HOSTELWORLD

HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2023

Hostelworld Group plc

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

Interim Results 2023

Largest H1 revenue on record

10th August 2023: Hostelworld, a leading global Online Travel Agent (OTA) focused on the hostel market, is pleased to announce its interim results for the six-month period ended 30 June 2023

Strong financial delivery and strategic progress in H1 2023:

- Record first half Net GMV[2] and generated revenue[3], of €339.5m (+57% year on year) and €51.5m (+57% year on year) respectively
- Robust booking growth across all regions: Central America, South Asia and southern European countries ahead of pre COVID-19 levels
- Improved marketing efficiency powered by social strategy
- Increasing operating leverage through marketing efficiency and operating cost discipline
- Strong cash conversion driving growth in operating cashflows – Debt refinancing completed with materially lower interest rates

Well positioned for further profitable growth:

- Strong category growth, stronger HW growth with the resumption of cross border travel post Omicron and Social strategy driving share gains
- Continued investment in Social platform: richer profiles, messaging capabilities and launch of Linkups (hostel hosted events)
- Highly cash generative business model, continuing to deleverage
- Reiterating FY 2023 earnings guidance of adjusted EBITDA €16.5m - €17.0m
- Firmly on track to meet November 2022 Capital Market Day growth targets

Financial highlights:[1]

- Net GMV of €339.5m (+57% year on year)
- Net Revenue of €45.8m, H1 2022 €28.0m (+64% year on year)
- Net bookings totalled 3.40m, H1 2022: 2.07m (+64% year on year)
- Net Average Booking Value ("ABV") of €15.15, H1 2022: €15.82, a 4% decrease driven by a greater proportion of Asian destination bookings, partially offset by continued bed price inflation
- Direct marketing costs as a percentage of revenue[3] amounted to 51%, H1 2022: 60% (-9%)
- Adjusted EBITDA of €5.1m, H1 2022: €5.2m loss
- Loss in the period of €7.5m, H1 2022: €14.3m

Balance sheet and cash flow:

- As at 30 June 2023 total cash and cash equivalents of €10.7m (31 December 2022: €19.0m) and total net debt[4] of €16.2m (31 December 2022: €21.6m)
- Completed refinancing of €30.0m legacy debt facility, replacing with a new €20.0m facility from AIB. New facility comprises a €10.0m term loan, a €7.5m RCF (reduced to €5.0m in July) and a €2.5m undrawn overdraft

---

[1] 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 and reconciliations to IFRS measures are provided in the APMs section on pages 26 to 29.

[2] Net GMV is gross transaction value of the bookings less cancellations.

[3] Generated revenue is gross revenue less cancellations and excludes impact of deferred revenue.

[4] Net debt is cash less outstanding debt, including term loan, revolving credit facility and warehoused payroll taxes.

- In July 23 the interest rate on AIB debt facility reduced from 3.75% to 3.25% over EURIBOR, €2.5m reduction in RCF balance to €5.0m
- Net asset position of €45.7m (31 December 2022: €52.2m)

Gary Morrison, Chief Executive Officer, commented:

I am delighted to report record generated revenues and improving adjusted EBITDA margins for the half year to date, driven by the continued execution of our Social strategy and operational cost discipline. This performance also translated directly into strong growth in operating cashflow year on year, which in turn enabled us to strengthen our balance sheet by refinancing our legacy COVID-19 era debt facility at significantly lower interest rates.

In addition, I am very pleased to see the global hostelling category showing double digit bednight growth year on year for the first half of the year, and even stronger growth from Hostelworld with the resumption of cross border travel post Omicron in 2022. In particular, long-haul bookings have grown 70% year on year and "follow on" bookings after an initial flight[5] have grown 95% year on year. By geography, Europe has recorded strong year over year growth overall, with revenue growth outpacing net bookings growth through continued bed price inflation. Bookings into Southern Europe and other low-cost destinations such as Central America and South Asia have also been exceptionally strong, exceeding pre COVID-19 levels.

During the first half we also made progress on modernising our platform to enable us to support faster execution of our growth strategy. In particular, we made significant progress refactoring key parts of our core platform into a series of microservices, which enable us to access more of the native capabilities of our cloud provider and pay for the computing resources we use "on-demand".

Finally, I am very proud of the progress we have made on our ESG strategy, and to see that progress recognised externally by being shortlisted for two "Sustainability Business Impact Awards" by Chambers Ireland and reaching Silver accreditation status by Investors in Diversity for building a flexible and inclusive workplace.

Trading Update:

During the first six months of the year, we have seen strong year on year growth in our business as our customers booked their hostelling trips around the world again, driving growth in net bookings (3.4m, +64% year on year) and net revenue (€45.8m, +64% year on year).

As the year has progressed, we have seen several factors impact our trading economics versus 2022. In particular, ABVs[6] have contracted by -4% year on year (H1 2023: €15.15) driven by geographical mix with a greater proportion of Asian destination bookings, partially offset by continued bed price inflation. Direct marketing cost as a percentage of net revenue has also reduced versus 2022, primarily driven by our social strategy which drives new and existing customers to use our mobile native apps. Overall, we expect direct marketing costs as a percentage of net revenue will remain within our guidance range of 50-55% over 2023 as we continue to optimise marketing investments for long term growth in new customers and direct margin.

On the supply side, we estimate global hostel sales measured in bednights increased by 14%[7] year on year, driven by modest increases in occupancy rates and category capacity. By geography, we recorded significant year over growth in bednights across South Asia, Oceania and the Middle East and Africa; with Central America

[5] Follow on bookings post a flight are bookings made by customers where the customer's nationality is different from the country where the booking was made.
[6] ABVs are calculated using generated revenues less cancellations divided by net bookings.
[7] At the end of March 2022 all online travel agents delisted accomodation, including hostels located in Russia and Belarus from their platforms, including HW. Including this reduction in capacity reduces the global hostel sales growth in bednights to approximately 12% year on year.

remaining above pre-Covid levels. Similarly, we estimate that the bednight sales from hostels connected to our platform also grew by 14% over the same period, driven by the addition of new hostels to our platform throughout H1 2023. As outlined in our Capital Markets Day presentation in November 2022, we plan to grow our market coverage[8] over the coming years by adding more hostels to our platform in key markets around the world.

Finally, we have seen a significant improvement in operating cash performance, with cash generation of €10.6m in H1 2023 compared to a cash reduction of €0.8m in H1 2022, enabled by the business's characteristic of strong cash conversion and tight operating cost management. We further strengthened our financial position through the voluntary early debt repayment of €10m in April 2023 and the successful refinancing of our legacy debt facility with a new 3-year facility, totalling €17.5m, with Allied Irish Bank plc ('AIB') in May 2023. This new facility, with materially lower interest costs, represents a strong endorsement of our post-pandemic performance, and consolidates the firm foundations upon which we will drive profitable growth and shareholder value. This has resulted in a reduction in our net debt from €21.6m as at 31 December 2022 to €16.2m as at 30 June 2023.

Outlook:

The Board remains confident in the long-term resilience of our business model and the potential of our differentiated growth strategy and reiterating earnings guidance of adjusted EBITDA in the range of €16.5 million to €17 million for the full year, absent any deterioration in the macro-economic climate, the re-introduction of travel restrictions or other air travel related disruptions.

Analyst Presentation

A presentation will be made to analysts today at 9.30am, a copy of which will be available on our Group website: http://www.hostelworldgroup.com. If you would like to dial into the presentation, please contact Powerscourt on the contact details provided below.

Webcast Link
https://stream.brrmedia.co.uk/broadcast/64c7a5d3a1eaa5d77603f6d1
Event: Hostelworld - Interim Results
Date: Thursday, August 10th, 2023

For further information please contact:

Hostelworld Group plc
Gary Morrison, Chief Executive Officer
Caroline Sherry, Chief Financial Officer
David Brady, Head of Commercial Finance
Corporate@hostelworld.com

Powerscourt
Eavan Gannon / Nick Dibden
hostelworld@powerscourt-group.com
+44 (0) 20 7250 1446

[8] Market coverage is calculated by estimating the total number of bednights sold via hostels connected to our platform divided by the estimated total number of bednights sold across all hostels in the category.

About Hostelworld Group

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

Founded in 1999, Hostelworld is a well-known trusted brand with almost 250 employees across 11 countries; hostel partners in over 180 countries; and a strong commitment to building a better world in all that we do. In particular, our focus in the last few years has been on improving the sustainability of the hostelling industry, through our membership of the Global Sustainable Tourism Council (GSTC); our active involvement in the Global Tourism Plastics Initiative (GTPI); our partnerships with Bureau Veritas to establish emissions benchmarks for the hostelling industry; and our recent partnership with South Pole to be a Climate Neutral Group in 2021 and 2022.

Cautionary statements

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 materialize, or if underlying assumptions prove incorrect, Hostelworld's actual results may vary materially from those expected, estimated or projected. Any forward-looking statements speak only as at the date of this announcement. Except as required by law, 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.

The information contained in this Announcement is subject to change without notice and except as required by applicable law or regulation (including to meet the requirements of the Listing Rules, the Euronext Dublin Listing Rules, MAR, the Financial Services and Markets Act 2000, Euronext Dublin and/or the Central Bank of Ireland), the Company expressly disclaims any obligation or undertaking to publish any updates or revisions to any forward-looking statements contained in this Announcement to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statements are based. Statements contained in this Announcement regarding past trends or activities should not be taken as representation that such trends or activities will continue in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Announcement.

No statement in this Announcement is intended to be a profit forecast and no statement in this Announcement should be interpreted to mean that earnings per share of the Company for the current or future years would necessarily match or exceed the historical published earnings per share of the Company.

Interim Management Report

To the members of Hostelworld Group plc

Cautionary statement

This Interim Management Report (IMR) has been prepared to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.

The IMR contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

This interim management report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Hostelworld Group plc and its subsidiary undertakings when viewed as a whole.

Chief Executive's Review

Throughout the first half of the year, we have continued to execute our growth strategy as outlined in our Capital Markets Day in November 2022. This strategy, together with a continued focus on costs has delivered record generated revenues and improved EBITDA margins. I am pleased to report we continued to make progress modernising our platform and advancing our sustainability and DE&I strategies, and particularly gratified to see these efforts recognised externally through accreditations and sustainability focused award nominations.

Executing our growth strategy

During the first six months of the year, we continued to execute our differentiated growth strategy which focuses on helping our customers find people to hang out with through a series of social features embedded within our mobile native apps. This growth strategy was developed in 2021 and launched in Q2 2022, based on the insight that the vast majority of travellers go hostelling as a means to meet other people. To date the strategy has been extraordinarily successful, generating significant word of mouth recommendations from our customers, strong endorsements from our hostel partners and significant growth in bookings via our mobile native Apps relative to other higher cost channels.

Over the first half of this year, we have continued to invest in our social platform by enabling richer user profiles which enable social members to upload their own profile photo, add more details on their travel related interests, where they have lived, and languages spoken. In parallel, we have also added more messaging functionality to our social platform, similar to what users would see with more mainstream instant messaging products. Collectively these enhancements have generated significant increases in customer engagement, with the volume of messages being sent over our platform increasing 2.4x in July relative to January this year.

In parallel we also launched Hostel hosted LinkUps in London and Lisbon in February this year. This is a completely unique product in the travel landscape, which enables hostels to promote their own events ('LinkUps') to all of our social members who are staying in the destination via our mobile native apps. For our social member customers, this provides them with an even greater range of things to do when travelling to new destinations, and even more opportunities to meet people to hang out with while travelling.

Since launching the product in February, we have expanded the range of cities month over month with a full global launch in July. So far, the product has exceeded all our expectations, with 54% of social members with a booking now being able to see at least one LinkUp during their stay dates. Over the balance of the year, we will continue to increase LinkUps inventory and add more new features to this product.

Investing in our platform

During 2022, we migrated our entire technology stack to the cloud in the first half of the year, the first major milestone of our platform modernization program and exiting our on-premises data centres. During the second half of 2022 and into the first half of 2023, we have been upgrading our key legacy backend applications to make them "cloud native".

Over the medium term, migrating from a cloud hosted stack to a series of cloud native applications will deliver many advantages, such as application level "on demand" scaling, a more flexible microservices based architecture, and more opportunities to use off the shelf services from our cloud services provider. This will include services such as artificial intelligence and machine learning optimisation engines, which are now powering some of our key services. Collectively, these technology benefits will flow through into faster execution of our growth strategy and reduced hosting costs.

Progressing our ESG agenda

In parallel with helping millions of travellers in our category Meet The World®, we are also committed to building a better world in everything we do.

We have made significant progress on the sustainability framework we developed in partnership with Bureau Veritas. This purpose-built framework enables hostels to assess, compare and communicate sustainability achievements to customers and other key stakeholders. The framework directly aligns with the Global Sustainability Tourism Council's (GSTC) sustainable tourism criteria focussed on four pillars: Sustainability Management, Socio-Economic, Cultural Impact and Environmental Impact. By specifically tailoring these pillars for independent hostels, we can account for the attributes unique to the hostel category, as compared to other accommodation types. Each criterion in our 'Staircase to Sustainability' framework aligns to one of the 17 UN Sustainability Development Goals.

Details of the pillars have been published and communicated to our hostel partners, through our dedicated sustainability website and via a monthly B2B sustainability newsletter. The framework will be showcased at our upcoming hostel conferences in Bogota and Copenhagen, ahead of an official Q4 2023 launch. Early 2024 will see us publishing compliance to these criteria on our booking site, such that our customers can make more informed decisions as to the sustainability of the hostel they are booking.

Outside of Hostelworld events, we continued to promote the inherent sustainability of hostels this year including participating in a first of its kind hostel focussed panel at GSTC's flagship event in May. We are also about to commence work on a second edition of last year's hostel focussed emission report with Bureau Veritas. Due in Q4, this report will further build on the findings from the 2022 edition which showed that hostels produce 75% less emissions than a relevant subset of their hotel counterparts. H1 2023 has very much focussed on the research and content creation required to promote the framework details to our hostel partners, well ahead of launch date. This pre-launch education and advocacy work is critical to the success of the framework once live. The framework has been shortlisted for a Sustainable Business Impact Award by Chambers Ireland. We plan to promote compliance with these criteria on our booking site, such that our customers can make more informed decisions in selecting a hostel.

Hostelworld is a Climate Neutral company, a status that is independently verified and awarded by emissions reduction specialists South Pole each year. Our ultimate goal however is to achieve Net Zero status, by 2040, absorbing more emissions than we emit to help limit global warming. We will do this through reporting on our Green House Gas emissions, eliminating carbon emissions in line with the 2015 Paris Agreement and by offsetting any remaining emissions through socially responsible projects. To this end, we are very proud to be a signatory of Global Optimism & Amazon's Climate Pledge initiative. The Climate Pledge brings the world's top companies together to accelerate joint action, cross-sector collaboration, and responsible change.

Climate-conscious travellers want to know how to travel sustainably, and ensure they leave a positive mark on the communities they visit. Through our online series 'Sustainability Stories by Hostelworld' we are showcasing the inspiring work hostels are doing for their local communities and environment, offering hostellers the opportunity to volunteer, so they too can make a real difference. Hostelworld is committed to providing resources for travellers to educate themselves in ways to travel responsibly. Sustainability focussed 'link ups' are now available on our app, and our customers will soon have the option to offset the carbon of their hostel stay on our platform should they wish to do so.

Inclusivity is at the core of hostelling and of the Hostelworld culture. We were very proud to have recently been awarded the Silver Accreditation by the Irish Centre for Diversity, building on the Bronze Accreditation we received in 2022. This accreditation was awarded based on measuring people's sense of fairness, belonging and equity, collated through a detailed survey. Our diverse and inclusive culture has also been shortlisted for a Sustainable Business Impact Award by Chambers Ireland.

Summary

Overall, I am very pleased with the work we have completed and the progress we have made in the first six months of the year. I would like to take this opportunity to thank the Hostelworld team for their commitment to the success of our company, and to thank our shareholders for their continued support.

As the year progresses, the Board will continue to evaluate internal and external opportunities that will deliver value for shareholders. In particular, the Board will evaluate opportunities to invest in our differentiated growth strategy which helps new and existing customers find people to hang out with while hostelling, and adds, to our platform, a broader catalogue of group focused travel products beyond hostel accommodation.

Gary Morrison

Chief Executive

10 August 2023

Financial Review

Highlights

- Group net bookings increase of 64% (H1 2022: 562% increase)
- Net average booking value of €15.15 (-4% year on year) driven by a greater proportion of Asian destination bookings, partially offset by continued bed price inflation
- Net revenue of €45.8m (H1 2022: €28.0m), an increase of 64%
- Marketing costs per net booking of €7.78, a decrease of €1.68 compared to H1 2022 cost €9.46
- Total operating expenses of €47.6m (H1 2022: €40.5m)
- Operating loss of €1.7m (H1 2022: €12.6m loss)
- Adjusted EBITDA of €5.1m (H1 2022: €5.2m loss)
- Loss for the six-month period to 30 June 2023 of €7.5m (H1 2022: €14.3m)
- Adjusted loss per share 1.9 € cent (H1 2022: adjusted loss per share 7.8 € cent)
- Basic loss per share of 6.23 € cent (H1 2022: basic loss per share 12.19 € cent)
- Total cash and cash equivalents as at 30 June 2023 of €10.7m (31 December 2022: €19.0m)
- Net asset position as at 30 June 2023 of €45.7m (31 December 2022: €52.2m)

Revenue and operating loss

The Group's net bookings totalled 3.4m, an increase of 64% compared to H1 2022 (H1 2022: 2.1m). Net revenue for the period was €45.8m (H1 2022: €28.0m), an increase of 64% driven by strong performances in key European, Asian and Oceania markets.

At 30 June 2023, the Group held €8.6m of customer deposits relating to bookings made under the free cancellation policy (31 December 2022: €3.0m). This balance will largely unwind in H2 2023.

Operating expenses totalled €47.6m (H1 2022: €40.5m). €7.1m increase year on year driven by an increase in direct marketing costs of €6.9m and a €0.5m increase in credit card fees, directly related to revenue increases. Direct marketing costs as a percentage of revenue was 51% (H1 2022: 60%). This was due to a combination of normal travel patterns resuming in primary markets and the app-centric social strategy driving marketing efficiencies. Credit card fees totalled €1.5m (H1 2022: €1.0m).

The group incurred a foreign exchange gain of €0.1m (H1 2022: loss €0.5m). Current year gain arose with the weakening of the US dollar against the Euro. Group operating loss amounted to €1.7m (H1 2022: €12.6m). Adjusted EBITDA €5.1m, an increase of €10.3m from an EBITDA loss of €5.2m in H1 2022. Year on year improvement driven by strong booking recovery.

Earnings per share

Basic and diluted loss per share for the Group was 6.23 € cent (H1 2022 basic loss per share: 12.19 € cent).

Adjusted loss per share was 1.9 € cent per share (H1 2022 loss per share: 7.8 € cent per share). On 20 February 2023 the company issued 1,027,655 shares to satisfy restricted share awards granted by the Company at a value of €0.01 per share. On 29 March 2023 3,315,153 shares were issued to HPS on issuance of warrants. On 16 May 2023 the company issued 1,645,994 shares to satisfy long term incentive plan awards. The weighted average number of shares in the period was 120.4m (H1 2022: 117.2m) and the total number of shares at the balance sheet date was 123.5m (H1 2022: 117.5m).

Net debt and financing

At the balance sheet date cash and cash equivalents totalled €10.7m (31 December 2022: €19.0m). The Group has borrowings of €17.4m (31 December 2022: €31.1m).

In May 2023 the Group completed a refinance of its legacy debt facility, which was drawn down in February 2021 during COVID-19 trading. A new 3-year facility was signed with Allied Irish Banks plc ('AIB'). This facility is comprised of a €10.0m term loan, a €7.5m revolving credit facility ('RCF') and an undrawn €2.5m overdraft. In

July 2023 the RCF reduced to €5.0m. Altogether €17.4m was drawn down from AIB, net of arrangement fee, and utilised to repay the former debt facility held with HPS. Balance of repayment to HPS comprised of the Group's cash reserves.

The AIB term loan and RCF each had an initial interest rate payable of 3.75% over EURIBOR. In July 2023 this reduced to 3.25%, as the ratio of Net Debt to adjusted EBITDA was less than 2 times as at 30 June 2023. The interest rate will reduce to 2.65% over EURIBOR where the ratio of Net Debt to adjusted EBITDA is less than 1 times.

The former debt facility was a €30.0m 5-year term loan facility with HPS. An amount of €28.8m, net of original issue discount, was drawn down on 23 February 2021. In April 2023 the Group made a voluntary early repayment of €10.0m of its €30.0m term loan facility with HPS, prior to its full prepayment in May 2023. The HPS debt facility bore interest at a margin of 9% per annum over EURIBOR. In total across April and May repayments totalled €34.1m, comprising of €30.0m principal and €4.1m PIK.

Finance costs

The Group incurred €1.9m of finance costs in H1 2023 (H1 2022: €2.1m). Decrease year on year is due to a €10.0m repayment of the HPS facility in April 2023 and final repayment in May 2023.

Exceptional items

Exceptional items €3.6m (H1 2022: €0.5m) are identified due to their nature or materiality to help the reader form a better view of overall and adjusted trading. Current year exceptional items comprise of costs incurred in exiting the HPS facility, including €0.7m of an early repayment penalty interest, €2.8m accelerated interest costs which relate to transaction costs capitalised on drawdown of HPS facility in February 2021, which were expected to be amortised over a 5-year period to 2026 and €0.1m of transaction costs.

Prior year exceptional items related to a final settlement amount paid to the founder of Counter App Limited, in respect of their shareholders agreement and other contractual relationships with the group and associated legal costs.

Taxation

The Group corporation tax charge for the six-month period is forecast at €0.1m (H1 2022: €0.04m) and primarily relates to our international operations where tax losses from our Irish operations cannot be utilised. The Group has taken the forecasted full year earnings or loss for each group entity to calculate the effective tax rate for the six-month period ending to 30 June 2023.

The deferred tax amortisation charge for the six-month period totalled €0.3m (H1 2022: credit of €0.4m). Prior year deferred tax credit relating to a creation of a deferred tax asset for capital allowances not utilised and available for future offset. 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.

The Group has availed of the Irish Revenue tax warehousing scheme and deferred payment of all Irish employer taxes from February 2021 to March 2022. Total amount warehoused at 30 June 2023 amounted to €9.5m (31 December 2022: €9.4m) as the Group has incurred an interest charge of 3% on the outstanding warehoused liability debt since 01 May 2023. The Group has agreed with the Irish Revenue Commissioners to not repay any balance due on the warehoused facility until April 2024. The Group continues to monitor and comply with the appropriate Revenue guidelines applicable to this scheme.

Share based payment

The share-based payment expense of €0.9m (H1 2022: €1.2m) reflects the share-based payment charge arising on the issuance of options in accordance with the Group's Restricted Share Award, Long-Term Incentive Plan ("LTIP") and Save as you Earn ("SAYE") plan.

On 20 February 2023 the company issued 1,027,655 shares to satisfy restricted share awards granted by the Company at a value €0.01 per share in relation to RSU 2021 which vested in equal tranches in February 2022 and February 2023, and on 16 May 2023 the company issued 1,645,994 shares to satisfy long term incentive plan awards in relation to LTIP 2020 which vested at 75%.

Dividend

The Board does not expect to pay a cash dividend under its current policy in respect of the 2023 financial year. Any payment of cash dividends will be subject to the Group generating adjusted profit after tax, the Group's cash position, any restrictions in the Group's banking facilities and subject to compliance with Companies Act 2006 requirements regarding ensuring sufficiency of distributable reserves at the time of paying the dividend.

Related parties

Related party transactions are disclosed in note 15 to the condensed group financial statements.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on future Group performance and could cause actual results to differ materially from expected and historical results. The Board considers the risks and uncertainties described in detail in the Annual Report and Financial Statements for the year ended 31 December 2022, published on 3 April 2023, to remain applicable. Any changes to this evaluation and a description of the risks and uncertainties are set out within the Appendix to this document on pages 29 to 32.

Caroline Sherry

Chief Financial Officer

10 August 2023

RESPONSIBILITY STATEMENT

Each of the Directors of Hostelworld Group plc (as listed on pages 90 and 91 of the Annual Report and Financial Statements for the year ended 31 December 2022, published on 3 April 2023) confirm that, to the best of each person's knowledge and belief:

1. The condensed set of Group financial statements has been prepared in accordance with United Kingdom adopted International Accounting Standard 34 'Interim Financial Reporting';

2. The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

3. The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board

Gary Morrison	Caroline Sherry
Chief Executive Officer	Chief Financial Officer
10 August 2023	10 August 2023

HOSTELWORLD

HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2023
CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2023

		Six months ended 30 June 2023 Pre Exceptional	**Six months ended 30 June 2023 Exceptional (Note 5)**	**Six months ended 30 June 2023 Total**	**Six months ended 30 June 2022***	**Year ended 31 December 2022***
		€'000	**€'000**	**€'000**	**€'000**	**€'000**
	Notes	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Audited)**
Revenue	3	**45,837**	**-**	**45,837**	27,955	69,690
Operating expenses before impairment	4	**(47,521)**	**(79)**	**(47,600)**	(40,456)	(83,113)
Share of result of associate		**88**	**-**	**88**	4	(206)
Reversal of / (impairment) of trade receivables		**7**	**-**	**7**	(88)	18
Operating loss		**(1,589)**	**(79)**	**(1,668)**	(12,585)	(13,611)
Finance costs		**(1,901)**	**(3,514)**	**(5,415)**	(2,079)	(4,301)
Loss before taxation		**(3,490)**	**(3,593)**	**(7,083)**	(14,664)	(17,912)
Taxation	6 & 10	**(413)**	**-**	**(413)**	378	649
Loss for the period attributed to the equity owners of the parent company		**(3,903)**	**(3,593)**	**(7,496)**	(14,286)	(17,263)
Basic and diluted loss per share (€ cent)	7			**(6.23)**	(12.19)	(14.71)

*Exceptional Costs for the period ended 30 June 2022 (€470k) and year ended 31 December 2022 (€835k) comprised of items included in operating expenses.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

		Six months ended 30 June 2023		Six months ended 30 June 2022		Year ended 31 December 2022
		€'000		**€'000**		**€'000**
		(Unaudited)		**(Unaudited)**		**(Audited)**
Loss for the period		**(7,496)**		(14,286)		(17,263)
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of foreign operations		**(25)**		10		(11)
Total comprehensive loss for the period attributable to equity owners of the parent company		**(7,521)**		(14,276)		(17,274)

HOSTELWORLD GROUP PLC – INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2023
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

		Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
		€'000	€'000	€'000
	Notes	(Unaudited)	(Unaudited)	(Audited)
Non-current assets				
Intangible assets	8	**69,457**	76,411	73,358
Property, plant and equipment	9	**1,047**	958	735
Deferred tax assets	10	**8,861**	8,767	9,174
Investment in associate		**1,068**	1,190	980
Cash and cash equivalents		**750**	750	750
		81,183	88,076	84,997
Current assets				
Trade and other receivables	11	**4,515**	cap3,948	3,246
Cash and cash equivalents		**9,947**	22,580	18,212
Corporation tax		**1**	15	22
		14,463	26,543	21,480
Total assets		**95,646**	114,619	106,477
Issued capital and reserves attributable to equity owners of the parent				
Share capital	12	**1,235**	1,175	1,175
Share premium	12	**14,328**	14,328	14,328
Other reserves	12	**4,235**	6,273	6,432
Retained earnings		**25,885**	32,251	30,308
Total equity attributable to equity holders of the parent company		**45,683**	54,027	52,243
Non-current liabilities				
Lease liabilities		**-**	8	-
Trade and other payables	13	**6,833**	9,436	9,438
Borrowings	14	**9,870**	29,655	30,869
		16,703	39,099	40,307
Current liabilities				
Trade and other payables	13	**24,579**	20,380	12,863
Borrowings	14	**7,522**	184	244
Lease liabilities		**826**	710	547
Corporation tax		**333**	219	273
		33,260	21,493	13,927
Total liabilities		**49,963**	60,592	54,234
Total equity and liabilities		**95,646**	114,619	106,477

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Share capital €'000	Share premium €'000	Retained earnings €'000	Other reserves €'000	Total €'000
As at 31 December 2021 (audited)		**1,163**	**14,328**	**45,140**	**6,475**	**67,106**
Total comprehensive loss for the period	12	-	-	(14,286)	10	(14,276)
Issue of shares	12	12	-	-	-	12
Credit to equity for equity settled share-based payments		-	-	-	1,185	1,185
Transfer on exercise, vesting or expiry of share-based payments		-	-	1,397	(1,397)	-
As at 30 June 2022 (unaudited)		**1,175**	**14,328**	**32,251**	**6,273**	**54,027**
Total comprehensive loss for the period	12	-	-	(2,977)	(21)	(2,998)
Issue of shares	12	-	-	-	-	-
Credit to equity for equity settled share-based payments		-	-	-	1,214	1,214
Transfer on exercise, vesting or expiry of share-based payments		-	-	1,034	(1,034)	-
As at 31 December 2022 (audited)		**1,175**	**14,328**	**30,308**	**6,432**	**52,243**
Total comprehensive loss for the period	12	**-**	**-**	**(7,496)**	**(25)**	**(7,521)**
Issue of shares	12	**60**	**-**	**-**	**-**	**60**
Credit to equity for equity settled share-based payments		**-**	**-**	**-**	**901**	**901**
Transfer on exercise, vesting or expiry of warrants	12	**-**	**-**	**3,073**	**(3,073)**	**-**
As at 30 June 2023 (unaudited)		**1,235**	**14,328**	**25,885**	**4,235**	**45,683**

HOSTELWORLD

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
		€'000	€'000	€'000
		(Unaudited)	(Unaudited)	(Audited)
Cash flows from operating activities				
Loss before taxation		**(7,083)**	(14,664)	(17,912)
Amortisation and depreciation	4	**5,971**	5,733	11,597
Share of result of associate		**(88)**	(4)	206
Net profit on disposal of leases	4	**-**	-	(1)
Net loss on disposal of property, plant and equipment	4	**-**	-	1
Finance costs		**1,901**	2,079	4,301
Finance costs (exceptional)	5	**3,514**	-	-
Employee equity settled share-based payment expense		**939**	1,195	2,396
Changes in working capital items:				
Increase in trade and other payables		**9,111**	8,974	1,457
Increase in trade and other receivables		**(1,269)**	(1,946)	(1,244)
Cash generated from operations		**12,996**	1,367	801
Interest paid		**(2,210)**	(449)	(180)
Income tax paid		**(19)**	(78)	(1,370)
Net cash generated from / (used in) operating activities		**10,767**	840	(749)
Cash flows from investing activities				
Acquisition/development of intangible assets	8	**(1,544)**	(2,327)	(4,597)
Purchases of property, plant and equipment	9	**(61)**	(148)	(196)
Net cash used in investing activities		**(1,605)**	(2,475)	(4,793)
Cash flows from financing activities				
Proceeds received on issue of warrants		**33**	-	-
Debt costs capitalised	14	**(170)**	-	-
Proceeds from borrowings	14	**17,369**	-	-
Repayment of borrowings	14	**(34,066)**	-	-
Repayments of obligations under lease liabilities		**(568)**	(312)	(752)
Net cash used in from financing activities		**(17,402)**	(312)	(752)
Net decrease in cash and cash equivalents		**(8,240)**	(1,947)	(6,294)
Cash and cash equivalents at the beginning of the period		**18,962**	25,267	25,267
Effect of foreign exchange rate changes		**(25)**	10	(11)
Cash and cash equivalents at the end of the period		**10,697**	23,330	18,962

1. GENERAL INFORMATION

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 One Chamberlain Square, Birmingham, B3 3AX.

The condensed Group financial statements of the Company for the six months ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as "the Group"). The condensed Group financial statements for the period ended 30 June 2023 have neither been audited or reviewed.

The information for the year ended 31 December 2022 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts and their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

These condensed Group financial statements were authorised for issue by the Board of Directors of Hostelworld Group plc on 09 August 2023.

2. ACCOUNTING POLICIES

Basis of preparation

The annual financial statements of the Group will be prepared in accordance with United Kingdom adopted International Financial Reporting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34 'Interim Financial Reporting'.

Going concern

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

Across H1 2023 we have seen strong month on month growth in new customers, new bookings and an increase in net revenue as the Group recovered from COVID-19. Revenue for H1 2023 totalled €45.8m (H1 2022: €28.0m). At 30 June 2023 the Group was in a net asset position of €45.7m (31 December 2022: €52.2m) and a net debt position of €16.2m (31 December 2022: €21.6m).

In May 2023, the Group refinanced its 5 year €30.0m legacy term loan facility entered into during COVID-19 with HPS Investment Partners LLC or subsidiaries or affiliates thereof ('HPS'). On 23 February 2021 an amount of €28.8m was drawn down on the facility. In May 2023 the Group fully refinanced this debt facility following agreeing a new 3-year facility with Allied Irish Banks plc ('AIB'). This new facility comprised a €10.0m term loan, a €7.5m revolving credit facility ('RCF') and an undrawn €2.5m overdraft. The term loan and RCF each have an initial interest rate payable of 3.75% over EURIBOR, reducing to 3.25% where the ratio of Net Debt to adjusted EBITDA is less than 2 and, 2.65% where the ratio is less than 1. This new facility, will materially lower interest costs, significantly strengthen the Group's balance sheet and consolidates the firm foundations upon which the Group will drive profitable growth and create shareholder value.

Having considered the Group's cash flow forecasts, 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 has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of signing of this report, and accordingly, they continue to adopt the going concern basis in preparing the condensed Group financial statements.

Changes in accounting policies

Since the last Annual Report there are a number of amendments to existing accounting standards that have been adopted. These did not have a material impact on the condensed Group financial statements. The same accounting policies and methods of computation are followed compared with the most recent annual Group financial statements.

Key judgements and sources of estimation uncertainty

In preparing these condensed Group financial statements, the directors have made judgements in applying the Group's accounting policies and there are key sources of estimation uncertainty which affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing the condensed Group financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2022. The Annual Report was published on 3 April 2023.

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 bookings worldwide, including ancillary online 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 loss after tax of the Group for the period. 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 exceptional 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:

	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
	€'000	**€'000**	**€'000**
	(Unaudited)	**(Unaudited)**	**(Audited)**
Europe	**26,840**	18,665	45,936
Americas	**8,957**	7,513	15,719
Asia, Africa and Oceania	**10,040**	1,777	8,035
Total revenue	**45,837**	27,955	69,690

For the six-month period ended 30 June 2023, an amount of €5,613k was deferred to the balance sheet (30 June 2022: €5,429k).

Disaggregation of revenue is presented as follows:

	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)	(Audited)
Technology and data processing fees	**45,362**	27,872	69,363
Ancillary services and advertising revenue	**475**	83	327
Total revenue	**45,837**	27,955	69,690

In the six months ended 30 June 2023, the Group generated 99% (30 June 2022: 100%) of its revenues from the technology and data processing fees that it charged to accommodation providers.

4. OPERATING EXPENSES EXCLUDING IMPAIRMENT

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

	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)	(Audited)
Marketing expenses	**26,826**	20,050	42,233
Staff costs	**9,739**	8,703	18,078
Credit card processing fees	**1,452**	918	2,047
Loss on disposal of property, plant & equipment	**-**	-	1
Profit on disposal of lease liability	**-**	-	(1)
Exceptional items	**79**	470	835
Foreign exchange (gain)/ loss	**(106)**	519	714
Other administrative costs	**3,765**	4,063	7,710
Total administrative expenses	**41,755**	34,723	71,617
Depreciation of property, plant and equipment	**526**	428	968
Amortisation of intangible fixed assets	**5,445**	5,305	10,629
Amortisation of R&D tax credit	**(126)**	-	(101)
Total operating expenses excluding impairment	**47,600**	40,456	83,113

Total administration expenses increased by €7,032k to €41,755k (30 June 2022: €34,723k), predominantly due to an increase in direct marketing costs of €6,837k to €26,456k (30 June 2022: €19,619k), as revenue increased.

Included in staff costs in the prior year are income related to government assistance totalling €376k for a subsidy received under the Employment Wage Subsidy Scheme in Ireland, no relief has been received in 2023.

Included within administration expenses in the current period is a total credit of €62k (H1 2022: €nil) in relation to an R&D tax credit claimed in respect of projects completed in 2022.

5. EXCEPTIONAL ITEMS

	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)	(Audited)
Litigation settlements	**-**	470	519
Restructuring costs	**3,593**	-	316
Total exceptional items	**3,593**	470	835

The exceptional items for the six months period amounted to €3,593k (30 June 2022: €470k). Current year exceptional items comprise of costs incurred in exiting the HPS facility, including €687k of an early repayment penalty interest, €2,827k accelerated interest costs which relate to transaction costs capitalised on drawdown of HPS facility in February 2021, which were expected to be amortised over a 5-year period to 2026 and €79k of transaction costs which do not meet the criteria for capitalisation. In the prior year, exceptional items relate to a final settlement amount paid to the founder of Counter App Limited, on their exit from the company and associated legal costs.

6. TAXATION

The corporation tax charge for the six-month period is forecast at €100k (30 June 2022: €37k). 2023 and 2022 charge relate primarily to our overseas operations where tax losses from our Irish operations cannot be utilised.

Taxation charge represents the best estimate of the average annual effective tax rate expected for the full year applied to the pre-tax profit or loss of each group entity during the six-month period. In calculating the expected tax rate, the Group has taken the forecasted full year 2023 earnings or loss of each group entity.

7. LOSS PER SHARE

Basic loss per share is computed by dividing the net loss for the period available to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period:

	Six months ended 30 June 2022	Six months ended 30 June 2022	Year ended 31 December 2022
	(Unaudited)	(Unaudited)	(Audited)
Weighted average number of shares in issue ('000s)	**120,395**	117,165	117,338
Loss for the period (€'000s)	**(7,496)**	(14,286)	(17,263)
Basic and diluted loss per share (€ cent)	**(6.23)**	(12.19)	(14.71)

On 20 February 2023 the company issued 1,027,655 shares to satisfy restricted share awards granted by the Company at a value €0.01 per share, and on 16 May 2023 the company issued 1,645,994 shares to satisfy long term incentive plan awards.

In connection with the incumbent HPS facility set out in note 14, Hostelworld 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 at the time of issue of the warrants) to HPS. The warrants could 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 29 March 2023 3,315,153 shares were issued to HPS on issuance of warrants.

The weighted average number of shares in the period was 120.4m (H1 2022: 117.2m) and the total number of shares at the balance sheet date was 123.5m (H1 2022: 117.5m).

Diluted loss per share is computed by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive ordinary shares. The issue of warrants and share options and share awards (note 12) are the Company's only potential dilutive ordinary shares. Ordinary shares potentially issuable from share-based payment arrangements and warrants are anti-dilutive due to the loss in the financial period meaning there is no difference between basic and diluted earnings per share.

8. INTANGIBLE ASSETS

Additions during the period comprised of capitalised development costs of €1,520k (30 June 2022: €2,256k), software additions of €24k (30 June 2022: Nil) and an acquisition of a domain name of €Nil (30 June 2022: €71k). There were no disposals. Offsetting additions is a total amortisation charge of €5,445k for the period ended 30 June 2023 (30 June 2022: €5,305k).

9. PROPERTY, PLANT AND EQUIPMENT

The Group recognised additions during the six months ended 30 June 2023 totalling €61k (30 June 2022: €148k) for computer equipment and €40k (30 June 2022: €944k) for right-of-use lease additions. In addition, the Group recognised an increase of €737k in the carrying value of the right-of-use lease assets upon the modification of an existing lease pertaining to the Group's Dublin office space. There has been no disposal of assets during the period (30 June 2022: €Nil). Total depreciation charge is €526k for the period ended 30 June 2023 (30 June 2022: €428k).

10. DEFERRED TAXATION

	30 June 2023	**30 June 2022**	**31 December 2022**
	€'000	**€'000**	**€'000**
	(Unaudited)	**(Unaudited)**	**(Audited)**
Opening balance	**9,174**	8,352	8,352
(Cost) / Credit to the consolidated income statement	**(313)**	415	822
	8,861	8,767	9,174

The deferred tax amortisation cost for the six-month period totalled €313k (30 June 2022: credit of €415k). Prior year credit relates to a deferred tax asset created for capital allowances not utilised and available for future offset.

At 30 June 2023 the carrying value of deferred tax assets amounted to €8,861k (31 December 2022: €9,174k). Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available in future periods. Recognition of deferred tax assets is reliant on detailed forecast information regarding the future performance of business. The Group does not have any binding fixed term contracts in place which guarantee profitability. The Group has been loss making since 2020 as a direct consequence of COVID-19. The Group is budgeted to return to a profit before tax driven by a recovery to normal trading, which forms the basis of the recoverability of the deferred tax asset. The recognition and recoverability of the deferred tax asset is based on the Group's ability to generate sufficient taxable profits in future financial years. As part of our recoverability analysis, the Group has performed a sensitivity analysis on taxable profits growth over the next five years. The Group's forecasted taxable profits would have to decline by over 10% over the next five years before there is a risk that the deferred tax asset is not fully recovered in that period.

11. TRADE AND OTHER RECEIVABLES

	30 June 2023	30 June 2022	31 December 2022
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)	(Audited)
Amounts falling due within one year			
Trade receivables	**1,191**	719	611
Prepayments and accrued income	**922**	773	1,265
Value added tax	**2,402**	2,456	1,370
	4,515	3,948	3,246

12. SHARE CAPITAL

	No of shares of €0.01 each (thousands)	Share capital €'000	Share premium €'000	Total €'000
At 31 December 2022	117,511	1,175	14,328	15,503
Share issue – Restricted share award, 20 February 2023	1,028	10	-	10
Warrant issue to HPS, 29 March 2023	3,315	33	-	33
Share issue – Long term incentive plan, 16 May 2023	1,646	17	-	17
At 30 June 2023	**123,500**	**1,235**	**14,328**	**15,563**

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.

Reconciliation and movement in other reserves during the period as follows:

	Foreign currency translation reserve	Share based payment reserve	Warrant reserve	Total
	€'000	€'000	€'000	€'000
At 31 December 2021	**40**	**3,362**	**3,073**	**6,475**
Exchange differences on translation of foreign operations	10	-	-	10
Credit to equity for equity settled share-based payments	-	1,185	-	1,185
Transfer on exercise, vesting or expiry of share-based payments	-	(1,397)	-	(1,397)
At 30 June 2022	**50**	**3,150**	**3,073**	**6,273**
Exchange differences on translation of foreign operations	(21)	-	-	(21)
Credit to equity for equity settled share-based payments	-	1,214	-	1,214
Transfer on exercise, vesting or expiry of share-based payments	-	(1,034)	-	(1,034)
At 31 December 2022	**29**	**3,330**	**3,073**	**6,432**
Exchange differences on translation of foreign operations	(25)	-	-	(25)
Credit to equity for equity settled share-based payments	-	901	-	901
Transfer on exercise, vesting or expiry of warrants	-	-	(3,073)	(3,073)
At 30 June 2023	**4**	**4,231**	**-**	**4,235**

13. TRADE AND OTHER PAYABLES

	30 June 2023	30 June 2022	31 December 2022
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)	(Audited)
Non-current liabilities			
Payroll taxes	**6,833**	9,436	9,438

The Group has availed of the Irish Revenue tax warehousing scheme and deferred payment of all Irish employer taxes from February 2021 to March 2022. Total amount warehoused at 30 June 2023 amounted to €9,486k (31 December 2022: €9,438k) including interest of €50k (31 December 2022: €Nil). The Group has agreed with the Irish Revenue Commissioners to not repay any amounts due on the warehoused facility until April 2024. An amount of €2,653k is included within current liabilities. The Group incurs an annual interest charge of 3% on the outstanding warehoused liability debt which commenced on 01 May 2023. The Group continues to monitor and comply with the appropriate Revenue guidelines applicable to this scheme.

	30 June 2023	30 June 2022	31 December 2022
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)	(Audited)
Non-current payroll taxes (warehoused)	**6,833**	9,436	9,438
Current payroll taxes (warehoused)	**2,653**	-	-
	9,486	9,436	9,438

	30 June 2023	30 June 2022	31 December 2022
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)	(Audited)
Current liabilities			
Trade payables	**5,907**	7,758	3,944
Accruals and other payables	**6,546**	5,585	5,136
Deferred revenue	**8,883**	6,472	3,201
Payroll taxes*	**3,243**	565	582
	24,579	20,380	12,863

**2023 amounts includes €2,653k of payroll taxes warehoused*

At 30 June 2023, €8,618k of revenue was deferred relating to free cancellation bookings (31 December 2022: €3,005k) and €265k relates to featured listings (31 December 2022: €178k). Increase in provision directly driven by increase in bookings and revenue.

Included in accruals and other payables is a credit provision amounting to €150k (31 December 2022: €150k) for vouchers and incentives to customers for use on future bookings reflecting the expected value attached to vouchers. There is uncertainty on the value of the credit provision given it is based on the probability that a customer will use their voucher. The provision has not been discounted.

14. BORROWINGS

	30 June 2023	30 June 2022	31 December 2022
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)	(Audited)
Opening balance	**31,113**	28,209	28,209
Drawdown	**17,369**	-	-
Repayments	**(34,066)**	-	-
Transaction costs capitalised related to borrowings	**(170)**	-	-
Finance costs	**1,838**	1,630	4,243
Finance costs – exceptional items	**2,827**		
Finance interest paid	**(1,519)**	-	(1,339)
	17,392	29,839	31,113

In 2021 the Group signed a €30.0m five-year term loan facility with certain investment funds and accounts of HPS Investment Partners LLC (or subsidiaries or affiliates thereof). On 05 April 2023 the Group repaid €10m of the HPS facility and on 09 May 2023 the amount owing on the facility was repaid in full. An early repayment penalty of 2% applied. Total repayment penalty costs of €686k are included within Note 5 Exceptional items.

The April and May repayments totalled €34,066k which comprise of €30,000k principal and €4,066k PIK interest.

Cash interest paid to 30 June 2023 totalled €1,519k (30 June 2022: €nil). Increase year on year driven by all interest in the first year of the HPS facility after drawdown being rolled up and capitalised as PIK interest. Between the first and third anniversaries of drawdown, Hostelworld elected to capitalise 4.0% per annum of the accruing interest with the balance of the interest during that period.

A new 3-year facility was signed with Allied Irish Banks plc ('AIB') on 9 May 2023. This facility is comprised of a €10,000k term loan, a €7,500k revolving credit facility ('RCF') and an undrawn €2,500k overdraft. An amount of €17,369k was drawn down, net of arrangement fee. Amount drawn down was utilised to repay the HPS facility.

The AIB term loan and RCF each had an initial interest rate payable of 3.75% over EURIBOR. In July 2023 this reduced to 3.25%, when the ratio of Net Debt to adjusted EBITDA was less than 2 times. The interest rate will reduce to 2.65% over EURIBOR where of Net Debt to adjusted EBITDA is less than 1 times.

Financial covenants attached to the facility are set out as follows:

1. Maintaining a minimum cash balance on hand of €6m;
2. Ensuring an interest cover of not less than 3:1. Interest cover is defined as the ratio of Adjusted EBITDA to Gross Interest Paid in respect of any Relevant Period. Covenant is tested quarterly, based on the prior 12-month actuals; and
3. Ensuring the Groups adjusted leverage ratio does not exceed 3:1. Adjusted leverage is defined as the ratio of Net Debt on the last day of each quarter to Adjusted EBITDA in respect of the 12 months to the quarters reporting date.

The debt is guaranteed by the Group's principal trading entity Hostelworld.com Limited, who has provided the lenders with a customary security package over its assets.

Borrowings are classified in the consolidated statement of financial position as:

	30 June 2023	**30 June 2022**	**31 December 2022**
	€'000	**€'000**	**€'000**
	(Unaudited)	**(Unaudited)**	**(Audited)**
Non-current borrowings	**9,870**	29,655	30,869
Current borrowings	**7,522**	184	244
	17,392	29,839	31,113

15. GROUP STRUCTURE AND RELATED PARTY TRANSACTIONS

There are no changes to the Group structure or related party transactions to highlight in respect of H1 2023 and no related party transactions to highlight.

16. EVENTS AFTER THE REPORTING DATE

There have been no significant events, outside the ordinary course of business, affecting the Group since 30 June 2023.

APPENDIX 1: ALTERNATIVE PERFORMANCE MEASURES

The Group uses the following alternative performance measures ('APMs') which are non–IFRS measures to monitor the performance of its operations and of the Group as a whole: 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. An explanation of each APM and its purpose within the Group is set out from page 222 within the Annual Report and Financial Statements for the year ended 31 December 2022, published on 3 April 2023.

Adjusted EBITDA

Relates to loss / earnings before interest, tax, depreciation and amortisation, excluding exceptional and non-cash items ("Adjusted EBITDA"). Exceptional items by their nature and size can make interpretation of the underlying trends in the business more difficult. We believe this APM reflects the key drivers of profitability for the Group and removes those items which do not impact underlying trading performance.

Reconciliation between loss for the year and adjusted EBITDA:

	30 June 2023	**30 June 2022**
	€'000	**€'000**
Loss for the year	**(7,496)**	**(14,286)**
Taxation	413	(378)
Net finance costs	1,901	2,079
Net finance costs (exceptional)	3,514	-
Operating loss	**(1,668)**	**(12,585)**
Depreciation	526	428
Amortisation of development costs	1,524	1,378
Amortisation of acquired intangible assets	3,921	3,927
R&D Tax Credit	(126)	-
Share of result of associate	(88)	(4)
Exceptional items	79	470
Share based payment expense	939	1,195
Adjusted EBITDA	**5,107**	**(5,191)**

Adjusted loss after taxation ("Adjusted PAT")

Adjusted profit/(loss) after taxation is an APM 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 for the year:

	30 June 2023	**30 June 2022**
	€'000	**€'000**
Adjusted EBITDA	**5,107**	**(5,191)**
Depreciation	(526)	(428)
Amortisation of development costs	(1,524)	(1,378)
Net finance costs	(1,901)	(2,079)
Net finance costs (exceptional)	(3,514)	-
R&D Tax Credit	126	-

Share of result of associate	88	4
Corporation tax	(100)	(37)
Adjusted loss after taxation	**(2,244)**	**(9,109)**
Exceptional items	(79)	(470)
Amortisation of acquired intangible assets	(3,921)	(3,927)
Share based payment expense	(939)	(1,195)
Deferred taxation	(313)	415
Loss for the year	**(7,496)**	**(14,286)**

Adjusted loss per share

Adjusted EPS is an APM 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.

	30 June 2023	**30 June 2022**
Adjusted loss after taxation €'000	**(2,244)**	**(9,109)**
Weighted average shares in issue ('m)	120	117
Adjusted EPS	**(1.9)**	**(7.8)**

Adjusted free cash flow

Free cash flow adjusted for refinance cashflow movements and exceptional cost outflows. Free Cash Flow Conversion has been adjusted for capital expenditure, acquisition of intangible assets, net finance costs and excludes the effect of exceptional costs.

It is a key measure which shows the cash the Group is generating/ using as it excludes certain items which to not relate to the day-to-day activities of the Group.

	30 June 2023	**31 December 2022**
	€'000	**€'000**
Net decrease in cash and cash equivalents	**(8,240)**	(6,294)
Add back		
Repayment of borrowings	**34,066**	-
Proceeds from borrowings	**(17,369)**	-
Transaction costs capitalised	**170**	-
Proceeds received on issue of warrants	**(33)**	-
Warehoused payroll taxes	**-**	(1,389)
Exceptional items*	**778**	806
Adjusted free cash flow / (absorption)	**9,372**	(6,877)
Adjusted EBITDA profit	**5,107**	1,321
Adjusted free cash flow / (absorption) % [conversion]	**183%**	(521%)

* Exceptional items included in adjusted free cash flow exclude professional fees included in liabilities at reporting date not paid.

Net average booking value ("ABV")

Net average booking value is a key performance revenue measure which looks at the average value paid by a customer for a booking. It is a key performance indicator of the value of bookings and commission earned on generated bookings.

	30 June 2023	30 June 2022
	€'000	€'000
Gross revenue	59,267	37,598
Cancellations	(7,769)	(4,801)
Revenue	**51,498**	**32,797**
Deferred revenue movement	(5,613)	(5,429)
Counter revenue	109	52
Roamies revenue	44	-
Adjustments to revenue**	(171)	803
Advertising income	475	83
Volume incentive rebates	(505)	(351)
Net revenue	**45,837**	**27,955**

*Gross booking revenue less cancellations
**primarily relates to recognition of refunds, chargebacks and voucher provisioning.

	30 June 2023	30 June 2022
Revenue (€'000)	51,498	32,797
Net bookings (#'000)	3,398	2,073
Net ABV generated € cent per share	**15.15**	**15.82**

Net gross merchandise value (GMV)

Net GMV represents the gross transaction value of bookings on our platform less cancellations.

It is an APM which shows the total value of transactions executed through our platform.

	30 June 2023	30 June 2022
	€'000	€'000
Net GMV	**339,547**	216,287

Direct marketing costs as a % of revenue

Direct marketing costs as a percentage of revenue is an APM which looks at the percentage of paid marketing cost per value of bookings.

	30 June 2023	30 June 2022
	€'000	€'000
Direct Marketing Costs*	**26,456**	19,619
Revenue [Net GBR]	**51,498**	32,797
Direct Marketing Costs as a % of Revenue**	**51%**	60%

*Total Marketing Costs are €26,826k (H1 2022: €20,050k), within this balance Direct Marketing Costs total €26,456k (H1 2022: €19,619k). Balance relates to brand marketing.
**In the prior year direct costs as a % of revenue was presented using % of net revenue. Net revenue considers deferred revenue, other ancillary revenues as well as rebates. Revenue [generated revenue] has been used to calculate this percentage in the current year as this better aligns to how this metric is viewed internally by the Group.

APPENDIX 2: PRINCIPAL RISKS AND UNCERTAINTIES

The Group's risk register identifies key risks including any emerging risks and monitors progress in managing and mitigating these risks. Each risk identified is subject to an assessment incorporating likelihood of occurrence and potential impact on the Group. The Group's risk register is subject to review by the Senior Leadership Team ('SLT') and Executive Leadership Team ('ELT') prior to reporting to the Audit Committee and Board.

The principal risks and uncertainties faced by the Group are reported annually within the Annual Report and Financial Statements for the year ended 31 December 2022, published on 3 April 2023.

A review was performed of the risk register during H1 2023. The risks included have not materially changed from those reported within the Annual Report.

	Strategic & external risk	Technological, Cyber & Data risk	Financial risk	Operational & Regulatory risk
Unchanged level of risk	- Macroeconomic conditions - Competition	- Data security - Cyber - IT platforms and technological innovation - Search engine algorithms	- Taxation - Financial	- Third party reliance - Climate change and sustainability - Regulation - Business continuity - Brand and reputation
Decreasing level of risk	- Impact of uncontrollable events on our business and the leisure travel industry [Pandemic]			- People

The following changes were made:

1. The risk profile of the following risks has decreased in 2023 in regard to the probability of the occurrence of the risk on the Group or the impact it would have in terms of reputation or cost.
    - People related risk has decreased as while the recruitment environment remains highly competitive, attrition levels are not as high as during 2022. Additionally, headcount levels are expected to remain consistent with the Group.
    - The risk related to the impact of uncontrollable events on our business and the leisure travel industry has decreased reflecting the lowering of the specific COVID-19 related risk when considering pandemic related risk. Trading has largely returned to normal.
2. Our risks have evolved in some areas to take into account two key themes – impact of artificial intelligence on our business and the impact of our growing social platform, including Linkups, o how we manage our regulations, data and cyber security.

We have not identified any emerging risks. The principal risks and uncertainties which are applicable for the second half of the year are summarised below.

Material risks

- Macroeconomic conditions
    - The Group's financial performance is largely dependent on the wide availability of, and demand for travel services. The demand for travel services is influenced by a range of macroeconomic circumstances and their impact on consumers discretionary spending levels.

Economic activity, employment levels, inflation, interest rates, foreign exchange movements and access to credit are among the factors that can impact travel demand.

- Data security
    - The security of the confidential business information we generate when engaging in e-commerce and the personal data we capture from customers and employees is essential to maintaining confidence in our services. As an online platform, we are constantly exposed to threats in the form of internal and external attacks or disruption to our systems or those of our third-party suppliers.

- Cyber security
    - The Group like other companies is susceptible to cyberattacks which could compromise the integrity of our systems and the security of our data. Cyberattacks by individuals, groups of hackers and state-sponsored organisations are increasing in frequency. The tools and techniques used in such attacks continue to evolve in sophistication.

- People
    - The Group is dependent on its ability to attract, retain and develop creative, committed and skilled employees in order to achieve its strategic objectives. While attrition rates in the latter half of 2022 into 2023 have reduced, the recruitment environment remains intense. People risk has decreased in 2023 but may increase in future if the Group does not keep pace with market developments.

- Financial risk
    - The Group's activities expose it to a variety of financial risks; market risk (particularly exchange rates), credit risk and liquidity risk. The Group proactively manages financial risk by seeking to minimise potential adverse effects on its financial performance.

- Competition
    - The risks posed by competition where we compete for supply of hostel inventory and customers could adversely impact our market share and future growth of the business. Our competition may have more resources than we do, enabling them to compete more effectively.

- IT platforms and technological innovation
    - The ever-increasing pace of change of new technology, infrastructure and software offerings change how customers research, purchase, and experience travel. We must stay abreast of technological innovation and change, both in our product offerings and supporting infrastructure, or risk becoming irrelevant to the modern customer. We invest a significant amount in product and user experience functions.

- Third party reliance
    - We rely on hostel accommodation providers to provide us with our inventory. Any limitations on such will directly impact our business and results of operations.
    - We rely on a number of key third-party providers within our technology environment for our cloud storage and databases. Any interruption in service from any of these providers may lead to a loss in revenue, loss in site and app functionality, increased input from customer services and engineer time, and ultimately if we experience multiple failures we risk reputational and brand damage.
    - The Group relies on payment processors and payment card schemes to execute certain components of the payments process. There is a risk that the Group may not maintain its

relationships with these third parties on favorable terms or that the transaction fees imposed by these providers are increased.

- Search engine algorithms and managing our marketing channels
  - We rely significantly on practices such as Search Engine Optimisation and Search Engine Marketing to improve our visibility in relevant search results. Search engines frequently update and change the logic that determines the placement and display of results. As these algorithms evolve, our marketing strategy is at risk of falling behind and not remaining competitive. Our costs to improve or maintain our placement in search results can increase which directly impacts our results and margins.

- Climate change and sustainability
  - Climate change and sustainability continue to be areas of increased focus for the Group and are further evolving as areas of heightened concern with consumers and stakeholders. There is a request for more accountability from our customers, employees, and other stakeholders as to the Group's actions to limit its direct and indirect impact on climate change.

- Impact of uncontrollable events on our business and the leisure travel industry
  - The threat of a global pandemic (similar to COVID-19), terrorist attacks in key cities and aircrafts in flight, geopolitical conflicts, climate change, natural disasters or other adverse events outside of the control of the Group may reduce demand for or prevent the ability to travel to affected regions. This may result in risk to the health of our employees and customers and may have consequential negative impact on economic activity.

- Regulation
  - The Group's business is global and highly regulated, and is exposed to issues such as competition, licensing of local accommodation and experiences, language usage, web-based trading, consumer compliance, taxation, intellectual property, trademarks, data protection and information security and commercial disputes in multiple jurisdictions. Regulatory and legal requirements and uncertainties around these issues could subject the Group to business constraints, increased regulatory and compliance costs, and other complexities which may otherwise harm our business.

- Business continuity
  - Failure in our IT systems or third party hosted services on which we rely could disrupt availability of our booking engines and payments platforms, or availability of administrative services.

- Brand and reputation
  - Hostelworld is a world leading OTA focused on the hostel market. We rely on the strength of our brand in the market to attract customers to our platform and to secure bookings. Consumer trust and confidence in our brand is therefore essential to ongoing revenue stability and growth. Negative publicity could impact brand perception, consumer loyalty and ultimately revenues.

- Taxation
  - Due to the global nature of our business, tax authorities in other jurisdictions may consider certain taxes as due in their jurisdiction. If those tax authorities take a different view than the Group as to the basis on which the Group is subject to tax, it could result in the Group having

to account for tax that it currently does not collect or pay. Additional employee locations in a remote working environment also could give rise to potential tax implications.