

## HOSTELWORLD GROUP PLC – INTERIM MANAGEMENT REPORT

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Date: 26 September 2024

### Correction – Interim Management Report

This announcement replaces the Interim Results 2024 announcement released at 07.00 on 08 August 2024 under RNS No. 6290Z. The Interim Management Report included in the announcement did not, owing to administrative error, include a responsibility statement. The responsibility statement is now included within the Interim Management Report and is reflected below. All other text remains unchanged.

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

### Interim Results 2024

#### **Strong bookings growth, FY Adjusted EBITDA guidance in line with expectations**

Hostelworld is pleased to provide an update on trading up to 30 June 2024 (“H1”).

#### **Strong financial delivery continued in H1 2024:**

- Continuing growth in net bookings, a record half-year for Asia and Central America
- Social strategy continuing to deliver, with direct marketing as a % of revenue<sup>1</sup> at the low end of guidance range
- Continuing to maintain cost discipline, underpinning significant Adjusted EBITDA growth
- Highly cash generative business model, AIB term loan facility and RCF repaid early and in full

#### **Well positioned for further profitable growth:**

- Continuing investment in our social network strategy driving growth in penetration and usage
- App bookings growth continuing to outpace Web, delivering marketing efficiencies to fuel future growth
- Growing hostel supply, with market coverage increasing 3% year on year
- Reiterating FY 2024 Adjusted EBITDA guidance in line with market consensus<sup>2</sup>

#### **Financial highlights:**

- Net bookings of 3.7m (+9% year on year) driven by record performances in Asia and Central America
- Net average booking value of €13.60 (-10% year on year) driven by a greater proportion of Asian destination bookings and a slight increase in the proportion of solo customers
- Net revenue of €46.4m (+1% year on year) reflecting the drivers above
- Direct marketing as a percentage of revenue<sup>1</sup> totalled 45%, down 6% from 51% in H1 2023, driving net margin growth of +23% year on year
- Proportion of bookings from social members increased to 80% (66% in H1 2023)
- Operating costs<sup>3</sup> of €12.5m, (-2% year on year)
- Operating profit for the period €4.0m compared to a loss of €1.7m in H1 2023 (+335% year on year)
- H1 2024 adjusted EBITDA €9.6m compared to €5.1m in H1 2023, (+88% year on year), representing an increase in adjusted EBITDA margin from 11% to 21%

#### **Balance sheet and cash flow:**

- 30 June 2024 cash balance of €5.0m (31 December 2023: €7.5m)
- Net debt<sup>4</sup> position of €2.6m (31 December 2023: €12.3m)
- Commenced repayment of warehoused payroll taxes to Irish Revenue, €7.6m outstanding (31 December 2023: €9.6m)
- Net asset position of €62.6m (31 December 2023: €59.2m)

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**Gary Morrison, Chief Executive Officer, commented:**

"I am very pleased to report strong growth in net bookings (+9% YoY) and even stronger growth in net margins (+23%), primarily driven by our highly differentiated social strategy. This performance, coupled with operating cost discipline, has translated directly into strong operating cashflow enabling us to fully repay our residual debt facility with AIB, two years ahead of schedule.

In parallel, I am also pleased to report that we made good progress during H1 on all aspects of our growth strategy. We have continued to provide our customers with enhanced social network product features, added more hostel inventory to our platform, and have continued to upgrade our platform towards a fully cloud native architecture. In respect of delivering on our key sustainability strategic goals, we launched our '*Staircase to Sustainability*' platform to deliver ongoing sustainability improvements in the hostel industry."

### Trading update

During the first 6 months of the year, net bookings grew +9% YoY driven by strong consumer demand for low-cost destinations. This trend was driven primarily by strong growth in net bookings made by UK customers and European customers, travelling to lower cost destinations in Asia and resulted in significant growth in lower ABV net bookings. Consequently, higher cost ABV net bookings to destinations in Europe reduced YoY.

Strong consumer demand for lower cost destinations for the half year overall has resulted in ABVs contracting by 10% YoY (H1 2024: €13.60); driven by the reduction in average bed prices on a booked basis. Over the balance of the year, we expect to continue to see strong customer demand for lower cost destinations in Asia and other regions resulting in lower ABVs YoY and revenue growth lower than net bookings growth on a full year basis.

We are pleased to report that marketing cost as a percentage of revenue<sup>1</sup> has also reduced from 51% in H1 2023 to 45% in H1 2024, primarily driven by our social strategy. This highly differentiated strategy drives new and existing customers to use our mobile native app. This has resulted in a greater mix of low-cost bookings overall, which in turn has delivered a 23% increase in net margin YoY. On a full year basis, we expect direct marketing costs as a percentage of revenue<sup>1</sup> will remain in the 45% to 50% range as we continue to optimise marketing investments for long term growth in new customers and direct margin.

Finally, we have seen continued robust momentum in operating cash performance, with cash generation of €12.4m in H1 2024 (H1 2023: €10.8m), driven by the strong cash conversion characteristics of our business model. This strong performance has enabled the early repayment of the remaining AIB debt facility, well ahead of schedule, which represents another positive milestone for the business. Furthermore, we continue to deleverage the balance sheet having commenced the repayment of warehoused payroll taxes to the Irish Revenue Commissioners. Our financial position has been significantly strengthened as a result, with a reduction in our net debt<sup>4</sup> from €12.3m as at 31 December 2023 to €2.6m as at 30 June 2024.

<sup>1</sup>Revenue is generated revenue - gross revenue less cancellations and excludes impact of deferred revenue

<sup>2</sup>Company compiled market consensus FY 2024 adjusted EBITDA is €21.4M as of 07 August 2024

<sup>3</sup>Operating costs exclude paid marketing costs, credit card fees, exceptional costs, share option charges, depreciation and amortisation

<sup>4</sup>Net debt is cash less outstanding debt, including term loan, revolving credit facility and warehoused payroll taxes

### Outlook:

The Board remains confident in our differentiated growth strategy and reaffirms our full year earnings guidance of adjusted EBITDA in line with market consensus, absent any deterioration in the macro-economic climate or the occurrence of significant air travel related disruptions.



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### Date of retirement of Mr. Michael Cawley as Chair (Date change from 02 May 2024 RNS announcement):

Following a change to the date of the scheduled October 2024 Company Board meeting from 21 October to 10 October, with effect from the close of the 10 October 2024 Board meeting, Mr. Michael Cawley will step down from the Board and Mr. Ulrik Bengtsson will assume the role of Chair of both the Board and the Nomination Committee.

### 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 join directly via the webcast link provided or contact Sodali & Co on the contact details provided below.

Webcast link: [https://brrmedia.news/HSW\\_IR24](https://brrmedia.news/HSW_IR24)

For further information please contact:

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### About Hostelworld Group

Hostelworld Group PLC is a ground-breaking social network powered Online Travel Agent ("OTA") focused on the hostelling category, with a clear mission to help travellers find people to hang out with. Our mission statement is founded on the insight that most travellers go hostelling to meet other people, which we facilitate through a series of social features on our platform that connect our travellers in hostels and cities based on their booking data. The strategy has been extraordinarily successful, generating significant word of mouth recommendations from our customers and strong endorsements from our hostel partners.

Founded in 1999 and headquartered in Ireland, Hostelworld is a well-known trusted brand with almost 230 employees, hostel partners in over 180 countries, and a long-standing commitment to building a better world. To that end, our focus over the last few years has been on improving the sustainability of the hostelling industry. In particular, over the last two years we have commissioned independent research to validate the category's sustainability credentials, and recently introduced a hostel specific sustainability framework which encourages our hostel partners to move to even more sustainable operations and also provides the data points for our customers to make more informed decisions about where they stay. In addition, our customers are now able to offset their trip's carbon emissions should they wish to do so, and we have maintained our 'Funding Climate Action' label awarded by South Pole.

### Disclaimer

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", "envise", "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,



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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.

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### 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: Gary Morrison

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Throughout the first half of the year, we have continued to execute our highly differentiated growth strategy as outlined in our Capital Markets Day presentation in November 2022, commensurate with our Company Mission to "help travellers find people to hang out with".

### Executing our growth strategy

At its core, our ground-breaking social network leverages our customer booking data to create online hostel and city-based chat rooms, populated by customers with overlapping stay dates, accessible via our iOS and Android apps. Customers use these chat rooms and other customer's profiles to make plans and find people to hang out with in destination. These chat rooms are available to customers who have opted into the social platform 14 days before check-in, and close 3 days after check-out.

Since launching our social network in Q2 2022 we have seen penetration steadily increase, with now over 80% of all of our bookings being made by social members in the first half of this year (+14% YoY). Moreover, we have also seen a steady increase in usage, with growth in messages sent far outstripping growth in bookings made by social members. Overall, our social strategy has not only driven strong growth in net bookings and market share since launch but has also driven strong growth in App bookings (+20% YoY) relative to other web channels (+2% YoY), which has served to reduce our marketing expenses as a percentage of generated revenue over time.

Over the course of H1 2024 we have continued to innovate and strengthen our differentiated social network value proposition with upgrades to customer profiles and chat features. We've now made it easier for our customers to initiate chats with others through a dedicated pane in our application that exposes the profiles of all travellers in a location with overlapping stay dates. We've also continued to add to the richness of our profile content by incorporating users' Instagram photos within their profiles. Additionally, we have helped our users better signal their interest in socialising through a new "hang out" status within the chat platform, similar to how other instant messaging platforms signal online/offline/away statuses. Over the balance of the year, we will continue to invest in driving more robust profile content, increased profile visibility and higher profile completion rates across our user base. Finally, within the chat product itself we identified a need for customers to be able to create personal group chats on our social network. This feature was released earlier this year, and we continue to refine it. Over the balance of the year, we will continue to build upon our chat functionality, making it easier for customers to discover chat content, especially in cities with very large numbers of daily chat users.

In parallel to the ongoing work on our social platform, we have continued to streamline our new hostel sign up and onboarding processes and improved the LinkUps product for all hostels. The improvements to the sign up and onboarding processes have resulted in a greater number of hostels entering our acquisition pipeline, and a significant reduction in the time and effort to onboard new properties. Collectively this has increased our market coverage from 73% in H1 2023 to 77% in H1 2024. In relation to Linkups, we have continued to invest in this differentiator for our hostel partners, with many smaller features released to make the product easier to use and allowing hostels to upload and display multiple

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photos of their events within our shopping funnel. Collectively, I am delighted to see that this has encouraged even more hostels to load their event catalogue on to the LinkUps platform; with more than 84% of social members with a booking (in H1 2024) seeing at least one LinkUp that they could attend in a trip, and 73% seeing at least three LinkUps that they could attend in a trip.

More generally, our overarching objective with regards to our hostel partners is to ensure we deliver them the most profitable customers at market leading commission rates and provide them with the tools to showcase the very best of what they offer through our LinkUps and our '*Staircase to Sustainability*' platforms.

To that end, we have expanded our B2B marketing programs to educate and inform, both new and existing hostel partners, on how to get the most from the platform, with Hostelworld conferences in Chiang Mai in April this year, and additional conferences planned in Copenhagen and Mexico City in Autumn. In addition to these conferences, we have both sponsored and hosted numerous events around the world over the last six months and delivered multiple webinars in all major languages and geographies. Finally, we continue to send our global markets team on market visits to meet our hostel partners in person and provide detailed guidance on how to use the tools/features of our platform to maximise their business with us.

### **Investing in our platform**

Over the last 6 months, we have continued to build key services on our platform with application level “on demand” scaling, a flexible microservices based architecture, and more opportunities to use off the shelf services from our cloud services provider. These services include state of the art artificial intelligence and machine learning optimisation engines, which are now powering some of our key services. Our current focus is on the migration of our core inventory availability and pricing services to this new architecture, which we expect to have completed by year end.

Leveraging our cloud-native architecture has allowed us to make good progress towards our goal of transitioning our infrastructure from periodic manual configurations to infrastructure as code. This moves towards eliminating single points of failure and dramatically improves the scalability and resilience of our systems, in addition to reducing our hosting cost.

### **Progressing our ESG agenda**

In parallel with helping millions of travellers around the world to find people to hang out with, we are also committed to building a better world in everything we do.

As noted over the last two years in letters to shareholders, we continue to see growth in the importance of sustainability to all stakeholders in the travel ecosystem. Within the hostelling category, we not only see the majority of young travellers indicating that a hostel’s sustainability credentials play a role in deciding where to stay, but also actively choosing to stay in hostels over other accommodation types given their favourable sustainability credentials. In parallel, we also see our hostel partners investing in more sustainable operations, coupled with a strong need for a sustainable management system which both aligns to travel industry standards and allows them to showcase their sustainability practices. More broadly, across travel and other categories, we also see increasing demands for companies not only to do more to address the risks of climate change, but also provide more granular disclosures around their efforts for the same.

We continued our collaboration with Bureau Veritas to refresh the calculation of scope 1 and 2 emissions of a representative group of hostels (+24 % YoY) and compared these with the publicly available emissions data from a representative group of hotel chains. The second edition of this report was published in February 2024 and once again indicated that the hostelling category emits significantly less (-82%) scope 1 and scope 2 emissions (tCO<sub>2</sub>e) on a per bednight basis compared to a 1-night stay in a typical hotel chain. Furthermore, the analysis also indicated that the sustainability gap between hostels and hotels has widened still further YoY, with hostels reporting a YoY reduction in average emissions whilst the YoY emissions from the hotels analysed shows an increase.

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Our work over the last six months has focused on growing our sustainability improvement framework for the hostelling industry. As noted in my shareholder communications from last year, we have made a significant investment to build this sustainability framework for the hostelling industry in early 2023, with three specific objectives in mind.

1. The framework had to be anchored in GSTC standards to ensure that the sustainability classifications it generated were robust, traceable and comparable against any other business in the travel ecosystem;
2. The framework needed to be appropriate to the needs of smaller business hostel owners, who had reported that existing travel industry sustainability measurement systems were either too costly or time consuming to maintain; and
3. The framework needed to not only provide the means for hostel partners to showcase their sustainability credentials on our platform, but to also encourage progression towards even more sustainable operations over time.

After almost a year's worth of work, I am delighted to report that we delivered on all three objectives in February this year, with the launch of our '*Staircase to Sustainability*' platform. This bespoke sustainability improvement framework comprises a data collection process built into our existing hostel facing extranet portal, logic within our platform to determine a sustainability classification level for each hostel, and the means to display that sustainability classification level as a "badge" throughout our website and mobile native apps. Since launching the '*Staircase to Sustainability*' platform, we have seen strong uptake from the hostels on our platform, with over 1,800 hostels having already completed the sustainability assessment process and receiving a classification on platform; and a further 250 in the pipeline. Overall, we are very proud to play our leading role in championing sustainability in the hostel industry, and we are excited to see the impact of this framework in the years to come.

We also champion our own sustainability. For the past three years we have been awarded the 'Funding Climate Action' label, in partnership with South Pole partly due to our elimination and strict control of scope 1 and scope 2 emissions. This year we have partnered with South Pole to perform a detailed review of our scope 3 emissions and set a target for these emissions, which goes beyond the thresholds stipulated by the SBTi for our size of Company. We will report to the market later this year.

In addition to our efforts towards building a more sustainable travel industry, we also seek to build an inclusive, high-performance culture at Hostelworld, and ensure we create a positive impact within the communities we operate in. To that end, over the last six months we have worked closely with Neurodiversity Ireland, the Dyslexia Association of Ireland and the UK National Autistic Society to enhance our employee's understanding and support of Neurodiversity across our business, and thus creating a safe space for open discussions and inclusivity.

In parallel, we have also strengthened our partnership with Teen-Turn, an Irish based charity that helps teenage girls from underserved backgrounds gain experience working in STEM with the aim of leading more women into tech-focused qualifications and careers. We are delighted to have welcomed program participants to our business on summer internships.

### Summary

Over the first six months of this year, we have continued to demonstrate the capacity of our social strategy to drive profitable growth in market share, and we have continued to tightly manage costs. Taken together, this enabled the Hostelworld team to deliver an 88% increase YoY in adjusted EBITDA, and fully repay our outstanding debt with AIB, two years ahead of schedule. I'd therefore like to take this opportunity to thank each and every one of our employees for their commitment and hard work in delivering these results.

**Gary Morrison**  
Chief Executive Officer  
08 August 2024

**Financial Review: Caroline Sherry****Highlights**

- Net bookings of 3.7m (+9% year on year) driven by record performances in Asia and Central America
- Net average booking value of €13.60 (-10% year on year) driven by a greater proportion of bookings from low bed price destinations, record half-year for Asia and Central America and, a slight increase in the proportion of solo customers
- Net revenue of €46.4m (H1 2023: €45.8m), +1% year on year reflecting the drivers above
- Direct marketing as a percentage of generated revenue totalled 45%, down 6% from 51% in H1 2023, driving a net margin growth of +23% year on year
- Total operating costs of €42.5m, (H1 2023: €47.6m), -11% year on year driven by a reduction in paid marketing costs
- Operating profit €4.0m (H1 2023: operating loss of €1.7m), +335% year on year
- Adjusted EBITDA €9.6m (H1 2023: €5.1m), +88% year on year, with an increase in adjusted EBITDA margin from 11% to 21%
- Adjusted earnings per share 6.0 € cent (H1 2023: adjusted loss per share 1.9 € cent)
- Closing cash position of €5.0m (31 December 2023: €7.5m) and a net debt position of €2.6m (31 December 2023: €12.3m), AIB debt facility and RCF both repaid in full
- Net asset position of €62.6m (31 December 2023: €59.2m)

**Revenue and operating profit**

Net bookings totalled 3.7m, an increase of 9% compared to H1 2023 (H1 2023: 3.4m) driven by strong growth in Asia and Central America. Net ABV, the average value paid by a customer for a net booking was €13.60 which decreased by 10% from H1 2023 (H1 2023: €15.15), driven by a greater proportion of bookings from low-cost destinations, Asia and Central America, and a slight increase in the proportion of solo customers.

Featured listing advertising revenue, revenue generated from hostels advertising on our platform, grew to €0.8m (H1 2023: €0.5m). Reported revenue (net revenue) for the period was €46.4m (H1 2023: €45.8m) after considering deferred revenue, ancillary revenue streams, vouchers, refunds and other accounting adjustments. At 30 June 2024, the Group held €7.1m of customer deposits on its balance sheet relating to bookings made under the free cancellation policy (31 December 2023: €3.4m). This balance will largely unwind in H2 2024.

Operating expenses totalled €42.5m (H1 2023: €47.6m), a decrease of €5.1m year on year. This decrease was driven by a €3.6m reduction in direct marketing costs to €22.9m (H1 2023: €26.5m) with direct marketing costs as a percentage of generated revenue reducing to 45% (H1 2023: 51%). Excluding direct marketing costs and share option charges, operating expenses have reduced by 2% year on year driven by a focus on cloud efficiencies and procurement savings.

Group operating profit amounted to €4.0m (H1 2023: loss of €1.7m), a year on year increase of €5.7m. Adjusted EBITDA of €9.6m (H1 2023: €5.1m) represented growth of €4.5m compared to prior year.

**Exceptional items**

Exceptional items warrant separate disclosure due to their nature or materiality. The Group incurred no exceptional items in the period. Prior period exceptional items primarily relate to costs incurred on refinancing of the HPS facility totalling €3.6m, broken down as €0.7m of early repayment penalty interest, €0.1m of transaction costs relating to exiting the old facility and €2.8m accelerated interest costs which relate to transaction costs capitalised on drawdown of HPS facility in February 2021, which were expected to be amortised over a five-year period to 2026, but unwound in full on refinancing.

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### Share-based payment

The Group incurred a total share-based payment expense of €0.9m (H1 2023: €0.9m) arising on the issuance of options in accordance with the Group's Restricted Share Awards ("RSU") and Long-Term Incentive Plans ("LTIP").

On 22 April 2024, 5,245 shares were issued regarding the 2020 SAYE scheme at €0.01 cent per share, and on 29 April 2024, 1,345,870 shares were issued to satisfy long term incentive plan awards in relation to LTIP 2021. 100% of the performance obligations were satisfied.

On 03 May 2024 a new LTIP plan of 1,909,075 awards was struck for executives and key members of the Hostelworld team. All LTIP and RSU awards are nil cost options.

### Current and deferred tax

The Group corporation tax charge for H1 2024 is €0.1m (H1 2023: €0.1m) relating to our international operations where tax losses from our Irish operations cannot be utilised.

Deferred tax charge amount to €1.1m (H1 2023: €0.3m), increase year on year relating to an unwind of a deferred tax asset recognised in H2 2023. As at 31 December 2023 the Group recognised a total deferred tax asset of €6.4m relating primarily to COVID-19 trading losses and interest relief which had no expiry date and can be carried forward indefinitely. The asset recognised in the prior year is being unwound to the Income Statement to align to how the tax losses and interest relief is being utilised.

### Earnings per share

Basic earnings per share for the Group was 2.03 € cent (H1 2023: loss per share: 6.23 € cent). Adjusted earnings per share was 6.0 € cent per share (H1 2023 loss per share: 1.9 € cent per share) with the return to profitability, of both metrics, reflective of the business's return to normal trading post COVID-19.

### Finance costs, net debt and financing

At the balance sheet date, the Group had repaid AIB debt facilities, in full and 2 years ahead of schedule, and had a closing net debt position of €2.6m (31 December 2023: €12.3m).

In May 2023 the Group repaid the €30m facility drawn down in February 2021, during COVID-19, with HPS Investment Partners LLC (or subsidiaries or affiliates thereof) ('HPS'). The Group refinanced with a three-year facility with AIB. This facility was comprised of a €10m term loan which was repaid in full in June 2024 (€1.7m in 2023, €8.3m in 2024), a €7.5m revolving credit facility which was repaid in full in Q1 (€5.5m in 2023, €2.0m in 2024) and an undrawn €2.5m overdraft. At the date of repayment all security and covenant requirements held by AIB were released. The Group continues to hold an undrawn €2.5m overdraft facility with AIB.

The Group incurred €0.3m of finance costs (H1 2023: €5.4m), with interest costs arising on the Group's AIB facility totalling €0.5m, offset by a credit recognised of €0.2m relating to interest on debt warehoused. Prior period expense relates to AIB and HPS finance interest costs. The decrease in costs year on year is attributable to the refinancing completed in May 2023. HPS interest charges, excluding those classified as exceptional which totalled €3.5m, amounted to €1.6m in H1 2023.

### Debt warehoused

The Group availed of the Irish Revenue Commissioners tax warehousing scheme and warehoused €9.4m by deferring payment of all Irish employer taxes from February 2021 to March 2022. Total amount warehoused at 30 June 2024 was €7.6m (31 December 2023: €9.6m). In 2024 the Group wrote-off €0.2m of an interest charge which related to an announcement by the Revenue Commissioners on 05 February 2024 that the applicable rate of interest on debt warehoused would reduce to 0%.

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In May 2024 the Group made an initial payment of 15%, in line with the repayment terms set with the Irish Revenue Commissioners, followed by monthly payments. These monthly payments will continue over a three-year period to April 2027. The Group continues to monitor and comply with the appropriate Revenue guidelines applicable to this scheme.

### **Development labour**

Total development labour intangible asset additions amounted to €2.4m during H1 2024 (2023: €1.5m). This asset arose due mainly to work completed delivering our social strategy, particularly LinkUps in H1 2024, modernising our platforms, and revamping our hostel activations process to streamline the hostel sign up and onboarding processes. This balance includes internal development labour of €1.5m (H1 2023: €1.1m) relating to staff costs capitalised during the period, and other internally generated additions of €0.9m (H1 2023: €0.4m).

### **Impact of new accounting standards**

New accounting standards and amendments to existing standards implemented in 2024 did not have a material impact on the Group.

### **Related parties**

Related party transactions are disclosed in note 15 to the condensed Group Financial Statements.

### **Investor relations**

The Group have a proactive approach to investor relations. The release of our annual and interim results, along with quarterly trading updates, provide regular information regarding our performance and are accompanied by presentations, webcasts and conference calls. In May 2024, an AGM was held providing engagement channels for our shareholders to send advance questions to the Board, with all details relating to the AGM published on the Company's website.

We held a number of investor roadshows and attended industry conferences. These engagements provided an opportunity for the management team to meet existing and/or potential investors and analysts in a concentrated set of meetings. This direct feedback and input on the investor community's perspective of the Company is reflected upon to ensure that our investor relations communications remain meaningful and effective.

### **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 2023 Annual Report and Financial Statements, published on 02 April 2024, to remain applicable. Any changes to this evaluation and a description of each is set out within the Appendix.

### **Dividend**

The Directors do not propose an interim dividend in respect of the six months ended 30 June 2024 (six months ended 30 June 2023: €nil). 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.

**Caroline Sherry**  
Chief Financial Officer  
08 August 2024

**HOSTELWORLD GROUP PLC – INTERIM MANAGEMENT REPORT****Responsibility Statement**

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Each of the Directors of Hostelworld Group plc (as listed on pages 86 and 87 of the Annual Report and Financial Statements for the year ended 31 December 2023, published on 02 April 2024) 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  
08 August 2024

**Caroline Sherry**  
Chief Financial Officer  
08 August 2024



## HOSTELWORLD GROUP PLC – INTERIM FINANCIAL STATEMENTS

### CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	6 months ended 30 June 2024 €'000 Unaudited	6 months ended 30 June 2023 €'000 Unaudited	Year ended 31 December 2023 €'000 Audited
Revenue	3	46,435	45,837	93,264
Operating expenses*	4	(42,496)	(47,600)	(88,431)
Reversal of impairment of trade receivables		13	7	14
Share of results of associate		56	88	137
<b>Operating profit/(loss)</b>		<b>4,008</b>	<b>(1,668)</b>	<b>4,984</b>
Finance income			-	53
Finance costs*		(304)	(5,415)	(6,107)
<b>Profit/(loss) before tax</b>		<b>3,704</b>	<b>(7,083)</b>	<b>(1,070)</b>
Tax (cost)/credit	6,9	(1,180)	(413)	6,206
<b>Profit/(loss) for the period/year attributable to the equity owners of the parent Company</b>		<b>2,524</b>	<b>(7,496)</b>	<b>5,136</b>
Basic earnings/(loss) per share (euro cent)		2.03	(6.23)	4.21
Diluted earnings/(loss) per share (euro cent)		1.96	(6.23)	4.07

\*No current period exceptional costs. Included in operating expenses 30 June 2023 are exceptional cost of €79k, 31 December 2023 €253k, and included in finance costs are exceptional costs 30 June 2023 of €3,514k, 31 December 2023 €3,526k. Further detail provided in note 5.



## HOSTELWORLD GROUP PLC – INTERIM FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2024

	6 months ended 30 June 2024 €'000 Unaudited	6 months ended 30 June 2023 €'000 Unaudited	Year ended 31 December 2023 €'000 Audited
<b>Profit/(loss) for the period/year</b>	<b>2,524</b>	<b>(7,496)</b>	<b>5,136</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of foreign operations	4	(25)	(24)
<b>Total comprehensive income/(loss) for the period/year attributable to equity owners of the Parent Company</b>	<b>2,528</b>	<b>(7,521)</b>	<b>5,112</b>



## HOSTELWORLD GROUP PLC – INTERIM FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Notes	Six months ended 30 June 2024 €'000 Unaudited	Six months ended 30 June 2023 €'000 Unaudited	Year ended 31 December 2023 €'000 Audited
<b>Non-current assets</b>				
Intangible assets	8	<b>64,320</b>	69,457	66,533
Property, plant and equipment		<b>735</b>	1,047	818
Deferred tax assets	9	<b>14,456</b>	8,861	15,530
Investment in associate		<b>1,173</b>	1,068	1,117
Cash and cash equivalents		-	750	750
		<b>80,684</b>	81,183	84,748
<b>Current assets</b>				
Trade and other receivables	10	<b>4,894</b>	4,515	3,275
Corporation tax		<b>100</b>	1	91
Cash and cash equivalents		<b>5,029</b>	9,947	6,714
		<b>10,023</b>	14,463	10,080
<b>Total assets</b>		<b>90,707</b>	95,646	94,828
<b>Issued capital and reserves attributable to equity owners of the parent</b>				
Share capital	11	<b>1,250</b>	1,235	1,236
Share premium	11	<b>14,425</b>	14,328	14,425
Other reserves		<b>3,835</b>	4,235	2,918
Retained earnings		<b>43,123</b>	25,885	40,599
<b>Total equity attributable to equity holders of the parent Company</b>		<b>62,633</b>	45,683	59,178
<b>Non-current liabilities</b>				
<i>Non-current debt</i>				
Debt warehoused	12	<b>4,903</b>	6,833	6,425
Borrowings	14	-	9,870	4,807
Lease liabilities		<b>33</b>	-	35
		<b>4,936</b>	16,703	11,267
<b>Current liabilities</b>				
<i>Current debt</i>				
Debt warehoused	12	<b>2,674</b>	2,653	3,204
Borrowings	14	-	7,522	5,340
<i>Trade and other payables</i>				
Trade payables	13	<b>5,396</b>	5,907	3,314
Deferred revenue	13	<b>7,498</b>	8,883	3,891
Accruals and other payables	13	<b>6,785</b>	7,136	7,859
Lease liabilities		<b>473</b>	826	545
Corporation tax		<b>312</b>	333	230
		<b>23,138</b>	33,260	24,383
<b>Total liabilities</b>		<b>28,074</b>	49,963	35,650
<b>Total equity and liabilities</b>		<b>90,707</b>	95,646	94,828



## HOSTELWORLD GROUP PLC – INTERIM FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2024

Notes	Share capital €'000	Share premium €'000	Retained earnings €'000	Other reserves €'000	Total €'000
<b>Balance at 31 December 2022 (audited)</b>	<b>1,175</b>	<b>14,328</b>	<b>30,308</b>	<b>6,432</b>	<b>52,243</b>
Issue of shares	60	-	-	-	60
Total comprehensive income for the period	-	-	(7,496)	(25)	(7,521)
Credit to equity for equity settled share-based payments	-	-	-	901	901
Transfer of exercised and expired share-based awards	-	-	3,073	(3,073)	-
<b>Balance at 30 June 2023 (unaudited)</b>	<b>1,235</b>	<b>14,328</b>	<b>25,885</b>	<b>4,235</b>	<b>45,683</b>
Issue of shares	1	97	-	-	98
Total comprehensive income for the period	-	-	12,632	1	12,633
Credit to equity for equity settled share-based payments	-	-	-	764	764
Transfer of exercised and expired share-based awards			2,082	(2,082)	-
<b>Balance at 31 December 2023 (audited)</b>	<b>1,236</b>	<b>14,425</b>	<b>40,599</b>	<b>2,918</b>	<b>59,178</b>
Issue of shares	11	14	-	-	14
Total comprehensive income for the period	-	-	2,524	4	2,528
Credit to equity for equity settled share-based payments	-	-	-	913	913
<b>Balance at 30 June 2024 (unaudited)</b>	<b>1,250</b>	<b>14,425</b>	<b>43,123</b>	<b>3,835</b>	<b>62,633</b>



## HOSTELWORLD GROUP PLC – INTERIM FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	Six months ended 30 June 2024 €'000 Unaudited	Six months ended 30 June 2023 €'000 Unaudited	Year ended 31 December 2023 €'000 Audited
<b>Cash flows from operating activities</b>				
Profit/(loss) for the period/year		2,524	(7,496)	5,136
Tax		1,180	413	(6,206)
<b>Profit/(loss) before tax</b>		3,704	(7,083)	(1,070)
Amortisation and depreciation	4	4,899	5,971	11,774
Share of profit of associate		(56)	(88)	(137)
Net profit on disposal of leases	4	(5)	-	(3)
Financial income		(7)	-	(53)
Finance expense		311	1,901	2,581
Finance expense (exceptional)	5	-	3,514	3,526
Employee equity settled share-based payment expense		918	939	1,682
<i>Changes in working capital items:</i>				
Increase in trade and other payables	13	4,615	9,111	2,392
Increase in trade and other receivables	10	(1,619)	(1,269)	(28)
		12,760	12,996	20,664
Interest paid (including lease interest)		(299)	(2,210)	(3,036)
Interest received		7	-	59
Income tax paid		(41)	(19)	(262)
<b>Net cash generated from operating activities</b>		12,427	10,767	17,425
<b>Cash flows from investing activities</b>				
Acquisition / development of intangible assets	8	(2,352)	(1,544)	(3,986)
Purchases of property, plant and equipment		(41)	(61)	(101)
<b>Net cash used in investing activities</b>		(2,393)	(1,605)	(4,087)
<b>Cash flows from financing activities</b>				
Drawdown of borrowings	14	-	17,369	17,369
Transaction costs relating to borrowings	14	-	(170)	(170)
Repayment of borrowings	14	(10,333)	(34,066)	(41,233)
Repayment of warehoused debt	12	(1,861)	-	-
Proceeds received on issue of warrants		-	33	33
Proceeds received on issue of shares		-	-	98
Repayments of obligations under lease liabilities		(279)	(568)	(909)
<b>Net cash used in financing activities</b>		(12,473)	(17,402)	(24,812)
Net decrease in cash and cash equivalents		(2,439)	(8,240)	(11,474)
Cash and cash equivalents at the beginning of the period/year		7,464	18,962	18,962
Effect of foreign exchange rate changes		4	(25)	(24)
<b>Cash and cash equivalents at the end of the period/year</b>		5,029	10,697	7,464

## HOSTELWORLD GROUP PLC – INTERIM FINANCIAL STATEMENTS

### NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

#### 1. General information

Hostelworld Group plc, hereinafter "the Company", is a public limited company incorporated in the United Kingdom. The registered office of the Company is One Chamberlain Square, Birmingham, B3 3AX. The Company is the ultimate parent company of the Group and its shares are quoted on the Euronext Dublin and London Stock Exchange.

These condensed group interim financial statements as at, and for the period from 1 January 2024 to 30 June 2024 (half year/six months) ("interim financial statements") were approved for issue by the Board of Directors on 08 August 2024.

#### 2. Accounting policies

##### Basis of preparation

The interim financial statements should be read in conjunction with the financial statements as at, and for the year ended 31 December 2023, the "2023 annual report". The interim financial statements do not include all of the information required for a complete set of IFRS financial statements and have not been audited or reviewed by the Group's auditor. The methods of computation, presentation and accounting policies adopted in the preparation of the interim financial statements are consistent with those applied in the 2023 Annual Report other than those noted below. The Group's accounting policies are set out in note 1 and note 2 to the financial statements in the 2023 Annual Report. The auditors reported on the 2023 annual report 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.

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.

As 30 June 2024, the Group had repaid its borrowing facilities held with AIB in full, 31 December 2023 borrowings totalled €10,147k, and held cash on hand of €5,029k, 31 December 2023: €7,464k. The Group have commenced repaying its debt warehoused with the Irish Revenue Commissioners and have a repayment plan in place for three years to April 2027. Amount owed as at 30 June 2024 was €7,577k, 31 December 2023: €9,629k.

The Directors took account of the principal risks and uncertainties identified and discussed on pages 25 to 27 and believe that the Group is well placed to manage these risks successfully. The Directors also considered the Group's cash flow forecasts and current and anticipated trading volumes and 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 did not have a 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.

##### 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 2023.

**HOSTELWORLD GROUP PLC – INTERIM FINANCIAL STATEMENTS**
**3. Revenue**

The Group's major revenue-generating asset class comprises its software and data processing services. 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:

	Six months ended 30 June 2024 €'000	Six months ended 30 June 2023 €'000	Year ended 31 December 2023 €'000
	(Unaudited)	(Unaudited)	(Audited)
Europe	25,089	26,840	56,400
Americas	8,873	8,957	17,311
Asia, Africa and Oceania	12,473	10,040	19,553
<b>Total revenue</b>	<b>46,435</b>	45,837	93,264

For the six-month period ended 30 June 2024, an amount of €3,636k was deferred to the balance sheet (30 June 2023: €5,613k) which will be recognised largely in H2 2024. Please see note 13 for deferred revenue provision at balance sheet date.

Disaggregation of revenue is presented as follows:

	Six months ended 30 June 2024 €'000	Six months ended 30 June 2023 €'000	Year ended 31 December 2023 €'000
	(Unaudited)	(Unaudited)	(Audited)
Technology and data processing fees	45,615	45,362	92,079
Ancillary services and advertising revenue	820	475	1,185
<b>Total revenue</b>	<b>46,435</b>	45,837	93,264

In the six months ended 30 June 2024, the Group generated 98% (30 June 2023: 99%) of its revenues from the technology and data processing fees that it charged to accommodation providers.

**4. Operating expenses**

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

	Six months ended 30 June 2024 €'000	Six months ended 30 June 2023 €'000	Year ended 31 December 2023 €'000
	(Unaudited)	(Unaudited)	(Audited)
Marketing costs – brand	393	372	676
Marketing costs – direct	22,871	26,456	46,881
Credit card processing fees	1,431	1,452	2,672
Staff costs	8,911	9,583*	19,743
Contractor costs	926	607*	1,268
Platform operating costs	1,588	1,787	3,173
Profit on disposal of lease liability	(5)	-	(3)
Exceptional items	-	79	253
Foreign exchange loss/(gain)	60	(106)	156
Other administrative costs	1,601	1,525	2,015
<b>Total administrative expenses</b>	<b>37,776</b>	41,755	76,834
Depreciation of property, plant and equipment	334	526	963
Amortisation of intangible fixed assets	4,565	5,445	10,811
Amortisation of R&D tax credit	(179)	(126)	(177)
<b>Total operating expenses</b>	<b>42,496</b>	47,600	88,431

## HOSTELWORLD GROUP PLC – INTERIM FINANCIAL STATEMENTS

Total administration expenses decreased by €3,979k to €37,776k (30 June 2023: €41,755k), predominantly due to a decrease in direct marketing costs of €3,585k to €22,871k (30 June 2023: €26,456k) driven by the growth of free bookings as a result of the social strategy and efficiency in paid marketing channels.

Included within administration expenses in the current period is a total credit of €158k (30 June 2023: €62k) in relation to an R&D tax credit claimed in respect of projects completed in 2023 and 2022.

\*An amount of €156k has been re-presented in the prior 6-month period between staff costs and contractor costs relating to third party contractors engaged by the Group for a fairer presentation of the staff costs incurred by the Group.

### 5. Exceptional items

	Six months ended 30 June 2024 €'000 (Unaudited)	Six months ended 30 June 2023 €'000 (Unaudited)	Year ended 31 December 2023 €'000 (Audited)
Restructuring costs – operating expenses	-	79	253
Restructuring costs – finance costs	-	3,514	3,526
<b>Total exceptional items</b>	<b>-</b>	<b>3,593</b>	<b>3,779</b>

Prior period/year exceptional items primarily relate to costs incurred on refinancing of the HPS facility totalling €3.6m, broken down as €0.7m of early repayment penalty interest, €0.1m of transaction costs relating to exiting the old facility and €2.8m accelerated interest costs which relate to transaction costs capitalised on drawdown of HPS facility in February 2021, which were expected to be amortised over a five-year period to 2026, but unwound in full on refinancing.

### 6. Tax

	Six months ended 30 June 2024 €'000 (Unaudited)	Six months ended 30 June 2023 €'000 (Unaudited)	Year ended 31 December 2023 €'000 (Audited)
Tax cost	106	100	150
Deferred tax cost/(credit)	1,074	313	(6,356)
<b>Tax cost/(credit)</b>	<b>1,180</b>	<b>413</b>	<b>(6,206)</b>

The corporation tax charge for the six-month period amounted to €106k (30 June 2023: €100k). Current and prior period charge relate primarily to our overseas operations where tax losses from our Irish operations cannot be utilised.

Tax 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 2024 earnings or loss of each group entity.

**HOSTELWORLD GROUP PLC – INTERIM FINANCIAL STATEMENTS**
**7. Earnings/(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 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)	Year ended 31 December 2023 (Audited)
Weighted average number of shares in issue ('000s)	<b>124,102</b>	120,395	121,990
Profit/(loss) for the period (€'000s)	<b>2,524</b>	(7,496)	5,136
Basic earnings/(loss) per share (€ cent)	<b>2.03</b>	(6.23)	4.21

Diluted earnings/(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. Share options and share awards are the Company's only potential dilutive ordinary shares. In the prior 6 month period ordinary shares potentially issuable from share based payment arrangements are anti-dilutive due to the loss in the financial period meaning there is no difference between basic and diluted earnings per share.

	Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)	Year ended 31 December 2023 (Audited)
Weighted average number of shares in issue ('000s)	<b>124,102</b>	-	121,990
Share options (€'000s)	<b>4,906</b>	-	4,366
Weighted average number of ordinary shares for the purpose of diluted earnings per share (€'000s)	<b>129,008</b>	-	126,356
Diluted earnings/(loss) per share (€ cent)	<b>1.96</b>	-	4.07

**8. Intangible assets**

Additions during the period comprised of capitalised development costs of €2,351k (31 December 2023: €3,953k) and software additions of €1k (31 December 2023: €33k). There were no disposals.

Capitalised development costs additions during the period are made up of internal staff costs of €1,448k (FY 2023: €2,934k) and other internally generated additions of €903k (FY 2023: €1,019k).

Offsetting additions is a total amortisation charge of €4,565k for the period ended 30 June 2024 (FY 2023: €10,811k).

**9. Deferred tax**

	Intangible assets €'000	Property, plant and equipment €'000	Losses and interest relief €'000	Total €'000
At 01 January 2023 (audited)	<b>9,060</b>	114	-	<b>9,174</b>
Credit/ (cost) to the income statement	995	(69)	5,430	6,356
At 31 December 2023 (audited)	<b>10,055</b>	<b>45</b>	<b>5,430</b>	<b>15,530</b>
(Cost) / credit to the income statement	(815)	1	(260)	(1,074)
At 30 June 2024 (unaudited)	<b>9,240</b>	<b>46</b>	<b>5,170</b>	<b>14,456</b>

**HOSTELWORLD GROUP PLC – INTERIM FINANCIAL STATEMENTS**
**10. Trade and other receivables**

	30 June 2024 €'000 (Unaudited)	30 June 2023 €'000 (Unaudited)	31 December 2023 €'000 (Audited)
<b>Amounts falling due within one year</b>			
Trade receivables (hostels and payment processor)	1,919	1,191	777
Prepayments and accrued income	1,054	922	1,172
Value added tax due from Revenue Commissioners	1,921	2,402	1,326
	<b>4,894</b>	<b>4,515</b>	<b>3,275</b>

**11. Share capital**

	No of shares of €0.01 each (thousands)	Share capital €'000	Share premium €'000	Total €'000
At 31 December 2023	123,639	1,236	14,425	15,661
Share issue – SAYE award, 22 April 2024	5	-	-	-
Share issue – LTIP award, 29 May 2024	1,346	14	-	14
<b>At 30 June 2024</b>	<b>124,990</b>	<b>1,250</b>	<b>14,425</b>	<b>15,675</b>

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.

**12. Warehoused payroll taxes**

	30 June 2024 €'000 (Unaudited)	30 June 2023 €'000 (Unaudited)	31 December 2023 €'000 (Audited)
Opening balance	9,629	9,438	9,438
Repayments made	(1,861)	-	-
Finance costs (unwind)/cost	(191)	48	191
<b>Closing balance</b>	<b>7,577</b>	<b>9,486</b>	<b>9,629</b>

The Group has availed of the Irish Revenue tax warehousing scheme and deferred payment on all Irish employer taxes arising during the period from February 2021 to March 2022. In 2024 the Group wrote-off €191k of an interest charge which related to an announcement by the Revenue Commissioners on 05 February 2024 that the applicable rate of interest on debt warehoused would reduce to 0%.

The Group made an initial down payment of 15% in line with the repayment terms set with the Irish Revenue Commissioners in May 2024, followed by monthly payments in May and June which will continue over a three-year period to April 2027. This repayment plan is reflected in the classification of the liability between current and non-current.

**HOSTELWORLD GROUP PLC – INTERIM FINANCIAL STATEMENTS**

	30 June 2024 €'000 (Unaudited)	30 June 2023 €'000 (Unaudited)	31 December 2023 €'000 (Audited)
Non current liability	4,903	6,833	6,425
Current liability	2,674	2,653	3,204
<b>Total warehoused payroll taxes</b>	<b>7,577</b>	9,486	9,629

**13. Trade and other payables**

	30 June 2024 €'000 (Unaudited)	30 June 2023 €'000 (Unaudited)	31 December 2023 €'000 (Audited)
<b>Current liabilities</b>			
Trade payables	5,396	5,907	3,314
Accruals and other payables	6,141	6,546	7,272
Deferred revenue	7,498	8,883	3,891
Payroll taxes (non-warehoused)	644	590	587
	<b>19,679</b>	21,926	15,064

At 30 June 2024, €7,073k of revenue was deferred relating to free cancellation bookings (31 December 2023: €3,438k), €405k relates to hostel advertising revenue (31 December 2023: €434k) and €20k was deferred relating to Roamies (31 December 2023: €19k). The majority of this balance will unwind in H2 2024.

**14. Borrowings**

	30 June 2024 €'000 (Unaudited)	30 June 2023 €'000 (Unaudited)	31 December 2023 €'000 (Audited)
Opening balance	10,147	31,113	31,113
Repayments (HPS)	-	(34,066)	(34,066)
Drawdown (AIB)	-	17,369	17,369
Repayments (AIB)	(10,333)	-	(7,167)
Transaction costs capitalised related to borrowings	-	(170)	(170)
Finance costs	472	1,838	2,342
Finance costs – exceptional items	-	2,827	2,827
Finance interest paid	(286)	(1,519)	(2,101)
	-	17,392	10,147

In 2021 the Group signed a €30.0m five-year term loan facility with certain investment funds and accounts of HPS Investment Partners LLC. In May 2023 the facility was repaid in full and refinanced with AIB.

A three-year facility was signed with AIB on 09 May 2023. This facility was comprised of a €10,000k term loan which was repaid in full in June 2024 (€1,667k in 2023, €8,333k in 2024), a €7,500k revolving credit facility which was repaid in full in February 2024 (€5,500k in 2023, €2,000k in 2024) and an undrawn €2,500k overdraft.

At the date of repayment all security and covenant requirements held by AIB were released. The Group continues to hold an undrawn €2,500k facility with AIB.

**HOSTELWORLD GROUP PLC – INTERIM FINANCIAL STATEMENTS**

	30 June 2024 €'000 (Unaudited)	30 June 2023 €'000 (Unaudited)	31 December 2023 €'000 (Audited)
Non-current liability	-	9,870	4,807
Current liability	-	7,522	5,340
<b>Total borrowings</b>	<b>-</b>	<b>17,392</b>	<b>10,147</b>

**15. Group structure and related party transactions**

On 02 May 2024 Ulrik Bengtsson and Paul Duffy were appointed as non-executive independent directors to the Group.

On 09 February 2024 Hostelworld Management Services Limited was incorporated with a registered address at Charlemont Exchange, Charlemont St, Dublin, D02 VN88. Its principal activity relates to the provision of management services to the Group. On 01 April 2024 a permanent establishment of Hostelworld Management Services Limited was registered in the Netherlands.

There are no other changes to the Group structure or related parties to highlight in respect of H1 2024.

**16. Events after the reporting date**

There have been no significant events, outside the ordinary course of business, affecting the Group since 30 June 2024.

**HOSTELWORLD GROUP PLC – INTERIM FINANCIAL STATEMENTS**
**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. An explanation of each APM and its purpose within the Group is set out from page 222 within the Annual Report and Financial Statements for the year ended 31 December 2023, published on 02 April 2024.

**Adjusted EBITDA and Adjusted EBITDA Margin**

**Definition:** The Group uses earnings before interest, tax, depreciation and amortisation, excluding exceptional and non-cash items (adjusted EBITDA) and Adjusted EBITDA margin when assessing trading profitability in the business from one period to the next.

**Why we use it:** Adjusted EBITDA and Adjusted EBITDA margin allows the Group to review baseline profitability. This APM removes items which do not impact underlying trading performance.

Reconciliation between profit/(loss) for the period and adjusted EBITDA / Adjusted EBITDA margin:

	30 June 2024 €'000	30 June 2023 €'000
<b>Profit/(loss) for the period</b>		
Tax	2,524	(7,496)
Net finance costs	1,180	413
Net finance costs (exceptional)	304	1,901
	<hr/>	<hr/>
<b>Operating profit/(loss)</b>	<b>4,008</b>	<b>(1,668)</b>
Depreciation	334	526
Amortisation of development costs	1,623	1,524
Amortisation of acquired intangible assets	2,942	3,921
R&D tax credit	(179)	(126)
Share of result of associate	(56)	(88)
Exceptional items	-	79
Share based payment expense	918	939
	<hr/>	<hr/>
<b>Adjusted EBITDA</b>	<b>9,590</b>	<b>5,107</b>
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Adjusted EBITDA	9,590	5,107
Net revenue	46,435	45,837
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<b>Adjusted EBITDA Margin %</b>	<b>21%</b>	<b>11%</b>

**Adjusted profit after tax (“Adjusted PAT”)**

**Definition:** Adjusted profit after tax is an APM that the Group uses to calculate the potential dividend when a dividend is being paid, subject to company law requirements regarding distributable profits and the dividend policy within the Group.

**Why we use it:** It excludes items that the Group cannot control when considering trading profitability which can have large impact on the reported result for the period, and which can make underlying trends difficult to interpret.

Reconciliation between adjusted EBITDA and profit/(loss) for the period:

	30 June 2024 €'000	30 June 2023 €'000
<b>Adjusted EBITDA</b>		
Depreciation	9,590	5,107
Amortisation of development costs	(334)	(526)
Net finance costs	(1,623)	(1,524)
Net finance costs (exceptional)	(304)	(1,901)
R&D tax credit	-	(3,514)
Share of result of associate	179	126
Corporation tax	56	88
	<hr/>	<hr/>
<b>Adjusted profit/(loss) after tax</b>	<b>7,458</b>	<b>(2,244)</b>
Exceptional items	-	(79)
Amortisation of acquired intangible assets	(2,942)	(3,921)
Share based payment expense	(918)	(939)
Deferred tax	(1,074)	(313)
	<hr/>	<hr/>
<b>Profit/(loss) for the period</b>	<b>2,524</b>	<b>(7,496)</b>

**HOSTELWORLD GROUP PLC – INTERIM FINANCIAL STATEMENTS**
**Adjusted earnings per share**

**Definition:** Adjusted EPS is calculated on the weighted average number of ordinary shares in issue, using the adjusted profit after tax.

**Why we use it:** It is an additional measure of underlying performance that excludes exceptional items that are not related to ongoing operational performance and other certain items which do not impact underlying trading performance. Adjusted EPS is a performance condition included in the Executive Director and Senior Management remuneration for the LTIP 2024 plan struck.

	<b>30 June 2024</b>	<b>30 June 2023</b>
<b>Adjusted profit/(loss) after tax €'000</b>	7,458	(2,244)
Weighted average shares in issue ('m)	124	120
<b>Adjusted EPS (cent per share)</b>	<b>6.0</b>	<b>(1.9)</b>

**Adjusted free cash flow**

**Definition:** Free cash flow adjusted for capital expenditure, acquisition of intangible assets, net finance costs, net movement in working capital and excluding the effect of exceptional costs.

**Why we use it:** It is a measure which shows the cash the Group is generating/(using) to operate day to day. It excludes certain items which do not relate to the day-to-day activities of the Group.

	<b>30 June 2024</b>	<b>31 December 2023</b>
	€'000	€'000
Net decrease in cash and cash equivalents	(2,439)	(11,474)
<b>Add back</b>		
Repayment of borrowings	10,333	41,233
PIK interest paid	-	451
Repayment of warehoused debt	1,861	-
Proceeds from borrowings	-	(17,369)
Transaction costs capitalised	-	170
Proceeds on issue of shares	-	(98)
Proceeds received on issue of warrants	-	(33)
Exceptional items	154	986
<b>Adjusted free cash flow</b>	<b>9,909</b>	<b>13,866</b>
<b>Adjusted EBITDA</b>	<b>9,590</b>	<b>18,379</b>
<b>Adjusted free cash flow %</b>	<b>103%</b>	<b>75%</b>

Exceptional items paid relate to 2023 exceptional costs paid in 2024.

Reconciliation between adjusted free cash flow and net cash from operating activities for the period/year:

	<b>30 June 2024</b>	<b>31 December 2023</b>
	€'000	€'000
<b>Adjusted free cash flow</b>	<b>9,909</b>	<b>13,866</b>
Exceptional items	(154)	(986)
PIK interest paid	-	(451)
Lease liability payments	279	909
Acquisition/capitalisation of intangible assets	2,352	3,986
Purchases of property, plant and equipment	41	101
<b>Net cash from operating activities</b>	<b>12,427</b>	<b>17,425</b>

Exceptional items paid relate to 2023 exceptional costs paid in 2024.



## HOSTELWORLD GROUP PLC – INTERIM FINANCIAL STATEMENTS

### Generated revenue, net gross merchandise value (“GMV”) and net average booking value (“ABV”)

**Definition:** Generated revenue is total bookings, less cancellations and excludes the impact of adjustments the cost of refunds, chargebacks and voucher provisioning items such as deferred revenue. Net GMV represents the gross transaction value of bookings on our platform less cancellations. Net ABV represents the average value paid by a customer for a net booking.

**Why we use it:** Generated revenue is used in order to exclude from trading ratios the impact of non-trading items such as deferred revenue. Net GMV demonstrates the total value of transactions executed through our platform i.e. 100% of the booking value. Net ABV is an APM which measures the average value paid by a customer for a booking.

	30 June 2024 €'000	30 June 2023 €'000
GMV	379,414	390,850
Cancellations	(48,578)	(51,300)
<b>Net GMV (100% deposit)</b>	<b>330,836</b>	<b>339,550</b>
Hostelworld commission share:		
Gross revenue	57,688	59,267
Cancellations	(7,368)	(7,769)
<b>Generated revenue</b>	<b>50,320</b>	<b>51,498</b>
Deferred revenue cost	(3,636)	(5,613)
Other ancillary revenue	131	153
Adjustments to revenue	(820)	(171)
Advertising income	820	475
Volume incentive rebates	(380)	(505)
<b>Net revenue</b>	<b>46,435</b>	<b>45,837</b>
Generated revenue (€'000)	50,320	51,498
Net bookings (#'000)	3,701	3,398
<b>Net ABV € cent</b>	<b>13.60</b>	<b>15.15</b>

### Direct marketing costs as a % of generated revenue

**Definition:** Direct marketing costs as a percentage of generated revenue is an APM which looks at the efficiency of marketing spend.

**Why we use it:** This APM identifies how efficient the Groups marketing channels are. Generated revenue is utilised to understand the relationship between bookings/revenue and the direct marketing costs for those. Net revenue includes items such as deferred revenue and other ancillary streams which do not impact the amount spent through direct marketing to acquire bookings.

	30 June 2024 €'000	30 June 2023 €'000
Direct marketing costs	22,871	26,456
Generated revenue	50,320	51,498
<b>Direct marketing costs as a % of generated revenue</b>	<b>45%</b>	<b>51%</b>

### Net margin

**Definition:** Net margin is an APM which is calculated by deducting direct costs from revenue. Direct costs are comprised of direct marketing costs and credit card fees. Further detail is included in note 4.

**Why we use it:** This APM identifies the trading profit margin, excluding administration costs / day to day expenses.

	30 June 2024 €'000	30 June 2023 €'000
Net revenue	46,435	45,837
Direct costs	(24,302)	(27,908)
<b>Net margin</b>	<b>22,133</b>	<b>17,929</b>

## HOSTELWORLD GROUP PLC – INTERIM FINANCIAL STATEMENTS

### 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 2023, published on 02 April 2024.

A review was performed of the risk register during H1 2024.

	Strategic & external risk	Technological, Cyber & Data risk	Financial risk	Operational & Regulatory risk
<b>Not previously disclosed</b>	- Execution of strategy			
<b>Increased level of risk</b>		- Data security - Cyber security		
<b>Unchanged level of risk</b>	- Macroeconomic conditions - Competition - Impact of uncontrollable events	- Platform evolution and innovation - Marketing optimisation	- Taxation	- Third party reliance - Climate change and sustainability - Regulation - Business continuity - Brand and reputation - People
<b>Decreased level of risk</b>			- Financial	

The following changes were made:

1. The risk associated with the Group's execution of strategy has been added. This reflects the inherent risk in the Group's ambitious growth targets.
2. The risk profile of Cyber security and Data security have both increased. The continuous upward momentum in the cost of cybercrime is demonstrative of the increasing risk in this area. The sophistication of bad actors continues to grow at rapid pace including their incorporation of new methods based off advances in artificial intelligence. This poses an increased level of threat to both system integrity and data security.
3. The profile of our Financial risk has decreased reflecting the reduced liquidity and interest rate risk upon the Group's repayment of the balance of the AIB term loan facility in H1 2024.

The other risks included have not materially changed from those reported within the annual report.

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, access to credit, and geopolitical stability are among the factors that can impact travel demand.

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- 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 ensure compliance with legislation and maintaining confidence in our services. As an online platform, we are constantly exposed to threats in the form of internal and external attacks or disruption to 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. The tools and techniques used in such attacks continue to evolve in sophistication.
- 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 enabling them to compete more effectively.
- Execution of strategy
  - The Group pursues an ambitious growth strategy to deliver attractive and sustainable returns for shareholders. Delivering this strategy requires strong leadership, employee engagement, investment, and governance. The Group operates in an intensely competitive global environment and the risk of loss in market share to competitors, and less than expected market growth, among other factors, may impact on the ability of the Group to successfully execute strategy.
- Marketing optimisation
  - Search engines frequently update and change the logic that determines the placement and display of results. As these algorithms evolve, our marketing strategy is at risk of falling behind and not remaining competitive. Our costs to improve or maintain our placement in search results can increase which directly impacts our results and margins.
- Platform evolution and innovation
  - The ever-increasing pace of change of new technology, infrastructure and software offerings change how customers research, purchase and experience travel. We must stay abreast of technological innovation and change, both in our product offerings and supporting infrastructure, or risk becoming irrelevant to the modern customer. We invest a significant amount in our infrastructure, product, and user experience.
- People
  - The Group is dependent on its ability to attract, retain and develop creative, committed, and skilled employees to achieve its strategic objectives. The recruitment environment remains intense. Workforce location decisions may have cost, regulatory, taxation, and other impacts. People risk remains steady but may increase in future if the Group does not keep pace with market developments.
- 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, consumer loyalty and ultimately revenues.
- 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.
  - 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.

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- 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.
- Climate change and sustainability
  - Climate change and sustainability continue to be areas of 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 the Group's actions to limit its direct and indirect impact on climate change.
- Impact of uncontrollable events
  - The threat of a global pandemic (similar to COVID-19), terrorist attacks in key cities and aircrafts in flight, geopolitical conflicts, climate change, natural disasters or other adverse events outside of the control of the Group may reduce demand for or prevent the ability to travel to affected regions. This may result in risk to the health of our employees and customers and consequential negative impact on economic activity.
- Regulation
  - The Group's business is global and highly regulated, and is exposed to issues such as competition, licensing of local accommodation and experiences, consumer compliance, taxation, intellectual property, trademarks, data protection and information security, and commercial disputes in multiple jurisdictions. Regulatory and legal 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 third-party hosted services on which we rely could disrupt availability of our booking engines and payments platforms, or availability of administrative services.
- 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.
- Taxation
  - Due to the global nature of our business, tax authorities in other jurisdictions may consider certain taxes as 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. Additional employee locations in a remote working environment also could give rise to potential tax implications.