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

Initial franchise agreement signed for two properties in Austrian alpine resort

Franchising model offers capital-light expansion opportunities aligned to Safestay's significant expansion plans

Safestay (AIM: SSTY), one of Europe's largest hostel groups, is pleased to announce the signing of its first franchise agreement as the Group continues to execute against its growth strategy which includes delivering capital-light expansion opportunities.

The Company has entered into a franchise agreement with hostel owner and operator, Sycomore Entwicklungen GmbH ("Sycomore"), to operate under Safestay's brand name and systems, with effect from 1 September 2025, with an initial term of five years and an option to extend for a further five years (the "Agreement"). The Agreement covers two hostels in the sought-after alpine resort of Kitzbühel, Austria, a year-round destination with world-class ski facilities and summer attractions, making it an ideal location for Safestay to broaden its reach beyond its core market of city centres in major European capitals.

The Agreement will see the two properties - currently operated as the Roomie Alps Design Hostel Kitzbühel and the Guesthouse Johanna hotel (together, the "Properties") - rebranded and operated as Safestay Kitzbühel Centre and Safestay Kitzbühel Alpine, respectively. The Properties combined offer 70 beds in Kitzbühel and are a five-minute walk from the main ski lifts with easy access to local restaurants, bars and transport links. Under the terms of the Agreement, Safestay is entitled to receive guaranteed fixed annual payments plus additional performance-based fees, including commission for direct bookings via the Safestay platform. The rebranding process will be executed by Sycomore under the existing Safestay brand-standards.

The franchising model offers reduced capital requirements while allowing Safestay to leverage its established international brand, marketing reach and operational capabilities to drive incremental growth. Both Safestay Kitzbühel Centre and Safestay Kitzbühel Alpine will be integrated into Safestay's sales and marketing platform, benefitting from Safestay's operational expertise and proprietary IT infrastructure. Sycomore will also have access to dedicated support services, such as HR, recruitment, and yield management advice through Safestay's Commercial Hub operation in Warsaw. This integration is expected to drive a greater proportion of direct bookings to the Properties via safestay.com, lowering reliance on online travel agents.

Larry Lipman, Chairman of Safestay, said:

"Our first franchise agreement is an exciting opportunity for Safestay as we continue to execute against our ambitions to double the size of our portfolio over the medium term.

Supplementing our core freehold and leasehold expansion strategy with capital-light, flexible growth opportunities, such as franchising, offers exciting new routes to market that are financially attractive and leverage our strengths as an established, international brand in the fast-growing but highly fragmented global hostel market. Whilst we continue to see significant white space for Safestay in a great number of European city centres, we are excited to take Safestay to a much sought-after alpine resort and introduce the brand to different travellers and new customers.

These two sites have great potential and will benefit from our leading brand and well-invested infrastructure. We look forward to demonstrating the attractiveness of the franchise model and exploring further similar opportunities for growth."

Nikolaus Kramhaller, Managing Director of Sycomore Entwicklungen GmbH, said:

"We are excited to partner with Safestay - one of Europe's leading and most highly respected hostel operators. Our properties are in excellent locations and will benefit from Safestay's brand and operational expertise as we elevate our offering at Safestay Kitzbühel Centre and Safestay Kitzbühel Alpine.

This opportunity will allow us to utilise Safestay's established infrastructure and proven systems, while also providing Safestay with an excellent opportunity to expand. It is a strategic win-win that will enhance our guest experience while strengthening Safestay's presence in one of Europe's most desirable mountain destinations."

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Enquiries

Safestay PLC Larry Lipman	Tel: +44 (0) 20 8815 1600
Shore Capital (Nomad & Broker) Tom Griffiths/Harry Davies-Ball	Tel: +44 (0) 20 7408 4090
Hudson Sandler (Financial PR) Alex Brennan/India Laidlaw	Tel: +44 (0) 20 7796 4133 safestay@hudsonsandler.com

For more information visit our:

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 premium hostels and one hotel offer guests both private and shared rooms in destination cities across the UK, Spain, Belgium, Czech Republic, Germany, Greece, Italy, Poland, Portugal, and Slovakia.

In 2024, the Group delivered a 10% increase in Total Bed Nights to 931,688, 37% of which were booked through direct and non-commissionable channels.

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
- Naples, Italy (in development)
- Pisa Centrale, Italy
- Prague Charles Bridge, Czeck Republic
- Warsaw Old Town, Poland
- York Micklegate, UK

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