HOSTELWORLD PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS 2023

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Find us online

This copy of the statutory annual report of Hostelworld Group plc for the year ended 31 December 2023 is not presented in the European Single Electronic Format (ESEF) format as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815).
The ESEF annual report is available at:
www.hostelworldgroup.com/investors/reports-and-presentations/2024

Website: www.hostelworld.com

Linkedin: www.linkedin.com/company/hostelworld-com

Cover Image: Adobe Stock

About Hostelworld Group

Hostelworld Group PLC is a ground-breaking social network powered Online Travel Agent ("OTA") focused on the hostelling category, with a clear mission to help travellers find people to hang out with.
Our mission statement is founded on the insight that most travellers go hostelling to meet other people, which we facilitate through a series of social features on our platform that connect our travellers in hostels and cities based on their booking data. The strategy has been extraordinarily successful, generating significant word of mouth recommendations from our customers and strong endorsements from our hostel partners.

Founded in 1999 and headquartered in Ireland, Hostelworld is a well-known trusted brand with almost 230 employees, hostel partners in over 180 countries, and a long-standing commitment to building a better world. To that end, our focus over the last few years has been on improving the sustainability of the hostelling industry. In particular, over the last two years we have commissioned independent research to validate the category's sustainability credentials, and recently introduced a hostel specific sustainability framework which encourages our hostel partners to move to even more sustainable operations and also provides the data points for our customers to make more informed decisions about where they stay. In addition, our customers are now able to offset their trip's carbon emissions should they wish to do so, and we have maintained our 'Funding Climate Action' label awarded by South Pole.

Highlights

Net Gross Merchandise Value ("GMV")[1]

€618.7m

2022: €470.1m

Unique Customers

2.3m

2022: 1.8m

Total Travellers ("PAX")

11.1m

2022: 7.7m

Generated Revenue[1]

€93.7m

2022: €71.2m

Net Revenue

€93.3m

2022: €69.7m

Net Bookings

6.5m

2022: 4.8m

Net Average Booking Value ("ABV")[1]

€14.36

2022: €14.90

Marketing as a % of Generated Revenue[1]

50%

2022: 58%

Net Bednights

22.7m

2022: 17.4m

Countries with Properties

182

2022: 182

Employees at 31 December

223

2022: 241

Adjusted EBITDA[1]

€18.4m

2022: €1.3m

Operating Profit/(Loss)

€5.0m

2022: €(13.6)m

Adjusted EPS[1]

9.91 cent

2022: (5.97) cent

Basic EPS

4.21 cent

2022: (14.71) cent

Net Debt

€12.3m

2022: €21.6m

[1] The Group uses Alternative Performance Measures (APMs) which are non-IFRS measures to monitor the performance of its operations and of the Group as a whole. These APMs along with their definitions and reconciliations to IFRS measures are provided in the APMs section on pages 214 to 219.

Our Journey

1999

Launched the Hostelworld website

2006

Opened office in **Shanghai**

2009

Group acquired by Hellman & Friedman LLC, a US private equity firm

H&F

2014

Released new suite of Hostelworld booking apps for iOS and Android

2015

Listed on the **London and Dublin Stock Exchanges**

Rebranding of Hostelworld with **'Meet The World®'**

HOSTELWORLD
MEET THE WORLD

2017

Opened technology development centre in **Porto, Portugal**

2019

Investment in **Goki Pty Limited**, a provider of App based access solutions to the hostel industry

Invested in **Counter App Limited,** a provider of PMS solutions to the hostel industry

Celebrated **20 years of Hostelworld**

20 Years Young
The World's Biggest Hostel Party

2020

Global Tourism Plastics Initiative

First OTA to become a signatory of the **Global Tourism Plastics Initiative**

Launched PWA – a website that feels just like our app

Business heavily impacted by COVID-19

2021

Migrated to the **Cloud**

Launched ***Roamies*** – a partnership with G Adventures

ROAMIES
HOSTELWORLD + G Adventures

2022

Launched **social features** on iOS and Android

Voted '**Best Tech business of the year 2022**' at the PLC awards

Commenced '**Staircase to Sustainability**' initiative in partnership with hostel industry and GSTC (Launched 2024!)

2023

Evolution of social features as Linkups rolled out globally

Accredited with **Investors in Diversity** Silver Accreditation (building on 2022 Bronze)

Published the 2nd edition report **validating hostels as more sustainable than hotels**, in partnership with Bureau Veritas

Record revenue and GMV, as Group returned to normal trading post COVID-19

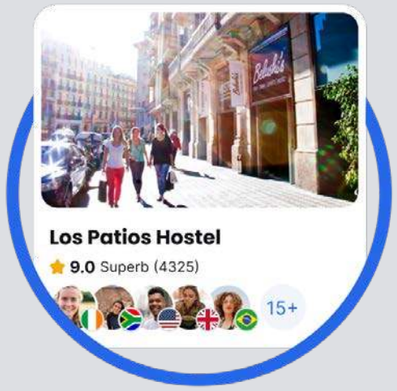
Social Features

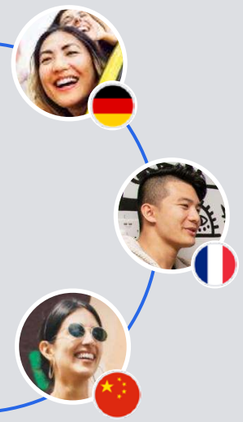
In 2022, the Group launched the Solo System with four features enabling users to interact with each other:

- Public profile
- See who's going
- Linkups
- Chat

Inspired by our customers, its aim is to power meaningful social interactions across every step of the booking and travel journey.

We continue to enrich and build upon our social features with the belief that they foster a sense of community and belonging among travellers, enhancing the hostelling experience for our users.





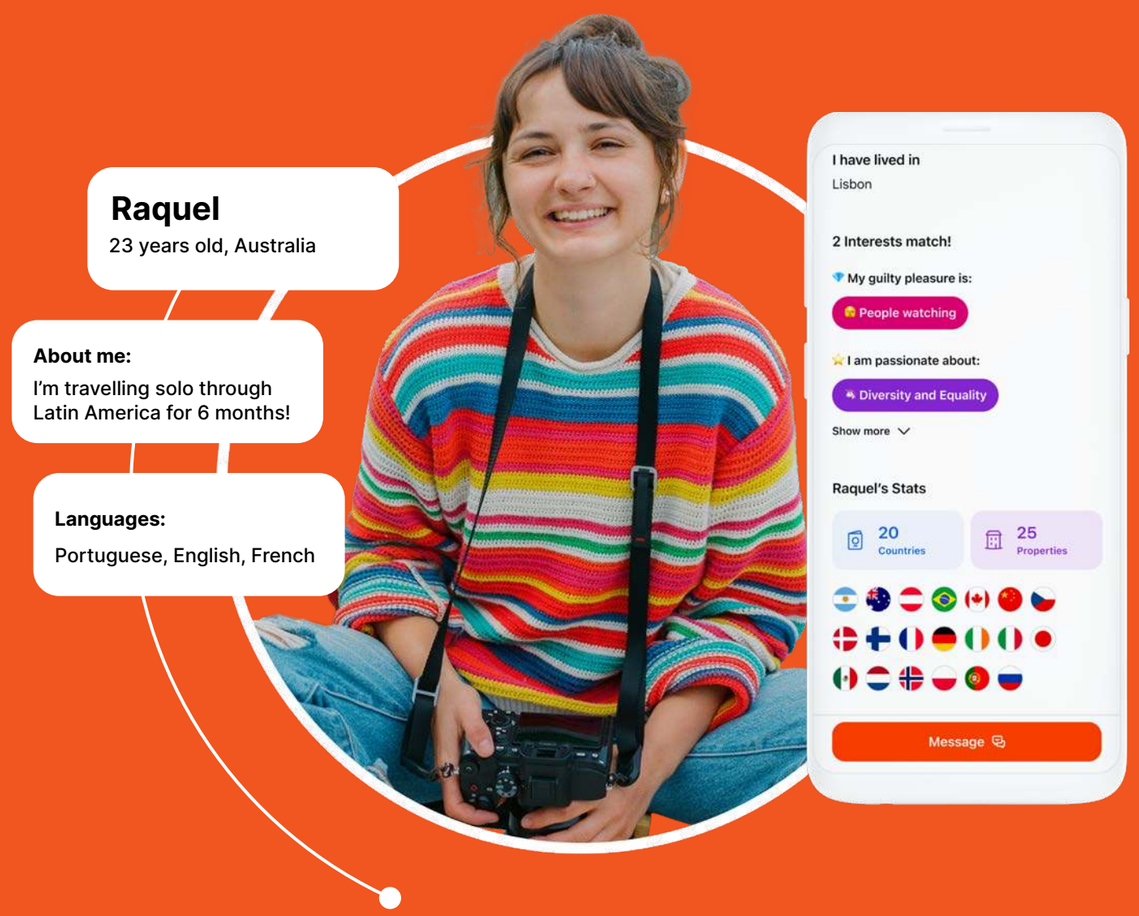
Rich Profiles

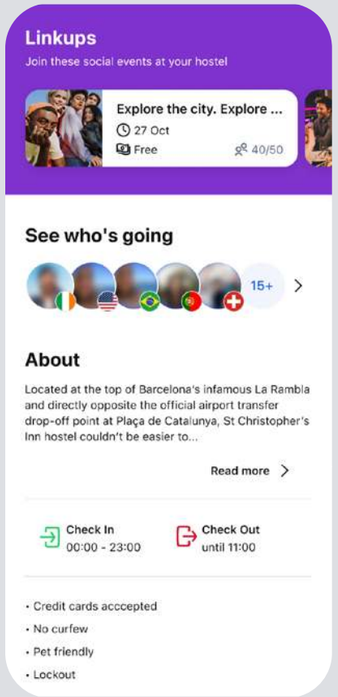
Travellers can now learn more about their fellow travellers by visiting profiles which are enriched with information shared by travellers – travel preferences and interests, past travels, and places they know well.

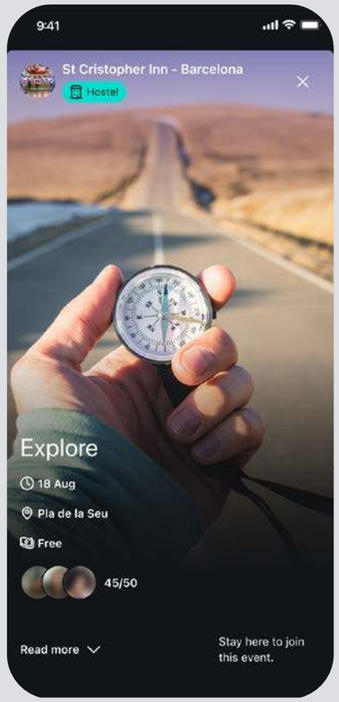
Available to view after making a booking, travellers can visit the profile of those staying in their hostel as well as other travellers staying in that location. Direct messaging is possible allowing early connections, even before arrival.

Profiles provide travellers an opportunity to learn about who they may meet, with future potential for personalised recommendations on individuals based on common interests.

Building connections among travellers, and a system that enables these connections through the recommendation of likeminded fellow travellers to meet, events to attend, and places to explore will make it easier for travellers to find their crew anywhere in the world.







Linkups

Linkups are designed to enable travellers to hangout and explore together. This is enabled through hostel hosted Linkups – events created for travellers by hostels.

Currently free to host, with no commission charged to event organisers, these may provide monetisation opportunities as we strengthen our social offering. There is also opportunity to increase the range of usage of Linkups through providing the offering with no requirement for a Hostelworld booking.

Strategic Report

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Chairman's Statement: Michael Cawley

Introduction

2023 was a year of improved financial performance and strategic development for Hostelworld. Our differentiated strategy enabled us to achieve record revenues, grow market share, and deliver adjusted EBITDA earnings ahead of market guidance. Our mission, to 'help travellers find people to hang out with', has resonated strongly with our customers, 61% of whom are young solo travellers (2022 59%), with our innovative 'social' strategy enabling them to make connections and build a community.

Demand was strong across all key markets and resulted in a year of record revenue growth. Following a prolonged period of travel restrictions, 2023 was a milestone year, particularly for Asia, with bookings into this region the largest in the history of the business. European demand was also particularly strong, with bookings up +14%, revenue up +21% and bed prices remaining high throughout the year.

We continued to evolve and enhance our social network product offering during the year. Initially launched in 2022, enhancements during 2023 focussed on the customer experience, with improvements to the sign-up process, richer user profiles, and messaging functionality. As a result, we saw increased engagement through the app, with 68% of 2023 bookings made by social network members (2022: 34%). Hostel hosted social events ('Linkups') were launched in Q2 2023, providing customers with a range of opportunities to connect with other like-minded travellers and share travel experiences.

We also continued to be disciplined and focussed on costs. I am particularly pleased to report that operating costs (which exclude paid marketing, exceptional items and share option charges) remain below 2019 levels (-10%) and have declined as a % of revenue from 35% in 2019 to 27% in 2023.

Our People

Hostelworld is powered by its people, and we are fortunate to be able to attract and retain talented and committed staff from a diversity of backgrounds in all areas of the business. Each contributes to a vibrant culture in Hostelworld which promotes equality and dignity at work and ensures everyone feels they belong. The Group's strong performance and strategic development during 2023 was achieved thanks to their focus, dedication and innovation, and I would like to express the Board's gratitude for their efforts.

Sustainability

Ensuring a sustainable future is of paramount importance to all our stakeholders and is reflected in our company values. Our sustainability report prepared in line with the requirements of Taskforce for Climate-related Financial Disclosures ("TCFD") is set out on pages 48 to 65.

The Group welcomes the second publication of a research report by leading sustainability and compliance specialist, Bureau Veritas, which confirms that hostels emit significantly less scope 1 and scope 2 emissions (tCO_2e) compared to a typical hotel chain, on a per bed-night basis. Further, the report also confirms that the average emissions of hostels have reduced year-on-year, whilst by contrast, hotel emissions have increased. Further detail of this research is included on page 46.

Hostelling clearly offers consumers a unique opportunity to travel responsibly and this affords Hostelworld, as the only OTA exclusively promoting hostels, a distinct competitive advantage. Given its leadership position in the industry, Hostelworld has a responsibility to promote the inherent sustainable features of the category and we are committed to fully supporting our hostel partners journey in recognising and embracing the importance of sustainability. To achieve this, we have partnered with the Global Sustainable Travel Council ("GSTC") to develop a sustainability measurement and management system unique to the hostelling category, which went live in January 2024. This '*Staircase to Sustainability*' framework is the first of its kind and is aligned to the GSTC's sustainability criteria. The framework will allow hostels to showcase their sustainability credentials and will be of invaluable assistance to our customers who are looking to minimise their carbon footprint.

Working with our emission reduction advisors South Pole, the Group have been accredited with the 'Funding Climate Action[1]' label for a third consecutive year. The label recognises the Group's commitment to reducing and controlling its own emissions. Hostelworld had minimal scope 1 and 2 emissions of 7 tCO_2e (well below the annual target set by the Group of 30 tCO_2e) but is responsible for increasing scope 3 emissions due to an increase in purchased consumables relating to paid marketing costs and business travel linked to the growth in the Group's booking volume. Further details of the Group's emissions during 2023 are set out on pages 59 to 62.

Capital Structure and Dividend

Our principal objective is to deliver growth in long-term sustainable value for our shareholders. In May 2023 the Group re-financed a 5-year term loan facility drawn down with HPS Investment Partners LLC (or subsidiaries or affiliates thereof) in February 2021 and replaced it with a new 3-year facility with Allied Irish Banks, plc. This facility is comprised of a €10m term loan, a €7.5m revolving credit facility and an undrawn €2.5m overdraft. The term loan and RCF each had an initial interest rate payable of 3.75% over EURIBOR, which subsequently reduced to 2.65% over EURIBOR as the ratio of net debt to adjusted EBITDA reduced to less than 1 times. Since drawdown in May we have repaid the RCF in full, €5.5m during 2023 and a further €2m in February 2024, and we have repaid €2.5m of the term loan, €1.7m in 2023 and €0.8m in 2024.

At 31 December 2023, the Group had warehoused payroll taxes owing to the Irish Revenue Commissioners of €9.6m, inclusive of interest accruing at 3% per annum. On 05 February 2024, the Irish Revenue Commissioners announced that the applicable interest rate would reduce to 0%. The Group continues to work closely with the Irish Revenue Commissioners to agree a schedule of repayments. At year-end, the Group agreed to make a repayment of 15% of the balance owed in May 2024, with monthly repayments of the remaining amounts due being made for the subsequent three-year period.

The Board continues to believe that the payment of dividends would not be in the best interests of the business for the foreseeable future.

Governance

I am pleased to report that the Board continues to effectively lead the business in delivering our strategy, overseeing the culture of Hostelworld and ensuring meaningful progress continues to be made in the important area of diversity, equity and inclusion. Details of the Board's work in this area are set out in the Corporate Governance Statement on pages 89 to 144. Critical features of my role as Chair are ensuring that the Board sets a clear tone from the top and that our governance procedures are robust. In this regard, I am grateful to be ably supported by Board colleagues with a wealth of skills and expertise who share a common aim for the highest standards in corporate governance.

Outlook

Hostelworld is very well positioned with a product offering that resonates with our customers and a business model underpinned by cost discipline and operational excellence. We look forward to a year of further progress in 2024 and remain very confident in the Group's long-term ability to drive improved profitability and create shareholder value.

Michael Cawley

Michael Cawley
Chairman
20 March 2024

[1] Formerly Climate Neutral

Chief Executive's Review: Gary Morrison

> "I am very pleased to report another strong year of strategic progress for Hostelworld, which is reflected in our results. Going into 2024, we are strongly positioned to deliver against our medium-term financial commitments. We have started the new year with strong momentum and I feel very confident that we will continue our track record of continued profitable growth and value creation for our shareholders."

Over 2023 we grew market share, delivered record revenues, and increased operating leverage through a combination of reduced marketing spend (as a percentage of revenue[1]) and continued operating cost discipline to deliver €18.4m EBITDA, which exceeded our guidance range of €17.5m - €18.0m.

In particular, I am pleased to report our full year marketing costs as a percentage of revenue[1] fell from 51% in the first half of the year to 50% on a full year basis, which demonstrates the ability of our unique app centric social strategy to grow market share whilst reducing marketing costs.

In parallel we continued to invest in our marketing technology platform, which enables us to allocate our marketing spend to maximise new customer acquisition, underpinned by our ability to predict the lifetime value of these new customers versus their acquisition cost in a granular fashion. We also made solid progress on modernising our platform enabling us to support faster execution of our growth strategy.

Overall, these results coupled with the strong cash conversion characteristics of our business model and a new facility[2] agreed with Allied Irish Banks, plc in May 2023, enabled us to strengthen our balance sheet and reduce our interest costs. As of 31 December 2023, we have repaid €5.5m of the original €7.5m revolving credit facility drawn down in May 2023, with interest on the balance now charged at 2.65% over EURIBOR.

Finally, the Group continues to progress its ESG agenda by managing its low carbon emissions and being awarded with a 'Funding Climate Action' label by South Pole, and by collaborating with our hostel partners to promote the inherent sustainability advantages of hostel accommodation.

Executing our Growth Strategy

During 2023, we continued to execute our highly differentiated social network growth strategy, consistent with our Company Mission to 'help travellers find people to hang out with'.

At its core, our social network leverages our customers' booking data to create chat rooms/channels, accessible via our iOS and Android apps, that comprise customers who have overlapping stay dates in hostels and host cities. Hostel-based chat rooms comprise customers who will be staying in the same hostel on the same dates. City-based chat rooms comprise customers who will be staying in any hostel in the same city on the same dates, and are further divided into themes, such as drinks and dancing, walking tours, food etc. This in turn enables our customers to also find other hostellers to hang out with who are visiting the same city on the same dates (and who have similar interests). Collectively, these chat rooms/channels open up to customers who have opted into the social platform 14 days before check in, and close 3 days after check out.

[1] Revenue is gross revenue less cancellations and excludes impact of deferred revenue.
[2] Comprised of a €10m term loan facility, €7.5m RCF facility and an undrawn €2.5m overdraft.

Chief Executive's Review continued

Since launching this social network in Q2 2022 we have seen the number of customers signing up to use the social network (Social Members) steadily increase and surpass the 1 million mark in late 2023. Moreover, we have seen that these Social Members are very valuable. On average Social Members make circa twice the number of bookings and are three times more likely to use the app over the first 91 days since acquisition compared to non-members. Collectively, this growth strategy has not only driven market share gains, but also powered strong growth in app bookings relative to other channels, which in turn has served to reduce our marketing expenses as a percentage of revenue over time. These trends have further accelerated in 2023 as we continued to broaden and strengthen the appeal of our social network to our customers through improvements to our social network's sign-up process, richer traveller profiles, and enhanced chat room features.

In particular, during the year we improved our social network sign-up process on our website to make it easier for customers who used our platform before the launch of our social network to join the network on their next booking. This served to increase the number of customers signing up to the network, which in turn increased the proportion of bookings made by Social Members to 74% by Q4 2023, up from 54% in Q4 2022.

Throughout the year we invested in improving our traveller profiles so that Social Members can share more about their interests, spoken languages, places they know well, and other related information. This helps Social Members learn more about others that they interact with in the chat rooms/channels. Similarly, we also invested in our chat room functionality to make it easier for users to track conversations via threads, share their reactions to posts using emojis, and specifically mention other users using the familiar "@" notation. Collectively these improvements served to increase engagement on the platform, with the number of messages sent by social members during 2023 (as a proxy), increasing by 6.9x year-on-year, versus the growth in the underlying bookings made by Social Members of 2.8x year-on-year.

Finally, we launched a new platform ('Linkups') mid-year to enable our hostel partners to publish their catalogue of events to all our customers staying in the city. These events range from walking tours led by hostel staff members to open air cinema nights, pub tours, and excursions to local attractions in the neighbourhood. This is of particular importance to our hostel partners as it enables them to market their events to a wider audience than they could achieve alone, and to our customers as it expands the range of activities while hostelling where they can meet other hostellers to hang out with. While it is still early in respect of publishing participation figures to date, especially as we continue to iterate on the platform, and how we present the content to users in the app, we have been delighted to see strong growth in the inventory loaded on to the platform by our hostel partners. In particular, we can report that more than 63% of Social Members who made a booking in Q4 2023 were able to see at least 3 hostel events in their destination city that they could attend.

Overall, the continued investments in our social strategy during 2023 continues to pay dividends in the form of continued market share growth, where our bednights grew 30% year-on-year versus an estimated category growth rate of 8%, and a reduction of marketing expenses as a percentage of revenue[3] which fell from 51% in H1 2023 to 50% on a full year basis.

This said, we are even more proud to see the tangible difference our social network is making to our customers lives, when we help them find people to hang out with, and they post about these experiences on social networks such as Instagram, TikTok, X and so forth. Over the course of 2023 we've seen thousands of these stories, videos, and posts, ranging from a single traveller organising a karaoke bar event in Tokyo with 20 others she'd never met, to another finding a group of solo travellers who went skydiving together in Hawaii, and a love story too, with a British couple meeting up in Vietnam using our platform... who've since moved in together in London. Indeed, we are very privileged to be enabling these amazing experiences every day, and this enviable word of mouth effect compounds all the other work that we do. We look forward to reporting more stories throughout 2024!

[3] Revenue is gross revenue less cancellations and excludes impact of deferred revenue.

Expanding our Inventory Coverage

Over the last 25 years, Hostelworld has taken great pride in providing not only our customers with a wide selection of competitive hostels, but also providing our hostel partners with the most profitable customers, at market-leading competitive commission rates, and superior customer service.

During 2023, we continued to progress our long-term objectives of (i) strengthening the relationships with our existing hostel partners and (ii) making it easier for new hostel partners to join our platform.

With COVID-19 travel restrictions firmly in the rear-view mirror, our global markets team once again went out in the market to meet with our partners through dedicated Hostelworld conferences, market visits, attendance at third-party events, and leveraging our privileged partnerships with local hostel associations. These face-to-face meetings help us meet new hostel partners, cement our commercial relationships with existing partners, and help us provide guidance and information to all in getting the most out of our platform.

Investing in our Platform

Over the course of the year we continued to migrate key services on our platform to our cloud native architecture. The key services migrated this year include our payments service, all the sub-systems that support our social platform, and our customer-facing website. We also began migrating our core inventory and pricing services to the new cloud native architecture and expect to complete this work in 2024.

The cloud native approach delivers many advantages, such as application level "on demand" scaling, a more flexible microservices-based architecture, and more opportunities to use off-the-shelf features from our cloud services provider, such as artificial intelligence and machine learning optimisation engines. Collectively, these technology benefits will flow through into reduced hosting costs and enable faster execution of our growth strategy.

We also continue to make improvements in our underlying platform infrastructure now we can take advantage of cloud-based hosting. This has reduced the number of single points of failure, made problem identification/resolution easier, and has improved the scalability and latency of our services. The process for updating our systems is more automated, simpler, less disruptive, and less likely to result in an outage. We have already seen a significant improvement in uptime and manageability as a result of this and will continue to invest in this area.

Progressing our ESG Agenda

In parallel with helping millions of travellers in our category Meet The World®, we are also committed to building a better world in everything we do, while making sustainability a competitive advantage for Hostelworld over time.

As noted in my last letter to shareholders in 2023, we continue to see growth in the importance of sustainability for all stakeholders in the travel ecosystem. Within the hostelling category, similar to last year, over half of our customers indicated that sustainability plays a role in both where and how they travel. In 2023 however, we now see that 82% of our customers are actively choosing hostels based on their belief that hostels are the most sustainable accommodation type.
Throughout the year we have also seen growing demand from our hostel partners for a sustainable management system that aligns to travel industry standards.

More broadly, we continue to see increasing demands for companies not only to do more to address the risks of climate change, but also provide more granular disclosures around their efforts for the same. In particular, we are seeing the standards maintained and published by the United Nations World Tourism Organisation ("UNWTO") and Global Sustainable Tourism Council ("GSTC") continuing to evolve, and increased disclosure requirements driven in large part by the Task Force on Climate-Related Financial Disclosures ("TCFD").

Taken collectively, it's clear the importance of sustainability in travel is increasing, and we expect that trend to continue over the coming years. Consequently, last year we developed and executed our sustainability strategy as a series of three linked initiatives, and I am confident that the progress we've made (and will continue to make) will position us strongly as the sustainability champion of the hostelling category over the years to come.

Chief Executive's Review continued

Our first initiative relates to maintaining a data-driven fact base to allow us and our hostel partners to promote hostels as the most sustainable accommodation option available. Once again, we collaborated with Bureau Veritas to refresh the calculation of scope 1 and 2 emissions of a representative group of hostels and compared these with the publicly available emissions data from a representative group of hotel chains. The second edition of this report (which was published in February 2024) once again indicated that the hostelling category emits significantly less Scope 1 and Scope 2 emissions (tCO_2e) on a per bednight basis compared to a one-night stay in a typical hotel chain. In particular, the report indicates that the sustainability gap between hostels and hotels has widened still further year-over-year, with hostels reporting a year-on-year reduction in average emissions whilst the year-on-year emissions from the hotels analysed shows an increase. This report is invaluable for both ourselves and our hostel partners in confirming to our collective target audiences that choosing to stay in hostels is the most sustainable option.

The second initiative builds on the first by providing a common framework for hostel partners to not only showcase their sustainability credentials on our platform, but to also encourage progression towards even more sustainable operations. Whilst over half of our larger hostels/hostel chains are already using a sustainable management system, those that are indicate a lack of standards in the hostelling category overall (making comparisons by travellers difficult) and those that are not indicate existing systems are both time consuming and costly. Throughout 2023 we worked closely with our hostel partners, the GSTC, Bureau Veritas and other relevant bodies to build a set of hostel-appropriate standards and a reporting platform for all hostels listed on our platform. This strategy, branded "*Staircase to Sustainability*", launched in January 2024 and delivers on three key objectives. Firstly, it provides a uniform set of tiered standards, aligned to GSTC criteria, for hostels to present their sustainability credentials. Secondly, it provides a means for hostels to display adherence to these tiered standards on our site/apps to our travellers (based on inputs provided by hostel partners) such that our customers can make informed choices about where to stay. Thirdly, it provides the impetus for hostels to improve their sustainability operations over time, and progress through the tiers. We are incredibly excited about this platform and how it will drive sustainability in our category in 2024 and beyond.

Our final initiative relates to reducing our own emissions, and I am pleased to report during 2023 we were awarded the 'Funding Climate Action' label, in partnership with South Pole. Furthermore, I am pleased to report that in 2023 our scope 1 and 2 emissions totalled 7 tCO_2e, which is substantially below the threshold of 30 tCO_2e/annum target set for 2023. As our business grows we expect our scope 3 emissions will also grow primarily through increased paid marketing costs, and employee travel as we come together as a company (offsites) and travel to meet our hostel partners. In 2024 we plan to review these scope 3 emissions and set a reduction target which goes beyond the thresholds stipulated by the SBTi, further details of which can be found on pages 59 to 64.

Investing in our Employees, Hostel Partners and Communities

Our employee mission is to foster a culture where everyone experiences personal growth and helps others achieve it too. Similar to companies across the world, we continue to adjust to the changes in where work is performed. We believe nurturing our desired culture is key to supporting our approach to agile working. Consequently, we revised our desired employee behaviours this year to highlight the importance of Growing Others – building on our belief that investing in growing others benefits everyone. I am pleased with our investments in learning and development resources to support the team in bringing this to life.

We're proud of our work building a highly inclusive workplace culture that celebrates differences by giving a voice to everyone. Building on initiatives over the past few years, this year we introduced new policies to support Fertility Leave, Surrogacy Leave, and Menopause at Work. We saw our efforts across many parts of this agenda recognised when awarded the Silver Accreditation by Investors in Diversity. This accolade recognises our commitment to diversity and inclusion practices. The accreditation is based on feedback from our team members and their firsthand experiences of the culture within Hostelworld.

Turning to our hostel partners, our regional hostel conferences provide an unrivalled opportunity for in-person engagement and knowledge sharing. They allow us to promote our strategy, share industry trends, and solicit feedback. In 2023 we held two such events. The first, our Latin American conference, took place in Bogota in September 2023, our first event in the region since 2019. We also took advantage of being in Colombia to arrange a number of smaller events and market visits in Colombia and neighbouring markets. A month later we held our European event in Copenhagen. Both conferences also attracted prominent speakers from relevant tourism bodies in the regions. This not only allowed us to celebrate the importance of the hostel sector to tourism in the region, it allowed us to pave the way for similar future events in other regions. In addition to these flagship events, we carried out numerous market visits and city events in key markets across Europe and the Asia-Pacific region. In parallel, we continued to run webinars covering market updates, revenue management, product updates, and showcasing our ESG developments. We continue to run our HOSCAR awards, this year celebrating five categories including The People Person, The Community Champion, and The Eco Warrior.

Finally, we're pleased to see people across the business using volunteering days introduced last year. This leave helps our people to have an impact in their local communities, whether through activities organised by teams or individually. Together with our charity partnerships, through both events and financial support, the variety of activities shows our people are passionate about making a difference and building a better world.

Summary

Over the course of 2023, we have demonstrated the capacity of our social network growth strategy to drive profitable growth in market share, and we have continued to maintain a tight rein over costs. Taken together, this enabled the Hostelworld team to deliver €18.4m in EBITDA which comfortably exceeded our last published guidance of €17.5m - €18.0m. I'd therefore like to take this opportunity to thank each and every one of our employees for their commitment and hard work in delivering these exceptional results. As I mentioned in our year-end town hall, I have the privilege of leading a team of extraordinary people who do extraordinary things.

With our record performance in 2023 and substantial progress in strengthening our balance sheet, I believe we are strongly positioned to deliver against our medium-term financial commitments published at our Capital Markets Day in November 2022. We have started 2024 with strong momentum, and I feel confident that we'll continue our track record of profitable growth and value creation for our shareholders.

Gary Morrison

Gary Morrison
Chief Executive Officer
20 March 2024

At a Glance

Our Revenue Model

- We operate a two-sided marketplace focused on the hostelling category.
- Hostel partners load their bed inventory on to our platform, which we market to customers via our website and mobile Android and iOS apps.
- We collect a deposit when customers make a booking on our platform, which is equivalent to our commission charged to our hostel partners on the total transaction value.
- Hostels connected to our platform account for c. 75% of all hostel beds sold in the market.

Our Hostels

- 80%+ are independent owner operated businesses, 66% have 50 or fewer beds.
- Offer dormitory accommodation and private rooms with large communal areas.
- Typically offer a wide range of events and excursions to help travellers meet new people.
- c. 75% cheaper than 2-star hotels.

Our Customers

- c. 80% 18-35 years old.
- 55% female, 45% male.
- 61% solo traveller, 30% groups of two.
- Tend to be multi destination trips, with c. 60% of bookings made within 7 days of stay date.
- Many customers make multiple trips per year, over a period of up to 10 years.

Our Unique Proposition

- Leverages the insight that hostellers stay in hostels as a means to meet other people.
- Our social network uses our OTA booking data to connect travellers with overlapping stay dates in hostels and destinations within our iOS and Android apps.
- Social proposition naturally attracts hostellers with higher purchase frequencies, who use the app to make more of their bookings, and then become strong brand advocates.
- Collectively, our strategy drives new customer growth, increased customer retention and a reduction in marketing costs as a percentage of generated revenue.
- Scalable asset-light platform drives operating leverage.

Category Growth Drivers

Strong customer growth expected over the coming years

- Millennials and Gen Z are largest cohorts in world – 53% of total[1].
- 35 days a year spent travelling by a US Millennial[2].

We are aligned to Millennial and Gen Z travel needs

- 8 in 10 want a unique experience in their next trip[3].
- 66% increase in spending by travellers on experiences in 2023 v 2019.

Strong appetite for solo travel

- +14% searches for solo travel in 2023 v 2019.
- 1 in 4 are planning to travel solo in the next 6 months[4].

Focus on Sustainability

We operate in the most sustainable accommodation category

- Hostels are the most sustainable travel option, producing c. 18% of hotels' scope 1 and scope 2 carbon emissions on a per bed basis[5].
- Over 75% of our hostels are currently working on sustainability initiatives.
- Customers can take responsibility for the carbon emissions of their hostel stay, in partnership with Cloverly.

Our *'Staircase to Sustainability'* programme

- Partnering with the Global Sustainable Travel Council.
- Developed a bespoke hostel sustainability measurement/management system with Bureau Veritas.
- Encourages hostels to move to more sustainable operations.
- Sustainability badging on hostel pages on website.

Reducing our own emissions

- South Pole has awarded Hostelworld with their label 'Funding Climate Action'.
- We have low carbon emissions naturally with serviced office spaces and cloud native infrastructure.
- Signatory of 'The Climate Pledge', with a mission to reach net-zero carbon by 2040.

(1) World economic forum and Bloomberg Analysis of UN World Population Prospects, August 2018.
(2) Expedia Media Solutions, Skift – 'US Millenials Travel Most but Gen Z is on the Rise, October 2017.
(3) Contiki – 'Voice of a generation' survey, February 2022.
(4) Expedia Group – 'Gen Z: The Key to Recovery and Rebuilding', August 2022.
(5) Hostelworld: Understanding The Carbon Impact of Hostels vs. Hotels 2nd Edition.

Financial Highlights

Net Bookings
6.5m
2022: 4.8m

Generated Revenue[1]
€93.7m
2022: €71.2m

Net Revenue[1]
€93.3m
2022: €69.7m

Net Average Booking Value ("ABV")[2]
€14.36
2022: €14.90

Net Gross Merchandise Value (GMV)[2]
€618.7m
2022: €470.1m

Direct Marketing Costs as a % of Revenue[2]
50%
2022: 58%

Operating Expenses
€88.4m
2022: €83.1m

Operating Profit/(Loss) for the year
€5.0m
2022: €(13.6)m

Profit/(Loss) for the year
€5.1m
2022: (€17.3m)

Basic EPS
4.21 cent
2022: (14.71) cent

Adjusted EBITDA[2]
€18.4m
2022: €1.3m

Adjusted EBITDA Margin[2]
20%
2022: 2%

Adjusted EPS[2]
9.91 cent
2022: (5.97) cent

Cash and Cash Equivalents
€7.5m
2022: €19.0m

Adjusted Free Cash Flow
€13.9m
2022: €(6.9)m

Cash Conversion
75%
2022: (521)%

Net Debt
€12.3m
2022: €21.6m

Net Asset Position
€59.2m
2022: €52.2m

[1] Generated revenue is gross revenue less cancellations and excludes impact of deferred revenue. Net revenue is revenue adjusted for deferred revenue, ancillary revenue streams, vouchers, refunds and other accounting adjustments.
[2] The Group uses Alternative Performance Measures (APMs) which are non-IFRS measures to monitor the performance of its operations and of the Group as a whole. These APMs along with their definitions are provided in the Appendix 1 which form part of the Annual Report.

Financial Review: Caroline Sherry

"2023 was a record year for Hostelworld, with both net GMV and generated revenue growing 32% compared to 2022 and net bookings growing 37%. This strong volume growth, combined with increased operating leverage due to reduced marketing spend (as a percentage of revenue) and operating cost discipline, resulted in an adjusted EBITDA which exceeded the upper end of our guidance range and a return to profit after tax."

Revenue and Operating Profit

Net GMV grew year-on-year to €618.7m (2022: €470.1m) and net bookings totalled 6.5m, an increase of 37% compared to 2022 (2022: 4.8m) driven by strong growth across all regions and in particular, Asia. Generated revenue for the period was €93.7m (2022: €71.2m), an increase of 32%. Net ABV, the average value paid by a customer for a net booking was €14.36 which decreased by 4% from 2022 (2022: €14.90), driven by a combination of bed price inflation and a greater proportion of Asian destination bookings.

Net revenue recognised for the period was €93.3m (2022: €69.7m) after considering deferred revenue, ancillary revenue streams, vouchers, refunds and other accounting adjustments.

Featured listing advertising revenue, revenue generated from hostels advertising on our platform, grew to €1.2m (2022: €0.3m).

Deferred revenue cost of €0.4m (2022: €2.0m), a provision for bookings made under the free cancellation policy, where a customer can cancel and receive a refund. Year-on-year reduction driven by 2022, where the balance sheet provision reflected the Group's recovery post COVID-19 and the return to normalised levels of free cancellation bookings. The deferred revenue provision at year end totalled €3.4m (31 December 2022: €3.0m), and accounts for bookings where the cancellation date has not yet passed. This provision balance will unwind in 2024.

Operating expenses totalled €88.4m (2022: €83.1m), an increase of €5.3m year-on-year. The Group had an increase of €5.5m in direct marketing costs to €46.9m (2022: €41.4m) in part, due to increased booking volume. Direct marketing costs as a percentage of net revenue reduced to 50% (2022: 58%), with the Hostelworld app-centric social strategy driving marketing efficiencies. Credit card fees increased by €0.6m to €2.7m (2022: €2.1m), directly driven by the increase in booking volumes.

Wage inflation and discretionary compensation primarily, drove an increase in wages and salaries costs to €19.7m (2022: €17.9m). 2022 costs include the benefit of €0.4m of COVID-19 subsidy support received from the Irish Revenue Commissioners, no such subsidy was received in 2023. Offsetting increases in direct marketing costs, credit card fees, and wages and salaries, was a reduction of €2.6m in other operating cost lines to €19.1m (2022: €21.7m).

Group operating profit amounted to €5.0m (2022: loss of €13.6m), a year-on-year increase of €18.6m. Adjusted EBITDA of €18.4m (2022: €1.3m) exceeded the upper end of market guidance and represented growth of €17.1m compared to prior year.

Foreign Exchange

The Group incurred a foreign exchange loss of €0.2m (2022: €0.7m). Current year loss arose with the strengthening of the US dollar against the Euro in the second half of the year.

Financial Review continued

Exceptional Items

Exceptional items warrant separate disclosure due to their nature or materiality. The Group incurred €3.8m (2022: €0.8m) of exceptional cost items in 2023.

The Group incurred €3.6m of costs in refinancing the 5-year debt facility provided by HPS Partners LLP in February 2021. As the facility was repaid before the end of the 5-year agreement, the Group incurred €2.8m of accelerated interest costs relating to transaction and warrant costs capitalised on drawdown, €0.7m of early repayment penalty interest and €0.1m of exit costs.

Prior year exceptional items related to a final settlement amount paid to the founder of Counter App Limited, in respect of their shareholders agreement and other contractual relationships with the Group and associated legal costs.

Share-Based Payment

The Group incurred a total share-based payment expense of €1.7m (2022: €2.4m) arising on the issuance of options in accordance with the Group's Restricted Share Award ("RSU"), Long-Term Incentive Plan ("LTIP") and Save as you Earn ("SAYE") plan.

Two awards vested in 2023. On 20 February 2023 the Company issued 1,027,655 shares to satisfy restricted share awards granted by the Company at a value €0.01 per share in relation to RSU 2021 which vested in equal tranches in February 2022 and February 2023. This grant was made during COVID-19 in lieu of a cash bonus. On 16 May 2023 the Company issued 1,645,994 shares to satisfy long-term incentive plan awards in relation to LTIP 2020. 75% of the performance obligations were satisfied.

In 2024 one LTIP award is set to vest at 100%. The final number of awards that will vest will be finalised in May 2024. Further detail is included on pages 118 to 144.

Earnings per Share

Basic earnings per share for the Group was 4.21 cent (2022: loss per share: 14.71 cent). Adjusted earnings per share was 9.91 cent per share (2022 loss per share: 5.97 cent per share) with the return to profitability, of both metrics, reflective of the business's strong recovery post COVID-19.

The weighted average number of shares in the period was 122.0m (2022: 117.3m) and the total number of shares at the balance sheet date was 123.6m (2022: 117.5m). Increase year on year is due to the vesting of the RSU award (1.0m), LTIP award (1.7m), SAYE award (0.1m) and warrants (3.3m), a condition of the HPS debt facility agreement.

Net Finance Costs

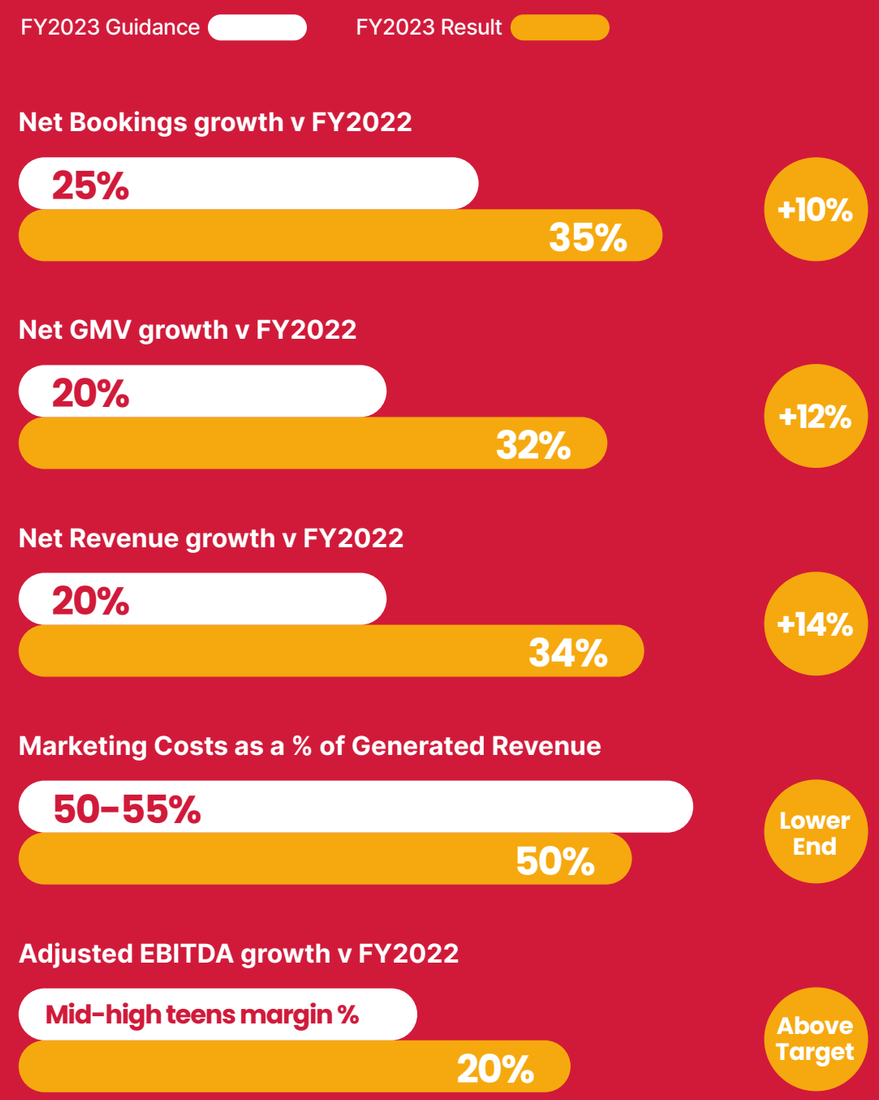
The Group incurred €2.6m of finance costs in 2023 (2022: €4.3m), with interest costs arising on the Group's debt facilities. The decrease in costs year-on-year is attributable to the refinancing completed in May 2023.

The legacy €30.0m HPS facility was drawn down in February 2021 during COVID-19 and had an interest rate of 9% per annum over EURIBOR. HPS interest charges, excluding those classified as exceptional, amounted to €1.6m (2022: €4.2m), of which cash interest paid totalled €1.1m (2022: €nil), prior year interest costs were capitalised as PIK interest.

A new 3-year facility was signed with AIB in May 2023. This facility is comprised of a €10.0m term loan, a €7.5m revolving credit facility ("RCF") and an undrawn €2.5m overdraft. The AIB term loan and RCF each had an initial interest rate payable of 3.75% over EURIBOR. In July 2023 this reduced to 3.25%, as the ratio of Net Debt to adjusted EBITDA was less than 2 times as at 30 June 2023, and in October 2023 this further reduced to 2.65% as the ratio of Net Debt to adjusted EBITDA was less than 1 times as at 30 September 2023. Total AIB interest charges amounted to €0.7m (2022: €nil), of which cash interest paid totalled €0.6m (2022: €nil). The Group also incurred interest charges of €0.2m (2022: €nil) on its debt warehoused with the Irish Revenue Commissioners, at a rate of 3% since May 2023. On 05 February 2024 it was announced that this is reduced to 0% with the reduction in rate applying to any interest amounts accrued to date.

The Group also incurred interest charges of €0.2m (2022: €nil) on its debt warehoused with the Irish Revenue Commissioners, at a rate of 3% since May 2023. On 05 February 2024 it was announced that this is reduced to 0% with the reduction in rate applying to any interest amounts accrued to date.

2023 was a record year for the Group, we exceeded our near-term guidance set out at the 2022 Capital Markets Day and we are well on our way to deliver our medium-term targets for 2025.



Financial Review continued

Current and Deferred Taxation

The Group corporation tax charge for 2023 is €0.2m (2022: €0.2m) and primarily relates to our international operations where we have an office or branch where tax losses from our Irish operations cannot be utilised.

During 2023 an additional deferred tax asset of €6.4m was recognised (2022: €0.8m). At 31 December 2023 the carrying value of deferred tax assets amounted to €15.5m (2022: €9.2m). Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which any unused tax losses and unused tax credits can be utilised. In 2023 the Group returned to an operating profit of €5.0m (2022: operating loss of €13.6m). The Group has forecasted a growing profit in each of the years from 2024 to 2028, driven by growth in bookings and revenue, maintaining direct marketing cost as a % of revenue at current levels, continued cost discipline and reduced interest charges. Details of the business operations expected to derive future profits are set out throughout the Strategic Report on pages 14 to 83.

Debt Warehoused

The Group availed of the Irish Revenue Commissioners tax warehousing scheme and warehoused €9.4m by deferring payment of all Irish employer taxes from February 2021 to March 2022. Total amount warehoused at 31 December 2023 was €9.6m (2022: €9.4m), including an interest charge incurred of 3.0% on the balance since 01 May 2023. The Group has agreed initial repayment terms with the Irish Revenue Commissioners of a 15% downpayment in May 2024, followed by regular monthly repayments thereafter over a 3-year period.

In February 2024 the Irish Revenue Commissioners announced that 0% interest would apply to debt warehoused, with the reduction in rate applying to any interest amounts accrued to date. The Group continues to monitor and comply with the appropriate Revenue guidelines applicable to this scheme and will formalise its repayment plan in May 2024.

Development Labour

Total development labour intangible asset additions amounted to €4.0m during 2023 (2022: €4.5m). This asset arose due to work completed delivering our social strategy, modernising our platforms, and revamping our hostel activations process. This balance includes internal development labour of €2.9m (2022: €2.0m) relating to staff costs capitalised during the year, and external development labour of €1.1m (2022: €2.5m) relating to external contractors who have specialist skills. The year-on-year increase in internal staff costs is driven by the nature of the work completed in 2023, compared to 2022 where time was spent on migrating to the cloud and other non-capitalisable work.

Net Debt and Financing

At the balance sheet date net debt totalled €12.3m (2022: €21.6m). Net debt is comprised of cash of €7.5m (2022: €19.0m), and debt facilities relating to bank borrowings of €10.2m (2022: €31.1m) comprising of an RCF of €2.0m and a term loan of €8.2m, and warehoused taxes of €9.6m (2022: €9.5m).

Reduction year-on-year in net debt driven by refinancing of the legacy COVID-19 debt facility in May 2023 to a new 3-year facility with AIB set out on page 26. Altogether €17.4m was drawn down from AIB, net of arrangement fee, and utilised to repay the former debt facility held with HPS. In total HPS repayments made across April and May totalled €34.5m, comprising of €30.0m principal and €4.5m PIK. Balance of repayment to HPS comprised of the Group's cash reserves.

Since drawdown in May 2023 we have repaid the RCF in full, €5.5m during 2023 and a further €2.0m in February 2024, and we have repaid €2.5m of the term loan, €1.7m in 2023 and €0.8m in 2024.

Our adjusted free cash flow of 75% (2022: absorption of 521%) represents a return to a more normalised cash generation ratio for the Group, as we recover from COVID-19, and a deleverage of our borrowing facilities as set out above.

Impact of New Accounting Standards

New accounting standards and amendments to existing standards implemented in 2023 did not have a material impact on the Group.

Related Parties

Related party transactions are disclosed in note 24 to the Group Financial Statements.

Investor Relations

The Group has a proactive approach to investor relations. The release of our annual and interim results, along with quarterly trading updates, provide regular information regarding our performance and are accompanied by presentations, webcasts and conference calls. In May 2023, an AGM was held providing engagement channels for our shareholders to send advance questions to the Board, with all details relating to the AGM published on the Company's website.

We held a number of investor roadshows and attended industry conferences. These engagements provided us an opportunity for the management team to meet existing and/or potential investors and analysts in a concentrated set of meetings. This direct feedback and input on the investor community's perspective of the Company is reflected upon to ensure that our investor relations communications remain meaningful and effective.

We also engage regularly with AIB, our debt partners, since the successful refinancing facility was signed in May 2023.

Dividend

The Board does not expect to pay a cash dividend, under its current policy, in respect of the 2023 financial year. Any payment of cash dividends will be subject to the Group generating adjusted profit after tax, the Group's cash position, any restrictions in the Group's banking facilities and subject to compliance with Companies Act 2006 requirements regarding ensuring sufficiency of distributable reserves at the time of paying the dividend.

Caroline Sherry
Chief Financial Officer
20 March 2024

Principal Risks and Uncertainties

Introduction to Group Risk Register

Our business model and results are subject to risks and uncertainties which could adversely affect our business, financial stability, and cash flows. Risk is an inherent factor. While demand for hostelling returned in strength post the impact of COVID-19, inflation, cost of living and geopolitical tensions are new risk factors which can impact demand. We also recognise, in particular, that climate change poses a number of physical and transition-related risks for our business. The Group has a detailed climate-related Risk and Opportunities Register which is included on pages 51 to 56.

The most material risks and uncertainties impacting the business are listed on pages 32 to 40, together with comments on how they are managed to minimise their potential impact. The table is not prioritised nor an exhaustive list of all risks that may impact the Group. Individually or together, these risks could affect our ability to operate as planned and could have a significant impact on revenue and shareholder returns. Additional risks and uncertainties, including those that have not been identified to date or are currently deemed immaterial, may also, individually, or together, have a negative impact on our revenue, returns, or financial condition.

Each risk identified is subject to an assessment incorporating the likelihood of occurrence and potential impact on the Group. The Group's Risk Register identifies key risks including any emerging risks, and monitors progress in managing and mitigating these risks. Emerging risks are identified from areas of uncertainty, which may not have a significant impact on the business currently but may have the potential to adversely affect the Group in the future. No new emerging risk was identified in the current year.

Risk Responsibility

The Board takes overall responsibility for identifying the nature and extent of the risks to be managed by the Group to ensure the successful delivery of its strategic and business priorities. The Audit Committee monitors certain risk areas and the internal control system, as set out in the report on governance. The Board and Audit Committee conduct a formal half-year and full-year review of the risk register, which also incorporates the Task Force on Climate-Related Financial Disclosures ("TCFD") Risk and Opportunities Register. In their review proactive attention is given to key risks where the probability of occurrence and extent of impact are elevated by the consequences of the ongoing geopolitical conflict in Ukraine and the Middle East, and the deteriorating global economic outlook.

Risk Identification

The Group's Risk Register process is based upon a standardised approach to risk identification, assessment, and review with a focus on mitigation. There is input across all levels of the business to enable the Group to remain responsive to the ever-changing operating environment, including the impact that social features can bring, the consequences of the ongoing war in Ukraine and geopolitical tension, climate change, rising cost of living, and the general macroeconomic conditions including rising interest and inflation costs.

From the bottom-up, risk is identified and mitigated at a business unit level by the executive management team, functional leads, their teams, and subject matter experts including the Data Protection Officer and Head of IT Security. Risks are assigned owners amongst the senior management team (primarily functional leads) who monitor risks day to day, review the effectiveness of controls in place, and report on risks through the risk register process. The Group's risk register is subject to review by the Executive Leadership Team ("ELT") prior to reporting to the Audit Committee and Board. In addition, the ESG Steerco also support the ELT in identifying climate-related risks and opportunities and ensuring compliance with the applicable ESG regulatory landscape.

Risk oversight, appetite and governance is set by the Board. The Board has overall responsibility for determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives.

The Board also considered its obligations in relation to providing both the annual viability and going concern statements, and its conclusions can be found on page 149 and note 1 to the Consolidated Financial Statements respectively.

Risk Levels

Following an assessment of the residual risk attached after internal management and mitigation, each principal risk outlined below has been assigned a direction of change based on 2023 factors and forward expectations. Where a risk has increased or decreased in the year an additional note has been included.

Principal Risks and Uncertainties continued

STRATEGIC & EXTERNAL RISK	TECHNOLOGICAL, CYBER & DATA RISK	FINANCIAL RISK	OPERATIONAL & REGULATORY RISK
Any external risks outside of the Group's control impacting our business.	The systems we use to power our business, and the data we hold.	Integrity of reporting and viability of the Group.	The processes and people we use to power the Hostelworld model.
Macroeconomic Conditions	Data Security	Financial Risk	People
Competition	Cyber Security	Taxation	Third Party Reliance
Impact of Uncontrollable Events on our Business and the Leisure Travel Industry	IT Platforms and Technological Innovation		Climate Change and Sustainability
	Search Engine Algorithms and Managing our Marketing Channels		Regulation
			Business Continuity
			Brand and Reputation

RISK TREND Stable Increasing Decreasing

1 Macroeconomic Conditions — Direction of Change

DESCRIPTION AND IMPACT

The Group's financial performance is largely dependent on the wider availability of, and demand for, travel services.

Travel services are enabled by the freedom of movement of people nationally and internationally without prohibitive restrictions. Moreover, it is supported by affordable air, ferry and train fares at significant scale, and similarly good access to affordable accommodation.

The demand for travel services is influenced by a range of macroeconomic circumstances and their impact on consumers discretionary spending levels. Economic activity, employment levels, inflation, interest rates, currency movements and access to credit are among the factors that can impact travel demand.

MANAGEMENT AND MITIGATION

Management and the Board regularly monitor a range of trading, market, and economic indicators to determine any risk to financial performance due to macroeconomic uncertainties, and any potential mitigating actions required.

The Group's revenue and customer base is global, with a dispersed population of users, and a geographically dispersed set of destinations. While market conditions may decline in certain regions, the globally diversified nature of the business helps to mitigate this with circa 50% to 60% of destination markets in Europe versus the rest of the world.

Inflation rates can impact consumer discretionary spending and reduce their ability to travel. However, this is potentially offset by continued preference of consumers to prioritise discretionary spending on travel and leisure in their budgeting.

In circumstances where events cause a material decline in consumer travel behaviours and patterns on a global scale, management will take necessary actions to reduce operating costs and conserve cash.

2 Data Security — Direction of Change

DESCRIPTION AND IMPACT

We're an innovative technology group relying on advanced software and infrastructure, which means we can be exposed to cyber security threats. Protecting our e-commerce data and customer information is crucial.

Our hybrid model, global contractors, and evolving social strategy heighten data security challenges.

Cloud migration finished in 2022, but cloud security risks persist. Technological speed and legislation gaps can complicate compliance with guidelines and laws. GDPR adherence and secure, scalable IT platforms are vital.

MANAGEMENT AND MITIGATION

Data protection is a priority for the Group. We comply with laws, regularly train employees, address threats and support business innovation and growth.

We have a robust and comprehensive data privacy, security, and compliance programme. A supplier is not onboarded until a rigorous review of their data protection compliance and IT security controls has been carried out and deemed satisfactory.

We adhere to leading industry standards and are PCI compliant. A data protection framework aligned with GDPR is maintained, with a Data Protection Officer, supported by employee champions.

Hybrid work risks are assessed, and security measures include Single Sign On and Multi Factor Authentication. Expert providers support us with cloud services and security. Our evolving social strategy and broader product developments are implemented in line with Privacy by Design, following guidelines and emerging innovations with a risk-based approach.

Principal Risks and Uncertainties continued

3 Cyber Security — Direction of Change

DESCRIPTION AND IMPACT

The Group is susceptible to cyberattacks, which can impact system integrity and data security. Hackers' sophistication is constantly evolving, complicating risk management.

Cloud migration adds further cybersecurity challenges, potentially compromising customer and proprietary data. Third-party vendors or contractors can also be entry points.

Inadequate skills internally might risk cloud data exposure and insurers could limit coverage for cybersecurity incidents.

MANAGEMENT AND MITIGATION

The Group dedicates significant resources to enhancing cyber security and regularly increases expenditure.

A comprehensive risk programme manages vendor and third-party risks. Our procurement process is robust, proactively ensuring new suppliers are security compliant.

Additional cyber security measures taken:

- Monitoring tools enable real-time threat detection and response.
- Policies and initiatives adapt to regulations and cyber threats.
- Mandatory security awareness training is consistently updated.
- Cloud-related training ensures skills are developed.
- Multi-factor authentication is implemented for better access control and attack resilience.

4 People — Direction of Change

DESCRIPTION AND IMPACT

The Group relies on skilled, committed, and motivated employees for strategic success. However, the decision to maintain a stable headcount and not replace roles to pre-COVID-19 levels, combined with the transition to largely remote working may affect morale.

The Group is dependent on attracting and retaining key roles in engineering, quality assurance, product management, and data roles to facilitate projects and maintain product infrastructure. These roles can be hard to fill due to location flexibility and competitive market demands.

Failure to meet industry standards in rewards could lead to attrition, lowered morale, business risks, damaging reputation, and productivity.

Direction of change: Decrease in overall risk in the current year evidenced by low attrition levels and the Group being a more attractive proposition for new talent given the recovery in the business post COVID-19.

MANAGEMENT AND MITIGATION

The Group takes action to retain employees, by introducing innovative people policies, moving to a remote working model, and by increasing the volume and scope of employee events.

Learning and development initiatives have been prioritised and include training, mentoring, and a new online platform.

Compensation is benchmarked externally, giving employees assurance that salaries are competitive. During 2023 the Group also introduced a bonus scheme tied to performance.

To provide flexibility of key talent, the Group operates from three global offices and continues to hire in newer locations including Germany, Spain, and Italy.

A Non-Executive Director fulfils a workforce engagement role as set out in the 2018 UK Corporate Governance Code.

5 Financial Risk — Direction of Change

DESCRIPTION AND IMPACT

The Group's activities expose it to a variety of financial risks. The Group's revenues and costs are impacted by rising inflation rates, which may also deter our customers from travelling.

Foreign exchange movements may impact travel decisions and travel patterns by customers, as travel from one market into another (operating with a different currency) becomes more expensive. Furthermore, the Group is exposed to translation risk which occurs if the Group has a surplus or deficit in a foreign currency which changes in value over time.

The Group has a 3-year finance facility in place with Allied Irish Banks, plc comprising of a €10 million term loan, a €7.5 million revolving credit facility ("RCF") and an undrawn €2.5 million overdraft. The term loan and RCF each have an initial interest rate payable of 3.75% over EURIBOR, reducing to 3.25% where the ratio of net debt to adjusted EBITDA is less than 2 times and, 2.65% where the ratio is less than 1 times.

The facility includes a customary security package and financial covenants. The Group must deliver a certain level of financial performance to meet its repayment and covenant obligations.

MANAGEMENT AND MITIGATION

The Group proactively manages financial risk by seeking to minimise potential adverse effects on its financial performance.

Foreign exchange movements may impact travel decisions and travel patterns by customers, but typically there is a degree of inherent hedging. In a normal trading environment, USD revenue receipts approximate related USD marketing outflows which mitigates FX translation risk. The Group minimises holdings of excess non-euro currency above anticipated outflow requirements.

The Group has established a disciplined framework, including key ratios and KPIs, of forecasting and reporting which is regularly reviewed and challenged by management to ensure compliance with the loan facility's obligations and covenants, and affordability of repayment terms including interest.

6 Search Engine Algorithms and Managing our Marketing Channels — Direction of Change

DESCRIPTION AND IMPACT

A significant portion of our website traffic comes from search engines, both through organic and paid searches. We rely on search engine optimisation and search engine marketing for visibility.

Search engine algorithms, like Google's, constantly change, affecting our placement and costs. AI-powered platforms are further influencing search results, making algorithm management and optimisation crucial for our marketing strategy and efficiency.

MANAGEMENT AND MITIGATION

The Group invests in skilled personnel for paid and non-paid searches. In-house expertise and technology adapt to algorithm changes.

The search marketing team collaborates with Google, gaining search traffic efficiency insights. Participation in alpha and beta tests give the Group first mover advantage with new functionality that can help drive efficiency.

Skill enhancement through third-party vendors complements in-house capabilities for search engine optimisation.

Principal Risks and Uncertainties continued

7 Competition — Direction of Change

DESCRIPTION AND IMPACT

Competition risks could harm market share and growth. Competitors willing to operate at a loss pose challenges. Price influences consumer decisions, requiring competitive pricing, discounts, and flexible cancellation policies.

Competition might lead to losing key suppliers. Large market players and disruptive new entrants pose risks. They may absorb revenue losses and/or additional costs to compete on price or bidding strategy, their ability to grow core inventory base (both in terms of property count and destination coverage), and their ability to enhance product features faster through depth of resources.

Changes in technology, such as AI or other, can impact the Group both positively and negatively.

Changing customer behaviour, such as preferring private rooms (as seen during COVID-19), could reduce demand or raise acquisition costs.

Exclusive supply to competitors, new Digital Markets Act regulations, and evolving market dynamics may influence the competitive landscape and affect the Group's positioning in the market.

MANAGEMENT AND MITIGATION

Continuous monitoring of hostel coverage and market share guides the Group's proactive acquisition and retention strategy.

The Group's strategy focuses on leveraging its unique market position through targeted customer acquisition and optimising the profitability of existing customer cohorts, emphasising Customer Lifetime Value/Customer Acquisition Cost.

There's a continued focus on improving platform flexibility, enhancing customer experience, and global expansion.

Partnerships deliver advanced technology solutions, aiming to diversify from exclusive OTA reliance with a broader experiential travel offering. Commercial agreements secure competitive rates and inventory, utilising the "Solo System" and "social cues" to deter competition. The Group explores AI and new distribution channels for customer acquisition and remains adaptable to market changes.

8 IT Platforms and Technological Innovation — Direction of Change

DESCRIPTION AND IMPACT

Over recent years the ever-increasing pace of change of new technology, new infrastructure, and new software offerings have changed how customers research, purchase, and experience travel. Notable shift changes include AI, mobile networks, mobile applications, meta-search providers, display advertising, and social communities.

Unless we continue to stay abreast of technology innovation and change, we risk becoming irrelevant to the modern customer. Technology evolves rapidly, and updates can become quickly obsolete.

As new products and features are offered the relevant cybersecurity controls must keep pace or risk new exposures.

MANAGEMENT AND MITIGATION

We focus on staying current with new trends in technology development and customer behaviour.

We invest a significant amount of our product and user experience functions on research and development and interacting with similar companies both within and external to travel.

We leverage the capabilities of partnerships to ensure we are delivering best in class and the most advanced tech-based solutions for our customers and hostel partners.

The Group has continued with the ongoing modernisation of our underlying platform to enable us to support faster execution across our core platform.

9 Third Party Reliance — Direction of Change

DESCRIPTION AND IMPACT

We rely on hostel accommodation providers to supply us with our inventory. Any constraints upon the supply of hostel inventory may stem growth ambitions.

Revenue depends on connected hostels and third-party channels; lack of updates or outages may cause competitiveness loss.

Financial pressures on partners risk business closure or category shift.

Relying on third parties for systems poses revenue and functionality risks, affecting customer service and brand.

Maintaining relationships with payment processors is crucial, as fee changes or unfavourable terms could impact transactions.

MANAGEMENT AND MITIGATION

Nurturing hostel and vendor relationships is a priority. This close cooperation enables us to monitor market development.

Rigorous assessment and due diligence is applied to third-party providers. All vendor contracts and purchasing requests must be processed through the Group's purchasing & contract review process.

Service providers are contractually obliged to provide timely resolutions to issues. Alerts are in place to immediately capture any downtime and replicate as much functionality as possible in-house.

Annual business reviews and contractual obligations ensure risk mitigation. Readiness for partner/service provider failure includes financial health monitoring and risk reduction measures.

10 Climate Change and Sustainability — Direction of Change

DESCRIPTION AND IMPACT

Increasingly, internal and external stakeholders are focused on the Group's response to climate change. There is a request for more accountability from our customers, employees, and other stakeholders as to what the Group is doing to limit its direct and indirect impact on climate change. There is a risk that we do not meet shareholder expectations regarding our target setting and performance against creating a more sustainable operating environment.

Listing rule developments require reporting on climate disclosures (by virtue of TCFD). There is a risk that the Group is perceived as not being transparent in its reporting. Physical climate change risks such as extreme weather events could affect our inventory competitiveness and results of operations. In addition, transitional climate change risks such as changes in stakeholder expectations, travel patterns, technologies, and policy and regulation may affect the Group and results of operations.

Direction of change: Increased risk driven firstly by increasing regulations that the Group will have to comply with such as the EU Corporate Sustainability Reporting Directive and secondly the unknown impact climate change can have on our business if not managed. Physical impacts of climate change such as drought, heatwaves and warming oceans will impact our hostels and our trade.

MANAGEMENT AND MITIGATION

The Group have ESG and TCFD Steercos who govern the actions taken by the Group in relation to climate change. The steercos receive specific training from a third-party provider, and engage with third parties' specialists for additional support where required.

We have committed resources internally to assisting hostels and consumers on their own sustainability journeys.

Climate change issues may impact travel decisions and travel patterns by customers but is mitigated to the extent that our business is a global one. We have a dispersed population of users, and a geographically dispersed set of destinations.

Principal Risks and Uncertainties continued

11 Impact of Uncontrollable Events on our Business and the Leisure Travel Industry — Direction of Change

DESCRIPTION AND IMPACT

The emergence of a global pandemic (similar to COVID-19) could result in national or international lockdowns, risk to the health of our employees and customers, and consequential negative impact on economic activity.

Deterioration in the financial condition, restructuring of operations or limited resource availability at one or more key stakeholder in our supply chain eco-system could impact our growth.

The threat of terrorist attacks in key cities and on aircraft in flight may reduce the appetite of the leisure traveller to undertake trips, particularly to certain geographies, resulting in declining revenues. Geopolitical conflicts, climate change, natural disasters, or other adverse events outside of the control of the Group may also reduce demand for or prevent the ability to travel to affected regions.

Direction of change: Decrease driven by recovery in business from the impact COVID-19 had on our business.

MANAGEMENT AND MITIGATION

Our target 18-34-year-old population tend to be flexible as to destination and are less risk adverse. Their trips tend to be a 'rite of passage' rather than a more discretionary or optional vacation resulting in less aversion to these risks and more flexibility in configuring trips around restrictions.

We maintain a close working relationship with our hostel partners to ensure we monitor key developments in the market and can take timely mitigating actions if necessary.

Risk assessment and due diligence controls are carried out by our dedicated procurement function and relevant business owner in respect of each third-party provider.

12 Brand and Reputation — Direction of Change

DESCRIPTION AND IMPACT

Reduced brand marketing spending is likely to have impacted brand recognition and trust.

Cyberattacks and poor customer experiences (with our hostel partners and our services) pose reputational risks.

False claims about diversity, equity and inclusion or sustainability could damage reputation.

Response to geopolitical developments and improper user actions could also affect brand integrity and the business.

MANAGEMENT AND MITIGATION

The paid marketing teams focus on promoting the app and emphasising new social features. Brand marketing sustains active owned channels, with added investment in social media content creators, yielding increased engagement on TikTok and Instagram.

An ongoing CRM strategy integrates social features into the customer journey, while proactive communication addresses emotive issues like the Ukraine war.

External PR advisors handle corporate incidents, and the crisis communications plan is updated with their involvement.

Cybersecurity measures are robust, with a crisis plan adjusted to address potential attacks.

An ESG Steerco oversees sustainability, mitigating risks through third parties.

Customer service ensures positive experiences, backed by a crisis management policy. In-app social features include terms, a code of conduct, and automated moderation for user-reported inappropriate behaviour.

13 Business Continuity — Direction of Change

DESCRIPTION AND IMPACT

IT system failures, including third-party services, could disrupt bookings, payments, and administrative services.

Weakness in business continuity planning ("BCP") may lead to major service disruption. Aging technology poses reliability, security, and feature delivery challenges.

Sole reliance on one cloud provider region risks business impact from data centre outages.

MANAGEMENT AND MITIGATION

The Group's BCP prioritises e-commerce operations, backed by external advisors' disaster recovery plans.

Modernisation and cloud transition enhance resilience.

Robust supplier terms cover force majeure and BCP. Successful COVID-19 response validates BCP and backup systems, which are reviewed periodically for relevance and effectiveness.

14 Taxation — Direction of Change

DESCRIPTION AND IMPACT

Indirect taxes are a growing area of complexity with different regimes and rules in place in countries where the Group does business. Measures introduced include digital services taxes to address multinational businesses operating without a physical presence in Europe, and DAC 7 which requires digital platform operators to collect and report information on sellers, with penalties and potential lost revenue for non-compliance. There is a risk that the Group does not stay ahead of compliance in all jurisdictions in which it operates. In addition, changes in tax legislation such as the European Commission's proposals in relation to VAT in the Digital Age, interpretations, or OECD recommendations may expose the Group to additional tax liabilities.

Due to the increasing global workforce footprint of the Group, a tax authority may consider a permanent establishment to exist in a country by virtue of some activity being carried on there.

Key functions, assets or risks undertaken/managed outside of Ireland may cause tax leakage. If tax authorities take a different view than the Group as to the basis on which the Group is subject to tax, it could result in the Group having to account for tax that it currently does not pay. This may increase the Group's effective tax rate, increase tax cash outflows, and increase the costs associated with tax compliance.

MANAGEMENT AND MITIGATION

Tax risk management involves qualified personnel and collaboration with big four tax advisors. Regular assessments, briefings to the Board, and biannual reviews with advisors, address tax impacts and legislative changes.

Monitoring the global footprint includes implementing the relevant tax structures and enforcing a strict work-from-abroad policy.

Key function locations are approved, and transfer pricing policies align accordingly, demonstrating proactive tax risk mitigation strategies.

Principal Risks and Uncertainties continued

15 Regulation — Direction of Change

DESCRIPTION AND IMPACT

The Group faces regulatory and legal challenges in its global operations. We are exposed to issues regarding competition, licensing of local accommodation and experiences, language usage, web-based trading, consumer compliance, tax, intellectual property, trademarks, data protection and information security and commercial disputes in multiple jurisdictions.

It's crucial that the Group complies with the Task Force on Climate-Related Financial Disclosures and stays abreast of evolving sustainability regulations.

The Group is subject to various regulations, including payment card association rules, the EU Package Travel Directive, and rules on cookies usage (impacted by GDPR and ePrivacy Directive). The Digital Services Act also imposes content moderation and transparency obligations.

Increased scrutiny of the mechanisms to transfer personal data to third countries such as in relation to the EU-US Privacy Shield and Standard Contractual Clauses create uncertainty in relation to international transfers of personal data.

The California Privacy Rights Act introduces new privacy requirements. New sign-up regulations, like DAC 7 EU Tax directive, may slow operations, impact property categorisations, and result in closures due to changing local laws. Ongoing legal developments pose potential constraints, compliance costs, and business harm for the Group.

MANAGEMENT AND MITIGATION

The legal team keeps abreast of current and anticipated legal requirements, and consult with external legal advisors on territory specific legal and regulatory issues.

Qualified and experienced in-house lawyers ensure consumer compliance, listing rules, governance code, and Market Abuse Regulations adherence.

TCFD governance structure and third-party monitoring ensure compliance with climate changes.

External insurance brokers are appointed to optimise insurance terms reflecting industry standards.

Payment options are expanded for customer efficiency.

The Digital Services Act is carefully reviewed, and processes are updated for social functionality and customer reviews.

Continuous reviews address online safety, media regulations, and evolving data protection legislation in the wider legal framework.

Viability Statement

In accordance with the provisions of the Code, the Directors are required to report on their assessment of the prospects of the Group meeting its liabilities over the assessment period, considering the Group's current financial position and the potential impact of the principal risks and uncertainties outlined on pages 31 to 40. The financial position of the Group, its cash flows, liquidity position and debt facilities are outlined in the Financial Review on pages 24 to 29.

The scenarios are modelled based on the Board approved 2024 budget and four-year outlook. Further detail on the 2024 budget and four-year outlook, and our going concern note, are set out in the Financial Statements on pages 168 and 169 with further detail on our four-year outlook included on page 186.

Within each viability scenario the Group have also considered the term loan facility covenants in place, relating to the Group's term loan facility and RCF with AIB, as disclosed within note 21 to the Financial Statements.

Assessment of Viability Period:

We have assessed a three-year period to 31 December 2026 for our viability scenarios modelled. The Directors concluded that three years was an appropriate period for the assessment as future assessments are subject to a level of uncertainty that increases with time, and therefore future outcomes cannot be guaranteed or predicted with certainty.

Viability Scenarios Modelled:

The output of the Group's strategic and financial planning process reflects the Board's best estimate of the future prospects of the business. To make the assessment of viability, however, additional scenarios have been modelled over and above those in the 2024 budget and four-year outlook, based upon a number of the Group's principal risks and uncertainties which are documented on pages 31 to 40.

These scenarios were overlaid into the 2024 budget and four-year outlook to quantify the potential impact of one or more of these crystallising over the assessment period. Whilst each of the Group's principal risks has a potential impact and has therefore been considered as part of the assessment, only those that represent severe but plausible scenarios have been modelled.

Within their review, the Group have also considered the most effective means of mitigating the risks they pose.

Scenario 1	Extended Travel Disruption Resulting from an Event Outside of the Group's Control
Link to Risk	Macroeconomic Risk, Impact of Uncontrollable Events on our Business and the Leisure Travel Industry
Consequences	The Group has considered the impact to cash if an event were to occur that is outside of its control. This may include geopolitical conflicts and their associated impacts including further effects of the ongoing conflict in Ukraine and the Middle East, terrorist attacks, natural disasters, or other adverse events outside the Group's control. There is also a risk there is a prolonged impact to consumer demand as a result of increased inflation and high cost of living which may impact a consumer's desire to travel. Where a consumer is unwilling or unable to travel, these consequences would impact the Group's revenue and cash. Our scenario is based on such an event occurring involving a 20% decline in revenue and direct marketing costs but carrying the current level of operating costs for a two year period. The Group consider this an improbable scenario. In reality should demand decline we would cut our direct marketing spend and take additional cost-cutting measures at our disposal for operating costs and development spend. Upon review of this scenario the Group continues to have sufficient cash reserves to continue in operation.

Scenario 2	GDPR fine, Cyber Security Breach or other Major One-off Cost
Link to Risk	Data Security, Cyber, Regulation
Consequences	There are two significant consequences for a GDPR breach: 1. Tier 1 can attract a fine of €10m or 2% of global turnover, whichever is greater. 2. A tier 2 data breach is a serious GDPR breach, and it can attract a fine of €20m or 4% of turnover, whichever is greater. For the Group, the maximum exposure for a GDPR breach is €20m. The likelihood of this event is remote. The Group takes data protection very seriously and have a designated Data Protection Officer and a series of controls and monitoring in place to ensure compliance. The Group has considered the fine within its cashflows in 2025 (assuming that an investigation for a major breach would take approximately two years) and is comfortable that such a fine would not jeopardise the viability of the Group over the next three years.

Scenario 3	Climate-related Disaster
Link to Risk	Climate Change and Sustainability
Consequences	There is also a risk that environmental concerns may result in a reduction in consumer demand as consumers may choose to travel less frequently or certain destinations may become less desirable due to extreme weather events such as heat waves and wildfires. We have amended our cash flows to assess the impact of weather events which could impact the Group. We focused our review upon our largest regional markets. In 2023 Europe accounted for 66% of our revenue (2022: 66%). Our scenario has been represented by a heatwave in Europe in the summer of 2024 resulting in the closure of all European hostels for the month of July. Furthermore, no corresponding reduction in marketing costs has been factored which would occur in practice. The Group consider a full month closure across the whole of Europe to be a very unlikely scenario with more sporadic and localised closures to occur in reality. However, the application of this extreme scenario shows that the Group continues to have sufficient cash reserves to continue in operation. There is significant headroom included in our models due to the disaggregated nature of our revenue.

The above scenarios are designed to allow the Group to review the maximum impact that such situations could have, such as the maximum fine in the event of a GDPR breach, in order to consider situations which could threaten its viability should they arise. However, as described above, there are controls and monitoring processes in place to allow us to observe the likelihood of these scenarios occurring and also to ensure we are best prepared to mitigate the impact on the business.

Having considered these stressed scenarios and based on their assessment of prospects and viability above, the Board confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ended 31 December 2026 while adhering to the financial covenants connected with the term loan facility. By using available resources and debt facilities available with AIB, managing spend, and the Group's real-world experience of managing trade through COVID-19 in the past, the Directors have concluded in each viability scenario that the Group would be capable of absorbing the potential impact on the business and remain a viable going concern.

The Directors also consider it appropriate to prepare the financial statements on the going concern basis, as explained in the Basis of Preparation paragraph in note 1 to the Consolidated Financial Statements and on page 149 within the Directors' Report.

Sustainability Highlights 2023

Second edition of Bureau Veritas report validating that hostels are a more sustainable option to hotels

Awarded Silver Investors in Diversity accreditation

Became a signatory to the Climate Pledge, joining Amazon and Global Optimism in committing to reach net-zero emissions by 2040

Launched the ability for our customers to take responsibility for the carbon emissions of their stay, in partnership with Cloverly

Developed our *'Staircase to Sustainability'* framework, in line with Global Sustainable Tourism Council ("GSTC") requirements

Launched sustainability stories highlighting some of the incredible work being performed by our Hostels

Awarded with South Pole's "Funding Climate Action" label

Training delivered to Sustainability Steering Committee and Audit Committee on upcoming CSRD governance

2023 HOSCARs celebrating, amongst other categories, Eco Warriors and Community Champions

Sustainability at Hostelworld

Sustainability is central to our strategy at Hostelworld and furthermore, it is an inherent characteristic of the hostelling category itself. It is of critical importance to our hostel partners, 85% of whom either participate in sustainability initiatives or have expressed interest in doing so. Hostels are providing sustainable accommodation options for the increasingly environmentally conscious traveller. Thus, our sustainability roadmap focusses on assisting our hostel partners, meeting our customers' expectations and ensuring our own operations are sustainable, and our employees are valued.

Our sustainability goals are creating long-term value for the business. We are committed to conducting our business the right way and we want to drive meaningful change across the industry.

In 2023, our second edition study with Bureau Veritas, an independent laboratory testing, inspection and certification services provider, validated again that hostels remain the more sustainable accommodation choice compared with hotels. Bureau Veritas compared the average emissions of 30,697 hostel beds, across Europe, against a sample of representative European hotel chains. The report identified that hostels produce 82% less carbon than hotels. This is a further improvement compared with last year's report, with the 2022 analysis reporting that hostels produced 75% less carbon than hotels[1].

Our biggest milestone, to date, has been the launch of the bespoke *'Staircase to Sustainability'* sustainability framework in Q1 2024. Developed in partnership with the Global Sustainable Tourism Council ("GSTC"), the framework is the first of its kind, tailored specifically for the unique characteristics of the hostelling category. Customers will have the ability to browse for the most sustainable hostels on our site, providing transparent information and enabling our customers to make informed choices. Divided into four levels, and aligning directly with the established sustainable tourism criteria of the GSTC, the *'Staircase to Sustainability'* is designed to not only help hostels identify any gaps in their current sustainability practices, it also works as a guide on how to move up the 'staircase' to secure a formal certification. This framework provides hostels with a clear mechanism for communicating their sustainability practices.

We promote the hostels that champion sustainability and demonstrate to their hostel peers how to implement solid environmental processes. In 2023 we produced a series of interviews with hostels, named Hostelworld's Sustainability Stories, which shined a spotlight on some of our hostel partners' incredible ESG initiatives, including inclusivity and volunteering, assisting local communities and business practices.

Our annual HOSCAR awards celebrate the best-in-class hostels, and in 2023 included two sustainability categories. Firstly, a 'Community Champion' to celebrate hostels who have made a clear and constructive effort to drive community change through volunteering. Secondly an 'Eco Warrior' category to celebrate hostels that participate in eco-friendly projects and practices that help protect our planet and help inspire travellers to adopt a responsible and sustainable lifestyle.

As part of our ESG strategy, we have also created educational content for customers on sustainable and responsible travel, distributing this through our blog, CRM, and social media channels. Through our social media and blogs we have opened up discussions around accessibility, inclusivity and diversity including a piece on making friends as a deaf solo traveller, raising profiles of black travel creators, highlighting LGBTQIA+ friendly hostels and accessible travel tips for those with extra needs such as neurodiversity. We have an amazing social product that brings people together, and in 2024 we will innovate with further sustainability focussed product features.

[1] Both studies compared an average hotel night, to a hostel night, on a per bed basis for scope 1 and scope 2 emissions. 2023 edition called "Understanding the carbon impact of hostels vs hotels 2023 (2nd edition)" and is available at https://www.bureauveritas.co.uk/hostelworld-carbon-impact-analysis-2nd-edition

Within Hostelworld, we have worked hard to reduce our scope 1 and scope 2 emissions by supporting agile ways of working, exiting long-term lease arrangements in favour of smaller co-working spaces, migrating our platform from physical data centres to cloud native infrastructure. As our business grows, scope 3 emissions will naturally increase as a key metric linked to revenue as we spend more on purchased consumables for marketing and our employees travel to meet our hostel partners. >85% of our costs are with suppliers who are either carbon neutral and/or have Science-Based Targets Initiative ("SBTi") reduction targets in place. We also ensure that we take full responsibility for our emissions by investing in climate action projects, including any travel costs of our attending hostels at our annual conferences. While under SBTi guidance we are a small to medium size business, and therefore do not need to set a target for scope 3 emissions, we will do so 2024.

We keep our people engaged on our ESG journey through our quarterly newsletter, fireside chats with a variety of external speakers and regular updates at our townhalls. We encourage everyone to use their 5 allocated volunteering days, of which 743 volunteering hours were used in 2023. To commemorate 'World Earth Day' we ran an employee competition, the winner of which was given the opportunity to travel to Sri Lanka to volunteer with a local orphanage.

The ESG Steering Committee and I are committed to executing our innovative ESG roadmap, driving change for our hostel partners, our customers and our employees.

Caroline Sherry

Caroline Sherry
Chief Financial Officer and ESG Steering Committee Chair
20 March 2024

Sustainability continued

Listing Rule 9.8.6R Compliance Statement

Hostelworld Group plc has complied under the 'comply or explain' requirements of LR 9.8.6R by including climate-related financial disclosures in this section (and in the information available at the locations referenced therein) consistent with the TCFD recommendations.

Task Force on Climate-related Financial Disclosures Recommendations

The following table summarises the elements of the TCFD framework, the work we have completed to date in relation to each TCFD recommendation, and future actions we are committed to taking. Further detail is included within this report.

TCFD Focus Area	Recommended Disclosure	Disclosure Overview
Governance		
Disclose the organisation's governance around climate-related risks and opportunities	Describe the Board's oversight of climate-related risk and opportunities. Describe management's role in assessing and managing climate-related risks and opportunities.	• Full governance structure is set out on pages 50 and 51. • Bi-annually the Board and Audit Committee review and approve the climate-related risks and opportunities, together with the main risk register. • Audit Committee review TCFD content in the Annual Report and recommend to the Board their approval of the content. • The CFO and the Committees receive direction from the Board. An ESG Steering Committee, led by the CFO, meets monthly and provides routine updates to the Board. • The ESG Steering Committee manage the strategy day to day. • Current year sustainability training provided at ESG Steering Committee level and Audit Committee level.
Strategy		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	• A summary of the Risk and Opportunity Register is set out on pages 51 to 58. • The output of the Register has been integrated into our Hostelworld strategy, where the Group is committed to promoting hostels as a sustainable accommodation option, and to assist customers and hostels on their sustainability journeys. Please see references to sustainability and our strategy set out within the Strategic Report from pages 14 to 83. • Following completion of specific climate change related scenario reviews, we have not identified a material risk to the viability of the Group. Detail is included on pages 57 and 58. An annual reassessment of our scenario analysis will be performed, and a viability scenario has been included in our going concern assessment on page 43.
Risk Management		
Disclose how the organisation identifies, assesses, and manages climate-related risks	Organisation's processes for identifying and assessing climate-related risks. Organisation's processes for managing climate-related risks. Processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	• An assessment of climate-related risks over short, medium and long term was performed and linked to existing risk categories. See detail on pages 51 to 56. • Climate-related risks and opportunities were reviewed in the same manner as our main Risk Register, and the Group continue to look at ways of aligning internal processes with the recommendations of the TCFD.
Metrics and targets		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	• South Pole engagement to calculate Hostelworld's emissions. scope 1, 2 and 3 emissions are set out on pages 59 to 62. • Science-based emissions reduction targets disclosed for the Group for scope 1 and 2 emissions. Scope 3 target will be set in 2024. Detail and additional metrics and targets are set out on pages 62 to 64. • Targets set by the Group focus on what is controllable by the Group with an emphasis on taking responsibility by investing in climate action projects where we have residual emissions that cannot be reduced, employee engagement on our sustainability journey and providing sustainability focused products and services for our customers and hostel partners.

SUSTAINABILITY STORY

Meet
Modal Hostel

A true ally to the LGBTQIA+ community, Modal, Greenville, South Carolina, has become the go-to spot for queer locals and visitors. From hosting events and charity fundraising to providing a voice for those discriminated against because of their sexuality.

Before they opened, Modal made it their mission to employ a diverse workforce and encourage guests from all backgrounds and identities to visit. They run a series of queer events and led the first Pride in their city. Meeting non-profits that serve the LGBTQIA+ community, Modal discovered the wider issues people in the community face. From those displaced from their homes or kicked out of university for their identity, to healthcare support for sexually transmitted diseases. To help raise awareness of the non-profits, Modal launched their Queer Non-profit Showcase, a fair at the hostel where organisations can share the support services they offer.

Modal works with one non-profit in particular, 864Pride, that provides mental health support, food, clothing, and funding for healthcare to LGBTQIA+ people in crisis.

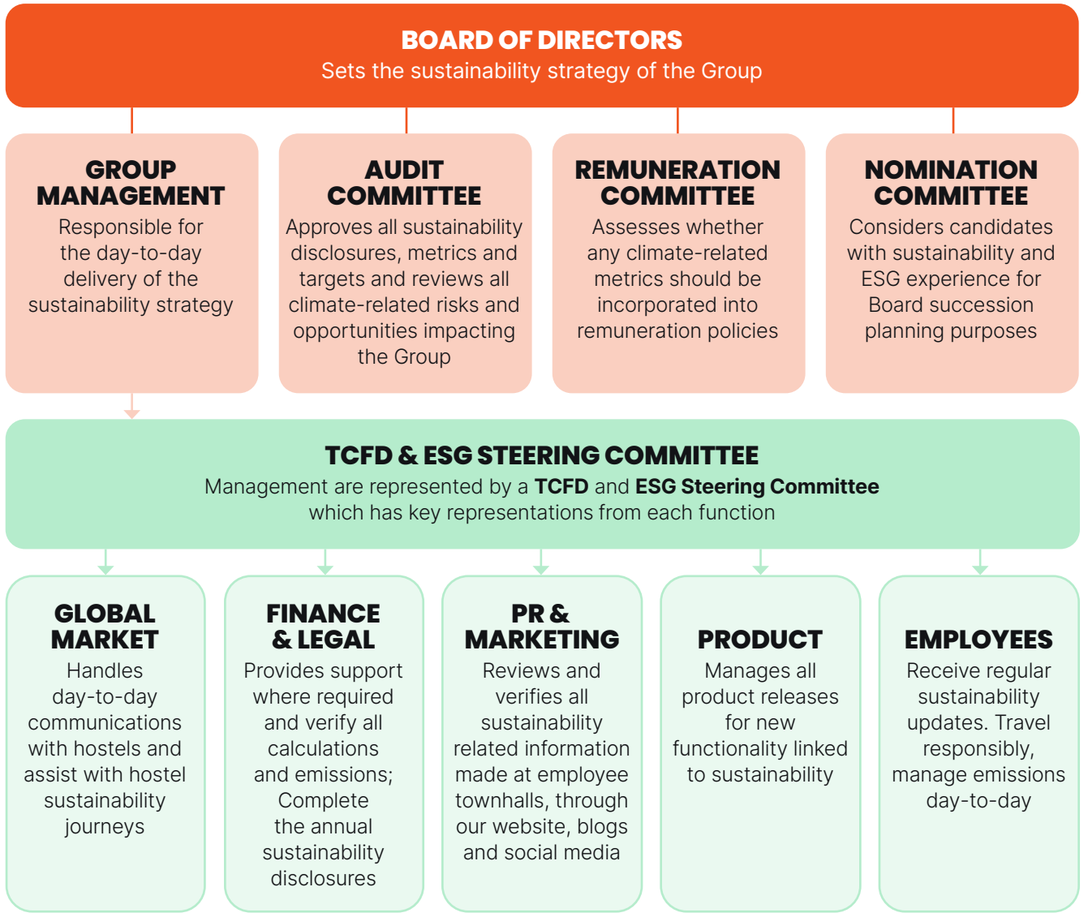
With homeless shelters often not welcoming or discriminating against people of certain identities, Modal provides safe housing where all people are welcomed and celebrated. They've helped around a dozen people this year and fundraised to get them back on their feet, even offering some people jobs.

Crowned LGBTQIA+ Business of the Year by the Greenville Chamber of Commerce, Modal worked with the Chamber to create a Queer Arts Initiative. Starting by hosting artists at the gallery in their hostel, they've now raised $10,000 to give artists access to resources and to create their own shows.

Modal is a shining beacon of light for inclusivity and diversity. While they do so much for the LGBTQIA+ community, they welcome people from all walks of life.

Sustainability continued

Governance Structure:



The Board of Directors: There has been a high level of focus on climate-related matters at Board level as the landscape continues to evolve with further regulatory developments and changes in stakeholder expectations.

	Number of scheduled meetings	Meetings where sustainability was discussed
Board	12	6
Audit Committee	4	3

The expertise of the Board on climate-related risks and ESG-related matters continues to be enhanced through regular interactions with management and through membership of Board members on boards of other large companies with significant internal ESG-related subject matter expertise. During 2023 the Audit Committee also received external training from a leading consultancy firm which focused on sustainability reporting including ESG and TCFD requirements, as well as an introduction to CSRD.

The Board takes overall responsibility for identifying the nature and extent of the climate-related risks and opportunities to be managed by the Group to ensure the successful delivery of its strategic and business priorities.

How sustainability and climate change have impacted the strategy of the Group are set out within the Chairman's and CEO's statement within the Strategic Report from pages 14 to 21.

The Audit Committee is responsible for reviewing and approving the content against the TCFD requirements and for reviewing the Group's climate-related Risks and Opportunities Register twice yearly. The Audit Committee is also responsible for monitoring the development of climate-related risk metrics and targets and performance against these targets. Further detail is included in the Audit Committee report on pages 110 to 117.

The Remuneration Committee reviews annually any impact to its incentive structure for sustainability related metrics. The Group does not have any climate-related metrics that are incorporated into its remuneration policies currently.

Management is responsible for managing on a day-to-day basis the climate-related risks and opportunities faced by the Group and for delivering the roadmap to achieve the climate-related risk and opportunity management strategy set by the Board.

A ESG and TCFD Steering Committee, chaired by the CFO, comprised of representatives from group finance and legal, global markets, product and marketing, oversees our sustainability strategy, progress against the TCFD recommendations and the publication of our annual disclosures.

The ESG and TCFD Steering Committee received specific training on sustainability and upcoming CSRD regulations from a leading consultancy firm in H2 2023 and keeps up-to-date on regulatory requirements through access to external advisors and attendance at external briefings hosted by ESG and TCFD subject matter experts.

Our functions support the business in achieving their climate-related risks and sustainability targets. Marketing and public relations communicate our climate-related risks and sustainability strategy to external stakeholders. Group finance educates the business on how to understand the financial impacts of climate-related risks and opportunities, produces external ESG metric reporting and prepares annual report disclosures that align to the recommendations of TCFD. Product teams are responsible for any products on the roadmap, namely any products that impact customers and the *'Staircase to Sustainability'* roadmap. Global markets are responsible for all hostel interactions and the delivery of our *'Staircase to Sustainability'* initiative. Further detail is included on page 65.

Identifying and Managing Climate-Related Risks and Opportunities:

Each half year a robust assessment is performed of the climate-related risks and opportunities affecting the Group.

In line with the principal risks, the Board takes overall responsibility for identifying the nature and extent of climate-related risks and opportunities to be managed by the Group to ensure the successful delivery of its sustainability agenda. The Audit Committee monitors certain risk areas and the internal control system, as set out in the report on governance.

Climate-related risks and opportunities are monitored and reported on using a bottom-up approach. Each risk or opportunity is assigned an owner on the ESG and TCFD Steering Committee who have the expert subject knowledge for that risk or opportunity. Each risk and opportunity identified is subject to an assessment incorporating likelihood of occurrence, time horizon it could impact the Group, any mitigations in place and the potential financial impact it could have on the Group. In this assessment, other subject matter experts in Hostelworld are engaged as required in the review such as the group finance and group legal teams, and the Chief Supply Officer who oversees hostel relationships and the impact that climate change can have on hostel supply. The completed risk and opportunity register is reviewed by the ESG and TCFD Steering Committee and presented to the Audit Committee biannually, together with the Group's main Risk Register. In turn, the Audit Committee present the Risk and Opportunity Register to the Board for final approval.

The most material risks and opportunities facing the Group are set out in the following table, together with comments on how they are managed to minimise their potential impact.

Sustainability continued

Most Material Transitional Risks:

Reputational Risk

Time Frame[1]: Short, medium and long term.

Likelihood: Unlikely.

Geography: This is a global risk with Hostelworld having supply in >180 countries. There are areas of heightened risk which are highlighted in our scenario analysis on pages 57 and 58.

Impact Categorisation[2]: High

Risk Description and Mitigations

Greenwashing claims, changing customer or community perceptions of organisations contribution to sustainability.

If Hostelworld is identified as an organisation that makes false claims about its sustainability activities, the reputational damage could be devastating and could impact revenue, supplier and employee relationships and investor relations. Our investors and employees could easily consider that we are not doing enough in this very important area.

We may also be subject to climate-related litigation claims.

Potential Impact and Materiality

To monitor the risk day to day there is an increased regulatory and PR cost to Hostelworld. If the risk did materialise it is difficult to quantify the impact without a specific scenario arising but from initial assessment brand damage in the area would easily exceed €1m. With this in mind we have categorised the risk as high.

To date no legal actions have been taken against corporates who operate the same model as we do. We have not assessed the financial impact of a litigation claim as we consider it unlikely.

Our Response

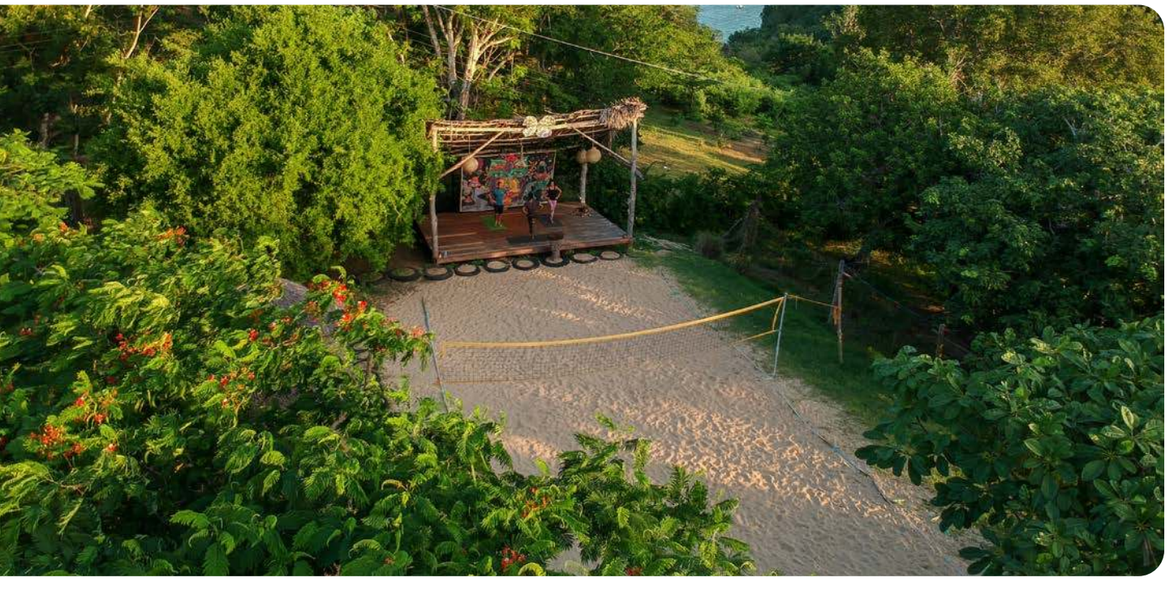
Hostelworld avail of credible third parties to support work undertaken where possible. We partnered with South Pole to calculate our emissions.

We commissioned research on an assessment of whether hostels were a sustainable way to travel with independent company Bureau Veritas. Our sustainability framework is based on the principles set out by the GSTC. We closely monitor for any bad press.

Metrics:
- Negative press against Hostelworld
- Litigation claims against Hostelworld

Targets:
- Nil litigation claims or bad press

As these are unconsidered unlikely they are not included in our metrics and targets table on pages 63 and 64.



Most Material Physical Risks:

Physical chronic risk: Longer-term shifts in climate patterns.

Time Frame[1]: Long term assuming this reoccurs for hostels in specific locations each year or hostels are permanently shut.

Likelihood: We consider this a likely event with an increasing risk as evidenced by recent weather events.

Geography: This is a global risk with Hostelworld having supply in >180 countries. There are areas of heightened risk which are highlighted in our scenario analysis on pages 57 and 58.

Impact Categorisation[2]: Low

Risk Description and Mitigations

Sustained higher temperatures that may cause sea levels to rise and/or chronic heat impacting travel in the impacted areas.

Hostelworld has a diverse customer base and operates across a wide number of geographical locations. Our target 18-34-year-old population tend to be flexible as to travel destination. Should a shift in climate patterns occur we will experience an impact to revenue in the specific location as demand falls for the location impacted. To counter the risk, we know that our customers are flexible and want to travel – if they are unable to travel to a particular country or place we have evidence from studying historic booking behaviours that demand moves elsewhere. Where there is a severe weather event and demand does move to a new location, hostels have a relatively low set up cost from a physical structure and regulatory perspective compared to other accommodation solutions. Our largest costs relate to direct marketing.

We have full flexibility over our cost base to match direct marketing costs to demand very quickly.

Potential Impact and Materiality

Hostelworld would experience reduced revenue for increased weather events mainly because customers would be unable to travel and there may be an impact to supply for the hostels impacted in the location. A location may change from being a desired destination by our customers. It is difficult to identify the financial impact of this risk on operations given the mitigations outlined opposite but we have completed scenario analysis on pages 57 and 58.

The overall risk would be considered low driven by the disaggregation of our revenue and the high volume of bookings/customers.

Should an event occur, we will experience a short-term impact to revenue in the specific location as customers change their travel plans. We know that our customers are flexible and want to travel – if they are unable to travel to a particular country or place we have evidence from studying historic booking behaviours that demand moves elsewhere.

A number of locations would need to be impacted at the same time with 100% hostel closure for the financial impact to be considered as medium or high.

Our Response

Our response to this risk is to continue to monitor booking demand and levels, and the impact climate change can have. We will continue to review our products and invest in sustainable solutions where possible.

We will support hostels on their sustainability initiatives to have enduring sustainable product and encourage best practice through the *'Staircase to Sustainability'* initiative.

Metrics:
- Volume of product offerings and experiments to further enhance the sustainable nature of hostelling

Targets:
- 1 sustainable focussed product to be delivered annually

Sustainability continued

Physical acute risk: Extreme weather events (hurricanes, flooding) impacted travel in the impacted areas.

Time Frame[1]: Short to medium term (assuming that hostels would have the ability to reopen).

Likelihood: We consider this a likely event with an increasing risk as evidenced by recent weather events.

Geography: This is a global risk with Hostelworld having supply in >180 countries. There are areas of heightened risk which are highlighted in our scenario analysis on pages 57 and 58.

Impact Categorisation[2]: Low

Risk Description and Mitigations

Extreme weather events (hurricanes, flooding) can impact travel in the area where the physical risk has occurred.

The risk is mitigated as Hostelworld has a diverse customer base and operates across a wide number of geographical locations. Our target 18-34-year-old population tend to be flexible as to travel destination. Should an event occur, we will experience a short-term impact to revenue in the specific location as customers change their travel plans. We know that our customers are flexible and want to travel – if they are unable to travel to a particular country or place we have evidence from studying historic booking behaviours that demand moves elsewhere.

Our largest costs relate to direct marketing. We have full flexibility over our cost base to match direct marketing costs to demand very quickly.

Potential Impact and Materiality

Should an event occur, Hostelworld would experience a short-term impact to revenue in the specific location as customers change their travel plans. Hostelworld customers are flexible and want to travel, if they are unable to travel to a particular country or place we have evidence from studying historic booking behaviours that demand moves elsewhere.

The overall risk would be considered low driven by the disaggregation of our revenue and the high volume of bookings/customers. A number of locations would need to be impacted at the same time with 100% hostel closure for the financial impact to be considered as medium or high.

Further detail is included in our scenario analysis on pages 57 and 58.

Our Response

Our response to this risk is to continue to monitor booking demand and levels, and the impact climate change can have. We will continue to review our products and invest in sustainable solutions where possible.

We will support hostels on their sustainability initiatives to have enduring sustainable product and encourage best practice through the *'Staircase to Sustainability'* initiative.

Metrics:
- Volume of product offerings and experiments to further enhance the sustainable nature of hostelling

Targets:
- 1 sustainable focussed product to be delivered annually

Highest Opportunities:

Opportunity to support hostels and customers through delivery of sustainable products.

Time Frame[1]: Short to medium term

Likelihood: Likely

Geography: This is a global opportunity with Hostelworld having supply in >180 countries.

Impact Categorisation[2]: High

Opportunity Description and Mitigations

Opportunity to develop sustainable products and low emission services to accommodate shift in consumer preference.

Opportunity to support hostels on their sustainability initiatives regardless of what stage they are at on their journey through our 'Stairway to Sustainability' framework.

Potential Impact and Materiality

Cost of this opportunity relates to a commitment of wages and salaries costs of our technology, development, and global market teams to develop the products. Wages and salaries have a negligible financial impact given existing squads are already in place with allocated time on 2023 and 2024 roadmaps.

From a product success point of view, we believe this opportunity to have a high impact. For example, Hostelworld is uniquely positioned to assist hostels with the measurement of their emissions, assist them on their journeys to be audit ready and have the ability to apply to obtain formal certification through our *'Staircase to Sustainability'* framework.

Our Response

We have committed internal resources from revenue development projects to sustainability as we genuinely believe it is the right thing to do.

We have and will continue to undertake experiments to understand the popularity of additional feature offerings.

Examples include our partnership with Cloverly, leveraging our new Linkups feature within our social platform for hostel ESG events, allowing eco chats and Hostelworld focused social media campaigns.

Metrics:
- Volume of product offerings and experiments to further enhance the sustainable nature of hostelling

Targets:
- 1 product to be delivered annually

Sustainability continued

Opportunity to reduce and manage Hostelworld's emissions.

Time Frame[1]:	Short to medium term.
Likelihood:	Likely
Geography:	Impacts the locations where our people are based. There are office spaces in Dublin, Portugal, Australia and China. We also have remote employees in Italy, Spain and Germany.
Impact Categorisation[2]:	Low

Opportunity Description and Mitigations

Use resources efficiently and manage ways of working of employees to limit Hostelworld's impact on environment.

Steps already taken to reduce our impact on the environment include reducing our reliance on printing by promoting a paperless office environment and encouraging third parties to do everything electronically such as invoicing and contracting (using DocuSign), putting provisions in place to promote recycling across all our office locations, focusing on energy and natural resource conservation e.g., our offices have stop taps for water consumption and controlled lighting and air conditioning.

We have HR policies in place to support flexible methods of working to allow people to work from home and avoid emissions of commuting. We will continue to monitor and make changes to maintain our low emissions.

Potential Impact and Materiality

We operate a low emissions environment and as such the opportunity has low impact on direct operations of the Group. We utilise shared office locations across our office presence in Dublin, Portugal and Australia which means we have low scope 1 and scope 2 emissions, which drives an impact categorisation of low.

There is a challenge in particular to manage our scope 3 emissions as the Group grows. We have rising scope 3 emissions through purchased consumables and business travel. We engage in business travel for our flagship hostel conferences where we bring our employees and hostels together.

Our Response

We undertook work already in 2021 and 2022 to reduce our scope 1 and scope 2 emissions. Maintaining the current level of scope 1 and scope 2 emissions will be central to future decision making.

Metrics:
- Scope 1, scope 2 and scope 3 emissions
- Volume of investments in climate action projects

Targets:
- By 2026 ensure over 90% of our purchased consumables will be with suppliers who are either climate neutral or who have established their own SBTI targets to be climate neutral by 2030
- Ensure climate contributions are made for the carbon emissions of any hostel conferences or other large Hostelworld events with a reputable third party. Maintain this target annually.
- Set a reduction target for scope 3 emissions as % of generated net revenue in 2024.

[1] 0-3 years short term which aligns to our viability assessment on pages 42 and 43, 4-10 years medium term in line with the longest contracts we have within Hostelworld, 10+ long term in line with the visions and commitments of the Climate Pledge and the Governments with which we serve.
[2] Impact can be assessed as high, medium or low dependent on how material the damage or upside would be to the Group if the risk or opportunity materialised. Assessment takes into account mitigations in place.

SUSTAINABILITY STORY

Meet
Rio Hostel Buritaca

Tucked away in the Columbian jungle, near the tropical beaches of Tayrona National Park, sits El Rio Hostel (or Rio Hostel Buritaca). Known as a fun and sociable stop on the backpacker trail, complete with a riverside bar, private beach, and tipsy tubing, El Rio isn't just a pretty face. Through educational, environmental and sporting programs, bolstered by volunteering visitors, the hostel helps hundreds of local people everyday.

El Rio wanted to give back to the community that they built their business on. Before opening, their co-founder Ben began to teach English, starting with taxi drivers who ferry guests through the Columbian jungle, and moving to the rest of their team. Teaching English to staff turned into such a big job that the hostel employed a full-time teacher. Staff get to learn a language that may help them secure future jobs, and they can better engage with most hostel guests. El Rio now employ a team of 80 people, mostly from local villages. Roughly 12 full time hostel volunteers work alongside their team at any given time.

El Rio run clubs everyday with the help of travelling volunteers. From theatre, to dance, and even circus skills, the list goes on. All clubs are free and running on donations. The community became bigger than they ever expected, so to support the free activities they created the El Rio Foundation where they now fund and resource their charitable efforts.

El Rio have hit the right balance of helping the community, whilst being mindful of maintaining culture. This is reflected in responses from local children. During a 'Gratitude Week' at the foundation, when the kids were asked what they were grateful for, their response was "thank you for bringing the gringos", which says it all! A donation of $1.30 (COP 5,000) is added to every guest's bill (they can opt out if you want to!), but this means that by simply staying there, guests are already helping fund foundation activities.

Scenario Analysis – Revenue Focused

Scenario analysis helps us to understand the potential impact of climate change on our business and to inform our business strategy and financial planning. Climate change has the potential to impact our business to varying degrees by impacting consumer behavior and supply of hostels. The Board approved 2024 budget and four-year outlook has incorporated all operating costs relating to our sustainability roadmap, as well as the cost of future emission reductions and investments in climate action projects. Following an assessment completed by the Group, the budget does not contain any other liabilities, provisions or contingent liabilities relating to climate change. Budgeted bookings and revenue also do not contain any specific climate-related adjustments. Driven by how we budget revenue any impacts of climate change from 2023 would be captured as revenue is built on a country and seasonal level based on the prior year. Further detail is set out within Note 1 Going Concern to the Financial Statements.

The most difficult risks to analyse are the impact of physical risks relating to increased extreme weather events and longer shifts in climate change on our revenue streams. Hostelworld is diversified across a wide range of customers and geographies. To establish that we are not dependent on any individual market which if impacted would compromise the commercial viability of our business, we performed an assessment at country level of the physical impacts of climate-related risks and what, in the absence of any mitigation, the impact would be on Hostelworld turnover for changes in consumer behaviour and hostel supply as a result of climate change.

Sustainability continued

The scenario analysis presented are based on the following assumptions:

1. The work completed is based on three scenarios set out in the "Climate Change 2023 Synthesis Report" released by the Intergovernmental Panel on Climate Change ("IPCC").
2. We have based our analysis on 2023 revenue data generated by hostel. If an area was in a heightened risk area defined by the IPCC we have considered all hostel closures in that area for a defined period of time below.
3. We have presented the analysis as a % of overall group revenue.
4. We have ultimately presented the analysis at a continent level – where a continent is not set out in the table below, no countries within that continent were set out in the IPCC report.

Scenario 1 – Hot Extreme Temperatures

	1 week closure	2 week closure	1 month closure	3 months closure
Africa[1]	0%	0%	0%	0%
Asia	0%	1%	1%	3%
Central America	0%	0%	1%	1%
Europe	2%	3%	7%	24%
North America	0%	0%	1%	2%
Oceania	0%	0%	1%	3%
South America	0%	0%	0%	1%
Total	**3%**	**5%**	**11%**	**34%**

Scenario 2 – Heavy Precipitation

	1 week closure	2 week closure	1 month closure	3 months closure
Africa[1]	0%	0%	0%	0%
Asia	0%	1%	1%	3%
Europe	1%	2%	4%	14%
North America	0%	0%	0%	0%
Total	**1%**	**3%**	**5%**	**17%**

Scenario 3 – Agricultural and Ecological Drought

	1 week closure	2 week closure	1 month closure	3 months closure
Africa[1]	0%	0%	0%	0%
Asia	0%	0%	0%	1%
Europe	1%	3%	6%	19%
North America	0%	0%	0%	1%
Total	**2%**	**3%**	**6%**	**21%**

[1] Africa included but value is negligible

The scenarios described above are not considered realistic scenarios of how climate change would impact the Group. We assume in each scenario that a hostel will be closed for the referenced period reducing our revenue in peak trading during the summer. There are no mitigation steps involved in our scenario analysis. In reality a customer may simply cancel their booking and travel to an alternative location if their intended destination has been impacted or that only some hostels may be impacted. Nonetheless the sensitivity analysis demonstrates that the overall physical risks of climate change to the viability of Hostelworld would be considered low driven by the disaggregation of our revenue and the high volume of bookings/customers. A number of locations would need to be impacted at the same time with 100% hostel closure for the financial impact to be considered as medium or high.

south pole Steps to be awarded with South Pole's Funding Climate Action Label:

Quantify emissions
- Quantity emissions

Set targets and commit to progress on a climate journey
- Demonstrate progress on climate journey
- Take actions to reduce emissions over time

Make a verified climate contribution
- Invest in high-quality climate action projects that reduce emissions beyond a company's value chain

Communicate your vision
- Transparent communication of vision and targets
- Annual review of emission strategy

Funding Climate Action with South Pole

South Pole are a third party specialist who have calculated Hostelworlds scope 1, scope 2 and scope 3 emissions using the methodology set out on the next page. In addition Hostelworld apply for South Pole's climate labels each year (2021, 2022 and 2023) awarded under SBTi criteria, avail of support in emission reduction strategies from South Pole and utilise South Pole's services to invest in climate projects to make a verified carbon reduction for any emissions that Hostelworld cannot eliminate.

Hostelworld have been awarded with the Funding Climate Action label by South Pole. The label is granted to companies that are working on decarbonising their business and at the same time, funding climate action to contribute to global net-zero. South Pole and Hostelworld reference from the GHG Protocol for accounting, SBTi criteria for target setting and emission reductions, and SBTi BVCM to fund global climate action.

Hostelworld are defined as a small to medium enterprise under the SBTi guidance. The SBTi is a partnership between Carbon Disclosure Project ("CDP"), the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature.

Near-term science-based targets are absolute scope 1 and scope 2 GHG emissions reduction targets that should be achieved by 2030, from a predefined base year set as 2021. The Group will aim to set a target for scope 3 emissions in 2024.

The Funding Climate Action label seeks to provide transparency on Hostelworlds decarbonisation efforts and its investment in the climate action projects that fund global climate action and sustainable development.

In partnership with South Pole, Hostelworld have made an investment in carbon projects to take responsibility of 100% of our total emissions, including emissions relating to their flagship conference events, as set out in the table below. We've also obtained a certificate of verified carbon unit reduction for all investments made in climate action projects, which is fully auditable.

Monitoring our Emissions

Hostelworld annually assesses the greenhouse gas (GHG) emissions of its operations, disclosed in the table below. The footprint covers scope 1, scope 2, and all relevant scope 3 categories. GHG emissions have been measured as required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. We have used the GHG Protocol Corporate Accounting and Reporting standards (revised edition), data gathered to fulfil the requirements under the CRC Energy Efficiency scheme, emission factors from Defra and UK Government conversion factors for Company Reporting (2018) to calculate the disclosures, where they are not separately disclosed by a supplier. Any assumptions use in our calculations are set out below.

We are reporting on the emissions of CO_2 generated by the business and the energy consumed by the business. Given that Hostelworld does not have operational control over the hostels on its platform and does not have access to data points on customers' means of travel, emissions produced by hostels and customers travelling to hostel destinations are not included in the footprint.

Sustainability continued

	2023	2022	2021	2020[1]	2019[1]
Scope 1 – Direct emissions from operations (tCO_2e)	–	–	1	–	–
Scope 2 – Indirect emissions from energy usage (tCO_2e)	7	15	72	127	134
Scope 3 – Indirect emissions primarily from purchased consumables and employee travel (tCO_2e)	2,412	1,576	542	62	782
Total emissions (tCO_2e)	**2,419**	**1,591**	**615**	**189**	**916**
Net Revenue (€'m)	93.3	69.7	16.9	15.4	80.7
Intensity Ratio (tCO_2e/€'m)	25.9	22.8	36.4	12.3	11.4
FTE – average monthly number of people employed (including Executive Directors)	231	239	226	289	314
Intensity Ratio (tCO_2e/FTE)	10.5	6.7	2.7	0.7	2.9
Investments in climate action projects made – tCO_2e	2,419	1,591	615	n/a	n/a

[1] This represents an element of, not total, scope 3 emissions. South Pole measured GHG emissions from 2021 through to 2023. Prior to 2021, purchased consumables did not include paid marketing costs incurred.

Overall, there has been a 56% increase in total emissions between 2022 and 2023 as the Group has recovered from COVID-19. From 2020 to 2022 volume of marketing costs, purchased consumables, and employee travel were limited.

Scope 1 relates to all direct GHG emissions. Hostelworld has limited scope 1 emissions. We do not have any company cars and we do not own any buildings.

Scope 2 relates to all indirect emissions due to consumption of purchased electricity, steam, light and heating. Hostelworld only have two sources of scope 1 and scope 2 emissions in 2023. We only have operational control over offices in Portugal (until May 2023) and China. 99% of our scope 1 and scope 2 emissions are made up of electricity in both countries.

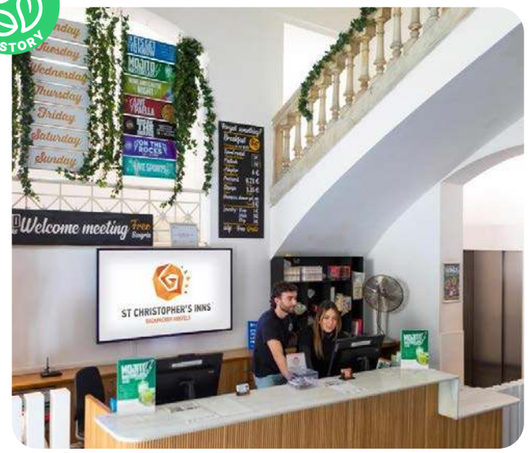
Scope 3 emissions are driven by purchased goods and services (primarily direct marketing costs and cloud costs), any capital goods purchased (laptops), employee business travel, employee commuting and upstream leased assets for our other locations. Hostelworld's main emissions are scope 3, mainly driven by purchased goods and services (70% of total emissions) for amounts spent on paid marketing and cloud, and services such as legal and professional, and business travel (22% of total emissions) as we bought our people together in Dublin and had conferences in Bogota and Copenhagen for our hostels.

Our emissions are impacted by the size of our business, which is driven by our global headcount and office footprint. Accordingly, we have chosen to use an intensity ratio measured on emissions per €m of net revenue and another per FTE in order to put the GHG in appropriate context for the size of the business, and all related references to reductions are intensity-based emission reductions. 2023 represents the first year of normalised emissions post COVID-19 trading. In 2024 the Group will review and determine an appropriate target for scope 3 emissions.

The following assumptions have been made in the calculation of emissions in 2021 to 2023:

- Fugitive emissions were calculated using a South Pole internally calculated emission factor that was used in 2021 and 2022 accounting;
- Unless explicitly stated, it was assumed that all electricity is grid electricity and not renewable;
- Values included for solid waste for other offices are calculated based on the data provided for the Dublin office provided under consideration of the floor area;
- It was assumed that all wastewater consumed left Hostelworld facilities and was treated;
- We have excluded the investment made by the Group in Goki Pty Limited where the Group maintains a minority shareholding. Emissions attributable to Goki are outside Hostelworld's limited operational control and, in any event, Goki's has a limited impact on total emissions;
- For accommodation where the number of stars of the hotel was not provided, the accommodation was considered an average hotel, which is a prudent assumption as more often than not our employees stay in hostels when they travel;
- Employee commuting emissions calculation was based on statistical data considering the average working days by country per FTE and the average commuting pattern by country per FTE;
- Food and beverages reported food consumed was considered "regular" unless the data specified the type of food (i.e. "snack"); and
- Value inputs for waste, freight and purchased consumables were extrapolated for November and December based on data collected January to October.

SUSTAINABILITY STORY



Meet
St Christopher's Inn

Sitting at the top of the famous pedestrian-only street, Las Ramblas, St Christopher's Inn Barcelona is renowned for their innovative recycling initiatives.

The hostel is powered entirely by solar panels installed on the roof. On top of the recycling bins dotted around the hostel, they've introduced technology that captures shower water and reuses it as toilet water. Guests are encouraged to use less water with simple changes like push buttons on showers to stop unnecessary use, reducing water consumption and saving energy.

St Christopher's moved from an all-you-can-eat breakfast buffet to a pre-payments ordering system to reduce the amount of food waste left behind. In their bar, Belushi's, they've made 20% of the menu vegan to curb the emissions created from food. They have also partnered with a brewery to raise awareness of rising sea levels and plastic pollution on Barcelona's busy beaches.

When visiting, hostellers can join their free walking tours, rent a bike, support the local businesses they promote and take part in their Love the Planet campaign to be mindful of energy consumption and waste.

Sustainability continued

The below table demonstrates the overall energy consumed in Kilowatt-hours (kWh) by the business and shows the portion of this consumption that the UK corporate office has consumed on the overall total. This table is based on the energy consumed in the purchase of electricity and gas for the corporate offices and does not include the consumption of energy used for employee travel. 2023 and 2022 costs related to a low volume of energy usage as the Group exited its UK lease space in favour of hot desk solutions for its employees driven by hybrid flexible working arrangements.

	2023	2022	2021	2020	2019
Energy usage – UK	1,700	6,423	36,296	192,434	177,365
Energy usage – Other Locations	66,200	110,324	189,412	247,721	323,587
Total Energy Usage	**67,900**	**116,747**	**225,708**	**440,155**	**500,952**
Proportion Consumed in UK	0.03%	5%	16%	44%	35%

Reporting Against 2022 Targets Set:

In 2022 we set out a number of targets and metrics that we wanted to achieve set out as follows:

- ✓ Obtain a funding climate action label, or similar, awarded by a reputable third party annually, further detail on page 59.
- ✓ Maintain total scope 1 and scope 2 emissions below 30 tCO_2e annually.
- ✓ By 2026 ensure over 90% of our purchased consumables will be with suppliers who are either climate neutral or who have established their own SBTI targets to be climate neutral by 2030.
  - In 2023 84% of our purchased consumables were with suppliers who have established their own SBTi targets and we are on track to deliver by 2026.
- ✓ From 2023, ensure we take responsibility for the emissions associated with all hostel conferences and other large Hostelworld events by investing in high-quality climate action projects.
  - We held two conferences in 2023 in Bogota, Columbia and Copenhagen, Denmark. Investments were made by Hostelworld to account for the emissions impact from attending the conference by Hostelworld employees and hostel delegates.
- ✓ Invest in high-quality climate action projects for 100% of scope 1, scope 2 and scope 3 emissions which cannot be eliminated annually, further detail on pages 59 and 60.
- A specific product and experiment roadmap focused on sustainability annually. In H2 2023 – (1) make available on our website a sustainability framework that hostel partners can use (2) the ability for customers to take responsibility for the carbon emissions of their hostel stay, further detail on page 65.

2024 KPIs and Targets:

In setting our 2024 KPIs and targets there are some critical risk factors to take into account.

It is key to set targets for what we can control. As an example, we can control the volume of time spent by Hostelworld employees on sustainability initiatives such as our *'Staircase to Sustainability'* framework and delivering a solution to allow our customers to take responsibility for the emissions of their hostel stay but we cannot control how many hostels or customers engage with these each year. We firmly believe that to set a target for the Group relating to the volume of sustainability badges awarded on our website would not facilitate the distribution of sustainability badges in a responsible way. We are reliant on hostels co-operation and to set a target based on the volume of sustainability badges may negatively impact the credibility of the badge. Our focus for now is on education and encouraging responsible behaviour at hostel level, and providing transparent and useful information for our travellers. Further detail on the *'Staircase to Sustainability'* framework is included on page 65. Similarly, a customers' actual demand for ESG-oriented product offerings may not realise as they might be more expensive and less available than other options.

In addition, the availability and cost of non-carbon-based energy sources and technologies may impact our reduction strategies for our emissions and hinder our ambition to get to Net Zero by 2040. There are evolving regulatory requirements affecting ESG standards and disclosures which may also impact how we view our KPIs and targets moving into the future.

Keeping these factors in mind Hostelworld have set the following metrics and targets:

Metric Description	Period Applying	New or Ongoing?	Target Set	Detail
Scope 1 and Scope 2 Emissions				
Scope 1 and 2 emissions as calculated by a reputable third party.	Short-term	Ongoing	Obtain a funding climate action label from a reputable third party annually.	Scope 1 and scope 2 emissions disclosed on pages 59 to 62. In 2021 we obtained our initial label from South Pole. In our base year 2021 to comply with SBTI requirements we were required to reduce our scope 1 and 2 emissions by 42% from 2021 base year to 2030. We exceeded this target in 2022, and in 2022 we set an annual target to maintain scope 1 and scope 2 emissions, below 30 tCO_2e. Our target takes into account future growth projections. Where we cannot eliminate what remains, we will make a verified climate investment to take responsibility for the balance.
Climate badge awarded in line with SBTi criteria.	Short-term	Ongoing	Maintain total scope 1 and scope 2 emissions below 30 tonnes annually.	
Scope 3 Emissions				
Volume of scope 3 emissions as calculated by a third party.	Short-term	Ongoing and new	In 2024 we will set a target for scope 3 emissions that is suitable for our business.	Scope 3 emissions disclosed on pages 59 to 62. Absolute scope 3 emissions increase as our business grows. We have not previously set any targets for scope 3 emissions as they were outside of the scope of SBTi requirements as we are a small to medium enterprise. Nonetheless our scope 3 emissions vastly exceed our scope 1 and scope 2. In 2024 we will review and set a scope 3 emissions target that is suitable for our business. In 2022 we set a target that over 90% of our purchased consumables by 2026 will be with suppliers who their own emission reduction strategies with measured SBTI targets. We will validate this through supplier reviews where we obtain independent verification from suppliers. In 2023 84% of our suppliers met this target, and we are on track for 2026.
Volume of purchased consumables with suppliers who have their own SBTi commitments.	Medium-term	Not yet in place	By 2026 ensure over 90% of our purchased consumables will be with suppliers who are either climate neutral or who have established their own SBTI targets to be climate neutral by 2030.	
Total Emissions				
Net Zero value chain target	Long-term	Not yet in place	To not contribute any emissions from our operations.	To achieve net zero value chain emissions by 2040. Our first steps on this journey was setting reduction targets for scope 1 and scope 2 emissions, and in 2024 we will set a target for scope 3. Another key milestone was launching our *'Staircase to Sustainability'* framework. In 2024 we will further enhance our roadmap to net zero by 2040.

Sustainability continued

Metric Description	Period Applying	New or Ongoing?	Target Set	Detail
Investments in Climate Action Projects Required				
Volume of investments in climate action projects required to be made by Hostelworld to take responsibility for the Groups carbon emissions	Short-term	Ongoing	Investment in climate action projects to take responsibility for our emissions which cannot be eliminated annually, and to take responsibility for the carbon emissions of any hostel conferences or other large Hostelworld events. Ensure any investments are made with a reputable third party. Maintain this target annually.	Annual target to make an investment in climate action projects in order to take responsibility for any remaining scope 1, scope 2 and scope 3 emissions that we cannot eliminate and to obtain evidence that these are valid carbon reductions. We took responsibility for 100% of our ongoing 2023 emissions by making a verified climate contribution in climate action projects with South Pole. Further detail on pages 59 and 60. The cost of such investments in climate action projects for our emissions and any conferences are included in future budgeting and forecasting.
Employee Engagement				
Volume of employee sustainability engagements	Short-term	Ongoing	A specific employee engagement initiative.	We have an annual target to engage with employees on climate issues and sponsor an employee sustainability initiative each year. Across 2023 we shared ESG newsletters with our employees, our ESG Steering Committee presented at townhalls, and our employees had opportunities to volunteer in sustainability initiatives including a canal cleanup for World Earth day.
Sustainable Products				
Volume of product offerings and experiments	Short-term	Ongoing	A specific product and experiment roadmap focused on sustainability annually.	Target to either deliver a new sustainability focussed product or enhance existing features with sustainability, and to report on work completed annually in our annual report. In 2023 we launched the following products with further detail included on the next page. Firstly, the ability for our customers to take responsibility for the emissions associated with their hostel stay in partnership with Cloverly. Secondly our *'Staircase to Sustainability'* roadmap with hostels.

'Staircase to Sustainability' Framework

Across 2023, Hostelworld global market teams and technology/development employees worked to develop a framework to facilitate the documentation and assessment of hostels' sustainability efforts.

Developed specifically for hostels, the *'Staircase to Sustainability'* is a framework to help hostels review, compare and communicate their sustainability efforts to customers and other stakeholders. The framework was developed to make it easy to connect guests with hostels that share their care for the planet.

Built in line with the Global Sustainability Tourism Council (GSTC)'s criteria, the framework is divided into 4 pillars set out below. Dependent on how they score, hostels will be awarded a badge based on their sustainability initiatives. The framework will capture a hostel's compliance with these criteria in a standardised low-cost way, appropriate to the size and means of the small businesses in our category.

(1) Sustainability Management	(2) Socio-Economic	(3) Cultural	(4) Environmental
While the other pillars focus on action, this gives a structure to manage and record sustainability progress. This pillar allows hostels to manage activities and achieve their goals.	People are at the heart of hostels and supporting them is the key to building a better world. This pillar covers processes and policies that protect the people, from employees and guests to local communities impacted. Aspects include fair and equal employment for decent work, supporting activities in the wider community and local purchasing.	Discovering new cultures is one of the best things about travel. Ensuring hostels protect and maintain cultural heritage is vital, together with understanding the lifestyles of travellers. This pillar explains how to make sure you can manage both in harmony and that all interactions are respectful.	This pillar explores managing the environmental impact a hostel can have. The pillar includes conserving energy and water resources, reducing pollution, managing waste and wildlife conservation.

Partnership with Cloverly – Allowing Customers to take Responsibility for the Emissions of their Hostel Stay

While hosteling is a sustainable travel choice, there are certain emissions that are hard to avoid. In December 2023, we launched the ability for our customers to take responsibility for the emissions associated with their hostel stay, in partnership with Cloverly. After they make a booking and checkout, our customers receive a follow-up email with details of the calculated theoretical emissions associated with their stay, offering them the opportunity to invest in a climate project that reduces an equivalent amount of carbon, directly with Cloverly.

OUR MISSION

Help travellers find people to hang out with

OUR PURPOSE

Inspiring adventurous minds through travel

OUR VISION

To shape people's lives and attitudes through travel and build a better world

Our People and Culture

"Since joining the team in September, I have been really pleased to see how vibrant the culture is. Hostelworld is a welcoming place for everyone. The diversity of our people, coming with a range of skills and backgrounds, plays a pivotal role in our success and growth. I'm pleased to have joined a business with people that are clearly passionate about our mission to help travellers find people to hang out with."

Employees per Location (as at 31 December 2023)

Total employees
223

UK
12

Germany
4

Ireland
142

China
15

Spain
6

Portugal
40

Australia
2

Italy
2

Average age
37 years

Average length of service
4 years

No. of nationalities
30

Breakdown of Gender Split across Executive Directors, Non-Executive Directors and Executive Leadership Team ("ELT")

			Number	%	%
	Male	Female	Total	Male	Female
Chairman and Executive Directors	2	1	3	66.7%	33.3%
Non-Executive Directors	2	1	3	66.7%	33.3%
Executive Leadership Team (Includes EDs)	6	1	7	85.7%	14.3%
Direct Reports ELT	14	17	31	45.2%	54.8%
Other Employees	104	81	185	56.2%	43.8%

We are supporters of the 30% Club Ireland and the 'Balance for Better Business' group, demonstrating our commitment to achieving better gender balance, and making Hostelworld an even more diverse, equitable, and inclusive place to work. The 'Balance for Better Business' review group was established in 2018 by then Taoiseach Leo Varadkar to drive progress towards gender balance in business leadership in Ireland by setting targets to work towards over a 5-year period. We have surpassed the ISEQ23 target set of 25% female representation at Board level, with a 33% female composition on our Board. Female representation at our ELT level will grow in 2024 with the appointment of our new Chief Product Officer.

Our Behaviours

Our employee mission is to foster a culture where everyone experiences personal growth and helps others achieve it too. In early 2023, we reviewed and refined our behaviours to better align with this mission. Through consultation and collaboration, we introduced "Grow Others" as a new behaviour to complement four other existing behaviours.

Our Five Behaviours

Grow Others

We fundamentally believe that investing in growing others benefits everyone, whether it's helping them develop hard or soft skills. We want learning and growing to be part of our DNA to help make us a better team, together.

Master It

We are obsessed with our area of expertise and enjoy developing our skills. We rarely take things at face value; we investigate, interrogate and always look for 'the why,' and wherever possible, we use data to find the best solution.

Collaborate

We are in it together; for the tough stuff and the celebrations too. To achieve the best results, we need expertise from all areas of the organisation, and we wholeheartedly welcome diverse thinking.

Adapt

We work fluidly, adapting to new information and the evolving environment while staying committed to our goals. Innovation and experimentation fuel our projects and we're never afraid to pivot.

Deliver

Our focus is always on the end result; we value outcomes over activity. We collaborate to deliver work at speed without dropping any of our other behaviours.

When showcased correctly and effectively, our behaviours help each of our team members thrive in their roles and support our continued success as a business. Our behaviours continue to be embedded in our recruitment, performance development and recognition processes. To provide guidance on how everyone can perform at their best, both at individual and team level, our team members conduct peer assessments of one another, evaluating each of the five behaviours as part of our performance development discussions.

Our People and Culture continued

Our Values

We have five company values that guide how we work together and are an integral part of defining who we are as a business and team. Our values have remained unchanged and were instrumental in our ability to embrace and overcome the challenges brought forth by COVID-19.

Think Customer: We put the customer first and we are on their side in everything we do. We always aim to delight and surprise, aim to anticipate and fulfil their needs, and deepen our engagement at every opportunity.

Building a Better World: We use our collective energy every day to promote understanding in our world by enabling individual journeys of discovery, adventure and meaning. We have made sustainability a central pillar in our strategy. We value and promote equality, respect and diversity to help inspire a better world.

Community Spirit: We are the social network and the social app. We bring people together from all over the globe, inspiring energy, passion and curiosity. Our unique community spirit empowers us to help build collaboration, openness and honesty.

Be Bold, be Brave, be Adventurous: We allow our passion to drive our ambition. We encourage our employees and our group strategic thinking to be fearless. We embrace change as a path to success.

Keeping it Simple: We use simplicity and smart thinking to be agile and improve everything we do.

Culture and Engagement

We take pride in nurturing a positive and engaging environment that cultivates a sense of community and shared purpose, where everyone experiences personal growth and helps others achieve it too.

Recognising the impact employee engagement has on our culture, we continue to seek regular feedback from our team members. In 2023, we reviewed our Have Your Say engagement survey questions and reduced the number of factors we survey across as well as the number of questions asked. This was to ensure that the survey remained focused on what matters to our people and that the questions were easy to understand, making it easier for our people to provide meaningful feedback. 82% of our team members completed our Have Your Say engagement survey in August 2023, and we increased our overall engagement score from 2022. Having our team share their perspectives allows us to learn more about what we are doing well and what we need to improve on to best support our team members and make Hostelworld a place we all love to work. The results of the survey were shared company-wide and then communicated in greater depth at functional and team level. Actions were taken at a local and organisational level to address any shortcomings highlighted by the survey, with the overarching goal of enhancing employee engagement, ensuring everyone feels they are rewarded fairly for a job well done, and fostering an environment where everyone has the support and resources needed to thrive. How remuneration is set for employees is set out on pages 120 and 121 within the Remuneration Committee Report. We also expand further on the learning and development supports available to our employees on pages 73 and 74.

We continue to monitor and benchmark our attrition rate. Our attrition rate, which was 19.4% in 2023, has shown consistent improvement, decreasing year-on-year since 2022. This positive trend underscores our ongoing efforts to enhance employee retention and engagement.

Diversity, Equity & Inclusion ("DE&I")

In 2023, we continued to break down barriers, promote collaboration, and actively seek diverse perspectives as part of our DE&I offering. Grounded in a belief that differences should be celebrated, we continue to foster a culture where everyone feels welcomed, respected, and valued for their unique contributions, while also acknowledging that some of our team members may require different resources or supports to achieve equal opportunities.

We continued to deliver our commitment to DE&I across four key pillars:

1. **Internal Change:** ensuring that we are representative of the diverse society we live in and that our culture is inclusive and provides equal opportunities for all.
2. **Education:** creating a culture of learning about differences and understanding the issues that many groups face in society and the workplace.
3. **Celebrate Differences:** ensuring we foster a workplace where our differences are celebrated and employees feel comfortable sharing their unique perspectives.
4. **External Change:** where possible, ensuring all Hostelworld's externally focused activities reflect the diverse society we live and operate in.

Silver Accreditation with Investors in Diversity

One of our key achievements in 2023 was being awarded the Silver Accreditation by Investors in Diversity. This accolade recognises our commitment to diversity and inclusion practices. Building on our award of the Bronze Accreditation, the Silver Accreditation is based on feedback from our team members and their firsthand experiences of the culture within Hostelworld. Our team members were surveyed across 4 pillars: Diverse & Inclusive Leadership; Policy, Practice & Process; Recruitment, Retention & Progression and Recording & Monitoring and 86% of our team members participated. The results of the survey were cascaded throughout the company and helped shape the DE&I action plan for 2024.

International Women's Day

We celebrated International Women's Day with a suite of events and learning opportunities for all our team members. We ran an email mini-series on Imposter Syndrome, held an online Confidence-Building Workshop and hosted an in-person panel discussion on challenging the idea of embracing equity in partnership with Rise Up Women.

Pride Month

To celebrate Pride Month, we partnered with Shout Out, a charity organisation that aims to improve the lives of LGBTQIA+ people by delivering educational workshops to schools and workplaces in Ireland. Shout Out hosted an in-person workshop on how to be an ally with the LGBTQIA+ community, as well as an online workshop on Trans & Non-Binary people. Our team members were encouraged to volunteer with Shout Out or similar charity organisations in their location. Our partnership also meant some team members had the opportunity to march with Shout Out in the Dublin Pride parade.

In 2023 we were also acknowledged as an official supporter of the UN Standards of Conduct for Business Tackling Discrimination against LGBTQIA+ People.

Education

Designed to empower our team members with the knowledge and skills necessary to foster a truly inclusive workplace culture, in 2023 we developed and implemented mandatory DE&I training. The two courses that all our team members must complete are DE&I at Hostelworld and Dignity & Respect at Hostelworld. All people managers and senior/executive leaders must also attend Inclusive Leadership Training. These training modules play a vital role in equipping our team with the necessary tools and insights to drive meaningful change, unlock collective potential, drive innovation, and create a workplace where everyone feels valued and empowered.

As part of educating our team members and keeping them informed, we share engaging email mini-series or factsheets celebrating important dates and providing insightful and topical information to better educate everyone e.g. World Menopause Day and Black History Month. We also share quarterly updates in our ESG newsletter and frequently share updates from our ESG Steering Committee in our Townhalls. We also hosted a number of fireside chats, webinars and workshops, both in person and online, to further educate our team members. Some notable call-outs include "Building a Modern Leadership Profile" with The 30% Club, "Exploring Neurodiversity" with Neurodiversity Ireland and "Living with a Visual Impairment" with Vision Ireland.

Showcasing our DE&I offering is important, especially for candidates in our recruitment process or future pipeline. To highlight what DE&I means in Hostelworld, we created a video featuring some of our team members sharing their own positive experiences of DE&I in action in Hostelworld.

Inclusive and Progressive Policies

To create a truly inclusive working environment we introduced three new policies that accommodate the different life situations faced by our team members.

Our Fertility Leave policy's purpose is to support our team members through the emotional and physical challenges that may arise from undergoing fertility treatment. As part of our policy and not dependent on length of service, we offer:

- Up to 5 days paid leave per cycle of IUI, IVF, egg/embryo donation, for up to 3 cycles in total.
- Up to 2 days paid leave per cycle sperm/egg freezing via surgical procedure, for up to 3 cycles in total.
- Up to 2 days paid leave per cycle of treatment for team members supporting a partner or surrogate receiving fertility treatment, for up to 3 cycles in total.

Our People and Culture continued

We also introduced our Surrogacy Leave policy to evolve our offering in supporting our team members no matter how they choose to add to their family. We offer company-paid surrogacy leave for employees with 1 year's continuous service (unless a different entitlement exists based on legislation in the employee's location). The length of Surrogacy Leave mirrors Maternity or Adoption leave based on their location as well.

We also launched our Menopause at Work policy which details all supports and adjustments available for anyone experiencing menopause. This includes agile working arrangements and our financial support to team members wishing to get specialist guidance and medical care, as well as the procedure for availing of any such supports. To support the launch of the policy, we created a short email mini-series helping our team members understand how menopause may affect individuals differently as well as empowering our team members to feel comfortable discussing menopause openly.

We also reviewed our Disciplinary policy (Ireland & UK), Parental Leave policy, Adoptive Leave policy and Learning & Development policy with a DE&I lens to ensure they remain fair, inclusive and meet the evolving needs of our team members and stakeholders.

Employee Wellbeing

To help our team members flourish and reach their full potential, we continue to champion and support employee wellbeing. We continue to deliver our commitment to Employee Wellbeing across four key pillars:

1. **Physical:** promoting a healthy and balanced lifestyle.
2. **Mental:** promoting a healthy mindset in order to become resilient against life's stresses and challenges.
3. **Financial:** providing the resources that allow individuals to manage their money and make smart financial decisions to plan for the future.
4. **Social:** creating a culture of social inclusion and social belonging.

Employee Assistance Programme ("EAP")

In 2023, we introduced a new employee assistance programme ("EAP") provider that offers global support across all of our locations. Our EAP is a free, confidential counselling and wellbeing support that provides consultations, information and resources, connections to community agencies and supports, and referrals to counselling related to work, personal life, health, family and relationships, or financial worries. Our EAP is a service that is available 24/7, 365 days per year.

Mental Health Champions

We continue to promote our mental health champions, who act as a confidential and accessible first port of call for any individuals who may be suffering from mental health difficulties. Our mental health champions completed upskilling training in 2023 to ensure that they have the supports required to continue to provide mental health support and crisis intervention to those who need it. Our mental health champions continue to make themselves available to all, to listen compassionately and respectfully and, when necessary, guide team members towards professional services, such as our employee assistance programme.

Wellbeing Supports

To support our team members with their physical, mental and financial wellbeing, we offered specific webinars and workshops throughout the year. Some of the topics covered included "Women's Health in the Workplace", "Employee Mental Wellness in the Post-Pandemic Era", "Managing Energy for Better Workplace Performance", "Men's General Health", "Positive Mental Health" and "SAD Awareness".

We continue to offer three Wellbeing Days per year to our team members in addition to their annual leave entitlement, recognising that there are times when everyone needs some headspace to disconnect, relax and recharge themselves.

Charity Giving & Volunteering

Charity Partnership

To have a more impactful and meaningful charity partnership, our ESG Steering Committee agreed to focus our efforts on a STEM initiative. This focused collaboration enables us to build a stronger understanding of the charity's mission and needs and fosters a more impactful and effective relationship. Teen-Turn was selected as our partner and is a charity based in Ireland that helps teenage girls from underserved backgrounds gain experience working in STEM with the aim of leading more women into tech-focused qualifications and careers. Through their Teen-Turnships (like internships) students are shown the vast variety of career options available to them in STEM, before they make course choices that could determine their future careers. Teen-Turn internships commenced in summer 2023, with four students carrying out a 2-week placement across various Hostelworld teams. Their experience at Hostelworld can significantly influence their career thoughts and ambitions and has the potential to positively alter the trajectory of their future.

Volunteering

We continue to offer volunteering days as part of our volunteering Leave policy, allowing 5 paid days per year to volunteer with recognised charities, causes, or not-for-profit organisations. Our team members can choose a cause that is important to them, or they can join our company's organised volunteer day, making a positive difference in their local communities. Some of the charity events and initiatives our team members availed of volunteering days for included the Clash of the Companies event, volunteering at Ronald McDonald House and a canal clean-up for Earth Day, showing our team members are passionate about making a difference and building a better world.

World Tourism Day

In celebration of World Tourism Day, our team members were asked to pitch a destination they would love to visit, where they could build a better world by doing so. We received some fantastic submissions, which were then reviewed by a sub-group of our ESG Steering Committee. One employee was chosen as the winner and will be supported by Hostelworld during their time volunteering in an orphanage in Sri Lanka in 2024.

Humanitarian Donations

Saddened by the crisis in the Middle East, we supported our team members who donated to humanitarian efforts in the region. Our team members donated generously, and we matched 100% of all donations. In addition 100% of all revenue collected from hostel bookings for Ukraine in 2023 was matched by the Company and donated to the United Nations.

Agile & Hybrid Working

We maintained our commitment to an agile hybrid approach to working in 2023. Our team members are encouraged to take a flexible approach to how, when and where they work to get the right balance of work-life blend.

Open Communication

A crucial element to working successfully in an agile, hybrid way is ensuring there is frequent, open and transparent communication. We continue to host bi-weekly virtual townhalls, where everyone is kept up to date on business performance, individuals and teams can share key priorities and celebrate achievements across the business. Our townhalls also provide our team members with the opportunity to share their thoughts and pose questions to our ELT through our open question forum.

We see true value in having open, two-way communication between our Board and those working within the business. Éimear Moloney and Evan Cohen, two of our Non-Executive Directors each hosted an Employee Engagement Forum in 2024. The purpose of this is to help our Board better understand the views of the Group's employees, manage effective engagement between the Board and the employees, and to ensure that the views of employees are taken into account in the decision-making processes of the Board.

Cultivating a Culture of Continuous Learning

2023 has seen the reinforcement of a culture where every team member is empowered to thrive and "Grow Others". Upholding our values of inclusivity and innovation, we've strived to create an environment that fosters individual and collective excellence.

We invested in a new learning technology which empowers all team members to design and complete personalised eLearning modules with interactive and relevant content. We also introduced new learning content providers to further diversify our learning resources.

We completed our annual learning needs analysis in 2023 also; the findings of this process enabled the selection, design, and prioritisation of core in-person and virtual training modules that are accessible to all team members.

We relaunched an enhanced internal Mentoring Programme, placing emphasis on the power of peer support and learning through one another under our Grow Others behaviour. Fifteen mentees found valuable guidance through pairing with mentors from diverse backgrounds, fostering a collaborative environment that not only addresses short-term goals but also aligns with our dedication to nurturing long-term professional growth.

Our People and Culture continued

Additionally, we supported the inclusion of four team members in the Irish Management Institute's external Mentoring Programme; a strategic initiative focused on creating a cross-company, cross-sector mentor network, connecting experienced leaders with mid-career high potential individuals, emphasising both professional and personal development.

Throughout 2023, our People Manager Effectiveness Programme continued to shape leaders at all levels. Core modules, including Situational Leadership, Insights Discovery, and Inclusive Leadership, equipped our leaders with essential skills. Complementary elective workshops on performance development and coaching, conducted both internally and through external partnerships, ensured our people managers were provided with the necessary tools for effective leadership throughout the year.

Recognising the unique needs of our senior team members, we launched an external executive coaching programme with a number of key talents engaged in personalised personal and professional coaching sessions, providing them with the tailored support they need to reach their full potential.

As we conclude 2023, the journey of continuous learning at Hostelworld continues to evolve, driven by feedback, innovation, and a commitment to ensuring every team member has access to the tools and opportunities needed to grow and excel in their Hostelworld journey.

Barry McCabe

Barry McCabe
Chief People Officer
20 March 2024

Section 172 – Statement of Compliance – S172 (1) of the Companies Act, 2006

Maintaining Strong Relationships with our Stakeholders

The Directors must act in accordance with a set of general duties which include a duty under Section 172(1) of the UK Companies Act 2006 to promote the success of the Company. In so doing, the Directors are required to have regard to certain stakeholders and to:

- the likely consequences of any decisions in the long-term;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly between shareholders.

Throughout the reporting term, the Board of Directors has continued to promote the success of the Company having regard to the matters set out in Section 172(1) of the UK Companies Act 2006.

Transparent Engagement

The Company aims to have transparent two-way relationships with the following six key stakeholder groups. By considering their perspectives and views, the Company seeks to ensure that business decisions are balanced and fully informed.

Section 172 – Statement of Compliance – S172 (1) of the Companies Act, 2006 continued

Our People	
Why we engage	Regular and meaningful engagement with our people increases motivation and drives high performance across the entire business. With significant input from our staff, we aim to co-create an inclusive culture where diversity is valued and different perspectives contribute to rounded decision making.
How the Company engages	• Workforce engagement surveys are the primary means for gathering an understanding of the employee experience in Hostelworld • Consistent performance management, embedded recognition and reward programmes • Bi-weekly virtual townhalls for all our people where the CEO updates on trading, the Chief People Officer updates on workforce welfare initiatives, and the Executive Leadership Team facilitate an open forum question and answer session
How the Board considers our people's interests	• Workforce engagement forums attended by both Éimear Moloney and Evan Cohen in their capacity as the Non-Executive Director with responsibility for workforce engagement with the details and themes of these discussions shared and discussed with the Board • Virtual fireside chat with the Chairman in June 2023 attended by a large number of our people • A 'People and Organisation/Culture' update provided by the Chief People Officer (or his delegate) is a standing agenda item at each scheduled Board meeting with the results of the Group's workforce engagement surveys reviewed, and Board oversight provided on progress on all employee wellbeing programmes and culture related initiatives • Attendance of Executive Leadership Team members at the majority of scheduled Board meetings
What our people told us was important to them	• Rewarding careers and continuous learning and development • Compensation and benefits • Refinancing of the Group's debt and the Group moving beyond the 'COVID-19' era • Continuing our progress on diversity, equity and inclusion initiatives • Investing internal resources in our sustainability and ESG strategy • Maintaining and enhancing the Group's culture • Clear and frequent communication
Measurement	• Employee survey results and response rates • Employee turnover data and exit interview themes • Feedback from the Workforce Engagement Forum Non-Executive Director • The number of complaints made by our people under the Group's Disciplinary and Grievance policy • Issues reported under the Group's anonymous Whistleblowing service
Outcome of engagement	• The Board strongly supported an average salary increase for 2023 of 4.9% for people below Executive Director and Executive Leadership Team level • Significantly enhanced learning and development programme delivered including a dedicated learning platform and a new mentoring programme • Workforce wellbeing survey completed and reviewed by the Board, and a programme focused on supporting mental health implemented • Monthly people update emails to keep employees updated on what is happening in Hostelworld (including DE&I and ESG updates) • Silver Accreditation achieved with 'Investors in Diversity' (please see page 71 for further details) • Employee celebrations for Pride and International Women's Day • Employee recognition programme and High Flyer awards each quarter • Employees took part in a STEM focused charity initiative with Teen-Turn and availed of 743 volunteering hours in total across the year • Focus on implementation of our ESG strategy, including development of the *'Staircase to Sustainability'* framework for our hostel partners and, in partnership with Cloverly, launching the ability for our customers to take responsibility for their accommodation-based emissions • Continuous Board oversight of the Group's culture at Board meetings throughout 2023

Customers	
Why we engage	Engaging with and acting in the interests of our traveller customers is critical to the long-term growth and success of the business. Accordingly, it is vital that we engage with our customers to make sure we are providing them with competitively priced products and services they need in a way that establishes and maintains loyalty to the Hostelworld brand.
How the Company engages	• Automatic surveys are sent to customers at critical stages of their booking journey to ensure we get their feedback and understand any problems they may have experienced • Social media platforms including TikTok and Instagram • All significant customer support tickets and feedback submissions are reviewed by senior managers to ensure issues are actioned effectively • Virtual user interviews and surveys sent to customers to evaluate new product concepts • New feedback collection platform established where customers are invited to suggest product improvements • A dedicated customer support team
How the Board considers customer interests	• Updates at each scheduled Board meeting on alignment between the Group's product and technology strategy and customer requirements and trends • Review of the results of surveys and engagements with customers and customer complaint resolution KPI results • Board support for the investment in innovative product and technology projects designed to make it easier for customers to use the Group's social features • Updates provided by the Chief Financial Officer in her capacity as Chair of the ESG Steering Committee at each scheduled Board ensure customer insights on sustainability are clearly understood • Review and oversight of the Group's platform modernisation programme to ensure the payments infrastructure is improved
What our Customers told us was important to them	• Continuous improvement of the Group's booking platform and social features • Clarity in the payments process regarding differences in approach from hostel partners in terms of charging and cancellation policies • Socially and environmentally responsible purchasing options • Being able to meet like-minded people while they are travelling • Responsive customer support when it's needed
Measurement	• Questionnaires and surveys • Reservations made and measurement of number of bookings commenced but not completed during the booking process • Hostelworld market share • Engagement rate of Hostelworld social media channels with customers • Implementation of personal data deletion requests received from customers in accordance with GDPR obligations • Resolution of customer complaints within specified timeframes • Investment spend
Outcome of engagement	• Incorporation in technology roadmap of product and social feature enhancements • Launch of Linkups (including sustainability focused Linkups) to allow our customers to come together • Redesign and modernisation of payments infrastructure to enhance the customer payments experience • Increased Trust Pilot scores in 2023 through investment in the Group's customer support offering • Partnership with Cloverly to allow customers to take responsibility for their accomodation-based emissions • Customer service that meets the needs of customers

Section 172 – Statement of Compliance – S172 (1) of the Companies Act, 2006 continued

Hostel Partners

Why we engage	Without hostel partners the Group simply doesn't exist. Maintaining a trusted relationship with our hostel partners is critical to the long-term success of Hostelworld and allows the Group to provide its customers with access to thousands of hostels across the world.
How the Company engages	• Regular performance review meetings with hostel partners • Increased in-country presence of hostel focused market managers in India and Japan • Hostel conferences held in Bogota in September 2023 and Copenhagen in October 2023 attended by the CEO and Chief Supply Officer • Regional hostel partner events and in-market visits • Approximately 15 webinars for hostel partners hosted in 2023 (approximately 500 hostels represented) with interactive question and answer sessions and follow up surveys • Key focus on working with hostel partners to align the Group's product strategy roadmap with hostel partners requests for product enhancements and innovation initiatives
How the Board considers hostel partners' interests	• The Chief Supply Officer provides the Board with a detailed update on hostel inventory supply matters and projects related to hostel partners as a standing agenda item at each scheduled Board meeting • The Board received regular updates on the key strategic initiative of increasing in-country presence and market visits by members of the Group's Global Markets Team • Board review of reports from the CEO and Chief Supply Officer from hostel conferences in Copenhagen and Bogota • The CEO conducted weekly operational meetings with the Chief Supply Officer and his leadership team to assess performance against key hostel partner operational KPIs • Board oversight and approval of the Group's sustainability and ESG strategic roadmap which focused on implementing the *'Staircase to Sustainability'* framework for hostel partners • Audit Committee review of the procedures in place to safeguard both the Group and hostel partners from fraud
What our Hostel Partners told us was important to them	• Growth opportunities and product strategy alignment • Being treated fairly from a commercial perspective • Continued support from Hostelworld on their sustainability journeys and promotion of hostelling as a sustainable solution for the environmentally conscious customer • Investment in the Group's platform modernisation programme to deliver improved features and tools for hostel partners • Booking management improvements to digitise and automate manual tasks for hostels • Investment of the Group's Counter SaaS based property management system to enhance its resilience
Measurement	• Hostel partner inventory growth and new activations • Net competitiveness score • Questionnaires and surveys • Counter PMS downtime data • Contractual disputes
Outcome of engagement	• Expanded range of promotions and campaigns designed to deliver increased bookings for both the Group and hostel partners • Redesign of the hostel sign-up process to simplify and enhance the hostel sign-up experience • Refactoring of Counter as a hostel-focused property management system with reduced Counter downtime over 2023 • Ongoing assessment and alignment of the Group's technology roadmap with key hostel partner product enhancement requests • Implementation of the Group's *'Staircase to Sustainability'* framework for hostel partners (see page 65 for further details) and 2nd edition Bureau Veritas report published, validating that hostels are a more sustainable option compared to hotels • Two ESG focused awards within our Hoscar programme, and a new 2023 series hostel 'sustainability stories' to showcase the hostels that embody our ESG principles • No contractual disputes with hostel partners during the reporting period

Shareholders

Why we engage	Our shareholders own the business. Having a clear understanding of our strategy and financial and operational performance helps ensure they can fully assess the value of their investment in the Company.
How the Company engages	• Regular engagement between key investors and Chief Executive Officer and Chief Financial Officer through investor relations programme of events • Participation in investor conferences such as the Goodbody Equity Conference in November 2023 • Annual and interim results presentations • Regular trading updates on regulatory platforms
How the Board considers shareholders' interests	• The Board's primary contact with shareholders is through the Chief Executive Officer and Chief Financial Officer, who are in regular contact with shareholders with the support of the Group's Head of Investor Relations (the Chairman and other members of the Board are available to meet with shareholders as requested) • The Chairman regularly meets with major shareholders to understand their views on performance against strategy and governance • The Board is provided with investor relations reports by the Chief Financial Officer at each scheduled Board meeting • Investor feedback is collated after each roadshow and trading update and provided to the Board • Presentation to the Board by Goodbody and Numis Securities in May 2023 on investor views on the Company and action plan agreed to broaden the Company's prospective shareholder base • Carl G. Shepherd, the Senior Independent Director and Chairman of the Remuneration Committee, engaged directly with shareholders on executive remuneration, as further described on page 133, and updated the Board on their views • Attendance at the Annual General Meeting in May 2023, including responding to questions from shareholders
What Shareholders told us was important	• Execution of the Group's strategy and delivery against financial targets • Share price performance • Executive and workforce remuneration • ESG and sustainability reporting • Talent management and succession planning • Capital allocation policy • Diversity, equity and inclusion and demonstrating societal commitment
Measurement	• Financial performance • Changes in investor shareholdings • The Company's share price performance • AGM voting outcomes
Outcome of engagement	• Strong shareholder support and approval of 2023 AGM resolutions (no shareholder votes with less than 80% support) • New investors joined the share register • Strong support indicated for the new Remuneration Policy proposals following consultation with shareholders • Refinancing of legacy COVID-19 debt with a new AIB facility in May 2023 • Engagement with shareholders throughout 2023 on performance against the Group's financial and strategic KPIs • Continued development of the Group's sustainability and ESG strategy as set out on pages 45 to 65 • Ongoing succession planning for Board and Executive Leadership Team and identifying future senior leaders of the business

Section 172 – Statement of Compliance – S172 (1) of the Companies Act, 2006 continued

Lender (Allied Irish Banks, plc)	
Why we engage	We used the capital from the debt transaction completed with Allied Irish Banks, plc ("AIB") in May 2023 to refinance existing debt with HPS Partners, LLC on improved commercial terms. We believe that active involvement and interaction with AIB enhances and builds trust and promotes an effective long-term relationship between AIB and the Group.
How the Company engages	• Regular financial reporting and covenant compliance reporting documents • Regular contact and quarterly meetings regarding the on-going performance of the Group • Discussions regarding the use of the debt facilities and utilisation • Discussions regarding the on-going synergies between sustainability objectives of both AIB and Hostelworld
How the Board considers AIB's interests	• Covenant compliance ratios and AIB debt balances are reported to the Board through updates from the Chief Financial Officer • The Chief Financial Officer maintains an executive relationship with the senior AIB account manager and oversees covenant compliance and general AIB reporting on a quarterly basis
What AIB told us was important	• Financial performance of the Group and transparent compliance reporting • Trust and confidence between AIB and the Group to ensure a mutually beneficial long-term relationship • The Group's approach to sustainability
Measurement	• Covenant compliance ratios • Financial performance data • Sustainability performance data
Outcome of engagement	• Effective and transparent processes to demonstrate the Group's covenant compliance • AIB understand the Group's financial performance • AIB understand the Group's strategy and possible future capital requirements • Common sustainability goals understood and on-going discussions to leverage these aligned goals

Society	
Why we engage	By supporting diversity, equity and inclusion in our business, implementing our sustainability and ESG strategic objectives, and running our business in a conscientious and compliant manner that respects the rights of our staff, stakeholders and partners in society, we can help build a more inclusive society and create value for our societal partners.
How the Company engages	• Our ESG strategy captures the Company's environmental and social impact • Paid volunteering days are provided to employees to allow our people support their local communities and charity initiatives • Ensuring our surveys with our stakeholders include questions on ESG, sustainability and our role in the community
How the Board considers these interests	• Board oversight of the Group's ongoing implementation of its sustainability and ESG programme, and review of compliance of the Group's TCFD reporting requirements • Chief Financial Officer is Chairperson of the ESG Steering Committee and updates the Board at each scheduled Board meeting on progress against ESG KPIs • Audit Committee monitoring of compliance and integrity of TCFD disclosures and Board oversight of broader sustainability reporting within the Annual Report • Board oversight of the ongoing programme to ensure diversity and inclusion are key parts of the Group's culture • Benchmarking of employee salaries to ensure fair and equitable compensation • Remuneration Committee consideration of executive compensation and how it aligns with pay practices for other staff
What Community Stakeholders told us was important	• Diversity, equity and inclusion • Continuing to play our part in promoting fairness in society by paying people appropriately • The environmental impact of our business
Measurement	• Carbon emissions (see performance against KPIs on pages 59 to 64) • TCFD reporting (see detail on pages 48 to 65) • Charitable contributions that the Company and our people make, and number of wellbeing days taken by staff • Alignment between executive compensation and pay practices for all other staff
Outcome of engagement	• Progress made on our *'Staircase to Sustainability'* framework, detailed in the Sustainability Report on page 65 • Offered three wellbeing days a year to all employees, with 743 volunteering hours availed of in 2023 on charitable initiatives • Partnered with charities and not-for-profit organisations with a particular emphasis on charities that supported STEM initiatives • 100% of all Ukrainian bookings made in 2023 were matched by the Company and donated to the United Nations • Committed to reach net-zero carbon by 2040 by becoming a signatory to the Climate Pledge • Awarded in 2023 with South Pole's label 'Funding Climate Action' • Investment in training in diversity, equity and inclusion • Silver Accreditation achieved with Investors in Diversity (see details on page 71)

Section 172 – Statement of Compliance – S.172 (1) of the Companies Act, 2006 continued

Board Decision Making In Practice from a Section 172(1) Perspective

The Board considers principal decisions to be those decisions which involve significant long-term implications and consequences for the Company and/or its stakeholders. The following table sets out examples of some of the Board's principal decisions taken during 2023 and how the Directors took stakeholder views into account in accordance with their duties under Section 172(1) of the Companies Act 2006.

Growth Strategy

Principal Stakeholders: Shareholders and Customers

S.172 considerations: **Long-term consequences and relationship with Customers**

The Board recognises the need for the business to continue to develop and implement a strategy that differentiates the Group from conventional OTA competitors and positions the Group for optimum financial performance over the longer term. During the reporting period the Board provided continuous oversight and approval of the evolution of our strategy, and approved investments in the following key areas:

- Growing our social customers by launching new product features and enhancing related paid marketing strategies
- Re-architecting of social chat features and expansion of the 'Linkups' platform by increasing hostel hosted events inventory and enabling event reviews and filtering
- Reducing our customer acquisition costs through enhanced language translations on our booking platform, growing market coverage and optimising our sort order algorithm

Shareholder and customer feedback during the year reaffirmed the need for ongoing investment and focus on our social strategy was essential to firmly establish social products and features as part of the Group's long-term business model. The Board considered the interests and expectations of shareholders and customers and agreed that their interests would be benefited by approving the necessary strategy iterations and required investments.

New Remuneration Policy

Principal Stakeholders: Shareholders and Workforce

S.172 considerations: **Long-term consequences**

Shareholders are being asked to approve a new Directors' Remuneration Policy at the AGM in May 2024. The Remuneration Committee decided to substantively replicate the previous remuneration policy with two important exceptions.

Firstly, the Remuneration Committee has decided to propose reverting to performance based LTIP awards with three-year performance targets given there is now a greater degree of stability in the business and the Remuneration Committee have better visibility over potential future performance levels. In making its assessment the Remuneration Committee noted the feedback received from shareholders as part of the related consultation exercise that it was appropriate to reinstate performance based LTIP awards following the post-pandemic return of the Group to profitability.

Secondly, the Remuneration Committee is proposing an increase in the maximum opportunity under the annual cash bonus scheme for the CEO from 100% to 125% of basic salary to ensure the CEO is competitively paid and appropriately incentivised in a manner that aligns with shareholder interests. In making its assessment the Remuneration Committee noted the long-term risks to the business and to shareholder value if retention risks relating to the CEO were not properly addressed at a time when the business was continuing to execute its post-pandemic growth strategy. As part of its considerations, the Remuneration Committee noted that the majority of Hostelworld's major shareholders, who the Remuneration Committee Chairman had consulted with directly, understood and accepted the retention and incentivisation rationale for the proposal. Further details in respect of the rationale for the policy proposals are set out in the Chairman of the Remuneration Committee's Annual Statement ('Executive Remuneration in 2023') on pages 118 to 122.

Debt Refinancing

Principal Stakeholders: Shareholders and Workforce

S.172 considerations: **Long-term consequences and interest of Employees**

In May 2023 the Board approved the terms of a €20 million three-year term loan facility with Allied Irish Banks, plc for legacy debt refinancing purposes and to strengthen the Group's balance sheet position. The Board considered the likely consequences of the decision to complete the transaction in the long-term and agreed that securing the loan facility, with materially lower interest costs, would support the Group's ability to execute against its key longer term strategic objectives and represented a strong endorsement of the Group's post-pandemic trading performance. As part of its considerations, the Board further agreed that the completion of the transaction would demonstrate to shareholders, our people and hostel partners that the Group was now consolidating the firm post-pandemic growth foundations it had built, and ensure confidence in the long-term stability of Hostelworld as a successful travel business, employer, and key strategic partner for hostels.

Sustainability Strategy

Principal Stakeholders: Our People, Hostel Partners and Society

S.172 considerations: **Long-term consequences, impact of the Group's operations on the community and environment**

The Board is committed to the Company's long-term stability and to playing its part in driving positive change in this critical area. During the reporting period the Board provided on-going oversight and assessed proposals (and approved related budget expense) in connection with the implementation of our sustainability strategy in the following key areas:

- Publishing of 2nd edition of Bureau Veritas report validating that hostels are a more sustainable option to hotels
- Awarded Silver Investors in Diversity accreditation in accordance with targets previously set by the Nomination Committee
- Became a signatory to the Climate Pledge
- Launched the ability for our customers to to take responsibility for their accomodation-based emissions in partnership with Cloverly
- Developed our *'Staircase to Sustainability'* framework, in line with Global Sustainable Tourism Council ("GSTC") requirements

As part of its considerations, the Board noted the consistent feedback from key stakeholders during the year on the importance of implementing our sustainability strategy effectively and agreed that failure to do so would be harmful to society, put at risk the long-term stability of Hostelworld and significantly affect its brand and reputation.

Capital Allocation Policy

Principal Stakeholders: Shareholders and Workforce

S.172 considerations: **Long-term consequences**

The issue of returning value to shareholders and assessing the appropriate time to make dividend payments was a key issue considered by the Board during 2023. From consistent feedback received from shareholders since the initial stock exchange listing of the Company, the Board is acutely aware of the importance of returning value to shareholders. From a different perspective, feedback received from our people confirmed the importance of the Group moving beyond the 'COVID-19' era and for the Group to re-establish firm financial foundations to underpin immediate and longer-term strategy execution. The Board is, accordingly, aware that there are various competing factors which need to be considered including the strength of the Group's liquidity position and need to exercise caution as the Group continues to implement its post-pandemic growth journey. Following its assessment of this issue, and after balancing the interests and views of shareholders and other stakeholders with the need to ensure a firm financial foundation for the execution of the Group's strategy, the Board confirmed that the payment of dividends would not currently be in the best interests of the business.

Governance

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Directors' Biographies

Michael Cawley N^C R
Non-Executive Chairman

INDEPENDENT	Yes[1]	APPOINTED	14 October 2015	BOARD TENURE	8 years 5 months

SKILLS & EXPERTISE	Significant industry experience in the airline, motor, betting and gaming, and construction sectors, including significant leadership experience as a Non-Executive Director of other companies.
EXPERIENCE	Former Deputy Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Commercial Director of Ryanair and the former Group Finance Director of Gowan Group Limited.
KEY EXTERNAL APPOINTMENTS	Ryanair Holdings plc, Ryanair Designated Activity Company, Kingspan Group plc[2], Prepaypower Group Holdings Limited, GMS Professional Imaging Limited, Gowan Group Limited, Mazine Limited, Meadowbrook Heights Unlimited, Winthrop Technologies Limited and Winthrop Technologies Holdings Limited.

Gary Morrison D^C
Chief Executive Officer

INDEPENDENT	No	APPOINTED	11 June 2018	BOARD TENURE	5 years 9 months

SKILLS & EXPERTISE	Deep knowledge of the online travel industry, and significant experience in technology and telecommunications.
EXPERIENCE	Former Senior Vice President and Head of Retail for Expedia, former Director of Despegar (NYSE DESP), AirAsiaExpedia and Voyages SNCF. Former Head of Global Sales Operations for Google's Online Sales Channel and Motorola as VP and Head of Product management for Motorola's Smartphone, consulting and engineering roles at General Electric, Booz Allen and Hamilton and Schlumberger France.
KEY EXTERNAL APPOINTMENTS	None

Caroline Sherry D
Chief Financial Officer

INDEPENDENT	No	APPOINTED	1 December 2020	BOARD TENURE	3 years 3 months

SKILLS & EXPERTISE	Extensive finance, sustainability, management and strategic experience.
EXPERIENCE	Former Financial Controller Hostelworld Group plc, Director of Financial Planning and Analysis for Glanbia plc's Performance Nutrition division and held numerous strategic and commercial finance roles held at Ulster Bank Group. Chair of ESG Steerco at Hostelworld.
KEY EXTERNAL APPOINTMENTS	None

[1] Independent on appointment
[2] Directorship ended 28 April 2023

Éimear Moloney A^C N R
Non-Executive Director

INDEPENDENT	Yes	APPOINTED	27 November 2017	BOARD TENURE	6 years 3 months

SKILLS & EXPERTISE	Extensive financial services experience.
EXPERIENCE	Senior investment manager roles in Zurich Life Assurance (Ireland) plc, senior positions with Bankers Trust Funds Management Ltd in Australia and with Crowe Horwath Chartered Accountants.
KEY EXTERNAL APPOINTMENTS	Non-Executive Director of Kingspan Group plc, Irish Continental Group plc and directorships with Chanelle Pharmaceutical Group.

Evan Cohen A N R
Non-Executive Director

INDEPENDENT	Yes	APPOINTED	14 August 2019	BOARD TENURE	4 years 7 months

SKILLS & EXPERTISE	Detailed knowledge of technology and media businesses.
EXPERIENCE	Former Regional Director for Lyft's US East Coast business, Chief Operating Officer at Foursquare, and senior strategic consulting and operational roles at Bebo, Jupiter and MTM.
KEY EXTERNAL APPOINTMENTS	Owner of EVCO Advisory Services.

Carl G. Shepherd A N R^C
Non-Executive Director

INDEPENDENT	Yes	APPOINTED	1 October 2017	BOARD TENURE	6 years 5 months

SKILLS & EXPERTISE	Significant experience in the online travel industry.
EXPERIENCE	Co-founder, founding Chief Operating Officer and Chief Strategic and Development Officer of HomeAway Inc, former Board member of Turnkey Vacation Rentals, Inc., previous Chief Operating Officer and Chief Development Officer of Hoover's Online.
KEY EXTERNAL APPOINTMENTS	Edge Retreats[3]

[3] Directorship ended 12 June 2023

A member of the Audit Committee
D member of the Disclosure Committee
N member of the Nomination Committee
R member of the Remuneration Committee
C indicates Chair of Committee

Board Composition Dashboard

as of 20 March 2024

Board Tenure
(in aggregate)

- 1 to 3 years: 0%
- 3 to 6 years: 50%
- 6 to 9 years: 50%

Board Tenure
(Non-Executive Directors only)

- 1 to 3 years: 0%
- 3 to 6 years: 25%
- 6 to 9 years: 75%

Board Composition

- Non-Executive Directors: 4 (67%)
  Michael Cawley, Éimear Moloney, Evan Cohen, Carl G. Shepherd
- Executive Directors: 2 (33%)
  Gary Morrison, Caroline Sherry

Geographic Location

- Ireland
  Michael Cawley, Éimear Moloney, Gary Morrison, Caroline Sherry
- United States
  Evan Cohen, Carl G. Shepherd

Gender Diversity

- Male (4): 67%
- Female (2): 33%

Corporate Governance Report

Chairman's Introduction

On behalf of the Board, I am pleased to introduce our Corporate Governance Report for the year ended 31 December 2023. The report, with cross-referencing to other related sections of the Annual Report included where applicable, explains the structures, processes, and procedures used by the Board and its Committees to ensure that Hostelworld's high standards of corporate governance are maintained and provides a summary of how the leadership role played by the Board in promoting the long-term sustainable success of Hostelworld is implemented.

The Board reaffirms its commitment to promoting high standards of corporate governance in Hostelworld Group plc (the "Company") and its subsidiaries (together the "Group"). The Board welcomes the recent revisions to the UK Corporate Governance Code, most of which will apply to financial periods beginning on or after 01 January 2025 (with the exception of the new Provision 29, which will apply to financial periods beginning on or after 01 January 2026) and will consider in a timely way how the relevant changes apply to the Company.

In keeping with prior years, details of our governance practices are available in this Corporate Governance Report and the Committee Reports which follow.

Compliance with the UK Corporate Governance Code

The Company has complied with the 2018 UK Corporate Governance Code (the "2018 Code") throughout the reporting period, with two remuneration related exceptions.

(1) The Remuneration Committee has not developed a formal policy on post-employment shareholding requirements in accordance with Provision 36 of the 2018 Code. This matter was considered again by the Remuneration Committee during 2023, consulted on with major shareholders and the main proxy advisers in connection with the new Remuneration Policy, and the conclusion reached was that the new Remuneration Policy and the framework for LTIP awards already provides sufficient alignment between management and the long-term interests of shareholders. There is a shareholding requirement which must be met during employment and, additionally, a requirement for LTIP awards to be held for a two-year post-vesting holding period. The Remuneration Committee does not believe that further post-employment requirements are necessary to ensure that the Executive Directors are at all times operating in the best long-term interests of shareholders.

(2) The 10% of salary pension contribution rate for the CEO is above the 6% rate applicable to the wider workforce and represents non-compliance with Provision 38 of the Code. This was also reviewed during 2023 and consulted on with major shareholders and the main proxy advisers as part of the process for considering the new Remuneration Policy. After consideration, the Remuneration Committee noted that the CEO's rate of pension contribution was agreed at the time of his recruitment in 2018 and, although not aligned with the workforce average, the contribution rate is not considered excessive.

The Remuneration Committee recognises that some shareholders take different views on these matters, and they will remain under review on a regular basis. Accordingly, it is not currently possible to provide a definite timeline for compliance with the related 2018 Code provisions.

Board Membership

Of the six Board members, two are female, four are resident in Europe and two are resident in the United States of America. Three Board members have travel/online executive experience and the remaining members come from other industry sectors. We have, in my view, a diverse Board and an excellent mix of skills and perspectives which ensures debate at boardroom level is challenging and well informed.

The biographies of the Directors on pages 86 to 88 set out the key skills and experience that each Director brings to the Board. I have evaluated the performance of each Director and am satisfied that each brings

Corporate Governance Report continued

commitment and expertise to their role and dedicates sufficient time to contribute effectively to the performance of the Board.

Board Effectiveness

Arranged by the Company Secretary under my direction as Chairman, the Board undertook an in-depth internal review of its effectiveness during 2023 and concluded that the Board and its Committees continue to function effectively. Details of the evaluation process and its findings are included on pages 108 and 109.

Legal and Compliance

The General Counsel and Company Secretary provides updates to the Board and its Committees on relevant legal and compliance matters and updates the Board on material legal developments affecting the Group.

Engaging with Stakeholders and our Workforce

As a Board we are focused on how we engage with our stakeholders (which include our people, customers, hostel partners, Allied Irish Banks, plc ("AIB") as our lender, and the communities where we maintain operations) and ensuring that the Board has regard to their interests when considering matters and making decisions. A key part of the Board process is to balance and consider what are, on occasion, conflicting interests and expectations of our stakeholders to ensure each stakeholder's interests are taken into account in a balanced and considered manner. The Board's engagement with Hostelworld's key stakeholders is managed through a variety of touchpoints, information about which can be found from page 75 of the Strategic Report. This section, which contains our Section 172 Statement, identifies our key stakeholder groups and describes the ways in which the business and Board have considered their interests and engaged with them during the year, the outcome of that engagement and how it has influenced the Board's decision-making, and the measurements and metrics used to assess engagement with each stakeholder. This year we have identified AIB, our lender and principal banking partner, as a distinct stakeholder group in recognition of the importance of the refinancing of the Group's legacy debt with HPS Investment Partners, LLC with AIB in May 2023.

ESG Strategy

The Board is responsible for overseeing the Environmental, Social and Governance ("ESG") strategy and, noting the ever-increasing importance of ESG matters for our people and other key stakeholders, the CFO updated the Board at each scheduled Board meeting on the implementation of our ESG strategy. As the only hostel-focused booking platform, Hostelworld has a clear leadership responsibility in the hostel sector, and I am particularly pleased with the recent launch, in partnership with the GTSC, of the Group's '*Staircase to Sustainability*' programme for our hostel partners. The progress we made during the year in this important area is set out in the Sustainability Report on pages 45 to 65, within the Chief Executive Review on pages 19 and 20 and in the Chairman's Statement on pages 14 and 15.

Culture

Effective commercial and trading performance is dependent on an appropriate Company culture which is aligned with the Company's purpose, values and strategy. Please see page 94 for the key means by which the Board monitored culture over the reporting period. The Board welcomes the changes published in the recent revision of the Code requiring boards to specifically assess how culture is embedded in organisations and will ensure early adoption of this requirement over 2024.

Annual General Meeting

The AGM is an important forum for shareholders to hear more about the general development of the business. The 2024 Annual General Meeting will be held on 02 May 2024. Full information is contained in the Notice of Annual General Meeting, which will be sent to shareholders with this Annual Report at least 20 working days prior to the date of the meeting and is available on the Company's website at www.hostelworldgroup.com.

Conclusion

The year was marked by meaningful progress against our strategic goals and strong financial performance, reflected in our financial results. We grew market share, delivered record revenues and increased operating leverage through a combination of reduced marketing spend and continued operating cost discipline. Our effective governance arrangements provide a robust and resilient decision-making framework, enabling us to continue to deliver against our strategy for the benefit of all our stakeholders.

Michael Cawley
Chairman
20 March 2024

How Governance Supported our Strategy during 2023

Strategic Objective	Board's Governance Role	Link to Principal Risk	2023 Board Activity
Delivering on Strategic Objectives	Review and assessment of proposals for the evolution of the Group's strategy.	Competition risks (page 36)	During the year, the Board approved strategy proposals and investments in the following key areas: (1) growing social customers by launching new product features; (2) expansion of the 'Linkups' platform to enable an increased number of events to be hosted by hostel partners; and (3) reducing marketing costs by enhancing language translations on our booking platform and improving SEO capabilities.
Investing in Our People	Consultation with shareholders and proxy advisers to help ensure the on-going retention and motivation of our CEO.	People risks (page 34)	In the interests of addressing retention risks and to ensure our CEO remained motivated in circumstances where it was felt appropriate to increase his maximum annual bonus opportunity, the Remuneration Committee agreed that shareholders would be asked to approve a new Directors' Remuneration Policy providing for an increase in the maximum annual bonus payable to the CEO.
	Oversight of remuneration planning and implementation to ensure our people were paid fairly.		To ensure broader retention risks were effectively managed and that our people were rewarded fairly and competitively, the Remuneration Committee agreed that salary policy proposals for the 2023 salary review provided for average salary increases for colleagues in excess of salary increases for the Executive Leadership Team (including the Executive Directors).
Delivering on our ESG Strategy	Effective governance and Board oversight to ensure achievement of 2023 milestones in respect of our ESG strategy.	Climate risks (page 37), brand risk (page 38) and competition risks (page 36)	Approval of strategy and investments required to implement the Group's '*Staircase to Sustainability*' programme to support hostel partners on their sustainability journey and allow our traveller customers to have the ability to take responsibility for their accommodation-based emissions in partnership with Cloverly. Read more about the progress of our ESG strategy during the reporting period set out throughout the Strategic Report on pages 14 to 83.
Protecting our Financial Position	Governance to ensure our debt refinancing transaction with AIB was agreed on competitive commercial terms and our financial stability was maintained.	Macro-economic conditions and financial risks (page 33 and 35)	Oversight of tendering process with potential lending partners and approval of commercial and legal terms with AIB.
Capital Allocation	Assessment of benefits and financial stability risks of making a dividend payment to shareholders.	Macro-economic conditions and financial risks (pages 33 and 35)	Assessed and confirmed that the payment of dividends would not be in the best interests of the business for the foreseeable future.

Corporate Governance Report continued

We set out below how the 2018 Code has been applied and complied with during the reporting period. We have provided cross references in certain sections to relevant parts of the Annual Report where we explain how we have applied the principles of the 2018 Code. Our aim is to reduce repetition, ensure transparency and demonstrate the integrated application of the 2018 Code. The 2018 Code is publicly available at www.frc.org.uk/document-library/corporate-governance/2018/uk-corporate-governance-code-2018

1. Board Leadership and Company Purpose – Principles A-E of the 2018 Code

Approach to Governance

The Board's ultimate objective is the long-term sustainable growth in shareholder value. We set out on page 91 how governance has supported the delivery of our strategy during 2023 and how this is linked to our principal risks.

Long-term Sustainable Success

In accordance with the 2018 Code, the Board is responsible for the long-term success of the Group, is focused on long-term strategic plans, and reviews and assesses performance against strategic goals at each scheduled Board meeting. The Board has a detailed programme that ensures financial performance, strategy, risk, stakeholder engagement, culture, and governance matters are discussed and assessed frequently. As part of the Board's role in promoting the long-term sustainable success of the Company, generating value for shareholders and contributing to society, during 2023 the Board focused on the matters identified in the CEO's review (please see from page 17) and the Chairman's Statement (please see from page 14).

The Board also assesses the sustainability of the business model over the longer term through:

- Assessing industry trends and developments and attending industry conferences
- Regularly assessing its capital requirements and capital allocation policy
- Assessing feedback from our stakeholders
- Overseeing the risk management and controls in place to address IT and cyber security risks
- Maintaining oversight over the Group's system of internal controls
- Considering key factors likely to affect future performance for the purposes of the viability statement (please see from page 42)

Effective and Entrepreneurial Board

The Board reviews strategy and execution against strategic KPIs at each scheduled Board meeting. Key strategic issues discussed by the Board over the reporting period included:

- Changes to the online travel industry and travel trends in our key markets following COVID-19
- The ongoing evolution of our social strategy and the most effective means to identify growth opportunities in this area
- The advent of artificial intelligence and how it could be best used by Hostelworld
- The longer-term effects of COVID-19 on our hostel partners and the strategy for ensuring hostel inventory is available over the longer term for our traveller customers
- The Group's long-term technology strategy and its alignment with feedback received from our hostel partners and traveller customers
- Climate-change risks and opportunities
- The use of office space in our locations and assessing future ways of working that are cost effective and appropriate for our people
- Our culture and our purpose
- Review of the 2024 budget and four-year outlook and the potential impact of external risk factors

We set out on pages 108 and 109 details of the Board's effectiveness and how our evaluation process assists in ensuring that the strengths of the Board are recognised and understood and areas that require improvement are identified and actioned. The Nomination Committee Report (pages 102 to 109) describes how we ensure we have the right skills and experience on our Board. Biographies of the Directors are provided on pages 86 and 87.

(a) Directors' Induction and On-going Training

On appointment to the Board, each Director takes part in a comprehensive induction programme. This induction is supplemented with on-going training which is updated throughout the year to ensure the Board is kept informed of key legal and regulatory requirements and industry updates. Further details of training undertaken by Board members is provided in the Nomination Committee Report on page 104.

(b) Conflicts of Interest

Our Board has a Conflicts of Interest Policy and has put in place procedures for the disclosure and review of any potential or actual conflicts. Neither Carl G. Shepherd nor Éimear Moloney took part in the Nomination Committee and Board processes which dealt with their re-appointment for a further three-year term. During 2023, no additional conflicts of interest arose.

(c) Chairman and Non-Executive Directors

The Board considers Carl G. Shepherd, Éimear Moloney and Evan Cohen to be independent. Accordingly, the Company meets the requirement of the 2018 Code that at least half of the Board (excluding the Chairman) is comprised of independent Non-Executive Directors. Michael Cawley, Chairman of the Board, was considered independent on his appointment to that role in December 2017. Details of succession planning as it relates to Non-Executive Directors is set out on page 103.

The Chairman and the Non-Executive Directors constructively challenge and help develop proposals on strategy and bring independent judgement, knowledge, and experience to the Board's deliberations. During the year, the Non-Executive Directors are expected, in accordance with related contractual terms set out in applicable non-executive director appointment letters, to commit approximately 15 to 20 days to the business of the Group.

The terms and conditions of appointment of the Non-Executive Directors are available for inspection at the Company's registered office and are also available at the Annual General Meeting.

Company Values and Purpose

During the year, the Board reviewed and approved the Group's purpose and considered the Group's values and behaviours. Details of the Group's purpose, values, and behaviours are set out on pages 69 and 70 of the Strategic Report. Our values and behaviours demonstrate how we behave individually and collectively as a Board and how we ask our colleagues to conduct themselves on a day-to-day basis. Each of these elements was discussed by the Board during the reporting year, notably at its meeting in December 2023 where the Board discussed the Hostelworld values and behaviours, their interaction with and underpinning of the Group's culture and whether any changes were appropriate. Our values and behaviours underpin a culture that promotes equality and dignity in the workplace and of behaving as a conscientious and compliant business in the ways we treat our people and engage with our other stakeholders. The Board strongly considers that these must be communicated effectively, reinforced, and continuously embedded in our policies and procedures so that the right values and behaviours drive what we do and how we do them.

The Executive Directors have been delegated responsibility for ensuring that established values and behaviours set at Board level are effectively communicated and implemented across the business. If the Board is concerned with any behaviours or actions, it will seek assurance that corrective action is being taken. No such action was required during 2023.

Given the criticality of values and behaviours in underpinning decision making, shaping our conduct and defining our culture, further detailed feedback will be sought from our people and other stakeholders over 2024 on how we can build and improve on how we do things in respect of our culture. Our purpose, values and behaviours will be refreshed to ensure they reflect the ongoing and future needs of Hostelworld. Our culture will continue to grow and evolve over many years and the Board is committed to ensuring its alignment with the Company's purpose, values, and strategy.

Corporate Governance Report continued

Assessing and Monitoring Culture

Our culture is based on our values and behaviours and is continuously monitored. Culture is underpinned by appropriate policies and codes of conduct and the Board monitors and assesses the culture of the Group on an on-going basis through various mechanisms including receiving an update from the Chief People Officer (or his delegate) at each scheduled Board meeting, meeting with members of the Executive Leadership Team who are invited to attend the majority of scheduled Board meetings and report on their areas, and receiving updates from Éimear Moloney (in her capacity as designated Non-Executive Director with responsibility for workforce engagement) and Evan Cohen (who replaced Éimear in this role in late 2023).

Management use a set of specific metrics which provide a detailed overview to support the Board in fulfilling its role in monitoring and assessing culture. These include metrics and KPIs taken from colleague engagement surveys, employee exit surveys, HR policies in respect of disciplinary and compensation and promotion practices, diversity, equity and inclusion and compliance training data, levels of participation in learning and development programmes, whistleblowing reporting, well-being policies and programmes for our people, compliance with our GDPR obligations in respect of our customers personal information, satisfaction scores from our hostel partners, resolution rates for customer services issues, and compliance with payment terms with our vendor partners. Independent assurance is sought from PwC in certain areas via the outsourced internal audit function and from other advisers.

Metrics used to monitor culture include:

- Engagement is central to everything we do, and the overall engagement score provides a quantifiable measure of our culture – our overall engagement score improved by 4% over 2023 and was based off a participation rate of 82%.
- Allowing our people raise any concerns they have anonymously via our Whistleblowing Hotline service is essential to ensure staff have the means to highlight suspected wrongdoing, and monitoring the volume of incidents reported provides an important insight into the health of our culture – no issues were reported to the service during 2023.
- Complying with our customers privacy rights is vital to maintaining their trust, and the participation rate in data protection compliance training allows us to establish how embedded this critical compliance requirement is in the business – 99% of invited participants completed the training in 2023 (up from 96% in 2022).
- Resolving any issues our traveller customers may have in a timely manner is important to make sure Hostelworld's reputation as a trusted hostel booking provider is maintained, and assessing improvements in the time it takes to resolve any customer issues allows us to verify that doing the right thing for our customers is at the heart of how we operate as a business – the customer support resolution rate improved significantly over 2023 with 85% of tickets resolved within 36 hours during December 2023.
- Paying our suppliers on time in accordance with agreed contract terms is important to maintain a collaborative partnership-based relationship and avoid needless disputes, and how we score against this performance metric provides a clear measure of the health of our culture – 100% of our suppliers were paid in accordance with agreed payment terms during 2023 (no change from 2022).
- Retaining our employees is a key element of our strategy, and retention rates are a strong indicator of an engaged workforce. The employee attrition rate for 2023 of 19.4% represented an improvement on the equivalent rate for 2022 (22.9%) and confirms that we continue to make progress in this important area.

How our Culture Supports Strategy:

Our key strategic objectives are to execute our social network growth strategy, expand our inventory coverage, invest in our platform, progress our ESG initiatives, and deliver on our commitments to our people, hostel partners and communities. are set out within the Chief Executive's Review on pages 17 to 21. We are enabled and empowered to deliver on our strategic objectives by a vibrant culture underpinned by our values:

- **Think Customer** – we attract and retain customers by focusing on their needs and putting them at the centre of our product roadmap.
- **Be Bold, be Brave, be Adventurous** – we embrace change and encourage and incentivise our people to learn continuously so that we are able to respond quickly to our stakeholders' evolving perspectives.
- **Keep it Simple** – the simpler things are for our people, customers, and hostel partners, the faster we can move and execute on our strategy.
- **Building a Better World** – we engage our people by being inclusive and welcoming as an employer with a firm focus on diversity, equity and inclusion ("DE&I").
- **Community Spirit** – we bring people together from all over the world through our product offering and in our office locations across the globe. Our community spirit with our customers, our hostel partners, and our people enhances these relationships and drives performance and strategy execution.

For more information on our culture and how we invest and reward our people, see our 'People and Culture' section from page 68.

Risk Management

The Group invests considerable resources to manage and monitor IT security, data protection and regulatory risks with the assistance of its internal auditors and senior members of each division/function within the Group. The Board and its Committees receive regular updates on risks and risk management, and periodically assess the key risks and emerging risks in the business. The Board is committed to ensuring the privacy rights of our customers and partners are always respected and are provided with updates from the Audit Committee on the results of privacy audits undertaken by the Group's Data Protection Officer and on-going cyber security reviews of the Group's booking platform and IT systems undertaken by the Group's Head of Information Technology Security. Independent assurance is sought on IT controls and IT security risks from PwC, our outsourced internal audit partner.

Whistleblowing and Anti Bribery

The Board is committed to promoting a culture that ensures employees can report suspicions of wrongdoing in confidence through both internal and external mechanisms. The Group previously adopted an Anti-Bribery Policy and a Whistleblowing Policy and maintains a confidential helpline for reporting such matters. As reported above, no incidents were reported to the helpline during 2023. The Anti-Bribery Policy and Whistleblowing Policy are reviewed annually to ensure they remain relevant and fit for purpose.

Remuneration and Culture

We set out on page 122 how we have addressed the issue of ensuring remuneration is aligned with culture. We explain on page 121 the Group's approach to investing in and rewarding our workforce and on page 121 how remuneration is aligned to the Company's purpose and values.

Using Stakeholder Views to Shape Board Decision Making

Details of how engagement with stakeholders was conducted during 2023, what metrics and performance indicators were used in connection with stakeholder engagement, and how the Directors promoted the success of the Group in accordance with the requirements of Section 172(1) of the Companies Act 2006 are set out in the Section 172 Statement on pages 75 to 83.

Workforce Engagement Statement

Creating an inclusive culture and maintaining a safe and respectful working environment is central to maintaining high levels of engagement with our people. The Board is committed to ensuring that it is aware of the views and concerns of the Group's workforce and that it has regard to their interests as part of the Board's decision-making process. The feedback we get from our people helps to enhance our understanding of the culture and values and behaviours that are appropriate for the business and how we continue to ensure that Hostelworld provides an inclusive and rewarding place to work for our people.

Éimear Moloney was the designated Non-Executive Director with responsibility for understanding the views of the Group's employees and for managing effective engagement between the Board and the Group's employees until early December 2023 when Evan Cohen took over the role as designated Non-Executive Director with responsibility for workforce engagement.

As part of the programme of employee engagement activities conducted during 2023, both Éimear and Evan hosted engagement forums with colleagues from different parts of the business, provided updates on Board activities and sought the views of the forum members on a number of topics.

Key themes emerging from engagements with the workforce during 2023:

- Our people were very positive about our culture and agreed that Hostelworld enjoys an extremely supportive and inclusive culture which was particularly helpful for onboarding new colleagues.
- Senior executives are very approachable, and Town Halls hosted by the CEO and the Executive Leadership Team allowed for a strong sense of connection with management and Board members and a shared sense of purpose.

Corporate Governance Report continued

- The strength of talent across the business and the calibre of recent hires was seen as a real strength. Some concerns were expressed about career development and promotion criteria, while recognition and being treated fairly from a compensation perspective were highlighted as areas that would benefit from greater transparency. Colleagues spoke positively about the investments made in the Group's Learning and Development capabilities.
- The Group's commitment to its ESG strategy, in particular its ongoing work in the DE&I space, were positive highlights in the discussions.
- Availability of resources and its impact on bandwidth in the business was raised as a concern with a request that priority identification and communication mechanisms be enhanced.
- Colleagues highlighted the on-going success of the Group-wide 'fireside chats' involving Non-Executive Directors and welcomed the participation of the Chairman in the programme during 2023.
- The refinancing of the Group's legacy debt announced publicly in May 2023 was seen as strong confirmation that Hostelworld had moved beyond the 'COVID-19 era'.

Feedback from the various engagement channels was shared and discussed by the Board and the insights of employees assisted in informing broader Board and management decisions and helped identify areas to improve the employee experience. How the Board engaged with the workforce and how the views of our people have been used to shape Board decisions during the year are set out in the Section 172 Statement (pages 75 to 83).

Directors' Concerns

During the year, no Director had concerns about the operation of the Board or the management of the Group that could not be resolved.

2. Division of Responsibilities - Principles F - I of the 2018 Code

The Chairman

Responsibility

Michael Cawley was appointed as Chairman of the Board of Directors on 01 December 2017 and was considered independent on appointment. The Chairman is responsible for the overall effectiveness of the Board and maintaining a culture of openness and transparency at Board meetings. The Chairman is also responsible for ensuring all Directors contribute effectively to Board discussions and provide constructive challenge on key issues under consideration. The Chairman, Committee Chairs and Company Secretary hold regular meetings to discuss agenda items and Board and Committee materials. The Board confirms that Michael Cawley continues to be effective in this role and promotes a culture of open and candid debate in the boardroom. The Chairman's responsibilities are outlined in the table on page 98.

A Balanced Board

As required by the 2018 Code, at least fifty percent of the Board (excluding the Chairman) are independent Non-Executive Directors. The Nomination Committee regularly reviews Board composition, including the balance of skills and experience on the Board, the tenure of each Non-Executive Director, and conducts succession planning for Non-Executive Directors and Executive Directors.

Director and Board Performance

Following a performance evaluation exercise conducted during 2023, each Director's performance continues to be effective, and each Director demonstrates commitment to the role. The internal Board evaluation concluded that the skills and experience of the Executive Directors and independent Non-Executive Directors were appropriate with the Board working effectively together.

Non-Executive Directors and Independence

Our Non-Executive Directors have responsibility for constructively challenging the strategies proposed by the Executive Directors and holding management to account in respect of the achievement of Company goals and objectives. The Non-Executive Directors also play a primary role in the effective functioning of the Board's Committees (other than the Disclosure Committee which is comprised of the CEO and CFO).

The Board has identified on pages 86 to 88 which Directors it considers to be independent. The Board confirms that it assessed the independence of the Non-Executive Directors as part of the annual Board evaluation process and has determined that each of the Non-Executive Directors continued to demonstrate independent judgement during the reporting period and remained free from any business or other relationships which could have materially affected the exercise of their judgement.

The Non-Executive Directors play an important role in holding the Executive Directors and management to account and in ensuring that no individual director or group of directors dominates the Board's decision making. It is therefore of significant importance that their independence is maintained. To properly preserve their independence, Non-Executive Directors are not permitted to serve more than three three-year terms (other than in exceptional circumstances).

Other External Appointments

The Board takes into account a Director's other significant external commitments when considering them for appointment to satisfy itself that the individual can allocate sufficient time to their Board duties and assess any potential conflicts of interest. Each Director is required to notify the Chairman of any changes to any significant external commitments that arise during the year with an indication of the time commitment involved.

Executive Directors may accept a non-executive role at another company with the approval of the Board. If required to assess additional directorships, the Board will consider the number of directorships held by the individual already and their expected time commitment for those roles. The Board takes into account the most recent guidance published by institutional investors and proxy advisers as to the maximum number of appointments which can be managed efficiently. As part of the Board evaluation exercise, each Non-Executive Director has confirmed (as they are required to do annually) that they have been able to allocate sufficient time to discharge their responsibilities effectively (see table on page 101 for Board meeting attendance).

External appointments held by our Non-Executive Directors are set out on pages 86 to 88. At the date of publication of this Annual Report, no external appointments are held by our Executive Directors.

Corporate Governance Report continued

Division of Responsibilities

There is a clear division between executive and non-executive responsibilities which ensures firm oversight and responsibility. The roles of the Board, Board Committees, Chairman and CEO are documented, as are those matters reserved to the Board. An overview of the division of responsibilities between the Board and the executive leadership of the Group is provided in the table below.

Company Secretary

The Company Secretary is responsible for ensuring the Board and Board Committees have the time and necessary information required to discharge their duties, function effectively, and provides the Board and Board Committees with briefings and guidance on governance and relevant legal and regulatory matters. Both the appointment and removal of the Company Secretary is a matter for the Board. In accordance with the 2018 Code, the remuneration of the Company Secretary is determined by the Remuneration Committee.

Division of Responsibilities		
Chairman Michael Cawley	• Leadership of the Board • Responsible for overall effectiveness in directing the Group • Constructive relationships between the Executive and Non-Executive Directors • Effective contribution of all Non-Executive Directors	• Directors receive accurate and timely information • Meetings with Non-Executive Directors, without Executive Directors present • Ensures Board is aware of the views of major shareholders
Board (key matters)	• Group's purpose and values • Group's strategic aims and business plans • Annual and interim results • Annual report and financial statements • Dividend policy • Internal control and risk management • Major changes to the Group's corporate structure including but not limited to major acquisitions/disposals	• Capital purchases > €250k outside budget • Communication with shareholders • Changes in structure, size and composition of the Board • Material litigation • Remuneration Policy for Directors and senior executives • Governance structure • Oversees culture (including DE&I programmes) and climate-related risks and controls
Senior Independent Director Carl G. Shepherd	• Sounding board to the Chair • Intermediary for the other Directors and shareholders	• Annual appraisal of Chair's performance
Non-Executive Directors	• Constructive challenge, strategic guidance and specialist advice	• Scrutinise and hold to account the performance of management and individual Executive Directors against performance and strategy objectives
Chief Executive Officer Gary Morrison	• Execute the Group's strategy and commercial objectives together with implementing the decisions of the Board and its Committees • To keep the Chairman and Board appraised of important issues and competitive challenges facing the Group • To ensure that the Group's business is conducted with the highest standards of integrity, in keeping with our culture	• Manage the Group's risk profile and ensure actions are compliant with the Board's risk appetite • Investor relations activities, including effective and ongoing communication with shareholders

Division of Responsibilities		
Chief Financial Officer Caroline Sherry	• Support the CEO in developing and implementing strategy • Provide financial leadership to the Group and align the Group's business and financial strategy • Responsible for financial planning and analysis, treasury and tax functions	• Responsible for presenting and reporting accurate and timely historical financial information • Manage the capital structure of the Group • Investor relations activities, including communications with investors, alongside the CEO • Chairs Steering Committee on ESG and oversees TCFD and ESG reporting compliance
Designated Non-Executive Director for Gathering the Views of the Workforce Éimear Moloney (replaced by Evan Cohen in December 2023)	• Attendance at employee engagement forums • Provide regular updates to the Board on issues discussed at employee engagement forum meetings	• Review any messages received through the whistleblowing system from the Group's employees • Monitor the effectiveness of engagement programmes established for employees
Company Secretary John Duggan	• Compliance with all corporate governance matters, monitors the Group's disclosure requirements under the 2018 Code and UK Listing Rules	• Ensure Board procedures are followed • Compliance by the Company with its legal and regulatory responsibilities

The Board of Directors

The schedule of matters reserved for the Board's decision is available on the Group's website, www.hostelworldgroup.com. The schedule of matters reserved for the Board and the Terms of Reference for each of its Committees are subject to annual review. The Board also has a Delegation of Authority Policy that sets out the primary responsibilities, controls and authorisation limits on matters affecting the Group's business. This policy was reviewed and updated by the Board on two occasions during 2023.

Board Meetings

There were 12 Board meetings held during the year, with additional Board conference calls held between Board meetings as and when circumstances required. Certain Board decisions are addressed through written resolutions signed by each member of the Board. Key issues assessed, and material decisions taken by the Board and its Committees during the year included the following:

Strategy

- On-going updates and presentations from the Executive Directors and Executive Leadership Team on the implementation of strategy throughout the year
- Reviewed the Group's 2024 budget and four-year outlook
- Oversight and approval of the Group's ESG roadmap and assessment of achievement of ESG strategy milestones
- Reviewed the Group's long-term strategic objectives with a particular focus on the growth and iteration of the Group's social network product features, technology strategy, hostel inventory strategy and paid marketing strategy
- In-depth review of the Company's investor relations plans and shareholder engagement activities
- Assessed and confirmed that the payment of dividends would not be in the best interests of the business for the foreseeable future
- Assessed and considered culture and engagement with key stakeholders

Corporate Governance Report continued

Commercial

- On-going updates and presentations from the Executive Directors on trading and financial performance (weekly trading emails sent to the Non-Executive Directors by the CFO)
- Review and approval of commercial and legal terms agreed with AIB in connection with the refinancing of the Group's legacy debt (completed in May 2023)
- Approved the 2024 budget and four-year outlook
- Approved the full year results, half year results, and Annual Report

Risk Management and Internal Controls

- Reviewed the Group's principal and emerging risks
- Reviewed and confirmed the Group's viability statement and going concern status
- Received an update on Cyber and IT Security
- Received an update on data protection compliance
- Received an update on compliance training completion rates
- Reviewed the effectiveness of the Group's system of internal controls and risk management

People and Culture

- Approved proposals for new Directors' Remuneration Policy which were consulted on with shareholders and the main proxy advisers in Q4 2023
- Approval of a number of employee initiatives in the areas of employee well-being and employee assistance
- Approved the statement of steps taken to prevent modern slavery and human trafficking as contained in the Company's Modern Slavery Statement
- Received updates from Éimear Moloney and Evan Cohen in their capacity as Non-Executive Director responsible for employee engagement (Evan Cohen replaced Éimear Moloney in the role in December 2023)
- Received updates on key people and culture issues from the Chief People Officer (or his alternate) at each scheduled Board meeting
- Approved the renewal for a further three-year term of Éimear Moloney as Non-Executive Director, Chair of the Audit Committee, and member of the Remuneration Committee and Nomination Committee
- Approved the renewal for a further three-year term of Carl G. Shepherd as Non-Executive Director, Senior Independent Director, Chair of the Remuneration Committee, and member of the Audit Committee and Nomination Committee
- Considered succession planning for the Board, Executive Directors and talent management programmes for key high performers
- Reviewed the Board Diversity Policy

Standing Agenda Items

In addition to the above, at each scheduled Board meeting there are standing items, which include:

- Review and approval of the previous meeting minutes
- Committee updates to the Board
- Status update on any matters outstanding from previous meetings
- Report from the CEO (including an update on strategy development and execution)
- Report from the CFO (including an update on trading, investor relations and progress on ESG strategy initiatives)
- Reports from the Chief Product Officer, Chief People Officer, Chief Supply Officer and Chief Technology Officer on departmental developments and initiatives and progress against strategic objectives

The Directors' attendance records at the Board meetings held during the year are shown in the table below. Attendance records at Committee meetings are detailed in the respective Committee Reports. Directors are provided with appropriate documentation approximately one week in advance of each Board or Committee meeting. For each scheduled Board meeting the papers include a trading update, financial performance and strategy execution update, a people and culture update, and progress on the Group's ESG strategy. In addition, all Board and Committee members receive the minutes of meetings as a matter of course.

Non-Executive Directors are encouraged to communicate directly with senior management between Board meetings and are provided with a weekly trading email by the CFO. Members of the Executive Leadership Team attend the majority of scheduled Board meetings to present updates on the performance of their specific area(s) of responsibility.

Should any Director judge it necessary to seek independent legal advice in respect of Company matters, they are entitled to do so at the Company's expense.

Meetings between the Non-Executive Directors, without the presence of the Executive Directors, are scheduled in the Board's annual programme. These meetings were conducted at the end of a number of scheduled 2023 Board meetings and provided the Non-Executive Directors with a private forum to discuss matters presented by the Executive Directors at the particular meeting and wider business topics. These meetings are helpful in preserving the independence of Non-Executive Directors by providing them with the means to discuss Executive Director performance and Company issues in the absence of the Executive Directors.

Board Meeting Attendance

Membership	No. of scheduled meetings/total no. of scheduled meetings held when the Director was a member[1]	Attendance %
Michael Cawley (Chair)	12/12	100%
Carl G. Shepherd	12/12	100%
Éimear Moloney	12/12	100%
Evan Cohen	12/12	100%
Gary Morrison	12/12	100%
Caroline Sherry	12/12	100%

[1] Certain Board matters relating to (1) the operation of an Employee Benefit Trust for the purposes of facilitating the holding of shares in the capital of the Company for the benefit of the Group's employees and certain former employees; (2) the allotment and issue of shares to HPS Investment Partners, LLC in connection with their share warrant entitlements; (3) agreeing final legal terms with AIB in connection with financing arrangements; and (4) approving the application for a block listing of the Company's shares to be issued in connection with the future vesting of equity awards were conducted by a specifically constituted Board sub-committee comprised of the CEO and CFO. Board approval of the principal commercial terms agreed at the outset with AIB in connection with the refinancing of the Group's legacy debt with HPS Investment Partners, LLC was conducted separately via written resolution. Board approval of the renewal of Éimear Moloney's appointment as Non-Executive Director, Chair of the Audit Committee, and member of the Remuneration Committee and Nomination Committee was conducted separately via written resolution. Board approval of the renewal of Carl G. Shepherd's appointment as Non-Executive Director, Senior Independent Director, Chair of the Remuneration Committee, and member of the Audit Committee and Nomination Committee was conducted separately via written resolution.

Disclosure Committee

The Board has also established a Disclosure Committee which is responsible for overseeing the Company's compliance with the Market Abuse Regulation and making decisions (with the support of the Group's equity capital markets advisers) on when information must be disclosed to the market. Membership of the Disclosure Committee is comprised of the CEO and CFO. The Company Secretary acts as secretary to the Disclosure Committee.

Corporate Governance Report continued

3. Composition, succession and evaluation – Principles J-L of the 2018 Code

Nomination Committee Report

Nomination Committee Members

Membership	No. of scheduled meetings/total no. of scheduled meetings held when the Director was a member[1]	Attendance %
Michael Cawley (Chair)	4/4	100%
Carl G. Shepherd	4/4	100%
Éimear Moloney	4/4	100%
Evan Cohen	4/4	100%

[1] The Nomination Committee separately recommended the renewal of Carl G. Shepherd and Éimear Moloney's appointment as Non-Executive Directors via written resolution.

The Nomination Committee's composition complies with the requirements of the 2018 Code. The Company Secretary acts as secretary to the Nomination Committee. The Chief People Officer regularly attends meetings and is responsible for supporting on succession planning and talent management and DE&I issues.

Committee Role and Responsibilities

The role of the Nomination Committee is to:

- Conduct the nomination, selection, evaluation and re-election of Directors and to lead succession planning, with regard in all cases to the benefits of diversity in the broadest sense;
- Recommend any proposed changes to the Board and when it is agreed that an appointment to the Board will be made, lead a formal, rigorous and transparent selection process; and
- Regularly review the structure, size, composition, skills and experience of the Board and its Committees against current and future requirements of the Group.

Following each meeting, the Nomination Committee communicates its main discussion points and findings to the Board.

The Terms of Reference of the Nomination Committee, which were reviewed during 2023, are available on the Company's website at www.hostelworldgroup.com.

An annual review of the performance of the Nomination Committee is conducted each year.

Appointments to the Nomination Committee are for a period of up to three years, which may be extended for two further periods of up to three years, provided the majority of the Nomination Committee members remain independent.

Chair's Review of 2023

Key Activities of the Nomination Committee in 2023

The principal activities of the Nomination Committee during 2023 are detailed below:

- With support from the Chief People Officer, considered the Group's policies and objectives in respect of DE&I, its linkage to strategy, how it was implemented and progress to-date on achieving its objectives.
- Conducted an in-depth process for considering the reappointment of Éimear Moloney as Non-Executive Director, member and Chair of the Audit Committee and member of the Remuneration Committee and Nomination Committee, and the reappointment of Carl G. Shepherd as Non-Executive Director, Senior Independent Director, member and Chair of the Remuneration Committee and member of the Audit Committee and Nomination Committee, resulting in the Board approving Eimear and Carl's reappointment, respectively, for further three-year terms. The process involved an assessment of the provisions of the 2018 Code of the attributes required of a non-executive director, consideration of the FRC's "Guidance on Board Effectiveness" as it relates to the required skills of a non-executive director and also had regard to the purpose and objectives of the Board Diversity Policy which provides that all Board appointments are made on merit in the context of the skills, experience, independence and knowledge which the Board (as a whole) requires to be effective while having regard to the benefits of diversity. The Nomination Committee recommended the renewal of Éimear and Carl's Board and Committee appointments via written resolution (neither Éimear nor Carl took part in the process).
- Reviewed the leadership talent pipeline and succession plans for the Board (including Chair succession) and Executive Directors with a particular emphasis on managing any vulnerability should an Executive Director leave unexpectedly. Given the importance of the positions should either the CEO or CFO unexpectedly leave the business, interim CEO and CFO arrangements were agreed by the Nomination Committee to address the related risks.
- Conducted a review of the Group's talent pipeline and talent management programmes for key high performers and provided oversight on related training and development programmes being implemented.
- In circumstances where Non-Executive Directors are not permitted to serve more than three terms of three years duration as a Director from their appointment date unless exceptional circumstances apply, the Nomination Committee continuously monitors the tenure of Non-Executive Directors' and reviews potential departure dates. Details of the tenure of each Non-Executive Director is set out in the Directors' Biographies section on pages 86 to 88.
- Reviewed its Terms of Reference and the Company's Board Diversity Policy.

Succession Planning

Non-Executive Directors

The Nomination Committee monitors a schedule of the Non-Executive Directors' tenure (including the Chair's tenure) and reviews potential departure dates assuming the relevant Directors are not permitted to serve more than three three-year terms (nine years in total) from their appointment date unless exceptional circumstances apply. Planning will continue over the course of 2024 to ensure that we maintain robust and effective recruitment processes for our Non-Executive Director Board members. Details of the Non-Executive Directors' tenure is on pages 86 to 88.

Change in Board Roles

As part of succession planning for Éimear Moloney's multiple roles on the Board, Evan Cohen was appointed as the designated Non-Executive Director with responsibility for engaging with the workforce in December 2023.

Corporate Governance Report continued

Executive Directors

During the year, the Chief People Officer reported on the succession plans for the CEO and CFO to ensure arrangements in place for their succession are clear and robust. As part of this process, scenario planning was completed for unanticipated departures of either the CEO or the CFO and role profiling assessments were completed to identify the skills and experience that would be required in potential candidates. The Nomination Committee was satisfied that the Company has effective Executive Director succession planning processes in place should either the CEO or CFO depart the business unexpectedly, including appropriate development plans for key individuals identified as potential successors for the CEO and the CFO on an interim/contingency basis.

Executive Leadership Team/Key High Performers

The Group's talent pipeline has been strengthened through a number of senior leadership appointments during 2023. Chris Berridge was appointed as CTO in April, Barry McCabe joined as Chief People Officer in September and Dave Rooney joined as Chief Analytics Officer in October. The Nomination Committee receives periodic updates on succession plans and talent management programmes for senior executives and key high performers to ensure there is a diverse supply of senior executives and potential future Board members with the necessary skills and experience to deliver the Group's strategy.

The Nomination Committee considers that by applying the principles of the Board Diversity Policy (with its requirement for the Committee to have regard to the benefits of diversity in the context of recommending appointments to the Board), it ensures that a diverse pipeline of board candidates is available to the Company. See pages 104 to 107 for further details on the Board Diversity Policy.

Training

It is important for our Executive and Non-Executive Directors to be aware of recent and upcoming developments. We require all Directors to keep their knowledge and skills up to date and, as required, we invite professional advisers to provide in-depth updates. Updates and training are not solely reserved for legislative developments but aim to cover a range of issues including, but not limited to, online travel and market trends, ESG developments, and technology considerations. The Group's General Counsel and Company Secretary provides regular updates to the Board and its Committees on regulatory and corporate governance matters.

- Each Director receives training on their duties under Section 172(1) of the Companies Act 2006 as part of their induction process with refresher training provided during the year.
- All Directors were provided with training on corporate law and capital markets compliance from our external equity capital markets lawyers.
- The Audit Committee received training on upcoming CSRD obligations and completed online training on Market Abuse Regulation compliance.
- All Directors attended regular external briefing sessions on topics relevant to their role as Directors.

Board and Committee Evaluation and Re-Election of Directors

The results of the Board evaluation and Director appraisal process are set out on pages 108 and 109. The Nomination Committee recommended to the Board, after evaluating the balance of skills, knowledge, independence and experience of each Director, that all Directors seek re-election at the Company's forthcoming AGM.

The Nomination Committee's effectiveness was reviewed as part of the Board evaluation exercise. The Nomination Committee and the Board considered the outcome of the evaluation and are satisfied that the Nomination Committee is performing effectively.

The Board's Policy on Diversity

Listing Rule 9.8.6R(9)

Our objective to drive the benefits of a diverse executive leadership team and wider workforce is underpinned by our Board Diversity Policy. Diversity in terms of Board composition is considered in a broad sense and includes age, gender, cultural background, geographical diversity and business background in line with the Company's Board Diversity Policy. The Board is particularly aware of the recommendations of both the Parker and FTSE Women Leaders Reviews and the revised targets and 'comply or explain' reporting requirements set out in the Listing Rules, and it is the Board's intention to strive to meet these targets on an on-going basis. Listing Rule 9.8.6R(9) requires that listed companies state in their annual reports whether they have met the targets set out in that rule and, where they have not met one or more of those targets, they should identify them and explain their reasons for not doing so. I can confirm that we did not meet the stipulated 40% target for female representation on the Board at year end. As at 31 December 2023 and at the date of publication, 33% of our Board members were women. We also did not meet the stipulated target of having at least one Board member from a minority background. However, I am pleased that our Board remains compliant with the target for one of the 'key Board roles' to be occupied by a woman, with Caroline Sherry as CFO, and that the Audit Committee continues to be chaired by one of our female Board members Éimear Moloney. Éimear also played an important role during 2023 as our designated Employee Representative Non-Executive Director (replaced by Evan Cohen in December 2023).

Explanation Against LR 9.8.6R(9)

The principal reasons we have not met all of the targets are as follows: (1) the Board has been broadly settled for a number of years, without any changes being made following the appointment of Caroline Sherry as CFO and Executive Director on 1 December 2021; and (2) the overriding priority across all Board appointments remains, in accordance with our Board Diversity Policy, appointment of the most suitable and skilled candidates for the role on merit against objective criteria while having specific regard to the benefits of diversity. The Board is fully supportive of having a diverse Board and will have particular and careful regard to the benefits of gender and ethnic diversity in the context of succession planning and Board refreshment and renewal going forward.

Details of our performance against these targets as at 31 December 2023 is as follows:

	Number of Board Members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management[1]	Percentage of Executive Management[1]
Men	4	67%	3	6	86%
Women	2	33%	1	1	14%
Other categories	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

	Number of Board Members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management[1]	Percentage of Executive Management[1]
White British or other White (including minority-white groups)	6	100%	4	7	100%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

[1] Executive management comprises the members of the Executive Leadership Team (including the General Counsel and Company Secretary).

Note: Female representation at our Executive Management level will increase in 2024 following the appointment of our new Chief Product Officer (role commences in April 2024).

The Company Secretary collects data on gender identity and ethnicity directly from our Board using a DE&I Form while gender identity and ethnicity data is self-reported by members of Executive Management on the Group's online HR platform. All data is held securely in compliance with data protection requirements.

Corporate Governance Report continued

The objectives of the Board Diversity Policy are (1) to ensure that the possibilities for maximising the Company's success and achieving its strategic goals are optimised by having a broad range of perspectives on the Board; and (2) that diversity provides the basis for improving the quality of decision making on the Board by reducing the risk of 'group think'. In addition, as part of the annual performance evaluation of the effectiveness of the Board, Committees and individual Directors, the Diversity Policy requires the Nomination Committee to specifically consider and assess the adequacy of the diversity representation on the Board. This assessment was made by the Nomination Committee who confirmed that the Board was sufficiently diverse in terms of balance of skills and experience. The policy statement included in the Diversity Policy provides that an effective Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between Directors and emphasises that in identifying suitable candidates for appointment to the Board, the Nomination Committee is required to consider candidates on merit against objective criteria, with due regard for the benefits of diversity on the Board. The Nomination Committee confirms that this policy was followed during the year in the decision to recommend the reappointment of Éimear Moloney as Non-Executive Director, Chair of the Audit Committee, and member of the Remuneration Committee and Nomination Committee and Carl G. Shepherd as Non-Executive Director, Senior Independent Director, Chair of the Remuneration Committee, and member of the Audit Committee and Nomination Committee.

Diversity in the Group

In terms of diversity at a broader level, the Group maintains a Diversity, Equity and Inclusion policy (the "DE&I Policy") which is overseen by the Nomination Committee and applies to all staff. The DE&I Policy includes the following key objectives:

- Ensure that Hostelworld is representative of the diverse society we live in and that our culture is inclusive and provides equal opportunities for all.
- Create a culture of learning about differences and understanding the issues that minority groups face in society and the workplace.
- Ensure Hostelworld is a workplace where our differences are celebrated, and our people feel comfortable sharing their unique perspectives.
- Where possible, ensure our external focused activities reflect the diverse society we live in.

The Nomination Committee views the Group's DE&I policies, practices and behaviours as being key indicators of the status of the Group's overall culture and behaviours and should at all times be closely aligned. The Nomination Committee conducted an extensive review of the progress made by the Group over 2023 on its DE&I strategy and was pleased to note the Group received Silver Accreditation from 'Investors in Diversity', confirming that the Group has embedded the key tenets of DE&I across the business. The Nomination Committee was also pleased with the continuing progress made on the objective of the Group becoming a more inclusive organisation with the ongoing participation of the Group in the '30% Club' in Ireland involving the championing of female talent and mentoring and scholarship programmes, the continuation of DE&I events celebrating International Women's Day, implementation of new fertility, menopause and surrogacy policies for our people, and establishment of a pride partnership with 'Shout Out', (see pages 70 to 72 for further information on how the Group's policy on DE&I was implemented over the reporting period).

Details on the gender diversity of our wider leadership team (and their direct reports) and other employees are set out on page 69. We continue to make progress on our commitments to DE&I, although we recognise there is further work to do as we continue to work on embedding a culture that promotes equality and dignity in our working environment where all our people feel they belong. We also believe that the progress we have made in this area demonstrates a culture of openness and engagement between management and employees. The adoption of clear principles of DE&I in respect of the Group's hiring and recruitment practices remains particularly important as it sets the correct benchmark in terms of the Group's expected behaviours from new employees. The Nomination Committee considers that the use of different employee engagement channels to establish employees' views on the issue of DE&I is vital, as insights from different sources ensure that the adoption of diversity and inclusion practices is based on complete information and data (see pages 95 and 96 for further information on the different channels used to engage with colleagues).

How our Policies on DE&I Links to Strategy

The most valuable asset the Group has is its people, without whom we cannot deliver on our strategy. By embracing and promoting DE&I and ensuring we have a diverse workforce we avoid 'group think' and improve decision making. This ensures innovation is continuously improved across the Group, talented people who rightly insist on working in a diverse and inclusive company are retained, a recruitment offering that is compelling for the best talent is available, and the best platform for increased productivity and individual and Company performance is provided. The Nomination Committee remains of the firm view that the ability of the Group to deliver on its strategic objectives is critically enhanced by ensuring it has a diverse workforce.

Michael Cawley

Michael Cawley
Chairman, Nomination Committee
20 March 2024

Corporate Governance Report continued

Board Effectiveness and Evaluation

On an annual basis, an evaluation process is undertaken which considers the effectiveness of the Board, its Committees and individual Directors. The review identifies areas for improvement and highlights areas of expertise and knowledge which should be considered in the context of succession planning.

Progress Against 2022 Board Evaluation Actions

Set out below is the progress made in 2023 against actions identified as part of the 2022 Board effectiveness review:

Action	Progress
Further in-depth research, assessment, and discussion of the Group's two core customer groups (young travellers and hostel owners) would be beneficial as part of strategy and trading discussions at Board.	Updates and reports on these two core customer groups were provided to the Board at each scheduled Board meeting during 2023. Key insights on the preferences and perspectives of these core customer groups were used to inform and underpin Board assessments of strategic proposals related to these customer groups.
Streamlining of certain Board materials to ensure they are either presented for discussion purposes or provided for reference only.	Board papers continued to be streamlined with supporting papers and materials noted as being for reference unless relevant to a specific issue being discussed.
Long-term strategy session held in May 2022 with employee representatives was considered a success and a similar arrangement as part of the 2023 Board agenda should be considered.	The Board decided not to repeat the exercise of requesting employees identified as high performers to attend an in-person strategy session with the Board in the interest of costs control but agreed to assess the matter further in the context of the Board's agenda for 2024.
Enhanced communications between management and Board on individual performance of Executive Leadership Team members would be beneficial.	The CEO updates the Board and Remuneration Committee Chair on the performance of individual Executive Leadership Team members at regular intervals.

Internal Evaluation

An internal evaluation of the Board, its Committees and individual Directors was undertaken during 2023. The evaluation process was agreed by the Chairman and the Company Secretary and involved the completion of a detailed questionnaire by each of the Directors covering the following areas:

- The general performance of the Board
- The processes that underpinned the Board's effectiveness
- Strategy (including culture)
- Risk and controls

The Board evaluation process continued its previously adopted practice of requesting separate feedback on the effectiveness of the Board and its Committees from senior executives who had attended Board meetings, from the Group's internal audit partner (PwC), and the Group's audit partner (KPMG).

The evaluation results were assessed by the Company Secretary who prepared a report for the Chairman of the Board and the Chair of each Committee. The reports were reviewed by the Chairman of the Board and each Committee Chair and the principal findings were discussed in detail with the Board and, in respect of each Committee report, each Committee.

Board Evaluation Process – Board Strengths

- Board and Committees are effective, and the quality of reports published by Committees are to an appropriate standard
- Board relationships with investors, auditors and advisers is effective
- The Board had a strong ability to address strategic questions in a clear and timely manner
- The in-person Board meeting in May 2023 was particularly effective in facilitating a high quality of robust debate and challenge to management
- Sufficient time is devoted by the Board to reviewing the Group's culture and stakeholder interests and achievement against strategic objectives
- The Board was sufficiently diverse

Board Evaluation Process – Recommendations for Improving Board Effectiveness

As part of the evaluation exercise, the following recommendations for improving the effectiveness of the Board were made:

- Continue the qualitative research, assessment, and discussion of the opinions of Hostelworld's core customer groups (young travellers and hostel owners) to further inform trading and strategy discussions at Board level
- An enhanced focus to be applied on potential longer-term strategy dynamics and trends impacting the Company and resulting opportunities that may arise
- Succession planning over 2024 should continue to be a key focus area given the tenure of non-executive directors
- Continued focus to be applied on agreeing topics for interactive and team-based discussion with the Executive Directors and broader management team

These recommendations and the separate recommendations for improving Board effectiveness provided by senior executives, auditors and advisers who had presented to the Board during the year will be considered in connection with establishing and implementing the Board's agenda over 2024.

The Chairman also conducted an appraisal of the performance of each Director (considering the views of the other Directors) and reported that each Director continues to perform effectively and demonstrates commitment to the role. As part of the appraisal exercise, the Chairman assessed the individual and collective depth and breadth of skills, experience and knowledge of the Non-Executive Directors and concluded that these were adequate to enable the Board and its Committees to discharge their respective duties and responsibilities effectively.

Led by the Senior Independent Director, an assessment of the Chairman's performance was carried out in 2023 which confirmed that the Chairman continues to perform effectively in his role.

Board Evaluation and Succession Planning

The results of the Board evaluation were considered by the Nomination Committee in the context of discussing and considering succession planning for Non-Executive Directors and Executive Directors.

External Evaluation Assessment

Consistent with prior years, the Board considered the benefits of having a Board evaluation exercise performed by an external third-party consultant but decided not to do so in circumstances where the evaluation process proposed by the Company Secretary and the Chairman was comprehensive and was fully aligned with the published guidelines of the Financial Reporting Council.

Corporate Governance Report continued

Audit Committee Report

4. Audit, Risk and Internal Control – Principles M-O of the 2018 Code

As Chair of the Audit Committee, I am pleased to present this report setting out the work of the Audit Committee for the year ended 31 December 2023.

During the year, the Audit Committee discharged its duties effectively and to a high standard and continued to support the Board in overseeing the recovery of the business from the COVID-19 pandemic. The Committee plays an important role in ensuring the Group's financial integrity for shareholders through oversight of the financial reporting process, including the risk and control systems which underlie that process.

Audit Committee Membership

Membership	No. of scheduled meetings/total no. of scheduled meetings held when the Director was a member	Attendance %
Éimear Moloney (Chair)	4/4	100%
Carl G. Shepherd	4/4	100%
Evan Cohen	4/4	100%

The Audit Committee's composition complies with the requirements of the 2018 Code. The Company Secretary acts as secretary to the Audit Committee.

Éimear Moloney continues to chair the Audit Committee, who along with other members Carl G. Shepherd and Evan Cohen are also independent Non-Executive Directors of the Company.

The Board is satisfied that the Audit Committee meets the requirements of the UK Corporate Governance Code with respect to recent and relevant financial experience. Éimear Moloney, as Chairperson of the Committee is a qualified accountant with relevant financial experience by virtue of her prior senior investment manager roles in Zurich Life Assurance (Ireland) plc.

The Board is also satisfied that all three Committee members are independent, have the competence and broad experience relevant to the online travel sector in addition to a diverse range of skills, experience and expertise (as described in the Committee members' biography details at pages 86 to 88) to ensure meaningful and effective contribution to the Audit Committee.

In addition, during 2023 the Audit Committee received external training from a leading consultancy firm which focused on sustainability reporting including Environmental, Social and Governance ("ESG"), Task Force on Climate-related Financial Disclosures ("TCFD") requirements and an introduction to the EU Climate Sustainability Reporting Directive ("CSRD") and development and compliance requirements of the UK Corporate Governance Code.

Audit Committee Role and Responsibilities

During the financial year ended 31 December 2023, in line with its Terms of Reference (the full version of which is available at www.hostelworldgroup.com), the Audit Committee:

- Reviewed the integrity of the financial statements of the Company, including critical judgements in applying the Group's accounting policies, key sources of estimation uncertainty, and the information supporting the financial statements being prepared on a going concern basis;
- Assessed whether the Report, taken as a whole, are fair, balanced and understandable, facilitating shareholders assessment of the Group's position and performance, business model and strategy;
- Reviewed the adequacy and effectiveness of the Company's internal financial controls;
- Monitored the Group's risk management systems and procedures, the identification of principal and emerging risks and completed an assessment of the climate-related risks and opportunities impacting the Group;
- Assessed the Group's compliance with the TCFD reporting requirements;
- Reviewed a GDPR audit report from the Group's Data Protection Officer;
- Assessed the Company's compliance with the requirements of the 2018 Code;
- Oversaw the functioning of the internal audit function, as currently outsourced to PwC; and
- Oversaw the onboarding and relationship with the new Group external auditor KPMG.

Following each meeting, the Audit Committee communicates its main discussion points and findings to the Board.

Audit Committee activities:	August 2023	October 2023	December 2023	March 2024
Financial Control				
Review and approve preliminary results to the Market	●			●
Consider key matters affecting the financial statements and significant areas of judgement	●	●	●	●
Review accounting regulator correspondence			●	●
Review the liquidity position of the Group	●		●	●
Approve to adopt going concern assumption in preparing financial statements	●			●
Review and approve viability statements prepared relating to the Group			●	●
Consider the impact of new accounting policies on the Group	●		●	●
In their review of the draft of the Report and Interim Statement, confirm if the reports are fair, balanced and understandable	●			●
Approve the Report and the Interim Statement for signing by the Group's Executive Directors	●			●

Corporate Governance Report continued

Audit Committee activities:	August 2023	October 2023	December 2023	March 2024
Risk Management				
Review principal and emerging risk register assessment prepared by the Hostelworld team, including processes to complete	●		●	●
Review TCFD workplans and assessments completed by management, included a detailed risk and opportunity register and scenario analysis completed to assess the impact of climate change on the Group		●	●	●
Receive and review security updates from the Group's Head of IT Security, and related risk dashboards to monitor threats on the Group environment	●	●		
Review business continuity plans in place		●		
Reviewed the effectiveness of the Group's antibribery and fraud procedures			●	
Receive and review reports from the DPO		●		
Complete a review of financial, IT and general controls impacting financial statement line items				●
Monitor Group whistleblowing procedures and reports			●	
Internal Audit				
Review results of internal audits completed during the year and monitor progress on open actions and findings	●			●
Committee meeting with internal audit, without attendance of the senior management of the Group	●		●	●
Approve internal audit plan for the upcoming financial year			●	
Complete evaluation of internal audit function			●	
External Audit				
Consider external audit plan presented by KPMG		●	●	
Confirm auditor independence			●	
Complete evaluation of external statutory audit function			●	
Approve auditor engagement fees for audit services provided			●	
Committee meeting with external audit, without attendance of the senior management of the Group			●	●
Consider non-audit services engaged by the Group (none provided) and materiality of related fees			●	
Receive a report from the external auditors on the results of the financial statement and IT audit and consider any internal control recommendations arising			●	●
Review management representation letter obtained from auditors containing representations about Hostelworld Group, to be signed with the Report				●

Critical Judgements in applying the Group's Accounting Policies, and Key Sources of Estimation Uncertainty

In respect of the year ended 31 December 2023, the Audit Committee considered the below significant issues. At each meeting during the year the Audit Committee received a paper from management assessing each critical judgement and key sources of estimation uncertainty impacting the Group.

Area of Focus	Description and Resolution
Going Concern and Viability Statement	The Audit Committee reviewed the Group's assessment of going concern over a period of not less than 12 months from the date of signing. In their assessment the Audit Committee have reviewed the Group's available cash resources, cash generation from operations, the Group's liquidity, borrowing facilities and related debt covenant requirements. Further information on the Group's debt facilities, which were refinanced in May 2023, are provided in note 21 to the Financial Statements and outlined in the Chief Financial Officer's review on pages 24 to 29. Three scenarios were considered by the Audit Committee – a base case to which January and February 2024 revenue is trending, an upside, and a worst case. Under all scenarios the Group remains a going concern. The Audit Committee also reviewed an assessment of the principal risks and uncertainties facing the Group and the impact on the Group's financials should they realise. The Group's principal risks are outlined on pages 31 to 40, and its viability statement is included on pages 42 and 43. Furthermore, the Audit Committee also reviewed the impact that climate change has on assumptions included in the budget for 2024. The Audit Committee is satisfied that the carrying value of principal assets is not impacted and that no provisions or contingent liabilities need to be recognised. The Audit Committee is also satisfied that cashflows include the cost of any work being completed relating to the Group's sustainability roadmap, including the cost of investment in any climate action projects. The Groups sustainability report is included on pages 45 to 65. After due consideration and review, the Audit Committee have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements and were satisfied that the Group remained viable under the stressed scenarios.
Carrying Value of Goodwill and Intangible Assets	Goodwill and intangible asset impairment reviews involve a range of judgmental decisions largely related to the assumptions used to assess the value-in-use of the assets being tested. These assumptions typically include short and long-term business and macroeconomic projections, cash flow forecasts and associated discount rates. The Audit Committee reviewed valuations prepared on the Group's goodwill and domain names' carrying value. The Audit Committee reviewed the methodology applied including ensuring that the discount rates used were appropriate, that the assessment of a singular CGU was appropriate and reviewed the sensitivity analysis performed on key assumptions including the Group's growth and discount rates. Following these discussions, the Audit Committee were satisfied with the headroom included in the valuation models and the carrying value of goodwill and intangible assets at 31 December 2023.
Deferred Tax Asset Recognition and Recoverability of Deferred Tax Assets	Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available in future periods against which the reversal of temporary differences can be deducted. The extent to which it is probable that taxable profits will be available in future periods has been assessed by management based on the same cashflows utilised within the review of the carrying value of goodwill and intangible assets. The Audit Committee has reviewed the initial recognition, the Group's ability to recover deferred tax assets recognised, the headroom included within the modelling and sensitivity analysis. The losses and timing differences which relate to the deferred tax assets recognised do not expire. As a result of their review, the Audit Committee is satisfied with the carrying value at 31 December 2023 of €15.5m (2022: €9.2m).

Corporate Governance Report continued

Area of Focus	Description and Resolution
Capitalisation of Development Costs	The Group incurs significant internal costs in respect of the ongoing development and modernisation of its IT systems and enabling its social orientated growth strategy. The accounting for these costs as either development costs, which are capitalised as intangibles, or expenses as they are incurred involves judgement. Capitalised development cost additions during the year comprised of internal staff costs of €2.9m (2022: €2.0m) and other internally generated additions of €1.0m (2022: €2.5m) which were capitalised in accordance with the criteria as set out in IAS 38 Intangible Assets. The Audit Committee has reviewed management's application of the accounting policy adopted and the assessment as to whether current projects meet the criteria required for costs to be capitalised (including feasibility of completion, intention to complete, probable economic benefits, availability of resources to complete, and ability to measure expenditure). The Audit Committee considers the approach taken and the application of the policy to be appropriate.
Exceptional Items	The Audit Committee considered the presentation of the Group's financial statements and, in particular, the appropriateness of the presentation of exceptional items. The Audit Committee considered if exceptional items were in line with the Group's policy and also if the reported results represented a true and fair view of the underlying performance during the year. The Audit Committee is satisfied with the presentation of exceptional items in the financial statements, and that there is sufficient detail to allow users of the financial statements to understand the nature and extent of the exceptional items and how they arose.
Sustainability	The Audit Committee considered the recommendations of the TCFD including the Group's climate risk and opportunity register, governance structure, metrics and targets. The Group also considered the impact of climate risk on the Group's cashflows. The Audit Committee concluded that the disclosures included within the sustainability report on pages 48 to 64 were made in accordance with the recommendations of the TCFD framework and are appropriate and relevant.

Assessment of Annual Report and Financial Statements: Fair, Balanced and Understandable

The Audit Committee received copies of the Report during the drafting stage and provided feedback to the Hostelworld team. The Report process is designed to give the Board enough time to assess whether it is fair, balanced and understandable, as required by the Code. In their review, the Audit Committee also considered whether the Report contained the necessary information for shareholders to assess the Company's position, results and performance, business model and strategy. In particular, the Audit Committee considered if the narrative on the recovery of trading from the impact of COVID-19, the Group's refinance in May 2023 and the TCFD sustainability disclosures included were accurate and complete.

The Audit Committee is satisfied that on balance, the Report represent an accurate and fair narrative of the key events of 2023, both positive and negative, and the strategy as approved by the Board. The Audit Committee is also satisfied that the narrative in the Strategic Report and Governance sections of the Report are also consistent with the financial reporting contained in the financial statements.

External Auditors

Our external auditor for the financial year ended 31 December 2023 was KPMG, and Brian MacSweeney was signing audit partner. The 2023 financial year was KPMGs first year as external audit firm, following their appointment in 2022 as a result of a mandatory audit tender process. The Audit Committee oversaw the onboarding and reviewed the effectiveness of the new external audit partner. I met with Brian a number of times outside of the main Audit Committee meeting cycle during 2023 to review the most significant risk areas and areas of judgement affecting the Group, to assess the quality of output KPMG received from the Hostelworld team and to discuss any emerging risks or issues identified. Key challenges from KPMG focused on the recognition of the deferred tax asset for 2023, the valuation of goodwill and intangibles and revenue recognition.

KPMG reported their key audit findings to the Committee in March 2024 prior to the finalisation of the financial statements. Their presentation included a schedule of unadjusted errors and misstatements (none noted) and their work completed on significant judgements and estimations and key areas of risk.

The Committee considered KPMG's internal policies and procedures for maintaining independence and objectivity and their approach to audit quality. The Committee assessed the quality of the external audit plan as presented by KPMG and satisfied itself as to the expertise and resources being made available. The Committee also reviewed the terms of the Letter of Engagement and approved the level of remuneration being paid to KPMG. To ensure no impact to audit independence and objectivity, the Company has in place a policy on the provision of non-audit services. Under the policy, except in exceptional circumstances, non-audit fees to the audit firm should not exceed 70% of the total amount of the audit fee for the current financial year. Non-audit work with an expected cost in excess of €30,000 must be subject to competitive tender and approved by the Audit Committee. During 2023, KPMG provided €nil non-audit services to the Group. In 2022 the outgoing external auditors provided non audit services of €13k relating to review of covenants for our legacy COVID-19 debt facility with HPS which was refinanced in May 2023.

Risk Management

Overall responsibility for risk management is with the Board. The Audit Committee assists the Board by taking delegated responsibility for risk identification and assessment, in addition to reviewing the effectiveness of the Group's risk management and internal control systems and making recommendations to the Board thereon. Effective risk management underpins the Group's operating, financial and governance activities. The Group's approach to risk is to manage, rather than eliminate, the risk of failure to achieve business objectives and provide reasonable, but not absolute, assurance against material misstatement or loss.

In 2023 the Audit Committee performed two detailed assessments of the principal and emerging risks faced by the Group. The Audit Committee received presentations from the CFO and from Group functional leads across cyber security and technology, legal and data protection, financial reporting and taxation. The Audit Committee also received three updates in 2023 on current and anticipated future ESG reporting obligations related to the TCFD and CSRD. These presentations provided the Committee with the opportunity to validate the strength of internal controls and risk mitigation, and to continue to develop a deeper awareness and insight into the Group's principal risks. Proactive attention is given to key risks where the probability of occurrence and extent of impact are elevated by the consequences of geopolitical conflicts, climate change and the deteriorating global economic outlook. Further detail on the risk identification process and the principal and emerging risks impacting the Group is set out on pages 31 to 40.

The Group Risk Register are those risks that could have a material adverse impact on the Group's prospects, business model, its financial condition, reputation, and the results of its operations. The assessment included a description of the impact of the risk materialising on the Group, how the Group manages and mitigates against the risk and the direction of change in the risk profile in 2023. The Audit Committee also performed two assessments of the principal risks and opportunities relating to climate change impacting the Group, further detail is set out on pages 51 to 58.

The Audit Committee receive reports of reviews undertaken by the Group internal auditors, PwC, and the external auditors, KPMG, which include details of outcomes of tests performed on the effectiveness of the controls of the Group over significant risk areas and key financial reporting cycles.

Internal Control

The focus and design of the Group's internal control environment is to identify, evaluate, mitigate and monitor the principal and emerging risks faced by the business, and to report such risks to the Board in a timely manner acknowledging that elimination of all risk is not feasible. Key elements of the Group's ongoing controls include:

- An organisational structure with clearly defined lines of responsibility, delegation of authority amongst the Group management, and a formal schedule of matters specifically reserved for decisions by the Board is maintained;
- A comprehensive annual planning and budgeting process reported for all operational units, which are reviewed and approved by the Board;
- Internal control systems and procedures to implement and monitor the use of these delegated authorities and capital expenditure controlled by budgetary processes in line with authorisation levels;

Corporate Governance Report continued

- Financial control, budgeting and forecasting systems, with regular reporting, variance analysis and reviews of key performance indicators;
- Robust systems by which the Group's financial statements are prepared, which included assessment of key financial reporting risks arising through complexity of transactions, changes to the business, and changes in accounting standards;
- A culture of continuous learning and development including E-learnings completed in the year on areas such as fraudulent payments which was specifically designed for the finance function, anti-money laundering and cyber security;
- An experienced and suitably qualified finance function that is fully conversant with the operations of the business; and
- A Code of Conduct setting out behavioural and ethical standards, supported by clear anti-bribery and corruption guidelines, and a whistleblowing policy with an external independent hotline is well documented and understood.

In March 2024 the Audit Committee completed a detailed review of the operation of each key control impacting financial statement disclosures. In conjunction with this detailed review and the specific reviews performed on the principal and emerging risks impacting the Group, the climate risk and opportunities register, the climate-related metrics and targets put in place and the accuracy of the reporting to underpin the reporting against these, the Audit Committee concluded that the Group's risk management arrangements and controls are adequate to provide assurance and that they are suitable for the Group's size and strategy.

Internal Audit

The role of the internal audit function is to provide independent and objective assurance, advice and insight on governance, risk management and internal controls to the Board, Audit Committee and the Group. The internal audit function is outsourced to PwC. The Audit Committee considers that PwC continue to be independent and effective, and is satisfied with the quality, experience and expertise of PwC as its internal auditor.

I met with the PwC Internal Audit Partner and Director several times during the year outside of the formal meetings to discuss the general environment in which the Group operates and emerging risks, the output of the internal audit function and aspects of the Group's risk management processes.

During H2 2023 PwC providing training to the Hostelworld ESG steering Committee on the upcoming compliance requirements of CSRD and the areas which needed focus and development by the Group to ensure it ready to comply with the requirements of CSRD.

The 2023 internal audit plan, setting out areas of internal audit focus, was agreed by the Audit Committee with PwC following extensive engagement between PwC and the Company's management. The audit plan focused on the principal risk areas for the Group. In 2023, the Audit Committee received three reports from PwC covering:

- External penetration test designed to assess our security controls;
- Review and benchmarking of our 2022 TCFD sustainability narrative within our Annual Report; and
- Findings follow up review for any open findings at year end.

In their review the Audit Committee consider the results of the audits undertaken and the adequacy of management's response to matters raised, including the time taken to resolve such matters. There were no open findings at year end relating to prior internal audit reviews performed.

The Audit Committee reviewed and agreed the internal audit plan for 2024 with PwC following consultation between PwC and the Company's senior management which the Audit Committee believes is appropriate to the scope and nature of the Group's activities. The 2024 internal audit plan focuses on:

- An incident management and response simulation which will focus on cyber security and business continuity and the Group's readiness to respond to an incident;
- Human resources key controls;
- CSRD readiness review; and
- Findings follow up review for any open findings at year end.

Annual Evaluation of Performance

The performance of the Audit Committee was assessed as part of the broader Board evaluation process in relation to its Terms of Reference, composition, procedures, contribution and effectiveness. The results concluded that the Audit Committee continues to operate effectively in line with the requirements of its Terms of Reference and that the role and remit of the Audit Committee remains appropriate in the current economic and risk climate and with regards to the needs of the Company.

Éimear Moloney
Chairperson, Audit Committee
20 March 2024

Corporate Governance Report continued

5. Remuneration – Principles P-R of the Code

Remuneration Committee Report

Chair of the Remuneration Committee's Annual Statement

Dear Shareholder,

As Chair of the Remuneration Committee, I am pleased to present the Company's Remuneration Report for the year ended 31 December 2023.

Membership	No. of meetings/total no. of meetings held when the Director was a member[1]	Attendance %
Carl G. Shepherd (Chair)	7/7	100%
Michael Cawley	7/7	100%
Éimear Moloney	7/7	100%
Evan Cohen	7/7	100%

[1] The Remuneration Committee separately approved the salary and compensation arrangements for a new member of the Executive Leadership Team via written resolution.

The Company Secretary acts as Secretary to the Remuneration Committee.

Key Activities of the Remuneration Committee in 2023

The Remuneration Committee held 7 meetings during 2023 and, among other things, undertook the following activities:

- Finalised the 2022 Directors' Remuneration Report;
- Determined the salary increases for the Executive Directors that applied for 2023, as reported last year;
- Confirmed the vesting of the second tranche of restricted share awards granted in lieu of a cash bonus in 2021;
- Confirmed the nil vesting outcome for the adjusted EPS portion of the award made in 2020 under the Long-Term Incentive Plan ("LTIP") and, later in the year, confirmed the 100% vesting outcome for the TSR portion of the award;
- Considered alternative approaches for amending the Directors' Remuneration Policy, agreed a preferred approach and consulted with major shareholders and proxy voting agencies on the proposed changes to the Policy;
- Agreed a salary increase for the CFO for 2024;
- Reviewed the performance conditions to apply to the cash bonus scheme to operate in 2024;
- Considered the remuneration issues raised in Provisions 32-41 of the UK Corporate Governance Code and assessed the Company's compliance with these Provisions;
- Reviewed overall workforce remuneration and related policies and considered the alignment of Executive Director pay with wider Company practices; and
- Engaged with the wider workforce on relevant matters, including those relating to executive remuneration.

Subsequent to the financial year end, the Remuneration Committee met to agree the 2024 salaries for the CEO and other members of the Executive Leadership Team, review and determine the final outturn of the 2023 annual bonus scheme and the LTIP award granted in 2021, agree the performance conditions to apply to the cash bonus scheme to operate in 2024, agree the targets for the LTIP award to be granted in 2024, approve the final form of the new Directors' Remuneration Policy, and approve the contents of this Directors' Remuneration Report.

Executive Remuneration in 2023

In last year's report we set out our plans for remuneration for 2023, recognising the more positive outlook for the business at the start of the year. Central to this was the reintroduction of a cash bonus scheme for all employees, after a number of years without such a valuable incentive measure. For the Executive Directors and other members of the Executive Leadership Team, the 2023 bonus was based on the achievement of performance targets linked to adjusted EBITDA and net revenue, two critical indicators of financial success. For other employees, bonuses were based on adjusted EBITDA performance and personal objectives.

As evidenced by the results for 2023, the business had a successful year, reporting strong financial performance, growth in market share, increased operating leverage and a strengthened balance sheet. As a result, the adjusted EBITDA performance measure for the bonus scheme was met in full and the net revenue measure was substantially met. The specific performance targets are disclosed on page 135. The Committee believes that the bonus achievements were a fair and accurate reflection of business performance over the year and as a result has not exercised any discretion in respect of the outcome.

Bonuses were determined at levels of 96% of the maximum opportunity for the Executive Directors, equivalent to 96% of basic salary. The bonuses will be paid in cash. The Remuneration Committee has agreed that the bonus payment for the CEO will be paid into his pension, at no extra cost to the Company.

2020 LTIP

An LTIP award was granted in May 2020 with performance conditions based on adjusted EPS (25% weighting) and absolute TSR (75% weighting). The EPS element involved an assessment of adjusted EPS for the financial year ended 31 December 2022 and, as disclosed last year, the threshold performance level was not achieved and therefore no element of this portion of the award vested. The three-year performance period for the TSR element ended on 1 May 2023 and performance was tested shortly thereafter. Given the steady recovery in trading performance since the COVID-19 pandemic, a strong level of TSR performance was recorded over the three-year period and the maximum TSR target was exceeded. As a result, this element of the award vested in full. The Remuneration Committee is satisfied that this outcome was a fair reflection of the performance of the business over what was at times a challenging period, and there were no "windfall gains". The share price trajectory over the period was mixed and although the price was notably higher at the point of measurement in May 2023 than at the time of grant, this was not simply the result of the market returning to pre-COVID-19 levels and instead reflected Hostelworld-specific achievements.

The specific level of performance achieved against the targets set, and the resulting value of the awards which vested to the Executive Directors, are disclosed later in this report. The CEO's vested award is subject to a two-year post-vesting holding period. (This provision does not apply to the CFO as the 2020 LTIP award was granted prior to her appointment to the Board.)

2021 LTIP

A further LTIP award was granted in April 2021 with performance conditions based on cumulative adjusted EBITDA (50% weighting) and the achievement of key strategic objectives (50% weighting). As discussed in last year's report, the original targets set for this award were amended during 2022 in light of the material changes to the business environment since the time at which the original targets were set, not least the negative impact of the Omicron COVID-19 variant which emerged at the end of 2021. The new targets were considered not materially less difficult to satisfy than the original targets, taking into account the new environment.

The performance conditions were measured over the three-year period ended 31 December 2023, with achievement of the amended targets assessed shortly after the year end. In light of the recovery of the business over the period, and the additional focus on important medium-term strategic objectives, there was a high level of target achievement. As a result, the 2021 LTIP award will vest at a level of 100% in April 2024. The vested awards for both the CEO and the CFO will be subject to a two-year post-vesting holding period.

Full details of all the performance targets for the 2021 LTIP award are disclosed on pages 136 to 138. This includes the targets for the strategic objectives, which have not been previously disclosed for reasons of commercial confidentiality.

The single total figure of remuneration table on page 134 includes the details of the aggregate value of the awards in respect of both the 2020 LTIP (TSR portion) and 2021 LTIP on account of the fact that each of these awards had performance periods which ended in 2023. The value of the combined figure is disproportionately high as a result of the application of certain compensation reporting requirements in respect of the

Corporate Governance Report continued

2020 LTIP performance period start and end dates which were atypical owing to the onset of COVID-19 in the early part of 2020. The awards reflect the successful achievement of challenging targets set by the Remuneration Committee centred on financial performance, increased share price and meeting key strategic objectives. For the purposes of ensuring clarity of context and understanding on the part of the reader, the equivalent amount for 2022 was zero, and the vesting date of the next in-flight long-term incentive will be 12 May 2025.

A New Directors' Remuneration Policy

The Directors' Remuneration Policy was last approved by shareholders at the AGM in May 2022. In the context of the ongoing uncertainties in the market at the time, it was agreed to replace annual performance-based LTIP awards in 2022 and 2023 with a one-off award of restricted shares (the "2022 Restricted Share Award"). The 2022 Restricted Share Award remains outstanding and will vest in May 2025, subject to continued employment and the Committee being satisfied with individual and Company performance over the three-year vesting period.

The 2022 Policy was designed to operate for a two-year period and, accordingly, we will be seeking shareholder approval for a new Policy at the AGM in 2024. During the course of 2023, the Committee considered what changes are required to the Policy to ensure the maintenance of an appropriate link between performance and reward. There was a desire for continuity and, as a result, many existing aspects of the Policy are being continued. The main change is that we have decided to revert to granting LTIP awards with three-year performance targets. After the challenges of recent years, there is now a greater degree of stability in the business, and we have better visibility over potential future performance levels. The Committee strongly believes that a performance-based long-term equity award successfully aligns the interests of management with those of shareholders and is consistent with the Group's performance-based culture. LTIP awards to be granted in 2024 after shareholder approval of the new Policy will have targets based on absolute TSR and adjusted EPS performance conditions. There is no change to the quantum of LTIP awards that can be granted under the Policy, and we will grant at lower levels than the permitted maximum in 2024 (see below). All vested awards will remain subject to the standard two-year post-vesting holding period.

The only other material change to the 2022 Policy is that we are proposing an increase in the maximum opportunity under the annual cash bonus scheme for the CEO from 100% to 125% of basic salary. This reflects our desire to ensure we are providing a competitive remuneration package for the executive leader of the business. Benchmarking data reviewed during 2023 indicated that a bonus of 125% of salary would be more in line with market levels for this role, allowing us to offer a short-term incentive which is suitably attractive. Payment of any bonus remains subject to the satisfaction of challenging performance conditions, and the CEO's on-target bonus will be half of his maximum bonus opportunity. Any bonus will normally be payable in cash although the Committee retains the flexibility to settle in shares if considered appropriate. The maximum bonus opportunity for the CFO remains at 100% of salary.

Other aspects of the 2022 Policy will continue unchanged.

I wrote to major shareholders and the main proxy voting agencies in 2023 with details of our proposals. Given the generally positive response, the Committee has decided to proceed with taking the new Policy to a formal shareholder vote at the AGM in May. The full Policy is included within this report from page 124.

Implementation of the Policy in 2024

Subject to shareholder approval of the new Policy, the CEO and the CFO will be eligible for cash bonuses in 2024 up to a maximum value of 125% of basic salary and 100% of basic salary respectively. Payment will depend on the achievement of challenging targets linked to adjusted EBITDA and net revenue, key financial indicators for the Group. The specific targets are currently considered commercially confidential but will be disclosed in full in next year's report. The targets have been calibrated to reflect the higher potential reward under the new Policy.

We intend to grant LTIP awards in 2024 at levels of 125% of basic salary for the CEO and 100% of basic salary for the CFO. These are the same grant levels as applied in 2021, the last time a performance-based LTIP award was granted to the Directors.

Performance will be measured based on absolute TSR (70% weighting) and adjusted EPS (30% weighting). The specific targets for the LTIP awards are set out on pages 143 and 144. In line with the new Policy, the awards will include a two-year post-vesting holding period and the Directors remain subject to the shareholding guidelines set out in the Policy.

In agreeing performance measures for 2024, the Committee discussed the use of non-financial metrics linked to sustainability and other ESG matters, recognising the shift in market practice to include such metrics and the preference of some investors in favour of directly incentivising progress on ESG. Ultimately the Committee decided that the focus for 2024 should be on driving financial performance and shareholder returns, but we will review on an annual basis whether it would be appropriate for a minority element of either the bonus or LTIP (or both) to include targets linked to ESG or other non-financial measures.

The Committee agreed during 2023 that the basic salary of the CFO would increase by 5% with effect from 1 January 2024. This reflects her continued development in role and significant contribution to the success of the business in 2023 and, more broadly, since she was appointed. Her new salary is considered to more fairly reflect her responsibilities and is more suitably positioned against the salaries of those performing similar roles at other listed companies of a similar size to Hostelworld. For the CEO, the Committee has agreed a salary increase of 3% for 2024.

Other members of the Executive Leadership Team received an average salary increase of 3%, with the average salary increase for other employees in the organisation (excluding those not receiving any increment due to inadequate individual performance), being 6% for the 2024 annual review cycle. Including market adjustments and promotions, the total average salary increases for 2023 across the workforce (excluding those in the organisation not receiving any salary increase on grounds of inadequate individual performance) is 7%. The percentage salary increases for the Executive Directors are below that of the average increase applied in the annual review to the remainder of the workforce.

Pension and benefits provision will remain unchanged for 2024 for the Executive Directors.

Remuneration for the Wider Hostelworld Group

The Remuneration Committee regularly reviews remuneration practices across the wider Group and considers the alignment between the pay policy for the Executive Directors and that for others in the organisation. 2023 saw the reintroduction of annual cash bonuses for all colleagues, with adjusted EBITDA included as a performance metric for all participants. There was a further grant of restricted shares to selected employees during the year to provide for long-term alignment with Hostelworld shareholders and reinforce an equity culture at the business. Looking forward, work is being undertaken internally to review the approach to long-term incentive compensation to ensure that the Group has a compelling offer in what remains a competitive market for talent.

Further details of wider workforce remuneration during the year are set out on pages 141 and 142.

UK Corporate Governance Code (the "Code")

The Company reports against the provisions of the UK Corporate Governance Code. The approach for Directors' remuneration is aligned with the Company's approach to pay in general as well as the culture and values of the organisation. The Directors' Remuneration Policy and its implementation are designed to support strategy and promote the long-term sustainable success of the business. The Committee operates a formal and transparent procedure for setting the Policy and for agreeing payments under the framework set out in the Policy. Discretion is applied where relevant, although the Committee did not exercise any discretion in respect of Directors' remuneration in 2023.

Hostelworld continues to comply with the Code's remuneration provisions, with two exceptions. Details of these Code exceptions and explanations for non-compliance are set out on page 89.

The Committee is of the view that the Directors' Remuneration Policy and its implementation is fully consistent with the Remuneration Principles in the Code. The growth strategy of the business is encouraged by the use of incentive schemes which are focused on financial outperformance, this being a reflection of our strategic success. The business's purpose is based around inspiring people through travel. Hostelworld is a key player in the growing travel market and executive remuneration rewards our ability to expand the hostelling category and capture further growth for the benefit of shareholders and other stakeholders. The business has a number of core values, central to which are a focus on putting the customer first (critical for our ability to enhance our reputation and grow the business), prioritising simplicity over complexity and working well together as a team. These values are reflected in executive remuneration by, among other things, the growth which will result from focusing on the customer, a simple approach to pay design and the performance focus across the entire company. The Policy and its implementation is also aligned with the factors set out in Provision 40 of the Code:

Corporate Governance Report continued

- **Clarity:** The new Policy and the way we intend to implement it is clearly disclosed in this Annual Statement and the supporting reports provide full transparency of all elements of Directors' remuneration for the year under review;
- **Simplicity:** The proposed Policy retains many of the features of its predecessor and is relatively simple and aligned to conventional market practice. Fixed remuneration is complemented with an annual cash bonus scheme and a three-year performance-based long-term equity award;
- **Risk:** The new Policy involves performance-based incentives which are agreed by the Remuneration Committee following extensive discussion. Targets are designed to be stretching but are not intended to encourage an appropriate level of risk-taking. There are suitable governance protections within the Policy, such as malus and clawback provisions and the Committee's ability to operate a discretionary override;
- **Predictability:** The Policy includes full details of the individual limits in place for the pay schemes. Any discretion exercised by the Committee in implementing the Policy will be fully disclosed;
- **Proportionality:** The link between the delivery of strategy and long-term performance and the remuneration of the Executive Directors is set out in this Annual Statement, the Directors' Remuneration Policy and the Annual Report on Remuneration. This will be enhanced with the reversion to long-term performance-based awards under the LTIP; and
- **Alignment to culture:** The approach to Directors' remuneration is consistent with key Group cultural tenets of transparency, inclusion and performance. We have closely aligned the pay structures for Directors with those in place elsewhere in the Company as we seek to retain and motivate key talent at all levels. This is reflected, for example, in the structure of the cash bonus scheme which restarted in 2023 and will continue for the coming year.

The Committee notes the recent publication of the new version of the Code, which (with the exception of the new Provision 29, which will apply to financial periods beginning on or after 01 January 2026) will apply formally for the financial year beginning 01 January 2025. The Committee will review the remuneration-related provisions and consider where any changes to existing practices are required.

Dialogue with shareholders on remuneration matters is important to the Committee. As noted above, we engaged with major shareholders in 2023 and early 2024 on the terms of the new Remuneration Policy, continuing a dialogue which has operated over many years. This engagement will continue going forward.

The Remuneration Committee engaged with the wider workforce during the financial year through Evan Cohen, who replaced Éimear Moloney in 2023 as the designated Non-Executive Director responsible for employee engagement. This engagement covered a wide number of issues relating to pay practices across the Company, and also included a discussion of the way in which executive remuneration aligns with wider Group policies.

Following each meeting, the Remuneration Committee communicates its main discussion points and findings to the Board.

Structure of this Report

This report has been prepared in accordance with the relevant UK reporting regulations, the Listing Rules and the UK Corporate Governance Code. The report is divided into three parts:

- This Annual Statement;
- The new Directors' Remuneration Policy, which will be subject to a binding vote of shareholders at the AGM to be held in May 2024; and
- The Annual Report on Remuneration, which sets out payments made to the Directors and details the link between Company performance and remuneration for the 2023 financial year. The Annual Report on Remuneration together with this Annual Statement is subject to the standard advisory shareholder vote at the forthcoming AGM.

I hope that you find the information in this Report helpful and informative and I look forward to your continued support at the AGM.

I am always happy to hear from the Company's shareholders and you can contact me via the Company Secretary if you have any questions on this report or more generally in relation to remuneration at Hostelworld.

Carl G. Shepherd
Chairperson, Remuneration Committee
20 March 2024

Corporate Governance Report continued

Directors' Remuneration Policy

Introduction

The Directors' Remuneration Policy as set out below will be put to a binding shareholder vote at the Annual General Meeting on 02 May 2024 and will apply for the period of three years from the date of approval. The Policy will replace the Policy approved at the AGM on 11 May 2022.

Any payments to the Directors and any payments for loss of office can only be made if they are consistent with the terms of the approved Policy. If the Committee wishes to make a payment to Directors which is not consistent with the Policy, it will be required to seek shareholder approval for an amendment to the Policy at a General Meeting.

The Policy has been prepared in line with the relevant UK regulations. In designing the Policy, the Remuneration Committee considered the progress of the business since 2022, the talent market in which Hostelworld operates, the opinion of internal stakeholders on the Policy and the views of major shareholders. The Executive Directors provided input into this process but, to avoid conflicts of interest, no individual was present when the Committee agreed the final shape of the Policy or when his or her own remuneration was discussed.

During 2023 the Chair of the Remuneration Committee wrote to major shareholders and the main proxy advisory services to explain the proposed approach and to seek their views. The overall response was broadly positive, with many shareholders supportive of the Committee's approach, which is considered in line with standard market practice. Accordingly, the Committee agreed to submit the Policy to a formal binding shareholder vote at the forthcoming AGM.

Decisions around operating the Policy will be made by the Committee each year and explained in the relevant Directors' Remuneration Report.

Changes to the Policy

The proposed Policy includes many of the features incorporated within the Policy approved by shareholders in 2022, with the main difference being the approach to long-term incentives. The key changes to note are as follows. These are explained further in the Annual Statement from the Chair of the Remuneration Committee.

- The revised Policy increases the maximum annual bonus opportunity from 100% of salary to 125% of salary for the CEO. The bonus opportunity for the CFO remains at 100%.
- With effect from the LTIP awards to be granted in 2024, we have reverted to the conventional approach of granting annual awards of shares which vest after three years subject to the achievement of performance conditions. The 2022 Restricted Share Award – which was a one-off arrangement reflective of the circumstances in place at the time – has been removed from the forward-looking Policy.

In addition, a number of minor edits have been made to the wording of the Policy.

Policy Table

The following table sets out each element of remuneration and how it supports the Company's short and long-term strategic objectives.

Base Salary

Link to strategic objectives: **Provides a base level of remuneration to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company's strategy.**

Operation	Opportunity	Performance metrics, weighting and assessment
Salaries are reviewed annually, and any changes are normally effective from 1 January in the financial year. When determining an appropriate level of salary, the Remuneration Committee considers: • remuneration practices within the Company; • the performance of the individual Executive Director; • the individual Executive Director's experience and responsibilities; • the general performance of the Company; • salaries within the ranges paid by companies in the comparator group used for remuneration benchmarking; and • the economic environment.	Base salaries will be set at an appropriate level within a comparator group of comparably sized listed companies and will normally increase in line with increases made to the wider employee workforce. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the average until the target positioning is achieved.	None

Benefits

Link to strategic objectives: **Provides a market competitive level of benefits to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company's strategy.**

Operation	Opportunity	Performance metrics, weighting and assessment
The Executive Directors receive benefits which include, but are not limited to, private medical insurance (family cover), income protection and life assurance cover (including tax, if any). The Remuneration Committee recognises the need to maintain suitable flexibility in the determination of benefits that ensure it is able to support the objective of attracting and retaining personnel. Accordingly, the Remuneration Committee would expect to be able to adopt other benefits including (but not limited to) relocation expenses, tax equalisation and support in meeting specific costs incurred by Directors.	The maximum will be set at the cost of providing the benefits described.	None

Corporate Governance Report continued

Pensions

Link to strategic objectives: **Provide retirement benefits to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company's strategy.**

Operation	Opportunity	Performance metrics, weighting and assessment
The Remuneration Committee maintains the ability to provide pension funding in the form of a salary supplement, which would not form part of the salary for the purposes of determining the extent of participation in the Company's incentive arrangements.	For the current CEO, the maximum pension contribution as a percentage of basic salary is 10%. For the current CFO and for any new Executive Director, the maximum pension contribution will be in line with the contribution level provided to the majority of the workforce.	None

Annual Bonus Plan

Link to strategic objectives: **The Annual Bonus Plan provides an incentive to the Executive Directors linked to achievement in delivering goals that are closely aligned with the Company's strategy and the creation of value for shareholders.**

In particular, the Plan supports the Company's objectives allowing the setting of annual targets based on the business' strategic objectives at that time, meaning that a wide range of performance metrics can be used.

Operation	Opportunity	Performance metrics, weighting and assessment
The Remuneration Committee will determine the bonus payable after the year end based on performance against targets. Annual bonuses are normally paid in cash after the end of the financial year to which they relate although the Remuneration Committee will have the flexibility to settle any bonus in shares. On a change of control, the Remuneration Committee may pay bonuses on a pro rata basis measured on performance up to the date of change of control. Malus will apply up to the date of the bonus determination and clawback will apply for two years from the date of bonus determination.	The maximum bonus opportunity as a % of base salary is 125% for the CEO role and 100% for the CFO role and any new Executive Director role appointed during the Policy period.	Bonus payouts are determined on the satisfaction of a range of key financial and/or non-financial objectives set by the Remuneration Committee. In addition, the payment of any bonus will require the Remuneration Committee to determine that the Company has delivered an acceptable level of performance during the year. The Remuneration Committee retains discretion in exceptional circumstances to change performance measures and targets and the weightings attached to performance measures part-way through a performance year if there is a significant and material event which causes the Remuneration Committee to believe the original measures, weightings and targets are no longer appropriate. Discretion may also be exercised in cases where the Remuneration Committee believes that the bonus outcome is not a fair and accurate reflection of business performance.

Long-Term Incentive Plan (LTIP)

Link to strategic objectives: **Awards are designed to incentivise the Executive Directors to maximise returns to shareholders by successfully delivering the Company's objectives over the long term.**

Operation	Opportunity	Performance metrics, weighting and assessment
Awards are granted annually to Executive Directors under the LTIP. The vesting period is normally three years, with vesting normally subject to: • the Executive Director's continued employment at the date of vesting; and • satisfaction of the performance conditions. The Remuneration Committee may award dividend equivalents on awards to the extent that they vest. Awards which vest after the end of the vesting period will be subject to an additional two-year holding period. During this period the shares cannot be sold (other than as required for tax purposes). The LTIP rules contain standard provisions to satisfy awards/dividend equivalents in shares. Malus will apply for the period from grant to vesting with clawback applying for the two-year period post vesting.	Awards may be made up to 150% of base salary. If exceptional circumstances arise, including (but not limited to) the recruitment of an individual, the Remuneration Committee may grant awards outside this limit up to a maximum of 200% of a participant's annual basic salary. No more than 25% of the award will vest for threshold performance. 100% of the award will vest for maximum performance.	LTIP awards will vest subject to the achievement of challenging performance conditions set by the Remuneration Committee prior to each grant. These will be determined by the Committee each year taking into account the specific strategic priorities of the business at the time. The Committee may change the balance of the measures or use different measures for subsequent awards during the Policy period, as appropriate. The Remuneration Committee retains discretion in exceptional circumstances to change performance measures and targets and the weightings attached to performance measures part way through a performance period if an event occurs which causes the Remuneration Committee to believe the original measures, weightings and targets are no longer appropriate. Discretion may also be exercised in cases where the Remuneration Committee believes that the vesting outcome is not a fair and accurate reflection of business performance.

All-Employee Share Plan

Link to strategic objectives: **To encourage share ownership among Hostelworld employees and increase the alignment with shareholders.**

Operation	Opportunity	Performance metrics, weighting and assessment
The Company does not currently have an operational all-employee share plan but may seek to offer one again in the future. Executive Directors would be entitled to participate on the same terms as other employees.	The maximum participation limit will be as set out in the relevant legislation.	None (as is the norm for approved all-employee plans).

Corporate Governance Report continued

Shareholding Requirement

Link to strategic objectives: **To support long-term commitment to the Company and the alignment of Executive Director interests with those of shareholders.**

Operation	Opportunity	Performance metrics, weighting and assessment
The Remuneration Committee has adopted formal shareholding guidelines that will encourage the Executive Directors to build up and then subsequently hold a shareholding equivalent of 200% of their base salary. Adherence to these guidelines is a condition of continued participation in the equity incentive arrangements.	200% of salary	None.

Non-Executive Director Fees

Link to strategic objectives: **The Company provides a level of fees to support recruitment and retention of Non-Executive Directors with the necessary experience to advise and assist with establishing and monitoring the Company's strategic objectives.**

Operation	Opportunity	Performance metrics, weighting and assessment
The Board as a whole is responsible for setting the remuneration of the Non-Executive Directors, other than the Chairman whose remuneration is considered by the Remuneration Committee and recommended to the Board. Non-Executive Directors are paid a base fee and additional fees for acting as Senior Independent Director and as Chair of Board committees (or to reflect other additional responsibilities and/or additional/unforeseen time commitments). Non-Executive Directors do not participate in any of the Company's incentive arrangements.	The base fees for Non-Executive Directors are set at an appropriate rate. In general, the level of fee increase for the Non-Executive Directors will be set taking account of any change in responsibility and will take into account the general rise in salaries across the workforce. The Company will pay reasonable vouched expenses incurred by the Chairman and Non-Executive Directors, together with other benefits where considered necessary (and any related tax that may be payable).	None

Choice of Performance Measures

Each year, the Remuneration Committee will choose the appropriate performance measures and targets to apply to the annual bonus plan and the LTIP. The measures will be closely aligned with Hostelworld's strategy and business priorities at the time and will include targets which are challenging and yet realistic. Full details of the measures and the targets will be included in the Annual Report on Remuneration for the relevant year. For 2024, the Committee has deliberately focused on key financial measures (adjusted EBITDA, net revenue and adjusted EPS) to ensure that management is incentivised to continue driving the performance of the business over the one-year and three-year periods covered by the annual bonus plan and LTIP respectively. In addition, the LTIP includes an absolute TSR measure which directly links management reward to the experience of shareholders.

Malus and Clawback

Malus and clawback provisions within the annual bonus scheme and the LTIP apply in the following circumstances:

- Material misstatement of results;
- Gross misconduct;
- Error in calculating the number of shares subject to an award or the amount of cash paid;
- Corporate failure; or
- Serious reputational damage.

As stated in the Policy table above for the annual bonus plan, malus applies up to the date of bonus determination and clawback applies for a period of two years from the date of bonus determination. For the LTIP – malus will apply for the three-year period from grant to vesting, with clawback applying for the two-year period post vesting.

Discretion

The Remuneration Committee has discretion in several areas of policy as set out in this report. The Remuneration Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders as set out in those rules. These include (but are not limited to) the choice of participants, the size of awards in any year (subject to the limits set out in the Policy table above), the determination of good and bad leavers and the treatment of outstanding awards in the event of a change of control.

In addition, the Remuneration Committee has the discretion to amend the Policy with regard to minor or administrative matters where it would be, in the opinion of the Remuneration Committee, disproportionate to seek or await shareholder approval.

Recruitment Policy

The approach when setting the remuneration of any newly recruited Executive Director will be assessed in line with the same principles for the Executive Directors, as set out above. The Remuneration Committee's approach to recruitment remuneration is to pay no more than is necessary to attract candidates of the appropriate calibre and experience needed for the role from the market in which the Company competes. The Remuneration Committee is mindful that it wishes to avoid paying more than it considers necessary to secure the preferred candidate and will have regard to guidelines and shareholder sentiment regarding enhanced short-term or long-term incentive payments made on recruitment and the appropriateness of any performance measures associated with an award. Subject to the paragraph below, the incentive awards that can be received in any one year will not exceed the maximum individual limits as set out in the Policy table.

The Remuneration Committee's policy is not to provide sign-on compensation. In addition, the Committee's policy is not to provide buyouts as a matter of course. However, should the Committee determine that the individual circumstances of recruitment justified the provision of a buyout, the equivalent value of any incentives that will be forfeited on cessation of the individual's previous employment will be calculated. This will take into account, among other things, the performance conditions attached to the vesting of these incentives, the likelihood of vesting and the nature of the awards (cash or equity). The Remuneration Committee may then grant a buyout up to the same value as the lapsed value, where possible, under the Company's incentive plans. To the extent that it is not possible or practical to provide the buyout within the terms of the Company's existing incentive plans the Remuneration Committee may in exceptional circumstances consider it appropriate to grant an award under a different structure to facilitate a buyout of outstanding awards held by an individual on recruitment.

Corporate Governance Report continued

Where an existing employee is promoted to the Board, the Remuneration Policy will apply from the date of promotion but there would be no retrospective application of the Policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration of the person concerned. These would be disclosed to shareholders in the Annual Report on Remuneration for the relevant financial year.

The Company's policy when setting fees for the appointment of new Non-Executive Directors is to apply the policy which applies to current Non-Executive Directors.

Legacy Arrangements

The Remuneration Committee has the authority to honour any commitments entered into with the existing Executive Directors prior to the approval of this Remuneration Policy. For the avoidance of doubt, this includes the 2022 Restricted Share Award that does not form part of this forward-looking Policy.

Service Agreements and Letters of Appointment

Executive Directors

Each of the Executive Directors has entered into a service contract with the Group. Each Executive Director is subject to re-election at the AGM.

Name	Position	Date of service agreement	Notice period by Company (months)	Notice period by Director (months)
Gary Morrison	CEO	11 June 2018	12	12
Caroline Sherry	CFO	01 December 2020	6	6

Non-Executive Directors

The Non-Executive Directors have each entered into letters of appointment with the Company. Each independent Non-Executive Director's term of office runs for an initial period of three years unless terminated earlier upon written notice or upon their resignations. Non-Executive Directors are also subject to re-election at each AGM.

The date of appointment of each Non-Executive Director is set out below:

Name	Effective date of appointment	Notice period by Company (months)	Notice period by Director (months)
Michael Cawley	14 October 2015	1	1
Carl G. Shepherd	01 October 2017	1	1
Éimear Moloney	27 November 2017	1	1
Evan Cohen	14 August 2019	1	1

Payment for Loss of Office

The Remuneration Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Remuneration Committee will determine such mitigation as it considers fair and reasonable in each case. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its Executive Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid. The Remuneration Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment; or in relation to the provision of outplacement or similar services.

When determining any loss of office payment for a departing individual the Remuneration Committee will always seek to minimise cost to the Company whilst seeking to address the circumstances at the time.

Remuneration element	Treatment on exit
Salary, Benefits and Pension	Salary, benefits and pension will be paid over the notice period. The Company has discretion to make a lump sum payment on termination equal to the salary, value of benefits and value of company pension contributions payable during the notice period. In all cases the Company will seek to mitigate any payments due.
Annual Bonus Plan	Good leaver reason – pro-rated to time and performance for year of cessation. Other reason – no bonus payable for year of cessation.
LTIP	Good leaver reason – Pro-rated to time and performance (where applicable) in respect of each subsisting LTIP award. Other reason – Lapse of any unvested LTIP award. The Remuneration Committee has the following elements of discretion: • to determine that an executive is a good leaver (see below); • to measure performance (where applicable) over the original performance period or at the date of cessation. The Committee will make this determination depending on the type of good leaver reason resulting in the cessation; • the Remuneration Committee's policy is generally to pro-rate to time from the date of grant to the date of cessation. It is the Remuneration Committee's intention to only use its discretion to adopt a different approach to pro-rating in circumstances where there is an appropriate business case which will be explained in full to shareholders; and • to determine the extent to which the post-vesting holding period will apply for a good leaver. The Committee has agreed that the holding period will not apply in the event of death.

A good leaver reason may include cessation in the following circumstances:

- Death;
- Ill-health;
- Injury or disability;
- Redundancy;
- Retirement with agreement of employer;
- Employing company ceasing to be a Group company;
- Employing company transferred to a person who is not a Group Member; or
- At the discretion of the Remuneration Committee (as described above).

Cessation of employment in circumstances other than those set out above is cessation for other reasons.

Corporate Governance Report continued

Change of Control

The Remuneration Committee's policy on the vesting of incentives on a change of control is summarised below:

Name of Incentive Plan	Change of control	Discretion
Annual Bonus Plan	Pro-rated for time and performance to the date of the change of control.	The Remuneration Committee has discretion to continue the operation of the Plan to the end of the bonus year.
LTIP	The number of shares subject to subsisting LTIP awards vesting on a change of control will be pro-rated for time and performance (where applicable). Options to the extent vested may be exercised at any time during the period of six months following the change of control and if not so vested will lapse at the end of such period unless the Remuneration Committee determines that a longer period shall apply.	The Remuneration Committee retains absolute discretion regarding the proportion vesting, taking into account time and performance (where applicable). There is a presumption that the Remuneration Committee will pro-rate to time. The Remuneration Committee may take a different approach where it views the change of control as an event which has provided a material enhanced value to shareholders which will be fully explained to shareholders. In all cases the performance conditions (where applicable) must be satisfied, subject to the Committee's discretion (as noted above).

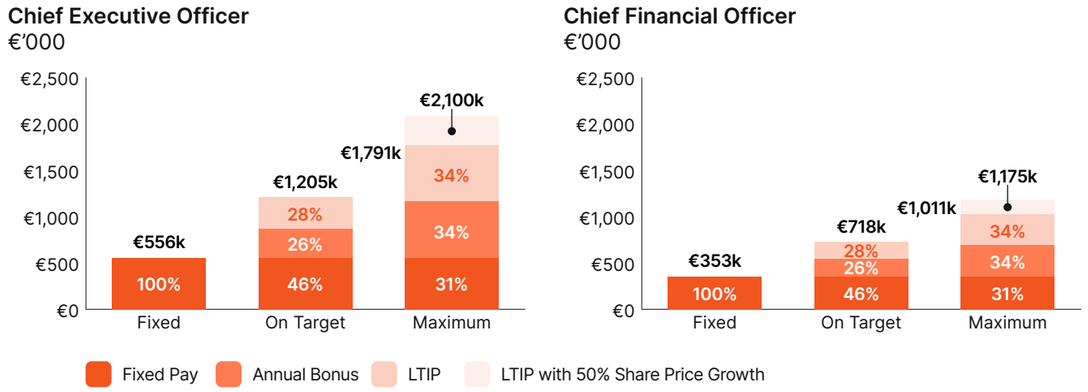
Illustrations of the Application of the Remuneration Policy

The charts below illustrate the remuneration that would be paid to each of the Executive Directors, based on current salaries, under three different performance scenarios: (i) Minimum; (ii) On-target; and (iii) Maximum. The elements of remuneration have been categorised into three components: (i) Fixed; (ii) Annual bonus; and (iii) LTIP, with the assumptions set out below:

Element	Minimum	On-target	Maximum
Salary, benefits and pension[1]	Included	Included	Included
Annual bonus	No bonus payable	CEO: 62.5% of salary CFO: 56% of salary	CEO: 125% of salary CFO: 100% of salary
LTIP	No LTIP vesting	CEO: 55% of maximum opportunity CFO: 55% of maximum opportunity	CEO: 125% of salary CFO: 100% of salary

[1] Reflects the value of basic salaries in 2024, an estimate of benefits provided (based on 2023 values) and pension entitlements in line with the Remuneration Policy.

In addition, the maximum column has been extended to show the potential impact of 50% share price growth on LTIP awards, as required by the reporting regulations.



Remuneration in the Wider Hostelworld Group

The Remuneration Committee considers pay and employment conditions across the Group as a whole when reviewing the Directors' Remuneration Policy and the remuneration of the Executive Directors and other members of the Executive Leadership Team. Among other things, the Committee considers remuneration and recruitment trends across the wider workforce, the salary and incentive opportunities in place across the Group and the range of base pay increases which have been agreed for employees.

The Group's general approach is to provide a remuneration package for all employees that is market competitive, and the same reward and performance philosophy operates throughout the business. There is significant alignment between the remuneration for the Executive Directors and other senior leaders in the business.

A summary of current remuneration practices across the Company is included in the Annual Report on Remuneration each year.

Consideration of Shareholder Views

The Remuneration Committee takes the views of shareholders seriously and these views are considered in shaping the Remuneration Policy and its operation. During 2023 and early 2024, the Committee conducted a consultation exercise with major shareholders and the main proxy advisors on the details of the proposed Remuneration Policy. The general response from major shareholders was positive and, accordingly, the Committee decided to proceed with recommending that shareholders formally approve the proposals at the forthcoming AGM. In addition, the Committee will consider carefully the outcome of the shareholder votes on the Policy and the Directors' Remuneration Report at the AGM.

Corporate Governance Report continued

Annual Report on Remuneration

Remuneration Summary – Executive Directors (Audited)

The table below sets out the amounts settled during 2023 and 2022 pursuant to each Director's remuneration package. The table is an APM of the Executive Directors' actual pay received and, as result, does not include values for amounts not paid or not vested in the relevant year.

Director		Salary (€'000)	Taxable Benefits (€'000)[1]	Pension (€'000)[2]	Bonus (€'000)[3]	LTIP Received as Shares (€'000)[4][5]	RSU Received as Shares (€'000)[6]	Total (€'000)
Gary Morrison	2023	479.8	12.3	48.0	–	912.2	331.3	1,783.6
	2022	465.8	9.6	46.6	–	–	193.2	715.20
Caroline Sherry	2023	313.1	4.7	18.8	–	99.3	205.4	641.3
	2022	304.0	4.6	18.2	–	–	119.8	446.6

(1) Taxable benefits represent payments for health insurance and life assurance policies.
(2) Pension contributions were made at a level of 10% of basic salary for Gary Morrison and 6% of basic salary for Caroline Sherry.
(3) 2023 bonus earned paid in Q1 2024 to both Directors and so not included in the table above.
(4) The TSR element of the LTIP 2020 award vested in May 2023. The vesting share price for the 2020 award was 135 pence, this being the share price on 09 May 2023, the date of vesting, and translated to € using the Central Bank FX rate that applied on that date.
(5) The LTIP 2021 award will not vest until April 2024 and so has not been included in the table above.
(6) In 2021 each Executive Director was granted a 2021 Restricted Share Award over shares equivalent at grant to 112% of basic salary, being two times their target annual cash bonus. This reflected the cancellation of the cash bonus scheme for 2021 and 2022. Each 2021 Restricted Share Award vested in two tranches, subject in both cases to the participant being employed by Hostelworld as of the vesting date and satisfactory personal performance. The first tranche (representing the first 50% of the award) vested on 28 February 2022, award price 75p, and the second tranche vested on 28 February 2023, award price 135p, and translated to € using the Central Bank FX rate that applied on each date.

Single Total Figure of Remuneration (Audited)

Executive Directors

The table below sets out the single total figure of remuneration received or receivable and the breakdown for each Executive Director in respect of the 2023 financial year, as required by the UK regulations. Amounts disclosed for LTIP for 2023 relate to two separate grants, the 2020 grant made on 02 May 2020 and the 2021 grant made on 27 April 2021. Both schemes have performance periods that concluded in 2023 and so have been disclosed within the 2023 single total figure of remuneration. The Board acknowledges that while it has a legal obligation to disclose a figure for 'Single Total Figure for Remuneration', it strongly believes that this does not accurately convey the remuneration of the Executive Directors for 2023 and that this is more accurately represented in the table above.

		Fixed pay			Annual Incentive	Long-Term Incentive Plans					
Director		Salary (€'000)	Taxable Benefits (€'000)[1]	Pension (€'000)[5]	Bonus (€'000)[2]	LTIP 2020 (€'000)[3]	LTIP 2021 (€'000)[4]	Total LTIP (€'000)	Total (€'000)	Total Fixed salary, benefits and pension (€'000)	Total Variable bonus and LTIP only (€'000)
Gary Morrison	2023	479.8	12.3	48.0	458.5	912.2	682.7	1,594.9	2,593.5	540.1	2,053.4
	2022	465.8	9.6	46.6	–	–	–	–	522.0	522.0	–
Caroline Sherry	2023	313.1	4.7	18.8	299.2	99.3	338.7	438.0	1,073.8	336.6	737.2
	2022	304.0	4.6	18.2	–	–	–	–	326.8	326.8	–

(1) Benefits represent payments for health insurance and life assurance policies.
(2) The Remuneration Committee agreed that the bonus for Gary Morrison for 2023 would be paid as a contribution into his pension, at no extra cost to the Company.
(3) The amounts in this column relate to the TSR element of the LTIP award granted in May 2020, which vested in May 2023. The vesting share price for the 2020 award was 135 pence, this being the share price on 09 May 2023, the date of vesting, and translated to € using the Central Bank FX rate that applied on that date. Of the amount stated for the TSR element of the 2020 LTIP award, €413k for Gary Morrison and €45k for Caroline Sherry was attributable to share price appreciation since the date of grant. The Remuneration Committee has not exercised any discretion in relation to this matter.
(4) The amounts in this column relate to the LTIP award granted in April 2021, which was subject to performance conditions measured up to 31 December 2023. The vesting share price for the 2021 LTIP award has been estimated at 123.63 pence, based on the average share price over the three months ended 31 December 2023, and translated to € using the Central Bank FX rate that applied on 31 December 2023. The 2021 award will vest in April 2024. Of the amount stated for the 2021 LTIP award, €128k for Gary Morrison and €64k for Caroline Sherry was attributable to share price appreciation since the date of grant. The Remuneration Committee has not exercised any discretion in relation to this matter.
(5) Pension contributions were made at a level of 10% of basic salary for Gary Morrison and 6% of basic salary for Caroline Sherry.

Non-Executive Directors

The table below sets out the single total figure of remuneration and breakdown for each Non-Executive Director.

	Fees (€'000)		Taxable Benefits (€'000)		Other (€'000)		Total (€'000)		Total Fixed (€'000)		Total Variable (€'000)	
Director	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Michael Cawley[1]	145.0	145.0	–	–	–	–	145.0	145.0	145.0	145.0	–	–
Carl G. Shepherd[2]	74.0	74.0	–	–	–	–	74.0	74.0	74.0	74.0	–	–
Éimear Moloney[3]	67.0	67.0	–	–	–	–	67.0	67.0	67.0	67.0	–	–
Evan Cohen	60.0	60.0	–	–	–	–	60.0	60.0	60.0	60.0	–	–

(1) Chairman of the Board and Chair of the Nominations Committee.
(2) Chair of the Remuneration Committee and Senior Independent Director.
(3) Chair of the Audit Committee.

Additional Information regarding Single Figure Table (Audited)

Basic Salary

As explained in last year's Directors' Remuneration Report, the basic salaries of the Executive Directors were increased by 3% with effect from 1 January 2023.

Annual Bonus

The Executive Directors were entitled to consideration for an annual cash bonus for 2023 of up to a maximum of 100% of basic salary subject to the satisfaction of performance targets based on adjusted EBITDA (for 70% of the award) and net revenue (for 30% of the award). The targets were set at the start of 2023 taking into account the business environment at the time and internal expectations of Hostelworld's performance over the year. No bonus was payable in the event that the threshold adjusted EBITDA target was not met.

The table below sets out the details of the performance targets that were used to determine the annual bonus outcome.

Performance metric	Weighting	Threshold performance level	% of max payout of relevant element at threshold	Target performance level	% of max payout of relevant element at target	Maximum performance level	% of max payout of relevant element at max	Actual performance	Resulting payout (% of award)
Adjusted EBITDA	70%	€13.2m	25%	€14.7m	56%	€17.6m	100%	€18.4m	100%
Net revenue	30%	€78.7m	25%	€87.5m	56%	€96.2m	100%	€93.3m	85%

Based on performance against both the adjusted EBITDA and net revenue targets, the total bonus payment was equivalent to 96% of the maximum opportunity. The table below summarises the annual bonus awarded to Gary Morrison and Caroline Sherry in respect of 2023:

Director	Maximum bonus opportunity (% of salary)	Bonus awarded (% of maximum)	Bonus awarded (% of salary)	Bonus awarded (€'000)
Gary Morrison	100%	96%	96%	€458.5k
Caroline Sherry	100%	96%	96%	€299.2k

The Committee believes that the bonuses achieved as set out above were a fair and accurate reflection of business performance over the year and as a result has not exercised any discretion in respect of the outcome.

Corporate Governance Report continued

Long-Term Incentives Vesting Subject to Performance Period ending in 2023

2020 Award

In 2020, LTIP awards were granted to Gary Morrison, Caroline Sherry and other members of the senior management subject to adjusted EPS and absolute TSR performance conditions. As disclosed in last year's report, the threshold performance condition was not met for the adjusted EPS element as at 31 December 2022 and, as a result, this portion of the award lapsed. The absolute TSR element was tested after 01 May 2023 and as performance was above the maximum target, this portion of the award vested in full.

Adjusted EPS condition (25%)

Adjusted EPS for the financial year ended 31 December 2022	Vesting
Less than 0c	0%
0c	25%
8.87c	100%
Between 0c and 8.87c	Straight-line vesting between 25% and 100%
Outcome: (5.97)c	**0%**

Absolute TSR condition (75%)

Annualised TSR of the Company over the three-year period to 1 May 2023	Vesting
Less than 5.0% p.a.	0%
5.0% p.a.	25%
15.0% p.a. or above	100%
Between 5.0% and 15.0% p.a.	Straight-line vesting between 25% and 100%
Outcome: 21.2% p.a	**100%**

As a result of the above performance test, the total level of vesting for the award granted in 2020 was 75%. The Remuneration Committee was satisfied that this vesting outcome represented a fair and accurate reflection of business performance over the performance period and, accordingly, did not exercise any discretion in respect of the outcome.

The awards vested in May 2023. Gary Morrison's award is subject to a two-year post-vesting holding period. As previously disclosed, Caroline Sherry's award is not subject to this holding period as it was granted prior to her appointment to the Board.

2021 Award

LTIP awards were granted to Gary Morrison, Caroline Sherry and other members of senior management in April 2021. Vesting of these awards was subject to achievement of an adjusted EBITDA performance condition (applying to 50% of the awards) and strategic objectives (applying to the other 50% of the awards) measured to the end of the financial year ended 31 December 2023.

Cumulative Adjusted EBITDA Condition (50%)

As disclosed in last year's report, the original adjusted EBITDA targets were amended in 2022 to reflect the impact of the more severe and enduring adverse impact of the COVID-19 pandemic on trading performance, and the shortfall in net booking numbers against the original projections. The adjusted EBITDA performance condition was tested after the 2023 financial year end and based on the adjusted targets, 100% of this element of the award is due to vest.

Cumulative adjusted EBITDA over the three financial years 2021-23	Vesting
Less than – €3.1m	0%
- €3.1m	25%
- €2.0m	62.5%
- €1.8m or higher	100%
	Straight-line vesting between the above points
Outcome: €2.4m	**100%**

The performance against the critical strategic objectives is summarised below.

Strategic Objectives (50%)

The strategic portion of the 2021 LTIP award incorporated two elements linked to key long-term objectives for the business. The specific targets were not disclosed in previous Directors' Remuneration Reports due to commercial confidentiality concerns. They are included below, alongside an assessment of performance.

The first strategic element was based on an assessment of improvements in new customer value compared to customer acquisition cost. This was linked to the objective of optimising paid spend based on predicted new customer value versus acquisition cost. As disclosed last year, the Committee made a number of adjustments to these targets in 2022 to reflect business headwinds, with an increase in expected customer acquisition costs over the period and pressures on new customer value.

Customer value/customer acquisition cost (ratio) achieved in 2023	Vesting
Less than 0.59	0%
0.59	25%
0.99	62.5%
1.04	100%
	Straight-line vesting between the above points
Outcome: 1.10	**100%**

The second strategic element related to the successful adoption of Hostelworld's Counter PMS SaaS solution by hostel accommodation partners, in line with the long-term strategy of increasing the adoption of technology into the core platform offering. These targets were amended in 2022 to reflect a focus on the number of hostel properties which signed up to the Counter solution by the end of 2023 rather than the revenue expected from Counter at the end of the year. This change was consistent with the wider business decision to focus on Counter as a free product for our hostel partners rather than a premium paid-for service.

No. of hostel properties signed up to Counter by end of 2023	Vesting
Less than 350	0%
350	25%
620	62.5%
650	100%
	Straight-line vesting between the above points
Outcome: 773	**100%**

Corporate Governance Report continued

Based on the performance achievement for each of the conditions for the 2021 LTIP award, the total vesting outcome for the award was 100%. The Remuneration Committee was satisfied that this outcome represents a fair and accurate reflection of business performance over the performance period and, accordingly, has not exercised any discretion in respect of the outcome. The awards will vest in April 2024 and will be subject to a two-year post-vesting holding period.

The table below sets out the full details of the LTIP awards granted to Gary Morrison and Caroline Sherry in 2020 and 2021. All awards were granted as nil cost options.

Director	Date of grant	Value of award	Face value of award (€'000)	Number of shares awarded	Exercise Price (€)[1]	Percentage of award vesting at threshold performance	Performance period end date	Weighting[2]	Number of shares vesting	Total value of vested awards (€)[3]
Gary Morrison	27 Apr 2021	125% of salary	554.5	480,354[4]	Nil	25%	31 December 2023	Adjusted EBITDA (50%)	240,177	€341.4k
								Strategic objectives (50%)	240,177	€341.4k
	2 May 2020	150% of salary	665.4	782,938[5]	Nil	25%	31 December 2022 (EPS)	Adjusted EPS (25%)	Nil	Nil
							01 May 2023 (TSR)	Absolute TSR (75%)	587,204	€912.2k
Caroline Sherry	27 Apr 2021	100% of salary	275.0	238,228[4]	Nil	25%	31 December 2023	Adjusted EBITDA (50%)	119,114	€169.3k
								Strategic objectives (50%)	119,114	€169.3k
	2 May 2020	50% of salary	72.5	85,303[5][6]	Nil	25%	31 December 2022 (EPS)	Adjusted EPS (25%)	Nil	Nil
							01 May 2023 (TSR)	Absolute TSR (75%)	63,977	€99.3k

(1) These awards are nil cost options and therefore have a nil exercise price. The share value used to determine the face value of the awards at grant for the awards are explained above.
(2) The specific performance targets for these awards are set out in the relevant section above.
(3) For the May 2020 awards, the value is calculated by reference to the share price of 135p, being the share price at the date of vesting on 09 May 2023. For the April 2021 awards, the value is calculated by reference to the average share price over the three months ended 31 December 2023.
(4) The number of shares awarded for the April 2021 award was calculated using the closing share price on 26 April 2021, which was 100.4p.
(5) The number of shares originally awarded for the May 2020 award was calculated using the closing share price on 01 May 2020, which was 75.0p. As disclosed in the 2020 Directors' Remuneration Report, the Remuneration Committee agreed to apply a technical adjustment to the number of shares comprising LTIP awards granted in 2020 to reflect the impact of the bonus issue which took place in September 2020. The purpose of this adjustment was to ensure that award holders were no better or worse off following the bonus issue than they were beforehand. The adjustment took place on 27 April 2021, resulting in an increase in Gary Morrison's award from 771,900 to 782,938 shares and in Caroline Sherry's award from 84,100 to 85,303 shares.
(6) This award was granted prior to Caroline Sherry's appointment to the Board and does not include a post-vesting holding period.

Scheme Interests Awarded During the Financial Year (Audited)

No new LTIP awards were made to the Executive Directors during the year under review.

Other Share Awards

2022 Restricted Share Award

As previously disclosed, a grant of restricted shares was made to the Executive Directors in May 2022 under the terms of the 2022 Restricted Share Award.

Each Executive Director was granted a 2022 Restricted Share Award as set out in the table below. The shares will vest after three years subject to continued employment. An additional underpin mechanism requires the Remuneration Committee to be satisfied with individual and Company performance over the vesting period. The 2022 Restricted Share Award is subject to a two-year post-vesting holding period.

Director	Date of grant	Value of award	Face value of award (€'000)	Number of shares awarded[1]	Exercise price (€)[2]	Vesting date[3]
Gary Morrison	12 May 2022	150% of salary	698.7	719,770	n/a	12 May 2025
Caroline Sherry	12 May 2022	125% of salary	380.0	391,459	n/a	12 May 2025

(1) The number of shares awarded was calculated using the closing share price on 12 May 2022, which was 82.9p.
(2) The awards were granted as conditional share awards and do not have an exercise price.
(3) As noted above, the vesting of the awards is subject to continued employment and the Remuneration Committee being satisfied with individual and Company performance over the vesting period.

Payments for Loss of Office/Payments to Past Directors (Audited)

There were no payments for loss of office or payments to past Directors made during the 2023 financial year.

Statement of Directors' Shareholdings and Share Interests (Audited)

The number of shares of the Company in which the Executive Directors had a beneficial interest and details of long-term incentive interests as at 31 December 2023 are set out in the table below. Under the Directors' Remuneration Policy, the Remuneration Committee has adopted formal shareholding guidelines that encourage the Executive Directors to build up and hold a shareholding equivalent to 200% of basic salary.

Director	Beneficially owned shares	Shareholding requirement (% of salary)	Shareholding (% of salary)	Shareholding requirement met?	Unvested LTIP interests subject to performance conditions[1]	Unvested restricted share award interests
Gary Morrison	462,663	200%	151%	No	480,354	719,770
Caroline Sherry	152,503	200%	87%	No	238,228	391,459

(1) Position as at 31 December 2023. As noted on page 119, subsequent to the year end the Committee determined that 100% of the LTIP award made in 2021 had vested. The number of awards vesting for the Directors is disclosed on page 138.

Details of the interests held in shares by Non-Executive Directors as at 31 December 2023 are set out below. Non-Executive Directors are not subject to a shareholding requirement.

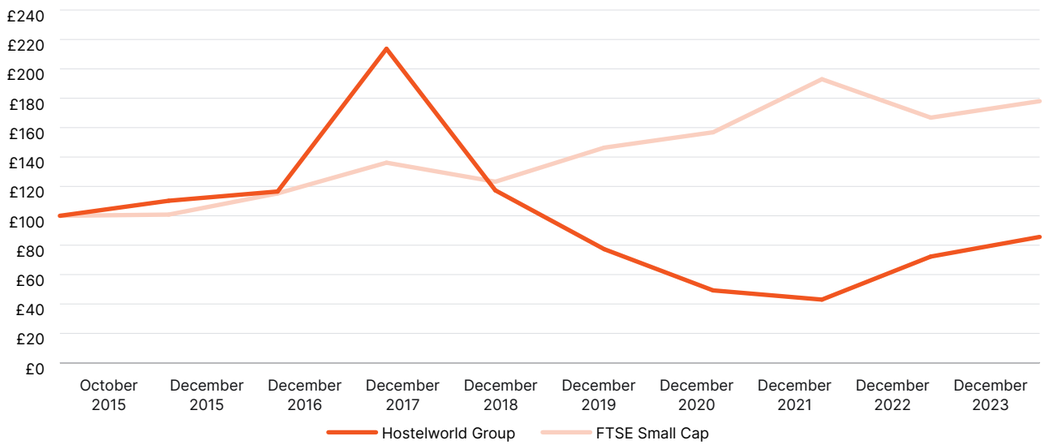
Director	Beneficially owned shares
Michael Cawley	302,797
Carl G. Shepherd	35,285
Éimear Moloney	122,376
Evan Cohen	15,214

Corporate Governance Report continued

Comparison of Overall Performance and Pay (TSR graph)

The graph below shows the value of £100 invested in the Company's shares since listing compared to the FTSE SmallCap index. The graph shows the Total Shareholder Return (TSR) generated by both the movement in share value and the reinvestment of dividend income over the same period. The Remuneration Committee considers that the FTSE SmallCap index is an appropriate index for comparison as Hostelworld is a member of this index and it includes other companies with a similar market capitalisation and scope of operations. The graph has been calculated in accordance with the Regulations. The Company listed on 28 October 2015 (with grey market trading until 2 November 2015) and therefore only has a listed share price for the period from 28 October 2015 to 31 December 2023.

Total Shareholder Return (£)



CEO Historical Remuneration

The table below sets out the total remuneration delivered to the CEO over the last ten years based on remuneration received in a year. It is an APM.

	2014	2015	2016	2017	2018		2019	2020	2021	2022	2023
Chief Executive Officer	Feargal Mooney	Feargal Mooney	Feargal Mooney	Feargal Mooney	Feargal Mooney	Gary Morrison	Gary Morrison	Gary Morrison	Gary Morrison	Gary Morrison	Gary Morrison
Total Single Figure (€'000)	371.5	436.6	1,298.7	459.9	518.4	262.2	530.8	498.4	498.9	643.5	1,787.2

The table below sets out the total remuneration delivered to the CEO over the last ten years valued using the methodology applied to the single total figure of remuneration, as required by the UK regulations:

	2014	2015	2016	2017	2018		2019	2020	2021	2022	2023
Chief Executive Officer	Feargal Mooney	Feargal Mooney	Feargal Mooney	Feargal Mooney	Feargal Mooney	Gary Morrison	Gary Morrison	Gary Morrison	Gary Morrison	Gary Morrison	Gary Morrison
Total Single Figure (€'000)	413.1	395.0	1,298.7	768.8	209.5	307.2	485.8	498.4	995.7	522.0	2,593.5
Annual bonus payment level achieved (% of maximum opportunity)	14.9%	0%	0%	73.4%	0%	19.3%	0%	n/a	n/a	n/a	96%
LTIP vesting level achieved (% of maximum opportunity	n/a	n/a	n/a	n/a	0%	n/a	n/a	0%	0%	75%[1]	100%

[1] Represents the total vesting level for the 2020 LTIP award. The adjusted EPS portion of this award (which accounted for 25% of the overall award) vested at nil. The absolute TSR portion (which accounted for 75% of the overall award) vested at 100%. The value for the TSR portion of this award is included in the 2023 single total figure.

Change in Directors' Remuneration Compared with Employees

The following table sets out the change in the remuneration paid to each of the Directors since 2019, compared with the average percentage change for employees, as required by the reporting regulations. For the Directors, the percentage change in remuneration reflects the disclosures in the Single Total Figure table of remuneration.

	2023 vs 2022			2022 vs 2021			2021 vs 2020			2020 vs 2019		
	Salary/ Fees	Taxable benefits	Bonus	Salary/ Fees	Taxable benefits	Bonus	Salary/ Fees	Taxable benefits	Bonus	Salary/ Fees	Taxable benefits	Bonus
Executive Directors												
Gary Morrison	3%	28%	100%	5%	(12)%	-	0%	4.8%	-	3.0%	(13.3)%	-
Caroline Sherry[1]	3%	2%	100%	12%	14%	-	-	-	-	-	-	-
Non-Executive Directors												
Michael Cawley	0%	–	–	0%	–	–	0%	–	–	0%	–	–
Carl G. Shepherd	0%	–	–	0%	–	–	0%	–	–	8.5%	–	–
Éimear Moloney	0%	–	–	0%	–	–	0%	–	–	0%	–	–
Evan Cohen[2]	0%	–	–	0%	–	–	0%	–	–	–	–	–
Employee pay												
Average per employee – parent company[3]	(33)%	(26)%	100%	–	–	–	–	–	–	–	–	–
Average per employee – group	6%	5%	100%	15%	19%	–	3.3%	(2.3)%	–	5.5%	93%	–

[1] Appointed to the Board on 01 December 2020. Comparatives prior to 2022 vs 2021 not shown given part-year service.
[2] Appointed to the Board on 14 August 2019. Comparatives prior to 2021 vs 2020 not shown given part-year service.
[3] Prior to 2022 the only employees of the parent company were the Directors of the Company. During H2 2022 four additional employees were employed which explains the large variance between 2023 and 2022. No comparatives vs 2021 are shown given no prior year service for these employees.

Remuneration Practices across the Company

Hostelworld does not have more than 250 UK employees (at 31 December 2023 the current number of UK employees was 12) and as a result is not required to publish the ratio of the CEO's remuneration to the pay of UK employees. Nevertheless, in line with the expectations set out in the UK Corporate Governance Code, each year the Remuneration Committee reviews workforce remuneration and related policies. This includes a detailed assessment of pay levels and structures throughout the organisation, including fixed pay elements, and the extent to which participation in incentive schemes (including equity incentives) extends below Board level. The remuneration of the Executive Directors is considered in this context.

Each year, the basic salary levels of all employees undergo a thorough review in comparison to relevant external benchmarks, taking into consideration the broader employment landscape, levels of inflation and the requirements of the business. As disclosed last year, for 2023 the Executive Directors and the Executive Leadership Team received salary increases of 3%, which was below the average workforce rate of 3.7% (4.9% inclusive of market adjustments and promotions). For 2024, the Remuneration Committee has approved increases of 3% for the CEO and 5% for the CFO, as explained on page 121. Other members of the Executive Leadership Team received an average salary increase of 3%, with the average salary increase for other employees in the organisation (excluding those not receiving any increment due to inadequate individual performance) being 6% for the 2024 annual review cycle. Including market adjustments and promotions, the total average salary increases for 2023 across the workforce (excluding those in the organisation not receiving any salary increase on grounds of inadequate individual performance) is 7%.

The Group makes pension contributions on behalf of eligible employees. For the majority of the workforce, the Group contribution rate is 6% of salary. This is the same rate which applies to the CFO and which will apply to any new Executive Director appointed in the future. The CEO's contribution rate of 10% was determined at the time of his appointment in 2018. Other benefits are broadly aligned across the Company although there is some variation in each country of operation.

Corporate Governance Report continued

Annual cash bonuses resumed for all eligible employees in 2023 (excluding those who joined in October 2023 or those participating in quarterly incentive programmes). The bonus structure for the Executive Leadership Team was the same as for Executive Directors, being based on a mix of targets linked to adjusted EBITDA and net revenue. For others, bonuses were based 50% on adjusted EBITDA performance and 50% on personal performance. Separate incentive arrangements operate for key roles within the organisation (e.g. sales and customer support staff).

Long-term equity awards have historically been extended to a number of employees beyond the Executive Directors and other members of the Executive Leadership Team. This included the LTIP award granted in 2020 (which vested in 2023 as explained in the relevant section above) and the LTIP award granted in 2021 (which will vest in 2024 based on the achievement of the performance conditions as set out in the relevant section above). As previously disclosed, a significant number of employees participated in the 2021 and 2022 Restricted Share Awards in addition to the Executive Directors, demonstrating our desire to ensure that appropriate retention mechanisms were put in place for the wider team during a period of considerable uncertainty for the business. The vesting of the 2022 Restricted Share Award is subject to the same conditions as for the Directors, namely continued employment and individual and Company performance being satisfactory over the vesting period. A two-year post-vesting holding period applies to the Executive Directors only, in line with common practice. An additional Restricted Share Award was granted to a number of employees in 2023 subject to a three-year vesting period. The Executive Directors did not receive an award in 2023.

For 2024, subject to shareholder approval of the new Directors' Remuneration Policy, the Committee will re-introduce annual grants of performance-based LTIP awards. Participation in the LTIP will extend to other members of the Executive Leadership Team as a minimum. The same performance conditions will apply to all participants in the LTIP although, as is the norm, the award levels will be higher for Executive Directors than for other participants, reflecting their seniority and responsibilities within the organisation.

In line with Hostelworld's culture of transparency and involvement, the Remuneration Committee engaged with the wider workforce during the financial year. This was undertaken by Evan Cohen, a member of the Committee and since December 2023 the designated Non-Executive Director responsible for employee engagement. This engagement covered a wide number of issues relating to pay practices across the Company, and also included a discussion of the way in which executive remuneration aligns with wider Group policies.

Relative Importance of the Spend on Pay

The table below sets out the relative importance of spend on pay in the 2023 and 2022 financial years compared with other distributions to shareholders. All figures provided are taken from the relevant Company Accounts.

Director	2023 financial year (€m)	2022 financial year (€m)	% change
Distributions by way of dividends/share buybacks	–	–	0%
Overall spend on pay including Executive Directors	23.2	20.1[1]	15%

[1] 2022 overall spend on pay including Executive Directors has been restated from €20.4m disclosed in the prior year to €20.1m to exclude the impact of third-party contractors.

Shareholder Voting at General Meeting

The table below sets out the results of voting on the resolutions to (1) approve the Directors' Remuneration Report at the AGM held on 09 May 2023 and (2) approve the Directors' Remuneration Policy at the AGM held on 11 May 2022.

Resolution	For	Against	Withheld
Approve the Directors' Remuneration Report for the Year Ended 31 December 2022	91,623,082 (88.75%)	11,609,480 (11.25%)	–
Approve the Directors' Remuneration Policy	61,225,024 (80.20%)	15,111,592 (19.80%)	–

Implementation of Remuneration Policy in Financial Year 2024

Basic salary

The Committee has reviewed the salaries of the Executive Directors and agreed to award a salary increase of 3% to the CEO with effect from 1 January 2024. For the CFO, the Committee agreed a higher increase of 5%, reflecting her significant contribution to the business, her ongoing development in role since her appointment to the Board in 2020 and taking account of typical salary levels for CFOs of comparable listed companies. These salary increases compare with the average salary increase of 6% awarded to the rest of the organisation.

The salary levels for 2024 are as follows:

Director	2024 (€)	2023 (€)	Salary Percentage change
Gary Morrison (CEO)	494,194	479,800	3%
Caroline Sherry (CFO)	328,755	313,100	5%

Pension

Pension contributions for the Executive Directors will continue at the rate of 10% of basic salary for the CEO and 6% of basic salary for the CFO.

Annual Bonus

As explained in the Annual Statement from the Chair of the Remuneration Committee, the Executive Directors will be eligible for a bonus subject to the achievement of targets linked to adjusted EBITDA and net revenue. A 70%/30% split will apply (similar to 2023). The precise targets are currently considered commercially sensitive but will be disclosed retrospectively in next year's Directors' Remuneration Report, along with an assessment of performance and the resulting payout.

In line with the new Remuneration Policy, the maximum annual bonus opportunity for the CEO will be 125% of salary and the maximum for the CFO will be 100% of salary. It is the Committee's intention that bonuses will be paid in cash, although it has the flexibility to settle any bonus in shares.

Long-term Incentives

We will be resuming the annual granting of performance-based LTIP awards in 2024. Awards will be granted below the Policy maximum with the CEO receiving an award of 125% of salary and the CFO receiving 100% of salary.

The performance conditions will be based 70% on absolute TSR measured over a three-year period commencing 01 January 2024 and 30% on adjusted EPS measured in the final year of the three-year performance period to 31 December 2026, as follows:

Absolute TSR (70%) - CAGR	Vesting
Less than 10%	0%
10%	25%
16% or above	100%
Between 10% and 16%	Straight line vesting between 25% and 100%

Corporate Governance Report continued

Adjusted EPS (30%)	Vesting
Less than €0.15	0%
€0.15	25%
€0.21 or above	100%
Between €0.15 and €0.21	Straight line vesting between 25% and 100%

Careful consideration has been applied by the Committee in setting the targets for the 2024 LTIP to ensure that they are challenging, yet realistic, in the context of the Company's social features and category expansion led growth ambitions for the three-year period commencing from 2024.

Non-Executive Directors' Fees

No changes are proposed to the current fee components at the current time. Fees will therefore continue to be paid as set out below:

Role	Fees (€)
Chairman	145,000
Non-Executive Director (base fee)	60,000
Senior Independent Director	7,000
Chair of Audit Committee	7,000
Chair of Remuneration Committee	7,000

Composition and Terms of Reference of the Remuneration Committee

The Board has delegated to the Remuneration Committee, under agreed terms of reference, responsibility for the remuneration policy and for determining specific packages for the Chairman, Executive Directors and such other senior employees of the Group as the Board may determine from time to time. The Committee also has oversight of wider workforce remuneration and policies for the Group as a whole. The terms of reference for the Remuneration Committee are available on the Company's website, www.hostelworldgroup.com, and from the Company Secretary at the registered office.

The Remuneration Committee is comprised of Carl G. Shepherd (Chairperson of the Remuneration Committee since 31 May 2019), Éimear Moloney and Evan Cohen (all of whom are independent Non-Executive Directors) and Michael Cawley (who was independent upon his appointment as Chairman of the Board).

The Remuneration Committee receives assistance from the CEO, CFO, Chief People Officer and Company Secretary, who attend meetings by invitation, except when issues relating to their own remuneration are being discussed. The Remuneration Committee met 7 times during 2023. Meeting attendance is set out on page 118 of the Annual Report.

Advisors to the Remuneration Committee

The Remuneration Committee's independent advisors are Korn Ferry, who were appointed by the Committee in 2017. Korn Ferry has advised the Remuneration Committee on the Directors' Remuneration Policy and its implementation in respect of the Executive Directors and other members of the Executive team. The Remuneration Committee exercises appropriate judgement and challenge when considering the work of its external advisers and is satisfied that the advice received during the year under review was objective and independent. Korn Ferry is a member of the Remuneration Consultants Group and the voluntary code of conduct of that body is designed to ensure objective and independent advice is given to remuneration committees. Korn Ferry received fees of €32,111 for their advice during the year (2022: €87,743). Fees were charged on a cost incurred basis. No other services were provided by Korn Ferry to the Company during the year and Korn Ferry have no other connection with the Company or the individual Directors of the Company.

Directors' Report

The Directors have pleasure in submitting their Annual Report and the audited Financial Statements of Hostelworld Group plc and its subsidiaries for the financial year to 31 December 2023.

Statutory Information

This section of the Annual Report includes additional information required to be disclosed under the Companies Act 2006 (the "Companies Act"), the UK Corporate Governance Code, the Disclosure Guidance and Transparency Rules ("DTRs"), the Transparency Directive and the Listing Rules ("Listing Rules") of the Financial Conduct Authority and the Transparency Directive.

Certain information required to be included in the Directors' Report can be found elsewhere in this Annual Report, as highlighted throughout this report including:

- The Strategic Report, which can be found on pages 14 to 83, which sets out the development and performance of the Group's business during the financial year, the position of the Group at the end of the year, a description of the principal risks and uncertainties (including the financial risk management position) and a summary of the Group's ESG strategy and TCFD;
- The Corporate Governance Statement on pages 89 to 144, which sets out the Company's statement with regard to its adoption of the UK Corporate Governance Code;
- The Audit Committee Report on pages 110 to 117;
- The Directors' Remuneration Report on pages 118 to 144; and
- This Directors' Report, on pages 145 to 151, together with the Strategic Report on pages 14 to 83, form the Management Report for the purposes of DTR 4.1.5R.

The information required to be included in the Directors' Report and which is located elsewhere in this Annual Report forms part of the Directors Report and is incorporated by reference.

Disclosures under Listing Rule 9.8.4R

The table below is included to comply with the disclosure requirements under LR 9.8.4R. The information required by the Listing Rules can be found in the Annual Report at the location stated below:

Section	Topic	Location
1.	Interest capitalised	Not applicable
2.	Publication of unaudited financial information	Not applicable
3.	Details of long-term incentive schemes where the only participant is a Director	Not applicable
4.	Waiver of future emoluments by a Director	Not applicable
5.	Non-pre-emptive issues of equity for cash	Not applicable
6.	Item (7) in relation to major subsidiary undertakings	Not applicable
7.	Parent participation in a placing by a listed subsidiary	Not applicable
8.	Contracts of significance	Not applicable
9.	Provision of services by a controlling shareholder	Not applicable
10.	Shareholder waivers of dividends	Not applicable
11.	Shareholder waivers of future dividends	Not applicable
12.	Agreements with controlling shareholders	Not applicable

Directors' Report continued

Board of Directors

The appointment and replacement of Directors of the Company is governed by the Articles of Association, the Companies Act 2006 and related legislation.

The Directors who served on the Board throughout the year, up to and including the date of this report, are as follows:

- Michael Cawley (Non-Executive Chairman);
- Gary Morrison (Chief Executive Officer);
- Caroline Sherry (Chief Financial Officer);
- Éimear Moloney (Non-Executive Director);
- Carl G. Shepherd (Non-Executive Director); and
- Evan Cohen (Non-Executive Director).

Biographical details of the current Directors together with details of the membership of the various Committees are set out on pages 86 to 88.

Subject to the Articles of Association, the Companies Act 2006 and related legislation, any directions given by special resolution and any relevant statutes and regulations, the business of the Company will be managed by the Board who may exercise all the powers of the Company.

Amendment of Articles of Association

The Company's Articles of Association may only be amended by way of shareholder approval at a general meeting of the shareholders.

Incorporation, Share Capital and Structure

The Company was incorporated and registered in England and Wales as a public limited company with registration number 9818705. The Company's issued share capital comprises ordinary shares of €0.01 each which are traded on the London Stock Exchange's main market for listed securities and on Euronext Dublin's main securities market.

The liability of the members of the Company is limited.

The Company is tax resident in Ireland and its principal place of business is at Charlemont Exchange, Charlemont Street, Dublin, D02 VN88, Ireland. The Company's registered office is at One Chamberlain Square, Birmingham, B3 3AX, United Kingdom.

As at 31 December 2023 and as at the date of this Directors' Report, the Company's issued share capital comprised 123,638,668 ordinary shares of €0.01. The ISIN of the shares is GB00BYYN4225. Further information on the Company's share capital is provided in note 17 to the Group's Financial Statements contained on page 193. All the information detailed in note 17 on page 193 forms part of this Directors' Report and is incorporated into it by reference.

At the Annual General Meeting of the Company to be held on 02 May 2024, the Directors will seek authority from shareholders to allot shares in the capital of the Company (i) up to a maximum nominal amount of €412,128.89 (41,212,889 shares of €0.01 each) being one-third of the Company's issued share capital and (ii) up to a further €412,128.89 (41,212,889 shares of €0.01 each) where the allotment is in connection with a rights issue, being one-third of the Company's issued share capital. The power will expire at the earlier of 02 August 2025 or the conclusion of the Annual General Meeting of the Company held in 2025.

The Directors are also seeking authority from shareholders to allot ordinary shares for cash without first offering them to existing shareholders in proportion to their existing shareholdings. These resolutions are aligned with the Pre-Emption Group guidelines published on 04 November 2022 and seek authority to disapply pre-emption rights on up to 10% of the Company's issued ordinary share capital for a general authority and up to a further 10% of the Company's issued share capital for acquisitions and specified capital investments. In each case, further authority to disapply pre-emption rights is also being sought on up to 2% of the Company's issued ordinary share capital to be used for the purposes of a follow-on offer to retail investors or existing investors not allocated shares in the offer. The power will expire at the earlier of 02 August 2025 or the conclusion of the Annual General Meeting of the Company held in 2025.

Authority to Purchase Own Shares

At the Annual General Meeting held on 09 May 2023, the Company's shareholders authorised it to purchase, in the market, up to 12,185,427 ordinary shares of €0.01 each. The Company did not purchase any shares under this authority during the year. The Directors will again seek authority from shareholders at the forthcoming Annual General Meeting for the Company to purchase, in the market, up to a maximum of 10% of its own ordinary shares either to be cancelled or retained as treasury shares. The Directors will only use this power after careful consideration, taking into account the financial resources of the Company, the Company's share price and future funding opportunities. The Directors will also take into account the effects on earnings per share and the interests of shareholders generally.

Rights Attaching to Shares

All shares have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as set out in the Articles, described below. Except in relation to dividends which have been declared and rights on a liquidation of the Company, the shareholders have no rights to share in the profits of the Company.

The Company's shares are not redeemable. However, following any grant of authority from shareholders, the Company may purchase or contract to purchase any of the shares on or off market, subject to the Companies Act and the requirements of the Listing Rules.

No shareholder holds shares in the Company which carry special rights with regard to control of the Company.

Voting Rights

Each ordinary share entitles the holder to vote at general meetings of the Company. A resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded. On a show of hands, every member who is present in person or by proxy at a general meeting of the Company shall have one vote. On a poll, every member who is present in person or by proxy shall have one vote for every share of which they are a holder. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting. No member shall be entitled to vote at any general meeting either in person or by proxy, in respect of any share held, unless all amounts presently payable in respect of that share have been paid. Save as noted, there are no restrictions on voting rights nor any agreement that may result in such restrictions.

Restrictions on Transfer of Securities

The Articles do not contain any restrictions on the transfer of ordinary shares in the Company other than the usual restrictions applicable where any amount is unpaid on a share. Certain restrictions are also imposed by laws and regulations (such as insider trading and market requirements relating to close periods) and requirements of the Market Abuse Regulation and the Company's Securities Dealing Code whereby Directors and all employees of the Company require advance clearance to deal in the Company's securities.

Change of Control

Save in respect of a provision of the Company's share schemes which may cause options and awards granted to employees under such schemes to vest on takeover, there are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) because of a takeover bid.

2024 Annual General Meeting

The Annual General Meeting ("AGM") will be held at 12 noon on 02 May 2024 at Hostelworld Group plc, Charlemont Exchange, Charlemont Street, Dublin 2, Ireland.

The Notice of Meeting which sets out the resolutions to be proposed at the forthcoming AGM specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the AGM. All proxy votes will be counted and the numbers for, against or withheld in relation to each resolution will be announced at the AGM and published on the Company's website.

Directors' Report continued

Substantial Shareholders

At 31 December 2023, the Company had been notified, in accordance with chapter 5 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules ("DTR5 Notification"), of the following significant interests:

Shareholder	Number of ordinary shares/ voting rights notified	Percentage[1] of voting rights over ordinary shares of €0.01 each and nature of holding
Aberforth Partners LP	18,939,831	15.32% (indirect)
Charles Jobson	17,255,148	13.96% (direct)
Gresham House Asset Management Limited	11,980,014	9.69% (indirect)
Lombard Odier Investment Managers	6,658,992	5.39% (direct 1.80%; indirect 3.59%)
Hamblin Watsa Investment Counsel Limited	6,489,178	5.25% (direct)
BGF Investment Management Limited	6,319,111	5.11% (indirect)
Premier Miton Group plc	5,402,069	4.37% (indirect)
Burgundy Asset Management Limited	4,430,860	3.58% (indirect)
Allianz Global Investors GmbH	4,046,400	3.27% (direct 0.02%; indirect 3.25%)
Langfristige Investoren TGV	3,531,346	2.86% (direct)

[1] Expressed as a percentage of issued share capital as at 20 March 2024

As at the date of this report five further DTR5 Notifications had been received from the following:

- Gresham House Asset Management Ltd. notified the Company on 02 February 2024 of a decrease in their holding to 11,575,112 ordinary shares representing 9.36% of the issued share capital of the Company (9.36% indirect).
- Jupiter Fund Management PLC notified the Company on 05 February 2024 that they held 6,928,835 ordinary shares representing 5.60% of the issued share capital of the Company (5.60% indirect).
- Aberforth Partners LLP notified the Company on 15 February 2024 of a decrease in their holding to 17,745,064 ordinary shares representing 14.35% of the issued share capital of the Company (14.35% indirect).
- Gresham House Asset Management Ltd. notified the Company on 19 February 2024 of a decrease in their holding to 3,859,408 ordinary shares representing 3.12% of the issued share capital of the Company (3.12% indirect).
- Aberforth Partners LLP notified the Company on 28 February 2024 of a decrease in their holding to 16,033,340 ordinary shares representing 12.97% of the issued share capital of the Company (12.97% indirect).

Transactions with Related Parties

Please refer to note 24 to the Consolidated Financial Statements on page 201.

Events Post Year End

On 05 February 2024 the Irish Revenue Commissioners announced that the applicable rate of interest on warehoused payroll tax balances outstanding will reduce to 0%, with the reduction in rate applying to any interest amounts accrued to date.

There are no other significant events after the balance sheet date.

Research and Future Developments

The Group will continue to pursue new developments to enhance shareholder value, through a combination of organic growth, product delivery and other development and investment opportunities.

Innovation, specifically in the proposition on the websites and mobile apps for both customers and hostel partners, is a critical element of the strategy and therefore of the future success of the Group.

Current development focuses on delivering our roadmap to fully modernise our platforms and further develop our social features including Linkups.

Any future developments considered by the Group will also include a review of the impact that development would have on the climate and the sustainability agenda set by the Group. Further details are set out in the Strategic Report on pages 14 to 83.

Going Concern

Hostelworld's business activities, together with the main factors likely to affect its future development and performance, are described in the Strategic Report on pages 14 to 83. After due consideration and review, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. The Group therefore continues to adopt the going concern basis in preparing its financial statements. The full Going Concern Statement is included in the Financial Statements set out on pages 168 and 169.

Indemnities and Insurance

The Company maintains appropriate insurance to cover Directors' and Officers' liability for itself and its subsidiaries. The Company also indemnifies the Directors under a qualifying indemnity for the purposes of section 236 of the Companies Act 2006 and the Articles of Association against any liabilities they may incur in the execution of their duties as directors of the Company or its subsidiaries, and such indemnities were in force during the year. Such indemnities contain provisions that are permitted by the director liability provisions of the Companies Act and the Company's Articles of Association.

Disabilities

The Group maintains an Equal Opportunities policy which ensures that employees and job applicants are not discriminated against on the grounds of disability in respect of recruitment, promotion, training and general career development and that full and fair consideration is given to applications for employment made by disabled persons. The Group also maintains a grievance procedure and a whistleblowing service that enables complaints to be made in a confidential manner should any employee have concerns that any employee or job applicant has been discriminated against on the grounds of disability.

Stakeholder Engagement

During the reporting period the Directors considered and agreed that the Company's shareholders, employees, hostel partners, customers, Allied Irish Banks, plc and society were the Group's main stakeholders. How the Company engaged with these stakeholders during 2023 is set out in pages 75 to 81 and how their interests were considered in Board decisions are set out on pages 82 and 83, which are both incorporated into this report by reference.

Suppliers

The Group's policy is to pay suppliers and creditors sums due in accordance with the payment terms agreed in the relevant contract with each such supplier/creditor, provided the supplier has complied with its obligations. The average credit period for the Group's suppliers is 16 days (2022: 20 days), with the average creditor terms being 30 days. The Group also has a policy that by 2025 at least 90% of its purchases will be conducted with suppliers who are subject to SBTi requirements. Further detail is include in the sustainability report on pages 62 and 63. As at 31 December 2023 88% of suppliers met this threshold.

Sustainability

Our Sustainability Report, including information on the Group's greenhouse gas emissions is set out on pages 45 to 65 and forms part of this report by reference.

Financial Instruments

Details of the financial risk management objectives and policies of the Group, including exposure of the entity to liquidity risk, interest rate risk, credit risk and foreign exchange risk are given on pages 203 to 205 in note 26 to the Group Financial Statements.

Political Contributions

During the year, no political donations were made.

External Branches

Hostelworld Group plc is registered as a branch in Ireland with branch registration number 908295.

Hostelworld Services Limited, a U.K. subsidiary of the Company, is registered as a branch in Australia (Australian registered body number 613076556).

Hostelworld.com Limited, an Irish subsidiary of the Company, is registered as a branch in Italy with effect from 29 December 2022 (Italian registered body number 12691550961).

Directors' Report continued

Results and Dividends

The Group's and Company's audited financial statements for the year are set out on pages 164 to 211.

As a response to COVID-19 the payment of dividends was paused for the Group, and no cash dividend has been paid since 2019. The Board continues to believe that the payment of dividends would not be in the best interests of the business for the foreseeable future. Future cash dividend payments will be subject to the Group generating adjusted profit after tax, the Group's cash position, any restrictions in the Group's banking facilities and subject to compliance with Companies Act 2006 requirements regarding ensuring sufficiency of distributable reserves at the time of paying the dividend.

Statutory Auditor

Following a tender process that was completed during 2022, KPMG were formally appointed as the Company's external Auditors on 09 May 2023.

Disclosure of Information to Auditor

Each of the Directors has confirmed that:

- So far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- The Director has taken all the steps that he/she ought to have taken as a Director to make him/her aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law. The Directors have also elected to prepare the Group financial statements in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and to prepare the parent Company financial statements in accordance with FRS 101 Reduced Disclosure Framework (the "Relevant Financial Reporting Framework") and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the profit or loss of the Group for that period.

In preparing the Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether Financial Reporting Standard 101 Reduced Disclosures Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group Financial Statements, International Accounting Standard 1 requires that Directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- Make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement

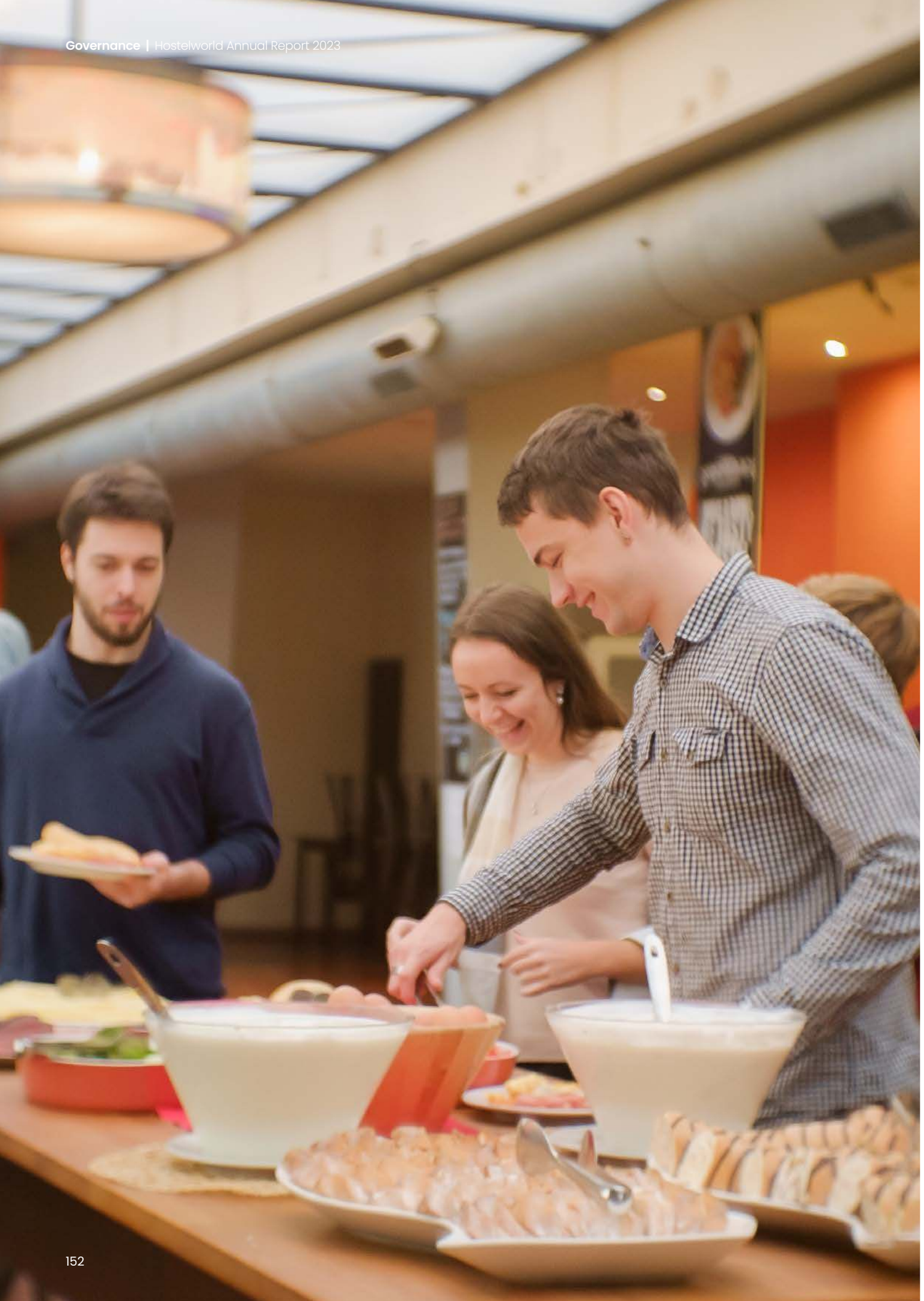
We confirm that to the best of our knowledge:

- The Group financial statements, prepared in accordance with IFRS as adopted by the European Union and the Company financial statements prepared in accordance with FRS 101 Reduced Disclosure Framework, give a true and fair view of the assets, liabilities, and financial position of the Group and Company as at 31 December 2023 and of the profit or loss of the Group for the year then ended. The Strategic Report includes a fair review of the development and performance of the business and the position of the Company, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- The Annual Report and Financial Statements, taken as a whole, provides the information necessary to assess the Group's performance, business model and strategy and is fair, balanced and understandable. It also provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 20 March 2024 and is signed on its behalf by:

John Duggan

John Duggan
Company Secretary
20 March 2024



Independent Auditor's Report to the Members of Hostelworld Group PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Hostelworld Group PLC ('the Company') and its consolidated undertakings ('the Group') for the year ended 31 December 2023 which comprise the:

The Group Financial Statements:

- The Consolidated Income Statement;
- The Consolidated Statement of Comprehensive Income;
- The Consolidated Statement of Financial Position;
- The Consolidated Statement of Changes in Equity;
- The Consolidated Statement of Cash Flows;

The Company Financial Statements:

- The Company Statement of Financial Position;
- The Company Statement of Changes in Equity; and
- related notes 1 to 36, including a summary of material accounting policies as set out in notes 1 and 30.

The financial reporting framework that has been applied in their preparation is UK Law, UK-adopted International accounting standards and, as regards the Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with UK adopted International accounting standards;
- the Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework", as applied in accordance with the provisions of the Companies Act 2006; and
- the Group and Company Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our Report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our Report to the Audit Committee.

We were appointed as Auditor by the shareholders on 09 May 2023. The period of total uninterrupted engagement is one year for the financial year ended 31 December 2023. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with UK ethical requirements, including the Financial Reporting Council (FRC)'s Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Conclusions relating to going concern

The Directors have prepared the Financial Statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the Financial Statements ("the going concern period").

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate. Our evaluation of the Directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included considering the strategic risks relevant to the Group's business model and analysing how those risks might affect the Group's financial resources or ability to continue operations for the going concern period.

Independent Auditor's Report to the Members of Hostelworld Group PLC continued

The sensitivity we considered most likely to adversely affect the Group's available financial resources over the going concern period was the potential economic impact of a prolonged economic downturn impacting the Group's ability to generate revenue.

We considered a downside scenario which was more pessimistic than those indicated by the Group's own forecasts. A key judgement in the downside scenario of the Group is that there is a reasonable expectation that the existing committed debt facilities in place are adequate to cover the Group's liquidity requirements in such scenarios. There were no other risks identified that we considered were likely to have a material adverse effect on the Group's available financial resources over this period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for a period of at least twelve months from the date when the Financial Statements are authorised for issue.

In relation to the Group and the Company's reporting on how they have applied the UK Corporate Governance Code and the Irish Corporate Governance Annex, we have nothing material to add or draw attention to in relation to the Directors' Statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this Report.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this Auditor's Report is not a guarantee that the Group or the Company will continue in operation.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the Financial Statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the Directors. In addition, our risk assessment procedures included:

- Inquiring with the Directors and other management as to the Group's policies and procedures regarding compliance with laws and regulations, identifying, evaluating and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims.
- Inquiring of Directors, Management, the Audit Committee and Internal Audit as to the Group's policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Inquiring of Directors, Management, the Audit Committee and Internal Audit regarding their assessment of the risk that the Financial Statements may be materially misstated due to irregularities, including fraud.
- Inspecting the Group's regulatory and legal correspondence.
- Reading Board and sub-committee meeting minutes.
- Considering remuneration incentive schemes and performance targets.
- Performing planning analytical procedures to identify any usual or unexpected relationships.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

Firstly, the Group is subject to laws and regulations that directly affect the Financial Statements including companies and financial reporting legislation distributable profits legislation and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related Financial Statement items, including assessing the Financial Statement disclosures and agreeing them to supporting documentation when necessary.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the Financial Statements, for instance through the imposition of fines or litigation or ability of the Group to operate. We identified the following areas as those most likely to have such an effect: health and safety, employment law and certain aspects of company legislation recognising the nature of the Group's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition.

In response to the fraud risks, we also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation.
- Evaluating the business purpose of significant unusual transactions.
- Assessing significant accounting estimates for bias.
- Assessing the disclosures in the Financial Statements.

As the Group is regulated, our assessment of risks involved obtaining an understanding of the legal and regulatory framework that the Group operates and gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Financial Statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the event and transactions reflected in the Financial Statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the Financial Statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of Hostelworld Group PLC continued

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

Group key audit matters

Goodwill and Intangible Assets €66.5m (2022: €73.4m).

Refer to pages 174 and 175 (accounting policy) and pages 184 to 187 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
The Group has signficant goodwill (€17.8 million) and intangible assets (€48.7 million) amounting to €66.5 million at 31 December 2023. There is a risk that the carrying amounts of the Group's goodwill and intangible assets will be more than the estimated recoverable amount, if future cash flows are not sufficient to recover the Group's investment. We focus on this area due to signficance of the goodwill and intangible assets balances, and the inherent uncertainty involved in forecasting and discounting future cash flows, particularly in projected revenue growth, the discount rate and the terminal value which form the basis of the assessment of recoverability. For the reasons outlined above the engagement team determine this matter to be a key audit matter.	Our audit procedures in this area included, but were not limited to: • We obtained and documented our understanding of the impairment testing process and tested the design and implementation of the relevant control therein. • We assessed the appropriateness of the Group's determination of a single CGU for impairment testing, in accordance with relevant accounting standards. • We challenged management's profitability forecasts included in the underlying their impairment model by assessing the historical accuracy of the Group's forecasts. • We evaluated revenue growth rates by comparing to external industry data and performing sensitivity analysis. • We used our own valuation specialists to assist us in evaluating the key assumptions used by the Group. This involved independent recalculation of the discount rate and benchmarking the terminal growth rate used in the impairment model to determine the present value of the cash flow projections. • We compared the value in use for the Group as a whole to the Group's market capitalisation and noted that the Group's market capitalisation exceeded the net book value of assets at year end. • We compared the key assumptions to external industry specific and general economic data and performed sensitivity analysis. • We considered the appropriateness, in accordance with relevant accounting standards, of the disclosures relating to impairment. Based on the procedures we performed, we found that the key assumptions underpinning management's assessment of the recoverable amount of goodwill and intangible assets, are reasonable.

Recognition of Deferred Tax Assets €15.5 million (2022: €9.2 million).

Refer to page 173 (accounting policy) and page 188 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
The Group has significant deferred tax assets amounting to €15.5 million at 31 December 2023. These are in respect of the future benefit of deductible temporary differences and accumulated tax losses where it is considered probable that they would be utilised or recovered in the foreseeable future through the generation of future taxable profits by the relevant Group entities. We identified the recognition of certain deferred tax assets as a key audit matter because of the inherent uncertainty associated with key assumptions made by management when forecasting future taxable profits, which determine the extent to which deferred tax assets are or are not recognised. In addition, we considered the significance of the recognised deferred tax assets in assessing this key audit matter. The estimation uncertainty is elevated in 2023 due to the recognition of an additional €6.4 million of deferred tax assets. We focused our attention in particular on the key assumptions applied by management, including revenue and profitability growth, when assessing the recoverability of deferred tax assets. For the reasons outlined above the engagement team determine this matter to be a key audit matter.	Our audit procedures in this area included, but were not limited to: • In this area our audit procedures included using our work on the Group's forecasts described in the Goodwill and Intangible assets key audit matter above. • We obtained and documented our understanding of processes related to management's assessment of the recognition and recoverability of deferred tax assets and tested the design and implementation of the relevant control therein. • We engaged our tax specialists to assist in determining the appropriateness of recognising the temporary differences and accumulated tax losses in the Group's calculation of deferred tax assets. This involved assessing whether the losses and temporary differences are subject to expiration, immediately available for use and of sufficient quality. • We assessed the recoverability of the deferred tax assets against the forecast future taxable profits, taking into account the Group's tax position, the timing of forecast taxable profits and our knowledge and experience of the application of relevant tax legislation. • We considered the historical accuracy of forecasts of future taxable profits made by management by comparing the actual taxable profits for the current year with management's estimates in the forecasts made in the previous year and assessing whether there were any indicators of management bias in the selection of key assumptions. • We evaluated whether management's judgements on the generation of future taxable profits were aligned with the Group's other business forecasting processes. • We considered the appropriateness, in accordance with the relevant accounting standards, of the disclosures. Based on the audit procedures performed, we found that the key assumptions used by management in calculating the future taxable profits of the Group for the purpose of assessing the recognition and recoverability of deferred tax assets are reasonable.

Independent Auditor's Report to the Members of Hostelworld Group PLC continued

Company key audit matter

Investment in subsidiaries (including loan receivables) €164.5 million (2022: €162.5 million), representing Investment in subsidiary of €49.6 million and loan receivable €114.9 million.

Refer to page 209 (accounting policy and financial disclosures)

The key audit matter	How the matter was addressed in our audit
The investment in subsidiary undertakings is carried in the Statement of Financial Position of the Company at cost less impairment. The investment is primarily comprised of the Company's investment in Hostelworld.com (€49.6 million) and a loan due to the Company from its subsidiary Hostelworld.com Limited of (€114.9 million). There is a risk in respect of the carrying value of this investment if future cashflows and performance of this subsidiary is not sufficient to support the Company's investment. We focus on this area due to the significance of the balance to the Company Balance Sheet and the judgement involved in forecasting and discounting future cashflows. For the reasons outlined above the engagement team determine this matter to be a key audit matter.	We obtained and documented our understanding of the process surrounding impairment considerations. We considered managment's assessment of impairment indicators by comparing the carrying value of investment in subsidiaries and loan receivable in the Company's Balance Sheet to the market capitalisation of the Group. Additionally, the terms and conditions governing the repayment of the loan receivable were considered in our assessment. We considered the audit procedures carried out in relation to the impairment test performed by management over the carrying value of goodwill and intangible assets as outlined in the key audit matter above, in particular the assumptions relating to the forecasting of future performance and cashflows. We assessed the adequacy of disclosures in the Company's Financial Statements. Based on evidence obtained, we found that management's judgements were appropriate in assessing the carrying value of investment in subsidiaries and were supported by the market capitalisation at year end.

Our application of materiality and an overview of the scope of our audit

Materiality for the Group Financial Statements and Company Financial Statements as a whole was determined as follows:

	Group Financial Statements	Company Financial Statements
Overall materiality	€695,000	€139,000
Benchmark applied and %	Group revenue of which materiality represents 0.75%	Total assets of which materiality represents 0.5% capped at 20% of Group materiality
Rationale for the benchmark and judgement involved	We consider revenue to be the most appropriate benchmark as profit before tax was not an appropriate benchmark in 2023 given that the Group has recorded a low profit before tax for the year and was loss making in recent prior years. We have determined, in our professional judgement, that revenue is the principal benchmark within the Financial Statements relevant to members of the Group in assessing financial performance. In applying our judgement in determining the percentage to be applied to the benchmark we considered that the Group has a high public profile, operates in a regulated environment and that it has debt arrangements which include covenants.	We consider total assets to be the most appropriate benchmark given the profile of the Company's Balance Sheet and as the Company is an investment holding company. In applying our judgement in determining the percentage to be applied to the benchmark we considered that the Company has a high public profile.

Performance materiality for the Group Financial Statements and Company Financial Statements as a whole was set at €450,000 and €104,000 respectively, determined with reference to benchmarks of revenue and total assets (of which it represents 65% and 75% respectively). In applying our judgement in determining performance materiality for the Group we considered that this was an initial audit.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding €34,000 (Group Financial Statements) and €7,000 (Company Financial Statements) in addition to other identified misstatements that warranted reporting on qualitative grounds.

We applied materiality to assist us determine what risks were significant risks and the appropriate audit procedures to be performed.

The structure of the Group's finance function is such that the central group team in Dublin provides support to group components for the accounting for the majority of transactions and balances. Components of the Group were audited centrally by KPMG in Dublin covering 100% of total Group revenue and 98% of Group total assets. Materiality of each of the components ranged from €34,000 to €0.6 million, having regard to the mix of size and risk profile of the components.

Our audit was undertaken to the materiality and performance materiality level specified above and was all performed by a single engagement team in Dublin.

We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the Financial Statements. The other information comprises the information included in the Strategic Report, the Directors' Report and the Corporate Governance Report. The Financial Statements and our Auditor's Report thereon do not comprise part of the other information. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our Financial Statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Opinions on other matters prescribed by the Companies Act 2006

Strategic Report and Directors' Report

Based solely on our work on the other information undertaken during the course of the audit:

- we have not identified material misstatements in the Directors' Report or the Strategic Report;
- in our opinion, the information given in the Strategic Report and the Directors' Report is consistent with the Financial Statements;
- in our opinion, the Strategic Report and the Directors' Report have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate Governance Statement

We have reviewed the Directors' Statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex specified for our review by the Listing Rules of Euronext Dublin and the UK Listing Authority.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- Directors' Statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 149 and within note 1 to the Financial Statements;

Independent Auditor's Report to the Members of Hostelworld Group PLC continued

- Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 149 and within note 1 to the Financial Statements;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 149 and within note 1 to the Financial Statements;
- Directors' statement on fair, balanced and understandable information necessary for shareholders to assess the Group's position and performance, business model and strategy set out on page 151;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks and the disclosures in the Annual Report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated set out within the Responsibility Statement on page 151 Responsibility Statement and within Principal Risks and Uncertainties on pages 31 to 40;
- Section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 95 and within the Audit Committee Report set out on pages 110 to 117; and
- Section describing the work of the Audit Committee set out on pages 110 to 117.

The Listing Rules of Euronext Dublin also requires us to review certain elements of disclosures in the Report to shareholders by the Board of Directors' Remuneration Committee.

Based solely on our work on the other information described above with respect to the Corporate Governance Statement disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures:

- we have not identified material misstatements therein;
- the information therein is consistent with the Financial Statements and has been prepared in accordance with the applicable legal requirements; and
- in our opinion, the Corporate Governance Statement has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

We are also required to report to you if a Corporate Governance Statement has not been prepared by the Company. We have nothing to report in these respects.

We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Respective responsibilities and restrictions on use

Responsibilities of Directors for the Financial Statements

As explained more fully in the Directors' Responsibilities Statement set out on pages 150 and 151, the Directors are responsible for: the preparation of the Financial Statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud, other irregularities or error, and to issue an opinion in an Auditor's Report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our Report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this Report, or for the opinions we have formed.

Brian MacSweeney (Senior Statutory Auditor)
for and on behalf of
KPMG, Statutory Auditor
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland
D02 DE03

20 March 2024

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Consolidated Income Statement

for the year ended 31 December 2023

	Notes	2023 Pre-exceptional €'000	2023 Exceptional (Note 5) €'000	2023 Total €'000	2022 Pre-exceptional €'000	2022 Exceptional (Note 5) €'000	2022 Total €'000
Revenue	3	93,264	–	93,264	69,690	–	69,690
Operating expenses before impairment	4	(88,178)	(253)	(88,431)	(82,278)	(835)	(83,113)
Reversal of impairment of trade receivables	15	14	–	14	18	–	18
Share of results of associate	13	137	–	137	(206)	–	(206)
Operating profit/(loss)		**5,237**	**(253)**	**4,984**	**(12,776)**	**(835)**	**(13,611)**
Finance income		53	–	53	–	–	–
Finance costs	7	(2,581)	(3,526)	(6,107)	(4,301)	–	(4,301)
Profit/(loss) before taxation		**2,709**	**(3,779)**	**(1,070)**	**(17,077)**	**(835)**	**(17,912)**
Taxation credit	8	6,206	–	6,206	649	–	649
Profit/(loss) for the year attributable to the equity owners of the parent Company		**8,915**	**(3,779)**	**5,136**	**(16,428)**	**(835)**	**(17,263)**
Basic earnings/(loss) per share (euro cent)	9			4.21			(14.71)
Diluted earnings/(loss) per share (euro cent)	9			4.07			(14.71)

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2023

	2023 €'000	2022 €'000
Profit/(loss) for the year	**5,136**	**(17,263)**
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(24)	(11)
Total comprehensive income for the year attributable to equity owners of the parent Company	**5,112**	**(17,274)**

Consolidated Statement of Financial Position

as at 31 December 2023

	Notes	2023 €'000	2022 €'000
Non-current assets			
Intangible assets	10	66,533	73,358
Property, plant and equipment	11	818	735
Deferred tax assets	12	15,530	9,174
Investment in associate	13	1,117	980
Cash and cash equivalents	16	750	750
		84,748	84,997
Current assets			
Trade and other receivables	15	3,275	3,246
Corporation tax		91	22
Cash and cash equivalents	16	6,714	18,212
		10,080	21,480
Total assets		**94,828**	**106,477**
Issued capital and reserves attributable to equity owners of the parent			
Share capital	17	1,236	1,175
Share premium	17	14,425	14,328
Other reserves	18	2,918	6,432
Retained earnings		40,599	30,308
Total equity attributable to equity holders of the parent Company		**59,178**	**52,243**
Non-current liabilities			
Non-current debt			
Debt warehoused	19	6,425	9,438
Borrowings	21	4,807	30,869
Lease liabilities	14	35	–
		11,267	40,307
Current liabilities			
Current debt			
Debt warehoused	19	3,204	–
Borrowings	21	5,340	244
Trade and other payables			
Trade payables	20	3,314	3,944
Deferred revenue	20	3,891	3,201
Accruals and other payables	20	7,859	5,718
Lease liabilities	14	545	547
Corporation tax		230	273
		24,383	13,927
Total liabilities		**35,650**	**54,234**
Total equity and liabilities		**94,828**	**106,477**

The financial statements were approved by the Board of Directors and authorised for issue on 20 March 2024 and signed on its behalf by:

Gary Morrison
Chief Executive Officer

Caroline Sherry
Chief Financial Officer

Hostelworld Group plc registration number 9818705 (England and Wales)

Consolidated Statement of Changes In Equity

for the year ended 31 December 2023

	Notes	Share capital €'000	Share premium €'000	Retained earnings €'000	Other reserves €'000	Total €'000
Balance at 01 January 2022		1,163	14,328	45,140	6,475	67,106
Issue of shares		12	–	–	–	12
Total comprehensive income for the year		–	–	(17,263)	(11)	(17,274)
Credit to equity for equity settled share-based payments		–	–	–	2,399	2,399
Transfer of exercised and expired share-based awards		–	–	2,431	(2,431)	–
Balance at 31 December 2022		**1,175**	**14,328**	**30,308**	**6,432**	**52,243**
Issue of shares	17	61	97	–	–	158
Total comprehensive income for the year		–	–	5,136	(24)	5,112
Credit to equity for equity settled share-based payments	18	–	–	–	1,665	1,665
Transfer of exercise, vesting or expiry of warrants	18	–	–	3,073	(3,073)	–
Transfer of exercised and expired share-based awards		–	–	2,082	(2,082)	–
Balance at 31 December 2023		**1,236**	**14,425**	**40,599**	**2,918**	**59,178**

Consolidated Statement of Cash Flows

for the year ended 31 December 2023

	Notes	2023 €'000	2022 €'000
Cash flows from operating activities			
Profit/(loss) for the year		5,136	(17,263)
Taxation		(6,206)	(649)
Loss before tax		**(1,070)**	**(17,912)**
Amortisation and depreciation	4	11,774	11,597
Share of results of associate	13	(137)	206
Net profit on disposal of leases	4	(3)	(1)
Net loss on disposal of property, plant and equipment	4	–	1
Financial income		(53)	–
Finance expense	7	2,581	4,301
Finance expense (exceptional)	7	3,526	–
Employee equity settled share-based payment expense	23	1,682	2,396
Changes in working capital items:			
Increase in trade and other payables		2,392	1,457
Increase in trade and other receivables		(28)	(1,244)
Cash generated from operations		**20,664**	**801**
Interest paid (including lease interest)		(3,036)	(1,370)
Interest received		59	–
Income tax paid		(262)	(180)
Net cash used in operating activities		**17,425**	**(749)**
Cash flows from investing activities			
Acquisition/development of intangible assets	10	(3,986)	(4,597)
Purchases of property, plant and equipment	11	(101)	(196)
Net cash used in investing activities		**(4,087)**	**(4,793)**
Cash flows from financing activities			
Drawdown of borrowings	21	17,369	–
Transaction costs relating to borrowings	21	(170)	–
Repayment of borrowings	21	(41,233)	–
Proceeds received on issue of warrants	17	33	–
Proceeds received on issue of shares	17	98	–
Repayments of obligations under lease liabilities	14	(909)	(752)
Net cash (used in)/ from financing activities		**(24,812)**	**(752)**
Net decrease in cash and cash equivalents		(11,474)	(6,294)
Cash and cash equivalents at the beginning of the year		18,962	25,267
Effect of foreign exchange rate changes		(24)	(11)
Cash and cash equivalents at the end of the year	16	**7,464**	**18,962**

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023

1. Significant accounting policies

General information

Hostelworld Group PLC, hereinafter "the Company", is a public limited company domiciled in Ireland, incorporated in the United Kingdom on the 09 October 2015 under the Companies Act 2006 and is registered in England and Wales. The registered office of the Company is One Chamberlain Square, Birmingham, B3 3AX, United Kingdom.

The Company and its subsidiaries (together "the Group") provide software and data processing services that facilitate hostel, B&B, hotel and other accommodation bookings worldwide.

The Company's shares are quoted on Euronext Dublin and the London Stock Exchange.

The Company and consolidated financial statements were approved and authorised for issue by the Board of Directors on 20 March 2024.

Going concern

The Directors, after due consideration and review of the Board approved 2024 budget and four-year outlook, and having made enquiries, have a reasonable expectation that the Group has adequate resources to continue operating as a going concern for the foreseeable future, at least 12 months from the date of approval of the financial statements.

The 2024 budget has been prepared on a 12-month calendar basis. Revenue and marketing cost projections within budget 2024 have been developed by triangulating three different models, where each model output has helped to validate the others.

1. Regional level forecasting which allows us to forecast specific bed prices, booking models, geographic mix and seasonality effectively in our modelling;
2. Channel mix between free and paid customers where assumptions are made based on volume of new customer acquisitions, cost of customer acquisitions and anticipated bookings based on marketing spend. Budget 2024 includes a modest reduction in our largest operating expense marketing costs obtained through marketing efficiency and advancement of our social strategy where we do not incur marketing spend for customers who have already downloaded our app; and
3. Modelling new and returning customers by using statistical models built using over 15 years of customer data. This rich customer cohort data set enables us to model recurring revenue streams, with a high degree of predictability. We layer in additional knowledge on new customer acquisition costs and expected economics between free and paid customers.

Forecasting at this regional and channel level also allows us to adjust for bed price inflation and cost of living pressures. These risks are somewhat mitigated as our target 18-34-year-old population typically have the means and the flexibility to travel, tending to view it as a 'rite of passage' rather than purely discretionary spend. Hostels are a cost-effective means to travel and our strategy focuses on customers connecting on a free platform that we provide. Hostelworld's business activities, together with the main factors likely to affect its future development and performance, are described in the Strategic Report on pages 14 to 83.

In addition to our base budget for 2024, we have prepared an additional scenario that depicts different trading volumes called a downside scenario. This scenario includes reduced revenue achieved by reducing ABV by 3% while maintaining the same level of operating spend. Under this scenario, the Group has sufficient cash reserves available to remain a going concern.

In their assessment the Directors have also reviewed available cash resources, cash generation from operations, liquidity, borrowing facilities and related covenant requirements which taken together, provide confidence that the Group will be able to meet its obligations as they fall due. Further information on the Group's bank facilities, which were successfully re-financed in May 2023, is provided in note 21 to the Financial Statements and outlined in the financial review on pages 24 to 29.

At this point in time, the consequences of the current unrest in Ukraine and in Gaza are uncertain. We have not experienced a significant impact to our revenue during 2023, and we continue to monitor any development in the conflict, and the impact to the Group closely. No revenue has been budgeted for these countries in 2024.

Climate-related risks can impact our business as a customer may not want to travel, a hostel may be forced to close, or an area is not accessible. The budgeting process has incorporated all operating costs relating to our sustainability roadmap, as well as the cost of future emission reductions and investments in climate action projects. Following an assessment completed by the Group, the budget does not contain any other liabilities, provisions or contingent liabilities relating to climate change. While budgeted bookings and revenue do not contain any specific climate-related adjustments, any impacts of climate change from 2023 would be captured as revenue is built on a country and seasonal level based on the prior year.

Having considered the Group's Board approved 2024 budget, cash flow forecasts prepared for 12 months from 20 March 2024, the Group's strategy, current and anticipated trading volumes, current and anticipated levels of cash and debt, together with mitigating actions available, the Directors are satisfied that the Group and Company has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the Group financial statements.

Basis of preparation

The financial statements have been prepared in conformity with the requirements of the Companies Act 2006 and UK adopted International Financial Reporting Standards ("IFRS") and IFRS adopted pursuant to Regulation ("EC") No 1606/2002 as it applies in the European Union.

The consolidated financial statements also comply with Article 4 of the EU IAS Regulation. References to IFRS hereafter refer to UK adopted IFRS and IFRS adopted by the EU.

The consolidated financial statements have been prepared under the historical cost basis. The investment in associate is accounted for using the equity method.

In the preparation of these consolidated financial statements the accounting policies set out below have been applied consistently by all Group companies.

The consolidated financial statements are presented in euro which is the currency of the primary economic environment in which the Group operates.

Re-presentation

Certain comparative amounts in note 4 operating expenses and note 6 staff costs have been re-presented to exclude third party contractor costs, on a basis consistent with the current year. There is no impact on net assets, or the Group's profit for the period ended 31 December 2023.

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) all of which prepare financial statements up to 31 December.

Control is achieved when the Company has the power over the investee, is exposed, or has rights, to variable return from its investment with the investee and has the ability to use its power to affect its returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation. Unrealised losses are also eliminated, except where they provide evidence of impairment.

Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. On acquisition of the investment in associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying value of the investment.

Notes to the Consolidated Financial Statements continued

1. Significant accounting policies continued

The Group's share of its associates' post-acquisition profits or losses is recognised in 'share of results of associate' in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in the consolidated statement of changes in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment, less any impairment in value. Where indicators of impairment arise, the carrying amount of the associate is tested for impairment by comparing its recoverable amount with its carrying amount.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated to the extent that they do not provide evidence of impairment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses unless the Group has incurred obligations or made payments on behalf of the associate. The accounting policies of associates are amended where necessary to ensure consistency of accounting treatment at Group level.

When the Group ceases to have significant influence, any retained interest in the entity is re-measured to its fair value at the date when significant influence is lost with the change in carrying amount recognised in the consolidated income statement. The Group also reclassifies any movements previously recognised in other comprehensive income to the consolidated income statement.

New standards, amendments and interpretations issued and adopted by the Group in 2023:

The following changes to IFRS became effective for the Group during the year but did not result in material changes to the Group's consolidated financial statements:

- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules and Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

New and amended standards and interpretations not yet mandatorily effective:

The Group has not applied certain new standards, amendments and interpretations to existing standards which are not yet mandatorily effective and have not yet been endorsed by the UK or by the EU, in some instances:

- Leases COVID-19 - Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Amendments to IAS 1 Presentation of Financial Statements:
  - Classification of Liabilities as Current or Non-current Date (issued on 23 January 2020);
  - Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020);
  - Non-current Liabilities with Covenants (issued on 31 October 2022) Lack of Exchangeability (Amendments to IAS 21)
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements

Revenue recognition

The Group generates substantially all of its revenues from the technology and data processing fees and service fees that it charges to accommodation providers. The Group also generates revenues from advertising services.

Revenue is recognised at the time the reservation is made in respect of non-refundable commission on the basis that the Group has met its performance obligations having provided the technology and data processing service at the time the booking is made. In respect of the free cancellation product, which offers the traveller the opportunity to make a booking on a free cancellation basis and to receive a refund of their deposit in certain circumstances, such related revenue is not recognised until the last cancellation date has passed as one party can withdraw from the contract until such a date has passed, at which point the Group will have met its performance obligation.

Where the Group provides an ancillary service to allow a flexible booking option which allows a booking to be cancelled for no charge or a new booking to be made, such revenue is deferred, until such time as the related check-in date has passed or for a six-month period from the date of cancellation, at which time the credit expires.

Where credits are granted to customers for utilisation on future bookings, a provision is recorded against revenue based on the probability that a credit offering will be used by a customer.

Ancillary advertising and property management technology revenues (Counter) are recognised over the period when the service is performed as the Group's performance obligation is met over time. Royalties and commission amounts earned from the "*Roamies*" revenue streams are recognised on the trip's start date, when the Group's performance obligations are met. Revenue is measured at the fair value of the consideration received or receivable.

Revenue is stated net of rebates, sales taxes and value added taxes. Rebates relate to volume incentive rebates offered to hostel partners. Recognition of rebates have limited judgement and are recognised based on performance targets for the previous quarters trading volumes measured at midnight on the closing day of a quarter and settled within the following quarter.

Leases

The Group leases properties across a number of locations. Rental contracts are typically made for fixed periods but may have an option to extend. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

At inception of a contract, the Group assesses whether a contract is or contains a lease. For contracts where the Group is a lessee, a right-of-use asset is recognised, representing the Group's right to use the underlying asset and a lease liability is also recognised for the Group's obligation to make lease payments during the lease term. The lease term of each contract is determined as the non-cancellable period of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease (break option), if it is reasonably certain not to exercise that option. For short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as leases with an underlying asset value of €10,000 or less), the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost and subsequently valued at cost less accumulated depreciation and impairment losses. It is adjusted where a lease modification results in a remeasurement of the lease liability.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Whenever the Group incurs an obligation to restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Notes to the Consolidated Financial Statements continued

1. Significant accounting policies continued

The carrying value of these assets are reviewed at the end of each reporting period to determine whether there is any indication that the assets have suffered an impairment loss. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Lease liabilities are measured at the present value of the future lease payments. The lease payments are discounted using the implicit interest rate in the lease, or where this cannot readily be determined the Group use the Group's incremental borrowing rate. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment and a credit risk adjustment based on bond yields. Subsequently the lease liability is increased to reflect interest on the lease liability and reduced for payments made. The lease liability is remeasured for lease modifications or reassessments.

Lease payments included in the measurement of the lease liability comprise: (i) fixed lease payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; (iii) the amount expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and (v) payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever: (i) The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate. (ii) The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (iii) A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Cash paid on the interest portion of a lease liability is included as part of operating activities in the consolidated cash flow statement and cash payments for the principal portion of a lease liability are included as part of financing activities. Payments in relation to short-term leases and leases of low value assets that do not meet the criteria to be capitalised under IFRS 16 are included as part of operating activities in the consolidated cash flow statement.

Exceptional items

Exceptional items by their nature and size can make interpretation of the underlying trends in the business more difficult. Such items may include restructuring, material merger and acquisition costs, profit or loss on disposal or termination of operations, litigation settlements, legislative changes, material acquisition integration costs and profit or loss on disposal of investments. Judgement is used by the Group in assessing the particular items which by virtue of their scale and nature should be disclosed as exceptional items. Where an item that has been classified as exceptional spans more than one reporting period such as a multi-year restructuring programme, it will also be presented as exceptional in the following period for consistency of presentation.

Taxation

The Group is tax resident in Ireland. The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the consolidated 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 using tax rates that have been enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

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 liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting 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. Such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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 laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies

The individual financial statements of each Group Company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group Company are expressed in euro, which is the functional currency of the parent Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the reporting date.

Non-monetary items (including deferred revenue) carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined in accordance with IFRIC 22. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the consolidated income statement and consolidated statement of comprehensive income for the period. For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve.

Notes to the Consolidated Financial Statements continued

1. Significant accounting policies continued

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Retirement benefits costs

The Group operates a defined contribution pension scheme. Contributions made in respect of employees' pension schemes are charged through the consolidated income statement in the period they become payable. The Group pays contributions to privately administered pension insurance plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Intangible assets

Goodwill

Goodwill is initially measured as the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary or associate. Identifiable intangible assets, meeting either the contractual-legal or separability criterion are recognised separately from goodwill.

Goodwill on acquisition of subsidiaries is included within intangible assets. Goodwill associated with the acquisition of associates is included within the interest in associates under the equity method of accounting.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicated that the carrying value may be impaired.

For the purposes of impairment testing, goodwill is allocated to the Group's single cash-generating unit ("CGU") that is expected to benefit from the synergies of the combination.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Other intangible assets

The Group has four classes of other intangible assets: domain names, technology assets, affiliate contracts and development costs.

Other intangible assets are capitalised at cost and amortised to operating expenses before impairment in the consolidated income statement on a straight-line basis over their estimated useful lives:

Domain names	5–15 years
Technology assets	4 years
Affiliate contracts	5 years
Capitalised development costs	2–5 years

Domain names relate to certain domain names, trademarks and technology assets which are carried at cost less accumulated amortisation and are amortised over their useful life. Technology assets here include the website, app interfaces, application programming interfaces ("APIs") that allow applications to interface and databases which collectively form the underlying integrated Hostelworld Platform.

Affiliate contracts refers to contracts established with certain affiliate partners whose function is to promote the website and app. These contracts were identified as a separately identifiable asset in line with IAS 38 'Intangible Assets' which allow affiliates to get real time access to property, pricing and availability function through affiliate APIs.

Technology assets relates to certain computer software applications stated at cost less accumulated amortisation. Costs incurred on the acquisition of computer software are capitalised, as are costs directly associated with developing computer software programmes for internal use, if they meet the recognition criteria of IAS 38 'Intangible Assets.'

Development expenditure in relation to internally-generated intangible assets is capitalised when all of the following have been demonstrated; the technical feasibility of completing the intangible asset so that it will be available for use; the intention to complete the project to which the intangible asset relates and to use it or sell it; the ability to use or sell the intangible asset, how the intangible asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development activities involve a plan or design for the production of new or substantially improved products or processes. Directly attributable costs that are capitalised as part of the software product, website or system include employee costs. Other development expenditures that do not meet these criteria as well as ongoing maintenance are recognised as an expense as incurred.

An intangible asset is derecognised on disposal or when no future economic benefits are expected to arise from the continued use or disposal of the asset. The gain or loss arising on the disposal of an asset is recognised in the consolidated income statement when the asset is derecognised.

The residual value associated with all intangible assets is deemed to be €nil.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Directors review the carrying amounts of the Group's tangible and intangible assets 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 in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Directors estimate the recoverable amount of our cash-generating unit as a whole.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal 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. If the recoverable amount of an asset (or the cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount. The increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. Additionally, a reversal is only recognised in respect of the impairment of non-goodwill assets within the cash-generating unit. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value plus transaction costs, except for those classified as fair value through profit or loss, which are initially measured at fair value. The fair value of financial assets and liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

(a) Financial assets

Trade and other receivables

Trade and other receivables are stated initially at their transaction price and subsequently at amortised cost, less any expected credit loss provision. The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables.

Notes to the Consolidated Financial Statements continued

1. Significant accounting policies continued

(b) Expected credit loss of financial assets

The Group always recognises lifetime expected credit losses ("ECLs") for trade receivables estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. ECLs are reported in the consolidated income statement. An event of default occurs where there is failure by a debtor to fulfil an obligation and there is no likely recourse available. For example, if a hostel has gone out of business.

(c) Financial liabilities

Trade and other payables

Trade and other payables are initially recorded at fair value, which is usually the original invoiced amount, and subsequently carried at amortised cost. Liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

Loans and borrowings

All loans and borrowings are initially recognised at fair value of the proceeds received less any directly attributable transaction costs. Transaction costs include fees and commission paid to agents, advisers brokers and dealers. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method being the amount at which the financial liability is measured at initial recognition minus any principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount. Borrowings are de-recognised when the Group's obligations specified in the contracts expire, are discharged or cancelled. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the financial position date.

Other financial liabilities

Financial liabilities are recognised initially at fair value and are subsequently stated at amortised cost using the effective interest method. The effective interest method is a method for calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the amortised cost of a financial liability.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The Directors determine the classification of the Group's financial liabilities at initial recognition.

(d) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Restricted cash and cash equivalent balances are those which meet the definition of cash and cash equivalents but are not available for use by the Group, including those which are under contractual restriction.

Dividends

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are paid.

Share-based payments

Equity settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 23.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the consolidated income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

For cash settled share-based payments, a liability is recognised for the services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognised in the consolidated income statement for the year.

In assessing any modification of employee share-based payment transactions, the Group assesses if the change in the terms and conditions has an effect on the amount recognised which depends on whether the fair value of the new instruments is greater than the fair value of the original instruments. Modifications that increase the fair value of the grant result in recognition of the incremental fair value measured at the date of modification.

Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is computed by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive ordinary shares.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Amounts are recognised as income over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

(a) Critical judgements in applying the Group's accounting policies:

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Capitalisation of development costs

Development costs are capitalised when the criteria set out in paragraph 57 of IAS 38 Intangible assets have been demonstrated as disclosed in our accounting policy disclosed on pages 174 and 175. Total additions amounted to €3,953k (2022: €4,511k) and carrying value at the balance sheet date totalled €7,787k (2022: €6,800k).

Determining the amount to be capitalised requires management to make judgements about each asset to ensure that they meet the requirements. Business cases have been prepared in line with our Board approved 2024 budget and four-year outlook. The main projects capitalised in the current year relate to the 'Social' strategy and platform modernisation which both form a key part of the Group's growth strategy. Should trading deteriorate significantly it is reasonably possible within the next financial year that development costs may require a material adjustment to their carrying amount.

Notes to the Consolidated Financial Statements continued

2. Critical accounting judgements and key sources of estimation uncertainty continued

Accounting for exceptional items

Exceptional items by their nature and size can make interpretation of the underlying trends in the business more difficult. Judgement is used in assessing the particular items which by virtue of their scale and nature should be disclosed as exceptional items. Circumstances that the Group believe would give rise to exceptional items for separate disclosure are outlined in the exceptional accounting policy on page 172. Current year exceptional costs amounted to €3,779k (2022: €835k).

(b) Key sources of estimation uncertainty:

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Deferred tax asset recognition and recoverability of deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available in future periods. Current year recognition of deferred tax assets is reliant upon the Board approved 2024 budget and four-year outlook which covers a period to 31 December 2028 which outlines the Directors expectations on future profitability of the business. These forecasts are consistent with those prepared and used internally for business planning and impairment purposes. Whilst the forecasts include inherent estimation uncertainty, the Group have determined that there would be sufficient taxable income generated to realise the benefit of the deferred tax assets. During 2023 an additional deferred tax asset of €6,356k was recognised (2022: €822k). At 31 December 2023 the carrying value of deferred tax assets amounted to €15,530k (2022: €9,174k).

The Group does not have any binding fixed term contracts in place which guarantee profitability, but prior to the impact of COVID-19 on the Group the Group generated a profit after tax each trading year since its IPO in 2015. In 2023 the Group returned to an operating profit of €4,984k (2022: operating loss of €13,611k) as it recovered from the impact that COVID-19 had on the Group. The Group has forecasted a growing profit in each year 2024 to 2028, driven by growth in bookings and revenue, a declining marketing cost as a % of revenue, cost discipline and reduced interest charges following a refinance of its debt in May 2023. Details of the business operations expected to derive future profits are set out in the Strategic Report on pages 14 to 83.

The Board approved budget for 2023 set out a loss before tax of €6,361k for 2023 compared to an actual loss before tax of €1,070k as set out in the Income Statement. Improved performance was driven by record revenue in 2023 with accelerated recovery in our Asia market and the success of our social strategy which resulted in a higher volume of bookings from low cost channels.

As part of our recoverability analysis, the Group has performed a sensitivity analysis on taxable profits growth over the next five years. The Group's forecasted taxable profits would have to decline by over 25% over the next five years before there is a risk that the deferred tax asset is not fully recovered in that period.

Carrying value of goodwill and intangible assets

The Directors assess annually whether goodwill has suffered any impairment, in accordance with the relevant accounting policy, and intangible assets are assessed for possible impairment where indicators of impairment exist. The recoverable amount of our cash-generating unit ("CGU") is determined based on the higher of fair value less costs of disposal or value in use calculations. The carrying amount of goodwill at 31 December 2023 amounted to €17,848k (2022: €17,848k) and the carrying amount of domain names amounted to €40,854k (2022: €48,668k). Based on work performed and the headroom identified in the model no impairment was deemed necessary in 2023.

Management estimation is required in forecasting future cash flows of the cash-generating unit including the budgeting of future cash flows, the discount rates applied to these cashflows, the expected long-term growth rate of the business and terminal values. The area of estimation of most risk relates to the certainty of delivering the growth rates forecasted.

Further details on the assumptions used, the impact of climate change and sensitivity analysis are set out in note 10.

3. Revenue and segmental analysis

The Group is managed as a single business unit which provides software and data processing services that facilitate hostel, hotel and other accommodation worldwide, including ancillary on-line advertising revenue.

The Directors determine, and present operating segments based on the information that is provided internally to the Chief Executive Officer, who is the Company's Chief Operating Decision Maker ("CODM"). When making resource allocation decisions, the CODM evaluates booking numbers and average booking value. The objective in making resource allocation decisions is to maximise consolidated financial results.

The CODM assesses the performance of the business based on the consolidated adjusted profit after tax of the Group throughout the year. This measure excludes the effects of certain income and expense items, which are unusual by virtue of their size and incidence, in the context of the Group's ongoing core operations, such as the impairment of intangible assets and one-off items of expenditure.

All revenue is derived wholly from external customers and is generated from a large number of customers, none of whom is individually significant.

The Group's major revenue-generating asset class comprises of its software and data processing services and is directly attributable to its reportable segment operations. In addition, as the Group is managed as a single business unit, all other assets and liabilities have been allocated to the Group's single reportable segment. There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss.

Revenue split by country, is dependent on the location of the hostel or property. No single country, year on year, contributes 10% or more of total revenue. Our top five countries year on year account for 36% of overall revenue (2022: 38%) relating to USA, Australia, and key European destinations. Revenue split by continent is presented as follows:

	2023 €'000	2022 €'000
Europe	56,400	45,936
Americas	17,311	15,719
Asia, Africa and Oceania	19,553	8,035
Total revenue	**93,264**	**69,690**

Revenue arising within Ireland, the country of domicile, amounted to €1,780k (2022: €1,795k).

Disaggregation of revenue is presented as follows:

	2023 €'000	2022 €'000
Technology and data processing fees	92,079	69,363
Advertising revenue and ancillary services	1,185	327
Total revenue	**93,264**	**69,690**

In the year ended 31 December 2023, the Group generated 99% (2022: 100%) of its revenues from the technology and data processing fees that it charged to accommodation providers.

As at 31 December 2023, €3,438k of revenue relating to free cancellation bookings has been deferred (2022: €3,005k).

Notes to the Consolidated Financial Statements continued

3. Revenue & segmental analysis continued

Revenue is recognised at the time the reservation is made in respect of non-refundable commission on the basis that the Group has met its performance obligations at the time the booking is made. In respect of the free cancellation product, which offers the traveller the opportunity to make a booking on a free cancellation basis and to receive a refund of their deposit in certain circumstances, such related revenue is not recognised until the last cancellation date has passed as one party can withdraw from the contract until such a date has passed. Deferred revenue is expected to be recognised within twelve months of initial recognition.

Advertising revenue and revenue generated from other services are recognised over the period when the service is performed.

The Group's non-current assets are located in Ireland, Australia, Portugal, China, and the United Kingdom. Non-current assets are disaggregated as follows:

	Notes	2023 €'000	2022 €'000
Total non-current assets		84,748	84,997
Analysed as:			
Ireland		83,552	83,825
Australia		1,117	980
United Kingdom		21	20
Portugal		49	156
China		9	16

4. Operating expenses excluding impairment

Profit for the year has been arrived at after charging/(crediting) the following operating costs:

	Notes	2023 €'000	2022 €'000
Marketing expenses		47,557	42,233
Staff costs		19,743	17,906[1]
Credit card processing fees		2,672	2,047
Loss on disposal of plant, property and equipment		–	1
Net profit on disposal of leases	14	(3)	(1)
Exceptional items	5	253	835
FX loss		156	714
Other administrative costs		6,279	7,781[1]
Total administrative expenses		**76,657**	**71,516**
Depreciation of tangible fixed assets	11	963	968
Amortisation of intangible fixed assets	10	10,811	10,629
Total operating expenses excluding impairment		**88,431**	**83,113**

[1] An amount €172k which is comprised of €233k of staff costs less €61k of capitalised development labour has been re-presented in the prior year between staff costs and other administrative costs relating to third party contractors engaged by the Group for a fairer presentation of the staff costs incurred by the Group.

Other administrative costs are net of external contractor costs capitalised of €829k (2022: €705k).

Included within marketing expenses are paid marketing costs of €46,881k (2022: €41,393k). Remainder of marketing expenses relate to brand marketing costs. Other administration costs include rent and rates, legal and professional, training and recruitment, website maintenance and security and data analytics.

Included within operating expenses is a total credit of €240k (2022: €184k) in relation to a research and development ("R&D") tax credit claimed in respect of projects completed in 2022 and 2021. Included in staff costs are government grant amounts totalling €nil (2022: €376k) for a subsidy received under the Employment Wage Subsidy Scheme in Ireland.

Auditor's remuneration

KPMG were appointed as statutory auditors on 09 May 2023. 2023 services and fees are set out below for services obtained from its auditor KPMG. Included in 2023 numbers is €7k relating to Deloitte Ireland LLP for final services performed in respect to the 2022 financial year. 2022 comparatives relate entirely to Deloitte Ireland LLP.

	2023 €'000	2022 €'000
Fees payable for the statutory audit of the Company and consolidated financial statements	60	48
Fees payable for other services:		
– statutory audit of subsidiary undertakings	160	120
– tax advisory services	–	–
– audit related assurance services	7	34
– corporate finance services	–	–
– other non-audit services	–	13
Total	**227**	**215**

5. Exceptional items

	2023 €'000	2022 €'000
Litigation settlements	–	519
Restructuring costs	3,779	316
Total	**3,779**	**835**

Included in exceptional items are operating costs of €253k (2022: €835k) and finance costs of €3,526k (2022: €nil).

In the current year, exceptional items primarily relate to costs incurred on refinancing of the HPS facility totalling €3.6m, broken down as €0.7m of early repayment penalty interest, €0.1m of transaction costs relating to exiting the old facility and €2.8m accelerated interest costs which relate to transaction costs capitalised on drawdown of HPS facility in February 2021, which were expected to be amortised over a 5-year period to 2026, but unwound in full on refinancing.

Prior year exceptional items related to a final settlement amount paid to the founder of Counter App Limited, in respect of their shareholders agreement and other contractual relationships with the group and associated legal costs.

Notes to the Consolidated Financial Statements continued

6. Staff costs

The average monthly number of people employed (including Executive Directors) was as follows:

	2023	2022
Average number of persons employed:		
Administration and sales	123	130
Development and information technology	108	109
Total	**231**	**239**

The aggregate remuneration costs of these employees is analysed as follows:

	Notes	2023 €'000	2022 €'000
Staff costs comprise:			
Wages and salaries		17,880	14,405[1]
Termination benefits – exceptional items		–	218
Social security costs		2,115	1,987
Pensions costs		462	432
Other benefits		538	687
Share option charge	23	1,682	2,396
		22,677	**20,125**
Capitalised development labour	10	(2,934)	(2,001)[1]
Total		**19,743**	**18,124**

[1] An amount €172k which is comprised of €233k of staff costs less €61k of capitalised development labour has been re-presented in the prior year between staff costs and other administrative costs relating to third party contractors engaged by the Group for a fairer presentation of the staff costs incurred by the Group.

Capitalised development labour includes €2,934k (2022: €2,001k) of employee costs capitalised. Increase year on year relates to the nature of projects completed in 2023, with 2022 work including non capitalisable work such as migrating to the cloud and social experiments.

Prior year termination benefits above are also disclosed within note 5 exceptional items and relate to termination payments made as part of a group restructure.

7. Finance costs

	Notes	2023 €'000	2022 €'000
Interest on lease liabilities	14	39	31
Finance costs – HPS facility	21	1,641	4,243
Finance costs – AIB facility	21	701	–
Finance costs – exceptional	5	3,526	–
Finance costs – warehoused debt and other		200	27
Total		**6,107**	**4,301**

Included in 'finance costs – warehoused debt and other' is €190k recognised during 2023 (2022: €nil) on the balance of warehoused payroll tax liabilities. Further detail is included in note 19. On 05 February 2024 the Irish Revenue Commissioners announced that the applicable rate of interest on these will reduce to 0%, with any amounts already paid being refunded or accrued being written off.

8. Taxation

	Notes	2023 €'000	2022 €'000
Corporation tax:			
Current year charge		130	183
Adjustments in respect of prior years		20	(10)
Total		150	173
Origination and reversal of temporary differences	12	(6,356)	(822)
Total tax credit for the year		**(6,206)**	**(649)**

Corporation tax is calculated at 12.5% (2022: 12.5%) of the estimated taxable profit for the year. The Irish 12.5% corporation tax rate has been used as this is the rate at which most of the Group's profits will be taxed. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The corporation tax charge relates primarily to international operations where tax losses from our Irish operations cannot be utilised. The charge for the year can be reconciled to the consolidated income statement as follows:

	2023 €'000	2022 €'000
Loss before tax on continuing operations	(1,070)	(17,912)
Tax at the Irish corporation tax rate of 12.5% (2022: 12.5%)	(134)	(2,239)
Effects of:		
Tax effect of expenses that are not deductible in determining taxable profit	1,169	867
Tax effect of losses not utilised	–	480
Tax effect of losses utilised	(421)	(34)
Tax effect of income taxed at different rates	87	201
Depreciation and amortisation (less)/greater than capital allowances	(654)	752
Effect of different tax rates of subsidiaries operating in other jurisdictions	83	156
Net recognition of deferred tax asset (note 12)	(6,356)	(822)
Adjustments in respect of prior years	20	(10)
Total	**(6,206)**	**(649)**

Tax effect of expenses that are not deductible in determining taxable profit include finance costs and share-based payment expense. Depreciation and amortisation (less)/greater than capital allowances driven by current year usage of capital allowances due to the increased profitability in the Group.

Notes to the Consolidated Financial Statements continued

9. Earnings/(loss) per share

Basic earnings/(loss) per share is computed by dividing the profit/(loss) for the year after tax available to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	2023	2022
Weighted average number of shares in issue ('000s)	121,990	117,338
Profit(loss) for the year (€'000s)	5,136	(17,263)
Basic earnings/(loss) per share (euro cent)	**4.21**	**(14.71)**

Diluted earnings/(loss) per share is computed by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive ordinary shares. Share options and share awards (note 23) are the Company's only potential dilutive ordinary shares. In the prior year ordinary shares potentially issuable from share-based payment arrangements are anti-dilutive due to the loss in the financial period meaning there is no difference between basic and diluted earnings per share.

	2023	2022
Weighted average number of ordinary shares in issue ('000s)	121,990	117,338
Effect of dilutive potential ordinary shares:		
Share options ('000s)	4,366	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000s)	126,356	117,338
Diluted earnings/(loss) per share (euro cent)	**4.07**	**(14.71)**

10. Intangible assets

The table below shows the movements in intangible assets for the year:

	Goodwill €'000	Domain names €'000	Technology €'000	Affiliates contracts €'000	Capitalised development costs €'000	Total €'000
Cost						
Balance at 01 January 2022	47,274	214,708	14,048	5,500	22,418	303,948
Additions	–	71	15	–	4,511	4,597
Balance at 31 December 2022	**47,274**	**214,779**	**14,063**	**5,500**	**26,929**	**308,545**
Additions	–	–	33	–	3,953	3,986
Balance at 31 December 2023	**47,274**	**214,779**	**14,096**	**5,500**	**30,882**	**312,531**
Accumulated amortisation and impairment						
Balance at 01 January 2022	(29,426)	(158,298)	(13,989)	(5,500)	(17,345)	(224,558)
Charge for year	–	(7,813)	(32)	–	(2,784)	(10,629)
Balance at 31 December 2022	**(29,426)**	**(166,111)**	**(14,021)**	**(5,500)**	**(20,129)**	**(235,187)**
Charge for year	–	(7,814)	(31)	–	(2,966)	(10,811)
Balance at 31 December 2023	**(29,426)**	**(173,925)**	**(14,052)**	**(5,500)**	**(23,095)**	**(245,998)**
Carrying amount						
At 31 December 2022	17,848	48,668	42	–	6,800	73,358
At 31 December 2023	**17,848**	**40,854**	**44**	**–**	**7,787**	**66,533**

Capitalised development cost additions during the year comprised of internal staff costs of €2,934k (2022: €2,001k) and other internally generated additions of €1,019k (2022: €2,510k). Development costs have been capitalised in accordance with IAS 38 Intangible Assets and are therefore not treated, for dividend purposes, as a realised loss. Hostelworld continue to utilise affiliate contracts to generate revenue and continue to pay affiliate partner commissions.

Impairment review:

The carrying value of the capitalised development costs balance at 31 December 2023 is €7,787k (2022: €6,800k). The useful life of development costs is dependent on the nature of the project capitalised and varies from 2-5 years. An impairment review is performed annually to ensure that the economic benefit expected to be derived from the capitalised development cost project has occurred. No impairments were recognised in 2023 or 2022.

The carrying value of the goodwill balance at 31 December 2023 is €17,848k (2022: €17,848k) and relates to an investment in Hostelworld.com Limited by the Group in 2009. Goodwill, which has an indefinite useful life, is subject to annual impairment testing, or more frequent testing if there are indicators of impairment. Following impairment testing based on the assumptions below, no impairment was recognised for goodwill in the current or prior year.

The carrying value of the Group's domain names and certain technology assets, referred to henceforth as 'intellectual property' at 31 December 2023 is €40,854k (2022: €48,668k). Following impairment testing based on the assumptions below, no impairment was recognised for the Group's intellectual property in the current or prior year.

Cash generating units:

In 2023 the Group have reassessed our cash generating units ("CGUs") to which goodwill and intellectual property have been allocated. This review has resulted in a change in our CGUs where previously identified CGUs relating to goodwill and intellectual property ("IP") are consolidated and impairment assessments are now performed over this single CGU.

A previous CGU which related to the back-end property management system and technology used by hostels has been consolidated with our CGU comprising of IP, trademarks, and Hostelworld domains and apps. This singular CGU view has developed over time as Hostelworld has become the Group's main trading brand where future investment and marketing will be concentrated. Investments made in respect of our social network, a key element of our strategy moving forward, have further promoted the Hostelworld brand. Secondly, work underway on modernising our IT platforms and infrastructure has amended how we review our technology stack, and our strategy for the technology stack. This review mirrors how management now monitor operations.

The recoverable amount of the goodwill and intellectual property allocated to the singular CGU is determined based on a value in use computation. The key assumptions for calculating value in use of the CGUs are discount rates, growth rates and cash flows as described below. All three assumptions are based on the Group's budgeting and forecasting process which we describe in detail.

Current year discount rate applied:

	2023	2022
Pre-tax discount rate	17.52%	n/a
Post-tax discount rate	13.70%	n/a

Prior year discount rate applied:

	2023	2022
Pre-tax discount rate: Goodwill CGU 1	n/a	16.89%
Pre-tax discount rate: Intellectual Property CGU 2	n/a	17.85%
Post-tax discount rate: Goodwill CGU 1	n/a	13.90%
Post-tax discount rate: Intellectual Property CGU 2	n/a	13.90%

The discount rates are based on the Group's weighted average cost of capital ("WACC"), calculated using the Capital Asset Pricing Model adjusted for the Group's specific beta coefficient together with a company size premium. As using the Group's WACC to derive a discount rate, post-tax discount rates have been applied to post-tax cash flows. The Irish corporation tax rate of 12.5% has been used in deriving post-tax cash flows as most Group profits will be taxed at this rate. The impact of using a post-tax discount rate over a pre-tax discount rate has been assessed and gives rise to no material difference.

Notes to the Consolidated Financial Statements continued

10. Intangible assets continued

Discount rates have decreased year on year primarily driven by a decrease in equity market risk premium.

Cash flows:

The cash flow projections are based on a Board approved 2024 budget and four-year outlook described previously and is consistent with the forecasts used for the Group's review of deferred tax recoverability, going concern and viability assessments. In preparing the Board approved 2024 budget and four-year outlook, management have based projections on historical performance, together with management's expectation of future trends, primarily the social strategy. Management have also considered the Group's history of earnings and core strategic initiatives including improving the competitiveness of our core OTA business and platform modernisation.

Within cash flows, management have also considered capital expenditure requirements to maintain the CGU's performance and profitability. Working capital requirements are forecast to move in line with activity.

Group budgeting and forecasting assumptions used within cashflows:
The Board approved 2024 budget and four-year outlook have been prepared by preparing a detailed revenue and marketing outlook for 2024, and building growth projections for each subsequent year. Revenue and marketing cost projections have been developed by triangulating three different models, where each model output has helped to validate the others.

1. Regional level forecasting which allows us to forecast specific bed prices, booking models, geographic mix and seasonality effectively in our modelling;
2. Channel mix between free and paid customers where assumptions are made based on volume of new customer acquisitions, cost of customer acquisitions and anticipated bookings based on marketing spend. Budget 2024 includes a modest reduction in our largest operating expense marketing costs obtained through marketing efficiency and advancement of our social strategy where we do not incur marketing spend for customers who have already downloaded our app; and
3. Modelling new and returning customers by using statistical models built using over 15 years of customer data. This rich customer cohort data set enables us to model recurring revenue streams, with a high degree of predictability. We layer in additional knowledge on new customer acquisition costs and expected economics between free, who have already downloaded our app, and paid customers.

Forecasting at this regional and channel level also allows us to adjust for bed price inflation and cost of living pressures. These risks are somewhat mitigated as our target 18-34-year-old population typically have the means and the flexibility to travel, tending to view it as a 'rite of passage' rather than purely discretionary spend. Hostels are a cost-effective means to travel, and our strategy focuses on customers connecting on a free platform that we provide. Hostelworld's business activities, together with the main factors likely to affect its future development and performance, are described in the Strategic Report on pages 14 to 83.

Climate-related risks can impact our business as a customer may not want to travel, a hostel may be forced to close, or an area is not accessible. The budgeting process has incorporated all operating costs relating to our sustainability roadmap, as well as the cost of future emission reductions and investments in climate action projects. Following an assessment completed by the Group, the budget does not contain any other liabilities, provisions or contingent liabilities relating to climate change. While budgeted bookings and revenue do not contain any specific climate-related adjustments, any impacts of climate change from 2023 would be captured as revenue is built on a country and seasonal level based on the prior year.

Growth rates:

Growth rates are assessed based on the Board approved 2024 budget and four-year outlook. Growth rates included in the 2024 budget and four-year outlook ranged from 12% to 9% (2022: 26% to 8%). A terminal value of 2% (2022: 2%) growth into perpetuity was used to extrapolate cash flows beyond the 2024 budget and four-year outlook. This growth rate does not exceed the long-term average growth rate for the industry in which the Group operates.

Sensitivity analysis:

The key assumptions underlying the impairment review are set out above. Sensitivity analysis has been conducted using the following sensitivity assumptions: a 5% increase in the discount rate; 10% decline in revenue in each year of the Board approved 2024 budget and four-year outlook and nil terminal value growth. Under each scenario no impairment was identified.

Sensitivity analysis has been completed on key assumptions in isolation and in combination, and the headroom included is significant. The key assumptions are discount factor, long-term growth rates and growth rates for each of the Board approved 2024 budget and four-year outlook.

From our sensitivity analysis we identified that the post-tax discount rate would need to increase by 28.2% to result in impairment. Management consider this scenario to be very unlikely.

11. Property, plant and equipment

The table below shows the movements in property, plant and equipment for the year:

	Right-of-use assets (leasehold property) €'000	Leasehold property improvements €'000	Fixtures & equipment €'000	Computer equipment €'000	Total €'000
Cost					
Balance at 01 January 2022	454	532	184	252	1,422
Additions	1,396	–	–	196	1,592
Disposals	(573)	–	(26)	(3)	(602)
Balance at 31 December 2022	**1,277**	**532**	**158**	**445**	**2,412**
Additions	1,228	–	–	101	1,329
Disposals	(1,096)	(532)	(158)	(139)	(1,925)
Balance at 31 December 2023	**1,409**	**–**	**–**	**407**	**1,816**
Accumulated depreciation					
Balance at 01 January 2022	(378)	(467)	(151)	(133)	(1,129)
Charge for year	(791)	(62)	(20)	(95)	(968)
Disposals	390	–	26	2	418
Foreign exchange	2	–	–	–	2
Balance at 31 December 2022	**(777)**	**(529)**	**(145)**	**(226)**	**(1,677)**
Charge for year	(852)	(3)	(13)	(95)	(963)
Disposals	813	532	158	139	1,642
Foreign exchange					
Balance at 31 December 2023	**(816)**	**–**	**–**	**(182)**	**(998)**
Carrying amount					
At 31 December 2022	500	3	13	219	735
At 31 December 2023	**593**	**–**	**–**	**225**	**818**

Right-of-use assets relate to the Group's lease commitments for office space in Ireland, Portugal, Australia and China. 2022 comparatives include United Kingdom. Further detail is included in note 14. The average remaining lease term of leases entered at 31 December 2023 is less than 1 year (2022: less than one year). The maturity analysis of lease liabilities is presented in note 14.

Notes to the Consolidated Financial Statements continued

12. Deferred taxation

The following are the major deferred taxation assets recognised by the Group and movements thereon during the current and prior reporting year. Deferred tax assets primarily relating to temporary differences between the carrying value of intangible assets and their tax base. The Group also has a deferred tax liability of €58k (2022: €50k) relating to lease commitments in place.

	Intangible assets	Property, plant and equipment	Losses and interest relief	Total
At 01 January 2022	8,225	127	–	8,352
Credit/(charge) to income statement	835	(13)	–	822
At 01 January 2023	9,060	114	–	9,174
Credit/(charge) to income statement	995	(69)	5,430	6,356
At 31 December 2023	**10,055**	**45**	**5,430**	**15,530**

In 2023 the Group recognised a deferred tax asset relating to COVID-19 Trading losses and interest relief which can be carried forward. There is no expiry on these assets. A deferred tax asset has been recognised on the basis that the realisation of the related tax benefit through future taxable profits is probable. In determining the recognition of deferred tax assets arising from the carry forward of unused tax losses and capital allowances, the Group considered the following:

- The Group considered the location of the taxable entities. In the Group all tax losses, interest tax relief and intangible assets arose from Hostelworld.com Limited, the main trading entity, which is located in Ireland. Please see further details in note 25 which includes a full list of subsidiaries.
- The Group has considered the Board approved 2024 budget and four-year outlook, and a long-term growth rate of 2% thereafter, that is consistent with the forecasts used for the Group's review of impairment, going concern and viability assessments. For details of the assumptions used and sensitivity analysis performed for the forecasts, see note 10. Whilst the forecasts include inherent estimation uncertainty, the Group determined that there would be sufficient taxable income generated to realise the benefit of the deferred tax assets and no reasonably possible change to key assumptions would result in a material reduction in forecast headroom of tax profits. On this basis, the Group concluded that there is not a significant risk of a material adjustment to the carrying amount of the deferred tax asset.
- Based on the budgeted information, the Group made a significant judgement on the timing of utilising the unused tax losses, as detailed in note 2 key sources of estimation uncertainty.

The Group does not have any unrecognised deferred tax asset.

The total tax charge in future periods will be affected by any changes to the applicable tax rates in force in jurisdictions in which the Group operates and other relevant changes in tax legislation.

13. Investment in associate

	2023 €'000	2022 €'000
Opening balance	980	1,186
Share of results of associate	137	(206)
Capital reduction	–	–
Closing balance	**1,117**	**980**

The Group holds an investment in Goki Pty Limited, an Australian resident company. Goki Pty Limited's principal activity is software development and its principal place of business is Australia. The investment in an associate is accounted for using the equity method.

When the initial investment was made the Group had significant influence but not control over the entity, due to the nature of its voting rights. The Group controlled 49% of the voting rights and was entitled to appoint 50% or more of the total number of Directors to the Board.

On 07 July 2021 the directors of Goki Pty Limited approved a reduction in the investment held by Hostelworld.com Limited in the company. The shareholding was reduced from 49% to 31.5% through means of a capital reduction. Hostelworld.com Limited retains one Board seat, out of four, and continues to exert significant influence over the company. Hostelworld.com Limited will continue to account for Goki Pty Limited as an associate.

The original purchase consideration for the investment in Goki Pty Limited was USD $3,000k. Following the completion of the reduction in investment total purchase consideration reduced to USD $1,890k. Final payment of €345k deferred consideration was made in 2021.

An impairment review has been performed by management with no impairment identified.

Summarised financial information in respect of Goki Pty Limited is set out below. This represents the amounts in Goki Pty Limited's financial statements prepared in accordance with IFRS.

Statement of financial position of Goki Pty Limited as at 31 December 2023:

	2023 €'000	2022 €'000
Non-current assets	18	8
Current assets	1,177	825
Current liabilities	(1,121)	(1,197)
Equity attributable to owners of the company	**74**	**(364)**

Income statement of Goki Pty Limited for the year ended 31 December 2023:

	2023 €'000	2022 €'000
Revenue	2,000	942
Profit/(loss) after tax	436	(654)
Other comprehensive income attributable to the owners of the company	–	–
Total comprehensive profit/(loss)	436	(654)
Group share of results of associate	**137**	**(206)**

Notes to the Consolidated Financial Statements continued

13. Investment in associate continued

Reconciliation of the above summarised financial information to the carrying amount of the Group's interest in Goki Pty Limited recognised in the consolidated financial statements:

	2023 €'000	2022 €'000
Net assets/(liabilities) of Goki Pty Limited	74	(364)
Proportion of the Group's ownership interest in the associate	31.5%	31.5%
Group share of net assets	23	(114)
Goodwill and transaction costs	1,930	1,930
Other adjustments	(836)	(836)
Carrying amount of the Group's interest in associate	**1,117**	**980**

Other adjustments relate to the elimination of the Group's 31.5% (2022: 31.5%) equity investment within the net assets of Goki Pty Limited and amounts to 31.5% (2022: 31.5%) of the share capital of Goki Pty Limited.

Convertible loan note

On 31 May 2022 Goki Pty Limited entered into a USD $1m convertible note subscription deed with an Australian special purpose vehicle ('SPV'). It is unsecured, has a 2-year maturity date, and does not bear interest. It is convertible to 10% of the ordinary shareholding of Goki Pty Limited any time until its maturity, at the discretion of either party. If the noteholder coverts to ordinary share of Goki Pty Limited, it would result in the Group's shareholding reducing to 28.6%.

14. Lease liabilities

Lease liabilities relate to the Group's lease commitments for office space in Ireland, Portugal, Australia and China. 2022 comparatives included United Kingdom.

The movement in the Group's right-of-use assets during the period is set out in note 11. The movement in the Group's lease liabilities during the period is as follows:

	2023 €'000	2022 €'000
Opening lease liability	547	86
Additions	1,228	1,215
Remeasurement	–	(46)
Modification	–	227
Disposals	(286)	(183)
Payments	(909)	(751)
Lease interest expense	39	31
Payment of lease interest expense	(39)	(31)
Foreign exchange differences on lease payments	–	(1)
Closing lease liability	**580**	**547**

Total lease payments included in the cash flow amount to €909k (2022: €751k) relating to lease payments and related foreign exchange differences on lease payments. There is a clear payment schedule associated with our lease liabilities and based on our cash flow forecasts the Group does not face any significant liquidity risk with regards to its lease liabilities.

The maturity analysis of these lease liabilities is as follows:

	2023 €'000	2022 €'000
Maturity analysis		
Within one year	561	558
Between one and five years	36	–
Over 5 years	–	–
Less unearned interest	(17)	(11)
Total	**580**	**547**

These liabilities are classified in the consolidated statement of financial position as:

	2023 €'000	2022 €'000
Non-current lease liabilities	35	–
Current lease liabilities	545	547
Total	**580**	**547**

The Group has used the following practical expedients permitted by the standard on transition and at each reporting date – the use of a single discount rate to a portfolio of leases with reasonably similar characteristics, the accounting for operating leases with a remaining lease term of less than 12 months as at 01 January 2020 as short-term leases and the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease. The Group has elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 'Determining whether an Arrangement contains a Lease'.

Amounts recognised in consolidated Income Statement:

	2023 €'000	2022 €'000
Net profit on disposal of leases	(3)	(1)
Depreciation expense on right-of-use assets	852	791
Interest expense on lease liabilities	39	31
Expense relating to short-term leases	23	321
Total	**911**	**1,142**

At 31 December 2023, the Group is not committed to any short-term leases (2022: €nil). Locations where the Group does not have lease commitments as referenced above have monthly rolling passes for workspaces. Total cash outflow for short term amounted to €27k during 2023 (2022: €134k) and are included within operating cashflows.

Notes to the Consolidated Financial Statements continued

15. Trade and other receivables

	2023 €'000	2022 €'000
Amounts falling due within one year		
Trade receivables	777	611
Prepayments and other receivables	1,172	1,265
Value added tax	1,326	1,370
Total	**3,275**	**3,246**

Due to their short-term nature, the carrying value of trade and other receivables is deemed to be their fair value. Trade receivables are non-interest bearing and trade receivable days are 3 days (2022: 3 days).

Trade receivables primarily relates to VAT to be recovered from Irish hostels and amounts due from the Group's payment processing agents, which are due for maturity within 5 days. The Group always recognises lifetime expected credit losses ("ECLs") for trade receivables estimated using a provision matrix based on the Group's historical credit loss experience including an assessment of the volume of debt recovered from aged COVID-19 volumes, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Value added tax balance is an amount recoverable from the Irish Revenue Commissioners.

Movement in the expected credit loss for trade receivables is as follows:

	2023 €'000	2022 €'000
At the beginning of the year	47	65
Decrease in loss allowance recognised during the year	(14)	(18)
At the end of the year	**33**	**47**

The net movement in the expected credit loss has been disclosed in the consolidated income statement.

16. Cash and cash equivalents

	2023 €'000	2022 €'000
Non-current assets		
Cash and cash equivalents	750	750
Total	**750**	**750**

Non-current asset amount of €750k, relates to a rental guarantee in place which has been classified in non-current assets as the guarantee is in place for a period of longer than 12 months after the balance sheet date. As the amount is held in a bank account which can be accessed by the Group the amount has been disclosed as a cash and cash equivalent.

	2023 €'000	2022 €'000
Current assets		
Cash and cash equivalents	6,714	18,212
Total	**6,714**	**18,212**

Balance of cash and cash equivalents comprise cash and short-term bank deposits only.

17. Share capital

	No of shares of €0.01 each (thousands)	Ordinary shares €'000	Share premium €'000	Total €'000
At 31 December 2022	117,511	1,175	14,328	15,503
Share issue – Restricted share award 20 February 2023	1,028	10	–	10
Warrants issue to HPS, 29 March 2023	3,315	33	–	33
Share issue – LTIP, 16 May 2023	1,646	17	–	17
Share issue – SAYE	139	1	97	98
At 31 December 2023	**123,639**	**1,236**	**14,425**	**15,661**

The Group has one class of ordinary shares which carries no right to fixed income. The share capital of the Group is represented by the share capital of the parent company, Hostelworld Group plc. All the Company's shares are allotted, called up, fully paid and quoted on the London Stock Exchange and Euronext Dublin.

As part of legacy debt facility drawn down during COVID-19 on 19 February 2021, the Group agreed to issue warrants of 3,315,153 ordinary shares of €0.01 each in the capital of Hostelworld (equivalent to 2.85% of Hostelworld's issued share capital at the time of warrants issue). On 29 March 2023 HPS exercised their warrants and 3,315,153 shares were issued.

On 20 February 2023, the Company issued 1,027,655 shares to satisfy restricted share awards granted by the Company at a value €0.01 per share.

On 16 May 2023 the Company issued 1,645,994 shares to satisfy long-term incentive plan awards in relation to LTIP 2020 at a value €0.01 per share.

A number of shares were issued at €0.01 per share regarding the 2020 SAYE scheme. On 09 October 2023, the Company issued 122,665 shares, on 20 October 2023 the Company issued 7,867 shares and on 04 December 2023 the Company issued a further 7,868 shares.

Notes to the Consolidated Financial Statements continued

18. Other reserves

The analysis of movement in reserves is shown in the statement of changes in equity.

Reconciliation and movement of amounts included in other reserves are set out below:

	Foreign currency translation reserve (a) €'000	Share-based payment reserve (b) €'000	Warrant reserve (c) €'000	Total other reserves €'000
Balance at 01 January 2022	40	3,362	3,073	6,475
Exchange differences on translation of foreign operations	(11)	–	–	(11)
Transfer of exercised and expired share-based awards	–	(2,431)	–	(2,431)
Credit to equity for equity settled share-based payments	–	2,399	–	2,399
Balance at 31 December 2022	**29**	**3,330**	**3,073**	**6,432**
Exchange differences on translation of foreign operations	(24)	–	–	(24)
Transfer of exercised and expired share-based awards	–	(2,082)	–	(2,082)
Transfer on exercise, vesting or expiry of warrants	–	–	(3,073)	(3,073)
Credit to equity for equity settled share-based payments	–	1,665	–	1,665
Balance at 31 December 2023	**5**	**2,913**	**–**	**2,918**

a) Foreign currency translation reserve

The foreign currency reserve reflects the foreign exchange gains and losses arising from the translation of the Group's net investment in foreign operations.

b) Share-based payment reserve

The share-based payment reserve reflects the equity settled share-based payment plans in operation by the Group (note 23).

c) Warrant reserve

The warrant reserve related to the warrants exercisable with HPS Investment Partners LLC (or subsidiaries or affiliates thereof). On 29 March 2023 3,315,153 shares were issued to HPS on issuance of warrants.

19. Warehoused payroll taxes

	2023 €'000	2022 €'000
Non-current liabilities		
Warehouse payroll taxes	6,425	9,438
Total	**6,425**	**9,438**

	2023 €'000	2022 €'000
Current liabilities		
Warehouse payroll taxes	3,204	–
Total	**3,204**	**–**
Total warehoused payroll taxes	**9,629**	**9,438**

The Group has availed of the Irish Revenue tax warehousing scheme and deferred payment on all Irish employer taxes arising during the period from February 2021 to March 2022.

Total warehoused liability as at 31 December 2023 was €9,629k (2022: €9,438k), including an interest charge incurred of 3% on the outstanding warehoused liability debt since 01 May 2023. On 05 February 2024 the Irish Revenue Commissioners announced that the applicable rate of interest on these will reduce to 0%, with any amounts already paid being refunded or accrued being written off.

The Group has agreed initial repayment terms with the Irish Revenue Commissioners of a 15% downpayment in May 2024, followed by regular monthly repayments thereafter over a 3-year period which is reflected in the classification of the liability between current and non-current. The Group continues to monitor and comply with the appropriate Revenue guidelines applicable to this scheme.

20. Trade and other payables

	2023 €'000	2022 €'000
Current liabilities		
Trade payables	3,314	3,944
Accruals and other payables	7,272	5,136
Deferred revenue	3,891	3,201
Payroll taxes (non-warehoused)	587	582
Total	**15,064**	**12,863**

The average credit period for the Group in respect of trade payables is 16 days (2022: 20 days). The Directors consider that the carrying amount of trade and other payables is deemed to be to their fair value.

Increase in accruals and other payables year on year primarily relates to a liability recognised for discretionary compensation for staff employed by the Group (2023: €3,205k, 2022: €93k). Also included in accruals and other payables is a credit provision amounting to €20k (2022: €150k) for vouchers and incentives to customers for use on future bookings reflecting the expected value attached to vouchers. The reduction is driven by volume of open vouchers in place at year end. There is uncertainty on the value of the credit provision given it is based on the probability that a customer will use their voucher. The provision has not been discounted. Also included in accruals and other payables is an amount of €1,293k (2022: €1,778k) relating to customers who have cancelled their free cancellation booking but have not yet been refunded.

Unpaid pension contributions on 31 December 2023 amounted to €10k (2022: €64k), which were paid in full in January 2024.

Notes to the Consolidated Financial Statements continued

20. Trade and other payables continued

At 31 December 2023, €3,438k of revenue was deferred relating to free cancellation bookings (2022: €3,005k), €434k was deferred relating to featured listings (2022: €178k) and €19k was deferred relating to *Roamies* (2022: €18k).

Movement in deferred revenue relating to free cancellation bookings:

	2023 €'000	2022 €'000
Opening provision	3,005	1,020
Revenue deferred during year	63,387	49,831
Revenue recognised during year	(48,045)	(37,014)
Amount reversed during year	(14,909)	(10,832)
Closing provision	**3,438**	**3,005**

21. Borrowings

	2023 €'000	2022 €'000
Opening Balance	31,113	28,209
Repayments (HPS)	(34,066)	–
Drawdown (AIB)	17,369	–
Repayments (AIB)	(7,167)	–
Transaction costs relating to borrowings (AIB)	(170)	–
Finance costs	2,342	4,243
Finance costs (exceptional items)	2,827	–
Finance interest paid	(2,101)	(1,339)
Total	**10,147**	**31,113**

On 09 May 2023, the Group refinanced its credit facilities with AIB plc. This included cancelling and fully repaying its previous facilities held by Hostelworld Group PLC of €30,000k with HPS Investment Partners LLC (or subsidiaries or affiliates thereof). Hostelworld.com Limited entered into a new facility of €20,000k comprising of a €2,500k undrawn overdraft, a €7,500k RCF facility and a €10,000k term loan facility. An amount of €17,369k was drawn down, net of arrangement fee. Amount drawn down was utilised to repay the HPS facility, detailed below.

The purpose of the facility is to meet the day-to-day working capital requirements of the Group. The AIB term loan and RCF each had an initial interest rate payable of 3.75% over EURIBOR. In July 2023 this reduced to 3.25%, when the ratio of Net Debt to adjusted EBITDA was less than 2 times. The interest rate reduced further in October 2023 to 2.65% over EURIBOR as Net Debt to adjusted EBITDA was less than 1 times. Relating to the facilities, during the year the Group repaid €5,500k of its RCF facility and repaid €1,666k of its term loan with AIB.

Financial covenants attached to the facility are set out as follows:

1. Maintaining a minimum cash balance on hand of €6,000k;
2. Ensuring an interest cover of not less than 3:1. Interest cover is defined as the ratio of Adjusted EBITDA to gross interest paid in respect of any relevant period. Covenant is tested quarterly, based on the prior 12-month actuals; and
3. Ensuring the Group's adjusted leverage ratio does not exceed 3:1. Adjusted leverage is defined as the ratio of net debt on the last day of each quarter to adjusted EBITDA in respect of the 12 months to the quarters reporting date.

The Group did not breach the covenants during the period.

The debt with HPS Investment Partners LLC was guaranteed by the Group's principal trading entity Hostelworld.com Limited, who has provided the lenders with a customary security package over its assets.

The prior facility related to a €30,000k five-year term loan facility with HPS drawn down in February 2021. On 05 April 2023 the Group repaid €10,000k of the HPS facility and on 09 May 2023 the amount owing on the facility was repaid in full. An early repayment penalty of 2% applied. Total repayment penalty costs of €686k are included within Exceptional items. The April and May repayments totalled €34,066k which comprise of €30,000k principal and €4,066k PIK interest capitalised as at 31 December 2023. Balance of PIK relating to 2023 included in Finance interest paid. Between the first and third anniversaries of drawdown of the HPS facility, Hostelworld elected to capitalise 4.0% per annum of the accruing interest with the balance of the interest during that period. Finance interest paid during the year totalled €2,101k (2022: €1,339k), comprised of HPS cash interest of €1,067k (2022: €1,339k), AIB cash interest of €583k (2022: €nil), and HPS PIK €451k (2022: €nil).

Borrowings are classified in the consolidated statement of financial position as:

	2023 €'000	2022 €'000
Non-current borrowings	4,807	30,869
Current borrowings	5,340	244
Total	**10,147**	**31,113**

Issue of warrants:

In connection with the HPS facility, Hostelworld agreed to issue warrants over 3,315,153 ordinary shares of €0.01 each in the capital of Hostelworld (equivalent to 2.85% of Hostelworld's current issued share capital at the time of issue of the warrants) to HPS. The warrants were exercisable at any time during the term of the loan and for a twelve-month period following its scheduled termination at an exercise price of €0.01 per ordinary share. Shares issued will be the same class and carry the same rights as existing shares. An amount of €3,073k was recorded for the initial recognition of the warrants calculated on the basis of the market price of the shares on the date of the agreement 19 February 2021 of €3,106,538 minus the subscription price of €33,152 (3,315,153 X €0.01). On 29 March 2023 HPS exercised their warrants and 3,315,153 shares were issued.

Change in liabilities arising from financing activities:

	Lease liabilities (note 14) €'000	Borrowings €'000	Total debt €'000
At 01 January 2022	(86)	(28,209)	(28,295)
Financing cash flows	751	–	751
Interest paid (operating activities)	31	1,339	1,370
Other non-cash movements	(1,243)	(4,243)	(5,486)
Balance at 31 December 2022	**(547)**	**(31,113)**	**(31,660)**
Financing cash flows	909	23,848	24,757
Interest paid (operating activities)	39	2,101	2,140
Other non-cash movements	(981)	(4,983)	(5,964)
Balance at 31 December 2023	**(580)**	**(10,147)**	**(10,727)**

Other non-cash movements for lease liabilities in 2023 and 2022 relate to additions, disposals, lease interest, a modification and a lease term remeasurement as included in note 14. Other non-cash movements for borrowings in 2023 and 2022 relate to finance costs incurred and capitalised on the HPS and AIB term loan facility.

Notes to the Consolidated Financial Statements continued

22. Contingencies

In the normal course of business, the Group may be subject to indirect taxes on its services in certain foreign jurisdictions. The Directors perform ongoing reviews of potential indirect taxes in these jurisdictions. Although the outcome of these reviews and any potential liability is uncertain, no provision has been made in relation to these taxes as the Directors believe that it is not probable that a material liability will arise.

23. Share-based payments

Overall, the Group recognised an expense of €1,682k (2022: €2,396k) relating to equity settled share-based payment transactions in the consolidated income statement during the year. €780k (2022: €678k) relates to Long-Term Incentive Plan ("LTIP") scheme, €895k (2022: €1,697k) is in relation to the Group's Restricted Share awards ("RSU") scheme, and €7k (2022: €21k) in relation to the Save As You Earn ("SAYE") scheme. All schemes are accounted for as equity settled in the financial statements.

LTIP

The Group operate a LTIP for Executive Directors and selected management. There were no LTIP grants in the current or prior year.

LTIP 2021 is expected to vest at 100% in April 2024 following a review of performance conditions based on the Company's adjusted EBITDA over a three-year period 2020 to 2023, Counter App signups based on a target in 2023 and customer value/customer acquisition value targets which were met in 2023. 1,345,870 shares awards are currently exercisable.

LTIP 2020 vested at 75% in May 2023, with 1,645,994 awards vesting out of a total potential pot that was exercisable at 31 December 2022 of 2,421,646. Movement is driven by leavers. The 2020 scheme vesting conditions related to 25% adjusted earnings per share ("EPS") performance and total shareholder return ("TSR") of the Group over a three-year period ("the performance period"). The EPS condition did not vest, and the TSR condition vested at 100%.

If the conditions are met under the LTIP plans in place, the remaining awards will vest on the later of the 3rd anniversary of the grant and the determination of the performance condition and will then remain exercisable until the 7th anniversary of the date of grant, provided the individual remains an employee or officer of the Group or is subject to good leaver provisions. The measurement periods for the 2020 and 2021 awards for performance conditions was over 3 years from 02 May 2020 to 01 May 2023 and from 27 April 2021 to 26 April 2024 respectively.

Further detail of the above schemes are set out within the Remuneration Committee report on pages 118 to 144.

Details of the share options outstanding during the year are as follows:

	2023 No. of share options	2022 No. of share options
Outstanding at beginning of year	4,247,246	4,741,475
Granted during the year	–	–
Forfeited or expired during the year	(1,255,382)	(494,129)
Exercised during the year	(1,645,994)	–
Outstanding at the end of the year	**1,345,870**	**4,247,346**
Exercisable at the end of the year	**1,345,870**	**2,421,646**

For all schemes an award will lapse if a participant ceases to be an employee or an officer within the Group before the vesting date and is not subject to good leaver provisions.

Share options under the LTIP scheme have an exercise price of £nil. The fair value, at the grant date, of the TSR-based conditional awards was measured using a Monte Carlo simulation model.

At the grant date, the fair value per conditional award and the assumptions used in the calculations are as follows:

	April 2021	May 2020
Year of potential vesting	2024	2023
Number of share options granted	2,336,885	3,793,200
Share price at grant date	£1.00	£0.74
Exercise price per share option	£nil	£nil
Expected volatility of Company share price	n/a	51.86%
Expected life	3 years	3 years
Expected dividend yield	nil	6.06%
Risk free interest rate	n/a	0.08%
Weighted average fair value at grant date	£1.00	£0.49
Remaining weighted average life of options (years)	1.32	0.33

Expected volatility was determined based on the market performance of the Company over a period of 36 months prior to the date of grant for all the 2020 awards.

Market based vesting conditions, such as the TSR condition, have been taken into account in establishing the fair value of equity instruments granted. Non-market-based performance conditions, such as the EPS conditions, were not taken into account in establishing the fair value of equity instruments granted, however the number of equity instruments included in the measurement of the transaction is adjusted so that the amount recognised is based on the number of equity instruments that are expected to vest.

RSU

An additional RSU was granted to a number of employees in 2023 subject to a three-year vesting period. The Executive Directors did not receive an award in 2023.

The 2023 and 2022 share awards granted will vest after a three-year period. Vesting will be dependent upon the participant being employed by the Group as of the vesting date and satisfactory personal performance.

During 2021 the Company granted a RSU to selected employees in lieu of a cash bonus, including the Executive Directors and members of the management team. In total 2,642,212 share awards were granted. 50% of the award vested in February 2022 and 1,184,211 shares were issued. The remaining 50% vested in February 2023 and 1,027,655 shares were issued. Vesting was dependent upon the participant being employed by the Group as of the vesting date and satisfactory personal performance.

	2023	2022
Outstanding at the beginning of the period	4,009,368	2,329,810
Granted during the year	740,560	3,339,084
Exercised during the year	(1,027,655)	(1,184,211)
Forfeited	(707,423)	(475,315)
Outstanding at the end of the period	**3,014,850**	**4,009,368**
Exercisable at the end of the period	**nil**	**1,027,653**

Notes to the Consolidated Financial Statements continued

23. Share-based payments continued

SAYE

During the years ended 31 December 2023, 2022 and 2021, the Group did not approve the granting of any new SAYE scheme following the withdrawal of Ulster Bank from the Irish market who were the only bank with an Irish banking licence that accepted new accounts for Save As You Earn schemes.

Prior to 2021, a scheme was approved in 2019 and 2020. At 31 December 2023 a number of members of the 2020 SAYE scheme had exercised their option to exercise their shares. Further detail is included in note 17. The schemes last three years and employees may choose to purchase shares at the end of the three-year period at the fixed discounted price set at the start. The share price for the scheme has been set at a 20% discount for Irish and UK based employees in line with amounts permitted under tax legislation in both jurisdictions.

	Number of SAYE share options granted	
	2023	2022
Outstanding at beginning of year	223,970	277,624
Granted during the year	–	–
Vested during the year	(138,400)	(6,070)
Forfeited during the year	(80,325)	(47,584)
Outstanding at end of year	**5,245**	**223,970**
Exercisable at the end of year	**5,245**	**223,970**

For all schemes an award will lapse if a participant ceases to be an employee or an officer within the Group before the vesting date.

At the grant date, the fair value for each SAYE award and the assumptions used in the calculations are as follows:

Scheme	UK office	Irish office
Grant date	August 2020	August 2020
Year of potential vesting	2023	2023
Share price at grant date	£0.63	€0.70
Exercise price per share option	£0.50	€0.56
Expected volatility of company share price	54.2%	54.2%
Expected life	3 years	3 years
Expected dividend yield	6.13%	6.13%
Risk free interest rate	–0.03%	–0.03%
Weighted average fair value at grant date	£0.20	€0.22
Valuation model	Black Scholes	Black Scholes

Expected volatility was determined in line with market performance of the Company for the 2020 scheme.

Cash settled share-based payments

The Group has recorded liabilities of €132k and a corresponding expense of €132k in relation to these stock appreciation rights ("SARs") as at 31 December 2023 (2022: €62k). Where relevant the fair value of these SARs was determined by using the same inputs as used for the RSU share awards.

24. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Directors' remuneration

	2023 €'000	2022 €'000
Salaries, fees, bonuses and benefits in kind	1,914	1,130
Amounts receivable under long-term incentive schemes	532	277
Other remuneration	353	623
Pension contributions	67	65
Total	**2,866**	**2,095**

Retirement benefit charges arise from pension payments relating to 2 Executive Directors (2022: 2). Other remuneration of €353k (2022: €623k) relates to share-based payment expense in respect of the RSU scheme operated in 2022 and 2021 respectively.

Key management personnel

The Group's key management comprise the Board of Directors and senior management having authority and responsibility for planning, directing and controlling the activities of the Group.

	2023 €'000	2022 €'000
Short-term benefits	3,726	2,568
Share-based payments charge	1,008	1,877
Termination benefits	–	200
Post-employment benefits	127	134
Total	**4,861**	**4,779**

Notes to the Consolidated Financial Statements continued

25. Subsidiaries and associates

Subsidiaries

The following is a list of the Company's current investments in subsidiaries, including the name, country of incorporation, and proportion of ownership interest:

Company	Holding	Nature of business	Registered office
Hostelworld.com Limited 196 Ordinary shares @ €1	100%[1]	Technology trading company	Charlemont Exchange Charlemont St Dublin D02 VN88 Ireland
Hostelworld Management Services Limited	100%[1]	Management services company	Charlemont Exchange Charlemont St Dublin D02 VN88 Ireland
Hostelworld Services Portugal LDA 500 Ordinary shares @ €1	100%	Marketing and research and development services company	Rua Antònio Nicolau D'Almeid 45, 5 Floor 4100–320 Oporto Portugal
Hostelworld Business Consulting (Shanghai) Co., Limited[2]	100%	Business information consulting and marketing planning	Unit 311, Block 1, Hostelworld Group Asia Office No.425 Yanping Road Jing'an District Shanghai, China
Hostelworld Services Limited 104,123 Ordinary shares @ £0.001	100%[1]	Marketing services and technology trading company	One Chamberlain Square Birmingham B3 3AX United Kingdom

[1] held directly by the Company
[2] 3 Million RMB contributed by Hostelworld.com Limited for 100% ownership of subsidiary

On 12 May 2022, a resolution was passed to liquidate Counter App Limited, a subsidiary of Hostelworld.com Limited. The trade was transferred to another Group entity, Hostelworld.com Limited.

Hostelworld Management Services Limited was incorporated on 09 February 2024.

All subsidiaries have the same reporting date as the Company being 31 December.

Associates

The following details the Company's current investment in associates, including the name, country of incorporation, and proportion of ownership interest:

Company	Holding	Nature of business	Registered office
Goki Pty Limited	31.5%	Technology company	17 Terrace Road, Dulwich Hill, Sydney NSW 2203, Australia

26. Financial risk management

Financial risk factors

The Directors manage the Group's capital, consisting of both debt and equity, to ensure that the Group will be able to continue as a going concern while also maximising the return to stakeholders. As part of this process, the Directors review financial risks such as liquidity risk, credit risk, foreign exchange risk and interest rate risk regularly.

Liquidity risk

Cash flow forecasting is monitored by rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while not breaching any covenants that the Group adheres to. Such forecasting takes into consideration the Group's debt financing plans.

In May 2023 the Group completed a refinance of its legacy debt facility, which was drawn down in February 2021 during COVID-19 trading. A new 3-year facility was signed with AIB. This facility is comprised of a €10,000k term loan, a €7,500k revolving credit facility ("RCF") and an undrawn €2,500k overdraft. At 31 December 2023, €5,500k had been repaid on the RCF and €1,667k had been repaid on the term loan in line with a 3 year term loan repayment plan.

The Group's policy is to ensure that it has sufficient long-term funding in place to meet its payment obligations and complies with covenants. The risk is managed centrally by the Group and reviewed by the Board on a regular basis.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The Group had no material derivative financial liabilities in the current or prior year. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2023 €'000	2022 €'000
Up to 1 year		
Borrowings	5,340	244
Trade and other payables	14,457	12,131
Total up to 1 year	**19,797**	**12,375**
Between 2 and 4 years		
Borrowings	4,807	34,066
Total between 2 and 4 years	**4,807**	**34,066**
Total	**24,604**	**46,441**

Non-current borrowings are due for repayment in full by May 2026, 3 years after drawdown of the 3 year term loan facility with AIB. Prior year amounts reflect the HPS facility being a 5 year facility due for repayment in February 2026.

Interest rate risk

The principal aim of managing interest rate risk is to limit the adverse impact on cash flows of movements in interest rates. The Group's interest rate risks arises from the debt facilities it holds with AIB. An RCF facility and a term loan which bears interest at 2.65% per annum over EURIBOR. On the AIB term loan the Group has fixed the EURIBOR rate at 3.42%. The related derivative is not material. At 31 December 2023 €2.0m was drawn down on the RCF, which was repaid in full in Q1 2024 prior to signing the Financial Statements.

Notes to the Consolidated Financial Statements continued

26. Financial risk management continued

The table below demonstrates the sensitivity of profit before tax if market interest rates had been 1% higher or lower with all other variables held constant:

	2023 €'000	2022 €'000
+/-1% change in market interest rates		
Impact on profit before tax	–/+207	–/+287

Credit risk and foreign exchange risk

Credit risk refers to the risk of financial loss to the Group if a counterparty defaults on its contractual obligations on financial assets held on the Statement of Financial Position.

The Directors monitor the credit risk associated with trade receivables and cash and cash equivalent balances on an on-going basis. The Group's trade receivable balances primarily relate to VAT receivable balances from Irish hostels and amounts due from the Group's payment processing agents. Amounts due from the Group's payment processing agent are due for maturity within 5 days. Accordingly, the associated credit risk is determined to be low. These trade receivable balances, which consist of euro, US dollar and Sterling amounts, are settled within a relatively short period of time, which reduces any potential foreign exchange exposure risk.

The aged analysis of trade receivables and other receivables for the year ended 31 December 2023 and 31 December 2022 is summarised in the table below.

	Not past due €'000	Past due 0–90 days €'000	Past due >90 days €'000	Total €'000
Trade Receivables				
31 December 2023	**726**	**31**	**20**	**777**
31 December 2022	552	18	41	611
Other Receivables (exclude prepayments)				
31 December 2023	**–**	**–**	**170**	**170**
31 December 2022	–	–	308	308
Value added tax				
31 December 2023	**1,326**	**–**	**–**	**1,326**
31 December 2022	1,370	–	–	1,370

In line with IFRS 9, the Group applies the simplified approach for the impairment of trade and other receivables and, therefore, does not track changes in credit risk, instead a loss allowance is recognised based on lifetime expected credit losses at each reporting date. The Group uses a provision matrix to measure expected credit losses based on historical cancellation and recovery rates and considers forward-looking factors, including the impact of rising cost of living and inflation rates. The figures disclosed above are stated net of allowances for impairment.

Other receivables include a receivable in respect of amount due from the Irish Revenue Commissioners in respect of an R&D tax credit in line with a payment timetable set out by the Irish Revenue Commissioners. There are no further performance obligations to be achieved attached to amount receivable.

At 31 December 2023 and 2022, all material cash balances are held with banks with a minimum credit rating of BBB-, as assigned by international credit rating agencies. As a result, the credit risk on cash balances is limited. The carrying value of trade receivables, trade payables and cash and cash equivalents is a reasonable approximation of their fair value. The Group does not enter or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board considers capital to comprise of long-term debt as disclosed in note 21 and equity as disclosed in note 17. The Directors' objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Directors may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

The Group will ensure it retains sufficient reserves to manage its day-to-day cash requirements, including capital expenditure requirements, whilst ensuring appropriate dividends are distributed to shareholders.

27. Dividends

There are no cash dividends in 2023 or 2022. Future cash dividend payments will be subject to the Group generating profit after tax, the Group's cash position, any restrictions in the Group's banking facilities and subject to compliance with Companies Act 2006 requirements regarding ensuring sufficiency of distributable reserves at the time of paying the dividend.

28. Parent company exemption

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual income statement and related notes.

29. Events after the balance sheet date

On 05 February 2024 the Irish Revenue Commissioners announced that the applicable rate of interest on warehoused payroll tax balances outstanding will reduce to 0%, with the reduction in rate applying to any interest amounts accrued to date. This is a non-adjusting event.

There have been no other significant events after the balance sheet date.

Company Statement of Financial Position

as at 31 December 2023

	Notes	2023 €'000	2022 €'000
Non-current assets			
Investments	33	49,640	49,030
Trade and other receivables	34	114,916	113,449
		164,556	162,479
Current assets			
Trade and other receivables	34	258	280
Cash and cash equivalents		569	1,120
		827	1,400
Total assets		**165,383**	**163,879**
Equity			
Share capital	17	1,236	1,175
Share premium account	17	14,425	14,328
Other reserves		2,931	6,429
Retained earnings		145,000	141,082
Total equity attributable to equity holders of the parent		**163,592**	**163,014**
Current liabilities			
Trade and other payables	35	1,741	748
Corporation tax liability		25	90
Payroll taxes		25	27
Total liabilities		**1,791**	**865**
Total equity and liabilities		**165,383**	**163,879**

The Company reported a loss for the financial year ended 31 December 2023 of €1,237k (2022: €515k loss).

The financial statements of Hostelworld Group plc were approved by the Board of Directors and authorised for issue on 20 March 2024 and signed on its behalf by:

Gary Morrison
Chief Executive Officer

Caroline Sherry
Chief Financial Officer

Hostelworld Group plc registration number 9818705 (England and Wales)

Company Statement of Changes in Equity

for the year ended 31 December 2023

	Share capital €'000	Share premium account €'000	Retained earnings €'000	Other reserves €'000	Total €'000
As at 01 January 2022	1,163	14,328	139,166	6,449	161,106
Total comprehensive income for the year	–	–	(515)	–	(515)
Issue of shares	12	–	–	–	12
Transfer of exercised and expired share option awards	–	–	2,431	(2,431)	–
Credit to equity for equity settled share-based payments	–	–	–	2,411	2,411
As at 31 December 2022	**1,175**	**14,328**	**141,082**	**6,429**	**163,014**
Total comprehensive income for the year	–	–	(1,237)	–	(1,237)
Issue of shares	61	97			158
Transfer of exercise of vesting of warrants	–	–	3,073	(3,073)	–
Transfer of exercised and expired share option awards	–	–	2,082	(2,082)	–
Credit to equity for equity settled share-based payments	–	–	–	1,657	1,657
As at 31 December 2023	**1,236**	**14,425**	**145,000**	**2,931**	**163,592**

Notes to the Company Financial Statements

for the year ended 31 December 2023

30. Accounting policies

The significant accounting policies adopted by the Company are as follows:

Basis of preparation

The separate financial statements are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) Application of Financial Reporting Requirements issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, fair value measurements, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, financial risk management, impairment of assets, share-based payments, business combinations, related party transactions and where required, equivalent disclosures are given in the consolidated financial statements. Significant accounting policies specifically applicable to these individual Company financial statements and which are not reflected within the accounting policies for the Group consolidated financial statements are detailed below.

The financial statements are prepared on the historical cost basis.

Going concern

The Company is in a net asset position of €163.6m (2022: €163.0m). Primary assets relate to amounts owed from subsidiary undertakings and investments in subsidiaries. The Directors are satisfied with the recoverability and carrying value of these assets. Further detail is included on pages 210 and 211.

In their review the Directors also considered the market capitalisation of Hostelworld Group PLC, which can fluctuate dependent on share price. Market capitalisation as at 31 December 2023 amounted to €195.8m, and exceeded net assets by €32.2m (2022: carrying value exceeded market capitalisation of €152.4m by €10.6m).

The Directors after making enquiries, have a reasonable expectation that the Company has adequate resources to continue operating as a going concern for the foreseeable future, being a period of 12 months from signing of the financial statements. Accordingly, the financial statements of the Company are prepared on a going concern basis.

Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less any allowance for impairment.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value plus transaction costs, except for those classified as fair value through profit or loss, which are initially measured at fair value. The fair value of financial assets and liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Financial assets

Amounts due from subsidiary undertakings are stated initially at their fair value and subsequently at amortised cost, less any expected credit loss. The Company recognises expected credit losses ("ECLs") for amounts due from subsidiary undertakings estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Dividends

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are paid.

Details of interim and final dividends are disclosed in note 27 to the consolidated financial statements.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 (as issued by the FRC) requires management to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

There were no critical judgements applied in the preparation of the Company financial statements apart from those involving estimations.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Carrying value of investments in subsidiaries

Investments in subsidiaries are held at cost less any allowance for impairment. The Company assesses investments for impairment at the end of each reporting period or whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable including instances where the net assets of the Company exceed market capitalisation. An impairment review has been performed in the current year. When the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

At 31 December 2023, the carrying value of investment in subsidiaries amounted to €49,640k (2022: €49,030k). Following an impairment test performed, no impairment was recognised. In 2022 an impairment of €723k was recognised, for the impairment of an investment in a subsidiary which holds the Hostelbookers trade for the Group. Further detail is included in note 33 to the financial statements on key assumptions included in the assessment and sensitivity analysis completed.

Recoverability of amounts due from subsidiary undertakings

Each year the Directors assess the credit risk of amounts due from subsidiary undertakings and determine the quantum of the expected credit loss to be recognised on these assets. In the current year the Directors reviewed the related party's historical credit loss experience, adjusted for factors that are specific to that company, general economic conditions and carried out an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

At 31 December 2023 the carrying value of the amounts due from subsidiary undertakings amounted to €114,916k (2022: €113,449k). A repayment plan is in place until 31 December 2035 which aligns repayments to funding requirements of the Company. On the basis of this assessment the Directors have concluded that any expected credit loss allowance required would be immaterial. Sensitivity analysis was performed to assess the impact of a reduction in cashflows of 10% and no issue was found. Within the sensitivity, cashflows would have to decline by over 40% in each year before the amount due from subsidiary undertaking would not be repaid. This sensitivity analysis also does not take into account any mitigating actions that would be taken by management should profits decline.

Notes to the Company Financial Statements continued

31. Loss for the year

As permitted by s408 of the Companies Act 2006 the Company has elected not to present its own income statement or statement of comprehensive income for the year. The loss attributable to the Company is disclosed in the footnote to the Company's statement of financial position.

The auditor's remuneration for the audit and other services is disclosed in note 4 to the consolidated financial statements.

32. Staff costs

The average monthly number of full time people employed by the Company (including Executive Directors) during the year was as follows:

	2023	2022
Average number of persons employed:		
Administration and sales	6	4
Development and information technology	2	2
Total	**8**	**6**

The aggregate remuneration costs of these employees is analysed as follows:

	2023 €'000	2022 €'000
Staff costs comprise:		
Wages and salaries	2,246	1,096
Social security costs	191	129
Pensions costs	80	78
Other benefits	22	16
Share option charge	1,047	1,182
Development labour	(115)	(18)
Total	**3,471**	**2,483**

33. Investments

The carrying value of the Company's subsidiaries at 31 December 2023 is as follows:

	2023 €'000	2022 €'000
At 01 January	49,030	48,523
Additions	610	1,230
Impairment	–	(723)
At 31 December	**49,640**	**49,030**

The Company's subsidiaries directly owned by the Company, are disclosed in note 25.

Additions are capital contributions arising from the administration of the Group's share option schemes.

In 2023 following a review performed by management no impairment was recognised for Hostelworld Group PLC's investment in Hostelworld Services Limited. In 2022 an impairment of €723k was recognised for Hostelworld Group PLC's investment in Hostelworld Services Limited following a review by management to reduce the carrying value of the investment to its value in use where the recoverable amount was determined based on the estimated cash flows generated by the underlying assets of the subsidiary.

In 2023 following a review performed by management no impairment was recognised for Hostelworld Group PLC's investment in Hostelworld.com Limited (2022: €nil). The recoverable amount of the investment was assessed utilising value in use calculations which were prepared using cash flow projections based on the 2024 budget and four-year outlook approved by the directors.

Growth rates have been assessed by the Directors using their past experience of the business and their expectations of the market. The cash flow projections for the five-year period take into account key assumptions including historical trading performance, anticipated changes in future market conditions and climate change factors.

34. Trade and other receivables

	2023 €'000	2022 €'000
Non-current assets		
Amount due from subsidiary undertakings	114,916	113,449
	114,916	**113,449**
Current assets		
Prepayments	198	253
Value added tax	22	27
Amount due from subsidiary undertakings	38	–
Total	**258**	**280**

The amount due from subsidiary undertakings arose primarily as a result of a term loan issued between the Company and Hostelworld.com Limited as part of the Group reorganisation in March 2019. This amount is carried at amortised cost. The Directors assessed the credit risk of these amounts and determined that an expected credit loss on these assets would be immaterial. There is a repayment plan in place until 31 December 2035 which comprises of a number of staggered payments from now until 31 December 2035, as profitability allows from Hostelworld.com Limited. The Directors reviewed the related party's historical credit loss experience, adjusted for factors that are specific to that company, general economic conditions and carried out an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

35. Trade and other payables

	2023 €'000	2022 €'000
Current liabilities		
Trade payables	193	342
Accruals	1,548	406
Total	**1,741**	**748**

Increase in accruals year on year primarily relates to a liability recognised for discretionary compensation for staff employed by Hostelworld Group PLC.

36. Events after the balance sheet date

There have been no significant events after the balance sheet date.

Additional Information

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Appendix 1: Alternative Performance Measures

The Group uses the following alternative performance measures ("APMs") which are non–IFRS measures to monitor the performance of its operations and of the Group as a whole. APMs are not a substitute for, or superior to, IFRS measurements. Where we do use them, we have outlined below the reasoning behind.

Non-IFRS Measures: Definitions

Adjusted EBITDA

Definition: The Group uses earnings/(loss) before interest, tax, depreciation and amortisation, excluding exceptional and non-cash items (Adjusted EBITDA) when assessing trading profitability in the business from one period to the next, and against budget.

Why we use it: Adjusted EBITDA allows us to understand our baseline profitability. This APM removes items which do not impact underlying trading performance such as exceptional items and finance costs.

Reconciliation between profit/(loss) for the year and adjusted EBITDA:

	2023 €'000	2022 €'000
Profit/(loss) for the year	**5,136**	**(17,263)**
Taxation	(6,206)	(649)
Net finance costs	6,054	4,301
Operating profit/(loss)	**4,984**	**(13,611)**
Depreciation	963	968
Amortisation of development costs	2,966	2,784
Amortisation of acquired intangible assets	7,845	7,845
R&D tax credit	(177)	(102)
Exceptional items	253	835
Share-based payment expense	1,682	2,396
Share of result of associate	(137)	206
Adjusted EBITDA	**18,379**	**1,321**
Adjusted EBITDA	18,379	1,321
Net revenue	93,264	69,690
Adjusted EBITDA Margin %	**20%**	**2%**

Adjusted Profit/(Loss) after Taxation (Adjusted PAT)

Definition: Adjusted profit after taxation is an APM that the Group uses to calculate the potential dividend when a dividend is being paid, subject to company law requirements regarding distributable profits and the dividend policy within the Group.

Why we use it: It excludes items that the Group cannot control when considering trading profitability such as exceptional items, amortisation of acquired domain and technology intangibles, net finance costs, share-based payment expenses and deferred taxation which can have large impacts on the reported result for the year, and which can make underlying trends difficult to interpret.

Reconciliation between adjusted EBITDA and profit/(loss) for the year:

	2023 €'000	2022 €'000
Adjusted EBITDA	**18,379**	**1,321**
Depreciation	(963)	(968)
Amortisation of development costs	(2,966)	(2,784)
R&D tax credit[1]	177	102
Net finance costs	(2,528)	(4,301)
Share of result of associate	137	(206)
Corporation tax	(150)	(173)
Adjusted profit/(loss) after taxation	**12,086**	**(7,009)**
Exceptional items	(3,779)	(835)
Amortisation of acquired intangible assets	(7,845)	(7,845)
Share-based payment expense	(1,682)	(2,396)
Deferred taxation	6,356	822
Profit/(loss) for the year	**5,136**	**(17,263)**

[1] R&D tax credits included in note 4 total €240k (2022: €184k), of which €177k (2022: €102k) relates to amortisation of development costs

Adjusted Earnings/(Loss) per Share

Definition: Adjusted EPS is calculated on the weighted average number of ordinary shares in issue, using the adjusted profit/(loss) after taxation.

Why we use it: It is an additional measure of underlying performance that excludes exceptional items that are not related to ongoing operational performance and other certain items which do not impact underlying trading performance. Exceptional items are defined in note 1. Adjusted EPS is a metric included in the Executive Director and Senior Management remuneration for the LTIP 2024 plan being struck.

Calculation of adjusted earnings/(loss) per share (cent):

	2023	2022
Adjusted profit/(loss) after taxation (€'000)	**12,086**	**(7,009)**
Weighted average shares in issue ('m)	122.0	117.3
Adjusted earnings/(loss) per share (cent)	**9.91**	**(5.97)**

Appendix 1: Alternative Performance Measures continued

Adjusted Free Cash Flow

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

Why we use it: It is a measure which shows the cash the Group is generating/(using). It excludes certain items which do not relate to the day-to-day activities of the Group.

	2023 €'000	2022 €'000
Net (decrease)/increase in cash and cash equivalents	(11,474)	(6,294)
Add back		
Repayment of borrowings	41,684	–
Proceeds from borrowings	(17,369)	–
Transaction costs capitalised	170	–
Proceeds on issue of shares	(98)	–
Proceeds on issue of warrants	(33)	–
Warehoused payroll taxes	–	(1,389)
Exceptional items[1]	986	806
Adjusted free cash flow/(absorption)	**13,866**	**(6,877)**
Adjusted EBITDA	**18,379**	**1,321**
Adjusted free cash flow/(absorption) % (conversion)	**75%**	**(521%)**

[1] Exceptional items included in adjusted free cash flow exclude professional fees included in liabilities at year end not paid.

Reconciliation between adjusted free cash flow/(absorption) and net cash from operating activities for the year:

	2023 €'000	2022 €'000
Adjusted free cash flow/(absorption)	**13,866**	**(6,877)**
Exceptional items[1]	(986)	(806)
Warehoused payroll taxes	–	1,389
Lease liability payments	909	752
Acquisition/capitalisation of intangible assets	3,986	4,597
Purchases of property, plant and equipment	101	196
Net cash from operating activities	**17,876**	**(749)**

[1] Exceptional items included in adjusted free cash flow exclude professional fees included in liabilities at year end not paid.

Net Gross Merchandise Value ("GMV") and Net Average Booking Value ("ABV")

Definition: Net GMV represents the gross transaction value of bookings on our platform less cancellations. Net ABV represents the average value paid by a customer for a net booking.

Why we use them: Net GMV demonstrates the total value of transactions executed through our platform. Net ABV is an APM which measures the average value paid by a customer for a booking.

Reconciliation between net GMV to net revenue for the year:

	2023 €'000	2022 €'000
GMV (100% deposit)	717,180	541,697
Cancellations	(98,524)	(71,625)
Net GMV (100% deposit)	**618,656**	**470,072**
Hostelworld commission share:		
Gross revenue	108,626	81,992
Cancellations	(14,909)	(10,831)
Generated revenue	**93,717**	**71,161**
Deferred revenue movement	(690)	(2,165)
Adjustments to revenue[1]	(175)	1,077
Other revenue	296	218
Advertising income	1,185	327
Volume incentive rebates	(1,069)	(928)
Net revenue	**93,264**	**69,690**

[1] Primarily relates to recognition of the cost of refunds, chargebacks and vouchers.

Note: Volume incentive rebates are offered to hostel partners. Recognition of rebates have limited judgement and are recognised based on performance targets for the previous quarters trading volumes measured at midnight on the closing day of a quarter and settled within the following quarter.

Reconciliation between net ABV to net revenue for the year:

	2023	2022
Generated revenue (€'000)	93,717	71,161
Net bookings (#'000)	6,528	4,777
Net ABV generated (€)	**14.36**	**14.90**

Appendix 1: Alternative Performance Measures continued

Direct Marketing Costs as a % of Revenue

Definition: Direct marketing costs as a percentage of revenue is an APM which looks at the percentage of direct marketing cost per value of bookings.

Why we use it: This APM identifies the average direct marketing cost associated with a booking.

We have utilised generated revenue instead of the IFRS measure net revenue in this APM to understand the relationship between bookings/revenue and the direct marketing costs for those. Net revenue includes items such as deferred revenue and other ancillary streams which do not impact the amount spent on direct marketing. This is a change in treatment compared to 2022. In the prior year direct marketing costs as a % of revenue was presented using % of net revenue. A reconciliation from generated revenue to net revenue has been completed on page 217.

	2023 €'000	2022 €'000
Direct marketing costs	46,881	41,393
Generated revenue	93,717	71,161
Direct marketing costs as a % of generated revenue	**50%**	**58%**

Total marketing costs are €47,557k (2022: €42,233k). Within this balance, direct marketing costs total €46,881k (2022: €41,393k). Balance of marketing costs relates to brand marketing which are not a direct cost of revenue.

Remuneration Summary – Executive Directors

Definition: The remuneration summary reflects the Executive Directors' actual pay or value of awards received in a period.

Why we use it: To clearly define any benefits actually received by Directors during the year. The Single Total Figure of Remuneration set out on page 134 defines the single total figure of remuneration received or receivable, as required by the UK regulations. Note 24 to the Group financial statements sets out Directors' remuneration for the period under IFRS and Companies Act 2006. The purpose of this APM is to illustrate the amount actually received by the Executive Directors during the period.

	2023 €'000	2022 €'000
Remuneration Summary – Executive Directors	2,430.7	1,161.8
Add back:		
Bonus receivable	757.7	–
LTIP 2021 grant receivable[1]	1,021.4	–
Remove:		
RSU 2021 issued in 2021[2]	(542.5)	(313.0)
Single Total Figure of Remuneration	**3,667.3**	**848.8**

[1] The amounts in this line relate to the LTIP award granted in April 2021, which was subject to performance conditions measured up to 31 December 2023. Further detail is set out on pages 136 to 138.

[2] In 2021 each Executive Director was granted a Restricted Share Award. The 2021 Restricted Share Award vested in two tranches in 2022 and 2023.

	2023 €'000	2022 €'000
Remuneration Summary – Executive Directors	2,430.7	1,161.8
Remove LTIP[1]	(1554.0)	(313.0)
Include Bonus receivable	757.7	-
Include Directors fees (other Board members)	346.0	346.0
Include IFRS charge LTIPs and RSU	885.7	900.4
Total Directors' remuneration	**2,866.1**	**2,095.2**

[1] Value defined on page 134. Relates to the TSR element of the LTIP 2020 award vested in May 2023 and 100% of the value of the LTIP 2021 award which will vest in May 2024.

Appendix 2: Shareholder Information

Financial Calendar

Annual General Meeting ("AGM")	02 May 2024
Announcement of 2024 Interim Results	08 August 2024

Share Price

During the year ended 31 December 2023, the range of the market prices of the Company's ordinary shares on the London Stock Exchange was:

Closing price at 31 December 2023:	£1.37
Highest closing price during the year:	£1.54
Lowest closing price during the year:	£1.06

Daily information on the Company's share price can be obtained on our website: www.hostelworldgroup.com.

Shareholder's Enquiries

All administrative enquiries relating to shareholdings (for example, notification of change of address, loss of share certificates, dividend payments) should be addressed to the Company's registrars:

UK Registrar

Computershare Investor Services plc
The Pavilions
Bridgewater Road Bristol
BS99 6ZZ
United Kingdom

Irish Registrar

Computershare Investor Services (Ireland) Ltd
3100 Lake Drive
Citywest Business Campus Dublin 24
D24 AK82
Ireland

Company Secretary and Registered Office

Mr. John Duggan
Hostelworld Group plc
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Company Registration Number

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Financial Public Relations

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60 Lower Baggot Street
Dublin 2
D02 KP79
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Banking

Allied Irish Banks, plc
1-4 Lower Baggot Street
Dublin
D02 X342
Ireland

NatWest Commercial Banking
Floor 1
440 Strand
London
WCR2 OQS
United Kingdom

HSBC Bank plc
1 Grand Canal Square
Grand Canal Harbour
Dublin Docklands
Dublin 2

Statutory Auditors

KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Brokers

Numis Securities Limited
45 Gresham Street
London
EC2V 7BF
United Kingdom

Goodbody
2 Ballsbridge Park
Ballsbridge
Dublin 4
D04 YW83
Ireland

Appendix 3: Definition of Terms

Term	Brief Description
ABV	Net average booking value. Equates to net generated revenue/net bookings.
ABR	Average booking revenue. General booking revenue/net bookings.
Adjusted FCF	Adjusted free cash flow. Calculated as adjusted free cash flow as the adjusted EBITDA for the Group before capital expenditure, capitalised development spend, acquisition and disposal of undertakings and adjusting for interest, tax and movements in working capital.
Administration Expenses	Relates to operating expenses of company excluding depreciation, amortisation and impairment charges. Relates to marketing expenses, staff costs, credit card processing fees, exceptional items, foreign exchange movements and other operating costs.
AGM	Annual General Meeting.
AI	Artificial Intelligence.
AIB plc	Lenders new debt facility entered May 2023.
Android	Operating system for mobile phones and tablets.
APM	Alternative performance measures. Non-IFRS measures to monitor the performance of its operations and of the Group as a whole.
BCP	Business continuity plan.
Bednights	Number of booked nights per stay.
BEPS	Base erosion and profit shifting. Discussed in relation to company policy against tax avoidance.
Balance for Better Business group	The Balance for Better Business Review group was established in 2018 by then Taoiseach Leo Varadkar to drive progress towards gender balance in business leadership in Ireland.
Bureau Veritas	Certification body engaged by Hostelworld firstly in 2022, and again in 2023, to perform research on the carbon emissions of the hostelling sector.
CAC	Customer acquisition costs. Equates to marketing costs/new customers acquired in the reporting period.
CDP	Carbon Disclosure Project. A not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.
CEO	Chief Executive Officer – Gary Morrison.
CFO	Chief Financial Officer – Caroline Sherry.
CPO	Chief People Officer – Barry McCabe. Chief Product Officer – New CPO joining Group in April 2024.
CSO	Chief Supply Officer – Fabrizio Giulio.
CTO	Chief Technology Officer – Chris Berridge.
CGUs	Cash generating units. Discussed in relation to valuation views of company assets.
Chairman	Refers to Chairman of the Board – Michael Cawley.
Climate Neutral	Hostelworld were awarded a climate neutral in 2021 and 2022 from South Pole. In 2023 Hostelworld were awarded a "Funding Climate Action" label. To receive an organisation needs to measure their material Scope 1, Scope 2 and Scope 3 emissions associated with their operations in line with GHG protocol, set a reduction target aligned with near-term science-based target requirements, finance climate action equivalent for any residual emissions through certified climate action credits, and disclosure of all details transparently. The Group's climate labels for 2023, 2022 and 2021 were awarded by South Pole. Website: www.southpole.com.

Term	Brief Description
Cloud Costs	Hostelworld completed its migration to the Cloud in 2021, when its technical platform moved from cloud hosted to cloud native. Prior to this Hostelworld utilised datacentres. No costs were capitalised as part of the migration under IAS 38. Cloud hosting costs are expensed as incurred.
CPCs	Cost per clicks. Cost to an advertiser divided by number of clicks on a Hostelworld ad.
Credit Card Fees	Processing fees relating to booking payments and transactions.
CRM	Customer relationship management.
Cookies	Cookies are small text files that are stored on a user's computer or mobile device that are used to store or gather information (such as remembering log-on details so a user does not have to re-enter them when revisiting a website or opening an app) and market to customers.
Counter	Counter App – proprietary property management system.
CSRD	Corporate Sustainability Reporting Directive – New sustainability standard Hostelworld Group will comply with for the 2025 financial year. CSRD modernises and strengthens the rules concerning the social and environmental information that companies have to report. Reporting under CSRD will in accordance with the European Sustainability Reporting Standards (ESRS).
Customers	Our customers are our hostels and accommodation providers hosted on our website and applications. Revenue is derived from technology, data processing and service fees we charge these properties.
Deferred Revenue	This is mainly revenue from bookings with an entitlement to free cancellation where Hostelworld has collected the cash but cannot recognise the booking on the P&L until the last date on which a free cancellation entitlement can be activated. Other products which have a small balance of deferred revenue relate to featured listings and *Roamies*.
DE&I	Diversity, Equity & Inclusion. Our People and our ESG team manage our DE&I and we were awarded Silver Accreditation with Investors in Diversity in 2023.
Direct Margin	Equates to net generated revenue less marketing costs.
Direct Marketing Costs	Paid direct marketing costs, primarily driven by online search. Excludes operating marketing costs such as brand marketing, blogger spend which isn't directly revenue generating.
Domestic Bookings	Bookings where source IP utilised by customer making booking at country level matches destination country of hostel.
DPO	Data Protection Officer.
DTRs	DTR Disclosure Guidance and Transparency Rules sourcebook.
EAP	Employee assistance programme offered to our employees. See people section of the Annual Report.
EBITDA	Profit/(loss) before interest, tax, depreciation and amortisation and excluding exceptional and non-cash items.
ECL	Expected credit loss. Provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to debtor recoverability.
Elevate	Programme in place in Hostelworld until its removal in 2020. The *Elevate* programme gave accommodation providers the opportunity to increase their prominence in search lists dynamically in exchange for a higher commission rate of up to 10% above the relevant base commission rate.

Appendix 3: Definition of terms continued

Term	Brief Description
ELT	Executive Leadership Team. At 31 December ELT were comprised of CEO Gary Morrison, CFO Caroline Sherry, CTO Chris Berridge, Head of Analytics Dave Rooney, Head of Legal John Duggan, CPO Barry Mc Cabe (Chief People Officer), CSO Fabrizio Giulio.
Employees	Headcount employed by the Group including Executive Directors. Number presented for employees does not include Non-Executive Directors.
EPS	Earnings Per Share.
ESG	Environmental Social and Governance – sustainability agenda.
ESRS EFRAG	European Sustainability Reporting Standards and European Financial Reporting Advisory Group. Companies subject to CSRD will have to report according to ESRS. The standards were developed by EFRAG, previously known as the European Financial Reporting Advisory Group, an independent body bringing together various different stakeholders. EFRAG's activities are organised in two pillars: • Financial Reporting Pillar which contributes to the IASB's standard-setting process by providing European views, including through proactive research activities, and provides technical advice to the European Commission on the endorsement of IFRS Standards; and • Sustainability Reporting Pillar which provides technical advice to the European Commission in the form of draft EU Sustainability Reporting Standards and/or draft amendments to EU Sustainability Reporting Standards.
Exceptional Items	Exceptional items which by their nature and size can make interpretation of the underlying trends in the business more difficult.
Existing Customers	Count of customers who have made their 2nd or subsequent bookings with Hostelworld in a specific period.
Experiential Travel	A form of tourism in which people focus on experiencing a country, city or particular place by actively and meaningfully engaging with its history, people, culture, food and environment.
FCF	Free Cash Flow.
FRC	Financial Reporting Council.
Free Channels	Booking channels which have very minimal or no cost associated with them e.g navigating directly to our website, app bookings, SEO, CRM email bookings.
FTSE SmallCap Index	The Financial Times Stock Exchange SmallCap Index.
Funding Climate Action	Hostelworld were awarded South Pole's 'Funding Climate Action' label in 2023. To receive an organisation needs to measure their material Scope 1, Scope 2 and Scope 3 emissions associated with their operations in line with GHG protocol, set a reduction target aligned with near-term science-based target requirements, finance climate action equivalent for any residual emissions through certified climate action credits, and disclosure of all details transparently. The Group's climate labels for 2023, 2022 and 2021 were awarded by South Pole. Website: www.southpole.com.
Gen Z	Generation Z. A person born between 1990s and early 2010s.
Generated Revenue	Gross booking revenue minus impact of cancellations.
GBR	Gross Booking Revenue. Hostelworld's share of GMV made up predominantly of commission.
GDPR	General Data Protection Regulation.

Term	Brief Description
GHG	Greenhouse gas (used in context of emissions produced by Hostelworld).
Gross/Net	'Gross' in reference to a metric which doesn't include the impact of cancelled bookings whereas 'net' is 'gross' minus the impact of cancelled bookings.
Gross Bookings	Count of bookings made in a specific period before cancellations.
GITCs	General Information Technology Controls.
GMT	Global Markets Team – team that deal day to day with supply (hostels) in Hostelworld.
GMV	Gross Merchandise Value. Gross total transaction value of bookings on our platform on which commission is charged.
Goki	Goki PTY Limited. Associate investment made by Hostelworld.
GSTC	Global Sustainable Tourism Council establishes and manages global standards for sustainable travel and tourism. The GSTC criteria form the Foundation Accreditation for Certification Bodies that certify accommodations as having sustainable policies and practices in place.
GTPI	Global Tourism Plastics Initiative that focuses on the eliminating of problematic or unnecessary plastic packaging and items.
HOSCARs	Annual hostel awards operated by Hostelworld. A celebration for the hostels that have done incredible things, in extraordinary circumstances voted for by travellers.
HPS	HPS Investment Partners. Providers of a term loan facility exited in 2023.
IFRS	International Financial Reporting Standard.
Investors in Diversity	Framework to govern diversity practices and culture, an Irish based equality accreditation group.
iOS	Operating system used for mobile devices manufactured by Apple Inc.
ISEQ Index 23	Ireland Equity Market Index 2023 is a benchmark stock market index composed of companies that trade on Euronext Dublin linked to a Balance for Better Business Review group which was established in 2018 by then Taoiseach Leo Varadkar.
kWh	kilowatt-hours.
Leverage	Equates to net debt/adjusted EBITDA.
LGBTQIA+	Lesbian, gay, bisexual, transgender, queer/questioning, intersex, or asexual and a plus to signify all of the gender identities and sexual orientations that are not specifically covered by the other initials (such as pansexual).
Linkups	Social network product which allows customers to set up their own group events for others to join and in the future where hostels can upload their own group event catalogues. Linkups are not a service provided by the Group to hostels in connections with accommodation inventory, and accordingly, are not included in our contract with hostels for IT and data processing services. In 2023 Linkups were a feature offered to drive engagement among the hostels' customer (the travellers), improve loyalty with the Hostelworld brand and platform, enhance customers travel experience, and therefore drive further bookings and revenue for the Group.
Listing Rules	The Transparency Directive and Listing Rules.
LTIP	Long-Term Incentive Plan.
LTV/CLV	Lifetime value/customer lifetime value. The total net generated revenue we can expect to earn from a customer during their booking lifetime with Hostelworld based on statistical modelling.
Long Haul Bookings	Bookings where source IP utilised by customers making bookings at continent level does not match destination continent or country of hostel.

Appendix 3: Definition of terms continued

Term	Brief Description
Marketing as % of Revenue	Equates to direct marketing costs/generated revenue (Gross revenue less cancellations).
Millennial	A person born between the early 1980s and the late 1990s.
Net Bookings	Gross bookings minus cancelled bookings in a reporting period.
NED	Non-Executive Director, independent directors appointed to Board. Positions are held by Michael Cawley (Chairman), Éimear Moloney, Carl G. Shepherd and Evan Cohen.
Net Debt	Equates to short-term debt + long-term debt (including warehoused payroll taxes) less cash and equivalents.
Net GMV	Gross Merchant Value. Gross transaction value of bookings on our platform less cancellations (relates to HWG commission and hostel share).
Net Margin	Equates to net revenue less marketing costs and credit card fees.
New Customers	Count of customers who have made their first booking with Hostelworld in a specific period.
New Customer Revenue	Net generated revenue associated with new customers in the reporting period.
NIST	National Institute of Standards and Technology – Cyber security framework.
OECD	Organisation for Economic Co-operation and Development.
OKRs	Organisation's objectives and key results.
OTA	Online Travel Agent.
Over Tourism	The impact of tourism on a destination, or parts thereof, that excessively influences perceived quality of life of citizens and/or quality of visitor's experiences in a negative way.
OPEX/Operating Expenses	Operational Expenditure – relates to total administration expenses plus depreciation, amortisation and impairments.
Paid Channels	Paid marketing channels through which a customer makes a booking on our platform e.g. Google ad channels and affiliate partnerships.
PAX	Total number of travellers.
PCI	Payment Card Industry.
PCI DSS	Payment Card Industry Data Security Standard.
Platform Modernisation	Internal strategy in place to update legacy technology platforms and infrastructure in place at Hostelworld.
PMS	Property Management System.
PSD2	Payment Service Directive Two.
PTD	The EU Package Travel Directive.
R&D Tax Credit	The Research and Development tax credit in Ireland incentivises companies to invest in research and development by offering up to 25 percent of R&D expenditure as a tax credit or cash, subject to certain conditions being met, alongside the standard 12.5 percent corporation tax deduction.
Return Customer Revenue	Net generated revenue associated with returning customers in the reporting period.
Roamies	A hostel focused adventure tour product run in partnership with G Adventures.
RSU	Restricted Share Option.
SARs	Stock Appreciation Rights.

Term	Brief Description
SAYE	Save As You Earn.
SDG	Sustainable Development Goals.
SEM	Search Engine Marketing.
SEO	Search Engine Optimisation.
SFMP	Sustainable Forest Management Plan – carbon offset programme in 2021 engaged on with South Pole.
Short Haul Bookings	Bookings where source IP utilised by customer making booking at continent level matches destination continent for hostel.
Social Members	Eligible customers who opt-in to the social network.
Social Network	A type of online social media platform which people use to build social networks or social relationships with other people who share similar personal or career content, interests, activities, backgrounds or real-life connections.
South Pole	Partner engaged to assess and validate carbon emissions and make quality climate contributions on behalf of Hostelworld. South Pole awarded Hostelworld with their 2023 Funding Climate Action label. South Pole, recognised by the World Economic Forum's Schwab Foundation, is a leading climate solutions provider and carbon project expert. Website: www.southpole.com
***'Staircase to Sustainability'* Programme**	Hostelworld programme to assist hostels on their journey to being more sustainable and being able to champion those journeys on our site.
TCFD	Taskforce for climate-related financial disclosures.
Total Bednights	Equates to the sum of total passengers x average number of nights per passenger.
Total Passengers	Total number of guests associated with net bookings on our platform in a specific period.
Total Stayed Bednights	Total bednights, adjusted for no-shows.
tCO_2e	Tonnes (t) of carbon dioxide (CO_2) equivalent (e).
TSR	Total Shareholder Return.
UNWTO	UN environment programme and the world tourism organisation.
UNHCR	The UN Refugee Agency – Hostelworld donated all revenue collected from Ukraine hostels from the time of invasion, and matched to the UNHCR.
Unique Customers	Count of unique customers who have made a booking in a specific period.
ViDA	VAT in the digital age (ViDA) is a set of regulations introduced by the EU Commission to update the current VAT system to adapt it for the digital age.
Warehoused Payroll Taxes	Warehousing of tax debt by Irish Revenue Commissioners aimed at assisting businesses who experienced cash-flow and trading difficulties during the COVID-19 pandemic.
30% Club Ireland	The 30% Club is a campaign group of business chairpersons and CEOs taking action to increase gender diversity on boards and senior management teams. It was established in the United Kingdom in 2010 by Helena Morrissey with the aim of achieving a minimum of 30% female representation on the boards of FTSE 100 companies.

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