



2022 Preliminary Results

22nd March 2023



HOSTELWORLD
MEET THE WORLD

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Highlights



Key Highlights

2022 a year of significant recovery and strategic progress:

- EBITDA positive in line with market guidance
- Strong recovery in demand as Omicron impact receded
- Launched innovative and differentiated 'Social' strategy
- Continued cost discipline
- Continued progress in ESG agenda

Well positioned for further profitable growth:

- Strong start to Q1 with positive trends continuing
- Differentiated growth strategy continuing to deliver
- Building more value into the Social Network through enhanced features
- Refinancing process underway which will significantly reduce finance costs
- Asset light, highly cash generative business model



FY 2022 – Financial Summary

€470M

Net GMV¹

+303% vs FY21
-4% vs FY19

€69.7M

Net Revenue²

+312% vs FY21
-14% vs FY19

4.8M

Net Bookings

+228% vs FY21
-30% vs FY19

€14.90

Net ABV

+23% vs FY21
+24% vs FY19

7.7M

Total Travellers (PAX)

+220% vs FY21
-31% vs FY19

17.4M

Net Bednights

+223% vs FY21
-26% vs FY19

59%

Marketing as % of
Revenue

FY21: 76%
FY19: 37%

€1.3M

EBITDA

FY21: -€17.3M
FY19: +€20.5M

€19.0M

Cash³

Dec '21: €25.3M
Dec '19: €19.4M



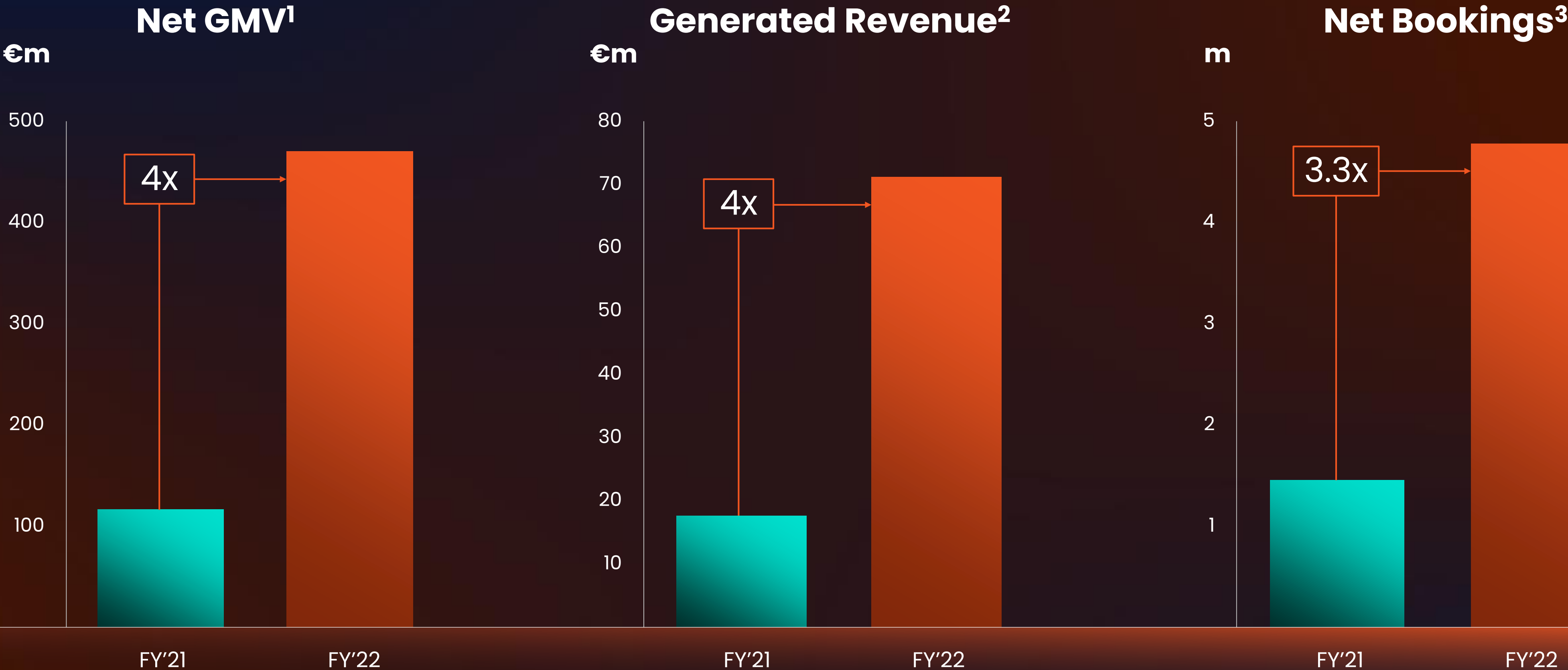
1. Net GMV is gross transaction value less cancellations.
2. Net Revenue is gross revenue less cancellations, deferred revenue, rebates and accounting adjustments
3. Net debt of €12.2m in FY22 (€2.9m in FY21), €30m debt facility drawn down in February 2021. Net debt including warehoused payroll taxes of €21.6m in FY22 (€11.0m in FY21)



FY'22 Results

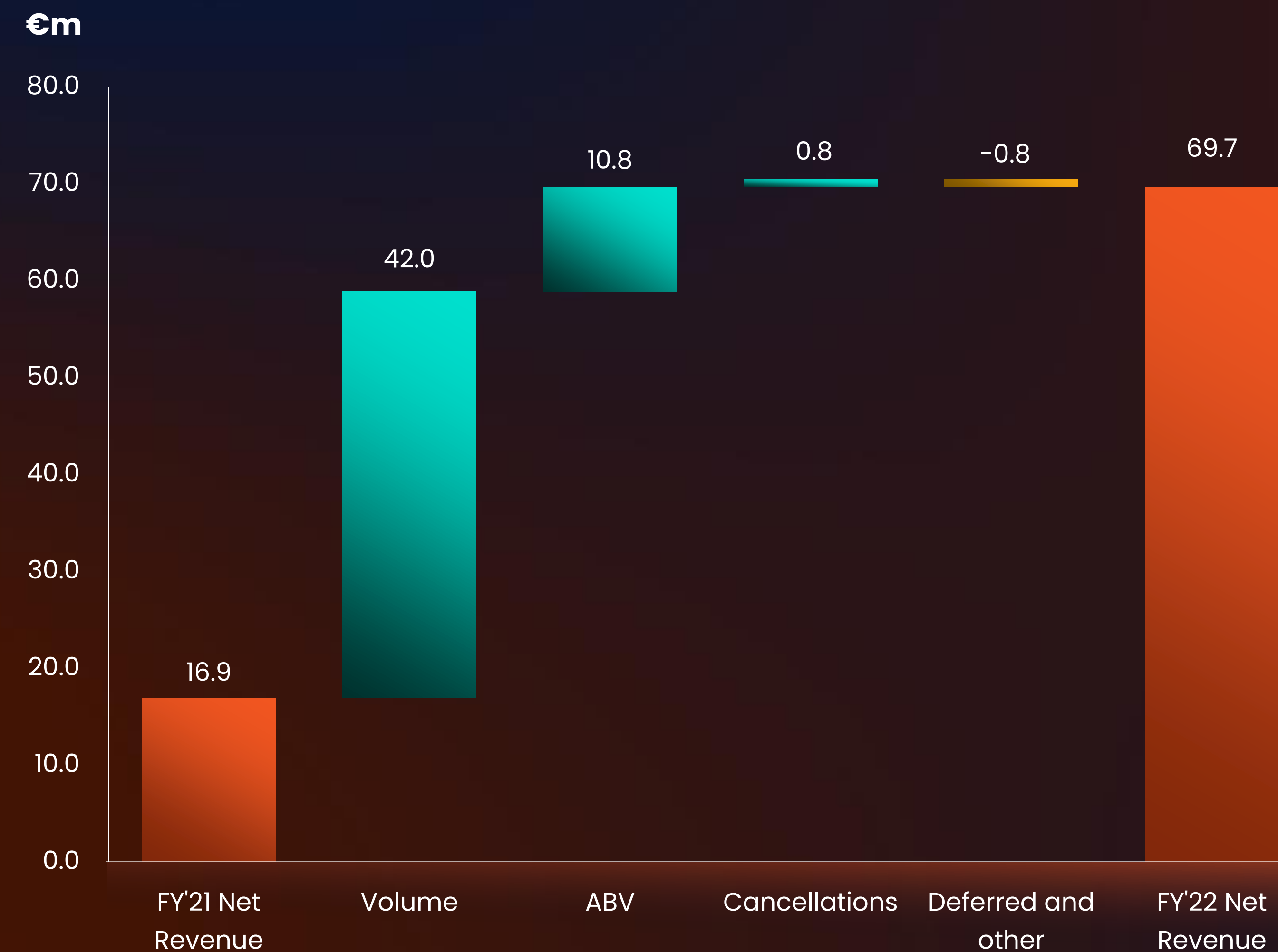


Strong demand recovery in FY'22



1. Net GMV is GMV (Gross transaction value of bookings on our platform) less cancellations
2. Generated Revenue is Gross Revenue less cancellations
3. Net bookings is gross bookings on our platform less cancellations

Net Revenue growth driven by higher booking volumes and ABVs



Strong revenue growth driven by:

- Net booking volume +228% vs. FY'21 (+3.3m)
- ABV +23% vs. FY'21 (+€2.79)
- Lower cancellation rate of 13% vs. 17% in FY'21

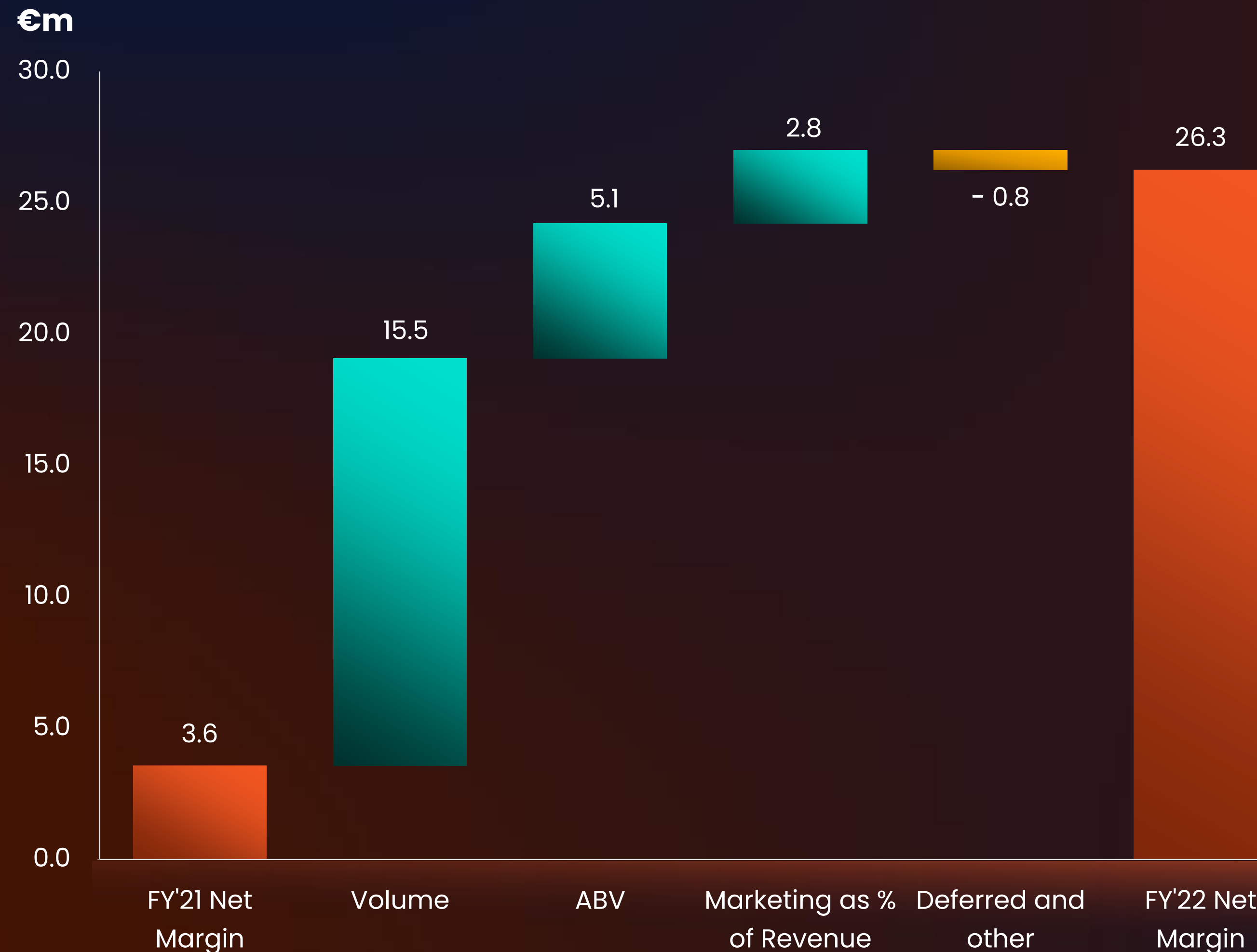
Partially offset by:

- Growth in deferred revenue¹ (free cancellation revenue collected but not yet recognised)



1. Full year deferred revenue provision movement reflects seasonal profile of build up in H1 and unwind in H2

Net margin growth driven by increased revenues and more efficient marketing spend



Strong net margin¹ growth driven by:

- Net booking volume +228% vs. FY'21 (+3.3m)
- ABV +23% vs. FY'21 (+€2.79)
- Marketing efficiency supported by conversion improvement and launch of 'Social' strategy (59% FY'22, 76% FY'21)

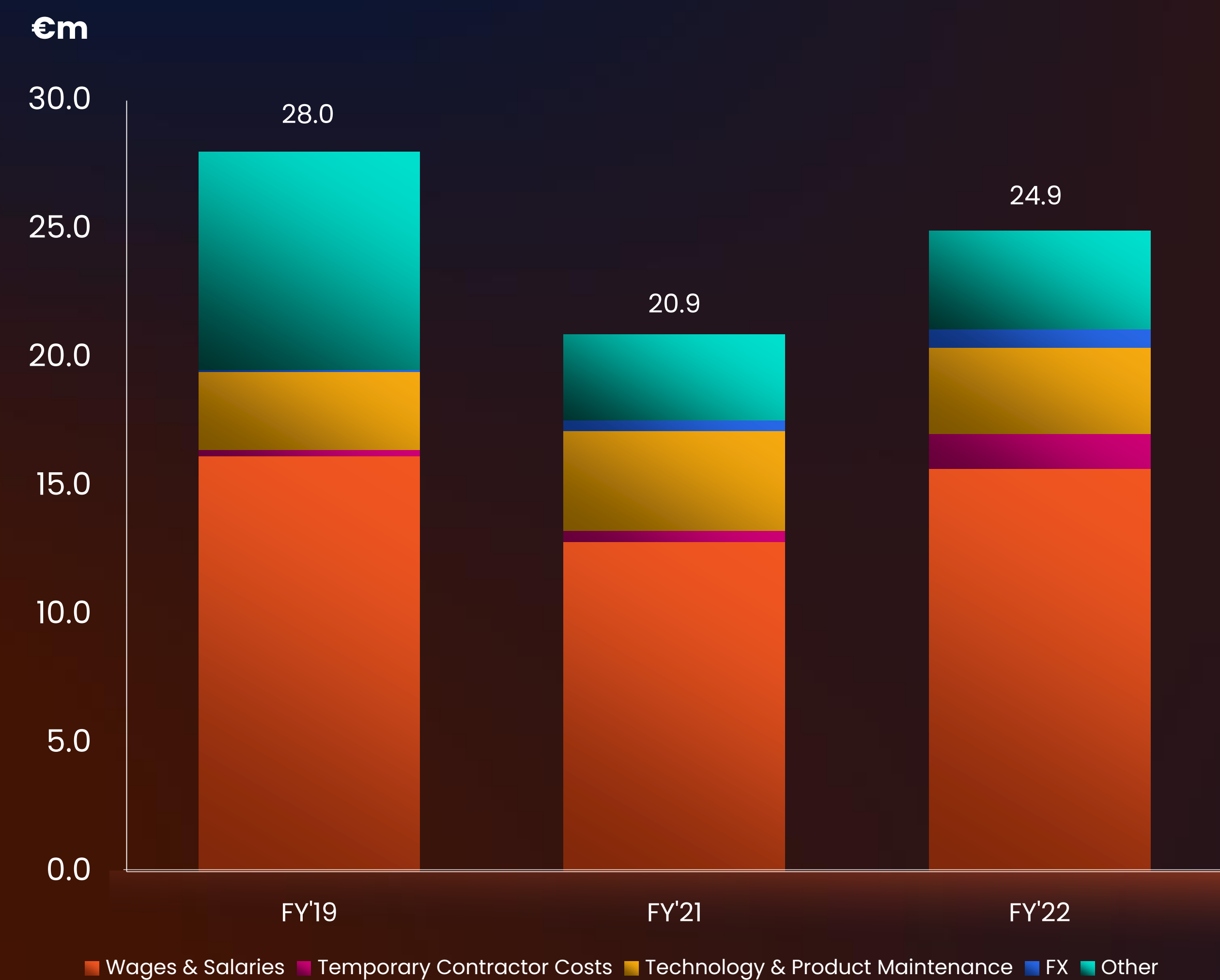
Partially offset by:

- Growth in deferred revenue² (free cancellation revenue collected but not yet recognised)



1. Net Margin defined as net revenue minus direct costs, where net revenue is gross revenue less cancellations, deferred revenue and rebates; direct costs includes paid marketing costs and credit card fees
2. Full year deferred revenue provision movement reflects seasonal profile of build up in H1 and unwind in H2

Maintaining strong cost discipline, FY'22 below pre-Covid levels

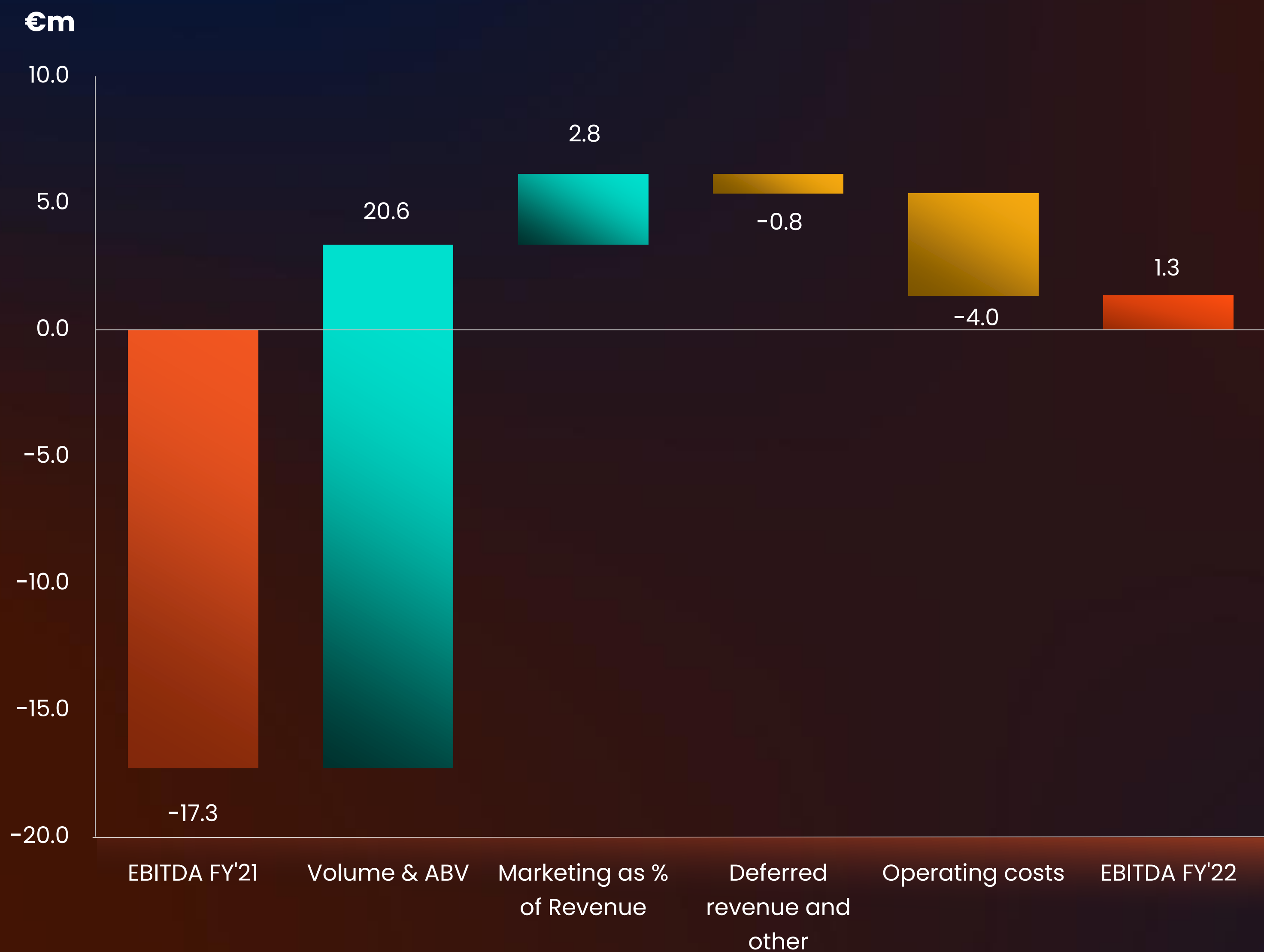


FY'22 costs remain lower than FY'19:

- Increase in W&S vs. FY'21, a combination of reduced wage subsidy supports and modest headcount increase (FY'22 avg 239, FY'21 avg 226)
- Increase in **temporary** contractor costs due to new iOS and Android Apps and social feature platform launches
- Tech and product cost reduced vs. FY'21, benefit of cloud hosted platform and modernised tech stack
- Predictable but modest increase in other operating costs as business recovers



... resulting in a return to positive EBITDA for FY'22



Full year EBITDA +€1.3m, compared to guidance of c. €1.0m

- Normal travel patterns resuming in primary markets, accelerating in H2'22 with the reopening of Asia and Oceania
- App-centric social strategy driving marketing efficiencies
- **EBITDA positive of €1.3m** on full year: H1'22 EBITDA -€5.2m, H2'22 EBITDA +€6.5m



... and a strong cash position as we return to profitable growth



Year end closing cash €19.0m, in line with guidance:

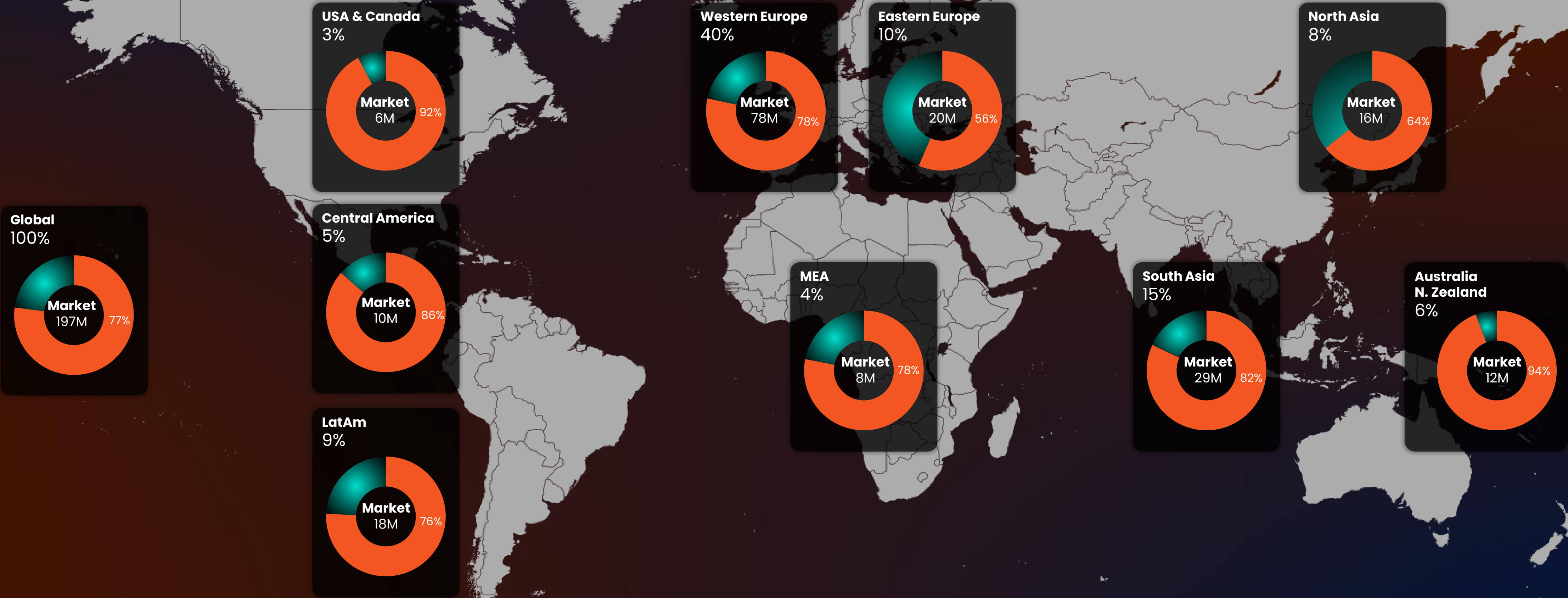
- H2'22 cash profile reflecting traditional seasonality¹
- €1.3m cash interest paid on €30m 5-year term facility²
- Refinance process underway with pillar banks
- Repayment of €9.4m warehoused Irish payroll taxes will commence April '24



1. Traditional seasonality reflects timing of cash revenue bookings in H1 and direct marketing cash costs paid in H2
2. €30m 5-year term facility, drawn down February 2021, margin of 9.0% per annum over EURIBOR, 5.0% cash interest, 4.0% capitalised interest. Net debt of €12.2m in FY22 (€2.9m in FY21). Net debt including warehoused payroll taxes of €21.6m in FY22 (€11.0m in FY21)

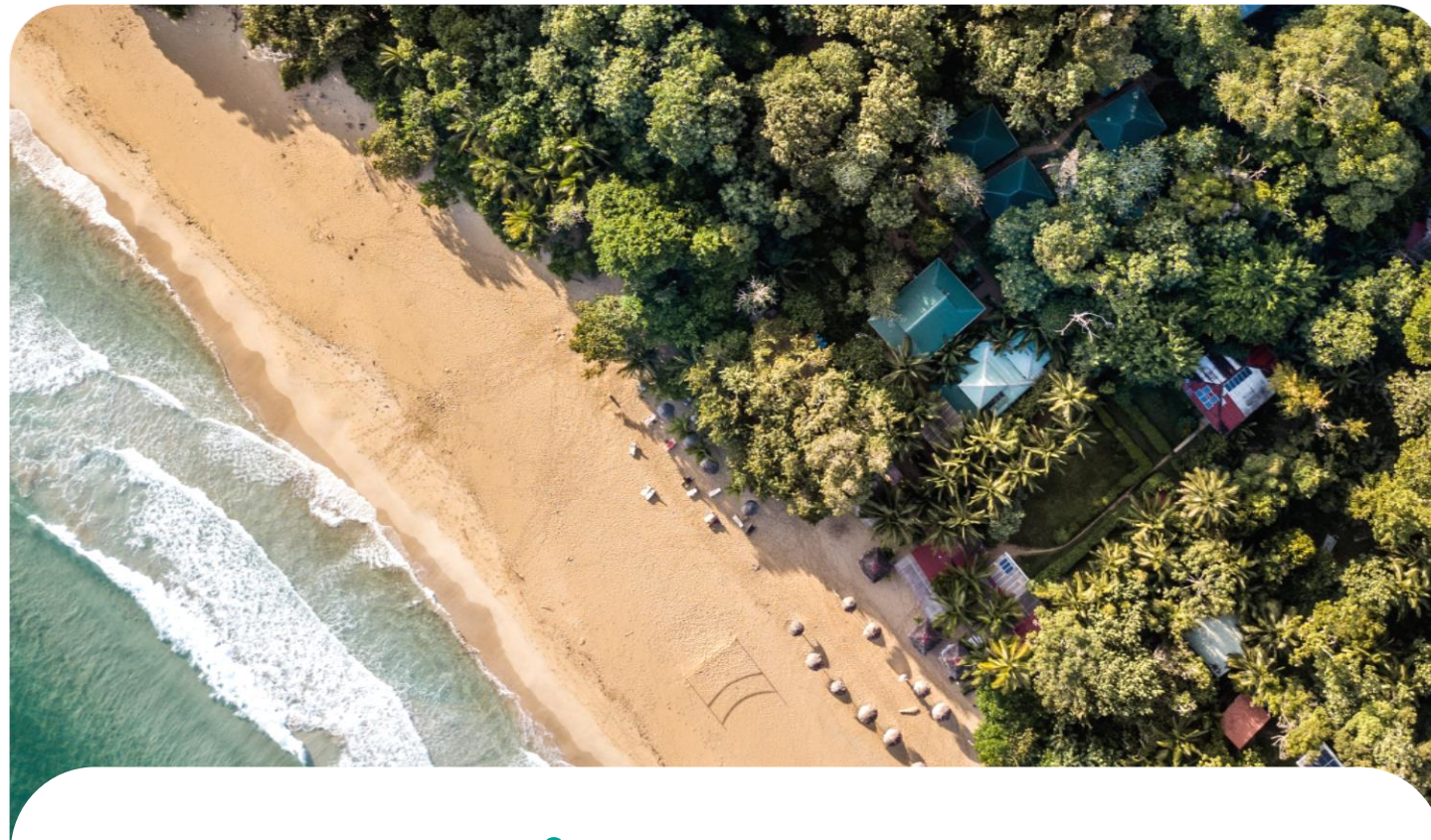
Expanding our hostel supply coverage

Hostel bednights sold FY'22,
Millions¹



1. FY'22 estimate based on available hostels online (HW and non-HW) and estimated occupancy levels using HW internal availability data

Continued progress of ESG agenda



Environmental

- Making sustainability a competitive advantage¹
- Hostels are the most sustainable accommodation option²
- Framework to showcase hostel credentials based on Global Sustainable Tourism Council criteria



Social

- Enhanced employee policies promoting health and wellbeing
- Awarded Investors in Diversity bronze accreditation
- 'Build a Better World' employee volunteering days
- Winner of the UK plc awards 2022, 'Tech Business of the Year'



Governance

- Inclusion of 'Sustainability at Hostelworld' in FY'22 Annual Report
- Awarded South Pole 'Climate Neutral' status, FY'21 and FY'22
- Continued board oversight on execution of ESG practices



1. Two Tickets Anywhere – 'Digital Nomad Statistics – How big is the nomad movement now?', November 2022: 60%+ Gen Z and Millennials say they are likely to consider sustainable travel options
2. 'Understanding the Carbon Impact of Hostels vs. Hotels', a research study conducted by Bureau Veritas in partnership with Hostelworld, 2022: Hostels are approximately 75% less carbon intense than hotels, per-bed basis.



Strategy Update



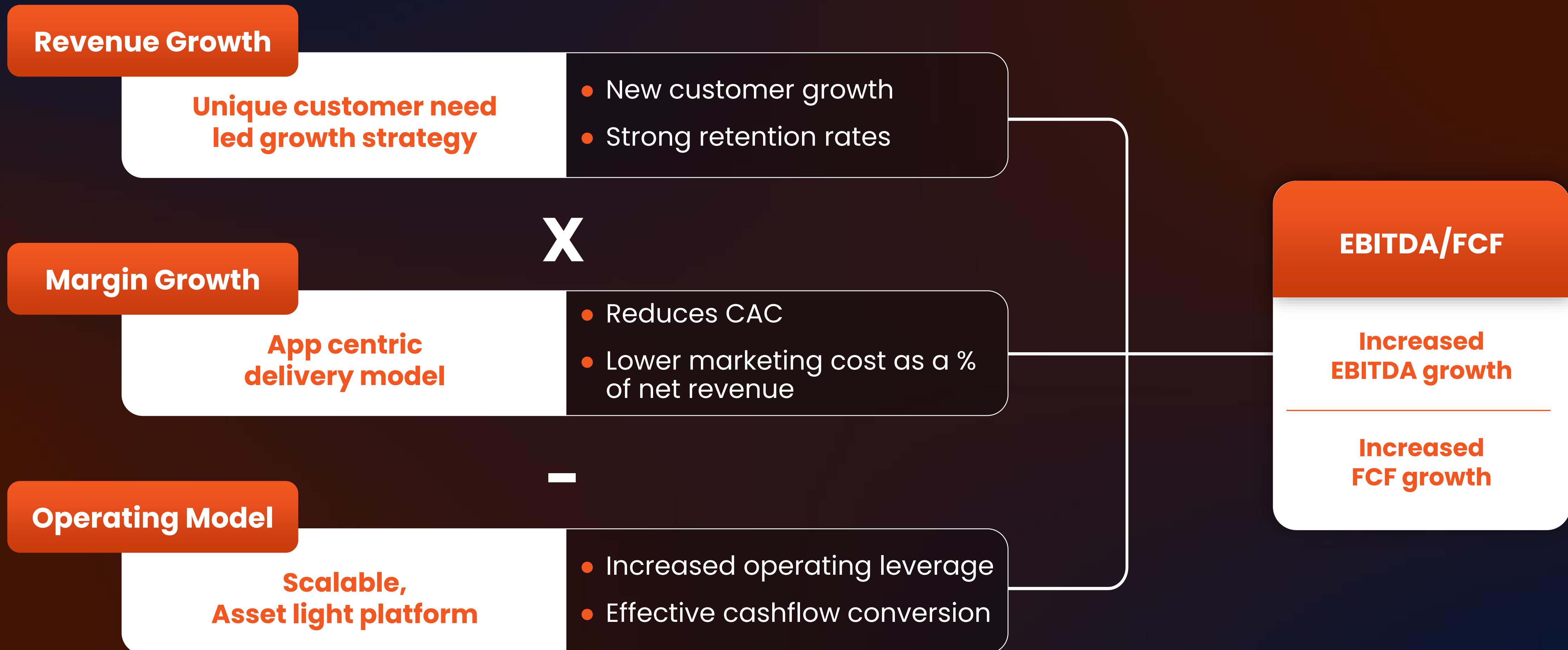
An aerial photograph of a boat's deck and the surrounding ocean. Several people are in the water, having jumped from the boat. The water is a deep blue-green, and the boat's deck is a light tan color. A thick rope runs diagonally across the frame. The overall mood is one of summer fun and adventure.

Our Mission

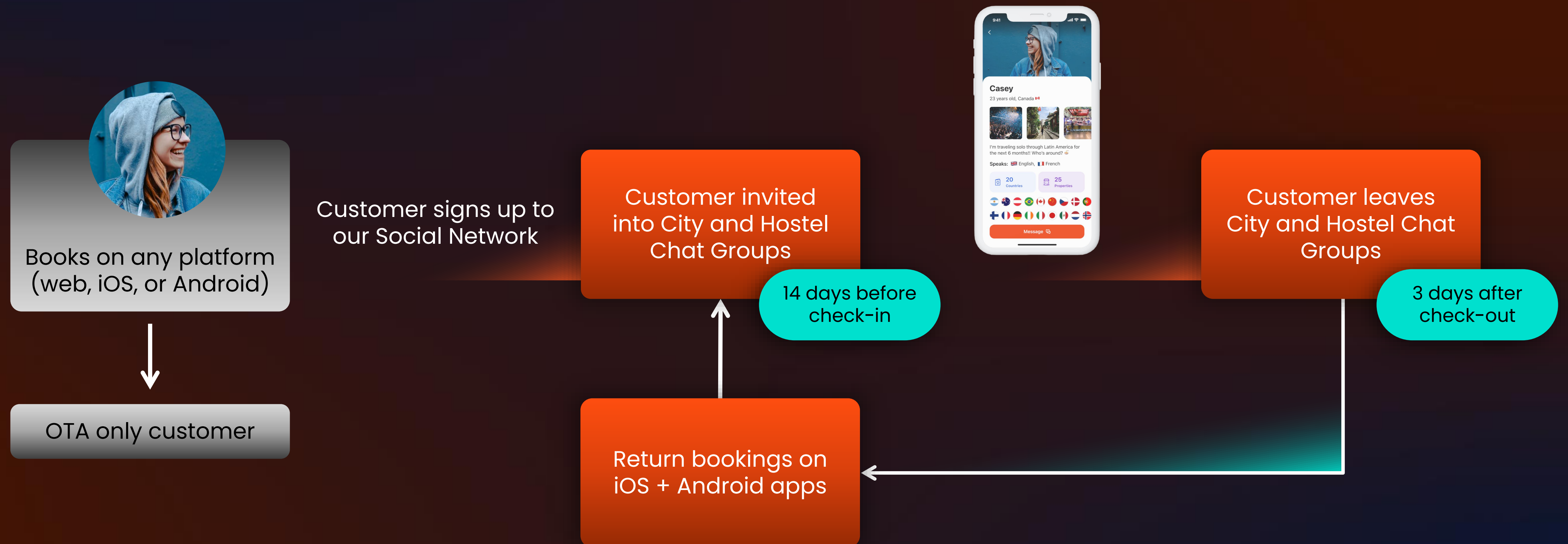
Help travellers find people to hangout with



Our pioneering social network is the cornerstone of our strategy

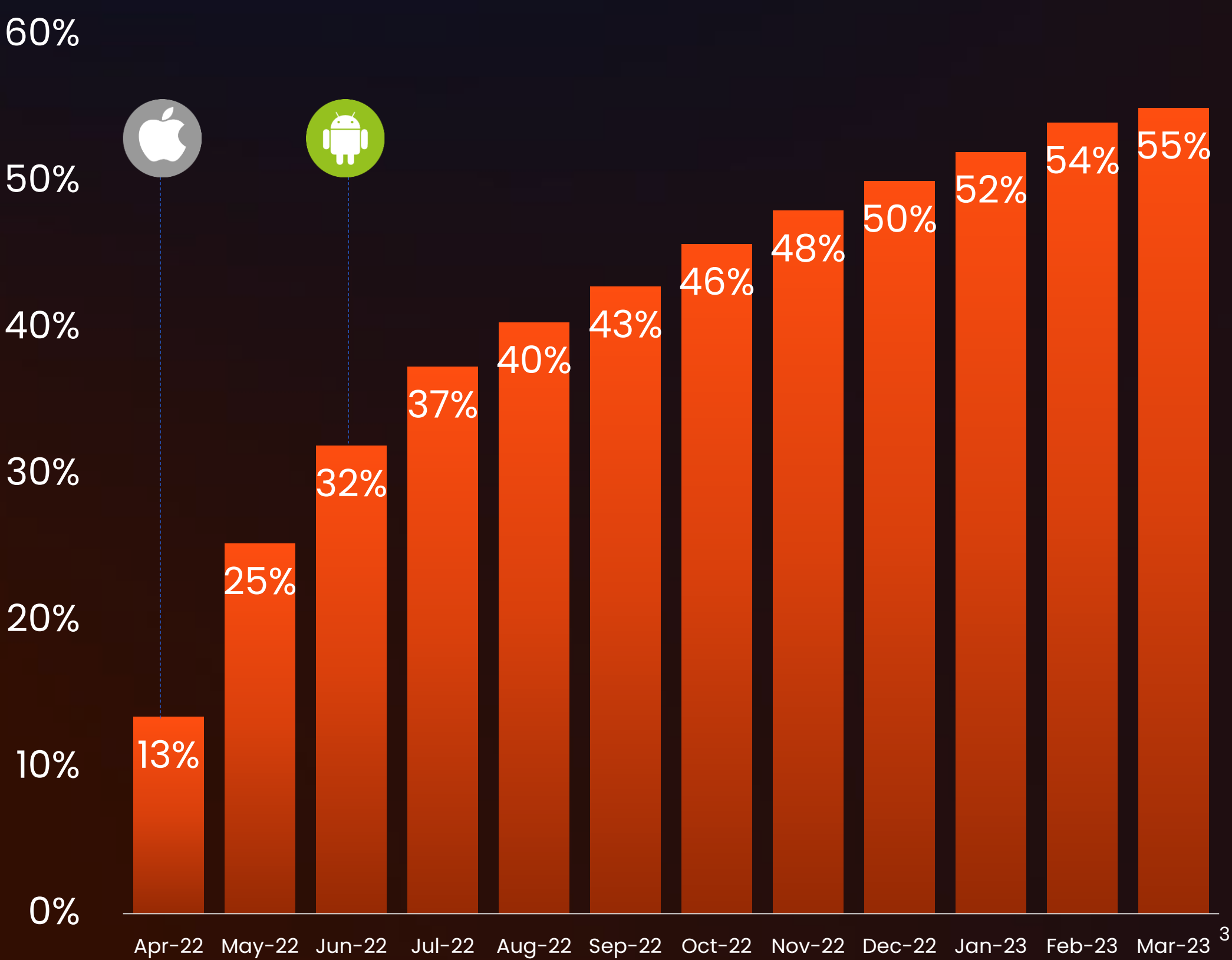


We connect travellers into highly relevant social networks

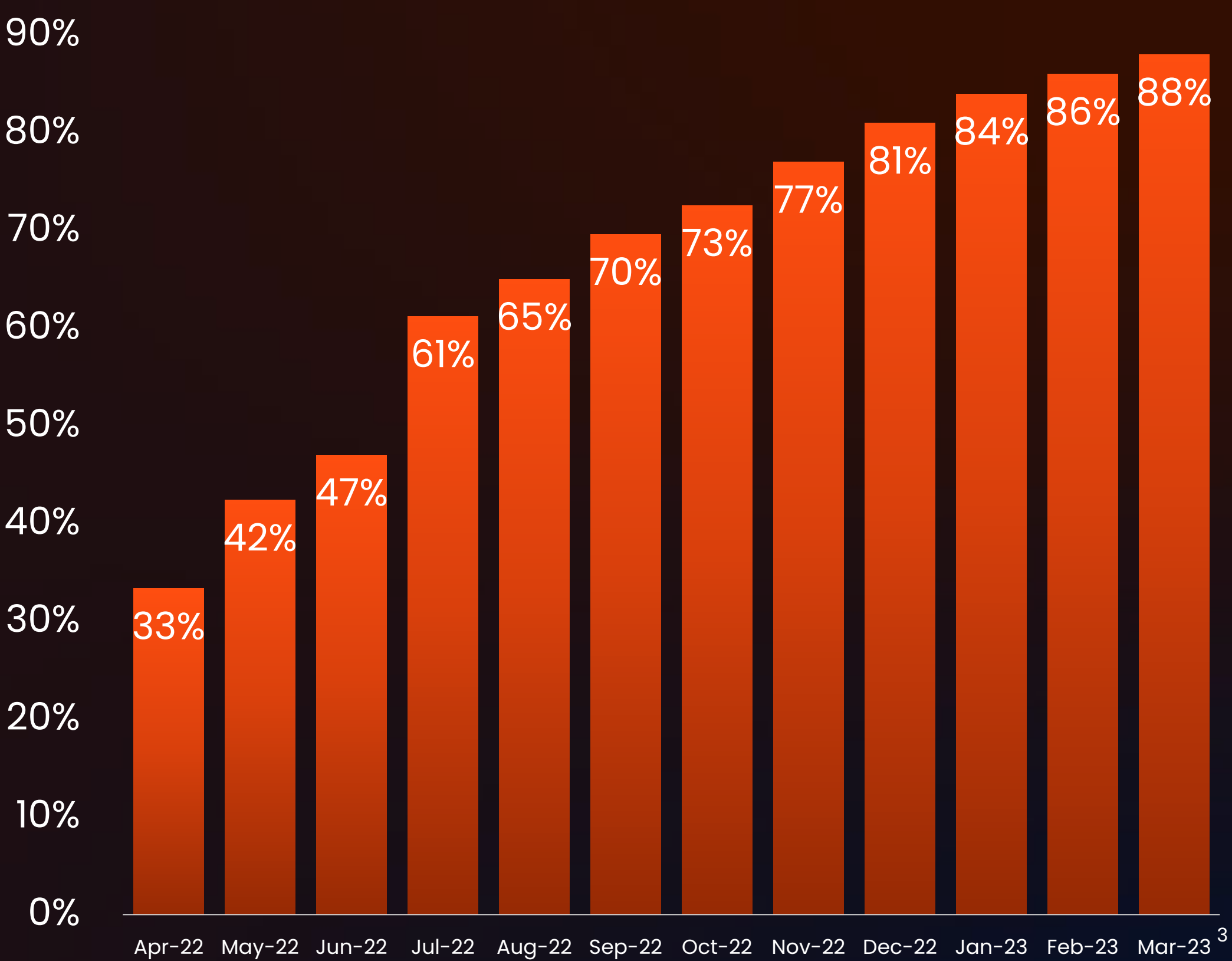


The network continues to expand rapidly

Percentage of total bookings made by Social Network Members¹

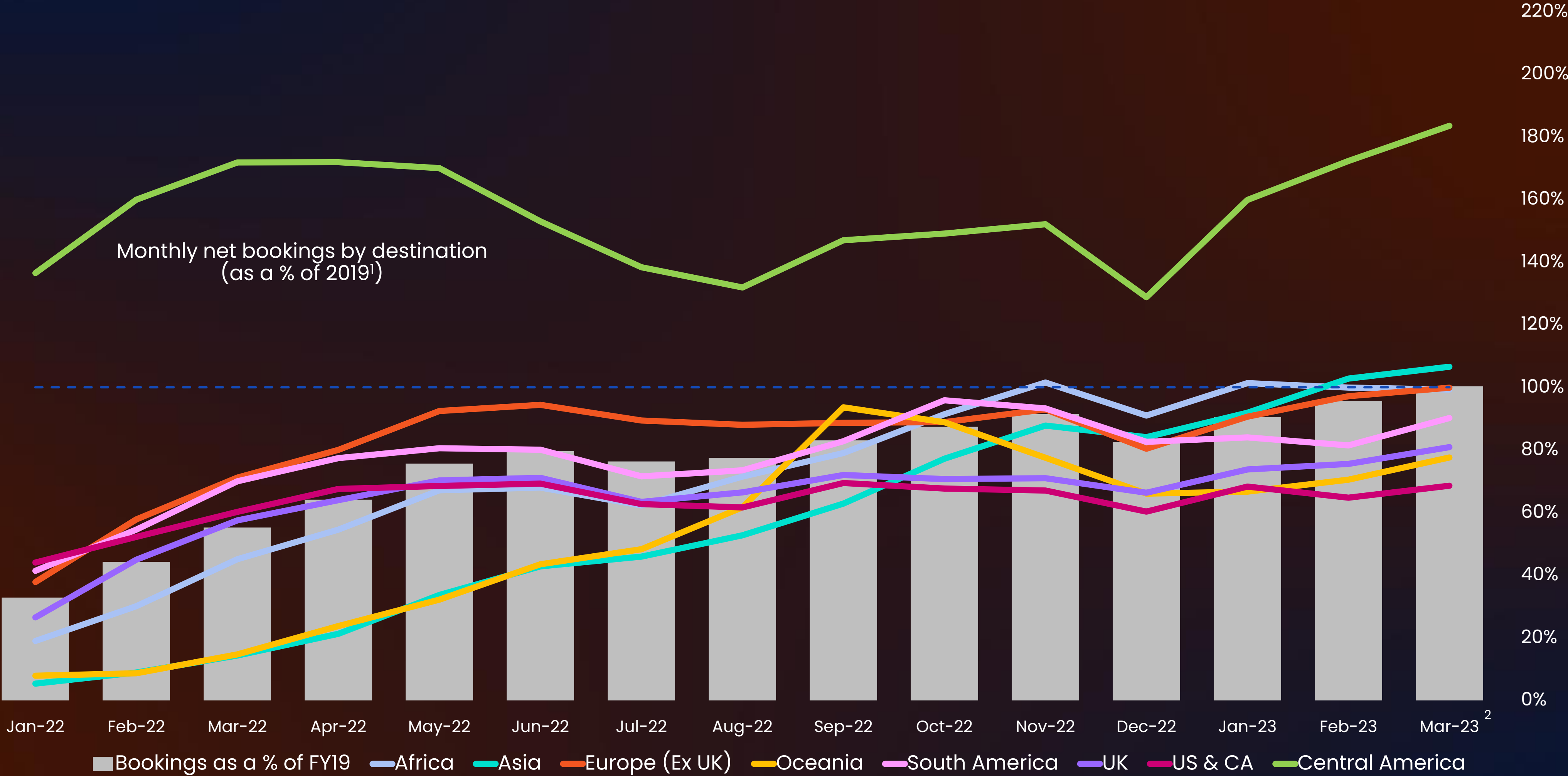


Percentage of Members who use Social features²



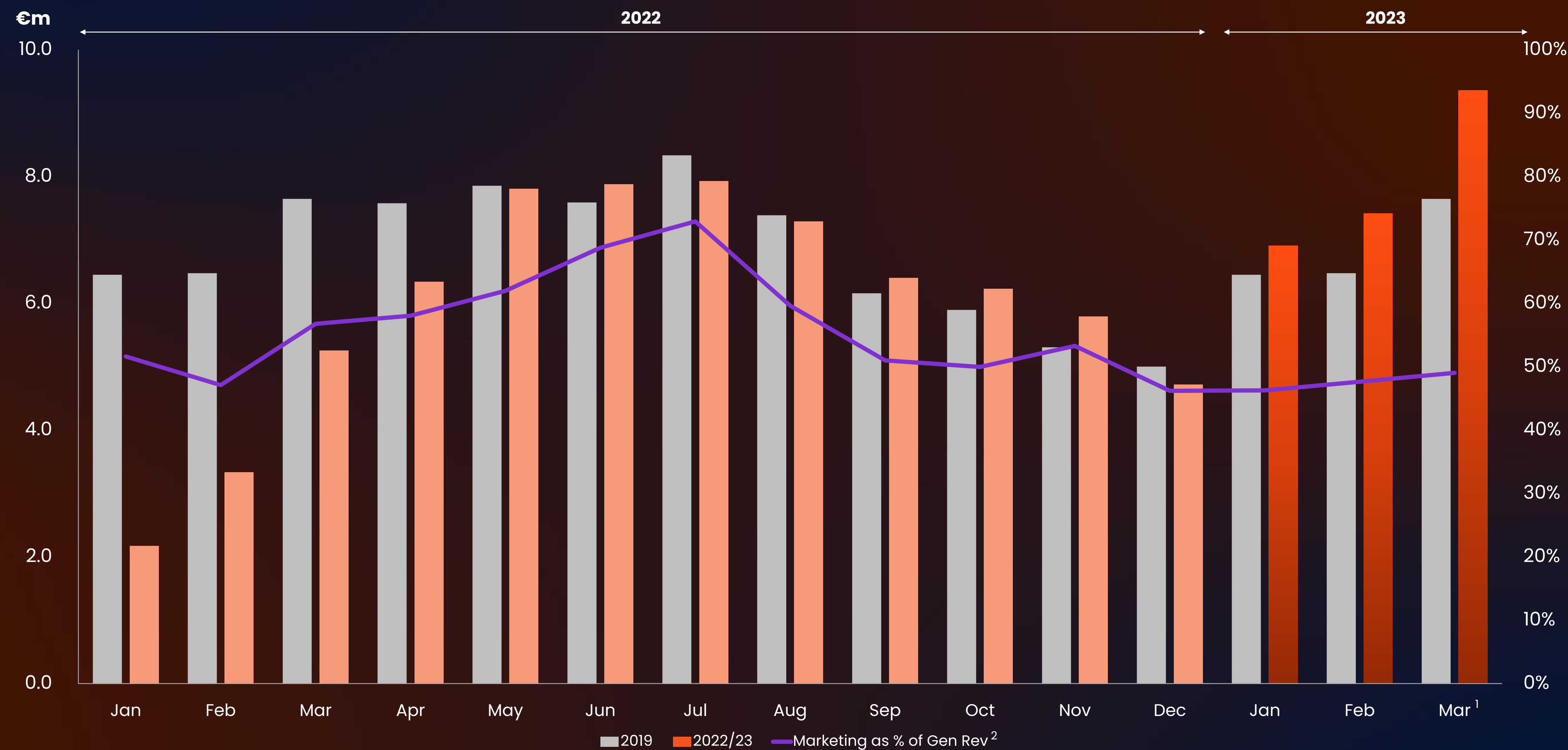
1. Customers who opt-in to the Social Network
2. Social Features are defined as a chat view, chat post or profile view action
3. March data based on Management estimate

Regional recovery improving as travel demand returns



1. 2019 figures used as pre-Covid comparable
2. March data based on Management estimate

Generated revenue outpacing 2019, at favourable marketing costs



1. March data based on Management estimate
2. Generated Revenue is Gross Revenue less cancellations

Continuing to invest in our Social platform

Extend network capabilities



Richer user profiles



Broader messaging capabilities



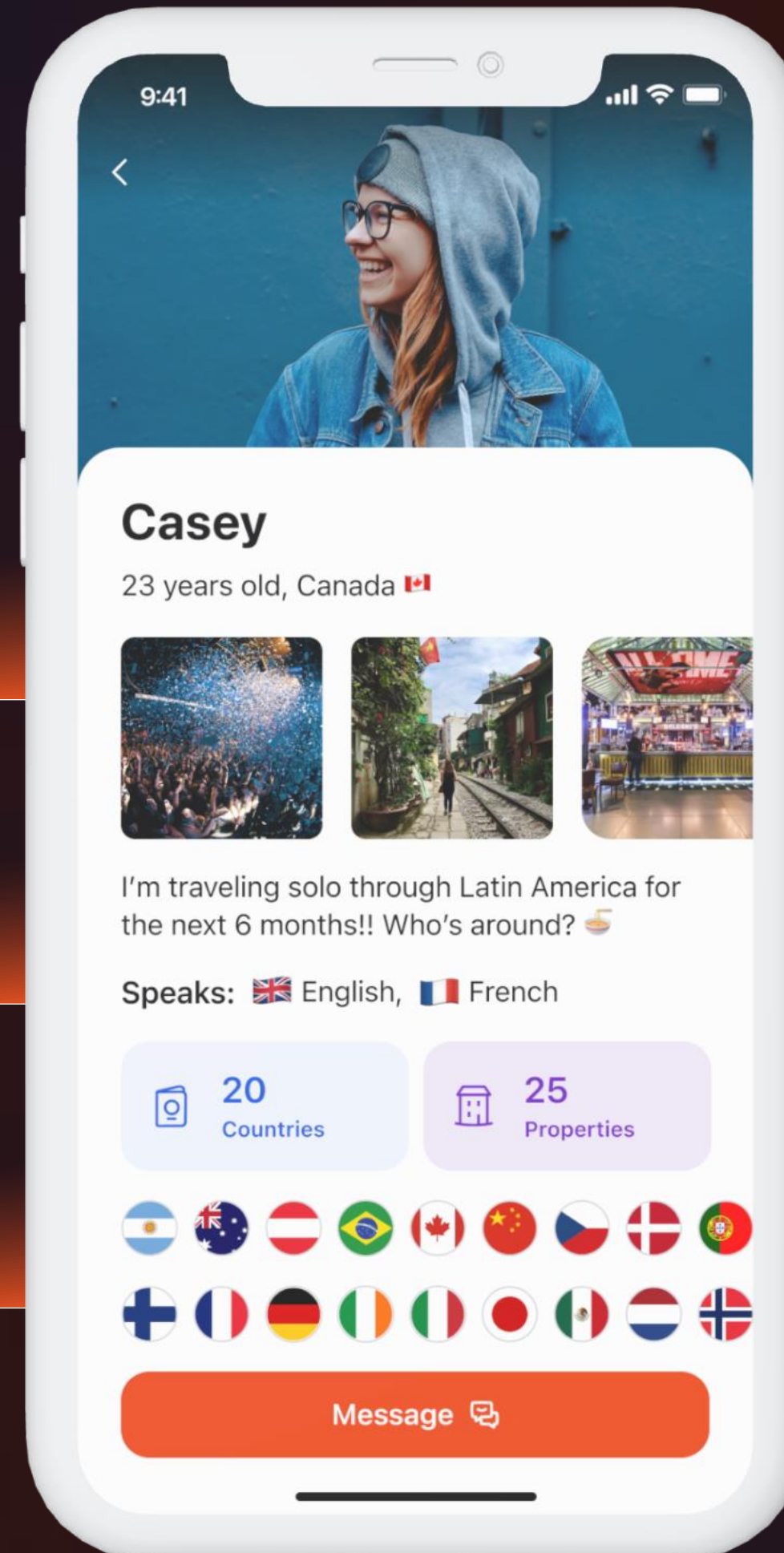
New ways to connect with other travellers

AI Personalisation engine

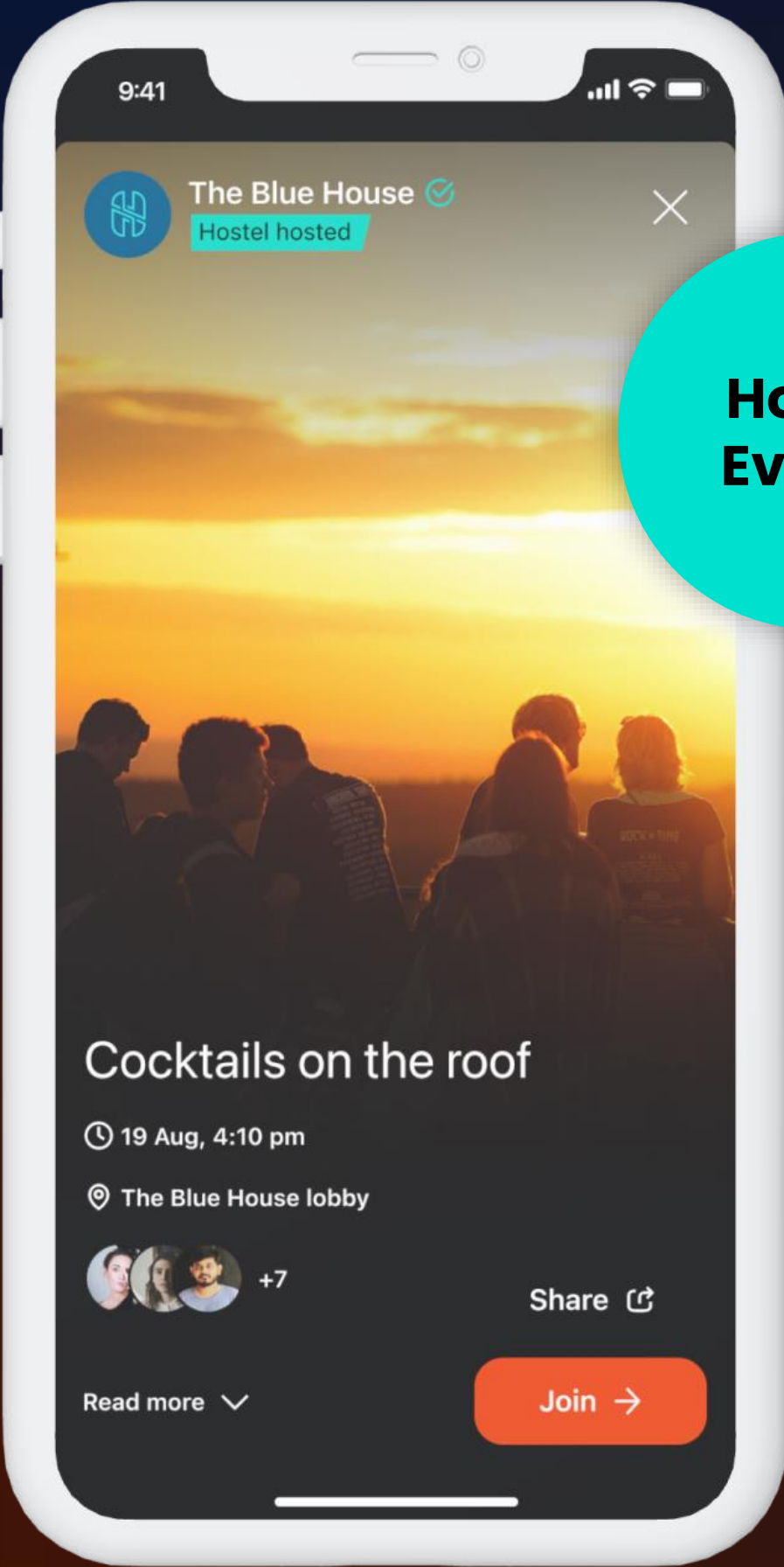
Connect like-minded travellers

Suggest things travellers might want to do

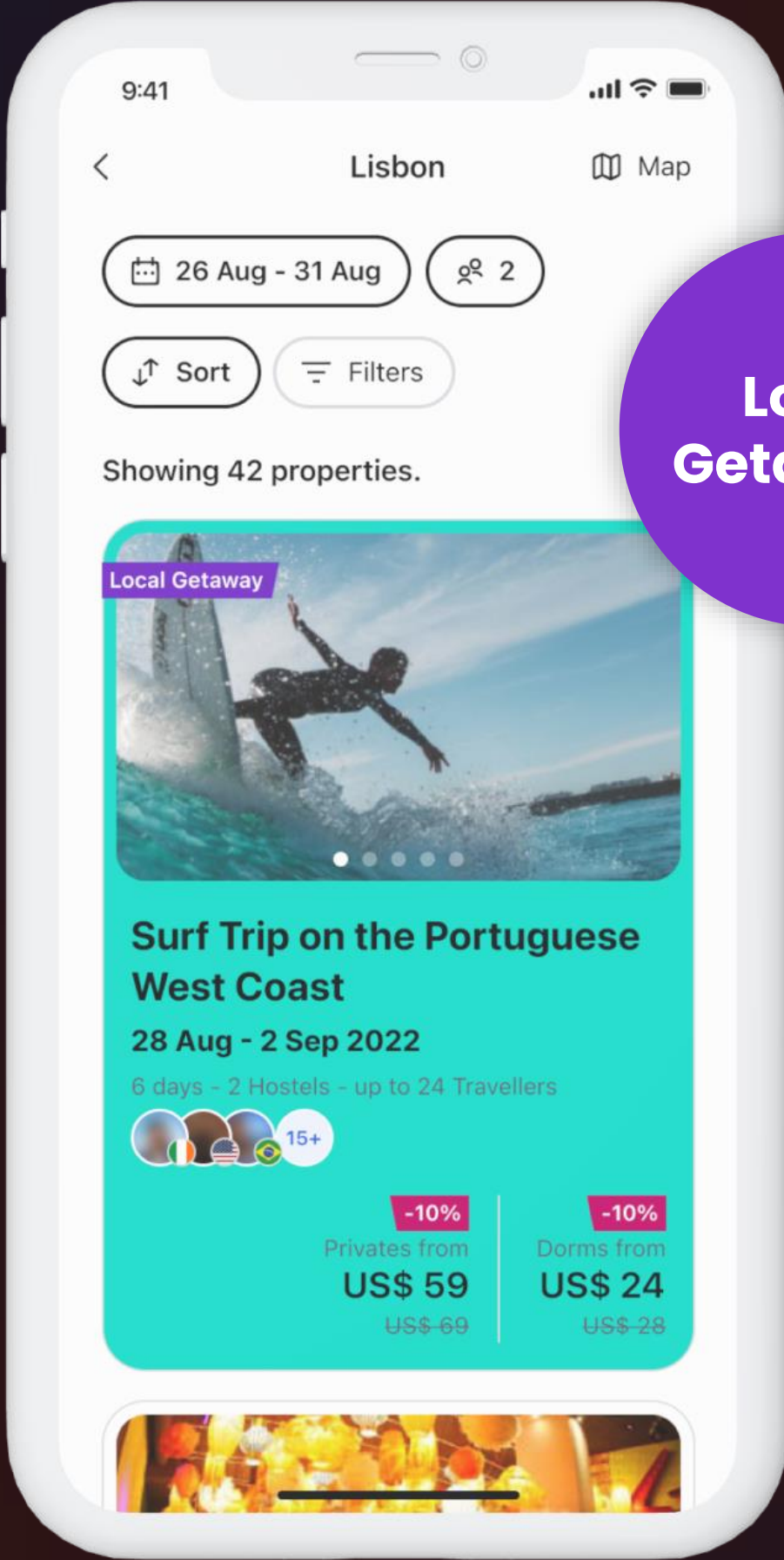
Suggest places travellers might want to go to



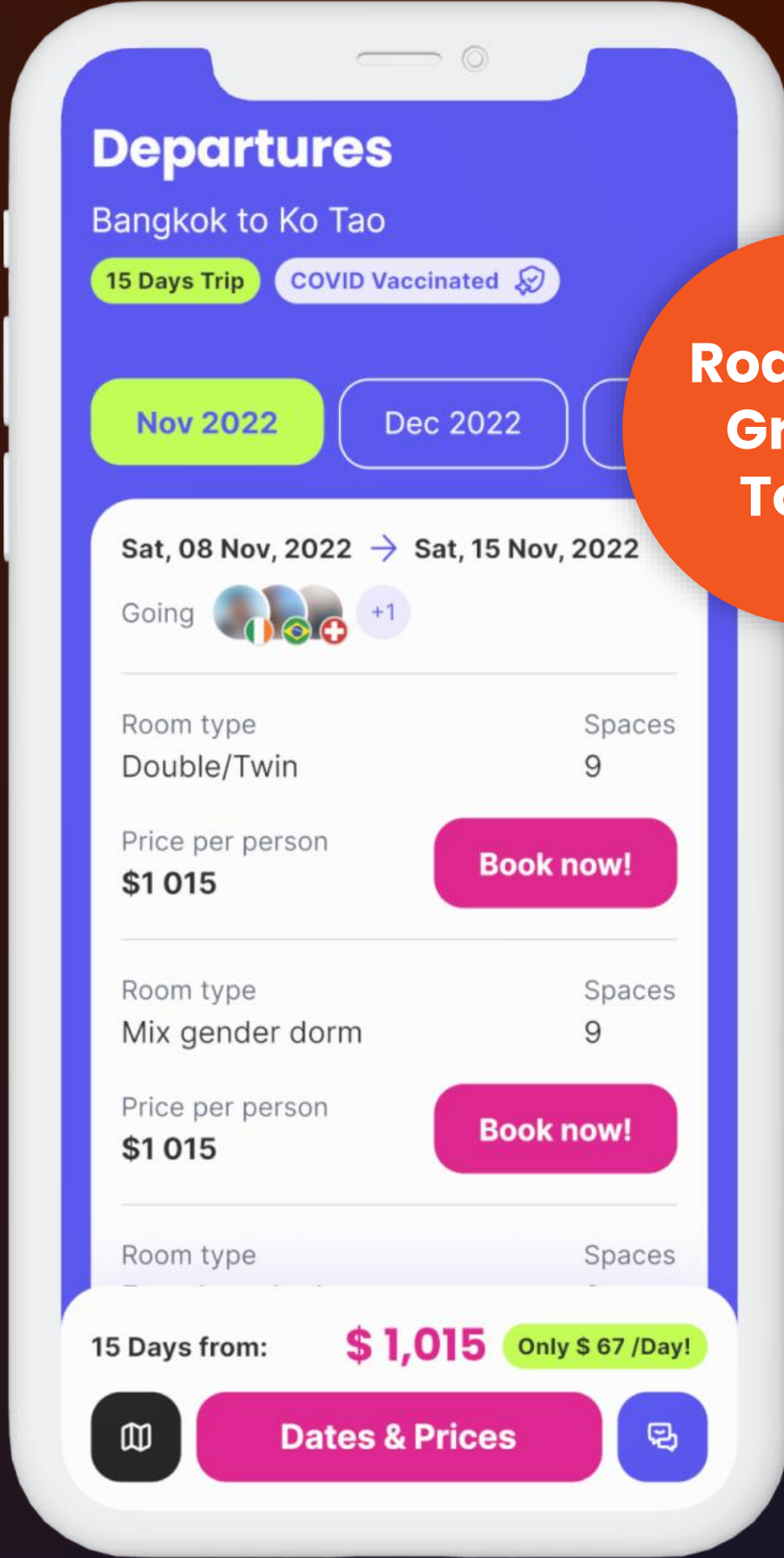
Expanding functionality to (further) deliver on our Mission



✓
Hostel Events



Local Getaways



Roamies Group Tours



Near Term Guidance

	FY 2022 Results	FY 2023 Trends
Net Bookings	4.8m	~ 25%
Net GMV	€470m	~ 20%
Net Revenue	€70m	~ 20%
Marketing % of Revenue	59%	50% – 55%
Adj. EBITDA	€1.3m	Mid to high-teens margin %

Well positioned and on track for FY 2023

Well positioned:

- Back to profitable growth in FY 2022
- Highly differentiated growth strategy already working as anticipated
- Uniquely positioned to win in this category vs other OTAs
- Strong cost discipline drives operating leverage
- Making sustainability a competitive advantage over time

On track:

- Strong start to FY 2023 with positive trends continuing
- Social Network continues to expand
- Increasingly valuable for customers as more members join the network
- Refinancing process underway which will significantly reduce finance costs
- Firmly on track to deliver FY 2023 and medium term targets





Appendices



Income Statement

	FY'22 €'m	FY'21 €'m
Revenue	69.7	16.9
Administrative expenses ¹	(71.5)	(37.1)
Depreciation and amortisation expenses	(11.6)	(12.4)
Share of results of associate	(0.2)	(0.2)
Reversal of impairment of receivables	0.0	0.1
Impairment of intangible assets	–	(0.4)
Operating loss	(13.6)	(33.1)
Finance income	–	–
Finance costs	(4.3)	(3.5)
Loss before taxation	(17.9)	(36.6)
Taxation	0.6	0.6
Loss for the period	(17.3)	(36.0)
Adjusted loss measures		
Adjusted EBITDA	1.3	(17.3)



Net revenue increased to €69.7m (FY'21: €16.9m)

4.8m net bookings (FY'21: 1.5m) with strong demand in Europe and momentum returning to Oceania and Asia; Central America remains strong

Within administrative expenses key movements:

- Direct marketing costs +€28.6m
- Credit card processing fees (+€1.5m)
- Staff costs +€2.5m (decrease in EWSS subsidy +€1.4m, increase in headcount/RSU Charge €1.1m)
- Other administrative costs (+€1.5m)

Financial costs increased to €4.3m (FY'21: €3.5m), interest costs on 5-year term loan facility

Adjusted EBITDA of €1.3m on full year basis driven by trading recovery (FY'21: €17.3m loss)



¹ For FY21: An amount of €445k has been re-presented in the prior year between staff costs and other administrative costs relating to third party contractors engaged by the Group to assist on development labour projects for a period of time.
^{*} – 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

Balance Sheet

	FY'22 €'m	FY'21 €'m
Intangible assets	73.4	79.4
Property, plant and equipment	0.7	0.3
Deferred tax assets	9.2	8.4
Investment in associate	1.0	1.2
Cash and cash equivalents ¹	0.8	0.8
Total non-current assets	85.0	90.0
Trade and other receivables	3.2	2.0
Corporation tax	0.0	0.0
Cash and cash equivalents	18.2	24.5
Total current assets	21.5	26.5
Total assets	106.5	116.5
Total equity	52.2	67.1
Trade and other payables	9.4	8.0
Borrowings	30.9	28.2
Total non-current liabilities	40.3	36.3
Trade and other payables	12.9	12.8
Borrowings	0.2	-
Lease liabilities	0.5	0.1
Corporation tax	0.3	0.3
Total current liabilities	13.9	13.1
Total equity and liabilities	106.5	116.5



- **Reduced carrying value of intangible assets** from €79.4m to €73.4m, amortisation charge of €10.6m offset by capitalised development costs of €4.3m
- **Increase of €0.8m in deferred tax asset**, capital allowances not utilised by the group and available for future. Deferred tax asset totalled €9.2m at 31 December 2022 (Dec '21: €8.4m)
- **Cash and cash equivalents of €19.0m** (Dec'21: €25.3m)
- **Non-current trade and other payables of €9.4m**, payroll taxes due to Irish Revenue, the Group will commence repaying in April 2024 (Dec'21: €8.0m)
- **Borrowings of €31.1m** represents 5-year term loan facility which was drawn down in February 2021 (Dec '21: €28.2m). Cash balance owing at 31 December 2022 of €34.1m comprising of facility amount €30m + PIK interest €4.1m



^{*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.

Cash Flow Statement

	FY'22 €'m	FY'21 €'m
Adjusted EBITDA	1.3	(17.3)
Working capital movement	0.2	4.8
Capitalisation and acquisition of intangible assets	(4.6)	(4.4)
Exceptional costs	(0.8)	(0.6)
Purchase of property, plant and equipment	(0.2)	(0.1)
Net interest / income tax paid	(1.6)	(0.3)
Free cash flow before financing activities	(5.6)	(17.9)
Borrowings received	–	28.8
Borrowings repaid	–	(1.2)
Transaction costs related to borrowings	–	(0.9)
Lease liabilities (IFRS 16)	(0.8)	(1.2)
Deferred consideration	–	(0.3)
Net (decrease)/increase in cash	(6.3)	7.1
Opening cash	25.3	18.2
Closing cash	19.0	25.3



€0.2m increase in working capital movement due to:

- **€1.5m increase in trade and other payables** mainly driven by a €1.4m increase warehoused payroll tax liability to Irish Revenue
- **€1.3m increase in trade and other receivables**, trading related increase

€1.3m cash interest paid to HPS FY'22, FY21: €28.8m borrowings received from HPS and €1.2m invoice financing facility repaid to AIB

Reduction in lease liability payments of €0.4m, move to flexible work-spaces



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