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Safestay PLC
26 October 2026

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Safestay plc

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

Trading Update

Safestay plc (AIM: SSTY), one of Europe's largest hostel groups, provides the following trading update.

As disclosed in the Group's interim results, summer trading was weaker than management had anticipated. While more recent trading has shown signs of improvement following revenue management and other operational initiatives implemented by the Group's recently appointed Chief Operating Officer, year-to-date trading remains below the Board's original expectations.

As is typical for the business, cash flow remains challenging during the fourth and first quarters. The recent improvement in trading, together with receipts from property disposals and continued careful cash management, has supported the Group's liquidity position. Nevertheless, the Group continues to face pressure on its liquidity position, particularly during the seasonally quieter winter months. The Board continues to monitor cash resources closely and is actively evaluating a range of measures to manage its working capital requirements through the winter period and into 2027.

A substantial proportion of the proceeds received from the sale of the Glasgow property has been applied towards debt reduction along with a portion of the sales proceeds from Holland Park. As a result, bank borrowings have reduced from £13.6 million at 30 June 2026 to £9.1 million as at 23 October 2026.

The Board is actively exploring options to strengthen the Group's liquidity position further, including the potential disposal of additional properties and a review of the Group's existing financing arrangements. Any proceeds would be used to support working capital requirements, maintain appropriate liquidity headroom and, where appropriate, invest in the Group's hostel portfolio. Whilst the Board believes that these initiatives could provide additional financial flexibility, there can be no certainty regarding the timing or outcome of any potential asset disposals or financing arrangements.

Operational improvement initiatives remain a key focus. Refurbishment works at the Brussels hostel are nearing completion, while refurbishment works at the Lisbon hostel have commenced. The Board's objective is to continue improving the Group's hostel estate ahead of next summer's peak trading season, with the aim of ensuring guests benefit from a refreshed and enhanced offering across the portfolio.

In addition, the Group's head office will relocate to its Elephant & Castle hostel in November 2026, which is expected to generate cost savings. The Board is undertaking a broader review of both head office and operational expenditure and is actively identifying opportunities to reduce costs where appropriate without compromising service standards or future growth prospects.

Paul Cummins, Executive Chairman of Safestay plc, commented:
"While trading has shown encouraging signs of improvement more recently and we have significantly reduced bank debt, the Board remains focused on ensuring the Group has sufficient liquidity to meet its obligations. We are actively pursuing a number of options, including further property disposals and a review of our financing arrangements, to strengthen the balance sheet and provide the financial flexibility required over the coming months. At the same time, we are taking action to reduce costs, improve operational performance and continue investing selectively in our hostel portfolio ahead of next summer."

The Board will provide a further update in due course.

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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 operational sites of 19 premium hostels and one hotel offer 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
- York Micklegate, UK

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