

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser (being, (i) if you are resident in the United Kingdom, a financial adviser who is authorised under the Financial Services and Markets Act 2000, (ii) if you are resident in Ireland, an organisation or firm authorised or exempt under the Investment Intermediaries Act 1995 (as amended) of Ireland or an authorised investment firm within the meaning of the European Union (Markets in Financial Instruments) Regulations 2017 (as amended)) or (iii) if you are taking advice in a territory outside the United Kingdom or Ireland, another appropriately authorised independent professional adviser.

If you sell, transfer, have sold or otherwise have transferred all of your ordinary shares, please send this document at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, this document should not be forwarded, distributed or transmitted, in whole or in part, in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you sell, transfer, have sold or otherwise have transferred part only of your holding of ordinary shares, please retain this document and contact immediately the bank, stockbroker or other agent through whom the sale or transfer was effected.



HOSTELWORLD GROUP PLC

(a public limited company incorporated in England and Wales with registered number 09818705)

Circular to Ordinary Shareholders

and

Notice of General Meeting

Your attention is drawn to the letter from the Chairman of Hostelworld Group PLC (the “Company” or “Hostelworld”) which contains the unanimous recommendation of the board of directors of the Company (the “Board”) that you vote in favour of the ordinary resolution (the “Resolution”) to be proposed at the General Meeting referred to below. Please read the whole of this document.

Notice of a General Meeting of Hostelworld Group PLC (the “General Meeting”) to be held at Floor 2, One Central Park, Leopardstown, Dublin 18, Ireland at 12.00 noon on 4 February 2021 (or any adjournment thereof) is set out at the end of this document.

In view of the restrictions introduced by the Irish Health Service Executive in response to COVID-19, in particular current Irish Health Service Executive advice on public gatherings and guidance on social distancing, it is intended that the General Meeting will be held with the minimum number of attendees to satisfy the requirements for a quorate meeting. The health and wellbeing of our Shareholders is of the utmost importance to Hostelworld. Shareholders are asked not to attend the General Meeting in person and, in the interests of safety, any attempted entry to the meeting will be refused. Shareholders are strongly encouraged instead to appoint the Chairman of the meeting as their proxy and provide voting instructions to the proxy in advance of the General Meeting. Further information is provided in paragraph 5 of the letter from the Chairman of the Company.

The Irish Health Service Executive may change current restrictions and/or implement further measures relating to the holding of general meetings during the affected period. Hostelworld continues to closely monitor the situation and any necessary changes to the arrangements for the General Meeting will be

communicated to Shareholders before the General Meeting through the Company's website at www.hostelworldgroup.com and, where appropriate, by RIS announcement.

You are asked to complete, sign and return the Form of Proxy that accompanies this document (or appoint a proxy electronically, as referred to in this document) in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by the Registrar not later than 12.00 noon on 2 February 2021 (or, if the General Meeting is adjourned, not later than 48 hours before the time appointed for the adjourned meeting). If you hold ordinary shares in CREST, you may appoint a proxy through the CREST electronic proxy appointment service. Details of the CREST electronic appointment method are found in Notes 9 to 12 of the Notice of General Meeting set out at the end of this document.

A copy of this document is and will be available for inspection on the Company's website at www.hostelworldgroup.com from the time this document is published. For the avoidance of doubt, the content of any website referred to in this document is not incorporated into and does not form part of this document.

This document has not been examined or approved by the FCA or Euronext Dublin. This document is dated 18 January 2021.

LETTER FROM THE CHAIRMAN



(incorporated in England and Wales with registered number 09818705)

Directors:

Michael Cawley (*Non-Executive Chairman*)
Gary Morrison (*Chief Executive Officer*)
Caroline Sherry (*Chief Financial Officer*)
Éimear Moloney (*Non-Executive Director*)
Carl G. Shepherd (*Non-Executive Director*)
Evan Cohen (*Non-Executive Director*)

Registered office:

Floor 2, 52 Bedford Row,
London, United Kingdom,
WC1R 4LR

18 January 2021

Dear Shareholder,

Notice of General Meeting

1. Introduction

I am writing to you to: (i) explain the background to and reasons for the proposed change to the borrowing limit contained in the Company's Articles of Association; (ii) explain why the Board unanimously considers the proposed change to the borrowing limit to be in the best interests of the Shareholders as a whole; and (iii) recommend that you vote in favour of the Resolution to be proposed at the General Meeting.

Details of the actions Shareholders should take, and the recommendation of the Board, are set out in paragraphs 5 and 6, respectively, of this letter.

2. Background to and reasons for the proposed change to the borrowing limit

As announced by the Company on 13 January 2021, global travel demand remained muted throughout Q4 2020 with ongoing travel restrictions continuing to severely impact the global travel industry. The trading deterioration that the Company had experienced since the end of August 2020 continued throughout Q4 2020, with minimal booking demand and ABV contraction primarily due to bed price deflation. Notwithstanding this, the Company has continued to release significant enhancements to strengthen its core platform to enhance the service offering and competitiveness when normal travel patterns resume.

FY 2020 net bookings were in line with the guidance range of 20 – 22% of FY 2019 issued at the time of the Company's October trading update.

As at 31 December 2020, the Hostelworld group's (the "Group") net cash position stood at €18.2 million (as at 30 June 2020: €29.4 million) with current liabilities of €20.7 million, a reduction of €2.6 million versus 30 June 2020, due to the partial repayment of a €3.5 million short-term financing facility. Cash liabilities due in H1 2021 are expected to be in the range of €6.5 – 7.0 million.

Q4 2020 monthly operating cash outflow of €1.7 million remains in line with expectations.

COVID-19 continues to cause significant disruption to the global travel market, resulting in prolonged travel restrictions and lockdowns across key geographies, impacting demand. While the positive news around vaccination programmes is welcomed, the timing of the recovery remains uncertain. As a result, while we continue to actively assess our cost base, the Board has considered the Company's future funding requirements and is actively evaluating both debt and equity options, to secure the Group's long-term financial position.

Throughout Q4 2020, the Company has had positive engagement with a number of debt providers and is now in negotiations with a short-list of selected lenders in relation to a new €30 million debt facility. The proposed facility is expected to have a contractual maturity of five years, at a cost in the low to mid-teens, with other conditions, including a minimum liquidity covenant, security and warrants provisions, in each case in line with current market practice for facilities of this nature.

Whilst there is no guarantee that the Company will agree the terms of a debt facility, in order to draw down a facility of this size, the Company will be required to obtain shareholder approval to amend the borrowing limit contained within the Company's Articles of Association.

Article 98 of the Company's Articles of Association provides that the aggregate amount of all external borrowings by the Group shall not, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to two times the adjusted capital and reserves of the Company (such amount to be calculated in accordance with Article 98).

If implemented, the current intention to borrow €30 million would exceed the borrowing limit. Therefore, in order to give the Company the flexibility to enter into and draw down a €30 million debt facility (as well as giving the Company the flexibility to capitalise interest arising), the Company is proposing to seek Shareholder approval to change the borrowing limit to a fixed amount being €40 million.

The Company has consulted with its major shareholders, the majority of whom have indicated their support for the proposed change to the borrowing limit.

3. General Meeting

The proposed change to the borrowing limit requires the approval by Shareholders of the Resolution at the General Meeting. The Resolution to be proposed at the General Meeting approves a change to the borrowing limit in the Articles of Association to a fixed amount being €40 million. The Resolution is proposed as an ordinary resolution and for it to be passed, more than half of the votes cast must be in favour of the Resolution.

Accordingly, you will find set out at the end of this document at pages 6 to 8 a notice convening a General Meeting to be held at Floor 2, One Central Park, Leopardstown, Dublin 18, Ireland at 12.00 noon on 4 February 2021 (or any adjournment thereof) and the full text of the Resolution and other matters.

4. COVID-19 and impact on the General Meeting

In light of the COVID-19 pandemic and in response to the Irish Health Service Executive's current guidance regarding social distancing and the prohibition of public gatherings, the General Meeting will take place as a closed meeting and Shareholders will not be able to attend in person. Shareholders and guests who travel to the meeting will be refused entry.

The Company will make arrangements such that the legal requirements to hold the General Meeting can be satisfied through the attendance of a minimum number of people and the format of the meeting will be simply to propose and vote on the Resolution.

The Company will continue to closely monitor the rapidly developing impact of COVID-19, including the latest Irish Health Service Executive guidance and restrictions, and how this may affect the arrangements for the General Meeting. If it becomes necessary or appropriate to revise the current arrangements for the General Meeting, further information will be made available on our website at www.hostelworldgroup.com, by RIS announcement and by any other means legally required at that time.

Despite these exceptional circumstances, the Board is keen to maintain engagement with Shareholders. In order to facilitate this, if you are a Shareholder and would like to ask the Board a question on the formal business of the General Meeting, please email your question to corporate@hostelworld.com by 12.00 noon on 29 January 2021. Responses will be made via return of email or published on our website at www.hostelworldgroup.com as deemed appropriate by the Board.

Whilst you will be unable to attend, you have the right to appoint a proxy to vote at the General Meeting on your behalf. To ensure that your vote can be exercised, we would encourage you to appoint the Chairman as your proxy. If you appoint another person, they will not be permitted to access the General Meeting and your vote will not be able to be exercised.

5. Action to be taken

Hostelworld is seeking approval of the Resolution at the General Meeting. Your support is important to us. Please vote on the Resolution. As mentioned above, please read the notes to the Notice of General Meeting attached at pages 6 to 8 of this document for an explanation of how to appoint a proxy to attend and vote on your behalf.

You will find enclosed a Form of Proxy for the General Meeting. You are requested to complete the Form of Proxy in accordance with the instructions printed on it and return it as soon as possible and in any case so as to be received by the Company's Registrar, Computershare Investor Services (Ireland) Limited, 3100 Lake Drive, Citywest Business Campus, Dublin 24, D24 AK82, Ireland, no later than 12.00 noon on 2 February 2021 (or, if the General Meeting is adjourned, not later than 48 hours before the time appointed for the adjourned meeting).

Alternatively, you may wish to register your proxy vote online; to do so, visit www.eproxyappointment.com. The Control Number, Shareholder Reference Number and PIN shown on the Form of Proxy will be required to complete the procedure. Details of the process for registering online are also set out in the Form of Proxy. The deadline for receipt of electronic proxies is 12.00 noon on 2 February 2021.

If you hold your ordinary shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction form so that it is received by Computershare (under CREST participant ID 3RA50) by no later than 12.00 noon on 2 February 2021. The time of receipt will be taken to be the time from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. If a Shareholder believes they have a market claim they will need to contact their counterparty and settle bi-laterally.

If you have any questions about this document or the General Meeting, or are in any doubt as to how to complete the Form of Proxy, please call Computershare between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except public holidays in England and Wales) on (00) 353 1 447 5566. Please note that calls may be monitored or recorded, and Computershare cannot provide legal, tax or financial advice or advice on the merits of the Bonus Issue.

6. Recommendation

The Board believes the proposed change to the borrowing limit is in the best interests of the Company and the Shareholders as a whole and recommends unanimously that Shareholders vote in favour of the Resolution at the General Meeting, as the Directors intend to do in respect of their own beneficial holdings of 251,172 ordinary shares, representing approximately 0.22 per cent. of the Company's existing ordinary share capital as at 15 January 2021, being the latest practicable date prior to the publication of this document.

Yours faithfully

Michael Cawley

Chairman

HOSTELWORLD GROUP PLC

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a **GENERAL MEETING** of Hostelworld Group PLC (the “**Company**”) will be held at Floor 2, One Central Park, Leopardstown, Dublin 18, Ireland on 4 February 2021 at 12.00 noon (or any adjournment thereof) for the purposes of considering and, if thought fit, passing the following ordinary resolution of the Company (the “**Resolution**”).

Ordinary resolution

THAT for the purposes of Article 98 of the Articles of Association of the Company, the aggregate amount outstanding of all borrowings by the group (excluding money owed by any member of the group to any other member of the group) shall not, without the previous sanction of an ordinary resolution of the Company, exceed €40 million.

By order of the Board

John Duggan

Company Secretary

18 January 2021

Registered office

Floor 2
2 Bedford Row
London
United Kingdom
WC1R 4LR

Registered in England and Wales No. 09818705

Notes

Impact of COVID-19 on the General Meeting

1. In view of the restrictions introduced by the Irish Health Service Executive in response to COVID-19, in particular the current Irish Health Service Executive prohibitions on public gatherings and guidance on social distancing, it is intended that the General Meeting will be held with the minimum number of attendees to satisfy the requirements for a quorate meeting. Shareholders are asked not to attend the General Meeting in person and, in the interests of safety, any attempted entry to the meeting will be refused.
2. Shareholders are strongly encouraged to vote by proxy. The Irish Health Service Executive may change current restrictions and/or implement further measures relating to the holding of general meetings during the affected period. The Company continues to closely monitor the situation and any necessary changes to the arrangements for the General Meeting will be communicated to shareholders before the General Meeting through the Company's website at www.hostelworldgroup.com and, where appropriate, by RIS announcement.

Proxy appointment

3. A member is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the General Meeting. A proxy need not be a shareholder of the Company. As explained in the Chairman's letter on pages 3 to 5 of this document, in view of the Irish Health Service Executive's latest guidance, you should not attempt to attend the General Meeting and shareholders are strongly encouraged to appoint the Chairman of the meeting as their proxy and provide voting instructions to the proxy in advance of the General Meeting. Appointment of any person other than Chairman of the meeting would result in a member's votes not being cast, as third party proxies will not be permitted entry to the General Meeting unless the Irish Health Service Executive's guidance and legislation in respect of COVID-19 change prior to the date of the General Meeting.
4. To appoint a proxy, the enclosed Form of Proxy and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority) must be either (a) sent to the Company's Registrar Computershare Investor Services (Ireland) Limited, 3100 Lake Drive, Citywest Business Campus, Dublin 24, D24 AK82, Ireland, (b) the proxy appointment must be lodged using the CREST Proxy Voting Service in accordance with Notes 9 – 12 below or (c) the proxy appointment must be registered electronically on the website at www.eproxyappointment.com, in each case so as to be received no later than 12.00 noon on 2 February 2021, or in the case that the meeting is adjourned, not less than 48 hours before the time appointed for the adjourned meeting.

Nominated persons

5. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ("**Nominated Persons**"). Nominated Persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

Information about shares and voting

6. The total number of issued ordinary shares in the Company as at the Latest Practicable Date is 116,321,185, carrying one vote each on a poll. Therefore, the total number of votes exercisable as at 15 January 2021 is 116,321,185.
7. As soon as practicable following the General Meeting, the results of the voting will be announced via a RIS announcement and also placed on the Company's website.

Right to vote

8. Entitlement to vote at the General Meeting by appointing a proxy, and the number of votes which may be cast at the General Meeting, will be determined by reference to the Company's register of members at 6.00 p.m. on 2 February 2021 or, if the meeting is adjourned, not later than 48 hours before the time appointed for the adjourned meeting (as the case may be). In each case, changes to the register of members after such time will be disregarded.

CREST members

9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available at www.euroclear.com/CREST). The message (regardless of whether it constitutes the appointment of a proxy, the revocation of a proxy appointment or an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Computershare (under CREST participant ID 3RA50) by the latest times for receipt of proxy appointments specified in Note 4 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message

by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to a proxy appointed through CREST should be communicated to him by other means.

11. CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of any CREST Proxy Instruction. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting service providers) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Corporate representatives

13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Questions

14. Your views are important to us and to ensure that engagement can continue, shareholders are invited to submit any questions to the Board by email to corporate@hostelworld.com or by post to the Company Secretary at Hostelworld.com Limited, One Central Park, Leopardstown, Dublin 18, Ireland by 12.00 noon on 29 January 2021. We will consider all questions received and provide a written response. Questions may not be answered where (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (ii) the answer has already been given on our website in the form of an answer to a question, or (iii) it is undesirable in the interests of the Company that the question be answered.

Website information

15. A copy of this notice and other information required by section 311A of the Companies Act 2006 can be found at: www.hostelworldgroup.com.

Use of electronic address

16. Members may not use any electronic address provided in either this notice of meeting or any related documents (including the enclosed Form of Proxy) to communicate with the Company for any purposes other than those expressly stated. Shareholders who have general queries about the General Meeting should use the following methods of communication:
 - (a) by writing to the Company Secretary at the registered office address; or
 - (b) by writing to the Company's Registrar, Computershare Investor Services (Ireland) Limited, 3100 Lake Drive, Citywest Business Campus, Dublin 24, D24 AK82, Ireland,to communicate with the Company for any purposes other than those expressly stated.

Treasury shares

17. As at the date of this document, the Company had no shares held in treasury.

Data protection statement

18. Your personal data includes all data provided by you, or on your behalf, which relates to you as a Shareholder, including your name and contact details, the votes you cast and your "Reference Number" (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's Registrar) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.