

23 May 2017

easyHotel plc

Interim results for the six months ended 31 March 2017 Revenue up 21.2%, 13.2% growth in Adjusted EBITDA and strong development pipeline in place

easyHotel plc (“easyHotel” or the “Company”) (AIM:EZH), the owner, developer, operator and franchisor of "super budget" branded hotels, today announces its interim results for the six months ended 31 March 2017 with trading slightly ahead of the Board’s expectations.

Financial highlights

- Total system sales¹ up 24.7% to £12.05m (31 March 2016: £9.66m)
- Total revenue up 21.2% to £3.14m (31 March 2016: £2.59m)
- Adjusted EBITDA² up 13.2% to £0.65m (31 March 2016: £0.58m)
- Profit before tax down to £0.06m (31 March 2016: £0.14m), reflecting increased costs associated with the expanding development pipeline
- Interim dividend of 0.11p per share (31 March 2016: 0.11p) on the enlarged share base

Business highlights

- Like-for-like revenue for owned hotels increased by 17.4% and for franchised hotels by 6.8%
- Owned hotels significantly outperforming competitor set (source: STR Global)
- Three hotels opened during the period with occupancy of 85%. Two new hotels opened in the last four weeks
- Further expansion of the development pipeline in line with the Group’s strategy
- Investment in new hotel management system on track and due to complete by the end of current financial year
- Strategic decision regarding easyHotel Old Street due by the end of the financial year

Commenting on the results, Guy Parsons, Chief Executive Officer said:

“These results reflect the continued good progress the Group is making against our long-term growth strategy to develop the easyHotel brand as a market leader in “super budget” hotels.

The strong like-for-like performance from our owned and franchised hotels over the period is very encouraging. Our new hotels opened during the period, under our ‘new-look’ format, have traded strongly.

We have a number of exciting opportunities in our development pipeline and the Board believes that the strength of the brand and our leading position in the branded super budget market means we are well positioned to capitalise on consumer desire to seek out the best value.

Whilst we are mindful of the broader political and economic uncertainty and the impact this is having on consumer confidence, full year trading is on track to meet the Board’s expectations.”

¹ Total system sales is the full amount that the customer pays for owned and franchised hotels, including initial sign-on fees paid by franchisees to the Company

² Adjusted EBITDA represents Earnings before Interest, Taxation, Depreciation and Amortisation, adjusted for pre-opening costs related to the development of hotels, organisational restructuring costs, share based payments and other non-recurring items (see Group Statement of Comprehensive Income statement)

Enquiries:

easyHotel plc

Guy Parsons, Chief Executive Officer
Marc Vieilledent, Chief Financial Officer

www.easyhotel.com

<http://ir.easyhotel.com>

Investec (Nominated Adviser and Broker)

Chris Treneman / David Anderson

+44 (0) 20 7597 5970

Hudson Sandler (Financial PR)

Wendy Baker / Emily Dillon

+44 (0) 20 7796 4133

Notes to Editors:

easyHotel is the owner, developer, operator and franchisor of branded hotels. Its strategy is to target the "super budget" segment of the hotel industry by marketing "clean, comfortable and safe" hotel rooms to its customers.

Operating hotels

easyHotel's five owned hotels currently comprise 590 rooms, and it has a further 20 franchised hotels with 1,750 rooms.

Owned hotels:

Old Street (London), Glasgow, Croydon, Birmingham, Manchester

Franchise locations:

Belgium (Brussels), Bulgaria (Sofia), Germany (Berlin, Frankfurt), Hungary (Budapest), The Netherlands (Amsterdam: City, Arena & Zaandam, Rotterdam, The Hague), Switzerland (Basel, Zurich), UAE (Dubai), United Kingdom (Edinburgh, London Heathrow, Central London, Luton).

Hotel development pipeline

The Company's committed development pipeline of owned and franchised hotels currently consists of:

Owned hotels:

United Kingdom (Liverpool, Ipswich, Sheffield), Spain (Barcelona)

Subject to planning consent: United Kingdom (Leeds)

Franchise hotels:

UAE (Dubai), Germany (Bernkastel-Kues), Portugal (Lisbon), Turkey (Istanbul), Nepal (Kathmandu), UK (Belfast, Reading)

Website: www.easyHotel.com

Overview

easyHotel has delivered a good performance in the first six months of the financial year with trading slightly ahead of the Board's expectations. Total revenue rose by 21.2% to £3.14m (31 March 2016: £2.59m) These improved results reflect the continued good progress the Company is making in the execution of its strategy to develop the easyHotel brand as a market leader in "super budget" hotels.

Like-for-like owned hotel revenue grew by 17.4%, and like-for-like franchise revenue grew by 6.8% as the Group continued to benefit from the revenue management strategy implemented in December 2015. Furthermore, owned hotels once again significantly outperformed their competitive sets, according to STR Global.

Adjusted EBITDA² increased by 13.2%, reflecting the strong trading performance across both owned and franchised hotels and adjusted profit before tax was up slightly at £0.34m (31 March 2016: £0.32m). The increase in pre-opening and depreciation and amortisation costs relating to the increased development of new hotels adversely impacted reported profit before tax which was down at £0.06m (31 March 2016: £0.14m).

In line with its investment strategy and following a successful equity placing in October 2016, easyHotel has continued to expand its network with new hotel openings and further additions to the Group's development pipeline to underpin long term growth.

A new owned hotel (**Birmingham**) and two franchise hotels (**Brussels and Amsterdam Arena**) opened during the period and have traded strongly, achieving 85% occupancy. One new owned hotel (**Manchester**) and one new franchise hotel (**Amsterdam Zaandam**) opened in the last 4 weeks. In total, the new hotels have added a further 535 rooms to the network.

In addition, continued progress was made in the execution of the Group's strategy to further grow its hotel network including new owned hotel development projects in **Sheffield** and **Leeds** and signed franchise projects in **Belfast, Reading and Nepal**.

Strategy

easyHotel's growth strategy remains focused on the rollout of owned hotels, in the United Kingdom and key cities in Europe, through the identification and acquisition of suitable sites for new build hotels and buildings for conversion. Alongside growth of the owned hotel portfolio, the Group continues to leverage the strength of the brand to attract partners and extend the franchise network, without direct capital investment by the Group.

The successful equity placing in October 2016, which raised £38m (gross) additional equity capital, and the £12m refinancing of an existing bank facility in the period, provide funds to finance further growth of the Group's identified owned hotel development pipeline, in line with the Board's strategy.

Financial Performance

Overall trading for the first six months to 31 March 2017 was slightly ahead of the Board's expectations.

Revenue

Total revenue was up 21.2% to £3.14m (31 March 2016: £2.59m).

Owned hotel revenue increased 20.5% during the period to £2.44m (31 March 2016: £2.02m), reflecting strong trading at **Old Street, London, Croydon** and **Glasgow** hotels as well as the successful opening of **Birmingham** in February 2017.

Like-for-like owned hotel revenue was up 17.4%, outperforming the competitive set (source: STR Global), as the Company fully benefited from the new revenue strategy first implemented in December 2015.

Total franchise revenue increased by 23.4%, to £0.70m (31 March 2016: £0.57m), primarily as a result of the strong performance of existing hotels and the successful openings of **Brussels** (October 2016) and **Amsterdam-Arena** (November 2016) hotels.

Like-for-like franchise revenue increased by 6.8%.

Adjusted EBITDA and profit before tax

Adjusted EBITDA² was up 13.2% at £0.65m (31 March 2016: £0.58m), reflecting the strong trading of both owned and franchised hotels, partially offset by additional investment necessary to support the growth of the Company.

After taking into account the increase in depreciation and amortisation costs to £0.27m (31 March 2016: £0.22m) and net finance expense to £0.05m (31 March 2016: £0.03m), all relating to the progress made in the Company's hotel development strategy, adjusted profit before tax stated before pre-opening costs, share based payments and other non-recurring items was up marginally to £0.34m (31 March 2016: £0.32m),

The owned hotel profit before tax was broadly flat at £0.78m (31 March 2016: £0.81m), franchised hotel profit before tax was up to £0.42m (31 March 2016: £0.32m) and corporate office expenses and interest were £0.86m (31 March 2016: £0.81m).

Reported profit before tax was £0.06m (31 March 2016: £0.14m), after taking into account pre-opening costs of £0.11m (31 March 2016: £0.05m) as well as share based payments and other non-recurring items of £0.16m (31 March 2016: £0.13m).

Cash flows and Balance Sheet

During the first half of the year, cash and cash equivalents increased to £36.31m (30 September 2016: £13.66m), primarily due to receipt of proceeds from the equity placing of £36.72m (net of expenses), net bank debt refinancing of £3.94m, net cash generated from operations of £0.63m, less net cash used in investing activities of £18.23m, and dividend payments of £0.22. Total non-current assets increased to £47.20m (30 September 2016: £30.61m).

Earnings per share and dividend

Basic earnings per share was 0.01p (31 March 2016: 0.14p).

The Board has announced an interim dividend of 0.11p per ordinary share (31 March 2016: 0.11p) on the enlarged share base. The interim dividend will be paid on 30 June 2017 to those shareholders on the register at the close of business on 2 June 2017. The shares will go ex-dividend on 1 June 2017.

Review of operations

Revenue management & distribution

During the period the performance of the Group's hotels continued to significantly benefit from the Group's marketing initiatives and dynamic pricing strategy. It remains focused on driving sales via the Group's own website and improving the customers' web journey to further drive RevPAR growth. Additionally, the Group sells a controlled number of rooms via online travel agents. The benefits of this strategy has been reflected in the strong like-for-like owned and franchise hotel revenue performance.

As previously announced, the Group is investing in a new hotel management system which will support the Group's positive trading momentum. The new booking engine and yield management system are on schedule to be rolled out to the whole network by the end of the current financial year.

Owned hotels

The Group's owned hotels in **Old Street London**, **Croydon** and **Glasgow** all performed strongly during the period, reporting like-for-like revenue growth of 17.4%. These hotels have continued to significantly outperform their competitive sets (Source: STR Global).

Whilst the Group believes it will continue to deliver like-for-like revenue growth above the wider budget sector in the UK, this outperformance is likely to be less significant as the Group's results start to reflect the annualised benefits of its revenue management strategy.

In addition, the Group benefited from a revenue contribution from its new hotel in **Birmingham** which opened in February 2017. The new 86-room hotel has traded strongly since opening with occupancy at 85% reflecting positive guest feedback. This is the first owned hotel to open with the 'new look' format. The fresher and more contemporary design for both bedrooms and public areas has been developed to maximise the use of space with the customers' needs in mind.

Following the unsuccessful appeal against Islington Borough Council's refusal of retrospective planning permission at its Old Street Hotel, the Group is considering its options. These include the continuing to operate the (remaining) 92 bedroom hotel and a sale or partial sale of the building to release capital to fund future higher yielding development projects. Any sale will be above the current Net Book Value of the asset of £12.9m at 31 March 2017. The Group will close the third and fourth floors of the hotel, removing those rooms from the inventory from 3 October 2017. The Board expects to reach its decision by the end of the current financial year, regarding its strategic plan for the site.

Since the half year end, the Group opened easyHotel **Manchester**, a 115-room hotel in the heart of the city. In line with its other recent openings, guest feedback has been very positive and the hotel is trading strongly.

Franchise partners

Franchise hotels have continued to trade strongly with like-for-like revenue for the first six months up 6.8% year on year reflecting the strength of the easyHotel brand across Europe.

Total franchise revenues benefited from two new hotel openings in the period, adding a further 238 rooms to the easyHotel network. Both **Brussels** and **Amsterdam Arena** have traded strongly since opening.

Amsterdam-Zaandam, a 96-room hotel in The Netherlands opened on 22 May 2017.

Development pipeline

The Group's total committed pipeline of development projects now comprises 1,837 rooms under development, 601 of which are owned and 1,236 are being developed by franchise partners. The Group is currently in discussions with a number of parties regarding further owned development opportunities with 2,000 rooms under negotiation, of which 700 have Board approval, and franchise opportunities (1,000 rooms).

Owned development pipeline

Following the equity placing in October 2016, the Group has continued to make progress against its disciplined investment strategy. In the first half of the financial year, a record number of properties and sites were identified and assessed for their suitability for conversion to or development of an easyHotel, and two new projects in target northern powerhouse cities in the United Kingdom were added to our development pipeline.

In **Sheffield**, a long leasehold property has been acquired and planning permission obtained for conversion of the building into a 131-room hotel. In **Leeds**, a 250-year leasehold property was conditionally acquired and, subject to planning permission, the Group plans to convert the building into a 94-room hotel. Both hotels are expected to open in 2018.

The official commencement of construction for the 204-room new build hotel in **L'Hospitalet de Llobregat, Barcelona** was marked by a first stone laying ceremony in early March 2017. Construction is progressing to plan and the new hotel is expected to open in 2018.

Conversion of the freehold property in Northgate Street, **Ipswich** is progressing and, following improvements in the design, the hotel is now expected to open in 2018.

Conversion of 47 Castle Street in **Liverpool** to a 78-room hotel is almost complete and the hotel is expected to open during the summer of 2017.

15 further projects have been identified and approved by the Board during the period. Some of these have subsequently been rejected following detailed surveys as the projects were not likely to meet the Group's target of 15% unlevered return on capital employed at maturity. A number of projects are currently progressing towards exchange and the Board continues to assess further opportunities.

In a limited number of specific locations where land costs are prohibitively high but demand for a hotel is strong, which means that the acquisition of the site would not meet the Group's target returns, the Board is considering developing hotels using an operating lease model.

Franchise development pipeline

The Group's franchise hotel model enables easyHotel to leverage the strength of its brand, increase brand awareness and extend its network without direct capital investment from the Group.

Two franchise hotel projects in the United Kingdom, were announced during the period – a 54-room hotel in **Reading** and an 81-room hotel in **Belfast**. Both hotels are expected to open in early 2018.

Other franchise projects under development are progressing well. **Bernkastel-Kues**, a 100-room hotel, and **Lisbon**, a 101-room hotel, are both expected to open by the end of 2017. Franchise hotels in **Dubai** and **Istanbul** should open in 2018.

Post the period end, the Group announced a Master Development Partnership with IGC Group UK to develop easyHotels in **Nepal**. Recognising the strength of the easyHotel brand, IGC approached the Company and expressed its interest in a franchise agreement to develop easyHotels in Nepal and North India. The franchise agreement is for 300 rooms to be opened in the next three years, with the first hotel to be located in the capital Kathmandu.

The Board is also working on a number of franchise partnership opportunities in the UK, Europe and the Middle East.

Outlook

Trading in the first half of the financial year ending 30 September 2017 was slightly ahead of Board expectations, driven primarily by the Group's strong hotel like-for-like revenue performance.

The Board remains focused on making further progress against its strategy and anticipates adding new, exciting projects to the development pipeline in the second half.

Whilst we are mindful of the broader political and economic uncertainty and the impact this is having on consumer confidence, full year trading is on track to meet the Board's expectations, and the Board continues to believe that the strength of the brand and our leading position in the branded super budget market means we are well positioned to capitalise on consumer desire to seek out the best value.

GROUP STATEMENT OF COMPREHENSIVE INCOME
for the period ended 31 March 2017

	Note	Unaudited 6 months ended 31/03/2017 £	Unaudited 6 months ended 31/03/2016 £	Audited year ended 30/09/2016 £
System Sales		12,050,275	9,663,283	21,315,210
Revenue	2	3,136,817	2,589,057	6,024,255
Cost of sales		(1,353,264)	(966,625)	(2,150,528)
Gross profit		1,783,553	1,622,432	3,873,727
Administrative expenses		(1,674,342)	(1,452,893)	(2,832,382)
Operating profit	3	109,211	169,539	1,041,345
Analysed as:				
Adjusted EBITDA*		650,778	575,013	1,551,092
Non-recurring items		(79,790)	(8,479)	187,105
Hotel pre-opening and development costs		(110,941)	(48,965)	(89,157)
Depreciation and amortisation		(266,249)	(224,048)	(446,518)
Share based payments		(84,587)	(123,982)	(161,177)
		109,211	169,539	1,041,345
Finance income	4	130,947	80,241	248,934
Finance expense	4	(181,077)	(109,260)	(200,078)
Profit before taxation		59,081	140,520	1,090,201
Taxation		(53,703)	(57,448)	(213,429)
Profit for the period attributable to equity holders of the company		5,378	83,072	876,772
Other comprehensive income				
Items that will or may be reclassified to profit or loss				
Exchange gains/(losses) arising on retranslation of foreign operations		(286,444)	41,479	-
Total comprehensive income/(loss) attributable to equity holders of the company		(281,066)	124,551	876,772
Earnings per share				
Basic (pence)	9	0.0	0.1	1.4
Diluted (pence)	9	0.0	0.1	1.4

*Adjusted EBITDA represents Earnings before Interest, Taxation, Depreciation and Amortisation adjusted for pre-opening costs related to the development of hotels, organisational restructuring costs, share based payments and other non-recurring items.

GROUP STATEMENT OF CHANGES IN EQUITY
for the period ended 31 March 2017

6 months ended 31 March 2016
Unaudited

	Share Capital £	Share Premium £	Merger Reserve £	EBT Reserve £	Currency Translation Reserve £	Retained Earnings £	Total £
At 30 September 2015	625,000	28,592,036	2,750,001	(1,067,405)	–	1,542,236	32,441,868
Profit	–	–	–	–	–	83,072	83,072
Other comprehensive income	–	–	–	–	41,480	–	41,480
Total comprehensive income for the period	–	–	–	–	41,480	83,072	124,552
Share based payment charge	–	–	–	–	–	123,982	123,982
Dividends	–	–	–	–	–	(202,538)	(202,538)
Balance at 31 March 2016	625,000	28,592,036	2,750,001	(1,067,405)	41,480	1,546,752	32,487,864

Year ended 30 September 2016
Audited

	Share Capital £	Share Premium £	Merger Reserve £	EBT Reserve £	Currency Translation Reserve £	Retained Earnings £	Total £
At 30 September 2015	625,000	28,592,036	2,750,001	(1,067,405)	–	1,542,236	32,441,868
Profit	–	–	–	–	–	876,772	876,772
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	–	–	876,772	876,772
Share based payment charge	–	–	–	–	–	161,177	161,177
Dividends	–	–	–	–	–	(270,049)	(270,049)
Balance at 30 September 2016	625,000	28,592,036	2,750,001	(1,067,405)	–	2,310,136	33,209,768

6 months ended 31 March 2017
Unaudited

	Share Capital £	Share Premium £	Merger Reserve £	EBT Reserve £	Currency Translation Reserve £	Retained Earnings £	Total £
At 30 September 2016	625,000	28,592,036	2,750,001	(1,067,405)	–	2,310,136	33,209,768
Profit	–	–	–	–	–	5,378	5,378
Other comprehensive income	–	–	–	–	(286,444)	–	(286,444)
Total comprehensive income for the period	–	–	–	–	(286,444)	5,378	(281,066)
Share based payment charge	–	–	–	–	–	84,587	84,587
Dividends	–	–	–	–	–	(218,625)	(218,625)
Share premium	–	–	–	–	–	–	–
Issue of shares	380,000	36,183,756	–	–	–	–	36,563,756
Balance at 31 March 2017	1,005,000	64,775,792	2,750,001	(1,067,405)	(286,444)	2,181,476	69,358,420

GROUP STATEMENT OF FINANCIAL POSITION
at 31 March 2017

		Unaudited 6 months ended 31/03/2017	Unaudited 6 months ended 31/03/2016	Audited year ended 30/09/2016
	Note	£	£	£
Assets				
Non-current assets				
Intangibles		410,235	84,185	149,433
Property, plant and equipment		46,363,433	25,338,970	30,463,074
Long-term deposits		429,037	-	-
Total non-current assets		47,202,705	25,423,155	30,612,507
Current assets				
Trade and other receivables	5	4,102,718	711,521	1,243,243
Cash and cash equivalents	6	36,313,581	17,613,846	13,659,018
Corporate taxation		-	-	-
Total current assets		40,416,299	18,325,367	14,902,261
Total assets		87,619,004	43,748,522	45,514,768
Liabilities				
Non-current liabilities				
Trade and other payables	7	98,167	138,381	85,679
Bank borrowings		11,541,049	-	-
Deferred tax liability		238,239	142,145	193,792
Total non-current liabilities		11,877,455	280,526	279,471
Current liabilities				
Trade and other payables	7	6,304,783	3,743,266	4,706,215
Bank borrowings		-	7,200,000	7,200,000
Corporate taxation		78,346	36,865	119,314
Total current liabilities		6,383,129	10,980,131	12,025,529
Total liabilities		18,260,584	11,260,657	12,305,000
Total net assets		69,358,420	32,487,864	33,209,768
Equity				
Equity attributable to owners of the Company				
Share capital		1,005,000	625,000	625,000
Share premium		64,775,792	28,592,036	28,592,036
Merger reserve		2,750,001	2,750,001	2,750,001
Employee benefits trust (EBT) reserve		(1,067,405)	(1,067,405)	(1,067,405)
Currency translation reserve		(286,444)	41,480	-
Retained earnings		2,181,476	1,546,752	2,310,136
Total equity		69,358,420	32,487,864	33,209,768

GROUP STATEMENT OF CASH FLOWS
for the period ended 31 March 2017

	Unaudited 6 months ended 31/03/2017	Unaudited 6 months ended 31/03/2016	Audited year ended 30/09/2016
	£	£	£
Cash flows from operating activities			
Profit before taxation for the period	59,081	140,520	1,090,201
Adjustments for:			
Profit on disposal of Property, plant and equipment	-	-	(282,675)
Depreciation of property, plant and equipment	266,249	224,048	446,518
Share based payment charge	84,587	123,982	161,177
Finance income	(130,947)	(80,241)	(248,934)
Finance expense	181,077	109,260	200,078
Operating cash flows before movements in working capital	460,047	517,569	1,366,365
(Increase)/decrease in trade and other receivables	(1,569,821)	(3,936)	48,692
Increase/(decrease) in trade and other payables	1,837,280	(715,784)	(503,052)
Cash generated from/(utilised by) operations	727,506	(202,151)	912,005
Corporation tax paid	(50,224)	-	(21,887)
Net cash flows from operating activities	677,282	(202,151)	890,118
Finance income	130,947	80,241	156,351
Finance expense	(181,077)	(109,260)	(200,078)
Net cash generated from/(utilised by) operations	627,152	(231,170)	846,391
Investing activities			
Purchase of property, plant and equipment	(16,514,068)	(4,397,865)	(9,121,952)
Purchase of intangibles	(294,288)	(26,299)	(105,622)
Disposal of Property	-	-	590,009
VAT on investing activities	(1,426,631)	(166,135)	(1,007,908)
Net cash utilised in investing activities	(18,234,987)	(4,590,299)	(9,645,473)
Financing activities			
Proceeds from issue of ordinary share capital	38,000,000	-	-
Capitalised costs related to issue of ordinary share capital	(1,281,522)	-	-
Dividend Paid	(218,625)	(202,538)	(270,049)
Net proceeds in bank loan	3,935,050	-	-
Repayment of bank loan	(180,000)	-	-
Net cash utilised by financing activities	40,254,903	(202,538)	(270,049)
Net increase/(decrease) in cash and cash equivalents	22,647,068	(5,024,007)	(9,069,131)
Cash and cash equivalents at the beginning of the period	13,659,018	22,635,566	22,635,566
Exchange gains on cash and cash equivalents	7,495	2,287	92,583
Cash and cash equivalents at the end of the period	36,313,581	17,613,846	13,659,018

NOTES TO THE INTERIM FINANCIAL INFORMATION for the period ended 31 March 2017

1. Basis of accounting

The interim financial information set out in this interim report has been prepared under the recognition and measurement requirements of IFRS as adopted by the European Union but does not contain all of the disclosures that are required under these standards. Based on these adopted IFRSs, the Directors have applied the accounting policies which they expect to apply when the annual IFRS financial statements are prepared for the year ended 30 September 2017.

The group's accounting policies remain as stated in the group's full annual accounts for the year ended 30 September 2016.

These interim results have not been audited but they have been reviewed in accordance with ISRE 2410 by the Company's auditors BDO LLP. The financial information for the year ended 30 September 2016 does not constitute the company's statutory accounts for that year, these have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006. Copies of this report have been posted or provided electronically to shareholders. Further copies are available free of charge on request from the Company Secretary at the Company's registered office, easyHotel House, 80 Old Street, London EC1V 9AZ.

Basis of preparation – going concern

After making appropriate enquiries and having reviewed the Group's expenditure commitments, current financial projections and future cash flows, together with available cash resources and undrawn committed borrowing facilities, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing these interim results.

2. Revenue

	Unaudited 6 months ended 31/03/2017	Unaudited 6 months ended 31/03/2016	Audited year ended 30/09/2016
	£	£	£
Revenue arises from			
Owned hotel revenue	2,437,289	2,021,985	4,678,253
Franchisee hotel revenue	699,528	567,072	1,346,002
	3,136,817	2,589,057	6,024,255
Revenue by location			
United Kingdom	2,632,477	2,215,165	5,144,034
Europe	446,599	287,444	774,413
Rest of the world	57,741	86,448	105,808
	3,136,817	2,589,057	6,024,255

3. Operating Profit

The following have been included in arriving at operating profit:

	Unaudited 6 months ended 31/03/2017	Unaudited 6 months ended 31/03/2016	Audited year ended 30/09/2016
	£	£	£
Staff costs:			
- Wages and salaries	808,223	763,728	1,279,138
- Social security costs	110,375	108,448	169,944
- Staff recruitment and training	14,842	2,289	18,763
	933,440	874,465	1,467,845
Depreciation and amortisation	266,249	224,048	446,518
Share based payments	84,587	123,982	161,177
Profit on disposal of property, plant and equipment	-	-	(282,675)

Non-recurring items are expenses that are unlikely to occur again in the normal course of business. Hotel pre-opening and development costs relate to expenses incurred or income received in running a property prior to commencement of trading as a hotel.

4. Finance Income and Expense

	Unaudited 6 months ended 31/03/2017	Unaudited 6 months ended 31/03/2016	Audited year ended 30/09/2016
	£	£	£
Finance income includes			
Interest income on financial assets measured at amortised cost	94,381	25,415	59,341
Interest income on amounts due from Benelux franchisee	-	14,287	189,593
Foreign exchange gain	36,566	40,539	-
	130,947	80,241	248,934
Finance expense includes			
Interest expense on financial liabilities measured at amortised cost	(181,077)	(109,260)	(200,078)
	(181,077)	(109,260)	(200,078)

5. Trade and other receivables

	Unaudited 6 months ended 31/03/2017	Unaudited 6 months ended 31/03/2016	Audited year ended 30/09/2016
	£	£	£
Trade receivables	19,696	8,345	20,941
Accrued Income	3,744	11,244	0
Total financial assets other than cash and cash equivalents classified as loans and receivables	23,440	19,589	20,941
Prepayments	478,440	175,745	291,064
VAT receivables	2,199,898	169,140	931,238
Other receivables	-	159	-
Amounts due from franchisees in future	1,400,940	346,888	-
Total trade and other receivables	4,102,718	711,521	1,243,243
Classified as follows:			
Current portion	4,102,718	711,521	1,243,243

There is no material difference between the net book value and the fair values of trade and other receivables due to their short-term nature.

6. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances:

	Unaudited 6 months ended 31/03/2017	Unaudited 6 months ended 31/03/2016	Audited year ended 30/09/2016
	£	£	£
Cash at bank and in transit	36,313,581	17,613,846	13,659,018

7. Trade and other payables

	Unaudited 6 months ended 31/03/2017	Unaudited 6 months ended 31/03/2016	Audited year ended 30/09/2016
	£	£	£
Trade payables	1,302,498	660,409	1,683,444
Other payables	-	30,497	31,257
Amounts payable to franchisees in future	441,756	366,468	450,964
Accruals	477,702	338,937	619,845
Total financial liabilities classified as financial liabilities measured as amortised cost	2,221,956	1,396,311	2,785,510
Other taxation and social security	100,011	49,692	49,276
VAT payable	-	79,675	-
Bookings in advance	3,951,819	2,183,548	1,833,070
Deferred Income	129,164	172,421	124,038
Total trade and other payables	6,402,950	3,881,647	4,791,894
Classified as follows:			
Non-current portion	98,167	138,381	85,679
Current portion	6,304,783	3,743,266	4,706,215
	6,402,950	3,881,647	4,791,894

There is no material difference between the net book value and the fair values of current trade and other payables due to their short-term nature.

8. Segment Information

The Group has two main reportable segments:

- **Owned properties** – This division is involved in hotel operations carried out in the Group’s owned hotels and properties
- **Franchising** – This division involves the Group’s franchise hotel operations, in connection with the license of the Group’s brand name

	Owned properties £	Franchising £	Total £
31 March 2017			
Total revenue from external customers	2,437,289	699,528	3,136,817
Adjusted EBITDA	1,111,287	416,838	1,528,125
Profit before taxation	782,349	416,838	1,199,187
Segment assets	82,844,997	3,934,109	86,779,106
Segment liabilities	(13,517,794)	(3,934,109)	(17,451,903)
Additions to non-current assets	16,471,773	-	16,471,773
Finance income/(expense)	(86,696)	-	(86,696)
Depreciation and amortisation	(242,242)	-	(242,242)
31 March 2016			
Total revenue from external customers	2,021,985	567,072	2,589,057
Adjusted EBITDA	1,087,197	261,776	1,348,972
Profit before taxation	814,938	316,602	1,131,540
Segment assets	40,864,435	2,417,028	43,281,463
Segment liabilities	(8,323,791)	(2,417,028)	(10,740,819)
Additions to non-current assets	3,787,394	-	3,787,394
Finance income/(expense)	(64,725)	54,827	(9,898)
Depreciation and amortisation	(207,534)	-	(207,534)
30 September 2016			
Total revenue from external customers	4,728,151	1,296,104	6,024,255
Adjusted EBITDA	2,570,677	636,385	3,207,062
Profit before taxation	2,014,925	666,015	2,680,940
Segment assets	43,013,707	2,174,506	45,188,213
Segment liabilities	(9,303,902)	(2,174,506)	(11,478,408)
Additions to non-current assets	10,237,533	-	10,237,533
Disposals of non-current assets	(307,334)	-	(307,334)
Finance income/(expense)	(140,737)	-	(140,737)
Depreciation and amortisation	(415,015)	-	(415,015)

8. Segment Information (continued)

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities to the Group's corresponding amounts is shown below:

	Unaudited 6 months ended 31/03/2017	Unaudited 6 months ended 31/03/2016	Audited year ended 30/09/2016
	£	£	£
Adjusted EBITDA of reportable segments	1,528,125	1,348,972	3,207,062
Adjusted EBITDA of corporate office	(877,347)	(773,959)	(1,655,970)
Total adjusted EBITDA	650,778	575,013	1,551,092
Profit before income tax			
Total profit of reportable segments	1,199,187	1,131,540	2,680,940
Corporate office expenses and interest	(864,788)	(809,594)	(1,497,880)
Other non-recurring income/(costs)	(79,790)	(8,479)	157,475
Hotel pre-opening and development costs	(110,941)	(48,965)	(89,157)
Share based payments	(84,587)	(123,982)	(161,177)
Profit before tax per statement of comprehensive income	59,081	140,520	1,090,201
Assets			
Total assets for reportable segments	86,779,106	43,281,463	45,188,213
Cash in Employee Benefits Trust	1,693	234,075	1,693
Corporation tax	-	-	-
Corporate office assets	838,205	232,984	324,862
Total assets per statement of financial position	87,619,004	43,748,522	45,514,768
Liabilities			
Total liabilities for reportable segments	(17,451,903)	(10,740,819)	(11,478,408)
Corporation tax	(78,346)	(36,865)	(119,314)
Corporate office liabilities	(492,096)	(340,828)	(513,486)
Deferred tax liability	(238,239)	(142,145)	(193,792)
Total liabilities per statement of financial position	(18,260,584)	(11,260,657)	(12,305,000)

9. Earnings per share

Basic earnings per ordinary share is calculated using a weighted average number of ordinary shares in issue during the financial period, excluding those held by the Employee Benefit Trust (EBT), of 95,825,549 (31 March 2016: 61,375,000; 30 September 2016: 61,375,000). Diluted earnings per ordinary share is calculated using a weighted average number of ordinary shares in issue during the financial period, excluding those held by the EBT and adjusted for dilutive potential ordinary shares, of 95,825,549 (31 March 2016: 61,375,000; 30 September 2016: 61,375,000). The company has 1,323,829 (31 March 2016: 846,583; 30 September 2016: 846,583) potentially dilutive shares as a result of share options, issued or outstanding. None of these are considered to be dilutive as the performance conditions attached to them have not yet been met. Earnings consist of profit for the period attributable to the shareholders amounting to £5,378 (31 March 2016: £83,702; 30 September 2016: £876,772).

10. Events after the reporting date

There are no events after the reporting date of a material nature that require additional disclosure.

INDEPENDENT REVIEW REPORT TO EASYHOTEL PLC

Introduction

We have been engaged by the company to review the interim financial information in the interim results for the six months ended 31 March 2017 which comprises the Group Statement of Comprehensive Income, the Group Statement of Changes in Equity, the Group Statement of Financial Position, Group Statement of Cash Flows, and the related notes.

We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial information.

Directors' responsibilities

The interim results, including the interim financial information contained therein, are the responsibility of and have been approved by the directors. The directors are responsible for preparing the interim results in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the interim results be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the company a conclusion on the interim financial information in the interim results based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorized to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information in the interim results for the six months ended 31 March 2017 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

BDO LLP
Chartered Accountants and Registered Auditors
55 Baker Street
London W1U 7EU
United Kingdom
22 May 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).