RNS Number : 2435W
Safestay PLC
25 September 2026

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Safestay plc

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

Interim Results

Strengthened balance sheet; continued challenging trading environment

Safestay (AIM: SSTY), one of Europe's largest hostel groups, announces its unaudited interim results for the six months ended 30 June 2026 ("H1 2026" or the "Period").

Financial Highlights:

- Revenue from continuing operations was £8.4 million (H1 2025 restated: £9.4 million) and Adjusted EBITDA was £0.6 million (H1 2025 restated: £2.1 million).
- Excluding the £0.5 million Edinburgh revenue contribution in the prior period, like-for-like revenue declined by 6%, reflecting continued challenging trading conditions across the Group's pan-European portfolio.
- Reflecting the lower EBITDA year-on-year, the Group reported a loss after tax of £1.9 million (H1 2025: profit of £471,000) and a loss per share for continuing operations of 2.76p (H1 2025 restated: basic earnings per share of 0.49p).
- Available cash at 30 June 2026 was up 70% to £4.6 million (FY 2025: £2.7 million), reflecting the receipt of £5.1 million from the sale of the Glasgow property, which completed in June 2026, and continued focus on improving the balance sheet.
- Net asset value per share of 19.96p (H1 2025: 47.8p), principally reflecting impairment, revaluation and disposal-related movements recognised, together with the loss for the Period.

Operational Highlights:

- In line with the strategic focus on price optimisation and improving margins, the Average Bed Rate ("ABR") increased by 8.3% to £22.10 (H1 2025: ABR: £20.40). This contributed to improved gross EBITDA margins across the portfolio although occupancy decreased to 60.8% (H1 2025: 68.2%), and total bed nights decreased to 349,060 (H1 2025: 415,606).
- Group bookings represented 16.6% of accommodation sales (H1 2025: 22%). The decline primarily reflects softer inbound tourism into the UK during the Period, compounded by internal prioritisation decisions following the announcement of potential property disposals in the UK. As a result, the reservations team reduced focus on group sales for these properties, which impacted conversion and pipeline development.
- Total Revenue Per Available Bed ("RevPAB") decreased to £15.70 (H1 2025: £16.40), reflecting the higher ABR offset by lower occupancy rates.
- Retained more revenue per booking than the industry average, with direct bookings representing 32.8% of sales (H1 2025: 40.5%) versus a global rate of 26.3% (D-EDGE Hotel Distribution Report 2025).
- Closed the loss-making Berlin Kurfürstendamm property following operational pressures and significant investment needs, which is expected to improve the Group's future cash profile.
- Launched strategic partnership with Zostel, India's largest hostel network, creating a hostel alliance spanning more than 8,000 beds across Europe, the UK and India.

Post Balance Sheet Events:

- On 1 July 2026, £3.0 million of the proceeds from the disposal of the Group's Glasgow freehold property were applied to a capital repayment, reducing gross bank debt to £10.7 million.
- On 10 July 2026, the Board noted the publication of information on the website of Infill Capital Partners ("ICP") referring to a potential £40.9 million acquisition of Safestay, and confirmed at that time that it was in discussions with ICP. On 14 July 2026, ICP confirmed that it did not intend to make an offer for Safestay.
- On 5 August 2026, contracts were exchanged for the sale of the leasehold interest in, and associated hostel business operated from, Safestay London Kensington Holland Park to Acerhawk Limited, for a cash consideration of £3.0 million.

Current Trading and Outlook:

- The trading environment remains challenging with forward bookings currently lower year-on-year. As at 22 September 2026, forward bookings on a like-for-like basis were £3.7 million (As at 22 September 2025: £4.7 million), reflecting a reduction of 21%. This decline reflects a weaker consumer environment and tourist levies in certain markets.

- However, the new operational management team is leading the implementation of a number of operational and investment initiatives across the portfolio. The addition of 20 further beds in Brussels is expected to be completed during H2 to cater for demand at that property and the Group is investing in its communal spaces across the portfolio, such as the introduction of a shuffleboard experience in Athens to enhance the guest experience, encourage repeat visits and increase ancillary spend.
- The recent openings in Naples and Brighton are each performing well and the Board continues to evaluate further opportunities for growth.
- Looking ahead, the Board remains mindful of continuing cost pressures, including VAT changes in Europe and higher business rates and employment costs in the UK, and remains focused on proactive cost control and pricing optimisation.
- The Board also continues to consider various strategic options to crystallise value for shareholders and support the Group's focus on expanding its European footprint through an increasingly asset-light model, including potential further disposals and sale and leasebacks, alongside growth through franchising and leasehold structures.
- Notwithstanding the current challenging trading environment, the Board remains positive about Safestay's long-term prospects as an established international operator in the significant and fragmented European hostel market.

Larry Lipman, Chairman of Safestay, said:

"Throughout the first half of 2026, the Board took a number of proactive measures to alter the composition of Safestay's pan-European portfolio, including disposing of our property in Glasgow, closing our Berlin property and, post-period end, announcing the disposal of our property in Holland Park, London. These actions, together with our focus on cost control and pricing optimisation, have improved the Group's liquidity and, following the post-period end repayment, reduced our debt. They are aligned with the Board's focus on creating value for shareholders.

We are seeing encouraging progress under the new management team who are executing at pace to deliver a number of initiatives to enhance the guest experience and drive demand across the portfolio.

We also launched our marketing partnership with Zostel during the Period which represents an exciting strategic initiative to extend Safestay's international reach through a scalable, capital-light model. We look forward to building on this partnership over time."

ENDS

Copies of this announcement are available on the Company's website, www.safestay.com

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For more information visit:
Website www.safestay.com
Instagram page www.instagram.com/safestayhostels/

About Safestay plc:
Safestay PLC, one of Europe's largest hostel groups, operates in the exciting and growing hostel segment of the global hospitality market. Worth approximately US 6.53bn in 2026, it is estimated to grow to US 15.25bn by 2034 (The Market Data Forecast, 2025).

Safestay's portfolio comprises 20 premium hostels and one hotel offering guests both private and shared rooms in destination cities across the UK, Spain, Belgium, Czech Republic, Greece, Italy, Poland, Portugal, Austria and Slovakia.

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.

Safestay's pan-European locations include:
- Kitzbühel Alpine, Austria (Franchise)
- Kitzbühel Centre, Austria (Franchise)
- Brussels Grand Place, Belgium
- Prague Charles Bridge, Czechia

- Athens Monastiraki, Greece
- Naples, Italy
- Pisa Centrale, Italy
- Warsaw Old Town, Poland
- Lisbon Bairro Alto, Portugal
- Bratislava Presidential Palace, Slovakia
- Barcelona Gothic, Spain
- Barcelona Passeig de Gracia, Spain
- Calpe Seafront, Spain (in development)
- Córdoba Mezquita Catedral, Spain
- Madrid Central, Spain
- Brighton, UK
- Edinburgh Cowgate, UK (Franchise)
- London Elephant & Castle, UK
- London Kensington Holland Park, UK (sale exchanged, completion pending)
- York Micklegate, UK

Chairman's

Statement Financial

Review

During H1 2026, Safestay delivered improved liquidity, despite trading conditions across the Group's pan-European markets remaining challenging.

Revenue from continuing operations declined 10.6% to £8.4 million (H1 2025 restated: £9.4 million). Within this, accommodation sales decreased by 9.0% to £7.1 million (H1 2025 restated: £7.8 million) whilst non-accommodation sales decreased to £1.3 million (H1 2025 restated: £1.5 million). Within non-accommodation sales, food and beverage sales decreased to £1 million (H1 2025 restated:
£1.1 million).

Adjusted EBITDA for continuing operations declined 71.4% to £0.6 million (H1 2025 restated: £2.1 million), resulting in a 15.1 percentage point reduction in Adjusted EBITDA margin to 7.5% (H1 2025 restated: 22.6%). This reflects continued challenging trading conditions across the Group's portfolio alongside higher costs, including increases in the National Living Wage and National Insurance contributions in the UK as well as higher operating expenses.

Reflecting the lower EBITDA year-on-year, the Group reported a loss after tax of £1.9 million (H1 2025: profit of £471,000) and a loss per share from continuing operations of 2.76p (H1 2025 restated: basic earnings per share of 0.49p).

Net cash generated from operations was £1.1 million (H1 2025: £3.4 million), with the reduction reflecting the decline in EBITDA year-on-year.

Available cash at 30 June 2026 was £4.6 million, which represents a c.70% improvement in respect to the balance at 31 December 2025 (FY 2025: £2.7 million), reflecting the receipt of £5.1 million from the sale of the Glasgow property. The transaction resulted in an accounting loss of £221,000, however represented a return of approximately £1.5 million on the Group's investment in the property. The net asset value per share was 19.96p (H1 2025: 47.8p) principally reflecting the impairment, revaluation and disposal-related movements recognised during FY 2025, together with the loss for the Period.

These transactions form part of the Group's ongoing strategy to improve cash flow, reduce indebtedness and strengthen the balance sheet. Following the Period end, £3.0 million of the Glasgow disposal proceeds was applied towards loan repayment, reducing gross bank debt to £10.7 million on 1 July 2026. The transactions are aligned with the Group's medium and long-term strategy to expand its footprint across Europe, focusing on asset-light growth through franchising and leasehold structures.

Operational Review

Reflecting management's focus on price optimisation, Average Bed Rate ("ABR") increased by 8.3% year-on-year to £22.10 (H1 2025: £20.40). Occupancy declined 7.4 percentage points to 60.8% (H1 2025: 68.2%), and total bed nights declined by 16% to 349,060 (H1 2025: 415,606). As a result, total Revenue Per Available Bed ("RevPAB") decreased to £15.70 (H1 2025: £16.40).

32.8% of bookings were made through direct and non-commissionable channels (H1 2025: 40.5%), which compares favourably with a global average rate of 26.3% (D-EDGE Hotel Distribution Report 2025) and represented 16.2% of total accommodation revenue.

Group bookings represented 16.6% of accommodation sales (H1 2025: 22%) reflecting softer inbound tourism into the UK during the Period and internal prioritisation decisions following the announcement of potential property disposals in the UK. As a result, the reservations team reduced its focus on group sales for these properties, which impacted conversion and pipeline development.

In May, Safestay announced a strategic marketing partnership with Zostel, India's largest hostel network. Whilst both brands will remain fully independent, under the agreement, 82 Zostel hostels will feature on Safestay.com and 24 Safestay hostels will be listed on Zostel.com, creating a hostel alliance spanning more than 8,000 beds across Europe, the UK and India. The agreement reflects Safestay's strategy to expand its international reach and broaden its proposition to customers who want trusted, safe, great value hostel experiences. The partnership is also designed to capture growing demand from travellers increasingly combining Europe and India in a single trip, while creating stronger cross-referral opportunities and a potential route to more direct bookings over time. Safestay and Zostel also plan to develop a joint customer loyalty programme over the medium term.

In June, the Group served notice to terminate its lease at Safestay Berlin Kurfürstendamm ahead of its contractual expiry on 31 December 2026. The loss-making property was operated through Hotel Auberge GmbH, an indirect wholly owned subsidiary of Safestay plc. Following termination of the lease, Hotel Auberge GmbH will be liquidated. Exiting the site is expected to improve the Group's future cash profile and remove a loss-making operation from the portfolio.

Directorate changes

In May, Safestay announced the appointment of Davide Caschili to the Board as Chief Operating Officer with effect from 10 June 2026. Davide Caschili succeeded Peter Zielke in the role on that date.

Davide Caschili has more than 25 years of hospitality experience, with a strong track record in hostel and hybrid hospitality operations across the UK, Italy and the US. He has held several senior operational leadership roles, most recently as Head of Operations UK & Ireland at Edyn Group and previously at Generator and Freehand Hotels, where he oversaw multi-site portfolios, led refurbishments and openings, and drove improvements in profitability, guest experience and operational performance.

On behalf of the Board, I would like to thank Peter for his commitment and significant contribution to Safestay over the last three years. He has played an important role in delivering several key operational developments for the Group, including establishing our first franchise operations and developing our operational centre of excellence in Warsaw.

Current Trading & Outlook

The trading environment remains challenging with forward bookings currently lower year-on-year. As at 22 September 2026, forward bookings on a like-for-like basis were £3.7 million (H1 2025: £4.7 million), reflecting a reduction of 21%. These declines reflect a weaker consumer environment and tourist levies in certain markets.

However, the new operational management team is leading the implementation of a number of operational and investment initiatives across the portfolio. The addition of 20 further beds in Brussels is expected to be completed during H2 to cater for demand at that property and the Group is investing in its communal spaces across the portfolio, such as the introduction of a shuffleboard experience in Athens to enhance the guest experience, encourage repeat visits and increase ancillary spend.

The recent openings in Naples and Brighton are each performing well and the Board continues to evaluate further opportunities for growth.

Looking ahead, the Board remains mindful of continuing cost pressures, including VAT changes in Europe and higher business rates and employment costs in the UK, and remains focused on proactive cost control and pricing optimisation.

The Board also continues to consider various strategic options to crystallise value for shareholders and support the Group’s focus on expanding its European footprint through an increasingly asset-light model, including potential further disposals and sale and leasebacks, alongside growth through franchising and leasehold structures.

Notwithstanding the current challenging trading environment, the Board remains positive about Safestay's position as an established international operator in the significant and fragmented European hostel market.

Larry Lipman, Chairman
25 September 2026

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2026

	Note	Half year to 30-Jun 2026 Unaudited	Half year to 30-Jun 2025 Unaudited As restated	Year to 31 December 2025 Audited As restated
		Total £'000	Total £'000	Total £'000
Revenue	3	8,399	9,381	19,067
Cost of sales		(1,548)	(1,337)	(3,620)
Gross profit		6,851	8,044	15,447
Other operating income / (expenses)	5	86	1,241	(6,862)
Administrative expenses		(7,856)	(7,444)	(15,960)
Operating profit / (loss)		(919)	1,841	(7,375)
Finance income and costs		(1,227)	(1,405)	(3,128)
(Loss) / Profit before tax		(2,146)	436	(10,503)
Tax	6	353	(120)	7
(Loss) / Profit for the period from continuing operations		(1,793)	316	(10,496)
(Loss) / Profit from discontinued operations	4	(84)	155	442
(Loss) / Profit for the financial period attributable to owners of the parent company		(1,877)	471	(10,054)
Basic earnings / (loss) per share from continuing operations	7	(2.76p)	0.49p	(16.16p)
Basic earnings / (loss) per share from discontinued operations	7	(0.13p)	0.24p	0.68p
Diluted earnings / (loss) per share from continuing operations	7	(2.76p)	0.46p	(16.16p)
Diluted earnings / (loss) per share from discontinued operations	7	(0.13p)	0.23p	0.65p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Half year to 30 June 2026 Unaudited	Half year to 30 June 2025 Unaudited	Year to 31 December 2025 Audited
	Total £'000	Total £'000	Total £'000
Profit / (loss) for the period	(1,877)	471	(10,054)
Exchange differences on translating foreign operations	416	(157)	64
Property revaluation	-	-	(5,062)
Deferred tax on property revaluation	-	-	1,362
Total comprehensive (expense)/income for the period attributable to owners of the parent company	(1,461)	314	(13,690)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Note	30 June 2026 Unaudited	30 June 2025 Unaudited	31 December 2025 Audited
		£'000	£'000	£'000
Non-current assets				
Property, plant and equipment (including right of use assets)	8	50,334	75,684	62,550
Intangible assets		51	132	78
Goodwill	9	3,610	10,383	3,760
Lease assets		-	72	-
Deferred tax asset	10	4,435	4,199	4,635
Fair value of financial assets		16	24	-
Total non-current assets		58,446	90,494	71,023
Current assets				
Inventory		42	40	41
Trade and other receivables		1,803	1,008	1,233
Lease assets		77	145	151
Current tax asset		116	59	141
Assets held for sale		6,567	-	-
Cash and cash equivalents		4,645	1,692	2,742
Total current assets		13,250	2,944	4,308
Total assets				

	Note			
		71,696	93,438	75,331
Current liabilities				
Borrowings	**11**	(176)	(3,949)	(490)
Lease liabilities		(1,080)	(1,785)	(2,254)
Fair value of financial liabilities		(12)	-	(12)
Liabilities directly associated with assets held for sale		(7,347)	-	-
Trade and other payables		(5,861)	(4,795)	(5,049)
Total current liabilities		**(14,476)**	**(10,529)**	**(7,805)**
Non-current liabilities				
Borrowings	**11**	(20,650)	(22,601)	(20,821)
Lease liabilities		(17,263)	(21,332)	(24,743)
Deferred tax liabilities	**10**	(5,630)	(7,898)	(6,745)
Fair value of Financial liabilities		(713)	-	(792)
Total non-current liabilities		**(44,256)**	**(51,831)**	**(53,101)**
Total liabilities		**(58,732)**	**(62,360)**	**(60,906)**
Net assets		**12,964**	**31,078**	**14,425**
Equity				
Share capital		649	649	649
Share premium account		23,959	23,959	23,959
Other components of equity		15,566	21,125	16,719
Retained earnings		(27,210)	(14,655)	(26,902)
Total equity attributable to owners of the parent company		**12,964**	**31,078**	**14,425**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Share Capital £000	Share Premium Account £000	Other Components of Equity £000	Retained Earnings £000	Total Equity £000
Balance at 1 January 2026	**649**	**23,959**	**16,719**	**(26,902)**	**14,425**
Comprehensive Income					
Profit/ (Loss) for the period	-	-	-	(1,877)	(1,877)
Other comprehensive income					
Disposal of Glasgow	-	-	(1,569)	1,569	-
Movement in translation reserve	-	-	416		416
Balance at 30 June 2026	**649**	**23,959**	**15,566**	**(27,210)**	**12,964**

	Share Capital £000	Share premium account £000	Other Components of Equity £000	Retained earnings £000	Total Equity £000
Balance at 1 January 2025	**649**	**23,959**	**21,282**	**(15,126)**	**30,764**
Comprehensive income					
Profit/ (Loss) for the period	-	-	-	471	471
Other comprehensive income					-
Movement in translation reserve	-	-	(157)		(157)
Balance at 30 June 2025	**649**	**23,959**	**21,125**	**(14,655)**	**31,078**

For the six months ended 30 June 2026, total equity contracted to £12.96 million (30 June 2025: £31.08 million). The reduction primarily reflects the reported loss of £1.88 million, which further weakened retained earnings. This was partially offset by a favourable translation reserve movement of £0.4 million. In addition, the disposal of the Glasgow property resulted in the derecognition of £1.57 million from the revaluation reserve, which was transferred to retained earnings in accordance with IFRS requirements. Share capital (£0.65 million) and share premium (£23.96 million) remained unchanged during the period.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Period to 30 June 2026 Unaudited £'000	Period to 30 June 2025 Unaudited £'000	Year to 31 December 2025 Audited £'000
Cash flow from operating activities			
(Loss)/ Profit for the period	(1,877)	471	(10,054)

Tax charge	(353)	120	(7)
Depreciation and amortization	1,697	1,645	3,777
Net finance costs	1,227	1,405	3,128
Share based payment charge	-	-	(2)
Revaluation of assets	-	-	615
Impairment charges	-	-	5,995
Fair Value movement in financial assets	(94)	-	-
Loss on sales of fixed assets	221	-	1,413
(Increase)/decrease in inventories	(1)	(1)	(2)
Decrease in lease asset debtor	74	-	132
(Increase)/decrease in trade and other receivables	(546)	38	(252)
Increase/(decrease) in trade and other payables	812	(101)	(35)
Cash generated from operations	**1,160**	**3,577**	**4,708**
Income tax received/(paid)	(92)	(190)	(189)
Total net cash inflow from operating activities	**1,068**	**3,387**	**4,519**
Cash flow from investing activities			
Purchases of property, plant and equipment	(1,418)	(313)	(581)
Purchases of intangible assets	-	-	(1)
Sale of property, plant and equipment	5,100	-	7,983
Sale of intangible assets	-	-	36
Interest received	4	10	2
Total net cash inflow/ (outflow) from investing activities	**3,686**	**(303)**	**7,439**
Cash flow from financing activities			
Principal elements of lease payments	(1,770)	(1,687)	(3,644)
Interest paid	(444)	(718)	(1,436)
Loan repayments	(517)	(200)	(5,520)
Loan received	-	-	-
Fair Value movement in financial assets		-	102
Total net cash outflow from financing activities	**(2,731)**	**(2,605)**	**(10,498)**
Cash and cash equivalents at beginning of period	**2,742**	**1,430**	**1,430**
Net cash flows generated from operating, investing and financing activities	**2,023**	**479**	**1,460**
Differences on exchange	(120)	(217)	(148)
Cash and cash equivalents at end of period (including discontinued operations)	**4,645**	**1,692**	**2,742**

NOTES

1 General Information

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

2 Basis of Preparation

The consolidated interim financial information has been prepared in accordance with UK adopted International Financial Reporting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006.

The Group's Annual Report and Accounts for the year ending 31 December 2026 are expected to be prepared under IFRS.

The comparative information for the six months ended 30 June 2025 in this interim report does not constitute statutory accounts for that period under section 435 of the Companies Act 2006.

Statutory accounts for the year ended 31 December 2025 have been delivered to the Registrar of Companies.

The auditors' report on the statutory accounts for the year ended 31 December 2025 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

Significant Accounting Policies

The consolidated interim financial information has been prepared in accordance with accounting policies that are consistent with the Group's Annual Report and Accounts for the year ended 31 December 2025, which is published on the Safestay website, located at www.safestay.com. At the date of authorisation of this financial information, certain new standards, amendments and interpretations to existing standards applicable to the Group have been published but are not yet effective and have not been adopted early by the Group. The impact of these standards is not expected to be material.

In adopting the going concern basis for preparing these financial statements, the Directors have considered the business model and strategies, as well as taking into account the current cash position and facilities.

Based on the Group's cash flow forecasts, the Directors are satisfied that the Group will be able to operate within the level of its current facilities for the foreseeable future, a period of at least twelve months from the date of this report. Accordingly, the Directors consider it appropriate for the Group to adopt the going concern basis in preparing these financial statements.

Financial information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 ("the Act"). The statutory accounts for the year ended 31 December 2025 have been filed with the Registrar of Companies.

The financial information for the six months ended 30 June 2026 and 30 June 2025 is unaudited.

These condensed interim financial statements have not been audited, do not include all the information required for full annual financial statements and should be read in conjunction with the Group's consolidated annual financial statements for the year ended 31 December 2025.

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

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 2026.

New standards and interpretations effective in the year

No new standards have been implemented this year that have a material impact on the business.

3 SEGMENTAL ANALYSIS

For the six months ended 30 June 2026

	Unaudited 6 months to 30 June 2026 £000	Unaudited 6 months to 30 June 2025 £000	Audited Year to 31 December 2025 £000
Hostel accommodation	7,080	7,831	16,191
Food and Beverages sales	953	1,107	1,957
Other income	366	443	919
Total Income from Continuing operations	**8,399**	**9,381**	**19,067**

Group revenue from continuing operations for the six months ended 30 June 2026 was £8.4 million (H1 2025: £9.4 million), reflecting a year on year decrease of £1.0 million. Hostel accommodation contributed £7.1 million (H1 2025: £7.8 million), impacted by lower occupancy. Food and beverage sales declined to £1.0 million (H1 2025: £1.1 million), while other income decreased to £0.4 million (H1 2025: £0.4 million).

Unaudited 6 months to 30 June 2026	**UK**	**Spain**	**Europe**	**Shared services**	**Discontinued Operations**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Revenue	**2,293**	**2,860**	**3,222**	**24**	**690**	**9,089**
Profit/ (loss) before tax	284	26	(493)	(1,963)	(84)	**(2,230)**
Add back: Finance costs	96	215	159	757	-	**1,227**
Add back: Depreciation & Amortisation	203	737	649	54	54	**1,697**
EBITDA	583	978	315	(1,152)	(30)	**694**
Loss on disposal of assets	-	-	-	-	221	**221**
Fair value movements of derivatives	-	-	-	(94)	-	**(94)**
Exceptional & Share based payment expense		(3)	4	-	(27)	**(26)**
Adjusted EBITDA	**583**	**975**	**319**	**(1,246)**	**164**	**795**
Total assets	**28,784**	**12,982**	**13,105**	**16,825**	**-**	**71,696**
Total liabilities	**(13,850)**	**(12,321)**	**(8,508)**	**(24,053)**	**-**	**(58,732)**

Adjusted EBITDA from continuing operations is calculated as total Adjusted EBITDA of £795,000 (H1 2025: £2.344 million), less Adjusted EBITDA from discontinued operations of £164,000 (H1 2025: £226,000).

Unaudited 6 months to 30 June 2025 (As restated)	**UK**	**Spain**	**Europe**	**Shared services**	**Discontinued operations**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Revenue	**3,467**	**2,678**	**3,236**	**-**	**689**	**10,070**
Profit/ (loss) before tax	864	125	364	(917)	155	**591**
Add back: Finance income and costs	60	364	134	847	-	**1,405**

Add back: Depreciation & Amortisation	212	642	508	212	71	**1,645**
EBITDA	1,136	1,131	1,006	142	226	**3,641**
Loss on disposal of assets	-	-	-	44	-	**44**
Exceptional & Share based payment expense	-	(28)	40	(1,353)	-	**(1,341)**
Adjusted EBITDA	**1,136**	**1,103**	**1,046**	**(1,167)**	**226**	**2,344**
Total assets	**45,174**	**16,044**	**17,700**	**14,520**	**-**	**93,438**
Total liabilities	**(13,697)**	**(10,478)**	**(7,148)**	**(31,037)**	**-**	**(62,360)**

Audited 12 months to 31 December 2025 (As restated)	**UK**	**Spain**	**Europe**	**Shared services**	**Discontinued operations**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Revenue	**6,949**	**5,186**	**6,925**	**7**	**1,519**	**20,586**
Profit/(loss) before tax	(1,105)	(4,627)	227	(4,998)	442	(10,061)
Add back: Finance income and costs	389	629	273	1,835	2	3,128
Add back: Depreciation & Amortisation	719	1,388	1,165	353	152	3,777
EBITDA	**3**	**(2,610)**	**1,665**	**(2,810)**	**596**	**(3,156)**
Impairment	-	3,703	2,292	-	-	5,995
Loss on disposal of assets	-	-	-	1,413	-	1,413
Revaluation of fixed assets	-	615	-	-	-	615
Fair value movements of derivatives	-	-	-	102	-	102
Exceptional & Share based payment expense	-	-	40	(1,304)	-	(1,264)
Adjusted EBITDA	**3**	**1,708**	**3,997**	**(2,599)**	**596**	**3,705**
Total assets	**33,056**	**11,549**	**15,791**	**14,935**	**-**	**75,331**
Total liabilities	**(13,771)**	**(12,666)**	**(8,509)**	**(25,960)**	**-**	**(60,906)**

4 DISCONTINUED OPERATIONS

Following the disposal of Glasgow in June 2026, the operational performance was classified as discontinued.

	Half year to 30-Jun 2026 Unaudited	**Half year to 30-Jun 2025 Unaudited**	**Year to 31 December 2025 Audited**
	Total	**Total**	**Total**
	£'000	**£'000**	**£'000**
Revenue	**690**	**689**	**1,519**
Cost of sales	(148)	(150)	(331)
Gross profit	**542**	**539**	**1,188**
Other operating income and expenses	(248)	-	-
Administrative expenses	(378)	(384)	(746)
Operating profit	**(84)**	**155**	**442**
Finance income and costs	-	-	-
(Loss)/ Profit before tax	**(84)**	**155**	**442**
Tax	-	-	-
(Loss)/ Profit for the period for discontinuing operations	**(84)**	**155**	**442**

	Period to 30 June 2026	**Period to 30 June 2025**	**Year to 31 December 2025**
	Unaudited	**Unaudited**	**Audited**
	£'000	**£'000**	**£'000**
Cash flow from operating activities			
(Loss)/ Profit for the period	(84)	155	442
Tax charge	-	-	-
Depreciation, amortization	54	71	152
Loss/ (Profit) on sales of fixed assets	221	-	-
(Increase)/decrease in inventories	-	(1)	-
(Increase)/decrease in trade and other receivables	(5,111)	(6)	56
Increase/(decrease) in trade and other payables	(182)	(214)	(492)
Net Cash used in/generated from operations attributable to discontinued operations	**(5,102)**	**5**	**158**
Cash flow from investing activities			
Purchases of property, plant and equipment	-	(77)	(78)
Sale of property, plant and equipment	5,148	-	-
Interest received	-	-	-
Net cash generated from/(used in) discontinued investing activities	**5,148**	**(77)**	**(78)**
Cash flow from financing activities			
Interest paid	-	-	(2)
Net cash used in discontinued financing activities	**-**	**-**	**(2)**
Cash and cash equivalents at beginning of period	**39**	**38**	**38**
Net cash flows generated from/(used in) operating, investing and financing activities	**46**	**(72)**	**78**
Differences on exchange	(59)	60	(77)

Cash and cash equivalents at end of period	**26**	**26**	**39**

5 OTHER OPERATING INCOME AND EXPENDITURE

For the six months ended 30 June 2026

	Half year to 30-Jun 2026 Unaudited Total £'000	Half year to 30-Jun 2025 Unaudited Total £'000	Year to 31 December 2025 Audited Total £'000
Legal costs and Covid insurance income	-	1,365	1,263
Fair value movements of derivatives	94	-	-
Total other operating income	**94**	**1,365**	**1,263**
Other operating expenditure			
One-off legal / professional fees (Covid related advice)	-	42	-
Rent deferral Re: Covid	-	28	-
Legal fees	8	-	-
Fair value movements of derivatives	-	-	102
Revaluation of fixed assets	-	-	615
Impairment or write-downs of fixed / right-of-use assets	-	10	5,995
Loss on sale of assets	-	44	1,413
Total other operating expenditure	8	**124**	**8,125**
Net other operating income /(expenditure) from continuing operations	**86**	**1,241**	**(6,862)**

6 TAXATION

(for the six months ended 30 June 2026, for Safestay plc, Group)

The Group tax charge is made up as follows:

	Period to 30 June 2026 Unaudited £'000	Period to 30 June 2025 Unaudited £'000	Year to 31 December 2025 Audited £'000
Corporation tax on profits for the year	12	65	168
Adjustments for corporation tax on prior periods	-	-	-
Other local taxes	-	-	-
Total current tax	**12**	**65**	**168**
Deferred tax	(365)	57	(175)
Adjustments for deferred tax on prior periods	-	(2)	0
Total tax charge	**(353)**	**120**	**(7)**

The Group recorded a tax credit for the six months ended 30 June 2026 of £353,000 (H1 2025: charge of £120,000; FY 2025: credit of £7,000). The credit reflects the UK corporation tax rate of 25%, adjusted for fixed asset timing differences, non-deductible expenses and foreign exchange movements.

The tax credit for the period can be reconciled to the profit per the consolidated income statement as follows:

	Period to 30 June 2026 Unaudited £'000	Period to 30 June 2025 Unaudited £'000	Year to 31 December 2025 Audited £'000
Profit before tax	**(2,230)**	**591**	**(10,061)**
Tax at the standard UK corporation tax rate of 25% (2025: 25%)	**(557)**	**148**	**(2,515)**
Fixed asset differences	(274)	103	331
Other tax adjustments, reliefs and transfers	5	-	-
Adjustment for tax on prior periods-deferred tax	-	(2)	17
Deferred tax not recognised	(85)	(37)	499
Factors affecting the tax credit for the period			
Timing difference not recognised in the computation	-	-	17
Non-deductible items and other time differences	117	(68)	1,466
Chargeable gains/ (losses)	431	0	186
Foreign exchange differences	10	(24)	(8)
Group tax charge	**(353)**	**120**	**(7)**

7 EARNINGS PER SHARE

Basic profit/(loss) per share has been calculated by dividing the loss attributable to shareholders by the weighted average number of shares in issue during the Period.

For the six months ended 30 June 2026

	Period to 30 June 2026 Unaudited £'000	Period to 30 June 2025 Unaudited £'000 As restated	Year to 31 December 2025 Audited £'000 As restated
Basic profit/ (loss) per share from:			
Continuing Operations	(2.76p)	0.49p	(16.16p)
Discontinued Operations	(0.13p)	0.24p	0.68p
Diluted profit/(loss) per share from:			
Continuing Operations	(2.76p)	0.46p	(16.16p)
Discontinued Operations	(0.13p)	0.23p	0.65p

Diluted profit/(loss) per share has been calculated after adjusting the weighted average number of shares used in the basic calculation to assume the conversion of all potentially dilutive shares, such as share option awards.

The number of shares used in calculating basic and diluted profit/ (loss) per share are reconciled below:

	30 June 2026	30 June 2025	31 December 2025
Weighted average number of ordinary shares (000s) for the purposes of basic earnings per share	64,935	64,935	64,935
Effect of dilutive potential ordinary shares (000s)	3,259	3,441	3,259
Weighted average number of ordinary shares (000s) for the purposes of diluted profit/(loss) per share	**68,194**	**68,376**	**68,194**

For the six months ended 30 June 2026, the Group reported a basic and diluted loss per share from continuing operations of (2.76p), compared with a profit of 0.49p (basic) and 0.46p (diluted) in H1 2025. From discontinued operations, the Group recorded a basic and diluted loss per share of (0.13p), versus a profit of 0.24p (basic) and 0.23p (diluted) in H1 2025, arising from disposal activity. The weighted average number of ordinary shares used in the basic calculation remained at 64.9 million, while the diluted calculation adjusted for potentially dilutive share options totalled 68.2 million shares.

8 FIXED ASSETS

	Freehold land and buildings £'000	Right of Use Assets £'000	Leasehold land and buildings £'000	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Assets under construction £'000	Total £'000
At 1 Jan 2026	15,224	21,579	22,259	2,617	548	323	62,550
Transfers	-	-	-	-	-	-	-
Additions	-	-	1,086	-	291	41	1,418
Disposal and reclassification as held for sale	(5,091)	(6,163)	(352)	-	(108)	-	(11,714)
Depreciation	(72)	(1,143)	(93)	(167)	(222)	-	(1,697)
IFRS 16 Lease Modification	-	-	-	-	-	-	-
Exchange Differences	(149)	(205)	(3)	56	127	(49)	(223)
Revaluation	-	-	-	-	-	-	-
At 30 June 2026	**9,912**	**14,068**	**22,897**	**2,506**	**636**	**315**	**50,334**
At 1 Jan 2025	22,857	20,393	26,556	2,904	1,344	2,453	76,507
Transfers	-	-	-	-	-	-	-
Additions	-	-	13	-	182	118	313
Depreciation	(196)	(1,013)	(165)	-	(257)	-	(1,631)
IFRS 16 Lease Modification	-	-	-	-	-	-	-
Exchange Differences	155	280	(141)	-	205	(4)	495
Revaluation	-	-	-	-	-	-	-
At 30 June 2025	**22,816**	**19,660**	**26,263**	**2,904**	**1,474**	**2,567**	**75,684**
At 1 Jan 2025	22,857	20,393	26,556	2,904	1,344	2,453	76,507
Transfers	-	-	-	-	-	-	-
Reclassification as held for sale	-	-	-	-	-	-	-
Additions	21	2,174	-	14	234	312	2,755
Disposal	(6,325)	-	-	-	(174)	(2,469)	(8,968)

Depreciation	(266)	(2,238)	(187)	(330)	(719)	-	(3,740)
Impairment	-	(1,983)	-	-	-	-	(1,983)
IFRS 16 Lease Modification	-	3,239	-	-	-	-	3,239
Revaluation	(1,567)	-	(4,110)	-	-	-	(5,677)
Exchange Differences	504	(6)	-	29	(137)	27	417
At 31 December 2025	**15,224**	**21,579**	**22,259**	**2,617**	**548**	**323**	**62,550**

The Group's property, plant and equipment, including right of use assets, stood at £50.3 million at 30 June 2026 compared with £75.7 million at 30 June 2025, representing a £25.5 million contraction. This reduction was driven by disposals of £5.1 million relating to Glasgow and £6.4 million for Edinburgh, a year end revaluation adjustment of £5.6 million, and depreciation charges of £1.7 million. In addition, right of use assets associated with Holland Park were reclassified to assets held for sale in accordance with IFRS 5, comprising £352k from leasehold buildings, £51k from fixtures and fittings, and £6.1 million relating to the Holland Park lease, all of which were moved out of the ROU category and presented separately as assets held for sale. Depreciation on these ROU assets ceased from the date of classification. Other movements included exchange differences and limited additions of £1.4 million, mainly attributable to leasehold buildings and fixtures.

9 GOODWILL

Goodwill as at 30 June 2026 amounted to £3.6 million (31 December 2025: £3.7 million; 30 June 2025: £10.4 million). The balance has remained unchanged since the year end, with the only movement arising from exchange rate conversion. The year-on-year decrease compared to June 2025 primarily reflects the impairment charge of £6.6 million booked against goodwill in the prior year, together with foreign exchange translation differences.

Goodwill represents the excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets of acquired subsidiaries at the acquisition date. It is not amortised but is subject to annual impairment testing, or more frequently when indicators of impairment exist.

For the purposes of impairment testing, goodwill has been allocated to cash-generating units (CGUs) corresponding to the Group's hostels. The recoverable amounts of the CGUs have been determined based on value-in-use calculations derived from management's financial forecasts covering a five year period, together with an assessment of residual value beyond the lease term.

The impairment testing indicated that the recoverable amount of each CGU exceeded its carrying value. Accordingly, no impairment has been recognised during the Period. Sensitivity analysis confirmed that no reasonably possible change in assumptions would result in the carrying amount of goodwill exceeding its recoverable amount.

10 DEFERRED INCOME TAX

The movement in the Group's deferred tax assets and liabilities during the periods presented is as follows:

	Deferred tax assets	Deferred tax liabilities	Total
	£'000	£'000	£'000
Balance as at 1 January 2025	**4,392**	**(8,022)**	**(3,630)**
Recognised in the income statement	238	(63)	175
Adjustments for amendments to IAS12	5	(22)	(17)
Recognised included directly in equity	-	1,362	1,362
Balance as at 31 December 2025	**4,635**	**(6,745)**	**(2,110)**
Recognised in the income statement	(200)	565	365
Adjustments for amendments to IAS12	-	28	28
Recognised included directly in equity	-	522	522
Balance as at 30 June 2026	**4,435**	**(5,630)**	**(1,195)**

At 30 June 2026, the Group recognised a net deferred tax liability of £1.2 million (31 December 2025: £2.1 million; 1 January 2025: £3.6 million). The reduction since yearend reflects movements recognised in the income statement and directly in equity, including temporary differences on capital allowances and property revaluations. These were partly offset by deferred tax assets on carried forward tax losses and provisions.

The overall improvement compared to the opening 2025 position continues to be driven by the impairment and revaluation adjustments booked in 2025, which reduced the liability base. Deferred tax assets remain recognised where sufficient future taxable profits are expected, while unrecognised losses in certain subsidiaries are still under review.

The closing balance at 30 June 2026 therefore reflects both the reversal of certain temporary differences and the Group's ongoing assessment of recoverability of tax losses, resulting in a lower net liability position.

11 BORROWINGS

	Unaudited 30 June 2026 £'000	Unaudited 30 June 2025 £'000	Audited 31 December 2025 £'000
At amortised cost			
Bank Loan repayable within one year	218	4,031	532
Loan arrangement fees	(45)	(85)	(45)
Property finance liability	3	3	3
	176	**3,949**	**490**
Bank Loans repayable after more than one year	13,584	15,595	13,785
Property finance liability	7,169	7,174	7,171
Loan arrangement fees	(103)	(168)	(135)
	20,650	**22,601**	**20,821**

12 POST BALANCE SHEET EVENTS

On 1 July 2026, £3.0 million of the proceeds from the disposal of the Group's Glasgow freehold property were applied to a capital repayment, reducing gross bank debt to £10.7 million.

On 5 August 2026, the Group announced that it had exchanged contracts for the sale of its leasehold interest in Safestay London Kensington Holland Park for £3.0 million, with completion expected by October 2026. The transaction is anticipated to generate a gain of approximately £2.6 million, with the proceeds to be applied towards debt reduction and strengthening the balance sheet. In accordance with IFRS5, the assets and liabilities associated with this disposal group have been reclassified to assets held for sale in the consolidated statement of financial position. Corresponding liabilities of £7.4 million, covering both short-term and long-term obligations, have been reclassified as "Liabilities directly associated with assets held for sale".

13 AVAILABILITY OF THIS ANNOUNCEMENT

Copies of this announcement are available from the Company's registered office at 1a Kingsley Way, London, N2 0FW and the Company's website, www.safestay.com.