



14 April 2020

## Safestay plc

(“Safestay”, the “Company” or the “Group”)

### Funding Update

Safestay (AIM: SSTY), the owner and operator of an international brand of contemporary hostels, is pleased to confirm a new £5 million overdraft extension with HSBC. The new facility will be added to the Company’s cash reserves of £1.1 million as at 8 April 2020, to enable the Company to meet its significantly reduced liquidity requirements while the trading restrictions relating to COVID-19 remain in place.

In line with the hospitality industry globally, all of our hostels have been closed since 1 April 2020. The Company has registered to benefit from government support schemes in all countries where it operates, including deferments of taxes and social charges, grants and reliefs. The majority of our hostel staff have been furloughed, receiving financial support from the governments in their respective countries. Operational costs associated with the running of the individual sites and our head office have been greatly reduced. Capital expenditure and the conversion of hotels into hostels has been suspended. Individual agreements have been reached with landlords involving a mix of suspension of rents or rent reductions for a limited period. As a result, the monthly cost base of the Group has been significantly lowered to approximately £0.6 million of which half relates to payments which can be temporarily deferred.

Whilst we are unable to forecast the duration and impact of COVID-19, the new £5 million overdraft with HSBC together with the Company’s cash reserves should enable the business to fund its requirements during this lockdown period and enable us to be well positioned to re-open as restrictions are lifted.

*This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 (MAR).*

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Vox Markets page <https://www.voxmarkets.co.uk/company/SSTY/news/>

Instagram page [www.instagram.com/safestayhostels/](https://www.instagram.com/safestayhostels/)