

23 June 2025

Safestay PLC

("Safestay" or the "Company")

Final Results

Year of good strategic and operational progress underpins record revenues and Safestay's ambitions to double size of its portfolio over the medium term

Safestay (AIM: SSTY), the owner and operator of an international brand of contemporary hostels, is pleased to announce its audited final results for the year ended 31 December 2024 (the "Year").

Financial highlights:

- Record revenue of £23.0m (includes discontinued operations) (2023: £22.5m) and Adjusted EBITDA of £6.5m (2023: £6.8m)
 - UK sales increased by 8% to £9.0m (2023: £8.3m) accounting for 39% (2023: 37%) of revenue generated by the Group;
 - Overseas sales totalled £14.0m (2023: £14.2m), representing a 1% decrease year-on-year due to unfavourable movements in the Euro, which had an estimated £0.3m impact on revenue
- Reduced loss after tax of £0.9m (2023 restated¹: loss of £1.4m)
- Loss per share of 1.37p (2023 restated¹: loss of 2.09p)
- Available cash balances at 31 December 2024 of £1.4m (2023: £2.0m) reflecting the freehold purchases in Brighton and Cordoba made during the Year and ongoing capital expenditure across the portfolio
- Net asset value per share of 47p (2023: 50p)

¹ 2023's figures have been restated as set out in Note 12 to these financial statements

Strategic and operational highlights:

- 10% increase in total bed nights to 931,688 (2023: 848,633) and occupancy increased by 3.8% to 75.2% (2023: 71.4%) supported by effective marketing investment
- Recovery in group bookings, which represented 16% of accommodation sales (2023: 13%)
- Successful focus on maximising higher-margin direct bookings which represented 38% of accommodation sales (2023: 30%)
- 26% increase in non-accommodation spend helped to offset 10% decrease in average bed rate reflecting industry-wide challenging pricing environment. As a result, Revenue Per Available Bed was broadly maintained at £18.56 (£18.93)
- Increased tempo of new hostel acquisitions in line with the Board's intention to double the size of the Safestay portfolio over the medium term:
 - International footprint of 20 properties at the year-end (2023: 17), with 17 operational and 3 in development
 - 3 new properties acquired in Brighton, Cordoba, and Budapest
 - 20-year term management contract signed to operate a 120-bed hostel on the Costa Blanca, Spain
 - Lease surrender of unprofitable Vienna Hotel
 - Edinburgh hostel opened in Summer 2024 (following its acquisition in December 2023) in time for the Edinburgh Fringe Festival and the Taylor Swift: Eras Tour which is performing encouragingly

Post balance sheet events:

- In 2025 to date, the Group has continued to deliver important strategic initiatives:
 - In January, partnership announced with *Cloudbeds*, an award-winning hospitality management system which will drive financial and operational efficiencies
 - In April, planning permission secured for Brighton site, which will open during 2026
- In June 2025, the Group was awarded a Covid-19-related business interruption insurance claim of £1.4m

Current trading and outlook:

- During H1 2025, consumer confidence has remained under pressure, resulting in a continued competitive pricing environment. Despite these pressures, forward bookings are running at a satisfactory level
- With several further expansion opportunities being appraised the Board remains highly confident that Safestay is well placed to deliver its medium-term ambitions of doubling the size of its portfolio

Larry Lipman, Chairman of Safestay, commented:

"Our outstanding locations, focus on delivering safe and enjoyable spaces for a broad range of travellers, and growing reputation for fantastic value all continue to resonate well with our customers. As a result, I am pleased to report a year of good strategic and operational progress with record revenues achieved despite the challenging macroeconomic environment. This performance was underpinned by a 10% increase in bed nights and a 4% increase in occupancy.

We increased the tempo of new hostel acquisitions during the Year with four exciting new properties added to the portfolio. We

we increased the tempo of new hostel acquisitions during the year with four exciting new properties added to the portfolio. We have a clear medium-term ambition to double the number of Safestay hostels and have our sights firmly set on becoming one of the global sector leaders in what remains a fragmented but significant and fast-growing market.

Whilst consumer confidence continues to remain under pressure, we remain confident in our highly relevant customer proposition. We have a clear strategy to capitalise on the significant growth opportunities in the international hostel market, including several promising prospects in our expansion pipeline."

The Company's report and accounts for the year ended 31 December 2024 will be available later today on its website, <https://www.safestay.com/investors/> and will be posted to shareholders in due course.

Notice of Investor Presentation via Investor Meet Company:

Paul Hingston, Chief Financial Officer and Peter Zielke, Chief Operating Officer, will provide a live presentation relating to the Final Results via Investor Meet Company on 30 Jun 2025 at 12:00 BST. The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until 29 Jun 2025, 09:00 BST, or at any time during the live presentation. Investors can sign up to Investor Meet Company for free and add to meet Safestay PLC via: <https://www.investormeetcompany.com/safestay-plc/register-investor>

Investors who already follow Safestay PLC on the Investor Meet Company platform will automatically be invited.

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Website www.safestay.com

Vox Markets page <https://www.voxmarkets.co.uk/company/SSTY/news/>

Instagram page www.instagram.com/safestayhostels/

About Safestay PLC

Safestay PLC is one of Europe's largest hostel groups, operating in the fragmented and fast-growing global hostel market that is expected to be worth 8.9bn annually by 2027*.

Safestay's portfolio of 20 locations offer guests both private and shared rooms in destination cities across the UK, Spain, Belgium, Czech Republic, Germany, Greece, Italy, Poland, Portugal, and Slovakia.

The Group sold 931,688 (2023: 848,633) total bed nights in 2024 with occupancy increasing 3.8% to 75.2% supported by effective marketing investment.

Safestay's mission at each of its locations is to provide a safe, inclusive, and enjoyable space that caters to the needs of different travellers. Its properties offer first-class locations and thoughtful designs that cater for the different needs of travellers, from digital nomads to backpackers and from families to group travellers.

<https://www.safestay.com/>

**Source - Markets and Research, August 2022*

Safestay's pan-European locations include:

- [Athens Monastiraki, Greece](#)
- [Barcelona Gothic, Spain](#)
- [Barcelona Passeig de Gracia, Spain](#)
- [Berlin Kurfurstendamm, Germany \(hotel\)](#)
- [Bratislava Presidential Palace, Slovakia](#)
- Brighton, UK (in development)
- [Brussels Grand Place, Belgium](#)
- Budapest, Hungary (in development)
- [Calpe Seafront, Spain \(in development\)](#)
- [Córdoba Mezquita Catedral, Spain](#)
- [Glasgow Charing Cross, UK](#)
- [Edinburgh Cowgate, UK](#)
- [London Elephant & Castle, UK](#)
- [London Kensington Holland Park, UK](#)
- [Lisbon Bairro Alto, Portugal](#)
- [Madrid Central, Spain](#)
- [Pisa Centrale, Italy](#)
- [Prague Charles Bridge, Czech Republic](#)
- [Warsaw Old Town, Poland](#)
- [York Micklegate, UK](#)

Chairman's Statement

Introduction

2024 was a year of important strategic and operational development for Safestay. The Group made encouraging progress across several of its core operational KPIs as it benefited from important investments made in recent years in people, technology, and the customer proposition.

FY24 overview

During the year we signalled our longer-term growth ambitions, outlining our intention to double the size of our portfolio over the medium term. We increased the tempo of new hostel acquisitions with the addition of four new properties as well as the surrender of the Vienna Hotel lease. As a result, at the year-end, Safestay's international footprint comprised 20 properties (2023: 17), of which 17 were operational with the remaining three in development.

Safestay's portfolio is located across prime locations within key destination cities. It is these outstanding locations, combined with our steadfast focus on delivering on our mission to provide a safe, inclusive, and enjoyable space for our customers at fantastic value, that underpins the continued demand for and the growing awareness of the Safestay brand amongst our core customer base of young travellers, families, and business travellers.

In 2024, we were pleased to welcome 447,926 customers for a record total of 931,688 bed nights (2023: 848,633), driven by a strengthened occupancy rate of 75.2% (2023: 71.4%). Whilst Average Bed Rate decreased by 10% to £21.43 (2023: £23.74) reflecting market wide pressures on pricing, we were pleased to broadly maintain Total Revenue per Available Bed at £18.56 (2023: £18.93). This was supported by our strategic focus on non-accommodation revenue, which increased by 29.8% year-on-year (2023: 17.6%). Included within this, food & beverage sales increased year-on-year by 25.6% (2023: 37.5%).

Our focus on delivering an outstanding customer experience combined with measures to maintain strong overall Revenue per Available Bed resulted in a strong financial performance despite a challenging macroeconomic backdrop. The Group achieved record revenue of £23.0m (including discontinued operations) (2023: £22.5m), with growth impacted by the significant movement in the value of the Euro (resulting in an impact of £0.3m). Adjusted EBITDA was slightly below the prior year at £6.5m (2023: £6.8m). For further details, please see the Chief Financial Officer's review set out on pages 12 to 16 of the Annual Report.

Our leading customer proposition

Safestay operates in the exciting and growing hostel segment of the global hospitality market. Our hostels offer both private and shared rooms to ensure broad customer appeal, which are complemented by comprehensive ancillary facilities that drive increased spend. These include all-day food and beverage menus as well as breakfast and late-night licensed bars, laundry, and luggage storage facilities.

The global hostel market is large and expanding quickly. Worth approximately US 5.85bn in 2025, it is estimated to grow to US 13.68bn by 2033 (The Market Data Forecast, 2024). Overall market growth is driven by increasing consumer trends towards great value travel accommodation, the rise in international travel by Millennial and Gen-Z customer demographics and the rise in solo and experiential travel (Research & Markets, 2024). To develop improved understanding of our customers' priorities, last year the Group undertook an initial guest survey which saw us seek feedback from a small sample of 300 Safestay customers in November 2024. From this, we understand that price, location, and safety are the key drivers for them choosing to stay with us. We are confident that the Group is well placed to continue to capitalise on these structural growth trends over the coming years.

Board Updates

Stephen Moss resigned as a Director and as Chair of both the Remuneration and Audit & Risk Committees on 29 March 2024. On behalf of the Board, I would like to thank Stephen, for his invaluable contribution to the Group over the last 10 years. Following Stephen's resignation, Michael Hirst was appointed as Chair of both the Remuneration and Audit & Risk Committees.

Ongoing Board Priorities

As a Board, we are wholeheartedly committed to ensuring that Safestay executes its strategy to create value for all stakeholders, including our shareholders. In this context, the Board has three distinct priority areas: Environmental, Social and Governance ("ESG"), People, and Strategic Execution.

ESG

We are mindful that, as the business continues to grow, we always operate in a way that is mindful and responsible towards our people, the environment, and the communities in the areas where we operate. We are committed to fostering a sustainable and responsible approach to hospitality. We understand the importance of preserving our environment and supporting local communities for the benefit of future generations.

As a Board, we strive to achieve higher levels of sustainability performance and when possible, look for opportunities to make improvements across our operations. This is an important factor for our key demographic market.

More information on the Group's sustainability strategy is available in the Section 172 statement on page 10 of the Annual Report.

People

An ongoing focus of the Board is to ensure that we have the right executive team in place to deliver the Group's growth strategy and create shareholder value. We have assembled a strong leadership team across the business and have over the past two years also strengthened the Group's centralised services through the development of the Group's Commercial Hub in Warsaw.

Our people are at the heart of our business, and the continued strong performance of the Group and progress against our long-term strategy would be impossible without their hard work and commitment to ensuring that every Safestay guest has a memorable experience. I would like to take this opportunity to thank them for all their hard work during the year.

With this in mind, during 2024 we continued to focus on improving staff engagement and training. In September 2024, we completed the successful roll-out of the multilingual online training platform MAPAL. This was complemented by the launch of STAYconnect, our internal website that brings together resources for our employees on marketing, policies and procedures, internal announcements, and company news. We look forward to utilising these platforms over the coming years to further build staff engagement and skills.

Strategic execution

As a Board we are proud of the progress delivered in 2024, which was a year of record revenue and exciting portfolio expansion. We have a clear strategic vision to develop Safestay into one of the world's leading hostel operators and remain firmly focused on the execution of our clear growth strategy to deliver this.

During the year we successfully increased the Group's overall funding capacity by securing a single £16m five-year term loan, with the addition of a new £2.5m revolving credit facility. We also secured additional funding of £1.2m, which was utilised for the purchase of the freehold property in Brighton in June 2024.

FY25 Outlook

Safestay delivered encouraging progress during 2024, including the return to active portfolio expansion. In 2025 to date, we have continued to deliver important strategic initiatives. In January, we announced our partnership with Cloudbeds, an award-winning hospitality management system. This partnership will drive financial and operational efficiencies while further enhancing the guest experience. In April, we were pleased to secure planning permission for our Brighton site, which we are excited to open during 2026.

During H1 2025, consumer confidence has remained under pressure, resulting in a continued competitive pricing environment. Despite these pressures, forward bookings are running at a satisfactory level.

From April 2025, the UK Employers' National Insurance rate increased from 13.8% to 15.0%, accompanied by a rise in the maximum Employment Allowance from £5,000 to £10,500. We estimate that this change will have an annual impact of £154,000 on the Group.

The Board remains excited about Safestay's prospects, with several further expansion opportunities being appraised. We believe that Safestay has a highly relevant customer proposition in a growing market, and as such is well placed to deliver its medium-term ambitions of doubling the size of its portfolio.

Larry Lipman
Chairman
20 June 2025

Business Model

The Safestay business model is to develop and operate a brand of contemporary, well-located hostels in the UK and key tourist cities in Europe. The Safestay brand is positioned at the premium end of the hostel spectrum appealing to a broad range of guests. Core elements of the model are:

- **Development:** Identifying potential properties in target cities, acquiring the leasehold or freehold in the properties and their contemporary, stylish refurbishment to fit with the Safestay brand
- **Operations:** Deploying strong hostel expertise, cost control and technology to drive efficiency and achieve best-in-class operating margins
- **Brand:** Building Safestay's brand value
- **Scale:** Building the platform to efficiently add further hostels to the Group
- **People:** Investing in the right people where automation cannot be adopted; and
- **Guest experience:** Providing a comfortable, safe, and enjoyable stay in our hostels for a reasonable price underpinned by a relentless focus on customer satisfaction, a strong community experience and repeat stays.

Our Strategy

Safestay's strategy is focused on creating value for all our stakeholders by actively pursuing attractive expansion opportunities whilst maximising revenues and margins through operational excellence.

This evolved three-pillar strategy is underpinned by our ongoing investment in our people, brand, and customer proposition, and is always led by our mission to provide a safe, inclusive, and enjoyable space for every individual to connect, explore, and make lifelong memories.

During the year, the Group made strong progress against each of its strategic pillars:

1. Strategic portfolio expansion

We have a proven track record of both opportunistically and strategically acquiring high quality, high potential sites in key locations within popular cities across Europe. The nature of our business, specifically our ability to combine shared dormitory rooms of varying sizes as well as private rooms and differing types of communal areas, enables us to acquire, refurbish and integrate well-located sites into our portfolio that often due to their configuration or listed status cannot typically be taken on for other uses. We continue to be encouraged by the volume and quality of available properties on the market that suit our internal acquisition criteria, and going forward will continue to capitalise on these opportunities where the Board believes such acquisitions will deliver long-term, sustainable shareholder value.

In May 2024, Safestay's strong presence in Spain was cemented with the freehold acquisition of a fifth location, in the ancient Spanish city of Cordoba, for €2.0m. Formerly a hotel, the site is undergoing a conversion process to a 100-bed hostel. As with all the new acquisitions, sales and EBITDA are expected to increase significantly in subsequent years as the full impact of the branding and refurbishment takes effect.

In June 2024, we built on Safestay's already-strong UK presence by acquiring the freehold of a Grade II listed property in Brighton with the potential for a 220-bed hostel located just 600 metres from the popular seafront. Post year end, in April 2025, we secured planning approval to commence a £1.0m conversion at the site. The total acquisition consideration of £2.3m was funded from existing cash resources and a £1.2m loan, the details of which can be found in the Chief Financial Officer's review set out on pages 15 to 16 of the Annual Report.

All acquisitions have been or will be updated in line with the recently launched Safestay 'blueprint' and will benefit from the Group's well-invested marketing and bookings infrastructure, systems, and processes.

Alongside the acquisitions made during 2024 we were pleased to open our hostel in Edinburgh. This site was acquired in December 2023 for a cash consideration of £4.3m and following a six-month refurbishment, the site welcomed guests for the first time in June 2024 in time for the world-famous Edinburgh Fringe Festival and the Taylor Swift: Eras Tour. A Category A listed building located on Cowgate, in an area known for its lively pub, club, bar and restaurant scene and

Category A listed building located on Cowgate, in an area known for its lively pub, club, bar and restaurant scene and within walking distance of Edinburgh's attractions including The Royal Mile and Edinburgh Castle, this location is performing well.

The Group made one disposal during the year when the Board took the decision to surrender the lease for Safestay Vienna.

The Group's portfolio at year-end totalled 20 sites, comprising 3,383 beds (2023: 3,255 beds) across 17 operational locations and three in development (2023: 17 sites comprising 16 operational and one in development).

2. Exploring capital-light expansion through management and franchising opportunities

In addition to the continued expansion of the Safestay portfolio through leasehold and freehold property acquisitions, we continue to explore other financially attractive opportunities to expand our portfolio including franchising, partnership programmes and property management agreements. These require reduced capital input whilst enabling Safestay to leverage its key strengths - including its brand, marketing and operational capabilities - to drive incremental growth.

Under a management contract model, Safestay receives a fixed management fee plus a percentage of revenue and profits above certain levels.

In 2024 we were pleased to sign the first such agreement - a 20-year term management contract to operate a 120-bed hostel on the Costa Blanca, Spain. With our experience of operating in the Spanish market, Safestay is well-placed to integrate this site, which is located on the iconic Calpe Seafront, and to establish enhanced levels cross-marketing opportunities and trading. Refurbishment work began in June 2024 and the hostel will open to guests once the licence has been obtained. Under the terms of the management contract, Safestay receives a fixed management fee plus a percentage of revenue and profits above certain levels.

We look forward to exploring other such opportunities that suit our criteria and align with the Safestay brand and believe this structure represents a significant opportunity for the business over the long-term. During the year, we completed the creation of brand, building design and operations guidelines to support these growth opportunities.

3. Driving operational excellence to maximise revenues

The third key pillar of the Group's growth strategy is to drive sustainable, long-term growth through implementing operational excellence across all aspects of our business. We are focused on optimising the key performance indicators of occupancy and Revenue per Available Bed ("RevPAB"); maximising direct and group-related bookings, which carry a higher profitability, through direct marketing spend; and supporting growth in ancillary services, namely food and beverage sales and sales of site-specific services including luggage storage, and laundry facilities. All of this is supported by our Commercial Hub in Warsaw, which oversees revenue management, sales and marketing, and critical HR functions.

During the year occupancy rose by 3.8% to 75.2% (2023: 71.4%). This strong year-on-year increase reflected the effectiveness of the Group's marketing function as well as the recovery in group bookings, which represented 16% of accommodation revenue (2023: 13%). Considering the challenging sales environment, the Board took the decision to protect overall yield through a focus on RevPAB over Average Bed Rate, which during the year decreased by 10% to £21.43 (2023: £23.74). This reduction was offset by a pleasing 26% uplift in non-accommodation spend to broadly maintain RevPAB at £18.56 (2023: £18.93).

We made excellent progress against this pillar during the year, including the implementation of several important long-term projects which will provide a strong foundation for Safestay to continue to maximise revenue opportunities across our sites and customer base. Further detail on these initiatives is shared below.

We continued to focus on maximising direct bookings, which carry a higher margin due to the lack of commissions passed onto online travel agent partners. These represented 38% of accommodation sales during the year (2023: 30%) reflecting a recovery in group bookings and effective investment in the Group's marketing capabilities.

Investment in our teams, technology and processes remains a key priority for the Group to support its ability to scale in line with our long-term growth ambitions, enhance the Safestay proposition and drive efficiencies. We were pleased to complete a number of important operational projects that support this, particularly the implementation of market-leading technologies and the standardisation of practices and policies.

An example of this included an agreement announced at the beginning of 2025 to incorporate Cloudbeds, a hospitality management platform into our operations. The integration of this system is now complete, and management is confident this will improve operational and financial efficiencies, provide better data analytics for marketing and improve the end-to-end customer experience. It is complemented by the launch of a new purchasing and authorisation system and the continued use of proven AI-driven pricing software Pricepoint, to maximise yields.

To facilitate Safestay's continued expansion we have assessed the Group's processes regarding future site expansion and have implemented a new hostel 'blueprint' which will ensure the smooth and efficient implementation of our brand and design across all new sites.

We continue to invest in our guest proposition to drive higher customer satisfaction scores, looking to utilise technology and automation when appropriate. During the year we installed our first 'keyless' door lock system enabling guests to use their mobile phone as a room key.

Chief Financial Officer's review

It continues to be a challenging trading environment, with significant consumer price pressure and rising costs affecting large parts of the Financial Year 2024 and subsequently. However, I am pleased to announce record revenues (including discontinued operations) of £23.0m (2023: £22.5m) and Adjusted EBITDA (including discontinued operations) of £6.5m (2023: £6.8m).

Financial Key Performance Indicators

		As Restated
	2024	2023
Occupancy %	75.2%	71.4%
Average Bed Rate	£21.43	£23.74
Room Revenues (£'000):		
Continuing Operations	19,488	19,190
Discontinued Operations	474	953
Total	19,962	20,143
Total Revenues (£'000)		
Continuing Operations	22,497	21,493
Discontinued Operations	512	997
Total	23,009	22,490
Net cash generated from operations (£'000)		
Continuing Operations	6,751	7,672
Discontinued Operations	117	383
Total	6,868	8,055
Net assets per share	47p	50p
Adjusted EBITDA (£'m)		
Continuing Operations	6.3	6.7
Discontinued Operations	0.2	0.1
Total	6.5	6.8
Finance Cost (£'000)		
Continuing Operations	3,229	3,173
Discontinued Operations	192	239
Total	3,421	3,412
Earnings per share		
Continuing Operations	(1.97p)	(1.51p)
Discontinued Operations	0.60p	(0.58p)
Total	(1.37p)	(2.09p)

Occupancy is calculated by dividing the number of beds sold over the year with the number of beds available when the hostels were open during the same period. Occupancy for the year was 75.2% (2023: 71.4%), primarily as a result of management's approach to attract more customers by offering a lower Average Bed Rate ("ABR").

ABR is calculated by dividing room revenues by the number of beds sold over the period. ABR for the year was £21.43 (2023: £23.74).

Revenue

Total revenue (including discontinued operations) for the year ended 31 December 2024 increased to £23.0m (2023: £22.5m), up 2% on the previous year.

Room revenue (including discontinued operations) was £20.0m (2023: £20.1m) and food and beverage and ancillary sales were £3.0m (2023: £2.4m) as a result of an increased strategic focus on these revenue streams.

Sales in the UK business increased by 8% to £9.0m (2023: £8.3m) due to the opening of the Edinburgh hostel in June 2024, which contributed £0.9m in sales during the year. UK sales accounted for 39% (2023: 37%) of revenue generated by the Group. Sales from our overseas businesses totalled £14.0m (2023: £14.2m), representing a 1% decrease year-on-year. This is largely due to unfavourable movements in the Euro, which had an estimated impact on revenue of £0.3m in the year.

Adjusted EBITDA

The Directors consider that an adjusted EBITDA, a non-statutory measure, provides a key measure of performance since it removes the impact of non-trading activities. These non-trading activities are considered adjusting items. Adjusted EBITDA represents earnings before interest, tax, depreciation, amortisation, and one-off non-recurring adjusting items ("adjusting items"). Following the introduction of IFRS16 from 1 January 2019, rent charges are no longer included in EBITDA as they are shown in lease finance and right-of-use depreciation.

Adjusting items include professional fees relating to leasehold acquisitions; one-off legal fees relating to COVID subsidy investigations and insurance claims; the impairment of the fixed assets and right of use assets in Bratislava; and one-off profits relating to the surrender of the Vienna Hotel lease in July 2024.

Adjusted EBITDA fell by 4% in the year to £6.5m (2023: £6.8m). Adjusted EBITDA margins were down 2% to 28% driven largely through a fall in the ABR year-on-year. The impact on EBITDA for the fall in ABR represents £2.0m. The Group has mitigated the decline in ABR through increased focus on other revenue streams (such as food and beverage) which rose by 29.8% year-on-year to £3.0m (2023: £2.3m) as well as an overall increase in the total bed nights sold in the year, which rose by 10% to 931,688 (2023: 848,633).

A reconciliation of operating profit to adjusted EBITDA has been performed below:

	2024	As Restated
	£'000	2023
		£'000

Adjusted EBITDA is as follows:

Operating Profit (including discontinued operations)	3,405	2,281
<i>Add back:</i>		
Depreciation	1,291	938
Right of Use Depreciation	2,054	2,408
Amortisation	36	18
Actual EBITDA	6,786	5,645
Impairment of goodwill	-	880
Impairment of tangible fixed assets	428	148
Adjusting items (refer to note 5)	(297)	26
Fair value movement of derivatives	13	-
Profit on disposal of assets	(400)	-
Share based payment expense	-	54
Adjusted EBITDA	6,530	6,753

Finance Costs

Finance costs (note 6) were £3.4m (2023: £3.4m) as follows:

	2024	2024	2024	2023
	<i>Discontinued operations</i>	<i>Continuing operations</i>	Total	
	£'000	£'000	£'000	£'000
Interest on bank overdrafts and loans	-	1,455	1,455	1,340
Amortised loan arrangement fees	-	140	140	68
Interest expense for lease arrangements	192	1,424	1,616	1,725
Property financing expense	-	222	222	315

The Group recorded finance income of £12k (2023: £36k).

The Group refinanced all its borrowings in January 2024 into a single £16m Term Loan and added a new £2.5m Revolving Credit Facility ("RCF") to support future growth plans. The new Term Loan and RCF are for 5 years and were provided by existing lender HSBC.

The Term Loan interest rates are £4.4m at 3.955%, £10m at SONIA but capped at 4.75% with a floor of 3% and £1.6m at SONIA, all with an additional margin of 2.6%. The RCF has a rate of SONIA plus a margin of 2.85%. The Term Loan is repayable at £0.1m per quarter from March 2025 together with a final payment at completion. Interest on both the Term Loan and RCF is payable quarterly from March 2024.

The Term Loan replaces the previous interest only £12.7m facility with HSBC and enabled the repayment of the outstanding CBILS loan of £3.25m which carried a significantly higher interest rate.

In April 2025, the Group obtained an extra £0.5m Revolving Credit Facility for future expansion at a rate of SONIA plus a margin of 2.85% which has not been drawn down yet. The potential facility will reduce by £0.1m per month from June to October 2025.

In addition, the Group has a loan in Germany (£0.1m) as well as a loan in relation to the purchase of the freehold property in Brighton, totalling £1.2m that was taken out in June 2024. The term of this loan was extended post year end from December 2025 to December 2026. The interest on this loan is paid monthly and the loan is fully repayable on 31 December 2026.

Since the introduction of IFRS 16 from 1 January 2019, our hostel leases have been accounted for as lease liabilities. At the lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The rental charge is replaced with interest and depreciation. In 2024, the finance costs include £1.6m of lease interest (2023: £1.7m).

Earnings per Share

The Group made a loss after tax of £0.9m in the year (2023 restated: loss of £1.4m). Earnings per share for the year were a loss of 1.37p compared to a loss of 2.09p in 2023 (as restated). This improvement is largely due to the surrender of the Vienna Hotel lease.

Cash flow, capital expenditure and debt

Net cash generated from operations was £6.9m (2023 restated: £8.1m) primarily due to the reduction in ABR, being only partially offset by tight cost control.

The Group had cash balances of £1.4m at 31 December 2024 (2023: £2.0m). This reduction is largely due to the freehold purchases in Brighton and Cordoba, totalling £4.0m, as well as a further £1.8m of capital expenditure relating largely to Edinburgh, and smaller projects across other properties within the portfolio.

Outstanding bank debt at 31st December 2024 was £20m (2023: £16m) and is broken down as follows:

	2024	2023
	£m	£m
Main Loan	16.0	12.7
Revolving Credit Facility	2.5	-
CBILS	-	3.3
Germany	0.1	0.2
Brighton	1.2	0.0

Lease liabilities decreased to £23.7m (2023: £26.0m), primarily as a result of £3.6m in rent payments made during the year. In addition, lease modifications were recognised during the year in accordance with the terms of the lease agreements.

The gearing ratio (exclusive of lease liabilities) is 59% (2023: 50%).

Net asset value per share in 2024 is 47p (2023: 50p).

Going concern

In assessing the going concern position of the Group for the consolidated financial statements for the year ended 31 December 2024, the Directors have considered the Group's cash flow, liquidity, and business activities.

During 2024, the Group recorded an adjusted EBITDA of £6.5m (2023: £6.8m).

In January 2024, the Group refinanced all its existing borrowings into a single £16.0m Term Loan and added a new £2.5m Revolving Credit Facility ("RCF") to support future growth plans. The new Term Loan and RCF are for five years and were provided by existing lender HSBC. In June 2024, the Group took out a £1.2m loan in relation to Brighton, due to be fully repaid in December 2025. Post year end this was extended to December 2026. In addition, in April 2025, a new £0.5m RCF was made available for expansion.

In June 2025, the Group signed a settlement agreement in relation to a business interruption insurance claim covering the COVID-19 period. The net settlement amount, after deduction of loss assessor fees, totals £1.4m.

As part of their going concern assessment, the Directors have prepared forecasts for a minimum period of twelve months from the date of approval of the financial statements. In addition, certain adverse scenarios have been considered for the purposes of stress and sensitivity testing. Refer to note 1 for further information on the assumptions and judgements applied.

Upon consideration of this analysis and the principal risks faced by the Group, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future, a period of at least 12 months from the date of this report. Accordingly, the Directors have concluded that it is appropriate to prepare these financial statements on a going concern basis.

Non-financial KPIs

The Board also considers non-financial KPIs when evaluating the performance of the business. The Directors consider Guest Response Scores to be a key metric of the business's performance, guest satisfaction and marketing effectiveness.

The following guest satisfaction metrics are derived from TrustYou, an independent guest feedback platform, and are based on data collected across all 17 operational Safestay sites:

	2024	2023
Overall Guest Recommendation Rate	87%	87%
Location	90%	90%
Value-for-Money	81%	81%

While there were no movements in the scores year-on-year, the ability to maintain consistently strong results reflects the Group's continued operational focus to deliver quality.

Principal risks and uncertainties

Management has completed a full review of the risks which may arise from within or outside of the business and may have an impact on the Group.

The impact of the environment on the Group's operations has been assessed and there is a strategy to reduce this risk as explained in the Environment section above. No other emerging risks have been identified at this point. There has been no identified change in the principal risks and uncertainties.

The principal risks and uncertainties that could potentially have a material impact on the Group's performance are presented below.

Business risks

Safestay operates in the hospitality and tourism industry which, over the years, has experienced fluctuations in trading performance. Traditionally, the hotel sector's performance has tracked macro-economic trends, feeling the strain during the economic downturn, and becoming more buoyant during recovery. The hostel sector, which leans more heavily on leisure travellers and has a lower price point, has proved more resilient and has delivered more robust cash flows through the economic cycle and has quickly recovered from isolated terror acts which may limit travel in the short term. The hospitality sector in the UK continues to face a number of cost headwinds from the National Living Wage, commodity price inflation, foreign exchange rate fluctuations and the hangovers from the UK's departure from the European Union and the consequences of that.

A proportion of Safestay's business in the UK comes from Europe, including several school groups. In addition, over 60% of the turnover is generated from hostels located in mainland Europe. The business is therefore highly vulnerable to changes in the source market, schools' education, travel policies and any fluctuations arising in the market from the 'Brexit' process and travel restrictions implemented by the governments, or the school governance bodies.

Conversely, this balance between the UK and mainland Europe offers a natural hedging against fluctuations of

each local market and currency where Safestay operates.

There is also the risk of higher energy and other supply costs. A utility broker is helping to identify opportunities for reducing consumption, other cost savings are being targeted and cost pressure on consumers can result in a desire to stay in hostels rather than budget hotels.

The Group's brand is a key asset, and its value is closely tied to guest experience, service quality, and public perception. There is a risk of reputational damage from operational failures, negative publicity, or brand infringement. To mitigate this, the Group maintains brand standards across all locations, actively monitors guest feedback, and takes prompt action to address issues. Brand assets are also legally protected by registered trademarks.

IT and system risks

Safestay's property management and accounting systems are deployed via SaaS (software as a service). As such, the Group is dependent on robust internet connectivity and the resilience of the provider's third-party data centre and back-up protocols to operate. Whilst the arrangement carries risks, these are deemed to be reduced when compared to an in-house option which would lead to higher management overhead costs for the business. Management believes this current arrangement is more suitable to the business needs as well as being more cost effective due to the small size of our business. The other systems used are not deemed to be business critical.

The Group contracts the maintenance of the IT infrastructure with an external provider and has a cloud based back up system to secure all data which are not already covered via other SaaS suppliers. This is a more robust and flexible option compared to an internally managed solution.

In addition, the Group recognises the growing risk of cyber threats, including phishing attacks, malware, and unauthorised access to systems, which could result in operational disruption, financial loss, or breaches of data privacy.

To mitigate these risks, the Group has implemented multi-factor authentication across key systems, provides staff training to raise awareness of phishing and cyber threats, and conducts simulated phishing tests. Firewalls, anti-malware protection, regular system updates, and data recovery protocols are also in place to support resilience and ensure business continuity.

Property risks

The Group operates hostels across Europe, many under lease agreements, exposing it to risks such as rising rental costs, lease renewals on unfavourable terms and landlord financial stability. Macroeconomic factors and local regulatory changes may also affect property costs and expansion opportunities.

In addition, the Group must maintain its properties to ensure safety, compliance, and guest satisfaction as failure to do so could lead to increased costs, reputational harm, or regulatory breaches.

To mitigate these risks, the Group conducts thorough due diligence before entering lease agreements, maintains strong landlord relationships, and regularly reviews its property portfolio to ensure alignment with strategic goals. Maintenance is managed through a proactive programme supported by planned capital investment.

Expansion and regulatory risks

Accessing expansion opportunities at the right price and in the right locations is, by its nature, an opportunistic exercise. Whilst the leadership team has a track record in securing properties to support business growth, and the fact that the market should offer more real estate opportunities in the coming years, there is no guarantee that future opportunities can be secured but opportunities should increase with the alternative of converted office and retail asset classes.

Expansion in new jurisdictions and changes in regulation in countries where Safestay already operates is creating an environment where it is more likely to be in regulatory breach compared to a group which would only trade in one country. Safestay plc is a listed business and as such is bound to a very high level of compliance. The Board is composed of six experienced Non-Executive and Executive Directors who have proven experience in hospitality and marketing as well as a strong understanding of regulatory and compliance topics. Moreover, the Group works with local law firms in each country where it operates to gain access to the local expertise and guarantee full local compliance, notably via the obtention of relevant licences. As opposed to other hospitality sectors, such as sharing economy or private rental, the hostel sector is built on strong regulation plus existing fundamentals and trade licences, which makes it less likely to require the introduction of more strict regulations.

Financial risk

In January 2024, the Group refinanced its existing borrowings into a single £16m Term Loan and added a new £2.5m Revolving Credit Facility ("RCF") to support future growth plans. The new Term Loan and RCF are for 5 years and were provided by existing lender HSBC.

The Term Loan interest rates are £4.4m at 3.955%, £10m at SONIA but capped at 4.75% with a floor of 3% and £1.6m at SONIA, all with an additional margin of 2.6%. The RCF has a rate of SONIA plus a margin of 2.85%. The Term Loan is repayable at £0.1m per quarter from March 2025 together with a final payment at completion. Interest on both the Term Loan and RCF is payable quarterly from March 2024.

The Term Loan replaces the previous interest only £12.7m facility with HSBC and enabled the repayment of the outstanding CBILS loan of £3.25m, which carried a significantly higher interest rate.

In April 2025, the Group obtained an extra £0.5m Revolving Credit Facility for future expansion at a rate of SONIA plus a margin of 2.85% which has not been drawn down yet. The potential facility will reduce by £0.1m per month from June to October 2025.

Any increases in SONIA or base rate will increase the cost of these loans and therefore impact the net profit of the business (a 0.5% change in interest rate would impact the net profit before tax by £92,475 (2023: £92,500)).

Strict financial controls are in place to ensure that monies cannot be expended above the available limits or to breach any banking covenants.

A proportion of Safestay's business comprises group bookings and there is a risk of booking cancellations which will leave the hostel with unforeseen beds to sell at relatively short notice. To offset this risk, all group bookings require a non-refundable deposit of 10% at time of confirmation and staged payments in advance of the group arrivals.

Except for a small number of credit sales for which applied credit limits are verified through external sources, Safestay has a policy of full payment upfront for guests staying which is the norm for hostels. As such there are negligible trade receivable risks.

Financial risk management

The Group's financial instruments comprise bank loans, lease liabilities, cash and cash equivalents, and various items within trade and other receivables and payables that arise directly from its operations.

The main risks arising from the financial instruments are foreign exchange risk, interest rate risk and liquidity risk. The Board reviews and agrees policies for managing these risks which are detailed below.

Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings at variable rate expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates.

Liquidity risk

All the Group's long-term bank borrowings are secured on the Group's property portfolio. If the value of the portfolio were to fall significantly, the Group risk breaching borrowing covenants. The Board regularly reviews the Group's gearing levels, cash flow projections and associated headroom and ensures that excess banking facilities are available for future use.

The business continues to service this debt and make the interest payments as they fall due. There are no off-balance sheet financing arrangements or contingent liabilities.

Foreign currency risk

The Group is exposed to foreign currency risk from overseas subsidiaries with Group transactions carried out in Euros. Exposure to currency exchange rates arises from the Group's overseas sales and purchases, which are primarily denominated in Euros. This risk is mitigated by each hostel holding a denominated bank account in the country of operation. The Group monitors cashflows and considers foreign currency risk when making intra-group transfers.

Interest rate risk management

The Group is exposed to interest rate risk on its borrowings and carefully manages its interest rate risk on an ongoing basis. In January 2024, the Group refinanced its existing borrowings and added a £2.5m Revolving Credit Facility ("RCF").

This risk is mitigated as the Term Loan interest rates are £4.4m at 3.955%, £10m at SONIA but capped at 4.75% with a floor of 3% with only £1.6m subject to changes in SONIA.

Interest rate sensitivity

The sensitivity analysis in the paragraph below has been determined based on the exposure to interest rates for all borrowings subject to interest charges at the statement of financial position date. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the statement of financial position date was outstanding for the whole year. A 0.5% increase or decrease is used when reporting interest rate risk internally to key management and represents management's assessment of the reasonably possible change in interest rates.

Based on bank borrowings, at 31 December 2024, if interest rates were 0.5% higher or (lower) and all other variables were held constant, the Group's net profit would increase or decrease by £92,475 (2023: £92,500). This is attributable to the Group's exposure to interest rates on its variable rate borrowings.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Board manages liquidity risk by regularly reviewing the Group's gearing levels, cash flow projections and associated headroom and ensuring that excess banking facilities are available for future use. All of the Group's long-term bank borrowings are secured on the Group's property portfolio.

For more details, refer to note 22.

The Strategic Report was approved by the Board of Directors and signed on its behalf by:

Paul Hingston
Chief Financial Officer
20 June 2025

	Note	2024 Total £'000	As Restated 2023 Total £'000
Revenue	2	22,497	21,493
Cost of sales		(3,939)	(3,846)
Gross profit		18,558	17,647
Administrative expenses		(15,736)	(15,231)
Operating profit		2,822	2,416
Finance income and costs		(3,229)	(3,173)
Loss before tax		(407)	(757)
Tax	4	(875)	(226)
Loss for the year from continuing operations		(1,282)	(983)
Net profit / (loss) from discontinued operations	3	391	(375)
Loss for the financial year attributable to owners of the parent company		(891)	(1,358)
Loss per share from continuing operations		(1.97p)	(1.51p)
Basic profit / (loss) per share from discontinued operations		0.60p	(0.58p)
Diluted loss per share from continuing operations		(1.87p)	(1.44p)
Diluted profit / (loss) per share from discontinued operations		0.57p	(0.55p)

Consolidated Statement of Comprehensive Income

Year ended 31 December 2024

	2024 £'000	As Restated 2023 £'000
Loss for the year	(891)	(1,358)
Exchange differences on translating foreign operations	(812)	6
Property revaluation	1,181	3,904
Deferred tax on property revaluation	(1,038)	(171)
Total comprehensive income/(loss) for the year attributable to owners of the parent company	(1,560)	2,381

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Statement of Financial Position

	Note	31 December 2024 £'000	As Restated 31 December 2023 £'000
Non-current assets			
Property, plant and equipment (including right of use asset)	5	76,507	73,709
Intangible assets	6	150	71
Goodwill	6	10,383	10,896
Lease assets		143	297
Deferred tax asset		4,392	5,488
Fair Value of Financial Assets		24	-
Total non-current assets		91,599	90,461
Current assets			
Inventory		39	26
Trade and other receivables		981	1,054
Lease assets		140	142
Current tax asset		120	134
Cash and cash equivalents		1,430	1,998
Total current assets		2,710	3,354
Total assets		94,309	93,815
Current liabilities			
Borrowings	8	(4,164)	(932)
Lease liabilities		(1,815)	(1,793)
Liabilities held for sale		-	(504)
Trade and other payables	7	(5,084)	(4,299)
Current liabilities		(11,063)	(7,528)

Non-current liabilities			
Borrowings	8	(22,569)	(22,354)
Lease liabilities	9	(21,891)	(24,250)
Deferred tax liabilities		(8,022)	(7,359)
Total non-current liabilities		(52,482)	(53,963)
Total liabilities		(63,545)	(61,491)
Net assets		30,764	32,324
Equity			
Share capital		649	649
Share premium account		23,959	23,959
Other components of equity		21,282	21,951
Retained earnings		(15,126)	(14,235)
Total equity attributable to owners of the parent company		30,764	32,324

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
Year ended 31 December 2024

	Share capital £'000	Share premium £'000	Other Components of Equity £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2023	647	23,904	18,158	(12,477)	30,232
Prior Year Adjustment (note 25)	-	-	-	(400)	(400)
Balance as at 1 January 2023 (as restated)	647	23,904	18,158	(12,877)	29,832
Comprehensive income					
Loss for the year as restated	-	-	-	(1,358)	(1,358)
Other comprehensive income					
Movement in translation reserve	-	-	6	-	6
Property revaluation reserve	-	-	3,904	-	3,904
Deferred tax on property revaluation	-	-	(171)	-	(171)
Total comprehensive income			3,739	(1,358)	2,381
Transactions with owners					
Issue of shares	2	55	-	-	57
Share based payment charge for the period	-	-	54	-	54
Balance at 31 December 2023 (as restated)	649	23,959	21,951	(14,235)	32,324
Comprehensive income					
Loss for the year	-	-	-	(891)	(891)
Other comprehensive income					
Movement in translation reserve	-	-	(812)	-	(812)
Property revaluation reserve	-	-	1,181	-	1,181
Deferred tax on property revaluation	-	-	(1,038)	-	(1,038)
Balance at 31 December 2024	649	23,959	21,282	(15,126)	30,764

Consolidated Statement of Cash Flows
Year ended 31 December 2024

	2024 £'000	As Restated 2023 £'000
Cash flow from operating activities		
Loss for the year	(891)	(1,358)
Tax charge	191	226
Depreciation, amortisation	3,381	3,364
Net finance costs	3,421	3,413
Share based payment charge	-	54
Impairment charges	428	1,028
Profit on sale of fixed assets	(400)	-
(Increase)/decrease in inventories	(12)	(2)
Decrease in lease asset debtor	-	153
Decrease in trade and other receivables	229	253
Increase in trade and other payables	524	993
Cash generated from operations attributable to continuing operations	6,871	8,124
Income tax received/(paid)	(3)	(69)
Total net cash inflow from operating activities	6,868	8,055
Cash flow from investing activities		
Purchases of property, plant and equipment	(6,003)	(4,073)

Purchases of property, plant and equipment	(6,097)	(4,977)
Purchases of intangible assets	(115)	(80)
Interest received	12	35
Total net cash outflow from investing activities	(6,200)	(5,022)
Cash flow from financing activities		
Share issue	-	57
Principal elements of lease payments	(3,709)	(3,639)
Interest paid	(1,453)	(1,274)
Loan repayments	(16,029)	(1,000)
Loan received	19,695	-
Fair value movement in financial assets	(24)	-
Total net cash outflow from financing activities	(1,520)	(5,856)
Cash and cash equivalents at beginning of year	2,038	5,226
Net cash flows (used in)/generating from operating, investing and financing activities	(852)	(2,823)
Differences on exchange	244	(365)
Cash and cash equivalents at end of year (including discontinued operations)	1,430	2,038

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

Corporate Information

Safestay plc, the "Company" together with its subsidiaries, the "Group", is a public limited company, limited by share capital, whose shares are publicly traded on the Alternative Investment Market ("AIM") of the London Stock Exchange and is incorporated in the United Kingdom and registered in England and Wales. The principal activity for the Group is hostel operation. The registered number of the Group is 08866498 and its registered address is 1a Kingsley Way, London, N2 0FW.

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Accounting Standards as adopted by the UK ("IFRS") in conformity with the requirements of the Company Act 2006.

Basis of preparation

The consolidated financial statements have been presented in sterling, prepared under the historical cost convention, except for the revaluation of freehold properties and right of use assets.

The accounting policies have been applied consistently throughout all periods presented in these financial statements. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 31 December 2024.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of Safestay plc and its subsidiaries. The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company with adjustments made to their financial statements to bring their accounting policies in line with those used by the Group.

The financial results of subsidiaries are included in the consolidated financial information from the date that control commences, being where the Group controls more than 50% of a subsidiary's share capital, until the date that control ceases. The consolidated financial information presents the results of the companies within the same group. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial information. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Judgements made by the Directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period are discussed below.

New standards, amendments and interpretations adopted

The following standards are applicable for financial years beginning on/after 1 January 2024:

- IFRS10 - Sale or contribution of assets between an investor and its associate or joint venture
- IFRS16 - Lease liability in a sale and leaseback
- IAS 1 - Classification of liabilities as current or non-current
- IAS 1 - Non-current liabilities with covenants
- IAS 12 - International tax reform - pillar two model rules
- IFRS18 - Presentation and Disclosure in Financial Statements

When applied, none of these amendments have a material impact on the Group.

New standards, amendments and interpretations issued but not yet effective

The following standards are applicable for financial years beginning on/after 1 January 2025:

- IAS 21 - Lack of Exchangeability

The following standards are applicable for financial years beginning on/after 1 January 2026:

- IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

When applied, none of these amendments are expected to have a material impact on the Group.

Going concern

In assessing the going concern position of the Group for the consolidated financial statements for the year ended 31 December 2024, the Directors have considered the Group's cash flow, liquidity, and business activities.

During 2024, the Group recorded an adjusted EBITDA of £6.5m (2023: £6.8m).

During 2024, the Group refinanced all its existing borrowings in January 2024 into a single £16.0m Term Loan and added a new £2.5m Revolving Credit Facility ("RCF") to support future growth plans. The new Term Loan and RCF are for five years and were provided by existing lender HSBC. In June 2024, the Group took out a £1.2m loan in relation to Brighton, due to be fully repaid in December 2025. Post year end this was extended from December 2025 to December 2026. Also in April 2025, a new £0.5m RCF was made available for expansion.

In June 2025, the Group signed a settlement agreement in relation to a business interruption insurance claim covering the COVID-19 period. The net settlement amount, after deduction of loss assessor fees, totals £1.4m.

As part of their going concern assessment, the Directors have prepared forecasts for a minimum period of twelve months from the date of approval of the financial statements. In addition, certain adverse scenarios have been considered for the purposes of stress and sensitivity testing. Refer to Section A of this note for further information on the assumptions and judgements applied.

Upon consideration of this analysis and the principal risks faced by the Group, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future, a period of at least 12 months from the date of this report based on the forecast prepared. Accordingly, the Directors have concluded that it is appropriate to prepare these financial statements on a going concern basis.

In addition, certain adverse scenarios have been considered for the purposes of stress and sensitivity testing.

A downside case was considered whereby EBITDA was reduced by 5% for the forecasted period to June 2026. In this scenario, the Group has sufficient liquidity to remain in compliance with its covenant obligations.

A severe downside case whereby EBITDA was reduced by 20%. In this scenario, there would not be any expected breaches of the covenant obligations and doesn't factor in any mitigating actions such as reducing labour spend and controllable costs. This severe case was modelled to provide comfort over the Group's headroom on its covenants and is not considered to be a realistic scenario.

Upon consideration of this analysis and the principal risks faced by the Group, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future, a period of at least 12 months from the date of this report. Accordingly, the Directors have concluded that it is appropriate to prepare these financial statements on a going concern basis.

(A) Accounting Policies

Revenue

To determine whether to recognise revenue, the Group follows a 5-step process in accordance with IFRS 15

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is stated net of VAT and is gross of travel agency commission with the Group being the principal in all third-party booking arrangements. It comprises revenues from overnight hostel accommodation, the sale of ancillary goods and services such as food & beverage and merchandise.

Accommodation and the sale of ancillary goods and services are recognised when provided.

In accordance with IFRS 16, the Group accounts for its subleases as operating leases as they do not transfer substantially all the risks and rewards of ownership to the lessee.

The Group recognises income from lease payments from operating leases as income on a straight-line basis over the term of the contract.

The sale of ancillary goods comprises sales of food, beverages, and merchandise.

Deferred income comprises deposits received from customers to guarantee future bookings of accommodation. This is recognised as revenue once the bed has been occupied.

There are no significant judgements or estimations made in calculating and recognising revenue. Revenue is not materially accrued or deferred between one accounting period and the next.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision makers ("CODM"), who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive directors. Currently the operating segments are the operation of hostel accommodation in the UK and Europe. An additional geographical area has been identified in respect of Spain as disclosed in note 2.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated based on tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax losses enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Sterling which is the Group's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are generally recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of income statement and within finance costs. All other exchange gains and losses are presented in the statement of profit or loss within administrative expenses.

Non-monetary items that are measured at fair-value in a foreign currency are translated using the exchange rates at the date when fair-value was determined. Translation differences on assets or liabilities carried at fair-value are reported as part of the fair-value gain or loss.

The results and financial position of foreign operations that have a functional currency different to the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position are translated using the closing rate at the date of that statement of financial position.
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates.
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair-value adjustments arising on the acquisition of a foreign operation are treated as the assets and liabilities of the foreign operation and translated at the closing rate.

Business combinations

Acquisitions of subsidiaries and businesses are accounted using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired, and liabilities assumed are recognised at their fair value at the acquisition date.

Prior Year Adjustments

Prior year adjustments are recognised where changes in accounting policy or misstatements identified in respect of previously reported amounts have a material impact on the prior year comparatives.

Assets and liabilities held for sale & discontinued operations

Disposal groups are classified as held for sale if their carrying amount will be recovered principally through sale. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets included in Assets held for sale are not depreciated or amortised. Assets and liabilities classified as held for sale are presented in current assets and current liabilities separately from the other assets and liabilities in the balance sheet.

A discontinued operation is a component of the Group that has been disposed of, distributed or is classified as held for sale or distribution and that represents a separate major line of business. The results of discontinued operations are presented separately in the consolidated income statement, the consolidated statement of other comprehensive income and the consolidated statement of cash flows and comparatives are restated on a consistent basis.

Deferred Consideration

Deferred payments made in relation to acquisitions of subsidiaries and business are accounted for their

discounted payments made in relation to acquisitions of subsidiaries and business are accounted for their discounted value in trade and other payable. Any difference between the discounted value and the cash consideration at the time of the payment, is recognised as an interest charge in the income statement.

Property, plant and equipment

Freehold property and Lease assets are stated at fair value and revalued periodically in accordance with IAS 16 Property Plant and Equipment. Valuation surpluses and deficits arising in the period are included in the statement of Comprehensive Income. All other property, plant and equipment are recognised at historical cost less depreciation and are depreciated over their useful lives. The applicable useful lives are as follows:

Fixtures, fittings and equipment	3-5 years
Freehold properties	50 years
Leasehold properties	Term of the lease

Land is not depreciated.

Leasehold land and buildings relate to property from financing transactions related to Safestay Elephant and Castle. The sale of the property in 2017 was agreed with an institutional buyer in exchange for 150 year geared ground rent leases. The significant risks and rewards of ownership were retained, and the exercise to repurchase these properties is "almost certain". The contract took the legal form of the sale and leasebacks. However, the economic substance of the original transactions in 2017 meant that the lease has historically been treated as owned by Safestay. Therefore, the transactions are classified as leasehold land and buildings.

Impairment of property, plant and equipment

At each statement of financial position date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease, but a negative revaluation reserve is not created.

For revalued assets, where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. Any remaining balance of the reversal of an impairment loss is recognised in the income statement. For assets carried at cost, any reversals of impairments are recognised in the income statement.

Goodwill

Goodwill represents the future economic benefits arising from a business combination, measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is carried at cost less accumulated impairment losses. A review of the carrying value of goodwill is carried out annually.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. The Directors consider each individual hostel to be a separate cash generating unit for impairment purposes and, as explained in note 12 to the financial statements, each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Intangible assets

Costs that are directly attributable to a project's development phase, including capitalised internally developed software, are recognised as intangible assets using the cost model, provided they meet all of the following recognised:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Group intends to and has sufficient resources to complete the project
- the Group has the ability to use or sell the software, and
- the software will generate probable future economic benefits.

Intangible assets acquired in a business combination are recognised at fair value at the acquisition date, which is deemed to be the cost going forward.

The leasehold rights and tenancy subleases relate to intangible assets acquired in a business combination as outlined in note 12 of the Annual Report.

Assets with a finite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives

as set out above.

The following useful lives are applied:

- 10 years for the life of the interest in the head lease
- 13 years for tenancy sublease
- 3 years for website development.

Residual values and useful lives are reviewed at each reporting date.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (CGUs). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price.

Financial assets measured at amortised cost

Financial assets held at amortised costs are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets.

Financial assets measured at fair value

Derivative financial assets are measured at fair value plus transaction costs at the date of initial recognition. Any subsequent movements in fair value are recorded in the income statement. The Group has decided not to apply hedge accounting in relation to these derivative financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and which form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and other receivables

Trade and other receivables are measured at initial recognition at transaction price plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method. The Group recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors. Management have considered the ECL for trade receivables as immaterial given the majority of sale receipts are obtained prior to the stay.

Credit risk

The Group assesses impairment on a forward-looking basis using the expected credit loss method and has applied the simplified approach which uses the lifetime expected loss provision for all trade and other receivables. The Group has no significant history of non-payment; as a result, the expected credit losses on financial assets are not material.

Financial liabilities

The Group classifies its financial liabilities as other financial liabilities. Other financial liabilities are measured at fair value on initial recognition and subsequently measured at amortised cost, using the effective-interest method.

Borrowings

Borrowings other than bank overdrafts are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the income statement over the period of the borrowings, using the effective interest method.

Where there are extension options, management have made an accounting policy choice that these are loan commitments from the holder of the debt instrument that does not need to be separately accounted for.

Loan arrangement fees

The loan arrangement fees are offset against the loan balance and amortised over the term of the loan to which they relate as part of the effective interest rate calculation.

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Leases

The Group has leases for hostels across Europe. With the exception of short-term leases and leases of low-

value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. Leases of property generally have a lease term ranging from 5 years to 50 years.

For any new property asset contracts entered on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Group has the right to direct the use of the identified asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purposes the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if either:
 - The Group has the right to operate the asset; or
 - The Group designed the asset in a way that predetermines how and for what purpose it will be used.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

The Group has elected to take the exemption not to recognise right-of-use assets and lease liabilities for short-term lease of machinery that have a lease term of 12 months or less and leases of low-value assets. The Group defines leases of low value assets as being any lease agreement where the total value of payments made across the lease term is less than £10,000. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

Measurement of the Right-of-use Assets

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group as a lessor

As a lessor the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

The Group accounts for its sub leases as finance leases with reference to the right-of-use asset arising from the head lease. The Group has not offset the assets and liabilities of the head lease and sub lease, nor the income and expenditure arising from these contracts. A lease receivable is recognised in the statement of financial position in respect of the net investment in the sub lease. The net investment in the sub lease is assessed annually for any indicators of impairment.

Equity

The total equity attributable to the equity holders of the parent comprises the following:

Share Capital

Share capital represents the nominal value of shares issued.

Share premium account

Share premium represents amounts subscribed for share capital in excess of nominal value less the related costs of share issues.

Retained earnings

Retained earnings represent undistributed cumulative earnings.

Equity Instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Other Components of Equity

Merger reserve

Merger reserve represents amounts subscribed for share capital in excess of nominal value exchanged for the shares in the acquisition of a subsidiary company.

Revaluation reserve

Revaluation reserves represent the increase in fair value of freehold property and leasehold assets over the value at which it was previously carried on the statement of financial position. Any gain from a revaluation is taken to the revaluation reserve. Where it reverses a previous impairment, the impairment is reversed, but any surplus in excess of the amount of the impairment is added to the revaluation reserve.

Translation Reserve

Translation Reserve comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into presentational currency.

Share based payment reserve

The equity settled share-based payment reserve arises as the expense of issuing share-based payments is recognised over time. The reserve will fall as share options vest and are exercised but the reserve may equally rise or might see any reduction offset, as new potentially dilutive share options are issued. Balances relating to share options that lapse after they vest are transferred to retained fair value of employee services determined by reference to transfer of instruments granted.

The Group has applied the requirements of IFRS 2 Share based payment to share options. The fair value of the share options is determined at the grant date and are expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects on non-transferability, exercise restrictions and behavioural considerations.

Dividends

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

Critical accounting judgements and key sources of estimation and uncertainty

The fair value of the Group's property is the main area within the financial information where the Directors have exercised significant estimates.

Judgements

- The Group has identified certain costs and income as exceptional in nature in that, without separate disclosure, would distort the reporting of the underlying business. A degree of judgement is required in determining whether certain transactions merit separate presentation to allow shareholders to better understand financial performance in the year, when compared with that of previous years and trends. This is set out in note 5. The value for these costs in the Consolidated Income statement for the year ended 31 December 2024 is £68,000 (2023: £26,000). The value of income classified as exceptional in the Consolidated Income statement for the year ended 31 December 2024 is £365,000 (2023: £nil).
- Extension options for leases: In accordance with IFRS 16, when the entity has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term. Management generally includes extensions when the option to extend can be unilaterally exercised by the tenant provided the hostel under lease is expected to continue to be profitable for the Group after the extension is exercised.
- The Group has an option to repurchase the leasehold property at Elephant & Castle after 25 years. The Directors have considered whether the option would be exercised and have concluded that for commercial reasons, the option would not be taken. If the option were to be taken, the property finance liability at 31 December 2024 would be £9.0m (2023: £8.7m), and finance charges relating to the liability would total £0.5m (2023: £0.5m).
- The Group has identified that a portion of the freehold property in Edinburgh has been leased out to a third party. The Directors have considered whether the portion of the property leased out to a third party constitutes investment property under IAS 40. The Directors concluded that due to the specific leasing arrangements with the third party, it was appropriate to consider the space as freehold property. If the treatment were to be considered as investment property, the property would be held at fair value per the valuation report of £3.3m (2023: £1.8m). The fair value gain of £1.5m would be recognised in the income statement. The impact on depreciation would equate to a reduction in depreciation expense of £0.1m per annum.
- The Group, where the interest rate implicit in the lease cannot be practicably determined, has used the incremental borrowing rate (based on a quoted rate from an external lender as at the date of inception or most recent modification of the lease) instead to calculate the present value of the minimum lease payments. The nature and therefore small changes in the incremental borrowing rate could have a material impact on the financial statements. In 2024 this ranged from 3.6% to 8.4% (2023: from 3.25% to 3.8%). At 31 December 2024, lease liabilities totalled £23.7m (2023: £26.0m) and finance charges relating to lease liabilities for the year totalled £1.6m (2023: 2.0m).

Estimates

- Assessment of impairment of goodwill, property, plant and equipment (including right of use assets) and the ability for the Group to continue as a going concern requires estimation of future cash flows, which are uncertain, discounted to present value which also requires estimation by management. The key assumptions used to calculate the value in use (VIU) to test the goodwill for each cash generating units (CGUs) are detailed in note 12. A Pre-tax discount rate of 12.89% (2023: 9.7%) has been calculated using weighted average cost of capital. An assessment was made on the differing risks between countries in which the hostels operate based on country risks. Based on the assessment it was concluded that the differences between discount rates between each CGU is not material. The assets are similar in nature, with all CGUs providing the provision of hostel accommodation and therefore similar cashflows and therefore the risk associated with the assets is considered to be consistent between CGUs. As such one discount rate has been utilised for the purposes of performing an impairment review. At 31 December 2024, Goodwill totalled £10.3m (2023: £10.9m) and impairment charges totalled £nil (2023: £0.9m). At 31 December 2024, property plant and equipment (including right of use assets) totalled £76.5m (2023: £73.7m) and impairment charges totalled £0.4m (2023: £0.1m).
- As outlined in the accounting policy, the financial statements have been prepared under the historical cost convention except for the revaluation of the freehold properties and lease assets (in respect of Elephant and Castle). The Group is required to value properties on a sufficiently regular basis by using open market values to ensure that the carrying value does not differ significantly from their fair values. Valuations are performed by qualified valuers using open market values, which reflect the estimated selling price in an arms-length transaction and includes assumptions of future income levels and trading potential for each hostel as other factors including location and tenure. Key valuation estimates include the discount rate, capitalisation rate, inflation rate, and running yield. Further details can be found in the Valuation Methodology section of note 5. The Group has used external valuations on freehold properties and leased assets under financing transactions, as outlined in note 5. Based on the market data assessed and internal assessment of each property, management does not consider that the fair value differs materially from the carrying value. Management is confident that the carrying value is deemed reasonable at 31st December 2024.
- The estimated useful lives which are used to calculate depreciation of property, plant and equipment are based on the length of time these are expected to generate income and be of benefit to the Group. Depreciation methods, useful economic lives and residual values are reviewed at each reporting date and adjusted if appropriate. Property plant and equipment totalled £76.5m at 31 December 2024 (2023: £73.7m) and depreciation charges totalled £3.3m (2023: £3.3m).
- The Group has recognised deferred tax assets for deductible temporary differences and unused tax losses that it believes are recoverable. The recoverability of recognised deferred tax assets is in part dependent on the Group's ability to generate future taxable profits sufficient to utilise deductible temporary differences and tax losses (before the latter expire). The Directors consider the likelihood that the Group will generate taxable profits is probable, and as such, recognises deferred tax assets related to tax losses in full. Deferred tax assets at 31 December 2024 totalled £4.4m (2023: £5.5m). Deferred tax charges for the year ended 31 December 2024 totalled £0.7m (2023: £0.2m).

2. SEGMENTAL ANALYSIS

An analysis of the Group's revenue from external customers for each major product and service category is as follows:

	2024	2023
	£'000	£'000
Hostel accommodation	19,962	20,143
Food and Beverages sales	1,915	1,525
Other income	1,132	822
Total Income	23,009	22,490
Like for like income	<u>21,373</u>	<u>21,485</u>

Like-for-like income relates to all turnover less turnover associated with the newly operating properties, Edinburgh and Cordoba as well as discontinued operating segments.

The Group recognises income from lease payments from operating leases as income on a straight-line basis over the term of the contract.

Operating segments are reporting in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODMs, who monitor the performance of these operating segments as well as deciding on the allocation of resources to them, have been identified as the Executive Directors. Currently the operating segments are the operation of hostel accommodation in the UK and Europe.

An additional material geographical area has been identified in respect of Spain to meet the disclosure requirements of IFRS 8 due to its significance to the Group.

The Group provides a shared services function to its operating segments and reports these activities separately. Management does not consider there to be any other material reporting segments. Management revisits this at each year end.

The most important measures used to evaluate the performance of the business are revenue, EBITDA and adjusted EBITDA, which is the operating profit after excluding depreciation and amortisation, and removing non-recurring expenditure which would otherwise distort the cash generating nature of the segment.

2024	UK	Spain	Europe	Shared services	Discontinued operations	Total
	£'000	£'000	£'000	£'000	£'000s	£'000
Revenue	8,986	5,953	7,540	18	512	23,009

Profit/(loss) before tax	1,355	(456)	324	(1,630)	391	(16)
Add back: Finance income and costs	315	1,066	790	1,058	192	3,421
Add back: Depreciation & Amortisation	623	1,206	1,211	335	6	3,381
EBITDA	2,293	1,816	2,325	(237)	589	6,786
Impairment	-	-	428	-	-	428
Profit on disposal of assets	-	-	-	4	(404)	(400)
Fair value movements of derivatives	-	-	-	13	-	13
Exceptional & Share based payment expense	-	-	(344)	21	26	(297)
Adjusted EBITDA	2,293	1,816	2,409	(199)	211	6,530
Total assets	45,573	16,235	18,120	14,381	-	94,309
Total liabilities	(13,322)	(10,742)	(7,085)	(32,396)	-	(63,545)

2023 as restated	UK	Spain	Europe	Shared services	Total
	£'000	£'000	£'000	£'000	£'000
Revenue	8,270	5,349	8,871	-	22,490
Profit/(loss) before tax (including discontinued operations)	2,252	(448)	(1,269)	(1,667)	(1,132)
Finance income and costs	315	278	493	2,326	3,412
Depreciation & Amortisation	432	1,198	1,195	539	3,364
EBITDA	2,999	1,028	419	1,198	5,644
Impairment	-	-	1,028	-	1,028
Adjusting Items & Share based payment expense	-	-	-	80	80
Adjusted EBITDA	2,999	1,028	1,447	1,278	6,752
Total assets	40,939	15,788	21,253	15,835	93,815
Total liabilities	(11,471)	(11,881)	(7,930)	(30,209)	(61,491)

The Group's non-current assets (other than financial instruments and deferred tax assets) are located into the following geographic regions:

	2024	2023
	£'000	£'000
UK	45,034	40,472
Spain	15,428	14,976
Rest of Europe	17,193	19,650
Shared services	13,944	15,363
Total	91,599	90,461

3. DISCONTINUED OPERATIONS AND LIABILITIES HELD FOR SALE

Following the classification of the asset group of "Vienna Hotel" as held-for-sale in September 2023, the operational performance was classified as discontinued. The Hostel formed part of the Europe operating segment. The lease for the Vienna Hotel was surrendered on 31 July 2024.

	2024	As Restated
	Note	2023
	£000s	£000s
Revenue	512	996
Cost of sales	(115)	(227)
Gross profit	397	769
Administrative expenses	186	(905)
Operating profit	583	(136)
Finance income and costs	(192)	(239)
Profit/(loss) before tax	391	(375)
Profit/(loss) after tax for discontinuing operations	391	(375)

	2024	2023
	£000s	£000s
Property plant and equipment (including right-of-use asset)	-	3,884
Trade and other payables	-	(187)
Lease Liabilities	-	(4,291)
Cash and cash equivalents	-	40
Trade and other receivables	-	50
Liabilities held for sale	-	(504)

		As Restated
	2024	2023
Cash flow from operating activities		
Loss for the year	1,062	(377)
Tax charge	-	1
Depreciation, amortisation and impairment	7	264
Net finance costs	-	239
(Increase)/decrease in inventories	3	2
Decrease in trade and other receivables	21	(52)
Increase in trade and other payables	(133)	306
Lease modification	(843)	-
Net Cash generated from operations attributable to discontinued operations	117	383
Cash flow from investing activities		
Purchases of property, plant and equipment	-	(9)
Net cash used in discontinued investing activities	-	(9)
Cash flow from financing activities		
Principal elements of lease payments	(293)	(419)
Loan repayments	192	(80)
Net cash used in discontinued financing activities	(101)	(499)
Cash and cash equivalents at beginning of year	40	162
Net cash flows (used in)/generating from operating, investing and financing activities	16	(125)
Differences on exchange	11	3
Cash and cash equivalents at end of year	67	40

4. TAX

The Group tax charge is made up as follows:

	2024 £'000	2023 £'000
Current tax		
Corporation tax on profits for the year	5	13
Adjustments for corporation tax on prior periods	-	-
Other local taxes	186	38
Total current tax	191	51
Deferred tax	684	96
Adjustments for deferred tax in prior periods	-	79
Effect of increased tax rate on opening balance	-	-
Total tax charge	875	226

The charge for the year can be reconciled to the loss per the consolidated income statement as follows:

	2024 £'000	As Restated 2023 £'000
Loss before tax	(407)	(1,358)
Tax at the standard UK corporation tax rate of 25% (2023: 23.52%)	(102)	(319)
Fixed asset differences	91	43
Adjustment for tax rate differences in foreign jurisdictions	(1)	-
Adjustments for tax on prior periods - deferred tax	174	-
Adjustments for tax on prior periods - deferred tax	175	79
Other tax adjustments, reliefs and transfers	-	-
Remeasurement of deferred tax for changes in tax rates	-	1
Deferred tax not recognised	192	(16)
Feature affecting charge for the period		

Factors affecting charge for the period

Non-deductible items and other timing differences	190	417
Chargeable gains/(losses)	-	-
Foreign exchange differences	156	21
Deferred tax eliminated	-	-
Group tax charge	875	226

The Group has a deferred tax liability of £4.8m (2023: £3.3m) related to the potential future gain on property revaluations.

The Finance Bill 2021 included legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. This rate change is included above as the Finance Bill 2021 has been substantively enacted.

The Finance Bill 2023 includes legislation to implement the Organisation for economic Co-operation and Development ("OECD") Base Erosion and Profit Shifting ("BEPS") Pillar two income inclusion rule ("IIR") in the United Kingdom ("UK"). The legislation introduces a multination top-up tax ("MTUT") and the domestic top-up tax ("DTT") and both will apply to large multinational enterprises for accounting periods beginning on or after 31 December 2023. The legislation is not thought to have any impact on the Group tax charge.

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Right of Use Assets	Leasehold land and buildings	Leasehold improve- ments	Fixtures, fittings & equipment	Assets under construction	Total
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2023	12,039	38,540	26,799	4,731	4,179	-	86,288
Transfers	-	-	-	680	(720)	40	-
Reclassification as held for sale-	-	(5,246)	-	-	(56)	-	(5,302)
Additions	2,522	-	-	4	337	2,114	4,977
IFRS lease modification	-	323	-	-	-	-	323
Revaluation	2,411	-	221	-	-	-	2,632
Exchange movements	27	(194)	-	24	(32)	-	(175)
At 1 January 2024	16,999	33,423	27,020	5,439	3,708	2,154	88,743
Transfer	2,114	-	-	-	-	(2,114)	-
Additions	2,880	-	-	62	742	2,413	6,097
Disposals	-	-	-	-	(86)	-	(86)
IFRS lease modification	-	151	-	-	-	-	151
Revaluation	1,004	-	-	-	-	-	1,004
Surrender of Vienna Lease	-	-	-	-	(48)	-	(48)
Exchange movements	(140)	(952)	-	(17)	(195)	-	(1,304)
At 31 December 2024	22,857	32,622	27,020	5,484	4,121	2,453	94,557
Depreciation & Impairment							
At 1 January 2023	322	9,076	596	1,277	2,959	-	14,230
Transfer	-	-	-	526	(526)	-	-
Reclassification as held for sale-	-	(1,388)	-	-	(30)	-	(1,418)
Charge for the period	169	2,408	185	318	266	-	3,346
Impairment	-	83	-	65	-	-	148
Revaluation	(491)	-	(781)	-	-	-	(1,272)
At 1 January 2024	-	10,179	-	2,186	2,669	-	15,034
Transfers	-	-	-	-	-	-	-
Charge for the period	453	2,054	188	322	328	-	3,345
Disposals	-	-	-	-	(86)	-	(86)
Revaluation	(453)	-	276	-	-	-	(177)
Impairment	-	235	-	154	39	-	428
Surrender of Vienna Lease	-	-	-	-	(24)	-	(24)
Exchange movements	-	(239)	-	(82)	(149)	-	(470)
At 31 December 2024	-	12,229	464	2,580	2,777	-	18,050
Net book value:							
At 31 December 2024	22,857	20,393	26,556	2,904	1,344	2,453	76,507
At 31 December 2023	16,999	23,244	27,020	3,253	1,039	2,154	73,709

Freehold properties

The freehold values relate to the five following hostels:

- The £2.8m value of the freehold in **York** is based on the external valuations as at 31 December 2024 prepared by Cushman and Wakefield.
- The freehold of the **Glasgow** property acquired in October 2019 for £3.2m and which has undergone renovation for £0.4m. The £5.5m value of the freehold in Glasgow is based on the external valuations as at 31 December 2024 prepared by Cushman and Wakefield.
- The £6.7m value of the freehold in **Edinburgh** is based on the external valuations as at 31 December 2024 prepared by Cushman and Wakefield. The freehold was acquired in December 2023 for £4.3m

and underwent refurbishment totalling £1.2m.

- The hostel in **Pisa** was acquired in June 2019 for £3.0m, of which £2.3m for the freehold. The £6.2m value of the freehold in Pisa is based on the external valuations as at 31 December 2024 prepared by Cushman and Wakefield.
- The freehold of the **Córdoba** property was acquired in May 2024 for £1.7m. The external valuation at 31 December 2024 prepared by Cushman and Wakefield valued the property at £2.1m.

If the properties had been accounted for under the historic cost accounting rules, they would have been accounted for as follows:

	2024	2023
	<i>£'000s</i>	<i>£'000s</i>
Historic Cost including Renovations	15,637	10,639
Accumulated Depreciation	(1,313)	(1,012)
	14,324	9,627

Details of the revaluation surplus, including the movement during the period, are presented in the Statement of Changes in Equity (SOCIE) on page 64 of the Annual Report.

Leasehold, land and buildings

The Group has used external valuations on Elephant & Castle. The London Elephant & Castle leasehold was independently valued on 31 December 2024 at £26.8m. The valuation was performed by Cushman and Wakefield. The Group has accounted for the finance transactions as interest-bearing borrowings secured on the original properties held. The historic carrying value is £15.5m, which is the initial value at date of inception of the lease plus £2.5m of additions, less £3.0m of depreciation charges.

Leasehold improvements

Leasehold improvements comprise the capitalised refurbishment costs incurred by the Group on the leased properties.

Valuation process

The Group provides information to valuers, including profit and cashflow forecasts along with asset-specific business plans. These independent external valuers hold recognised and relevant and professional qualifications and have recent experience in the location and category of the properties being valued. The valuers use this and other inputs including market transactions for similar properties to produce valuations. These valuations and the assumptions they have made are then discussed and reviewed with the directors. Cushman & Wakefield were engaged to value properties now valued at £50.1m (including fixtures & fittings).

Valuation fees are a fixed amount agreed between the Group and the valuers in advance of the valuation and are not linked to the valuation output.

Valuation methodology

The value is assessed by adopting the income approach to valuation adopting a discounted cashflow approach. Under this approach it is assumed that the property is held for a period of 10 years and the net present value of the earnings during this period are added to the exit value which is discounted to present day values. Adopting an income approach also requires the analysis of comparable transactions in the market to assess the rates of returns investors are prepared to accept at the date of valuation.

The table below provides details of the assumptions used in the valuation of the properties:

Location	Discount rate	Capitalisation rate	Inflation rate	Running Yield
Elephant & Castle	9.0%	7.9%	2.5%	6.67% - 7.38%
Glasgow	11.3%	9.3%	2.5%	9.24% - 9.62%
Edinburgh	10.0%	8.0%	2.5%	5.72% - 6.34%
York	11.0%	7.9%	2.5%	8.11% - 9.45%
Pisa	10.0%	8.0%	2.5%	(0.88)% - 9.67%
Cordoba	8.8%	6.8%	2.5%	5.08% - 7.22%

Capital Commitments

There were no capital commitments at the year-end (2023: £0.7m).

6. INTANGIBLE ASSETS AND GOODWILL

	Website	Goodwill	Total
	£'000	£'000	£'000
Cost			
At 1 January 2023	139	13,505	13,644
Additions	80	-	80
Exchange differences	-	(238)	(238)
At 31 December 2023	219	13,267	13,486
Additions	115	-	115
Exchange differences	-	(509)	(509)
At 31 December 2024	334	12,758	13,092

Amortisation and Impairment

At 1 January 2023	130	1,491	1,621
Impairment	-	880	880
Charge for the period	18	-	18
At 31 December 2023	148	2,371	2,519
Write off on Surrender of Vienna Hotel Lease	-	4	4
Charge for the period	36	-	36
At 31 December 2024	184	2,375	2,559
Net book value:			
At 31 December 2024	150	10,383	10,533
At 31 December 2023	71	10,896	10,967

Goodwill

Goodwill in a business combination is allocated to the cash generating units ("CGUs") that are expected to benefit from that business combination. The Group's CGUs have been defined as each operating hostel. This conclusion is consistent with the approach adopted in previous years and with the operational management of the business.

Impairment

Goodwill is not amortised but tested annually for impairment. The recoverable amount of each CGU is determined from value in use ("VIU") calculations based on future expected cash flows discounted to present value using an appropriate pre-tax discount rate.

Goodwill carrying values as at 31 December 2024 are shown below:

CGU	2024	2024	2023	2023
	Goodwill £000s	Headroom £000s	Goodwill £000s	Headroom £000s
Madrid	2,071	2,329	2,173	-
Paris	11	-	11	-
Gothic	679	2,561	712	1,307
Lisbon	1,266	-	1,328	220
Prague	198	366	207	248
Barcelona Passeig De Gracia	1,577	6,966	1,654	69
Vienna	-	-	5	184
Brussels	1,239	3,828	1,300	2,428
Pisa	743	7,672	779	2,924
Berlin	902	346	947	-
Athens	1,130	732	1,185	550
Warsaw	567	1,798	595	692
	10,383	26,598	10,896	8,622

There were no impairment charges relating to goodwill for the year ended 31 December 2024 (2023: £0.9m). Goodwill relating to the Vienna Hotel was written off.

The key assumptions used in the VIU calculations for all hostels are based on forecasts approved by management performed for a 5-year period:

- A pre-tax discount rate of 12.89% (2023: 9.7%) was calculated using weighted average cost of capital. An assessment was made on the differing risks between countries in which the hostels operate. Based on the assessment it was concluded that the differences between discount rates between each CGU are not material. The assets are similar in nature, with all CGUs providing the provision of hostel accommodation and therefore similar cashflows and therefore the risk associated with the assets is considered to be consistent between CGUs. As such one discount rate has been utilised for the purposes of performing an impairment review.
- Goodwill was assessed for impairment based on the remaining lease term, consistent with the lease term used for the associated right-of-use asset. In addition, an estimated exit value was included, determined by applying a long-term growth rate of 2.0% in perpetuity.
- The estimated average bed rate, along with revenue and costs, is projected to increase annually by 2.5% in line with assumed inflation.
- Occupancy is projected to increase by 1% year-on-year over the forecasted period.
- After the 5-year period, a flat growth rate of 2.5% was applied to the discounted cashflows.

Discount Rate

The Group calculates a WACC applying local government bond yields and tax rates. For reference the Group WACC for Safestay plc was 12.89% (2023: 9.7%). The discount rate applied to a CGU represents a pre-tax rate that reflects the market assessment of the time value of money as at 31 December 2024 and the risks specific to the CGU.

7. TRADE AND OTHER PAYABLES

As Restated
2024 **2023**

	£'000	£'000
Due in less than one year		
Trade payables	484	572
Social security and other taxes	1,176	1,197
Corporation tax	187	-
Other creditors	107	156
Accruals and deferred income	3,130	2,374
	5,084	4,299

8. BORROWINGS

	2024	2023
	£'000	£'000
At amortised cost		
Bank and other loans repayable within one year	4,246	1,000
Loan arrangement fees	(85)	(68)
Property Finance Liability	3	-
	4,164	932
Bank and other loans repayable within more than one year	15,595	15,180
Loan arrangement fees	(200)	-
Property Finance Liability	7,174	7,174
	22,569	22,354

In January 2024, the Group refinanced its existing borrowings into a single £16m term Loan and added a new £2.5m Revolving Credit Facility ("RCF") to support future growth plans. The new Term Loan and RCF are for 5 years and were provided by the existing lender HSBC.

The Term Loan interest rates are £4.4m at 3.955%, £10.0m at SONIA but capped at 4.75% with a floor of 3.0%, all with an additional margin of 2.6%. The RCF has a rate of SONIA plus a margin of 2.85%. The Term Loan is repayable at £0.1m per quarter from March 2024, together with a final payment at completion. Interest on both the Term Loan and RCF is payable quarterly.

The Term Loan replaced the previous interest only £12.7m facility with HSBC and enabled the repayment of the outstanding Coronavirus Business Interruption Loan Scheme ("CBILS") loan of £3.3m, which carried a significantly higher interest rate.

In addition to the Group refinancing, a supplementary £1.2m loan was obtained from the trustees of the Sheldon Pension Fund and Sentpark Capital Limited in June 2024, in order to facilitate the purchase of a freehold property located in Brighton, United Kingdom. The loan was made to Safe Hostels Limited (a 100% owned subsidiary of Safestay plc) with Safestay plc writing a written guarantee. The interest rate on the loan is 1% per month and is serviced monthly, plus arrangement and exit fees of 1%. This loan has an 18-month term and was initially repayable in December 2025. Post year end, the term of the loan was extended to December 2026.

Non-Current Liabilities with Covenants

As disclosed in note 1, the Group has adopted the amendments to IAS 1 relating to the classification of non-current liabilities with covenants. In accordance with these amendments, the Group provides the following information regarding loan covenants associated with the £16.0m Term Loan and £2.5m RCF:

1. Historical Interest Cover

The Group must maintain a minimum historical interest cover as follows:

Period	Minimum Historical Interest Cover (%)
31 Dec 2024 - 31 Mar 2025	150%
1 Apr 2025 - 30 Jun 2025	150%
1 Jul 2025 - 30 Sep 2025	165%
1 Oct 2025 - 31 Dec 2025	175%

2. Loan to Value (LTV)

The Group must ensure that the LTV does not, at any time, exceed 50%.

3. Minimum EBITDA

On the specified test dates, the Group must meet the following EBITDA thresholds:

Test Date	Minimum EBITDA
31 Dec 2024	£2,000,000

4. Debt Service Cover Ratio (DSCR)

From 31 March 2025, the Group is required to maintain a minimum DSCR of 125% on each Test Date:

Period Ending	Minimum DSCR (%)
31 Mar 2025	125
30 Jun 2025	125
30 Sep 2025	125
31 Dec 2025	125

5. Debt Leverage

Debt leverage

The maximum debt leverage ratio allowed under the agreement is:

Relevant Period	Maximum Ratio
12 months to 31 Dec 2024	9:1
12 months to 31 Mar 2025	8:1
12 months to 30 Jun 2025	8:1
12 months to 30 Sep 2025	8:1
12 months to 31 Dec 2025	8:1

The Directors have prepared forecasts for a minimum period of twelve months from the date of approval of the financial statements. Based on this they are confident that the covenants in this period will be met and there is sufficient headroom to cover certain adverse scenarios.

After the year-end, the terms of the Group's banking facility were amended, resulting in changes to the historical interest cover and debt leverage ratio covenants. These adjustments were implemented to better reflect current trading conditions and to provide the Group with greater flexibility in managing its obligations.

9. LEASES

Lease assets are presented in the statement of financial position as follows:

	2024	2023
	£'000	£'000
Current	140	142
Non-current	143	297
Total	283	439

The lease asset relates fully to our contract with Casa Suecia where the Group has outsourced, on a revenue share basis, our Madrid food and beverage operations.

This is a contract where Safestay receives the higher of a minimum guaranteed rent or an agreed % of the food and beverage revenue in return for Casa Suecia receiving the profit from this income stream by managing this part of the operation with its own staff. This arrangement commenced in July 2021 and is for an initial five years.

In our lease asset calculations, the Directors have assumed the net profit of Casa Suecia did not exceed the variable threshold.

2024

	Minimum lease receipts due						
	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	After 5 years	Total
Lease receipts	149	149	-	-	-	-	298
Finance income	(9)	(6)	-	-	-	-	(15)
Net present values	140	143	-	-	-	-	283

2023

	Minimum lease receipts due						
	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	After 5 years	Total
Lease receipts	156	156	153	-	-	-	465
Finance income	(15)	(9)	(3)	-	-	-	(27)
Net present values	141	147	150	-	-	-	438

Lease liabilities are presented in the statement of financial position as follows:

	2024	2023
	£'000	£'000
Current	1,815	1,793
Non-current	21,891	24,250
Total	23,706	26,043

Total cash outflow for leases for the year ended 31 December 2024 was £3.4m (2023: £3.6m).

The Group has leases for hostels across Europe. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset and any additional consideration is recognised through the income statement. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (note 5).

The hostel in London Kensington Holland Park has a term of 50 years. There is no purchase option in this lease.

Lease payments are generally linked to annual changes in an index (either RPI or CPI). However, the Group has leases in Lisbon and Kensington Holland Park for which a portion of the rentals are linked to revenue. The variable portion of the lease in Lisbon and Kensington Holland Park are accounted for as a variable rent over the period it relates to.

variable rent over the period it relates to.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over hostels or hotels, the Group must keep those properties in a good state of repair and return the properties in good condition at the end of the lease. Further, the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use asset	No of right-of-use assets leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with options to purchase	No of leases with variable payments linked to an index	No of leases with termination options
Hostel buildings	11	4 - 40 years	11	9	0	10	0

In addition to the above, there is the London Kensington Holland Park lease which ends in 2065. There are no such options as above.

There is a short-term lease commitment relating to the commercial hub in Warsaw. The total commitment is £60k (2023: £18k).

Lease liabilities

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at 31 December 2024 is as follows:

2024

	Minimum lease payments due			
	Within 1 year	1-5 years	After 5 years	Total
Lease payments	3,085	11,249	21,756	36,090
Finance charges	(1,270)	(3,887)	(7,227)	(12,384)
Net present values	1,815	7,362	14,529	23,706

2023

	Minimum lease payments due			
	Within 1 year	1-5 years	After 5 years	Total
Lease payments	3,156	11,740	24,642	39,538
Finance charges	(1,363)	(4,295)	(7,837)	(13,495)
Net present values	1,793	7,445	16,805	26,043

10. ANALYSIS OF NET DEBT

	31st December 2023	Cash Flows	Edinburgh Renovation	Acquisition of Brighton & Cordoba	New Loans	Loan Repay-ments	Finance Expenses	31st December 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	1,998	1,187	(1,207)	(3,929)	19,410	(16,029)	-	1,430
Bank and Other Loans	(16,180)	5	-	-	(19,695)	16,029	-	(19,841)
Loan Arrangement Fees	68	(68)	-	-	285	-	-	285
Property Finance Liability	(7,174)	(3)	-	-	-	-	-	(7,177)
Lease Liabilities	(26,043)	3,953	-	-	-	-	(1,616)	(23,706)
	(47,331)	5,074	(1,207)	(3,929)	-	-	(1,616)	(49,009)

11. OTHER COMMITMENTS AND GUARANTEES

The bank loan held by the Group of £18.5m is secured against the Group's assets, including freehold properties of £15.0m, leasehold properties totalling £26.8m and trade and other receivables relating to UK properties.

In June 2024, the Group took out an additional loan of £1.2m from the trustees of the Sheldon Pension Fund and Sentpark Capital Limited.

The Group also has guarantees totalling £1.0m in relation to ongoing leases.

12. PRIOR YEAR RESTATEMENT

During the current year, the Group identified the incorrect accounting treatment of VAT on certain OTA ("Online Travel Agent") commissions. Specifically, where OTAs remitted amounts net of their commission fees, the Group recognised the gross receipts in accordance with IFRS 15 to reflect the appropriate revenue and commission expense. However, the related commission expense had been

appropriate revenue and commission expense. However, the related commission expense had been incorrectly reduced by the applicable local VAT rate, on the assumption that VAT was chargeable and recoverable.

It has since been determined that, under EU VAT rules, these OTA services are subject to the reverse Charge mechanism and therefore no VAT should have been claimed. As a result, the VAT creditor and OTA commission expenses were understated in the previously reported financial statements.

In 2021 and 2022, the VAT treatment was correct, however it was determined that the OTA commission expense was understated and as a result there has been an adjustment to Retained Earnings and Trade Receivables. There was also a reclassification between Trade receivables and Trade payables due to this adjustment.

Accordingly, the prior year comparatives have been restated to correct this error. The impact of the restatement is as follows:

Income statement	2023 As previously stated £'000	2023 Adjustment £'000	2023 As restated £'000
Cost of Sales	(3,811)	(35)	(3,846)
Loss for the year from continuing operations	(948)	(35)	(983)
Net loss from discontinued operations	(376)	1	(375)
Loss for the year	(1,324)	(34)	(1,358)
Statement of Financial Position	2023 As previously stated £'000	2023 Adjustment £'000	2023 As restated £'000
Trade and Other Payables	(4,018)	(281)	(4,299)
Liabilities Held for Sale	(506)	2	(504)
Trade and Other Receivables	1,210	(156)	1,054
Retained Earnings brought forward	(12,477)	(400)	(12,877)
Loss for the Year	(1,324)	(34)	(1,358)
Retained Earnings	(13,801)	(434)	(14,235)
Other Components of Equity	21,952	(1)	21,951
Statement of Cash Flows	2023 As previously stated £'000	2023 Adjustment £'000	2023 As restated £'000
Decrease in Trade and Other Receivables	136	117	253
Increase in Trade and Other Payables	1,076	(83)	993
Loss for the year	(1,324)	(34)	(1,358)

These adjustments have been reflected in the restated comparative figures presented in these financial statements.

13. POST BALANCE SHEET EVENTS

In April 2025, the planning permission to convert the Brighton site was approved.

In addition, the maturity of the Group's £1.2m loan has been extended, with full repayment now scheduled for December 2026, as opposed to the original date of December 2025.

In June 2025, the Group signed a settlement agreement in relation to a business interruption insurance claim covering the COVID-19 period. The net settlement amount, after deduction of loss assessor fees, totals £1.4m. This income would typically be recognised within "Other Income" in the Group's consolidated statement of comprehensive income.

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