Trading Statement

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Hostelworld Group PLC
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Hostelworld Group plc ("Hostelworld" or the "Group")

Trading Update

Continued revenue and commission rate growth.

The Board now expects FY 2026 revenue growth of approximately 10%, with adjusted EBITDA margin guidance of c. 20%, in line with our medium-term targets.

FY 2027 net revenue growth now expected to be mid-single digit reflecting current long-haul environment.

Q3 2026 performance: Revenue growth despite long-haul headwinds

- **Continued revenue and net average transaction value growth:**
  - Q3 2026 net revenue[1] of €27.9m (+7% YoY), with net average transaction value[2] of €15.3 (+11% YoY).
- **Record effective commission rate:**
  - Effective commission rate increased to 17.8% in Q3 2026 (Q3 2025: 16.3%), supported by the continued adoption of Elevate.
- **Middle East conflict dampened long-haul volumes:**
  - Net transactions[3] of 1.6m, a decline of −2% YoY.
  - Approximately 30% of our hostel bookings annually are on routes between Europe and Asia or Oceania. We estimate the conflict negatively impacted volumes by about four percentage points, with Asia and Oceania destinations most affected.
  - The softness in long-haul demand has since extended beyond those routes, with higher travel costs and stronger destination currencies weighing particularly on demand between Europe and the Americas.
- **Strong app and social engagement:**
  - App bookings, our most profitable segment, accounted for 64% of net bed-nights (Q3 2025: 62%; FY 2025: 63%).
  - Q3 unique chat users grew 37% and messages sent grew 77% YoY (H1 2026: +26% and +65%).
- **Strategic investment behind growing social member base:**
  - Direct marketing costs as a percentage of generated revenue[4] totalled 48% in Q3 2026 (Q3 2025: 47%), down from 49% in H1 2026.
  - Social members who joined the network on their first trip continue to be the largest, fastest growing and most profitable part of our business. Their net transactions[5] grew 10% year-on-year in the quarter and now account for almost two-thirds of the Group's total transactions, while transactions from non-members declined. The social network remains the Group's key strategic differentiator.

- **EBITDA:**
    - Q3 2026 adjusted EBITDA of €8.3m (Q3 2025: €7.9m)
    - Adjusted EBITDA margin of 30% (Q3 2025: 31%), reflecting continued investment in product and technology.

Year-to-date summary and guidance:

- **Double-digit revenue growth:**
    - Generated revenue[4] has grown year-on-year in every week of 2026 to date.
    - YTD net revenue of €80.1m (+10% YoY), with net transactions of 5.4m (flat YoY) and net average transaction value of €15.1 (+11% YoY).
    - YTD effective commission rate of 17.7% (YTD 2025: 16.0%).
- **Marketing cost within guidance range:**
    - Direct marketing costs of 49% of generated revenue YTD (YTD 2025: 50%).
    - Across the industry, organic web traffic declined during the year. The Group increased investment in paid channels, including paid social to grow its member base. We expect direct marketing to remain within the guidance range for the full year (FY 2025: 48%).
- **EBITDA:**
    - YTD adjusted EBITDA of €16.5m (YTD 2025: €15.4m), a margin of 21%.
- **Strong balance sheet:**
    - Closing cash position of €14.6m and net cash of €3.0m (30 September 2025: cash €10.9m, net cash €6.6m).
    - An interim dividend of 0.83 euro cent per share was paid on 18 September 2026, following completion of a £5m share buyback in April 2026.
- **Strategic growth initiatives:**
    - Third-party budget accommodation and Social Passes continued to grow their contribution to net transactions.
    - OccasionGenius event discovery was integrated across the platform in Q3 2026.
    - In addition, both the social pass and events discovery strengthen the overall social travel proposition.
- **Guidance:**
    - With Asia and Oceania entering their seasonal peak in Q4, we now expect the Middle East conflict, together with the softer long-haul demand between Europe and the Americas, to continue to weigh on volumes for the remainder of the year and into 2027.
    - The Board now expects to deliver FY 2026 revenue growth of approximately 10%, and an adjusted EBITDA[6] in the range of €20.0m to €21.0m (FY 2025: €19.9m), representing an adjusted EBITDA margin of c. 20%.
    - For FY 2027, as the benefit of Elevate on our commission rate annualises and assuming no recovery in long-haul volumes, the Board now expects net revenue growth in the mid-single digits.
    - We will provide further updates to our 2027 growth plans, including our AI-enabled product roadmap, with the full year results.

Gary Morrison, Group Chief Executive Officer, commented:

"Revenue grew 7% in the third quarter and is up 10% year to date, despite the conflict in the Middle East weighing on transaction volumes. Year to date, Elevate lifted our effective commission rate to a record 17.7%, direct marketing was held within our guided range at 49% of generated revenue, and adjusted EBITDA was €16.5m.

Transaction volumes were 2% lower in the quarter. We estimate that underlying growth was circa 4%, the same as in the first half of the year. The conflict reduced our volume growth by approximately four percentage points, up from about three in the first half, concentrated on routes between Europe and Asia or Oceania. The balance arose in roughly equal measure from softer long-haul demand on routes between Europe and the

Americas and from lower organic web traffic, across the industry, as AI answers more searches. Demand within Europe and from North America was broadly flat.

The platform continued to strengthen. Almost two-thirds of our bed-nights are now booked in the app, where the social network lives, and engagement accelerated, with chat users up 37% and messages up 77%. The higher commission rate funded increased investment in paid social to grow the member base. Paid social is a mid-funnel channel we did not use last year. AI now powers how the network matches travellers with each other and surfaces trending conversations. On our property pages, AI summarises travellers' reviews and answers travellers' property related questions directly. Social members continue to book more frequently and at materially higher margin than non-members, and our newer products are making a growing contribution to volumes."

MAR information

This announcement contains inside information for the purposes of Article 7 of the UK version of the Market Abuse Regulation (EU 596/2014) ("MAR") which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is being made on behalf of the Company by Caroline Sherry, Chief Financial Officer.

1. *Net revenue is gross revenue less cancellations, deferred revenue, rebates and accounting adjustments.*
2. *Net average transaction value is generated revenue divided by net transactions.*
3. *Net Transactions includes bookings paid via directly contracted inventory, 3rd party contracted inventory and Social Pass purchases.*
4. *Generated revenue is gross revenue less cancellations and excludes impact of deferred revenue.*
5. *Customers are classified by their social-network status at the end of their first trip and remain in that segment thereafter. Transactions in this measure are counted by trip end date, net of cancellations, across directly contracted inventory, third-party inventory and Social Passes, on the same basis as presented with the 2026 interim results. Net transactions elsewhere in this statement are counted by booking date.*
6. *Company-compiled market consensus for FY 2026 adjusted EBITDA is €22.9m as at 07th October.*

2026 Annual General Meeting Results Update

In accordance with Provision 4 of the UK Corporate Governance Code, Hostelworld provides the following update on Resolution 18, the authority to make political donations and incur political expenditure, which received more than 20% of votes cast against it at the Hostelworld AGM held on 6 May 2026.

Following the AGM, the Group engaged with shareholders who did not support the resolution in order to understand their views. Based on that engagement, the Board understands that the votes against the resolution principally reflected certain shareholders' general voting policies on political donations authorities, rather than concerns specific to the company.

Although the Board is satisfied that seeking the authority was an appropriate precautionary measure, it remains committed to maintaining an open and transparent dialogue with shareholders and, after carefully considering the feedback received, does not intend to propose a similar resolution at the 2027 Annual General Meeting.

For further information please contact:

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About Hostelworld Group

Hostelworld Group plc is a ground-breaking social network-powered Online Travel Agent ("OTA") with a clear mission to help travellers find people to hang out with. Our mission is founded on the insight that most travellers go hostelling to meet other people. Our platform connects travellers through a range of social features, including city and hostel chat rooms, AI-powered recommendations, and event discovery, facilitating real-world interactions before, during and after their trips.

Hostelworld's vision is to be the world's leading social travel platform. Since launching its social network in 2022, the Group has welcomed over 4.2 million social members, with engagement growing faster than stays booked. Social members book approximately twice as frequently as non-members and are three times more likely to use the app, demonstrating the platform's utility and its contribution to customer lifetime value.

Our proprietary dataset, spanning over 4.2 million social members, 23.2 million chat messages and 20 million bookings since launch, strengthens our ability to understand traveller behaviour, personalise experiences, and build network effects that differentiate Hostelworld from generalist OTAs. This data asset, which is exclusively ours and compounds in value as our community grows, underpins our AI-powered matching and recommendation capabilities.

Founded in 1999 and headquartered in Ireland, Hostelworld is a recognised brand with around 275 employees, hostel and accommodation partners across more than 180 countries, and a growing suite of products including budget accommodation and Social Passes that extend the platform well beyond the traditional hostelling category.

Hostelworld has a long-standing commitment to improving the sustainability of the hostelling industry. The Group has introduced a hostel-specific Staircase to Sustainability framework, accredited by the Global Sustainable Tourism Council, which helps partners adopt more sustainable practices while giving travellers clearer information for decision-making. Customers can choose to offset trip emissions, and for the fifth consecutive year the Group has retained the 'Taking Climate Action' label from South Pole.

Disclaimer

This announcement contains forward-looking statements. These statements relate to the future prospects, developments and business strategies of Hostelworld. Forward-looking statements are identified by the use of such terms as "believe", "could", "envisage", "estimate", "potential", "intend", "may", "plan", "will" or variations or similar expressions, or the negative thereof. Any forward-looking statements contained in this announcement are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, Hostelworld's actual results may vary materially from those expected, estimated or projected. Any forward-looking statements speak only as at the date of this announcement. Except as required by law, Hostelworld undertakes no obligation to publicly release any update or revisions to any forward-looking statements contained in this announcement to reflect any change in events, conditions or circumstances on which any such statements are based after the time they are made.

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