Hostmore plc

AUDITED ANNUAL RESULTS, CURRENT TRADING, COST REDUCTION PROGRAMME, CAPITAL ALLOCATION POLICY AND NOTICE OF AGM

Hostmore plc ("Hostmore" or the "Company" and, together with its subsidiaries, the "Group"), the hospitality business with brands including 'Fridays', '63rd+1st' and 'Fridays and Go', is pleased to announce its audited annual results for the 52 week period ended 1 January 2023 ("FY22") and to provide an update on current trading, its cost reduction programme, and its capital allocation policy.

Key financial highlights

- FY22 EBITDA of £31.1m (FY21 £34.5m)
- FY22 EBITDA FRS 102 of £11.3m (FY21 £13.0m)
- FY22 Free Cash Flow of £16.5m (FY21 £31.0m)
- FY22 Net Debt FRS 102 of £27.7m (FY21 £12.2m)
- Cost reduction exercise completed in Q1 2023, reducing overheads by £1.8m on an annualised basis
- Covenants recently reset with lending banks at revised levels to accord with the Group’s business plan with an extended term to 1 January 2025
- Agreement with brand franchisor to defer all further new store opening obligations until FY25, saving an estimated total £13m in capital expenditure over the two years FY23 and FY24
- Total revenue FY22 £195.7m, 23% higher than FY21 of £159.0m, with LFL sales revenue of £189.1m +22% increase from FY21 of £155.0m
- Revenue in the first 16 weeks of FY23, adjusted for the variance in VAT rate on food sales between FY22 and FY23, is 2% higher than in 2022
- Improving guest opinion scores and net promoter scores at TGI Fridays resulting from renewed focus on guest experience
- Revised capital allocation policy to prioritise debt repayment and shareholder distributions

Key operational highlights
Leadership

- In January 2023, Robert B. Cook, the Company’s CEO decided to step down. The Board is delighted that Julie McEwan, previously Chief Operating Officer of the business, agreed to be our new Interim CEO.

Stable trading against a more challenging consumer backdrop

- Comparable like-for-like ("LFL") revenue up 22% compared to FY21.
- Trading compared to FY21 stronger in the stadium (events led) and major shopping centre (retail & entertainment) categories with the north-east and north-west recording most improvement.
- Group EBITDA FRS 102 of £11.3m in comparison to £13.0m in FY21 reflecting weaker consumer demand and inflationary pressures but offset in part by cost mitigation activity and completion of landlord concession agreements.

Focus on managing inflationary pressures

- Secured £2.3m of landlord concessions in FY22, comprising waiver of past obligations and confirmation of incentives for extension of leases on profitable stores.
- Successful hedging of the price of gas and electricity for the duration of the FY22 period at prices determined in September 2020 when retail prices were much lower than current levels. Since the middle of April 2023, a programme for entering into new hedges has been commenced with the intention of having 75% of both gas and electricity forecast volumes hedged by 30 June 2023.
- Food and beverage input cost increases limited by leveraging existing supplier relationships.

Cash and Debt financing

- Cash generation enabled the following during FY22:
  (i) New restaurant openings and other fixed asset purchases totalling £10.2m;
  (ii) Payment of accrued listing costs from 2021 of £6.8m;
  (iii) Settlement of pandemic period rent emanating from concessions secured during the period of £2.3m; and
  (iv) Payment of VAT deferred under the Government pandemic incentives of £0.8m.
- Amendments to the Group's banking facilities assist in implementing the Board's strategy.
- As a part of the customary year end process and as required under Company Law, the Group prepared a base case forecast covering the next fifteen months. The forecasts show that the Group has sufficient liquidity from its restated facilities to finance its operations for the next fifteen months to the end of July 2024, including the requisite compliance by the Group with its banking covenants and debt amortisation as it comes due under those facilities. The Directors are confident that the business will continue to trade for a period of at least 15 months following the signing of these financial statements and therefore that it is appropriate to prepare these financial statements on a going concern basis.
- The audit report for the period ended 1 January 2023 contains an emphasis of matter section relating to the Group’s forecasts, highlighting a material uncertainty under a severe but plausible downside scenario, where the Group is forecast to breach two banking covenants within 12 months from the date of approval of the financial statements. The audit report is not qualified. Full detail of the going concern basis of preparation is provided in note 4.1 to the attached non statutory financial statements.

Organic and new growth across the business

- Creation and launch of the Fridays and Go fast-casual dining brand.
- Five new openings across our brands during FY22 in Chelmsford, Barnsley, and Durham (TGI Fridays), Dundee (Fridays and Go) and Edinburgh (63rd+1st).
Focus on improving customer and staff proposition
- Improved guest satisfaction scores - TGI Fridays' Guest Opinion Score at December 2022: 74 (December 2021: 68) - arising from improved quality of product and speed of service levels.
- Increased levels of staff rewards and a further investment in training.

Trading Results
The Group’s trading results for the 52 week period ended 1 January 2023 are summarised below:

<table>
<thead>
<tr>
<th></th>
<th>52 weeks ended 1 January 2023</th>
<th>*Restated 53 weeks ended 2 January 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>£195.7m</td>
<td>£159.0m</td>
</tr>
<tr>
<td>Gross profit</td>
<td>£150.6m</td>
<td>£127.7m</td>
</tr>
<tr>
<td>Group EBITDA (note 1)</td>
<td>£31.1m</td>
<td>£34.5m</td>
</tr>
<tr>
<td>Group EBITDA FRS102</td>
<td>£11.3m</td>
<td>£13.0m</td>
</tr>
<tr>
<td>(Loss)/profit from operations</td>
<td>(£91.9m)</td>
<td>£11.0m</td>
</tr>
<tr>
<td>Basic loss per share</td>
<td>(77.8p)</td>
<td>(1.3p)</td>
</tr>
<tr>
<td>Adjusted basic earnings per share (note 2)</td>
<td>3.6p</td>
<td>7.2p</td>
</tr>
<tr>
<td>Total assets</td>
<td>£236.3m</td>
<td>£349.0m</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>(£209.8m)</td>
<td>(£225.0m)</td>
</tr>
<tr>
<td>Net debt</td>
<td>(£176.3m)</td>
<td>(£163.2m)</td>
</tr>
<tr>
<td>Net bank debt FRS102 (note 3)</td>
<td>(£27.7m)</td>
<td>(£12.2m)</td>
</tr>
<tr>
<td>Cashflows from operating activities</td>
<td>£28.8m</td>
<td>£29.7m</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(£10.2m)</td>
<td>(£4.1m)</td>
</tr>
<tr>
<td>Free cash flow (note 4)</td>
<td>£16.5m</td>
<td>£31.0m</td>
</tr>
<tr>
<td>Adjusted free cash flow (note 5)</td>
<td>£23.3m</td>
<td>£20.1m</td>
</tr>
</tbody>
</table>

Notes
1. Group EBITDA reflects the underlying trade of the overall business. It is calculated as statutory operating (loss)/profit adjusted for depreciation, net interest and bank arrangement fees, impairment, amortisation, loss on disposal of fixed assets and share based charges.
2. Adjusted basic earnings per share represents the net profit after tax before impairment and exceptional items, divided by shares in the Company in issue.
3. Net bank debt FRS102 is borrowings from bank facilities, excluding the unamortised portion of loan arrangement fees and leases, less cash and cash equivalents.
4. Free cash flow reflects the cash generated from operations less maintenance capital expenditures.
5. Adjusted free cash flow is free cash flow (note 4) adjusted for £6.8m of cash payments relating to listing of the Company's shares in 2021 which were settled in 2022.

* Refer to note 5 to the financial statements. In the 53 week period ended 2 January 2022 exceptional costs have been increased by £965k from £8,121k to £9,086k, reducing Group EBITDA and Group EBITDA FRS102 as previously reported, respectively from £35.4m and £14.0m to £34.5m and £13.0m.

Impairments at 1 January 2023
- The Board has assessed the carrying value of the Group's property, plant and equipment ("PPE") and right of use assets ("RoU assets"), and goodwill at the period end by reference to the updated business plan and the higher interest rates now prevailing. This exercise has resulted in Hostmore
recording impairments of £31.2m against PPE and RoU assets and an impairment of £70.9m against goodwill.

Neither of these adjustments have any impact on operational cash performance of the Group which remains unaffected by these non-cash charges.

The goodwill impairment, by the nature of it being a non-reversible one-off adjustment, has been accounted for as an exceptional item while the PPE and RoU assets impairments may reverse to the credit of the Group’s earnings from increases in profitability.

Current Trading

- Revenue in the first 16 weeks of FY23, adjusted for the variance in the VAT rate on food sales between FY22 and FY23, is 2% higher than 2022. This reflects the impact of anticipated softer consumer demand which has been offset by an improvement in the spend per head.
- The guest opinion scores for TGI Fridays improved further to 80 at March 2023 which represents the highest level in the past year.
- No new openings planned for FY23 or FY24 to facilitate debt reduction.
- Net bank debt FRS 102 increased from £27.7m at 1 January 2023 to £32.2m in the 13 weeks since the period end in line with the traditionally quieter trading period of the year. Net bank debt is expected to remain at this level for the half year and is forecast to continue to peak at quarter ends due to the timing of the quarterly payments of rent and VAT.
- Considering both the uncertain consumer demand and the enduring inflationary environment, LFL revenue expectations for the first half are forecast to be similar to the FY22 comparative period with improvement thereafter due to the success of the revenue enhancing initiatives implemented in Q1 2023 and an anticipated improvement in consumer sentiment.
- Our current year and future business operations are commented on in detail in the Interim Chief Executive Officer’s Statement.

Cost Reduction Programme

- The costs in the business had been increased in previous years to facilitate a multi-brand platform, to support an increase in new store openings, and as a result of the costs of becoming a publicly traded company.
- The Company announces that it has completed an initial review of the fixed cost base, which has resulted in £1.8m of annualised savings being removed from the business, most of which is from central overheads. The implementation of the reductions has utilised £0.3m of cash.
- Substantially all affected employees and service providers relating to these reductions have now left the Group with cost reductions commencing from 1 April 2023. Accordingly, the reductions are expected to benefit FY 2023 results by approximately £1.2m, with the full annualised saving to benefit FY 2024 results.
- The Board continues to review all opportunities to improve the Group's financial results.

Capital Allocation Policy

- The Board has established a revised capital allocation policy to prioritise debt repayment and shareholder distributions over new store openings.
- The US-based franchisor of the TGI Fridays brand is supportive of the Group and has deferred the requirement for new TGI Fridays store openings under the development agreement for FY 2023 and 2024 to FY2025 and 2026. It is now the Company’s expectation that no new store openings will occur until at least FY 2025, which is estimated will save the Group approximately £15m in cash over the period. This is planned to be substantially used in repayment of the Group's loans and borrowings.

Gavin Manson, Chairman, commented:
"Hostmore's first full year of being an independent listed company has been challenging for the economy and consumers - and for the Company.

The impact on consumer confidence of the rapidly increasing inflationary pressures arising from the Russian invasion of Ukraine in February 2022 changed the nature of the market in which we are operating. We have adapted our marketing and capital allocation policy to these new circumstances and are now firmly focused on delivering improved performance from our core TGI Fridays estate; not undertaking new site openings for our brands in FY23 and FY24; and continuing our cost reduction and debt repayment.

In January 2023, Robert B. Cook, who as CEO of TGI Fridays from late 2019 had seen us through Covid-19 when many other businesses had failed, decided, with the Board's approval, to step down. Earlier in 2022, Robert had recruited Julie McEwan as Chief Operating Officer and the Board is delighted that Julie has agreed to become our Interim CEO. Whilst conducting an external search, we are also working with Julie to give her every opportunity to build on the extremely encouraging start she has made as Interim CEO.

The Board has every confidence in its brands, its products and its people."

Results webcast

Stephen Welker, Chairman-Designate, Julie McEwan, Interim Chief Executive Officer, and Alan Clark, Chief Financial Officer, will be hosting a webcast with a live Q&A for investors and analysts at 10:00am on Tuesday 2 May 2023.

Please email Hostmore@dentonsglobaladvisors.com or call 020 7664 5095 to receive the details.

The attached abridged financial statements are not the Company's statutory accounts. All statutory accounts of the Company in previous years had unqualified audit reports and have been delivered to the registrar of companies. As referred to above, in the Group's base case forecasts, the Group has sufficient liquidity from its restated facilities to finance its operations for the next fifteen months to the end of July 2024, including the requisite compliance by the Group with its banking covenants and debt amortisation as it comes due under those facilities. The Directors are confident that the business will continue to trade for a period of at least 15 months following the signing of these financial statements and therefore that it is appropriate to prepare the financial statements on a going concern basis. The audit report for the period ended 1 January 2023 contains an emphasis of matter section relating to the Group's forecasts, highlighting a material uncertainty under a severe but plausible downside scenario, where the Group is forecast to breach two banking covenants within 12 months from the date of approval of the financial statements. The audit report is not qualified. Full detail of the going concern basis of preparation is provided in note 4.1 to the attached non-statutory financial statements.

Hostmore has also published the following documents:

- Annual Report and Financial Statements for the 52 week period ended 1 January 2023 (the "Annual Report and Financial Statements 2022").
- Notice of 2023 Annual General Meeting (the "Notice of AGM").

In accordance with Listing Rule 9.6.1, a copy of each of these documents has been uploaded to the National Storage Mechanism and will be available for viewing shortly at: https://data.fca.org.uk/#/nsm/nationalstoragemechanism
The Annual Report and Financial Statements 2022 and the Notice of AGM are also available on the Company's website: https://www.hostmoregroup.com/results-reports-presentations

The 2023 Annual General Meeting of the Company (the 'AGM') will be held on Wednesday 7 June 2023 at 12.00 p.m. at the offices of finnCap Limited, One Bartholomew Close, London, EC1A 7BL. Full details of the AGM (including how to participate in the AGM) and the resolutions that will be put to shareholders are set out in the Notice of AGM. On 26 January 2023, the Company announced that Gavin Manson would retire as Chairman of the Company at the end of the 2023 AGM, which was proposed to be held on 25 May 2023. As the AGM is now to be held on 7 June 2023, Gavin Manson will retire as Chairman of the Company at the end of the 2023 AGM on 7 June 2023 and Stephen Welker will succeed Gavin as Chairman at that time.

In conformity with DTR 6.3.5(1A), the regulated information required under DTR 6.3.5 is available in unedited full text within the Annual Report and Financial Statements 2022 as uploaded and available on the National Storage Mechanism and on the Company's website as noted above.

ENDS

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Email: Hostmore@dentonsglobaladvisors.com

INTERIM CHIEF EXECUTIVE’S STATEMENT

Reflections on 2022
The early part of 2022 showed that the ‘whiplash of COVID-19’ was still evident across the hospitality sector and in our business, as the challenges continued. In addition to the COVID-19 disruption, we faced the adverse effects on our sector of the Russian invasion of Ukraine, the cost-of-living crisis, heightened inflationary pressures and various industrial strikes. Whilst we faced these headwinds, our high-quality brands were robustly placed to navigate through the economic uncertainty and dynamically shift to reflect changes in customer behaviour.

The Omicron variant of COVID-19 in the early part of 2022 saw stadium events cancelled which adversely affected our restaurants in these areas and city centre trade was affected as customers continued to work from home. Our like-for-like revenue improved significantly on the prior year and we proactively managed inflationary pressures with landlord concessions, the hedging of utilities and the mitigation of food and beverage costs by leveraging supplier relations.

Strategy
Our 4D strategy is focused on the development of our hospitality brands, underpinned by quality, relevance, and simplicity. At the heart of this is a customer-
centric approach which aims to deliver memorable experiences through 'Dine-in', 'Delivery' and 'Drive To', enhanced by harnessing 'Digital' journeys and the data these provide as a key enabler across all our customer-facing channels.

Our 'Dine-In' experience is our primary focus for 2023, remaining as it does at the heart of the TGI Fridays, Fridays and Go and 63rd+1st experience. We deliver it with pride.

The TGI Fridays iconic brand is associated with the original 'corner bar', a place in the local community to 'drop in and catch up' with friends, where one feels welcome and can step into a place of fun and warmth and where delicious food and drinks can be enjoyed. Given that TGI Fridays is famous for great food, it is pleasing that the investment in our menu and service improvements has delivered a positive impact on the overall guest experiences as evidenced by our guests' feedback. We have sought to achieve this whilst maintaining pricing discipline, particularly given the pressures on our customers' disposal income. To complement our offering and widen our appeal to new audiences, we have implemented our 'Raising the Bar' strategy in 2023. This seeks to build on TGI Fridays' heritage and values by introducing fun and innovative offers and concepts, such as the TGI Fridays Cocktail Masterclasses and new celebration packages. These will showcase the very best of our brand.

Delivery remains an important channel to our customers. In Q3 2022, we signed a contract with Uber Eats to enable our products to be ordered via their platform. This is in addition to the existing relationships we have with Deliveroo and JustEat. We believe our relationships with our delivery partners are stronger going into 2023 after a root and branch overhaul of the way in which we implement delivery. We now have dedicated leadership and assigned manpower, already improving our metrics and, ultimately, our delivery offer to our customers.

In terms of the 'Drive to' component of our strategy, we created our quick service restaurant offering, Fridays and Go, and opened our first restaurant under this brand. This is an exciting new proposition in trial stage, with the potential to offer valuable diversification of future growth and brand development.

**Digital transformation**
A significant digital transformation is underway across the business, particularly at our TGI Fridays brand. This is underpinned by an omnichannel approach heading towards a single customer view that informs, enhances, and grows our customer proposition. Accompanied with highly focused marketing activity around our refreshed TGI Friday's brand, leveraging existing heritage and loyalty with our customers, will consolidate the brand and the TGI Friday's experience more effectively.

Considering the ongoing trading pressures, securing consumer spend is increasingly challenging. By taking a data-led approach, we are seeking to enhance the guest experience, optimise marketing, and leverage the power of digital to establish a competitive advantage. I look forward to reporting back during the current financial year on the progress of the digital transformation programme.

**Employees**
It is important that I pay tribute to our dedicated and passionate teams in our restaurants, particularly our General Managers, for their continued focus and resilience in the challenges they have faced throughout the year. Their professionalism, focus and engagement throughout the period has been obvious
and we are extremely proud of their efforts. During 2022, our subsidiary that employs almost the whole of the Group's workforce, partnered with Great Place to Work on an engagement survey. The survey consisted of 60 questions focused on the employee/manager relationship, culture and values and an overall view of the business performance. Following completion of this, and reflecting the positive feedback provided in the survey, the company was accredited with being a "Great Place to Work", a major accolade for the Group as a whole.

We are well positioned with our continuous investment in attracting, developing, and retaining great talent across our brands, which is critical to our overall future success. We launched our new Learning Management System for all employees in 2022. In addition, Q3 2022 saw the launch of our Aspire High Potential Development programme, which seeks to develop leading talent for the next level in our business. The first pool of Operations Managers and General Managers who have been participating in the programme are due to graduate in April 2023. We are delighted to report that three out of the eight individuals in this pool have already been promoted within the organisation. The second pool of candidates embarked on the programme in April 2023.

We have also been delivering intensive bar training which has resulted in us certifying over 200 individuals as being Master Bartenders. These individuals stand ready to assist us in successfully delivering our 2023 "Raising the Bar" strategy.

We remain committed to building a leaner and more focused organisation. Cost base efficiencies have been achieved for 2023, with both our operations teams and support centre having been restructured over the course of Q4 2022 and Q1 2023.

**Guest feedback**

As we entered the final quarter of 2022 and the economic turbulence continued, trading remained challenging. Guest sentiment however was extremely positive in respect of TGI Fridays. Our Net Promoter Score for TGI Fridays ended the year at 30 which is on the boundary of "Good" and "Great" (FY21: 18). We also exited the year with a Trip Advisor score for TGI Fridays of 4.5 out of 5 (having been at 3.6 out of 5 at the end of 2021), with customers notably scoring TGI Fridays highly on 'value for money' and indicating that our promotions were well received. We cater for the fact that our guests are looking for more experiential occasions, as well as personalisation, while they keep an eye on costs and continue to expect value for their money.

**Supply chain**

In 2022, securing quality and reliable food supplies at economic prices was more challenging, following the re-opening of global trade as the effects of COVID-19 lessened. In addition, we have had to contend with the conflict in Ukraine affecting energy supply and driving increased costs in manufacturing and logistics, as well as shortages of key commodity crops driven by the war. The result of these challenges culminated in food product inflation across our sector of +24% relative to FY21 (Prestige Purchasing 2022 Foodservice Inflation Model, published Jan 2023).

Despite these challenging conditions, the Group's procurement team worked closely with our key partners to develop and implement strategies to limit the impact of inflation, whilst ensuring quality was not compromised. Where possible we secured additional stock ahead of rising costs, reduced our product range where beneficial and expanded the country of origin or source to benefit from more competitive prices. The result of these multiple strategies was to exit 2022 with food product inflation of just +9% relative to FY21 prices. The value of these
mitigation strategies against the market norm of +24% delivered a saving of £5m to the Group.

In 2022, we also engaged with a new beef processor and developed a partnership with Red Tractor, an assurance scheme ensuring the beef we use in our burgers is of a high standard, responsibly sourced and fully traceable. As a consequence, a new burger was introduced on our menus in February 2023, reflecting these attributes.

The 2022 drinks market was not as volatile as food, with drink inflation at +4% in 2022. To reduce the risks of supply chain challenges, we secured a contract with a UK-based spirits manufacturer in November 2022. Moving to a UK-based manufacturer for our key spirits reduced the risks related to long lead times for the supply of products and high shipping costs, as well as removing the administration burden of HMRC compliance on alcohol consignments when they are shipped into the UK. We continue to experience increased costs associated with beer, cider, wine, and soft drinks production. Inflation on drinks products for 2023 has been forecasted to continue and we are working closely with our partners to seek ways to minimise this exposure.

**New restaurant openings and closures**

Our plan for the development of TGI Fridays continued as we delivered three new restaurant openings during 2022. We also opened our first restaurant under our new quick service offering brand, Fridays and Go, in Dundee. In addition, we opened a new 63rd+1st restaurant in Edinburgh. In 2022, we closed our TGI Fridays restaurants in Covent Garden and Guildford and our 63rd+1st restaurant in Harrogate. These restaurants were not generating the returns on investment which we expected and removing them from the estate was therefore a positive development.

Looking ahead, we are taking a prudent approach bearing in mind the current UK economic environment and not undertaking any new restaurant openings in the near term.

**Conclusion**

As our business continues to ride the economic headwinds that the sector is experiencing, our dedication to our brand values remains. This dedication, coupled with our innovative digital strategy, will make our guests’ experience as compelling as ever. This continues to inspire our teams across all venues and disciplines, who are such an important element of our success. "A world of more" perfectly captures this approach for 2023 and beyond.

**Julie McEwan**

28 April 2023

**Calculation of key performance indicators and alternative performance measures**

The Group uses several key performance indicators (“KPIs”) to track the financial and operating performance of its business. These measures are derived from the Group’s internal systems. Some of the KPIs are alternative performance measures
("APMs") that are not defined or recognised under IFRS. They may not be comparable to similarly titled measures used by other companies and should not be considered in isolation or as a substitute for analysis of the Group's operating results as reported under IFRS. The following information on the KPIs includes reconciliations to the nearest IFRS measures where relevant.

Sales
Like-for-like ("LFL") sales measure the performance of the Group on a consistent year-on-year basis. The table below includes sites that were open for all of 2021 for comparability and separately includes sites opened since 2021 or subsequently disposed of.

<table>
<thead>
<tr>
<th></th>
<th>52 weeks ended</th>
<th>53 weeks ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 January 2023</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>LFL sales</td>
<td>189,087</td>
<td>154,987</td>
</tr>
<tr>
<td>Additions since January 2021</td>
<td>6,422</td>
<td>2,516</td>
</tr>
<tr>
<td>Disposals since January 2021</td>
<td>359</td>
<td>1,129</td>
</tr>
<tr>
<td>Deferred revenue provisions</td>
<td>(148)</td>
<td>362</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>195,720</strong></td>
<td><strong>158,994</strong></td>
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EBITDA
EBITDA is Group's earnings before interest and bank arrangement fees, tax, depreciation, amortisation, impairment and share based payment charges.

<table>
<thead>
<tr>
<th></th>
<th>52 weeks ended</th>
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<tbody>
<tr>
<td>1 January 2023</td>
<td>£'000</td>
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</tr>
<tr>
<td>Loss before tax</td>
<td>(104,345)</td>
<td>(2,549)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>20,339</td>
<td>22,339</td>
</tr>
<tr>
<td>Net interest and bank arrangement fees</td>
<td>12,478</td>
<td>13,597</td>
</tr>
<tr>
<td>Net impairment of property, plant and equipment and right of use assets</td>
<td>31,179</td>
<td>1,019</td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>70,858</td>
<td>-</td>
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<tr>
<td>Share based payment charge</td>
<td>581</td>
<td>78</td>
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<tr>
<td><strong>EBITDA</strong></td>
<td><strong>31,090</strong></td>
<td><strong>34,484</strong></td>
</tr>
</tbody>
</table>

* Refer to note 5 to the financial statements. In the 53 week period ended 2 January 2022 exceptional costs have been increased by £965k from £8,121k to £9,086k, increasing the loss before tax as previously reported from £1,584k to £2,549k.

EBITDA FRS102
EBITDA FRS102 is Group's earnings calculated in accordance with IFRS16, adjusted for rent paid to lessors and rent received from subleases.

<table>
<thead>
<tr>
<th></th>
<th>52 weeks ended</th>
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</table>
Net impairment of property, plant and equipment and right of use assets
Impairment of goodwill
Share based payment charge

<table>
<thead>
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<th></th>
<th>31,179</th>
<th>1,019</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA IFRS16</td>
<td>31,090</td>
<td>34,484</td>
</tr>
<tr>
<td>Less: Rent paid</td>
<td>(19,931)</td>
<td>(21,669)</td>
</tr>
<tr>
<td>Add: Sublease income</td>
<td>101</td>
<td>231</td>
</tr>
<tr>
<td>EBITDA FRS102</td>
<td>11,260</td>
<td>13,046</td>
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</tbody>
</table>

* Refer to note 5 to the financial statements. In the 53 week period ended 2 January 2022 exceptional costs have been increased by £965k from £8,121k to £9,086k, decreasing EBITDA (IFRS16) from £35,449k to £34,484k and decreasing EBITDA (pre-IFRS16) from £14,011k to £13,046.

**Free cash flow**

Free cash flow is the cashflow from operating activities for the period, adjusted for working capital movements, rental income from sub-leases, corporation tax and maintenance capex.

<table>
<thead>
<tr>
<th></th>
<th>52 weeks ended</th>
<th><em>Restated</em> 53 weeks ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 January 2023</td>
<td>1 January 2022</td>
</tr>
<tr>
<td></td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Cashflow from operating activities</td>
<td>28,800</td>
<td>29,658</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>(8,070)</td>
<td>1,931</td>
</tr>
<tr>
<td>Rental income from subleases</td>
<td>105</td>
<td>337</td>
</tr>
<tr>
<td>Corporation taxes (paid)/recovered</td>
<td>(857)</td>
<td>978</td>
</tr>
<tr>
<td><strong>Cash generated from operations</strong></td>
<td>19,978</td>
<td>32,904</td>
</tr>
<tr>
<td>Maintenance capex</td>
<td>(3,496)</td>
<td>(1,929)</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>16,482</td>
<td>30,975</td>
</tr>
</tbody>
</table>

* Refer to note 5 to the financial statements. In the 53 week period ended 2 January 2022 exceptional costs have been increased by £965k from £8,121k to £9,086k, reducing cashflow from operating activities as previously reported of £30,623k to £29,658k.

**Net debt**

Net debt, calculated in accordance with IFRS16, is the Group's long-term borrowings (excluding issue costs) and lease liabilities less cash and cash equivalents at each period end.

<table>
<thead>
<tr>
<th></th>
<th>1 January 2023</th>
<th>2 January 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Gross bank loans and borrowings</td>
<td>(36,800)</td>
<td>(44,299)</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>(148,555)</td>
<td>(150,994)</td>
</tr>
<tr>
<td>Cash &amp; cash equivalents</td>
<td>9,091</td>
<td>32,080</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>(176,264)</td>
<td>(163,213)</td>
</tr>
</tbody>
</table>

**% Cash conversion**

% Cash conversion is calculated as free cash flow divided by EBITDA IFRS16.

<table>
<thead>
<tr>
<th></th>
<th>1 January 2023</th>
<th>2 January 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free cash flow</td>
<td>16,482</td>
<td>30,975</td>
</tr>
<tr>
<td>EBITDA IFRS16</td>
<td>31,090</td>
<td>34,484</td>
</tr>
<tr>
<td><strong>% Cash conversion</strong></td>
<td>53%</td>
<td>90%</td>
</tr>
</tbody>
</table>

Refer to note 5 to the financial statements. In the 53 week period ended 2 January 2022 exceptional costs have been increased by £965k from £8,121k to £9,086k, decreasing EBITDA as previously reported from £35,449k to £34,484k.
Return on capital employed (ROCE)

ROCE is calculated as EBITDA IFRS16 divided by total assets less current liabilities.

<table>
<thead>
<tr>
<th></th>
<th>1 January 2023</th>
<th>2 January 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA IFRS16</td>
<td>£31,090</td>
<td>£34,484</td>
</tr>
<tr>
<td>Total assets less current liabilities</td>
<td>£188,113</td>
<td>£292,367</td>
</tr>
<tr>
<td>ROCE</td>
<td>17%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Refer to note 5 to the financial statements. In the 53 week period ended 2 January 2022 exceptional costs have been increased by £965k from £8,121k to £9,086k, decreasing both EBITDA as previously reported from £35,449k to £34,484k and total assets less current liabilities from £293,332k to £292,367k.

Consolidated statement of comprehensive income for the 52 week period ended 1 January 2023

<table>
<thead>
<tr>
<th>Note</th>
<th>52 weeks ended 1 January 2023</th>
<th>53 weeks ended 2 January 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying administrative expenses</td>
<td>(141,152)</td>
<td>(121,773)</td>
</tr>
<tr>
<td>Exceptional items*</td>
<td>6</td>
<td>(70,858)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>5</td>
<td>(212,010)</td>
</tr>
<tr>
<td>Impairment reversal of property, plant and equipment and right of use assets</td>
<td>10, 11</td>
<td>5,712</td>
</tr>
<tr>
<td>Impairment of property, plant and equipment and right of use assets**</td>
<td>10, 11</td>
<td>(36,891)</td>
</tr>
<tr>
<td>Other operating income</td>
<td></td>
<td>705</td>
</tr>
<tr>
<td>(Loss)/profit from operations</td>
<td>(91,867)</td>
<td>11,048</td>
</tr>
<tr>
<td>Finance income</td>
<td>7</td>
<td>78</td>
</tr>
<tr>
<td>Finance expense</td>
<td>7</td>
<td>(12,556)</td>
</tr>
<tr>
<td>Loss before tax</td>
<td>(104,345)</td>
<td>(2,549)</td>
</tr>
<tr>
<td>Tax credit</td>
<td>8</td>
<td>6,801</td>
</tr>
<tr>
<td>Loss for the period</td>
<td>(97,544)</td>
<td>(1,532)</td>
</tr>
<tr>
<td>Total comprehensive expense</td>
<td>(97,544)</td>
<td>(1,532)</td>
</tr>
</tbody>
</table>

* Refer to note 5 for further details.
** In prior periods, impairment of property, plant and equipment and right of use assets were disclosed as part of administrative expenses but are now disclosed separately to provide greater analysis of trading operations.
All operations are continuing operations.
There are no amounts recognised within other comprehensive income in the current or prior period.

<table>
<thead>
<tr>
<th>(Loss)/earnings per share in pence</th>
<th>Note</th>
<th>52 weeks ended 1 January 2023</th>
<th>53 weeks ended 2 January 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic loss per share*</td>
<td>9</td>
<td>(77.8)</td>
<td>(1.3)</td>
</tr>
<tr>
<td>Diluted loss per share*</td>
<td>9</td>
<td>(77.8)</td>
<td>(1.3)</td>
</tr>
<tr>
<td>Adjusted basic earnings per share</td>
<td>9</td>
<td>3.6</td>
<td>7.2</td>
</tr>
</tbody>
</table>
### Consolidated statement of financial position at 1 January 2023

<table>
<thead>
<tr>
<th>Assets</th>
<th>1 January 2023 (£'000)</th>
<th>* Restated 1 January 2022 (£'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>36,140</td>
<td>42,781</td>
</tr>
<tr>
<td>Right of use assets</td>
<td>94,568</td>
<td>116,388</td>
</tr>
<tr>
<td>Goodwill</td>
<td>75,121</td>
<td>145,979</td>
</tr>
<tr>
<td>Net investment in subleases</td>
<td>95</td>
<td>106</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>12,801</td>
<td>6,192</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>218,725</td>
<td>311,446</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>1,464</td>
<td>1,489</td>
</tr>
<tr>
<td>Trade and other receivables*</td>
<td>6,285</td>
<td>3,870</td>
</tr>
<tr>
<td>Current tax assets</td>
<td>740</td>
<td>-</td>
</tr>
<tr>
<td>Net investment in subleases</td>
<td>12</td>
<td>98</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>9,091</td>
<td>32,080</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>17,592</td>
<td>37,537</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>236,317</td>
<td>348,983</td>
</tr>
</tbody>
</table>

| Liabilities                  |                        |                                   |
|------------------------------|                        |                                   |
| **Non-current liabilities**  |                        |                                   |
| Loans and borrowings         | 23,146                 | 33,931                            |
| Lease liabilities            | 133,261                | 131,980                           |
| Provisions                   | 5,143                  | 2,430                             |
| **Total non-current liabilities** | 161,550             | 168,341                           |
| **Current liabilities**      |                        |                                   |
| Trade and other payables*    | 18,136                 | 26,033                            |
| Contract liabilities         | 1,004                  | 1,024                             |
| Current tax liabilities      | -                      | 309                               |
| Loans and borrowings         | 13                     | 13,295                            |
| Lease liabilities            | 15,294                 | 19,014                            |
| Provisions                   | 475                    | 745                               |
| **Total current liabilities**| 48,204                 | 56,616                            |
| **Total liabilities**        | 209,754                | 224,957                           |
| **Net current liabilities**  | (30,612)               | (19,079)                          |
| **Net assets**               | 26,563                 | 124,026                           |

* Refer to note 5 for further details.

### Consolidated statement of financial position at 1 January 2023 continued

<table>
<thead>
<tr>
<th>Issued capital and reserves attributable to owners of the Company</th>
<th>1 January 2023 (£'000)</th>
<th>* Restated 1 January 2022 (£'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>25,225</td>
<td>25,225</td>
</tr>
<tr>
<td>Share premium reserve</td>
<td>14,583</td>
<td>14,583</td>
</tr>
<tr>
<td>Merger reserve</td>
<td>(181,180)</td>
<td>(181,180)</td>
</tr>
<tr>
<td>Share based payment reserve</td>
<td>634</td>
<td>53</td>
</tr>
<tr>
<td>Retained earnings*</td>
<td>167,301</td>
<td>265,345</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>26,563</td>
<td>124,026</td>
</tr>
</tbody>
</table>

* Refer to note 5 for further details.
Consolidated statement of changes in equity for the 52 week period ended 1 January 2023

<table>
<thead>
<tr>
<th></th>
<th>Share capital £'000</th>
<th>Share premium reserve £'000</th>
<th>Merger reserve £'000</th>
<th>Share based payment reserve £'000</th>
<th>Retained earnings £'000</th>
<th>Total equity £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 28 December 2020</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensive expense for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,054 (30,646) (26,592)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>- (567) (567)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total comprehensive expense for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>- (567) (567)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Correction of error*</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>- (965) (965)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total comprehensive expense for the period (restated)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>- (1,532) (1,532)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Contributions by and distributions to owners</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue of share capital</td>
<td>1,518</td>
<td>11,624</td>
<td>-</td>
<td>-</td>
<td>13,142</td>
<td></td>
</tr>
<tr>
<td>Acquisition of subsidiaries by Hostmore</td>
<td>20,477</td>
<td>144,278 (164,755)</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer of share capital of a subsidiary to Hostmore</td>
<td>138,930</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>138,930</td>
<td></td>
</tr>
<tr>
<td>Capital reduction in a subsidiary</td>
<td>(137,541)</td>
<td>-</td>
<td>-</td>
<td>137,541</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share issue proceeds extinguishing shareholder loan</td>
<td>1,841</td>
<td>14,584 (16,425)</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cancellation of share premium</td>
<td>- (155,903)</td>
<td>-</td>
<td>-</td>
<td>155,903</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reclassification of share based reserve to retained earnings on lapse of share incentives</td>
<td>-</td>
<td>- (4,079)</td>
<td>-</td>
<td>4,079</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share based payment charge</td>
<td>-</td>
<td>-</td>
<td>78</td>
<td>78</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total contributions by and distributions to owners</strong></td>
<td>25,225</td>
<td>14,583 (181,180)</td>
<td>(4,001)</td>
<td>297,523</td>
<td>152,150</td>
<td></td>
</tr>
<tr>
<td><strong>At 2 January 2022</strong></td>
<td>25,225</td>
<td>14,583 (181,180)</td>
<td>53</td>
<td>265,345</td>
<td>124,026</td>
<td></td>
</tr>
<tr>
<td>(restated)*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Consolidated statement of cash flows for the 52 week period ended 1 January 2023</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Refer to note 5 for further details.
### Notes to the consolidated financial statements for the 52 weeks ended 1 January 2023

1. **Reporting entity**
Hostmore plc (the 'Company') is a public limited company incorporated and domiciled in the United Kingdom. The Company's registered office is at Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH and the Company's registered number is 13334853. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group is primarily involved in the development and operation of branded restaurants and bars and ancillary activities.

2. **Basis of preparation**
The Group's consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

On 31 December 2020 EU-adopted IFRS was brought into UK law and became UK-adopted international accounting standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board. The consolidated financial statements transitioned to UK-adopted international accounting standards with effect from 3 January 2022.
The Group reports its results for the 52 week or 53 week period ending on the nearest Sunday to 31 December. The results for 2022 are for the 52 weeks that ended 1 January 2023 and those for 2021 are for 53 weeks ended 2 January 2022.

Details of the Group’s accounting policies are included in the Hostmore plc Annual Report for the period ended 1 January 2023.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

3. Functional and presentation currency
These consolidated financial statements are presented in pounds sterling, which is the Group's functional currency. All amounts have been rounded to the nearest thousand pounds (“£’000”), unless otherwise indicated.

4. Selected accounting policies
4.1 Going concern
The financial statements have been prepared on a going concern basis. The impact on consumer confidence of the rapidly increasing inflationary pressures arising from the Russian invasion of Ukraine in February 2022, together with increases in interest rates, adversely affected the nature of the market in which the Group operates. Having started 2022 well, Hostmore’s market became more challenging during the year in terms of gaining new customers, despite a continuing improvement in product quality. The Board responded proactively to these changes. The Group's capital allocation policy was re-set to focus primarily on delivering improved performance from the core TGI Fridays estate, with substantial improvements to marketing, operating effectiveness, and site management. The Board also negotiated an amendment to the development agreement with the brand's US franchisor, resulting in no new site openings being required during the two years ending 31 December 2023 and 31 December 2024. These actions will result in an immediate improvement in net cash generation by the Group. These actions have also been complemented by a major cost reduction programme and resultant debt repayment programme, all of which are reflected in the Group's forecasts for FY 2023 and 2024.

The Group has prepared forecasts of the expected position for the next 15 months from the date of approval of these financial statements, which includes a severe but plausible downside scenario. Due to an anticipated breach of covenants at the end of March 2023, the banking facilities available to the Group and the Company have been revised. These changes involve an extension of the term from 1 October 2024 to 1 January 2025, a reduction in the size of the revolving credit facility by £8.5m, a reduction in the minimum liquidity required to be maintained by the Group by £11.0m, as well as revised adjusted leverage and EBITDA requirements and a new covenant of monthly EBITDA performance, referred to in more detail in note 13. The restated facility also waives the previous fixed charge cover covenant. Under the restated facility, the Group will provide increased quarterly reporting to the banks, confirmation that no new restaurant openings will be actioned during the term of the facility in line with the amended development agreement with the brand's franchisor (resulting in no new site openings being required during the two years ending 31 December 2024 ensures that capital expenditure has been further reduced), and confirmation that the Group will seek to refinance the bank facility during 2023 with this being internally scheduled to be undertaken during the third quarter of 2023.
Having already successfully implemented a range of revenue initiatives and a substantial reduction in central costs, the Board is confident that these actions will create the basis for an improvement in cash generation as the trading environment improves.

The severe but plausible downside scenario assesses the position in a severely depressed trading environment and worsening of performance by the Group’s restaurants, with limited recovery in the second half of 2023 from the factors that affected performance in 2022 and the first four months of 2023. This includes, amongst other assumptions, a reduction in covers on the prior year regardless of the opening of five new restaurants in FY22, and a materially slower growth expectation from the restaurants opened in FY22. These scenarios are based on the business plan of the Group but apply a downturn in trading of its restaurants for the remainder of 2023 and into 2024, with a worsening profit conversion and cash generation of the Group. As a result, they also model the impact this would have on the covenant calculations of the Group.

In the Group’s forecasts, the Group has sufficient liquidity from its restated facilities to finance its operations for the next fifteen months to the end of July 2024, including the requisite compliance by the Group with its banking covenants and debt amortisation as it comes due under those facilities. In the severe but plausible downside case, the Group has forecast a potential covenant breach in the third quarter of 2023 and a restricted liquidity position in the first quarter of 2024. In such a downside scenario without corrective action by the Board, or the ongoing support of the lending banks, there would be a breach of covenants resulting in the loans being repayable on demand, creating a material uncertainty about the Group's and the Company’s ability to continue as a going concern. This in turn would affect the ability of the Group and the Company to continue realising its assets and discharging its liabilities in the normal course of business.

The Directors are confident that the business will continue to trade for a period of at least 15 months following the signing of these financial statements and therefore that it is appropriate to prepare these financial statements on a going concern basis. The Directors have continued to adopt the going concern basis in preparing these financial statements, and the financial statements do not include adjustments to the carrying amounts or classification of assets and liabilities that would result if the Group was unable to continue as a going concern.

4.2 Goodwill
Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Goodwill does not generate cash flows independently of other assets or groups of assets and is required to be allocated to each cash generating unit ("CGU") or group of CGUs that benefits from the business combination that gave rise to the goodwill. The Group does not allocate goodwill to individual CGUs as it is deemed to represent the ongoing value of the existing business and brand and it cannot be allocated to individual restaurants on a non-arbitrary basis. Therefore, the goodwill is allocated to all CGUs as a group. Consequently, the Group tests all CGUs for impairment at each reporting date on a value-in-use basis and where a CGU is considered impaired, its carrying value is reduced to its recoverable amount. The impairment loss is allocated pro-rata between the assets of the CGU on the basis of the carrying amount of each asset. After this initial allocation of impairment losses, if the combined carrying amount of the CGUs and goodwill is higher than the recoverable
amount of the group of all CGUs, the residual impairment losses are allocated to goodwill.

4.3 The Group as a lessee
The principal leasing activity of the Group is the leasing of property for the operation of restaurants.

- A lease liability is measured at the present value discounted using an appropriate incremental borrowing rate for each lease depending on the remaining lease term ranging from 2.55% for leases with shorter terms to 7.5% for leases with longer terms. Payments included in initial measurement are all fixed payments. Any variable payments that are based on an index or a rate, are initially measured using the index or rate at the commencement date.
- A right-of-use (RoU) asset is measured at an amount equal to the lease liability, adjusted by any prepaid or accrued lease payments, and net of any dilapidations and onerous lease provisions.
- The Group does not recognise leases with remaining term of 12 months or less or where the underlying asset is considered of low value.

Subsequent to initial measurement, lease liabilities are reduced for lease payments made and increase as a result of interest charged at a constant rate on the balance outstanding. Where lease payments depend on an index, any changes in future lease payments resulting from a change in the index lead to a re-assessment of the lease liability using a revised discount rate. RoU assets are amortised on a straight-line basis over the remaining term of the lease.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at a revised discount rate. An equivalent adjustment is made to the carrying value of the RoU asset, with the revised carrying amount being amortised over the remaining revised lease term.

4.4 Impairment of tangible and intangible assets other than goodwill
At each reporting date, the Group assesses whether an item of property, plant and equipment is impaired. Each restaurant is considered to be a separate CGU of property, plant and equipment. The Group tests all CGUs for impairment at each reporting date on a value-in-use basis and where a CGU is considered impaired, its carrying value is reduced to its recoverable amount. The impairment loss is allocated pro-rata between the assets of the CGU on the basis of the carrying amount of each asset.

Where there is an indication that an impairment loss recognised in prior periods for an asset other than goodwill no longer exists, the impairment loss is reversed and credited to the consolidated statement of comprehensive income. The reversal is allocated to the CGU’s assets on a pro-rata basis. The carrying amount of an individual asset is not increased above the higher of its recoverable amount or its historical depreciated cost.

5. Prior period restatement
The Company has restated prior period administrative expenses (exceptional costs) associated with the listing of the Company's ordinary shares on the London Stock Exchange, by increasing this amount by £965k within administrative expenses. The restatement was due to a late invoice not being accrued for at the prior period end. Additionally, other receivables of £1,709k relating to VAT on property rent demands
have been reclassified, of these £937k remained unpaid and have therefore been reclassified as a deduction to trade payables. The paid proportion of £772k that will be settled with the VAT payable, has been reclassified as a deduction to tax and social security. In the prior period, impairments of property, plant and equipment and right of use assets were disclosed as part of administrative expenses, with these now being disclosed separately for clarity of disclosure, constituting only a change in presentation.

This reclassification has no effect on net assets of the Group at 2 January 2022. The under accrual and reclassification has been corrected by restating each of the affected financial statement line items for the prior period as follows:

### Consolidated statement of comprehensive income (extract)

<table>
<thead>
<tr>
<th>Previously reported 53 weeks ended</th>
<th>Inclusion of under accrual</th>
<th>* Restated 53 weeks ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 January 2022 £'000</td>
<td>2 January 2022 £'000</td>
<td></td>
</tr>
<tr>
<td>Administrative expenses (excluding impairment of property, plant and equipment and right of use assets)</td>
<td>(129,894)</td>
<td>(965)</td>
</tr>
<tr>
<td>Impairment of property, plant and equipment and right of use assets</td>
<td>(1,019)</td>
<td>-</td>
</tr>
<tr>
<td>Administrative expenses (including impairment of property, plant and equipment and right of use assets)</td>
<td>(130,913)</td>
<td>(965)</td>
</tr>
<tr>
<td><strong>Profit from operations</strong></td>
<td>12,013</td>
<td>(965)</td>
</tr>
<tr>
<td>Finance income</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Finance expense</td>
<td>(13,603)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Loss before tax</strong></td>
<td>(1,584)</td>
<td>(965)</td>
</tr>
<tr>
<td>Tax credit</td>
<td>1,017</td>
<td>-</td>
</tr>
<tr>
<td><strong>Loss for the period</strong></td>
<td>(567)</td>
<td>(965)</td>
</tr>
</tbody>
</table>

### Consolidated statement of comprehensive income (extract)

<table>
<thead>
<tr>
<th>Previously reported 53 weeks ended</th>
<th>Inclusion of under accrual</th>
<th>Inclusion of other receivables reclassification</th>
<th>* Restated 53 weeks ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 January 2022 £'000</td>
<td>2 January 2022 £'000</td>
<td>2 January 2022 £'000</td>
<td></td>
</tr>
<tr>
<td><strong>Basic loss per share (pence)</strong></td>
<td>(0.5)</td>
<td>(0.8)</td>
<td>(1.3)</td>
</tr>
</tbody>
</table>

### Consolidated statement of financial position (extract)

<table>
<thead>
<tr>
<th>Previously reported 2 January 2022 £'000</th>
<th>Inclusion of under accrual £'000</th>
<th>Inclusion of other receivables reclassification £'000</th>
<th>* Restated 2 January 2022 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other receivables</td>
<td>5,579</td>
<td>-</td>
<td>(1,709)</td>
</tr>
<tr>
<td>Total current assets</td>
<td>39,246</td>
<td>-</td>
<td>(1,709)</td>
</tr>
<tr>
<td>Total assets</td>
<td>350,692</td>
<td>-</td>
<td>(1,709)</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>26,777</td>
<td>965</td>
<td>(1,709)</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>57,360</td>
<td>965</td>
<td>(1,709)</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>225,701</td>
<td>965</td>
<td>(1,709)</td>
</tr>
<tr>
<td>Net current liabilities</td>
<td>(18,114)</td>
<td>(965)</td>
<td>-</td>
</tr>
<tr>
<td>Net assets</td>
<td>124,991</td>
<td>(965)</td>
<td>-</td>
</tr>
</tbody>
</table>

### Consolidated statement of cash flows (extract)

<table>
<thead>
<tr>
<th>Previously reported 53 weeks ended 2 January 2022 £'000</th>
<th>Inclusion of under accrual £'000</th>
<th>Inclusion of other receivables reclassification £'000</th>
<th>* Restated 53 weeks ended 2 January 2022 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td>30,623</td>
<td>(965)</td>
<td>-</td>
</tr>
<tr>
<td>Movement in working capital</td>
<td></td>
<td></td>
<td>29,658</td>
</tr>
<tr>
<td>Decrease in trade and other receivables</td>
<td>1,002</td>
<td>-</td>
<td>1,709</td>
</tr>
<tr>
<td>Increase in trade and other payables</td>
<td>907</td>
<td>965</td>
<td>(1,709)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>163</td>
</tr>
</tbody>
</table>
6. Exceptional items

Exceptional items are those items that, by virtue of their unusual nature or size, warrant separate, additional disclosure in the financial statements to fairly assess the underlying performance of the Group.

Included within the (loss)/profit from operations are items which are considered to be exceptional in nature. These are as follows:

<table>
<thead>
<tr>
<th>Costs associated with the listing of Hostmore's shares on the London Stock Exchange</th>
<th>52 weeks</th>
<th>53 weeks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>52 weeks</td>
<td>53 weeks</td>
</tr>
<tr>
<td></td>
<td>ended</td>
<td>ended</td>
</tr>
<tr>
<td></td>
<td>1 January</td>
<td>1 January</td>
</tr>
<tr>
<td></td>
<td>2023</td>
<td>2022</td>
</tr>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Costs associated with the listing of Hostmore's shares on the London Stock Exchange</td>
<td>-</td>
<td>9,086</td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>70,858</td>
<td>-</td>
</tr>
</tbody>
</table>

* Further to note 5, in the 53 week period ended 2 January 2022 exceptional costs have been increased by £965k from previously reported of £8,121k to £9,086k.

7. Finance income and expense

<table>
<thead>
<tr>
<th>Finance income</th>
<th>52 weeks</th>
<th>53 weeks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ended</td>
<td>ended</td>
</tr>
<tr>
<td></td>
<td>1 January</td>
<td>1 January</td>
</tr>
<tr>
<td></td>
<td>2023</td>
<td>2022</td>
</tr>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Finance income</td>
<td>78</td>
<td>6</td>
</tr>
<tr>
<td>Other interest receivable</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Finance expense</th>
<th>52 weeks</th>
<th>53 weeks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ended</td>
<td>ended</td>
</tr>
<tr>
<td></td>
<td>1 January</td>
<td>1 January</td>
</tr>
<tr>
<td></td>
<td>2023</td>
<td>2022</td>
</tr>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Finance expense</td>
<td>12,556</td>
<td>13,603</td>
</tr>
<tr>
<td>Bank interest payable</td>
<td>2,569</td>
<td>2,576</td>
</tr>
<tr>
<td>Amortisation of loan arrangement fees</td>
<td>209</td>
<td>804</td>
</tr>
<tr>
<td>Interest on lease liabilities</td>
<td>9,726</td>
<td>10,165</td>
</tr>
<tr>
<td>Unwinding of discount on provisions</td>
<td>52</td>
<td>58</td>
</tr>
</tbody>
</table>

8. Tax credit

8.1 Tax credit recognised in consolidated statement of comprehensive income

<table>
<thead>
<tr>
<th>Current tax credit/(charge)</th>
<th>52 weeks</th>
<th>53 weeks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current tax on profits for the period</td>
<td>-</td>
<td>(1,217)</td>
</tr>
<tr>
<td>Adjustments in respect of prior periods</td>
<td>192</td>
<td>528</td>
</tr>
<tr>
<td>Total current tax credit/(charge)</td>
<td>192</td>
<td>(689)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deferred tax credit</th>
<th>52 weeks</th>
<th>53 weeks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Origination and reversal of temporary differences</td>
<td>4,842</td>
<td>(142)</td>
</tr>
<tr>
<td>Adjustments in respect of prior periods</td>
<td>27</td>
<td>328</td>
</tr>
<tr>
<td>Change in future tax rate</td>
<td>1,740</td>
<td>1,520</td>
</tr>
<tr>
<td>Total deferred tax credit</td>
<td>6,609</td>
<td>1,706</td>
</tr>
<tr>
<td>Tax credit for the period</td>
<td>6,801</td>
<td>1,017</td>
</tr>
</tbody>
</table>
Further to note 5, in the 53 week period ended 2 January 2022 exceptional costs have increased by £965k from previously reported £8,121k to £9,086k, increasing the loss before tax from previously reported £1,584k, to £2,549k.

**Deferred tax assets**

Deferred tax assets in the consolidated statement of financial position arose as follows:

<table>
<thead>
<tr>
<th>Deferred tax assets in relation to:</th>
<th>Recognised in consolidated statement of comprehensive income 3 January 2022</th>
<th>Recognised in consolidated statement of comprehensive income 1 January 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment differences</td>
<td>1,970</td>
<td>1,141</td>
</tr>
<tr>
<td>Other temporary differences</td>
<td>71</td>
<td>5</td>
</tr>
<tr>
<td>Losses carried forward</td>
<td>-</td>
<td>228</td>
</tr>
<tr>
<td>Deferred tax arising from leases</td>
<td>4,151</td>
<td>5,235</td>
</tr>
<tr>
<td><strong>Total deferred tax assets</strong></td>
<td><strong>6,192</strong></td>
<td><strong>6,609</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deferred tax assets in relation to:</th>
<th>Recognised in consolidated statement of comprehensive income 28 December 2020</th>
<th>Recognised in consolidated statement of comprehensive income 2 January 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment differences</td>
<td>1,318</td>
<td>652</td>
</tr>
<tr>
<td>Other temporary differences</td>
<td>44</td>
<td>27</td>
</tr>
<tr>
<td>Losses utilised</td>
<td>410</td>
<td>(410)</td>
</tr>
<tr>
<td>Deferred tax arising from leases</td>
<td>2,714</td>
<td>1,437</td>
</tr>
<tr>
<td><strong>Total deferred tax assets</strong></td>
<td><strong>4,486</strong></td>
<td><strong>1,706</strong></td>
</tr>
</tbody>
</table>

Deferred tax unwinding within the next 12 months from 1 January 2023 is expected to be immaterial.

**9. (Loss)/earnings per share**

<table>
<thead>
<tr>
<th></th>
<th>52 weeks ended 1 January 2023</th>
<th>*Restated 53 weeks ended 2 January 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic loss per share</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted average outstanding number of shares ('000)</td>
<td>125,427</td>
<td>118,463</td>
</tr>
<tr>
<td>Loss after tax for the period (£’000)</td>
<td>(97,544)</td>
<td>(1,532)</td>
</tr>
<tr>
<td><strong>Basic loss per share (pence)</strong></td>
<td><strong>(77.8)</strong></td>
<td><strong>(1.3)</strong></td>
</tr>
<tr>
<td>Diluted loss per share</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted average outstanding number of shares ('000)</td>
<td>125,427</td>
<td>118,463</td>
</tr>
<tr>
<td>Dilutive shares ('000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loss after tax for the period (£’000)</td>
<td>125,427</td>
<td>118,463</td>
</tr>
<tr>
<td><strong>Diluted loss per share (pence)</strong></td>
<td><strong>(77.8)</strong></td>
<td><strong>(1.3)</strong></td>
</tr>
<tr>
<td>Adjusted basic earnings per share</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted average outstanding number of shares ('000)</td>
<td>125,427</td>
<td>118,463</td>
</tr>
<tr>
<td>Loss after tax for the period (£’000)</td>
<td>(97,544)</td>
<td>(1,532)</td>
</tr>
<tr>
<td>Exceptional items (£’000) (note 6)</td>
<td>70,858</td>
<td>9,086</td>
</tr>
<tr>
<td>Net impairment of property, plant and equipment and right of use assets (£’000)</td>
<td>31,179</td>
<td>1,019</td>
</tr>
<tr>
<td>Adjusted profit for the period (£’000)</td>
<td>4,493</td>
<td>8,573</td>
</tr>
<tr>
<td><strong>Adjusted basic earnings per share (pence)</strong></td>
<td><strong>3.6</strong></td>
<td><strong>7.2</strong></td>
</tr>
<tr>
<td>Adjusted diluted earnings per share</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted average outstanding number of shares ('000)</td>
<td>125,427</td>
<td>118,463</td>
</tr>
<tr>
<td>Dilutive shares ('000)</td>
<td>656</td>
<td>-</td>
</tr>
<tr>
<td><strong>Adjusted diluted earnings per share (pence)</strong></td>
<td><strong>126,083</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>
Loss after tax for the period (£’000)                                (97,544)    (1,532)
Exceptional items (£’000) (note 6)                                      70,858     9,086
Net impairment of property, plant and equipment and right of use assets (£’000) 31,179   1,019
Adjusted profit for the period (£’000)                                      4,493     8,573

Adjusted diluted earnings per share (pence)                                      3.6      7.2

* The calculation of adjusted earnings per share and adjusted diluted earnings per share excludes the impairment of property, plant and equipment, right of use assets and exceptional items. In the 53 week period ended 2 January 2022, adjusted earnings per share and adjusted diluted earnings per share have been increased from the previously reported 6.4 pence to 7.2 pence in line with details included in note 5. The exceptional items within this calculation have also been restated in line with note 5.

10. Property, plant and equipment

<table>
<thead>
<tr>
<th></th>
<th>Leasehold property improvements £’000</th>
<th>Plant and machinery £’000</th>
<th>Fixtures and fittings £’000</th>
<th>Total £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 3 January 2022</td>
<td>9,874</td>
<td>50,665</td>
<td>90,058</td>
<td>150,597</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
<td>5,699</td>
<td>10,021</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(397)</td>
<td>(88)</td>
<td>(485)</td>
</tr>
<tr>
<td>At 1 January 2023</td>
<td>9,874</td>
<td>54,590</td>
<td>95,669</td>
<td>160,133</td>
</tr>
</tbody>
</table>

Accumulated depreciation and impairment

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At 3 January 2022</td>
<td>9,874</td>
<td>43,846</td>
<td>54,096</td>
<td>107,816</td>
</tr>
<tr>
<td>Depreciation charge for the period</td>
<td>-</td>
<td>3,096</td>
<td>8,606</td>
<td></td>
</tr>
<tr>
<td>Impairment reversal for the period</td>
<td>-</td>
<td>(757)</td>
<td>(757)</td>
<td></td>
</tr>
<tr>
<td>Impairment charge for the period</td>
<td>-</td>
<td>-</td>
<td>8,756</td>
<td>8,756</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(392)</td>
<td>(36)</td>
<td>(428)</td>
</tr>
<tr>
<td>At 1 January 2023</td>
<td>9,874</td>
<td>46,550</td>
<td>67,569</td>
<td>123,993</td>
</tr>
</tbody>
</table>

Net book value

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At 2 January 2022</td>
<td>-</td>
<td>6,819</td>
<td>35,962</td>
<td>42,781</td>
</tr>
<tr>
<td>At 1 January 2023</td>
<td>-</td>
<td>8,040</td>
<td>28,100</td>
<td>36,140</td>
</tr>
</tbody>
</table>

11. Right of use assets

<table>
<thead>
<tr>
<th></th>
<th>Property £’000</th>
<th>Motor vehicles £’000</th>
<th>Total £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 3 January 2022</td>
<td>158,521</td>
<td>262</td>
<td>158,783</td>
</tr>
<tr>
<td>Additions and modifications</td>
<td>13,093</td>
<td>-</td>
<td>13,093</td>
</tr>
<tr>
<td>At 1 January 2023</td>
<td>171,614</td>
<td>262</td>
<td>171,876</td>
</tr>
</tbody>
</table>

Accumulated depreciation and impairment

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At 3 January 2022</td>
<td>42,177</td>
<td>218</td>
<td>42,395</td>
<td></td>
</tr>
<tr>
<td>Depreciation charge for the period</td>
<td>11,701</td>
<td>32</td>
<td>11,733</td>
<td></td>
</tr>
<tr>
<td>Impairment reversal for the period</td>
<td>(4,955)</td>
<td>-</td>
<td>(4,955)</td>
<td></td>
</tr>
<tr>
<td>Impairment charge for the period</td>
<td>28,135</td>
<td>-</td>
<td>28,135</td>
<td></td>
</tr>
<tr>
<td>At 1 January 2023</td>
<td>77,058</td>
<td>250</td>
<td>77,308</td>
<td></td>
</tr>
</tbody>
</table>

Net book value

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At 2 January 2022</td>
<td>116,344</td>
<td>44</td>
<td>116,388</td>
<td></td>
</tr>
<tr>
<td>At 1 January 2023</td>
<td>94,556</td>
<td>12</td>
<td>94,568</td>
<td></td>
</tr>
</tbody>
</table>

Impairment losses recognised in the period

The Group performs an impairment assessment at the end of each reporting period. For the purposes of impairment of right of use assets, each restaurant in the Group is considered a separate cash generating unit ("CGU"). An impairment charge is recognised when the recoverable amount is less than the carrying value of the right of use assets. Where there is an indication that an impairment loss
recognised in prior periods no longer exists, the impairment loss is reversed and credited to the consolidated statement of comprehensive income.

The recoverable amount is based on value-in-use calculations, using discounted forecasted cashflows of each restaurant and its ability to cover its costs, including an allocation of central overheads, marketing and maintenance standards of assets. The recoverable amount is assessed over the lease term of each restaurant, using the Group’s budget of performance for 2023, significantly risked from the target 2023 budget, and the business plan growth rate for the next two years, applying a long-term growth rate of 2%. The discount rate applied in the value-in-use calculations has been calculated by reference to the Group's weighted average cost of capital and similar benchmarks in the industry. A pre-tax discount rate of 14.2% (2021: 11.7%) has been applied in the value-in-use calculations.

The Directors have assessed the carrying value of property, plant and equipment and right of use assets at the period end by reference to the Group’s updated business plan and the higher interest rates now prevailing. This exercise resulted in an impairment charge totaling £36,891k (2021: £1,019k) and an impairment reversal of £5,712k (2021: nil) against these assets. This is a non-cash charge to the statement of comprehensive income during the period ended 1 January 2023 by reference to today’s market conditions. This impairment charge does not have an impact on the operational cash performance of the Group which is unaffected by this charge.

12. Goodwill

<table>
<thead>
<tr>
<th>Cost</th>
<th>£'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 3 January 2022 and 1 January 2023</td>
<td>155,284</td>
</tr>
<tr>
<td>Accumulated impairment</td>
<td></td>
</tr>
<tr>
<td>At 3 January 2022</td>
<td>9,305</td>
</tr>
<tr>
<td>Impairment charge for the period</td>
<td>70,858</td>
</tr>
<tr>
<td>At 1 January 2023</td>
<td>80,163</td>
</tr>
<tr>
<td>Net book value</td>
<td></td>
</tr>
<tr>
<td>At 2 January 2022</td>
<td>145,979</td>
</tr>
<tr>
<td>At 1 January 2023</td>
<td>75,121</td>
</tr>
</tbody>
</table>

The Directors consider that the TGI Fridays brand is the sole cash generating unit of goodwill as it cannot be allocated to individual restaurants on a non-arbitrary basis. The Group continues to assess goodwill for impairment at each reporting date. At 1 January 2023, the combined carrying amount of the CGUs and goodwill was assessed to be £70,858k higher than the recoverable amount of all CGUs. An impairment charge of £70,858k has therefore been recorded at that date and reflected in these financial statements. This is a non-cash charge to the statement of comprehensive income for the period ended 1 January 2023. This impairment charge does not have an impact on the operational cash performance of the Group which is unaffected by this charge.

The value-in-use calculations are based on future projected cashflows of the operating business, over the life of the leases, assuming profitable stores' leases will be extended, discounted back using a pre-tax discount rate of 15.8%.

13. Loans and borrowings

<table>
<thead>
<tr>
<th>Secured bank loans and borrowings</th>
<th>1 January 2023 £'000</th>
<th>2 January 2022 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current</td>
<td>23,146</td>
<td>33,931</td>
</tr>
</tbody>
</table>
The Group completed an extension and restatement of the bank loan facilities on 28 April 2023. The restated facility agreement now consists of a £26.1m term loan and a £21.5m (previously £30.0m) revolving credit facility, with a term date of 1 January 2025. Arrangement fees of £190k were incurred in respect of this refinancing exercise. At the period end, £7.5m had been drawn on the revolving credit facility. The Group's loans are denominated in pounds sterling. There is no foreign exchange risk on the Group's loan arrangements.

The carrying value of loans and borrowings classified as financial liabilities are measured at amortised cost, which approximates to their fair value. The balances at the period end are summarised below:

<table>
<thead>
<tr>
<th>Loan Facility</th>
<th>Nominal interest rate</th>
<th>Date of maturity</th>
<th>Repayment schedule</th>
<th>1 January 2023</th>
<th>2 January 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secured bank loan</td>
<td>Margin plus compound reference rate based on SONIA</td>
<td>1 January 2025</td>
<td>£1.5m per quarter from June 2022, with balance on maturity</td>
<td>£36,800</td>
<td>£44,299</td>
</tr>
<tr>
<td>Unamortised arrangement fees</td>
<td>loan</td>
<td></td>
<td></td>
<td>(359)</td>
<td>(877)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>36,441</td>
<td>43,422</td>
</tr>
</tbody>
</table>

The Group complied with all covenants within its bank facilities during the 52 week period ended 1 January 2023 which have continued to the date of approval of these financial statements. The leverage ratio covenant required that the Group's total net debt to adjusted EBITDA not exceed 3.0 times between 30 September 2022 and 31 December 2022, and the fixed cost cover ratio required EBITDA, adjusted for rental payments, to be not less than 1.5 times the aggregation of such rental payments and bank interest charges. The minimum liquidity covenant was to not fall below £12.5m of both cash balance and undrawn RCF and the aggregated capital expenditure was not to exceed 110% of the budget measured for the full financial year.

The restated facility agreement includes the following covenants:

- a minimum liquidity covenant tested on a two-weekly basis, requiring an aggregated cash balance and undrawn RCF of no less than £1.5m (previously £12.5m) tested by reference to quarterly forward forecasts;
- adjusted leverage covenant that is tested on a quarterly basis from June 2023. For the 2023 financial year, the leverage ratio covenant requires that the Group's total net debt to EBITDA must not exceed prescribed ratios set out in the restatement agreement, and thereafter no more than 2.5 times from 31 March 2024;
- cumulative monthly EBITDA covenant that is tested monthly from 30 June 2023 to 31 December 2023, and reverts to a 12-month 'look back' EBITDA test from 31 March 2024. The covenant requires the Group's EBITDA for the test period to exceed prescribed values as set out in the restatement agreement; and
- capital expenditure covenant that is tested annually on 31 December, requiring the Group to have not incurred capital expenditure greater than prescribed values as set out in the restatement agreement.

As a part of the facility extension agreed in September 2022, a credit support undertaking of £2.5m was extended until 30 June 2023 but this has been discontinued under the restated facility agreement. A fixed charge cover ratio
covenant which was applicable under the previous facility agreement has also been discontinued.

Interest on the Group’s loan facilities is payable at the aggregate of a compound reference rate based on SONIA plus a margin of no greater than 4% per annum. A margin rachet applies, with any increase or decrease on the margin as a result of the margin rachet applying from the beginning of the next interest quarter.

<table>
<thead>
<tr>
<th>Interest rate margin payable in addition to SONIA</th>
<th>Margin % per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adjusted leverage</strong></td>
<td></td>
</tr>
<tr>
<td>Greater than or equal to 2.0x</td>
<td>4.00</td>
</tr>
<tr>
<td>Less than 2.0x but greater than or equal to 1.5x</td>
<td>3.75</td>
</tr>
<tr>
<td>Less than 1.5x but greater than or equal to 1.0x</td>
<td>3.50</td>
</tr>
<tr>
<td>Less than 1.0x</td>
<td>3.25</td>
</tr>
</tbody>
</table>

In addition, under the restatement agreement, a further interest charge will accrue at a rate of 5% per annum on the amount of bank debt in excess of 2.5x adjusted leverage. This additional interest will become payable on the earlier of repayment of the loan, including under a refinancing, or at maturity of the loan on 1 January 2025.

The borrower and guarantor Group companies under the facilities agreement have provided English law fixed and floating charges over all of their assets in support of their obligations under the facilities agreement.

Hostmore Group Limited has also provided third party security in respect of the shares that it holds in its wholly owned subsidiary Wednesdays (Bidco) Limited.

The term loan continues to be repayable in quarterly instalments of £1.5m from 30 June 2023. The remaining balance is due for repayment at the end of the facility on 1 January 2025. At 1 January 2023, and in accordance with the terms of the facility agreement, there was £544k of interest owed to the lender which has been accrued in these financial statements.

**Undrawn facilities**
The Group had committed floating rate facilities available to be drawn at 1 January 2023 as follows:

<table>
<thead>
<tr>
<th></th>
<th>1 January 2023</th>
<th>2 January 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>£’000</strong></td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Expiring between 1 and 2 years</td>
<td>22,500</td>
<td>20,000</td>
</tr>
</tbody>
</table>

Undrawn loan facilities incur a charge at 40% of the interest rate margin on the drawn facilities.

**Movement of loans**

<table>
<thead>
<tr>
<th></th>
<th>1 January 2023</th>
<th>2 January 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>£’000</strong></td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>At the beginning of period</td>
<td>43,422</td>
<td>65,260</td>
</tr>
<tr>
<td>Loans drawn down</td>
<td>10,500</td>
<td>5,000</td>
</tr>
<tr>
<td>Loans repaid</td>
<td>(18,000)</td>
<td>(26,500)</td>
</tr>
<tr>
<td>Amortisation of loan arrangement fees</td>
<td>209</td>
<td>804</td>
</tr>
<tr>
<td>Loan arrangement fees waived</td>
<td>325</td>
<td>-</td>
</tr>
<tr>
<td>Loan arrangement fees incurred in period</td>
<td>(15)</td>
<td>(1,142)</td>
</tr>
<tr>
<td><strong>Balance at end of period</strong></td>
<td><strong>36,441</strong></td>
<td><strong>43,422</strong></td>
</tr>
</tbody>
</table>
### 14. Cash flows from operating activities

<table>
<thead>
<tr>
<th></th>
<th>52 weeks ended 1 January 2023</th>
<th>*Restated 53 weeks ended 2 January 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss for the period</td>
<td>(97,544)</td>
<td>(1,532)</td>
</tr>
<tr>
<td>Adjustments for non-cash items and amounts disclosed separately:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment and right of use assets</td>
<td>20,339</td>
<td>22,339</td>
</tr>
<tr>
<td>Impairment reversal of property, plant and equipment and right of use assets</td>
<td>(5,712)</td>
<td>-</td>
</tr>
<tr>
<td>Impairment of property, plant and equipment and right of use assets</td>
<td>36,891</td>
<td>1,019</td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>70,858</td>
<td>-</td>
</tr>
<tr>
<td>Lease exit income</td>
<td>-</td>
<td>(616)</td>
</tr>
<tr>
<td>Finance income</td>
<td>(78)</td>
<td>(6)</td>
</tr>
<tr>
<td>Finance expense</td>
<td>12,556</td>
<td>13,603</td>
</tr>
<tr>
<td>Covid-19 rent concessions</td>
<td>(2,290)</td>
<td>(4,210)</td>
</tr>
<tr>
<td>Income tax credit</td>
<td>(6,801)</td>
<td>(1,017)</td>
</tr>
<tr>
<td>Share based payment charge</td>
<td>581</td>
<td>78</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td><strong>28,800</strong></td>
<td><strong>29,658</strong></td>
</tr>
</tbody>
</table>

* Further to note 5, in the 53 week period ended 2 January 2022 exceptional costs have increased by £965k from the previously reported £8,121k to £9,086k, increasing the loss after tax from £567k, to £1,532k.

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