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Hostelworld Group plc

("Hostelworld" or the "Group" or the "Company")

Preliminary Results for the Year ended 31 December 2020

FY2020 financial results in line with expectation

Group well positioned for a recovery in travel

17th March 2021: Hostelworld, a leading global OTA focused on the hostel market, is pleased to announce its preliminary results for the year ended 31 December 2020.

Strategic developments

- Enhanced customer experience through a significantly faster website and more seamless check-out flow.
- Improved booking experience, adding flexible booking options including PayNow and additional payment types including Google pay and Apple pay.
- Improved search experience by enhancing our sort order algorithms to provide more personalised search results.
- Rolled out a new promotional configuration platform for our hostel partners, significantly increasing the proportion of discounted rates available to our customers.
- Consolidated our tracking, attribution and bidding tools within Google's product suite to optimise our marketing spend – made significant progress towards our goal of optimising paid spend based on predicted new customer values versus customer acquisition costs.
- Cloud migration and platform modernisation workstreams underway, which will enable faster execution of our growth strategy and reduce cost over the medium term.

Financial highlights

- Full year net booking volumes declined by 79% (2019: -6%).
- Net revenue of €15.4m, a decline of 81% compared to 2019 (2019: €80.7m).
- Net Average Booking Value ("ABV") of €9.33, a 22% decline versus 2019 (€11.97), due to the impact of increased cancellations and reduced bed prices across all markets.
- Cancellations of €6.2m (2019: €9.3m), as customers who had booked under the free cancellation policy had their travel plans suspended.
- Marketing costs reduced by 72% to €9.3m in 2020 (2019: €32.7m), aligning spend to sales volumes.
- Administrative expenses reduced by 43% to €36.1m in 2020 (2019: €63.4m), including both fixed and variable costs.
- Adjusted EBITDA loss of €17.3m, down from €20.5m profit in 2019.
- Adjusted free cash flow absorption of -71% (2019: 53%).

Balance sheet and cash flow

- Raised gross proceeds of €15.2m through an equity placing in June 2020.

- Total cash at 31 December 2020 of €18.2m (2019: €19.4m) of which €1.2m is a short-term invoice financing facility (2019: €nil). €7m RCF remained undrawn as at 31 December 2020.
- Balance sheet further strengthened post year end in February 2021 with a new €30 million term loan facility.
- No cash dividends in 2020 due to COVID-19 uncertainty.

Gary Morrison, Chief Executive Officer, commented:

"2020 has been an extremely challenging year for both Hostelworld and the entire global travel industry. In light of the unprecedented challenges presented by the pandemic, our key priorities have been to (i) support our employees, customers and hostel partners; (ii) increase our liquidity, and (iii) accelerate the execution of our core platform roadmap.

During the year we delivered significant improvements in marketing capabilities, user experience and inventory competitiveness. These improvements will have further strengthened the competitiveness of our platform relative to our capabilities in Q4'19, when we had returned bookings to growth.

As vaccination programmes continue to be rolled out in our key geographies across the world, I am confident our loyal customer base has a strong desire to travel once restrictions allow, even more so after a prolonged period of confinement. Furthermore, I continue to see significant opportunities to build a broader catalogue of relevant experiential travel products and services beyond hostel accommodation, and opportunities to connect like-minded travellers with each other via social features on our platform.

I remain confident that Hostelworld will emerge from the pandemic stronger than before and able to seize market opportunities when normal travel patterns resume".

Outlook:

While the near-term outlook for the travel industry remains challenging and highly uncertain, we continue to expect the pace of recovery to be driven by changes in travel guidance in individual markets, which we hope to see accelerate as vaccination programmes are rolled out across our key geographies. Given the continued uncertainty relating to the timing of the recovery, the Group is unable to provide guidance for FY2021.

The Board does not expect to issue a dividend under its current policy in respect of the 2020 financial year.

We remain convinced that when travel restrictions are lifted, we will be well positioned to benefit from the recovery in demand, driven by our improved platform and loyal customer base.

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 attend or dial into the presentation, please contact Powerscourt on the contact details provided below:

For further information please contact:

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About Hostelworld Group

Hostelworld Group, the global hostel-focused online booking platform, inspires passionate travellers to Meet The World, and come back with life-changing stories to tell. Our customers are not your average tourists; they crave cultural connection and unique experiences that we make possible by providing an unbeatable selection of hostels in unmissable locations - all in the palm of their hand.

It is the social nature and community feel of hostels and their environment that enable travellers to embrace journeys of discovery, adventure and meaning. We have more than 13 million reviews across over 17,000 hostels in more than 179 countries, making our brand the leading online hub for social travel. Our website operates in 19 different languages and our mobile app in 13 languages.

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

Chairman's Statement

We began 2020 in confident mood on the back of our return to bookings growth in late 2019. While January and February showed early promise it quickly became apparent that the year's trading would be massively affected by the travel restrictions imposed to deal with the spread of COVID-19. As demand plummeted our priority was to secure the viability of the Group and I'm happy to report that we are now in a strong financial position which will ensure we can participate profitably in the expected return to normal levels of demand.

I can also report that in addition to the sterling work on fund raising and cost reduction, the team, led by our CEO Gary Morrison continues to make substantial progress on our Roadmap for Growth strategy ensuring our customer proposition is greatly enhanced and the Group is well placed to capitalise on the market upturn.

COVID-19 Response

As COVID-19 expanded globally, leading to an effective shutdown of the global travel market, we reacted swiftly to protect the business and to enable us to navigate through this crisis. From the outset our focus has been the wellbeing of our employees, to support our hostel partners and customers and to strengthen the Group's balance sheet.

Given the challenges and liquidity constraints the Group faced as a result of the fallout from COVID-19, we undertook a number of actions to ensure the financial stability of the company. This included measures to reduce variable and fixed costs and conserve our cash. As part of the process we accessed government supports where available and the Board along with the executive leadership team deferred a portion of their salaries and fees for 2020.

We took actions to protect the health and safety of our employees, and to support our hostel partners to capitalise on demand as restrictions eased and to ensure we continued to engage with our customer base. Detailed contingency plans were also drawn up to ensure business continuity in light of evolving government guidelines.

Dividend and Capital Structure

In light of the ongoing uncertainty around COVID-19, the Board took the decision to cancel the proposed final dividend of 2.1c per share (representing a €2.0 million cash outflow), in respect of the 2019 financial year. In June the Board took the further decision to suspend a cash dividend in respect of the 2020 financial year. The Board recognises the importance of dividends to shareholders but believed that cancelling the cash dividend was the right course of action in these exceptional circumstances. Consequently, in August we declared the issue of new ordinary shares by way of a bonus issue to shareholders. Future cash dividends will be subject to the Group generating adjusted profit after tax, the Group's cash position and any restrictions in the Group's banking facilities.

In June, we announced a non-pre-emptive placing and the issuing of new ordinary shares representing up to approximately 19.9% of the Company's existing ordinary share capital and raised gross proceeds of approximately €15.2 million. Further liquidity was raised through a €7 million three-year revolving credit facility and a short-term €3.5 million invoice financing facility.

In January 2021, in light of the agreement of a new €30 million term loan facility, we repaid the amount owing on the short-term financing facility and signed a deed of release on the revolving credit facility, which was undrawn. In February 2021 we drew down the €30 million term loan facility. Together these actions materially strengthened the Group's capital base in an uncertain environment.

Board Composition

I would like to personally thank all the members of the Board for their commitment and diligence and hugely appreciate the dedication and teamwork they showed throughout the year as the entire world grappled with the consequences and challenges COVID-19 and the lockdowns presented.

The composition of the Board is fully compliant with the 2018 UK Corporate Governance Code as applied to small companies. The Board has undertaken an appraisal of the Directors, as well as of the Board and each sub-committee, which concluded that the Board is functioning effectively.

As disclosed to the market in September, TJ Kelly announced his plans to step down as Chief Financial Officer. We thank TJ for his contribution during his time at Hostelworld and wish him every success for the future. Having made a significant contribution to the finance team at Hostelworld, I'm delighted that Caroline Sherry has stepped into the role, following a transition period. Caroline has been a welcome addition to the Hostelworld team since joining in November 2019 from Glanbia plc's Performance Nutrition division where she was Director of Financial Planning and Analysis. Prior to this, Caroline held a number of strategic and commercial finance roles at Ulster Bank Group, a subsidiary of NatWest Group. Caroline is a fellow of the Institute of Chartered Accountants in Ireland and completed her training in PwC.

There were no other changes to the Audit Committee, Remuneration Committee and Nomination Committee during the year.

Climate Change

I welcome the introduction in 2020 of a new listing rule on climate-related disclosure requirements for companies with a premium listing on a UK stock exchange. The new requirements, which apply to accounting periods beginning on or after 1 January 2021 and which can be traced back to the historic 2015 Paris Agreement on Climate Change, are an appropriate response to the need to improve the information made available by industry about climate change risk. The Board will look to ensure that Hostelworld complies with its obligations in this area and will provide oversight and leadership on this important issue.

Colleagues, Customer and Shareholders

On behalf of the Board, I would like to thank all members of the Hostelworld team for their unfailing commitment, support and hard work throughout the year.

I would also like to thank our customers and hostel partners, whom we continue to place at the heart of our business, for their loyalty and support. We look forward to working together in 2021, as our unique customer base return to travelling the world, in a safe and supportive environment.

Finally, thank you to our shareholders for their continued support and commitment. While this has without question been a challenging year, and the near-term outlook remains uncertain, we look forward to returning our business to growth once again and delivering value for all our shareholders.

Michael Cawley

Chairman

16 March 2021

Chief Executive's Review

2020 has been an extremely challenging year for both Hostelworld and the entire global travel industry. While we began the year in a strong position following a return to bookings growth in Q4'19, the COVID-19 outbreak started affecting the travel industry in March and severely impacted demand for the remainder of the year. As the outbreak started to spread, we took swift action to reduce costs and conserve cash whilst also prioritising our resources towards to strengthening our core platform. I remain confident that our loyal customer base will have more desire than ever to travel and meet other like-minded travellers once restrictions are lifted, and I further believe our business model and the improvements to our platform will position us well to capitalise on those opportunities when demand returns.

COVID-19 response

In light of the unprecedented challenges presented by the pandemic, our key priorities have been to (i) support our employees, customers and hostel partners; (ii) increase our liquidity; and (iii) progress our Roadmap for Growth.

Supporting our employees, customers and hostel partners

In March, we established a Remote Community Hub to support our employees with the shift to remote working, providing wellbeing resources, social activities and a mentorship programme.

We provided support to our hostel partners, including detailing COVID-19 policies on our site and hosting 170 hostel webinars with content specifically designed to help them navigate the challenges of operating and converting demand in the current environment. We also introduced a sanitation badge for Hostels to provide details of their compliance to locally applicable Covid-19 containment measures on our platform. We also launched 'Hostel Heroes' acknowledging the support hostels were providing to front line workers and continued our HOSCARS virtually, celebrating the best hostels on our site.

Finally, to support our customers we launched a 'Beds for Backpackers' programme, which provided free accommodation in hostels for stranded travellers. We also introduced marketing initiatives to continue engagement with our loyal customer base, including experiences such as 'Virtually a hostel', as well as hosting virtual social events to bring together like-minded travellers during COVID-19. In 2020, we received an average customer service satisfaction score of 86%. Similarly, in a recent survey completed by our property partners we received a score of 4.2 out of 5 for the support we provided in 2020.

Increasing our liquidity

As the outbreak started to accelerate in March, we implemented a wide-ranging programme of cost reductions and initiatives to conserve cash. This included a significant reduction in staff costs; reducing our variable marketing spend to match demand; and minimising discretionary operating costs. As cancellations started to rise to unprecedented levels, we offered customers a range of refund options, including credits in excess of the original value of the booking which could be redeemed for up to two years.

In June 2020 we increased our liquidity through an equity placing raising gross proceeds of €15.2m. We also agreed terms for a three-year revolving credit facility to provide up to €7 million of additional liquidity, and a €3.5 million short-term invoice financing facility. In August 2020 the trading outlook deteriorated again as global lockdowns and travel restrictions came back into force. We looked to strengthen our balance sheet, and in February 2021 we drew down a new €30 million term loan facility. This facility ensures we can withstand a further prolonged period of depressed demand and emerge in a materially stronger position when normal demand patterns resume. As part of the new facility, we repaid the amount owing on the short-term financing facility agreed in June 2020 and signed a deed of release on the unused revolving credit facility.

Throughout the pandemic we have sought to proactively engage with our shareholders given the fast-moving environment we find ourselves operating in and I would like to thank all of them for their continued support through these challenging times.

Progress on our Roadmap for Growth

During the year, we have taken the opportunity to deploy significant enhancements to strengthen our core platform, including some additional items originally planned for 2021. We expect these enhancements will result in strengthened marketing capabilities, an improved user experience and increased inventory competitiveness when normal travel patterns resume.

Key Operational Highlights and Results

We entered the year in a strong position, having successfully returned the business to net bookings growth in Q4 2019. We had also increased the number of hostels listed on our platform to 17,700 by year end 2019, up from 16,500 at the end of 2018.

However, in early March we saw a sharp reduction in our trading performance as the COVID-19 outbreak expanded from China into Asia, and then into the US and Europe. In late June we saw a very modest recovery in domestic bookings, followed by some recovery in short haul bookings into Europe in July and early August as travel restrictions were eased. In late August, we saw a further marked deterioration in bookings and bed prices as travel restrictions tightened globally again.

Throughout the pandemic we have also seen an increase in the rate of hostel closures compared to historical rates, which we have partially offset by increased new sign ups to our platform. As of 31 December 2020, we had 17,200 Hostels listed on our platform, a decrease of 2.8% compared to the prior years. We also saw that many hostels remained open during 2020, but at very low occupancy levels.

As the pandemic progressed, we took the opportunity to accelerate delivery of the Roadmap for Growth items planned for the balance of 2020, together with some additional items we had planned for 2021. Throughout the year we delivered a number of significant core platform enhancements designed to improve our marketing capabilities, user experience and inventory competitiveness. These improvements included: consolidating our tracking, attribution and bidding tools within Google's product suite to optimise our marketing spend; making progress towards our goal of optimising paid channel spend based on predicted new customer value versus customer acquisition cost; transitioning our legacy website to a progressive web app, enabling a significantly faster user experience; deploying a new promotional configuration platform for our hostel partners, significantly increasing the proportion of discounted rates available to our customers; and launching PayNow, which allows our customers to pay upfront for non-refundable bookings at participating hostels with an option to pay via Google pay or Apple pay.

Going forward into 2021, we will continue our platform modernisation programme, with our main focus on transitioning our technology stack into the Cloud and continuing to refactor our legacy core platform applications into microservices. This will further strengthen our core business, enable faster execution of our growth strategy and reduce cost over the medium term.

Our Strategy

In March 2020, I updated the market on the progress of our core Roadmap for Growth strategy and detailed our future growth strategy for the next 3-5 years. This longer-term strategy will deliver growth by providing a broader catalogue of experiences beyond hostel accommodation to our customer base, coupled with the addition of social features to enable our customers to explore the world together with other like-minded travellers. I also announced our intention to accelerate this strategy via an increased focus on potential M&A targets in addition to organic initiatives; funded through a combination of existing cash reserves, a modest level of debt and a rebased dividend policy.

Shortly after delivering this update, the COVID-19 outbreak sharply reduced demand across the global travel industry. This necessitated a swift change in our short-term priorities away from M&A targets towards reducing costs and increasing liquidity. This was the appropriate response to ensure the Group could withstand a prolonged period of depressed demand until normal travel patterns resume, whereupon we could continue our longer term growth strategy.

As vaccination programmes continue to be rolled out in our key geographies across the world, I remain confident that our core customer base has a strong desire to travel, even more so after a prolonged period of confinement. I also continue to see the same opportunities to build a broader catalogue of relevant experiential travel products beyond hostel accommodation, and opportunities to connect like-minded travellers with each other via social features on our platform. With the Group's deep knowledge of experiential travellers built up over 20 years, our trusted brand, and a loyal and relevant customer base, I continue to believe in our longer term growth strategy and that we are uniquely positioned to enable our customers to Meet the World ® together with other like-minded travellers.

In parallel with our longer term growth strategy, we are continuing to integrate Counter and Goki into our core platform offering for our hostel partners. These solutions have been designed for the unique requirements of the hostel industry, and I am pleased with the progress the teams have made this year, particularly given the challenging COVID-19 backdrop and the pressures the hostel industry has been facing.

Business Model

We are a global OTA focused on the hostel market. Our core online platform provides the opportunity for predominately hostel owners, as well as other low-cost accommodation providers to advertise their accommodation to independent travellers looking for unique and social experiences. Most of our revenue is generated through taking a commission from bookings made through our technology platform, including the Hostelworld website, and via our Apps. This efficient business model has very favourable working capital attributes and strong cash conversion.

Following the introduction of a free cancellation booking option in 2018, this year we have launched a number of initiatives to provide our customers with even more flexibility around their bookings on our platform. This includes the introduction of new flexible non-refundable rates, allowing a booking to be changed directly with the hostel; aligning our free cancellation policies to hostel's cancellation policies; and finally allowing credits to be used across the vast majority of rate plan types. As referenced previously, we have also introduced PayNow, allowing travellers to pay 100% upfront on non-refundable rates at participating hostels and to do so through Google Pay or Apple Pay.

Investing in People

Over the last two years we have significantly strengthened our executive team, across all areas of the business. I am confident that the strength and depth of our leadership team will enable us to trade through the current challenging trading environment and position the Group for growth when we emerge from the crisis.

During the year we launched several new employee initiatives, with the objective of enabling our talent to deliver for the business. We built on our existing Diversity and Inclusion ("D&I") work, establishing a D&I working group to develop our strategy further. Having moved to remote working in March, we communicated a new agile working approach which post COVID-19 will enable employees to 'work from anywhere' in the country they are employed, work abroad for up to 30 days and increase flexible working. We also established recognition programmes and provided benefits to employees to continue to show appreciation and acknowledge the dedication of our teams. I would like to take this opportunity to thank all of our employees for their continued hard work and commitment in this sustained period of uncertainty.

Dividends and Capital Allocation

In light of the significant uncertainty presented by COVID-19 the Board and I took the decision in March to suspend the final 2019 cash dividend. In June we suspended cash dividends for the foreseeable future. In September, in lieu of a cash dividend, we issued new ordinary shares by way of a bonus issue to shareholders. The Board and I continue to believe the appropriate allocation of capital resources is critical to ensuring the long-term growth of the business and optimisation of shareholder returns.

Outlook

While the short to mid-term outlook for the travel industry remains challenging and uncertain, we continue to expect the pace of recovery to be driven by changes in travel guidance in individual markets, which we hope to see accelerated with the start of vaccination programmes worldwide.

Whilst this recovery is likely to take some time and the consumer sentiment will continue to be uncertain, the Board remains confident in the resilience and flexibility of our business model, and that we are well positioned to execute on our strategy.

As demand recovers, the Board will continue to evaluate internal and external opportunities that will deliver value for shareholders, in particular the significant potential to enhance future growth through building out a broader catalogue of experiential travel products beyond hostel accommodation and opportunities to connect like-minded travellers with each other via social features on our platform.

I remain confident that Hostelworld will emerge from the COVID-19 crisis stronger than before and be able to seize market opportunities when normal travel patterns resume.

Gary Morrison

Chief Executive

16 March 2021

Financial Review

Introduction

- Hostelworld brand net bookings decline of 78% (2019: -5%); total Group net bookings decline of 79% (2019: -6%)
- Net Average Booking Value ("ABV") of €9.33, a 22% decline versus 2019 (€11.97)
- Net revenue of €15.4m, an 81% decline compared to 2019 (2019: -2%)
- Total marketing spend of €9.3m, a 72% reduction on 2019 (2019: €32.7m)
- Total administrative costs of €36.1m, a 43% reduction on 2019 (2019: €63.4m)
- Exceptional items totalled €3.0m (2019: €3.1m)
- Adjusted EBITDA loss of -€17.3m (2019: €20.5m profit)
- Adjusted free cash flow absorption of -71% (2019: 53%)
- Basic loss per share of -45.68 € cent (2019: basic earnings per share 8.64€ cent)

2020 Key Performance Indicators

	2020	Change versus PY 2019
Net Bookings – Hostelworld brand	1.44m	(78%)
Net Revenue	€15.4m	(81%)
Net Average Booking Value ("ABV")	€9.33	(22%)
Adjusted EBITDA	-€17.3m	(185%)
Adjusted EBITDA Margin	-113%	(138%)
Return on Capital Employed	-18%	(219%)
Adjusted Free Cash Absorption	-71%	(12%)
Adjusted Loss per Share	20.76 euro cent	(237%)

The Group uses Alternative Performance Measures ('APMs') which are non-IFRS measures to monitor the performance of its operations and of the Group as a whole. These APMs along with their definitions are provided in the Appendix "Alternate Performance Measures" which form part of the Annual Report.

Revenue and operating (loss):

Revenue for the period was €15.4m a decline of 81% compared to 2019 (2019: €80.7m), reflecting the detrimental impact COVID-19 has had on the business and the wider travel and leisure industry. Adjusted EBITDA loss of €17.3m, which was a decline of €37.8m from 2019. Adjusted EBITDA margin was -113% compared to +25% in 2019.

Bookings and revenue

Despite a positive start to the year, following a return to net bookings growth during Q4 2019, bookings significantly declined in late Q1 2020 as extensive travel restrictions were put in place in response to COVID-19. We experienced a small uptick in bookings during the summer season, but trading deteriorated significantly from the end of August onwards as global lockdowns and travel restrictions came into force. The Group's net booking volumes declined by 79% in 2020 (2019: 6% decline). 2020 cancellations were €6.2m (32% of gross revenue) compared to 2019 €9.3m (10% of gross revenue), as customers who had booked under the free cancellation policy had their travel plans suspended. The global disruption of the travel industry caused by the COVID-19 pandemic, has resulted in a significantly increased cancellation rate as a portion of revenue. The profile of these cancellations is such that there is a higher proportion of longer lead time higher value bookings. Net Average Booking Value ("ABV"), the average value paid by a customer for a net booking, declined by 22% in 2020 (2019: 3% growth) primarily due to the increase in cancellations and the impact of reduced bed prices across all markets.

At 31 December 2020, we held €3.1m of customer deposits relating to bookings made under the free cancellation policy (2019: €2.8m), of this €2.9m relates to bookings already cancelled. We recognised €2.6m of previously deferred revenue in 2020, (2019: (€0.1m). Revenues for the period, net of cancellations, of €15.4m represents an 81% decline versus the same time last year (2019: €80.7m).

Throughout the pandemic the Group has proactively managed marketing costs, matching marketing spend to sales volumes. Total marketing spend was €9.3m in 2020 (2019: €32.7m). In addition, the Group also took significant and immediate action across all areas of spend, both fixed and variable. These measures resulted in a 43% reduction in total administrative expenses, from €63.4m in 2019 to €36.1m.

The Group has availed of the Irish Revenue tax warehousing scheme and deferred payment on all Irish employer taxes since February 2020. We continue to monitor and comply with the appropriate revenue guidelines applicable to this scheme. We also availed of assistance under the Coronavirus Job Retention Scheme in the UK and the temporary COVID-19 Wage Subsidy Scheme in Ireland.

Exceptional items

Exceptional items are identified due to their nature or materiality to help the reader form a better view of overall and adjusted trading. The Group incurred €3.0m of exceptional cost items 2020 (2019: €3.1m), €1.3m of which related to merger and acquisition costs (2019: €2.1m) and €1.7m of which was invested in the realignment of our Product and Technology teams (2019: €1.0m).

Share based payment

The share-based payment expense of €0.4m (2019: €0.2m) reflects the share-based payment charge arising on the issuance of options in accordance with the Group's Long-Term Incentive Plan ("LTIP") and Save As You Earn ("SAYE") plan. The increase year on year is representative of the LTIP 2020 scheme which includes a wider pooling of employees as the scheme was extended to senior management.

(Loss) / Earnings per share

Basic loss per share for the Group was 45.68 € cent (2019 basic earnings per share: 8.64 € cent). The 2019 earnings per share figures have been restated to incorporate the 1,636,252 new Hostelworld Group ordinary shares that were issued in September 2020. The weighted average number of shares in issue during the period was adjusted to include these bonus shares as if they were issued 1 January 2019.

The decline in EPS year on year was driven by a €57.3m decrease in the Group's profits for the period. Adjusted loss per share was 20.76 € cent per share (2019 earnings per share: 15.2 € cent per share). The weighted average number of shares in the period was 107.0m and the total number of shares issued at the balance sheet date was 116.3m.

Intangible asset impairment

In 2020 the Group recorded an impairment of €15.0m on its intangible assets associated with Hostelbookers and Hostelworld.com. Carrying value of intangible assets at 31 December 2020 totals €86.3m, a decrease of €22.9m from the prior year. The Group capitalised development costs of €3.7m in the year, (2019: €2.8m) and had an amortisation charge for the year of €11.7m (2019: €11.5m)

Deferred tax

The Group are carrying a deferred tax asset of €7.6m (2019: €6.6m). Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which any unused tax losses and unused tax credits can be utilised. Future taxable profits for recoverability of the deferred tax asset has been estimated using the Board approved five-year plan.

Lease liability

At the balance sheet date, the carrying value of the lease liability totalled €4.3m (2019 €4.3m). These assets relate to the Group's lease commitments for office space in Ireland, UK, Portugal and China.

Net debt and financing

As at balance sheet date the Group had debt of €1.2m (2019: nil) relating to a short-term invoice financing facility. The Group also had a €7m revolving credit facility which as at 31 December 2020 remained undrawn. In January 2021 amounts owing on the short-term invoice financing facility were repaid in full and the Group signed a deed of release on the revolving credit facility.

In February 2021 the Group signed a €30m five-year term loan facility with certain investment funds and accounts of HPS Investment Partners LLC or subsidiaries or affiliates thereof. An amount of €28.8m was drawn down on 23 February 2021.

In January 2021 the Group also agreed revised covenant terms with AIB on a rental guarantee for the Central Park office, Dublin, the Group's headquarters where financial covenants and parent company guarantee were waived.

At 31 December 2020 the Group was in compliance with all financial covenants in place.

Taxation

The Group recorded a corporation tax credit of €0.6m (2019: €1.2m charge). Trading losses arising in 2020 have been carried back to 2019 and set against taxable profits arising in that year resulting in a refund owing to the Group in respect of tax paid in 2020.

Related party transactions

Related party transactions are disclosed in note 22 to the Group financial statements.

Adjusted free cash (absorption) / flow

The decline in adjusted free cash (absorption) / flow conversion from 53% in 2019 to (71)% in 2020 reflects the impact of the losses made in 2020. The adjusted EBITDA loss made in the period has resulted in a Free Cash outflow of €(12.3)m compared to an inflow of €10.9m in 2019, with the net benefit of a €8.9m positive working capital. The positive working capital movement of €8.9m is due to a €5.6m increase in creditors and a €3.3m decrease in debtors. The €5.6m increase in creditors is due to cash conservation measures taken including the warehousing of Irish employer taxes. The decline in debtors is due to lower VAT receipts as revenues and operating costs declined and the receipt of a debtor from the liquidation of a Group entity in 2019. Total cash at 31 December was €18.2m (2019: €19.4m), of which €3.1m are customer deposits related to bookings made under the free cancellation policy (2019: €2.8m) and €1.2m relating to a short-term invoice financing facility (2019: €nil).

Dividend

As announced on 24 June 2020, the Board does not expect to pay a cash dividend under its current policy in respect of the 2020 financial year. On 17 September 2020, the company issued 1,636,252 bonus shares to shareholders in lieu of a cash dividend at value €0.01 per share. Future payment of cash dividends will be subject to the Group generating adjusted profit after tax, the Group's cash position and any restrictions in the Group's debt facility.

Caroline Sherry

Chief Financial Officer

16 March 2021

HOSTELWORLD GROUP PLC
CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

			2020	**2019**
	Notes		**€'000**	**€'000**
Revenue	3		**15,364**	80,672
Administrative expenses	4		**(36,119)**	(63,434)
Depreciation and amortisation	4		**(14,132)**	(13,946)
Impairment of intangible assets	4		**(14,996)**	-
Operating (loss) / profit			**(49,883)**	3,292
Financial income			**8**	59
Financial costs	7		**(246)**	(224)
Share of results of associate	13		**(374)**	(116)
(Loss) / profit before taxation			**(50,495)**	3,011
Taxation	8		**1,638**	5,383
(Loss) / profit for the year attributable to the equity owners of the parent Company			**(48,857)**	8,394
Basic and diluted (loss) / earnings per share (euro cent)	9		**(45.68)**	8.64

HOSTELWORLD GROUP PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	€'000	€'000
(Loss) / profit for the year	**(48,857)**	8,394
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(7)**	(1)
Total comprehensive (loss) / income for the year attributable to equity owners of the parent Company	**(48,864)**	8,393

HOSTELWORLD GROUP PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

			2020	2019
	Notes		€'000	€'000
Non-current assets				
Intangible assets	10		**86,252**	109,120
Property, plant and equipment	11		**4,480**	5,353
Deferred tax assets	12		**7,596**	6,727
Investment in associate	13		**2,349**	2,723
			100,677	123,923
Current assets				
Trade and other receivables	15		**1,681**	4,980
Corporation tax			**54**	-
Cash and cash equivalents	16		**18,189**	19,365
			19,924	24,345
Total assets			**120,601**	148,268
Issued capital and reserves attributable to equity owners of the parent				
Share capital	17		**1,163**	956
Share premium	17		**14,328**	-
Foreign currency translation reserve			**8**	15
Share based payment reserve			**1,210**	788
Retained earnings			**81,156**	130,013
Total equity attributable to equity holders of the parent company			**97,865**	131,772
Non-current liabilities				
Deferred tax liabilities	12		**-**	144
Deferred consideration			**-**	873
Lease liabilities	14		**2,492**	3,422
			2,492	4,439
Current liabilities				
Trade and other payables	18		**17,036**	11,074
Borrowings	19		**1,164**	-
Lease liabilities	14		**1,803**	869
Corporation tax			**241**	114
			20,244	12,057
Total liabilities			**22,736**	16,496
Total equity and liabilities			**120,601**	148,268

The financial statements were approved by the Board of Directors and authorised for issue on 16 March 2021 and signed on its behalf by:

Gary Morrison **Caroline Sherry**

Chief Executive Officer **Chief Financial Officer**

Hostelworld Group plc registration number 9818705 (England and Wales)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

		Share capital	Share Premium	Retained earnings	Foreign currency translation reserve	Share based payment reserve	Total
	Notes	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2019		956	-	134,650	16	630	136,252
Effect of initial application of IFRS 16		-	-	(416)	-	-	(416)
Balance at 1 January 2019 – as restated		956	-	134,234	16	630	135,836
Total comprehensive income for the year		-	-	8,394	(1)	-	8,393
Dividends	24	-	-	(12,615)	-	-	(12,615)
Credit to equity for equity settled share based payments		-	-	-	-	158	158
Balance at 31 December 2019		**956**	-	**130,013**	**15**	**788**	**131,772**
Total comprehensive (loss) for the year		**-**	-	**(48,857)**	**(7)**	**-**	**(48,864)**
Issue of ordinary shares for cash	17	**191**	**15,042**	**-**	**-**	**-**	**15,233**
Share issue cost	17	**-**	**(698)**	**-**	**-**	**-**	**(698)**
Bonus Issue shares	17	**16**	**(16)**	**-**	**-**	**-**	**-**
Credit to equity for equity settled share-based payments		**-**	**-**	**-**	**-**	**422**	**422**
Balance at 31 December 2020		**1,163**	**14,328**	**81,156**	**8**	**1,210**	**97,865**

HOSTELWORLD GROUP PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020	2019
		€'000	**€'000**
Cash flows from operating activities			
(Loss) / profit before tax		**(50,495)**	3,011
Depreciation of property, plant and equipment	4	**2,458**	2,425
Amortisation of intangible assets	4	**11,674**	11,521
Impairment of intangible assets	4	**14,996**	-
Share of results of associate	13	**374**	116
Net profit on disposal property, plant and equipment	4	**(55)**	-
Financial income		**(8)**	(59)
Financial expense	7	**246**	224
Employee equity settled share-based payment expense	21	**428**	156
Changes in working capital items:			
Increase / (decrease) in trade and other payables		**5,586**	(2,252)
Decrease / (increase) in trade and other receivables		**3,299**	(2,166)
Cash generated from operations		**(11,497)**	12,976
Interest paid		**(246)**	(224)
Interest received		**8**	59
Income tax refund / (paid)		**698**	(1,516)
Net cash (used in) / from operating activities		**(11,037)**	11,295
Cash flows from investing activities			
Acquisition/development of intangible assets	10	**(3,802)**	(2,915)
Purchases of property, plant and equipment	11	**(64)**	(190)
Acquisition of investment in associate	13	**-**	(1,075)
Net cash used in investing activities		**(3,866)**	(4,180)
Cash flows from financing activities			
Deferred consideration	13	**(503)**	-
Proceeds from issue of share capital	17	**15,233**	-
Issue costs paid	17	**(698)**	
Proceeds from borrowings	19	**3,454**	-
Repayment of borrowings	19	**(2,290)**	
Repayments of obligations under lease liabilities	14	**(1,462)**	(1,109)
Dividends paid	24	**-**	(12,615)
Net cash from / (used in) financing activities		**13,734**	(13,724)
Net (decrease) in cash and cash equivalents		**(1,169)**	(6,609)
Cash and cash equivalents at the beginning of the year		**19,365**	25,974

Effect of foreign exchange rate changes				**(7)**		-
Cash and cash equivalents at the end of the year		**16**		**18,189**		19,365

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Hostelworld Group plc, hereinafter "the Company", is a public limited company incorporated in the United Kingdom on the 9 October 2015. The registered office of the Company is Floor 2, 52 Bedford Row, London, WC1R 4LR, United Kingdom.

The Company and its subsidiaries (together "the Group") provide software and data processing services that facilitate hostel, B&B, hotel and other accommodation bookings worldwide.

The financial information, comprising of the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and related notes, has been taken from the consolidated financial statements of Hostelworld Group plc ("Company") for the year ended 31 December 2020, which were approved by the Board of Directors on 16 March 2021. The financial information does not constitute statutory accounts within the meaning of sections 435(1) and (2) of the Companies Act 2006 or contain sufficient information to comply with the disclosure requirements of International Financial Reporting Standards ("IFRS").

An unqualified report on the consolidated financial statements for the year ended 31 December 2020 has been given by the auditors, Deloitte Ireland LLP. It did not include reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006. The consolidated financial statements will be filed with the Registrar of Companies, subject to their approval by the Company's shareholders at the Company's Annual General Meeting on 26 April 2021.

Going concern

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

While we entered 2020 with positive momentum, trading since late-January has been challenged by the outbreak of the COVID-19 virus. From mid-March the Group were severely impacted with high cancellation rates and very low booking volumes. Global travel demand remained muted throughout 2020 with ongoing travel restrictions continuing to severely impact the global travel industry. Revenue for the year totalled €15.4m (2019: €80.7m) and the Group incurred a loss before taxation of €50.5m (2019: profit before taxation €3.0m). Losses have continued subsequent to the year end. At 31 December 2020 the Group was in a net asset position of €97.9m (2019: €131.8m).

In response to the breakout of COVID-19 immediate action was taken by the Directors to preserve the Group's cash position. Actions taken include the decision not to pay the final 2019 dividend, to suspend any cash dividends in 2020, a Group-wide scaled redundancy program, reduced hours and deferred pay for our employees and Directors, the renegotiation of credit terms with key vendors, availing of debt warehousing of Irish employer taxes, the elimination of all non-essential operating costs including marketing, recruitment, travel and other variable overheads, and availing of Government COVID-19 supports in both Ireland and the UK.

The Directors have taken steps to ensure adequate liquidity is available to the Group for the likely duration of the crisis and the recovery period. The Group has retained its financial strength and at 31 December 2020 held a cash balance of €18.2 million (2019: €19.4 million) and held committed undrawn funds available of €7 million relating to a revolving credit facility that can be drawn down up to November 2023. The Group availed of a short-term invoice financing facility amounting to €3.5 million in June 2020, with an amount owing of €1.2 million at 31 December 2020. On 29 June 2020, the Company issued Ordinary Shares by way of a Placing, raising gross proceeds of €15.2m.

Throughout COVID-19 two forecasts were developed under a base case and stress-case scenario analysis. Both scenarios included differing assumptions with regard to cost cutting measures, projected revenue flows and return to recovery assumptions, projected net cash flows from operations and available sources of funding. Whilst performance initially tracked in-line with our base case assumptions from the end of August onwards trading outlook deteriorated significantly as global lockdowns and travel restrictions came into force. As a result of this deterioration in trading, we revised downwards our base outlook, reflecting the impact of the pandemic being deeper and longer than originally anticipated. A five-year profit and loss ("P&L") outlook was prepared which is conservative in its assumptions. This outlook does not factor in any upside from global mass vaccination programmes, full recovery is not expected to happen until FY-23 with average booking values assumed to be low and cost per booking assumed to be elevated throughout the five-year cycle. Our stress case scenario has not changed and assumes depressed volumes throughout H1 2021 with minimal recovery in H2 2021. Operating expenses would be further reduced in 2021 to reflect lower activity levels.

On the basis of the five-year P&L outlook which identified a liquidity need and in light of the considerable uncertainty on the duration and severity of the COVID-19 pandemic the Directors took additional steps to strengthen the Group's Balance sheet. The Group entered a €30 million term loan facility with HPS Investment Partners, LLC. On 23 February 2021 the Group drew down €28.8 million, net of an original issue discount. The facility is single drawdown and bears interest at a margin of 9.0% per annum over EURIBOR (with a EURIBOR floor of 0.25% per annum). The facility agreement includes the following financial covenants: (1) adjusted net leverage (Hostelworld has to ensure that total net debt is no more than 3.0 x adjusted EBITDA from 31 December 2023 to 30 September 2024, and no more than 2.5 x adjusted EBITDA from 31 December 2024 onwards); and (2) minimum liquidity (Hostelworld has to ensure that at close of business on the last business day of each month until it is testing the adjusted net leverage ratios there is free cash in members of the Group which have guaranteed repayment of the facility of at least €6.0 million). Security on the facility includes the share capital of the group, the bank accounts of the group and the Group's intellectual property.

In January 2021 the Group repaid the amount owing on the short-term invoice financing facility, and a consent letter was signed by Hostelworld and AIB amending the loan agreement in place to permit the taking of security, removal of the parent guarantee and the removal of the financial covenants. In February 2021 a deed of release was signed on the €7m revolving credit facility. Cash flow forecasts were updated to reflect movements including early repayment of the short-term invoice financing facility and drawdown of the HPS term loan facility. Having considered the Group's five year P&L outlook, cash flow forecasts prepared for 12 months from date of signing, current and anticipated trading volumes, together with current and anticipated levels of cash, debt and the availability of committed borrowing facilities, the Directors are satisfied that the Group and Company has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report, and accordingly, they continue to adopt the going concern basis in preparing the Group financial statements.

Basis of Preparation

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

IFRS as adopted by the European Union ("the EU") comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"). The consolidated financial statements comply with Article 4 of the EU IAS Regulation. IFRS adopted by the EU differs in certain respects from IFRS issued by the IASB. References to IFRS hereafter refer to IFRS adopted by the EU.

The consolidated financial statements have been prepared under the historical cost basis. The investment in associate is accounted for using the equity method.

In the preparation of these consolidated financial statements the accounting policies set out below have been applied consistently by all Group companies. The consolidated financial statements are presented in euro, which is the functional currency of all Group companies.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.

The Directors have assessed the ability of the Company and Group to continue as a going concern and are satisfied that it is appropriate to prepare the financial statements on a going concern basis of accounting. In doing so, the Directors have assessed that there are no material uncertainties to the Company's and Group's ability to continue as a going concern for the foreseeable future, being a period of at least 12 months from the date of approval of the financial statements.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. In particular, information about significant areas of estimation that have the most significant effect on the amounts recognised in the consolidated financial statements are described below and in the respective notes to the consolidated financial statements.

(a) The critical judgements that have been made that have the most significant effect on the amounts recognised in the consolidated financial statements are set out below:

Capitalisation of development costs

Development costs are capitalised in accordance with accounting policies in note 1. Determining the amount to be capitalised requires the Directors to make judgements regarding expected future cash generation of the asset.

Accounting for Exceptional items

Exceptional items by their nature and size can make interpretation of the underlying trends in the business more difficult. Such items may include restructuring, material merger and acquisition costs, profit or loss on disposal or termination of operations, litigation settlements, legislative changes, material acquisition integration costs and profit or loss on disposal of investments. Judgement is used in assessing the particular items which by virtue of their scale and nature should be disclosed as exceptional items.

(b) The key sources of estimation uncertainty that have been made that have the most significant effect on the amounts recognised in the consolidated financial statements are set out below:

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue operating as a going concern for the foreseeable future. Management judgement and estimate is required in forecasting cashflow projections incorporating the impact of COVID-19. At 31 December 2020 the Group held a cash and cash equivalents balance of €18.2m (2019: €19.4m) and was in a net asset position of €97.9m (2019: €131.8m). The Directors have taken steps to ensure adequate liquidity is available to the Group throughout this period. The details of the going concern scenarios, key assumptions and mitigating actions are outlined in the going concern statement on page 123. Based on these scenarios and the resources available to the Group, the Directors believe the Group has sufficient liquidity to remain a going concern 12 months from date of signing of the accounts.

The most significant factor impacting our projections for going concern relates to COVID-19 and what impact COVID-19 will have on trading volumes. We considered the impact on the Group of operating in a zero-revenue environment for 2021 but carrying the current level of operating costs for and carrying 25% of the overall budgeted direct costs (pay per click marketing spend primarily that is directly linked to revenue). Under this scenario the Group continues to have sufficient cash resources to operate as a going concern.

Deferred tax asset recognition and recoverability of deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available in future periods against which the reversal of temporary differences can be deducted. Recognition, therefore, involves judgement regarding the future financial performance of the particular legal entity or tax Group in which the deferred tax asset exists. The extent to which it is probable that taxable profits will be available in future periods is an estimate assessed based on the approved five-year budget and long-term forecasts upon initial recognition and at each reporting date. At 31 December 2020 the carrying value of deferred tax assets amounted to €7.6m (2019: €6.7m). Based on the Board approved five-year outlook there are sufficient taxable profits to demonstrate the asset could be substantially utilised by 31 December 2025. A decline in taxable profits from amounts included in our five-year budgeted projections would impact the amount of the deferred tax asset which would be recovered over the next five years.

Carrying value of goodwill and intangible assets

The Directors assess annually whether goodwill has suffered any impairment, in accordance with the relevant accounting policy and intangible assets are assessed for possible impairment where indicators of impairment exist. The recoverable amounts of cash-generating units ("CGUs") are determined based on the higher of fair value or value-in-use calculations. Management judgement and estimation is required in forecasting future cash flows of cash-generating units including incorporating the impact of COVID-19, the discount rates applied to these cashflows, the expected long-term growth rate of the applicable business and terminal values. The carrying amount of goodwill at 31 December 2020 amounted to €17.9m (2019: €17.9m) and the carrying amount of domain names amounted to €64.2m (2019: €88.4m). In 2020 the Group recognised an impairment charge of €15.0m (2019: €nil). Further details on the assumptions used and sensitivity analysis are set out in note 10.

3. REVENUE & SEGMENTAL ANALYSIS

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

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

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

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

The Group's major revenue-generating asset class comprises its software and data processing services and is directly attributable to its reportable segment operations. In addition, as the Group is managed as a single business unit, all other assets and liabilities have been allocated to the Group's single reportable segment.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss.

Reportable segment information is presented as follows:

		2020	2019
		€'000	€'000
Europe		**7,354**	46,994
Americas		**3,779**	15,672
Asia, Africa and Oceania		**4,231**	18,006
Total revenue		**15,364**	80,672

As at 31 December 2020, €197k of revenue relating to free cancellation bookings has been deferred (2019: €2,777k).

Disaggregation of revenue is presented as follows:

	2020	2019
	€'000	€'000
Technology and data processing fees	**14,251**	78,571
Advertising revenue and ancillary services	**1,113**	2,101
Total revenue	**15,364**	80,672

Revenue has declined by 81% in 2020 as booking volumes declined as COVID-19 impacted the business (2019: 2% decline). In the year ended 31 December 2020, the Group generated 93% (2019: 97%) of its revenues from the technology and data processing fees that it charged to accommodation providers.

Revenue is recognised at the time the reservation is made in respect of non-refundable commission on the basis that the Group has met its performance obligations at the time the booking is made. In respect of the free cancellation product, which offers the traveller the opportunity to make a booking on a free cancellation basis and to receive a refund of their deposit in certain circumstances, such related revenue is not recognised until the last cancellation date has passed as one party can withdraw from the contract until such a date has passed. Deferred revenue is expected to be recognised within twelve months of initial recognition.

Advertising revenue and revenue generated from other services are recognised over the period when the service is performed.

The Group's non-current assets are located in Ireland, Australia, the United Kingdom, Portugal, and China and disaggregated as follows:

			2020	2019
	Notes		**€'000**	€'000
Total Non-Current Assets			**100,677**	123,923
Broken out as:				
Ireland			**96,951**	119,770
Australia			**2,349**	2,723
United Kingdom			**922**	947
Portugal			**430**	483
China			**25**	-

4. OPERATING EXPENSES

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

			2020	2019
	Notes		**€'000**	€'000
Marketing expenses			**9,260**	32,712
Staff costs	6		**16,759**	16,881
Credit card processing fees			**571**	2,515
Loss on disposal PPE			**12**	-
Profit on disposal PPE			**(67)**	-
Exceptional items	5		**2,989**	3,066
FX (gain) / loss			**(152)**	72
Other administrative costs			**6,747**	8,188
Total administrative expenses			**36,119**	63,434
Impairment of intangible assets	10		**14,996**	-
Depreciation of tangible fixed assets	11		**2,458**	2,425
Amortisation of intangible fixed assets	10		**11,674**	11,521
Total operating expenses			**65,247**	77,380

Total administration expenses decreased by €27,315k compared to the prior financial year, driven by the reduction of nonessential operating costs, as a result of COVID-19.

Included in staff costs are government assistance amounts totalling €1,085k (2019: €nil) for furloughed employees under the Coronavirus Job Retention Scheme in the UK and subsidy received under the temporary COVID-19 Wage Subsidy Scheme in Ireland.

Auditor's remuneration

During the year, the Group obtained the following services from its auditor - Deloitte Ireland LLP:

			2020	2019
			€'000	€'000
Fees payable for the statutory audit of the Company and consolidated financial statements			**42**	42
Fees payable for other services:				
- statutory audit of subsidiary undertakings			**135**	181
- tax advisory services			**-**	-
- audit related assurance services			**194**	10
- corporate finance services			**-**	-
- other non-audit services			**57**	-
Total			**428**	233

5. EXCEPTIONAL ITEMS

			2020	2019
			€'000	€'000
Merger and acquisition costs			**1,332**	2,115
Restructuring costs			**1,657**	951
Total			**2,989**	3,066

Merger and acquisition costs of €1,332k (2019: €2,115k) relates to professional fees incurred in the year on related activity.

Restructuring costs of €1,657k (2019: €951k) include costs relating to an internal realignment of our technology and product departments and relating staff restructuring costs, and professional fees incurred in current year on review of funding options for the group.

6. STAFF COSTS

The average monthly number of people employed (including Executive Directors) was as follows:

		2020	2019
Average number of persons employed			
Administration and sales		**137**	189
Development and information technology		**152**	125
Total		**289**	314

The aggregate remuneration costs of these employees is analysed as follows:

			2020	2019
	Notes		**€'000**	€'000
Staff costs comprise:				
Wages and salaries			15,550	16,026
Social security costs			1,935	2,177
Pensions costs			447	466
Other benefits			734	347
Long-term employee incentive costs	21		428	156
Capitalised development labour			(2,335)	(2,291)
Total			**16,759**	**16,881**

In addition to staff costs disclosed above termination benefits disclosed within note 5 exceptional items restructuring costs totalled €935k (2019: €951k).

Increase year on year in capitalised development labour relates to work completed by the Group on the Roadmap to Growth initiatives.

7. FINANCIAL COSTS

	Notes		**2020**	2019
			€'000	€'000
Interest on lease liabilities	14		**182**	178
Other finance costs			**64**	46
Total			**246**	224

8. TAXATION

	Notes		2020	2019
	Notes		**€'000**	€'000
Corporation tax:				
Current year (credit) / charge			**(395)**	1,184
Adjustments in respect of prior years			**(230)**	38
Total			**(625)**	1,222
Origination and reversal of temporary differences	12		**(1,013)**	(6,605)
Total			**(1,638)**	(5,383)

Corporation tax is calculated at 12.5% (2019: 12.5%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The charge for the year can be reconciled to the consolidated income statement as follows:

	2020	2019
	€'000	€'000
(Loss) / profit before tax on continuing operations	**(50,495)**	3,011
Tax at the Irish corporation tax rate of 12.5% (2019: 12.5%)	**(6,312)**	376
Effects of:		
Tax effect of expenses that are not deductible in determining taxable profit	**3,831**	371
Tax effect of losses not utilised	**2,789**	-
Tax effect of losses carried back	**(578)**	-
Tax effect of income taxed at different rates	**(49)**	-
Depreciation (less than) / in excess of capital allowances	**(167)**	123
Effect of different tax rates of subsidiaries operating in other jurisdictions	**91**	261
Recognition of deferred tax asset	**(1,013)**	(6,552)
Adjustments in respect of prior years	**(230)**	38
Total	**(1,638)**	(5,383)

As a result of the impact of COVID-19 Irish Revenue introduced a temporary acceleration of corporation tax loss relief under section 396D TCA 1997 which provides for a temporary acceleration of corporation tax loss relief for accounting periods affected by COVID-19. The measure allowed companies to estimate their trading losses for certain accounting periods and carry back up to 50% of those losses estimated against chargeable profits in the preceding account period. The Group availed of this measure with regard to the period ended 31 December 2020. An estimate of the corporation tax loss for the period ended 31 December 2020 was calculated and an amount of available trading losses was used to partially offset trading profits in the period ended 31 December 2019. As a result of this relief, the Group was entitled to a refund from the Irish tax authorities for corporation tax paid in 2019. At 31 December 2020, the Group has reassessed the position with regard to trading losses to ensure that the value of losses carried back to the 2019 period were not in excess of available losses in 2020. On review of the position, it was concluded that the losses carried back were calculated accurately and no adjustment was required.

The Group has an unrecognised deferred tax asset as at 31 December 2020 as a result of an impairment of intellectual property in 2020 during the year totalling €1,871k (2019: €nil).

In addition, the Group has unused trading tax losses of €17,689k (2019: nil) available for offset against future profits arising. A deferred tax asset has not been recognised in respect of such losses as it is not considered probable that there will be future trading profits available against which the deferred tax asset can be unwound, beyond those used to assess the recoverability of the existing deferred tax asset at 31 December 2020. All tax losses available may be carried forward indefinitely.

9. (LOSS) / EARNINGS PER SHARE

Basic (loss) / earnings per share is computed by dividing the net (loss) / profit for the year available to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

		2020	2019
Weighted average number of shares in issue (‘000s)		**106,947**	97,207*
(Loss) / profit for the year (€’000s)		**(48,857)**	8,394
Basic earnings per share (euro cent)		**(45.68)**	8.64

*The 2019 earnings per share figures have been restated to incorporate the 1,636,252 new Hostelworld Group ordinary shares that were issued in September 2020. The weighted average number of shares in issue during the period was adjusted to include these bonus shares as if they were issued 1 January 2019.

Diluted (loss) / earnings 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. Ordinary shares potentially issuable from share-based payment arrangements are anti-dilutive due to the loss in the financial year meaning there is no difference between basic and diluted earnings per share.

		2020	2019
Weighted average number of ordinary shares in issue (‘000s)		**106,947**	97,207
Effect of dilutive potential ordinary shares:			
Share options (‘000s)		**-**	5
Weighted average number of ordinary shares for the purpose of diluted earnings per share (‘000s)		**106,947**	97,212
Diluted earnings per share (euro cent)		**(45.68)**	8.64

10. INTANGIBLE ASSETS

The table below shows the movements in intangible assets for the year:

	Goodwill	**Domain Names**	**Technology**	**Affiliates Contracts**	**Capitalised Development Costs**	**Total**
	€’000	**€’000**	**€’000**	**€’000**	**€’000**	**€’000**
Cost						
Balance at 1 January 2019	47,274	214,640	14,068	5,500	11,525	293,007
Additions	-	68	-	-	2,847	2,915
Balance at 31 December 2019	47,274	214,708	14,068	5,500	14,372	295,922
Additions	**-**	**-**	**153**	**-**	**3,649**	**3,802**
Disposals for the period	**-**	**-**	**(121)**	**-**	**-**	**(121)**
Balance at 31 December 2020	**47,274**	**214,708**	**14,100**	**5,500**	**18,021**	**299,603**
Accumulated amortisation and impairment						
Balance at 1 January 2019	(29,426)	(116,700)	(13,808)	(5,500)	(9,847)	(175,281)
Charge for year	-	(9,674)	(103)	-	(1,744)	(11,521)

Balance at 31 December 2019	(29,426)	(126,374)	(13,911)	(5,500)	(11,591)	(186,802)
Charge for year	**-**	**(9,118)**	**(132)**	**-**	**(2,424)**	**(11,674)**
Disposals for the period	**-**	**-**	**121**	**-**	**-**	**121**
Impairment recognised	**-**	**(14,996)**	**-**	**-**	**-**	**(14,996)**
Balance at 31 December 2020	**(29,426)**	**(150,488)**	**(13,922)**	**(5,500)**	**(14,015)**	**(213,351)**
<u>Carrying amount</u>						
At 31 December 2019	17,848	88,334	157	-	2,781	109,120
At 31 December 2020	**17,848**	**64,220**	**178**	**-**	**4,006**	**86,252**

Capitalised development cost additions during the year comprised of internally generated additions of €2,335k (2019: €2,291k) and other separately acquired additions of €1,314k (2019: €556k). Hostelworld continue to utilise affiliate contracts to generate revenue and continue to pay affiliate partner commissions.

Impairments

The carrying value of the goodwill balance at 31 December 2020 is €17,848k (2019: €17,848k) and relates to an investment in Hostelworld.com Limited by the Group in 2009. Goodwill, which has an indefinite useful life, is subject to annual impairment testing, or more frequent testing if there are indicators of impairment. Following impairment testing based on the assumptions below, no impairment was recognised for goodwill in 2020.

In 2020, as a result of a strategic review of the business by the Directors, it was determined to cease actively marketing our Hostelbookers brand name. An impairment loss of €494k was recognised based on the carrying value at 31 December 2020. The recoverable amount was €nil.

In 2020 following a review of COVID trading performance and booking performance, the Directors reassessed the estimated cash flows associated with the Hostelworld.com intellectual property assets. This led to the recognition of an impairment charge of €14,502k in relation to the value of the Hostelworld.com domain name. The recoverable amount of the related CGU was calculated at €64,220k.

Cash generating units (“CGUs”) to which goodwill and intellectual property have been allocated represent the lowest level at which the assets are monitored for internal reporting purposes. The recoverable amount of goodwill and intellectual property allocated to a CGU is determined based on a value in use computation. The key assumptions for calculating value in use of the CGUs are discount rates, growth rates and cash flows. They are described as follows:

Discount rates

			2020	2019
			€’000	€’000
Pre-tax discount rate; Goodwill			**13.2%**	12.2%
Pre-tax discount rate: Intellectual Property			**14.69%**	11.93%

The pre-tax discount rates are based on the Group’s weighted average cost of capital, calculated using the Capital Asset Pricing Model adjusted for the Group’s specific beta coefficient together with a country risk premium to take account of the countries from where the CGU derives its cash flows.

Growth rates

Growth rates are assessed based on the Board approved five-year 2021 budget. As part of the budget we have utilised 2019 as the base year in our reforecasts and we have measured our growth each year as a percentage of 2019 volumes through COVID and the recovery of the Group from the impacts of COVID until 2023, with a moderate uptick in growth rates in 2024 and 2025.

For goodwill a terminal value of 2% (2019: 2.8%) growth into perpetuity was used to extrapolate cash flows beyond the five-year budget period. This growth rate does not exceed the long-term average growth rate for the industry in which each CGU operates. For intellectual property growth rates included beyond the five-year budget period ranged from 8% to 3%.

Cash flows

The cash flow projections are based on a five-year budget formally approved by the Board of Directors. In preparing the 2021 budget and strategic plan, management considered industry market research and analysis prepared on COVID-19 and the travel industry pertaining to estimated return to growth of the market, customer and consumer behaviours, competitor activity and developing trends in the industry in which the CGU operates in.

Management have also considered the Group's history of earnings, internal focus on the roadmap to growth through COVID-19 downtime, past experience and cash flow generation. Capital expenditure requirements to maintain the CGUs performance and profitability assume that historic investment patterns will be maintained. Working capital requirements are forecast to move in line with activity.

Sensitivity analysis

The key assumptions underlying the impairment reviews are set out above. Sensitivity analysis has been conducted in respect of each of the CGUs using the following sensitivity assumptions: a 1% increase in the discount rate; 10% decline in revenue in each of the Board approved five-year numbers and nil terminal value growth. Under each scenario no impairment was identified. From our sensitivity analysis we identified that Goodwill would need to have nil terminal value growth and an increase in discount rate of 2.4% to be considered impaired.

11. PROPERTY, PLANT AND EQUIPMENT

The table below shows the movements in property, plant and equipment for the year:

	Right-of-Use Assets (Leasehold Property)	Leasehold Property Improvements	Fixtures & Equipment	Computer Equipment	Total
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Cost					
Balance at 1 January 2019	4,294	1,855	823	4,239	11,211
Additions	39	22	-	168	229
Disposals	-	-	-	(748)	(748)
Balance at 31 December 2019	4,333	1,877	823	3,659	10,692
Additions	**1,681**	**23**	**-**	**41**	**1,745**
Remeasurement	**129**	**-**	**-**	**-**	**129**
Disposals	**(769)**	**(334)**	**(169)**	**(214)**	**(1,486)**
Balance at 31 December 2020	**5,374**	**1,566**	**654**	**3,486**	**11,080**
Accumulated depreciation					

Balance at 1 January 2019	-	(652)	(435)	(2,574)	(3,661)
Charge for year	(1,061)	(317)	(125)	(922)	(2,425)
Disposals	-	-	-	747	747
Balance at 31 December 2019	(1,061)	(969)	(560)	(2,749)	(5,339)
Charge for year	**(1,518)**	**(258)**	**(102)**	**(580)**	**(2,458)**
Disposals	**492**	**334**	**158**	**213**	**1,197**
Balance at 31 December 2020	**(2,087)**	**(893)**	**(504)**	**(3,116)**	**(6,600)**
Carrying amount					
At 31 December 2019	3,272	908	263	910	5,353
At 31 December 2020	**3,287**	**673**	**150**	**370**	**4,480**

The adoption of IFRS 16 on 1 January 2019, resulted in the Group recognising right-of-use assets of €4,294k on that date. These assets relate to the Group's lease commitments for office space in Ireland, UK, Portugal and China. The average lease term of leases entered at 31 December 2020 is 3 years. The maturity analysis of lease liabilities is presented in note 14.

12. DEFERRED TAXATION

The following are the major deferred taxation liabilities and assets recognised by the Group and movements thereon during the current and prior reporting year:

	Accelerated Taxation Depreciation
	€'000
As at 1 January 2019	(163)
Credited to the income statement	6,605
Credited to retained earnings (IFRS 16)	141
As at 1 January 2020	**6,583**
Credited to the income statement	**1,013**
As at 31 December 2020	**7,596**

The following is the analysis of the deferred taxation balances for financial reporting purposes:

		2020	2019
		€'000	€'000
Deferred taxation assets		**7,596**	6,727
Deferred taxation liabilities		**-**	(144)
Net deferred taxation assets		**7,596**	6,583

The deferred tax credit for the year ended 31 December 2020 of €1,013k (2019: €6,746k) relates to a deferred tax asset created in the current year for capital allowances not utilised and available for future offset. The 2019 credit relates to a timing difference which arose from a Group reorganisation that completed on 12 March 2019 in which certain assets of a Group subsidiary were acquired by Hostelworld.com Limited. Deferred tax is determined using tax rates and laws enacted or substantively enacted by the reporting date. The total tax charge in future periods will be affected by any changes to the applicable tax rates in force in jurisdictions in which the Group operates and other relevant changes in tax legislation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which any unused tax losses and unused tax credits can be utilised. Future taxable profits have been estimated using the Board approved five-year plan and adjusted for base case COVID-19 assumptions. Within the five-year plan it is assumed that the Group is profitable from 2023, and the deferred tax asset can be substantially utilised by 31 December 2025. The Directors have reviewed the recoverability of the deferred tax asset at the reporting date and are satisfied that it is probable that the deferred tax asset can be utilised.

13. INVESTMENT IN ASSOCIATE

The Group own 7,645,554 shares (49% of the share capital) of Goki Pty Limited, an Australian resident company. Goki Pty Limited's principal activity is software development and principal place of business is Australia. The investment in an associate was accounted for using the equity method. The Group has significant influence but not control over the entity, due to the nature of its voting rights. The Group controls 49% of the voting rights and is not entitled to appoint 50% or more of the total number of Directors to the Board.

Deferred consideration of €1,266k (2019: €1,763k) is due to be paid in full by July 2021.

Summarised financial information in respect of Goki Pty Limited is set out below. This represents the amounts in Goki Pty Limited's financial statements prepared in accordance with IFRSs.

Statement of financial position of Goki Pty Limited as at 31 December 2020:

		2020	2019
		€'000	€'000
Non-current assets		**9**	7
Current assets		**1,829**	2,441
Non-current liabilities		**-**	-
Current liabilities		**(200)**	(46)
Equity attributable to owners of the company		**1,638**	2,402

Income statement of Goki Pty Limited for the year/period ended 31 December 2020:

	2020	2019*
	€'000	€'000
Revenue	**28**	64
Loss after tax	**(764)**	(236)
Other comprehensive income attributable to the owners of the company	**-**	-
Total comprehensive loss	**(764)**	(236)
Group share of results of associate	**(374)**	(116)

*2019 income statement from the period 22 July 2019 to 31 December 2019

Reconciliation of the above summarised financial information to the carrying amount of the Group's interest in Goki Pty Limited recognised in the consolidated financial statements:

	2020	2019
	€'000	€'000

Net assets of Goki Pty Limited	**1,638**	2,402
Proportion of the Group's ownership interest in the associate	**49%**	49%
Group share of net assets	**803**	1,177
Goodwill and transaction costs	**2,868**	2,868
Other adjustments	**(1,322)**	(1,322)
Carrying amount of the Group's interest in associate	**2,349**	2,723

Other adjustments relate to the elimination of the Group's 49% equity investment within the net assets of Goki Pty Limited and amounts to 49% of the share capital of Goki PTY Limited.

Commitment to extend loan to associate:

Under the terms of the shareholder purchase agreement, there is a USD 500k loan facility option available to Goki Pty Limited by the Group until July 2022. This loan is interest bearing and if drawn, repayable in full in July 2022. The Group treats this facility as a commitment to extend a loan to associate until such time as it becomes probable that it will be required.

The Directors assessed the credit risk of this commitment and determined there was no evidence to recognise an expected credit loss on it.

14. LEASE LIABILITIES

Lease liabilities relate to the Group's lease commitments for office space in Ireland, Portugal, UK and China.

The movement in the Group's right-of-use assets during the period is set out in note 11. The movement in the Group's lease liabilities during the period is as follows:

	2020	2019
	€'000	€'000
Opening lease liability	**4,291**	-
Recognition on transition to IFRS 16	**-**	5,361
Additions	**1,681**	31
Disposals	**(344)**	-
Lease term remeasurement	**129**	8
Payments	**(1,555)**	(1,287)
Lease interest	**182**	178
Foreign exchange differences on lease payments	**(89)**	-
Closing lease liability	**4,295**	**4,291**

In line with our lease agreement on the Dublin office, a rent review was completed in Q2 2020 which resulted in an increase in the lease liability and right of use asset of €129k.

The maturity analysis of these lease liabilities is as follows:

	2020	**2019**
	€'000	**€'000**
Maturity analysis		
Within one year	**1,940**	999
Between one and five years	**2,660**	3,475
Over 5 years	**-**	243

Less unearned interest	**(305)**	(426)
Total	**4,295**	4,291
	2020	**2019**
	€'000	**€'000**
These liabilities are classified in the consolidated statement of financial position as:		
Non-current lease liabilities	**2,492**	3,422
Current lease liabilities	**1,803**	869
Total	**4,295**	4,291

The Group has used the following practical expedients permitted by the standard on transition and at each reporting date - the use of a single discount rate to a portfolio of leases with reasonably similar characteristics, the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases and the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease. The Group has elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

At 31 December 2020, the Group is committed to €19k (2019: €6k) for short term leases. The total cash outflow for leases amount to €1,607k during 2020 (2019: €1,293k).

There is a clear payment schedule associated with our lease liabilities and based on our cash flow forecasts the Group does not face any significant liquidity risk with regards to its lease liabilities.

Amounts recognised in consolidated income statement:

			2020	2019
			€'000	€'000
Depreciation expense on right-of-use assets			**1,518**	1,061
Interest expense on lease liabilities			**182**	178
Expense relating to short term leases			**52**	5
Total			**1,752**	1,244

. 15. TRADE AND OTHER RECEIVABLES

	2020	**2019**
	€'000	**€'000**
Amounts falling due within one year		
Trade receivables	**188**	873
Prepayments and other receivables	**1,191**	2,291
Value added tax	**302**	1,816
Total	**1,681**	4,980

The carrying value of trade and other receivables also represents their fair value. Trade receivables are non-interest bearing and trade receivable days are 4 days (2019: 4 days).

In 2019, an amount of €1,214k was included in other receivables which relates to amounts due to the Group on completion of the liquidation of WRI Nominees DAC which was received in H2 2020 (see note 22).

Reduction in trade receivables and value added tax year on year reflective of COVID-19 related decline in booking volumes.

The Group always recognises lifetime expected credit losses ("ECLs") for trade receivables estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The historical loss rates are adjusted to reflect current and forward economic factors if there is evidence to suggest these factors will affect the ability of the customer to settle receivables under COVID.

Movement in the expected credit loss for trade receivables is as follows:

	2020	2019
	€'000	€'000
At the beginning of the year	**212**	163
(Decrease)/increase in loss allowance recognised during the year	**(18)**	49
At the end of the year	**194**	212

The net movement in the expected credit loss has been included in the income statement.

. 16. CASH AND CASH EQUIVALENTS

	2020	2019
	€'000	€'000
Cash and cash equivalents	**18,189**	19,365
Total	**18,189**	19,365

Included within cash and cash equivalents number is an amount not available for use by the group €1,500k (2019: €nil) relating to a rent security deposit. In April 2021 the amount will reduce to €750k in line with underlying security agreement. Balance of cash and cash equivalents comprise cash and short term bank deposits only.

17. SHARE CAPITAL

	No of shares of €0.01 each	Ordinary shares	Share premium	Total
	(thousands)	€'000	€'000	€'000
At 31 December 2019	95,571	956	-	956
Share Issue – 29 June 2020	**19,114**	**191**	**14,344**	**14,535**
Bonus Issue – 17 September 2020	**1,636**	**16**	**(16)**	**-**
At 31 December 2020	**116,321**	**1,163**	**14,328**	**15,491**

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

On 29 June 2020, the Company issued 19,114,155 Ordinary Shares at €0.79695 per share by way of a Placing, raising gross proceeds of €15,233k. €698k of directly attributable share issue costs have been recognised as a deduction from share premium.

On 17 September 2020, the company issued 1,636,252 bonus shares to shareholders in lieu of a cash dividend at value €0.01 per share.

18. TRADE AND OTHER PAYABLES

	2020	2019
	€'000	€'000
Amounts falling due within one year		
Trade payables	**2,258**	2,493
Accruals and other payables	**9,003**	4,100*
Deferred revenue	**207**	2,981*
Deferred consideration (note 13)	**1,266**	890
Payroll taxes	**4,302**	610
Total	**17,036**	11,074

At 31 December 2020, €197k of revenue was deferred relating to free cancellation bookings (2019: €2,777k) and €10k was deferred relating to featured listings (2019: €204k).

Included in accruals and other payables is a credit provision amounting to €1,528k (2019: €322k) for vouchers and incentives to customers for use on future bookings, and an amount of €2,889k (2019: €48k) relating to customers who have cancelled their free cancellation booking but have not been refunded. Both increased compared to 2019 due to additional options recognised for customers whose travel was disrupted by COVID-19. The Group has availed of the Irish Revenue tax warehousing scheme and deferred payment on all Irish employer taxes from February 2020. Total amount warehoused at 31 December 2020 amounted to €4,140k (2019: €nil). The Group continues to liaise with Irish Revenue on the matter and comply with all appropriate guidelines applicable.

The average credit period for the Group in respect of trade payables is 23 days (2019: 18 days). The Directors consider that the carrying amount of trade payables approximates to their fair value.

*An amount of €322k has been restated in the prior year as a reclassification between deferred revenue and accruals and other payables to better reflect the nature of the liability and to provide better information for comparability to the users of the accounts.

19. BORROWINGS

On 22 June 2020 the Group entered a 'Prompt Pay' which is a short term invoice financing facility with Allied Irish Banks PLC. It is repayable in full by 23 April 2021. Total amount outstanding at 31 December 2020 amounted to €1,164k. A flat rate interest applies of 1.45% per annum. Hostelworld.com Limited must ensure it maintains a cash balance of no less than €8.67m for the period ending 30th September 2020, €5.75m for the period ending 31 December 2020 and €1.42m for the period ending 31 March 2021. The facility was guaranteed by Hostelworld Group plc. On 26 January 2021 the amount owing on the facility was repaid in full. Please see subsequent event note 26.

In the period the Group entered a three-year revolving credit facility for €7m with the Governor and Company of the Bank of Ireland to assist with the investing and development needs of the business. No amounts were drawn down at 31 December 2020. The facility was guaranteed by fixed and floating debenture over the assets of Hostelworld.com Limited to include proprietary interest in any Hostelworld booking platform, technology and intellectual property, group guarantees for the full amount of borrowings and a subordination deed between Hostelworld.com Limited, Hostelworld Group Plc and the Bank subordinating the repayment of all monies due by Hostelworld.com Limited to Hostelworld Group Plc in accordance with the provisions contained therein. The facility bore interest at the bank cost of funds +2.3% margin. Hostelworld.com Limited was to retain minimum cash balances of 20% of drawn facilities and the revolving credit facility was required to return to credit 20 days per annum. Hostelworld.com Limited were also required to maintain a minimum tangible net worth of not less than €90m. No amounts were drawn down at 31 December 2020, in respect of the revolving credit facility. Amounts available to the Group consist of three tranches of €2m to €2.5m each dependent on incremental revenue targets achieved.

On 10 February 2021 the Group signed a deed of release exiting the undrawn facility in place. Please see subsequent event note 26.

20. CONTINGENCIES

In the normal course of business the Group may be subject to indirect taxes on its services in certain foreign jurisdictions. The Directors perform ongoing reviews of potential indirect taxes in these jurisdictions. Although the outcome of these reviews and any potential liability is uncertain, no provision has been made in relation to these taxes as the Directors believe that it is not probable that a material liability will arise.

21. SHARE BASED PAYMENTS

Long Term Incentive Plan ("LTIP") scheme

The Group operate a Long Term Incentive Plan for executive Directors and selected management. The proportion of each award which vests, will depend on the Adjusted Earnings per Share ("EPS") performance and Total Shareholder Return ("TSR") of the Group over a three year period ("the performance period").

For the 2020 scheme up to 25% of the shares/options subject to an award will vest according to the Group's adjusted EPS growth compared with target during the performance period. Up to 75% of the shares/options subject to an invitation will vest according to the Group's TSR performance during the performance period measured against the TSR performance indicators approved by the Remuneration Committee. For schemes in 2018 and 2019 up to 70% of the shares/options subject to an award will vest according to the Group's adjusted EPS growth compared with target during the performance period. Up to 30% of the shares/options subject to an invitation will vest according to the Group's TSR performance during the performance period measured against the TSR performance indicators approved by the Remuneration Committee. An award will lapse if a participant ceases to be an employee or an officer within the Group before the vesting date and is not subject to good leaver provisions.

During the year ended 31 December 2020, the Remuneration Committee approved the grant of 3,793,200 share options pursuant to the terms and conditions of the Group's LTIP Rules (2019: 1,267,463 options).

In 2020, €356k was expensed in the consolidated income statement in relation to the Group's LTIP schemes (2019: €77k).

Details of the share options outstanding during the year are as follows:

	2020 **No. of share options**	2019 No. of share options
Outstanding at beginning of year	**1,501,647**	875,957
Granted during the year	**3,793,200**	1,267,463
Forfeited during the year	**(1,430,375)**	(641,773)
Exercised during the year	**-**	-
Expired during the year	**-**	-

Outstanding at the end of the year	**3,864,472**	1,501,647
Exercisable at the end of the year	**-**	–

Included in the number of options forfeited in 2020, are 282,500 of the 2018 awards which did not meet the vesting conditions based on performance conditions from 1 January 2018 to 31 December 2020 (2019: 373,210 options of the 2017 awards which did not meet the vesting conditions based on performance conditions from 1 January 2017 to 31 December 2019).

If the conditions are met, the remaining awards will vest on the later of the 3rd anniversary of the grant and the determination of the performance condition and will then remain exercisable until the 7th anniversary of the date of grant, provided the individual remains an employee or officer of the Group or is subject to good leaver provisions. The measurement period for the 2019 and 2020 awards for performance conditions is over 3 years from 1 January 2019 to 31 December 2021 and from 2 May 2020 to 1 May 2023 respectively.

Share options under the LTIP scheme have an exercise price of £nil. The fair value, at the grant date, of the TSR-based conditional awards was measured using a Monte Carlo simulation model.

Fair value of options granted during the year:

At the grant date, the fair value per conditional award and the assumptions used in the calculations are as follows:

	April 2019	**June 2019**	**August 2019**	**November 2019**	**May 2020**
Year of potential vesting	2022	2022	2022	2022	2023
Number of share options granted	933,995	76,204	187,842	69,422	3,793,200
Share price at grant date	£1.95	£2.07	£1.50	£1.32	£0.74
Exercise price per share option	£nil	£nil	£nil	£nil	£nil
Expected volatility of Company share price	46.1%	42.1%	40.0%	40.1%	51.86%
Expected life	3 years	3 years	3 years	3 years	3 years
Expected dividend yield	4.3%	4.9%	4.9%	6.0%	6.06%
Risk free interest rate	0.71%	0.56%	0.43%	0.51%	0.08%
Weighted average fair value at grant date	£1.93	£1.97	£1.27	£1.16	£.4882
Remaining weighted average life of options (years)	1.25	1.42	1.64	1.87	2.33

	April 2018	**June 2018**	**December 2018**
Year of potential vesting	2021	2021	2021
Number of share options granted	499,554	175,723	98,520
Share price at grant date	£3.86	£3.15	£1.99
Exercise price per share option	£nil	£nil	£nil
Expected volatility of Company share price	46.0%	47.0%	41.5%
Expected life	3 years	3 years	3 years
Expected dividend yield	3.8%	4.8%	7.6%
Risk free interest rate	0.88%	0.76%	0.75%

Weighted average fair value at grant date	£3.35	£2.64	£1.48
Remaining weighted average life of options (years)	0.27	0.49	0.93

Expected volatility was determined based on the market performance of the Company over a period of 36 months prior to the date of grant for all the 2020 and 2019 awards. For all awards up to and including the June 2018 awards, expected volatility was determined in line with market performance of the Company and comparator companies as there was insufficient historic data available for the Company at the grant date of the awards.

Market based vesting conditions, such as the TSR condition, have been taken into account in establishing the fair value of equity instruments granted. Non-market based performance conditions, such as the EPS conditions, were not taken into account in establishing the fair value of equity instruments granted, however the number of equity instruments included in the measurement of the transaction is adjusted so that the amount recognised is based on the number of equity instruments that eventually vest.

Save As You Earn ("SAYE") scheme

During the year ended 31 December 2020, the Remuneration Committee approved the granting of share options under a SAYE scheme for all eligible employees across the Group. 27 employees availed of the scheme in 2020 (2019: 31 employees availed of the 2019 scheme). The scheme will last three years and employees may choose to purchase shares at the end of the three year period at the fixed discounted price set at the start. The share price for the scheme has been set at a 20% discount for Irish and UK based employees in line with amounts permitted under tax legislation in both jurisdictions.

The total expected cost of the 2020 SAYE scheme was estimated at €77k of which €10k has been recognised in the consolidated income statement for the year ended 31 December 2020. The remaining €67k will be charged against profit or loss in equal instalments over the remainder of the three-year vesting period.

The total expected cost of the 2019 SAYE scheme was estimated at €63k of which €59k (2019: €10k) has been recognised in the consolidated income statement to date.

	Number of SAYE share options granted	
	2020	2019
Outstanding at beginning of year	**290,592**	165,162
Granted during the year	**358,305**	258,757
Forfeited during the year	**(208,106)**	(133,327)
Outstanding share options granted at end of year	**440,791**	290,592

Fair value of options granted during the year:

At the grant date, the fair value per conditional award and the assumptions used in the calculations are as follows:

Scheme	**UK office**		**Irish office**	**UK office**		**Irish office**		**Irish office**	
Grant date	August 2020		August 2020	October 2019		October 2019		September 2018	
Year of potential vesting	2023		2023	2022		2022		2021	
Share price at grant date	£0.63		€0.70	£1.30		€1.52		€2.40	

Exercise price per share option	£0.50		€0.56	£1.17		€1.30		€2.56	
Expected volatility of company share price	54.2%		54.2%	39.5%		39.5%		47.5%	
Expected life	3 years		3 years	3 years		3 years		3 years	
Expected dividend yield	6.13%		6.13%	9.3%		9.3%		6.9%	
Risk free interest rate	-0.03%		-0.03%	0.51%		0.51%		(0.40%)	
Weighted average fair value at grant date	£0.20		€0.22	£0.21		€0.24		€0.45	
Valuation model	Black Scholes		Black Scholes	Black Scholes		Black Scholes		Black Scholes	

Expected volatility was determined in line with market performance of the Company for the 2020 and 2019 schemes. For the 2018 schemes, expected volatility was determined in line with market performance of the Company and comparator companies as there was insufficient historic data available for the Company at the grant date of the awards.

The charge of €72k (2019: €79k) in relation to the SAYE schemes, together with the charge in respect of the long-term incentive plan for the year of €356k (2019: €77k) is the total charge in respect of share-based payments. The LTIP and SAYE schemes are accounted for as equity settled in the financial statements.

Overall, the Group recognised an expense of €428k (2019: €156k) relating to equity settled share-based payment transactions in the consolidated income statement during the year.

Cash settled share-based payments

During 2018, the Group issued to certain individuals share appreciation rights ("SARs"), in the form of Phantom Shares that require the Group to pay the intrinsic value of the SAR at the date of exercise. The Group has recorded liabilities of €7k and a corresponding expense of €7k in relation to these SARs as at 31 December 2020 (2019: €7k). The fair value of these SARs was determined by using a Black Scholes model.

22. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

SUBSIDIARIES

The following is a list of the Company's current investments in subsidiaries, including the name, country of incorporation, and proportion of ownership interest:

Company	Holding	Nature of Business	Registered Office
Hostelworld.com Limited *196 Ordinary shares @€1*	100%*	Technology trading company	One Central Park, Leopardstown, Dublin 18, Ireland

Hostelworld Services Portugal LDA *500 Ordinary shares @€1*	100%	Marketing and research and development services company	Rua Antònio Nicolau D'Almeida, 45, 5th Floor, 4100-320 Oporto, Portugal
Hostelworld Business Consulting (Shanghai) Co., Limited**	100%	Business information consulting and marketing planning	Suite 304, Block 2, No.425 Yanping Road, Jing'an District, Shanghai China 200042 延平路425号2幢304室 上海 , 中国, 200042.
Hostelworld Services Limited *104123 Ordinary shares @£0.001*	100%*	Marketing services and technology trading company	Floor 2, 52 Bedford Row, London, WC1R 4LR, UK
Counter App Limited *51 Ordinary shares @€1*	51%	Technology company	One Central Park Leopardstown Dublin 18 Ireland

** held directly by the Company*

*** 3 Million RMB contributed by Hostelworld.com Limited for 100% ownership of subsidiary*

Unless otherwise stated, all subsidiaries have the same reporting date as the Company being 31 December.

On 19 June 2020, "Project Hydra Funding Limited" was incorporated as a 100% subsidiary of Hostelworld Group plc. The company was a Jersey registered company and the company was involved in the transfer of funds from the equity raise to Hostelworld Group PLC which raised gross proceeds of €15.2m. The entity was subsequently liquidated on 10 July 2020.

On 4 June 2020 a new subsidiary was incorporated "Hostelworld Business Consulting (Shanghai) Co., Limited" and became a 100% owned subsidiary of Hostelworld.com Limited. The principal activity of this subsidiary is business information consulting and marketing planning.

On 1 August 2019, Hostelworld Technology Solutions Limited was incorporated in Ireland and became a 100% owned subsidiary of Hostelworld.com Limited. On 8 November 2019, following a share subscription, Hostelworld Technology Solutions became a 51% owned subsidiary of Hostelworld.com Limited. On 7 February 2020, Hostelworld Technology Solutions Limited changed its name to Counter App Limited.

On 12 March 2019, Hostelworld.com Limited acquired intangible assets from WRI Nominees DAC for consideration of €151m. Both of these companies are 100% owned subsidiaries of Hostelworld Group plc. While this transaction had no impact on our underlying trade, the reorganisation resulted in the recognition of a deferred tax asset of €6.9m. On the same date, WRI Nominees DAC was liquidated by way of members' voluntary winding up.

ASSOCIATES

The following details the Company's current investment in associates, including the name, country of incorporation, and proportion of ownership interest:

Company	**Holding**	**Nature of Business**	**Registered Office**
Goki Pty Limited	49%	Technology company	477 Kent St, Sydney NSW 2000, Australia

On 21 June 2019, Hostelworld.com Limited signed an agreement to purchase 7,645,554 shares in an Australian incorporated proprietary company limited by shares. The purchase consideration for this transaction was USD 3m. This transaction was completed on 22 July 2019 and on this date, an investment in associate was recognised in the consolidated financial statements.

Under the terms of the shareholder purchase agreement, there is a USD 500k loan facility option available to Goki Pty Limited by the Group until July 2022 (see note 13).

Directors' remuneration

		2020	2019
		€'000	€'000
Salaries, fees, bonuses and benefits in kind		**1,147**	1,107
Amounts receivable under long-term incentive schemes		**102**	44
Termination benefits		**-**	-
Pension contributions		**64**	61
Total		**1,313**	1,212

Retirement benefit charges of €64k (2019: €61k) arise from pension payments relating to 3 Executive Directors (2019: 2).

Key management personnel

The Group's key management comprise the Board of Directors and senior management having authority and responsibility for planning, directing and controlling the activities of the Group.

	2020	2019
	€'000	€'000
Short term benefits	**2,899**	2,607
Share based payments charge	**271**	72
Termination benefits	**289**	854
Post-employment benefits	**133**	118
Total	**3,592**	3,651

23. FINANCIAL RISK MANAGEMENT

23.1 Financial risk factors

The Directors manage the Group's capital, consisting of both debt and equity, to ensure that the Group will be able to continue as a going concern while also maximising the return to stakeholders. As part of this process, the Directors review financial risks such as liquidity risk, credit risk, foreign exchange risk and interest rate risk regularly.

Liquidity risk

Cash flow forecasting is monitored by rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach covenants on any of its facilities. Such forecasting takes into consideration the Group's debt financing plans.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The Group had no derivative financial liabilities in the current or prior year. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Notes	2020	2019

		€'000	€'000
Up to 1 year			
Trade and other payables	18	**11,205**	10,142
Total up to 1 year		**11,205**	10,142

	2020	2019
	€'000	€'000
Between 1 and 2 years		
Deferred consideration	**-**	890
Total between 1 and 2 years	**-**	890
Total	**11,205**	11,032

Interest rate risk

The group monitors its exposure to interest rate risk based on interest rates at which companies in the Group borrow at. During 2020 the Group was not materially exposed to interest rate risk. The Group had one drawn down facility in place as detailed in note 19.

Credit risk and foreign exchange risk

The Directors monitor the credit rate risks associated with loans, trade receivables and cash and cash equivalent balances on an on-going basis. The majority of the Group's trade receivable balances are due for maturity within 5 days and largely comprise amounts due from the Group's payment processing agents. Accordingly, the associated credit risk is determined to be low. These trade receivable balances, which consist of euro, US dollar and Sterling amounts, are settled within a relatively short period of time, which reduces any potential foreign exchange exposure risk. At 31 December 2020, all material cash balances are held with banks with a minimal credit rating of BBB-, as assigned by international credit rating agencies. As a result, the credit risk on cash balances is limited. The carrying value of trade receivables, trade payables and cash and cash equivalents is a reasonable approximation of their fair value. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Directors' objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Directors may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets. In 2020 cash dividends were suspended due to COVID-19 uncertainty.

The Group will ensure it retains sufficient reserves to manage its day to day cash requirements, including capital expenditure requirements, whilst ensuring appropriate dividends are distributed to shareholders.

24. DIVIDENDS

Amounts recognised as distributions to equity holders in the financial year:

		2020	2019
		€'000	€'000
Final 2018 dividend of €0.09 per share (paid 5 June 2019)		**-**	8,601
Interim 2019 dividend of €0.042 per share (paid 20 September 2019)		**-**	4,014
		-	12,615

The Group announced on 26 March 2020 that it was not proceeding with a final 2019 dividend as part of its measures to protect balance sheet strength and liquidity during the COVID-19 pandemic.

On 24 June 2020 the Group announced that the Board does not expect to pay a cash dividend under its current policy in respect of the 2020 financial year. The Board made this decision after assessing current trading, the continued requirement for cash conservation and the on-going uncertainty of the full impact of COVID-19. Future cash dividend payments 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.

On 25 August 2020, the company issued 1,636,252 bonus shares to shareholders in lieu of a cash dividend at value €0.01 per share. See note 17.

25. PARENT COMPANY EXEMPTION

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual income statement and related notes.

26. EVENTS AFTER THE BALANCE SHEET DATE

On 25 January 2021 the Group signed head of terms on a €30 million term loan facility, and on 23 February 2021 the Group drew down €28.8 million, net of original issue discount. The facility is single drawdown and bears interest at a margin of 9.0% per annum over EURIBOR (with a EURIBOR floor of 0.25% per annum). The facility agreement includes the following financial covenants: (1) adjusted net leverage (Hostelworld has to ensure that total net debt is no more than 3.0 x adjusted EBITDA from 31 December 2023 to 30 September 2024, and no more than 2.5 x adjusted EBITDA from 31 December 2024 onwards); and (2) minimum liquidity (Hostelworld has to ensure that at close of business on the last business day of each month until it is testing the adjusted net leverage ratios there is free cash in members of the Group which have guaranteed repayment of the facility of at least €6.0 million). The lenders have the right to require repayment of the facility if Hostelworld is subject to a change in control and Hostelworld has the option to repay the facility early (subject to the prepayment fees referred to below). Security on the facility includes the share capital of the Group, the bank accounts of the Group and the Group's intellectual property. In connection with the facility, Hostelworld has agreed to issue warrants over 3,315,153 ordinary shares of €0.01 each in the capital of Hostelworld (equivalent to 2.85% of Hostelworld's current issued share capital) to the lender. The Warrants may be exercised at any time during the term of the loan and for a twelve-month period following its scheduled termination at an exercise price of €0.01 per ordinary share. Shares issued will be the same class and carry the same rights as existing shares.

On 26 January 2021 the Group repaid its short-term invoice financing facility in full. On 10 February 2021 the Group signed a deed of release on its three-year revolving credit facility which was not drawn down at year end.

There have been no other significant events, outside the ordinary course of business, affecting the Group since 31 December 2020.

Additional Information

Appendix: Alternative performance measures

The Group uses the following Alternative Performance Measures ('APMs') which are non–IFRS measures to monitor the performance of its operations and of the Group as a whole: (Loss) / Earnings before Interest, Tax, Depreciation and Amortisation, excluding exceptional and non-cash items ("Adjusted EBITDA"), Adjusted (Loss) / Profit after Taxation, Adjusted (loss) or earnings per share, Adjusted Free Cash (Absorption) / Flow and Adjusted Free Cash (Absorption) / Flow conversion.

Adjusted EBITDA

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

Reconciliation between (Loss) / Profit for the year and Adjusted EBITDA:

€'m	2020	2019
(Loss) / profit for the year	**(48.9)**	**8.4**
Taxation	(1.6)	(5.4)
Net finance costs	0.2	0.2
Share of result of associate	0.4	0.1
Operating (loss) / profit	**(49.9)**	**3.3**
Depreciation	2.5	2.4
Amortisation of development costs	2.4	1.7
Amortisation of acquired intangible assets	9.3	9.8
Impairment of intangibles	15.0	-
Exceptional items	3.0	3.1
Share based payment expense	0.4	0.2
Adjusted EBITDA	**(17.3)**	**20.5**

Adjusted (Loss) / Profit after Taxation

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

Reconciliation between Adjusted EBITDA and (Loss) / Profit for the Year:

€'m	2020	2019
Adjusted EBITDA	**(17.3)**	**20.5**
Depreciation	(2.5)	(2.4)
Amortisation of development costs	(2.4)	(1.7)
Net finance costs	(0.2)	(0.2)
Share of result of associate	(0.4)	(0.1)
Corporation tax	0.6	(1.2)

Adjusted (loss) / profit after Taxation	**(22.2)**	**14.8**
Exceptional items	(3.0)	(3.1)
Amortisation of acquired intangible assets	(9.3)	(9.8)
Share based payment expense	(0.4)	(0.2)
Impairment charges	(15.0)	-
Deferred taxation	1.0	6.6
(Loss) / profit for the year	**(48.9)**	**8.4**

Adjusted (Loss) / Earnings per share

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

	2020	**2019**
Adjusted (loss) / profit after Taxation	**(22.2)**	**14.8**
Weighted average shares in issue ('m)	106.9	97.2*
Adjusted EPS	(20.76)	15.2

*The 2019 earnings per share figures have been restated to incorporate the 1,636,252 new Hostelworld Group ordinary shares that were issued in September 2020. The weighted average number of shares in issue during the period was adjusted to include these bonus shares as if they were issued 1 January 2019.

Adjusted Free Cash (absorption) / flow

The Group uses adjusted Free Cash Flow to measure the amount of underlying cash generation and the cash available for distribution and allocation. The Group calculates adjusted Free Cash Flow as the adjusted EBITDA for the group before Capital Expenditure, capitalised development spend, acquisition and disposal of undertakings and adjusting for interest, tax and movements in working capital.

€'m	**2020**	**2019**
Adjusted EBITDA	**(17.3)**	**20.5**
Intangible asset additions	(3.8)	(2.9)
Capital expenditure	(0.1)	(0.2)
Deferred Consideration / Acquisition of associate	(0.5)	(1.1)
Net Interest and tax paid	0.5	(1.7)
Net movement in working capital	8.9	(3.7)
Adjusted free cash (absorption) / flow	(12.3)	10.9
Adjusted free cash (absorption) / flow conversion	(71%)	53%