QUARTERLY REPORT FOR Q2 2023

CONTENTS

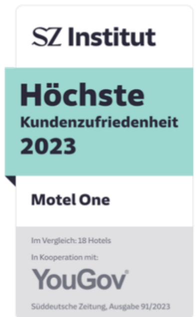
NEWS

MOTEL ONE OPENS IN MANNHEIM

The first Motel One in Mannheim opened in April, in the listed former post office building in the heart of the city. The 341-room hotel on Paradeplatz opened its doors following extensive renovation work. The hotel's interior design is a nod to the city's UNESCO City of Music status, accompanied by works by Mannheim-based street artist CZOLK, famous for his unique technique featuring black and white, uncompromising surfaces and expressive lines. While the ground floor boasts a classic Baroque style, the bar and lounge on the fourth floor bear the hallmarks of modern music genres, from hip hop to rock and jazz. The bar is a stunning centrepiece, based on the design of a stage, behind which a screen plays excerpts from live concerts. A 'real stage' for live performances, workbenches reminiscent of a sound studio and a collage of hundreds of speakers all embody the theme of the 'City of Music'. With views of Paradeplatz to enjoy, guests in the "conservatory" will find more than just a seat in the urban jungle. The developer of the property is TD Retail Sàrl.

MOTEL ONE TOPS CUSTOMER SATISFACTION RANKING

With a score of 84.49 out of 100 in the 'Hotels' category, Motel One claimed first place in the 2023 customer satisfaction survey by market research firm YouGov and German newspaper Süddeutsche Zeitung. The results are based on more than 950,000 online interviews conducted over the course of one year. The survey compared 18 hotels in different price categories. This distinction of 'highest customer satisfaction' is yet more evidence that the Motel One brand concept remains future-proof and speaks to the long-term success of the company. The successful beOne membership programme is just one reflection of the outstanding loyalty of Motel One customers.



SUSTAINABILITY CHAMPION AWARD

Analysis institute ServiceValue teamed up with German newspaper DIE WELT to conduct the 'sustainability champions' study, which honours companies seen as having a particularly environmentally friendly and ecological approach from a consumer perspective. Motel One was once again recognised as 'exceptionally sustainable' in the 'budget hotels' category, defending first place. The survey was carried out without the involvement of the companies and brands surveyed. The consumer environmental awareness survey is drawn from more than 300,000 customer ratings of over 1,200 companies across almost 80 sectors.

MOTEL ONE CERTIFIES ALL HOTELS WITH GREEN KEY

In July, Green Key and Motel One signed a cooperation agreement to certify all Motel One Group hotels. Green Key certified hotels commit to high environmental and socio-economic standards maintained through rigorous verifications and auditing process. The first Motel One hotels in Germany have already received the Green Key certificate in Junde. All hotels are set to be certified by the end of the year. Green Key is part of the international Foundation for Environmental Education (FEE) and operates in more than 61 countries. With the certifications, Motel One is underlining its commitment to sustainable development and is obtaining objective confirmation that the ESG measures it has already put in place have been effective.

THREE EXCITING REDESIGNS IN COLOGNE, VIENNA AND DRESDEN

Three redesigns were completed in the second quarter: Motel One Cologne-Mediapark, Vienna-Prater and Dresden am Zwinger. The renovations cost around EUR 15 million. As part of the redesigns, extensive work was carried out and all rooms were refurbished. Additionally, the redesigns were consciously sustainable, with quality fittings and furnishings upgraded as well as lights and art being reused. The individual interior design themes have not been altered. The Carnival takes centre stage at Motel One Cologne-Mediapark: The colourful, cheery building features art by comic book illustrator Christian Effenberger. Motel One Vienna-Prater is inspired by the city's famous amusement park. Guests are greeted by old-time swing boats and carousel horses backed up by an LED installation showing impressions from Prater amusement park. In Motel One Dresden am Zwinger, the 'Meissen porcelain' design theme is accentuated by bright lounge furnishings, floral shapes and extraordinary decorations. It even features cabinets with vases and cups from the Meissen porcelain factory. The redesigns are part of Motel One's long-term strategy to present all its hotels in a high-quality condition and with locally inspired designs.

PIPELINE REPORT

New locations secured in Düsseldorf and Milan

Two new hotels in outstanding locations in Düsseldorf and Milan were secured in the second quarter. This means that the Motel One Group network in Düsseldorf is growing to four central hotels. Having signed a rental contract in the City of Milan, the Motel One Group will soon also have four hotels in Italy.

	June 30							
	2023			2022			+ / - ly	
	Hotels	Rooms	%	Hotels	Rooms	%	Hotels	Rooms
in operation	90	25.273	78	85	24.264	79	5	1.009
under development	28	6.964	22	24	6.342	21	4	622
TOTAL	118	32.237	100	109	30.606	100	9	1.631
- D/A/CH	*83*	*23.308*	*72*	*77*	*22.251*	*73*	*6*	*1.057*
- International	*35*	*8.929*	*28*	*32*	*8.355*	*27*	*3*	*574*
- Owned	*19*	*5.508*	*17*	*19*	*5.493*	*18*	*0*	*15*
- Leased	*11*	*2.461*	*8*	*11*	*2.461*	*8*	*0*	*0*
- Rented	*88*	*24.268*	*75*	*79*	*22.652*	*74*	*9*	*1.616*

With the opening of Motel One Mannheim in April, the Motel One Group passed the 25,000-room milestone. As at 30 June 2023, 90 hotels are currently in operation with a total of 25,273 rooms (previous year: 85 hotels with 24,264 rooms). The new contracts signed in the second quarter will grow the contractually secured network of locations to 118 (previous year: 109) hotels with 32,237 (previous year: 30,606) rooms.

At around 9,000 rooms, the proportion of international locations outside of Germany, Austria and Switzerland has risen to 28%. Three quarters of the portfolio are secured by rental contracts, while one quarter is owned or held under a financial lease.

KEY FINANCIAL FIGURES

INCOME STATEMENT

As the key figures from the previous year are still only comparable to a limited extent, the quarterly results are also compared against the quarters prior to the COVID-19 pandemic in 2019.

Key Performance 2023 vs. 2019	Occu-pancy	+/- Pts 2019	TRev PAR	Var. 2019	Revenue kEUR	Var. 2019	EBITDAR kEUR	EBITDAR Margin	Var. 2019	EBITDA kEUR	Var. 2019
1st quarter 2023	61%	-7%	72 €	8%	160.572	34%	74.547	46%	21%	33.151	5%
2nd quarter 2023	77%	-4%	102 €	27%	233.575	59%	133.442	57%	61%	90.503	76%
1st half-year 2023	69%	-6%	87 €	19%	394.147	48%	207.989	53%	44%	123.654	49%

Following a subdued occupancy rate of 61% in the first quarter, the average occupancy rate in the second quarter returned to 77%, which meant it was just four percentage points below the 2019 level. Occupancy rates rose steadily over the course of the year, finally reaching 83% in June, including all new openings, and matching the pre-COVID level of 2019 for the first time.

Due to positive price developments, the revenue per available room rose to EUR 102 in the second quarter, surpassing 2019 by a considerable 27%. On this basis, revenue of EUR 234 million (previous year: EUR 177 million) was generated in the second quarter of 2023, which represents a 59% increase over 2019. In the quarter ended, the earnings before interest, taxes, depreciation and amortisation (EBITDA) rose to EUR 91 million (previous year: EUR 63 million), and thus by 76% compared to the pre-COVID quarter in 2019.

Income Statement	2nd quarter					1st half-year				
	2023	% Rev	2022	% Rev	+/- ly	2023	% Rev	2022	% Rev	+/- ly
Statistics:										
No. Hotels	90		85		5	90		85		5
No. Rooms	25.273		24.264		1.009	25.273		24.264		1.009
Occupancy (%)	77		72		5	69		51		18
TRevPAR (EUR)	102		81		21	87		56		31
Income Statement:	kEUR	% Rev	kEUR	% Rev	% ly	kEUR	% Rev	kEUR	% Rev	% ly
Revenue	233.575	100	177.396	100	32	394.147	100	240.293	100	64
EBITDAR	133.442	57	100.196	56	33	207.989	53	118.711	49	75
Lease payments	-35.234	-15	-30.094	-17	-17	-69.876	-18	-59.555	-25	-17
Head Office & Pre-Opening	-7.705	-3	-6.931	-4	-11	-14.459	-4	-12.902	-5	-12
EBITDA	90.503	39	63.171	36	43	123.654	31	46.254	19	>100
Amortisation/Depreciation	-16.469	-7	-12.124	-7	-36	-28.314	-7	-26.434	-11	-7
EBIT	74.034	32	51.047	29	45	95.340	24	19.820	8	>100
COVID Subsidies	-200	0	13.027	7	<100	-49	0	13.097	5	<100
Financial Results	-3	0	-2.922	-2	100	-2.174	-1	-6.100	-3	64
EBT	73.831	32	61.152	34	21	93.117	24	26.817	11	>100
Income tax	-22.149	-9	-7.585	-4	<100	-27.935	-7	-8.045	-3	<100
NET RESULT	51.682	22	53.567	30	-4	65.182	17	18.772	8	>100

The network of locations, which grew to 90 hotels with 25,273 rooms (previous year: 85 hotels with 24,264 rooms), achieved an occupancy rate of 69% for the first six months 2023 (previous year: 51%). The high rate of inflation with challenging energy prices and strong pay increases was negated by the strength of the brand.

Compared to the same period in the previous year, revenue increased by 64% to EUR 394 million (previous year: EUR 240 million). The EBITDAR for the first six months of the year increased by 75% to EUR 208 million (previous year: EUR 119 million) with a margin of 53% (previous year: 49%). The EBITDA for the first six months of 2023 increased by EUR 78 million year-on-year to EUR 124 million (previous year: EUR 46 million) with a margin of 31% (previous year: 19%). Earnings before taxes (EBT) rose to EUR 93 million (previous year: EUR 27 million).

CASH FLOW STATEMENT

The operating cash flow for the first six months of 2023 was EUR 69 million (previous year: EUR 35 million). Besides the changes to the working capital, this factors in the redesign capital expenditure of EUR 17 million (previous year: EUR 9 million) and tax expenses of EUR 28 million (previous year: EUR 8 million).

In light of the positive business development, a capital payment was made to the shareholders for the first time since the outbreak of the pandemic; it is recognised at EUR 68 million in the equity cash flow. The debt cash flow of EUR 81 million (previous year: EUR 28 million) includes the full repayment of the KfW loan of EUR 101 million, which was held as a liquidity reserve.

Cash Flow Statement	2nd quarter					1st half-year				
	2023		2022		+/- ly	2023		2022		+/- ly
	kEUR	% Rev	kEUR	% Rev	% ly	kEUR	% Rev	kEUR	% Rev	%
EBITDA reported	90.503	39	63.171	36	43	123.654	31	46.254	19	>100
- Net Working Capital	-14.119	-6	23.934	13	<100	-10.075	-3	6.516	3	<100
- ReDesign Capex	-9.016	-4	-6.213	-4	45	-17.079	-4	-9.420	-4	81
- Taxes	-22.149	-9	-7.585	-4	>100	-27.935	-7	-8.045	-3	>100
Operating Cash Flow	45.219	19	73.307	41	-38	68.565	17	35.305	15	94
- Covid Subsidies	-200	0	13.027	7	<100	-49	0	13.097	5	<100
- Equity Cash Flow	-68.111	-29	-40	0	>100	-68.081	-17	126	0	<100
- Debt Cash Flow	-65.854	-28	-18.614	-10	>100	-80.695	-20	-27.573	-11	>100
Cash Flow before Expansion Capex	-88.946	-38	67.680	38	<100	-80.260	-20	20.955	9	<100
- CAPEX new Hotels PROPCO	-8.401	-4	-11.838	-7	-29	-37.765	-10	-16.648	-7	>100
- CAPEX new Hotels FF&E	-7.972	-3	-6.013	-3	33	-11.526	-3	-10.119	-4	14
- Other Grants	0	0	847	0	<100	0	0	847	0	<100
Net Cash Flow	-105.319	-45	50.676	29	<100	-129.551	-33	-4.965	-2	>100
Cash carried forward	353.510		272.746		30	377.742		328.387		15
Cash at end of period	248.191		323.422		-23	248.191		323.422		-23

In the first six months of the year, EUR 38 million was invested in the expansion of the company's own property portfolio (previous year: EUR 17 million). Essentially, this comprises a successful transaction to buy back a rented property for the company's portfolio. Additionally, EUR 12 million was invested in FF&E for new hotels (previous year: EUR 10 million). As at 30 June 2023, the cash holdings amounted to EUR 248 million (previous year: EUR 323 million).

NET BALANCE SHEET

Equity increased to EUR 514 million as at 30 June 2023 (previous year: EUR 457 million). As such, the equity ratio based on a condensed analysis of the balance sheet is 63% (previous year: 60%). Net debt fell by 15% to EUR 152 million (previous year: EUR 179 million). With a net debt/EBITDA ratio of 0.6, the company's ability to service its debt has improved significantly year-on-year (previous year: 2.5).

	June 30				
	2023		2022		+/- ly
	kEUR	%	kEUR	%	%
Net Balance Sheet:					
Equity	514.282	63	457.210	60	12%
Net working capital	154.786	19	122.716	16	26%
Net debt	152.388	19	179.258	24	-15%
Leverage Framework:					
EBITDA Rolling 12 months	248.378		72.374		>100
Net Debt/EBITDA	0,6		2,5		<100

OUTLOOK

In light of the healthy number of advance bookings for the third and fourth quarter, we expect business to remain strong in the second half of the year.

Following our entry into the Irish market with Motel One Dublin, Motel One hotels are set to open in central locations in Würzburg and Karlsruhe in the second half of 2023. Our second lifestyle brand 'The Cloud One Hotels', which launched recently in New York, is celebrating its own entry into the European market. The first hotels in prime locations in Hamburg and Düsseldorf are scheduled to open in the fourth quarter.

Given its strong national and international performance and robust financial figures, Motel One is generating excellent growth opportunities in the current market environment. The conclusion of another rental contract in London in early July will expand the secured portfolio to six locations in the British capital and underline the group's international growth strategy.

Due to ongoing geopolitical tensions, there remain global risks that could have a negative impact on the development of business.

Munich, July 2023