

23 May 2018

easyHotel plc
INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2018

Strong market outperformance driving sustained growth

Continued acceleration of development pipeline

easyHotel plc (“easyHotel”) (“the Group”) (AIM: EZH) the owner, developer and operator of super budget branded hotels, today announces its interim results for the six months ended 31 March 2018 (“the period”).

Financial highlights

Six Months Ended 31 March	2018	2017	
Total system sales ¹	£16.10m	£12.05m	+33.6%
Revenue	£4.76m	£3.14m	+51.7%
Adjusted EBITDA ²	£0.98m	£0.65m	+51.0%
Profit before tax	£0.09m	£0.06m	+52.5%
Interim dividend per share (pence)	0.07p	0.11p	

(Cash distribution maintained on an enlarged share base)

Business highlights

Continued market outperformance

- Owned hotels Revpar³ up 11.2%, significantly outperforming the market by 11.7%
- Franchise hotels performing well with like-for-like revenue increasing by 13.5%
- Adjusted EBITDAR² margin increasing to 23.6% (H1 2017: 20.7%)

Network expansion - new openings expected to increase Group’s room portfolio by 38% by the end of the calendar year

- Three new hotels totalling 269 rooms opened during the period, all trading in-line with expectations
- Four new owned hotels (517 rooms) and five new franchised hotels (411 rooms) scheduled to open this calendar year
- 453 owned rooms and 221 franchised rooms added to the development pipeline since 1 October 2017
- Strong balance sheet with significant headroom to fund investment pipeline with net cash as at 31 March 2018 of £58.1m (30 September 2017: £21.2m) following the recent fund raise.

Commenting, Guy Parsons, CEO of easyHotel plc, said:

“easyHotel delivered another strong performance in the first half of our financial year, growing market share in every market in which it operates. The Group’s successful £50 million fundraising is already

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). Adjusted EBITDAR reflects Adjusted EBITDA before rent.

³ The Croydon and Glasgow hotels were refurbished during the period and the Old Street hotel operated with 92 rooms vs 162 rooms for the same period last year. On this basis, the Group is unable to report on a like for like Revpar basis.

fuelling further expansion and since the placing completed in March 2018 we have been delighted to announce further additions to our development pipeline with new sites acquired in Cambridge and Chester.

“As has been widely reported, industry data points to more challenging trading conditions in the overall UK hotel market whilst the European market continues to perform well. Our growing portfolio of European hotels are trading strongly. Whilst we remain mindful of UK consumer sentiment we believe our super budget offer is appropriately aligned to the needs of discerning and value conscious customers. Group trading remains in line with our expectations and we expect the brand to continue to outperform the market.

“easyHotel now has a growing network of stylish hotels, a strengthening brand, a talented team and strong, asset-backed balance sheet with significant headroom to fund further investment. We will continue to seize opportunities in our UK, European and international markets, balancing our owned hotel development between UK and European assets to create value for our shareholders and underpin the long-term growth of the easyHotel brand.”

Enquiries:

easyHotel plc

Guy Parsons, Chief Executive Officer

www.easyhotel.com

Marc Vieilledent, Chief Financial Officer

<http://ir.easyhotel.com>

Investec (Nominated Adviser and Broker)

+44 (0) 20 7597 5970

David Anderson

Houston PR (Financial PR)

+44 (0) 20 3701 7660

Kate Hoare

Notes to Editors:

www.easyhotel.com <http://ir.easyhotel.com>

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 seven owned hotels currently comprise 702 rooms, and it has a further 20 franchised hotels with 1,728 rooms.

Owned hotels:

United Kingdom: Old Street (London), Glasgow, Croydon, Birmingham, Manchester, Liverpool, Newcastle*.

Franchise locations:

United Kingdom: Edinburgh, London Heathrow, Central London, Luton.

Europe: Belgium (Brussels), Bulgaria (Sofia), Germany (Berlin, Frankfurt), Hungary (Budapest), The Netherlands (Amsterdam: City, Arena & Zaandam, Rotterdam, The Hague, The Hague Scheveningen Beach), Switzerland (Basel, Zurich).

International: UAE (Dubai).

Hotel development pipeline

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

Owned hotels:

United Kingdom: Ipswich, Sheffield, Leeds. Subject to planning consent: Milton Keynes, Cardiff, Oxford*, Cambridge* and Chester.

Europe: Spain (Barcelona).

Franchise hotels:

United Kingdom: UK (Belfast, Reading)

Europe: Germany (Bernkastel-Kues), Netherlands (Maastricht), Portugal (Lisbon), Spain (Malaga)

International: Iran, Sri Lanka, Turkey (Istanbul), UAE (Dubai).

*Hotels under an operating lease.

OVERVIEW

easyHotel continued to make excellent progress in the first six months of the financial year. The brand has significantly outperformed its competitors, with a strong trading performance across the Group's portfolio of 27 international hotels delivering sustained year-on-year growth.

Total revenue grew by 51.7% to £4.76m (H1 2017: £3.14m) with Adjusted EBITDA increasing by 51.0% to £0.98m (H1 2017: £0.65m).

The Group is focused on taking advantage of the opportunities within its markets, by leveraging the brand's reputation as a leader in super budget hotels to increase market share within its existing network and expanding the Group's footprint in popular European and international destinations.

During the period the Group's owned hotel portfolio delivered Revpar³ growth of 11.2% increasing to £36.60 (H1 2017: £32.90), outperforming its competitive set by 11.7% (source: STR Global). Like-for-like revenue from franchised hotels increased by 13.5%, with a particularly strong performance in Continental Europe.

Three new hotels were opened during the period in Liverpool, Newcastle and The Hague (Scheveningen Beach) adding a further 269 rooms to the Group's network.

A further 674 rooms were also added to the Group's development pipeline since 1 October 2017, with a successful £50 million (before expenses) equity fundraising completed during the period. The proceeds are already being deployed to fund the acceleration of the Group's owned hotel development pipeline.

STRATEGIC PROGRESS

In 2016 the Group outlined a clear long-term growth strategy, which is at the heart of our business model and is focused on four key areas:

1. Customer understanding
2. Maximising revenues
3. Market opportunity
4. Driving shareholder returns

1. Customer understanding

When booking a budget hotel, our customers will prioritise two key elements: location and price. As a brand, our focus is on ensuring that easyHotel is simple to do business with. Our new hotels are being developed in-line with rigorous brand guidelines. Rooms are carefully designed, prioritising the essentials, including a great bed and well-appointed bathrooms. Our staff are friendly and well trained. Customer recommendation is an important reflection of the progress we continue to make here and we are pleased to have seen continued improvements in the Group's TripAdvisor scores.

2. Maximising revenues

The introduction of our new revenue management system in 2017 has underpinned the strong trading performance for the period. Owned hotel Revpar³ was up 11.2% with occupancy rates across our owned hotels rising to 85.5% (H1 2017: 85.1%) and Average Daily Rate ("ADR") increasing to £41.59 (H1 2017: £38.40). Like-for-like franchise revenue increased by 13.5% with total franchise occupancy rates rising to 85.0% (2017: 80.8%) and ADR increasing to £48.17 (2017: £44.64).

As part of our focus on improving our customers' journey we launched our new website in January 2018. Since then we have seen a 15% increase in the conversion rate from customer visits to completed bookings.

3. Market opportunity

The long-term structural growth drivers in the branded budget hotel sector remain strong. In the UK the budget hotel sector has grown faster than any other sector in the hotel industry for the last thirty years and is forecast to continue to do so (source: Melvin Gold Consulting Ltd). In overseas markets we see a strong opportunity for the brand, particularly in Continental Europe.

The Group continues to target carefully selected locations to expand its portfolio of owned and franchised hotels. For owned hotels, the Group believes there is potential for approximately 12,000 easyHotel rooms primarily in the UK, Spain, France and Germany with an additional opportunity for approximately 15,000 franchised easyHotel rooms across the UK, Europe and the Middle East.

The Group believes that the opportunity to develop owned hotels in key gateway European cities is significant and has decided to increase both its resource and its exposure to mainland Europe, to balance the number of UK and European hotel openings.

New openings

During the period three new hotels were opened, including a new owned 78-room hotel in Liverpool and the acquisition and opening of a 104-room leased hotel in Newcastle. The Group also opened the 87-bedroom franchised easyHotel at The Hague, Scheveningen Beach in March 2018. All three hotels have traded in-line with expectations.

Development pipeline

The Group continues to make excellent progress in expanding its development pipeline.

Owned development pipeline

Since 1 October 2017 the Group has added a further 453 rooms to its owned hotel development pipeline with plans for new hotels in Cardiff, Milton Keynes, Cambridge and Chester. All four hotels are anticipated to open in 2019.

New hotel projects currently under construction and which are all expected to open in this calendar year include Leeds (93 rooms), Sheffield (131 rooms), Ipswich (89 rooms) and Barcelona (204 rooms).

The Group continues to have under review a large number of investment opportunities in both the UK and Europe, including the pipeline of owned hotels identified at the time of the fundraising announced in February 2018.

Franchised development pipeline

In November 2017 the Group announced a further two franchised hotels (162 rooms) under development in The Hague, Scheveningen Beach, which opened in March 2018, and Maastricht, scheduled to open in the second half of 2018. In March 2018 the Group also announced that it had signed an agreement for the development of a 146-room hotel in Malaga, Spain.

Other new franchise hotels currently under construction include Lisbon (101 rooms), Bernkastel-Kues (100 rooms), Belfast (81 rooms) and Reading (54 rooms) which are all planned to open this calendar year.

In addition to the UK and mainland Europe, the Group also has hotels under development in Bur Dubai (300 rooms), Istanbul (300 rooms), Iran (500 rooms) and Sri Lanka (200 rooms). These are anticipated to open over the course of the next two years and beyond and will, on completion, enhance the Group's international position as the super budget hotel brand of scale.

Funding to accelerate owned hotel development pipeline

On 22 February 2018 the Group announced a successful placing of new ordinary shares to raise £50m (before expenses). The proceeds of the placing will primarily be used to fund the acceleration of the Group's owned hotel development pipeline across the UK and Europe.

4. Delivering Shareholder Returns

Operational efficiency is an important area of focus for the Group. Costs are carefully managed, and our operating margins are high. Adjusted EBITDAR² margin increased to 23.6% for the period (31 March 2017: 20.7%).

The Board adopts strict investment criteria for its hotel developments, targeting a Group blended ROCE of 15%, based upon mature EBITDA. The Group's newly opened hotels have traded particularly strongly during the period, ahead of management's original expectations. Following the success of the new brand style, the Group also completed a £1.5m refurbishment of its Croydon and Glasgow hotels in March 2018, bringing both hotels into line with the new easyHotel brand look. We have been pleased with the initial customer response and are confident the improvements will be earnings enhancing.

The Board continues to focus on the development of its franchised estate. Franchised hotels contribute high incremental margin, contribute to the brand marketing budget and broaden the easyHotel brand presence without the need for direct capital investment. Franchisees also see significant returns and we believe that the outperformance of our new format owned hotels will have a positive impact on future franchise enquiries.

FINANCIAL REVIEW

Revenue

Total Group revenue was up 51.7% to £4.76m (31 March 2017: £3.14m).

Owned hotel revenues, including other income, increased by 62.3% during the period to £3.96m (31 March 2017: £2.44m), reflecting the impact of hotel openings in 2017: Birmingham (February), Manchester (April), Liverpool (November) and Newcastle (December) and despite the planning related loss of 70 rooms from October 2017 at Old Street, London, and the temporary refurbishment impact on trading for both the Croydon and Glasgow hotels between November 2017 and March 2018.

Owned hotel Revpar³ was up 11.2% to £36.60 (31 March 2017: £32.90) with the hotels outperforming their competitive set by 11.7% (source: STR Global).

Total franchise revenue increased by 14.8%, to £0.80m (31 March 2017: £0.70m), primarily as a result of the strong performance of existing hotels and the impact of successful openings of Brussels (October 2016), Amsterdam-Arena (November 2016), Amsterdam-Zaandam (May 2017) and The Hague-Scheveningen (March 2018) hotels.

Like-for-like franchise revenue increased by 13.5%.

Adjusted EBITDA and Profit Before Tax

Adjusted EBITDA² was up 51.0% at £0.98m (31 March 2017: £0.65m), reflecting the new hotel openings and strong trading (both owned and franchised hotels), partially offset by the impact of the planning loss of 70 rooms at Old Street, the refurbishment of both Croydon and Glasgow hotels and the continuing investment necessary to support the Company's growth plans. Adjusted EBITDAR² margin was up to 23.6% (31 March 2017: 20.7%).

After taking into account the increase in depreciation and amortisation costs to £0.71m (31 March 2017: £0.27m) relating to the progress made in the Company's hotel development strategy and a net finance income of £0.03m (31 March 2017: net finance expense of £0.05m), adjusted profit before tax stated before pre-opening costs, share based payments and other non-recurring items was unchanged at £0.30m (31 March 2017: £0.33m).

Owned hotel profit before tax was up to £0.94m (31 March 2017: £0.78m). Franchise hotel profit before tax was flat at £0.40m (31 March 2017: £0.42m), reflecting investment during the period to support our long-term growth plans for our franchised business.

Corporate office expenses and interest were £1.04m (31 March 2017: £0.86m).

Reported profit before tax was £0.09m (31 March 2017: £0.06m), after taking into account pre-opening costs of £0.05m (31 March 2017: £0.11m) as well as share based payments and other non-recurring items of £0.16m (31 March 2017: £0.16m).

Cash Flows and Balance Sheet

During the first half of the year, cash and cash equivalents increased to £71.26m (30 September 2017: £33.26m), primarily due to the receipt in March 2018 of proceeds from the equity placing of £48.80m (net of expenses), net bank debt drawdown of £1.07m, less net cash utilised by operations of £0.41m, net cash used in investing activities of £11.13m, and dividend payments of £0.22m.

Net of bank borrowings, net cash was £58.13m (30 September 2017: £21.23m).

Total non-current assets increased to £64.06m (30 September 2017: £52.79m).

Earnings Per Share and Interim Dividend

Basic earnings per share was 0.1p (31 March 2017: 0.0p). Following the successful placing in March 2018, the company has 145,954,546 ordinary shares in issue.

The Board has announced an interim dividend of 0.07p per ordinary share (31 March 2017: 0.11p) maintaining cash distribution on the recently enlarged share base. The interim dividend will be paid on 29 June 2018 to those shareholders on the register at the close of business on 1 June 2018. The shares will go ex-dividend on 31 May 2018.

OUTLOOK

easyHotel delivered another strong performance in the first half of our financial year, growing market share in every market in which it operates. The Group's successful £50 million fundraising is already fuelling further expansion and since the placing completed in March 2018 we have been delighted to announce further additions to our development pipeline with new sites acquired in Cambridge and Chester.

As has been widely reported, industry data points to more challenging trading conditions in the overall UK hotel market whilst the European market continues to perform well. Our growing portfolio of European hotels are trading strongly. Whilst we remain mindful of UK consumer sentiment we believe our super budget offer is appropriately aligned to the needs of discerning and value conscious customers. Group trading remains in line with our expectations and we expect the brand to continue to outperform the market.

easyHotel now has a growing network of stylish hotels, a strengthening brand, a talented team and strong, asset-backed balance sheet with significant headroom to fund further investment. We will

continue to seize opportunities in our UK, European and international markets, balancing our owned hotel development between UK and European assets to create value for our shareholders and underpin the long-term growth of the easyHotel brand.

GROUP STATEMENT OF COMPREHENSIVE INCOME
for the period ended 31 March 2018

		Unaudited 6 months ended 31/03/2018 £	Unaudited 6 months ended 31/03/2017 £	Audited year ended 30/09/2017 £
System Sales*		16,103,636	12,050,275	29,672,176
Revenue	2	4,758,081	3,136,817	8,416,257
Cost of sales		(2,219,160)	(1,353,264)	(3,257,780)
Gross profit		2,538,921	1,783,553	5,158,477
Administrative expenses		(2,473,848)	(1,674,342)	(4,477,957)
Operating profit	3	65,073	109,211	680,520
Analysed as:				
Adjusted EBITDA**		982,690	650,778	2,300,283
Non-recurring items		(33,725)	(79,790)	(398,464)
Hotel pre-opening and development costs		(47,920)	(110,941)	(217,934)
Depreciation and amortisation		(706,028)	(266,249)	(831,414)
Share based payments	3	(129,944)	(84,587)	(171,951)
		65,073	109,211	680,520
Finance income	4	93,283	130,947	270,992
Finance expense	4	(68,237)	(181,077)	(91,193)
Profit before taxation		90,119	59,081	860,319
Taxation		(22,529)	(53,703)	(217,458)
Profit for the period attributable to equity holders of the company		67,590	5,378	642,861
Other comprehensive income				
Items that will or may be reclassified to profit or loss				
- Exchange gains/(losses) arising on retranslation of foreign		(22,368)	(286,444)	(78,958)
Total comprehensive income/(loss) attributable to equity holders of the company		45,222	(281,066)	563,903
Basic (pence)	9	0.1	0.0	0.7
Diluted (pence)	9	0.0	0.0	0.7

*System sales is a non-statutory measure and represents the full amount that the customer pays for our owned and operated hotels, as well as in respect of franchisee-owned and operated hotels (excluding VAT and similar taxes). It also includes initial sign-on fees paid by franchisees to the Company.

**Adjusted EBITDA is a non-statutory measure that 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 FINANCIAL POSITION
at 31 March 2018

		Unaudited	Unaudited	Audited
		6 months ended	6 months ended	year ended
	Note	31/03/2018	31/03/2017	30/09/2017
		£	£	£
Assets				
Non-current assets				
Intangibles		1,065,856	410,235	1,014,325
Property, plant and equipment		62,355,070	46,363,433	51,141,920
Long term deposits		634,770	429,037	636,434
Total non-current assets		64,055,696	47,202,705	52,792,679
Current assets				
Trade and other receivables	5	2,423,797	4,102,718	2,723,821
Cash and cash equivalents	6	71,262,688	36,313,581	33,255,253
Total current assets		73,686,485	40,416,299	35,979,074
Total assets		137,742,181	87,619,004	88,771,753
Liabilities				
Non-current liabilities				
Trade and other payables	7	-	98,167	376,928
Bank borrowings		12,768,304	11,541,049	11,666,089
Deferred tax liability		334,197	238,239	351,488
Total non-current liabilities		13,102,501	11,877,455	12,394,505
Current liabilities				
Trade and other payables	7	5,343,148	6,304,783	5,804,807
Bank borrowings		360,000	-	360,000
Corporate taxation		-	78,346	31,003
Total current liabilities		5,703,148	6,383,129	6,195,810
Total liabilities		18,805,649	18,260,584	18,590,315
Total net assets		118,936,532	69,358,420	70,181,438
Equity				
Equity attributable to owners of the Company				
Share capital		1,459,545	1,005,000	1,005,000
Share premium		113,119,801	64,775,792	64,775,791
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		(101,326)	(286,444)	(78,958)
Retained earnings		2,775,916	2,181,476	2,797,009
Total equity		118,936,532	69,358,420	70,181,438

GROUP STATEMENT OF CASH FLOWS

for the period ended 31 March 2018

	Unaudited 6 months ended 31/03/2018	Unaudited 6 months ended 31/03/2017	Audited year ended 30/09/2017
Cash flows from operating activities			
Profit before taxation for the period	90,119	59,081	860,319
Adjustments for:			
Profit on disposal of Property, plant and equipment	-	-	239,615
Depreciation of property, plant and equipment	706,028	266,249	831,414
Share based payment charge	129,944	84,587	171,951
Finance Income	(93,283)	(130,947)	(206,999)
Finance Expense	59,762	181,077	91,193
Operating cash flows before movements in working capital	892,570	460,047	1,987,493
(Increase)/decrease in trade and other receivables	(436,950)	(1,569,821)	(928,125)
Increase/(decrease) in trade and other payables	(794,895)	1,837,280	1,449,051
Cash generated from/(utilized by) operations	(339,275)	727,506	2,508,419
Corporation tax paid	(69,323)	(50,224)	(148,667)
Net cash generated from/(utilized by) operations	(408,598)	677,282	2,359,752
Investing activities			
Purchase of property, plant and equipment	(10,738,954)	(16,808,356)	(22,709,420)
VAT on investing activities	(389,533)	(1,426,631)	(415,660)
	(11,128,487)	(18,234,987)	(23,125,080)
Financing activities			
Proceeds from issue of ordinary share capital	50,000,000	38,000,000	38,000,000
Capitalised costs related to issue of ordinary share capital	(1,201,447)	(1,281,522)	(1,436,245)
Dividend Paid	(218,625)	(218,625)	(327,939)
Net proceeds in bank loan	1,252,240	3,935,050	11,890,176
Repayment of bank loan	(180,000)	(180,000)	(7,560,000)
Finance income*	93,283	130,947	194,743
Finance expense*	(176,596)	(181,077)	(337,599)
Net cash utilised by financing activities	49,568,855	40,204,773	40,423,136
Net increase/(decrease) in cash and cash equivalents	38,031,770	22,647,068	19,657,808
Cash and cash equivalents at the beginning of the period	33,255,253	13,659,018	13,659,018
Exchange differences on transactions of foreign operations	(24,335)	7,495	(61,573)
Cash and cash equivalents at the end of the period	71,262,688	36,313,581	33,255,253

* The comparative figure for interest expense has been reclassified to better reflect the nature of the cashflows.

GROUP STATEMENT OF CHANGES IN EQUITY
for the period ended 31 March 2018

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	–	–	–	–	(286,444)	5,378	(281,066)
for the period							
Share based payment charge	–	–	–	–	–	84,587	84,587
Dividends	–	–	–	–	–	(218,625)	(218,625)
Issue of Shares	380,000	36,183,755	–	–	–	–	36,563,755
Balance at 31 March 2017	1,005,000	64,775,791	2,750,001	(1,067,405)	(286,444)	2,181,476	69,358,420

Year ended 30 September 2017

Audited

	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	–	–	–	–	–	642,861	642,861
Other comprehensive income	–	–	–	–	(78,958)	–	(78,958)
Total comprehensive income	–	–	–	–	(78,958)	642,861	563,903
for the period							
Share based payment charge	–	–	–	–	–	171,951	171,951
Dividends	–	–	–	–	–	(327,939)	(327,939)
Issue of Shares	380,000	36,183,755	–	–	–	–	36,563,755
Balance at 30 September 2017	1,005,000	64,775,791	2,750,001	(1,067,405)	(78,958)	2,797,009	70,181,438

6 months ended 31 March 2018

Unaudited

	Share Capital £	Share Premium £	Merger Reserve £	EBT Reserve £	Currency Translation Reserve £	Retained Earnings £	Total £
At 30 September 2017	1,005,000	64,775,791	2,750,001	(1,067,405)	(78,958)	2,797,009	70,181,438
Profit	-	-	-	-	-	67,588	67,588
Other comprehensive income	-	-	-	-	(22,368)	-	(22,368)
Total comprehensive income	-	-	-	-	(22,368)	67,588	45,220
for the period							
Share based payment charge	-	-	-	-	-	129,944	129,944
Dividends	-	-	-	-	-	(218,625)	(218,625)
Issue of shares	454,545	48,344,010	-	-	-	-	48,798,555
Balance at 31 March 2018	1,459,545	113,119,801	2,750,001	(1,067,405)	(101,326)	2,775,916	118,936,532

NOTES TO THE INTERIM FINANCIAL INFORMATION

for the period ended 31 March 2018

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, taking into account International Financial Reporting Interpretations Committee (IFRIC) interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. 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 2018.

The group's accounting policies remain as stated in the group's full annual accounts for the year ended 30 September 2017.

This report is not prepared in accordance with IAS 34, which is not mandatory. 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 2017 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 31/03/2018 £	Unaudited 6 months ended 31/03/2017 £	Audited year ended 30/09/2017 £
Revenue arises from			
Owned hotel revenue	3,868,148	2,437,289	6,489,245
Franchisee hotel revenue	802,933	699,528	1,812,159
Other income	87,000	-	114,853
	4,758,081	3,136,817	8,416,257
Revenue by location			
United Kingdom	4,118,484	2,632,477	7,209,316
Europe	592,425	446,599	1,073,830
Rest of the world	47,172	57,741	133,111
	4,758,081	3,136,817	8,416,257

3. Operating Profit

The following have been included in arriving at operating profit:

	Unaudited 6 months ended 31/03/2018 £	Unaudited 6 months ended 31/03/2017 £	Audited year ended 30/09/2017 £
Staff costs:			
- Wages and salaries	1,114,328	1,037,675	2,274,488
- Social security costs	130,877	124,029	271,754
- Staff recruitment and training	52,065	14,842	23,256
	1,297,270	1,176,545	2,569,498
Rent Expense	141,465	-	10,917
Depreciation and amortisation	706,028	266,249	831,414
Share based payments	129,944	84,587	171,951

4. Finance Income and Expense

	Unaudited 6 months ended 31/03/2018 £	Unaudited 6 months ended 31/03/2017 £	Audited year ended 30/09/2017 £
Finance income includes			
Interest income on financial assets measured at amortised cost	93,283	94,381	206,999
Interest income on amounts due from Benelux franchisee	-	-	-
Foreign exchange gain	-	36,566	63,993
	93,283	130,947	270,992
Finance expense includes			
Interest expense on financial liabilities measured at amortised cost	(208,703)	(181,077)	(356,165)
Amount capitalised*	148,941	-	264,972
Foreign exchange loss	(8,475)	-	-
	(68,237)	(181,077)	(91,193)

*Interest expense attributable to construction works has been capitalised to property, plant and equipment.

5. Trade and other receivables

	Unaudited 6 months ended 31/03/2018	Unaudited 6 months ended 31/03/2017	Audited year ended 30/09/2017
	£	£	£
Trade receivables	221,438	19,696	93,591
Accrued Income	28,098	3,744	16,001
Total financial assets other than cash and cash equivalents classified as loans and receivables	249,536	23,440	109,592
Prepayments	406,742	478,440	274,203
VAT receivables	1,758,376	2,199,898	1,305,201
Other receivables	9,143	-	29,886
Amounts due from franchisees in the future	0	1,400,940	1,004,939
Total trade and other receivables	2,423,797	4,102,718	2,723,821
Classified as follows:			
Current portion	2,423,797	4,102,718	2,723,821

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 31/03/2018	Unaudited 6 months ended 31/03/2017	Audited year ended 30/09/2017
	£	£	£
Cash at bank and in transit	71,262,688	36,313,581	33,255,253

7. Trade and other payables

	Unaudited 6 months ended 31/03/2018	Unaudited 6 months ended 31/03/2017	Audited year ended 30/09/2017
	£	£	£
Trade payables	476,092	1,302,498	697,963
Other payables	85,953	-	30,489
Amounts payable to franchisees in future	1,308,267	441,756	998,962
Accruals	2,380,223	477,702	1,463,615
Total financial liabilities classified as financial liabilities measured as amortised cost	4,250,535	2,221,956	3,191,029
Other taxation and social security	110,331	100,011	56,636
VAT payable	-	-	174,872
Bookings in advance	743,057	3,951,819	2,554,677
Deferred Income	239,225	129,164	204,521
Total trade and other payables	5,343,148	6,402,950	6,181,735
Classified as follows:			
Non-current portion	-	98,167	376,928
Current portion	5,343,148	6,304,783	5,804,807
	5,343,148	6,402,950	6,181,735

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 2018			
Total revenue from external customers and other revenue	3,955,148	802,933	4,758,081
Adjusted EBITDA	1,488,073	422,278	1,910,351
Profit before taxation	940,657	402,827	1,343,484
Segment assets	135,535,976	1,144,429	136,645,248
Segment liabilities	(16,525,473)	(1,522,978)	(18,113,366)
Additions to non-current assets	11,751,691	209,197	11,925,732
Disposals to non-current assets	-	-	-
Finance income	93,283	-	93,283
Finance cost (excluding realised foreign exchange losses)	(59,762)	-	(59,762)
Depreciation and amortisation	(580,937)	(19,451)	(600,387)
31 March 2017			
Total revenue from external customers and other revenue	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
Disposals to non-current assets	-	-	-
Finance income	94,381	-	94,381
Finance cost	(181,077)	-	(181,077)
Depreciation and amortisation	(242,242)	-	(242,242)
30 September 2017			
Total revenue from external customers and other revenue	6,604,098	1,812,159	8,416,257
Adjusted EBITDA	3,239,960	1,042,417	4,282,377
Profit before taxation	2,632,860	1,042,417	3,675,277
Segment assets	85,213,653	2,608,410	87,822,063
Segment liabilities	(15,048,156)	(2,335,555)	(17,383,711)
Additions to non-current assets	22,582,910	-	22,582,910
Disposals of non-current assets	(239,615)	-	(239,615)
Finance income	206,999	-	206,999
Finance cost	(91,193)	-	(91,193)
Depreciation and amortisation	(831,414)	-	(831,414)

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 31/03/2018 £	Unaudited 6 months ended 31/03/2017 £	Audited year ended 30/09/2017 £
Adjusted EBITDA of reportable segments	1,910,351	1,528,125	4,282,377
Adjusted EBITDA of corporate office	(927,661)	(877,347)	(1,982,094)
Total adjusted EBITDA	982,690	650,778	2,300,283
Profit before income tax			
Total profit of reportable segments	1,343,484	1,199,187	3,675,277
Corporate office expenses and interest	(1,041,778)	(864,788)	(2,026,609)
Other non-recurring income/(costs)	(33,725)	(79,790)	(158,849)
Hotel pre-opening and development costs	(47,920)	(110,941)	(217,934)
Share based payments	(129,944)	(84,587)	(171,951)
Disposal of non-current assets	-	-	(239,615)
Profit before tax per statement of comprehensive income	90,119	59,081	860,319
Assets			
Total assets for reportable segments	136,680,405	86,779,106	87,822,063
Cash in Employee Benefits Trust	1,593	1,693	1,643
Corporation tax	-	-	-
Corporate office assets	1,060,183	838,205	948,047
Total assets per statement of financial position	137,742,181	87,619,004	88,771,753
Liabilities			
Total liabilities for reportable segments	(18,048,453)	(17,451,903)	(17,383,711)
Corporation tax	47,334	(78,346)	(31,003)
Corporate office liabilities	(423,000)	(492,096)	(824,113)
Deferred tax liability	(381,531)	(238,239)	(351,488)
Total liabilities per statement of financial position	(18,805,649)	(18,260,584)	(18,590,315)

9. Earnings per share

Basic earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the financial period of 104,120,255 (31 March 2017: 95,825,549; 30 September 2017: 97,709,247). Diluted earnings per ordinary share is calculated using the weighted average number of ordinary shares in issue during the financial period of 104,200,717 (31 March 2017: 95,825,549; 30 September 2017: 97,829,994). The company has 1,836,207 potentially dilutive options, issued or outstanding. Earnings consist of profit for the period attributable to the shareholders amounting to £67,588 (31 March 2017: £5,378; 30 September 2017: £642,861).

10. Events after the reporting date

On 11 April 2018, the Group announced the acquisition of the freehold for a site in Chester to develop a new-build 109-bedroom hotel. The acquisition is subject to planning permission.

INDEPENDENT REVIEW REPORT TO EASYHOTEL PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2018 which comprises the Group Statement of Comprehensive Income, the Group Statement of Changes in Equity, the Group Statement of Financial Position, the Group Statement of Cash Flows, and the related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the half-yearly report 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 condensed set of financial statements in the half-yearly financial report 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 authorised 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 Financial Reporting Council 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 condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2018 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

55 Baker Street

London W1U 7EU

United Kingdom

22 May 2018

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