**This Announcement contains inside information within the meaning of the EU Market Abuse Regulation 596/2014 (EU MAR) and EU MAR as in force in the UK, including pursuant to the UK Market Abuse (Amendment) (EU Exit) Regulations 2019.**

# H1 2024 Results

## Solid H1 performance as efficiency gains and operational expertise limit impact of cost inflation
## Announcing €30 million share buy-back,
## Executive Director Appointment and Management Update

## ISE: DHG LSE: DAL

**Dublin and London | 04 September 2024:** Dalata Hotel Group plc ('Dalata' or the 'Group'), the largest hotel operator in Ireland, with a growing presence in the United Kingdom and Continental Europe, announces its results for the six-month period ended 30 June 2024.

Throughout this release, all percentage variance comparisons are made comparing the performance for the six-month period ended 30 June 2024 (H1 2024) to the six-month period ended 30 June 2023 (H1 2023), unless otherwise stated.

| €million | H1 2024 | H1 2023 | Variance |
|---|---|---|---|
| Revenue | **302.3** | 284.8 | +6% |
| Adjusted EBITDA[1] | **107.6** | 103.4 | +4% |
| Profit after tax | **35.8** | 42.0 | -15% |
| Basic earnings per share (cents) | **16.0c** | 18.8c | -15% |
| Adjusted basic earnings per share[1] (cents) | **16.9c** | 18.4c | -8% |
| Free Cashflow[1] | **48.1** | 59.2 | -19% |
| Free Cashflow per Share[1] (cents) | **21.5c** | 26.5c | -19% |
| **Group key performance indicators (as reported)** | | | |
| RevPAR (€)[1] | **110.77** | 109.41 | +1% |
| Average room rate (ARR) (€)[1] | **142.67** | 139.50 | +2% |
| Occupancy % | **77.6%** | 78.4% | -80 bps |
| **Group key performance indicators ('like for like' or 'LFL')** | | | |
| 'Like for like' or 'LFL' RevPAR (€)[1] | **108.57** | 109.41 | -1% |

### Efficiency gains and operational expertise limit impact of cost inflation

- Revenue of €302.3 million, up 6%.
- Adjusted EBITDA[1] of €107.6 million, up 4%.
- 'Like for like' RevPAR[1] of €108.57, down 1% versus H1 2023.
- 'Like for like' Hotel EBITDAR margin[1] down 120 bps to 39.4% (H1 2023: 40.6%) but excellent progress made reducing the impact of payroll inflation through innovation and efficiency projects, in addition to reduced energy pricing.
- Efficiency initiatives contributed approximately 60 bps saving to Hotel EBITDAR margin[1] for the period.
- Profit after tax of €35.8 million, declined by €6.2 million (15%) due primarily to the impact of adjusting items[3] in the period (€4.2 million) in addition to the underlying performance at 'like for like' hotels.
- Free Cashflow[1] generation remains significant; €48.1 million (21.5c) for the first six months of 2024 after refurbishment capex and finance costs.
- Maintaining strong employee engagement scores (H1 2024: 8.9, FY 2023: 8.9) and customer satisfaction scores (H1 2024: 85%, FY 2023: 84%).

### Announcing today:

- The Board has declared an interim dividend of 4.1 cents per share, representing 2.5% growth on the 2023 interim dividend of 4.0 cents per share.
- Pleased to announce a €30 million share buy-back.

### Delivering ambitious growth strategy – estimate further growth ambition of 6,500+ rooms over the medium-term

- UK footprint now exceeds 5,000 rooms (+20% since 31 December 2023) with four new UK Maldron hotels opened this summer:
    - Three leasehold hotels in Manchester (May, 188 rooms), Liverpool (July, 268 rooms) and Brighton (July, 225 rooms). Each hotel operates under a 35-year operating lease and are expected to achieve target Rent Cover[1] of 1.85x by third year of trading;
    - Maldron Hotel Shoreditch (August, 157 rooms), a Dalata-developed freehold hotel in London. Total development spend of c. £73 million.
- Four projects in progress, primarily in the UK, representing an additional 700 rooms.
- Capex requirements for three previously announced development projects in Edinburgh, Manchester and Dublin (503 rooms) estimated to be in excess of €125 million over the next three to four years.
- Considerable financial firepower to fund plans for further expansion in the UK, large European cities as well as maintaining our market share in the larger Irish cities.
- Some signs the leasing market is starting to re-open.

### Balanced capital allocation strategy focused on driving long-term returns with high quality portfolio

- Maintaining a strong asset base to drive performance and growth:
    - €1.7 billion Hotel assets[1] at 30 June 2024, 72% of value is located in Dublin and London;
    - Well-invested portfolio with €11.8 million refurbishment expenditure in H1 2024, including 288 bedroom refurbishments;
    - High quality long-term leases - weighted average lease term of 29.4 years remaining with rent payments largely fixed until 2026.
- Disciplined investment strategy focused on acquisitions, development and leases that meet our return criteria.
- Continue to pay and grow dividend through a progressive policy.
- Net Debt to EBITDA after rent[1] of 1.3x.
- Normalised Return on Invested Capital[1] of 12.6% for the 12 months ended 30 June 2024 (year ended 31 December 2023: 13.8%).

### €30 million share buy-back

- Disciplined growth, capital efficiency and financial strength remain the cornerstones of our capital allocation strategy.
- Announcing today a share buy-back of €30 million.
- The Board considers the launch of a share buy-back programme as appropriate in light of the Group's cash generation and strong balance sheet.
- The Group continues to see exciting opportunities to deploy capital organically and via acquisitions. The Group has substantial headroom under its existing facilities even after taking into consideration the proposed share buy-back and the payment of dividends in line with its dividend policy, to fund its organic growth and acquisition strategy.

### Executive director appointment and management update

- Dalata is pleased to announce the appointment of Corporate Development Director Shane Casserly as Deputy Chief Executive with immediate effect.
- Dalata is also pleased to announce that Chief Operating Officer Des McCann will be appointed to the Board with effect from 1st January 2025.
- Mr Casserly joined Dalata in March 2014 as Head of Strategy and Development and was appointed to the Board as Corporate Development Director in January 2020.
- Mr McCann joined the Group in 2011, and held General Manager positions at several hotels before he was appointed Group General Manager of Clayton Hotels in Ireland in November 2018. In January 2022, he was appointed Chief Operating Officer.

## Continue to progress sustainability strategy

- Achieved 29% reduction in Scope 1 & 2 carbon emissions per room sold achieved in H1 2024 versus H1 2019 compared to a target of 20% reduction on 2019 full year levels by 2026 (27% reduction achieved in 2023).
- Maldron Hotel Shoreditch, London expected to receive BREEAM[2] "excellent" rating.

## Optimising brand proposition as we scale

- Launched major repositioning of our core brands in H1 2024 to more clearly define the customer proposition and positioning of our brands in addition to building awareness as we move into new markets.
- Introduced a new customer experience training programme and courses through the Dalata Academy to embed the new branding across our portfolio and ensure our people can confidently continue to deliver great guest experiences as they bring the Heart of Hospitality to life.
- Positive results to date, with 6% increase in 'LFL'[1] direct room bookings in H1 2024 vs H1 2023, supported also by the consolidation of hotel websites, digital marketing activities and management of social media activities.

## Outlook

The Group's 'like for like' RevPAR[1] was 1% ahead of 2023 levels for July / August. Trade was lower than expected particularly in Regional Ireland and the UK as a result of more measured consumer spending. For the two-month period, RevPAR[1] for the Dublin portfolio was in line with 2023 levels, however July was weaker followed by a stronger August. RevPAR[1] for the Regional Ireland portfolio was also in line with 2023 levels. The UK portfolio achieved 'LFL' RevPAR[1] growth of 3% including the ongoing positive momentum from hotels opened in 2022.

Demand from corporate and international visitors remains strong but we are seeing a softening from more cost conscious domestic customers relative to last year. We continue to see periods of good leisure demand around events. As we look ahead to the balance of the year, we expect these recent trends to continue. The events calendar for the remainder of 2024 looks strong particularly in Dublin. In addition, the impact of the 4.5% Irish VAT rate increase will be fully absorbed from 1 September 2024.

Dalata continues to proactively address inflationary pressures by rolling out new initiatives to drive efficiencies whilst enhancing our customer and employee experiences. We have demonstrated our ability to limit the impact of increasing costs on Hotel EBITDAR margin[1], most notably payroll where minimum wage rates in Ireland and the national living wage rates in the UK have increased substantially since 2022. As we look forward, we remain confident in our ability to respond to inflationary pressures on the business over the medium term.

## Dermot Crowley, Dalata Hotel Group CEO, commented:

*"Today we report our H1 2024 results where we delivered revenue growth of 6% to €302 million and Adjusted EBITDA[1] growth of 4% to €108 million. Trading has been softer than we expected of late and there is a return to a more measured domestic customer spending behaviour in Ireland and the UK.*

*I continue to view Dublin as a great city in which to operate hotels. Despite the digestion of approximately 2,500 (9%) additional rooms in the city since January 2023 and the 4.5% VAT rate increase introduced on September 1st 2023, RevPAR[1] for the period January to July is only down 5.4% versus last year for the market. I am delighted that we outperformed the market with RevPAR[1] for our portfolio down 4.6% for the same period. On the back of a strong events calendar, RevPAR[1] for our Dublin hotels in August was 5% higher than last year. RevPAR[1] for the period January to August was therefore 3% lower than last year. The outlook for the Dublin economy is very encouraging, supported by rising population numbers, a significant growth in employment and strong international visitor numbers.*

*The passenger cap at Dublin Airport is an important issue for our business, and we remain hopeful that it will be resolved in the short term. The ability of Dublin Airport to continue to increase passenger numbers is critical to support further growth in the Irish economy, particularly in the hospitality and tourism sectors which are a key source of employment for the island of Ireland.*

*The culture of innovation, which flourishes at Dalata, is delivering exciting initiatives which have enhanced productivity and are critical in limiting the impact of the significant increase in minimum wage rates in Ireland and national living wage rates in the UK of 20% over the last two years. Collectively, we estimate the initiatives we have rolled out to date contributed to a saving of c. 60 bps* *to Hotel EBITDAR margin[1] for the period. Importantly, we have achieved productivity increases whilst also enhancing customer satisfaction levels and maintaining our very strong employee engagement scores - our people are our greatest asset and we will remain focused on providing an environment where they feel valued and can grow their careers.*

*At Dalata, we are focused on creating long-term value for our shareholders through careful evaluation and balancing of capital allocation considerations. With this foremost in our minds, we believe that now is the right time to buy back some of our shares. We continue to deliver on our ambitious growth strategy, having successfully opened four new hotels in the UK between May and August. I am very proud of the results we have achieved to date which evidence our ability to deliver growth in the UK market, having expanded our UK portfolio from 11 to 22 hotels within three years.*

*I would like to thank my colleagues in our hotels and central office for their continued hard work and dedication that have led to another strong set of results and the opening of four excellent new hotels over a ten week period. I am also very pleased to appoint Shane Casserly to the role of Deputy CEO. Shane was appointed to the Board in January 2020. I expanded Shane's responsibility on taking over as CEO in November 2021 and the title of Deputy CEO more appropriately reflects his contribution across all elements of the business. I'm delighted with the appointment of Des McCann to the Board effective 1 January 2025. I appointed Des as COO in January 2022. He has made an outstanding contribution in the intervening period and will be a great addition to the Board.*

*As I look ahead, I remain very confident on Dalata's future growth prospects as we continue to deliver on our stated growth strategy, becoming a key four-star market player in targeted locations. While the quantum and timing of hotel investments vary from year to year, I am excited by the opportunities we are currently considering. Our ambition is to announce over 6,500 additional rooms over the medium-term across all of our markets as we look to continue to grow in Regional UK, expand our presence in London and the large European cities and maintain our market share in Ireland. Dalata's strong financial position and our experienced team ensures we are well positioned to continue to deliver sustainable growth and returns for our shareholders".*

**John Hennessy, Dalata Hotel Group Chairman, commented:**

*"I am delighted to announce the appointment of Des McCann to the Board as an executive director with effect from 1 January 2025. Des is a leading member of the executive team and brings a wealth of operational experience to the Board. We look forward to working with Des as he continues his important contribution to the growth and development of the Group".*

**ENDS**

### MAR information

This Announcement contains inside information for the purposes of the Market Abuse Regulation (Regulation (EU) No 596/2014) ("EU MAR") and EU MAR as in force in the UK, including pursuant to the UK Market Abuse (Amendment) (EU Exit) Regulations 2019. The person responsible for arranging release of this Announcement on behalf of Dalata is Sean McKeon, Company Secretary of Dalata.

### Other information

The Company confirms that there is no other information that is required to be disclosed in relation to Mr McCann in accordance with rule 6.1.66 (1) to (6) of the Euronext Dublin Listing Rules, and 6.4.8R (1) to (6) of the UK Listing Rules sourcebook (UKLR).

## About Dalata

Dalata Hotel Group plc is a leading hotel operator backed by €1.7bn in hotel assets primarily in Ireland and the UK. Established in 2007, Dalata has become Ireland's largest hotel operator with an ambitious growth strategy to expand its portfolio further in excellent locations in select, large cities in the UK and Continental Europe. The Group's portfolio comprises a mix of owned and leased hotels with 57 primarily four-star hotels operating through its two main brands, Clayton and Maldron Hotels, with 12,258 rooms and a pipeline of over 700 rooms. For the six-month period ended 30 June 2024, Dalata reported revenue of €302 million, basic earnings per share of 16.0 cent and Free Cashflow per Share of 21.5 cent. Dalata is listed on the Main Market of Euronext Dublin (DHG) and the London Stock Exchange (DAL). For further information visit: www.dalatahotelgroup.com

## Conference call and webcast details

The senior management team will host a conference call and webcast for institutional investors and analysts at 08:30 am (BST) today, 04 September 2024. Please allow sufficient time for registration.

- For conference call details, please register here
- The webcast will be available here

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## Note on forward-looking information

This Announcement contains forward-looking statements, which are subject to risks and uncertainties because they relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Group or the industry in which it operates, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements referred to in this paragraph speak only as at the date of this Announcement. The Group will not undertake any obligation to release publicly any revision or updates to these forward-looking statements to reflect future events, circumstances, unanticipated events, new information or otherwise except as required by law or by any appropriate regulatory authority.

## Half Year 2024 financial performance

| €million | **Six months ended 30 June 2024** | Six months ended 30 June 2023 |
|---|---|---|
| Revenue | **302.3** | 284.8 |
| **Hotel EBITDAR[1]** | **117.9** | 115.6 |
| Hotel variable lease costs | **(1.5)** | (1.8) |
| **Hotel EBITDA[1]** | **116.4** | 113.8 |
| Other income (excluding gain on disposal of property, plant and equipment) | **0.7** | 0.6 |
| Central costs | **(7.9)** | (7.4) |
| Share-based payments expense | **(1.6)** | (3.6) |
| **Adjusted EBITDA[1]** | **107.6** | 103.4 |
| Adjusting items[1,3] | **(2.8)** | 1.4 |
| **Group EBITDA[1]** | **104.8** | 104.8 |
| Depreciation of property, plant and equipment and amortisation | **(19.1)** | (15.4) |
| Depreciation of right-of-use assets | **(16.1)** | (14.9) |
| **Operating profit** | **69.6** | 74.5 |
| Interest on lease liabilities | **(23.3)** | (20.9) |
| Other interest and finance costs | **(4.4)** | (3.2) |
| **Profit before tax** | **41.9** | 50.4 |
| Tax charge | **(6.1)** | (8.4) |
| **Profit for the period** | **35.8** | 42.0 |
| | | |
| Earnings per share (cents) – basic | **16.0** | 18.8 |
| Adjusted earnings per share[1] (cents) – basic | **16.9** | 18.4 |
| Hotel EBITDAR margin[1] | **39.0%** | 40.6% |
| **Group KPIs (as reported)** | | |
| RevPAR[1] (€) | **110.77** | 109.41 |
| Occupancy | **77.6%** | 78.4% |
| Average room rate (ARR) (€) | **142.67** | 139.50 |
| **'Like for like' Group KPIs[1]** | | |
| RevPAR (€) | **108.57** | 109.41 |
| Occupancy | **77.6%** | 78.4% |
| Average room rate (ARR) (€) | **139.89** | 139.50 |

***Summary of hotel performance***

The Group delivered revenue of €302.3 million in the first six months of 2024, representing growth of 6% versus H1 2023. This converted to €107.6 million of Adjusted EBITDA[1], a 4% increase on H1 2023 levels. Growth is driven by additions to the portfolio which contributed €5.8 million to Adjusted EBITDA[1] in H1 2024, namely Maldron Hotel Finsbury Park, London; Clayton Hotel London Wall (both added July 2023); Clayton Hotel Amsterdam American (added October 2023) and to a lesser extent, Maldron Hotel Manchester Cathedral Quarter which opened to the public at the end of May 2024. Hotel EBITDA[1] at 'like for like' hotels decreased with a reduction of €3.8 million to Adjusted EBITDA[1] contribution, primarily driven by the Irish portfolio.

The trading environment in our markets has transitioned from the rapid post-pandemic recovery experienced in 2022 and first half of 2023 towards more normalised demand levels. In particular, Dublin was one of the fastest markets to recover in Europe, returning to 2019 RevPAR[1] by 2022 and exceeding this by 28% in 2023.

Reported Group RevPAR[1] of €110.77 for H1 2024 was 1% ahead of H1 2023, driven by portfolio additions in cities which typically achieve higher RevPARs, such as Amsterdam and London. Group 'LFL' RevPAR[1] of €108.57 was 1% behind H1 2023 with a decline of 4% for the January – April period partially offset by 3% growth for May/June. The first six months of 2024 presented a mixture of market challenges for the Group. The Irish portfolio was impacted by the increased VAT rate introduced from September 2023 (up 4.5%). The Dublin market continues to digest additional supply both in the form of new entrants and the return of government use stock representing an increase of approximately 2,500 rooms since January 2023, in addition to being impacted by the timing and nature of events compared to 2023. Our UK portfolio achieved 'LFL' RevPAR[1] growth of 3% in the first six months of the year, driven by Regional UK hotels added to the portfolio in 2021 and 2022. RevPAR[1] at the 'LFL' London hotels performed broadly in line with 2023 levels. The Group is also pleased with the integration and performance of its hotels in Continental Europe as well as the new London hotels added to the portfolio in 2023. Corporate demand remained solid in H1 2024 across all regions. As explained further in the Outlook Section above, the Group's 'like for like' RevPAR[1] was in line with 2023 for the period January to August.

The Group achieved food and beverage ('F&B') revenue growth of 7% in H1 2024 to €58.8 million (H1 2023: €54.8 million), driven by portfolio growth. 'Like for like' F&B revenue increased by 1% and the Group has maintained profitability despite higher pay rates support by the rollout of the Dalata Signature Range and re-tendering of food contracts in Ireland.

Overall, the Group delivered Hotel EBITDAR[1] of €117.9 million, representing 2% growth. On a 'like for like' basis Hotel EBITDAR decreased by €3.5 million (down 3%) to €112.1 million. In recent years, the hospitality industry has faced significant cost increases following increases to minimum wage rates in both Ireland and the UK. The National Minimum Wage increased by 12.4% in Ireland from January 2024 (January 2023 increase: 7.6%). and the National Living Wage increased by 9.8% in the UK from April 2024 (April 2023 increase: 9.7%). On a 'like for like' basis hotel payroll costs increased by €3.2 million (5%) as efficiency projects deployed within the accommodation and food and beverage departments limited the impact of further pay rate inflation (8% average increase in H1 2024). 'Like for like' gas and electricity costs[3] decreased by €3.4 million (23%), net of energy supports totalling €0.7 million received from the Irish government during H1 2023, to €11.6m primarily due to improved unit pricing, in addition to further consumption savings. For the second half of 2024, the Group expects 'like for like' gas and electricity costs to be in line with the second half of 2023.

Dalata's continued focus on innovation and efficiency projects, together with lower energy pricing in Ireland has limited the impact on the bottom line in H1 2024. The Group delivered 'like for like' Hotel EBITDAR margin[1] of 39.4% in H1 2024, just 1% below the comparative for 2023 (40.6%), a strong result in the face of such significant cost increases. The Group's decentralised model also allows for agile decision-making regarding rostering and yield management, enabling quick response to local market dynamics.

Through the accommodation efficiency and Dalata Signature Range projects, the Group has successfully reduced hours worked in the accommodation and food and beverage departments by 9% for the Irish portfolio from H1 2023 to H1 2024. The Group's relentless focus on sustainability has also achieved a reduction in energy consumption per room sold of 4% versus H1 2023, and a total reduction of 24% versus 2019 levels. Collectively, the innovation and efficiency initiatives carried out by the Group resulted in a cost saving of €1.7 million in H1 2024, representing a saving of approximately 60 bps to 'LFL' Hotel EBITDAR margin[1]. The Group also achieved enhanced employee engagement scores in the accommodation and kitchen departments and improved customer satisfaction scores related to these areas.

| **€million** | **Revenue** | **Operating costs** | **Adjusted EBITDA[1]** |
|---|---|---|---|
| Six months ended 30 June 2023 | 284.8 | (181.4) | 103.4 |
| Movement at 'like for like' hotels[1] | (2.6) | (1.2) | (3.8) |
| Hotels added to the portfolio during either period[4] | 18.1 | (12.3) | 5.8 |
| Movement in other income and Group expenses | - | 1.5 | 1.5 |
| Effect of FX | 2.0 | (1.3) | 0.7 |
| **Six months ended 30 June 2024** | **302.3** | **(194.7)** | **107.6** |

## Performance review | Segmental analysis

The following section analyses the results from the Group's portfolio of hotels in Dublin, Regional Ireland, the UK and Continental Europe. When reporting the results for the first six months of 2023, the operating performance of Clayton Hotel Düsseldorf was disclosed within the Dublin segment due to it representing a single asset which was immaterial in the context of the overall Group. Following the addition of Clayton Hotel Amsterdam American in October 2023, the Group's Continental Europe portfolio is now material enough to be presented separately. As a result, the H1 2023 operating performance for Dublin has been amended to exclude Clayton Hotel Düsseldorf.

### 1. Dublin Hotel Portfolio

| **€million** | **Six months ended 30 June 2024** | Six months ended 30 June 2023 |
|---|---|---|
| *As reported* | | |
| Room revenue | **102.0** | 105.9 |
| Food and beverage revenue | **25.1** | 24.8 |
| Other revenue | **8.7** | 8.9 |
| Revenue | **135.8** | 139.6 |
| Hotel EBITDAR[1] | **62.6** | 65.3 |
| Hotel EBITDAR margin %[1] | **46.0%** | 46.8% |

| **Performance statistics (all hotels)** | **Six months ended 30 June 2024** | Six months ended 30 June 2023 |
|---|---|---|
| RevPAR[1] (€) | **126.11** | 132.01 |
| Occupancy | **80.9%** | 83.2% |
| Average room rate (ARR) (€) | **155.87** | 158.66 |

| **Dublin owned and leased portfolio** | **30 June 2024** | 30 June 2023 |
|---|---|---|
| Hotels at period end | **17** | 17 |
| Room numbers at period end | **4,446** | 4,438 |

The Dublin portfolio consists of eight Maldron hotels and seven Clayton hotels, The Gibson Hotel and The Samuel Hotel. Ten hotels are owned, and seven hotels are operated under leases. There has been a minor increase in room numbers in the portfolio primarily driven by the conversion of meeting space to bedrooms at one hotel.

RevPAR[1] for the first six months of 2024 decreased by 4.5% versus the 2023 comparative, outperforming the 5.2% decline in the wider Dublin market as reported by STR (Smith Travel Research). It was a challenging start to the year for the Dublin market mainly due to the digestion of additional supply and the 4.5% increase in VAT from September 2023. Despite these headwinds, Dalata's Dublin portfolio achieved occupancy above 80% for the first six months of the year with 38 compression nights where occupancy exceeded approximately 95%, versus 20 in the wider market, and limited ARR[1] decline to 2%. June was a particularly strong month for high-profile events which drove substantial increases in ARR[1] and RevPAR[1]. Revenue from corporate customers was broadly in line with H1 2023. The Dublin hotel market continues to be supported by a strong economy and international visitor numbers, rising population numbers and a significant growth in employment.

Total revenue for H1 2024 was €135.8 million, 3% behind H1 2023 levels, driven by lower RevPAR[1]. Food and beverage revenue of €25.1 million performed 1% ahead of H1 2023 levels (€24.8 million).

The Dublin portfolio delivered Hotel EBITDAR[1] of €62.6 million for the six-month period ended 30 June 2024, representing a 4% decline versus H1 2023 driven by the softer trading environment at the start of the year along with a 12.4% increase in the National Minimum Wage from January 2024. The portfolio achieved Hotel EBITDAR margin[1] of 46.0% for the first six months of 2024, just 80 bps lower than 2023 despite the significant increase in its largest cost, supported by the efficiency and innovation projects in addition to lower energy pricing.

**2. Regional Ireland Hotel Portfolio**

| **€million** | **Six months ended 30 June 2024** | Six months ended 30 June 2023 |
|---|---|---|
| *As reported* | | |
| Room revenue | **33.2** | 33.7 |
| Food and beverage revenue | **13.5** | 14.3 |
| Other revenue | **4.5** | 4.6 |
| Revenue | **51.2** | 52.6 |
| Hotel EBITDAR[1] | **15.0** | 15.9 |
| Hotel EBITDAR margin %[1] | **29.4%** | 30.2% |

| **Performance statistics (all hotels)** | **Six months ended 30 June 2024** | Six months ended 30 June 2023 |
|---|---|---|
| RevPAR[1] (€) | **97.71** | 99.74 |
| Occupancy | **74.0%** | 77.6% |
| Average room rate (ARR) (€) | **132.00** | 128.59 |

| **Regional Ireland owned and leased portfolio** | **30 June 2024** | 30 June 2023 |
|---|---|---|
| Hotels at period end | **13** | 13 |
| Room numbers at period end | **1,867** | 1,867 |

The Regional Ireland hotel portfolio comprises seven Maldron hotels and six Clayton hotels located in Cork (x4), Galway (x3), Limerick (x2), Wexford (x2), Portlaoise and Sligo. 12 hotels are owned and one is operated under a lease.

RevPAR[1] for the first six months of 2024 decreased by 2% versus 2023 levels, having absorbed a 4.5% VAT increase since September 2023. Occupancy of 74.0% was 360 bps below H1 2023 as the Regional Ireland portfolio experienced slightly softer leisure demand, particularly in April when transient leisure was impacted by earlier Easter holidays and poor weather. Corporate demand remained strong throughout H1 2024. ARR[1] increased by 3% to €132.00.

Total revenue for the six months ended 30 June 2024 was €51.2 million, €1.4 million (3%) behind H1 2023 levels, with lower food and beverage ('F&B') revenue on reduced occupancy levels.

The region delivered Hotel EBITDAR[1] of €15.0 million for the six-month period ended 30 June 2024, representing a 5% decline on H1 2023. The portfolio achieved an EBITDAR margin[1] of 29.4% for the first six months of 2024, just 80 bps lower than 2023 despite the significant increase in its largest cost following the National Minimum Wage increase of 12.4% in January 2024. The impact of innovation and efficiency projects, as discussed previously, have helped limit the impact on profitability, along with the benefits from lower energy pricing.

**3. UK Hotel Portfolio**

| **Local currency - £million** | **Six months ended 30 June 2024** | Six months ended 30 June 2023 |
|---|---|---|
| *As reported* | | |
| Room revenue | **64.9** | 56.5 |
| Food and beverage revenue | **13.4** | 12.2 |
| Other revenue | **3.8** | 3.8 |
| Revenue | **82.1** | 72.5 |
| Hotel EBITDAR[1] | **29.4** | 26.9 |
| Hotel EBITDAR margin %[1] | **35.8%** | 37.1% |

| **Performance statistics ('like for like'[4])** | **Six months ended 30 June 2024** | Six months ended 30 June 2023 |
|---|---|---|
| RevPAR[1] (£) | **81.01** | 78.81 |
| Occupancy | **76.9%** | 75.3% |
| Average room rate (ARR) (£) | **105.41** | 104.63 |

| **UK owned and leased portfolio** | **30 June 2024** | 30 June 2023 |
|---|---|---|
| Hotels at period end | **19** | 16 |
| Room numbers at period end | **4,430** | 3,962 |

At 30 June 2024, the UK hotel portfolio comprised 12 Clayton hotels and seven Maldron hotels. Four hotels are situated in London, four in Manchester following the opening of Maldron Hotel Manchester Cathedral Quarter in May, eight in other large regional UK cities and three in Northern Ireland. Seven hotels are owned, ten are operated under long-term leases and two hotels are effectively owned through a 99-year lease and a 122-year lease. Post period end, the Group added an additional three hotels to the UK

portfolio, namely Maldron Hotel Liverpool (268 rooms), Maldron Hotel Brighton (225 rooms) and Maldron Hotel Shoreditch, London (157 rooms).

'LFL' RevPAR[1] for the UK portfolio increased by 3% for the first six months of 2024 versus 2023 levels, with increases across both occupancy (+160 bps) and average room rate (+1%). Regional UK drives the positive RevPAR[1] performance, with robust domestic demand across most of our cities, particularly from corporates, and increased passenger numbers at regional airports supporting growth. The five hotels added in 2021 and 2022 continue to ramp up. RevPAR[1] for the 'LFL' London hotels performed broadly in line with 2023 levels.

Overall, total revenue for the six months ended 30 June 2024 was £82.1 million, £9.6 million (13%) ahead of H1 2023 levels, with the 'LFL' hotels contributing £2.3 million of growth. Hotels added to the portfolio during 2023 and 2024 contributed the remaining £7.3 million of uplift, primarily through Maldron Hotel Finsbury Park, London and Clayton Hotel London Wall which both commenced trading under Dalata from July 2023 and to a less extent Maldron Hotel Manchester Cathedral Quarter which opened at the end of May 2024.

The UK portfolio delivered Hotel EBITDAR[1] of £29.4 million, 9% ahead of H1 2023 levels. The uplift is primarily driven by hotels added to the portfolio during 2023.

Hotel EBITDAR margin[1] decreased by 130 bps period on period, reflecting the increased cost environment, particularly the 9.8% increase in the National Living Wage from April 2024 which followed an April 2023 increase of 9.7%. While there is a higher degree of agency staff in departments such as accommodation in the UK, the Group is trialling bringing rooms cleaning in-house at two of its hotels to replicate the success of the efficiencies achieved from the Rooms Accommodation Project in the Irish portfolio. The results to date have been encouraging. Dalata is also exploring other hotels in the UK portfolio where this could work as well as the rollout of further efficiency initiatives, for example, self-check-in pods at reception.

**4. Continental Europe Hotel Portfolio**

| **€million** | **Six months ended 30 June 2024** | Six months ended 30 June 2023 |
|---|---|---|
| *As reported* | | |
| Room revenue | **13.7** | 6.8 |
| Food and beverage revenue | **4.5** | 1.9 |
| Other revenue | **0.9** | 1.1 |
| Revenue | **19.1** | 9.8 |
| Hotel EBITDAR[1] | **5.9** | 3.6 |
| Hotel EBITDAR margin %[1] | **30.9%** | 36.3% |
| | | |
| **Continental Europe leased portfolio** | **30 June 2024** | 30 June 2023 |
| Hotels at period end | **2** | 1 |
| Room numbers at period end | **566** | 393 |

The Continental Europe hotel portfolio includes Clayton Hotel Düsseldorf (393 rooms) which was added to the portfolio in February 2022 and Clayton Hotel Amsterdam American (173 rooms) which was added in October 2023.

Revenue and Hotel EBITDAR[1] comparability is skewed period on period due to the addition of Clayton Hotel Amsterdam American during the last 12 months. Both hotels have integrated smoothly into the Dalata portfolio with benefits observed through Dalata's revenue management approach and relationships, for example, hotels have generated good revenue production through the GDS booking platform since its integration.

Clayton Hotel Düsseldorf performed well during the period as the city benefitted from hosting three UEFA European Football Championship 2024 games in June (with a further two games taking place in July). We are also pleased with the continued progress of Clayton Hotel Amsterdam American, the Group's first hotel in the Netherlands, which has secured high occupancies in the first six months of 2024. The hotels achieved a combined Rent Cover[1] of 1.2x for the twelve-month period ended 30 June 2024.

**Central costs and share-based payment expense**

Central costs totalled €7.9 million for the six months ended 30 June 2024 (H1 2023: €7.4 million). The increase primarily relates to payroll costs due to additional headcount and pay increases for existing employees.

The Group's share-based payment expense, which represents the accounting charge for the Group's LTIP and SAYE share schemes, decreased to €1.6 million in H1 2024 (H1 2023: €3.6 million) primarily based on the Group's assessment of non-market performance conditions of active LTIP award schemes, together with the additional charge of €0.9 million recognised in H1 2023 following the vesting of awards granted in March 2020.

**Adjusting items to EBITDA**

| €million | Six months ended 30 June 2024 | Six months ended 30 June 2023 |
|---|---|---|
| Reversal of previous impairment charges | **1.7** | - |
| Impairment charges | **(3.2)** | - |
| Hotel pre-opening expenses | **(1.3)** | (0.7) |
| Net property revaluation movements through profit or loss | **-** | 2.0 |
| **Adjusting items[1]** | **(2.8)** | 1.3 |

The Group incurred €1.3 million of pre-opening expenses during the period (H1 2023: €0.7 million). These expenses are related to the opening of four Maldron hotels in the UK between May and August, namely, Maldron Hotel Manchester Cathedral Quarter (opened May 2024), Maldron Hotel Liverpool (opened July 2024), Maldron Hotel Brighton (opened July 2024) and Maldron Hotel Shoreditch, London (opened August 2024).

In line with accounting standards, impairment tests and reversal assessments were carried out on the Group's cash-generating units ('CGUs') at 30 June 2024. Each individual hotel is deemed to be a CGU for the purposes of impairment testing, as the cash flows generated are independent of other hotels in the Group. Testing resulted in an impairment of €3.2 million (£2.7 million) primarily relating to a UK right-of-use asset and a reversal of a previous impairment charge of €1.7 million (£1.4 million) primarily relating to a separate UK right-of-use asset being recognised in profit or loss during the period ended 30 June 2024 (H1 2023: no impairment and/or reversal of previous impairments).

The Group's property assets were revalued at 30 June 2024, resulting in unrealised revaluation gains of €11.5 million which were reflected in full through other comprehensive income and the revaluation reserve; there was no impact on the profit or loss (H1 2023: €2.0 million reversal of previous revaluation losses). Further detail is provided in the 'Property, plant and equipment' section (note 10) of the consolidated interim financial statements.

**Depreciation of right-of-use assets**

Under IFRS 16, the right-of-use assets are depreciated on a straight-line basis to the end of their estimated useful life, typically the end of the lease term. The depreciation of right-of-use assets increased by €1.2 million to €16.1 million for the six-months ended 30 June 2024, primarily due to the inclusion of the Clayton Hotel Amsterdam American lease, which was added to the portfolio in October 2023.

**Depreciation of property, plant and equipment and amortisation**

Depreciation of property, plant and equipment and amortisation increased by €3.7 million to €19.1 million for the six-month period ended 30 June 2024. The increase primarily relates to the acquisition of two freehold assets which Dalata operated from July 2023 (Maldron Hotel Finsbury Park and Clayton Hotel London Wall), fixtures and fittings acquired with the leasehold addition of Clayton Hotel Amsterdam American and refurbishment projects.

**Finance Costs**

| €million | Six months ended 30 June 2024 | Six months ended 30 June 2023 |
|---|---|---|
| Interest expense on bank loans and borrowings | **10.0** | 5.9 |
| Impact of interest rate swaps | **(4.5)** | (2.8) |
| Other finance costs | **0.5** | 0.9 |
| Finance costs before capitalised interest and excluding lease liability interest | **6.0** | 4.0 |
| Capitalised interest | **(1.6)** | (0.8) |
| Finance costs excluding lease liability interest | **4.4** | 3.2 |
| Interest on lease liabilities | **23.3** | 20.9 |
| **Finance costs** | **27.7** | 24.1 |
| Weighted average interest cost, including the impact of hedges | | |
| - Sterling denominated borrowings | **3.3%** | 2.8% |
| - Euro denominated borrowings | **5.0%** | 4.1% |

Finance costs related to the Group's loans and borrowings (before capitalised interest) amounted to €6.0 million in H1 2024, increasing by €2.0 million from H1 2023 (€4.0 million). The increase is primarily driven by higher average borrowings due to sterling revolving credit facility (RCF) drawdowns during the period which were subject to variable interest rates, and the impact of IFRS 9 accounting adjustments, partially offset by lower rates available under interest rate swaps entered into with financial institutions, whereby the SONIA benchmark rate is fixed to c. 1.0% on sterling denominated term debt from 26 October 2023 to 26 October 2024 (H1 2023: between 1.3% and 1.4%). The final year of the term debt, to 26 October 2025, is currently unhedged.

During the period, interest on loans and borrowings of €1.6 million was capitalised to assets under construction, primarily relating to the construction of Maldron Hotel Shoreditch, London which was completed in August 2024.

Interest on lease liabilities for the six-month period increased by €2.4 million to €23.3 million in H1 2024 primarily due to the impact of the lease of Clayton Hotel Amsterdam American, which was added in October 2023.

**Tax charge**

The tax charge for the six-month period ended 30 June 2024 of €6.1 million mainly relates to current tax in respect of profits earned in Ireland during the period. The Group's effective tax rate of 14.6% in H1 2024 was broadly in line with the full year 2023 rate of 14.5%.

At 30 June 2024, the Group has deferred tax assets of €23.9 million, of which €17.8 million relates to cumulative tax losses and interest expense carried forward which can be utilised to reduce corporation tax payments in future periods.

**Earnings per share (EPS)**

The Group's profit after tax of €35.8 million for H1 2024 (H1 2023: €42.0 million) represents basic earnings per share of 16.0 cents (H1 2023: 18.8 cents). The Group's profit after tax declined by €6.2 million (15%) to €35.8 million due primarily to the impact of adjusting items[3] in the period (€4.2 million) in addition to the underlying performance at 'like for like' hotels. Adjusting items[3] in H1 2024 primarily related to net impairment charges and pre-opening expenses relating to the four UK additions which opened between May and August 2024 (see section above). Excluding the impact of adjusting items[1], adjusted basic earnings per share[1] decreased by 8% to 16.9 cents.

## Strong cashflow generation

The Group generates strong Free Cashflow[1] to fund future acquisitions, development expenditure and shareholder returns. Free Cashflow[1] for the first six months of 2024 totalled €48.1 million, a reduction of €11.1 million from H1 2023, following the post-pandemic normalisation of maintenance capital expenditure and cash effects within working capital including timing of receipts which impacted the prior period.

At 30 June 2024, the Group's Debt and Lease Service Cover[1] remains strong at 2.7x (31 December 2023: 3.0x) with cash and undrawn committed debt facilities of €282.4 million (31 December 2023: cash and undrawn debt facilities of €283.5 million).

| **Free Cashflow[1]** | **Six months ended 30 June 2024** | Six months ended 30 June 2023 |
|---|---|---|
| Net cash from operating activities | **91.5** | 62.0 |
| Exclude impact of net tax payments under Debt Warehousing scheme | **-** | 34.9 |
| Add back pre-opening costs | **1.3** | 0.7 |
| Fixed lease payments | **(29.1)** | (26.1) |
| Refurbishment capital expenditure paid[1] | **(10.8)** | (8.8) |
| Other interest and finance costs paid | **(4.8)** | (3.5) |
| **Free Cashflow[1]** | **48.1** | 59.2 |
| Weighted average shares outstanding - basic (million) | **223.9** | 223.1 |
| **Free Cashflow per Share[1] (cent)** | **21.5c** | 26.5c |

Net cash from operating activities in H1 2023 included the full repayment of tax deferrals under the Irish government's Debt warehousing scheme of €34.9 million in April 2023. Deferrals under the Debt Warehousing scheme ended in May 2022 with no further amounts deferred and/or repaid. Excluding the impact of this non-recurring initiative, net cash from operating activities decreased by €5.4 million mainly driven by working capital movements.

The Group made fixed lease payments of €29.1 million in the first six months of 2024, a €3.0 million increase on H1 2023 (€26.1 million), driven primarily by the addition of Clayton Hotel Amsterdam American in October 2023 along with impacts from rent reviews. Lease payments payable under lease contracts as at 30 June 2024 are projected to be €30.3 million for the six months ending 31 December 2024 and €60.2 million for the year ending 31 December 2025. The Group has also committed to non-cancellable lease rentals and other contractual obligations payable under agreements for leases which have not yet commenced at 30 June 2024. Further detail is included in note 11 to the consolidated interim financial statements.

The Group made refurbishment capital expenditure payments totalling €10.8 million during the six months ended 30 June 2024 (3.6% of H1 2024 revenues), compared to payments of €8.8 million in H1 2023 (3.1% of H1 2023 revenues). Completion of refurbishment projects was impacted by post-pandemic disruptions during H1 2023, which limited the level of payments. On an annual basis, the Group allocates approximately 4% of revenue to refurbishment capital expenditure projects.

The Group spent €23.2 million on growth capital expenditure during the first six months of 2024, primarily relating to the construction of Maldron Hotel Shoreditch and costs paid on entering new leases and agreements for leases. At 30 June 2024, the Group has future capital expenditure commitments under its contractual agreements totalling €14.8 million, of which €3.8 million relates to the development of Maldron Hotel Shoreditch, London. The remaining balance of €11.0 million primarily relates to future capital expenditure commitments at existing hotels. Additionally, the Group has capex requirements to which it is not yet contractually committed to, estimated to be in excess of €125 million relating to three previously announced development projects located in

Edinburgh, Manchester and Dublin (498 rooms). It is expected this will be incurred as the projects are completed over the next three to four years.

During the six-month period ended 30 June 2024, a final dividend for 2023 of 8.0 cents per share was paid on 1 May 2024 at a total cost of €18.0 million (year ended 31 December 2023: €8.9 million). On 3 September 2024, the Board declared an interim dividend of 4.1 cent per share. The payment date for the interim dividend will be 4 October 2024 to shareholders registered on the record date 13 September 2024.

During the period, an Employee Benefit Trust was established to periodically make market purchases of ordinary shares of the Group in order to satisfy future exercises of vested options granted pursuant to the Group's share option scheme. During the six-month period ended 30 June 2024, 1.4 million shares were repurchased by the Trust for a cash consideration of €6.3 million.

## Balance sheet | Robust asset-backing provides security, flexibility and a platform for future growth

| €million | 30 June 2024 | 31 December 2023 |
|---|---|---|
| **Non-current assets** | | |
| Property, plant and equipment | **1,720.7** | 1,684.8 |
| Right-of-use assets | **697.7** | 685.2 |
| Intangible assets and goodwill | **54.1** | 54.1 |
| Other non-current assets[5] | **37.4** | 32.5 |
| **Current assets** | | |
| Trade and other receivables and inventories | **47.2** | 30.7 |
| Cash and cash equivalents | **40.9** | 34.2 |
| Other current assets[5] | **2.9** | 6.5 |
| **Total assets** | **2,600.9** | 2,528.0 |
| Equity | **1,424.8** | 1,392.9 |
| Loans and borrowings at amortised cost | **266.0** | 254.4 |
| Lease liabilities | **719.1** | 698.6 |
| Trade and other payables | **95.3** | 86.4 |
| Other liabilities[6] | **95.7** | 95.7 |
| **Total equity and liabilities** | **2,600.9** | 2,528.0 |

The Group maintains a strong balance sheet position at 30 June 2024 with property, plant and equipment of €1.7 billion in excellent locations, cash and undrawn debt facilities of €282.4 million, and Net Debt to EBITDA after rent[1] of 1.3x. This financial strength remains a cornerstone of our capital allocation policy as it provides a platform for further growth through strategic optionality for asset acquisition and by enabling access to lower cost of debt and lease funding.

**Property, plant and equipment**

Property, plant and equipment amounted to €1,720.7 million at 30 June 2024. The increase of €35.9 million since 31 December 2023 is driven by additions of €26.1 million, unrealised revaluation gains on property assets of €11.5 million, a foreign exchange gain on the retranslation of Sterling-denominated assets of €15.5 million and capitalised borrowing and labour costs of €1.6 million, partially offset by a depreciation charge of €18.8 million for the six-month period.

72% of the Group's property, plant and equipment is located in Dublin and London. The Group revalues its property assets, at owned and effectively owned trading hotels, at each reporting date using independent external valuers. The principal valuation technique utilised is discounted cash flows which utilise asset-specific risk-adjusted discount rates and terminal capitalisation rates. The independent external valuation also has regard to relevant recent data on hotel sales activity metrics.

| Weighted average terminal capitalisation rate | 30 June 2024 | 31 December 2023 |
|---|---|---|
| Dublin | **7.41%** | 7.40% |
| Regional Ireland | **8.83%** | 9.06% |
| UK | **6.56%** | 6.77% |
| **Group** | **7.36%** | 7.47% |

| Additions through acquisitions and capital expenditure €million | Six months ended 30 June 2024 | Six months ended 30 June 2023 |
|---|---|---|
| Acquisition of freehold | **-** | 53.0 |
| Construction of new build hotels, hotel extensions and renovations | **12.1** | 11.1 |
| Other development expenditure | **2.2** | 2.9 |
| Total acquisitions and development capital expenditure | **14.3** | 67.0 |

| | | |
|---|---|---|
| Total refurbishment capital expenditure[1] | **11.8** | 9.5 |
| **Additions to property, plant and equipment** | **26.1** | 76.5 |

During the period, the Group incurred €14.3 million of development capital expenditure. €10.4 million (£8.8 million) related to the construction of Maldron Hotel Shoreditch, London which opened in August 2024. The Group also incurred development costs relating to planning and design on its site in Edinburgh and on the conversion of seven meeting rooms into bedrooms at one of its Dublin hotels.

The Group allocates approximately 4% of revenue to refurbishment capital expenditure. The Group incurred €11.8 million of refurbishment capital expenditure during the first half of the year which included the refurbishment of 288 bedrooms across the Group along with enhancements to food and beverage infrastructure, health and safety upgrades and energy efficient plant upgrades.

**Right-of-use assets and lease liabilities**

At 30 June 2024, the Group's right-of-use assets amounted to €697.7 million and lease liabilities amounted to €719.1 million.

| €million | Lease liabilities | Right-of-use assets |
|---|---|---|
| At 31 December 2023 | 698.6 | 685.2 |
| Additions | 16.3 | 20.3 |
| Depreciation charge on right-of-use assets | - | (16.1) |
| Interest on lease liabilities | 23.3 | - |
| Remeasurement of lease liabilities | 1.5 | 1.5 |
| Impairment charge | - | (3.2) |
| Reversal of previous impairment charge | - | 1.7 |
| Lease payments | (29.1) | - |
| Translation adjustment | 8.5 | 8.3 |
| **At 30 June 2024** | **719.1** | **697.7** |

Right-of-use assets are recorded at cost less accumulated depreciation and impairment. The initial cost comprises the initial amount of the lease liability adjusted for lease prepayments and accruals at the commencement date, initial direct costs and, where applicable, reclassifications from intangible assets or accounting adjustments related to sale and leasebacks.

Lease liabilities are initially measured at the present value of the outstanding lease payments, discounted using the estimated incremental borrowing rate attributable to the lease. The lease liabilities are subsequently remeasured during the lease term following the completion of rent reviews, a reassessment of the lease term or where a lease contract is modified. The weighted average lease life of future minimum rentals payable under leases is 29.4 years (31 December 2023: 29.5 years).

Additions during the period arose from the Group entering into a 35-year lease relating to the newly built Maldron Hotel Manchester Cathedral Quarter in May 2024 which resulted in the recognition of a €16.3 million (£13.9 million) lease liability, and a right-of-use asset of €20.3 million (£17.2 million), which includes initial direct costs of €4.0 million (£3.3 million).

Following agreed rent reviews and rent adjustments, which formed part of the original lease agreements, certain of the Group's leases were reassessed during the period. This resulted in an increase in lease liabilities and related right-of-use assets of €1.5 million.

Over 90% of lease contracts at currently leased hotels include rent review caps which limit CPI/RPI-related payment increases to between 3% - 4% per annum.

Further information on the Group's leases including the unwind of right-of-use assets and release of interest charge is set out in note 11 to the consolidated interim financial statements.

**Loans and borrowings**

As at 30 June 2024, the Group had loans and borrowings at amortised cost of €266.0 million and undrawn committed debt facilities of €241.5 million. Loans and borrowings increased from 31 December 2023 (€254.4 million) mainly due to net loan drawdowns and FX translation effects on sterling borrowings during the period.

| At 30 June 2024 | Sterling borrowings £million | Euro borrowings €million | Total borrowings €million |
|---|---|---|---|
| Term Loan | 176.5 | - | 208.5 |
| *Revolving credit facility:* | | | |
| - Drawn in Sterling | 51.4 | - | 60.7 |
| - Drawn in Euro | - | - | - |
| **External loans and borrowings drawn at 30 June 2024** | **227.9** | **-** | **269.2** |
| Accounting adjustment to bring to amortised cost | | | (3.2) |
| **Loans and borrowings at amortised cost at 30 June 2024** | | | **266.0** |

The Group's debt facilities consist of a €200.0 million term loan facility and a €304.9 million revolving credit facility ('RCF'), both with a maturity date of 26 October 2025. A further revolving credit facility of €59.5 million which was included at 30 June 2023, matured on 30 September 2023.

The Group's covenants, comprising Net Debt to EBITDA (as defined in the Group's bank facility agreement which is equivalent to Net Debt to EBITDA after rent[1]) and Interest Cover[1], were tested on 30 June 2024. The Group complied with its covenants as at 30 June 2024, with covenants stipulating that the Net Debt to EBITDA limit is 4.0x (30 June 2024: 1.3x) and the Interest Cover minimum is 4.0x (30 June 2024: 17.3x).

The Group limits its exposure to foreign currency by using Sterling debt to act as a natural hedge against the impact of Sterling rate fluctuations on the Euro value of the Group's UK assets. The Group is also exposed to floating interest rates on its debt obligations and uses hedging instruments to mitigate the risk associated with interest rate fluctuations. This is achieved by entering into interest rate swaps which hedge the variability in cash flows attributable to the interest rate risk. The term debt interest is fully hedged until 26 October 2024 with interest rate swaps in place to fix the SONIA benchmark rate to c. 1.0% on Sterling-denominated borrowings. The variable interest rates on the Group's revolving credit facilities are unhedged at 30 June 2024.

## Sustainability strategy encompassing all aspects of the business

- Existing portfolio:
  - Understanding pathway to CRREM[2] compliance for all existing assets in the portfolio;
  - 29% reduction in Scope 1 & 2 carbon emissions per room sold achieved in H1 2024 versus H1 2019 (compared to a target of 20% reduction on 2019 full year levels by 2026);
  - Exploring onsite electricity generation across portfolio and have commenced process for identifying procurement opportunities for credible offsite green energy.
  - Maldron Hotel Shoreditch, London expected to receive BREEAM[2] "excellent" rating.
- Pipeline: Targeting new build developments to be designed with zero onsite operational carbon, including Maldron Hotel Croke Park and the planned Clayton hotel in Edinburgh, both due to open in 2026.
- Commitment: Await Science Based Targets initiative (SBTi) Building Sector guidance update, but our ambition is to align to 1.5 degree trajectory, whether through SBTi commitments or other conduits.
- Governance: Preparations to ensure alignment with the requirements of the CSRD are progressing well. Implementation of the requirements of the CSRD will provide robust and comparable data and disclosures of sustainability efforts across EU companies.

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*[1] See Supplementary Financial Information which contains definitions and reconciliations of Alternative Performance Measures ('APM') and other definitions.*
*[2] CRREM: Carbon Risk Real Estate Monitor, BREEAM: Building Research Establishment Environmental Assessment Method.*
*[3] Adjusting items in H1 2024 include a net impairment charge of €1.5 million on right-of-use assets (H1 2023: nil) and pre-opening costs of €1.3 million (H1 2023: €0.7 million). Further detail on adjusting items is provided in the section titled 'Adjusting items to EBITDA'.*
*[4] The reference to 'like for like' hotels in the performance statistics comparing to H1 2023 for the UK segment excludes Maldron Hotel Finsbury Park, London and Clayton Hotel London Wall which began trading with Dalata in July 2023 and Maldron Hotel Manchester Cathedral Quarter, following its opening in May 2024. 'Like for like' performance statistics for the Group also exclude these hotels in addition to Clayton Hotel Amsterdam American which was added in October 2023.*
*[5] Other non-current assets comprise deferred tax assets, investment property and other receivables. Other current assets comprise current derivative assets.*
*[6] Other liabilities comprise deferred tax liabilities, provision for liabilities and current tax liabilities.*

## Principal risks and uncertainties

Since we published an assessment of the Group's principal risks and uncertainties with our 2023 annual results announcement (and the 2023 Annual Report), we have considered our risk environment, emerging risks, and risk profiles. The principal risks and uncertainties currently facing the Group are:

**External, geopolitical and economic factors** – Dalata operates in an open market, where its activities and performance are influenced by uncertainty from broader geopolitical, economic and government policy factors outside the Group's direct control. Nonetheless, these factors can directly or indirectly impact the Group's strategy, our labour and direct cost base, performance, and the economic environments in which the Group operates.

The Board and executive management team continuously focus on the impact of external factors on our business performance. The Group, with its experienced management team and resilient information systems, is well-equipped to navigate the influence of external factors on our strategy and performance.

**Health, safety and security** - The Group now operates 57 hotels in Ireland, the UK and Continental Europe. Health, safety, and hotel security concerns will always be a key priority for the Board and executive management.

We have a well-established health, safety and security framework in our hotels. There is ongoing capital investment in hotel life, fire and safety systems and servicing, with identified risks remediated promptly. External health and safety risk assessments and food safety audits are conducted across our hotel portfolio. Our new hotels are built to high health and safety standards, and all refurbishments include health and safety as a primary consideration.

**Innovation –** We recognise the business imperative to innovate in our business, and innovation is a core objective for senior leadership. A number of initiatives have already been implemented across our hotels, improving productivity, customer service, and better meeting our customers' needs.

Executive management also continues to focus on trends across the hospitality market. The Group performs detailed customer research and reviews market trends with feedback from customers and teams on initiatives taken. We allocate resources to develop and implement business efficiencies and innovation and embrace enhanced use of business systems, new and emerging technologies, and information to support innovation.

**Developing, recruiting and retaining our people** – Our people are a key asset to our business. Our strategy is to develop our management and operational expertise, where possible, from within our existing teams. This expertise can then be deployed throughout our business, particularly at management levels in our new hotels. We also recruit and retain well-trained and motivated people to deliver our desired customer service levels at our hotels.

The Group invests in extensive development programmes, including hotel management and graduate development programmes across various business-related areas. These programmes are continually reviewed to reflect growing business needs and competencies. We also implement a broad range of retention strategies (such as employee benefits, workplace culture, training, employee development programmes, progression opportunities and working conditions).

**Cyber security, data and privacy** – In the current environment, all businesses face heightened information security risks associated with increasingly sophisticated cyber-attacks, ransomware attacks and attacks targeting company data.

The ongoing security of our information technology platforms is crucial to the Board. The Group has invested in a modern, standardised technology platform supported by trusted IT partners. Our Information Security Management System is based on ISO27001 and audited twice annually. An established data privacy and protection structure, including dedicated specialist resources, is operational across our business.

**Expansion and development strategy** – The Group's strategy is to expand its activities in the UK and European markets, adopting a predominantly capital-light and long-term leasing model or directly financing a project, enabled by the Group's financial position.

The Group has extensive acquisitions and development expertise within its central office function to identify opportunities and leverage its relationships, funding flexibility and financial position as a preferred partner. The Board has an agreed development strategy, scrutinises all development projects before commencement and is regularly updated on the progress of the development programme. Agreed financial criteria and due diligence are completed for all projects, including specific site selection criteria, detailed city analysis and market intelligence.

**Our culture and values** – The rollout of our business model depends on the retention and growth of our strong culture. We have defined Group values that are embedded in how we behave as a Group and as individuals, as set out in the Group's Code of Conduct. These are supported by internal structures that support and oversee expected behaviours. We also use wide-ranging measures to assess and monitor our culture, which are reviewed with the Board and management teams.

**Climate change, ESG and decarbonisation strategy** – The Board is keenly aware of the risks to society associated with climate change and environmental matters. We are also aware that being a socially responsible business supports our strategic objectives and benefits society and the communities in which we operate. We risk not meeting stakeholder expectations in this regard, particularly concerning target setting, environmental performance, compliance reporting and corporate performance.

The ESG Committee actively supports the Board in overseeing the development and implementation of the Group's strategy and targets in this area. A climate change and decarbonisation strategy is in place across our businesses, with published environmental targets.

## *Statement of Directors' responsibilities*
*For the half-year ended 30 June 2024*

The Directors are responsible for preparing the half-yearly financial report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 ("Transparency Directive"), and the Transparency Rules of the Central Bank of Ireland.

In preparing the condensed set of consolidated financial statements included within the half-yearly financial report, the Directors are required to:

- prepare and present the condensed set of consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU, the Transparency Directive and the Transparency Rules of the Central Bank of Ireland;
- ensure the condensed set of consolidated financial statements has adequate disclosures;
- select and apply appropriate accounting policies;
- make accounting estimates that are reasonable in the circumstances; and
- assess the 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for designing, implementing and maintaining such internal controls as they determine are necessary to enable the preparation of the condensed set of consolidated financial statements that are free from material misstatement whether due to fraud or error.

We confirm that to the best of our knowledge:

(1) the condensed set of consolidated financial statements included within the half-yearly financial report of Dalata Hotel Group plc ("the Company") for the six months ended 30 June 2024 ("the interim financial information") which comprises the condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and the related explanatory notes, have been presented and prepared in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the EU, the Transparency Directive and Transparency Rules of the Central Bank of Ireland.

(2) the interim financial information presented, as required by the Transparency Directive, includes:
    a. an indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of consolidated financial statements;
    b. a description of the principal risks and uncertainties for the remaining six months of the financial year;
    c. related parties' transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and
    d. any changes in the related parties' transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first six months of the current financial year.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

John Hennessy
*Director*

Dermot Crowley
*Director*

# Unaudited condensed consolidated interim financial statements

**for the six months ended 30 June 2024**

# Dalata Hotel Group plc

## Unaudited condensed consolidated statement of comprehensive income

*for the six months ended 30 June 2024*

| | Note | **6 months ended 30 June 2024 €'000** | 6 months ended 30 June 2023 €'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | *4* | **302,345** | 284,829 |
| Cost of sales | | **(111,271)** | (100,325) |
| **Gross profit** | | **191,074** | 184,504 |
| Administrative expenses | *5* | **(122,187)** | (110,678) |
| Other income | | **706** | 669 |
| **Operating profit** | | **69,593** | 74,495 |
| Net finance costs | *7* | **(27,713)** | (24,107) |
| **Profit before tax** | | **41,880** | 50,388 |
| Tax charge | *9* | **(6,109)** | (8,429) |
| **Profit for the period attributable to owners of the Company** | | **35,771** | 41,959 |
| **Other comprehensive income** | | | |
| *Items that will not be reclassified to profit or loss* | | | |
| Revaluation of property | *10* | **11,547** | 76,754 |
| Related deferred tax | | **(2,037)** | (8,120) |
| | | **9,510** | 68,634 |
| *Items that are or may be reclassified subsequently to profit or loss* | | | |
| Exchange gain on translating foreign operations | | **14,596** | 15,521 |
| Loss on net investment hedge | | **(5,367)** | (6,543) |
| Fair value gain on cash flow hedges | | **961** | 4,083 |
| Cash flow hedges – reclassified to profit or loss | | **(4,534)** | (2,831) |
| Related deferred tax | | **893** | (313) |
| | | **6,549** | 9,917 |
| **Other comprehensive income for the period, net of tax** | | **16,059** | 78,551 |
| **Total comprehensive income for the period attributable to owners of the Company** | | **51,830** | 120,510 |
| **Earnings per share** | | | |
| Basic earnings per share | *21* | **16.0 cents** | 18.8 cents |
| Diluted earnings per share | *21* | **15.9 cents** | 18.6 cents |

# Dalata Hotel Group plc

## Unaudited condensed consolidated statement of financial position

*at 30 June 2024*

| | | **30 June 2024** | 31 December 2023 (Audited) |
|---|---|---|---|
| **Assets** | *Note* | **€'000** | €'000 |
| **Non-current assets** | | | |
| Intangible assets and goodwill | | **54,133** | 54,074 |
| Property, plant and equipment | *10* | **1,720,744** | 1,684,831 |
| Right-of-use assets | *11* | **697,704** | 685,193 |
| Investment property | | **2,009** | 2,021 |
| Deferred tax assets | *18* | **23,887** | 24,136 |
| Other receivables | *12* | **11,468** | 6,418 |
| **Total non-current assets** | | **2,509,945** | 2,456,673 |
| **Current assets** | | | |
| Derivative assets | *7* | **2,948** | 6,521 |
| Trade and other receivables | *12* | **44,690** | 28,262 |
| Inventories | | **2,472** | 2,401 |
| Cash and cash equivalents | | **40,880** | 34,173 |
| **Total current assets** | | **90,990** | 71,357 |
| **Total assets** | | **2,600,935** | 2,528,030 |
| **Equity** | | | |
| Share capital | *20* | **2,244** | 2,235 |
| Share premium | *20* | **507,365** | 505,079 |
| Treasury shares reserve | *20* | **(699)** | - |
| Capital contribution | | **25,724** | 25,724 |
| Merger reserve | | **81,264** | 81,264 |
| Share-based payment reserve | | **5,912** | 8,417 |
| Hedging reserve | | **2,211** | 4,891 |
| Revaluation reserve | | **470,691** | 461,181 |
| Translation reserve | | **(2,953)** | (12,182) |
| Retained earnings | | **333,073** | 316,328 |
| **Total equity** | | **1,424,832** | 1,392,937 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Loans and borrowings | *17* | **265,951** | 254,387 |
| Lease liabilities | *11* | **706,491** | 686,558 |
| Deferred tax liabilities | *18* | **85,769** | 84,441 |
| Provision for liabilities | *14* | **6,156** | 6,656 |
| Accruals | *13* | **472** | 348 |
| **Total non-current liabilities** | | **1,064,839** | 1,032,390 |
| **Current liabilities** | | | |
| Lease liabilities | *11* | **12,610** | 12,040 |
| Trade and other payables | *13* | **94,841** | 86,049 |
| Current tax liabilities | | **1,784** | 2,659 |
| Provision for liabilities | *14* | **2,029** | 1,955 |
| **Total current liabilities** | | **111,264** | 102,703 |
| **Total liabilities** | | **1,176,103** | 1,135,093 |
| **Total equity and liabilities** | | **2,600,935** | 2,528,030 |

# Dalata Hotel Group plc

## Unaudited condensed consolidated statement of changes in equity

*for the six months ended 30 June 2024*

| | Attributable to owners of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital €'000 | Share premium €'000 | Treasury Shares reserve €'000 | Capital contribution €'000 | Merger reserve €'000 | Share-based payment reserve €'000 | Hedging reserve €'000 | Revaluation reserve €'000 | Translation reserve €'000 | Retained earnings €'000 | Total €'000 |
| **At 1 January 2024** | **2,235** | **505,079** | **-** | **25,724** | **81,264** | **8,417** | **4,891** | **461,181** | **(12,182)** | **316,328** | **1,392,937** |
| **Comprehensive income:** | | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | - | - | **35,771** | **35,771** |
| *Other comprehensive income* | | | | | | | | | | | |
| Exchange difference on translating foreign operations | - | - | - | - | - | - | - | - | **14,596** | - | **14,596** |
| Loss on net investment hedge | - | - | - | - | - | - | - | - | **(5,367)** | - | **(5,367)** |
| Revaluation of property | - | - | - | - | - | - | - | **11,547** | - | - | **11,547** |
| Fair value movement on cash flow hedges | - | - | - | - | - | - | **961** | - | - | - | **961** |
| Cash flow hedges – reclassified to profit or loss | - | - | - | - | - | - | **(4,534)** | - | - | - | **(4,534)** |
| Related deferred tax | - | - | - | - | - | - | **893** | **(2,037)** | - | - | **(1,144)** |
| Total comprehensive income for the period | - | - | - | - | - | - | **(2,680)** | **9,510** | **9,229** | **35,771** | **51,830** |
| **Transactions with owners of the Company:** | | | | | | | | | | | |
| Equity-settled share-based payments | - | - | - | - | - | **1,614** | - | - | - | - | **1,614** |
| Transfer from share-based payment reserve to retained earnings | - | - | - | - | - | **(4,188)** | - | - | - | **4,188** | - |
| Vesting of share awards and options | **9** | **2,286** | - | - | - | - | - | - | - | **(113)** | **2,182** |
| Dividends paid | - | - | - | - | - | - | - | - | - | **(17,954)** | **(17,954)** |
| Repurchase of treasury shares | - | - | **(6,269)** | - | - | - | - | - | - | - | **(6,269)** |
| Issue of treasury shares | - | - | **5,570** | - | - | - | - | - | - | **(5,147)** | **423** |
| Related deferred tax | - | - | - | - | - | **69** | - | - | - | - | **69** |
| Total transactions with owners of the Company | **9** | **2,286** | **(699)** | - | - | **(2,505)** | - | - | - | **(19,026)** | **(19,935)** |
| **At 30 June 2024** | **2,244** | **507,365** | **(699)** | **25,724** | **81,264** | **5,912** | **2,211** | **470,691** | **(2,953)** | **333,073** | **1,424,832** |

# Dalata Hotel Group plc

## Unaudited condensed consolidated statement of changes in equity

*for the six months ended 30 June 2023*

| | Attributable to owners of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Share capital €'000** | **Share premium €'000** | **Capital contribution €'000** | **Merger reserve €'000** | **Share-based payment reserve €'000** | **Hedging reserve €'000** | **Revaluation reserve €'000** | **Translation reserve €'000** | **Retained earnings €'000** | **Total €'000** |
| **At 1 January 2023** | 2,229 | 504,910 | 25,724 | 81,264 | 5,011 | 8,788 | 379,534 | (17,235) | 232,541 | **1,222,766** |
| **Comprehensive income:** | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | - | 41,959 | **41,959** |
| *Other comprehensive income* | | | | | | | | | | |
| Exchange difference on translating foreign operations | - | - | - | - | - | - | - | 15,521 | - | **15,521** |
| Gain on net investment hedge | - | - | - | - | - | - | - | (6,543) | - | **(6,543)** |
| Revaluation of property | - | - | - | - | - | - | 76,754 | - | - | **76,754** |
| Fair value movement on cash flow hedges | - | - | - | - | - | 4,083 | - | - | - | **4,083** |
| Cash flow hedges – reclassified to profit or loss | - | - | - | - | - | (2,831) | - | - | - | **(2,831)** |
| Related deferred tax | - | - | - | - | - | (313) | (8,120) | - | - | **(8,433)** |
| Total comprehensive income for the period | **-** | **-** | **-** | **-** | **-** | **939** | **68,634** | **8,978** | **41,959** | **120,510** |
| **Transactions with owners of the Company:** | | | | | | | | | | |
| Equity-settled share-based payments | - | - | - | - | 3,609 | - | - | - | - | **3,609** |
| Transfer from share-based payment reserve to retained earnings | - | - | - | - | (2,497) | - | - | - | 2,497 | **-** |
| Vesting of share awards and options | 5 | 94 | - | - | - | - | - | - | - | **99** |
| Total transactions with owners of the Company | **5** | **94** | **-** | **-** | **1,112** | **-** | **-** | **-** | **2,497** | **3,708** |
| **At 30 June 2023** | **2,234** | **505,004** | **25,724** | **81,264** | **6,123** | **9,727** | **448,168** | **(8,257)** | **276,997** | **1,346,984** |

# Dalata Hotel Group plc

## Unaudited condensed consolidated statement of cash flows

*for the six months ended 30 June 2024*

| | 6 months ended 30 June 2024 €'000 | 6 months ended 30 June 2023 €'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit for the period | **35,771** | 41,959 |
| *Adjustments for:* | | |
| Depreciation of property, plant and equipment | **18,810** | 15,086 |
| Depreciation of right-of-use assets | **16,097** | 14,875 |
| Amortisation of intangible assets and investment properties | **275** | 327 |
| Net property revaluation movements through profit or loss | **-** | (1,998) |
| Net impairment charge of right-of-use assets | **1,440** | - |
| Net impairment charge of fixtures, fittings and equipment | **45** | - |
| Share-based payments expense | **1,614** | 3,609 |
| Interest on lease liabilities | **23,272** | 20,915 |
| Other interest and finance costs | **4,441** | 3,192 |
| Tax charge | **6,109** | 8,429 |
| | **107,874** | 106,394 |
| Increase/(decrease) in trade and other payables and provision for liabilities | **4,630** | (29,845) |
| Increase in current and non-current trade and other receivables | **(14,162)** | (8,581) |
| (Increase)/decrease in inventories | **(56)** | 235 |
| Tax paid | **(6,732)** | (6,189) |
| **Net cash from operating activities** | **91,554** | 62,014 |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment | **(25,291)** | (71,044) |
| Costs paid on entering new leases and agreements for lease | **(8,748)** | (275) |
| Deposit paid on acquisition | **-** | (3,093) |
| Contract fulfilment cost payments | **-** | (1,285) |
| **Net cash used in investing activities** | **(34,039)** | (75,697) |
| **Cash flows from financing activities** | | |
| Receipt of bank loans | **62,597** | 94,196 |
| Repayment of bank loans | **(58,855)** | (29,000) |
| Repayment of lease liabilities | **(5,861)** | (5,162) |
| Interest paid on lease liabilities | **(23,272)** | (20,915) |
| Other interest and finance costs paid | **(4,843)** | (3,444) |
| Proceeds from vesting of share awards and options | **2,295** | 99 |
| Proceeds from sale of treasury shares | **310** | - |
| Repurchase of treasury shares | **(6,269)** | - |
| Dividends paid | **(17,954)** | - |
| **Net cash (used in)/from financing activities** | **(51,852)** | 35,774 |
| **Net increase in cash and cash equivalents** | **5,663** | 22,091 |
| **Cash and cash equivalents at beginning of period** | **34,173** | 91,320 |
| Effect of movements in exchange rates | **1,044** | 949 |
| **Cash and cash equivalents at end of period** | **40,880** | 114,360 |

### 1 General information and basis of preparation

Dalata Hotel Group plc ('the Company') is a company registered in the Republic of Ireland. The unaudited condensed consolidated financial statements for the six month period ended 30 June 2024 (the 'Interim Financial Statements') include the Company and its subsidiaries (together referred to as the 'Group'). The Interim Financial Statements were authorised for issue by the Directors on 3 September 2024.

These unaudited Interim Financial Statements have been prepared by Dalata Hotel Group plc in accordance with IAS 34 *Interim Financial Reporting* ('IAS 34') as adopted by the European Union ('EU'). They do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since 31 December 2023. They should be read in conjunction with the consolidated financial statements of Dalata Hotel Group plc, which were prepared in accordance with IFRS as adopted by the EU, as at and for the year ended 31 December 2023.

These Interim Financial Statements are presented in Euro, rounded to the nearest thousand, which is the functional currency of the parent company and the presentation currency for the Group's financial reporting.

The preparation of Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results could differ materially from these estimates. In preparing these Interim Financial Statements, the critical judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

The Interim Financial Statements do not constitute statutory financial statements. The statutory financial statements for the year ended 31 December 2023, together with the independent auditor's report thereon, have been filed with the Companies Registration Office and are available on the Company's website www.dalatahotelgroup.com. The auditor's report on those financial statements was not qualified and did not contain an emphasis of matter paragraph.

**Going concern**

The Directors have assessed the Group's ability to continue in operational existence for the foreseeable future by preparing detailed financial forecasts and carrying out stress testing on projections. Current base and stress tested projections show compliance with all covenants at all future testing dates and significant levels of headroom. The Group remains in a very strong financial position.

Cashflow remains strong with net cash generated from operating activities in the period of €91.6 million (period ended 30 June 2023: €62.0 million). At 30 June 2024, cash and undrawn facilities are €282.4 million (31 December 2023: €283.5 million).

The Group is in full compliance with its covenants at 30 June 2024. In accordance with the amended and restated facility agreement entered into by the Group on 2 November 2021 with its banking club, the Group's banking covenants have reverted to Net Debt to EBITDA and Interest Cover from 30 June 2023. This replaces the Net Debt to Value covenant and liquidity minimum covenants which were temporarily in place up to 30 June 2023. At 30 June 2024, the Net Debt to EBITDA covenant limit is 4.0x and the Interest Cover minimum is 4.0x. The Group's Net Debt to EBITDA, as defined in the Group's bank facility agreement which is equivalent to Net Debt to EBITDA after rent, for the year ended 30 June 2024 is 1.3x (31 December 2023: 1.3x) (APM (xv)) and Interest Cover is 17.3x (31 December 2023: 19.5x) (APM (xvi)).

The Directors have considered the above, with all available information and the current liquidity and capital position, in assessing the going concern of the Group.

### 1 General information and basis of preparation *(continued)*

**Going concern** *(continued)*

On the basis of these judgements, the Directors have prepared these Interim Financial Statements on a going concern basis. Furthermore, they do not believe there is any material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

### 2 Material accounting policies

The accounting policies applied in these Interim Financial Statements are consistent with those applied in the consolidated financial statements as at and for the year ended 31 December 2023, apart from the below.

*Repurchase and issue of ordinary shares (treasury shares)*

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury shares reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within retained earnings.

*Classification of Liabilities as Current or Non-Current*

Borrowings are classified as current liabilities unless at the end of the reporting period, the group has a right to defer settlement of the liability for at least 12 months after the reporting period.

The following standards and amendments were effective for the Group for the first time from 1 January 2024:

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current
- Amendments to IAS 1 - Non-current Liabilities with Covenants
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current – Convertible debt
- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements

The above standards and amendments had no material impact on the Interim Financial Statements.

### 3 Seasonality

Hotel revenue and operating profit are driven by seasonal factors as the shoulder months of January and February typically experience lower levels of demand when compared to November and December. Additionally, the busiest months of the operating cycle are usually between July and September. The table below analyses revenue, operating profit and profit before tax for the first half and second half of the year ended 31 December 2023.

| | **6 months ended 30 June 2023 €'000** | **6 months ended 31 December 2023 €'000** | **Year ended 31 December 2023 €'000** |
|---|---|---|---|
| Revenue | 284,829 | 322,869 | 607,698 |
| Operating profit | 74,495 | 81,648 | 156,143 |
| Profit before tax | 50,388 | 55,144 | 105,532 |

## 4 Operating segments

The Group's segments are reported in accordance with IFRS 8 *Operating Segments*. The segment information is reported in the same way as it is reviewed and analysed internally by the chief operating decision makers, primarily the Executive Directors.

In the 2023 half year report, the results of Clayton Hotel Düsseldorf were disclosed as part of the Dublin segment due to their immateriality in the context of group results (less than 4% of total segmental revenue). Due to an addition to the Group's Continental Europe portfolio in the last six months of 2023, the Continental Europe segment is now presented separately below. Clayton Hotel Düsseldorf's results for the first six months of 2023 have been reflected in the Continental Europe segment below to improve comparability.

**Dublin, Regional Ireland, the UK and Continental Europe segments**
These segments are concerned with hotels that are either owned or leased by the Group. As at 30 June 2024, the Group owns 28 hotels which it operates (31 December 2023: 28 hotels, 30 June 2023: 27 hotels) and has effective ownership of two further hotels which it operates (31 December 2023: two hotels, 30 June 2023: one hotel). The Group also owns the majority of one further hotel which it operates (31 December 2023: one hotel, 30 June 2023: one hotel).

The Group also leases 20 hotel buildings from property owners (31 December 2023: 19 hotels, 30 June 2023: 18 hotels) and is entitled to the benefits and carries the risks associated with operating these hotels.

The Group's revenue from leased and owned hotels is primarily derived from room sales and food and beverage sales in restaurants, bars and banqueting. The main costs arising are payroll, cost of goods for resale, commissions paid on room sales, other operating costs, and, in the case of leased hotels, variable lease costs (where linked to turnover or profit) payable to lessors.

**Revenue**

| | **6 months ended 30 June 2024 €'000** | Restated 6 months ended 30 June 2023 €'000 |
|---|---|---|
| Dublin | **135,837** | 139,612 |
| Regional Ireland | **51,170** | 52,567 |
| UK | **96,192** | 82,838 |
| Continental Europe | **19,146** | 9,812 |
| **Total revenue** | **302,345** | 284,829 |

Segmental revenue for each of the geographical locations represents the operating revenue (room revenue, food and beverage revenue and other hotel revenue) from leased and owned hotels situated in the Group's four reportable segments. Revenue is recognised at a point in time when rooms are occupied and food and beverages are sold.

**4 Operating segments** *(continued)*

| | **6 months ended 30 June 2024 €'000** | Restated 6 months ended 30 June 2023 €'000 |
|---|---|---|
| **Segmental results – EBITDAR** | | |
| Dublin | **62,550** | 65,346 |
| Regional Ireland | **15,033** | 15,901 |
| UK | **34,396** | 30,787 |
| Continental Europe | **5,912** | 3,565 |
| **EBITDAR for reportable segments** | **117,891** | 115,599 |
| **Segmental results – EBITDA** | | |
| Dublin | **61,604** | 64,354 |
| Regional Ireland | **14,966** | 15,838 |
| UK | **34,183** | 30,513 |
| Continental Europe | **5,647** | 3,047 |
| **EBITDA for reportable segments** | **116,400** | 113,752 |
| **Reconciliation to results for the period** | | |
| Segments EBITDA | **116,400** | 113,752 |
| Other income | **706** | 669 |
| Central costs | **(7,859)** | (7,367) |
| Share-based payments expense | **(1,614)** | (3,609) |
| **Adjusted EBITDA** | **107,633** | 103,445 |
| Net property revaluation movements through profit or loss | **-** | 1,998 |
| Impairment charge of right-of-use assets | **(3,159)** | - |
| Reversal of previous impairment charges of right-of-use assets | **1,719** | - |
| Net impairment charge of fixtures, fittings and equipment | **(45)** | - |
| Hotel pre-opening expenses | **(1,373)** | (660) |
| **Group EBITDA** | **104,775** | 104,783 |
| Depreciation of property, plant and equipment | **(18,810)** | (15,086) |
| Depreciation of right-of-use assets | **(16,097)** | (14,875) |
| Amortisation of intangible assets and investment properties | **(275)** | (327) |
| Interest on lease liabilities | **(23,272)** | (20,915) |
| Net interest and finance costs | **(4,441)** | (3,192) |
| **Profit before tax** | **41,880** | 50,388 |
| Tax charge | **(6,109)** | (8,429) |
| **Profit for the period** | **35,771** | 41,959 |

**4 Operating segments** *(continued)*

Group EBITDA represents earnings before interest on lease liabilities, other interest and finance costs, tax, depreciation of property, plant and equipment and right-of-use assets and amortisation of intangible assets.

Adjusted EBITDA is presented as an alternative performance measure to show the underlying operating performance of the Group excluding items which are not reflective of normal trading activities or distort comparability either period on period or with other similar businesses. Consequently, Adjusted EBITDA represents Group EBITDA before:

- Net property revaluation movements through profit or loss (note 5);
- Net impairment charge of right-of-use assets (note 5, 11);
- Net impairment charge of fixtures, fittings, and equipment (note 5, 10);
- Hotel pre-opening expenses, which relate primarily to payroll expenses, sales and marketing costs and training costs of new staff, that are incurred by the Group in advance of new hotel openings (note 5).

The line item 'central costs' primarily includes costs of the Group's central functions including operations support, technology, sales and marketing, human resources, finance, corporate services and business development. Share-based payments expense is presented separately from central costs as this expense relates to employees across the Group.

'Segmental results – EBITDA' for Dublin, Regional Ireland, the UK and Continental Europe represents the 'Adjusted EBITDA' for each region before central costs, share-based payments expense and other income. It is the net operational contribution of leased and owned hotels in each geographical location.

'Segmental results – EBITDAR' for Dublin, Regional Ireland, the UK and Continental Europe represents 'Segmental results – EBITDA' before variable lease costs.

**Disaggregated revenue information**

Disaggregated segmental revenue is reported in the same way as it is reviewed and analysed internally by the chief operating decision makers, primarily the Executive Directors. The key components of revenue reviewed by the chief operating decision makers are:

- Room revenue which relates to the rental of rooms in each hotel. Revenue is recognised when the hotel room is occupied, and the service is provided;
- Food and beverage revenue which relates to sales of food and beverages at the hotel property. This revenue is recognised at the point of sale; and
- Other revenue includes revenue from leisure centres, car parks, meeting room hire and other revenue sources at the hotels. Leisure centre revenue is recognised over the life of the membership while the other items are recognised when the service is provided.

**4 Operating segments** *(continued)*

**Disaggregated revenue information** *(continued)*

| | **6 months ended 30 June 2024 €'000** | Restated 6 months ended 30 June 2023 €'000 |
|---|---|---|
| **Revenue review by segment – Dublin** | | |
| Room revenue | **101,957** | 105,914 |
| Food and beverage revenue | **25,064** | 24,772 |
| Other revenue | **8,816** | 8,926 |
| **Total revenue** | **135,837** | 139,612 |
| **Revenue review by segment – Regional Ireland** | | |
| Room revenue | **33,201** | 33,683 |
| Food and beverage revenue | **13,467** | 14,253 |
| Other revenue | **4,502** | 4,631 |
| **Total revenue** | **51,170** | 52,567 |
| **Revenue review by segment – UK** | | |
| Room revenue | **75,999** | 64,589 |
| Food and beverage revenue | **15,657** | 13,892 |
| Other revenue | **4,536** | 4,357 |
| **Total revenue** | **96,192** | 82,838 |
| **Revenue review by segment – Continental Europe** | | |
| Room revenue | **13,657** | 6,788 |
| Food and beverage revenue | **4,569** | 1,868 |
| Other revenue | **920** | 1,156 |
| **Total revenue** | **19,146** | 9,812 |

**4 Operating segments** *(continued)*

**Other geographical information**

| **Revenue** | **6 months ended 30 June 2024** | | | | 6 months ended 30 June 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Republic of Ireland** | **UK** | **Continental Europe** | **Total** | Republic of Ireland Restated | UK | Continental Europe Restated | Total |
| | **€'000** | **€'000** | **€'000** | **€'000** | €'000 | €'000 | €'000 | €'000 |
| Owned hotels | **128,736** | **49,274** | **-** | **178,010** | 132,461 | 40,554 | - | 173,015 |
| Leased hotels | **58,271** | **46,918** | **19,146** | **124,335** | 59,718 | 42,284 | 9,812 | 111,814 |
| **Total revenue** | **187,007** | **96,192** | **19,146** | **302,345** | 192,179 | 82,838 | 9,812 | 284,829 |

| **Segments EBITDAR** | **6 months ended 30 June 2024** | | | | 6 months ended 30 June 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Republic of Ireland** | **UK** | **Continental Europe** | **Total** | Republic of Ireland Restated | UK | Continental Europe Restated | Total |
| | **€'000** | **€'000** | **€'000** | **€'000** | €'000 | €'000 | €'000 | €'000 |
| Owned hotels | **52,490** | **18,379** | **-** | **70,869** | 54,952 | 16,444 | - | 71,396 |
| Leased hotels | **25,093** | **16,017** | **5,912** | **47,022** | 26,295 | 14,343 | 3,565 | 44,203 |
| **Total Segments EBITDAR** | **77,583** | **34,396** | **5,912** | **117,891** | 81,247 | 30,787 | 3,565 | 115,599 |

**Other geographical information**

| | **6 months ended 30 June 2024** | | | | 6 months ended 30 June 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Republic of Ireland** | **UK** | **Continental Europe** | **Total** | Republic of Ireland Restated | UK | Continental Europe Restated | Total |
| | **€'000** | **€'000** | **€'000** | **€'000** | €'000 | €'000 | €'000 | €'000 |
| Variable lease costs | **1,013** | **213** | **265** | **1,491** | 1,054 | 274 | 519 | 1,847 |
| Depreciation of property, plant and equipment | **10,777** | **7,160** | **873** | **18,810** | 10,247 | 4,804 | 35 | 15,086 |
| Depreciation of right-of -use assets | **7,820** | **5,900** | **2,377** | **16,097** | 8,045 | 5,564 | 1,266 | 14,875 |
| Interest on lease liabilities | **8,894** | **11,139** | **3,239** | **23,272** | 8,977 | 10,397 | 1,541 | 20,915 |

## 5 Administrative expenses

| | **6 months ended 30 June 2024 €'000** | 6 months ended 30 June 2023 €'000 |
|---|---|---|
| Other administrative expenses | **70,416** | 64,695 |
| Government grants | **-** | (723) |
| Net property revaluation movements through profit or loss | **-** | (1,998) |
| Depreciation of property, plant and equipment (note 10) | **18,810** | 15,086 |
| Depreciation of right-of-use assets (note 11) | **16,097** | 14,875 |
| Hotel pre-opening expenses (note 4) | **1,373** | 660 |
| Impairment charge of right-of-use assets (note 6, 11) | **3,159** | - |
| Reversal of previous impairment charge of right-of-use assets (note 6, 11) | **(1,719)** | - |
| Net impairment charge of fixtures, fittings and equipment (note 6, 10) | **45** | - |
| Variable lease costs (note 4) | **1,491** | 1,847 |
| Amortisation of intangible assets | **252** | 327 |
| Utilities – electricity and gas | **12,263** | 15,909 |
| | **122,187** | 110,678 |

Other administrative expenses include costs related to payroll, marketing and general administration. The increase in other administrative expenses for the period ended 30 June 2024, relative to the same period in the prior year, is primarily due to wage rate increases and the impact of two new hotels which opened in the last six months in 2023 and one hotel which opened in the first six months of 2024.

During the period ended 30 June 2023, the Group availed of government grants totalling €0.7 million which were offset against the related costs of €0.7 million in administrative expenses in profit or loss. In 2023, these government grants related to the Temporary Business Energy Support Scheme (TBESS) in Ireland for the first quarter of 2023. No such government grants were availed of during the period ended 30 June 2024.

**6 Impairment**

At 30 June 2024, as a result of the carrying amount of the net assets of the Group being more than its market capitalisation (market capitalisation is calculated by multiplying the share price on that date by the number of shares in issue), the Group tested each cash generating unit ('CGU') for impairment as this was deemed to be a potential impairment indicator. Market capitalisation can be influenced by a number of different market factors and uncertainties including wider market sentiment. In addition, share prices reflect a discount due to lack of control rights.

Impairment arises where the carrying value of the CGU (which includes, where relevant, revalued properties and/or right-of-use assets, allocated goodwill, fixtures, fittings and equipment) exceeds its recoverable amount on a value in use ('VIU') basis. Each individual hotel is considered to be a CGU for the purposes of impairment testing.

At 30 June 2024, the recoverable amounts of the Group's CGUs were based on VIU, determined by discounting the estimated future cash flows generated from the continuing use of these hotels. VIU cash flow projections are prepared for each CGU and then compared against the carrying value of the assets, including goodwill, land and buildings, fixtures, fittings and equipment and right-of-use assets, in that CGU.

The VIU estimates were based on the following key assumptions:

- Cash flow projections are based on operating results and forecasts prepared by management covering a ten year period in the case of freehold properties. This period was chosen due to the nature of the hotel assets and is consistent with the valuation basis used by independent external property valuers when performing their hotel valuations (note 10). For impairment testing of right-of-use assets, the lease term was used;
- Revenue and EBITDA projections are based on management's best estimate projections as at 30 June 2024. Forecasted revenue and EBITDA are based on expectations of future outcomes taking into account the macro-environment, current earnings, past experience and adjusted for anticipated revenue and cost growth;
- Cash flow projections assume a long-term compound annual growth rate of 2% in EBITDA for CGUs in the Republic of Ireland, the UK and Continental Europe (31 December 2023: 2%);
- Cash flows include an average annual capital outlay on maintenance for the hotels dependent on the condition of the hotel or typically 4% of revenues but assume no enhancements to any property;
- In the case of CGUs with freehold properties, the VIU calculations also include a terminal value based on terminal (year 10) capitalisation rates consistent with those used by the external property valuers which incorporates a long-term growth rate of 2% (31 December 2023: 2%);
- The cash flows are discounted using a risk adjusted discount rate specific to each property. Risk adjusted discount rates of 8.3% to 11.35% for Dublin assets (31 December 2023: 8.5% to 11.35%), 9.75% to 12.5% for Regional Ireland assets (31 December 2023: 10% to 12.75%), 7.4% to 11.5% for UK assets (31 December 2023: 7.4% to 11.5%), 7.5% to 8% for Continental Europe assets (31 December 2023: 7.5% to 8%) have been used; and
- The values applied to each of these key assumptions are derived from a combination of internal and external factors based on historical experience of the valuers and of management and taking into account the stability of cash flows typically associated with these factors.

At 30 June 2024, the recoverable amount was deemed lower than the carrying amount in one of the Group's UK CGUs and resulted in an impairment charge of €3.2 million (£2.7 million), relating to a right-of-use asset (note 11) and fixtures, fittings and equipment (note 10), being recognised at 30 June 2024.

**6 Impairment** *(continued)*

At 30 June 2024, the recoverable amount was deemed higher than the carrying amount in one of the Group's UK CGUs, which had previously incurred impairment charges, and resulted in an impairment reversal of €1.7 million (£1.5 million), relating to a right-of-use asset (note 11) and fixtures, fittings and equipment (note 10), being recognised at 30 June 2024.

At 30 June 2024, the carrying value of the Group's other CGUs did not exceed their recoverable amount and no impairment was required following assessment.

**7 Net finance costs**

| | **6 months ended 30 June 2024 €'000** | 6 months ended 30 June 2023 €'000 |
|---|---|---|
| Finance income | **(33)** | - |
| | **(33)** | - |
| Interest on lease liabilities (note 11) | **23,272** | 20,915 |
| Interest expense on bank loans and borrowings | **10,002** | 5,948 |
| Cash flow hedges – reclassified from other comprehensive income | **(4,534)** | (2,831) |
| Net foreign exchange loss on financing activities | **41** | 154 |
| Other finance costs | **542** | 763 |
| Interest capitalised to property, plant and equipment (note 10) | **(1,577)** | (842) |
| Finance costs | **27,746** | 24,107 |
| Net finance costs | **27,713** | 24,107 |

The Group uses interest rate swaps to convert the interest rate on part of its debt from floating rate to fixed rate (note 16). The cash flow hedge amount reclassified from other comprehensive income is shown separately within finance costs and primarily represents the additional interest received by the Group as a result of the interest rate swaps. As at 30 June 2024, the Group has recognised derivative assets, in relation to these interest rate swaps, of €2.9 million (31 December 2023: €6.5 million, 30 June 2023: €13.0 million). Interest margins on the Group's borrowings are set with reference to the Net Debt to EBITDA covenant levels and ratchet up or down accordingly.

Other finance costs include commitment fees and other banking and professional fees. Net foreign exchange losses on financing activities relates principally to cash and cash equivalents and loans which did not form part of the net investment hedge (note 16).

Interest on loans and borrowings amounting to €1.6 million (period ended 30 June 2023: €0.8 million) was capitalised to assets under construction on the basis that this cost was directly attributable to the construction of qualifying assets (note 10). The capitalisation rates applied by the Group, which reflected the weighted average interest rates on Sterling denominated borrowings for the period, including the impact of hedges, were 3.3% (30 June 2023: 2.8%).

## 8 Share-based payments expense

The total share-based payments expense for the Group's employee share schemes charged to profit or loss during the period was €1.6 million (six months ended 30 June 2023: €3.6 million), analysed as follows:

| | **6 months ended 30 June 2024 €'000** | 6 months ended 30 June 2023 €'000 |
|---|---|---|
| Long Term Incentive Plans | **1,547** | 3,336 |
| Share Save schemes | **67** | 273 |
| | **1,614** | 3,609 |

Details of the schemes operated by the Group are set out hereafter:

**Long Term Incentive Plans**

**Awards granted**

During the period ended 30 June 2024, the Board approved the conditional grant of 1,634,668 ordinary shares 'the Award' pursuant to the terms and conditions of the Group's 2017 Long Term Incentive Plan ('the 2017 LTIP'). The Award was granted to senior employees across the Group (127 in total). Vesting of the Award is based on two independently assessed performance targets, 50% based on total shareholder return 'TSR' and 50% based on Free Cashflow Per Share 'FCPS'. The performance period of this Award is 1 January 2024 to 31 December 2026.

Threshold performance for the TSR condition is a performance measure against a bespoke comparator group of 19 listed peer companies in the travel and leisure sector, with threshold 25% vesting if the Group's TSR over the performance period is ranked at the median compared to the TSR of the comparator group. If the Group's TSR performance is at or above the upper quartile compared to the comparator group, the remaining 75% of that portion of the Award will vest, with pro-rota vesting on a straight-line basis for performance in between these thresholds.

Threshold performance (25% vesting) for the FCPS condition, a non-market-based performance condition, is based on the achievement of FCPS of €0.631, as will be disclosed in the Group's 2026 audited consolidated financial statements, with 100% vesting for FCPS of €0.771 or greater. The FCPS based portion of the Award will vest on a straight-line basis for performance between these thresholds. FCPS targets may be amended in restricted circumstances if an event occurs which causes the Remuneration Committee to determine an amended or substituted performance condition would be more appropriate and not materially more or less difficult to satisfy. Participants are also entitled to receive a dividend equivalent amount in respect of their awards.

## 8 Share-based payments expense *(continued)*

### Long Term Incentive Plans *(continued)*

Movements in the number of share awards are as follows:

| | **6 months ended 30 June 2024** | Year ended 31 December 2023 |
|---|---|---|
| | **Number of Awards** | Number of Awards |
| Outstanding at the beginning of the period/year | **4,089,901** | 4,837,170 |
| Granted during the period/year | **1,634,668** | 1,574,799 |
| Forfeited during the period/year | **(59,185)** | (52,901) |
| Lapsed unvested during the period/year | **-** | (1,733,533) |
| Exercised during the period/year | **(1,092,261)** | (535,634) |
| **Outstanding at the end of the period/year** | **4,573,123** | 4,089,901 |

| **Grant date** | **6 months ended 30 June 2024 Number of Awards** | Year ended 31 December 2023 Number of Awards |
|---|---|---|
| March 2021 | **-** | 1,099,661 |
| March 2022 | **1,409,276** | 1,427,175 |
| March 2023 | **1,514,254** | 1,540,346 |
| May 2023 | **22,719** | 22,719 |
| April 2024 | **1,626,874** | - |
| **Outstanding at the end of the period/year** | **4,573,123** | 4,089,901 |

**Awards vested**

During the period ended 30 June 2024, participants of the March 2021 scheme exercised 1,092,261 options on foot of the vesting of awards granted under the terms of the 2017 LTIP.

The weighted average share price at the date of exercise for these awards was €4.32.

**Measurement of fair values**

The fair value, at the grant date, of the TSR-based conditional share awards was measured using a Monte Carlo simulation model. Non-market-based performance conditions attached to the awards were not taken into account in measuring fair value at the grant date. The valuation and key assumptions used in the measurement of the fair values at the grant date were as follows:

**8 Share-based payments expense** *(continued)*

**Measurement of fair values** *(continued)*

| | **March 2024** | March 2023 |
|---|---|---|
| Fair value at grant date for TSR- based Awards | **€2.33** | €2.93 |
| Share price at grant date | **€4.51** | €4.30 |
| Exercise price | **€0.01** | €0.01 |
| Expected volatility | **35.04% p.a.** | 54.8% p.a. |
| Performance period | **3 years** | 3 years |
| Risk- free rates | **2.61%** | 2.78% |

Dividend equivalents accrue on awards that vest up to the time of vesting under the LTIP schemes, and therefore the dividend yield has been set to zero to reflect this. Such dividend equivalents will be released to participants in the form of additional shares on vesting subject to the satisfaction of performance criteria. In the absence of available market-implied and observable volatility, the expected volatility has been estimated based on the historic share price over a three-year period.

Awards granted include FCPS-related performance conditions, a non-market-based performance condition, that do not impact the fair value of the award at the grant date, which equals the share price less exercise price. Instead, an estimate is made by the Group as to the number of shares which are expected to vest based on satisfaction of the FCPS-related performance condition, where applicable, and this, together with the fair value of the award at grant date, determines the accounting charge to be spread over the vesting period. The estimate of the number of shares which are expected to vest over the vesting period of the award is reviewed in each reporting period and the accounting charge is adjusted accordingly.

**Share Save schemes**

During the period ended 30 June 2024, 2,000 ordinary shares were exercised on maturity of the share options granted as part of the Share Save scheme in 2019. There were also 1,103,023 options exercised on maturity of the share options granted as part of the Share Save scheme in 2020. The weighted average share price at the date of exercise for options exercised during the period ended 30 June 2024 was €2.26.

During the period ended 30 June 2024, there were no new schemes granted (no new schemes granted during six months ended 30 June 2023). Each scheme is for three years and employees may choose to purchase shares over the six-month period following the end of the three-year period at the fixed discounted price set at the start of the three-year period. The share price for the schemes has been set at a 25% discount for Republic of Ireland based employees and 20% for UK based employees in line with the maximum amount permitted under tax legislation in both jurisdictions.

**8 Share-based payments expense** *(continued)*

**Share Save schemes** *(continued)*

Movements in the number of share options and the related weighted average exercise price ('WAEP') are as follows:

| | **6 months ended 30 June 2024** | | Year ended 31 December 2023 | |
|---|---|---|---|---|
| | **Options** | **WAEP € per share** | Options | WAEP € per share |
| Outstanding at the beginning of the period/year | **1,480,299** | **2.39** | 1,695,307 | 2.53 |
| Granted during the period/year | **-** | **-** | - | - |
| Forfeited during the period/year | **(43,543)** | **2.80** | (167,520) | 2.78 |
| Exercised during the period/year | **(1,103,023)** | **2.26** | (47,488) | 3.46 |
| **Outstanding at the end of the period/year** | **333,733** | **2.56** | 1,480,299 | 2.39 |

The weighted average remaining contractual life for the share options outstanding at 30 June 2024 is 1.10 years (31 December 2023: 0.80 years)

**9 Tax charge**

| | **6 months ended 30 June 2024 €'000** | 6 months ended 30 June 2023 €'000 |
|---|---|---|
| **Current tax** | | |
| Irish corporation tax | **5,767** | 7,057 |
| Foreign corporation tax | **63** | - |
| Deferred tax charge | **279** | 1,372 |
| **Tax charge** | **6,109** | 8,429 |

The tax charge of €6.1 million for the period ended 30 June 2024 (six months ended 30 June 2023: €8.4 million) primarily relates to current tax in respect of profits earned in Ireland during the period.

**10 Property, plant and equipment**

| | Land and buildings €'000 | Assets under construction €'000 | Fixtures, fittings and equipment €'000 | Total €'000 |
|---|---|---|---|---|
| **At 30 June 2024** | | | | |
| Valuation | 1,495,332 | - | - | 1,495,332 |
| Cost | - | 117,928 | 197,104 | 315,032 |
| Accumulated depreciation (and impairment charges)* | - | - | (89,620) | (89,620) |
| **Net carrying amount** | **1,495,332** | **117,928** | **107,484** | **1,720,744** |
| At 1 January 2024, net carrying amount | 1,478,636 | 101,703 | 104,492 | 1,684,831 |
| Additions | 54 | 12,268 | 13,769 | 26,091 |
| Revaluation gains through other comprehensive income | 11,547 | - | - | 11,547 |
| Net impairment of fixtures, fittings and equipment | - | - | (45) | (45) |
| Capitalised labour costs | 10 | 64 | 9 | 83 |
| Capitalised borrowing costs (note 7) | - | 1,577 | - | 1,577 |
| Depreciation charge for the period | (7,130) | - | (11,680) | (18,810) |
| Transfer from assets under construction to fixtures, fittings and equipment | - | (43) | 43 | - |
| Translation adjustment | 12,215 | 2,359 | 896 | 15,470 |
| **At 30 June 2024, net carrying amount** | **1,495,332** | **117,928** | **107,484** | **1,720,744** |

**Accumulated depreciation of buildings is stated after the elimination of depreciation on revaluation, disposals and impairments.*

The carrying value of land and buildings, revalued at 30 June 2024, is €1,495.3 million (31 December 2023: €1,478.6 million). The value of these assets under the cost model is €963.0 million (31 December 2023: €959.9 million). During the period ended 30 June 2024, unrealised revaluation gains of €11.5 million (year ended 31 December 2023: net unrealised revaluation gains of €92.1 million) have been reflected through other comprehensive income and in the revaluation reserve in equity. Reversals of previously recognised revaluation losses in profit or loss were €nil in the period ended 30 June 2024 (year ended 31 December 2023: net reversal of previously recognised revaluation losses in profit or loss of €2.0 million).

Included in land and buildings at 30 June 2024 is land at a carrying value of €528.9 million which is not depreciated (31 December 2023: €521.9 million).

Additions to assets under construction during the period ended 30 June 2024 primarily relate to the development expenditure incurred on the construction of Maldron Hotel Shoreditch, London (€10.4 million).

## 10 Property, plant and equipment *(continued)*

**Measurement of fair value**

The value of the Group's property at 30 June 2024 reflects open market valuations carried out as at 30 June 2024 by independent external valuers having appropriate recognised professional qualifications and recent experience in the location and value of the property being valued. The external valuations performed were in accordance with the Royal Institution of Chartered Surveyors (''RICS'') Valuation Standards.

The fair value measurement of the Group's own-use property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. At 30 June 2024, 31 properties were revalued by independent external valuers engaged by the Group (31 December 2023: 31 properties).

The principal valuation technique used by the independent external valuers engaged by the Group was discounted cash flows. This valuation model considers the present value of net cash flows to be generated from the property over a ten year period (with an assumed terminal value at the end of year 10). Valuers' forecast cash flow included in these calculations represents the expectations of the valuers for EBITDA (driven by revenue per available room ('RevPAR') calculated as total rooms revenue divided by rooms available) for the property and also takes account of the expectations of a prospective purchaser. It also includes their expectation for capital expenditure which the valuers, typically, assume as approximately 4% of revenue per annum. This does not always reflect the profile of actual capital expenditure incurred by the Group for individual assets. On specific assets, refurbishments are, by nature, periodic rather than annual. Valuers' expectations of EBITDA are based on their trading forecasts (benchmarked against competition, market and actual performance). The expected net cash flows are discounted using risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of the property and its location. The final valuation also includes a deduction of full purchaser's costs based on the valuers' estimates at 9.96% for assets located in the Republic of Ireland (31 December 2023: 9.96%) and 6.8% for assets located in the UK (31 December 2023: 6.8%).

The significant unobservable inputs are:

- Valuers' forecast cash flow;
- Risk adjusted discount rates and terminal (year 10) capitalisation rates which are specific to each property.
- Dublin:
  - Risk adjusted discount rates range between 8.50% and 11.35% (31 December 2023: 8.50% and 11.35%).
  - Weighted average risk adjusted discount rate is 9.41% (31 December 2023: 9.40%).
  - Terminal capitalisation rates range between 6.50% and 9.35% (31 December 2023: 6.50% and 9.35%).
  - Weighted average terminal capitalisation rate is 7.41% (31 December 2023: 7.4%).
- Regional Ireland:
  - Risk adjusted discount rates range between 9.75% and 12.50% (31 December 2023: 10.00% and 12.75%).
  - Weighted average risk adjusted discount rate is 10.83% (31 December 2023: 11.06%).
  - Terminal capitalisation rates range between 7.75% and 10.50% (31 December 2023: 8.00% and 10.75%).
  - Weighted average terminal capitalisation rate is 8.83% (31 December 2023: 9.06%).
- UK:
  - Risk adjusted discount rates range between 7.40% and 11.50% (31 December 2023: 7.40% and 11.50%).
  - Weighted average risk adjusted discount rate is 8.56% (31 December 2023: 8.77%).
  - Terminal capitalisation rates range between 5.40% and 9.50% (31 December 2023: 5.40% and 9.50%).
  - Weighted average terminal capitalisation rate is 6.56% (31 December 2023: 6.77%).

**10 Property, plant and equipment** *(continued)*

**Measurement of fair value** *(continued)*

The estimated fair value under this valuation model may increase or decrease if:

- Valuers' forecast cash flow was higher or lower than expected; and/or
- The risk adjusted discount rate and terminal capitalisation rate was higher or lower.

Valuations also had regard to relevant price per key metrics from hotel sales activity.

**11 Leases**

The Group leases property assets, which includes land and buildings and related fixtures and fittings, and other equipment relating to vehicles, machinery, and IT equipment. Information about leases for which the Group is a lessee is presented below:

| **Right-of-use assets** | **Period ended 30 June 2024 €'000** | Year ended 31 December 2023 €'000 |
|---|---|---|
| **Net book value at start of period/year** | **685,193** | 658,101 |
| Acquisitions through business combinations | **-** | 43,382 |
| Additions | **20,257** | 375 |
| Depreciation charge for the period/year | **(16,097)** | (30,663) |
| Remeasurement of lease liabilities | **1,508** | 7,808 |
| Impairment charge | **(3,159)** | - |
| Reversal of previous impairment charge | **1,719** | - |
| Translation adjustment | **8,283** | 6,190 |
| **Net book value at end of period/year** | **697,704** | 685,193 |

Right-of-use assets comprise of leased assets that do not meet the definition of investment property. Right-of-use assets primarily reflect leased property assets. The carrying value of right-of-use assets related to other equipment at 30 June 2024 reflected in the above total is €0.5 million (31 December 2023: €0.6 million).

As a result of the impairment tests and reversal assessments carried out at 30 June 2024, an impairment of right-of-use assets of €3.2 million (£2.7 million) relating to a UK CGU and a reversal of a previous impairment charge of €1.7 million (£1.4 million) relating to a right-of-use asset in another UK CGU were recognised in profit or loss during the period ended 30 June 2024 (note 6).

**11 Leases** *(continued)*

| **Lease liabilities** | **Period ended 30 June 2024 €'000** | Year ended 31 December 2023 €'000 |
|---|---|---|
| Current | **12,040** | 10,347 |
| Non-current | **686,558** | 641,444 |
| **Lease liabilities at start of period/year** | **698,598** | 651,791 |
| Additions | **16,297** | 375 |
| Acquisitions through business combinations | **-** | 43,382 |
| Interest on lease liabilities (note 7) | **23,272** | 42,751 |
| Lease payments | **(29,133)** | (53,498) |
| Remeasurement of lease liabilities | **1,508** | 7,808 |
| Translation adjustment | **8,559** | 5,989 |
| **Lease liabilities at end of period/year** | **719,101** | 698,598 |
| Current | **12,610** | 12,040 |
| Non-current | **706,491** | 686,558 |
| **Lease liabilities at end of period/year** | **719,101** | 698,598 |

In May 2024, the Group entered into a 35 year lease of Maldron Hotel Manchester Cathedral Quarter. This resulted in the recognition of a lease liability of €16.3 million (£13.9 million) and a right-of-use asset of €20.3 million (£17.2 million), which includes initial direct costs of €4.0 million (£3.3 million).

The weighted average incremental borrowing rate for new leases entered into during the period ended 30 June 2024 is 10.2% (31 December 2023: 8.8%).

Following agreed rent reviews and rent adjustments, which formed part of the original lease agreements, certain of the Group's leases were reassessed during the period. This resulted in an increase in lease liabilities and related right-of-use assets of €1.5 million.

**11 Leases** *(continued)*

Non-cancellable undiscounted lease cash flows payable under lease contracts are set out below:

| | **At 30 June 2024** | | | |
|---|---|---|---|---|
| | **Republic of Ireland** | **Continental Europe** | **UK** | **Total** |
| | **€'000** | **€'000** | **£'000** | **€'000** |
| 6 months ending 31 December 2024 | **13,239** | **4,395** | **10,702** | **30,279** |
| During the year 2025 | **26,540** | **8,836** | **21,041** | **60,236** |
| During the year 2026 | **24,642** | **8,836** | **21,134** | **58,448** |
| During the year 2027 | **24,485** | **8,836** | **21,592** | **58,832** |
| During the year 2028 | **24,565** | **8,836** | **21,708** | **59,049** |
| During the year 2029 | **24,527** | **8,836** | **21,840** | **59,167** |
| During the years 2030 – 2039 | **234,867** | **88,362** | **228,504** | **593,207** |
| During the years 2040 – 2049 | **135,452** | **19,143** | **247,498** | **447,014** |
| From 2050 onwards | **59,594** | **-** | **162,006** | **251,004** |
| | **567,911** | **156,080** | **756,025** | **1,617,236** |

| | At 31 December 2023 | | | |
|---|---|---|---|---|
| | Republic of Ireland | Continental Europe | UK | Total |
| | €'000 | €'000 | £'000 | €'000 |
| During the year 2024 | 26,283 | 8,780 | 19,588 | 57,603 |
| During the year 2025 | 26,475 | 8,827 | 19,660 | 57,924 |
| During the year 2026 | 24,577 | 8,827 | 19,753 | 56,133 |
| During the year 2027 | 24,419 | 8,827 | 20,211 | 56,502 |
| During the year 2028 | 24,500 | 8,827 | 20,327 | 56,717 |
| During the year 2029 | 24,462 | 8,827 | 20,403 | 56,766 |
| During the years 2030 – 2039 | 234,867 | 88,268 | 213,524 | 568,833 |
| During the years 2040 – 2049 | 135,452 | 19,121 | 230,987 | 420,366 |
| From 2050 onwards | 59,594 | - | 145,688 | 227,235 |
| | 580,629 | 160,304 | 710,141 | 1,558,079 |

**11 Leases** *(continued)*

Sterling amounts have been converted using the closing foreign exchange rate of 0.84638 as at 30 June 2024 (0.86905 as at 31 December 2023).

The weighted average lease life of future minimum rentals payable under leases is 29.4 years (31 December 2023: 29.5 years). Lease liabilities are monitored within the Group's treasury function.

The actual cash flows will depend on the composition of the Group's lease portfolio in future years and is subject to change, driven by:

- commencement of new leases;
- modifications of existing leases; and
- reassessments of lease liabilities following periodic rent reviews.

It excludes leases on hotels for which an agreement for lease has been signed, but which has not reached the lease commencement date.

*Unwind of right-of-use assets and release of interest charge*

The unwinding of the right-of-use assets and the release of the interest on the lease liabilities through profit or loss over the terms of the leases have been disclosed in the following tables:

| | Depreciation of right-of-use assets | | | |
|---|---|---|---|---|
| | **Republic of Ireland** | **Continental Europe** | **UK** | **Total** |
| | **€'000** | **€'000** | **£'000** | **€'000** |
| 6 months ending 31 December 2024 | **8,118** | **2,377** | **5,203** | **16,642** |
| During the year 2025 | **16,148** | **4,754** | **10,405** | **33,196** |
| During the year 2026 | **14,165** | **4,754** | **10,060** | **30,805** |
| During the year 2027 | **13,689** | **4,754** | **9,841** | **30,070** |
| During the year 2028 | **13,516** | **4,754** | **9,686** | **29,714** |
| During the year 2029 | **13,296** | **4,479** | **9,026** | **28,439** |
| During the years 2030 – 2039 | **121,287** | **44,540** | **87,625** | **269,356** |
| During the years 2040 – 2049 | **63,889** | **9,650** | **87,408** | **176,812** |
| From 2050 onwards | **24,877** | **-** | **48,915** | **82,670** |
| | **288,985** | **80,062** | **278,169** | **697,704** |

**11 Leases** *(continued)*

*Unwind of right-of-use assets and release of interest charge (continued)*

| | Interest on lease liabilities | | | |
|---|---|---|---|---|
| | **Republic of Ireland** | **Continental Europe** | **UK** | **Total** |
| | **€'000** | **€'000** | **£'000** | **€'000** |
| 6 months ending 31 December 2024 | **8,802** | **3,195** | **9,960** | **23,765** |
| During the year 2025 | **17,181** | **6,256** | **19,869** | **46,912** |
| During the year 2026 | **16,641** | **6,061** | **19,797** | **46,092** |
| During the year 2027 | **16,182** | **5,851** | **19,704** | **45,313** |
| During the year 2028 | **15,684** | **5,624** | **19,578** | **44,440** |
| During the year 2029 | **15,154** | **5,380** | **19,439** | **43,502** |
| During the years 2030 – 2039 | **117,821** | **35,397** | **181,188** | **367,292** |
| During the years 2040 – 2049 | **54,805** | **1,533** | **129,068** | **208,832** |
| From 2050 onwards | **9,475** | **-** | **52,909** | **71,987** |
| | **271,745** | **69,297** | **471,512** | **898,135** |

Sterling amounts have been converted using the closing foreign exchange rate of 0.84638 as at 30 June 2024.

The actual depreciation and interest charge through profit or loss will depend on the composition of the Group's lease portfolio in future years and is subject to change, driven by:

- commencement of new leases;
- modifications of existing leases;
- reassessments of lease liabilities following periodic rent reviews; and
- impairments and reversal of previous impairment charges of right-of-use assets.

It excludes leases on hotels for which an agreement for lease has been signed, but which has not reached the lease commencement date.

*Leases not yet commenced to which the lessee is committed*

The Group has a number of agreements for lease at 30 June 2024 and details of the non-cancellable lease rentals and other contractual obligations payable under these agreements are set out hereafter. These represent the minimum future lease payments (undiscounted) and other contractual payments, in aggregate, that the Group is required to make under the agreements. An agreement for lease is a binding agreement between external third parties and the Group to enter into a lease at a future date. The dates of commencement of these leases may change based on the hotel opening dates. The amounts payable may also change slightly if there are any changes in room numbers delivered through construction.

**11 Leases** *(continued)*

*Leases not yet commenced to which the lessee is committed (continued)*

| **Agreements for lease** | **30 June 2024 €'000** | 31 December 2023 €'000 |
|---|---|---|
| Less than one year | **6,029** | 9,503 |
| One to two years | **5,084** | 5,745 |
| Two to three years | **6,921** | 7,991 |
| Three to five years | **15,278** | 16,389 |
| Five to fifteen years | **77,428** | 86,181 |
| Fifteen to twenty five years | **80,697** | 92,658 |
| After twenty five years | **802,027** | 107,305 |
| **Total future lease payments** | **993,464** | 325,772 |

Included in the above table are future lease payments for agreements for lease for Maldron Hotel Brighton, Maldron Hotel Liverpool City and Maldron Hotel Croke Park, Dublin, all with a lease term of 35 years, and a lease extension for Clayton Hotel Manchester Airport, which will extend the current remaining term from 61 years to 200 years.

Amounts included for Clayton Hotel Manchester Airport are those which are incremental to the current lease. Upon satisfaction of the conditions of the agreement for lease, the lease extension will complete, and will trigger a lease modification.

The leases for Maldron Hotel Brighton and Maldron Hotel Liverpool City have commenced and opened in July 2024. The expected opening date for Maldron Hotel Croke Park, Dublin is the second half of 2026.

**12 Trade and other receivables**

| | **30 June 2024 €'000** | 31 December 2023 €'000 |
|---|---|---|
| **Non-current assets** | | |
| Other receivables | **2,328** | 2,328 |
| Prepayments | **9,140** | 4,090 |
| | **11,468** | 6,418 |
| **Current assets** | | |
| Trade receivables | **17,352** | 10,830 |
| Prepayments | **19,260** | 9,251 |
| Contract assets | **5,236** | 4,612 |
| Accrued income | **2,342** | 3,069 |
| Other receivables | **500** | 500 |
| | **44,690** | 28,262 |
| **Total** | **56,158** | 34,680 |

**Non-current assets**

Included in non-current other receivables at 30 June 2024, is a rent deposit of €1.4 million paid to the landlord on the sale and leaseback of Clayton Hotel Charlemont (31 December 2023: €1.4 million). This deposit is repayable to the Group at the end of the lease term. Also included is a deposit paid as part of another hotel property lease contract of €0.9 million (2023: €0.9 million) which is interest-bearing and refundable at the end of the lease term.

Included in non-current prepayments at 30 June 2024 are costs of €9.1million (31 December 2023: €4.1 million) associated with future lease agreements for hotels which are currently being constructed or in planning.

**Current assets**

Trade receivables are subject to the expected credit loss model in IFRS 9 Financial Instruments. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the number of days past due.

**13 Trade and other payables**

| | **30 June 2024 €'000** | 31 December 2023 €'000 |
|---|---|---|
| **Non-current liabilities** | | |
| Accruals | **472** | 348 |
| | **472** | 348 |
| **Current liabilities** | | |
| Trade payables | **22,027** | 16,724 |
| Accruals | **40,305** | 45,839 |
| Contract liabilities | **16,896** | 13,459 |
| Value added tax | **10,160** | 4,957 |
| Payroll taxes | **2,986** | 3,641 |
| Tourist taxes | **2,467** | 1,429 |
| | **94,841** | 86,049 |
| **Total** | **95,313** | 86,397 |

Accruals at 30 June 2024 include €7.7 million of accruals related to amounts which have not yet been invoiced for capital expenditure and for costs incurred on entering new leases and agreements for lease (31 December 2023: €6.2 million).

## 14 Provision for liabilities

| | 30 June 2024 €'000 | 31 December 2023 €'000 |
|---|---|---|
| **Non-current liabilities** | | |
| Insurance provision | **6,156** | 6,656 |
| **Current liabilities** | | |
| Insurance provision | **2,029** | 1,955 |
| **Total provision at end of period/year** | **8,185** | 8,611 |

The reconciliation of the movement in the provision for the period/year is as follows:

| | Period ended 30 June 2024 €'000 | Year ended 31 December 2023 €'000 |
|---|---|---|
| At 1 January | **8,611** | 9,179 |
| Provisions made during the period/year – charged to profit or loss | **850** | 2,500 |
| Utilised during the period/year | **(572)** | (1,815) |
| Discounting effect charged to profit or loss | **86** | (326) |
| Reversed to profit or loss during the period/year | **(790)** | (927) |
| **At end of period/year** | **8,185** | 8,611 |

The provision relates to actual and potential obligations arising from the Group's insurance arrangements where the Group is self-insured. The Group has third party insurance cover above specific limits for individual claims and has an overall maximum aggregate payable for all claims in any one year. The amount provided is principally based on projected settlements as determined by external loss adjusters. The provision also includes an estimate for claims incurred but not yet reported and incurred but not enough reported.

The utilisation of the provision is dependent on the timing of settlement of the outstanding claims. The Group expects the majority of the insurance provision will be utilised within five years of the period end date however, due to the nature of the provision, there is a level of uncertainty in the timing of settlement as the Group generally cannot precisely determine the extent and duration of the claim process. The provision has been discounted to reflect the time value of money.

## 15 Commitments

The Group has the following commitments for future capital expenditure under its contractual arrangements.

| | **30 June 2024 €'000** | 31 December 2023 €'000 |
|---|---|---|
| Contracted but not provided for | **14,763** | 20,569 |

At 30 June 2024, the commitments include an amount of €3.8 million related to the new-build hotel development of Maldron Hotel Shoreditch, London. It also includes committed capital expenditure at other hotels in the Group.

The Group also has further commitments in relation to fixtures, fittings and equipment in some of its leased hotels. Under certain lease agreements, the Group has committed to spending a percentage of revenue on capital expenditure in respect of fixtures, fittings and equipment in the leased hotels over the life of the lease. The Group has estimated the commitment in relation to these leases to be €71.7 million (31 December 2023: €77.3 million) spread over the life of the various leases which primarily range in length from 18 years to 34 years. The revenue figures used in the estimate of the commitment at 30 June 2024 have been based on 2024 forecasted revenues at that date. The actual commitment will be higher or lower dependent on the actual revenue earned in each of the lease years.

## 16 Financial risk management

### Risk exposures

The Group is exposed to various financial risks arising in the normal course of business. Its financial risk exposures are predominantly related to the creditworthiness of counterparties and risks relating to changes in interest rates and foreign currency exchange rates.

The Group uses financial instruments throughout its business: loans and borrowings and cash and cash equivalents are used to finance the Group's operations; trade and other receivables, trade and other payables and accruals arise directly from operations and derivatives are used to manage interest rate risks and to achieve a desired profile of borrowings. The Group uses a net investment hedge with Sterling denominated borrowings to hedge the foreign exchange risk from investments in certain UK operations. The Group does not trade in financial instruments.

**16 Financial risk management** *(continued)*

**Fair values**

The following tables show the carrying amount of Group financial assets and liabilities including their values in the fair value hierarchy at 30 June 2024. The tables do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. A fair value disclosure for lease liabilities is not required.

| | | | | Fair value | | |
|---|---|---|---|---|---|---|
| **Financial assets** | **Financial assets measured at fair value 30 June 2024 €'000** | **Financial assets measured at amortised cost 30 June 2024 €'000** | **Total carrying amount 30 June 2024 €'000** | **Level 1 30 June 2024 €'000** | **Level 2 30 June 2024 €'000** | **Level 3 30 June 2024 €'000** |
| Derivatives – hedging instruments | 2,948 | - | 2,948 | | 2,948 | |
| Trade and other receivables, excluding prepayments and deposit paid on acquisition (note 12) | - | 27,758 | 27,758 | | | |
| Cash at bank and in hand | - | 40,880 | 40,880 | | | |
| | 2,948 | 68,638 | 71,586 | | | |

| **Financial liabilities** | **Financial liabilities measured at fair value 30 June 2024 €'000** | **Financial liabilities measured at amortised cost 30 June 2024 €'000** | **Total carrying amount 30 June 2024 €'000** | **Level 1 30 June 2024 €'000** | **Level 2 30 June 2024 €'000** | **Level 3 30 June 2024 €'000** |
|---|---|---|---|---|---|---|
| Bank loans (note 17) | - | (265,951) | (265,951) | | (265,951) | |
| Trade payables and accruals (note 13) | - | (63,382) | (63,382) | | | |
| | - | (329,333) | (329,333) | | | |

## 16 Financial risk management *(continued)*

**Fair values** *(continued)*

The following tables show the carrying amount of Group financial assets and liabilities including their values in the fair value hierarchy at 31 December 2023. The tables do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. A fair value disclosure for lease liabilities is not required.

| | | | | | Fair value | |
|---|---|---|---|---|---|---|
| **Financial assets** | **Financial assets measured at fair value 31 December 2023 €'000** | **Financial assets measured at amortised cost 31 December 2023 €'000** | **Total carrying amount 31 December 2023 €'000** | **Level 1 31 December 2023 €'000** | **Level 2 31 December 2023 €'000** | **Level 3 31 December 2023 €'000** |
| Derivatives – hedging instruments | 6,521 | - | 6,521 | | 6,521 | |
| Trade and other receivables, excluding prepayments (note 12) | - | 21,339 | 21,339 | | | |
| Cash at bank and in hand | - | 34,173 | 34,173 | | | |
| | 6,521 | 55,512 | 62,033 | | | |

| **Financial liabilities** | **Financial liabilities measured at fair value 31 December 2023 €'000** | **Financial liabilities measured at amortised cost 31 December 2023 €'000** | **Total carrying amount 31 December 2023 €'000** | **Level 1 31 December 2023 €'000** | **Level 2 31 December 2023 €'000** | **Level 3 31 December 2023 €'000** |
|---|---|---|---|---|---|---|
| Bank loans (note 17) | - | (254,387) | (254,387) | | (254,387) | |
| Trade payables and accruals (note 13) | - | (62,911) | (62,911) | | | |
| | - | (317,298) | (317,298) | | | |

**16 Financial risk management** *(continued)*

**Fair value hierarchy**

The Group measures the fair value of financial instruments based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements. Financial instruments are categorised by the type of valuation method used. The valuation methods are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the financial instrument that are not based on observable market data (unobservable inputs).

The Group's policy is to recognise any transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer occurred. During the period ended 30 June 2024, there were no reclassifications of financial instruments and no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments.

***Estimation of fair values***
The principal methods and assumptions used in estimating the fair values of financial assets and liabilities are explained hereafter.

***Cash at bank and in hand***
For cash at bank and in hand, the carrying value is deemed to reflect a reasonable approximation of fair value.

***Derivatives***
Discounted cash flow analyses have been used to determine the fair value of the interest rate swaps, taking into account current market inputs and rates (Level 2).

***Receivables/payables***
For receivables and payables with a remaining term of less than one year or demand balances, the carrying value net of impairment provision, where appropriate, is a reasonable approximation of fair value. The non-current receivables and payables carrying value is a reasonable approximation of fair value.

***Bank loans***
For bank loans, the fair value is calculated based on the present value of the expected future principal and interest cash flows discounted at interest rates effective at the reporting date. The carrying value of floating rate loans and borrowings is considered to be a reasonable approximation of fair value.

**16 Financial risk management** *(continued)*

**(a) Credit risk**

***Exposure to credit risk***
Credit risk is the risk of financial loss to the Group arising from granting credit to customers and from investing cash and cash equivalents with banks and financial institutions.

***Trade and other receivables***
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Outstanding customer balances are regularly monitored and reviewed for indicators of impairment (evidence of financial difficulty of the customer or payment default). The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Other receivables primarily relate to deposits due from landlords at the end of the lease term and other contractual amounts due from landlords.

Contract assets primarily relate to guest ledgers held with customers and are subject to the expected credit loss model in IFRS 9 *Financial Instruments*. The Group initially measures contract assets at fair value and subsequently assesses the recoverable amount using the IFRS 9 simplified approach to measuring expected credit losses.

Trade receivables are subject to the expected credit loss model in IFRS 9 *Financial Instruments*. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the number of days past due. Management does not expect any significant losses from receivables that have not been provided for as at 30 June 2024.

***Cash and cash equivalents***
Cash and cash equivalents comprise cash at bank and in hand and give rise to credit risk on the amounts held with counterparties. The maximum credit risk is represented by the carrying value at the reporting date. The Group's policy for investing cash is to limit the risk of principal loss and to ensure the ultimate recovery of invested funds by limiting credit risk. The Group reviews regularly the credit rating of each bank and if necessary, takes action to ensure there is appropriate cash and cash equivalents held with each bank based on their credit rating. During the period ended 30 June 2024, cash and cash equivalents were held in line with predetermined limits depending on the credit rating of the relevant bank/financial institution.

The carrying amount of the following financial assets represents the Group's maximum credit exposure. The maximum exposure to credit risk at the end of the period/year was as follows:

| | **30 June 2024 €'000** | 31 December 2023 €'000 |
|---|---|---|
| Trade receivables | **17,352** | 10,830 |
| Other receivables | **2,828** | 2,828 |
| Contract assets | **5,236** | 4,612 |
| Accrued income | **2,342** | 3,069 |
| Cash at bank and in hand | **40,880** | 34,173 |
| Derivative assets | **2,948** | 6,521 |
| | **71,586** | 62,033 |

**16 Financial risk management** *(continued)*

**(b) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities. In general, the Group's approach to managing liquidity risk is to ensure as far as possible that it will always have sufficient liquidity, through a combination of cash and cash equivalents, cash flows and undrawn credit facilities to:

- Fund its ongoing activities;
- Allow it to invest in hotels that may create value for shareholders; and
- Maintain sufficient financial resources to mitigate against risks and unforeseen events.

Cashflow remains strong with net cash generated from operating activities in the period of €91.6 million (period ended 30 June 2023: €62.0 million). At 30 June 2024, cash and undrawn facilities are €282.4 million (31 December 2023: €283.5 million).

The Group is in full compliance with its covenants at 30 June 2024. The key covenants relate to Net Debt to EBITDA (as defined in the Group's bank facility agreement which is equivalent to Net Debt to EBITDA after rent) and Interest Cover at 30 June 2024. At 30 June 2024, the Net Debt to EBITDA covenant limit is 4.0x and the Interest Cover minimum is 4.0x. The Group's Net Debt to EBITDA after rent for the 12 month period to 30 June 2024 is 1.3x (APM (viii)) and Interest Cover is 17.3x (APM (xix)).

The Group also monitors its Debt and Lease Service cover (APM (xv)), which is 3.1x for the twelve month period ended 30 June 2024, in order to monitor gearing and liquidity taking into account both bank and lease financing.

**(c) Market risk**

Market risk is the risk that changes in market prices and indices, such as interest rates and foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**16 Financial risk management** *(continued)*

**(c) Market risk** *(continued)*

***(i) Interest rate risk***
The Group is exposed to floating interest rates on its debt obligations and uses hedging instruments to mitigate the risk associated with interest rate fluctuations. The Group has entered into interest rate swaps which hedge the variability in cash flows attributable to the interest rate risk. All such transactions are carried out within the guidelines set by the Board. The Group seeks to apply hedge accounting to manage volatility in profit or loss.

The Group determines the existence of an economic relationship between the hedging instrument and the hedged item based on the reference interest rates, maturities and notional amounts. The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

As at 30 June 2024, interest rate swaps cover 100% (31 December 2023: 100%) of the Group's term Sterling denominated borrowings of £176.5 million for the period to 26 October 2024. The final year of the term debt, to 26 October 2025, is currently unhedged.

At 30 June 2024, Euro revolving credit facility borrowings were €nil (30 June 2023: €3.0 million) and the Sterling revolving credit facility borrowings were £51.4 million (€60.7 million) (31 December 2023: £53.4 million (€62.2 million)).

The weighted average interest cost, including the impact of hedges, in respect of Sterling and Euro denominated borrowings for the period was 3.3% and 5.0% respectively.

***(ii) Foreign currency risk***
The Group is exposed to risks arising from fluctuations in the Euro/Sterling exchange rate. The Group is exposed to transactional foreign currency risk on trading activities conducted by subsidiaries in currencies other than their functional currency and to foreign currency translation risk on the retranslation of foreign operations to Euro.

The Group's policy is to manage foreign currency exposures commercially and through netting of exposures where possible. The Group's principal transactional exposure to foreign exchange risk relates to interest costs on its Sterling borrowings. This risk is mitigated by the earnings from UK subsidiaries which are denominated in Sterling. The Group's gain or loss on retranslation of the net assets of foreign currency subsidiaries is taken directly to the translation reserve.

The Group limits its exposure to foreign currency risk by using Sterling debt to hedge part of the Group's investment in UK subsidiaries. The Group financed certain operations in the UK by obtaining funding through external borrowings denominated in Sterling. These borrowings amounted to £227.8 million (€269.2 million) at 30 June 2024 (31 December 2023: £221.4 million (€254.7 million) and are designated as net investment hedges. The net investment hedge was fully effective during the period.

This enables gains and losses arising on retranslation of those foreign currency borrowings to be recognised in other comprehensive income, providing a partial offset in reserves against the gains and losses arising on retranslation of the net assets of those UK operations.

**16 Financial risk management** *(continued)*

**(d) Capital management**

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target is to achieve a pre-tax leveraged return on equity of at least 15% on investments and typically, a rent cover of 1.85x in year three for leased assets.

The Group monitors capital using a ratio of Net Debt to EBITDA after rent which excludes the effects of IFRS 16 in line with its banking covenants. This is calculated based on the prior 12 month period. As at 30 June 2024, the Net Debt to EBITDA after rent is 1.3x (31 December 2023: 1.3x).

The Board reviews the Group's capital structure on an ongoing basis as part of the normal strategic and financial planning process. It ensures that it is appropriate for the hotel industry given its exposure to demand shocks and the normal economic cycles.

**17 Loans and Borrowings**

| | **30 June 2024 €'000** | 31 December 2023 €'000 |
|---|---|---|
| Bank borrowings | **265,951** | 254,387 |
| **Total loans and borrowings** | **265,951** | 254,387 |

The amortised cost of loans and borrowings at 30 June 2024 was €266.0 million (31 December 2023: €254.4 million). The drawn loans and borrowings, being the amount owed to the lenders, was €269.2 million at 30 June 2024 (31 December 2023: €258.7 million). This consisted of:

(i) Sterling term borrowings of £176.5 million (€208.5 million) (31 December 2023: £176.5 million (€203.1 million)) which remained unchanged during the period;
(ii) Sterling revolving credit facility borrowings of £51.4 million (€60.7 million) (31 December 2023: £44.9 million (€51.6 million)); and
(iii) Euro revolving credit facility borrowings of €nil (31 December 2023: €4.0 million).

The undrawn loan facilities as at 30 June 2024 were €241.5 million (31 December 2023: €249.3 million).

The Group has a multicurrency loan facility consisting of a £176.5 million term loan facility, with a maturity date of 26 October 2025, and €304.9 million revolving credit facility with a maturity date of 26 October 2025.

As at 30 June 2024, €2.7 million of the €304.9 million Revolving Credit Facility is carved-out as an ancillary facility for the Group's use as a guarantee in the Netherlands.

## 18 Deferred tax

| | **30 June 2024 €'000** | 31 December 2023 €'000 |
|---|---|---|
| Deferred tax assets | **23,887** | 24,136 |
| Deferred tax liabilities | **(85,769)** | (84,441) |
| **Net deferred tax liabilities** | **(61,882)** | (60,305) |

At 30 June 2024, deferred tax assets of €23.9 million (31 December 2023: €24.1 million) have been recognised. The majority of the deferred tax assets relate to corporation tax losses and interest expense carried forward of €17.8 million (31 December 2023: €18.1 million). A deferred tax asset has been recognised in respect of tax losses carried forward where it is probable that there will be sufficient taxable profits in future periods to utilise these tax losses. During the period ended 30 June 2024, a portion of the tax losses carried forward as at 31 December 2023 were offset against taxable profits arising in the current period, thereby reducing the related deferred tax assets as at 30 June 2024.

The Group has considered all relevant evidence to determine whether it is probable there will be sufficient taxable profits in future periods, in order to recognise the deferred tax assets as at 30 June 2024. The Group has prepared forecasted taxable profits for future periods to schedule the reversal of the deferred tax assets recognised in respect of the corporation tax losses and interest expense carried forward. The forecasts of future taxable profits are subject to uncertainty. The Group has also considered the relevant negative evidence in preparing forecasts to determine whether there will be sufficient future taxable profits to utilise the tax losses carried forward.

Based on the supporting forecasts and evidence, it is probable that the deferred tax assets recognised in respect of corporation tax losses and interest expense carried forward at 30 June 2024 will be fully utilised by the year ending 31 December 2030 with the majority being utilised by the year ending 31 December 2027.

The deferred tax liabilities have increased from €84.4 million at 31 December 2023 to €85.8 million at 30 June 2024. The majority of the deferred tax liabilities result from the Group's policy of ongoing revaluation of land and buildings. Where the carrying value of a property in the financial statements is greater than its tax base cost, the Group recognises a deferred tax liability. This is calculated using applicable Irish and UK corporation tax rates. The use of these rates, in line with the applicable accounting standards, reflects the intention of the Group to use these assets for ongoing trading purposes. Should the Group dispose of a property in Ireland, the actual tax liability would be calculated with reference to rates for capital gains on commercial property. The increase in the deferred tax liabilities relates mainly to an increase in the deferred tax liabilities recognised in respect of property revaluation gains during the period ended 30 June 2024.

## 19 Related party transactions

Under IAS 24 *Related Party Disclosures*, the Group has related party relationships with its shareholders and Directors of the Company.

There were no changes in related party transactions in the six month period ended 30 June 2024 that materially affected the financial position or the performance of the Group during that period.

**20 Share capital, share premium and treasury shares reserve**

**At 30 June 2024**

| **Authorised share capital** | **Number** | **€'000** |
|---|---|---|
| Ordinary shares of €0.01 each | **10,000,000,000** | **100,000** |

| **Allotted, called-up and fully paid shares** | **Number** | **€'000** |
|---|---|---|
| Ordinary shares of €0.01 each | **224,430,160** | **2,244** |

| | | |
|---|---|---|
| **Share premium** | | **507,365** |

| **Treasury shares reserve** | **Number** | **€'000** |
|---|---|---|
| | **161,752** | **699** |

**At 31 December 2023**

| **Authorised share capital** | Number | €'000 |
|---|---|---|
| Ordinary shares of €0.01 each | 10,000,000,000 | 100,000 |

| **Allotted, called-up and fully paid shares** | Number | €'000 |
|---|---|---|
| Ordinary shares of €0.01 each | 223,454,844 | 2,235 |

| | | |
|---|---|---|
| **Share premium** | | 505,079 |

During the six-month period ended 30 June 2024, the Company issued 975,316 ordinary shares following the vesting of awards granted as part of the Share Save scheme in 2019 and 2020 (note 8).

Additionally, an Employee Benefit Trust was established to periodically make market purchases of ordinary shares of the Company in order to satisfy future exercises of vested options granted pursuant to the Company's share option scheme.

During the six-month period ended 30 June 2024, 1.4 million shares were repurchased by the Trust, of which, 1.2 million shares were used to satisfy the exercise of vested options. At 30 June 2024, 161,752 ordinary shares were held by the Trust. The cost of these shares (€0.7 million) was recorded directly in equity as Treasury Shares.

## 20 Share capital, share premium and treasury shares reserve *(continued)*

**Dividends**

The dividends paid in respect of ordinary share capital were as follow:

| | **6 months ended 30 June 2024 €'000** | Year ended 31 December 2023 €'000 |
|---|---|---|
| Dividend paid 8.0 cents per Ordinary share (2023: 4.0 cents) | **17,954** | 8,938 |

During the six-month period ended 30 June 2024, a final dividend for 2023 of 8 cents per share was paid on 1 May 2024 at a total cost of €18.0 million (year ended 31 December 2023: €8.9 million)

On 3 September 2024, the Board declared an interim dividend of 4.1 cents per share.

## 21 Earnings per share

Basic earnings per share ('EPS') is computed by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is computed by dividing the profit attributable to ordinary shareholders for the period by the weighted average number of ordinary shares outstanding and, when dilutive, adjusted for the effect of all potentially dilutive shares. The following table sets out the computation for basic and diluted EPS for the periods ended 30 June 2024 and 30 June 2023:

| | **6 months ended 30 June 2024** | 6 months ended 30 June 2023 |
|---|---|---|
| Profit attributable to shareholders of the parent (€'000) – basic and diluted | **35,771** | 41,959 |
| Adjusted profit attributable to shareholders of the parent (€'000) – basic and diluted | **37,915** | 41,162 |
| Earnings per share – Basic | **16.0 cents** | 18.8 cents |
| Earnings per share – Diluted | **15.9 cents** | 18.6 cents |
| Adjusted earnings per share – Basic | **16.9 cents** | 18.4 cents |
| Adjusted earnings per share – Diluted | **16.8 cents** | 18.3 cents |
| Weighted average shares outstanding – Basic | **223,905,740** | 223,116,240 |
| Weighted average shares outstanding – Diluted | **225,654,620** | 225,507,598 |

**21 Earnings per share** *(continued)*

The difference between the basic and diluted weighted average shares outstanding for the period ended 30 June 2024 is due to the dilutive impact of the conditional share awards granted for the relevant Share Save schemes and LTIP schemes between the periods 2019 and 2024.

Adjusted basic and adjusted diluted earnings per share are presented as alternative performance measures to show the underlying performance of the Group excluding the tax adjusted effects of items considered by management to not reflect normal trading activities or which distort comparability either period on period or with other similar businesses (note 4).

| | **6 months ended 30 June 2024 €'000** | 6 months ended 30 June 2023 €'000 |
|---|---|---|
| **Reconciliation to adjusted profit for the period** | | |
| Profit before tax | **41,880** | 50,388 |
| | | |
| **Adjusting items (note 4)** | | |
| Net property revaluation movements through profit or loss | **-** | (1,998) |
| Impairment charge of right-of-use assets | **3,159** | - |
| Reversal of previous impairment charges of right-of-use assets | **(1,719)** | - |
| Net impairment charge of fixtures, fittings and equipment | **45** | - |
| Hotel pre-opening expenses | **1,373** | 660 |
| **Adjusted profit before tax for the period** | **44,738** | 49,050 |
| Tax charge | **(6,109)** | (8,429) |
| Tax adjustment for adjusting items | **(714)** | 541 |
| **Adjusted profit for the period** | **37,915** | 41,162 |

### 22 Events after the reporting date

The leases for Maldron Hotel Brighton and Maldron Hotel Liverpool City commenced and opened in July 2024 and Maldron Hotel Shoreditch, London opened in August.

On 3 September 2024, the Board declared an interim dividend of 4.1 cents per share.

There were no other events after the reporting date which would require an adjustment, or a disclosure thereon, in these condensed consolidated interim financial statements.

### 23 Approval of financial statements

The Board of Directors approved the Interim Financial Statements for the six months ended 30 June 2024 on 3 September 2024.

## Independent Review Report to Dalata Hotel Group plc ("the Entity")

**Conclusion**

We have been engaged by the Entity to review the Entity's condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as adopted by the EU and the Transparency (Directive 2004/109/EC) Regulations 2007 ("Transparency Directive"), and the Central Bank (Investment Market Conduct) Rules 2019 ("Transparency Rules of the Central Bank of Ireland).

**Basis for conclusion**

We conducted our review in accordance with International Standard on Review Engagements (Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE (Ireland) 2410") issued for use in Ireland. 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 (Ireland) 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.

We read the other information contained in the half-yearly financial report to identify material inconsistencies with the information in the condensed set of consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Conclusions relating to going concern**

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (Ireland) 2410. However, future events or conditions may cause the Entity to cease to continue as a going concern, and the above conclusions are not a guarantee that the Entity will continue in operation.

## Independent Review Report to Dalata Hotel Group plc ("the Entity")

**Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Transparency Directive and the Transparency Rules of the Central Bank of Ireland.

The directors are responsible for preparing the condensed set of consolidated financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

As disclosed in note 1, the annual financial statements of the Entity for the year ended 31 December 2023 are prepared in accordance with International Financial Reporting Standards as adopted by the EU.

In preparing the condensed set of consolidated financial statements, the directors are responsible for assessing the Entity'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 the directors either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

**Our responsibility**

Our responsibility is to express to the Entity a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

**The purpose of our review work and to whom we owe our responsibilities**

This report is made solely to the Entity in accordance with the terms of our engagement to assist the Entity in meeting the requirements of the Transparency Directive and the Transparency Rules of the Central Bank of Ireland. Our review has been undertaken so that we might state to the Entity those matters we are required to state to it in this 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 Entity for our review work, for this report, or for the conclusions we have reached

KPMG
*Chartered Accountants*
1 Stokes Place
St. Stephen's Green
Dublin 2

3 September 2024

# Supplementary Financial Information

## Alternative Performance Measures ('APMs') and other definitions

The Group reports certain alternative performance measures ('APMs') that are not defined under International Financial Reporting Standards ('IFRS'), which is the framework under which the condensed consolidated interim financial statements are prepared. These are sometimes referred to as 'non-GAAP' measures.

The Group believes that reporting these APMs provides useful supplemental information which, when viewed in conjunction with the IFRS financial information, provides stakeholders with a more comprehensive understanding of the underlying financial and operating performance of the Group and its operating segments.

These APMs are primarily used for the following purposes:

- to evaluate underlying results of the operations; and
- to discuss and explain the Group's performance with the investment analyst community.

The APMs can have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of the results in the condensed consolidated interim financial statements which are prepared under IFRS. These performance measures may not be calculated uniformly by all companies and therefore may not be directly comparable with similarly titled measures and disclosures of other companies.

The definitions of and reconciliations for certain APMs are contained within the condensed consolidated interim financial statements. A summary definition of these APMs together with the reference to the relevant note in the condensed consolidated interim financial statements where they are reconciled is included below. Also included below is information pertaining to certain APMs which are not mentioned within the condensed consolidated interim financial statements, but which are referred to in other sections of this report. This information includes a definition of the APM, in addition to a reconciliation of the APM to the most directly reconcilable line item presented in the condensed consolidated interim financial statements. References to the condensed consolidated interim financial statements are included as applicable.

### (i) Adjusting items

Items which are not reflective of normal trading activities or distort comparability either period on period or with other similar businesses. The adjusting items are disclosed in note 4 and note 21 to the condensed consolidated interim financial statements. Adjusting items with a cash impact are set out in APM (xi) below.

### (ii) Adjusted EBITDA

Adjusted EBITDA is an APM representing earnings before interest on lease liabilities, other interest and finance costs, tax, depreciation of property, plant and equipment and right-of-use assets and amortisation of intangible assets and investment properties, adjusted to show the underlying operating performance of the Group and excludes items which are not reflective of normal trading activities or which distort comparability either period on period or with other similar businesses.
*Reconciliation: Note 4*

### (iii) EBITDA and Segmental EBITDA

EBITDA is an APM representing earnings before interest on lease liabilities, other interest and finance costs, tax, depreciation of property, plant and equipment and right-of-use assets and amortisation of intangible assets and investment properties. Also referred to as Group EBITDA.
*Reconciliation: Note 4*

Segmental EBITDA represents 'Adjusted EBITDA' before central costs, share-based payments expense and other income for each of the reportable segments: Dublin, Regional Ireland, the UK and Continental Europe. It is presented to show the net operational contribution of leased and owned hotels in each geographical location. Also referred to as Hotel EBITDA.
*Reconciliation: Note 4*

### (iv) EBITDAR and Segmental EBITDAR

EBITDAR is an APM representing earnings before interest on lease liabilities, other interest and finance costs, tax, depreciation of property, plant and equipment and right-of-use assets, amortisation of intangible assets and investment properties and variable lease costs.

Segmental EBITDAR represents Segmental EBITDA before variable lease costs for each of the reportable segments: Dublin, Regional Ireland, the UK and Continental Europe. It is presented to show the net operational contribution of leased and owned hotels in each geographical location before lease costs. Also referred to as Hotel EBITDAR.
*Reconciliation: Note 4*

### (v) Adjusted earnings per share (EPS) (basic and diluted)

Adjusted EPS (basic and diluted) is presented as an APM to show the underlying performance of the Group excluding the tax adjusted effects of items considered by management to not reflect normal trading activities or which distort comparability either period on period or with other similar businesses.
*Reconciliation: Note 21*

### (vi) Net Debt

Net Debt is calculated in line with banking covenants and includes external loans and borrowings drawn and owed to the banking club as at period end (rather than the amortised cost of the loans and borrowings), less cash and cash equivalents.
*Reconciliation: Refer below*

### (vii) Net Debt and Lease Liabilities

Net Debt (see definition vi) plus Lease Liabilities at period end.
*Reconciliation: Refer below*

### (viii) Net Debt and Lease Liabilities to Adjusted EBITDA

Net Debt and Lease Liabilities (see definition vii) divided by the 'Adjusted EBITDA' (see definition ii) for the period. This APM is presented to show the Group's financial leverage after including the accounting estimate of lease liabilities following the application of IFRS 16 *Leases*.
*Reconciliation: Refer below*

### (ix) Net Debt to Value

Net Debt (see definition vi) divided by the valuation of property assets as provided by external valuers at period end. This APM is presented to show the gearing level of the Group.
*Reconciliation: Refer below*

| **Reconciliation of Net Debt APMs - definitions (vi), (vii), (viii), (ix)** | | **Reference in condensed interim financial statements** | **30 June 2024 €'000** | 31 Dec 2023 €'000 |
|---|---|---|---|---|
| Loans and borrowings at amortised cost | | Statement of financial position | **265,951** | 254,387 |
| Accounting adjustment to bring to amortised cost | | | **3,275** | 4,336 |
| External loans and borrowings drawn | | Note 17 | **269,226** | 258,723 |
| Less cash and cash equivalents | | Statement of financial position | **(40,880)** | (34,173) |
| **Net Debt (APM vi)** | A | | **228,346** | 224,550 |
| Lease Liabilities - current and non-current | | Statement of financial position | **719,101** | 698,598 |
| **Net Debt and Lease Liabilities (APM vii)** | B | | **947,447** | 923,148 |
| Adjusted EBITDA (APM ii)[1] | C | | **227,296** | 223,108 |
| **Net Debt and Lease Liabilities to Adjusted EBITDA (APM viii)** | B/C | | **4.2x** | 4.1x |
| Valuation of property assets as provided by external valuers[2] | D | | **1,565,312** | 1,545,314 |
| **Net Debt to Value (APM ix)** | A/D | | **14.6%** | 14.5% |

*[1]Adjusted EBITDA of €227,296k for the 12 months ended 30 June 2024 is calculated as follows:*
- *Adjusted EBITDA of €107,633k for the six months ended 30 June 2024 (note 4); and*
- *Adjusted EBITDA of €223,108k for the 12 months ended 31 December 2023 less Adjusted EBITDA of €103,445k for the six months ended 30 June 2023 (as previously reported).*

*[2] Property assets valued exclude assets under construction and fixtures, fittings and equipment in leased hotels.*

### (x) Lease Modified Net Debt to Adjusted EBITDA

Lease Modified Net Debt, defined as Net Debt (see definition vi) plus eight times the Group's lease cash flow commitment, divided by 'Adjusted EBITDA' (see definition ii) for the period. The Group's lease cash flow commitment is based on its non-cancellable undiscounted lease cash flows payable under existing lease contracts for the next financial year as presented in note 11. This APM is presented to show the Group's financial leverage including lease cash flows payable under its lease contracts.
*Reconciliation: Refer below*

| **Reconciliation of Lease Modified Net Debt to Adjusted EBITDA APM - definition (x)** | | **Reference in condensed interim financial statements** | **30 June 2024 €'000** | 31 Dec 2023 €'000 |
|---|---|---|---|---|
| Non-cancellable undiscounted lease cash flows payable under lease contracts in the next financial year | A | Note 11 | **60,236** | 57,603 |
| Modified Lease Debt | B=A*8 | | **481,888** | 460,824 |
| Net Debt (APM vi) | C | | **228,346** | 224,550 |
| Lease Modified Net Debt | D=B+C | | **710,234** | 685,374 |
| Adjusted EBITDA (APM ii) | E | | **227,296** | 223,108 |
| **Lease Modified Net Debt to Adjusted EBITDA (APM x)** | D/E | See footnote (1) above | **3.1x** | 3.1x |

### (xi) Free Cashflow

Net cash from operating activities less amounts paid for interest, finance costs, refurbishment capital expenditure, fixed lease payments and after adding back the cash paid in respect of items that are deemed one-off and thus not reflecting normal trading activities or distorting comparability either period on period or with other similar businesses (see definition i). This APM is presented to show the cash generated from operating activities to fund acquisitions, development expenditure, repayment of debt and dividends.
*Reconciliation: Refer below*

### (xii) Free Cashflow per Share (FCPS)

Free Cashflow (see definition xi) divided by the weighted average shares outstanding - basic. This APM forms the basis for the performance condition measure in respect of share awards made after 3 March 2021.

FCPS for LTIP performance measurement purposes has been adjusted to exclude the impact of items that are deemed one-off and thus not reflecting normal trading activities or distorting comparability either period on period or with other similar businesses. The Group takes this approach to encourage the vigorous pursuit of opportunities, and by excluding certain one-off items, drive the behaviours we seek from the executives and encourage management to invest for the long-term interests of shareholders.
*Reconciliation: Refer below*

| **Reconciliation of APMs (xi), (xii)** | | **Reference in condensed interim financial statements** | **6 months ended 30 June 2024 €'000** | 6 months ended 30 June 2023 €'000 |
|---|---|---|---|---|
| Net cash from operating activities | | Statement of cash flows | **91,554** | 62,014 |
| Other interest and finance costs paid | | Statement of cash flows | **(4,843)** | (3,444) |
| Refurbishment capital expenditure paid | | | **(10,824)** | (8,833) |
| *Fixed lease payments:* | | | | |
| - Interest paid on lease liabilities | | Statement of cash flows | **(23,272)** | (20,915) |
| - Repayment of lease liabilities | | Statement of cash flows | **(5,861)** | (5,162) |
| | | | **46,754** | 23,660 |
| *Exclude adjusting items with a cash effect:* | | | | |
| Net impact from tax deferrals from government Covid-19 support schemes[1] | | | **-** | 34,917 |
| Pre-opening costs | | Note 4 | **1,373** | 660 |
| **Free Cashflow (APM xi)** | A | | **48,127** | 59,237 |
| Weighted average shares outstanding – basic | B | Note 21 | **223,905,740** | 223,116,240 |
| **Free Cashflow per Share (APM xii) - cents** | **A/B** | | **21.5 c** | 26.5 c |

*[1] During the six months ended 30 June 2023, the Group paid deferred VAT and payroll tax liabilities totalling €34.9 million under the Debt Warehousing scheme in the Republic of Ireland. This non-recurring initiative was introduced under Irish government Covid-19 support schemes and allowed the temporary retention of an element of taxes collected between March 2020 and May 2022 to assist businesses who experienced cashflow and trading difficulties during the pandemic.*

### (xiii) Debt and Lease Service Cover

Free Cashflow (see definition xi) before payment of lease costs, interest and finance costs divided by the total amount paid for lease costs, interest and finance costs. This APM is presented to show the Group's ability to meet its debt and lease commitments.
*Reconciliation: Refer below*

| **Reconciliation of Debt and Lease Service Cover APM (xiii)** | | **Reference in condensed interim financial statements** | **12 months ended 30 June 2024 €'000 D = E+F** | 6 months ended 30 June 2024 €'000 E | 6 months ended 31 Dec 2023 €'000 F=G-H | 6 months ended 30 June 2023 €'000 H | 12 months ended 31 Dec 2023 €'000 G |
|---|---|---|---|---|---|---|---|
| Free Cashflow (APM xi) | (A) | | **122,249** | 48,127 | 74,122 | 59,237 | 133,359 |
| *Add back:* | | | | | | | |
| Total lease costs paid[1] | | | **60,005** | 31,986 | 28,019 | 29,354 | 57,373 |
| Other interest and finance costs paid | | Statement of cash flows | **10,125** | 4,843 | 5,282 | 3,444 | 8,726 |
| Total lease and finance costs paid | (B) | | **70,130** | 36,829 | 33,301 | 32,798 | 66,099 |
| Free Cashflow before lease and finance costs paid | (C=A+B) | | **192,379** | 84,956 | 107,423 | 92,035 | 199,458 |
| **Debt and Lease Service Cover (APM xiii)** | (C/B) | | **2.7x** | | | | 3.0x |

*[1] Total lease costs paid comprise payments of fixed and variable lease costs during the period*

### (xiv) Normalised Return on Invested Capital

Adjusted EBIT after rent divided by the Group's average normalised invested capital. The Group defines normalised invested capital as total assets less total liabilities at period end and excludes the accumulated revaluation gains/losses included in property, plant and equipment, loans and borrowings, cash and cash equivalents, derivative financial instruments and taxation related balances. The Group also excludes, as applicable, items which are quasi-debt in nature, and the investment in the construction of future assets. The Group's net assets are adjusted to reflect the average level of acquisition investment spend and the average level of working capital for the accounting period. In most years, the average normalised invested capital is the average of the opening and closing normalised invested capital for the 12 month period.

Adjusted EBIT after rent represents the Group's operating profit for the period restated to remove the impact of adjusting items (see definition i) and to replace depreciation of right-of-use assets with fixed lease costs and amortisation of lease costs.

The Group presents this APM to provide stakeholders with a meaningful understanding of the underlying financial and operating performance of the Group.
*Reconciliation: Refer below*

| **Reconciliation of APM (xiv)** | | **Reference in condensed interim financial statements** | **12 months ended 30 June 2024 €'000 C= D+E** | 6 months ended 30 June 2024 €'000 D | 6 months ended 31 Dec 2023 €'000 E= F-G | 6 months ended 30 June 2023 €'000 G | 12 months ended 31 Dec 2023 €'000 F |
|---|---|---|---|---|---|---|---|
| Operating profit | | Statement of comprehensive income | **151,241** | 69,593 | 81,648 | 74,495 | 156,143 |
| Add back/(less): | | | | | | | |
| Adjusting items as per the financial statements | | Note 4 | **7,057** | 2,858 | 4,199 | (1,338) | 2,861 |
| Depreciation of right-of-use assets | | Note 4 | **31,885** | 16,097 | 15,788 | 14,875 | 30,663 |
| Fixed lease costs (see glossary) | | | **(56,672)** | (29,312) | (27,360) | (26,171) | (53,531) |
| Amortisation of lease costs | | | **(815)** | (432) | (383) | (425) | (808) |
| **Adjusted EBIT after rent** | A | | **132,696** | 58,804 | 73,892 | 61,436 | 135,328 |

| | | **Reference in condensed interim financial statements** | **30 June 2024 €'000** | 31 Dec 2023 €'000 |
|---|---|---|---|---|
| Net assets at balance sheet date | | Statement of financial position | **1,424,832** | 1,392,937 |
| *Add back* | | | | |
| Loans and borrowings | | Statement of financial position | **265,951** | 254,387 |
| Deferred tax liabilities | | Statement of financial position | **85,769** | 84,441 |
| Current tax liabilities | | Statement of financial position | **1,784** | 2,659 |
| *Less* | | | | |
| Revaluation uplift in property, plant and equipment[1] | | Note 10 | **(532,372)** | (518,770) |
| Cash and cash equivalents | | Statement of financial position | **(40,880)** | (34,173) |
| Deferred tax assets | | Statement of financial position | **(23,887)** | (24,136) |
| Derivative assets | | Statement of financial position | **(2,948)** | (6,521) |
| Invested capital | B | | **1,178,249** | 1,150,824 |
| Average invested capital | C | | **1,146,932** | 1,067,107 |
| Return on Invested Capital | A/C | | **11.6%** | 12.7% |
| Assets under construction at period end | D | Note 10 | **(117,928)** | (101,703) |
| **Normalised invested capital** | B+D | | **1,060,321** | 1,049,121 |
| **Average normalised invested capital** | E | | **1,049,745** | 983,978 |
| **Normalised Return on Invested Capital (APM xiv)** | A/E | | **12.6%** | 13.8% |

*[1] Includes the combined net revaluation uplift included in property, plant and equipment since the revaluation policy was adopted in 2014 or in the case of hotel assets acquired after this date, since the date of acquisition. The carrying value of land and buildings, revalued at 30 June 2024, is €1,495.3 million (31 December 2023: €1,478.6 million). The value of these assets under the cost model is €963.0 million (31 December 2023: €959.9 million). Therefore, the revaluation uplift included in property, plant and equipment is €532.4 million (31 December 2023: €518.8 million). Refer to note 10 to the condensed consolidated interim financial statements.*

### (xv) Net Debt to EBITDA after rent (banking covenant)

Net Debt (see definition vi) divided by EBITDA after rent for the period. EBITDA after rent is defined as Adjusted EBITDA (see definition ii) less fixed lease costs (see definition in glossary) calculated in line with banking covenants which specify the inclusion of pre-opening expenses and exclusion of share-based payment expense.

This APM is presented to show the Group's financial leverage before the application of IFRS 16 *Leases*, in line with banking covenants.
*Reconciliation: Refer below*

**(xvi) Interest Cover (banking covenant)**

EBITDA after rent (see definition xv) divided by interest and other finance costs paid or payable during the period. The calculation excludes professional fees paid or payable during the period in line with banking covenants.

*Reconciliation: Refer below*

| Reconciliation of banking covenants APMs (xv), (xvi) | | Reference in condensed interim financial statements | 12 months ended 30 June 2024 €'000 A= B+C | 6 months ended 30 June 2024 €'000 B | 6 months ended 31 Dec 2023 €'000 C=D-E | 6 months ended 30 June 2023 €'000 E | 12 months ended 31 Dec 2023 €'000 D |
|---|---|---|---|---|---|---|---|
| Operating profit | | Statement of comprehensive income | **151,241** | 69,593 | 81,648 | 74,495 | 156,143 |
| Add back/(less): | | | | | | | |
| Adjusting items as per the financial statements | | Note 4 | **7,057** | 2,858 | 4,199 | (1,338) | 2,861 |
| Depreciation of property, plant and equipment | | Note 4 | **36,515** | 18,810 | 17,705 | 15,086 | 32,791 |
| Depreciation of right-of-use assets | | Note 4 | **31,885** | 16,097 | 15,788 | 14,875 | 30,663 |
| Amortisation of intangible assets and investment properties | | Note 4 | **598** | 275 | 323 | 327 | 650 |
| Share-based payment expense | | Note 4 | **3,915** | 1,614 | 2,301 | 3,609 | 5,910 |
| Fixed lease costs (see glossary) | | | **(56,672)** | (29,312) | (27,360) | (26,171) | (53,531) |
| Pre-opening costs | | Note 4 | **(1,210)** | (1,373) | 163 | (660) | (497) |
| **EBITDA after rent** | **A** | | **173,329** | 78,562 | 94,767 | 80,223 | 174,990 |
| **Net Debt at period end (APM vi)** | **B** | | **228,346** | | | | 224,550 |
| **Net Debt to EBITDA after rent (APM xv)** | | | **1.3x** | | | | 1.3x |
| Interest and other finance costs paid | | Statement of cashflows | **10,125** | 4,843 | 5,282 | 3,444 | 8,726 |
| Interest and other finance costs paid relating to prior periods | | | **(353)** | (258) | (353) | - | - |
| Interest and other finance costs accrued but not yet paid | | | **250** | 250 | 258 | 353 | 258 |
| Interest and other finance costs per banking covenants | C | | **10,022** | 4,835 | 5,187 | 3,797 | 8,984 |
| **Interest Cover (APM xvi)** | **A/C** | | **17.3x** | | | | 19.5x |

**(xvii) Hotel EBITDA (after rent) from leased portfolio**

'Segmental EBITDAR' (see definition iv) from leased hotels less the sum of variable lease costs and fixed lease costs relating to leased hotels. This excludes variable lease costs and fixed lease costs relating to effectively, or majority owned hotels. This APM is presented to show the net operational contribution from the Group's leased hotel portfolio after lease costs.

*Reconciliation: Refer below*

**(xviii) Rent Cover**

'Segmental EBITDAR' (see definition iv) from leased hotels divided by the sum of variable lease costs and fixed lease costs relating to leased hotels. This excludes variable lease costs and fixed lease costs that do not relate to fully leased hotels. This APM is presented to show the Group's ability to meet its lease commitments through the net operational contribution from its leased hotel portfolio.

*Reconciliation: Refer below*

### (xviii) Rent Cover (continued)

| Reconciliation of APMs (xvii), (xviii) | | Reference in condensed interim financial statements | **12 months ended 30 June 2024 €'000 A= B+C** | 6 months ended 30 June 2024 €'000 B | 6 months ended 31 Dec 2023 €'000 C=D-E | 6 months ended 30 June 2023 €'000 E | 12 months ended 31 Dec 2023 €'000 D |
|---|---|---|---|---|---|---|---|
| 'Segmental EBITDAR' from leased hotels | F | Note 4 | **99,169** | 47,022 | 52,147 | 44,203 | 96,350 |
| Variable lease costs | | Note 4 | **3,274** | 1,491 | 1,783 | 1,847 | 3,630 |
| Fixed lease costs | | | **56,672** | 29,312 | 27,360 | 26,171 | 53,531 |
| Total variable and fixed lease costs | | | **59,946** | 30,803 | 29,143 | 28,018 | 57,161 |
| Exclude variable and fixed lease costs not relating to fully leased hotels | | | **(2,491)** | (1,214) | (1,277) | (1,299) | (2,576) |
| Variable and fixed lease costs from leased hotels | G | | **57,455** | 29,589 | 27,866 | 26,719 | 54,585 |
| **Hotel EBITDA (after rent) from leased portfolio (APM xvii)** | **F-G** | | **41,714** | 17,433 | 24,281 | 17,484 | 41,765 |
| **Rent Cover (APM xviii)** | **F/G** | | **1.73x** | | | | 1.77x |

## Glossary

***Revenue per available room (RevPAR)***
Revenue per available room is calculated as total rooms revenue divided by the number of available rooms, which is also equivalent to the occupancy rate multiplied by the average daily room rate achieved. This is a commonly used industry metric which facilitates comparison between companies.

***Average Room Rate (ARR) - also Average Daily Rate (ADR)***
ARR is calculated as rooms revenue divided by the number of rooms sold. This is a commonly used industry metric which facilitates comparison between companies

***'Like for like' hotels***
'Like for like' or 'LFL' analysis excludes hotels that newly opened or ceased trading under Dalata during the comparative periods. 'Like for like' metrics are commonly used industry metrics and provide an indication of the underlying performance.

***Segmental EBITDAR margin***
Segmental EBITDAR margin represents 'Segmental EBITDAR' as a percentage of revenue for the following Group segments: Dublin, Regional Ireland, the UK and Continental Europe. Also referred to as Hotel EBITDAR margin.

***Effective tax rate***
The Group's tax charge for the period divided by the profit before tax presented in the consolidated statement of comprehensive income.

***Fixed lease costs***
Fixed costs incurred by the lessee for the right to use an underlying asset during the lease term as calculated under IAS 17 *Leases*.

***Hotel assets***
Hotel assets represents the value of property, plant and equipment per the consolidated statement of financial position at 30 June 2024.

***Refurbishment capital expenditure***
The Group typically allocates approximately 4% of revenue to refurbishment capital expenditure to ensure the portfolio remains fresh for its customers and adheres to brand standards.

***Balance Sheet Net Asset Value (NAV) per Share***
Balance Sheet NAV per Share represents net assets per the consolidated statement of financial position divided by the number of shares outstanding at period end.

***Competitive Set (compset)***
A Competitive Set (compset) is a group of hotels that a hotel property competes against for business. These hotels are typically located in the same geographic area and offer similar services and amenities.