



28 February 2023

Safestay plc

("Safestay", the "Company" or the "Group")

Trading Update - Normal Business Resuming

Safestay (AIM: SSTY), the owner and operator of an international brand of contemporary hostels, is pleased to announce a trading update for the 12 months to 31 December 2022. Main highlights:

- Revenues ahead of market expectations, expected to be £19.0 million (2021: £6.4 million - trading restricted)
- Adjusted EBITDA is expected to be in line with market expectations of £5.9 million (2021: Loss of £1.0 million). Adjusted EBITDA represents earnings before interest, tax, depreciation, amortisation, profit on disposal, rent charges and exceptional one-off costs in the period
- This marks the return to a near-normal premium hostel market with further upside anticipated
- A key driver has been the improvement in average bed rate to £23.70 (2021: £19.70)
- Occupancy also increased significantly to 63% versus 35% in 2021

Please note the 2022 figures are unaudited.

The business is returning to normal. Whilst the portfolio of 16 high quality hostels was only open for 97% of the year due to the pandemic, the operational performance was broadly uninterrupted. This allowed the business to re-emerge over the course of the year, improving strongly over the key summer months.

Demand also built up over the course of the year across the portfolio with occupancy increasing to 63%, although this still remains well below historic market levels with significant opportunity for continuing improvement. Importantly, guests were predominantly young travellers visiting European cities as group bookings by schools and colleges had not yet returned in significant numbers, but there are positive signs that they are in 2023.

A strong driver behind the Group's successful trading performance was the increase in the average bed rate to £23.70 up from £19.70 in 2021. This 20% uplift should be sustainable and if combined with a continued increase in occupancy, provides a firm platform for a strong performance through this year.

Financially, the Group is in a good position following the sale of two properties in 2021. As at 31 December 2022, the Group had cash of £4.8 million.

Larry Lipman, Chairman of Safestay, said, "The pandemic enforced fundamental change on our business. It required we re-finance the Group and strip back the operational structure to a bare minimum. As part of re-starting the business, we have been able to use our accumulated knowledge to build the business back up more efficiently and the Group is perhaps the stronger for it. Certainly, our performance in 2022 was pleasing and we are now focused on continuing the growth in 2023."

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