levels up from 34% in January, driven by higher average booking values
- While overall EBITDA was negative for H1 2022, June was positive reflecting the increased level of bookings in that month
- 30 June 2022 cash balance €23.3m, strong balance sheet and liquidity going into H2 2022 – well positioned to invest to accelerate growth and subject to no further deterioration in the macroeconomic / geo-political backdrop
- Delivering a differentiated growth strategy capitalising on the unique needs of the hostelling category
- Progressed ESG strategy achieving climate neutral accreditation in partnership with South Pole

Financial highlights¹

- Net Revenue of €28.0m in the period (H1 2021: €2.9m), increase of 866% driven by pent up demand as travel restrictions eased in H1 2022
- Net bookings totalled 2.1m (H1 2021: 0.3m)
- Net Average Booking Value (“ABV”) of €15.82, a 35% increase (H1 2021: €11.72), due to favourable geographical mix, price inflation, recovery of underlying bed prices and longer length of stay bookings
- Cost per net booking was €9.46, a €3.23 increase over the same period last year (H1 2021: €6.24)
- Direct marketing costs as a percentage of net revenue amounted to 70%, (H1 2021: 69%). Marketing costs expected to normalise to circa 50-55% range over 2023 as normal travel patterns resume
- Loss in the period of €14.3m (H1 2021: €20.3m)
- Adjusted EBITDA loss of €5.2m (H1 2021: €9.7m loss)

Balance sheet and cash flow:

- Total cash and cash equivalent as at 30 June 2022 of €23.3m (H1 2021: €33.7m)
- Net asset position of €54m (H1 2021: €81m) with available capital to invest to accelerate growth

¹ The Group uses Alternative Performance Measures (“APMs”) which are non-IFRS measures to monitor the performance of its operations and of the Group as a whole. These APMs along with their definitions and reconciliations to IFRS measures are provided in the APMs section on pages 27 and 28.

HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2022

Gary Morrison, Chief Executive Officer, commented:

"We are encouraged by the strong recovery we have seen in the first six months of the year across all demand segments and destinations, which demonstrate the ability of our business to capture pent-up demand as the travel market returns.

In particular, booking demand into Europe, our largest destination in 2019, remains strong with our top markets in Southern Europe exceeding 2019 levels. We also witnessed booking momentum slowly returning in Oceania and Asian destinations from a very low level in January, with booking demand in June at 43% of 2019 levels. Finally, long-haul bookings have reached 75% of 2019 levels in June, with trips from the US and Canada into European destinations above 2019 levels.

We are pleased to report continued progress across all aspects of our differentiated growth strategy, that capitalises on the unique customer needs and attributes of the hostelling category. In particular, we are encouraged by the initial take-up of our 'Social' features by our customers. In parallel, we continue to make good progress on our platform modernisation strategy, having now migrated our platform to the cloud and exited our on-premise data centres.

As we look to the future, we remain confident that our loyal customer base has the flexibility, the means and the desire to travel and meet other like-minded travellers as travel restrictions continue to ease.

Trading Update:

During the first six months of the year, we have seen strong month on month growth in new customers, net bookings and net revenue as the impact of the Omicron outbreak subsided. Specifically, June 2022 net bookings reached 80% of June 2019 levels (up from 33% in January), and net revenue reached 104% of 2019 levels (up from 34% in January), driven by higher average booking values.

As the recovery progressed we have seen several factors impact our trading economics versus 2019. In particular, net revenue growth has outpaced net bookings growth driven by a steady increase in average net booking values versus 2019. This has been driven primarily by bed price inflation (resulting from destination specific recovery rates versus 2019), which has been partially offset by a reduction in blended commission rates (due to the removal of Elevate in 2020), and higher cancellation rates (in part driven by a higher proportion of free cancellation bookings).

Direct marketing cost as a percentage of net revenue has also grown versus 2019, driven by our focus on new customer growth, underpinned by our ability to predict the lifetime value of these new customers versus their acquisition cost; higher cost per clicks ("CPCs") in paid marketing channels (driven by higher average booking values); lower conversion rates in destinations where some level of restrictions persist and finally higher cancellation rates (in part driven by a higher proportion of free cancellation bookings).

Overall, we expect direct marketing costs as a percentage of net revenue will remain at H1 2022 levels for the balance of the year, before normalising to circa 50-55% range over 2023 as we continue to optimise marketing investments for long term growth in new customers and direct margin. In parallel, we also expect our 'Social' strategy to improve our business model over time by driving new and existing customers to use our iOS and Android Apps.

We have seen a significant improvement in operating cash performance with monthly operating cost cash burn reduced to a nominal level and the business returning to cash generative in Q2. As at 30 June, cash totalled €23.3m, down €2.0m as compared to cash as at 31 December 2021. We will continue to maintain our cost discipline on an on-going basis and may look to refinance our current debt facility in 2023.

On the supply side, despite more than two years of depressed demand due to COVID-19 there has been only a very modest 8% net reduction in the number of hostels on our platform as of June 30 compared to levels at the end of 2019. These have been driven by continuous additions to the platform. For clarity, this reduction does

HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2022

not include hostels removed temporarily from our platform in Belarus and Russia, due to the ongoing conflict in the region.

Outlook:

The Board remains confident in the long-term resilience of our business model and the potential of our differentiated growth strategy. The trends in H1 2022 are encouraging and indicate that where markets open up for travel, demand will recover to 2019 levels and that we can gain our share of that growth. In the absence of any further deterioration in the macro-economic climate, disruption to airline schedules, or escalation of the conflict in the Ukraine, we expect to be EBITDA positive in H2 2022.”

Analyst Presentation

A presentation will be made to analysts today at 9.00am, a copy of which will be available on our Group website: <http://www.hostelworldgroup.com>. If you would like to dial into the presentation, please contact Powerscourt on the contact details provided below.

Webcast Link

<https://stream.brrmedia.co.uk/broadcast/62e3fed204182f363ba97f1d>

Event Title: Hostelworld Group PLC - Preliminary Results 2022

Confirmation Code: 435675

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About Hostelworld Group

Hostelworld Group is a leading Online Travel Agent focused on the hostelling category, with a well-known trusted brand, 13.7 million reviews and a loyal customer base built up over 22 years. Our core business provides our customers with hostel accommodation options and hostel focused small group adventure tour products (*Roomies*) in over 180 countries worldwide via our website and native app platforms in 19 languages. In parallel with helping millions of hostel focused travellers *Meet The World*[®], we are also committed to building a better world in everything we do. In particular, we are increasing our focus on improving the sustainability of the hostelling industry, through our active involvement in the Global Tourism Plastics Initiative (GTPI), led by the UN Environment Programme and the World Tourism Organization (UNWTO); our membership of the Global Sustainable Tourism Council (GSTC); and our recent partnership with the South Pole to offset all our greenhouse gas emissions in 2021.

Cautionary statements

This announcement contains forward-looking statements. These statements relate to the future prospects, developments and business strategies of Hostelworld. Forward-looking statements are identified by the use of such terms as "believe", "could", "envisage", "estimate", "potential", "intend", "may", "plan", "will" or variations or similar expressions, or the negative thereof. Any forward-looking statements contained in this announcement are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, Hostelworld's actual results may vary materially from those expected, estimated or projected. Any forward-looking statements speak only as at the date of this announcement. Except as required by law, Hostelworld undertakes no obligation to publicly release any update or revisions to any forward-looking statements contained in this announcement to reflect any change in events, conditions or circumstances on which any such statements are based after the time they are made.

The information contained in this Announcement is subject to change without notice and except as required by applicable law or regulation (including to meet the requirements of the Listing Rules, the Euronext Dublin Listing Rules, MAR, the Financial Services and Markets Act 2000, Euronext Dublin and/or the Central Bank of Ireland), the Company expressly disclaims any obligation or undertaking to publish any updates or revisions to any forward-looking statements contained in this Announcement to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statements are based. Statements contained in this Announcement regarding past trends or activities should not be taken as representation that such trends or activities will continue in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Announcement.

No statement in this Announcement is intended to be a profit forecast and no statement in this Announcement should be interpreted to mean that earnings per share of the Company for the current or future years would necessarily match or exceed the historical published earnings per share of the Company.

HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2022

Interim Management Report

To the members of Hostelworld Group plc

Cautionary statement

This Interim Management Report (IMR) has been prepared to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.

The IMR contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

This interim management report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Hostelworld Group plc and its subsidiary undertakings when viewed as a whole.

Chief Executive's Review

Over the first 6 months of the year, I am pleased to report we made solid progress on all elements of our strategy.

We launched a series of differentiated social features on our iOS and Android Apps, driven by the insight that the majority of travellers in our category choose to go hostelling to meet other people. We also continued to invest in our marketing technology platform, which allows us to allocate marketing spend to maximise new customer acquisition, underpinned by our ability to predict the lifetime value of these new customers (versus acquisition cost) in a granular fashion. We also made progress on modernising our platform to enable us to support faster execution of our growth strategy. This included migrating our platform to the Cloud and exiting our on-premise data centres. In partnership with South Pole, the Group progressed its ESG agenda towards climate neutral accreditation and developed a roadmap to promote the inherent sustainability advantages of hostel accommodation.

Executing our growth strategy

During the first six months of the year, we continued to execute our differentiated growth strategy, which capitalises on the unique needs of the hostelling category.

Our growth strategy seeks to capitalise on three unique attributes of our customers and their needs as a category, relative to the mainstream leisure category:

1. Helping our customers find people to hang out with while travelling

The majority of our customers, 60% of which are travelling solo, choose to stay in hostels as means to meet other people (not because they are cheap). Our CRM activities indicate that when these social interactions take place, the experience is magical for our customers and consequently we launched a series of 'Social' features, in April this year, using the data from our platform to help our travellers find people to hang out with. These features help our travellers understand what kinds of travellers will be staying at a hostel on the dates they are booking for, and also help them meet other travellers based on their shared interests.

Although it is too early to report on the results of these releases, we are encouraged to see that our "power users" are using these features. Over the next 18 months we intend to optimise these 'Social' features, and we are excited by the prospect of delivering more magical experiences for more of our customers. Over time, we

HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2022

expect that these features will encourage more travellers in the category to use our platform, and eventually provide confidence for other youth/student travellers to meet new people to hang out with via solo travel in hostels.

2. Leveraging our customer's booking patterns to optimise marketing allocation

The majority of mainstream leisure travellers tend to take a single destination trip, once a year or less. This is in sharp contrast to hostellers, the majority of whom go on a trip comprising multiple destinations, with some taking multiple trips per year, and with many coming back over several years.

The relatively high frequency of customer bookings over time post-acquisition has allowed us to build accurate models for our category that predict the future revenue of new customers after only 28 days of observation. This in turn enables us to invest a greater proportion of revenue in new customer acquisition with a high degree of confidence in the future revenue of these new customers, and confidence in the return of those marketing investments over time.

3. Providing additional relevant travel products to our Customer base

In general, mainstream leisure customers tend to purchase ancillary products such as ground transportation, car rentals, and things to do when they arrive in the destination. Hostellers, on the other hand, are more interested in other group orientated travel products which provide additional opportunities to find people to hang out with. These products would include group adventure tours, events that hostels create and operate themselves, and opportunities to meet other hostellers staying in the same destination for walks, bike rides and generally socialising. In December 2021, we started building out our group orientated travel product catalogue with the launch of *Roamies*, a new hostel focused short adventure tour product developed with G Adventures. The product is unique in combining the social experience provided by hostel accommodation and guided adventure tours fulfilled by G Adventures. Over the next 18 months we will continue to build out this catalogue, starting with the launch of *'LinkUps'* in August this year. This product allows our customers to set up their own group events in a destination, which we will publish to all of our customers who will be in the same destination at the same time as the event date.

Investing in our platform

During the first six months of the year, we migrated platform to the Cloud, exiting our on-premise data centres, and starting the process of upgrading key legacy backend applications to make them "cloud native". Over the next 12-18 months we plan to continue upgrading the rest of the legacy backend applications in the same way.

In parallel, we also completed the acquisition of the remaining shares in Counter App Limited in March this year and successfully bought the platform in-house in early May. As part of the original shareholders' agreement with Counter's founders, we included an option for Hostelworld to take full ownership of Counter in accordance with an acquisition process which was to commence in November 2022. Earlier this year, we agreed with Counter's founders to accelerate the timeline by which we would acquire full share ownership and assume full operational control of the platform. This enabled us to more tightly integrate Counter into Hostelworld's ecosystem to accelerate its growth and align it more fully with our overall platform modernisation strategy.

Progressing our ESG agenda

In parallel with helping millions of travellers in our category Meet The World®, we are also committed to building a better world in everything we do.

We have been increasing our focus on improving the sustainability of the hostelling category through our involvement in the Global Tourism Plastics Initiative (GTPI), led by the UN Environment Programme and the World Tourism Organization (UNWTO); our membership of the Global Sustainable Tourism Council (GSTC); and our recent partnership with the South Pole to offset all our greenhouse gas emissions in 2021.

A key part of our focus on sustainability over the coming years will be to design and implement a program to help our hostel partners make progress towards more sustainable operations. To that end, we have been working closely with our hostel partners, the GSTC and a number of other relevant bodies to build out a set of

HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2022

relevant sustainability criteria aligned to GSTC standards and exploring ways to capture hostel's compliance with these criteria in a low-cost and effective way.

In the first six months of the year we also introduced several new policies to support our employees. These new policies are in addition to our existing agile working, working from abroad, paid wellbeing and parental leave day policies to promote flexibility and work-life balance when working from home. We have also become proud supporters of the 30% Club Ireland in May this year and will start our D&I accreditation journey in the second half of the year.

Summary

Overall, I am very pleased with the work we have completed and the progress we have made in the first six months of the year. I would like to take this opportunity to thank the Hostelworld team for their commitment to the success of our company, and to thank our shareholders for their continued support.

As demand recovers, the Board will continue to evaluate internal and external opportunities that will deliver value for shareholders, in particular, investing in our differentiated growth strategy which helps new and existing customers find people to hang out with while hostelling, and adds a broader catalogue of group focused travel products beyond hostel accommodation to our platform.

Gary Morrison

Chief Executive

10 August 2022

HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2022

Interim Management Report

Financial Review

Highlights

- Group net bookings increase of 562% (H1 2021: 73% decline)
- Net Average Booking Value ("ABV") of €15.82, a 35% increase versus H1 2021 (€11.72)
- Net revenue of €28.0m, an increase of 866% compared to H1 2021 (H1 2021: €2.9M, a decline of 76% to H1 2020)
- Marketing costs per net booking of €9.46, an increase of €3.23 compared to H1 2021 cost €6.24
- Total operating expenses of €40.5m (H1 2021: €22.0m)
- Operating loss of €12.6m (H1 2021: €19.3m loss)
- Loss for the six-month period to 30 June 2022 of €14.3m (H1 2021: €20.3m)
- Adjusted EBITDA loss of €5.2m (H1 2021: €9.7m loss)
- Adjusted EBITDA margin of -19% (H1 2021: -335%)
- Adjusted loss per share 7.8 € cent (H1 2021: adjusted loss per share 12.0 € cent)
- Basic loss per share of 12.19 € cent (H1 2021: basic loss per share 17.5 € cent)
- Total cash and cash equivalent as at 30 June 2022 of €23.3m (H1 2021: €33.7m)
- Net asset position of €54m (H1 2021: €81m) with available capital to invest to accelerate growth

Revenue and operating loss

The Group's net bookings totalled 2.1m (H1 2021: 0.3m), which represents 59% of 2019 volumes. Revenue for the period was €28.0m (H1 2021: €2.9m), an increase of 866% driven by strong booking demand as key markets recovered and travel restrictions eased. Net Average Booking Value ("ABV"), the average value paid by a customer for a net booking, increased by 35% during the first six months of the year (H1 2021: 24% increase), driven by bed price inflation factors relating to destination specific recovery rates where a higher proportion of bookings came from higher-value destinations such as Europe and North America. This has been partially offset by a reduction in our blended commission rate driven by the removal of Elevate in 2020, and higher cancellation rates driven by a higher proportion of free cancellation bookings.

At 30 June 2022, the Group held €8.5m of customer deposits relating to bookings made under the free cancellation policy (H1 2021: €3.0m), of this €2.1m relates to bookings already cancelled (H1 2021: €1.9m). Deferred revenue increased by €5.4m in H1 2022 (H1 2021: increase of €0.9m) with a higher proportion of customers opting for a free cancellation booking as compared to same period last year.

Operating expenses before impairment totalled €40.5m (H1 2021: €22.0m). Increase year on year is due to an increase in direct marketing spend. Total marketing spend was €20.1m in H1 2022 (H1 2021: €2.4m) with direct marketing costs totalling €19.6m (H1 2021: €2.0m). Direct marketing costs as a percentage of net revenue was 70% (H1 2021: 69%). Excluding the impact of direct marketing costs, administration expenses have increased by 31% compared to H1 2021 (H1 2022: €15.2m, H1 2021: €11.6m).

The group incurred a foreign exchange loss of €0.5m (H1 2021: loss €0.1m) which arose with the strengthening of the US dollar against the Euro. Group operating loss amounted to €12.6m (H1 2021: €19.3m). Adjusted EBITDA loss of €5.2m, a decrease of €4.5m from H1 2021. This improvement is driven by a combination of strong booking recovery as travel restrictions ease and the group continued focus on maintaining operating costs.

Exceptional items

Exceptional items are identified due to their nature or materiality to help the reader form a better view of overall and adjusted trading. The Group incurred €0.5m of exceptional cost items in H1 2022 relating to a final settlement amount paid to the founder of Counter App Limited, in respect of their shareholders agreement and other contractual relationships with the group (H1 2021: €0.6m related to costs associated with a Group-wide staff restructure).

HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2022

Share based payment

During 2022 the Company granted an award to selected employees, including the executive directors and members of the management team. In total 3,415,668 nil cost options were granted. The 2022 awards granted will vest after a three-year period. Vesting will be dependent upon the participant being employed by Hostelworld as of the vesting date and satisfactory personal performance.

At 30 June 2021 2,456,763 awards had been granted. The 2021 awards vested in two tranches. 1.2m shares vested in February 2022, and the remaining 50% of the plan shares will vest on 28 February 2023.

The share-based payment expense of €1.2m (H1 2021: €0.4m) reflects the share-based payment charge arising on the issuance of options in accordance with the Group's Restricted Share Award, Long-Term Incentive Plan ("LTIP") and Save as you Earn ("SAYE") plan.

Earnings per share

Basic and diluted loss per share for the Group was 12.19 € cent (H1 2021 basic loss per share: 17.50 € cent).

Adjusted loss per share was 7.8 € cent per share (H1 2021 loss per share: 12.0 € cent per share). During 2022, the company issued 1,184,211 shares to satisfy restricted share awards granted by the Company at a value €0.01 per share. The weighted average number of shares in the period was 117.2m (H1 2021: 116.3m) and the total number of shares at the balance sheet date was 117.5m (H1 2021: 116.3m).

Net debt and financing

At the balance sheet date cash and cash equivalents totalled €23.3m (H1 2021: €33.7m). The Group has borrowings of €29.8m (H1 2021: €26.2m). In February 2021 the group signed a €30m 5-year term loan facility with certain investment funds and accounts of HPS Investment Partners LLC (or subsidiaries or affiliates thereof). An amount of €28.8m, net of original issue discount, was drawn down on 23 February 2021.

Finance costs

The Group incurred €2.1m of finance costs in H1 2022 (H1 2021: €1.4m) with the increase due to interest costs recognised on the HPS term loan facility which was drawn down on 23 February 2021.

Under the terms of the agreement the group elected to capitalise all interest in year 1 of the facility. In year 2 the group have elected to capitalise 4% and pay 5% cash interest. In H1 2022 €0.5m has been paid (H1 2021: €nil) to HPS Investment Partners LLC (or subsidiaries or affiliates thereof).

Taxation

The Group corporation tax charge for the six-month period is forecast at €0.04m (H1 2021: €0.1m) and primarily relates to our UK and Portuguese operations where tax losses from our Irish operations cannot be utilised. The Group has taken the forecasted full year earnings or loss for each group entity to calculate the effective tax rate for the six-month period ending to 30 June 2022.

The deferred tax credit for the six-month period totalled €415k (30 June 2021: €403k) relating to a creation of a deferred tax asset for capital allowances not utilised and available for future offset. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which any unused tax losses and unused tax credits can be utilised.

The Group has availed of the Irish Revenue tax warehousing scheme and deferred payment on all Irish employer taxes from February 2021 to March 2022. Total amount warehoused at 30 June 2022 amounted to €9.4m (30 June 2021: €6.4m). We continue to monitor and comply with the appropriate Revenue guidelines applicable to this scheme.

Dividend

The Board does not expect to pay a cash dividend under its current policy in respect of the 2022 financial year. Any payment of cash dividends will be subject to the Group generating adjusted profit after tax, the Group's cash position, any restrictions in the Group's banking facilities and subject to compliance with Companies Act 2006 requirements regarding ensuring sufficiency of distributable reserves at the time of paying the dividend.

HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2022

Related parties

Related party transactions are disclosed in note 16 to the condensed group financial statements.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on future Group performance and could cause actual results to differ materially from expected and historical results. The Board considers the risks and uncertainties described in detail in the Annual Report and Financial Statements for the year ended 31 December 2021, published on 6 April 2022, to remain applicable. Any changes to this evaluation and a description of the risks and uncertainties are set out within the Appendix to this document on pages 29 to 32.

Caroline Sherry

Chief Financial Officer

10 August 2022

HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2022

RESPONSIBILITY STATEMENT

Each of the Directors of Hostelworld Group plc (as listed on pages 74 to 76 of the Annual Report and Financial Statements for the year ended 31 December 2021, published on 6 April 2022) confirm that, to the best of each person's knowledge and belief

1. The condensed set of Group financial statements has been prepared in accordance with United Kingdom adopted International Accounting Standard 34 'Interim Financial Reporting';
2. The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
3. The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board

Gary Morrison
Chief Executive Officer
10 August 2022

Caroline Sherry
Chief Financial Officer
10 August 2022

**HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2022**

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2022

		Six months ended 30 June 2022		Six months ended 30 June 2021		Year ended 31 December 2021
		€'000		€'000		€'000
	Notes	(Unaudited)		(Unaudited)		(Audited)
Revenue	3	27,955		2,891		16,901
Operating expenses before impairment	4	(40,544)		(21,978)		(49,386)
Share of result of associate		4		(170)		(225)
Impairment of intangible assets	7	-		-		(367)
Operating loss		(12,585)		(19,257)		(33,077)
Finance costs		(2,079)		(1,441)		(3,501)
Loss before taxation		(14,664)		(20,698)		(36,578)
Taxation credit	5 & 9	378		341		562
Loss for the period attributed to the equity owners of the parent company		(14,286)		(20,357)		(36,016)
Basic and diluted loss per share (€ cent)	6	(12.19)		(17.50)		(30.96)

**HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2022**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 December 2021
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)	(Audited)
Loss for the period	(14,286)	(20,357)	(36,016)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	10	8	32
Total comprehensive loss for the period attributable to equity owners of the parent company	(14,276)	(20,349)	(35,984)

**HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2022**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

		30 June 2022	30 June 2021	31 December 2021
		€'000	€'000	€'000
			(as restated)	(as restated)
	Notes	(Unaudited)	(Unaudited)	(Audited)
Non-current assets				
Intangible assets	7	76,411	79,719	79,390
Property, plant and equipment	8	958	3,447	293
Deferred tax assets	9	8,767	7,999	8,352
Investment in associate		1,190	2,179	1,186
Cash and cash equivalents ²		750	750	750
		88,076	94,094	89,971
Current assets				
Trade and other receivables	10	3,948	1,949	2,002
Cash and cash equivalents ²		22,580	32,952	24,517
Corporation tax		15	34	18
		26,543	34,935	26,537
Total assets		114,619	129,029	116,508
Issued capital and reserves attributable to equity owners of the parent				
Share capital	11	1,175	1,163	1,163
Share premium	11	14,328	14,328	14,328
Other reserves		6,273	4,669	6,475
Retained earnings		32,251	60,799	45,140
Total equity attributable to equity holders of the parent company		54,027	80,959	67,106
Non-current liabilities				
Lease liabilities	13	8	2,018	-
Trade and other payables	12	9,436	-	8,049
Borrowings	14	29,655	26,200	28,209
		39,099	28,218	36,258
Current liabilities				
Trade and other payables	12	20,380	18,113	12,795
Borrowings	14	184	-	-
Lease liabilities	13	710	1,446	86
Corporation tax		219	293	263
		21,493	19,852	13,144
Total liabilities		60,592	48,070	49,402
Total equity and liabilities		114,619	129,029	116,508

² Cash and Cash equivalents has been restated to reflect an April 2022 IFRIC publication regarding the presentation of amounts as non current where the funds are not available for use by the group in the next year.

**HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2022**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

		Share capital	Share premium	Retained earnings	Other reserves	Total
	Notes	€'000	€'000	€'000	€'000	€'000
As at 31 December 2020 (audited)		1,163	14,328	81,156	1,218	97,865
Total comprehensive loss for the period		-	-	(20,357)	8	(20,349)
Creation of warrant reserve		-	-	-	3,073	3,073
Credit to equity for equity settled share-based payments		-	-	-	370	370
As at 30 June 2021 (unaudited)		1,163	14,328	60,799	4,669	80,959
Total comprehensive loss for the period	11	-	-	(15,659)	24	(15,635)
Credit to equity for equity-settled share based payments		-	-	-	1,782	1,782
As at 31 December 2021 (audited)		1,163	14,328	45,140	6,475	67,106
Total comprehensive loss for the period	11	-	-	(14,286)	10	(14,276)
Issue of shares	11	12	-	-	-	12
Credit to equity for equity settled share-based payments		-	-	-	1,185	1,185
Transfer on exercise, vesting or expiry of share-based payments	15	-	-	1,397	(1,397)	-
As at 30 June 2022 (unaudited)		1,175	14,328	32,251	6,273	54,027

**HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2022**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Notes	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 December 2021
		€'000	€'000	€'000
		(Unaudited)	(Unaudited)	(Audited)
Cash flows from operating activities				
Loss before taxation		(14,664)	(20,698)	(36,578)
Amortisation and depreciation	4	5,733	8,447	12,411
Impairment of intangible assets		-	-	367
Share of result of associate		(4)	170	225
Net profit on disposal of leases		-	-	(793)
Finance costs		2,079	1,441	3,501
Net (profit) / loss on disposal of property, plant and equipment		-	(112)	492
Employee equity settled share-based payment expense		1,195	367	2,162
<i>Changes in working capital items:</i>				
Increase in trade and other payables		8,974	1,201	5,074
(Increase) in trade and other receivables		(1,946)	(268)	(321)
Cash generated from / (used in) operations		1,367	(9,452)	(13,460)
Interest paid		(449)	(105)	(155)
Income tax (paid)/received		(78)	9	(136)
Net cash generated from / (used in) operating activities		840	(9,548)	(13,751)
Cash flows from investing activities				
Acquisition/development of intangible assets	7	(2,327)	(756)	(4,397)
Purchases of property, plant and equipment	8	(148)	(15)	(75)
Net cash used in investing activities		(2,475)	(771)	(4,472)
Cash flows from financing activities				
Deferred consideration		-	(124)	(345)
Transaction costs related to borrowings	14	-	(862)	(862)
Proceeds from borrowings	14	-	28,800	28,800
Repayment of borrowings	14	-	(1,164)	(1,164)
Repayments of lease liabilities		(312)	(828)	(1,160)
Net cash (used in) / generated from financing activities		(312)	25,822	25,269
Net (decrease) / increase in cash and cash equivalents		(1,947)	15,503	7,046
Cash and cash equivalents at the beginning of the period		25,267	18,189	18,189
Effect of foreign exchange rate changes		10	10	32
Cash and cash equivalents at the end of the period		23,330	33,702	25,267

HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2022

NOTES TO THE CONDENSED GROUP FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Hostelworld Group plc, hereinafter "the Company", is a public limited company incorporated in the United Kingdom on the 9 October 2015.

The registered office of the Company is One Chamberlain Square, Birmingham, B3 3AX.

The condensed Group financial statements of the Company for the six months ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as "the Group"). The condensed Group financial statements for the period ended 30 June 2022 have neither been audited or reviewed.

The information for the year ended 31 December 2021 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts and their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

These condensed Group financial statements were authorised for issue by the Board of Directors of Hostelworld Group plc on 10 August 2022.

2. ACCOUNTING POLICIES

Basis of preparation

The annual financial statements of the Group will be prepared in accordance with United Kingdom adopted International Financial Reporting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34 'Interim Financial Reporting'.

Going concern

The directors, after making enquiries, have a reasonable expectation that the Group has adequate resources to continue operating as a going concern for the foreseeable future.

Across H1 2022 we have seen strong month on month growth in new customers, new bookings and net revenue as the impact of the Omicron variant subsided worldwide. Revenue for H1 2022 totalled €28.0m (H1 2021: €2.9m). The Group incurred a loss before taxation of €14.7m (H1 2021: €20.7m). At 30 June 2022 the Group was in a net asset position of €54.0m (31 December 2021: €67.1m) and held a cash balance of €23.3m (31 December 2021: €25.3m). The group also has a debt facility in place relating to a €30m five-year term loan facility with certain investment funds and accounts of HPS Investment Partners LLC or subsidiaries or affiliates thereof. An amount of €28.8m was drawn down on 23 February 2021, net of original issue discount. Further detail on covenants in place are disclosed in the Annual Report and Financial Statements for the year ended 31 December 2021 on pages 190 and 191. The group are in compliance with the minimum liquidity covenants that apply at 30 June 2022 being a minimum liquidity balance of €6m on hand.

The Directors have assessed a going concern period through to 30 September 2023 and have modelled a base and stress case scenarios considering factors such as increased average booking values due to booking mix and price inflation, marketing cost per booking, demand on supply levels and disruptions within the wider industry for airline cancellation, and the level of booking recovery particularly in Oceania and Asian destinations as booking momentum slowly returns. The Directors have also considered the impact of climate risk in these scenarios concluding that it is not expected to have a significant impact over the going concern period. Both scenarios included differing assumptions with regard to cost cutting measures, projected revenue flows and return to recovery assumptions, projected net cash flows from operations and available sources of funding. It is assumed under both scenarios that full recovery in the travel section is not expected to happen until FY-23. Our stress case scenario assumes more depressed volumes. In both scenarios, the Group has sufficient cash reserves available.

HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2022

Having considered the Group's cash flow forecasts, current and anticipated trading volumes, together with current and anticipated levels of cash, debt and the availability of committed borrowing facilities, the directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of signing of this report, and accordingly, they continue to adopt the going concern basis in preparing the condensed Group financial statements.

Changes in accounting policies

Since the last Annual Report there are a number of amendments to existing accounting standards that have been adopted. These had no material impact on the condensed Group financial statements. The same accounting policies and methods of computation are followed compared with the most recent annual Group financial statements with one exception.

Upon review of the April 2022 IFRIC Agenda item "Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flows)—Agenda Paper 3" the Group has changed the presentation of cash and cash equivalents which are not available for use for the period ended 30 June 2021. The amount of €750k, which relates to a rental guarantee in place, has been classified in non-current assets as the guarantee was in place for a period of longer than 12 months after balance sheet date. This has no impact on net assets, net debt or the Group's profit for the period ended 30 June 2021.

Key judgements and sources of estimation uncertainty

In preparing these condensed Group financial statements, the directors have made judgements in applying the Group's accounting policies and there are key sources of estimation uncertainty which affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed Group financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2021. The annual report was published on 6 April 2022.

3. REVENUE & SEGMENTAL ANALYSIS

The Group is managed as a single business unit which provides software and data processing services that facilitate hostel, hotel and other accommodation bookings worldwide, including ancillary online advertising revenue.

The directors determine, and present operating segments based on the information that is provided internally to the Chief Executive Officer, who is the Company's Chief Operating Decision Maker ("CODM"). When making resource allocation decisions, the CODM evaluates booking numbers and average booking value. The objective in making resource allocation decisions is to maximise consolidated financial results.

The CODM assesses the performance of the business based on the consolidated adjusted loss after tax of the Group for the period. This measure excludes the effects of certain income and expense items, which are unusual by virtue of their size and incidence, in the context of the Group's ongoing core operations, such as the impairment of intangible assets and exceptional items of expenditure.

All revenue is derived wholly from external customers and is generated from a large number of customers, none of whom is individually significant.

The Group's major revenue-generating asset class comprises its software and data processing services and is directly attributable to its reportable segment operations. In addition, as the Group is managed as a single business unit, all other assets and liabilities have been allocated to the Group's single reportable segment. There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss.

Reportable segment information is presented as follows:

**HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2022**

	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 December 2021
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)	(Audited)
Europe	18,665	989	10,713
Americas	7,513	1,470	5,213
Asia, Africa and Oceania	1,777	432	975
Total revenue	27,955	2,891	16,901

For the six-month period ended 30 June 2022, an amount of €5,429k was deferred to the balance sheet (for the six months ended 30 June 2021: an amount of €894k was deferred to the balance sheet).

Disaggregation of revenue is presented as follows:

	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 December 2021
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)	(Audited)
Technology and data processing fees	27,872	2,872	16,849
Ancillary services and advertising revenue	83	19	52
Total revenue	27,955	2,891	16,901

In the six months ended 30 June 2022, the Group generated 100% (30 June 2021: 99%) of its revenues from the technology and data processing fees that it charged to accommodation providers.

4. OPERATING EXPENSES EXCLUDING IMPAIRMENT

Loss for the period has been arrived at after charging/ (crediting) the following operating costs:

	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 December 2021
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)	(Audited)
Marketing expenses	20,050	2,424	13,792
Staff costs	8,703	7,267	15,546
Credit card processing fees	918	129	573
Loss on disposal of property, plant & equipment	-	6	-
Profit on disposal of property, plant & equipment	-	-	(301)
Profit on disposal of lease liability	-	(118)	-
Exceptional items	470	589	587
Foreign exchange loss	519	125	419
Other administrative costs	4,063	3,095	6,229
Movement in expected credit loss	88	14	129
Total administrative expenses	34,811	13,531	36,974
Depreciation of property, plant and equipment	428	1,158	1,519
Amortisation of intangible fixed assets	5,305	7,289	10,892
Total operating expenses excluding impairment	40,544	21,978	49,386

HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2022

Total administration expenses increased by €21,280k to €34,811k (30 June 2021: €13,531k), predominantly due to an increase in marketing costs which is driven by a €17,668k increase in direct marketing costs to €19,619k (30 June 2021: €1,951k).

Included in staff costs are government assistance amounts totalling €376k (30 June 2021: €892k) for a subsidy received under the Employment Wage Subsidy Scheme in Ireland. Prior year amounts included amounts received for furloughed employees under the Coronavirus Job Retention Scheme in the UK.

The exceptional costs for the six months period amounted to €470k (30 June 2021: €589k). In the current year, these costs relate to a final settlement amount paid to the founder of Counter App Limited, on their exit from the company and associated legal costs. Prior year exceptional costs primarily related to staff costs incurred as part of primarily relate to staff costs incurred as part of an implementation of a simpler and more efficient growth orientated organisational structure and a release of costs previously accrued for due to a revision of estimate within merger and acquisition related costs.

	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 December 2021
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)	(Audited)
Litigation settlements	470	-	-
Merger & acquisition costs	-	(133)	(127)
Restructuring costs	-	722	715
Total exceptional items	470	589	588

5. TAXATION

The corporation tax charge for the six-month period is forecast at €37k (30 June 2021: €62k). 2022 and 2021 charge relate primarily to our UK and Portuguese operations where tax losses from our Irish operations cannot be utilised.

Taxation charge represents the best estimate of the average annual effective tax rate expected for the full year applied to the pre-tax profit or loss of each group entity during the six-month period. In calculating the expected tax rate, the Group has taken the forecasted full year 2022 earnings or loss of each group entity.

6. LOSS PER SHARE

Basic loss per share is computed by dividing the net loss for the period available to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period:

	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 December 2021
	(Unaudited)	(Unaudited)	(Audited)
Weighted average number of shares in issue ('000s)	117,165	116,321	116,321
Loss for the period (€'000s)	(14,286)	(20,357)	(36,016)
Basic and diluted loss per share (€ cent)	(12.19)	(17.50)	(30.96)

During 2022, the company issued 1,184,211 shares to satisfy restricted share awards granted by the Company at a value €0.01 per share. The weighted average number of shares in the period was 117.2m (H1 2021: 116.3m) and the total number of shares at the balance sheet date was 117.5m (H1 2021: 116.3m).

Diluted loss per share is computed by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive ordinary shares. The issue of warrants and share options and share

HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2022

awards (note 11) are the Company's only potential dilutive ordinary shares. Ordinary shares potentially issuable from share-based payment arrangements and warrants are anti-dilutive due to the loss in the financial period meaning there is no difference between basic and diluted earnings per share.

7. INTANGIBLE ASSETS

Additions during the period comprised of capitalised development costs of €2,256k (30 June 2021: €756k) and an acquisition of a domain name of €71k (30 June 2021: €nil). There were no disposals.

At 31 December 2021 the group took an impairment on capitalised development costs of €367k which related to an impairment of a specific project following management decision to cease ongoing investment.

At 30 June 2022 management performed a review of the carrying value of our intangible assets to assess if there were indicators of further impairment present. The impairment testing of goodwill and Hostelworld.com intellectual property at the reporting date is based on the key assumptions disclosed in the 2021 Annual Report, updated to take account of our latest projections (as further described in the going concern section). The testing did not result in any impairment at the balance sheet date.

8. PROPERTY, PLANT AND EQUIPMENT

The Group recognised additions during the six months ended 30 June 2022 totalling €148k (30 June 2021: additions of €15k) for computer equipment and right-of-use lease asset additions €944k (30 June 2021: additions of €116k.)

There has been no disposal of assets for the six months period ended 30 June 2022 (30 June 2021: disposals of assets with net book value of €6k.)

9. DEFERRED TAXATION

	30 June 2022	30 June 2021	31 December 2021
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)	(Audited)
Opening balance	8,352	7,596	7,596
Credit to the consolidated income statement	415	403	756
	8,767	7,999	8,352

The deferred tax credit for the six-month period totalled €415k (30 June 2021: €403k) relates to a deferred tax asset created in the current year for capital allowances not utilised and available for future offset.

At 30 June 2022 the carrying value of deferred tax assets amounted to €8,767k (30 June 2021: €7,999k). Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available in future periods. The extent to which it is probable that taxable profits will be available in future periods is an estimate assessed based on a Board approved five-year budget and long-term forecasts upon initial recognition and at each reporting date. Future taxable profits have been estimated using the board approved 5-year plan in November 2021 and adjusted for latest projections presented to the Board in March 2022. The group has made a loss in 2020, 2021 and for the period ending 30 June 2022 as a direct impact of COVID-19. The outlook includes an assumption regarding return to profit as we assume a recovery of bookings and revenue with full trading recovery included in 2023, and a modest growth rate applied to profits from 2023. A decline in taxable profits from amounts included in our five-year outlook would impact the amount of the deferred tax asset which would be recovered over the next five years. Should taxable profits decline 5% over the next 5 years the deferred tax asset would still be recoverable.

**HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2022**

10. TRADE AND OTHER RECEIVABLES

	30 June 2022	30 June 2021	31 December 2021
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)	(Audited)
Amounts falling due within one year			
Trade receivables	719	449	220
Prepayments and accrued income	773	1,051	978
Value added tax	2,456	449	804
	3,948	1,949	2,002

Increase in value added tax year on year relates to amounts reclaimable from the revenue commissioners at 30 June 2022 relating to increased marketing costs settled.

11. SHARE CAPITAL

	No of shares of €0.01 each (thousands)	Share capital €'000	Share premium €'000	Total €'000
At 30 June 2021 and 31 December 2021	116,321	1,163	14,328	15,491
Share issue – 22 February 2022	1,184	12	-	12
At 30 June 2022	117,505	1,175	14,328	15,503

The Group has one class of ordinary shares which carry no right to fixed income. The share capital of the Group is represented by the share capital of the parent company, Hostelworld Group plc. All the Company's shares are allotted, called up, fully paid and quoted on the London Stock Exchange and Euronext Dublin.

On 19 February 2021, the group agreed to issue warrants of 3,315,153 ordinary shares of €0.01 Each in the capital of Hostelworld (equivalent to 2.85% of Hostelworld's current issued share capital). At 30 June 2022 no warrants had been exercised.

On 22 February 2022, the company issued 1,184,211 shares to satisfy restricted share awards granted by the Company at a value €0.01 per share.

**HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2022**

Reconciliation and movement in other reserves during the period as follows:

	Foreign currency translation reserve	Share based payment reserve	Warrant reserve	Total
	€'000	€'000	€'000	€'000
At 31 December 2020	8	1,210	-	1,218
Issue of warrants	-	-	3,073	3,073
Exchange differences on translation of foreign operations	8	-	-	8
Credit to equity for equity settled share based payments	-	370	-	370
At 30 June 2021	16	1,580	3,073	4,669
Exchange differences on translation of foreign operations	24	-	-	24
Credit to equity for equity settled share based payments	-	1,782	-	1,782
At 31 December 2021	40	3,362	3,073	6,475
Exchange differences on translation of foreign operations	10	-	-	10
Credit to equity for equity settled share based payments	-	1,185	-	1,185
Transfer on exercise, vesting or expiry of share-based payments	-	(1,397)	-	(1,397)
At 30 June 2022	50	3,150	3,073	6,273

12. TRADE AND OTHER PAYABLES

	30 June 2022	30 June 2021	31 December 2021
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)	(Audited)
Non-current liabilities			
Payroll taxes	9,436	-	8,049

The Group has availed of the Irish Revenue tax warehousing scheme and deferred payment on all Irish employer taxes from February 2021 to March 2022. Total amount warehoused at 31 March 2022 amounted to €9,436k (30 June 2021: €6,421k included within current liabilities). At 31 December 2021 and 30 June 2022 amounts warehoused are recognised as non-current reflecting the intention and unconditional right not to repay balance within 12 months.

	30 June 2022	30 June 2021	31 December 2021
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)	(Audited)
Current			
Trade payables	7,758	2,905	5,425
Accruals and other payables	5,585	6,353	6,113
Deferred revenue	6,472	1,102	1,036
Payroll taxes	565	6,609	221
Deferred consideration	-	1,144	-
	20,380	18,113	12,795

At 30 June 2022, €6,447k of revenue was deferred relating to free cancellation bookings (30 June 2021: €1,090k) and €25k relates to featured listings deferred revenue (30 June 2021: €12k). Movement upwards in provision directly driven by increase in bookings and revenue.

HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2022

Included in accruals and other payables is a credit provision €325k (30 June 2021: €1,573k) for various credits and incentives to customers for use on future bookings. Decrease year on year mainly relate to a large volume of incentives which are due to expire in August 2022. An amount of €2,094k (30 June 2021: €1,937k) relating to customers who have cancelled their free cancellation booking but have not been refunded.

Increase in trade payables is driven by an increase in direct marketing costs and amounts owing to suppliers at the reporting date.

13. LEASE LIABILITIES

Lease liabilities relate to the Group's lease commitments for office space in Ireland, Portugal, UK and China. The movement in the Group's right-of-use assets during the period is set out in note 8. The movement in the Group's lease liabilities during the period is as follows:

	30 June 2022	30 June 2021	31 December 2021
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)	(Audited)
Opening lease liability	86	4,295	4,295
Additions	944	82	82
Modification	-	-	33
Disposals	-	(118)	(3,164)
Lease term remeasurement	-	34	-
Payments	(319)	(953)	(1,340)
Lease interest	11	69	102
Foreign exchange differences on lease payments	(4)	55	78
	718	3,464	86

There has been no disposal of lease liability for the six months period ended 30 June 2022. Additions for the six months period ended 30 June 2022 relate to new lease commitments for office space in Dublin and the UK.

These liabilities are classified in the consolidated statement of financial position as:

	30 June 2022	30 June 2021	31 December 2021
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)	(Audited)
Non-current lease liabilities	8	2,018	-
Current lease liabilities	710	1,446	86
	718	3,464	86

**HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2022**

14. BORROWINGS

	30 June 2022	30 June 2021	31 December 2021
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)	(Audited)
Opening balance	28,209	1,164	1,164
Drawdown	-	28,800	28,800
Repayments	-	(1,164)	(1,164)
Loan issuance costs – issue of warrants	-	(3,073)	(3,073)
Transaction costs related to borrowings	-	(862)	(862)
Finance costs	1,630	1,335	3,344
	29,839	26,200	28,209

In 2021 the Group signed a €30m five-year term loan facility with certain investment funds and accounts of HPS Investment Partners LLC (or subsidiaries or affiliates thereof). The facility is single drawdown and bears interest at a margin of 9.0% per annum over EURIBOR (with a EURIBOR floor of 0.25% per annum). In the first year following drawdown, all interest rolled up and capitalised. Between the first and third anniversaries of drawdown, Hostelworld elected to capitalise 4.0% per annum of the accruing interest with the balance of the interest during that period (and all interest accruing after the third anniversary of drawdown) being cash pay. Interest paid to 30 June 2022 totalled €427k (30 June 2021: €Nil).

These borrowings are classified in the consolidated statement of financial position as:

	30 June 2022	30 June 2021	31 December 2021
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)	(Audited)
Non-current borrowings	29,655	26,200	28,209
Current borrowings	184	-	-
	29,839	26,200	28,209

Included in current borrowings is cash interest accrued at the balance sheet date. This was paid in August 2022.

15. SHARE BASED PAYMENTS

Restricted share option (“RSU”):

During the six months ended 30 June 2022, the Directors approved the grant of an RSU to selected employees, including the executive directors and members of the management team. In total 3,415,668 nil cost options were granted. For the 2022 awards issued the normal vesting date will be 4 April 2025.

In 2021 the Directors approved the grant of 2,456,763 shares. 2021 awards granted vested in two tranches. 1.2m shares were exercised in February 2022. €1,397k (2021: €nil) was transferred between share-based payment reserve and retained earnings. The remaining 50% of the plan shares will vest on 28 February 2023.

Vesting for both plans will be dependent upon the participant being employed by Hostelworld as of the vesting date and satisfactory personal performance.

**HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2022**

	30 June 2022	30 June 2021	31 December 2021
	No. of share options	No. of share options	No. of share options
Outstanding at beginning of period	2,329,810	-	-
Granted during the period	3,415,668	2,456,763	2,642,212
Forfeited during the period	(122,719)	(80,827)	(312,402)
Exercised during the period	(1,184,211)	-	-
Total	4,438,548	2,375,936	2,329,810

Long-term incentive plan (“LTIP”)

During the six-months ended 30 June 2022, there has been no invitation made to executive directors and selected management to participate in the Group’s long-term incentive plan (30 June 2021: 2,336,885 nil cost options were granted, and these options will vest on 26 April 2024 subject to meeting performance conditions.)

Details of the LTIP share options outstanding during the period are as follows:

	30 June 2022	30 June 2021	31 December 2021
	No. of share options	No. of share options	No. of share options
Outstanding at beginning of period	4,741,475	3,864,472	3,864,472
Adjustment applied	-	55,262*	55,262*
Revised balance outstanding at beginning of period	4,741,475	3,919,734	3,919,734
Granted during the period	-	2,336,885	2,336,885
Forfeited during the period	(220,882)	(608,594)	(1,515,144)
Exercised during the period	-	-	-
Expired during the period	-	-	-
Outstanding at the end of the period	4,520,593	5,648,025	4,741,475
Exercisable at the end of the period	-	-	-

* On 17 September 2020, the company issued 1,636,252 bonus shares to shareholders in lieu of a cash dividend at value €0.01 per share. An adjustment was made to the LTIP schemes in 2021, when approved by the Remuneration Committee, to ensure that award holders are no better or worse off following the bonus issue than they were beforehand.

Save As You Earn (“SAYE”):

Following the withdrawal of Ulster Bank from the Irish market in 2021, the Group have not approved the granting of any new SAYE scheme in 2022. A scheme was approved in 2020 and 2021. The schemes last three years and employees may choose to purchase shares at the end of the three-year period at the fixed discounted price set at the start. As at 30 June 2022 246,590 shares were outstanding (30 June 2021: 277,624).

16. GROUP STRUCTURE AND RELATED PARTY TRANSACTIONS

On 12 May 2022, a resolution was passed to liquidate Counter App Limited, a subsidiary of Hostelworld.com Limited. The trade was transferred to another Group entity, Hostelworld.com Limited.

There are no other changes to the Group structure or related party transactions to highlight in respect of H1 2022 and no other related party transactions.

17. EVENTS AFTER THE REPORTING DATE

There have been no significant events, outside the ordinary course of business, affecting the Group since 30 June 2022.

HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2022

APPENDIX 1: ALTERNATIVE PERFORMANCE MEASURES

The Group uses the following alternative performance measures ('APMs') which are non-IFRS measures to monitor the performance of its operations and of the Group as a whole: loss / earnings before interest, tax, depreciation and amortisation, excluding exceptional and non-cash items ("adjusted EBITDA"), adjusted loss / profit after taxation; adjusted loss or earnings per share.

Adjusted EBITDA

The Group uses loss / earnings before interest, tax, depreciation and amortisation, excluding exceptional and non-cash items ("Adjusted EBITDA") as a key performance indicator when measuring the outcome in the business from one period to the next, and against budget. Exceptional items by their nature and size can make interpretation of the underlying trends in the business more difficult. We believe this alternative performance measure reflects the key drivers of profitability for the Group and removes those items which do not impact underlying trading performance.

Reconciliation between loss for the year and adjusted EBITDA:

	30 June 2022	30 June 2021
	€'000	€'000
Loss for the year	(14,286)	(20,357)
Taxation	(378)	(341)
Net finance costs	2,079	1,441
Operating loss	(12,585)	(19,257)
Depreciation	428	1,159
Amortisation of development costs	1,378	1,435
Amortisation of acquired intangible assets	3,927	5,853
Share of result of associate	(4)	170
Exceptional items	470	589
Share based payment expense	1,195	367
Adjusted EBITDA loss	(5,191)	(9,684)

Adjusted loss after taxation ("Adjusted PAT")

Adjusted profit after taxation is an alternative performance measure that the Group uses to calculate the dividend pay-out for the year, subject to Company Law requirements regarding distributable profits and the dividend policy within the Group. It excludes exceptional items, amortisation of acquired domain and technology intangibles, net finance costs, share based payment expenses and deferred taxation which can have large impacts on the reported result for the year, and which can make underlying trends difficult to interpret.

Reconciliation between adjusted EBITDA and loss for the year:

	30 June 2022	30 June 2021
	€'000	€'000
Adjusted EBITDA loss	(5,191)	(9,684)
Depreciation	(428)	(1,159)
Amortisation of development costs	(1,378)	(1,435)
Net finance costs	(2,079)	(1,441)
Share of result of associate	4	(170)
Corporation tax	(37)	(62)
Adjusted loss after taxation	(9,109)	(13,951)
Exceptional items	(470)	(589)
Amortisation of acquired intangible assets	(3,927)	(5,853)
Share based payment expense	(1,195)	(367)
Deferred taxation	415	403
Loss for the year	(14,286)	(20,357)

HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2022

Adjusted loss per share

Adjusted EPS is an alternative performance measure that excludes exceptional items, amortisation of acquired domain and technology intangibles, net finance costs, share based payment expenses and deferred taxation which can have large impacts on the reported result for the year, and which can make underlying trends difficult to interpret.

	30 June 2022	30 June 2021
Adjusted loss after taxation €'000	(9,109)	(13,951)
Weighted average shares in issue ('m)	117	116
Adjusted EPS	(7.8)	(12.0)

Net average booking value ("ABV")

Net average booking value is a key performance revenue measure which looks at the average value paid by a customer for a booking.

	30 June 2022	30 June 2021
	€'000	€'000
Net revenue	27,955	2,891
Deferred revenue movement	5,429	924
Counter revenue	(52)	-
Adjustments to revenue*	(803)	(74)
Advertising income	(83)	(19)
Volume incentive rebates	351	1
Net general booking revenue	32,797	3,722

*primarily relates to recognition of refunds, chargebacks and voucher provisioning.

	30 June 2022	30 June 2021
Net general booking revenue (GBR) (€'000)	32,797	3,722
Net bookings (#'000)	2,073	313
Net ABV generated € cent per share	15.82	11.90

HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2022

APPENDIX 2: PRINCIPAL RISKS AND UNCERTAINTIES

The Group's risk register identifies key risks including any emerging risks and monitors progress in managing and mitigating these risks. Each risk identified is subject to an assessment incorporating likelihood of occurrence and potential impact on the Group. The Group's risk register is subject to review by the Executive Leadership Team ('ELT') prior to reporting to the Audit Committee and Board.

The principal risks and uncertainties faced by the Group are reported annually within the Annual Report and Financial Statements for the year ended 31 December 2021, published on 6 April 2022.

A review was performed of the risk register during H1 2022. The following changes were made:

1. The risk profile of the following risks has increased in 2022 in regard to the probability of the occurrence of the risk on the group or the impact it would have in terms of reputation or cost.
 - Macroeconomic environment increased due to increased inflation and the foreign exchange implications of the euro weakening against the US dollar. Increasing price inflation may make it unaffordable for people to travel.
 - Climate change increased due to a growing expectation from investors and stakeholders and also due to increased regulation in the area.
 - Within third party risk we have also increased the risk relating to our reliance on hostels for our inventory being advertised. Within key markets there is a pressure on inventory to keep pace with the levels of pent-up demand.
 - People risk increased due to a heightened difficulty finding new hires and remaining competitive against peer companies.
 - IT Platforms and technological innovation increased due to the level of technological debt being carried in the group.
2. In 2022 we have presented a number of our risks in a different manner as follows:
 - We have included a risk addressing the impact of COVID-19, terrorism, geopolitical conflicts, and other uncontrollable events on leisure travel. This increases the scope of the previous risk relating to the impact of terrorism on leisure travel, including other uncontrollable events.
 - In the case of COVID-19 this was previously addressed specifically in many of the risks due to pervasive and novel impact. As our assessment of this risk matures we are considering COVID-19 primarily within this risk.
 - We are closely monitoring the geopolitical climate following Russia's invasion of Ukraine. Less than 0.1% of our hostel inventory were based in Russia and Belarus and these have been removed from our platform. To date we have not seen a material impact in our booking numbers as a result of the conflict but we continue to closely monitor the situation.
 - We have included 'Financial Risk' which encompasses market risk, liquidity risk, managing credit risk associated with our debt facility, and other financial related matters.
 - A lower risk level has been assigned to "working capital investment and going concern" risk as disclosed in the 2021 annual report given the group's increased booking volumes, cash balance and net asset position. This is no longer disclosed within principal risks and uncertainties.

We have not identified any emerging risk. The principal risks and uncertainties which are applicable for the second half of the year are summarised below.

Material risks

- Macroeconomic conditions
 - The Group's financial performance is largely dependent on the wider availability of, and demand for travel services. The demand for travel services is influenced by a range of macroeconomic circumstances and their impact on consumers discretionary spending levels. Economic activity, employment levels, inflation, interest rates, foreign exchange movements

HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2022

and access to credit are among the factors that can impact travel demand which we are monitoring closely across 2022. Increasing price inflation may make it unaffordable for people to travel.

- Management and the Board regularly monitor a range of trading, market and economic indicators in order to determine any risk to financial performance due to macroeconomic uncertainties and any potential mitigating actions that should be taken. Offsetting the prominence of this risk is the profile of our high value target customers who are more likely to take on debt to go on trip and see it as a rite of passage. The average booking value of a hostel stay is also lower than a hotel and a more affordable booking option.
- Impact of COVID-19, terrorism, geopolitical conflicts, and other uncontrollable events on leisure travel
 - There remains a risk of travel restrictions relating to new strains or waves of COVID-19. This could adversely affect our business in affected regions. We are also exposed to the ability of other businesses within the travel industry to meet increased demands as restrictions ease continues to see COVID-19 related impacts. Staff shortages and flight cancellations negatively impact our business.
 - The continued threat of terrorist attacks in key cities and on aircraft in flight may reduce the appetite of the leisure traveller to undertake trips particularly to certain geographies, resulting in declining revenues. Geopolitical conflicts, natural disasters or other adverse events outside of the control of the Group may also reduce demand for or prevent the ability to travel to affected regions.
- People
 - The Group is dependent on its ability to attract, retain and develop creative, committed and skilled employees in order to achieve its strategic objectives. The Group had been feeling the effects of the global increase in attrition related to COVID-19 ("the great resignation"), and although attrition has slowed in 2022, the Group is finding it increasingly difficult to remain competitive to attract talent, which has the potential to further disrupt the business.
- Data security
 - The security of the confidential business information we generate when engaging in e-commerce and the personal data we capture from customers and employees is essential to maintaining consumer and travel service provider confidence in our services. As an online platform, we are constantly exposed to cyber security related threats in the form of internal and external attacks or disruption on our systems or those of our third-party suppliers.
- Cyber security
 - The Group like other companies is susceptible to cyberattacks which could compromise the integrity of our systems and the security of our data. Cyberattacks by individuals, groups of hackers and state-sponsored organisations are increasing in frequency and sophistication and are constantly evolving. The tools and techniques used in such attacks become ever more sophisticated.
- Financial risk
 - The Group's activities expose it to a variety of financial risks; market risk (particularly exchange rates), credit risk and liquidity risk. The Group proactively manages financial risk by seeking to minimise potential adverse effects on its financial performance.
 - Management and the Board regularly monitor a range of trading, market and economic indicators in order to determine any risk to financial performance due to macroeconomic uncertainties and mitigating actions that are required.

**HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2022**

- **Competition**
 - The risks posed by competition where we compete for supply of hostel inventory and customers could adversely impact our market share and future growth of the business. Our competition may have more resources than we do which may enable them to compete more effectively.
- **IT platforms and technological innovation**
 - Over recent years the ever-increasing pace of change of new technology, new infrastructure and new software offerings have changed how customers research, purchase and experience travel. Unless we continue to stay abreast of technology innovation and change, we risk becoming irrelevant to the modern customer. We invest a significant amount of our product and user experience functions.
 - Additionally, the Group has continued with the ongoing modernisation of our underlying platform to enable us to support faster execution across our core platform. There is a risk that the technical debt the group has may affect the stability of the underlying platform.
- **Third party reliance**
 - We rely on hostel accommodation providers to provide us with our inventory. Any limitations on such will directly impact our business and results of operations. This risk has increased post COVID-19 as inventory supply in key markets is a concern.
 - We rely on a number of key third-party providers within our technology environment for our cloud storage and databases. Any interruption in service from any of these providers may lead to a loss in revenue, loss in site and app functionality, increased input from customer services and engineer time, and ultimately if we experience multiple failures we risk reputational and brand damage.
 - The Group relies on payment processors and payment card schemes to execute certain components of the payments process. There is a risk that the Group may not maintain its relationships with these third parties on favorable terms or that the transaction fees imposed by these providers are increased.
- **Search engine algorithm**
 - We rely significantly on practices such as Search Engine Optimisation and Search Engine Marketing to improve our visibility in relevant search results. Search engines frequently update and change the logic that determines the placement and display of results. As these algorithms become more sophisticated, we risk being significantly behind in our marketing strategy and unable to be competitive in the current environment. Our costs to improve or maintain our placement in search results can increase which directly impacts our results and margins.
- **Climate change, sustainability, and corporate social responsibility**
 - Climate change, sustainability, and corporate social responsibility continue to be areas of increased focus for the Group and are further evolving as areas of heightened concern with consumers and stakeholders. There is a request for more accountability from our customers, employees, and other stakeholders as to what the Group is doing to limit its direct and indirect impact on climate change. The group has integrated an analysis of the impact of climate change on the budgeting and forecasting process of the group.
- **Regulation**
 - Hostelworld's business is global and highly regulated, and is exposed to issues such as competition, licensing of local accommodation and experiences, language usage, web-based trading, consumer compliance, tax, intellectual property, trademarks, data protection and information security and commercial disputes in multiple jurisdictions. Regulatory and legal

**HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2022**

requirements and uncertainties around these issues could subject the Group to business constraints, increased regulatory and compliance costs and other complexities which may otherwise harm our business.

- **Business continuity**
 - Failure in our IT systems or those on which we rely such as third party hosted services could disrupt availability of our booking engines and payments platforms, or availability of administrative services at our office locations.
- **Brand and reputation**
 - Hostelworld is a world leading OTA focused on the hostel market. We rely on the strength of our brand in the market to attract customers to our platform and to secure bookings. Consumer trust and confidence in our brand is therefore essential to ongoing revenue stability and growth. Negative publicity could impact brand perception and consumer loyalty and ultimately revenue.
- **Taxation**
 - Due to the global nature of our business, tax authorities in other jurisdictions may consider that certain taxes are due in their jurisdiction. If those tax authorities take a different view than the Group as to the basis on which the Group is subject to tax, it could result in the Group having to account for tax that it currently does not collect or pay. Recent trends of diversified employee locations in a hybrid working environment increase the potential for new taxation obligations.