HOSTELWORLD GROUP PLC – INTERIM MANAGEMENT REPORT

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

Interim Results 2025

FY 2025 expectations[1] in line with guidance communicated at April Capital Markets Day ("CMD")

Hostelworld is pleased to announce its interim results for the six months ended 30th June 2025 ("H1 2025").

Trading improving through the half year, continuing into July:

- Net Bookings and ABV improving through the first half of the year, returning to growth in late May and continuing positive momentum into June and July
- Increasing commission rates post launch of Elevate, offsetting bed price deflation and weaker than expected US dollar
- Paid cost inflation observed in Q1, which has since moderated. Marketing as a % of generated revenue[2] expected to be within CMD guidance range on a FY basis
- App bookings growing +11% year over year reflecting continued progress of our social network strategy

Progressing our strategic initiatives and well positioned for growth:

- Rollout of Elevate, our new marketplace monetisation tool, showing early signs of success with blended commission rates increasing to 15.8% in H1 2025 (15.2% in H1 2024)
- Continued growth in Social Network size and engagement: Social members reaching 2.9M by the end of June 2025 (up from 1.8M in June 2024) and the number of messages sent over the network increased 42% on a trailing 6 month basis
- Strategic initiatives, including social platform monetisation and the addition of budget accommodation on track
- Continuing to evaluate acquisition opportunities as outlined in our CMD presentation

Financial highlights:

- Net bookings of 3.7m (+0% year on year) and net average booking value of €13.40 (-1% year on year), generated net revenue of €46.7m (+0% year on year)
- Direct marketing as a percentage of generated revenue[2] totalled 51%, (H1 2024 45%)
- Operating costs[3] of €12.4m, (-1% year on year) with costs maintained at 27% of net revenue
- Adjusted EBITDA of €7.4m with deferred revenue of €3.1m, (H1 2024 EBITDA of €9.6m, deferred revenue of €3.6m)
- Operating profit for the period €2.1m compared to €4.0m in H1 2024 (-47% year on year)
- Reinstatement of progressive dividend policy and share buyback programme (£5m) announced

Balance sheet and cash flow:

- 30 June 2025 cash balance of €11.0m (31 December 2024: €8.2m) and a net cash[4] position of €6.1m (31 December 2024: €2.0m)
- Interim Dividend of 0.82€ cent per share approved by the Board, payable on 19th September 2025
- Commencement of £5 million share buy-back programme on 19th June 2025

Gary Morrison, Chief Executive Officer, commented:

"I am pleased to report solid progress on our strategic roadmap presented at our Capital Markets Day in April. While the first half was impacted by several external factors, we saw encouraging positive trends in late May, which have continued through into June and July, including growth in booking volumes and average booking values.

Our strategic initiatives, particularly the early success of our 'Elevate' marketplace tool, are delivering a positive impact on our trading performance. With continued innovation in our social network, we have seen significant growth in engagement. The number of messages sent has increased by 42% on a trailing 6-month basis. This deep engagement continues to drive growth in app bookings, which are up 11% year-on-year. The number of social members also saw substantial growth, reaching ~3 million by the end of June 2025, up from 1.8 million in June 2024.

We continue to evaluate acquisition opportunities as outlined in our CMD presentation. Reflecting our balanced approach to capital allocation and our commitment to long-term growth in shareholder value, we announced a £5 million share buyback programme on 19 June, alongside the reinstatement of a progressive dividend policy. We expect the interim dividend to be paid on 19th September 2025.

Overall, I am encouraged by the results of the foundational work laid in the first half, which positions us strongly for sustained growth from 2026 and beyond, and for delivering on our Vision to be the world's leading social travel platform."

HOSTELWORLD

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Trading update

We are encouraged by the improvement observed in late May, with this positive momentum continuing into June and July. This uplift was primarily driven by Net Bookings and Average Booking Value (ABV) returning to year-on-year growth in late May, a trend that is continuing into July.

ABV growth has been driven by increasing commission rates following the launch of Elevate, which is offsetting bed price deflation and a weaker US dollar. While we observed paid cost inflation in Q1, this has since moderated, and we expect marketing as a percentage of generated revenue to fall within our guidance range on a full-year basis. App bookings continue to grow, up 11% year-on-year, driven by increasing engagement in our social network, evidenced by a 42% increase in messages sent, on a trailing 6-month basis, and social members reaching approximately 3 million by the end of June 2025.

We are making good progress on our growth strategy. The rollout of Elevate, our new marketplace monetisation tool, is showing early success, with blended commission rates increasing to 15.8% in H1 2025, up from 15.2% in H1 2024. Our 'Travel Plans' feature is seeing strong early adoption, extending our social reach into the pre-booking phase. Our other strategic initiatives, including social platform monetisation and the addition of budget accommodation, are on track for launch in 2025.

Overall, we are pleased with the progress we have made to date, which we believe will support our growth through 2026 and beyond.

[1]Company compiled market consensus FY 2025 adjusted EBITDA is €19.9M as of 30 July 2025
[2]Generated revenue - gross revenue less cancellations and excludes impact of deferred revenue
[3]Operating costs exclude paid marketing costs, credit card fees, exceptional costs, share option charges, depreciation and amortisation
[4]Net debt is cash less outstanding debt, including term loan, revolving credit facility and warehoused payroll taxes

Outlook:

The Board remains confident in our differentiated growth strategy and reaffirms our full year guidance in line with market consensus.

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 join directly via the webcast link provided below.

Webcast link: https://brrmedia.news/HSW_HY25

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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 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 270 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 'Taking 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.

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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: Gary Morrison

Throughout the first half of the year, we have continued to execute our highly differentiated growth strategy as outlined in our Capital Markets Day presentation in April 2025, commensurate with our Company Vision to be the world's leading social travel platform.

Executing our growth strategy

Our pioneering social network continues to transform how travellers connect and has become a cornerstone of our growth. In the first half of 2025, 85% of our bookings were made by members of our social network, up from 80% in the first half of 2024. Using booking data, the platform creates hostel and city-based chat rooms for travellers with overlapping stay dates, enabling them to meet and explore destinations together.

With continued innovation in our social network, we have seen significant growth in engagement. The number of messages sent has increased by 42% on a trailing 6-month basis, from 2.3 million to 3.2 million. This deep engagement continues to drive growth in app bookings, which are up 11% year on year. The number of social members also saw substantial growth, reaching 2.9 million by the end of June 2025, up from 1.8 million in June 2024.

Building on this success, we are now extending our social features into the pre-booking phase. Launched in May, our new 'Travel Plans' feature allows travellers to connect with like-minded people from our global community before their trip begins, with trust established through mandatory profile completion. The feature has already seen strong adoption, with thousands of plans created to date, and will be enhanced in Q3 with AI-powered content categorisation and proactive match suggestions. Strategically, 'Travel Plans' allows us to engage customers with our app earlier in the travel research phase, build a rich dataset of travel intentions to train our AI models, and create a foundation for future merchandising. We will begin actively marketing the feature throughout the remainder of the year.

In the post-booking phase, we are also leveraging AI to enhance the customer experience. By analysing chat interactions and travel patterns, our platform recommends relevant people to meet, suggests popular activities, and helps guests discover what is happening nearby. This deeper engagement enables us to anticipate future travel needs and proactively recommend a customer's next destination, driving repeat bookings. We will continue to roll out new AI-powered features throughout the year.

Looking ahead, we have two key strategic priorities for the second half of the year. First, we plan to begin monetising our social network to unlock new revenue streams beyond core accommodation bookings. We expect to launch a pilot version in two markets in early Q4, followed by a global rollout by year end. Second, our Third-Party Inventory (3PI) initiative will integrate new budget accommodation from a third-party supplier. This will expand our addressable market, allowing us to serve travellers in destinations where hostels are unavailable, with the new inventory seamlessly integrated into our app and social ecosystem. Both of these initiatives are on track for launch this year. Collectively, these initiatives will enhance the user experience, expand our addressable market, and diversify our revenue streams, underscoring our commitment to becoming the world's leading social travel platform.

In parallel, we have continued to optimise our hostel sign-up and onboarding processes, complemented by an expanded sales team in several local markets. This has driven strong property activations, particularly in Latin America and the Asia-Pacific region, with significant numbers of new hostels joining the platform. Encouragingly, our established European markets also showed positive momentum in the first half of the year, marked by key openings in major cities for both independent properties and hostel chains. This concerted effort has led to an increase in property activations in the first half year over year, with a sharp acceleration in the second quarter resulting in an 11% year-on-year rise on a 13-week rolling basis.

We also launched our new hostel ranking system, 'Elevate', in May, alongside enhanced rates and inventory tools to help our hostel partners optimise their pricing and visibility. This system enables hostels to increase their commission rates for greater visibility for specific types of demand, while balancing historical user conversion patterns and incentivising desired marketplace behaviours. We have seen a strong uptake of this system by our partners, which has increased our average OTA commission rate from 15.2% in H1 2024 to 15.8% in H1 2025. This compares favourably with our target of approximately 16% for 2027.

During the first half of the year, we launched the initial phase of our hostel-facing chat functionality, enabling hostels to communicate directly with our customers post-booking using our Social Network infrastructure. This marks the beginning of a suite of chat-based tools aimed at enabling smoother communication between hostels and their guests across our OTA and Social Platforms. During H2 we will integrate Hostel-Social member chat within the Linkups product, which we expect to drive greater adoption of our Linkups product. We also continue to invest in broadening the array of channel managers we connect to, reflected in the double-digit growth in supported channel managers year-on-year. Furthermore, we will be adopting the Open Travel Alliance API standard by the end of the year, which we expect to expand our distribution capabilities in 2026.

Our B2B marketing initiatives have also continued to evolve, focusing on educating and engaging partners to help them maximise the value from our platform, with the recent launch of 'Elevate' playing a central role. We hosted our first major conference of 2025 in Tokyo this May, welcoming 300 hostels from across the APAC region, and our flagship European event is scheduled for Seville this autumn, where we anticipate hosting over 500 partners. Beyond these large-scale conferences, we have sponsored and organised numerous smaller, regional gatherings over the past six months, which have been particularly effective in supporting growth in emerging markets. Our global markets team remains active on the ground, providing customised support and training, while our virtual engagement includes a wide range of webinars in multiple languages covering market insights, industry trends, and product launches.

Investing in our platform

Our transition to a fully cloud-native platform for our social network applications is now complete, and we expect to complete the migration of our core Online Travel Agent (OTA) applications by the end of Q3. This architecture provides on-demand scaling, a flexible microservices-based structure, and more opportunities to use off-the-shelf services from our cloud provider, including world-class generative AI tools. Furthermore, recent enhancements to our OTA availability, rates, and inventory services have created opportunities for significantly improved connectivity with both our properties and marketing partners, which we will leverage in Q4 and beyond.

Our cloud-native strategy has also been instrumental in transitioning our infrastructure from periodic manual configurations to an 'infrastructure-as-code' model across all applications — social network, OTA, core, and non-core. This change eliminates single points of failure and dramatically improves the scalability and resilience of our systems. We continue to selectively adopt further cloud-native practices across our remaining non-core OTA legacy systems. Our current focus is on completing the transition for our database layer, ensuring that the long tail of non-core legacy applications benefit from on-demand scaling while improving the observability across our entire application landscape.

Progressing our ESG agenda

At Hostelworld, our guiding principle is 'Building a Better World,' reflecting our commitment to our people, customers, partners, and the planet. Sustainability is a key driver in travel decisions, with 62%[1] of our customers identifying it as an important factor when selecting accommodation. This focus is shared by our partners, as 92%[2] of hostels surveyed rate sustainability as critical to their operations, particularly in areas like water and energy conservation and the protection of local culture. These figures underscore the importance of sustainability to both our customers and hostel partners.

Our 'Staircase to Sustainability' framework is central to our strategy. It supports hostels in showcasing their sustainability efforts and enables customers to make more informed, responsible booking decisions. We are encouraged by its strong adoption, with over 2,500 hostels having already completed the assessment to receive a classification badge on our platform. A further 500 properties are currently undergoing this process.

We continue to work in close partnership with the Global Sustainable Tourism Council (GSTC) and regularly highlight our framework at international events as an example of a custom-built solution for driving continuous improvement. We are also proud to be the

[1] Customer NPS Survey, March 2025 with 1207 responses

[2] Sustainability in Hostels Survey, April 2025 with 400 operator responses

only online travel agent (OTA) on the GSTC working group that reviews sustainability criteria for micro and small enterprises, ensuring the voice of the hostel community is heard globally.

Across all our B2C and B2B outreach, we champion hostels that align with the values of our 'Staircase to Sustainability' framework. The framework has a dual purpose: to highlight and reward hostels with strong existing practices, and to inspire and guide others on their sustainability journey. We believe hostels are an inherently sustainable form of accommodation. As regulatory expectations increase and sustainability resonates more strongly with our audience, the need for visible, measurable progress is greater than ever. Our aim is to support our hostel partners in this evolving landscape and to continue showcasing hostels as a leading sustainable accommodation choice.

Finally, we were awarded a silver 'Taking Action Label' from South Pole, our long-term climate solutions provider. This accreditation is approved by CO_2 Logic and validated by the independent third-party auditor, Vinçotte. Additionally, this year we set a new target to reduce our scope 3 emissions (excluding the impact of hostel stays) by 90% by 2040, against a 2023 baseline.

Building a culture where our people can thrive remains a top priority, and we are proud of our continued focus in this area. The last six months have seen us strengthen this commitment through initiatives that foster a greater sense of inclusion and connection. Highlights include our well-received International Women's Day events and a mini-series that clarified the wide range of support available to everyone on our team.

Our people strategy is built around this cultural focus. From their first day, new starters are introduced to our values through our new Culture Code Passport, and our in-person onboarding has received exceptional feedback. In the background, we've been working to make things simpler and more efficient by upgrading our HR systems.

A key achievement has been our ability to work effectively in a hybrid model. This has been a journey shaped directly by feedback from our employees, allowing us to develop guidance that truly works. We see the success of this approach in our ability to attract and keep great people, evidenced by attrition rates below industry benchmarks and reducing time to hire. We are excited by the positive momentum we feel across the entire business.

Summary

We have made significant progress in H1 executing our differentiated strategy which we outlined at our Capital Markets Day. Our pioneering social network continues to drive strong engagement, laying a foundation for future growth. We have enhanced our technological infrastructure with the completion of our cloud-native transition, alongside advancing our commitment to our ESG agenda and nurturing a thriving culture for our people. I am confident that the momentum generated in H1 positions us strongly to deliver on our strategic priorities and continue building the world's leading social travel platform, creating sustained value for all our stakeholders.

Gary Morrison
Chief Executive
30 July 2025

Financial Review: Caroline Sherry

Highlights

- Net revenue for the period was €46.7m, +0% year on year (2024: €46.4m) with net bookings of 3.7m (+0% year on year)
- Net average booking value of €13.40 (-1% year on year)
- Direct marketing as a percentage of generated revenue totalled 51%, up 6% from 45% in H1 2024
- Total operating costs of €44.6m, (H1 2024: €42.5m), +5% year on year driven by an increase in paid marketing costs
- Adjusted EBITDA €7.4m (H1 2024: €9.6m)
- Adjusted earnings per share 4.0 € cent (H1 2024: adjusted earnings per share 6.0 € cent)
- Net asset position of €70.7m (31 December 2024: €70.1m)
- Closing cash position of €11.0m (31 December 2024: €8.2m) and a net cash position of €6.1m (31 December 2024: €2.0m)
- Interim dividend of 0.82 € cent per share (H1 2024: 0.00 € cent per share), in line with stated dividend policy
- Share buy-back programme introduced up to a maximum aggregate of £5m

Revenue and operating profit

Net bookings of 3.7m, remained in line year-on-year (H1 2024: 3.7m) with net ABV reducing to €13.40 (H1 2024: €13.60). The main drivers of the reduction in net ABV was the continued preference for low-cost destinations, with Asia posting another record performance in H1 2025, combined with the impact of bed price deflation and a weaker US dollar. The impact of these factors was partially offset by the introduction of Elevate, our new marketplace monetisation tool.

Generated revenue, which comprises of gross revenue less cancellations, declined 1% year-on-year to €49.7m, (H1 2024: €50.3m) due to the contraction in the average value paid by a customer for a net booking. Net revenue, after considering adjustments for deferred revenue, ancillary revenue streams (featured listings), vouchers, refunds and other accounting adjustments, increased year on year to €46.7m (H1 2024: €46.4m). Featured listing advertising revenue, revenue generated from hostels advertising on our platform, amounted to €0.7m (H1 2024: €0.8m). At 30 June 2025, the Group held €6.3m of customer deposits on its balance sheet relating to bookings made under the free cancellation policy (31 December 2024: €3.2m). This balance will largely unwind in H2 2025.

Operating expenses totalled €44.6m (H1 2024: €42.5m), an increase of €2.1m year on year. This was driven by an increase of €2.5m in direct marketing costs to €25.4m (H1 2024: €22.9m). Direct marketing costs as a percentage of generated revenue increased to 51% (H1 2024: 45%) driven by cost inflation. Excluding direct marketing costs, expenses have reduced by 2% year on year due to a reduction in discretionary staff compensation.

Group operating profit amounted to €2.1m (H1 2024: €4.0m), a year on year decrease of €1.9m. Adjusted EBITDA of €7.4m (H1 2024: €9.6m.

Exceptional items

Exceptional items warrant separate disclosure due to their nature or materiality. The Group incurred €0.3m in the current period on items relating to corporate and strategic activity. There were no exceptional items incurred in the prior period.

Share-based payment

The Group incurred a total share-based payment expense of €0.8m (H1 2024: €0.9m) arising on the issuance of options in accordance with the Group's Restricted Share Awards ("RSU") and Long-Term Incentive Plans ("LTIP").

On 24 March 2025 a new long-term incentive plan of 2,093,088 awards was struck for executives and key members of the Hostelworld team. All LTIP and RSU awards are nil cost options.

On 1 May 2025 2,287,540 shares were issued to satisfy long term incentive plan awards in relation to RSU 2022. 100% of the performance obligations were satisfied.

Current and deferred tax

The Group corporation tax charge for H1 2025 is €0.2m (H1 2024: €0.1m) relating to our international operations where tax losses from our Irish operations cannot be utilised.

Deferred tax charge of €0.9m (H1 2024: €1.1m) relating to the unwind of a deferred tax asset recognised in H2 2023. The asset recognised in 2023 is being unwound to the income statement to align to how capital allowances on intangible assets, tax losses and interest relief is being utilised. The Group has no unrecognised deferred tax assets.

Earnings per share

Basic earnings per share for the Group was 0.88 € cent (H1 2024: 2.03 € cent). Adjusted earnings per share was 4.0 € cent per share (H1 2024: 6.0 € cent per share).

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 2020 to March 2022. The total amount warehoused at 30 June 2025 was €4.9m (31 December 2024: €6.2m).

The Group commenced a repayment plan with the Irish Revenue Commissioners in May 2024 with an initial payment of 15%, followed by monthly repayments for a three-year period to April 2027. The Group continues to monitor and comply with the appropriate Revenue guidelines applicable to this scheme.

Development labour

Total development labour intangible asset additions amounted to €3.6m during H1 2025 (H1 2024: €2.4m). This asset arose due to work completed on delivery our social strategy, including a new pre-booking feature 'Travel Plans' and continuing to modernise our platforms. This balance includes internal development labour of €2.6m (H1 2024: €1.5m) relating to staff costs capitalised during the period, and other internally generated additions of €1.0m (H1 2024: €0.9m).

Impact of new accounting standards

New accounting standards and amendments to existing standards implemented in 2025 did not have a material impact on the Group.

Related parties

Related party transactions are disclosed in note 13 to the condensed Group 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. On 29 April 2025, we hosted a Capital Markets Day at the offices of Deutsche Numis, our corporate broker, in London. On 07 May 2025, 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 equity conferences. These engagements provided an opportunity for the management team to meet existing and potential investors and analysts. This direct feedback is reflected upon to ensure our investor relations communications are meaningful and effective.

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 2024 Annual Report and Financial Statements, published on 02 April 2025, to remain applicable. Any changes to this evaluation and a description of each is set out within Appendix 2.

Share buyback

On 19 June 2025 the Group announced a share buyback programme to repurchase ordinary shares of up to a maximum aggregate consideration of £5 million.

As at 30 June 2025, a total of 252,943 ordinary shares were repurchased under the share buyback programme at a cost of £0.3 million. In accordance with the share buyback programme, all repurchased shares were subsequently cancelled.

Dividend

The Group has reinstated a progressive dividend policy with a target annual dividend payout ratio of between 20% and 40% of adjusted profit after tax, in line with the capital allocation framework presented at the Capital Markets Day on 29 April 2025.

The Board has declared an interim dividend of 0.82 € cent per share in respect of the six months ended 30 June 2025 (six months ended 30 June 2024: €nil) payable on 19 September 2025 to shareholders on the register on the record date of 29 August 2025, (ex-dividend date - 28 August 2025).

Caroline Sherry
Chief Financial Officer
30 July 2025

RESPONSIBILITY STATEMENT

Each of the Directors of Hostelworld Group plc (as listed on pages 86 to 88 of the Annual Report and Financial Statements for the year ended 31 December 2024, published on 02 April 2025) 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
Chief Executive Officer
30 July 2025

Caroline Sherry
Chief Financial Officer
30 July 2025

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Notes	6 months ended 30 June 2025 €'m Unaudited	6 months ended 30 June 2024 €'m Unaudited	Year ended 31 December 2024 €'m Audited
Revenue	3	**46.7**	46.4	92.0
Operating expenses	4	**(44.6)**	(42.5)	(80.9)
Other income		**-**	-	1.3
Share of results of associate		**-**	0.1	0.1
Impairment of investment in associate		**-**	-	(1.2)
Operating profit		**2.1**	4.0	11.3
Finance income		**0.1**	-	0.1
Finance costs		**-**	(0.3)	(0.3)
Profit before tax		**2.2**	3.7	11.1
Tax cost	6	**(1.1)**	(1.2)	(2.0)
Profit for the period/year attributable to the equity owners of the parent Company		**1.1**	2.5	9.1
Basic earnings per share (euro cent)		**0.88**	2.03	7.28
Diluted earnings per share (euro cent)		**0.85**	1.96	7.01

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2025

	6 months ended 30 June 2025 €'m Unaudited	6 months ended 30 June 2024 €'m Unaudited	Year ended 31 December 2024 €'m Audited
Profit for the period/year	**1.1**	2.5	9.1
Items that may be reclassified subsequently to profit or loss:			
Nil	-	-	-
Total comprehensive income for the period/year attributable to equity owners of the Parent Company	**1.1**	2.5	9.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Notes	Six months ended 30 June 2025 €'m Unaudited	Six months ended 30 June 2024 €'m Unaudited	Year ended 31 December 2024 €'m Audited
Non-current assets				
Intangible assets	8	**62.8**	64.3	63.5
Property, plant and equipment		**0.4**	0.7	0.5
Deferred tax assets		**12.9**	14.5	13.8
Investment in associate		**-**	1.2	-
		76.1	80.7	77.8
Current assets				
Trade and other receivables	9	**6.2**	4.9	4.5
Corporation tax		**-**	0.1	-
Cash and cash equivalents		**11.0**	5.0	8.2
		17.2	10.0	12.7
Total assets		**93.3**	90.7	90.5
Issued capital and reserves attributable to equity owners of the parent				
Share capital	10	**1.3**	1.3	1.3
Share premium	10	**14.4**	14.4	14.4
Treasury shares	10	**(0.4)**	-	-
Other reserves		**3.8**	3.8	3.0
Retained earnings		**51.6**	43.1	51.4
Total equity attributable to equity holders of the parent Company		**70.7**	62.6	70.1
Non-current liabilities				
Non-current debt				
Debt warehoused	11	**2.2**	4.9	3.5
		2.2	4.9	3.5
Current liabilities				
Current debt				
Debt warehoused	11	**2.7**	2.7	2.7
Trade and other payables				
Trade payables	12	**4.8**	5.4	4.1
Deferred revenue	12	**6.6**	7.5	3.5
Accruals and other payables	12	**5.9**	6.8	6.0
Lease liabilities		**0.1**	0.5	0.3
Corporation tax		**0.3**	0.3	0.3
		20.4	23.2	16.9
Total liabilities		**22.6**	28.1	20.4
Total equity and liabilities		**93.3**	90.7	90.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Notes	Share capital €'m	Share premium €'m	Treasury shares €'m	Retained earnings €'m	Other reserves €'m	Total €'m
Balance at 31 December 2023 (audited)		**1.3**	**14.4**	**-**	**40.6**	**2.9**	**59.2**
Total comprehensive income for the period		-	-	-	2.5	-	2.5
Credit to equity for equity settled share-based payments		-	-	-	-	0.9	0.9
Balance at 30 June 2024 (unaudited)		**1.3**	**14.4**	**-**	**43.1**	**3.8**	**62.6**
Total comprehensive income for the period		-	-	-	6.6	-	6.6
Credit to equity for equity settled share-based payments		-	-	-	-	0.9	0.9
Transfer of exercised and expired share-based awards		-	-	-	1.7	(1.7)	-
Balance at 31 December 2024 (audited)		**1.3**	**14.4**	**-**	**51.4**	**3.0**	**70.1**
Total comprehensive income for the period		-	-	-	1.1	-	1.1
Purchase of own shares – share buyback		-	-	(0.4)	(0.9)	-	(1.3)
Credit to equity for equity settled share-based payments		-	-	-	-	0.8	0.8
Balance at 30 June 2025 (unaudited)		**1.3**	**14.4**	**(0.4)**	**51.6**	**3.8**	**70.7**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Notes	Six months ended 30 June 2025 €'m Unaudited	Six months ended 30 June 2024 €'m Unaudited	Year ended 31 December 2024 €'m Audited
Cash flows from operating activities				
Profit for the period/year		**1.1**	2.5	9.1
Tax		**1.1**	1.2	2.0
Profit before tax		**2.2**	3.7	11.1
Amortisation and depreciation	4	**4.6**	4.9	9.1
Share of profit of associate		**-**	(0.1)	(0.1)
Impairment of investment in associate		**-**	-	1.2
Non-cash movement in provisions		**-**	-	(1.3)
Financial income		**(0.1)**	-	(0.1)
Finance expense		**-**	0.3	0.3
Employee equity settled share-based payment expense		**0.8**	0.9	1.8
Changes in working capital items:				
Increase/(decrease) in trade and other payables	12	**2.8**	4.6	(0.2)
(Increase) in trade and other receivables	9	**(1.7)**	(1.6)	(1.2)
		8.6	12.7	20.6
Interest paid (including lease interest)		**-**	(0.3)	(0.3)
Interest received		**0.1**	-	0.1
Income tax paid		**(0.2)**	-	(0.1)
Net cash generated from operating activities		**8.5**	12.4	20.3
Cash flows from investing activities				
Acquisition/development of intangible assets	8	**(3.6)**	(2.4)	(5.5)
Purchases of property, plant and equipment		**(0.1)**	(0.1)	(0.1)
Net cash used in investing activities		**(3.7)**	(2.5)	(5.6)
Cash flows from financing activities				
Repayment of borrowings		**-**	(10.3)	(10.3)
Repayment of warehoused debt	11	**(1.3)**	(1.8)	(3.2)
Purchases of own shares – share buyback		**(0.4)**	-	-
Repayments of obligations under lease liabilities		**(0.3)**	(0.3)	(0.5)
Net cash used in financing activities		**(2.0)**	(12.4)	(14.0)
Net increase/(decrease) in cash and cash equivalents		**2.8**	(2.5)	0.7
Cash and cash equivalents at the beginning of the period/year		**8.2**	7.5	7.5
Cash and cash equivalents at the end of the period/year		**11.0**	5.0	8.2

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

1. **General information**

Hostelworld Group plc, hereinafter "the Company", is a public limited company incorporated in the United Kingdom. The registered office of the Company is One Chamberlain Square, Birmingham, B3 3AX. The Company is the ultimate parent company of the Group and its shares are quoted on the Euronext Dublin and London Stock Exchange.

These condensed group interim financial statements as at, and for the period from 1 January 2025 to 30 June 2025 (half year/six months) ("interim financial statements") were approved for issue by the Board of Directors on 30 July 2025.

2. **Accounting policies**

Basis of preparation

The interim financial statements should be read in conjunction with the financial statements as at, and for the year ended 31 December 2024, the "2024 Annual Report". The interim financial statements do not include all of the information required for a complete set of IFRS financial statements and have not been audited or reviewed by the Group's auditor. The methods of computation, presentation and accounting policies adopted in the preparation of the interim financial statements are consistent with those applied in the 2024 Annual Report other than those noted below. The Group's accounting policies are set out in note 1 and note 2 to the financial statements in the 2024 Annual Report. The auditors reported on the 2024 annual report 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.

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.

At 30 June 2025 the Group has cash and cash equivalents of €11.0 million, 31 December 2024 €8.2 million and net cash of €6.1 million, 31 December 2024 €2.0m. The Group repaid its borrowing facilities held with AIB in full, in the prior period, and commenced repaying its debt warehoused in line with the repayment terms set with the Irish Revenue Commissioners. Amount owed as at 30 June 2025 was €4.9 million, 31 December 2024: €6.2 million.

The Directors took account of the principal risks and uncertainties identified and discussed on pages 28 to 30 and believe that the Group is well placed to manage these risks successfully. The Directors also considered the Group's cash flow forecasts and current and anticipated trading volumes and 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 2024.

3. Revenue

The Group's major revenue-generating asset class comprises its software and data processing services. 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 2025 €'m (Unaudited)	Six months ended 30 June 2024 €'m (Unaudited)	Year ended 31 December 2024 €'m (Audited)
Europe	**23.4**	25.1	51.6
Americas	**8.7**	8.9	17.0
Asia, Africa and Oceania	**14.6**	12.4	23.4
Total revenue	**46.7**	46.4	92.0

For the six-month period ended 30 June 2025, an amount of €3.1 million was deferred to the balance sheet (30 June 2024: €3.6 million) which will be recognised largely in H2 2025. Please see note 12 for deferred revenue provision at balance sheet date.

Disaggregation of revenue is presented as follows:

	Six months ended 30 June 2025 €'m (Unaudited)	Six months ended 30 June 2024 €'m (Unaudited)	Year ended 31 December 2024 €'m (Audited)
Technology and data processing fees	**46.0**	45.6	90.0
Ancillary services and advertising revenue	**0.7**	0.8	2.0
Total revenue	**46.7**	46.4	92.0

In the six months ended 30 June 2025, the Group generated 99% (30 June 2024: 98%) of its revenues from the technology and data processing fees that it charged to accommodation providers.

4. Operating expenses

Profit for the period has been arrived at after charging the following operating costs:

	Note	Six months ended 30 June 2025 €'m (Unaudited)	Six months ended as restated 30 June 2024 €'m (Unaudited)	Year ended 31 December 2024 €'m (Audited)
Marketing expenses – direct		**25.4**	22.9	42.5
Marketing expenses – brand		**0.5**	0.4	0.8
Credit card and other processing fees		**1.5**	1.4	2.9
Staff costs*		**9.2**	9.6	19.0
External contractor costs		**0.9**	0.9	1.7
Platform operating costs		**1.7**	1.6	3.2
Exceptional items	5	**0.3**	-	-
FX loss		**-**	0.1	0.1
Other administrative costs*		**0.5**	0.7	1.6
Total administrative expenses		**40.0**	37.6	71.8
Depreciation of property, plant and equipment		**0.3**	0.3	0.6
Amortisation of intangible fixed assets		**4.3**	4.6	8.5
Total operating expenses		**44.6**	42.5	80.9

*An amount of €0.7 million has been re-presented in the prior 6-month period between staff costs and other administrative costs relating to external development labour for a fairer presentation of the staff costs incurred by the Group.

Total administration expenses increased by €2.4 million to €40.0 million (30 June 2024: €37.6 million), predominantly due to an increase in direct marketing costs of €2.5 million to €25.4 million (30 June 2024: €22.9 million) as a result of cost inflation.

Included within administration expenses in the current period is a total credit of €0.5 million (30 June 2024: €0.3 million) in relation to an R&D tax credit claimed in respect of projects completed in 2024 and 2023.

5. Exceptional items

	Six months ended 30 June 2025 €'m (Unaudited)	Six months ended 30 June 2024 €'m (Unaudited)	Year ended 31 December 2024 €'m (Audited)
Exceptional costs	**0.3**	-	-
Total exceptional items	**0.3**	-	-

The Group incurred €0.3m in the current period on items relating to corporate and strategic activity. There were no exceptional items incurred in the prior period.

6. Tax

	Six months ended 30 June 2025 €'m (Unaudited)	Six months ended 30 June 2024 €'m (Unaudited)	Year ended 31 December 2024 €'m (Audited)
Corporation tax cost	**0.2**	0.1	0.3
Deferred tax cost	**0.9**	1.1	1.7
Tax cost	**1.1**	1.2	2.0

The corporation tax charge for the six-month period amounted to €0.2 million (30 June 2024: €0.1 million). Current and prior period charge relate primarily to our overseas operations where tax losses from our Irish operations cannot be utilised.

Tax 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 2025 earnings or loss of each group entity.

The deferred tax charge for the six-month period amounted to €0.9 million (30 June 2024: €1.1 million) relating to the unwind of a deferred tax asset recognised in 2023. The asset recognised in 2023 is being unwound to the Income Statement to align to how the capital allowances, tax losses and interest relief is being utilised.

7. Earnings per share

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

	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)	Year ended 31 December 2024 (Audited)
Weighted average number of shares in issue ('m)	**125.7**	124.1	124.5
Profit for the period (€'m)	**1.1**	2.5	9.1
Basic earnings per share (euro cent)	**0.88**	2.03	7.28

Diluted earnings per share is computed by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive ordinary shares. Share options and share awards are the Company's only potential dilutive ordinary shares:

	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)	Year ended 31 December 2024 (Audited)
Weighted average number of shares in issue ('m)	**125.7**	124.1	124.5
Share options ('m)	**4.5**	4.9	4.9
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('m)	**130.2**	129.0	129.4
Diluted earnings per share (euro cent)	**0.85**	1.96	7.01

8. Intangible assets

Additions during the period comprised of capitalised development costs of €3.6 million (31 December 2024: €5.5 million). There were no disposals.

Capitalised development costs additions during the period are made up of internal staff costs of €2.6 million (31 December 2024: €3.7 million) and other internally generated additions of €1.0 million (31 December 2024: €1.8 million).

Offsetting additions is a total amortisation charge of €4.3 million for the period ended 30 June 2025 (31 December 2024: €8.5 million).

9. Trade and other receivables

	30 June 2025 €'m (Unaudited)	30 June 2024 €'m (Unaudited)	31 December 2024 €'m (Audited)
Amounts falling due within one year			
Trade receivables (hostels and payment processor)	**1.8**	1.2	1.2
Prepayments and accrued income	**2.4**	1.8	1.8
Value added tax due from Revenue Commissioners	**2.0**	1.9	1.5
	6.2	4.9	4.5

Trade receivables primarily relate to VAT to be recovered from Irish hostels and amounts due from the Group's payment processing agents, which are due for maturity within 5 days.

Increase in prepayments and accrued income is driven by an amount due from the Irish Revenue Commissioners in respect of R&D tax credit claims made of €1.2 million (31 December 2024: €0.4 million).

10. Share capital

	No of shares of €0.01 each €'m	Share capital €'m	Share premium €'m	Total €'m
At 31 December 2024	125.0	1.3	14.4	15.7
Share issue – LTIP award, 1 May 2025	2.3	-	-	-
At 30 June 2025	**127.3**	**1.3**	**14.4**	**15.7**

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

On 1 May 2025 2,287,540 shares were issued to satisfy long term incentive plan awards in relation to RSU 2022. 100% of the performance obligations were satisfied.

On 19 June 2025, the Group announced that it was commencing a share buyback programme in line with the Group's capital allocation framework. As at 30 June 2025, 252,943 number of ordinary shares were repurchased under the programme at a cost of €0.4 million. In accordance with the share buyback programme, all repurchased shares are subsequently cancelled.

11. Warehoused payroll taxes

	30 June 2025 €'m (Unaudited)	30 June 2024 €'m (Unaudited)	31 December 2024 €'m (Audited)
Opening balance	**6.2**	9.6	9.6
Repayments made	**(1.3)**	(1.8)	(3.2)
Finance costs (unwind)/cost	-	(0.2)	(0.2)
Closing balance	**4.9**	7.6	6.2

The Group availed of the Irish Revenue tax warehousing scheme and deferred payment on all Irish employer taxes arising during the period from February 2020 to March 2022. In 2024 the Group reversed €0.2 million of finance costs relating to an announcement by the Revenue Commissioners on 05 February 2024 that the applicable rate of interest on debt warehoused would reduce to 0%, applying retrospectively.

The Group made an initial down payment of 15% in May 2024 in line with repayment terms set with the Irish Revenue Commissioners. This was followed by monthly payments which continue over a three-year period to April 2027. This repayment plan is reflected in the classification of the liability between current and non-current.

	30 June 2025 €'m (Unaudited)	30 June 2024 €'m (Unaudited)	31 December 2024 €'m (Audited)
Non current liability	**2.2**	4.9	3.5
Current liability	**2.7**	2.7	2.7
Total warehoused payroll taxes	**4.9**	7.6	6.2

12. Trade and other payables

	30 June 2025 €'m (Unaudited)	30 June 2024 €'m (Unaudited)	31 December 2024 €'m (Audited)
Current liabilities			
Trade payables	**4.8**	5.4	4.1
Accruals and other payables	**5.1**	4.8	5.2
Customer provisions	**0.1**	1.4	0.1
Deferred revenue	**6.6**	7.5	3.5
Payroll taxes (non-warehoused)	**0.7**	0.6	0.7
	17.3	19.7	13.6

Included in accruals and other payables is a liability recognised in respect of the shares expected to be purchased under the share buyback programme during the close period of €0.9 million (31 December 2024: €nil). This has been recognised due to the irrevocable nature of the share buyback programme during a close period from 30th June 2025 up until the announcement of the Group's interim results. Repurchases outside of a close period are executed on a discretionary basis and do not give rise to a liability.

Reduction in customer provisions relates to an unwind of a refund provision in H2 2024 following the determination by the Group, that the possibility of an outflow of economic benefit was remote. The release of this provision was recognised in other income.

At 30 June 2025, €6.3 million of revenue was deferred relating to free cancellation bookings (31 December 2024: €3.2 million), €0.2 million relates to hostel advertising revenue (31 December 2024: €0.2 million) and €0.1 million was deferred relating to Roamies (31 December 2024: €0.1 million). The majority of this balance will unwind in H2 2025.

13. Group structure and related party transactions

On 20 March 2025 the Group announced that Ulrik Bengtsson informed the Board of his decision to step down as Chairman and Non-Executive Director. Ulrik will remain as Chairman and Non-Executive Director until 31 October 2025

.

There are no other changes to the Group structure or related parties to highlight in respect of H1 2025.

14. Events after the reporting date

On 28 July 2025, the Board approved an interim dividend of 0.82 € cent per share in respect of the six months ended 30 June 2025 (six months ended 20 June 2024: €nil) payable on 19 September 2025 to shareholders on the register on the record date of 29 August 2025 (ex-dividend date - 28 August 2025).

There have been no other significant events, outside the ordinary course of business, affecting the Group since 30 June 2025.

Appendix 1: Alternative Performance Measures

In reporting financial information, the Group uses the following alternative performance measures ("APMs") which are non–IFRS measures which provide useful additional information to monitor the performance of its operations and of the Group as a whole. APMs are not a substitute for, or superior to, IFRS measurements.

APM	Closest Equivalent IFRS Measure	Definition/Purpose	Reconciliation/Calculation
Adjusted EBITDA	Operating profit	Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortisation (non-cash items), also excluding results and impairment of associate, other income, share based payment expenses and any items defined by management as exceptional in nature. This APM removes items which do not impact underlying trading performance and allows the Group and external readers, including investors, to review baseline profitability of the Group trade.	See note (a)
Adjusted EBITDA Margin	No direct equivalent	Adjusted EBITDA margin is defined as adjusted EBITDA as defined above divided by net revenue. Adjusted EBITDA margin allows the Group and external readers, including investors, to assess the business's baseline profitability and how much revenue the business converts into Adjusted EBITDA profits by removing items which do not impact underlying trading performance.	See note (a)
Adjusted Profit after Tax	Profit after tax	Adjusted profit after tax is profit excluding items that do not impact trading profitability, such as items classified by management as exceptional in nature, amortisation of acquired domain and technology intangibles, share based payment expenses, impairment of associate, other income and deferred tax. These items can have a large impact on the reported result for the year, and which can make underlying trends difficult to interpret. Adjusted profit after tax is used by the Group to calculate the potential dividend when a dividend is being paid, subject to company law requirements regarding distributable profits, and the dividend policy within the Group. The Chief Operating Decision Maker assesses the performance of the business based on the consolidated adjusted profit after tax of the Group throughout the year.	See note (b)
Adjusted EPS	Basic earnings per share	Adjusted EPS is calculated on the weighted average number of ordinary shares in issue, using the adjusted profit after tax. Adjusted EPS is an additional measure of underlying performance that excludes items classified by management as exceptional in nature, amortisation of acquired domain and technology intangibles, share based payment expenses, impairment of associate, other income and deferred tax. Adjusted EPS is a metric included in the Executive Director and Senior Management remuneration for the current and prior year LTIP plan being struck.	See note (b)
Adjusted Free Cashflow	Net cash from	Adjusted free cash flow is net cash from operating activities adjusted for capital expenditure, acquisition/capitalisation of intangible assets, lease liabilities payments and cash impact of items	See note (c)

	operating activities	classified as exceptional by management and any other items as set out in the walk on page 25. Adjusted free cash flow is a measure which group management and external readers, including investors, use to assess the amount of cash the Group is generating from its trade and excludes items which do not relate to the day-to-day activities of the Group. It is one of the metrics which is used by management in assessing the amount of cash available for items such as borrowing repayments, dividends, share repurchases and acquisitions.	
Adjusted Free Cashflow Conversion	No direct equivalent	Adjusted Free Cash Flow Conversion % is calculated as Adjusted free cash flow as defined above divided by Adjusted EBITDA and measures the Group's ability to convert Adjusted EBITDA into free cash flow. As above, adjusted free cash flow conversion is a measure which group management and external readers including investors can use to measure the Group's ability to convert Adjusted EBITDA into free cash flow.	See note (c)
Net Cash/(Debt)	Total borrowings and cash and cash equivalents	Net cash/(debt) represents the total debt obligations of the Group, net of liquid resources. It equates to short-term debt and long-term debt (including the statutory liability for debt warehoused and any external bank borrowings) less cash and equivalents. Net cash/(debt) is used by the Group to monitor its overall leverage and liquidity position which assists in management's assessment of financial stability and strategic decision making.	See note (d)
Net Gross Merchandise Value ("GMV") and Generated Revenue	Net revenue	Net GMV represents the gross transaction value of bookings on our platform less cancellations. Generated revenue is total bookings, less cancellations. It excludes the impact of adjustments for refunds, chargebacks and voucher provisioning, deferred revenue, ancillary revenue streams and rebates. Net GMV is utilised by the Group's management to demonstrate the total value of transactions executed through our platform i.e. 100% of the booking value. Generated revenue is used by Group and external readers including investors to identify gross revenue from bookings less cancellations, excluding accounting adjustments that arise after the booking is processed.	See note (e)
Net ABV	No direct equivalent	Net ABV represents the average value paid by a customer for a net booking calculated as generated revenue divided by total net bookings.	See note (e)
Direct Marketing Costs as a % of Generated Revenue	No direct equivalent	Direct marketing costs as a percentage of generated revenue is an APM which looks at the efficiency of marketing spend. Generated revenue is utilised here to understand the relationship between bookings/revenue and the direct marketing costs for those bookings. This APM is used by the Group's management to identify how efficient the Groups marketing channels are.	See note (f)

Net Margin	Operating profit	Net margin is an APM which is calculated by deducting direct costs from generated revenue. Direct costs are comprised of direct marketing costs and credit card and other processing fees. This APM is used by the Group's management to identify the trading profit margin, excluding administration costs/day to day expenses.	See note (g)
Operating costs as a % of net revenue	No direct equivalent	Operating costs as a % of net revenue is calculated by dividing operating costs being day to day expenses by net revenue. This APM is used by the Group's management to determine the efficiency of operating costs.	See note (h)

As a result of rounding to the nearest €'m, in some walks set out below the recalculation cannot be performed exactly but we have included enough data for the reader to understand how the amount is calculated within our reporting systems.

Note (a) Adjusted EBITDA and adjusted EBITDA margin

Reconciliation between operating profit for the year and adjusted EBITDA:

	30 June 2025 €'m	30 June 2024 €'m
Operating profit	**2.1**	**4.0**
Depreciation	0.3	0.3
Amortisation of development costs	2.3	1.6
Amortisation of acquired intangible assets	2.0	3.0
R&D tax credit	(0.4)	(0.2)
Exceptional items	0.3	-
Share based payment expense	0.8	0.9
Adjusted EBITDA	**7.4**	**9.6**

R&D tax credits are included in note 4. The amount of €0.4 million (30 June 2024: €0.2 million) relates to amortisation of development costs.

Calculation of adjusted EBITDA margin:

	30 June 2025 €'m	30 June 2024 €'m
Adjusted EBITDA	7.4	9.6
Net revenue	46.7	46.4
Adjusted EBITDA Margin %	**16%**	**21%**

Note (b) Adjusted profit after tax (Adjusted PAT) and adjusted earnings per share

Reconciliation between profit after tax and adjusted profit after tax:

	30 June 2025 €'m	30 June 2024 €'m
Profit for the period	**1.1**	**2.5**
Exceptional items	0.3	-
Amortisation of acquired intangible assets	2.0	3.0
Share based payment expense	0.8	0.9
Deferred tax	0.9	1.1
Adjusted profit after tax	**5.1**	**7.5**

Calculation of adjusted earnings per share:

	30 June 2025	30 June 2024
Adjusted profit after tax (€'m)	**5.1**	**7.5**
Weighted average shares in issue ('m)	125.7	124.1
Adjusted earnings per share (cent)	**4.0**	**6.0**

Note (c) Adjusted free cash flow and adjusted free cashflow conversion

Calculation of adjusted free cash flow:

	30 June 2025 €'m	31 December 2024 €'m
Opening Cash	8.2	7.5
Closing Cash	11.0	8.2
Net increase / (decrease) in cash and cash equivalents	**2.8**	**0.7**
Add back		
Repayment of debt warehoused	1.3	3.2
Repayment of borrowings	-	10.3
Repurchase of own shares – share buyback	0.4	-
Exceptional items	0.3	0.2
Adjusted free cash flow	**4.8**	**14.4**

Current year exceptional items relate to 2025 costs accounted for and paid as at 30 June 2025. Prior year exceptionals relate to items accounted for as a creditor liability at 31 December 2023 and paid in 2024.

Calculation of adjusted free cash flow conversion:

	30 June 2025 €'m	31 December 2024 €'m
Adjusted free cash flow	4.8	14.4
Adjusted EBITDA	7.4	21.8
Adjusted free cash flow conversion %	**65%**	**66%**

Reconciliation between adjusted free cash flow and net cash from operating activities for the year:

	30 June 2025 €'000	31 December 2024 €'000
Adjusted free cash flow	**4.8**	**14.4**
Exceptional items	(0.3)	(0.2)
Lease liability payments	0.3	0.5
Acquisition/capitalisation of intangible assets	3.6	5.5
Purchases of property, plant and equipment	0.1	0.1
Net cash from operating activities	**8.5**	**20.3**

Current year exceptional items relate to 2025 costs accounted for and paid as at 30 June 2025. Prior year exceptionals relate to items accounted for as a creditor liability at 31 December 2023 and paid in 2024.

Note (d) Net cash

Calculation of net cash:

	30 June 2025 €'m	31 December 2024 €'m
Cash and cash equivalents	11.0	8.2
Borrowings	-	-
Debt warehoused	(4.9)	(6.2)
Net cash	**6.1**	**2.0**

Note (e) Net gross merchandise value ("GMV"), Net average booking value ("ABV") and generated revenue

Reconciliation between net GMV and generated revenue to net revenue for the year:

	30 June 2025 €'m	30 June 2024 €'m
Total deposit (100%):		
GMV	357.4	379.4
Cancellations	(42.5)	(48.6)
Net GMV	**314.9**	**330.8**
Hostelworld commission share:		
Gross revenue	56.4	57.7
Cancellations	(6.7)	(7.4)
Generated revenue	**49.7**	**50.3**
Deferred revenue movement	(3.1)	(3.6)
Refunds, chargebacks and cost of discounts and vouchers	(0.6)	(0.8)
Other revenue	0.1	0.1
Advertising income (featured listings)	0.7	0.8
Volume incentive rebates	(0.1)	(0.4)
Net revenue	**46.7**	**46.4**

Volume incentive rebates are offered to hostel partners. Recognition of rebates have limited judgement and are recognised based on performance targets for the previous quarters trading volumes measured at midnight on the closing day of a quarter and settled within the following quarter.

Calculation of net ABV:

	30 June 2025	30 June 2024
Generated revenue (€'m)	49.7	50.3
Net bookings (#'m)	3.7	3.7
Net ABV generated (€)	**13.40**	**13.60**

Note (f) Direct marketing costs as a % of generated revenue

Calculation of direct marketing costs as a % of generated revenue:

	30 June 2025 €'m	30 June 2024 €'m
Direct marketing costs	25.4	22.9
Generated revenue	49.7	50.3
Direct marketing costs as a % of generated revenue	**51%**	**45%**

Note (g) Net margin

Calculation of net margin:

	30 June 2025 €'m	30 June 2024 €'m
Net revenue	46.7	46.4
Direct marketing costs	(25.4)	(22.9)
Credit card and other processing fees	(1.5)	(1.4)
Net margin	**19.8**	**22.1**

Reconciliation between net margin and operating profit:

	30 June 2025 €'m	30 June 2024 €'m
Net margin	19.8	22.1
Operating expenses excluding direct marketing costs and credit card and other processing fees	(17.7)	(18.2)
Share of result of associate	-	0.1
Operating profit	**2.1**	**4.0**

Note (h) Operating costs as a % of net revenue

Calculation of operating costs as a % of net revenue:

	30 June 2025 €'m	30 June 2024 €'m
Operating costs	12.4	12.5
Net revenue	46.7	46.4
Operating costs as a % of net revenue	**27%**	**27%**

Operating costs are total operating expenses as set out within note 4, less paid marketing expenses, credit card fees, depreciation and amortisation, share option charge, exceptional items and R&D tax credit as set out in note (a).

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 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 2024, published on 02 April 2025.

A review was performed of the risk register during H1 2025.

	Strategic & external risk	Technological, Cyber & Data risk	Financial risk	Operational & Regulatory risk
Increased level of risk	- Macroeconomic conditions	- Artificial intelligence		
Unchanged level of risk	- Competition - Execution of strategy - Impact of uncontrollable events	- Data security - Cyber security - Marketing optimisation - Platform evolution and innovation	- Taxation	- Brand and reputation - Third party reliance - Climate change and sustainability - Regulation - Business continuity - People

As part of the review two risks were noted to be at an increased level:

1. Macroeconomic conditions: This has been assessed as increased reflecting the rapidly evolving and difficult to predict macroeconomic environment. Changes in the macroeconomic environment may result in currency volatility, changes in external demand factors, and changes in travel patterns amongst others which may negatively impact the Group's results.

2. Artificial intelligence ('AI'): The risk profile of AI has increased, reflecting the continued rapid development and adoption of AI technologies with potential cyber security, data security, operational, and compliance impacts to the Group.

The other risks included have not materially changed from those reported within the annual report.

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 wider 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, access to credit, and geopolitical stability are among the factors that can impact travel demand.

- Artificial intelligence ('AI')

  The rapid advancement of AI technologies introduces cybersecurity, compliance, operational, and data risks. These include AI-driven social engineering, misuse by third parties, and regulatory non-compliance. Risks may stem from bias, over-reliance, and improper use of proprietary data. The Group mitigates these through secure environments, employee training, strict procurement standards, and phased, human-supervised deployment of AI-enabled features. AI functionality is delivered through controlled rollouts and safe-to-fail experiments, ensuring responsible use.

- 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 ensure compliance with legislation and 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 a risk. The tools and techniques used in such attacks continue to evolve in sophistication.

- 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.

- Execution of strategy

  The Group pursues an ambitious growth strategy to deliver attractive and sustainable returns for shareholders. Delivering this strategy requires strong leadership, employee engagement, investment, and governance. The Group operates in an intensely competitive global environment and the risk of loss in market share to competitors, and less than expected market growth, among other factors, may impact on the ability of the Group to successfully execute strategy.

- Marketing optimisation

  Search engines frequently update and change the logic that determines the placement and display of results. As these algorithms evolve, and as AI-driven features are introduced, 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. 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.

- Platform evolution and innovation

  New technology, infrastructure and software offerings are in a constant evolution and 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.

- 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.

- Third party reliance
  - We rely on hostel accommodation providers to provide us with our inventory with future plans for third-party supplied budget accommodation options. Any limitations on these 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 favourable terms or that the transaction fees imposed by these providers are increased.

- People

  The Group is dependent on its ability to attract, retain and develop creative, committed, and skilled employees to achieve its strategic objectives. The recruitment environment remains intense. Workforce location decisions may have cost, regulatory, taxation, and other impacts. People risk remains steady but may increase in future if the Group does not keep pace with market developments.

- Climate change and sustainability

  Climate change and sustainability continue to be areas of 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

  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 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, 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.

- 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.