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

Trading Update

Reaffirming FY adjusted EBITDA guidance in line with expectations.

Net cash positive balance sheet

Hostelworld is pleased to provide an update on trading up to 30 September 2024 ("YTD").

Key highlights:

- Net bookings of 5.4m (+7% YoY) driven by record performances in Asia and Central America
- Net average booking value of €13.54 (-9% YoY) driven by a greater proportion of Asian destination bookings and a slight increase in the proportion of solo customers, consistent with the trends outlined at interims
- Net revenue¹ of €72.3m (-2% YoY) reflecting the drivers above
- Direct marketing as a percentage of revenue² totalled 46%, down 5% from 51% in YTD '23
- Proportion of bookings from Social Members increased to 80% (67% in YTD '23)
- Operating costs³ of €18.7m, (-3% YoY), 26% of net revenue (0% YoY)
- YTD adjusted EBITDA of €17.8m, (+28% YoY) with adjusted EBITDA margin 25% (19% in YTD '23)
- Closing cash position of €7.8m and a net cash position of €0.9m, with all bank debt repaid in full

The Group reiterates a FY 2024 adjusted EBITDA guidance in line with market consensus⁴. We are actively reviewing our capital allocation policy and will provide an update in conjunction with our full-year results.

1. Net Revenue is gross revenue less cancellations, deferred revenue, rebates and accounting adjustments
2. Generated revenue is gross revenue less cancellations and excludes impact of deferred revenue
3. Operating costs exclude paid marketing costs, credit card fees, exceptional costs and share option charges
4. Company compiled market consensus FY 2024 adjusted EBITDA is €21.6M as of 15 October 2024

Gary Morrison, Group Chief Executive Officer, commented:

"I am pleased with our performance year to date, which has been driven by strong consumer demand from Europe, the UK and North America to low-cost destinations in Asia and Central America. The strong cash generative nature of this business has seen us return the balance sheet to a net cash position in quarter three of 2024, as previously guided.

In addition to our strong financial performance, I am equally pleased with the continued impressive performance of our Social Network, as a result of which, marketing expense as a proportion of revenue has improved significantly YoY. This has resulted in a net margin growth of 10% and combined with our continued focus on cost, has delivered a 28% increase in adjusted EBITDA YoY.

Looking ahead, I remain very confident in our business model and our continued success in building a platform for long-term profitable growth."

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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 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.

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