Interim Results Presentation 2022

It's time to MEET THE WORLD®

(again!)

HOSTELWORLD

Highlights

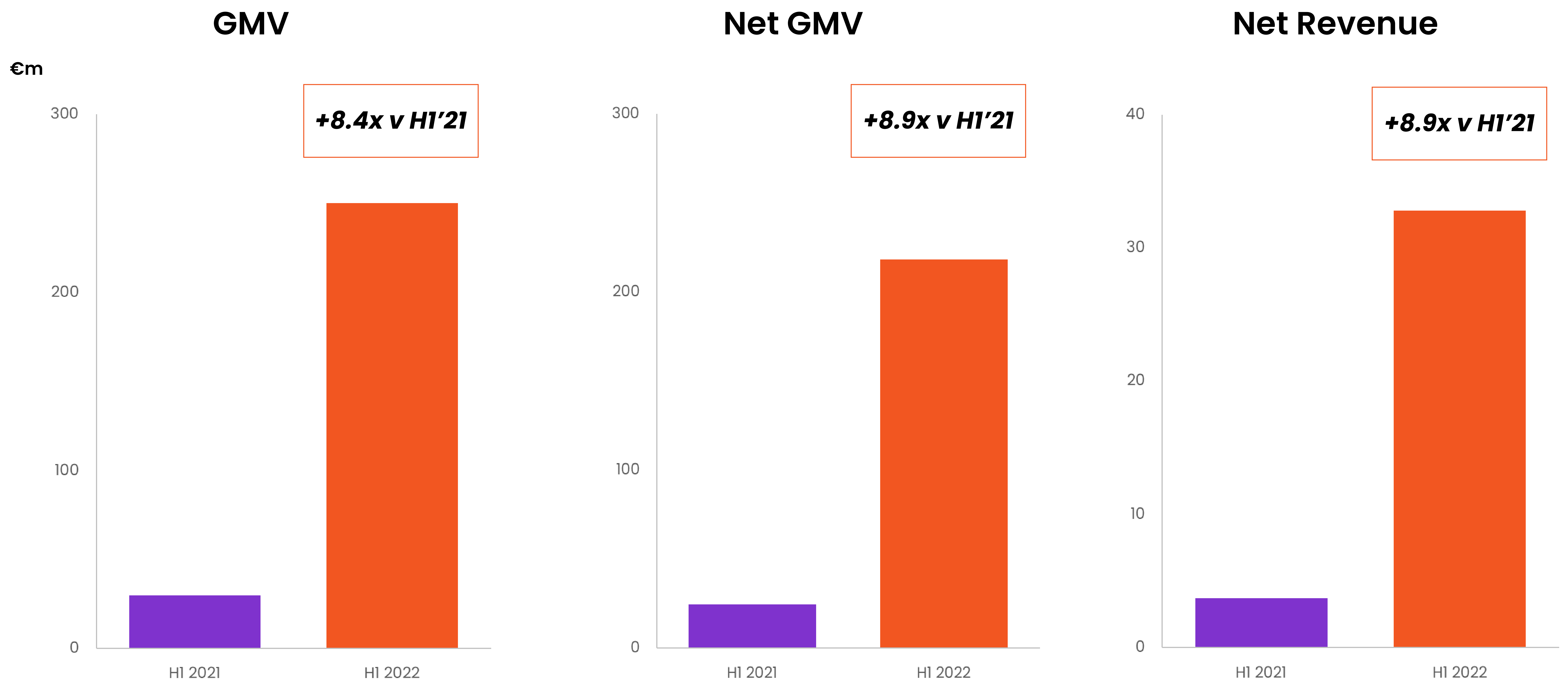
- **Encouraging start to 2022**
  - Recovery observed across all demand segments and destinations
  - New customer booking behaviours normalised to pre Covid levels
  - Sustained OPEX reduction versus pre Covid levels
  - While EBITDA negative for H1 '22, June was positive reflecting increased level of bookings

- **Growth drivers in place for H2 and beyond**
  - Remain highly geared to the ongoing recovery of the travel industry
  - Differentiated growth strategy in place to capitalise on unique needs of hostelling category
  - Trends in H1 '22 are encouraging and subject to no further deterioration in the macro-economic climate / geo-political backdrop or disruption to airline schedules, we expect to be EBITDA positive in H2 '22
  - Asset light, highly cash generative business model

Customers showing flexibility, the means and the desire to travel despite macro backdrop

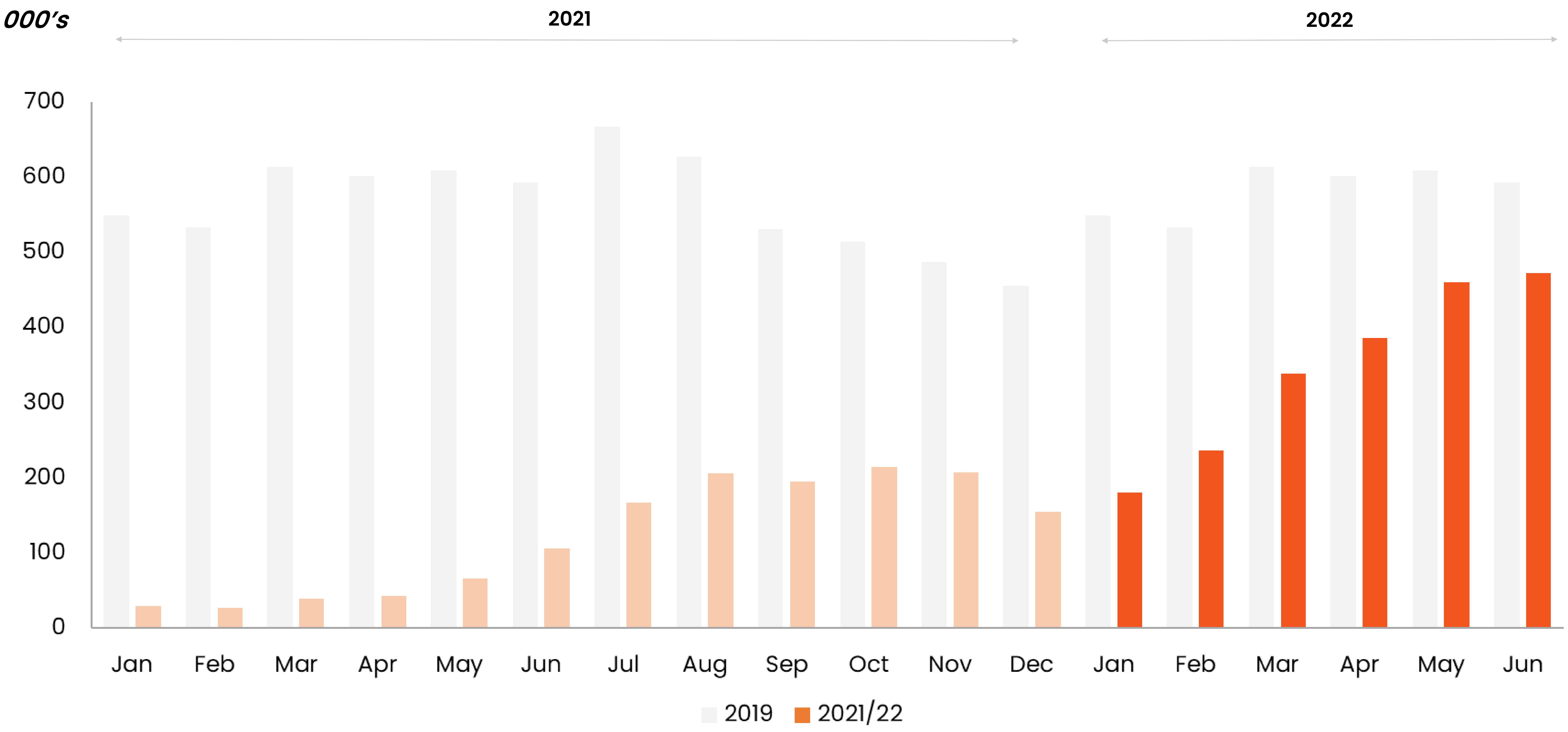

Selina Nosara | Costa Rica

Significant growth in GMV and Net Revenue over the last 12 months

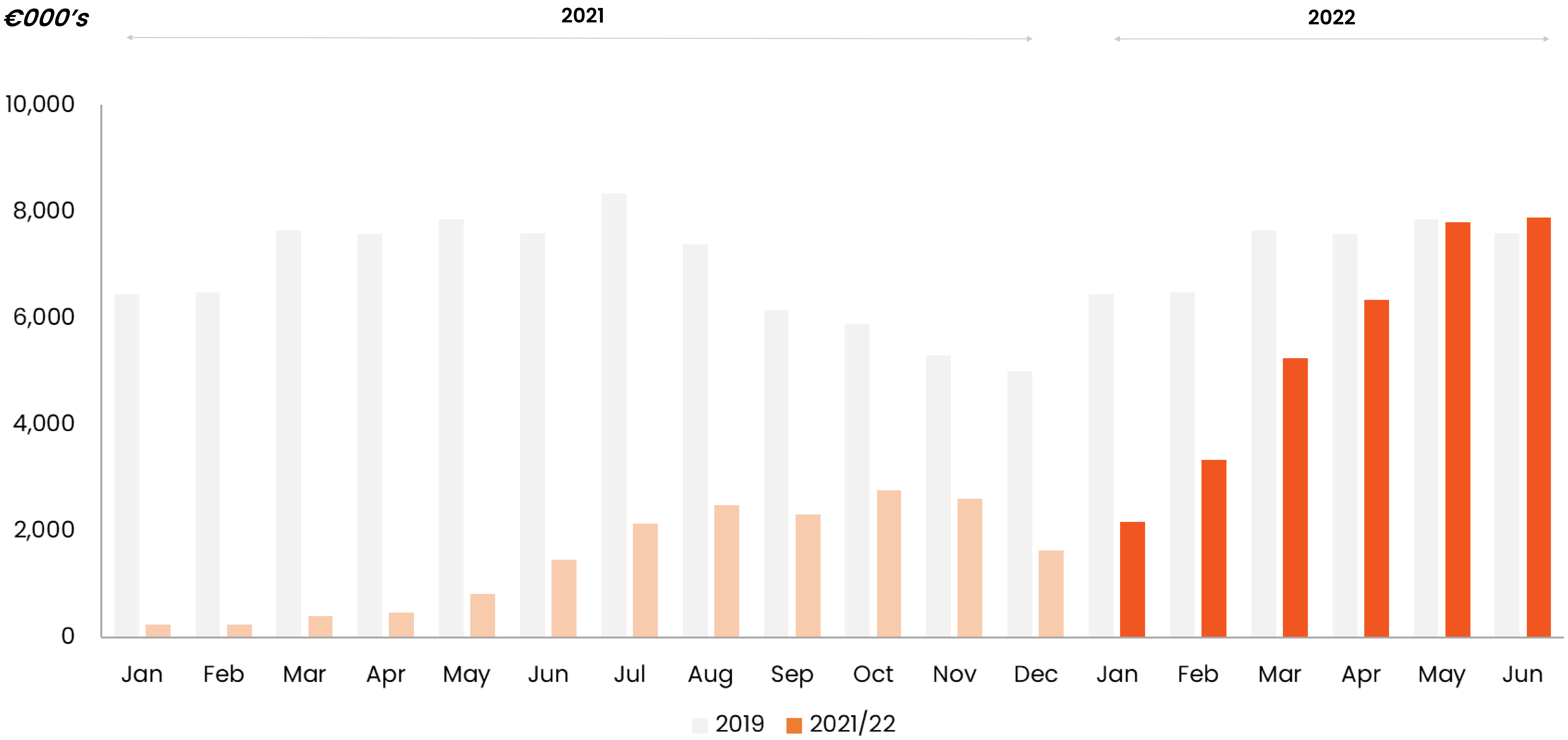


Generated GMV is Gross transaction value of bookings on our platform
Net GMV is Generated GMV less cancellations
Net Revenue is Gross Revenue less cancellations

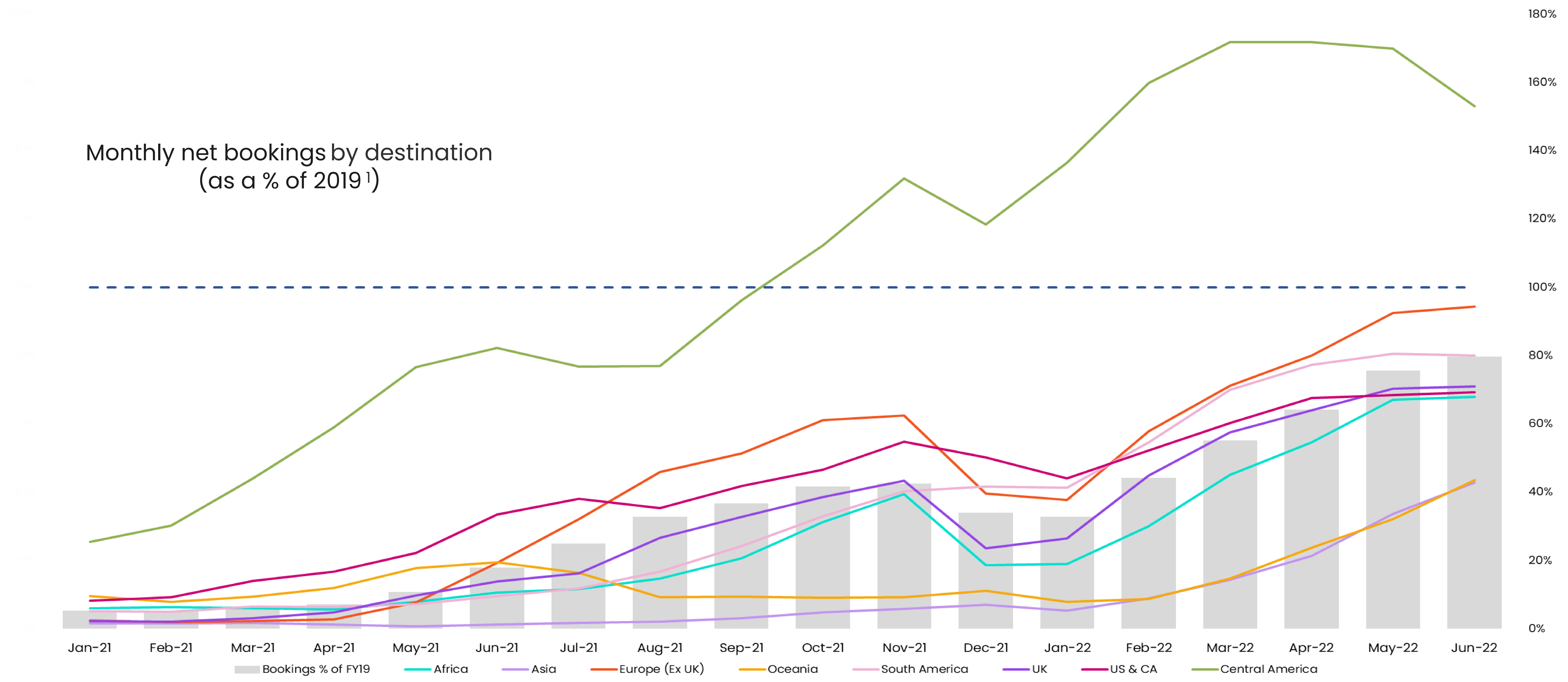
Net bookings now approaching pre pandemic levels



Net revenue exceeding pre pandemic levels in June, driven by higher net ABVs



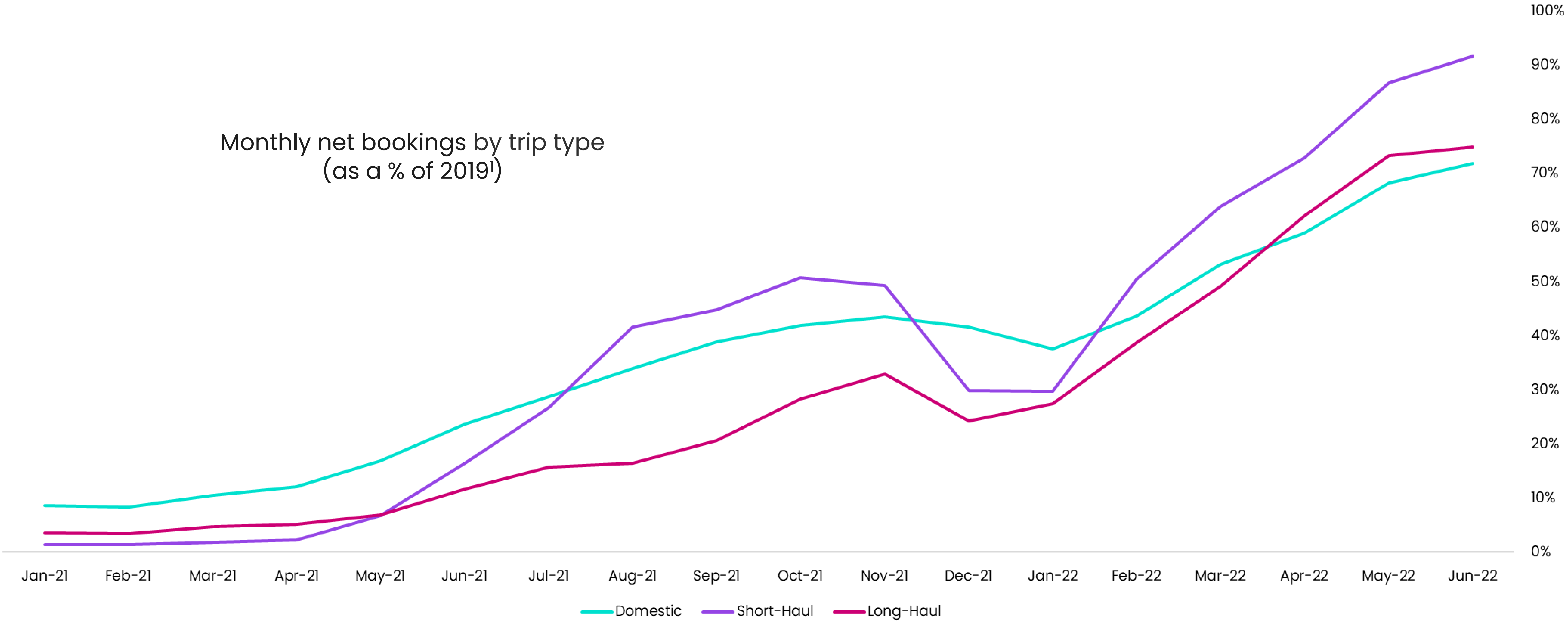
Regional recovery improving as travel demand returns



[1] 2019 figures used as pre-covid comparable

Positive trends in all travel segments as restrictions are eased

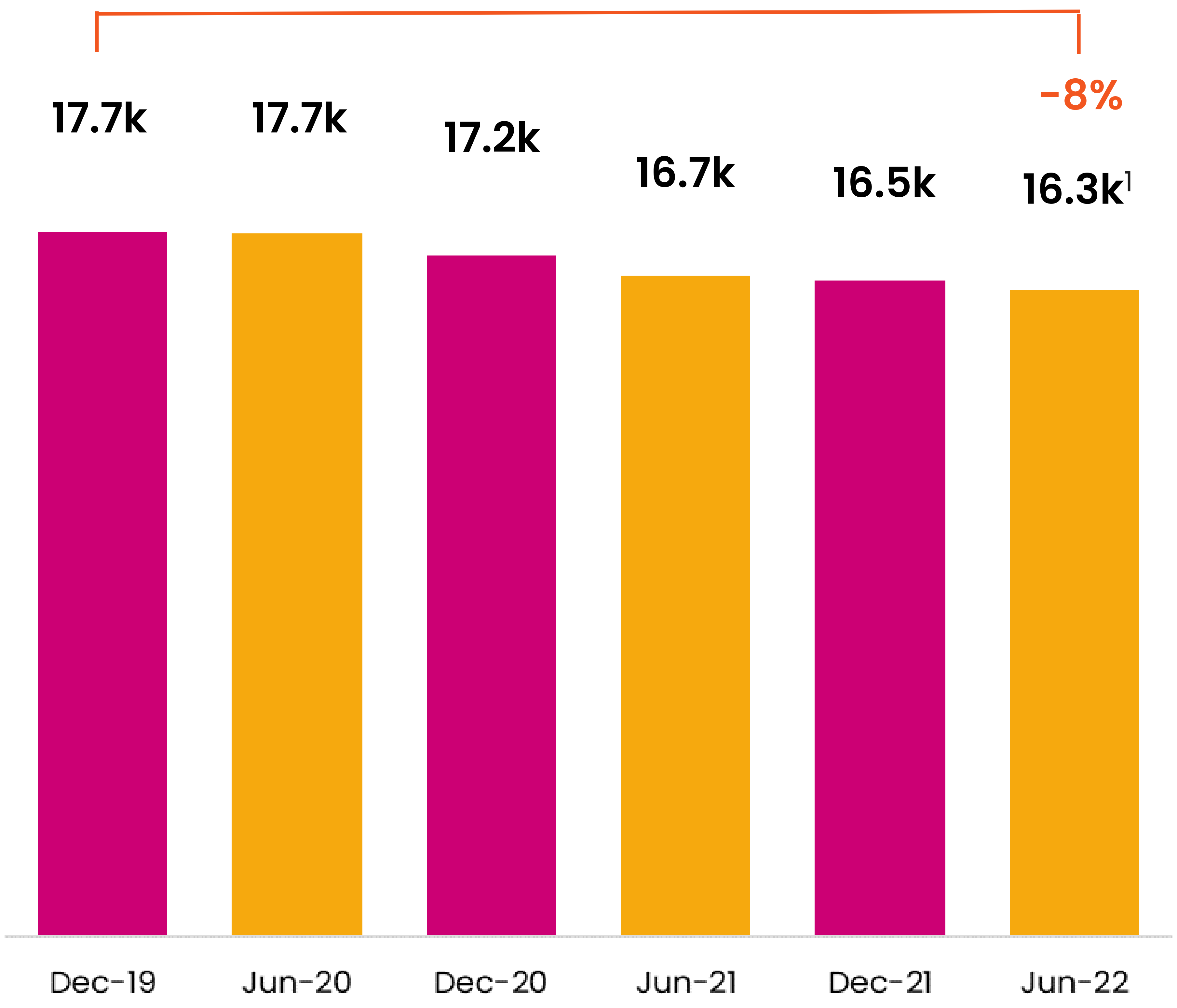
Monthly net bookings by trip type
(as a % of 2019[1])



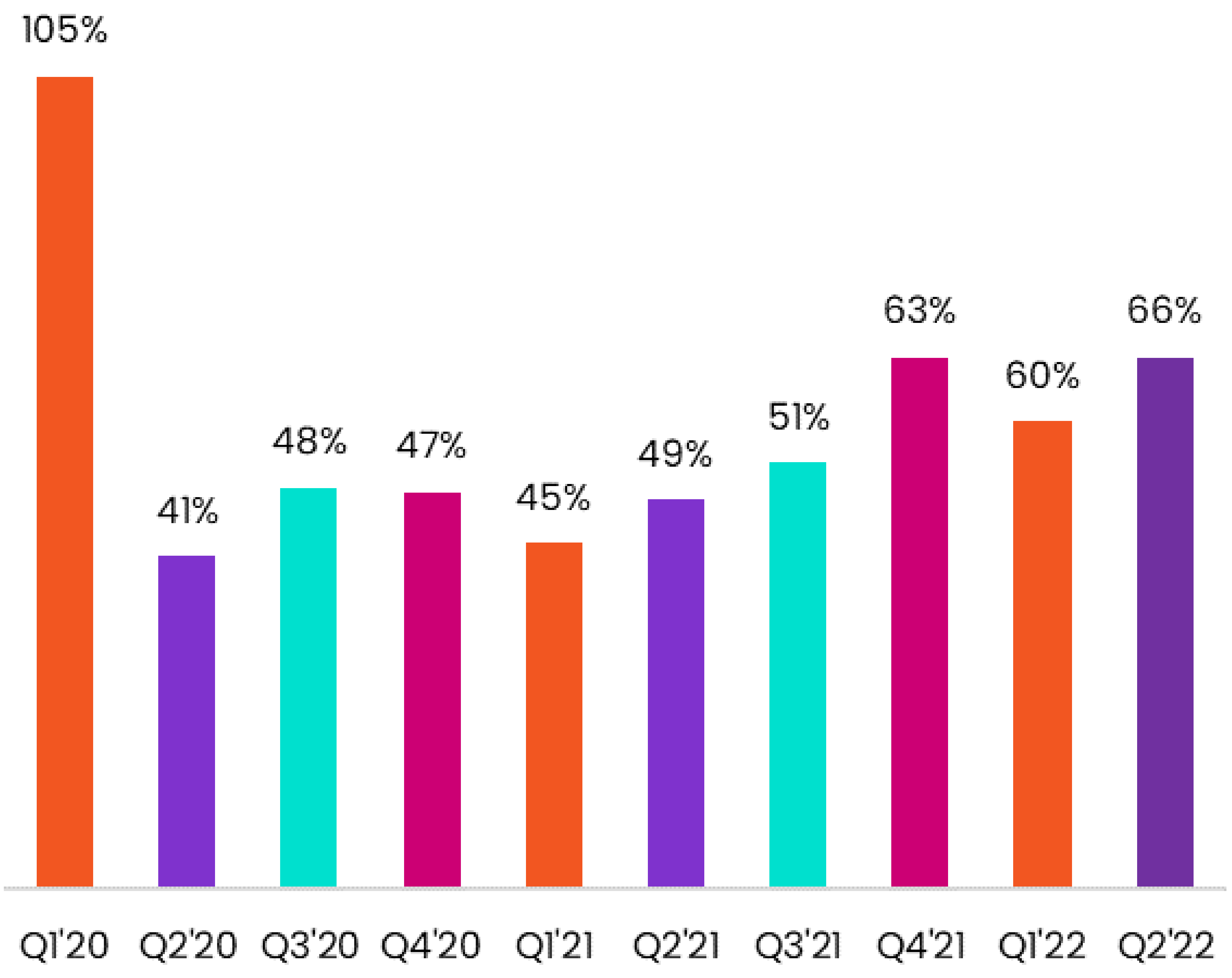
1 2019 figures used as pre-covid comparable
Long-haul: source IP continent does not equal destination continent
Short-haul: source IP continent equals destination continent (excludes domestic)
Domestic: source IP country equals destination country

Extensive hostel portfolio remains in place to meet recovery in demand

Number of active hostels listed on HW platform

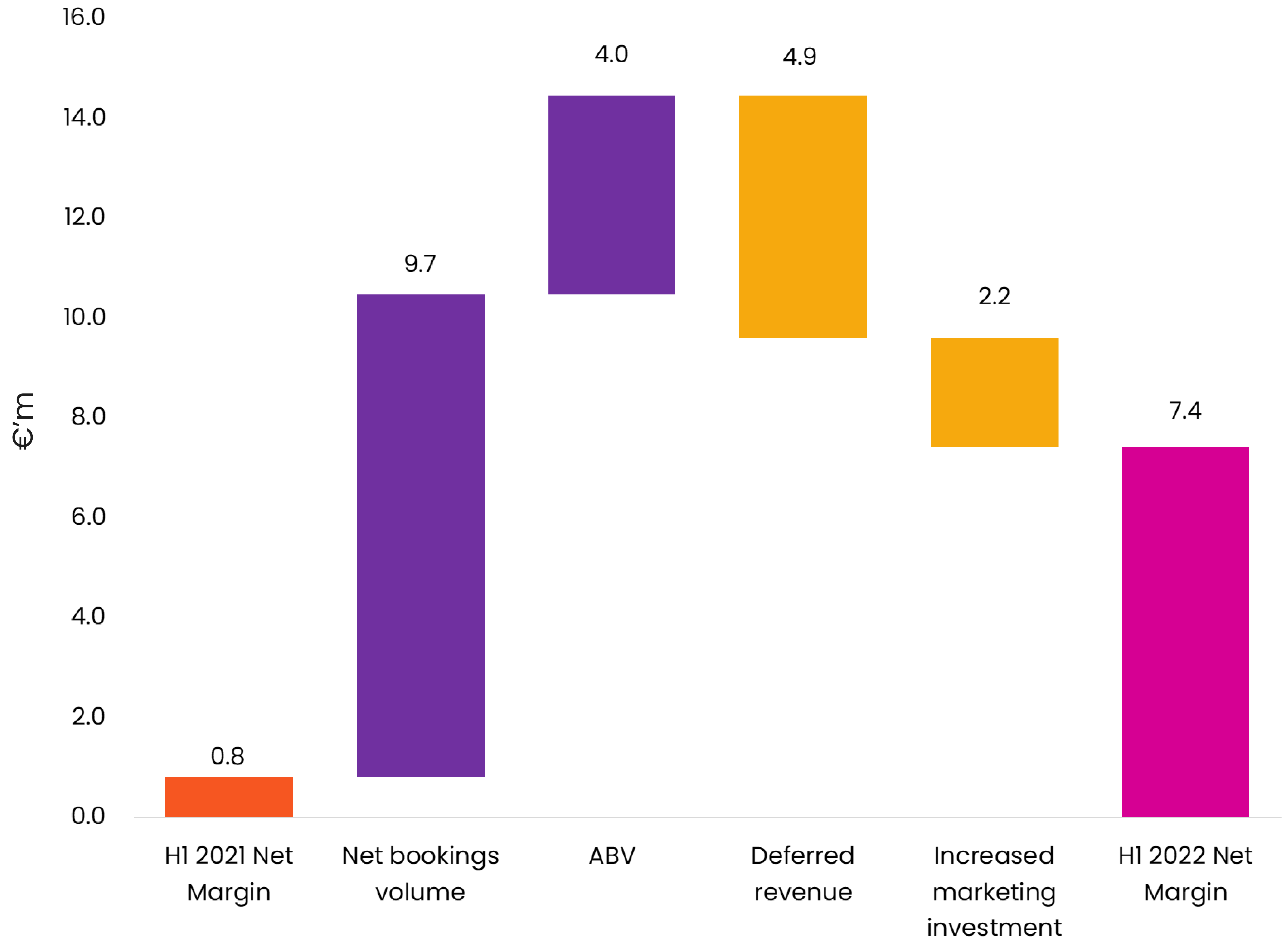


Number of producing hostels (as a % of 2019)



1 Includes 0.4k hostels in Russia and Belarus which are temporarily removed from the platform
Note: Producing hostel is a hostel that has generated at least 1 booking on the platform in the period

Strong booking volume and ABV driving net margin[1] growth



Strong net margin growth driven by:

a) Net booking volume +563% vs. H1'21 (+1.8m)

b) ABV +35% vs. H1'21 (+€4.1)

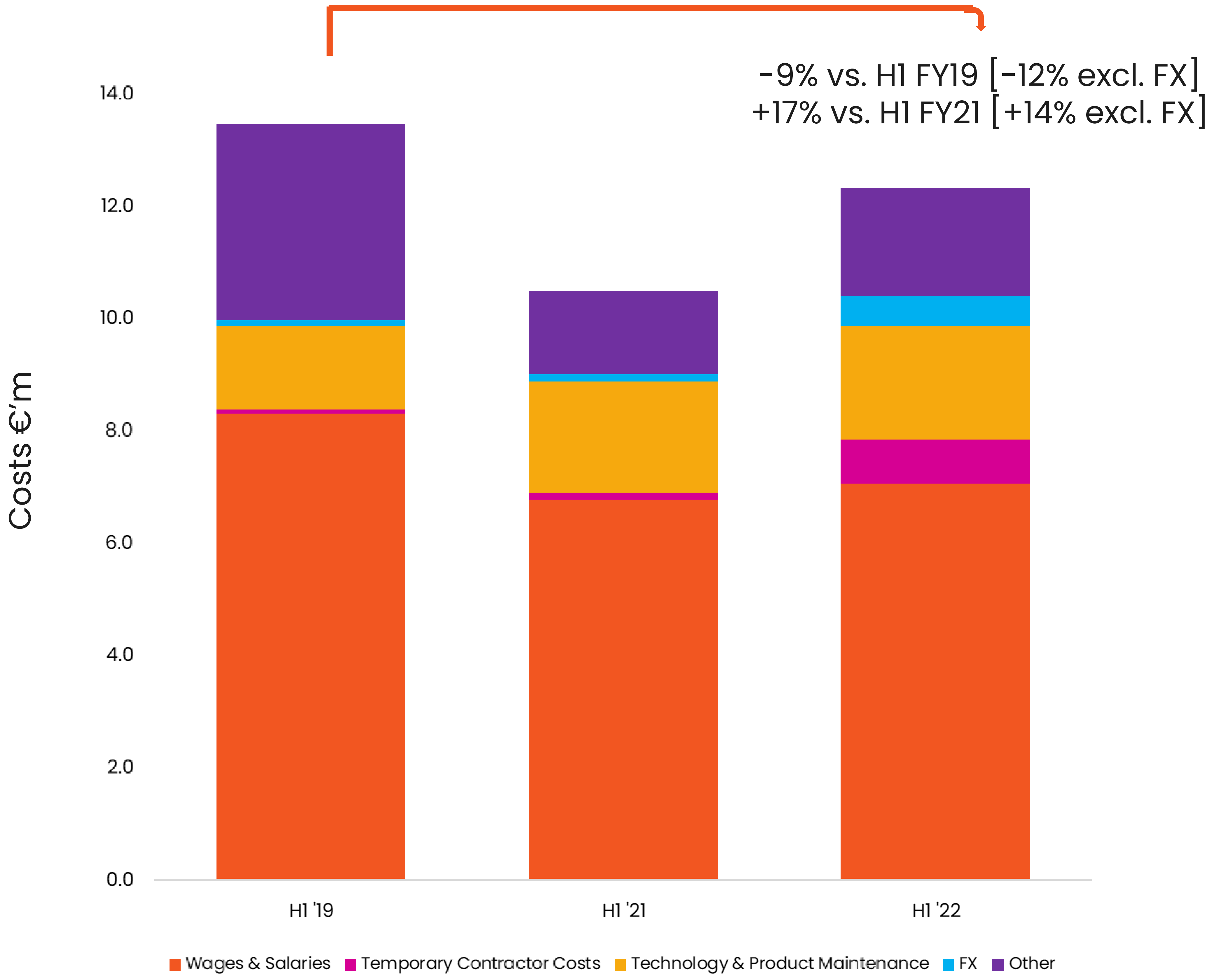
Partially offset by:

a) Growth in deferred revenue (free cancellation revenue collected but not yet recognised)

b) Increased marketing as a percentage of revenue[2] (53% to 60%)

[1] Net Margin defined as net revenue minus direct costs, where net revenue is gross revenue less cancellations, deferred revenue and rebates and direct costs includes paid marketing costs and credit card fees
[2] equivalent to increased marketing as a percentage of net revenue generated

H1 ‘22 Operating Costs remain lower than pre-Covid levels



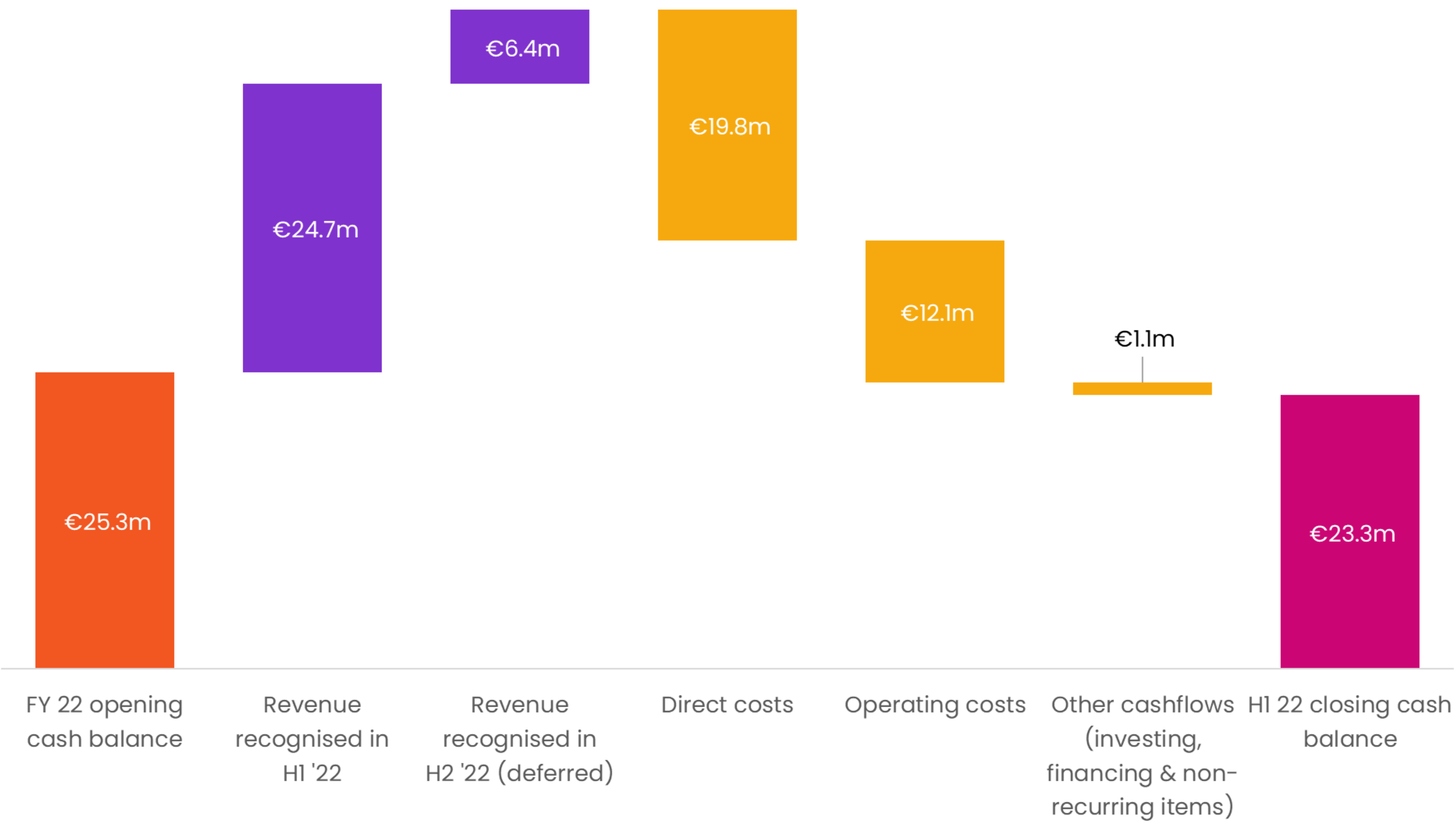
- H1’22 W&S remain 11% lower than H1’2019, and 3% lower than H1’21 (excluding governmental subsidies received)
- Increases in Technology investment, Product maintenance and **temporary** contractor costs due to new iOS and Android Apps and Social feature platform launches, cloud migration and platform modernisation projects.
- Predictable but modest increase in other operating costs as business recovers – maintaining a strong cost discipline

Operating costs excludes paid marketing and below EBITDA cost line items. Rent & rates costs have been excluded from the above to allow for a “like for like” comparison
Other includes T&E, insurance, training & recruitment, legal & professional and brand marketing costs (2019 only)
Wages & Salaries include €0.4m (2021; €0.9m) of government subsidies (UK Coronavirus Job Retention Scheme, Irish Employment Wage Subsidy Scheme)

… resulting in strong EBITDA recovery vs H1'21…

- Strong margin growth partially offset by increased deferred revenue provision and increased marketing as a percentage of net revenue
- Slight increases in other OPEX items (including **temporary** contractor costs) – but still below pre Covid levels
- **EBITDA was positive in June, driven by higher trading volumes**

…and improved cash performance



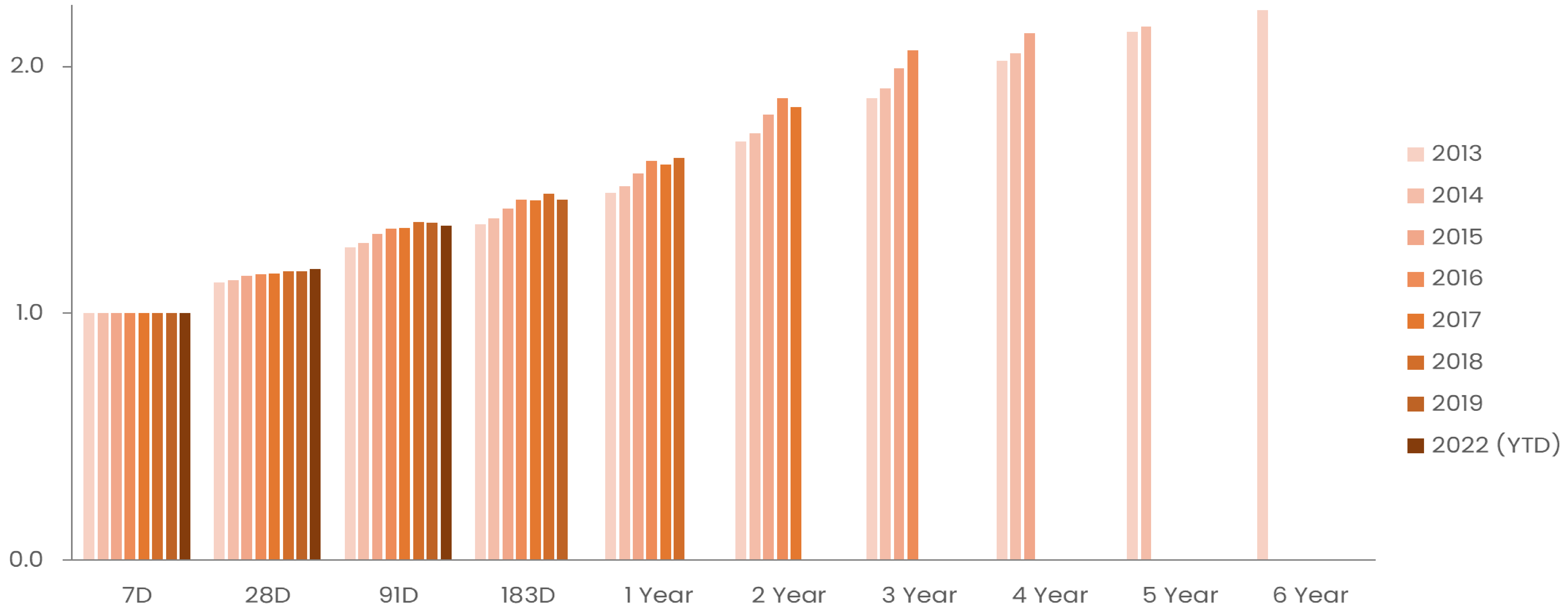
- **Cash generative in Q2** - first time since start of the COVID-19 pandemic
- Monthly average operating cost cash burn reduced to a nominal level (H1 '21 €1.6m monthly average)
- **€0.4m cash interest payment due in May '22 on €30m 5-year term facility** – further quarterly payments due in August and November
- **No other financing facilities** - €9.4m Irish payroll taxes with an unconditional right to repay > 12 months (H1 '20: €6.4m)

Highly differentiated growth strategy capitalising on the unique characteristics of the hostelling category

	Mainstream OTA customers	Hosteller OTA customers	HWG Strategy
Booking pattern	Majority go on **single destination trips**, once/year or less	Majority go on **multi destination trips**, many come back each year over several years	**Use category specific customer cohort models** to predict future revenues and **optimise marketing for long term growth**
Customer need	Find/book a hotel as a **convenient** place to stay while travelling	Find/book a hostel as a **means to meet other people while** travelling *(60% travelling solo)*	Build **differentiated features** in our **App** to **help hostellers find people to hangout with**
Trip Add-ons	Taxis, Car Rentals, Flights, Sightseeing	**Other Group experiences** (volunteering, short adventure tours etc) **to meet other people**	Offer additional **group orientated travel experiences** on our platform (E.g. ROAMIES)

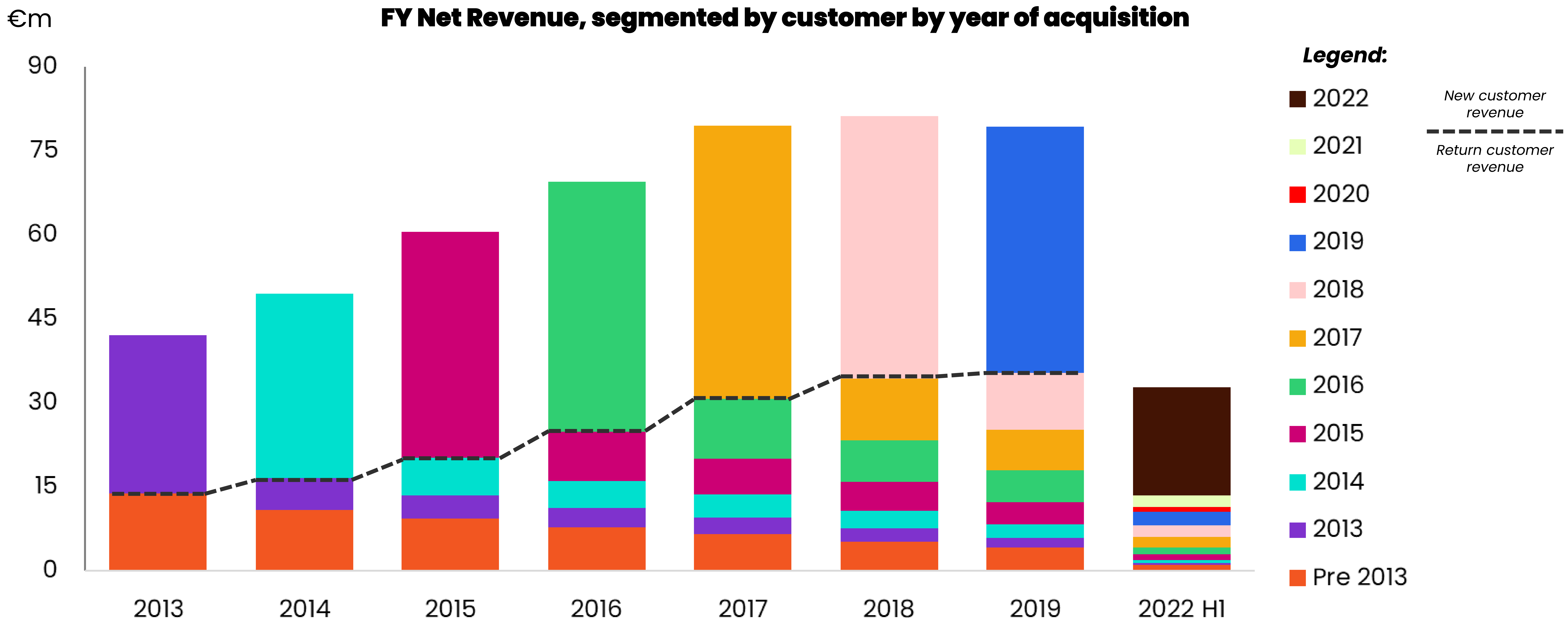
Consistent and predictable new customer revenue with 2022 cohorts tracking pre Covid years

Observed new customer revenue growth over time by year of acquisition



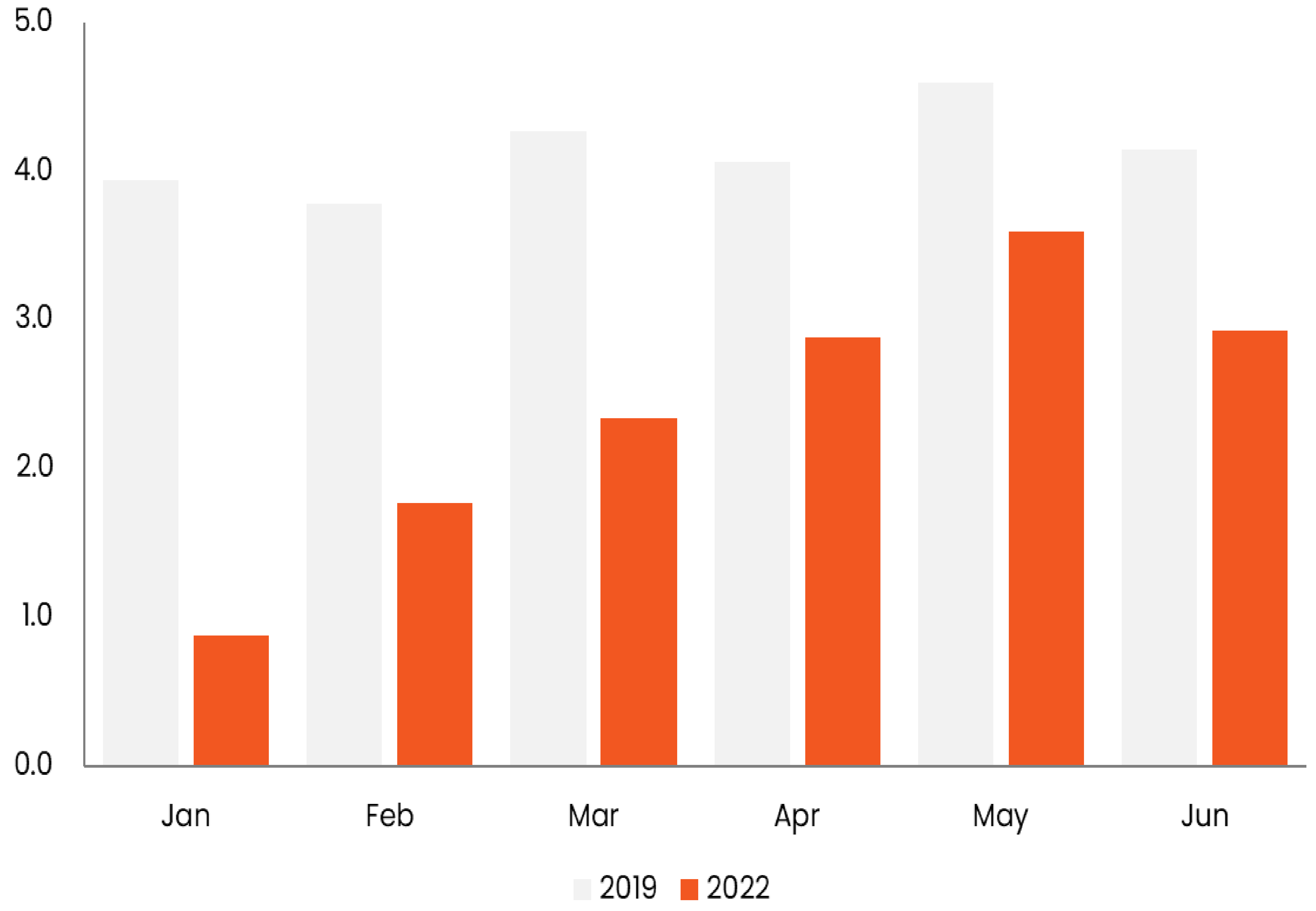
Revenue normalised to observed revenue after 7 days

Investing in new customer acquisition drives compound revenue growth in future years



Predicted lifetime revenue from new customers less marketing costs also recovering to pre pandemic levels

(€M) **Predicted lifetime net revenue from new customers less period marketing costs[1]**



1. *Total direct marketing expenses per period*

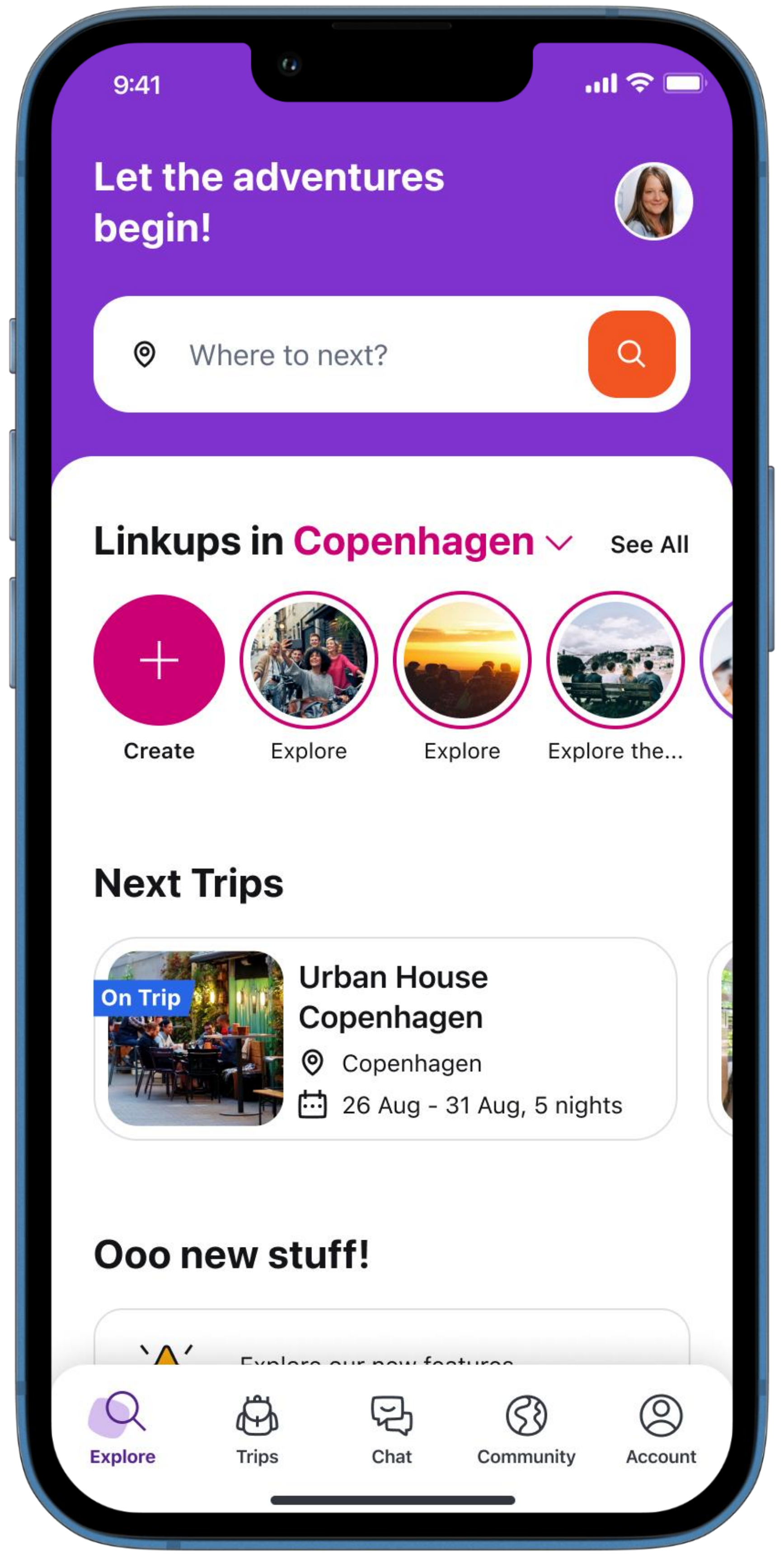
- We predict lifetime revenues from new customers acquired using cohort models
- Growth in lifetime revenues from new customers less marketing costs in H1'22 **vs 2019** is driven primarily by
  - travel recovery, bed price inflation & increased retention rates
  - offset by lower conversion rates (travel restrictions), lower commission rates, higher CPCs & increased cancellations
- Future growth in lifetime revenues from new customers less marketing costs will be driven by the ongoing travel recovery and our growth strategy
- Overall, we expect marketing as a percentage of revenue to remain at H1 levels for the balance of year, and improve to 50-55% of net revenue during 2023

Delivered a set of differentiated ‘in app’ Social features which will drive new customer growth & retention over time

User Profiles

“See who else is going”

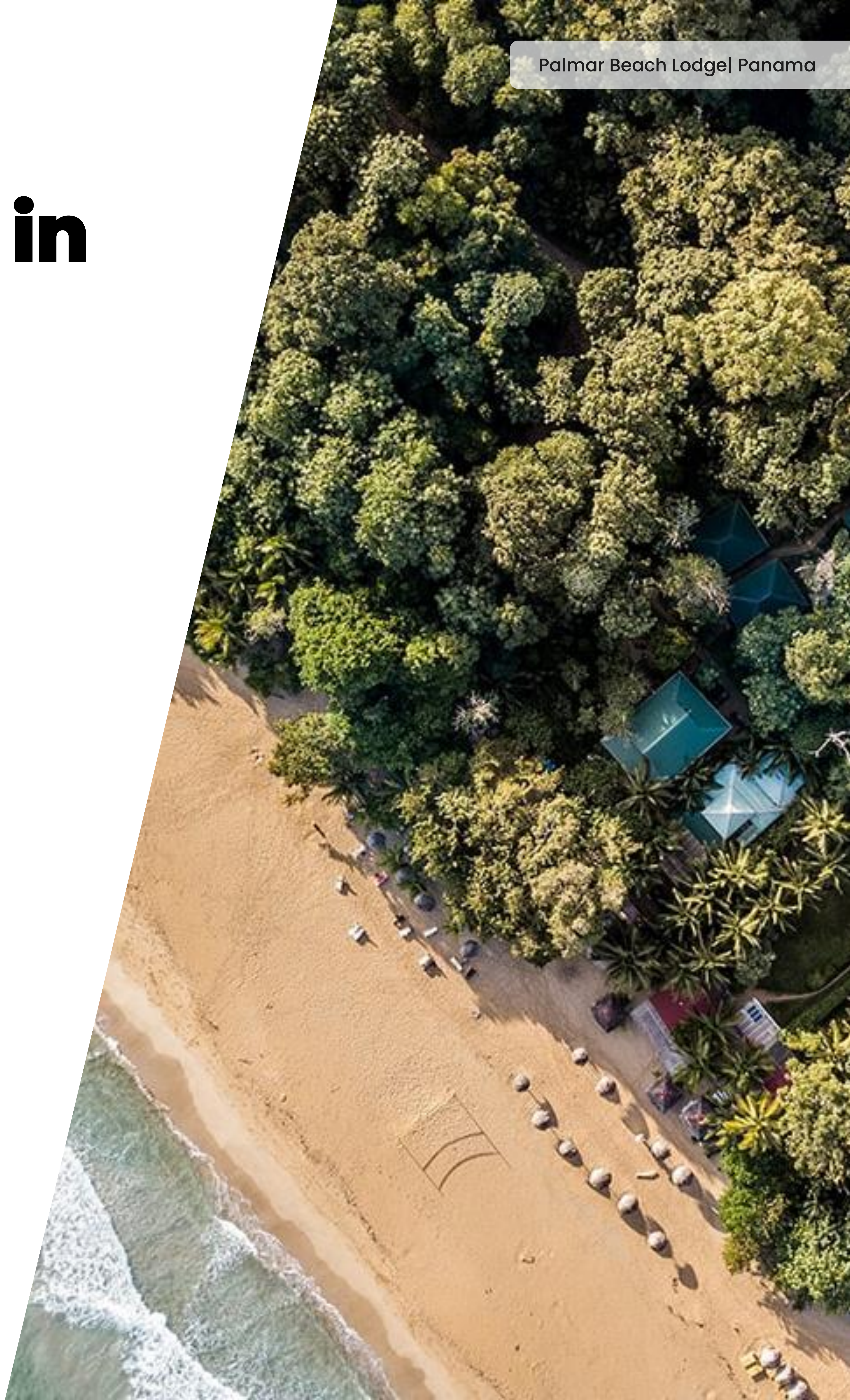
Interest based Chats



User created events

Committed to building a better world in everything we do ...

- Achieved climate neutral accreditation in partnership with South Pole
- We will continue to work with hostel partners, GSTC and other bodies to design a bespoke program to help hostels make even more progress towards more sustainable operations
- Continued to introduce several new employee policies to promote flexibility, agile working and general wellbeing in the workplace
- Proud supporters of the 30% Club Ireland. Working towards 'Investors in Diversity' accreditation with Investors in Diversity Ireland
- Board Charter established climate risk and sustainability issues as matters requiring on-going board oversight. ESG Steering Committee established, led by CFO



Summary and outlook

- Encouraging start to the year
- Remain highly geared to ongoing travel recovery
- Future growth drivers in place
- Comprehensive strategy update to follow in Q4


The Northshore Hostel | Hawai

Appendices

HOSTELWORLD

H1 2022 – Financial Summary

Net Bookings
2.1m
+563% VS H1 FY21
-41% VS H1 FY19

Operating Costs[1]
€12.6m
+20% VS H1 FY21
-9% VS H1 FY19

Net Revenue
€28.0m
+867% VS H1 FY21
-28% VS H1 FY19

EBITDA
- €5.2m
H1 FY21: -€9.7M
H1 FY19: +8.9M

Net ABV
€15.82
+35% VS H1 FY21
+27% VS H1 FY19

Cash[2]
€23.3m
June'21: €33.7M
June'19: €25.4M

1 Operating costs excludes paid marketing and below EBTIDA cost line items
2 Net debt of -€6.5m in H1 '22 (€7.5m in H1 '21) includes borrowings relating to a €30m debt facility drawn down in February 2021. There were no borrowings as at H1 '19.

Income Statement

	H1 '22 €'m	H1 '21 €'m
Revenue	28.0	2.9
Administrative expenses	(34.8)	(13.5)
Depreciation and amortisation expenses	(5.7)	(8.5)
Share of result of associate	-	(0.2)
Operating loss	**(12.6)**	**(19.3)**
Finance income	-	-
Finance costs	(2.1)	(1.4)
Loss before taxation	**(14.7)**	**(20.7)**
Taxation	0.4	0.3
Loss for the period	**(14.3)**	**(20.4)**
Adjusted Loss measures		
Adjusted EBITDA	(5.2)	(9.7)
Adjusted Loss after Taxation	(9.1)	(14.0)

- The Group uses adjusted EBITDA to show loss/profit without the impact of non-cash and non-recurring items
- Adjusted loss/profit after taxation defined as reported loss/profit for the period excluding exceptional costs, amortisation of acquired domain and technology intangibles, impairment charges, net finance costs, share option charge and deferred taxation

- Net revenue increased to €28.0m (H1 '21: €2.9m)
- 2.1m net bookings, (H1 '21: 0.3m), 59% of H1 '19 levels with strong demand in Europe, our largest market, and booking momentum returning in Oceania and Asia
- Within administration expenses:
  - Direct marketing costs increased to €19.6m (H1 '21: €2.0m)
  - Remaining administration expenses of €15.2m (H1 '21: €11.65) with staff costs (+€1.4m, increased share option charge), (ii) credit card processing fees (€0.8m), and (iii) other administrative costs (€1.0m, temporary contractor costs)
- Financial costs increased to €2.1m (FY21: €1.4m) relating to interest costs on the HPS term loan facility
- Adjusted EBITDA loss of €5.2m (H1 '21: €9.7m loss)

Balance Sheet

	H1 '22 €'m	H1 '21 €'m
Intangible assets	76.4	79.7
Property, plant and equipment	1.0	3.5
Deferred tax assets	8.8	8.0
Investment in associate	1.2	2.2
Cash and cash equivalents[1]	0.7	0.7
Total non-current assets	**88.1**	**94.1**
Trade and other receivables	3.9	1.9
Cash and cash equivalents	22.6	32.6
Total current assets	**26.5**	**34.9**
Total assets	**114.6**	**129.0**
Total equity	**54.0**	**81.0**
Trade and other payables	9.4	-
Borrowings	29.7	26.2
Lease liabilities	-	2.0
Total non-current liabilities	**39.1**	**28.2**
Trade and other payables	20.6	18.1
Lease liabilities	0.7	1.4
Corporation tax	0.2	0.3
Total current liabilities	**21.5**	**19.8**
Total equity and liabilities	**114.6**	**129.0**

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

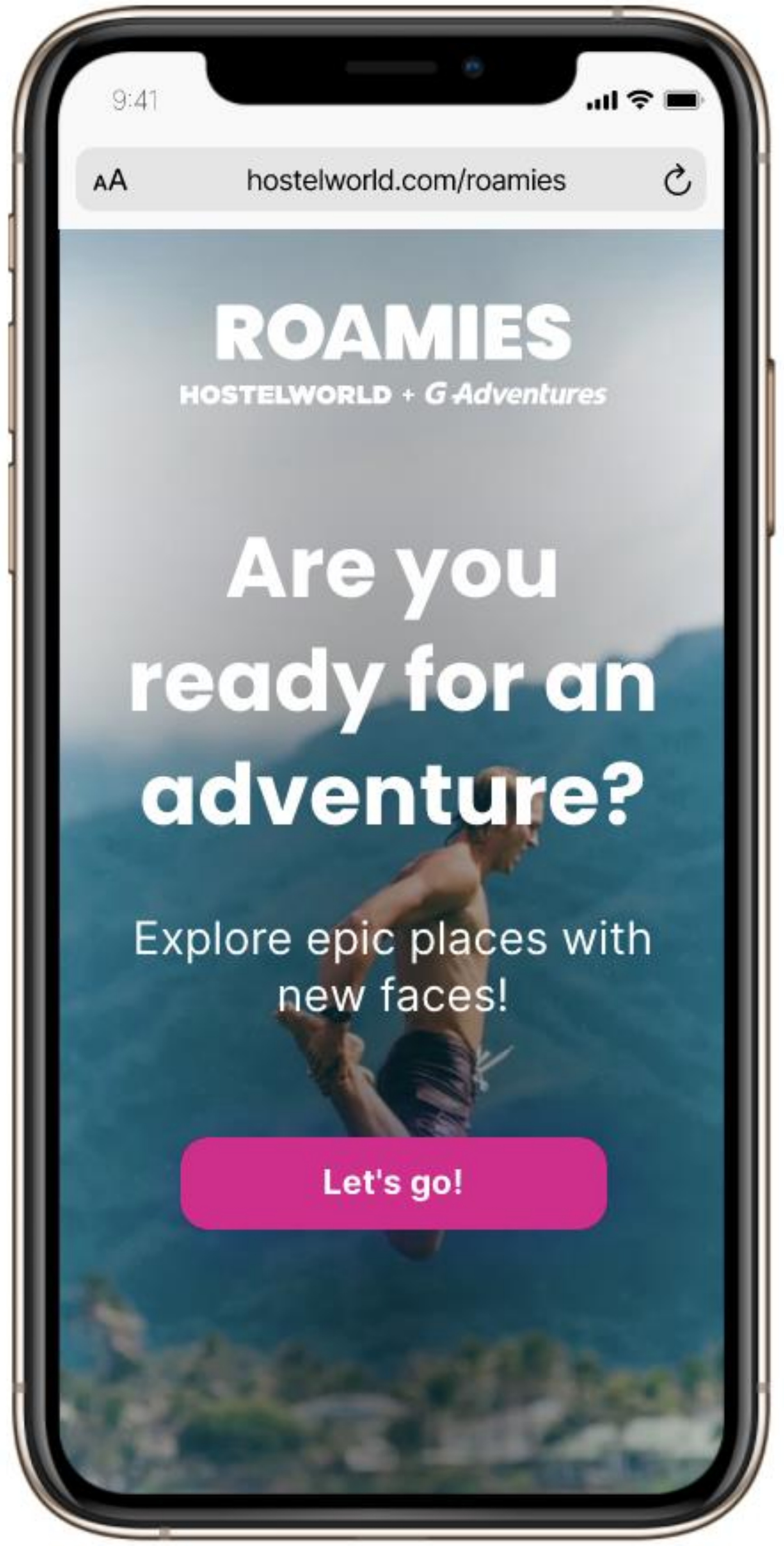
- Increase of €0.8m in **deferred tax asset** relates to capital allowances not utilised by the group and available for future. Deferred tax asset totalled €8.8m at 30 June 2022 (H1 21: €8.0m)
- Reduced carrying value of **Investment in associate** from €2.2m to €1.2m, capital reduction of the Group's 49% shareholding in Goki to 31.5%
- **Cash and cash equivalents** of €23.3m (H1 '21: €33.3m)
- **Non-current trade and other payables** of €9.4m, Irish payroll taxes due to Irish Revenue, with an unconditional right to repay > 12 months (H1 '21: €6.1m included in current trade and other payables, change in classification due to change in Revenue guidance)
- **Borrowings** of €29.7m represents HPS term loan facility which was drawn down in February 2021 (H1 '21: €26.2m). Cash balance owing at 30 June 2022 totalled €33.4m comprising of facility amount €30m + PIK interest €3.4m

Cash Flow Statement

	H1 '22 €'m	H1 '21 €'m
Adjusted EBITDA	**(5.2)**	**(9.7)**
Working capital movement	7.0	0.9
Capitalisation and acquisition of intangible assets	(2.3)	(0.8)
Exceptional costs	(0.5)	(0.6)
Purchase of property, plant and equipment	(0.1)	-
Net interest / income tax paid	(0.5)	(0.1)
Free cash flow before financing activities	**(1.6)**	**(10.3)**
Borrowings received	-	28.8
Borrowings repaid	-	(1.2)
Transaction costs related to borrowings	-	(0.9)
Lease liabilities (IFRS 16)	(0.3)	(0.8)
Deferred consideration	-	(0.1)
Net increase/(decrease) in cash and cash equivalents	**(1.9)**	**15.5**
Opening cash and cash equivalents	25.3	18.2
Closing cash and cash equivalents	**23.3**	**33.7**

- Adjusted EBITDA loss €5.2m improving year-over-year driven by recovery in demand as travel restrictions eased
- €7.0m increase in working capital movement due to:
  - €9.0m increase in trade and other payables:
    - **€3.0m increase** in the Irish payroll taxes payable (€9.4m non-current liabilities as of H1 '22, compared to €6.4m in current liabilities as of H1 21)
    - **€5.3m increase** in deferred revenue for free cancellation bookings where revenue is deferred and not recognised until the cancellation date has passed
    - **€2.0m increase** in trade payables
    - **€2.7m decrease** in lease liabilities (reassignment of Dublin office space and move to WeWork)
  - €2.0m increase in trade and other receivables, increase in VAT amounts recoverable from Revenue Commissioners
- H1 '21: €28.8m borrowings received from HPS and €1.2m invoice financing facility repaid to AIB. €0.4m cash interest paid to HPS H1 2022

We are building more group orientated travel products to help travellers find more people to hangout with



- Launched **Roamies** in partnership with G Adventures in Dec. 2021, with first departures May 2022
- Launch portfolio includes **38 trips in 50 hostels across 15 countries**, will grow over time
- **LinkUps** launched in August on iOS, allowing travellers to set up their own events (in destination), for others to join
- We will continue to iterate and optimise our **Social platform** over time – which we expect to positively impact our business model in the mid term

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