

Introduction to Hostelworld

It's time to
MEET THE WORLD[®]
(again!)



HOSTELWORLD

Today's presenters



Gary Morrison
Chief Executive Officer

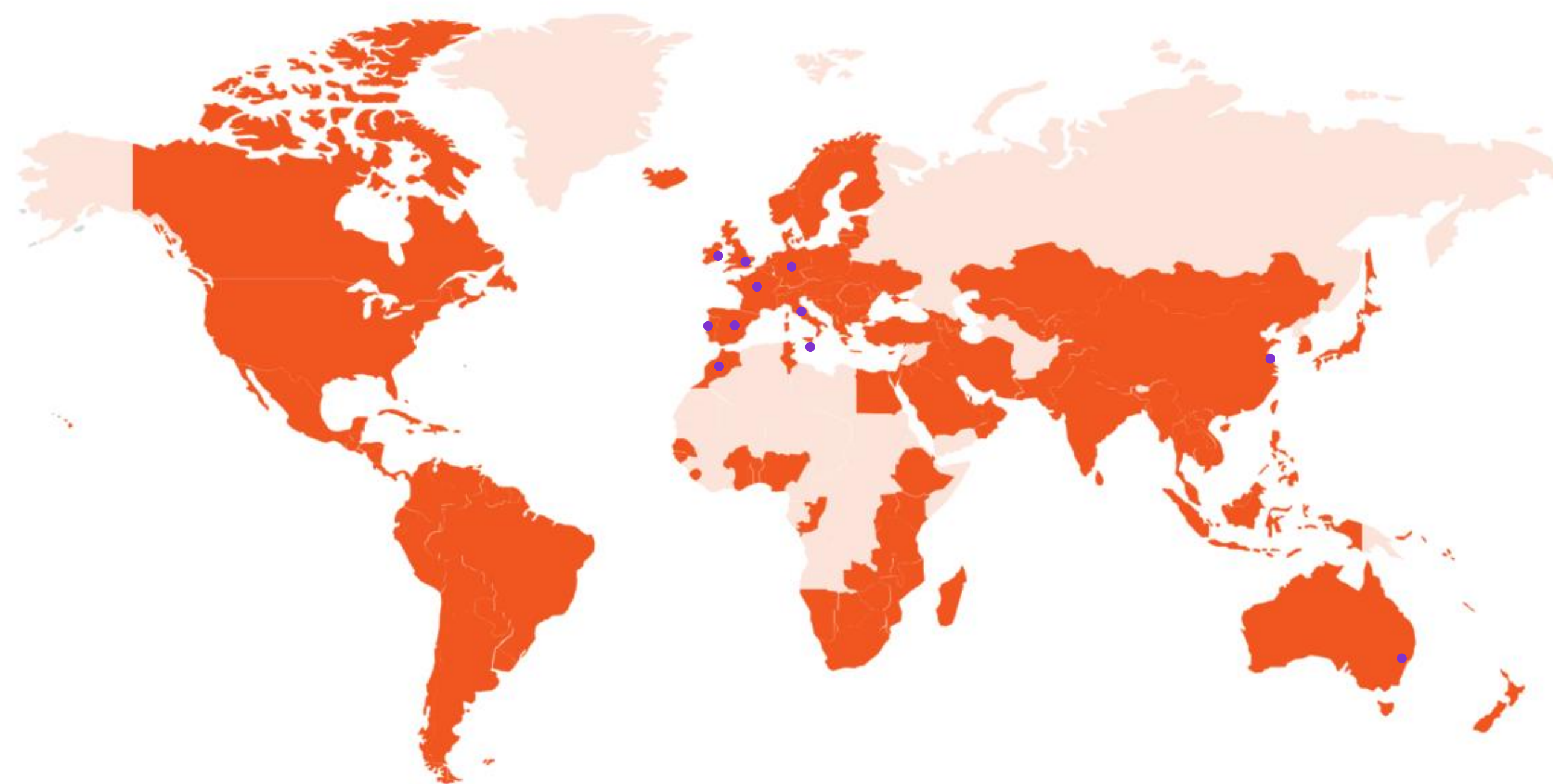


Caroline Sherry
Chief Financial Officer

Who we are

- Online Travel Agent focussed on the hostelling category
- 13.7 million reviews and a loyal customer base built up over 22 years
- ~17k hostels on our platform across 180 countries
- Web (PWA), iOS and Android Apps available in 19 languages
- €546 million in GMV across 2.5 million unique customers in 2019

Our global footprint



■ Hostelworld properties in over 170 countries

● 230 employees located in 11 countries

What we do

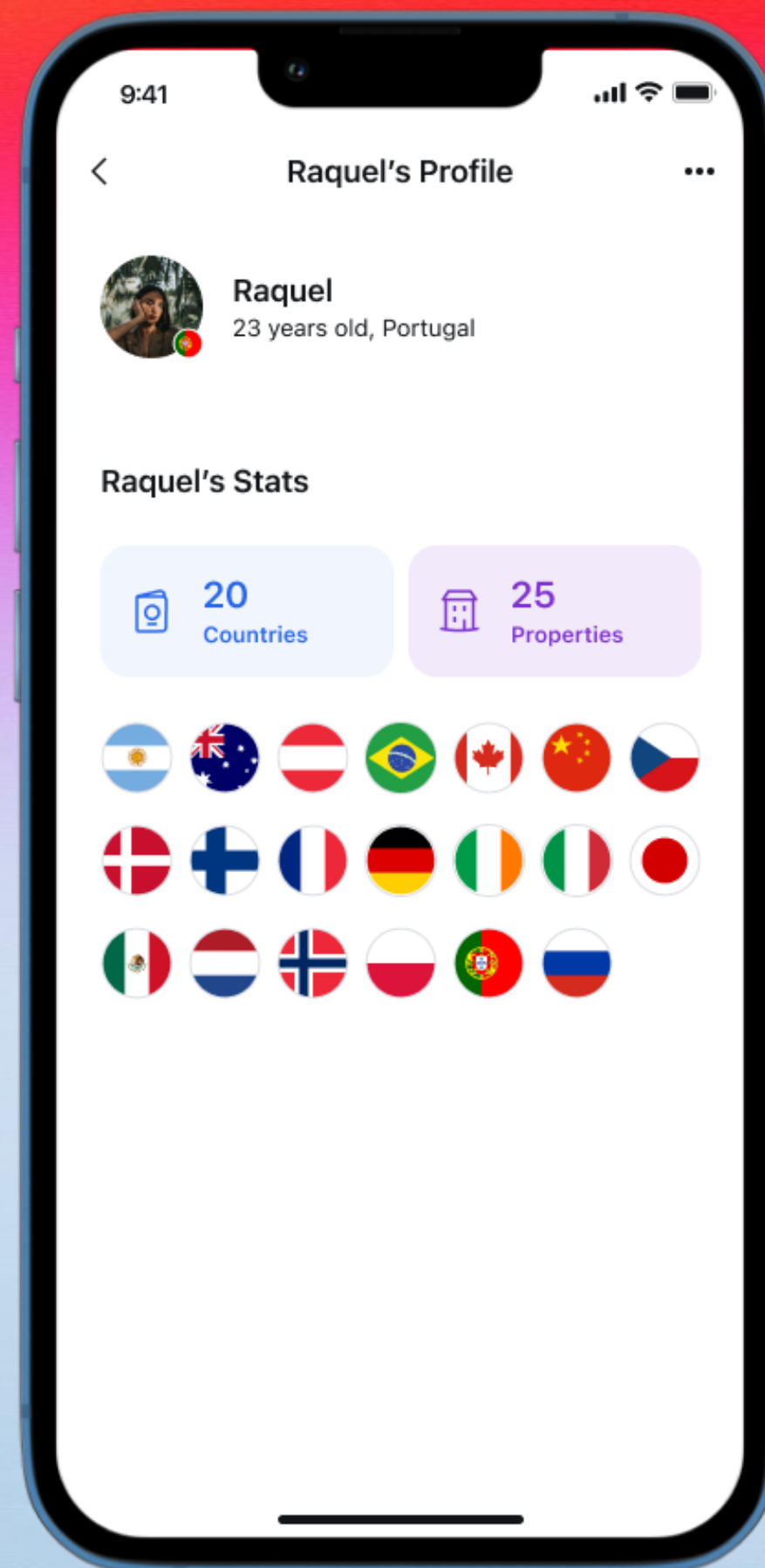
- Provide a platform for Hostel owners to list their inventory with flexible and non-refundable rate plans
- Provide hostellers with a trusted platform to book hostels and to find people to hangout with while travelling
 - Trustpilot score : 4.7/5 (Excellent)
 - iOS App store rating : 4.9/5
 - Android Play store rating : 4.7/5
- Charge hostels a commission when consumers book on our platform – we collect that commission directly from consumers in the form of a deposit



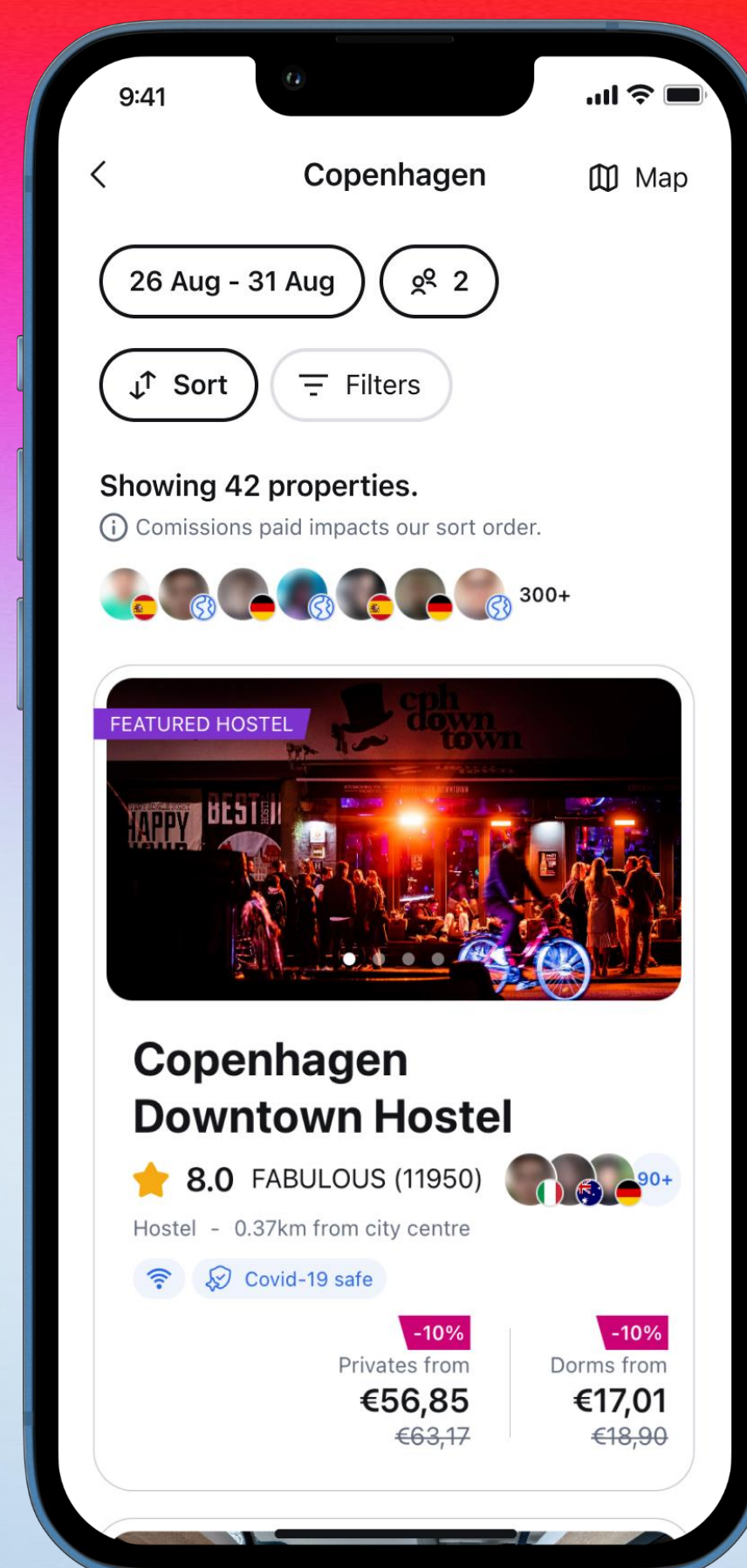
We have a highly differentiated growth strategy capitalising on the unique needs of the hostelling category

	Mainstream OTA customers	Hosteller OTA customers	HWG Strategy
Customer need	Find/book a hotel as a convenient place to stay while travelling	Find/book a hostel as a means to meet other people while travelling <i>(60% travelling solo)</i>	Build differentiated features in our App to help hostellers find people to hangout with
Booking pattern	Majority go on single destination trips , once/year or less	Majority go on multi destination trips , many come back each year over several years	Use data science to recruit high LTV hostellers (only) ...and switch them to our App
Trip Add-ons	Taxis, Car Rentals, Flights, Sightseeing	Other Group experiences (volunteering, short adventure tours etc) to meet other people	Offer additional group orientated travel experiences on our platform (E.g. ROAMIES)

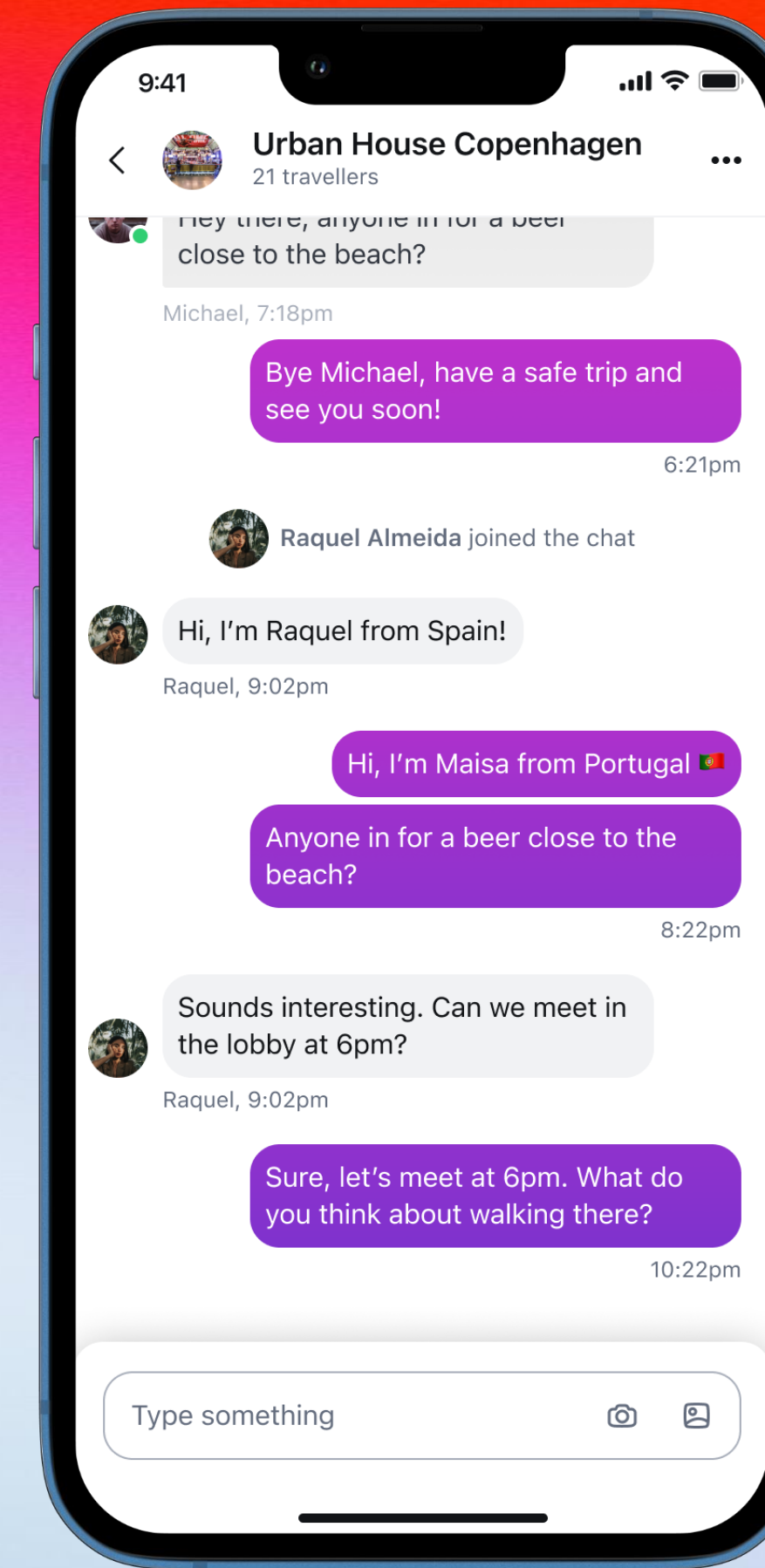
We are launching a set of highly differentiated Social features to help hostellers find people to hangout with



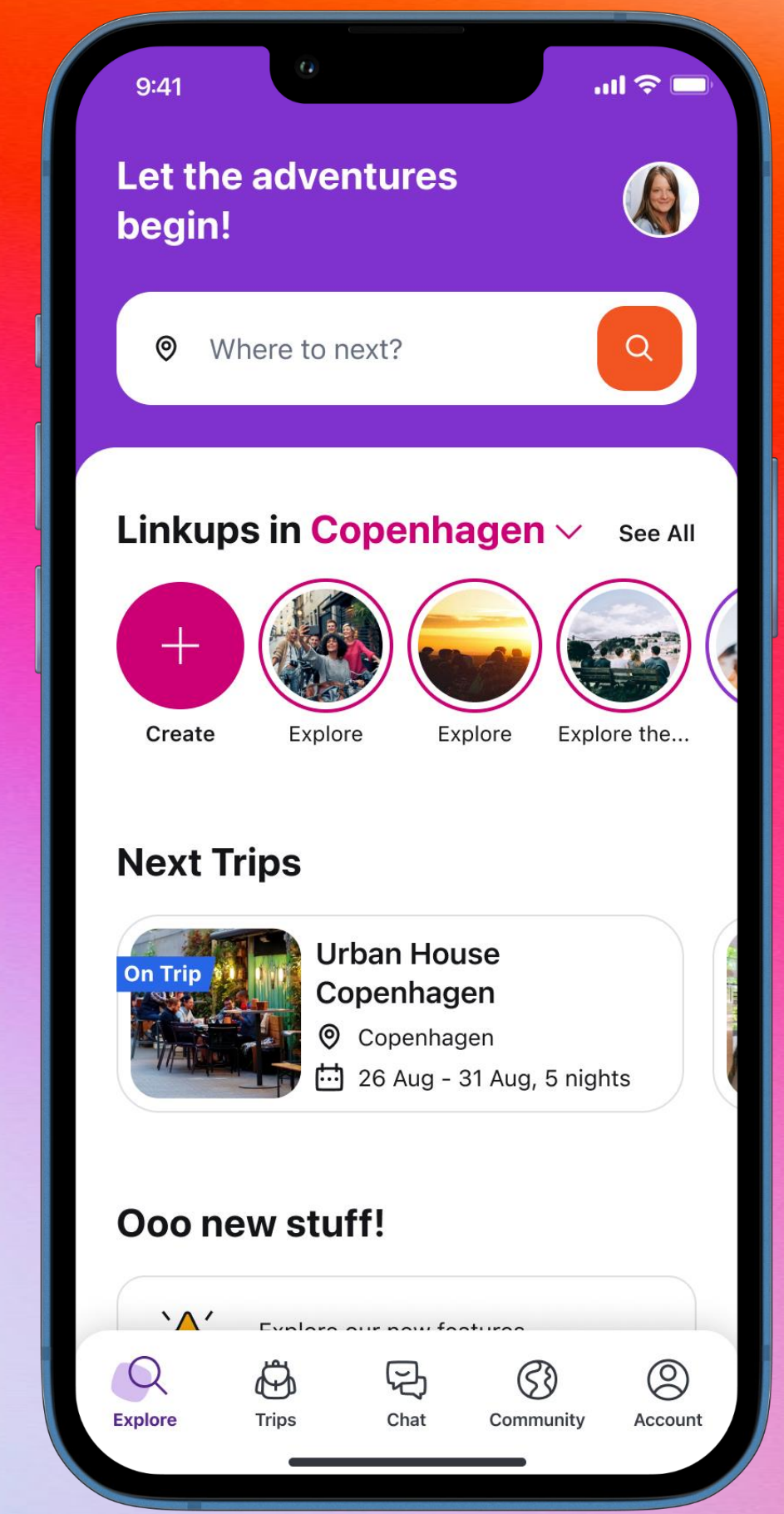
User Profiles



“See who else is going”



Interest based Chats

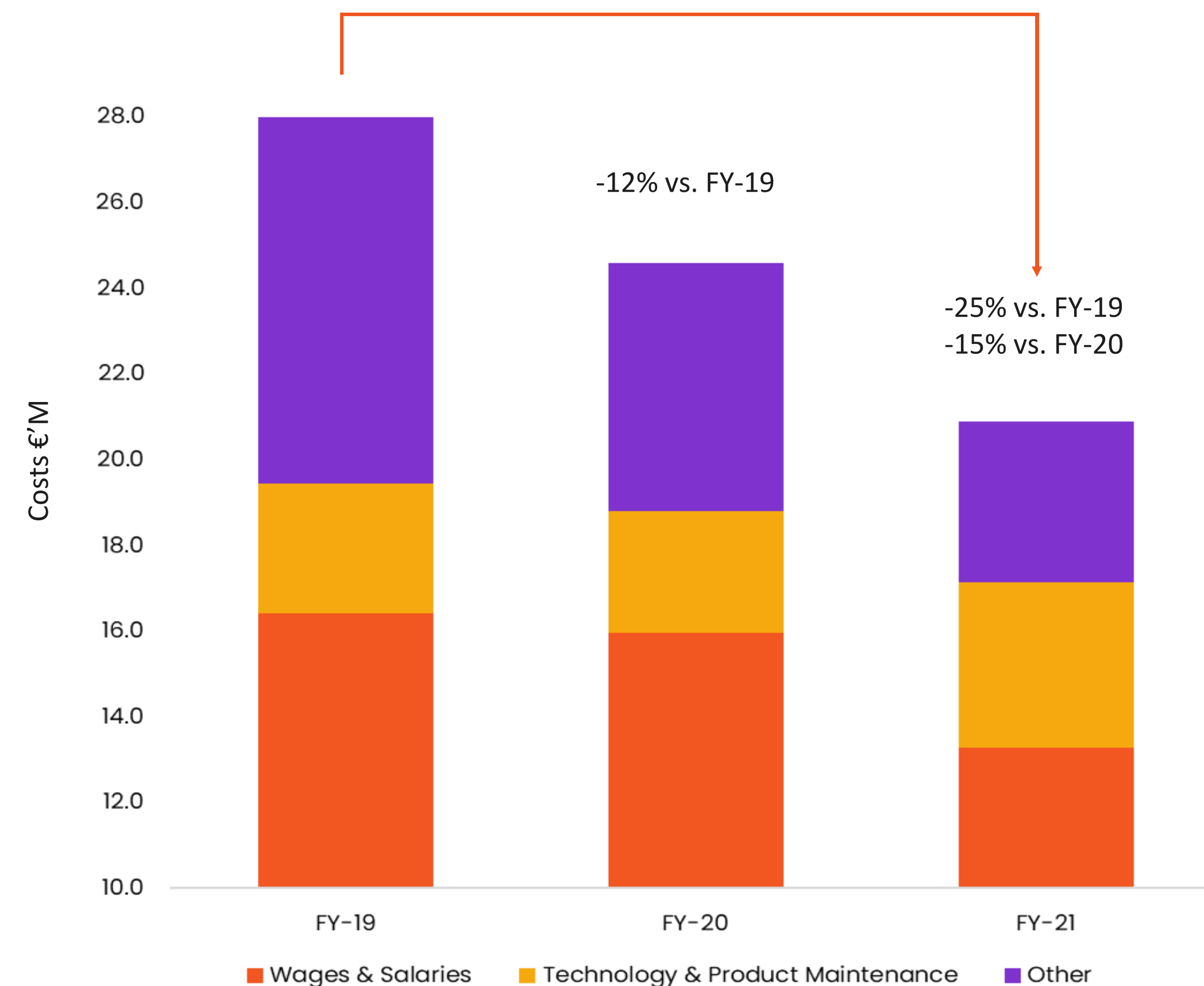


Linkups - Q2

Substantial progress on rightsizing our cost base ...

- Headcount reduced from 331 as at March 2020 to 230 in June 2022
- Maintained spend in technology and product enhancements
- Modest increase in opex will be necessary as business recovers
- Brand marketing costs permanently reduced

+€7m of operating cost removed from the business vs. FY 2019
... significantly increasing our operating leverage



Operating costs excludes paid marketing and below EBITDA cost line items
 Other includes T&E, legal & professional costs, rent & rates and brand marketing costs
 Wages & Salaries include €1.8m (2020: €1.1m) of government subsidies (UK Coronavirus Job Retention Scheme, Irish Employment Wage Subsidy Scheme)

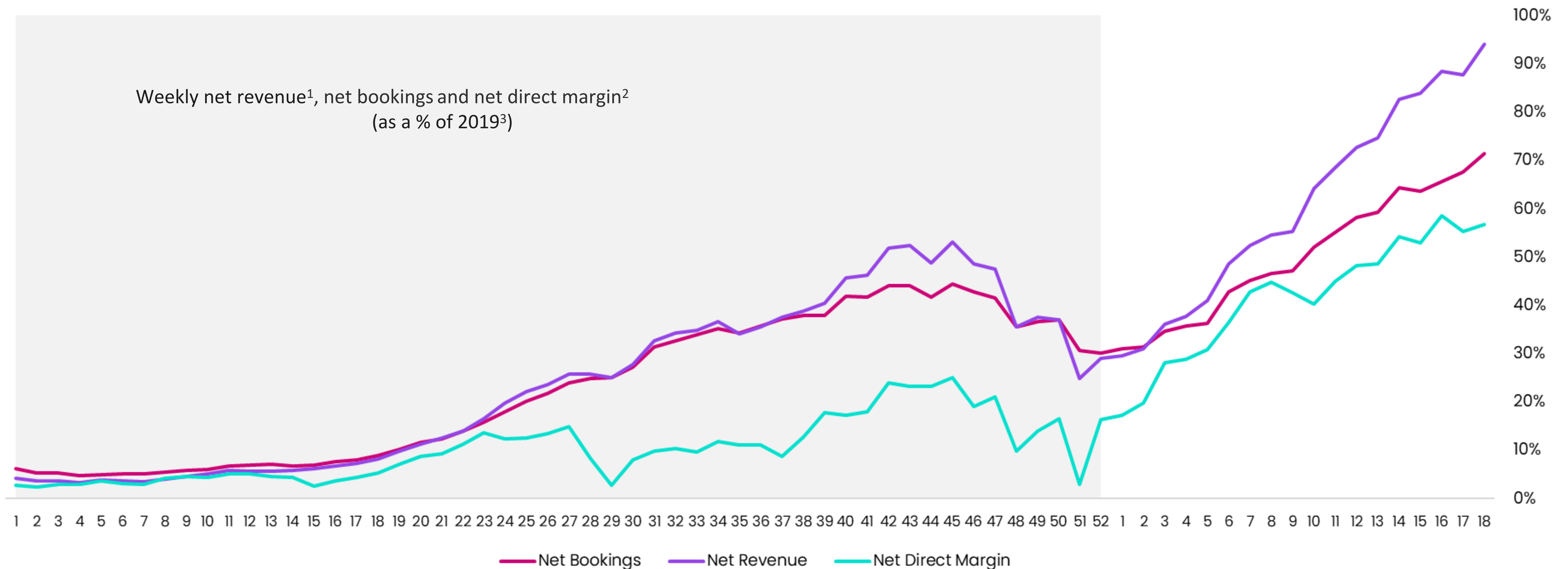
... and steps taken to strengthen our balance sheet

- FY '21 monthly average operating cost cash burn €1.3m
- €1.2m AIB short term invoice financing facility repaid in Q1 2021
- €30 million 5-year term facility signed in February 2021:
 - €28.8m net of arrangement fees
 - Margin of 9.0% per annum
 - EURIBOR floor of 0.25%
 - Year 1: capitalised interest
 - Year 2 and 3: option to capitalise 4.0% of interest and 5.0% to be paid in cash
 - Year 4 & 5: cash interest only



A strong cash position to leverage demand-led growth drivers

Clear evidence that confidence is returning and pent up demand is being released

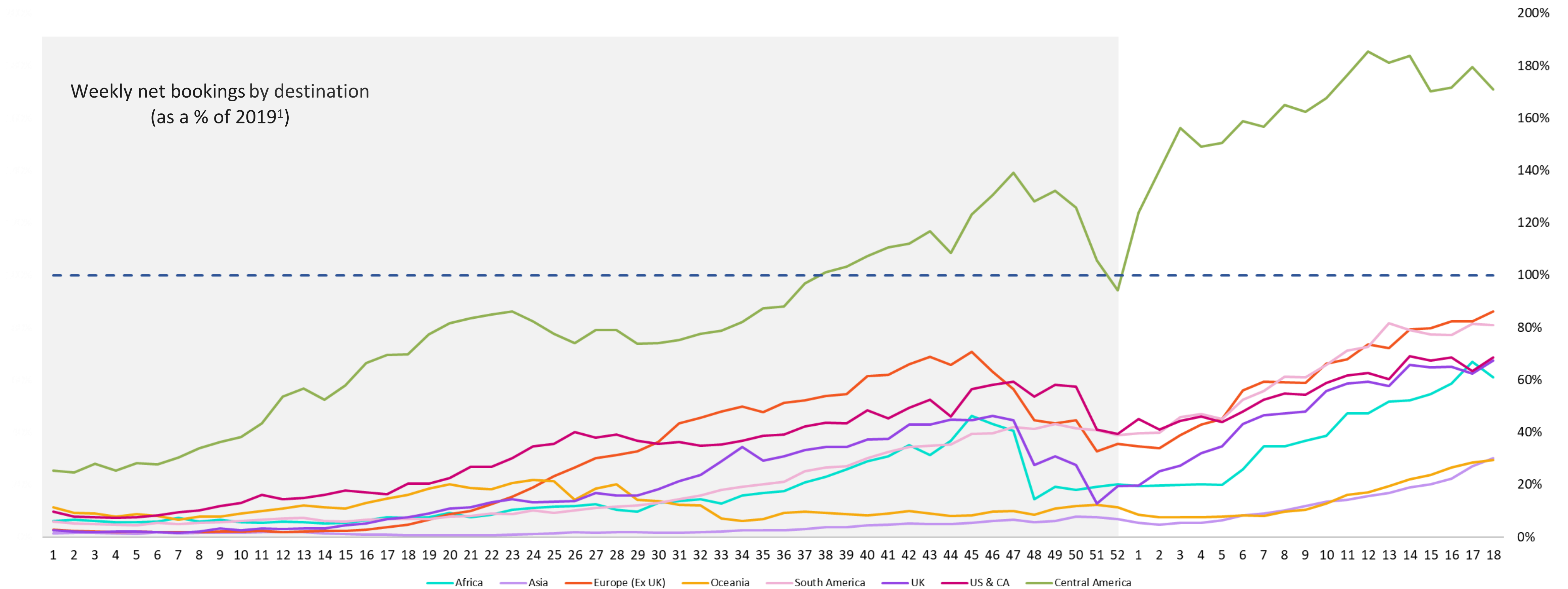


¹ Net revenue excludes the impact of deferred revenue and other adjustments.

² Net direct margin equals net revenue less direct marketing costs

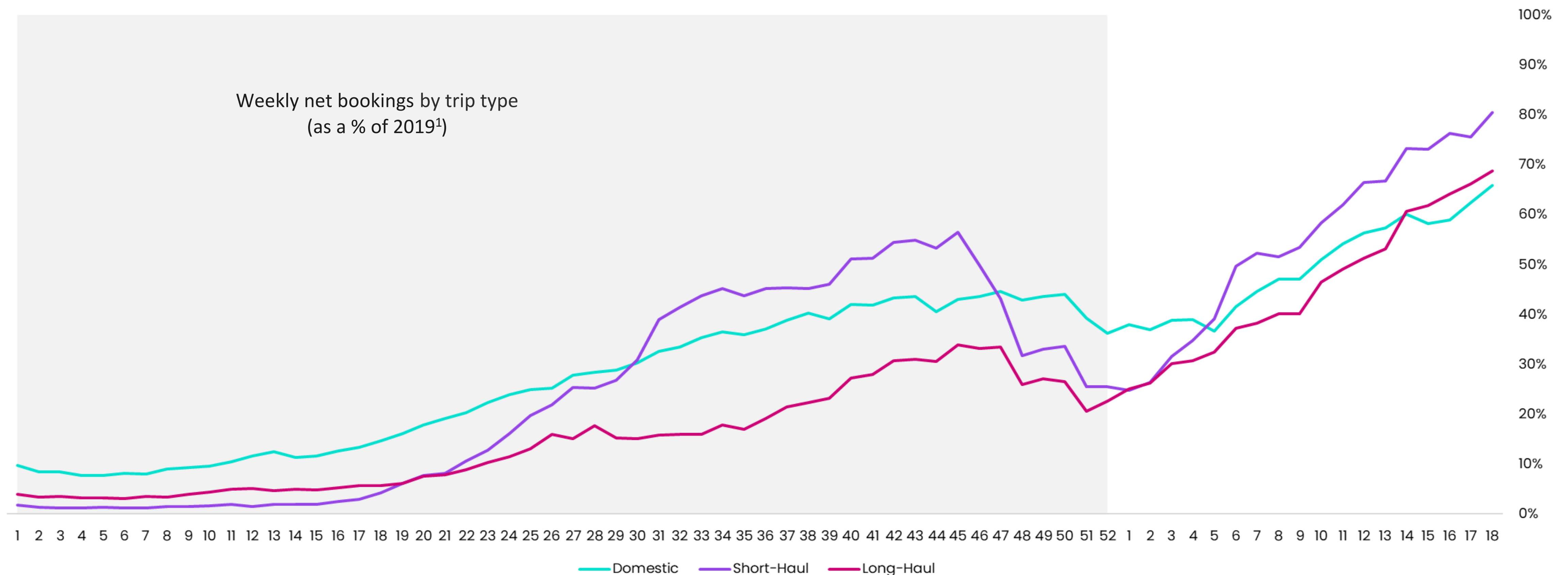
³ 2019 figures used as pre-covid comparable

Regional recovery progressing as travel restrictions continue to ease



¹ 2019 figures used as pre-covid comparable

All travel segments seeing positive trends as restrictions are eased




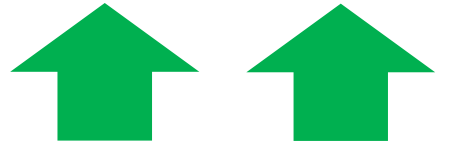
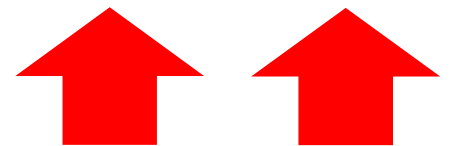

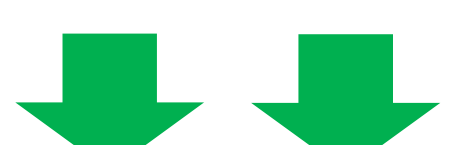
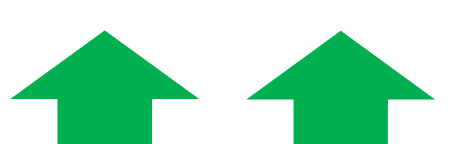
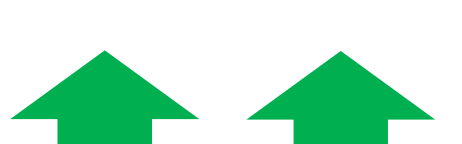
¹ 2019 figures used as pre-covid comparable

Long-haul: source IP continent does not equal destination continent

Short-haul: source IP continent equals destination continent (excludes domestic)

Domestic: source IP country equals destination country

Highly differentiated business model coupled with tight cost control drives profitable growth as travel recovers

	FY 2019	Trajectory	Drivers
GMV¹	€546m		Targeting high LTV customers
Net Revenue²	€81.1m		Reduced commission rates for hostel partners
Direct Marketing	€29.7m		Increased spend optimized for NC/LTV/CAC... partially offset by growing App installed base (social features)
Direct Margin	€51.4m		Overall business model drives Direct Margin growth
Opex	€28.0m		€7m of costs removed from the business since FY 2019
EBITDA	€20.5m		Direct Margin growth plus increased operating leverage
Free Cash flow³	€10.9m		Strong cash conversion

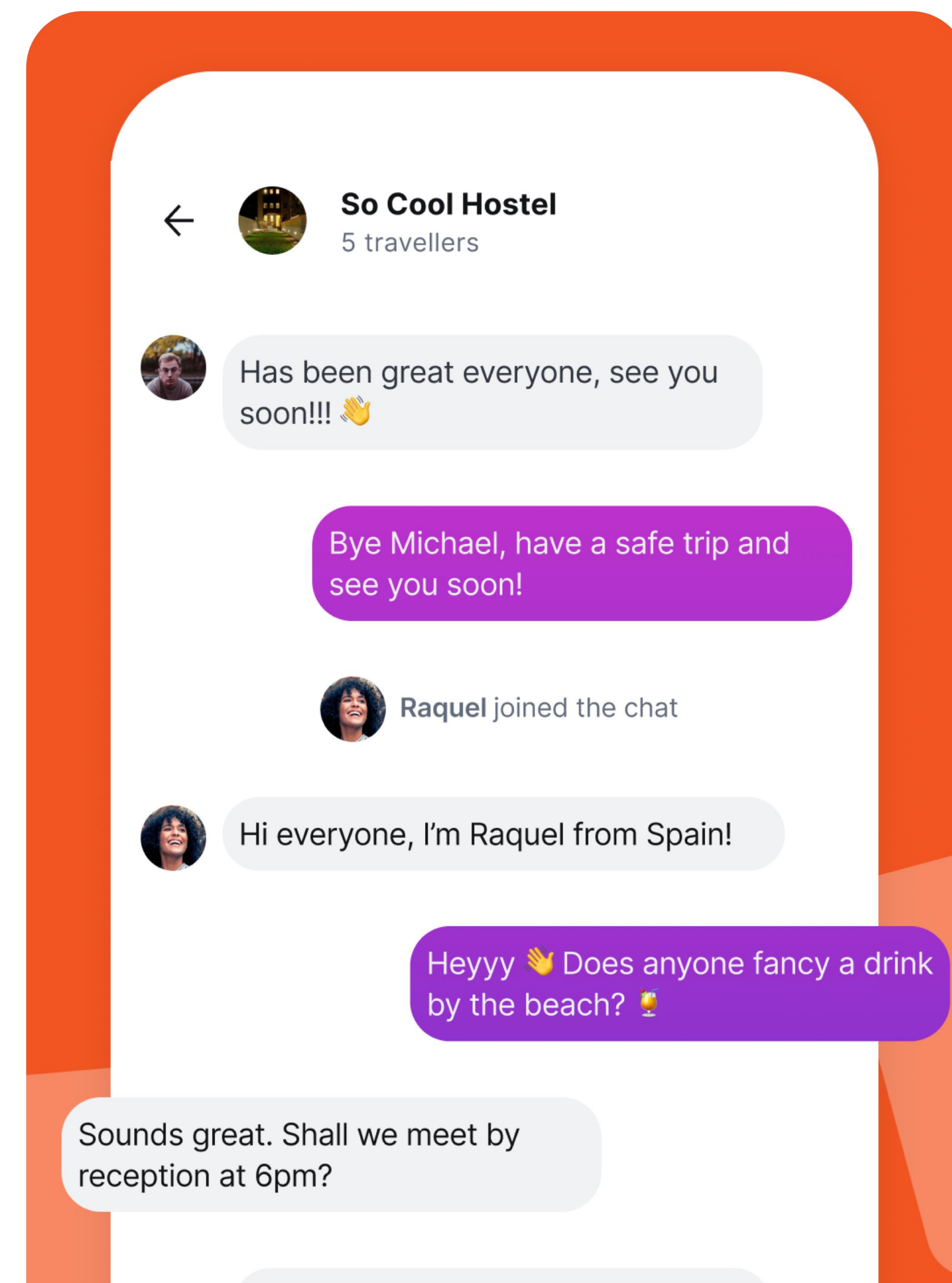
¹ Gross total transaction value of bookings on our platform

² Gross Revenue less cancellations

³ Free cash flow adjusted for capital expenditure, acquisition of intangible assets, net finance costs and net movement in working capital excluding the effect of exceptional costs

We have clear strategic priorities for FY22 ...

- **Continued investment in our core business** through focused investments in marketing capabilities, user experience improvements, inventory competitiveness and platform modernisation
- **Iterating on Social features** – providing a point of differentiation by helping hostellers find others to hangout with - and positioning HWG as the natural entry point for the category
- **Broadening our product catalogue** with the launch of ROAMIEs in December 2021
- **Advancing our sustainability agenda** – working in partnership with South Pole towards climate neutral accreditation, and building sustainability features for our customers



Summary and outlook

- Strong brand recognition across hostellers and hostel owners
- Asset light and highly cash generative business model
- Highly differentiated growth strategy in place, capitalising on the unique needs of the hostelling category to grow revenues and margins
- “Rightsized” cost base and strong balance sheet
- Encouraging start to 2022 - Highly geared to the travel recovery. Current trends suggest that net bookings will continue to recover towards 2019 levels
- Working in partnership with South Pole towards climate neutral accreditation, fully offset FY 2021 emissions



Key upcoming dates

- Trading update July 12th
- Interim results August 10th
- Investor day Q4 '22



Introduction to Hostelworld

FY 2021 Financial Information



HOSTELWORLD

FY 2021 – Financial Summary

Net Bookings

1.5m

+0% VS FY20

-79% VS FY19

Operating Costs¹

€20.9m

-15% VS FY20

-25% VS FY19

Net Revenue

€16.9m

+10% VS FY20

-79% VS FY19

EBITDA

- €17.3m

FY20: -€17.3M

FY19: +€20.5M

Net ABV

€12.11

+30% VS FY20

+1% VS FY19

Cash²

€25.3m

Dec'20: €18.2M

Dec'19: €19.4M

¹ Operating costs excludes paid marketing and below EBITDA cost line items

² Net debt of -€2.9m includes €28.2m of borrowings relating to a €30m debt facility drawn down in February 2021. FY20 net debt of €17.0m includes €1.2m relating to a short-term invoice financing facility



Income Statement

	2021 €'m	2020 €'m
Revenue	16.9	15.4
Administration expenses	(37.0)	(36.1)
Depreciation and amortisation expenses	(12.4)	(14.1)
Impairment of intangible assets	(0.4)	(15.0)
Share of results of associate	(0.2)	(0.4)
Operating loss	(33.1)	(50.3)
Finance income	–	–
Finance costs	(3.5)	(0.2)
Loss before taxation	(36.6)	(50.5)
Taxation	0.6	1.6
Loss for the period	(36.0)	(48.9)
Adjusted Loss measures		
Adjusted EBITDA	(17.3)	(17.3)
Adjusted Loss after Taxation	(25.7)	(22.2)



- Net revenue increased by 10% to €16.9m (FY20: €15.4m). The Group's net booking volumes for FY21 were in line with FY20.
- Within administration expenses:
 - Direct marketing costs increased to €12.8m (2020: €7.5m)
 - Remaining administration expenses have reduced year on year by €4.4m (2021: €24.2m, 2020: €28.6m).
- Financial costs increased to €3.5m (FY20: €0.2m) relating to interest costs recognised for the HPS term loan facility.
- Adjusted EBITDA loss of €17.3m (FY20: €17.3m loss).

Balance Sheet

	2021 €m	2020 €m
Non-current assets		
Intangible assets	79.4	86.3
Property, plant and equipment	0.3	4.5
Deferred tax assets	8.4	7.6
Investment in associate	1.2	2.3
	89.2	100.7
Current assets		
Trade and other receivables	2.0	1.7
Corporation tax	-	0.1
Cash and cash equivalents	25.3	18.2
	27.3	19.9
Total assets	116.5	120.6
Total equity	67.1	97.9
Non-current liabilities		
Trade and other payables	8.0	-
Borrowings	28.2	-
Lease liabilities	-	2.5
	36.3	2.5
Current liabilities		
Trade and other payables	12.8	17.0
Borrowings	-	1.2
Lease liabilities	0.1	1.8
Corporation tax	0.3	0.3
	13.1	20.2
Total equity and liabilities	116.5	120.6



- Property, plant and equipment decrease from €4.5m to €0.3m, Group exited long-term lease commitments in Dublin and London offices, decrease in related current and non-current lease liabilities.
- Reduced carrying value of Investment in associate from €2.3m to €1.2m primarily, approved capital reduction of the Group's 49% shareholding in Goki to 31.5%.
- Cash and cash equivalents of €25.3m (FY20: €18.2m).
- Non-current trade and other payables of €8.0m, Irish payroll taxes with an unconditional right to repay > 12 months (FY20: €4.1m).
- Borrowings of €28.2m at 31 December 2021 represents HPS term loan facility. (FY20: €1.2m of current borrowings related to prompt pay AIB facility which was fully repaid in H1 '21).

Cash Flow Statement

	2021 €'m	2020 €'m
Adjusted EBITDA	(17.3)	(17.3)
Working capital movement	4.8	8.9
Capitalisation and acquisition of intangible assets	(4.4)	(3.8)
Exceptional costs	(0.6)	(3.0)
Purchase of property, plant and equipment	(0.1)	(0.1)
Net interest / income tax paid	(0.3)	0.4
Free cash flow before financing activities	(17.9)	(14.9)
Net proceeds from issue of share capital	-	14.5
Borrowings received	28.8	3.5
Borrowings repaid	(1.2)	(2.3)
Debt costs paid	(0.9)	-
Lease liabilities (IFRS 16)	(1.2)	(1.5)
Deferred consideration	(0.3)	(0.5)
Net increase/(decrease) in cash and cash equivalents	7.1	(1.2)
Opening cash and cash equivalents	18.2	19.4
Closing cash and cash equivalents	25.3	18.2



- Adjusted EBITDA loss €17.3m in line year on year.
- €4.8m increase in working capital movement due to:
 - €5.1m increase in trade and other payables (Irish payroll taxes payable has increased by €4.1m in 2021 and €0.8m increase in deferred revenue for free cancellation bookings made with a future arrival date).
 - €0.3m increase in trade and other receivables due to increase in VAT receipts.
- €28.8m borrowings received from HPS term loan facility and €1.2m borrowings repaid to AIB for short term invoice financing facility.
- 2020: €14.5m net proceeds raised through June 2020 equity process.

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