

# HOSTELWORLD GROUP PLC

## PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

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**Hostelworld Group plc (“Hostelworld” or the “Group” or the “Company”) preliminary results for the year ended 31 December 2023**

### **A record year, with adjusted EBITDA exceeding market guidance**

21 March 2024: Hostelworld, a leading global OTA focused on the hostel market, is pleased to announce its preliminary results for the year ended 31 December 2023.

#### **Significant developments**

- Record full year net GMV and generated revenue
- Leader in Social Travel, with a highly differentiated business model driving strong growth in App bookings and reduced marketing costs as a % of revenue
- Robust bookings growth across all regions, a record year for Asia
- Operating costs continue to decline as a % of revenue
- Strong cash conversion driving deleveraging of balance sheet
- Returned the business to profitable earnings per share
- Continued progress of ESG agenda: launched ‘Staircase to Sustainability’ framework, awarded ‘Investors in Diversity’ Silver accreditation (building on 2022 Bronze) and published the 2nd edition of ‘Understanding the carbon impact of hostels vs. hotels’ in partnership with Bureau Veritas validating hostels as more sustainable than hotels
- Strong start to 2024 with positive trends continuing

#### **Financial highlights**

- Full year net bookings totalled 6.5m, an increase of 37% year on year (2022: 4.8m)
- Net GMV €618.7m, an increase of 32% year on year (2022: €470.1m)
- Net revenue for the period was €93.3m an increase of 34% year on year (2022: €69.7m)
- Net Average Booking Value (‘ABV’) of €14.36, a decrease of 4% year on year (2022: €14.90), a combination of bed price inflation and a greater proportion of Asian destination bookings
- Direct marketing as a percentage of revenue amounted to 50% (2022: 58%)
- Operating costs (excluding paid marketing costs, exceptional costs and share option charges) of €25.3m an increase of €0.4m year on year, continue to reduce as a % of revenue, 27% (2022: 35%)
- Adjusted EBITDA of €18.4m (2022: €1.3m)
- Profit after tax of €5.1m (2022: €17.3m loss)
- Adjusted EPS 9.91 cent (2022: 5.97 cent loss)

#### **Balance sheet and cash flow**

- Total cash as at 31 December 2023 of €7.5m (2022: €19.0m) and net debt €12.3m (2022: €21.6m)
- Adjusted free cashflow of €13.9m, 75% cash conversion (FY22: -521% cash conversion), balance of €7.5m revolving credit facility fully repaid in February 2024

#### **Gary Morrison, Chief Executive Officer, commented:**

*“I am very pleased to report another strong year of strategic progress for Hostelworld, which is reflected in our results. Over 2023 we grew market share, delivered record revenues, and increased operating leverage through a combination of reduced marketing spend (as a percentage of revenue) and continued operating cost discipline to deliver €18.4m EBITDA, which exceeded our guidance range of €17.5m - €18.0m.*

*This operational delivery coupled with the strong cash conversion characteristics of our business model and a new €17.5m facility agreed with Allied Irish Banks, plc in May 2023, enabled us to strengthen our balance sheet and reduce our finance costs. As of February 2024, we have repaid in full the €7.5m revolving credit facility drawn down with AIB. Interest on the remaining term loan is charged at 2.65% over EURIBOR.*

*I am also proud to report that the Group continues to progress its ESG agenda and in particular the recent launch of our ‘Staircase to Sustainability’ framework with the Global Sustainable Tourism Council. This framework will help our hostel partners to promote the inherent sustainability advantages of their hostel accommodation.”*

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### PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### Outlook

*"With our record performance in 2023 and substantial progress in strengthening our balance sheet, I believe we are strongly positioned to deliver against our medium-term financial commitments published at our Capital Markets Day in November 2022. We have started 2024 with strong momentum, and I feel confident that we will continue our track record of profitable growth and value creation for our shareholders."*

#### Analyst Presentation

A presentation will be made to analysts today at 9.00am, a copy of which will be available on our Group website: <http://www.hostelworldgroup.com>. If you would like to dial into the presentation, please contact Powerscourt on the contact details provided below, or join directly via webcast link provided below.

#### Webcast Link

[https://brrmedia.news/HSW\\_FY23](https://brrmedia.news/HSW_FY23)

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#### About Hostelworld

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 most travellers go hostelling 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. 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 and headquartered in Ireland, Hostelworld is a well-known trusted brand with almost 230 employees, hostel partners in over 180 countries, and a long-standing commitment to building a better world. To that end, our focus over the last few years has been on improving the sustainability of the hostelling industry. In particular, over the last two years we have commissioned independent research to validate the category's sustainability credentials, and recently introduced a hostel specific sustainability framework which encourages our hostel partners to move to even more sustainable operations and also provides the data points for our customers to make more informed decisions about where they stay. In addition, our customers are now able to offset their trip's carbon emissions should they wish to do so, and we have maintained our 'Funding Climate Action' label awarded by South Pole.

#### Disclaimer

*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.*

## HOSTELWORLD GROUP PLC

### PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

*Chairman's Statement: Michael Cawley*

#### Introduction

2023 was a year of improved financial performance and strategic development for Hostelworld. Our differentiated strategy enabled us to achieve record revenues, grow market share, and deliver adjusted EBITDA earnings ahead of market guidance. Our mission, to 'help travellers find people to hang out with', has resonated strongly with our customers, 61% of whom are young solo travellers (2022 59%), with our innovative 'social' strategy enabling them to make connections and build a community.

Demand was strong across all key markets and resulted in a year of record revenue growth. Following a prolonged period of travel restrictions, 2023 was a milestone year, particularly for Asia, with bookings into this region the largest in the history of the business. European demand was also particularly strong, with bookings up +14%, revenue up +21% and bed prices remaining high throughout the year.

We continued to evolve and enhance our social network product offering during the year. Initially launched in 2022, enhancements during 2023 focussed on the customer experience, with improvements to the sign-up process, richer user profiles, and messaging functionality. As a result, we saw increased engagement through the app, with 68% of 2023 bookings made by social network members (2022: 34%). Hostel hosted social events ('Linkups') were launched in Q2 2023, providing customers with a range of opportunities to connect with other like-minded travellers and share travel experiences.

We also continued to be disciplined and focussed on costs. I am particularly pleased to report that operating costs (which exclude paid marketing, exceptional items and share option charges) remain below 2019 levels (-10%) and have declined as a % of revenue from 35% in 2019 to 27% in 2023.

#### Our People

Hostelworld is powered by its people, and we are fortunate to be able to attract and retain talented and committed staff from a diversity of backgrounds in all areas of the business. Each contributes to a vibrant culture in Hostelworld which promotes equality and dignity at work and ensures everyone feels they belong. The Group's strong performance and strategic development during 2023 was achieved thanks to their focus, dedication and innovation, and I would like to express the Board's gratitude for their efforts.

#### Sustainability

Ensuring a sustainable future is of paramount importance to all our stakeholders and is reflected in our company values. The Group welcomes the second publication of a research report by leading sustainability and compliance specialist, Bureau Veritas, which confirms that hostels emit significantly less Scope 1 and Scope 2 emissions (tCO<sub>2</sub>e) compared to a typical hotel chain, on a per bed-night basis. Further, the report also confirms that the average emissions of hostels have reduced year-on-year, whilst by contrast, hotel emissions have increased.

Hostelling clearly offers consumers a unique opportunity to travel responsibly and this affords Hostelworld, as the only OTA exclusively promoting hostels, a distinct competitive advantage. Given its leadership position in the industry, Hostelworld has a responsibility to promote the inherent sustainable features of the category and we are committed to fully supporting our hostel partners journey in recognising and embracing the importance of sustainability. To achieve this, we have partnered with the Global Sustainable Travel Council ("GSTC") to develop a sustainability measurement and management system unique to the hostelling category, which went live in January 2024. This 'Staircase to Sustainability' framework is the first of its kind and is aligned to the GSTC's sustainability criteria. The framework will allow hostels to showcase their sustainability credentials and will be of invaluable assistance to our customers who are looking to minimise their carbon footprint.

Working with our emission reduction advisors South Pole, the Group have been accredited with the 'Funding Climate Action' label for a third consecutive year. The label recognises the Group's commitment to reducing and controlling its own emissions. Hostelworld had minimal scope 1 and 2 emissions of 7 tCO<sub>2</sub>e (well below the annual target set by the Group of 30 tCO<sub>2</sub>e) but is responsible for increasing scope 3 emissions due to an increase in purchased consumables relating to paid marketing costs and business travel linked to the growth in the Group's booking volume.

#### Capital Structure and Dividend

Our principal objective is to deliver growth in long-term sustainable value for our shareholders. In May 2023 the Group re-financed a 5-year term loan facility drawn down with HPS Investment Partners LLC (or subsidiaries or affiliates thereof) in February 2021 and replaced it with a new 3-year facility with Allied Irish Banks, plc. This facility is comprised of a €10 million term loan, a €7.5 million revolving credit facility and an undrawn €2.5 million overdraft. The term loan and RCF each had an initial interest rate payable of 3.75% over EURIBOR, which subsequently reduced to 2.65% over EURIBOR as the ratio of net debt to adjusted EBITDA reduced to less than 1 times. Since drawdown in May we have repaid the RCF in full,

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€5.5m during 2023 and a further €2.0m in February 2024, and we have repaid €2.5m of the term loan, €1.7m in 2023 and a further €0.8m in 2024.

At 31 December 2023, the Group had warehoused payroll taxes owing to the Irish Revenue Commissioners of €9.6m, inclusive of interest accruing at 3% per annum. On 05 February 2024, the Irish Revenue Commissioners announced that the applicable interest rate would reduce to 0%. The Group continues to work closely with the Irish Revenue Commissioners to agree a schedule of repayments. At year-end, the Group agreed to make a repayment of 15% of the balance owed in May 2024, with monthly repayments of the remaining amounts due being made for the subsequent three-year period.

The Board continues to believe that the payment of dividends would not be in the best interests of the business for the foreseeable future.

#### Governance

I am pleased to report that the Board continues to effectively lead the business in delivering our strategy, overseeing the culture of Hostelworld and ensuring meaningful progress continues to be made in the important area of diversity, equity and inclusion. Critical features of my role as Chair are ensuring that the Board sets a clear tone from the top and that our governance procedures are robust. In this regard, I am grateful to be ably supported by Board colleagues with a wealth of skills and expertise who share a common aim for the highest standards in corporate governance.

#### Outlook

Hostelworld is very well positioned with a product offering that resonates with our customers and a business model underpinned by cost discipline and operational excellence. We look forward to a year of further progress in 2024 and remain very confident in the Group's long-term ability to drive improved profitability and create shareholder value.



**Michael Cawley**  
Chairman  
20 March 2024

## HOSTELWORLD GROUP PLC

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#### Chief Executive's Review: Gary Morrison

*"I am very pleased to report another strong year of strategic progress for Hostelworld, which is reflected in our results. Going into 2024, we are strongly positioned to deliver against our medium-term financial commitments. We have started the new year with strong momentum and I feel very confident that we will continue our track record of continued profitable growth and value creation for our shareholders."*

Over 2023 we grew market share, delivered record revenues, and increased operating leverage through a combination of reduced marketing spend (as a percentage of revenue) and continued operating cost discipline to deliver €18.4m EBITDA, which exceeded our guidance range of €17.5m - €18.0m. In particular, I am pleased to report our full year marketing costs as a percentage of revenue fell from 51% in the first half of the year to 50% on a full year basis, which demonstrates the ability of our unique app centric social strategy to grow market share whilst reducing marketing costs.

In parallel we continued to invest in our marketing technology platform, which enables us to allocate our marketing spend to maximise new customer acquisition, underpinned by our ability to predict the lifetime value of these new customers versus their acquisition cost in a granular fashion. We also made solid progress on modernising our platform enabling us to support faster execution of our growth strategy.

Overall, these results coupled with the strong cash conversion characteristics of our business model and a new facility agreed with Allied Irish Banks, plc in May 2023, enabled us to strengthen our balance sheet and reduce our interest costs. As of 31 December 2023, we have repaid €5.5m of the original €7.5m revolving credit facility drawn down in May 2023, with interest on the balance now charged at 2.65% over EURIBOR.

Finally, the Group continues to progress its ESG agenda by managing its low carbon emissions and being awarded with a 'Funding Climate Action' label by South Pole, and by collaborating with our hostel partners to promote the inherent sustainability advantages of hostel accommodation.

#### Executing our Growth Strategy

During 2023, we continued to execute our highly differentiated social network growth strategy, consistent with our Company Mission to 'help travellers find people to hang out with'.

At its core, our social network leverages our customers' booking data to create chat rooms/channels, accessible via our iOS and Android apps, that comprise customers who have overlapping stay dates in hostels and host cities. Hostel-based chat rooms comprise customers who will be staying in the same hostel on the same dates. City-based chat rooms comprise customers who will be staying in any hostel in the same city on the same dates, and are further divided into themes, such as drinks and dancing, walking tours, food etc. This in turn enables our customers to also find other hostellers to hang out with who are visiting the same city on the same dates (and who have similar interests). Collectively, these chat rooms/channels open up to customers who have opted into the social platform 14 days before check in, and close 3 days after check out.

Since launching this social network in Q2 2022 we have seen the number of customers signing up to use the social network (Social Members) steadily increase and surpass the 1 million mark in late 2023. Moreover, we have seen that these Social Members are very valuable. On average Social Members make circa twice the number of bookings and are three times more likely to use the app over the first 91 days since acquisition compared to non-members. Collectively, this growth strategy has not only driven market share gains, but also powered strong growth in app bookings relative to other channels, which in turn has served to reduce our marketing expenses as a percentage of revenue over time. These trends have further accelerated in 2023 as we continued to broaden and strengthen the appeal of our social network to our customers through improvements to our social network's sign-up process, richer traveller profiles, and enhanced chat room features.

In particular, during the year we improved our social network sign-up process on our website to make it easier for customers who used our platform before the launch of our social network to join the network on their next booking. This served to increase the number of customers signing up to the network, which in turn increased the proportion of bookings made by Social Members to 74% by Q4 2023, up from 54% in Q4 2022.

Throughout the year we invested in improving our traveller profiles so that Social Members can share more about their interests, spoken languages, places they know well, and other related information. This helps Social Members learn more about others that they interact with in the chat rooms/channels. Similarly, we also invested in our chat room functionality to make it easier for users to track conversations via threads, share their reactions to posts using emojis, and specifically mention other users using the familiar "@" notation. Collectively these improvements served to increase engagement on the platform, with the number of messages sent by social members during 2023 (as a proxy), increasing by 6.9x year-on-year, versus the growth in the underlying bookings made by Social Members of 2.8x year-on-year.

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### **PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023**

Finally, we launched a new platform ('Linkups') mid-year to enable our hostel partners to publish their catalogue of events to all our customers staying in the city. These events range from walking tours led by hostel staff members to open air cinema nights, pub tours, and excursions to local attractions in the neighbourhood. This is of particular importance to our hostel partners as it enables them to market their events to a wider audience than they could achieve alone, and to our customers as it expands the range of activities while hostelling where they can meet other hostellers to hang out with. While it is still early in respect of publishing participation figures to date, especially as we continue to iterate on the platform, and how we present the content to users in the app, we have been delighted to see strong growth in the inventory loaded on to the platform by our hostel partners. In particular, we can report that more than 63% of Social Members who made a booking in Q4 2023 were able to see at least 3 hostel events in their destination city that they could attend.

Overall, the continued investments in our social strategy during 2023 continues to pay dividends in the form of continued market share growth, where our bednights grew 30% year-on-year versus an estimated category growth rate of 8%, and a reduction of marketing expenses as a percentage of revenue which fell from 51% in H1 2023 to 50% on a full year basis.

This said, we are even more proud to see the tangible difference our social network is making to our customers lives, when we help them find people to hang out with, and they post about these experiences on social networks such as Instagram, TikTok, X and so forth. Over the course of 2023 we've seen thousands of these stories, videos, and posts, ranging from a single traveller organising a karaoke bar event in Tokyo with 20 others she'd never met, to another finding a group of solo travellers who went skydiving together in Hawaii, and a love story too, with a British couple meeting up in Vietnam using our platform... who've since moved in together in London. Indeed, we are very privileged to be enabling these amazing experiences every day, and this enviable word of mouth effect compounds all the other work that we do. We look forward to reporting more stories throughout 2024!

#### **Expanding our Inventory Coverage**

Over the last 25 years, Hostelworld has taken great pride in providing not only our customers with a wide selection of competitive hostels, but also providing our hostel partners with the most profitable customers, at market-leading competitive commission rates, and superior customer service.

During 2023, we continued to progress our long-term objectives of (i) strengthening the relationships with our existing hostel partners and (ii) making it easier for new hostel partners to join our platform.

With COVID-19 travel restrictions firmly in the rear-view mirror, our global markets team once again went out in the market to meet with our partners through dedicated Hostelworld conferences, market visits, attendance at third-party events, and leveraging our privileged partnerships with local hostel associations. These face-to-face meetings help us meet new hostel partners, cement our commercial relationships with existing partners, and help us provide guidance and information to all in getting the most out of our platform.

#### **Investing in our Platform**

Over the course of the year we continued to migrate key services on our platform to our cloud native architecture. The key services migrated this year include our payments service, all the sub-systems that support our social platform, and our customer-facing website. We also began migrating our core inventory and pricing services to the new cloud native architecture and expect to complete this work in 2024.

The cloud native approach delivers many advantages, such as application level "on demand" scaling, a more flexible microservices-based architecture, and more opportunities to use off-the-shelf features from our cloud services provider, such as artificial intelligence and machine learning optimisation engines. Collectively, these technology benefits will flow through into reduced hosting costs and enable faster execution of our growth strategy.

We also continue to make improvements in our underlying platform infrastructure now we can take advantage of cloud-based hosting. This has reduced the number of single points of failure, made problem identification/resolution easier, and has improved the scalability and latency of our services. The process for updating our systems is more automated, simpler, less disruptive, and less likely to result in an outage. We have already seen a significant improvement in uptime and manageability as a result of this and will continue to invest in this area.

#### **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, while making sustainability a competitive advantage for Hostelworld over time.

As noted in my last letter to shareholders in 2023, we continue to see growth in the importance of sustainability for all stakeholders in the travel ecosystem. Within the hostelling category, similar to last year, over half of our customers indicated that sustainability plays a role in both where and how they travel. In 2023 however, we now see that 82% of our



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customers are actively choosing hostels based on their belief that hostels are the most sustainable accommodation type. Throughout the year we have also seen growing demand from our hostel partners for a sustainable management system that aligns to travel industry standards.

More broadly, we continue to see increasing demands for companies not only to do more to address the risks of climate change, but also provide more granular disclosures around their efforts for the same. In particular, we are seeing the standards maintained and published by the United Nations World Tourism Organisation and Global Sustainable Tourism Council continuing to evolve, and increased disclosure requirements driven in large part by the Task Force on Climate-Related Financial Disclosures.

Taken collectively, it's clear the importance of sustainability in travel is increasing, and we expect that trend to continue over the coming years. Consequently, last year we developed and executed our sustainability strategy as a series of three linked initiatives, and I am confident that the progress we've made (and will continue to make) will position us strongly as the sustainability champion of the hostelling category over the years to come.

Our first initiative relates to maintaining a data-driven fact base to allow us and our hostel partners to promote hostels as the most sustainable accommodation option available. Once again, we collaborated with Bureau Veritas to refresh the calculation of scope 1 and 2 emissions of a representative group of hostels and compared these with the publicly available emissions data from a representative group of hotel chains. The second edition of this report (which was published in February 2024) once again indicated that the hostelling category emits significantly less Scope 1 and Scope 2 emissions (tCO<sub>2</sub>e) on a per bednight basis compared to a one-night stay in a typical hotel chain. In particular, the report indicates that the sustainability gap between hostels and hotels has widened still further year-over-year, with hostels reporting a year-on-year reduction in average emissions whilst the year-on-year emissions from the hotels analysed shows an increase. This report is invaluable for both ourselves and our hostel partners in confirming to our collective target audiences that choosing to stay in hostels is the most sustainable option.

The second initiative builds on the first by providing a common framework for hostel partners to not only showcase their sustainability credentials on our platform, but to also encourage progression towards even more sustainable operations. Whilst over half of our larger hostels/hostel chains are already using a sustainable management system, those that are indicate a lack of standards in the hostelling category overall (making comparisons by travellers difficult) and those that are not indicate existing systems are both time consuming and costly. Throughout 2023 we worked closely with our hostel partners, the GSTC, Bureau Veritas and other relevant bodies to build a set of hostel-appropriate standards and a reporting platform for all hostels listed on our platform. This strategy, branded "*Staircase to Sustainability*", launched in January 2024 and delivers on three key objectives. Firstly, it provides a uniform set of tiered standards, aligned to GSTC criteria, for hostels to present their sustainability credentials. Secondly, it provides a means for hostels to display adherence to these tiered standards on our site/apps to our travellers (based on inputs provided by hostel partners) such that our customers can make informed choices about where to stay. Thirdly, it provides the impetus for hostels to improve their sustainability operations over time, and progress through the tiers. We are incredibly excited about this platform and how it will drive sustainability in our category in 2024 and beyond.

Our final initiative relates to reducing our own emissions, and I am pleased to report during 2023 we were awarded the 'Funding Climate Action' label, in partnership with South Pole. Furthermore, I am pleased to report that in 2023 our scope 1 and 2 emissions totalled 7 tCO<sub>2</sub>e, which is substantially below the threshold of 30 tCO<sub>2</sub>e/annum target set for 2023. As our business grows we expect our scope 3 emissions will also grow primarily through increased paid marketing costs, and employee travel as we come together as a company (offsites) and travel to meet our hostel partners. In 2024 we plan to review these scope 3 emissions and set a reduction target which goes beyond the thresholds stipulated by the SBTi.

#### Investing in our Employees, Hostel Partners and Communities

Our employee mission is to foster a culture where everyone experiences personal growth and helps others achieve it too. Similar to companies across the world, we continue to adjust to the changes in where work is performed. We believe nurturing our desired culture is key to supporting our approach to agile working. Consequently, we revised our desired employee behaviours this year to highlight the importance of Growing Others – building on our belief that investing in growing others benefits everyone. I am pleased with our investments in learning and development resources to support the team in bringing this to life.

We're proud of our work building a highly inclusive workplace culture that celebrates differences by giving a voice to everyone. Building on initiatives over the past few years, this year we introduced new policies to support Fertility Leave, Surrogacy Leave, and Menopause at Work. We saw our efforts across many parts of this agenda recognised when awarded the Silver Accreditation by Investors in Diversity. This accolade recognises our commitment to diversity and inclusion practices. The accreditation is based on feedback from our team members and their firsthand experiences of the culture within Hostelworld.

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Turning to our hostel partners, our regional hostel conferences provide an unrivalled opportunity for in-person engagement and knowledge sharing. They allow us to promote our strategy, share industry trends, and solicit feedback. In 2023 we held two such events. The first, our Latin American conference, took place in Bogota in September 2023, our first event in the region since 2019. We also took advantage of being in Colombia to arrange a number of smaller events and market visits in Colombia and neighbouring markets. A month later we held our European event in Copenhagen. Both conferences also attracted prominent speakers from relevant tourism bodies in the regions. This not only allowed us to celebrate the importance of the hostel sector to tourism in the region, it allowed us to pave the way for similar future events in other regions. In addition to these flagship events, we carried out numerous market visits and city events in key markets across Europe and the Asia-Pacific region. In parallel, we continued to run webinars covering market updates, revenue management, product updates, and showcasing our ESG developments. We continue to run our HOSCAR awards, this year celebrating five categories including The People Person, The Community Champion, and The Eco Warrior.

Finally, we're pleased to see people across the business using volunteering days introduced last year. This leave helps our people to have an impact in their local communities, whether through activities organised by teams or individually. Together with our charity partnerships, through both events and financial support, the variety of activities shows our people are passionate about making a difference and building a better world.

#### Summary

Over the course of 2023, we have demonstrated the capacity of our social network growth strategy to drive profitable growth in market share, and we have continued to maintain a tight rein over costs. Taken together, this enabled the Hostelworld team to deliver €18.4m in EBITDA which comfortably exceeded our last published guidance of €17.5m - €18.0m. I'd therefore like to take this opportunity to thank each and every one of our employees for their commitment and hard work in delivering these exceptional results. As I mentioned in our year-end town hall, I have the privilege of leading a team of extraordinary people who do extraordinary things.

With our record performance in 2023 and substantial progress in strengthening our balance sheet, I believe we are strongly positioned to deliver against our medium-term financial commitments published at our Capital Markets Day in November 2022. We have started 2024 with strong momentum, and I feel confident that we'll continue our track record of profitable growth and value creation for our shareholders.



**Gary Morrison**  
Chief Executive Officer  
20 March 2024



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## PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

Financial Review: Caroline Sherry

	2023	2022		2023	2022		2023	2022
<b>Net Bookings</b>	6.5m	4.8m	<b>Generated Revenue<sup>1</sup></b>	€93.7m	€71.2m	<b>Net Revenue<sup>1</sup></b>	€93.3m	€69.7m
<b>Net Average Booking Value ("ABV")<sup>2</sup></b>	€14.36	€14.90	<b>Net Gross Merchandise Value ("GMV")<sup>2</sup></b>	€618.7m	€470.1m			
<b>Direct Marketing Costs as a % of Revenue<sup>2</sup></b>	50%	58%	<b>Operating Expenses</b>	€88.4m	€83.1m			
<b>Operating Profit/(Loss) for the Year</b>	€5.0m	(€13.6m)	<b>Profit/(Loss) for the Year</b>	€5.1m	(€17.3m)	<b>Basic EPS</b>	4.21 cent	(14.71) cent
<b>Adjusted EBITDA<sup>2</sup></b>	€18.4m	€1.3m	<b>Adjusted EBITDA Margin<sup>2</sup></b>	20%	2%	<b>Adjusted EPS<sup>2</sup></b>	9.91 cent	(5.97) cent
<b>Cash and Cash Equivalents</b>	€7.5m	€19.0m	<b>Adjusted Free Cash Flow</b>	€13.9m	(€6.9m)	<b>Cash Conversion</b>	75%	(521%)
<b>Net Debt</b>	€12.3m	€21.6m	<b>Net Asset Position</b>	€59.2m	€52.2m			

<sup>1</sup> Generated revenue is gross revenue less cancellations and excludes impact of deferred revenue. Net revenue is revenue adjusted for deferred revenue, ancillary revenue streams, vouchers, refunds and other accounting adjustments.

<sup>2</sup> The Group uses Alternative Performance Measures (APMs) which are non-IFRS measures to monitor the performance of its operations and of the Group as a whole. These APMs along with their definitions are provided in the Appendix 1 which form part of the Annual Report.

"2023 was a record year for Hostelworld, with both net GMV and generated revenue growing 32% compared to 2022 and net bookings growing 37%. This strong volume growth, combined with increased operating leverage due to reduced marketing spend (as a percentage of revenue) and operating cost discipline, resulted in an adjusted EBITDA which exceeded the upper end of our guidance range and a return to profit after tax."

### Revenue and Operating Profit

Net GMV grew year-on-year to €618.7m (2022: €470.1m) and net bookings totalled 6.5m, an increase of 37% compared to 2022 (2022: 4.8m) driven by strong growth across all regions and in particular, Asia. Generated revenue for the period was €93.7m (2022: €71.2m), an increase of 32%. Net ABV, the average value paid by a customer for a net booking was €14.36 which decreased by 4% from 2022 (2022: €14.90), driven by a combination of bed price inflation and a greater proportion of Asian destination bookings.

Net revenue recognised for the period was €93.3m (2022: €69.7m) after considering deferred revenue, ancillary revenue streams, vouchers, refunds and other accounting adjustments. Featured listing advertising revenue, revenue generated from hostels advertising on our platform, grew to €1.2m (2022: €0.3m).

Deferred revenue cost of €0.4m (2022: €2.0m), a provision for bookings made under the free cancellation policy, where a customer can cancel and receive a refund. Year-on-year reduction driven by 2022, where the balance sheet provision reflected the Group's recovery post COVID-19 and the return to normalised levels of free cancellation bookings. The deferred revenue provision at year end totalled €3.4m (31 December 2022: €3.0m), and accounts for bookings where the cancellation date has not yet passed. This provision balance will unwind in 2024.

Operating expenses totalled €88.4m (2022: €83.1m), an increase of €5.3m year-on-year. The Group had an increase of €5.5m in direct marketing costs to €46.9m (2022: €41.4m) in part, due to increased booking volume. Direct marketing costs as a percentage of net revenue reduced to 50% (2022: 58%), with the Hostelworld app-centric social strategy driving marketing efficiencies. Credit card fees increased by €0.6m to €2.7m (2022: €2.1m), directly driven by the increase in booking volumes.

Wage inflation and discretionary compensation primarily, drove an increase in wages and salaries costs to €19.7m (2022: €17.9m). 2022 costs include the benefit of €0.4m of COVID-19 subsidy support received from the Irish Revenue Commissioners, no such subsidy was received in 2023. Offsetting increases in direct marketing costs, credit card fees, and wages and salaries, was a reduction of €2.6m in other operating cost lines to €19.1m (2022: €21.7m).

## HOSTELWORLD GROUP PLC

### PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

Group operating profit amounted to €5.0m (2022: loss of €13.6m), a year-on-year increase of €18.6m. Adjusted EBITDA of €18.4m (2022: €1.3m) exceeded the upper end of market guidance and represented growth of €17.1m compared to prior year.

#### Foreign Exchange

The Group incurred a foreign exchange loss of €0.2m (2022: €0.7m). Current year loss arose with the strengthening of the US dollar against the Euro in the second half of the year.

#### Exceptional Items

Exceptional items warrant separate disclosure due to their nature or materiality. The Group incurred €3.8m (2022: €0.8m) of exceptional cost items in 2023.

The Group incurred €3.6m of costs in refinancing the 5-year debt facility provided by HPS Partners LLP in February 2021. As the facility was repaid before the end of the 5-year agreement, the Group incurred €2.8m of accelerated interest costs relating to transaction and warrant costs capitalised on drawdown, €0.7m of early repayment penalty interest and €0.1m of exit 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.

#### Share-Based Payment

The Group incurred a total share-based payment expense of €1.7m (2022: €2.4m) arising on the issuance of options in accordance with the Group's Restricted Share Award ("RSU"), Long-Term Incentive Plan ("LTIP") and Save as you Earn ("SAYE") plan.

Two awards vested in 2023. 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. This grant was made during COVID-19 in lieu of a cash bonus. On 16 May 2023 the Company issued 1,645,994 shares to satisfy long-term incentive plan awards in relation to LTIP 2020. 75% of the performance obligations were satisfied.

In 2024 one LTIP award is set to vest at 100%. The final number of awards that will vest will be finalised in May 2024.

#### Earnings per Share

Basic earnings per share for the Group was 4.21 cent (2022: loss per share: 14.71 cent). Adjusted earnings per share was 9.91 cent per share (2022 loss per share: 5.97 cent per share) with the return to profitability, of both metrics, reflective of the business's strong recovery post COVID-19.

The weighted average number of shares in the period was 122.0m (2022: 117.3m) and the total number of shares at the balance sheet date was 123.6m (2022: 117.5m). Increase year on year is due to the vesting of the RSU award (1.0m), LTIP award (1.7m), SAYE award (0.1m) and warrants (3.3m), a condition of the HPS debt facility agreement.

#### Net Finance Costs

The Group incurred €2.6m of finance costs in 2023 (2022: €4.3m), with interest costs arising on the Group's debt facilities. The decrease in costs year-on-year is attributable to the refinancing completed in May 2023.

The legacy €30.0m HPS facility was drawn down in February 2021 during COVID-19 and had an interest rate of 9% per annum over EURIBOR. HPS interest charges, excluding those classified as exceptional, amounted to €1.6m (2022: €4.2m), of which cash interest paid totalled €1.1m (2022: €nil), prior year interest costs were capitalised as PIK interest.

A new 3-year facility was signed with AIB in May 2023. This facility is comprised of a €10.0m term loan, a €7.5m revolving credit facility ("RCF") and an undrawn €2.5m overdraft. 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, and in October 2023 this further reduced to 2.65% as the ratio of Net Debt to adjusted EBITDA was less than 1 times as at 30 September 2023. Total AIB interest charges amounted to €0.7m (2022: €nil), of which cash interest paid totalled €0.6m (2022: €nil). The Group also incurred interest charges of €0.2m (2022: €nil) on its debt warehoused with the Irish Revenue Commissioners, at a rate of 3% since May 2023. On 05 February 2024 it was announced that this is reduced to 0% with the reduction in rate applying to any interest amounts accrued to date.

The Group also incurred interest charges of €0.2m (2022: €nil) on its debt warehoused with the Irish Revenue Commissioners, at a rate of 3% since May 2023. On 05 February 2024 it was announced that this is reduced to 0% with the reduction in rate applying to any interest amounts accrued to date.

## **HOSTELWORLD GROUP PLC**

### **PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **Current and Deferred Taxation**

The Group corporation tax charge for 2023 is €0.2m (2022: €0.2m) and primarily relates to our international operations where we have an office or branch where tax losses from our Irish operations cannot be utilised.

During 2023 an additional deferred tax asset of €6.4m was recognised (2022: €0.8m). At 31 December 2023 the carrying value of deferred tax assets amounted to €15.5m (2022: €9.2m). 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. In 2023 the Group returned to an operating profit of €5.0m (2022: operating loss of €13.6m). The Group has forecasted a growing profit in each of the years from 2024 to 2028, driven by growth in bookings and revenue, maintaining direct marketing cost as a % of revenue at current levels, continued cost discipline and reduced interest charges.

#### **Debt Warehoused**

The Group availed of the Irish Revenue Commissioners tax warehousing scheme and warehoused €9.4m by deferring payment of all Irish employer taxes from February 2021 to March 2022. Total amount warehoused at 31 December 2023 was €9.6m (2022: €9.4m), including an interest charge incurred of 3.0% on the balance since 01 May 2023. The Group has agreed initial repayment terms with the Irish Revenue Commissioners of a 15% downpayment in May 2024, followed by regular monthly repayments thereafter over a 3-year period.

In February 2024 the Irish Revenue Commissioners announced that 0% interest would apply to debt warehoused, with the reduction in rate applying to any interest amounts accrued to date. The Group continues to monitor and comply with the appropriate Revenue guidelines applicable to this scheme and will formalise its repayment plan in May 2024.

#### **Development Labour**

Total development labour intangible asset additions amounted to €4.0m during 2023 (2022: €4.5m). This asset arose due to work completed delivering our social strategy, modernising our platforms, and revamping our hostel activations process. This balance includes internal development labour of €2.9m (2022: €2.0m) relating to staff costs capitalised during the year, and external development labour of €1.1m (2022: €2.5m) relating to external contractors who have specialist skills. The year-on-year increase in internal staff costs is driven by the nature of the work completed in 2023, compared to 2022 where time was spent on migrating to the cloud and other non-capitalisable work.

#### **Net Debt and Financing**

At the balance sheet date net debt totalled €12.3m (2022: €21.6m). Net debt is comprised of cash of €7.5m (2022: €19.0m), and debt facilities relating to bank borrowings of €10.2m (2022: €31.1m) comprising of an RCF of €2.0m and a term loan of €8.2m, and warehoused taxes of €9.6m (2022: €9.5m).

Reduction year-on-year in net debt driven by refinancing of the legacy COVID-19 debt facility in May 2023 to a new 3-year facility with AIB. Altogether €17.4m was drawn down from AIB, net of arrangement fee, and utilised to repay the former debt facility held with HPS. In total HPS repayments made across April and May totalled €34.5m, comprising of €30.0m principal and €4.5m PIK. Balance of repayment to HPS comprised of the Group's cash reserves. Since drawdown in May 2023 we have repaid the RCF in full, €5.5m during 2023 and a further €2.0m in February 2024, and we have repaid €2.5m of the term loan, €1.7m in 2023 and €0.8m in 2024. Our adjusted free cash flow of 75% (2022: absorption of 521%) represents a return to a more normalised cash generation ratio for the Group, as we recover from COVID-19, and a deleverage of our borrowing facilities as set out above.

#### **Impact of New Accounting Standards**

New accounting standards and amendments to existing standards implemented in 2023 did not have a material impact on the Group.

#### **Related Parties**

Related party transactions are disclosed in note 24 of the Group's Annual Report and Financial Statements.

#### **Investor Relations**

The Group has a proactive approach to investor relations. The release of our annual and interim results, along with quarterly trading updates, provide regular information regarding our performance and are accompanied by presentations, webcasts and conference calls. In May 2023, an AGM was held providing engagement channels for our shareholders to send advance questions to the Board, with all details relating to the AGM published on the Company's website.

We held a number of investor roadshows and attended industry conferences. These engagements provided us an opportunity for the management team to meet existing and/or potential investors and analysts in a concentrated set of meetings. This direct feedback and input on the investor community's perspective of the Company is reflected upon to ensure that our investor relations communications remain meaningful and effective.

We also engage regularly with AIB, our debt partners, since the successful refinancing facility was signed in May 2023.

**HOSTELWORLD GROUP PLC**  
**PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023**

**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.



**Caroline Sherry**  
Chief Financial Officer  
20 March 2024

**HOSTELWORLD GROUP PLC**  
**PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023**

**HOSTELWORLD GROUP PLC**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

		2023 Pre- exceptional	2023 Exceptional (Note 5)	2023 Total	2022 Pre- exceptional	2022 Exceptional (Note 5)	2022 Total
	Notes	€'000	€'000	€'000	€'000	€'000	€'000
Revenue	3	93,264	-	93,264	69,690	-	69,690
Operating expenses	4	(88,178)	(253)	(88,431)	(82,278)	(835)	(83,113)
Reversal of impairment of trade receivables		14	-	14	18	-	18
Share of results of associate		137	-	137	(206)	-	(206)
<b>Operating profit/(loss)</b>		<b>5,237</b>	<b>(253)</b>	<b>4,984</b>	<b>(12,776)</b>	<b>(835)</b>	<b>(13,611)</b>
Finance income		53	-	53	-	-	-
Finance costs	7	(2,581)	(3,526)	(6,107)	(4,301)	-	(4,301)
<b>Profit/(loss) before taxation</b>		<b>2,709</b>	<b>(3,779)</b>	<b>(1,070)</b>	<b>(17,077)</b>	<b>(835)</b>	<b>(17,912)</b>
Taxation credit	8	6,206	-	6,206	649	-	649
<b>Profit/(loss) for the year attributable to the equity owners of the parent Company</b>		<b>8,915</b>	<b>(3,779)</b>	<b>5,136</b>	<b>(16,428)</b>	<b>(835)</b>	<b>(17,263)</b>
Basic earnings/(loss) per share (euro cent)				4.21			(14.71)
Diluted earnings/(loss) per share (euro cent)				4.07			(14.71)

**HOSTELWORLD GROUP PLC**  
**PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023**

**HOSTELWORLD GROUP PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

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	2023	2022
	€'000	€'000
Profit/(loss) for the year	5,136	(17,263)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(24)	(11)
Total comprehensive income for the year attributable to equity owners of the parent Company	5,112	(17,274)



**HOSTELWORLD GROUP PLC**  
**PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023**

**HOSTELWORLD GROUP PLC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

	Notes	2023 €'000	2022 €'000
<b>Non-current assets</b>			
Intangible assets	10	66,533	73,358
Property, plant and equipment		818	735
Deferred tax assets	11	15,530	9,174
Investment in associate		1,117	980
Cash and cash equivalents	12	750	750
		<b>84,748</b>	<b>84,997</b>
<b>Current assets</b>			
Trade and other receivables		3,275	3,246
Corporation tax		91	22
Cash and cash equivalents	12	6,714	18,212
		<b>10,080</b>	<b>21,480</b>
<b>Total assets</b>		<b>94,828</b>	<b>106,477</b>
<b>Issued capital and reserves attributable to equity owners of the parent</b>			
Share capital	13	1,236	1,175
Share premium	13	14,425	14,328
Other reserves	14	2,918	6,432
Retained earnings		40,599	30,308
<b>Total equity attributable to equity holders of the parent Company</b>		<b>59,178</b>	<b>52,243</b>
<b>Non-current liabilities</b>			
<i>Non-current debt</i>			
Debt warehoused	15	6,425	9,438
Borrowings	17	4,807	30,869
Lease liabilities		35	-
		<b>11,267</b>	<b>40,307</b>
<b>Current liabilities</b>			
<i>Current debt</i>			
Debt warehoused	15	3,204	-
Borrowings	17	5,340	244
<i>Trade and other payables</i>			
Trade payables	16	3,314	3,944
Deferred revenue	16	3,891	3,201
Accruals and other payables	16	7,859	5,718
Lease liabilities		545	547
Corporation tax		230	273
		<b>24,383</b>	<b>13,927</b>
<b>Total liabilities</b>		<b>35,650</b>	<b>54,234</b>
<b>Total equity and liabilities</b>		<b>94,828</b>	<b>106,477</b>

The financial statements were approved by the Board of Directors and authorised for issue on 20 March 2024 and signed on its behalf by:

*Gary Morrison*

**Gary Morrison**  
**Chief Executive Officer**

Hostelworld Group plc registration number 9818705 (England and Wales)

*Caroline Sherry*

**Caroline Sherry**  
**Chief Financial Officer**

**HOSTELWORLD GROUP PLC**  
**PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023**

**HOSTELWORLD GROUP PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	Share capital €'000	Share premium €'000	Retained earnings €'000	Other reserves €'000	Total €'000
<b>Balance at 01 January 2022</b>		<b>1,163</b>	<b>14,328</b>	<b>45,140</b>	<b>6,475</b>	<b>67,106</b>
Issue of shares	12	-	-	-	-	12
Total comprehensive income for the year		-	-	(17,263)	(11)	(17,274)
Credit to equity for equity settled share-based payments		-	-	-	2,399	2,399
Transfer of exercised and expired share-based awards		-	-	2,431	(2,431)	-
<b>Balance at 31 December 2022</b>		<b>1,175</b>	<b>14,328</b>	<b>30,308</b>	<b>6,432</b>	<b>52,243</b>
Issue of shares	13	61	97	-	-	158
Total comprehensive income for the year		-	-	5,136	(24)	5,112
Credit to equity for equity settled share-based payments	14	-	-	-	1,665	1,665
Transfer of exercise, vesting or expiry of warrants	14	-	-	3,073	(3,073)	-
Transfer of exercised and expired share-based awards		-	-	2,082	(2,082)	-
<b>Balance at 31 December 2023</b>		<b>1,236</b>	<b>14,425</b>	<b>40,599</b>	<b>2,918</b>	<b>59,178</b>

**HOSTELWORLD GROUP PLC**  
**PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023**

**HOSTELWORLD GROUP PLC**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	2023 €'000	2022 €'000
<b>Cash flows from operating activities</b>			
Profit/(loss) for the year		5,136	(17,263)
Taxation		(6,206)	(649)
<b>Loss before tax</b>		<b>(1,070)</b>	<b>(17,912)</b>
Amortisation and depreciation	4	11,774	11,597
Share of results of associate		(137)	206
Net profit on disposal of leases	4	(3)	(1)
Net loss on disposal of property, plant and equipment	4	-	1
Financial income		(53)	-
Finance expense	7	2,581	4,301
Finance expense (exceptional)	7	3,526	-
Employee equity settled share-based payment expense		1,682	2,396
<i>Changes in working capital items:</i>			
Increase in trade and other payables		2,392	1,457
Increase in trade and other receivables		(28)	(1,244)
<b>Cash generated from operations</b>		<b>20,664</b>	<b>801</b>
Interest paid (including lease interest)		(3,036)	(1,370)
Interest received		59	-
Income tax paid		(262)	(180)
<b>Net cash used in operating activities</b>		<b>17,425</b>	<b>(749)</b>
<b>Cash flows from investing activities</b>			
Acquisition / development of intangible assets	10	(3,986)	(4,597)
Purchases of property, plant and equipment		(101)	(196)
<b>Net cash used in investing activities</b>		<b>(4,087)</b>	<b>(4,793)</b>
<b>Cash flows from financing activities</b>			
Drawdown of borrowings	17	17,369	-
Transaction costs relating to borrowings	17	(170)	-
Repayment of borrowings	17	(41,233)	-
Proceeds received on issue of warrants	13	33	-
Proceeds received on issue of shares	13	98	-
Repayments of obligations under lease liabilities		(909)	(752)
<b>Net cash (used in)/ from financing activities</b>		<b>(24,812)</b>	<b>(752)</b>
Net decrease in cash and cash equivalents		(11,474)	(6,294)
Cash and cash equivalents at the beginning of the year		18,962	25,267
Effect of foreign exchange rate changes		(24)	(11)
<b>Cash and cash equivalents at the end of the year</b>	12	<b>7,464</b>	<b>18,962</b>

# HOSTELWORLD GROUP PLC

## PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

### HOSTELWORLD GROUP PLC

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2023

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#### 1. General Information

Hostelworld Group plc, hereinafter "the Company", is a public limited Company incorporated in the United Kingdom on the 9 October 2015 under the Companies Act and is registered in England and Wales. The registered office of the Company is One Chamberlain Square, Birmingham, B3 3AX, United Kingdom.

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

The Company's shares are quoted on Euronext Dublin and the London Stock Exchange.

The financial information, comprising of the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and related notes, has been taken from the consolidated financial statements of Hostelworld Group plc ("Company") for the year ended 31 December 2023, which were approved by the Board of Directors on 20 March 2024. The financial information does not constitute statutory accounts within the meaning of sections 435(1) and (2) of the Companies Act 2006 or contain sufficient information to comply with the disclosure requirements of International Financial Reporting Standards ("IFRS").

An unqualified report on the consolidated financial statements for the year ended 31 December 2023 has been given by the auditors, KPMG. It did not include reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006. The consolidated financial statements will be filed with the Registrar of Companies, subject to their approval by the Company's shareholders at the Company's Annual General Meeting on 02 May 2024.

New accounting standards and amendments to existing standards implemented in 2023 did not have a material impact on the Group.

#### 2. Going Concern

Hostelworld's business activities, together with the main factors likely to affect its future development and performance, are described in the Chief Executive's Review. After due consideration and review, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the Financial Statements. The Group therefore continues to adopt the going concern basis in preparing its Financial Statements.

#### 3. Revenue and Segmental Analysis

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

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

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

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

The Group's major revenue-generating asset class comprises of 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

## HOSTELWORLD GROUP PLC

### PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

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.

Revenue split by country, is dependent on the location of the hostel or property. No single country, year on year, contributes 10% or more of total revenue. Our top five countries year on year account for 36% of overall revenue (2022: 38%) relating to USA, Australia, and key European destinations. Revenue split by continent is presented as follows:

	2023 €'000	2022 €'000
Europe	56,400	45,936
Americas	17,311	15,719
Asia, Africa and Oceania	19,553	8,035
<b>Total revenue</b>	<b>93,264</b>	<b>69,690</b>

Revenue arising within Ireland, the country of domicile, amounted to €1,780k (2022: €1,795k).

Disaggregation of revenue is presented as follows:

	2023 €'000	2022 €'000
Technology and data processing fees	92,079	69,363
Advertising revenue and ancillary services	1,185	327
<b>Total revenue</b>	<b>93,264</b>	<b>69,690</b>

In the year ended 31 December 2023, the Group generated 99% (2022: 100%) of its revenues from the technology and data processing fees that it charged to accommodation providers.

As at 31 December 2023, €3,438k of revenue relating to free cancellation bookings has been deferred (2022: €3,005k). Revenue is recognised at the time the reservation is made in respect of non-refundable commission on the basis that the Group has met its performance obligations at the time the booking is made. In respect of the free cancellation product, which offers the traveller the opportunity to make a booking on a free cancellation basis and to receive a refund of their deposit in certain circumstances, such related revenue is not recognised until the last cancellation date has passed as one party can withdraw from the contract until such a date has passed. Deferred revenue is expected to be recognised within twelve months of initial recognition.

Advertising revenue and revenue generated from other services are recognised over the period when the service is performed. The Group's non-current assets are located in Ireland, Australia, Portugal, China, and the United Kingdom. Non-current assets are disaggregated as follows:

	2023 €'000	2022 €'000
Total non-current assets	84,748	84,997
<i>Analysed as:</i>		
Ireland	83,552	83,825
Australia	1,117	980
United Kingdom	21	20
Portugal	49	156
China	9	16

**HOSTELWORLD GROUP PLC**  
**PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023**

**4. Operating Expenses**

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

	Notes	2023 €'000	2022 €'000
Marketing expenses		47,557	42,233
Staff costs		19,743	17,906
Credit card processing fees		2,672	2,047
Loss on disposal of plant, property and equipment		-	1
Net profit on disposal of leases		(3)	(1)
Exceptional items	5	253	835
FX loss		156	714
Other administrative costs		6,279	7,781
<b>Total administrative expenses</b>		<b>76,657</b>	<b>71,516</b>
Depreciation of tangible fixed assets		963	968
Amortisation of intangible fixed assets	10	10,811	10,629
<b>Total operating expenses</b>		<b>88,431</b>	<b>83,113</b>

Other administrative costs are net of external contractor costs capitalised of €829k (2022: €705k).

Included within marketing expenses are paid marketing costs of €46,881k (2022: €41,393k). Remainder of marketing expenses relate to brand marketing costs. Other administration costs include rent and rates, legal and professional, training and recruitment, website maintenance and security and data analytics.

Included within operating expenses is a total credit of €240k (2022: €184k) in relation to a research and development ("R&D") tax credit claimed in respect of projects completed in 2022 and 2021. Included in staff costs are government grant amounts totalling €nil (2022: €376k) for a subsidy received under the Employment Wage Subsidy Scheme in Ireland.

**5. Exceptional Items**

	2023 €'000	2022 €'000
Litigation settlements	-	519
Restructuring costs	3,779	316
<b>Total</b>	<b>3,779</b>	<b>835</b>

Included in exceptional items are operating costs of €253k (2022: €835k) and finance costs of €3,526k (2022: €nil).

In the current year, exceptional items primarily relate to costs incurred on refinancing of the HPS facility totalling €3.6m, broken down as €0.7m of early repayment penalty interest, €0.1m of transaction costs relating to exiting the old facility and €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, but unwound in full on refinancing.

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.



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**6. Staff Costs**

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

	2023	2022
<b>Average number of persons employed:</b>		
Administration and sales	123	130
Development and information technology	108	109
<b>Total</b>	<b>231</b>	<b>239</b>

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

	Notes	2023 €'000	2022 €'000
<b>Staff costs comprise:</b>			
Wages and salaries		17,880	14,405
Termination benefits – exceptional items		-	218
Social security costs		2,115	1,987
Pensions costs		462	432
Other benefits		538	687
Share option charge		1,682	2,396
		<b>22,677</b>	<b>20,125</b>
Capitalised development labour	10	<b>(2,934)</b>	<b>(2,001)</b>
<b>Total</b>		<b>19,743</b>	<b>18,124</b>

Capitalised development labour of €2,934k (2022: €2,001k) relates to employee costs capitalised. Increase year on year relates to the nature of projects completed in 2023, with 2022 work including non capitalisable work such as migrating to the cloud and social experiments.

**7. Finance Costs**

	Notes	2023 €'000	2022 €'000
Interest on lease liabilities		39	31
Finance costs – HPS facility	17	1,641	4,243
Finance costs – AIB facility	17	701	-
Finance costs – exceptional	5	3,526	-
Finance costs – warehoused debt and other		200	27
<b>Total</b>		<b>6,107</b>	<b>4,301</b>

Exceptional finance costs primarily relate to acceleration of interest charges on HPS as a result of the refinancing of the HPS facility in May 2023.

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Included in 'finance costs – warehoused debt and other' is €190k recognised during 2023 (2022: €nil) on the balance of warehoused payroll tax liabilities. Further detail is included in note 15. On 05 February 2024 the Irish Revenue Commissioners announced that the applicable rate of interest on these will reduce to 0%, with any amounts already paid being refunded or accrued being written off.

#### 8. Taxation

	Notes	2023 €'000	2022 €'000
<b>Corporation tax:</b>			
Current year charge		130	183
Adjustments in respect of prior years		20	(10)
<b>Total</b>		<b>150</b>	<b>173</b>
Origination and reversal of temporary differences	11	(6,356)	(822)
<b>Total tax credit for the year</b>		<b>(6,206)</b>	<b>(649)</b>

Corporation tax is calculated at 12.5% (2022: 12.5%) of the estimated taxable profit for the year. The Irish 12.5% corporation tax rate has been used as this is the rate at which most of the Group's profits will be taxed. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The corporation tax charge relates primarily to international operations where tax losses from our Irish operations cannot be utilised. The charge for the year can be reconciled to the consolidated income statement as follows:

	2023 €'000	2022 €'000
Loss before tax on continuing operations	(1,070)	(17,912)
Tax at the Irish corporation tax rate of 12.5% (2022: 12.5%)	(134)	(2,239)
<b>Effects of:</b>		
Tax effect of expenses that are not deductible in determining taxable profit	1,169	867
Tax effect of losses not utilised	-	480
Tax effect of losses utilised	(421)	(34)
Tax effect of income taxed at different rates	87	201
Depreciation and amortisation (less)/greater than capital allowances	(654)	752
Effect of different tax rates of subsidiaries operating in other jurisdictions	83	156
Net recognition of deferred tax asset (note 11)	(6,356)	(822)
Adjustments in respect of prior years	20	(10)
<b>Total</b>	<b>(6,206)</b>	<b>(649)</b>

#### 9. Earnings/(Loss) per Share

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

	2023	2022
Weighted average number of shares in issue ('000s)	121,990	117,338
Profit(loss) for the year (€'000s)	5,136	(17,263)

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<b>Basic earnings/(loss) per share (euro cent)</b>	<b>4.21</b>	<b>(14.71)</b>
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Diluted earnings/(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. Share options and share awards are the Company's only potential dilutive ordinary shares. In the prior year ordinary shares potentially issuable from share-based payment arrangements are anti-dilutive due to the loss in the financial period meaning there is no difference between basic and diluted earnings per share.

	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares in issue ('000s)	<b>121,990</b>	117,338
Effect of dilutive potential ordinary shares:		
Share options ('000s)	<b>4,366</b>	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000s)	<b>126,356</b>	117,338
<b>Diluted earnings/(loss) per share (euro cent)</b>	<b>4.07</b>	<b>(14.71)</b>

#### 10. Intangible Assets

Additions during the period included capitalised development costs of €3,953k (2022: €4,511k) of which internal development labour amounted to €2,934k (2022: €2,001k) for staff costs capitalised during the year, and external development labour of €1,019k (2022: €2,510k) relating to external contractors who have specialist skills. Other additions to intangible assets were software additions of €33k (2022: €15k) and an acquisition of a domain name of €Nil (2022: €71k). There were no disposals. Offsetting additions is a total amortisation charge of €10,811k for the period ended 31 December 2023 (31 December 2022: €10,629k).

#### 11. Deferred Taxation

	<b>Intangible assets</b>	<b>Property, plant and equipment</b>	<b>Losses and interest relief</b>	<b>Total</b>
At 01 January 2022	8,225	127	-	8,352
Credit/(charge) to income statement	835	(13)	-	822
<b>At 01 January 2023</b>	<b>9,060</b>	<b>114</b>	<b>-</b>	<b>9,174</b>
Credit/(charge) to income statement	995	(69)	5,430	6,356
<b>At 31 December 2023</b>	<b>10,055</b>	<b>45</b>	<b>5,430</b>	<b>15,530</b>

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available in future periods. Current year recognition of deferred tax assets is reliant upon the Board approved 2024 budget and four-year outlook which covers a period to 31 December 2028 which outlines the Directors expectations on future profitability of the business. Whilst the forecasts include inherent estimation uncertainty, the Group have determined that there would be sufficient taxable income generated to realise the benefit of the deferred tax assets. 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 25% over the next five years before there is a risk that the deferred tax asset is not fully recovered in that period.

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**12. Cash and Cash Equivalents**

	<b>2023</b> <b>€'000</b>	2022 €'000
<b>Non-current assets</b>		
Cash and cash equivalents	<b>750</b>	750
<b>Total</b>	<b>750</b>	750

Non-current asset amount of €750k, relates to a rental guarantee in place which has been classified in non-current assets as the guarantee is in place for a period of longer than 12 months after the balance sheet date. As the amount is held in a bank account which can be accessed by the Group the amount has been disclosed as a cash and cash equivalent.

<b>Current assets</b>		
Cash and cash equivalents	<b>6,714</b>	18,212
<b>Total</b>	<b>6,714</b>	18,212

Balance of cash and cash equivalents comprise cash and short-term bank deposits only.

**13. Share Capital**

	<b>No of shares of €0.01 each (thousands)</b>	<b>Ordinary shares €'000</b>	<b>Share premium €'000</b>	<b>Total €'000</b>
At 31 December 2022	117,511	1,175	14,328	15,503
Share issue – Restricted share award 20 February 2023	<b>1,028</b>	<b>10</b>	-	<b>10</b>
Warrants issue to HPS, 29 March 2023	<b>3,315</b>	<b>33</b>	-	<b>33</b>
Share issue – LTIP, 16 May 2023	<b>1,646</b>	<b>17</b>	-	<b>17</b>
Share issue – SAYE	<b>139</b>	<b>1</b>	<b>97</b>	<b>98</b>
<b>At 31 December 2023</b>	<b>123,639</b>	<b>1,236</b>	<b>14,425</b>	<b>15,661</b>

The Group has one class of ordinary shares which carries 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.

As part of legacy debt facility drawn down during COVID-19 on 19 February 2021, the Group agreed to issue warrants of 3,315,153 ordinary shares of €0.01 each in the capital of Hostelworld (equivalent to 2.85% of Hostelworld's issued share capital at the time of warrants issue). On 29 March 2023 HPS exercised their warrants and 3,315,153 shares were issued.

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.

On 16 May 2023 the Company issued 1,645,994 shares to satisfy long term incentive plan awards in relation to LTIP 2020 at a value €0.01 per share.

A number of shares were issued at €0.01 per share regarding the 2020 SAYE scheme. On 09 October 2023, the Company issued 122,665 shares, on 20 October 2023 the Company issued 7,867 shares and on 04 December 2023 the Company issued a further 7,868 shares.

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**14. Other Reserves**

The analysis of movement in reserves is shown in the statement of changes in equity.

Reconciliation and movement of amounts included in other reserves are set out below:

	Foreign currency translation reserve €'000	Share-based payment reserve €'000	Warrant reserve €'000	Total other reserves €'000
<b>Balance at 01 January 2022</b>	<b>40</b>	<b>3,362</b>	<b>3,073</b>	<b>6,475</b>
Exchange differences on translation of foreign operations	(11)	-	-	(11)
Transfer of exercised and expired share-based awards	-	(2,431)	-	(2,431)
Credit to equity for equity settled share-based payments	-	2,399	-	2,399
<b>Balance at 31 December 2022</b>	<b>29</b>	<b>3,330</b>	<b>3,073</b>	<b>6,432</b>
Exchange differences on translation of foreign operations	(24)	-	-	(24)
Transfer of exercised and expired share-based awards	-	(2,082)	-	(2,082)
Transfer on exercise, vesting or expiry of warrants	-	-	(3,073)	(3,073)
Credit to equity for equity settled share-based payments	-	1,665	-	1,665
<b>Balance at 31 December 2023</b>	<b>5</b>	<b>2,913</b>	<b>-</b>	<b>2,918</b>

The warrant reserve related to the warrants exercisable with HPS Investment Partners LLC (or subsidiaries or affiliates thereof). On 29 March 2023 3,315,153 shares were issued to HPS on issuance of warrants.

**15. Warehoused Payroll Taxes**

	2023 €'000	2022 €'000
<b>Non-current liabilities</b>		
Warehouse payroll taxes	6,425	9,438
<b>Total</b>	<b>6,425</b>	<b>9,438</b>
<b>Current liabilities</b>		
Warehouse payroll taxes	3,204	-
<b>Total</b>	<b>3,204</b>	<b>-</b>
<b>Total warehoused payroll taxes</b>	<b>9,629</b>	<b>9,438</b>

The Group has availed of the Irish Revenue tax warehousing scheme and deferred payment on all Irish employer taxes arising during the period from February 2021 to March 2022.

Total warehoused liability as at 31 December 2023 was €9,629k (2022: €9,438k), including an interest charge incurred of 3% on the outstanding warehoused liability debt since 01 May 2023. On 05 February 2024 the Irish Revenue

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Commissioners announced that the applicable rate of interest on these will reduce to 0%, with any amounts already paid being refunded or accrued being written off.

The Group has agreed initial repayment terms with the Irish Revenue Commissioners of a 15% downpayment in May 2024, following by regular monthly repayments thereafter over a 3-year period which is reflected in the classification of the liability between current and non-current. The Group continues to monitor and comply with the appropriate Revenue guidelines applicable to this scheme.

#### 16. Trade and Other Payables

	2023	2022
	€'000	€'000
<b>Current liabilities</b>		
Trade payables	3,314	3,944
Accruals and other payables	7,272	5,136
Deferred revenue	3,891	3,201
Payroll taxes (non-warehoused)	587	582
<b>Total</b>	<b>15,064</b>	<b>12,863</b>

At 31 December 2023, €3,438k of revenue was deferred relating to free cancellation bookings (2022: €3,005k), €434k was deferred relating to featured listings (2022: €178k) and €19k was deferred relating to Roamies (2022: €18k).

#### 17. Borrowings

	2023	2022
	€'000	€'000
Opening Balance	31,113	28,209
Repayments (HPS)	(34,066)	-
Drawdown (AIB)	17,369	-
Repayments (AIB)	(7,167)	-
Transaction costs relating to borrowings (AIB)	(170)	-
Finance costs	2,342	4,243
Finance costs (exceptional items)	2,827	-
Finance interest paid	(2,101)	(1,339)
<b>Total</b>	<b>10,147</b>	<b>31,113</b>

On 09 May 2023, the Group refinanced its credit facilities with AIB plc. This included cancelling and fully repaying its previous facilities held by Hostelworld Group PLC of €30,000k with HPS Investment Partners LLC (or subsidiaries or affiliates thereof). Hostelworld.com Limited entered into a new facility of €20,000k comprising of a €2,500k undrawn overdraft, a €7,500k RCF facility and a €10,000k term loan facility. An amount of €17,369k was drawn down, net of arrangement fee.

The purpose of the facility is to meet the day-to-day working capital requirements of the Group. 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 reduced further in October 2023 to 2.65% over EURIBOR as Net Debt to adjusted EBITDA was less than 1 times. Relating to the facilities, during the year the Group repaid €5,500k of its RCF facility and repaid €1,666k of its term loan with AIB.

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

1. Maintaining a minimum cash balance on hand of €6,000k;
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



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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 Group did not breach the covenants during the period.

The prior facility related to a €30,000k five-year term loan facility with HPS drawn down in February 2021. On 05 April 2023 the Group repaid €10,000k 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 Exceptional items. The April and May repayments totalled €34,066k which comprise of €30,000k principal and €4,066k PIK interest capitalised as at 31 December 2023. Balance of PIK relating to 2023 included in Finance interest paid. Between the first and third anniversaries of drawdown of the HPS facility, Hostelworld elected to capitalise 4.0% per annum of the accruing interest with the balance of the interest during that period.

Finance interest paid during the year totalled €2,101k (2022: €1,339k), comprised of HPS cash interest of €1,067k (2022: €1,339k), AIB cash interest of €583k (2022: €nil), and HPS PIK €451k (2022: €nil).

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

	<b>2023</b>	2022
	<b>€'000</b>	€'000
Non-current borrowings	<b>4,807</b>	30,869
Current borrowings	<b>5,340</b>	244
<b>Total</b>	<b>10,147</b>	31,113

Issue of warrants:

In connection with the HPS facility, 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 were exercisable 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. An amount of €3,073k was recorded for the initial recognition of the warrants calculated on the basis of the market price of the shares on the date of the agreement 19 February 2021 of €3,106,538 minus the subscription price of €33,152 (3,315,153 X €0.01). On 29 March 2023 HPS exercised their warrants and 3,315,153 shares were issued.

**18. Events After the Balance Sheet Date**

On 05 February 2024 the Irish Revenue Commissioners announced that the applicable rate of interest on warehoused payroll tax balances outstanding will reduce to 0%, with the reduction in rate applying to any interest amounts accrued to date. This is a non-adjusting event.

There have been no other significant events after the balance sheet date.