This document comprises a prospectus (the "**Prospectus**") for the purposes of Article 6 of Regulation (EU) 2017/1129 (as it forms part of the retained European Union law by virtue of the European Union (Withdrawal) Act 2018) (the "**UK Prospectus Regulation**") relating to Hostmore plc (the "**Company**" and together with its subsidiaries, the "**Group**") and has been approved by the Financial Conduct Authority of the United Kingdom (the "**FCA**"), as competent authority under the UK Prospectus Regulation, in accordance with section 87A of the Financial Services and Markets Act 2000 of England and Wales, as amended ("**FSMA**"), and prepared and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules of the FCA made under section 73A of FSMA (the "**Prospectus Regulation Rules**"). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation and such approval should not be considered as an endorsement of the issuer that is, or the quality of the securities that are, the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The Company and the Directors, whose names appear in paragraph 1 of Part VII (*Directors, Senior Managers and Corporate Governance*) of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

Application will be made to the FCA for all issued and to be issued ordinary shares of twenty pence each in the capital of the Company ("**Hostmore Shares**") to be admitted to the premium listing segment of the Official List of the FCA and to the London Stock Exchange for Hostmore Shares to be admitted to trading on the London Stock Exchange's main market for listed securities ("**Admission**"). No application has been made or is currently intended to be made for the Hostmore Shares to be admitted to listing or trading on any other exchange. It is expected that Admission will become effective, and that dealings in Hostmore Shares will commence on the London Stock Exchange, at 8:00 a.m. on 2 November 2021 (ISIN: GB00BMV9MD66).

This Prospectus is issued solely in connection with Admission. This Prospectus does not constitute or form part of an offer or invitation to sell or issue, or any solicitation of an offer to purchase or subscribe for, any securities by any person. No offer of Hostmore Shares is being made in any jurisdiction.

This Prospectus should be read in its entirety. In particular, investors should take account of Part II (*Risk Factors*) which contains a discussion of certain risks relating to the business of the Company. Investors should not solely rely on the information summarised in Part I (*Summary*).

Hostmore®

Hostmore plc

(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 13334853)

Introduction to the premium listing segment of the Official List and admission to trading on the main market of the London Stock Exchange

Numis Securities Limited

Sponsor and Joint Financial Adviser

HSBC Bank plc

Listing Agent and Joint Financial Adviser

Ordinary share capital immediately following Admission

Issued and fully paid Hostmore Shares

Number	Nominal Value
126,127,279	£0.20

Numis Securities Limited ("**Numis**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority (the "**FCA**"), and HSBC Bank plc ("**HSBC**"), which is authorised by the Prudential Regulation Authority (the "**PRA**") and regulated in the United Kingdom by the FCA and the PRA, are acting as joint financial advisers exclusively for each of the Company and Electra Private Equity PLC ("**Electra**"). Numis is acting exclusively as sponsor for the Company, and HSBC is acting exclusively as listing agent for the Company and in each case for no one else in connection with Admission and the Demerger (as defined hereinafter) or any other transaction, matter, or arrangement referred to in this Prospectus. Numis and HSBC will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to Admission or the Demerger and will not be responsible to anyone other than the Company and/or Electra for providing the protections afforded to their respective clients or for providing advice in relation to Admission or the Demerger or any other transaction, matter, or arrangement referred to in this Prospectus.

Apart from the responsibilities and liabilities, if any, which may be imposed on Numis or HSBC by FSMA or the regulatory regime established thereunder or under the regulatory regime of any other applicable jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither Numis nor HSBC nor any of their respective affiliates, directors, officers or employees owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, consequential, whether arising in contract, in tort, in delict, under statute or otherwise) to any person who is not a client of Numis or HSBC (as applicable) for the contents of this Prospectus including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company or its subsidiaries, Hostmore Shares or Admission or the Demerger. Numis and HSBC and their respective affiliates, directors, officers or employees accordingly disclaim, to the fullest extent permitted by applicable law, all and any duty, liability or responsibility (whether direct or indirect, consequential, whether arising in contract, in tort, in delict, under statute or otherwise) which they might otherwise be found to have in respect of this Prospectus or any such statement. No representation or warranty, express or implied, is made by Numis or HSBC or any of their respective affiliates, directors, officers or employees as to the accuracy, completeness, verification or sufficiency of the information set out in this Prospectus, and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future.

The distribution of this Prospectus in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions in relation to Hostmore Shares or this Prospectus, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Except in the United Kingdom, no action has been taken or will be taken in any jurisdiction that would permit possession or distribution of this Prospectus in any country or jurisdiction where action for that purpose is required. Accordingly, this Prospectus may not be distributed or published in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration. Failure to comply with these restrictions may constitute a violation of the securities laws or regulations of such jurisdictions.

No person has been authorised to give any information or to make any representations or warranties in connection with the Demerger or Admission other than the information and representations and warranties contained in this Prospectus and, if any other information or representations or warranties is or are given or made, such information or representations or warranties must not be relied upon as having been authorised by or on behalf of the Company, the Directors, Numis or HSBC. Numis, HSBC and their affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to, the Company, Electra and their respective affiliates, for which they have received customary fees. Numis, HSBC and their respective affiliates may provide such services to the Company, Electra and their respective affiliates in the future.

The Hostmore Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "**US Securities Act**"), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. None of the US Securities and Exchange Commission, any other US federal or state securities commission or any US regulatory authority has approved or disapproved of the Hostmore Shares nor have such authorities passed upon or endorsed the merits of the Hostmore Shares or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

This document is dated 15 October 2021.

CONTENTS

CLAUSE		PAGE
PART I	SUMMARY	1
PART II	RISK FACTORS	7
PART III	IMPORTANT INFORMATION	25
PART IV	EXPECTED TIMETABLE OF PRINCIPAL EVENTS	30
PART V	DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS	31
PART VI	BUSINESS AND MARKET OVERVIEW	32
PART VII	DIRECTORS, SENIOR MANAGERS AND CORPORATE GOVERNANCE	52
PART VIII	OPERATING AND FINANCIAL REVIEW	59
PART IX	CAPITALISATION AND INDEBTEDNESS	79
PART X	HISTORICAL FINANCIAL INFORMATION	81
PART XI	TAXATION	131
PART XII	ADDITIONAL INFORMATION	134
PART XIII	DEFINITIONS	175

PART I

SUMMARY

A. Introduction and warnings

A.1.1 *Details of the Issuer*

Hostmore plc is a public company limited by shares, incorporated in England and Wales, with registered number 13334853 and having its registered office at Highdown House, Yeoman Way, Worthing, West Sussex BN99 3HH, United Kingdom (the "**Company**" and together with its subsidiaries and subsidiary undertakings, the "**Group**"). The Company operates under the Companies Act. The Company's telephone number is +44 330 460 5588 and its Legal Entity Identifier is 2138008IAVFFCVTG1L66.

A.1.2 *Identity and contact details of the competent authority approving the Prospectus*

This prospectus (the "**Prospectus**") has been approved by the FCA, as competent authority, with its head office at 12 Endeavour Square, London E20 1JN, United Kingdom and telephone number: +44 20 7066 1000, in accordance with Regulation (EU) 2017/1129 (together with the delegated acts, implementing acts and technical standards thereunder as such legislation forms part of retained European Union law, the "**UK Prospectus Regulation**").

A.1.3 *Date of approval of the Prospectus*

This Prospectus was approved on 15 October 2021.

A.1.4 *Warning*

This summary should be read as an introduction to this Prospectus.

Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by any investor. Any investor could lose all or part of the invested capital. Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent, when read together with the other parts of this Prospectus, or if it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.

B. Key information on the issuer

B.1 *Who is the issuer of the securities?*

B.1.1 *Domicile, legal form, jurisdiction of incorporation and country of operation*

The Company was incorporated in England and Wales on 14 April 2021 under registered number 13334853 as a private limited company under the Companies Act. The Company subsequently re-registered as a public limited company under the Companies Act on 13 October 2021. The Company is domiciled in the UK and its registered office is at Highdown House, Yeoman Way, Worthing, West Sussex BN99 3HH (Tel. +44 330 460 5588) and its head office is at 26 Castle Street, Edinburgh, EH2 3HT. The Company's Legal Entity Identifier is 2138008IAVFFCVTG1L66.

B.1.2 *Principal activities*

The principal activity of the Company is to act as the ultimate holding company of the Group following the Demerger.

The Group is a growing hospitality business with its current operations focused on the American-themed casual dining brand, "Fridays", and the cocktail-led bar and restaurant brand, "63rd+1st". While Fridays has been trading for over three decades in the UK, the Group was established in 2021 to provide a platform for the development of hospitality brands under the leadership of an experienced management team that has a track record of building businesses in the hospitality and leisure sectors. As at the Latest Practicable Date, the Group operates 87 restaurants in the United Kingdom and Jersey, a majority of which are located in high footfall locations, including retail parks, shopping centres and city centres. The

Group is seeking further franchise opportunities and to add rapidly growing, early-stage businesses to its portfolio of complementary hospitality brands, as well as to extend its offering into other experience led, leisure concepts.

B.1.3 *Major shareholders*

As at the date of this Prospectus, the entire issued share capital of the Company is held and controlled by Electra. After the date of this Prospectus and (assuming that the Demerger Dividend, and the associated LTIP shareholder resolution, are approved by Electra Shareholders at the Electra General Meeting) prior to Admission: (a) Electra will declare a distribution in specie over all of the issued share capital of the Company held by it in due proportion to the shares held by the shareholders of Electra as at the Record Time; and (b) immediately following the declaration of the distribution in specie the Company will issue 9,207,292 Hostmore Shares (representing 7.3% of the issued share capital of the Company) to certain of the Directors and Senior Managers in accordance with the terms of the Fridays MIP Crystallisation Side Letter.

As at 13 October 2021 (being the latest practicable date prior to the publication of this Prospectus) (the "**Latest Practicable Date**"), in so far as it is known to the Company, the following persons were directly or indirectly interested (within the meaning of the Companies Act) in 3% or more of the issued share capital of Electra and are therefore expected to be directly or indirectly interested (within the meaning of the Companies Act) in 3% or more of the issued share capital of the Company at Admission (after taking into account the new share issue described in (b) above):

	Number of Hostmore Shares		Approximate % of total issued share capital*	
Shareholder	**Direct no.**	**Indirect no.**	**Direct %**	**Indirect %**
Witan Investment Trust plc	16,656,417	—	13.21	—
Fidelity International	—	13,914,492	—	11.03
M&G Plc		11,672,592	—	9.25
Stephen Welker	8,394,861		6.66	
Aviva PLC	5,058,858	—	4.01	—
Crown Sigma UCITS	4,518,000	—	3.58	—

Note:

* Percentage shown as a percentage of 126,127,279 Hostmore Shares, being the sum of the number of Electra Shares in issue at 13 October 2021 (being 38,973,329 Electra Shares) multiplied by three and the number of new Hostmore Shares to be issued to certain of the Directors and Senior Managers as described above (being 9,207,292 Hostmore Shares).

B.1.4 *Key managing directors*

Robert B. Cook is the Chief Executive Officer of the Company and Alan Clark is the Chief Financial Officer of the Company.

B.1.5 *Identity of the statutory auditors*

The auditor of the Company since the date of its incorporation has been PricewaterhouseCoopers LLP, whose address is at 40 Clarendon Road, Watford, WD17 1JJ. The auditor of the Group for the 26 weeks ended 27 June 2021 and the 52 weeks ended 27 December 2020, 29 December 2019 and 30 December 2018 was PricewaterhouseCoopers LLP.

B.2 ***What is the key financial information regarding the issuer?***

The tables below set out selected key financial information for the Group for the 26 weeks ended 27 June 2021 and 28 June 2020 as well as the 52 weeks ended 27 December 2020, 29 December 2019 and 30 December 2018 as reported in accordance with International Accounting Standards as adopted by the United Kingdom ("**IFRS**") and has been extracted without material adjustment from the historical financial information of the Group set out in Part X (*Historical Financial Information*) of this Prospectus (the "**Historical Financial Information**").

Summary Combined Consolidated Statement of Comprehensive Income

	For the 26 weeks ended		For the 52 weeks ended		
	27 June 2021	**28 June 2020**	**27 December 2020**	**29 December 2019**	**30 December 2018**
	£'000 (audited)	**£'000 (unaudited)**	**£'000 (audited)**	**£'000 (audited)**	**£'000 (audited)**
Revenue	39,920	52,357	129,088	214,838	208,823
Cost of sales	(7,710)	(11,707)	(26,183)	(46,708)	(45,920)
Gross profit	**32,210**	**40,650**	**102,905**	**168,130**	**162,903**
Administrative expenses	(51,711)	(68,216)	(131,368)	(146,163)	(160,194)
Other income	14,886	11,942	20,628	172	670
Operating profit	**(4,615)**	**(15,624)**	**(7,835)**	**22,139**	**3,379**
Interest receivable and similar income	22	105	129	216	110
Interest payable and similar expenses	(6,578)	(6,226)	(12,486)	(13,400)	(14,341)
(Loss)/Profit on ordinary activities before taxation	**(11,171)**	**(21,745)**	**(20,192)**	**8,955**	**(10,852)**
Taxation	3,200	2,894	2,878	(1,914)	1,302
(Loss)/Profit for the financial year from continuing operations	**(7,971)**	**(18,851)**	**(17,314)**	**7,041**	**(9,550)**

Summary Combined Consolidated Balance Sheets

	As at		As at		
	27 June 2021	**28 June 2020**	**27 December 2020**	**29 December 2019**	**30 December 2018**
	£'000 (audited)	**£'000 (unaudited)**	**£'000 (audited)**	**£'000 (audited)**	**£'000 (audited)**
Assets					
Total non-current assets	315,701	327,883	321,283	341,452	354,645
Total current assets	46,551	33,527	46,097	36,166	25,642
Total assets	**362,252**	**361,410**	**367,380**	**377,618**	**380,287**
Equity and Liabilities					
Total equity	**25,623**	**28,129**	**26,592**	**9,278**	**16,319**
Total non-current liabilities	(196,192)	(202,981)	(200,429)	(209,689)	(220,016)
Total current liabilities	(191,683)	(186,558)	(193,543)	(177,207)	(176,590)
Total liabilities	**(387,875)**	**(389,539)**	**(393,972)**	**(386,896)**	**(396,606)**
Total equity and liabilities	**362,252**	**361,410**	**367,380**	**377,618**	**380,287**

Summary Combined Consolidated Statements of Cash Flows

	For the 26 weeks ended		For the 52 weeks ended		
	27 June 2021	28 June 2020	27 December 2020	29 December 2019	30 December 2018
	£'000 (audited)	£'000 (unaudited)	£'000 (audited)	£'000 (audited)	£'000 (audited)
Net cash generated from operating activities	7,706	578	32,484	48,480	42,409
Net cash used in investing activities	(2,105)	(2,405)	(3,602)	(11,257)	(10,143)
Net cash used in financing activities	(6,636)	(2,298)	(18,802)	(27,675)	(25,677)
Net increase in cash and cash equivalents	**(1,035)**	**(4,125)**	**10,080**	**9,548**	**6,589**
Cash and cash equivalents at the beginning of the period	37,201	27,121	27,121	17,573	10,984
Cash and cash equivalents at the end of the period	**36,166**	**22,996**	**37,201**	**27,121**	**17,573**

B.3 ***What are the key risks that are specific to the issuer?***

The continued success of the Fridays business is dependent on the Group's ability to use the Fridays brand, which it uses pursuant to the Franchise Agreements entered into with the Franchiser. However, the Group does not own the Fridays brand or any trademarks, designs or other intellectual property relating to the brand.

The Group does not own the 63rd+1st brand which it uses pursuant to the 63rd+1st License Agreement entered into with the Franchiser. Nor does the Group own any trademarks relating to the 63rd+1st brand.

The Group's continued success and ability to compete depends on the strength of its brands. The Group relies on the intellectual property rights owned by the Franchiser and relies on it to protect such rights.

The Group's reputation and the quality of the Fridays and 63rd+1st brands are critical to its business and success and the Group's business could be materially and adversely affected if the perception of the brands is damaged.

Food inflation, including fluctuations in the price of raw materials and ingredients, as well as changes in transport costs may all adversely affect the Group.

A high degree of uncertainty exists around the impact of Covid-19 on the economy, the Group and the Group's trading, as well as the potential impact of future variants of Covid-19 and any additional measures required.

The Group may be adversely affected by limitations and/or issues experienced by its suppliers, in particular certain key third-party suppliers on which the Group depends for certain products.

As a consequence of the effect of Covid-19 on the hospitality sector and a reduction in potential employees from the European Union following Brexit, there is a shortage of suitable personnel in the labour market, which may impair the Group's ability to recruit and retain well qualified personnel.

The Demerger may fail to realise its anticipated benefits.

The full impact of Brexit has not yet been felt as it has been shielded by the Covid-19 pandemic and, as such, will now begin to take effect as the UK recovers from the Covid-19 pandemic which may have a material adverse effect on the Group.

The long-term consequences of the Covid-19 pandemic and the economic fall-out arising as various Government schemes and support structures that have been put in place are removed may have a material adverse effect on the Group.

An increase in energy costs for the Group, following the recent surge in the price of oil and natural gas prices may have a material adverse effect on the Group.

Economic conditions and other factors which affect disposable income in the United Kingdom may impact the Group's business adversely.

C. Key information on the securities

C.1 *What are the main features of the securities?*

C.1.1 *Type, class and ISIN*

The Hostmore Shares are fully paid ordinary shares with a nominal value of £0.20 each. The Company has and, on Admission will have, one class of ordinary shares, comprising the entire issued share capital of the Company.

On Admission, the Hostmore Shares will be registered with an ISIN of GB00BMV9MD66. It is expected that the Hostmore Shares will be traded on the main market for listed securities of the London Stock Exchange under the ticker symbol "MORE".

C.1.2 *Currency, denomination, par value, number of securities issued and duration*

The Hostmore Shares are and, on Admission will be, denominated in Pounds Sterling.

On Admission, the number of Hostmore Shares in issue will be 126,127,279, all of which will be fully paid or credited as fully paid.

C.1.3 *Rights attaching to the securities*

The rights attaching to the Hostmore Shares will be uniform in all respects and they will form a single class for all purposes, including with respect to voting and for all dividends and other distributions thereafter declared, made or paid on the Company's share capital.

Subject to the provisions of the Companies Act, any equity securities issued by the Company for cash must first be offered to the holders of Hostmore Shares ("**Hostmore Shareholders**") in proportion to their holdings of Hostmore Shares. The Companies Act and Listing Rules allow for the disapplication of pre-emption rights which may be waived by a special resolution of the Hostmore Shareholders, whether generally or specifically, for a maximum period not exceeding five years.

On a show of hands, every Hostmore Shareholder who is present in person shall have one vote and, on a poll, every Hostmore Shareholder present in person or by proxy shall have one vote per Hostmore Share.

Except as provided by the rights and restrictions attached to any class of shares, Hostmore Shareholders will under general law be entitled to participate in any surplus assets in a winding-up in proportion to their shareholdings.

C.1.4 *Description of restrictions on the free transferability of the securities*

The Hostmore Shares are freely transferrable and there are no restrictions on transfer.

C.1.5 *Dividend policy*

The Board does not intend to consider paying a dividend until trading normalises to 2019 EBITDA levels.

C.2 *Where will the securities be traded?*

Application will be made for all of the Hostmore Shares to be admitted to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities. No application has been made or is currently intended to be made for Hostmore Shares to be admitted to listing or trading on any other exchange.

C.3 *What are the key risks that are specific to the securities?*

The Company can give no assurance that an active trading market for the Hostmore Shares will develop or, if developed, will be sustained following the completion of the Demerger.

Significant trading volumes of Hostmore Shares in the period following Admission could impact the market price of Hostmore Shares.

There can be no assurance that dividends will be paid on Hostmore Shares.

D. Key information on the Admission to trading on a regulated market

D.1 Under which conditions and timetable can I invest in this security?

It is expected that Admission will become effective, and that dealings in the Hostmore Shares will commence on the London Stock Exchange by no later than 8.00 a.m. (London time) on 2 November 2021. Settlement of the Hostmore Shares will be enabled in the CREST system from 2 November 2021.

No application has been made for admission of Hostmore Shares to trading on any other stock exchange (nor is it the current intention of the Company to make any such application in future).

There are no commissions, fees or expenses to be charged to investors by the Company in relation to the distribution of the Hostmore Shares.

D.2 Why is this Prospectus being produced?

This Prospectus has been produced in connection with the application to be made to the FCA for the Hostmore Shares to be admitted to the premium listing segment of the Official List and the application to be made to the London Stock Exchange for the Hostmore Shares to be admitted to trading on its main market for listed securities. This document does not constitute an offer or invitation to any person to subscribe for or purchase any Hostmore Shares.

PART II

RISK FACTORS

The risks and uncertainties relating to the Hostmore Shares, the Group's business and the industry in which it operates, described below, together with all other information contained in this Prospectus, should be carefully considered in light of Admission.

The risks and uncertainties relating to the Hostmore Shares, the Group's business and the industry in which it operates summarised in the section of this Prospectus headed 'Summary' are the risks that the Directors believe to be the most essential to an assessment of the Hostmore Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, you should consider not only the information on the key risks summarised in the section of this Prospectus headed 'Summary' but also, among other things, the risks and uncertainties described below.

The risks and uncertainties described below represent those the Directors consider to be material as at the date of this Prospectus. However, these risks and uncertainties are not the only ones facing the Group. Additional risks and uncertainties not presently known to the Directors, or that the Directors currently consider to be immaterial, may individually or cumulatively also materially and adversely affect the business, results of operations, financial condition and/or prospects of the Group. If any or a combination of these risks occurs, the business, results of operations, financial condition and/or prospects of the Group could be materially and adversely affected. In such case, the market price of Hostmore Shares could decline. You should carefully consider the information in this Prospectus in light of your personal circumstances.

The order in which the following risk factors are presented does not necessarily reflect the likelihood of their occurrence or their possible significance if some or all of the risk factors were to materialise.

1. RISKS RELATING TO THE GROUP'S BUSINESS

1.1 The Group's operation of the Fridays business is subject to a contractual relationship with the Franchiser

The continued success of the Fridays business is dependent on the Group's ability to use the Fridays brand. However, the Group does not own the Fridays brand or any trademarks relating to the brand. The Group's use of the Fridays brand is dependent on the New Development Agreement it has entered into with TGI Fridays Franchisor, LLC (the "**Franchiser**") and the Franchise Agreements that it has entered into, and may in the future enter into, with the Franchiser.

The New Development Agreement provides, amongst other things, that the Group has the exclusive right to develop and operate restaurants under the Fridays brand in England, Scotland, Wales, the Channel Islands and Isle of Man, excluding United States military bases (the "**Territory**"), pursuant to the Franchise Agreements. A separate Franchise Agreement, in a substantially similar form, has been entered into for each existing restaurant operated by the Group under the Fridays brand, and separate Franchise Agreements will be entered into for each new restaurant to be developed and operated by the Group under such brand. Each Franchise Agreement grants the right to develop and operate the relevant restaurant under the Fridays brand, as well as additional associated rights including to use Fridays' distinctive exterior and interior design, décor, colour scheme, furnishings, menus and food and beverage recipes. Accordingly, the Group's ability to continue operating the Fridays business in its current capacity is dependent on the New Development Agreement and Franchise Agreements continuing in effect.

The New Development Agreement has an initial term that expires on 31 December 2024, with the right for the Group to renew for an unlimited number of five (5) year terms, unless a termination event has occurred and is continuing at the time of renewal. Each Franchise Agreement entered into:

(a) in respect of each existing restaurant operated by the Group under the Fridays brand is for an initial term running until 30 June 2033; or

(b) in respect of each new restaurant to be developed and operated by the Group under the Fridays brand is for an initial term of ten (10) years from the date of entry into the relevant Franchise Agreement, in each case with the right for the Group to renew (provided no termination event has occurred and is continuing at the time of the renewal) for an initial renewal term of five (5) years and one subsequent renewal term of five (5) years. Termination events under the New Development Agreement and the Franchise Agreements include customary/market standard termination events such as certain breaches of the relevant agreement by the Group and certain insolvency events affecting the Group. Termination can either be immediate or upon failure to remedy the breach within a cure period ranging from ten (10) days to one hundred and eighty (180) days, depending on the nature of the termination event. In the event of a breach of either the New Development Agreement or the Franchise Agreements, in lieu of termination, the Franchiser is also entitled to remedy the breach themselves and shall be indemnified by the Group for all losses and expenses incurred in doing so. Further, in certain limited instances, the Franchiser may also require the Group to discontinue all operations at a given restaurant and close that restaurant to the public until the Franchiser is satisfied that operations at that restaurant are of an acceptable standard.

The New Development Agreement contains certain conditions which the Group must meet, including the opening and operation of a specified number of restaurants. The Group was unable to comply with this condition and failed to open and operate the required number of restaurants in certain periods in 2020 and 2021 due to Covid-19. While the Franchiser has waived the historical breach of this condition, there can be no assurance that the Group will be able to open and operate the required number of restaurants in the future or that the Franchiser will grant a waiver in the event that it is unable to do so. The Franchise Agreements also contain a variety of operational conditions which the Group must meet, including maintenance of standards at the restaurants and the payment obligations owed by each Group restaurant to the Franchiser (for more information please see paragraph 12.7 of Part XII (*Additional Information*)). While the Group considers that it has historically had, and continues to have, a good and constructive working relationship with the Franchiser, there can be no assurance that the Franchiser will not exercise their rights to terminate the New Development Agreement or one or more of the Franchise Agreements in the event the Group is unable to comply with its commitments under the relevant agreement.

In addition, the agreements with the Franchiser impose certain primary covenants on the Company as the ultimate controlling entity of the Group, including a covenant not to own, maintain or operate or have any interest in a directly competing business (defined as an American-themed bar and grill restaurant with menu offerings that include 50% or more of the core appetizer and entrée items (or substantially similar items) offered in the TGI restaurants) for the duration of the agreements (or, if earlier, until the Company ceases to have control of the Franchisee), provided, however, that holding up to 5% of the capital of an entity whose equity securities are traded on a public securities exchange is permitted subject to certain conditions. The same covenant not to own, maintain, operate or have any interest in any directly competing business is imposed as a separate obligation on the Franchisee under each of the Franchise Agreements and the New Development Agreement. The covenants on the Franchisee apply both during the term and for a further two years beyond the end of the term of the relevant agreement (meaning that the Franchisee continues to be bound for two years beyond the last of the agreements to expire or terminate). The covenant in the New Development Agreement also requires the Franchisee to ensure that its affiliates (being any entity that directly or indirectly controls, is controlled by or is under common control with Thursdays (UK) Limited) comply with the restriction. These covenants may limit the flexibility of the Group to pursue other opportunities and expand in the hospitality sector beyond the Group's current strategy.

Following expiry or termination of the New Development Agreement, the Group may continue to operate restaurants under any Franchise Agreements whose term continues beyond expiry or termination of the New Development Agreement. Upon the expiration or termination of a Franchise Agreement, the Franchisee must cease its operations at the relevant restaurant where the Franchise Agreement has been terminated. In addition, in certain termination events the Franchiser has the right to acquire any third-party lease of the relevant restaurant as well as the furnishings and other assets used in connection with the relevant restaurant. While the Group would likely seek to operate its restaurants under another brand in the event the New Development Agreement and/or a material number of Franchise Agreements are terminated, no assurance can be given that the Group will be able to secure or create a suitable replacement brand.

Finally, whilst the Group is not currently aware of any circumstances which might lead to such an event, the Group's rights under the New Development Agreement and/or any Franchise Agreements could be limited where the Franchiser is subject to any form of bankruptcy, insolvency, reorganization, avoidable transfer, moratorium or other similar process, including should the Franchiser seek to exercise certain rights available to debtors under the US bankruptcy code.

As such, the expiration or termination of the New Development Agreement or a material number of Franchise Agreements, or the bankruptcy (or a comparable event) of the Franchiser, could materially adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

The terms set out above reflect the terms of the New Development Agreement and Franchise Agreements which take effect on the Demerger.

1.2 The Group's operation of the 63rd+1st business is also subject to a contractual relationship with the Franchiser

As with the Fridays brand, the Group does not own the 63rd+1st brand which it uses pursuant to the 63rd+1st License Agreement entered into with the Franchiser. The 63rd+1st License Agreement provides, amongst other things, the right to operate and develop restaurants and bars under the 63rd+1st brand on an exclusive basis, upon the terms of such license agreement, in the Territory (as it is defined in 12.7.3 of Part XII (*Additional Information*)) until 1 January 2030.

The 63rd+1st License Agreement allows for multiple restaurants and bars to be developed and operated under the 63rd+1st brand, as well as for additional associated rights. Continuing exclusivity after 1 January 2030 and the ability to develop and operate new 63rd+1st restaurants and bars after 31 December 2025 is, however, ultimately dependent on the Franchisee agreeing to enter into a new development agreement and form of license agreement with the Franchiser by 31 December 2025. The Franchisee is required to elect whether or not to enter into negotiations for a new development agreement and form of license agreement with the Franchiser before 31 December 2024. If no such new agreements are concluded by 31 December 2025 or if the Franchisee elects not to enter into negotiations for such new agreements prior to 31 December 2024, the Franchisee will need to seek separate approval from the Franchiser for each new restaurant and bar it wishes to open under the 63rd+1st brand in the Territory thereafter. However, in such circumstances, the terms of the 63rd+1st License Agreement will continue to apply to any 63rd+1st restaurants and bars opened prior to 31 December 2025, in the case of failed negotiations, or such earlier date as the Franchisee elected not to enter into negotiations for a set of new agreements, in either case, on the basis described below, and the Franchisee's exclusivity rights will remain intact for those existing restaurants and bars until 1 January 2030.

The 63rd+1st License Agreement is for a term that expires on the later of (i) 31 December 2034, and (ii) the date upon which each restaurant developed pursuant to the 63rd+1st License Agreement has either ceased operation or has been open and operating for at least ten (10) years, unless terminated earlier in accordance with its terms. Upon the expiration or termination as a result of the Franchisee's default of the 63rd+1st License Agreement, the Franchisee must cease using the 63rd+1st brand at all of its 63rd+1st restaurants and bars.

Finally, whilst the Group is not currently aware of any circumstances which might lead to such an event, the Group's rights under the 63rd+1st License Agreement could be limited where the Franchiser is subject to any form of bankruptcy, insolvency, reorganization, avoidable transfer, moratorium or other similar process, including should the Franchiser seek to exercise certain rights available to debtors under the US bankruptcy code.

The expiration, termination or failure to renew the 63rd+1st License Agreement, or the failure to elect to enter into negotiations in respect of a new development agreement and form of license agreement by 31 December 2024 or agree a new development agreement and form of license agreement by 31 December 2025, or the bankruptcy (or comparable event) of the Franchiser, could adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

1.3 The Group faces risks with respect to the protection of the intellectual property rights of the Fridays and 63rd+1st brands

The Group's continued success and ability to compete depends on the strength of its brands. The Franchiser has granted a licence to the Group to use the TGI System, together with the trademarks, trade names, service marks and emblems used in connection with the operation of the Group's restaurants, including the trademarks “TGI Friday’s” and “Fridays”. The Group relies on the intellectual property rights owned by the Franchiser and relies on it to protect such rights.

Although the Franchiser has registered or is in the process of registering each of its trademarks and logos that distinguish its products for trademark protection in the Territory, the actions taken by the Franchiser are outside the control of the Group and may be inadequate to prevent imitation of the Fridays or 63rd+1st brands. Any failure of the Franchiser to protect its intellectual property rights could harm the Fridays and/or 63rd+1st brands, which could materially adversely affect the Group’s business, results of operations, financial condition, cash flows and/or prospects.

1.4 The reputation and integrity of the Fridays and 63rd+1st brands and the Group’s reputation are critical to its business

The Group’s reputation and the quality of the Fridays and 63rd+1st brands are critical to its business and success and the Group’s business could be materially and adversely affected if the perception of the brands is damaged. The Group believes that it has built its reputation on the high quality of its products and by promoting its sites as high energy and fun environments, with a wide demographic appeal. The Group must protect and grow the value of the Fridays and 63rd+1st brands in order for it to continue to be successful. Any negative incident that affects consumer loyalty to the brands could significantly reduce the value of the brands and have a material adverse effect on the Group’s business.

In particular, the Group may be adversely affected by any negative publicity, regardless of its accuracy, including with respect to:

- food safety concerns, including food tampering or contamination;
- incidents of food-borne illness;
- the quality of the ingredients and food products the Group uses;
- employee or customer injury;
- security breaches of confidential customer or employee information and/or personal data;
- employment-related claims relating to alleged employment discrimination, wage and hour violations, labour standards or healthcare and benefit issues;
- government or industry findings concerning the Group’s restaurants, restaurants operated by other similar food-service providers or suppliers across the food industry;
- suppliers to the Group and/or parties or events that the Group sponsors, to the extent such entities or events experience their own reputational damage, for example through ties to bribery or modern slavery; or
- the Fridays brand being affected globally for reasons outside of the Group’s control.

While the 63rd+1st brand is presently being used only by the Group, some of the above risks may increase due to the Fridays and, eventually, 63rd+1st brands being used internationally and in sectors other than the hospitality sector. The Group is exposed to the risk that others associated with the Fridays and 63rd+1st brands, including the Franchiser and other franchisees which use the Fridays and 63rd+1st brands internationally or in sectors other than the hospitality sector, may bring the brand into disrepute. In particular, TGI Friday’s branded frozen products are sold in the United Kingdom in supermarkets by Iceland and Tesco under separate licencing arrangements with the Franchiser over which the Group has no involvement or control. While these products are labelled as being sold under separate licences, many customers may not realise or expect that to be the case and therefore if they attract any negative publicity it may have a similar negative effect on the reputation of the Group’s restaurants operated under the Fridays brand.

Any of the foregoing could materially adversely affect the Group’s business, results of operations, financial condition, cash flows and/or prospects.

1.5 The Group may not be able to successfully attract, recruit and retain key personnel

The Group’s success depends on its retention of key personnel and its ability to recruit, retain and develop suitable personnel for its business, including chefs, general managers, restaurant managers and front of house staff. As a consequence of the effect of Covid-19 on the hospitality sector and a reduction in potential employees from the European Union following Brexit, there is currently a shortage of suitable personnel in the labour market, particularly in Southern England. Whilst the Company has nevertheless successfully recruited 2,260 new employees since 23 September 2021, in the future a continued or new shortage of suitable personnel may impair the Group's ability to recruit and retain well qualified personnel at economic rates or at all, and this could, as a result, have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

The Group's future development and prospects are particularly dependent on the continuing services and performance of the Executive Directors, and its ability to continue to attract and retain highly skilled and qualified site and regional managers. The Directors cannot give assurances that they or members of the management team will remain with the Group, although the Directors believe the Group's culture and remuneration packages are attractive. If members of the Group's key senior management team depart, the Group may not be able to find effective replacements in a timely manner, or at all, and its business may be disrupted or damaged. The loss of the services of any of the Executive Directors, any member of the key senior management team or a number of general managers, restaurant managers, chefs and/or other key employees could materially adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

1.6 The terms of the Facilities Agreement may limit the Group's commercial and financial flexibility

The commercial and financial flexibility of the Group will be regulated by certain undertakings under the terms of the Facilities Agreement. These undertakings include customary restrictions relating to mergers and acquisitions, the granting of security over or disposal of assets, the incurrence of financial indebtedness, the granting of guarantees and indemnities, the extension of loans or credit by members of the Group and derivative transactions. Although such undertakings have been negotiated to allow the Group flexibility to largely conduct its business in the ordinary course, any inability to pursue commercial opportunities as a result of such undertakings may have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

1.7 The Group may not be able to secure additional funding for its growth plans over the long-term on acceptable terms or at all

Although the Group has no current plans or anticipated need for additional financing, over the longer term, the Group's ability to arrange diverse sources of external financing (both debt and equity), and the cost of such financing, will depend on numerous factors, including its credit rating, its future financial condition and results of operations, as well as that of its individual operating companies, general macroeconomic and capital markets conditions, including interest rates, credit availability from banks or other lenders, foreign exchange rates, investor confidence in the Group, applicable provisions of tax and securities laws and political and economic conditions. There can therefore be no assurance that in the future the Group will be able to obtain additional funding on terms that are commercially acceptable to it or at all. If the Group fails to obtain additional financing on acceptable terms, it may prevent the Group from fully implementing its investment and growth plans. Additional debt financing may also restrict the commercial and financial flexibility of the Group through additional debt service obligations or restrictive covenants. Any of the foregoing may materially adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

1.8 The Group cannot guarantee that it can achieve revenue growth and profitability

The Company cannot guarantee that the Group will be able to achieve or sustain revenue growth and achieve or sustain profitability in the future. If the Company is unable to achieve or sustain profitability, the business could be severely harmed. The Group's operating results may fluctuate as a result of a number of factors, many of which are beyond its control. Factors that may affect the Group's operating results include, without limitation, the potential for further UK government (including the individual governments of the devolved administrations) imposed lockdowns on the UK population (both at a local and national level) due to the spread of Covid-19; changes in UK Government and scientific advice as to best practice for dealing with the Covid-19 pandemic, including changes to social distancing rules and regulations, which may impact the number of, the confidence of and/or the ability for, customers to consume food and beverages away from the home; increased competition in the UK hospitality sector, or a further negative change in the macro-economic environment impacting consumer confidence and/or discretionary spend. The foregoing could have a material adverse effect on the business, reputation, results of operations, financial condition and/or prospects of the Group.

In addition, if the Group's operating results fall below the expectations of financial analysts or investors in the future, the trading price of the ordinary shares of the Company may decline significantly.

1.9 A significant decline in the Group's revenues could have, in the long-term, a disproportionate effect on the Group's cash flow due to a high proportion of fixed costs

A high proportion of the Group's operating overheads remain fixed even it its revenues drop. The expenses of owning and operating a restaurant or bar, which include (among other expenses) rent and service charges for leased sites, business rates, licensing, insurance and utilities, are not significantly reduced when circumstances such as market and economic factors and competition cause a reduction in revenues. Accordingly, a significant decline in the Group's revenues in the long-term would have a disproportionately adverse effect on its cash flow and ability to make interest and principal payments on its debt, which could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

1.10 The Group may not be able to successfully implement its growth strategy

The Group's core strategy is to continue to actively pursue a sustainable restaurant (interchangeably referred to as "sites" or "stores") roll-out plan, with further sites in the United Kingdom under the Fridays and 63rd+1st brands, whilst pursuing inorganic growth opportunities such as franchise expansion, adding new brands and investing in additional growth opportunities as they arise. The Directors cannot guarantee that the Group will be able to locate or secure a sufficient number of appropriate sites on economic terms to meet its growth and financial targets and new openings may take time to reach profitable operating levels or to match historical financial returns. The Group may also fail to expand its franchise, successfully launch new brands, find attractive growth opportunities or otherwise successfully grow its business inorganically.

The success of any new openings undertaken by the Group will depend on a number of factors, many of which are beyond the Group's control, including the following:

- the ability to identify and secure available and suitable sites on an economic basis;
- obtaining the required planning consents;
- the ability to secure all necessary operating approvals and licences in a timely manner and in a satisfactory form;
- the extent of the competition for sites;
- the ability to conclude a lease on acceptable terms;
- the ability to fit out new sites at an economic cost;
- delays in the timely development of sites;
- the ability to hire staff that are of a similar standard to those at the rest of the estate;
- the level of competition in the area of the new opening; and
- general economic conditions.

If the Group is unable to successfully implement its growth strategy for any of the above reasons, this may adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

1.11 The Group faces risks in general relating to its property portfolio, including rent increases and failure to renew leases

The Group's operating performance depends in part on its ability to secure or renew leases in desired locations at rents the Directors believe to be reasonable. As at the Latest Practicable Date, all of the Group's 89 sites (including the closed site in Covent Garden and the site that is under construction in Harrogate) were leasehold. All the Group's leases contain provisions for the rent to be reviewed periodically. A number of the Group's leases contain open market rent reviews that require that their annual rent be reviewed on an "upwards-only" basis every five years. If agreement on "open market" rent cannot be reached between the two parties, the matter is referred to an independent surveyor or arbitrator, who determines the premises' open market rent. The annual rent for the premises then becomes the greater of such open market rental value and the previous contractually agreed rent. 24 of the Group's leases contain index linked rent reviews based on the Retail Price Index or the Consumer Price Index, many of which contain minimum and maximum increases. 27 of the Group's leases contain a reduced base rent plus a top up rent based on a percentage of turnover. As a result of the various rent review mechanisms, the Group is unable to predict or control the amount of any future increases in its rental costs arising from the review of rents it pays for its sites and is unable to benefit from any decline in the open market rental value of its sites. There can be no assurance that any increase in rent would be offset by an increase in the Group's revenues and accordingly any substantial increase in the rent paid by the Group on its sites could adversely affect the Group's business, financial and other conditions, profitability and/or results of operations. Further, while turnover based rental payments are generally viewed as an effective tool in reducing rent risk, the turnover based leases entered into by the Group have substantial minimum rent payments and therefore the turnover based rental payments only provide limited protection if a site does not trade at an expected level.

Most of the Group's leases in England and Wales benefit from security of tenure under the Landlord and Tenant Act 1954 which means that, subject to certain exceptions such as the landlord wanting to carrying out a redevelopment, the relevant member of the Group will be able to apply to court for a renewal of the lease after the expiry of the contractual period. Unless otherwise negotiated, in respect of the Group's leases outside of Scotland any lease renewal using the process set out in the Landlord and Tenant Act 1954 is likely to be on the same terms as the existing lease subject to updates to cater for reasonable modernisation and the current market rent. Where a lease is excluded from these security of tenure provisions, the Group does not have the benefit of this protection and would need to renegotiate with the landlord.

The lease agreements also generally provide that the landlord may terminate the lease by exercising the usual landlord right to forfeiture (or in Scotland irritancy) in the event of non-payment of rent, tenant insolvency or breach of the tenant covenants in the lease. Termination of any of the Group's leases could harm the results of the Group's operations. Although the Directors believe that the Group will be able to renew its existing leases, they can offer no assurances that it will succeed in obtaining extensions, or that any such extensions will be on reasonable terms. In addition, lengthy lease terms, restrictive alienation clauses and potential liability for dilapidation costs at the end of a lease may hinder the Group's operational flexibility and have a negative effect on its business.

The average unexpired lease term is approximately 9 years and 3 months and the longest unexpired lease term is 18 years. The Group will be committed to performing its obligations under these leases, even if the sites are unprofitable. Although the Group could seek to mitigate the impact of this through assignment or sub-letting of the sites, subject to any restrictions under the terms of the lease, it cannot provide any assurance of the success of any such measures.

Any of the foregoing could materially adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

1.12 Privacy or data protection failures, cyber security and fraudulent activity could result in the Group incurring regulatory fines and result in a loss of goodwill

The Group is subject to regulation regarding its use of personal data. These regulations include but are not limited to the UK's Data Protection Act 2018, the General Data Protection Regulation (Regulation (EU) 2016/679) as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the European Union (Withdrawal) Act 2018 and as amended by Schedule 1 to the Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit) Regulations 2019 (SI 2019/419) ("**GDPR**")).

The Group processes customer and employee data as part of its business, some of which may be personal data. The Group therefore must comply with the applicable data protection and privacy laws and regulations. These laws restrict the Group's ability to collect and use personal information relating to customers, potential customers and employees including the use of that information for marketing purposes.

There can be no assurance that the Group's systems will be effective in deterring or preventing cyber security related incidents.

While the Group strives to comply with all applicable laws and regulations relating to privacy and data protection, such laws are subject to frequent evolution. It is possible that applicable privacy and data protection laws and regulations may be interpreted and applied in a manner that may conflict with other rules or the Group's practices. The Group is also exposed to the risk that personal data could be wrongfully appropriated, lost or disclosed, stolen or processed and that the Group may be in breach of applicable data protection and privacy laws and regulations. If the Group or any of the third party service providers on which it relies fails to store or transmit customer information in a secure manner, or if any loss of personal data were otherwise to occur, the Group could be subject to investigative or enforcement action by relevant regulatory authorities and could face liability under data protection and privacy laws and regulations. This could result in liability to data subjects, regulatory action and/or a fine of up to four per cent. of global turnover or, if greater, £17.5 million. The Group could also be subject to various forms of fraudulent activity if it does not have appropriate cyber security protections. The Group is also subject to a number of requirements relating to the processing of credit card data, and there can be no assurance that these requirements have always been met. Any violations may result in the Group incurring liabilities to, for example, card scheme providers, which may have an adverse effect on the Group's financial position, business and prospects.

Any of the events referred to above could also result in the loss of the goodwill of its customers, damage to reputation and deter existing and new customers which could have a material adverse effect on the Group's business, results of operation financial condition, cash flows and/or prospects.

1.13 **The Group's IT systems may be disabled or not function properly**

If any of the Group's operational, financial, human resources, communication or other systems were to be disabled or did not operate properly (including as a result of computer viruses, problems with the internet, sabotage or cyberattack), notwithstanding the controls put in place by the Group to prevent such disablement or failure to operate, the Group could suffer disruption to its business, loss of revenues, loss of data, regulatory intervention or reputational damage. This could have a material adverse impact on the Group's business, results of operations, financial condition, cash flows and/or prospects.

In particular, the Group is in the process of testing a new electronic point of sale ("**EPOS**") system with a view to implementing this across the entire Group. Were this new system to fail, or fail to operate as intended, in spite of any controls put in place, given the importance of an effective EPOS system to the Group's operations, the Group could suffer disruption to its business, loss of revenues, loss of data or reputational damage, any of which may have a material adverse impact on the Group's business, results of operations, financial condition, cash flows and/or prospects.

1.14 **The Group may be subject to disruptions in card payment services**

The Group is highly dependent on card payment providers as a majority of the Group's revenues are generated from customer card payments. Any temporary or sustained disruption in card payment processing services, resulting in the Group's failure to receive payments and/or the inability of customers to make card payments after dining or use of other services, would have a significant negative impact on the Group's operations and its financial position. There is no guarantee that any such disruption could be mitigated, whether through implementing a "cash-only" policy throughout the Group's estate or otherwise, and accordingly it could materially adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

1.15 **The Group may not be able to maintain its culture**

The Group's success has been historically dependent on its existing culture, which includes promoting its sites as high energy and fun environments, with a wide demographic appeal. While the Group has been able to maintain this culture in conjunction with its growth, there can be no assurance that continued growth resulting from the Company's transition to a public company from a private business will not have an adverse impact on such culture, which may materially adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

1.16 The Group's insurance coverage may be inadequate

The Group may suffer damage to its restaurants, bars and business infrastructure, including fire, natural disasters, acts of war, terrorism or other acts of violence, cyberattacks and data loss, and may also experience further local or national lockdowns, all of which could severely disrupt business or subject it to claims by third-parties who are injured or harmed, including employees, customers and/or members of the general public. Similarly, the Group has also previously been subject to claims from guests relating to more minor elements, such as trips and falls within the Group's restaurants or bars. While the Group has historically maintained insurance policies that are customary in the hospitality industry, the level of coverage that it has been able to secure for the 12 month period from July 2021 has reduced whilst premiums have risen, particularly with respect to business interruption insurance. Further, the Group's insurance policies are subject to deductibles, limits on maximum benefits, and exclusions, including for pandemics. Due to these variables, the Group may not be able to fully insure against, or fully collect on claims resulting from, all losses. In particular, the Group's insurance policies are not expected to mitigate the impact to date of the Covid-19 pandemic on the Group. The lack of sufficient insurance coverage for these types of events could expose the Group to heavy losses were such events to occur (or re-occur in the case of the Covid-19 pandemic) that could have a significant adverse impact on operations, including the loss of capital invested in an affected site as well as anticipated future revenue from that property. The Group has also faced recent difficulty in securing acceptable directors' and officers' liability insurance ("**D&O Insurance**") for the Directors and officers, which has since been resolved by the implementation of a policy. Obtaining an acceptable level of D&O Insurance is a problem currently faced by the hospitality industry as a whole and while it does not directly affect the Group's operations, it may result in the Group incurring additional costs if the Group has to take additional measures to indemnify, or otherwise protect, the directors and/or officers as a result of such insurance not being available on economic terms. It could also affect the ability of the Group to attract and retain the very best in terms of director and officer level talent. Accordingly, any of the foregoing could materially adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

2. RISKS RELATED TO THE GROUP'S INDUSTRY

2.1 The Group is vulnerable to food inflation including fluctuations in the price of raw materials and ingredients as well as transport

The Group may be affected by food inflation relating to certain products, including raw materials and ingredients supplies which are vulnerable to price fluctuations. These fluctuations are attributable to, among other things, changes in the supply and demand of crops and other commodities, natural disasters, weather conditions during the growing and harvesting seasons, plant and livestock diseases, labour costs, fuel prices and Government-sponsored agricultural and livestock programs. Certain of these factors can also lead to increased costs of transport for the Group. Further, the Group is also vulnerable to fluctuations in energy prices, particularly over the course of 2021 as oil and gas prices have rebounded from lows in 2020. The Group has reduced its exposure to utility price increases in relation to its gas and electricity usage, based on the Group's financial year 2019 volumes, by hedging the contracted pricing with the relevant providers. This includes 100% of the Group's gas supply until 31 December 2022, and 100% of the Group's electricity supply until 31 March 2022, with further hedges of 50% of the Group's electricity supply until 31 March 2023 and 25% of the Group's electricity supply until 31 December 2023. Any pronounced or sustained increase in the price of raw materials and ingredients, supplies, transport or energy prices may have a material adverse effect on the business, results of operations, financial condition, cash flows and/or prospects of the Group. See also Risk Factor 2.3 below on the potential disruption caused to the Group's operations caused by issues with third party suppliers.

2.2 Covid-19 may continue to have a material impact on the Group

Although the UK has undertaken, and continues to administer, vaccinations against Covid-19, there can be no certainty over the effect of vaccinations on the Covid-19 transmission rate or the short- or long-term efficacy of the vaccines against the original virus or any current or future variants. A high degree of uncertainty therefore still exists around the impact of Covid-19 on the economy, the

Group and the Group's trading. Given certain of the Government schemes designed to support the economy through the pandemic are still in place, the full economic impact of Covid-19 is unknown. It has been suggested that the economic fall-out from Covid-19 could trigger a deep, long lasting recession which could significantly impact disposable income across the UK and accordingly impact the Group's trading.

As a consequence of Covid-19 there have been changes to working patterns with a significant number of office workers, particularly in cities, now choosing to work from home. Whilst this is an advantage to the Group's out of town locations, this change in behaviour is impacting footfall at city centre sites for the restaurant market as whole (with total year-on-year sales growth for the month inside the M25 in August 2021, 2.3 per cent. lower against the same period in 2019[1]). It is unknown if this change is temporary or will become more permanent notwithstanding the lifting of Covid-19 restrictions in England with effect from 19 July 2021 and the return to the office of many office workers on a reduced basis, but if there is not significant increase in footfall at the city based sites of the Group, this could have a material effect on the Group's trading in these areas.

It is unknown if further lockdowns (at a local or national level) will be implemented in the future (or whether stricter rules will be imposed).

The Group is also taking steps to minimise the disruption to sites caused by employees testing positive for Covid-19 or, in the case of unvaccinated employees, having to self-isolate as a result of being in contact with an individual who has tested positive for Covid-19, the Group may in the short-term face staff shortages, increased labour costs and a potential drop in the standard of its services. The Group has, in the past, been required in certain circumstances to close restaurants or curtail opening hours as a result of the issues outlined above.

There may also be changes as a consequence of Covid-19 that impact the Group and its trading in the future, but which are currently unknown to the Directors and cannot be reasonably predicted. All these factors have the potential to significantly affect the viability of the Group's business model and its ability to be able to trade and accordingly could materially adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

2.3 The Group could experience disruption to its operations as a result of its dependence on key third-party suppliers

The Group's operations depend on frequent and timely deliveries of food and drink that meet its specifications at competitive prices. These deliveries include fresh ingredients, fresh produce and dairy products, as well as other items, including prepared beverages and non-perishable food and drink items, all of which need to meet certain quality standards. The Group depends on key third party distributors and suppliers for such deliveries. The Group has enjoyed high service standards from its suppliers historically, however, delivery delays and/or a reduction in the quality or volume of produce received and/or a failure or closure of the Group's distributors and/or suppliers could adversely impact the Group's business and ability to service its customers to the required standard.

Similarly, the Group is also reliant upon a limited number of individual suppliers in relation to certain products (for example in relation to the Group's supply of British and Irish beef). Were these suppliers to experience difficulties or were the Group no longer able to rely upon them to supply the relevant produce, this may impact the Group's ability to procure and serve certain of its food and drink offerings.

The Group may also be subject to logistical disruptions or failures in the distribution and delivery of supplies. In the event of a major disruption to the timely supply of quality, fresh ingredients, alternative suppliers of goods and/or distribution services (as the case may be) may not be available or may be available only on unacceptable commercial terms. Accordingly, any of the foregoing could materially adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

2.4 Economic conditions and other factors which affect disposable income in the United Kingdom may impact the Group's business adversely

The Group derives most of its profits from the UK and is therefore sensitive to fluctuations in the UK economy. The Group's performance depends to a certain extent on a number of factors outside

1 Per the Coffer CGA Business Tracker Archives

the control of the Group which impact on levels of disposable income and the cost of supply in the UK, including political and economic conditions. Changes in economic conditions in the UK and elsewhere, including, for example, the impact of Covid-19, any future Government imposed lockdowns (at both a national and local level) that prohibit the UK population from gathering together and/or consuming food and beverages away from the home, changes in working practices such as home working, increased interest rates and rates of inflation, industry conditions, political and diplomatic events and trends, tax laws, gross domestic product levels, credit conditions, rising levels of consumer debt, a deterioration in the pound sterling's foreign exchange position, levels of employment, and other factors could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects. In addition, the longer term impact of Brexit has been somewhat masked by the advent of the Covid-19 pandemic. As the UK recovers from Covid-19, the impact of Brexit will be increasingly felt in various areas and may have a material adverse effect on the Group.

2.5 Concerns about food safety, traceability and hygiene may be damaging to the Group

Food safety, traceability (including in respect of product origins, ingredients and their attributes, through all stages of production, processing and distribution), hygiene and the perception by customers that products are safe are key to the reputation of the Group's brands. The Group is susceptible to local, national and international food or beverage contamination, allergy incident or other health and safety issues affecting the type of food and beverages sold in the Group's sites. Such incidents could affect consumer confidence and preferences, resulting in reduced attendance or expenditure at the Group's sites, or could lead to increased costs for the Group (including in relation to sourcing alternative suppliers or products). There also exists the risk that the Group's suppliers may fail to comply or adhere to applicable food or product safety regulations (such as with the 2013 horse meat scandal), which may expose the Group to the aforementioned risks and food safety liability claims. In addition, a serious contamination, allergy related incident, food mislabelling incident or related scare at one of the Group's sites could negatively affect the reputation of that site, as well as of the Group as a whole. Negative publicity relating to one or more of the Group's sites, food quality, food contamination, health inspection scores, accommodation quality or employee relationships may have a negative impact on the trading performance of the relevant site(s) and potentially the Group's other sites, regardless of whether the allegations are valid or whether the Group is at fault.

Furthermore, the Group's operations and financial condition are subject to legislative risk as compliance with new regulations affecting the industry, including but not limited to displaying the calorie content of non-prepacked food from April 2022, may result in increased costs for the Group.

Accordingly, any of the foregoing could materially adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

2.6 Changing consumer habits or consumer sentiment may materially impact the Group's financial results

The Group's financial results may be materially impacted by any material change in consumer habits within the United Kingdom. In particular, the requirement to display the calorie content of non-prepacked food from April 2022 might lead to some customers finding some or all of the dishes served at the Group's sites unappealing from a calorie perspective. While the Group is responsive to changing trends in consumer tastes, unpredictable and unanticipated changes in demand for gluten free, allergen free, alcohol-free, vegetarian, vegan and other specialist foods and beverages, the impact of any 'sugar tax' and demographic trends may also affect the appeal of the Group's offering to consumers, especially if the Group does not anticipate, identify and respond to such changes by evolving its offering adequately and sufficiently promptly, which could hinder the Group's brands' ability to remain relevant in the market and have a negative impact on the Group's financial performance.

In addition, there can be no assurance that external or market events such as Covid-19, another epidemic, pandemic or public health crisis, terrorism, outbreak of war, conflict or civil unrest, financial crisis or other threat or calamity would not have a detrimental impact on trading, both as a result of affecting consumer sentiment and possible site closures.

Accordingly, any of the foregoing could materially adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

2.7 Increased use of social media could create or amplify the effects of negative publicity and have an adverse impact on the Group's reputation and trading

There has been an increase in the use of social media platforms in the hospitality sector, such as Facebook, Twitter, Instagram, LinkedIn and TripAdvisor. As a result, information concerning the Group can be posted at any time without the Group's consent such as an unfavourable review or inaccurate statements. Consumers value readily available information concerning retailers and their goods and services and may act upon or share such information without further investigation, authentication and without regard to its accuracy. Therefore, such negative publicity from reviews or customer ratings may adversely impact the Group's reputation and accordingly could materially adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

2.8 The Group faces risks as a result of competition

The Group competes for customers with a wide variety of other operators of cafés, restaurants, pubs and bars, as well as online delivery platforms (such as Just Eat, UberEats and Deliveroo) some of which may offer higher amenity levels or lower prices and be backed by greater financial and operational resources. The Group also faces competition from alternative leisure activity providers and home entertainment providers. Continuing and increased competition from other operators could materially adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

2.9 The Group's own delivery partners operate young business models which may evolve and lead to increased costs for the Group

The Group currently operates with certain delivery partners such as Deliveroo and Just Eat who utilise business models that are relatively young. Certain of these entities, such as Deliveroo are also currently not profitable. It is therefore possible that as these entities grow and update their business models over time, either due to expansion or a desire to move towards profitability/more profitability this will lead to increased costs on their part which will be passed on to the Group. This could materially adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

2.10 To the extent that new Covid-19 restrictions are introduced, there is no certainty that the UK Government will re-instate previous stimulus and fiscal policy measures

To mitigate the impact on the UK economy of mandatory measures to contain the spread of Covid-19, including travel restrictions, social distancing, closures of entertainment, hospitality, non-essential shops and indoor premises, restrictions on trading hours and increased testing, the UK Government and the Bank of England introduced a range of economic stimulus and fiscal measures aimed at speeding up economic recovery. The Group has been able to benefit from a number of these support measures, such as the Coronavirus Job Retention Scheme, whereby between November 2020 and September 2021 the UK Government covered 80% of the wage costs for furloughed employees, up to £2,500 per month. From July 2021, participating employers were required to pay 10% towards the cost of hours that their furloughed employees did not work, increasing to 20% in August and September 2021.

The Group also benefited indirectly from the UK Government's reduction of VAT and business rates relief. The UK Government announced that it would introduce a temporary 5% reduced rate of VAT for certain supplies of hospitality, hotel and holiday accommodation, and admissions to certain attractions, which included food and non-alcoholic beverages sold on-premises for consumption in restaurants and hot takeaway food and non-alcoholic beverages. This reduction in VAT to 5% from the standard rate of 20% initially had effect from 15 July 2020 to 12 January 2021, was further extended to 31 March 2021 as part of the Winter Economy Plan and further extended to the end of September 2021 as part of the 2021 Budget announced on 3 March 2021. The rate of VAT was increased to 12.5% from 1 October 2021 until 31 March 2022, and it is currently anticipated that it will return to the standard rate from 1 April 2022. In addition to this change, the Chancellor also announced as part of the 2021 Budget that businesses which deferred VAT due from 20 March 2020 to 30 June 2020, will now have the option to pay the VAT deferred in up to eleven equal payments from March 2021, rather than one larger payment due by 31 March 2021, as originally announced on 24 September 2020. Instead of paying the full amount by the end of March 2021, businesses can make smaller payments up to the end of March 2022, interest free. The Group has committed to making these VAT payments in eight equal monthly instalments with the first payment having been made in June 2021 and the final payment scheduled for January 2022.

Following the start of the Covid-19 pandemic, the UK Government introduced several measures designed to support the economy and businesses required to close or restrict their business under lockdown restrictions. Such support included the Coronavirus Job Retention Scheme (as referred to above), the Recovery Loan Scheme and the Restart Grant. The UK Government subsequently acted to extend certain measures as the duration of lockdown restrictions became apparent. To the extent that new lockdowns or similar restrictions are introduced, or previous restrictions reinstated, to contain the spread of Covid-19 in the future, given the previous actions of the UK Government, the Company considers it reasonable to anticipate that some level of Government support would be provided to the hospitality industry were it subjected to a further mandatory and extended closure (albeit recognising that this support may not be as comprehensive as for previous lockdowns). On that basis, as part of the reasonable worst case scenario considered in relation to the Working Capital Statement, the Company has assumed that the UK government provides furlough support throughout a 13 week lock-down period from 29 November, however it is assumed that no other government support is provided. Notwithstanding the UK Government's past actions and the Company's expectation in this regard, there has been no official statement by the UK Government as to whether it would, or would not, extend, reinstate or replace all or any of the previous stimulus and fiscal policy measures (including those referred to above) in the event of another lockdown. Given the current status of the COVID-19 pandemic in the UK and considering the UK Government's COVID-19 Autumn and Winter Plan 2021, the Directors believe that it is unlikely that the UK will experience a further prolonged lockdown as a result of the COVID-19 pandemic, however if a further lockdown occurred and corresponding stimulus and/or fiscal policy measures were not introduced, although this is also considered unlikely, this may have a material adverse effect on the economy, consumers and the Group's business, financial condition and operations.

2.11 **The Group may be impacted by changes in the cost of labour and employment risks**

An increase in labour and employee benefit costs may adversely affect the Group's operating costs. Any shortage in the labour pool or other general inflationary pressures or changes will increase the Group's labour costs. In particular, the Group has been unable to retain or attract the same numbers of non-British European Union staff at economic rates, particularly in Southern England, and may need to hire a substantial number of new staff at a higher cost as a result of a combination of Covid-19 and Brexit. Any increases in labour costs could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

Furthermore, as a result of recent case law and government consultation surrounding whether certain types of overtime, tips, bonus, commission payments and other variable remuneration should be included in holiday pay, there may be potential future liabilities or increases in labour costs as the Group may have to make additional payments to its employees in the future, including potentially in respect of historic practices. Increases in the National Minimum Wage and availability of minimum wage workers in certain areas may impact the business, results of operations and financial condition of the Group. The National Minimum Wage is a prescribed minimum hourly rate of pay which employers must legally pay to most of their workers dependent on the employee's age. From 1 April 2021 the minimum rates of pay (across all age groups) have increased. The National Living Wage, which is the minimum hourly rate applicable to workers aged 23 or over (having previously applied only to workers aged 25 or over and expected to be lowered again to those aged 21 by 2024), increased by approximately 2.2 per cent. and the size of any future increases are unknown. A significant proportion of the Group's employees are paid at the National Minimum Wage and, therefore, an increase in the National Living Wage and those who qualify for it will increase the Group's labour costs. The complex nature of legislation and regulations governing the National Minimum Wage and the National Living Wage may lead to increased compliance costs and/or unintentional breaches of such legislation and/or regulations, and there is no guarantee that the Group would be able to rectify such non-compliance without incurring costs in the form of fines, or suffering from negative publicity. As labour costs are a large proportion of the Group's overall costs, it is possible that future increases could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

2.12 The Group is subject to certain employment claims and may face the risk of similar claims in the future

The Group is currently defending five employment tribunal claims brought against it for unfair dismissal, unlawful deduction of wages, constructive dismissal and discrimination on the grounds of race, religion or disability. While the Group considers these particular claims to be immaterial and lacking in merit, there can be no assurance that the claims will not be successful, or that similar claims will not be made in the future, which may be more substantive and/or material than the current claims and defending them could result in substantial costs and the diversion of financial and management resources. If the Group is unable to successfully defend or settle any such claims, it could cause reputational and financial damage to the Group and accordingly could materially adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

2.13 Scottish independence may have a material adverse effect on the Group's business

The Group has nine restaurants situated in Scotland with the Company also planned to be headquartered in Edinburgh. Following the devolved and local elections held on 6 May 2021, Scotland's First Minister has suggested that a second referendum on Scottish independence from the rest of the United Kingdom may be called. It is uncertain whether or when any such referendum will in fact occur, what the outcome would be, and, if a referendum occurred and Scotland voted to leave the United Kingdom, what Scotland's future relationship with the rest of the United Kingdom would be. The consequences of such a potential future referendum on the Group's businesses are therefore uncertain but could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

2.14 The Group's business could be impacted as a result of organised strikes or work stoppages by unionised employees

The Group has been subject to employee trade union action in the past, notably in 2018 when waiting staff at certain sites in London, Manchester and Milton Keynes went on strike to protest about the redistribution of certain service charge payments. While the Group generally maintains good relations with its employees and representative unions, there can be no assurance that work stoppages such as in 2018 or other labour-related developments (including the introduction of new labour regulations in the markets in which the Group operates) will not occur in the future, any of which could materially adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

3. RISKS RELATING TO REGULATION AND LEGISLATION

3.1 The Group's business is dependent on obtaining appropriate licences, permits and approvals

The Group's sites are subject to laws and regulations that affect their operations, including in relation to employment, minimum wages, premises and personal licences, alcoholic drinks control, entertainment, licences, competition, health and safety, sanitation and data protection. These laws and regulations impose a significant administrative burden on the Group, as managers have to devote significant time to ensure compliance with these requirements and therefore have less time to dedicate to the business. If additional or more stringent requirements were to be imposed in the future, it would increase this burden, which could adversely affect the Group's operating results (as a result of increased costs or lower revenues) and, in turn, adversely affect the Group's financial condition and prospects.

The food and beverage industry in the United Kingdom is regulated at both national and local levels, and each of the Group's sites requires licences, permits and approvals to permit, among other things, the sale of alcoholic drinks. Delays and failures to obtain, or the loss of, the required licences or permits could adversely affect the operations of the Group. Difficulties or failures in obtaining or maintaining required licences or approvals could delay or prohibit the operation of the Group's sites. If any of the Group's sites have their licences withdrawn or amended, the ability of the Group's sites to sell alcoholic drinks, and other products or services, to its customers may be reduced. Accordingly, the profitability of any such site could be adversely impacted and this in turn, may have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

3.2 The Group may have to make back dated national insurance contributions with respect to its tronc arrangements

As is common practice for restaurant businesses, the Group operates tronc arrangements. The Group currently operates two troncs, the first relates to the Fridays business, with the second tronc operating in respect of 63rd+1st. These troncs are separate organised pay arrangements used to distribute tips, gratuities and service charges to employees. Pursuant to HMRC guidelines national insurance contributions are not payable if the troncmaster (a person nominated by the company to independently operate the tronc), or other person(s) not acting for the Group, decide how the money in the tronc is divided. The Group's tronc in respect of the Fridays business is determined by a tronc committee without any input from the companies in the Group and accordingly no national insurance contributions are paid. The Group's tronc relating to 63rd+1st does not have a tronc committee and is operated on a system of division devised by 63rd+1st's operations director. The Company has received advice that the Group's existing and historic arrangements were compliant with the HMRC guidelines. Notwithstanding this, if HMRC were to determine that the independence of the troncmasters or tronc committee (in the case of the Friday business) or the current system of division (in the case of 63rd+1st) cannot be sufficiently demonstrated, there is a risk that back dated national insurance contributions will need to be paid by the Group. Accordingly, any such adverse finding could materially adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

3.3 The Group may face an increase in the costs for its automatic enrolment pensions

UK pension automatic enrolment regulations require that qualifying workers are automatically enrolled into a pension plan with minimum contribution rates. As permitted under applicable law, the Group currently delays the date on which it enrols new employees into its pension scheme by up to three months from the commencement date of the relevant individual's employment. Any reduction in the time period in which the Group must enrol employees into its pension scheme will result in an overall increase in the Group's costs, which may lead to an adverse effect on the Group's financial position, profitability and results of operations.

The total minimum contribution is currently eight per cent. (inclusive of at least a three per cent. employer contribution) from April 2019. As the Company currently contributes the minimum contribution in respect of a vast majority of its employees, any increase in minimum contribution rates will result in an overall increase in the Group's costs, which may lead to a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

3.4 Changes in accounting standards may impact the reported financial results of the Group

Changes in accounting standards, rules and regulations may have a significant impact on the reported financial results of the Group, and it is impossible to specify or ascertain the effect of such changes or new standards, which is dependent on the financial position of the Group at the time. Moreover, in connection with financial reporting under new or amended accounting standards, the Group will make its own accounting judgements and elections in the future, which cannot be determined at this time. Accordingly, any such changes could materially adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

3.5 The Group may face increased expenses arising from changes in taxation, statutory charges and compliance costs

As a licensed retailer and employer of a large number of employees, the Group is subject to a number of tax and duties levied by the government. The Group's operating and other expenses could increase, without a corresponding rise in revenues, as a result of increases in taxation arising from changes in taxation policies and/or other statutory charges (including, without limitation, increases in business rates across the Group's estate or reductions in capital allowance rates). The Group's financial results may also be adversely affected by other changes in laws, regulations or government policies that lead to increased costs of compliance. Accordingly, any of the foregoing could materially adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

3.6 The Group is subject to health and safety, food safety and fire regulations and may be affected by changes to these regulations that could require it to modify its current business practices and incur increased costs and potential liabilities

The Group is subject to regulation in areas such as health and safety, food safety and fire safety. Whilst the Group believes it has appropriate policies, procedures and processes in place to address such regulatory requirements, there is an ongoing compliance cost in terms of adhering to, and updating, these policies, procedures and processes as required. Furthermore, in order to ensure that the Group's sites remain fully compliant with legislative requirements, there will always be the need to maintain the Group's premises, not only generally but also as ad hoc issues arise, which again will require capital expenditure. Failure by the Group to comply with the relevant legislative requirements may result in fines, penalties, the need to pay compensation, closure of sites, litigation and/or adverse publicity which could adversely affect the Group's reputation and business, results of operations, financial condition, cash flows and/or prospects.

4. RISKS RELATING TO THE DEMERGER

4.1 The Demerger may fail to realise its anticipated benefits

The realisation of the anticipated benefits of the Demerger is subject to a number of factors, many of which are outside the control of the Group. There can be no guarantee that the anticipated benefits of the Demerger will be realised in full or in part, or as to the timing when any such benefits may be realised.

The Group will face a number of challenges relating to the implementation of the Demerger. There may be adverse financial, operational, regulatory, customer and reputational implications if it fails (either wholly or in part) to meet these challenges. Such adverse implications could impact on the ordinary course business of the Group and, consequently, its financial condition, results of operations, cash flows and/or prospects.

4.2 As a result of the Demerger third parties may modify or terminate their relationships with the Group

The Demerger may prompt third parties to re-price, modify or terminate their contractual relationships with the Group under "change of control" or similar clauses triggered as a result of the Demerger, which may adversely affect the ability of the Group to retain a competitive network of suppliers. In response to any of the foregoing, individually or together, the Group may be forced to lower its service levels or alter the prices of its products or take other actions to manage and/or maintain its relationships with third parties.

Should any of the consequences set out above occur, individually or together, the Group may suffer a material adverse impact on its business, results of operations, financial condition, cash flows and/or prospects.

5. RISKS RELATING TO THE HOSTMORE SHARES

5.1 There has been no prior market for the Hostmore Shares and an active trading market may not develop

Prior to Admission, there has been no prior public trading market for the Hostmore Shares. Although the Company has applied to the FCA for admission to the premium listing segment of the Official List and has applied to the LSE for admission to trading on its main market for listed securities, the Company can give no assurance that an active trading market for the Hostmore Shares will develop or, if developed, could be sustained following the completion of the Demerger. If an active trading market is not developed or maintained, the liquidity and trading price of the Hostmore Shares could be adversely affected.

5.2 The market price of the Hostmore Shares may be subject to volatility

Following Admission, the market price of the Hostmore Shares may be subject to wide fluctuations in response to many factors, including stock market fluctuations and general economic conditions or changes in political sentiment that may substantially affect the market price of the Hostmore Shares irrespective of the progress the Company may make in terms of developing its business or its actual financial, trading or operational performance. These factors could include the performance of the Group, purchases or sales of the Hostmore Shares, legislative changes and market, economic, political or regulatory conditions or price distortions resulting from limited liquidity. The share price for publicly traded companies can be highly volatile. Admission to the LSE's main market should not be taken as implying that a liquid market for the Hostmore Shares will either exist, develop or be sustained following Admission. Active, liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. The liquidity of a securities market is often a function of the volume of the underlying shares that are publicly held by unrelated parties. If a liquid trading market for the Hostmore Shares does not develop, the price of the Hostmore Shares may become more volatile and it may be more difficult to complete a buy or sell order even for a relatively small number of such Hostmore Shares.

5.3 **Significant trading volumes of Hostmore Shares in the period following the Demerger could impact the market price of Hostmore Shares.**

Following Admission there may be a period of relatively high-volume trading in Hostmore Shares as the shareholder register of the Company finds its natural composition. Other than the limited lock-up arrangements agreed with Group Management (as described in paragraph 12.8.3 of Part XII *Additional Information*), none of the Company's shareholders will be subject to any "lock up" or other restriction on the disposal of their Hostmore Shares and the Directors are unable to predict whether substantial amounts of Hostmore Shares will be sold in the open market following Admission. Sales of a substantial number of Hostmore Shares after Admission, or the perception that these sales might occur, could depress the market price of Hostmore Shares or result in significant volatility.

5.4 **The ability of Overseas Shareholders to bring actions or enforce judgments against the Company or the Directors may be limited**

The ability of an Overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in England and Wales. The rights of holders of the Hostmore Shares are governed by English law and by the Articles of Association. These rights differ from the rights of shareholders in typical US corporations and some other non-UK corporations.

An Overseas Shareholder may not be able to enforce a judgment against some or all the Directors and executive officers. All the Directors and executive officers are residents of the UK. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Directors and executive officers within the Overseas Shareholder's country of residence or to enforce against the Directors and executive officers judgments of courts of the Overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the UK against the Directors or executive officers who are residents of countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors or executive officers in any original action based solely on foreign securities laws brought against the Company or the Directors or executive officers in a court of competent jurisdiction in England or other countries. This could have an adverse impact on the market price of the Hostmore Shares.

5.5 **The Company may decide to offer additional Hostmore Shares in the future, diluting the interests of the existing Hostmore Shareholders and potentially adversely affecting the market price of Hostmore Shares**

The Company may need to raise additional funds in the future to finance amongst other things, working capital, a reduction in debt, expansion of the business, new developments relating to existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity linked securities of the Company other than on a pro-rata basis to existing Shareholders, the percentage ownership of the existing Shareholders may be reduced. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emptions in priority to the Hostmore Shares.

5.6 **The Company cannot guarantee the payment of any dividends**

There can be no guarantee as to whether the Group will pay any dividends or to the level of future dividends, if any. The Company's ability to pay dividends to shareholders out of distributable profits is dependent on the Company's ability to generate funds, itself, or receive funds, directly or indirectly, from subsidiaries for such purposes in a manner which creates distributable reserves for the Company. Furthermore, the Company's ability to pay dividends to shareholders is a function of the performance of investments and other factors that the Directors deem significant from time to time, such as capital requirements and general economic conditions.

5.7 **The market perception of the Group may become negative**

Market perception of the Group may change, potentially affecting the value of investors' holdings of Hostmore Shares and the ability of the Company to raise further funds by the issue of further Hostmore Shares or otherwise. Negative perceptions of the Group's competitors may result in negative market perception of the hospitality and food industry as a whole, which could have an adverse effect on the price of the Hostmore Shares as well as the Company's ability to raise further funds either publicly or privately.

PART III

IMPORTANT INFORMATION

1. General

The contents of this Prospectus are not to be construed as legal, business or tax advice. Recipients of this Prospectus should consult their own lawyer, financial adviser or tax adviser for legal, financial or tax advice, as appropriate. Furthermore, the Company and the Directors accept no responsibility for the accuracy or completeness of any information reported by the press or other media, or the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Demerger, Admission, Electra, the Company or the Group. The Company and the Directors make no representation or warranties as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

When considering what action you should take, you should seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under FSMA if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA and Rule 3.4.1 of the Prospectus Regulation Rules, neither the publication of this Prospectus nor any distribution of Hostmore Shares shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Group taken as a whole since the date of this Prospectus or that the information contained herein is correct as of any time subsequent to its date. The Company will comply with its obligation to publish any supplementary prospectus containing further updated information as required by law.

No person has been authorised to give any information or to make any representations or warranties in connection with the Demerger or Admission other than the information and representations and warranties contained in this Prospectus and, if any other information or representations or warranties is or are given or made, such information or representations or warranties must not be relied upon as having been authorised by or on behalf of the Company, the Directors, HSBC or Numis. No representation or warranty, express or implied, is made by HSBC or Numis as to the accuracy or completeness of such information, and nothing in this Prospectus is, or shall be relied upon as, a promise or representation by the Sponsor as to the past, present or future.

Recipients of this Prospectus may not reproduce or distribute this Prospectus, in whole or in part, and may not disclose any of the contents of this Prospectus or use any information herein for any purpose other than considering Admission. Such recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus.

This Prospectus has been approved by the FCA in accordance with section 87A of FSMA. Admission to trading on the London Stock Exchange's main market for listed securities constitutes admission to trading on a regulated market.

2. Forward-looking statements

Certain statements in this Prospectus relate to the future, including forward-looking statements relating to the Group's financial position and strategy. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'intend', 'aim', 'project', 'anticipate', 'estimate', 'plan', 'believe', 'expect', 'may', 'should', 'will', 'continue' or other similar words.

These statements discuss future expectations concerning the Group's results of operations or financial condition or provide other forward-looking statements. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, including the risk factors set out in Part II (*Risk Factors*), many of which are beyond the Group's control, and which may cause the Group's actual results of operations, financial condition and the development of the business sectors in which the Group operates to differ materially from those expressed in the statements contained in this Prospectus. In addition, even if the Group's actual results of operations, financial condition and the development of the business sectors in which it operates are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Recipients of this Prospectus are cautioned not to put undue reliance on forward-looking statements.

Other than as required by law, none of the Company, its officers, advisers or any other person gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Prospectus will actually occur, in part or in whole.

Additionally, statements of the intentions of the Board and/or Directors reflect the present intentions of the Board and/or Directors, respectively, as at the date of this Prospectus and may be subject to change as the composition of the Board alters, or as circumstances require. Except as required by law, the Company disclaims any obligation or undertaking to update or revise any forward-looking statement in this Prospectus.

The forward-looking statements speak only as at the date of this Prospectus. To the extent required by applicable law or regulation (including as may be required by the Companies Act, Prospectus Regulation Rules, Listing Rules, UK MAR, Disclosure Guidance and Transparency Rules and FSMA), the Company will update or revise the information in this Prospectus. Otherwise, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this Prospectus to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

3. No forecasts or estimates

Nothing in this Prospectus is intended as a profit forecast or estimate for any period and no statement in this Prospectus should be interpreted to mean that earnings or earnings per share or dividend per share for the Company for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share or dividend per share for the Company or any member of its Group.

4. Market and industry data

Certain information in this Prospectus has been sourced from third parties. Where information in this Prospectus has been sourced from third parties, the source of such information has been clearly stated adjacent to the reproduced information.

All information contained in this Prospectus which has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

All references to market data, industry statistics and forecasts and other information in this Prospectus consist of estimates based on data and reports compiled by industry professionals, organisations, analysts, publicly available information or the Company's own knowledge of its sales and markets.

Market data and statistics are inherently speculative and are not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgements by both the researchers and the respondents, including judgements about what types of products and transactions should be included in the relevant market. In addition, the value of comparisons of statistics for different markets is limited by many factors, including that (1) the markets may be defined differently, (2) the underlying information may be gathered by different methods and (3) different assumptions may be applied in compiling the data. Accordingly, the market statistics included in this Prospectus should be viewed with caution.

5. Presentation of financial and other information

5.1 Historical Financial Information

All financial information relating to the Group in this Prospectus is stated on a combined basis. All financial information relating to the Group including the Historical Financial Information of the Group, is stated on a combined consolidated basis for the 26 weeks ended 27 June 2021 and 28 June 2020 as well as the 52 weeks ended 27 December 2020, 29 December 2019 and 30 December

2018. The Historical Financial Information has been prepared for inclusion in this Prospectus for the purposes of Admission, and has been prepared in compliance with the requirements of the UK Prospectus Regulation, Listing Rules and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("**EU IFRS**") and international accounting standards in conformity with the requirements of the Companies Act 2006' ("**UK IFRS**"). The basis of preparation is set out in Note 1 of Part X (*Historical Financial Information*).

PricewaterhouseCoopers LLP audited the interim financial statements of the Group for the 26 weeks ended 27 June 2021 and audited the financial statements of the Group for the 52 weeks ended 27 December 2020, 29 December 2019 and 30 December 2018. Unless otherwise stated, financial information relating to the Group has been extracted without material adjustment from Part X (*Historical Financial Information*).

5.2 Alternative performance measures

The Group presents certain alternative performance measures ("**APMs**") that are not defined or recognised under IFRS. The Group uses APMs to assess its success in achieving its objectives, and the APMs presented are consistent with the Group's internal reporting. The Board believes that the APMs provide an enhanced understanding of the Group's results and related trends and allow for comparisons of the financial performance of the Group's businesses either from one period to another or with other similar businesses. The APMs presented in this Prospectus may not be comparable to other similarly titled measures used by other companies, have limitations as analytical tools 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 APMs are used by the Group:

- **EBITDA** is calculated as earnings before interest, tax, depreciation, amortisation and impairment;
- **Adjusted EBITDA** is calculated as earnings before interest, tax, depreciation, amortisation impairment and exceptional items (as described below);
- **Outlet EBITDA** is the adjusted EBITDA directly attributable to individual sites (excluding any apportionment for corporate or central costs);
- **Adjusted Operating Profit** is calculated as EBITDA adjusted to include depreciation;
- **Exceptional Items** are those items that, by virtue of their unusual nature or size, warrant separate, additional disclosure in the financial statements in order to fully understand the performance of the Group and include changes in impairments, onerous lease provisions, disposals as well as share based payments (only financial year 2018);
- **Free Cash Flow** is calculated as the profit/(loss) for the period adjusted for depreciation, non-cash flow items, changes in working capital, tax paid and maintenance capex, and excludes cash used in financing activities;
- **Net Debt** is calculated as the net of the Group's long-term borrowings and finance lease obligations less cash and cash equivalents.
- **% cash conversion** is calculated as free cash flow divided by EBITDA.
- **Return on Capital Employed (ROCE)** is equal to EBITDA divided by the denominator determined by subtracting current liabilities from total assets; and
- **Like-For-Like Sales (LFL Sales)** is a measure that provides an indicator of the underlying performance of the Group's existing restaurants. There is no accounting standard or consistent definition of 'like-for-like sales' across the industry. The Group's like-for-like sales are calculated by comparing the revenue of a restaurant, or group of restaurants, as recorded via the electronic point of sale system, with the same benchmark in a prior accounting period and excludes contributions from new restaurants. Sites that are closed, disposed or disrupted during a financial year are excluded from the like-for-like sales calculation where the timing of such action suggests that data is not comparable.

See also paragraph 3 of Part VIII (*Operating and Financial Review*) for reconciliation of these APMs to the nearest available IFRS measures.

6. Information to distributors

Solely for the purposes of the product governance requirements contained within Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK MiFIR Product Governance Requirements) may otherwise have with respect thereto, the Hostmore Shares have been subject to a product approval process, which has determined that the Hostmore Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, as respectively defined in paragraphs 3.5 and 3.6 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all permitted distribution channels (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Hostmore Shares may decline and investors could lose all or part of their investment; the Hostmore Shares offer no guaranteed income and no capital protection; and an investment in the Hostmore Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to Admission. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Numis and HSBC will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Hostmore Shares. Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Hostmore Shares and determining appropriate distribution channels.

7. Rounding

Certain financial data and percentages have been rounded. As a result of such rounding, the totals of financial data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data and percentages in tables may not add up to 100%.

8. Currency presentation

The Group prepares its financial statements in pounds sterling. All references to "**GBP**", "**pounds**", "**pounds sterling**", "**sterling**", "**£**", "**pence**" and "**p**" are to the lawful currency of the United Kingdom.

9. Definitions

Certain terms used in this Prospectus, including capitalised terms and certain technical terms, are defined and explained in Part XIII (*Definitions*) of this Prospectus.

10. Information not contained in this Prospectus

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Company. The delivery of this Prospectus shall not, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this Prospectus or that the information contained herein is correct as of any time subsequent to its date.

11. No incorporation of websites

The contents of the Company's website, the Group's other websites, any website mentioned in this Prospectus or any website, directly or indirectly, linked to these websites have not been verified and do not form part of this Prospectus, and information contained therein should not be relied upon.

12. Enforcement of civil liabilities

The ability of an Overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in England and Wales. The rights of holders of Hostmore Shares are governed by English law and by the Company's memorandum and articles of association. These rights differ from the rights of shareholders in typical US corporations and some other non-UK corporations.

An Overseas Shareholder may not be able to enforce a judgment against some or all of the Directors and executive officers. All of the Directors and executive officers are residents of the United Kingdom. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Directors and executive officers within that shareholder's country of residence or to enforce against the Directors and executive officers judgments of courts of that shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the United Kingdom against the Directors or executive officers who are residents of the United Kingdom or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors or executive officers in any original action based solely on the foreign securities laws brought against the Company or the Directors or executive officers in a court of competent jurisdiction in England or other countries.

PART IV

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates below is subject to change without further notice. Please read the notes to the timetable set out below.

Event	Time and date
Publication of this Prospectus and the Electra Circular	15 October 2021
Latest time and date for receipt of Proxy Forms and CREST electronic proxy appointment instruction	11:00 am on 28 October 2021
Electra General Meeting	11:00 am on 1 November 2021
Announcement of result of Electra General Meeting	1 November 2021 (after the Electra General Meeting)
Latest time and date for transfer of Electra Shares to be registered in order for the transferee to be registered at the Record Time	6:00 pm on 1 November 2021
Record Time for determining the entitlement of the Demerger Dividend	6:00 pm on 1 November 2021
Demerger Dividend to Qualifying Shareholders becomes effective	after 6:00 pm on 1 November 2021
Ex-date for the Demerger Dividend	8:00 am on 2 November 2021
Admission and commencement of dealings in Hostmore Shares on the London Stock Exchange	8:00 am on 2 November 2021
CREST accounts credited in respect of Hostmore Shares in uncertificated form	As soon as practicable after 8:00 am on 2 November 2021
Posting of share certificates for Hostmore Shares in certificated form	Not later than 16 November 2021

All references to time in this Prospectus are to London time unless otherwise stated.

The dates given are based on the Company's current expectations and may be subject to change. If any of the times or dates above change, Electra will give notice of the change by issuing an announcement through a Regulatory Information Service.

PART V

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Neil Johnson (*Chair*) Robert B. Cook (*Chief Executive Officer*) Alan Clark (*Chief Financial Officer*) David Lis (*Senior Independent Non-Executive Director*) Gavin Manson (*Non-Executive Director*) Louise Stonier (*Independent Non-Executive Director*) Andrew Blurton (*Independent Non-Executive Director*) Jane Bednall (*Independent Non-Executive Director*)
Company Secretary	Robert Henry
Registered office	Highdown House Yeoman Way Worthing West Sussex BN99 3HH
Sponsor and Joint Financial Adviser	**Numis Securities Limited** 45 Gresham Street London EC2V 7BF
Listing Agent and Joint Financial Adviser	**HSBC Bank plc** 8 Canada Square London E14 5HQ
Reporting Accountants	**KPMG LLP** 15 Canada Square London E14 5GL **PricewaterhouseCoopers LLP** 40 Clarendon Rd Watford WD17 1JJ
Auditor	**PricewaterhouseCoopers LLP** 40 Clarendon Rd Watford WD17 1JJ
Legal advisers to the Company	**Hogan Lovells International LLP** Atlantic House Holborn Viaduct London EC1A 2FG
Legal advisers to the Sponsor	**Clifford Chance LLP** 10 Upper Bank Street London E14 5JJ
Registrar	**Equiniti Limited** Aspect House Spencer Road Lancing West Sussex BN99 6DA

PART VI

BUSINESS OVERVIEW

1. Overview

The Group is a growing hospitality business with its current operations focused on the American-themed casual dining brand, "Fridays", and the cocktail-led bar and restaurant brand, "63rd+1st". While Fridays has been trading for over three decades in the UK, the Group was established in 2021 to provide a platform for the development of hospitality brands under the leadership of an experienced management team that has a track record of building businesses in the hospitality and leisure sectors. The Group offers quality casual dining experiences at its restaurants (interchangeably referred to as "sites" or "stores") and through its delivery services. The Group's businesses are defined by their iconic brand experience and vibrant heritage. As at the Latest Practicable Date, the Group operates 87 restaurants in the United Kingdom and Jersey, a majority of which are located in high footfall locations, including retail parks, shopping centres and city centres. The Group is exploring opportunities with TGI Friday's, Inc. to expand its existing brands into new franchise territories and is seeking to add rapidly growing, early-stage businesses to its portfolio of complementary hospitality brands, as well as to extend its offering into other experience led, leisure concepts.

The Group primarily operates and develops the Fridays brand in the Territory under exclusive franchise arrangements granted by the Franchiser, TGI Fridays Franchisor, LLC. Celebrating its 35th anniversary in the United Kingdom in 2021, Fridays is an established brand that offers bold, distinctive American food as well as iconic cocktails made with premium spirits, alongside a range of refreshing low and non-alcoholic cocktails. Fridays provides a high-energy, fun environment with a wide demographic appeal. In May 2021, the Group opened its first cocktail-led bar and restaurant under the complementary brand 63rd+1st in Cobham, Surrey, with a second site in Glasgow opening in September 2021. 63rd+1st offers a more sophisticated tone than the Fridays restaurants and is aimed at affluent young professionals and university students. The Group generated revenue of £39.9 million in the 26 week period ended 27 June 2021 and £129.1 million and £214.8 million in the 52 weeks ended 27 December 2020 and 29 December 2019, respectively, from operating the restaurants.

2. History and development of the Group and the Demerger

2.1 Foundation and key milestones

The Company

The Company was incorporated on 14 April 2021 with the purpose of becoming the parent company for experience-led bar and restaurant operations under the Fridays and 63rd+1st hospitality brands. The Company will remain a wholly-owned subsidiary of Electra until the completion of the Demerger. Electra was incorporated on 15 July 1935 and is a private equity investment trust which has been listed on the London Stock Exchange since 1976.

Fridays

Alan Stillman opened the first TGI Fridays restaurant on the corner of 63rd Street and 1st Avenue in New York in 1965 and the restaurant chain soon became famous for its cocktails, legendary atmosphere and charismatic bartenders. Today, TGI Fridays is one of the world's largest casual dining restaurant chains in terms of system units, with 706 stores in 54 countries (of which 546 are franchised) as at 8 July 2021.

TGI Fridays came to the UK in 1986 and launched its first restaurant in Birmingham, followed swiftly afterwards by another restaurant in Covent Garden which became the busiest TGI Fridays restaurant in the world by 1992. By 1999, TGI Fridays had 9 restaurants in the UK, with this number increasing to 34 by 2004.

In December 2014, Electra acquired the TGI Fridays business from Sentinel Capital Partners and TriArtisan Capital Partners, providing investment and support for the further development of the casual dining brand in the Territory. At the time of the acquisition, there were 66 TGI Fridays restaurants across the Territory.

The Group started to rebrand the TGI Fridays restaurants in the Territory as “Fridays” in June 2020 and built on the brand’s heritage, re-energising its voice to widen its appeal and to bring it to today’s market – bringing back ‘That Fridays Feeling’ to existing, new and former audiences.

63rd+1st

The Group launched its second brand, the city-based cocktail-led bar and restaurant “63rd+1st”, in May 2021. Under this brand, the Group intends to provide a customer experience with a sophisticated tone grounded in the same New York heritage and energy as the original TGI Friday’s restaurant that was opened in 1965 on the corner of 63rd Street and 1st Avenue in New York. Its interior design, featuring exposed brickwork, polished concrete, reclaimed timber flooring and bespoke fittings which resemble a typical Manhattan loft, aims to capture the sixties vintage atmosphere from which it draws its inspiration.

The 63rd+1st bar and restaurant serves New York-influenced food and cocktails available seven days a week. This brand has been developed to cater for the growing consumer demand for all-day venues and members’ club and boutique hotel style environments where customers can work, rest and socialise.

The 63rd+1st brand currently operates only in Cobham, Surrey and Glasgow, and presents a significant opportunity for the Group to expand in the United Kingdom and potentially internationally by opening more sites. Following the launch in Cobham in May 2021, the Group opened an additional site in Glasgow in September 2021 and is aiming to open a further site by the end of 2021 in Harrogate, with scope for 10 plus sites by the end of 2023.

2.2 The Demerger

On 21 May 2021, Electra announced its intention to demerge the Group, resulting in the Company becoming a separately listed entity with its distinct prospects. Following the Demerger, the Group will have control over its strategy and capital management, supporting its development strategies.

The Demerger and Admission are subject to approval of the Demerger Dividend, and the associated LTIP shareholder resolution, by Electra Shareholders at the Electra General Meeting. Assuming that such approval is given, the Demerger will be implemented by Electra declaring a distribution in specie of all of the issued share capital of the Company held by it, immediately prior to Admission, to the Qualifying Shareholders. Immediately following the declaration of the distribution in specie by Electra, and also prior to Admission, the Company will issue 9,207,292 Hostmore Shares (representing 7.3% of the issued share capital of the Company) to certain Directors and Senior Managers in accordance with the terms of the Fridays MIP Crystallisation Side Letter.

Upon completion of the Demerger, Electra Shareholders who are registered on the share register of Electra at the Record Time will be entitled to receive:

Three Hostmore Shares for each Electra Share

held by them at that time. Electra Shareholders will continue to own their existing Electra Shares unless they sell or transfer them in the usual course.

As at the Latest Practicable Date, the Electra EBT holds 690,481 Electra Shares. The terms of the trust deed constituting the Electra EBT provide that, unless otherwise directed by Electra, the trustees waive all rights to any dividend which may at any time be payable on any Electra Share from time to time comprised in the trust fund. As a result, Electra will retain 2,071,443 Hostmore Shares on Admission which would otherwise be transferred to the Electra EBT. Electra expects to sell these Hostmore Shares in the market during a period following Admission to fund its ongoing working capital requirements.

Detailed information about how the Demerger will be effected is contained in the Electra Circular, and Electra Shareholders considering whether or not to approve the Demerger Dividend, and the associated LTIP shareholder resolution, should only rely on the information in the Electra Circular.

3. Market overview

3.1 Overview of the principal markets in which the Group operates

The Group operates within the hospitality sector, with operations currently focused on the branded casual dining segment. The UK branded casual dining segment has been going through a challenging period even before the Covid-19 pandemic, with margin pressures mounting as a result of market over-supply, higher labour costs, higher business rates and increased food costs. At the same time, consumer confidence has been falling, with inflation and sluggish wage growth squeezing disposable incomes. As a result, since the restrictive measures in relation to the Covid-19 pandemic were introduced in March 2020, Fridays' largest casual dining competitors have closed around 10% of their sites. Since the staged easing of restrictive measures commenced in April 2021, the market is witnessing an uplift in spending contributed to by the rebound in activity and pent-up consumer demand. Since the re-opening of restaurants for dine-in customers indoors on 17 May 2021 in England, the Group has recorded a like-for-like sales growth of 11.0% for the first twenty weeks of re-opening versus the equivalent period in 2019 (which excludes contributions from (i) new stores opened in both 2019 and 2021, including 63rd+1st stores; and (ii) the Fridays Covent Garden store which was permanently closed in September 2021 as well as other stores that closed in financial years 2019, 2020 and 2021).

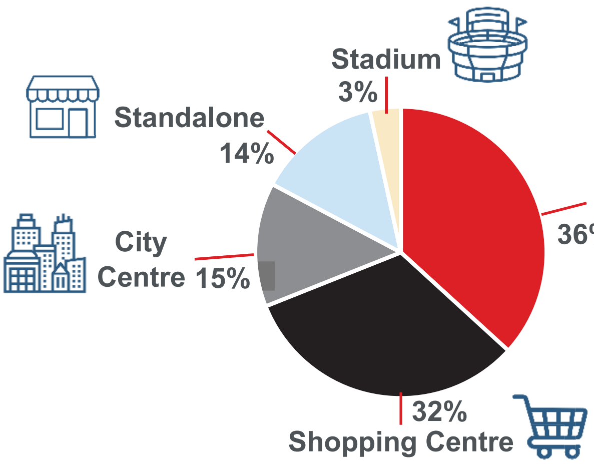
The digital transformation, the repositioning of the Fridays brand, and reduction in the presence of competitors in the UK casual dining market brought about by the Covid-19 pandemic has contributed to an exciting opportunity for recovery and market share expansion as pandemic-related restrictions are eased. Since the resumption of indoor dining in England in mid-May 2021, Fridays has seen strong like-for-like sales growth versus 2019 as compared to its closest casual dining peers, resulting in market outperformance of 2.8% on a like-for-like sales growth versus 2019 as of 26 September 2021.

3.2 Geography and locations

As at the Latest Practicable Date, the Group has a diversified and balanced estate portfolio of 87 stores across location types and regions: 28% in the North of England; 20% in the Midlands; 15% in London; 15% in the South East; 10% in Scotland; 7% in the South West; and 5% in Wales. More than 65% of Fridays' sites are in retail parks and shopping centres.

In the financial year ended 30 December 2018, there were four new restaurant openings and one closure. In the financial year ended 29 December 2019, there were five new restaurant openings and two closures. In the financial year ended 27 December 2020, there were no new restaurant openings and two restaurant closures. In 2021, to-date there have been three new restaurant openings, including the 63rd+1st bars and restaurants in Cobham, Surrey and Glasgow, and one restaurant closure which was the Group's Covent Garden store in September 2021.

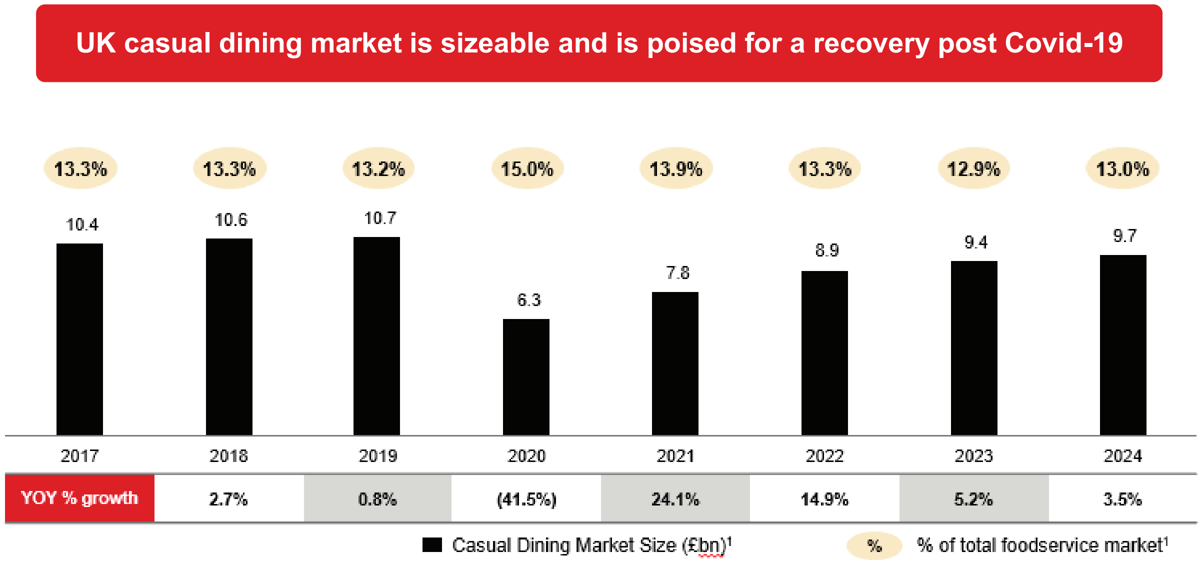
The majority of the Group's stores are in high footfall locations



The average size of a Fridays restaurant is approximately 6,800 square feet, with an average of 37 full time employees per restaurant and across all Fridays' stores there are 12.4 million covers in total per annum. 44% of restaurant sites are 5,000-7,000 square feet, 31% are 7,000-9,000 square feet, 14% are 3,000-5,000 square feet and 11% are more than 9,000 square feet.

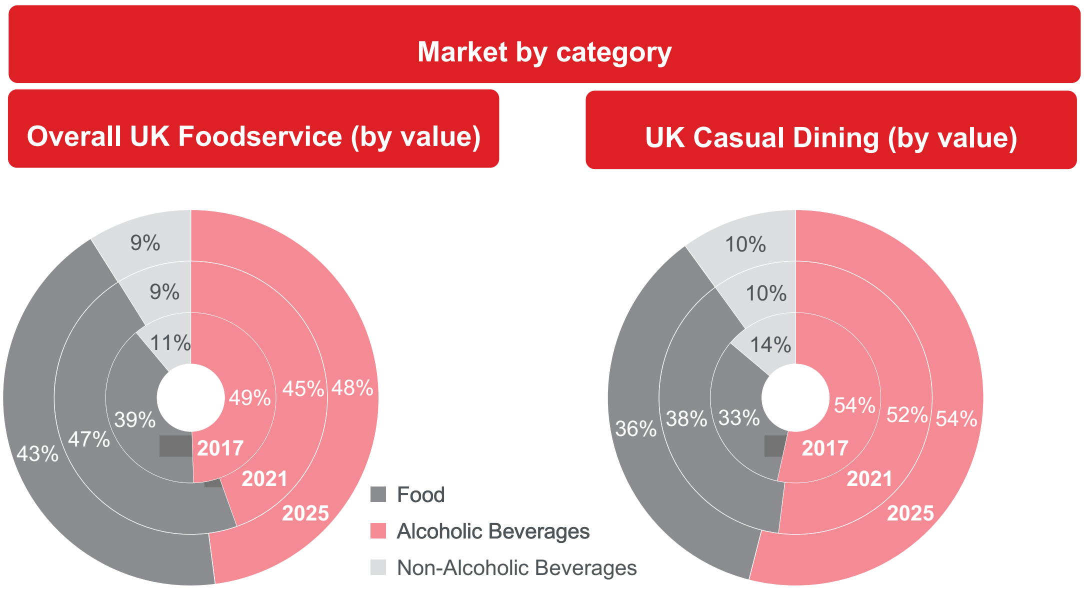
3.3 The Group's market is poised to benefit from a recovery post Covid-19

The UK branded casual dining market is sizeable, being worth £10.7 billion in 2019. Having shrunk to £6.3 billion in 2020 in the midst of Covid-19, the market is poised to recover as Covid-19 restrictions continue to be lifted. From 2017 to 2019, the UK casual dining market grew at a Compound Annual Growth Rate of 1.7%. Based on data supplied by GlobalData, from 2021 to 2024, the market is projected to have a Compound Annual Growth Rate of 7.7%, following the decline during the Covid-19 lockdowns.



Source – GlobalData Final Insights Report dated 25 June 2021

Growth is expected to come evenly across food and beverages.

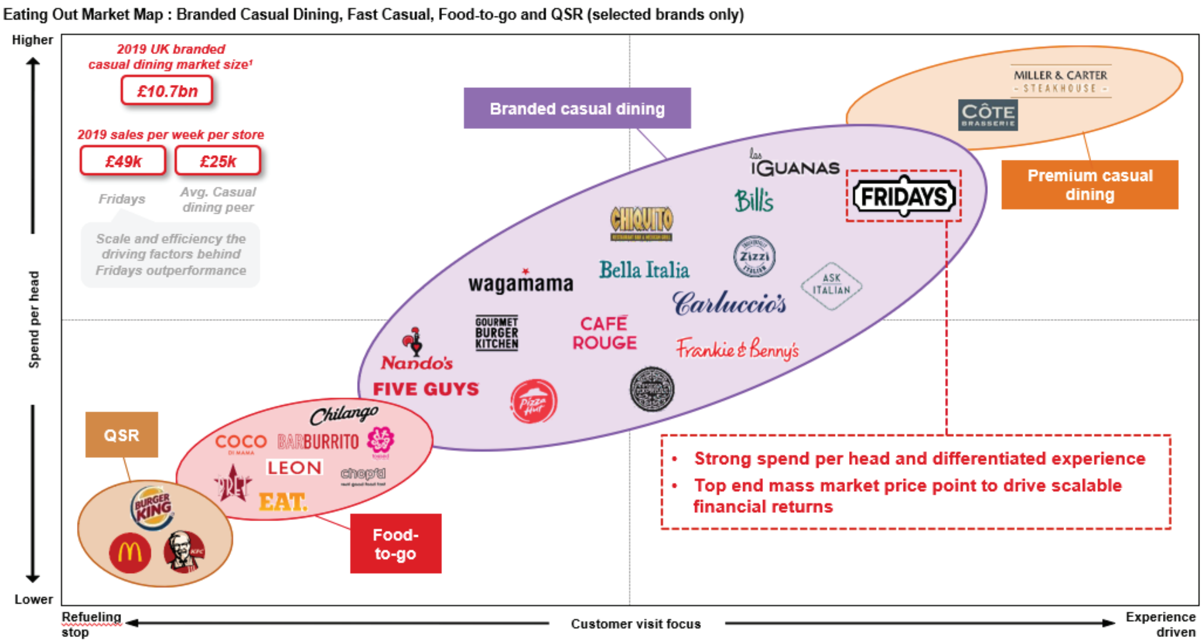


* Refers to split by total operator buyers price
Source – GlobalData Final Insights Report dated 25 June 2021

The closure of competitors in the sector

Fridays has a leading branded casual dining offering with a unique market position, with a top end mass market price point to drive scalable financial returns alongside a strong spend per head and differentiated experience. In 2019, Fridays had a spend per week per store of £49,000 vs £25,000 for the average casual dining peer. Scale and efficiency are the driving factors behind Fridays' outperformance of the market.

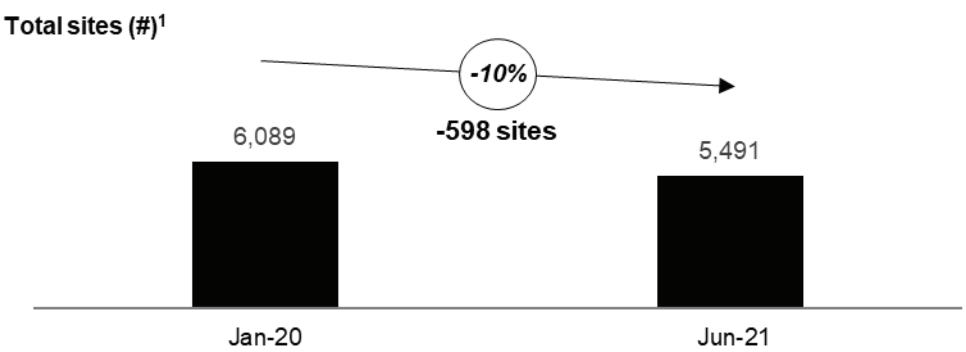
Leading branded casual dining offering with unique market position



Although not reflected in the above graph, the Group considers 63rd+1st to fall within the "premium casual dining" segment, alongside Miller & Carter and Côte Brasserie.

The reduction in the presence of competitors in the market, significantly driven by site closures during Covid-19, has created an opportunity for the Group. The UK casual dining market observed a 10% decline in sites in the 18 months to June 2021. Across five locations in the United Kingdom (Central London, Manchester, Birmingham, Edinburgh and Leeds) the average reduction in the number of restaurants per capita was 12.5%.

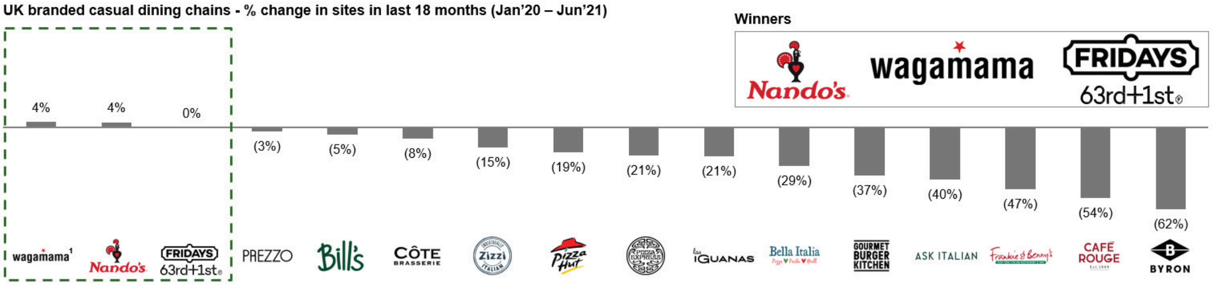
UK casual dining market observed a 10% decline in sites in the 18 months to June 2021



Source – The Local Data Company Ltd Report dated June 2021

In the Group's key peer group consisting of branded casual dining chains in the UK (with five or more sites), 598 sites closed from January 2020 to June 2021. 554 of these closures came from the top[2] 18 casual dining chains.

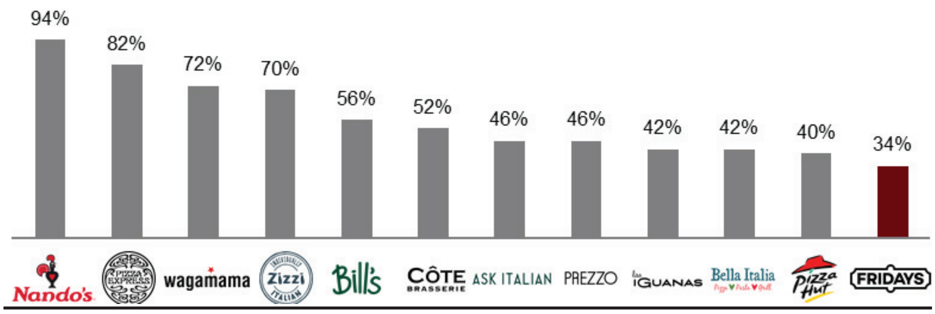
Fridays stands out as one of the winners in the UK casual dining space where most competitors have shut down sites



Source – The Local Data Company Ltd Report dated June 2021

Amongst the Group's American-themed casual dining competitors, Frankie & Benny's closed 113 sites after entering into a company voluntary arrangement (CVA) with its creditors. American-styled burger chains faced a saturated market, with Byron closing 33 sites and Gourmet Burger Kitchen closing 23 sites. Scotland and retail parks led in closures by region and location. Given Fridays' resilience during the Covid-19 lockdowns, it is well positioned to benefit following the continued lifting of the Covid-19 restrictions. Site closures by Italian restaurants in particular have historically provided the Group with opportunities for site acquisition and expansion and the net closure of 14.7% of UK Italian restaurants in the period between January 2020 to June 2021 may present further such opportunities in the future.

Fridays' penetration rate across the top 50 casual dining markets in the UK



Source – The Local Data Company Ltd Report dated June 2021

Data from the Local Data Company shows that Fridays has significant 'white space' to expand into, with 34% penetration across the top 50 casual dining markets in the United Kingdom. Penetration rate refers to the percentage of unique locations of the top 50 markets in the UK where Fridays has site presence. Sites not in these areas will either be out of town locations or in towns outside the top 50 markets. This when compared to Nando's, which has a higher market penetration of 94%, highlights Fridays' significant opportunity for expansion and further market penetration. Fridays will benefit from its strong Net Promoter Score ("**NPS**")[3] of 25%, close to the top of its peer group, as it steadily rolls out stores into new locations.

2 Refers to key peer group that consists of branded casual dining chains in the UK with five or more sites. Rankings are determined based on the number of stores each branded casual dining chain has in the UK.

3 NPS is a measure of customer loyalty to a brand. It is calculated based on data provided by GlobalData Survey who questioned customers of various brands as to whether they would promote a certain restaurant brand or not. A brand's NPS is calculated as the percentage of customers promoting the brand less the number of customers detractors for the brand.

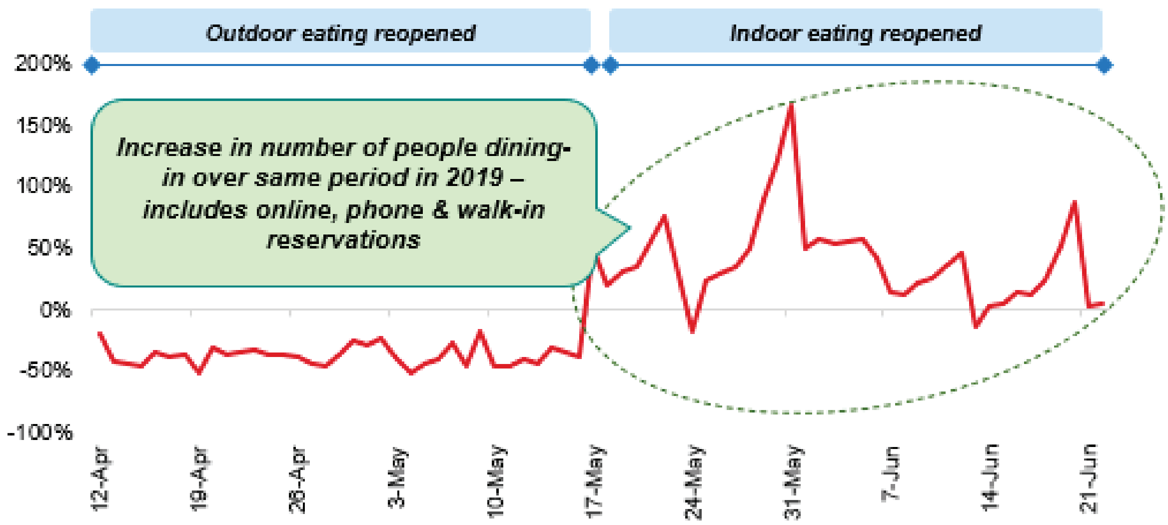
Overall, the Fridays brand has a significant opportunity and can benefit from market share gain, like-for-like growth and selective site acquisitions.

Pent up consumer demand

There is a lot of pent-up demand in the market with consumers willing to spend more on eating-out post Covid-19. The proportion of UK consumers visiting a full-service restaurant at least once a month increased from 49% in Q1 2021 to 52% in Q2 2021. UK consumers are becoming less concerned about the risk posed by Covid-19.

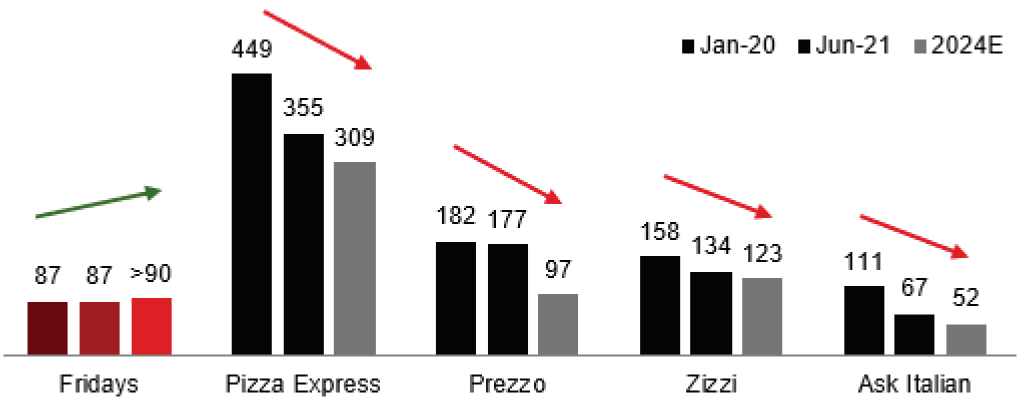
In May 2021 and June 2021, following the reopening of indoor dining, Opentable data shows an increase in number of people dining-in when compared to the same period in 2019.

UK seated diners in 2021 vs. 2019 (yoy % change)



Source – Opentable.com – the restaurant industry in recovery, as at June 2021

Fridays is well positioned to benefit in a landscape where Italian-type restaurants are struggling and closing sites



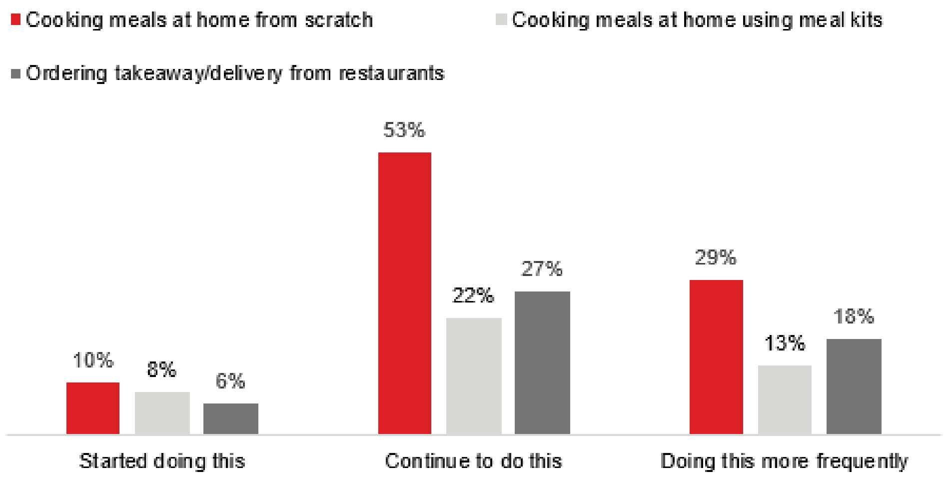
Source – The Local Data Company Ltd Report dated June 2021; GlobalData – Fridays Competitor Data dated 22 June 2021

Casual dining restaurants enjoy a higher NPS (23.8%) over cafes (17.6%), quick service restaurants (17.5%), high street pubs (15.9%) and high street bars (14.6%) and may benefit from higher consumer demand.

Increase in online ordering, delivery and takeaway

The Covid-19 pandemic and government-imposed lockdowns accelerated the rise of online ordering, delivery and takeaway, and there is evidence of continued demand via these channels even as Covid-19 restrictions continue to be lifted. 91% of consumers in the United Kingdom are spending more time online in general and 59% of consumers have started or are buying more groceries online since the onset of the Covid-19 pandemic. In the three months to June 2021, approximately 51% of UK consumers started ordering delivery takeaway, were continuing to order delivery takeaway or were continuing to do this more frequently.

The new normal and lifestyle changes in 3 months to June 2021

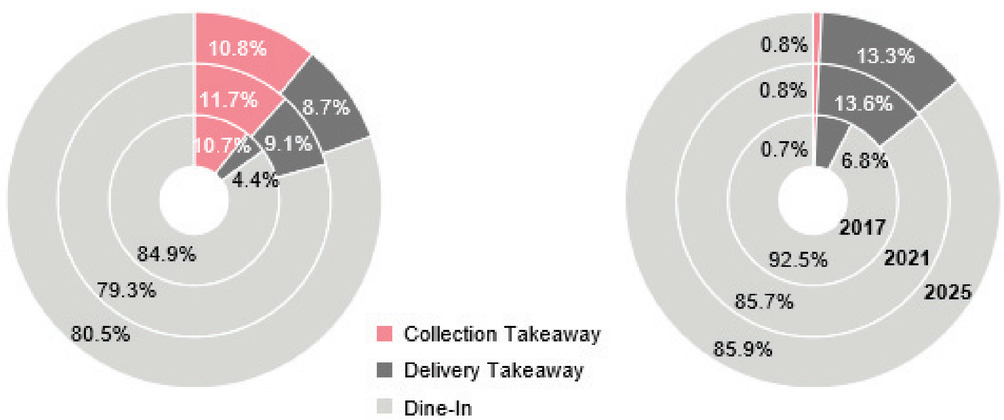


Source – GlobalData Final Insights Report dated 25 June 2021

The recent consumer shift to ordering delivery takeaway is expected to stay. Diners expect restaurants to be able to serve them where they are. As tech-savvy consumers become the mass-market, they expect a seamless connection between their physical and digital worlds. Casual dining restaurant chains must have an omni-channel offering to remain competitive. Consumers are already interacting with restaurants on more channels than ever before, across the entire consumer journey.

Market by ordering method

Overall foodservice (by value) | **Casual dining market (by value)**

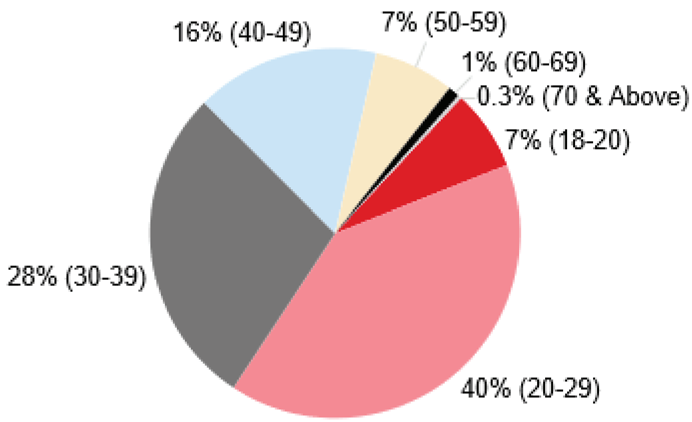


Source - GlobalData – Fridays Competitor Data dated 22 June 2021

Demographic appeal

Fridays has a diversified core customer base, with appeal across demographics. Fridays core demographic are those aged between 20-29, who account for 40% of its customers, while 30-39 year olds occupy second place with 28%.

Fridays' appeals to a wide age-range



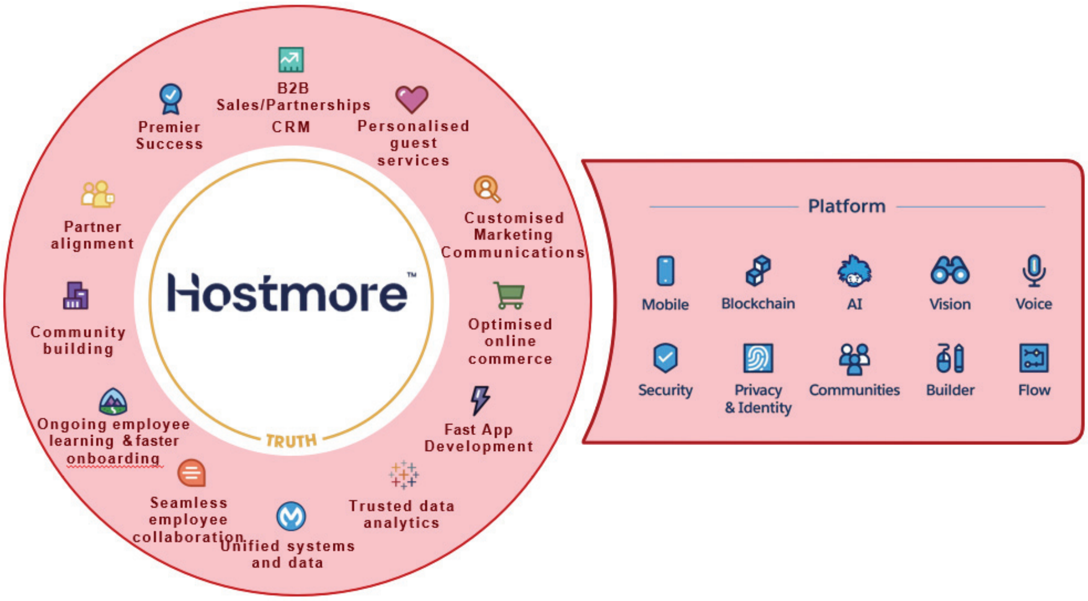
3.4 The next generation consumer experience

Digitally savvy consumers are increasingly looking for the next generation innovative experience. The hospitality industry as a whole has adapted by offering various new options, including:

- use of online order/ booking and payment and QR-codes;
- use of third party apps to tailor the dining experience; and
- increased consumer engagement through gamification, social media and features such as QR code fine dining.

Innovative concepts focus on overall "experience". Diners are on the hunt for new experiences while restaurants are attempting to offer patrons unique and memorable meals. The focus is on ambience, décor and music, in addition to just food. The 63rd+1st brand is aimed at catering to these contemporary consumer tastes by offering an all-day venue customers can work, rest and socialise in, with an atmosphere that transitions throughout the day, with warm, 'low key' jazz and neo soul classics, to more upbeat funk and house music in the evening. Other attractions include establishing restaurants in exclusive destinations and one-time events, such as a touring cinema event organised in conjunction with Just Eat.

The Group has a "Total Experience Strategy", delivering on the whole digital platform



4. Business Overview

The Group operates a leading casual dining franchise of an American-themed restaurant chain, "Fridays", which it promotes as providing a high energy and fun environment with a wide demographic appeal, together with a new, sophisticated city-based cocktail bar and restaurant, "63rd+1st". The Group as a whole is focused on excellent customer service, with the Fridays brand committed to ensuring customers enjoy "That Fridays Feeling", and appetising food and drink provided at an affordable price.

An iconic brand synonymous with quality, fun and flair, Fridays offers authentic American food and legendary drinks, served with genuine personal service and provides a fun and quality experience in a casual dining environment. The new Fridays is significantly different to the old "TGI Fridays", with a renewed and unique strategy focused on three key pillars (quality, relevance and simplification). With a recently launched refreshed menu based on new innovations and refreshed old classics, and new initiatives based on extensive consumer research, Fridays is shaping a new future with increased relevance to customers and food and drink offerings that are attractive for key demographics.

Inspired by the site of the first Fridays in Manhattan where 63rd Street meets 1st Avenue, the newly launched cocktail-led bar and restaurant proposition, "63rd+1st", celebrates the same personality and principles of classic cocktails, quality food and legendary atmosphere but delivers a more sophisticated view of the Fridays personality. Returning to its bar heritage, 63rd+1st offers a large selection of iconic cocktails, spirits, beers and wines. Open all day from 9am and serving a New York-influenced menu, this brand has been developed in response to growing consumer demand for all-day venues and members' club and boutique hotel style environments where customers can work, rest and socialise. The offering targets young professionals, affluent couples aged 30-50 and university students with a more sophisticated tone than the Fridays restaurants.

Click and collect services operate across the majority of the Group's restaurants (Lincoln Fridays, Cobham 63rd+1st and Glasgow 63rd+1st are currently excluded), whilst delivery services are available through Deliveroo from 72 Fridays restaurants, and Just Eat from 72 Fridays restaurants.

Fridays has identified three key occasions for the future of the brand:

1. **Family dinner** – a family dining experience that caters for everyone at the table in a flexible, friendly environment, with four or more people including parents, children and grandparents;

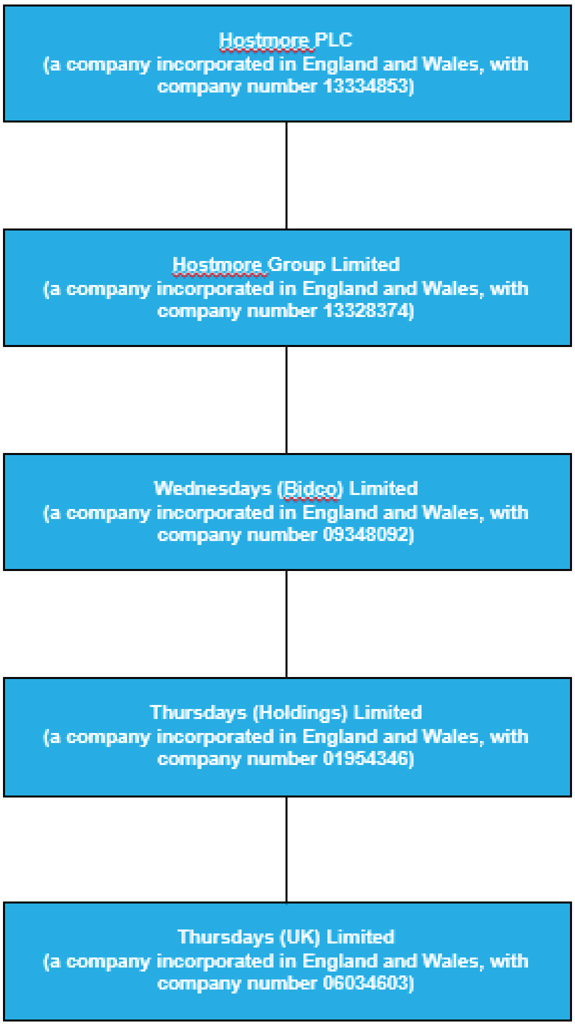
2. **Regular date night** – a weekday or weekend dinner out of the house providing quality time with a partner and a chance to have a good time, attracting couples between 30-50 years old; and

3. **Girls, boys or group night out** – a night out with friends to catch-up and socialise over cocktails and snacks at the bar, often attracting all female or all male groups of 30-50 year olds.

Following extensive consumer research conducted by Oystercatchers, Fridays has identified and implemented a new 4D strategy to expand its omni-channel offering, focused on: *Dine in, Delivery, Digital and Drive in*. The 4D strategy has been designed to reinvigorate the Group and provide customers with an improved Fridays' experience. This 4D strategy is underpinned by *Development* – opportunities for the platform to expand. The Group is seeking to add rapidly growing, early-stage businesses to its portfolio of complementary hospitality brands, as well as to extend its offering into other experience led, leisure concepts. For more information on the Group's 4D strategy please refer to paragraph 5.2 in Part VI (*Business Overview*).

4.1 Group Corporate Structure

The following chart describes the corporate structure of the Company and its subsidiaries on Demerger.



On Demerger, the Franchisee (Thursdays (UK) Limited) will be an indirect wholly owned subsidiary of the Company. The major and material trading legal entities of the Group are represented by Wednesdays and its subsidiaries.

4.2 **Our contractual relationship with the Franchiser**

The Franchiser and the Franchisee are parties to the Existing Development Agreement (originally dated 23 December 2014), pursuant to which the Franchisee was granted the exclusive right to develop and operate Fridays restaurants in the Territory.

TGI Friday's Inc., Franchiser, the Franchisee, the Company and Electra have agreed, conditional upon Admission, to terminate the Existing Development Agreement and, simultaneously with the termination, to enter into the New Development Agreement (as between the Franchiser, the Franchisee and the Company).

Pursuant to the New Development Agreement the Franchisee is obliged to open a minimum number of new Fridays restaurants per year (measured on a cumulative basis) for each year until the end of 2024 and in addition to maintain a minimum number of Fridays restaurants overall (i.e. including both new and existing restaurants). If it fails to do this, the Franchisee will be in breach of contract, which may cause Franchiser to terminate the exclusivity and/or the agreement as a whole. The main terms and conditions of the New Development Agreement are summarised in paragraph 12.7 of Part XII (*Additional Information*).

The Franchisee is required to enter into a separate Franchise Agreement with the Franchiser upon the opening of and in respect of carrying out business in each of the Fridays restaurants. TGI Friday's Inc., the Franchiser, the Franchisee, the Company and Electra have agreed, conditional upon Admission, to terminate all the Existing Franchise Agreements and, simultaneously with the termination, to enter into the New Franchise Agreements (in each case as between the Franchiser, the Franchisee and the Company) in respect of each of the Fridays restaurants. All of the New Franchise Agreements will be based on the standard franchise agreement, the main terms and conditions of which are summarised in paragraph 12.7 of Part XII (*Additional Information*).

As with the Fridays brand, the Group does not own the 63rd+1st brand which it uses and exploits pursuant to the 63rd+1st License Agreement entered into with the Franchiser. The licence agreement provides, amongst other things, the right to operate and develop cocktails bars and restaurants under the 63rd+1st brand on an exclusive basis upon the terms of the license agreement in the Territory (as it is defined in 12.7.3 of Part XII (*Additional Information*)) until 1 January 2030. Unless the license agreement is terminated in accordance with its terms on or before 31 December 2024, the Franchisee must elect at that point whether or not to enter into negotiations for a new development agreement and license agreement for further new 63rd+1st bars and restaurants. That new agreement must then be concluded by 31 December 2025. If no new development and licence agreement is entered into by 31 December 2025, the Franchisee will need to seek separate approval for each new 63rd+1st bar and restaurant thereafter and enter into a separate license agreement upon the opening of each such new 63rd+1st bar and restaurant. The main terms and conditions of the 63rd+1st License Agreement are summarised in paragraph 12.7.3 of Part XII (*Additional Information*).

5. Competitive strengths and strategies

5.1 **Competitive Strengths**

The Board believes that the following competitive strengths have been critical factors for the Group's performance and that these will continue to support the Group's business in the coming years.

Iconic and leading branded casual dining offering with unique market position

Most of the Group's restaurants are operated under the Fridays brand, which has strong market recognition, with a presence spanning 35 years in the UK market. Globally, TGI Fridays is one of the world's largest casual dining restaurant chains in terms of system units, with 706 restaurants (of which 546 are franchised) around the world in over 54 countries as of 8 July 2021. Restaurants under the brand recorded total system sales of USD 1.09 billion and USD 1.87 billion in the 52 weeks ended 27 December 2020 and 29 December 2019, respectively. The Group started rebranding TGI Fridays restaurants under the brand "Fridays" in the United Kingdom and Jersey in June 2020. The Fridays brand is committed to bringing people together to socialise and celebrate the liberating spirit of "Friday" and to ensuring customers enjoy "That Fridays Feeling". With a quality food and beverages offering and services to bring its customers the unique Fridays experience, the Fridays brand is synonymous with quality, fun and flair.

The Group constantly re-evaluates its menu and offerings based on customer feedback. For example, the Group rolled out a new project to introduce a refreshed menu in Fridays restaurants. The new menu offers premium dishes which are freshly made with higher quality ingredients and a new range of cocktails. The Group also introduced a complementary brand, 63rd+1st, in 2021 to deliver the personality of Fridays with more emphasis on cocktails. The new brand allows the Group to broaden its demographic reach under a similar branding. The offering targets affluent young professionals and university students with a more sophisticated tone than the Fridays restaurants.

In addition, as part of the Fridays network, the Group takes advantage of a number of benefits that help put the Group in a unique market position, such as:

- brand awareness generated by the scale and size of brands operating over 706 restaurants in over 54 countries that help drive brand awareness to levels that are expensive and difficult to achieve without the scale, heritage and broad demographic appeal of the Fridays brand;
- substantial knowledge pool and expertise to tap into and numerous best practice examples to learn from and adapt for the Fridays business operated by the Group;
- access to processes, procedures and sector-leading technology available within the Fridays network as well as coach and support teams across all functions;
- annual brand and store audits which help standardise quality and standards across the brand; and
- operational programs that continually enable the Group to execute new ideas to enhance operational performance.

Strong supply and demand dynamic post Covid-19 pandemic with scope for selective consolidation

During 2020 and for the first quarter of 2021, the hospitality industry experienced an unprecedented drop in activities due to Covid-19 lockdown restrictions and the resulting closures of a significant number of hospitality outlets. As restrictions and social distancing eased, consumer spending and dining activities have rebounded as restaurants, and other hospitality outlets reopened.

The changes in consumer spending and behaviour and market-share growth opportunity create a large market poised to benefit from a cyclical recovery. Research by the Local Data Company shows that 598 casual dining restaurants closed in the UK between January 2020 and June 2021. Research by Local Data Company further shows that the top 18 casual dining restaurant chains[4] have closed circa 10% of their sites since the start of Covid-19.

The Group has adapted to the new normal for restaurants during the Covid-19 pandemic by ramping up outdoor dining and takeaway and delivery services and accelerating its digital transformation. The Board believes the Group is well-positioned to benefit from the market-share growth opportunity and plans to have a further 8 new site openings per year on average, weighted towards 2022 onwards. The Group also aims to open a further 63rd+1st site by the end of 2021 with scope for 10 plus 63rd+1st sites by the end of 2023.

Digital and delivery transformation was already gaining momentum before the Covid-19 pandemic, and Covid-19 restrictive measures further expedited the penetration of third-party delivery platforms, the setting up of a dark brand "Jail-Break Chicken" and the offering of alternative products in the market such as cocktails-at-home sets and meal kits. According to data provided by GlobalData, takeaway delivery in the UK casual dining market is projected to have a Compound Annual Growth Rate of 12% from 2019-2021.

Refreshed strategy to create an integrated omni-channel offering

Leveraging the structural market transformation and market share opportunity due to the Covid-19 pandemic, the Group underwent a number of significant and transformational initiatives with a view to enhancing the Group's offering and developing a sustainable growth structure. One of these initiatives is to expand the Group's sales channels to enhance its offering, maximise customer choice and extend its geographic reach.

---

4 Refers to key peer group that consists of branded casual dining chains in the UK with five or more sites.

Delivery through third party delivery platforms accounted for 12% of the sales in the 26 weeks ended 27 June 2021. The Fridays restaurants also started offering national delivery and collection of cocktails-at-home sets, butcher's boxes and uncooked Fridays meal kits between May and October 2020, with these offerings continuing during 2021.

The Group has also rolled out a loyalty programme through the Fridays app to its customers which provides loyalty rewards, exclusive offers and birthday offers that make customers more inclined to visit in the future. As at 26 September 2021, approximately 739,000 customers had signed up to the Fridays loyalty app. As customers increase the ways in which they place orders and interact with Fridays, the Group introduced an integrated system in 2020 to implement an efficient ecosystem to process orders from and manage interactions on different platforms to optimise the guest experience, grow revenue and improve operations. The Directors believe the adoption of modern technology and the integrated omni-channel approach puts the Group in an advantageous position to capture changing customer demand and the market-share opportunity.

Digital transformation is a key underlying driver for Fridays' growth story and value creation. These new channels and platforms allow the brand to broaden its reach geographically and to a wider audience. The transformation in customer behaviour creates a new market for delivery services where diners expect restaurants to be able to meet and serve them where they are. An integrated system would allow the Group to introduce streamlined workforce management and productivity across channels and brands. The Group has plans to strengthen its operational efficiency and transparency across channels and brands to ensure the customers enjoy a seamless process and consistent services and quality.

Strong ESG credentials aligned with consumers' increasing focus on ethical and healthy food

Consumers and the UK government/Public Health England ("**PHE**") are increasingly focused on the nutritional value of food and where it comes from. The Group has re-engineered its menu with a focus on quality, sourcing and nutritional responsibility with the same delicious experience. Ingredients are sourced sustainably, often locally with strong provenance and nutritional value.

The Group has developed a strong focus on nutritional value while reducing salt, sugar and calories as part of PHE's nutrition programme. The menu is based on the National Food Strategy, Childhood Obesity Strategy and PHE guidance. The children's menu has been realigned with a more balanced and nutritious food offering. The Group is focusing on reducing fats, saturated fats, sugar and salt in its dishes, and has also significantly invested in new oil that is a mixture of high oleic sunflower and rape seed oil. This new oil has reduced saturated fats from 28 grams to 7 grams per 100 millilitres.

The Group also sources responsibly, requiring suppliers to be members of the Supplier Ethical Data Exchange.

International beef suppliers have been replaced with locally sourced British Beef and Irish Beef, reducing the Group's carbon footprint and the amount of stock that needs to be held. The Group uses 100% RSPO (Roundtable on Sustainable Palm Oil) certified products and has a sustainable soy policy. All waste oil is recycled into bio diesel.

Consumers are increasingly concerned about animal welfare and this is important to the Group, which has partnered with the Better Chicken Commitment and sources fish from fisheries that are independently approved. Fridays achieved the Good Egg Award in 2019 for removing all caged hen eggs from all Fridays produced products.

Further, Fridays' stripe uniform is produced from recycled plastic bottles.

Diversified and well-balanced estate portfolio of 87 stores across location types and regions

As at the Latest Practicable Date, the Group had 87 restaurants across location types such as retail parks, shopping centres, city centres, stadiums and standalone locations in the United Kingdom and Jersey. A majority of the sites are located in high footfall locations. The Group has been highly effective in selecting and securing locations that are value accretive through extensive research in order to identify the optimal geographic area and format for its restaurant roll-out plans over the years. The Group maintains a balanced portfolio that targets a broad demographic while making adjustments to adapt to a changing dining landscape. For example, al fresco capacity was opened in 30 stores on 12 April 2021, creating capacity of 1,320 covers (an average of 44 covers per store) to seize the demand for outdoor space in the summer and especially when indoor dining was not permitted due to Covid-19 restrictions. In addition, the Group plans to launch a further new 63rd+1st venue by the end of 2021, in Harrogate.

Attractive financial profile focused on cash generation and profitability

The Group has a long term, strong track record of resilient earnings with good margin and strong cash generation, which gives it an attractive financial profile. The Fridays portfolio comprises quality and profitable sites, with measures in place to address the weakest performers. 91% of the sites were EBITDA positive in the 2019 financial year. A majority of sites are located in high footfall locations. The sites contributed an average EBITDA of £435,000 per site in 2019[5,6]. The Group's lowest 12 performing sites by EBITDA contribution include new sites and sites with leases expiring within the next three years. Measures adopted to address the weakest performing sites include implementing performance plans at those sites, engaging in rent renegotiations with landlords and closing the sites.

The strategic initiatives, integrated omni-channel offerings and structural cost base adjustments that have been implemented place the Group in a solid position to recover beyond pre-Covid-19 levels and enhance the profitability of the Fridays restaurants. The new channels created during the pandemic provide new revenue-generating business lines with the minimum investment required and lay a solid platform for new business opportunities. Despite disrupted business activities during the Covid-19 pandemic, the Group has been able to reduce controlled expenses as a result of a diligent management cost-cutting plan. The Group underwent structural cost-saving plans such as:

- negotiations with landlords on lease terms to reduce contractual obligations and lower short term cashflows requirements;
- menu simplification and qualitative changes to protect the margin and provide a basis for future increased pricing;
- reduced payroll expenses by reducing variable payroll through the introduction of new minimum guaranteed hours contracts which will allow the Group to flex payroll down to a level of 55% of the equivalent 2019 costs; and
- direct operational cost savings have been achieved, regardless of the increased delivery costs from new revenue channels.

Highly experienced and entrepreneurial management team

The Group benefits from an experienced and entrepreneurial management team that has successfully transformed, developed and expanded the Group's business during periods of significant disruption and changes in the UK restaurant industry. The Group believes that it demonstrates the ability of the management team to guide the Group as it continues to develop itself as a hospitality platform, through customer-centric strategies, technical innovation and integration, and building brand awareness.

Brought together by Chief Executive Officer Robert B. Cook following his appointment in December 2019, the team's collective experience combines broad exposure across restaurant and hotel groups, and the betting, technology and manufacturing sectors; and has been deepened with specialist skills in IT development and risk management. Fridays gained momentum in expanding its offering to other channels and platforms during the lockdown periods and reopened sooner than many other competitors by, amongst other things, providing outdoor dining spaces in 30 of its sites. The like-for-like sales growth per week at Fridays' restaurants outperformed the average for the casual dining market during the reopening period from July 2020 to November 2020 post the initial lockdown and in the weeks following the resumption of dine-in restaurants opening in May 2021 to June 2021.

5.2 Strategies

The Group's aim is to maintain and further strengthen its position as a leading provider of experience-led hospitality concepts. The Board believes that Fridays' and 63rd+1st's distinctive brand propositions and the Group's ability to adapt to changing customer demand put the Group in a solid position to capture growth.

5 Defined as site only EBITDA and excludes central overheads and marketing.
6 Excluded sites closed through the 2019 financial year (Kingston and Newcastle).

The Group has conducted (through Oystercatchers) an in-depth consumer research survey to understand its customers' views on Fridays' brand proposition, products and value in order to understand how to better reposition the business to remain relevant to customers. This has led the Group to formulate a renewed and unique strategy for Fridays that is focused on three pillars – quality, relevance and simplification. The management team has introduced a number of initiatives to refresh the iconic brand for modern consumers and digital channels and will continue to roll out changes to reposition the business under the three key pillars:

- ***Quality.*** The Group will continue to assess the quality of its food offering and its menu to provide quality and nutritious options. The Group's passionate customer service team focus on customer experience and are committed to providing a personalised experience.
- ***Relevance.*** The Group will continue to assess its food and drink offerings to make sure they are relevant to evolving consumer demands, such as ethical and healthier food. The Group is also committed to sustainable sourcing of ingredients and creating a sustainable business to protect nature and its resources.
- ***Simplification***. The Group will continue to assess its menus, aiming to simplify menu offerings and restaurant operating processes to allow for consistency of delivery and focus on the customer.

Building an integrated multi-brand platform that is scalable for future growth

The Company was incorporated in 2021, following 35 years of the Fridays' brand presence in the UK market, and as at the Latest Practicable Date operates 87 restaurants under two brands – Fridays and 63rd+1st. The Group will continue to search for further franchise opportunities and rapidly growing, early-stage businesses to add to its portfolio of complementary brands as part of its inorganic growth, as well as opportunities to extend its offering into other experience-led leisure concepts.

The Group aims to deliver personalised customer engagement across different brands on the platform through digital leadership. The primary focus of the Group's digital transformation is the use of data collection from a multi-channel approach cross brand, allowing the Group to house all data in one place. A single 'customer view' or omni channel approach houses all consumer data in one place. This in turn allows the Group to "slice and dice" data into customer preference centres and use that data for communication and relevant engagement with new, existing and lapsed guests. Through understanding the guest user profile, frequency of visit, what they buy, and how much they spend, the Group can create individual profiles and provide a seamless guest journey, both in-store, online and through relevant reward and recognition elements of the loyalty app and social media channels, as well as by targeted email campaigns. The Group has a strong development team with extensive experience in the development and roll-out of new restaurants. The fully fledged integrated process in place from market analysis, site identification, construction and/or fit out and opening provides reliable support to this scalable multi-brand platform.

With the view to developing a platform to host various hospitality brands, the Group invested in an integrated IT system to manage the value chain across channels and digital touchpoints (e.g. social media, website, mobile apps, etc).The Group has invested in a central bookings operation to optimise "table turn" and enhance guest experience and an 'Order and Pay at Table' capability, all as part of a fully integrated cloud-based IT infrastructure network. The Group has also invested in AI-driven menu engineering in order to better capture and utilise customer data to improve the customer experience through data driven decision making for personalised engagement. A fully integrated cloud-based IT infrastructure has further enabled the Group to streamline workforce management and productivity. The Group will continue the investment in digital transformation throughout the value chain and across different platforms and digital touchpoints, from the collection of data, processing of information, reservations, placing of orders and personalising customer experiences.

4D Strategy

Following extensive consumer research conducted by Oystercatchers, Fridays has identified and implemented a new "4D strategy" to expand its omni-channel offering, focused on: *Dine in, Delivery, Digital and Drive in*. The 4D strategy has been designed to reinvigorate the Group and provide customers with an improved Fridays' experience.

Dine In.

Quality of food, environment and the Fridays' people are the key factors in delivering a unique and fun dining experience to customers. The Group's staff members are trained to provide customers with a Fridays experience during their visit. The Group is dedicated to talent development and provides training to its staff members to make customers feel valued and special. Management is dedicated to talent development and internal promotion, with front-line team member training and re-certification performed each year. The iconic bar and open kitchen available at most Fridays restaurants are special features that give customers a vibrant and fun atmosphere and are expected to feature as the beating heart of Fridays premises going forward. The Group also considered customers' feedback and market research and has implemented a refreshed menu across its Fridays stores, with food and drinks based on new innovations and refreshed old classics.

Delivery.

Prepared food and drinks delivered by Fridays or through third-party aggregators including Deliveroo and Just Eat. Deliveroo and Just Eat each deliver from 72 Fridays restaurants. In total, delivery is currently available from all Fridays premises, except Fridays Lincoln, allowing Fridays to reach new geographies and audiences. No delivery is available from 63rd+1st in Cobham or Glasgow at present. Fridays is becoming increasingly focused on cohabiting with other brands within various delivery aggregator networks. In March 2021, the Group launched its first dark brand, Jail-Break Chicken, currently offered in a number of stores, and with the potential to roll-out additional dark brand concepts across the whole estate. Such lower margin offerings allow the Group to compete with quick service restaurant offerings and allow the Group to tap into new audiences. The iconic branded Fridays food packaging is fully recyclable and stands out, reinforcing Fridays' sector leadership, heritage and iconic status. Delivery operations capitalise on the socially shareable nature of Fridays and allows Fridays to capitalise on changing trends in consumer behaviour since the Covid-19 pandemic.

Digital.

Fridays' digital channels offer customers options to enjoy the Fridays experience in the comfort of their own home. Since the Covid-19 pandemic, customers can order high-quality uncooked meal kits and butcher's boxes that provide a variety of Fridays goods, including Fridays Sesame Chicken Strips, the Glazed Burger, BBQ Ribs and Legendary Glazed Ribs, and with a recently expanded product range for summer 2021 which now features the BBQ Box. Certain beverages are also available for purchase through Fridays' digital channels, including Cocktails at Home kits (with six different canned classic cocktails available), Fridays American Pilsner and Fridays branded prosecco. Such sales are permitted pursuant to a license granted by TGI Fridays, Inc. to the Group. The license also permits the Group to retail the aforementioned drinks through multiple other online channels, including Amazon. The Group expects to receive approval from TGI Fridays Inc to sell Fridays branded still and sparkling water and Fridays branded wine-in-a-can (available in red, rose or white) shortly. In addition, the Group's click and collect service operates across the majority of stores, having begun during the Covid-19 pandemic and having been a successful offering since. Going forward, the Group will explore other offerings on the digital platform.

Drive-in.

The Group is exploring quick-serve restaurant opportunities with service station providers to provide drive-in services to its customers. If progressed, these stations are to be located in high footfall traffic sites, the average time spent by a consumer is expected to be around 5 minutes for takeout and 15 minutes for eat in, creating a proposition for customers looking for convenience with the consistent Fridays quality. The model itself would be capital-efficient by allowing service station operators to hold the infrastructure and Fridays to receive a licence fee.

Development.

The Group's 4D strategy is underpinned by *Development* – opportunities for the platform to expand. The Group is seeking to add rapidly growing, early-stage businesses to its portfolio of complementary hospitality brands, as well as to extend its offering into other experience led, leisure concepts.

Marketing Strategy

The Group's marketing strategy focuses on establishing a clear brand purpose and consistent customer experience. The Group appeals to a very broad target audience and a consistent, quality offering resonates with core fans (generally younger) and drives lapsed audiences (generally older) to reconsider the brands. With the investments in digital transformation, the Group also places an emphasis on broadening the target audience of its marketing efforts. The goal is to optimise the budget to balance top of mind awareness activity with a digital performance focus to drive customer conversions. The Group underpins its marketing efforts by celebrating 'that Fridays Feeling' at every touchpoint with engaging content and compelling messaging to draw the attention of its audiences.

The Group's marketing strategy is specifically focused on three core areas: awareness, consideration and sessions conversion.

Awareness focuses on leveraging the fame of the Group's brands by securing national/regional exposure for them. The Group has undertaken a number of initiatives in this regard, including:

- partnerships and alliances with key food, drink and media brands;
- sponsorship agreements, such as with the golfer Andrew 'Beef' Johnston and women's football with Birmingham City, Everton, Hashtag United, Rangers and Southampton; and
- producing compelling social media content.

Consideration focuses on showcasing to consumers the quality and relevance of new menus, cocktails and experiences that the Group offers. It also leverages investments made in a new online Customer Relationship Management (CRM) system that deploys automated programmes via new digital platform capabilities. The Group also uses paid social media content and local store marketing to drive consumer consideration.

Sessions to conversion focuses on enhancing online consumer session conversions through methods such as 'pay per click', search engine optimisation, paid social media and the Fridays loyalty app.

6. Recent developments

Since the emergence of the Covid-19 pandemic, the Group has focused on ensuring that the business emerges stronger from the pandemic and implemented strategies to drive sustainable growth and create long-term shareholder value. During 2020, the Group reviewed and refreshed the core Fridays' brand identity and customer offering based on direct consumer feedback and insights. Although the emergence of the Covid-19 pandemic severely disrupted the activities of the Group's restaurants, each of the strategic initiatives identified in 2020 was launched as planned or accelerated. The strategic initiatives of the Group during this period included:

- the launch of Friday's new menu which was operational in all restaurants from 29 September 2021 and which customers have responded to positively;
- identifying and acquiring new sites at advantageous rates with costs of conversion at approximately one-third of the average costs for new site fit-outs;
- the launch of the Group's first "63rd+1st" cocktail bar and restaurant in May 2021 in Cobham, Surrey and the launch of a further site in September 2021 in Glasgow;
- introduction of scalable new digital architecture to optimise customer relationships by reaching a broader audience, to offer instore and online sales channels which improved operational efficiency and strengthened the Group's risk management;
- the launch of "click and collect" services initially across 27 stores in May 2020 and now available in the majority of the Group's restaurants. Fridays Lincoln, 63rd+1st Cobham and 63rd+1st Glasgow are currently excluded;
- the launch of delivery services of cocktails, butchers' boxes and uncooked and fully prepared meal kits to extend the Fridays brand and home experience nationwide; and
- the launch of the Group's first "dark brand" named "Jail-Break Chicken".

The launch of these initiatives allowed the Group to extend its geographic reach and reopen faster than many competitors with an improved and integrated consumer offering. In addition, the Board believes these initiatives refresh the Group's offering to meet contemporary customer expectations and drive sustainable and incremental growth. As such, the Group's business is now in a solid position to achieve a rapid recovery during the reopening of the casual dining sector in the United Kingdom, a return to pre-pandemic sales levels with improved margins and has better long-term growth prospects.

The launch of the 63rd+1st business is an exciting development to serve broader customer demand and support a focus on quality and relevance within the Group as a whole. In addition, the Group continues to actively seek opportunities in the future to extend its offering into other experience-led, leisure concepts.

7. Real Estate, Equipment and Technology

The Group's business model relies on leasing the locations in which it operates its restaurants and the Group does not own any freehold property. The average unexpired lease term is approximately 9 years and 3 months and the longest unexpired lease term is 18 years. A number of the Group's leases contain open market rent reviews that require that their annual rent be reviewed on an "upwards-only" basis every five years. 24 of the Group's leases contain index linked rent reviews based on the Retail Price Index or the Consumer Price Index, many of which contain minimum and maximum increases. 27 of the Group's leases contain a reduced base rent and a top up rent based on a percentage of turnover. The Group has been able to engage with certain of its landlords to negotiate reduced contractual obligations and revised short term cashflows, whilst certain profitable stores have had their lease terms increased. These measures have helped the Group to protect its balance sheet.

The Group uses equipment and technology that is generally specific for the restaurant business: kitchen equipment, customer ordering equipment and supporting IT technology to record inventory movement, sales and payments.

The Group has established a fully integrated IT infrastructure system supported by cloud-based technologies, which comprises an online Customer Relationship Management (CRM) system, a central online diary and reservations facility, a new online reporting system, and tools for tracking and delivering training of the workforce, servicing restaurants under both the "Fridays" and "63rd+1st" brands.

8. Regulatory Environment

The Group operates in markets subject to comprehensive laws and regulations, including in relation to employment, minimum wages, health and safety, food hygiene, food labelling, sanitation, data protection, pub licensing, alcoholic drinks control and access for the disabled. The Group devotes significant time and expenses to compliance with these requirements, including through on-going training and development of its employees to respond to changes in legislation. For example, the implementation of the General Data Protection Regulation has required a project to ensure compliance in line with new requirements through new policies and procedures, data governance and training. The Group is making preparations to display the calorie content of non-prepacked food from April 2022. The Group's sites in the UK sell alcoholic beverages and are therefore subject to licensing and regulation by a number of governmental authorities. For further discussion of certain other factors that may adversely affect the Group's operations and financial condition, see Part II (*Risk Factors*).

9. Employees

As at the Latest Practicable Date, the Group had 4,642 active employees on its payroll working a varied number of hours each week. The average monthly number of full time equivalent employees employed by the Group for the 26 weeks ended 27 June 2021 along with the 52 weeks ended 27 December 2020, 29 December 2019 and 30 December 2018 was 2,562, 3,175, 3,266 and 3,240 respectively. In light of the closure of all of the Group's restaurants as a result of the restrictions imposed in relation to the Covid-19 pandemic, the Group started furloughing a significant number of employees in late March 2020. The Coronavirus Job Retention Scheme that ended on 30 September 2021 provided 80% of the wage costs for furloughed employees up to £2,500 per month per employee until 30 June 2021, which is estimated to have covered approximately £18.9 million and £11.4 million of the Group's wage costs in the 52 weeks ended 27 December 2020 and 26 weeks ended 27 June 2021, respectively.

10. Supply chain

The Group sources its food, drink and non-consumables from carefully curated suppliers that meet the Group's ethical sourcing requirements. Product specification documentation is held for all food and beverage products with clear product standards. Robust onboarding of all food and beverage suppliers with high standards for safety and environmental factors, together with a financial review and verification of declarations made by uploading relevant certification to the Group's cloud based platforms helps ensure the Group's commitments to ethical supply chains are met. Contracts are awarded using competitive tendering on all products to obtain the best price for the quality specification, whilst ensuring that the suppliers meet the Group's ethical sourcing requirements. Approximately five or six prospective suppliers are typically invited to tender for supply agreements, and the process takes around three months to complete. All agreements are benchmarked against market practice, to ensure the pricing and quality agreed is market leading.

A number of the Group's suppliers are based locally in the UK, with certain foodstuffs being supplied from overseas such as chicken which is sourced from Thailand. This helps to promote the Group's 'field to fork' approach, with a minimal number of suppliers involved in the sourcing of each product. It also minimises the Group's exposure to foreign currency, although for products purchased outside the UK, currency hedging is agreed with the importer or directly with the supplier, ensuring a stable price for the duration of the relevant supply arrangement. The Group maintains reserve suppliers in respect of each product, to ensure business continuity in the event that there is a problem with the Group's primary supplier.

Storage and logistics are provided to the Group by four service providers. This minimises the Group's exposure to supply chain disruptions and supplier changes. The Group's food logistics provider holds stock in two separate warehouses to ensure business continuity in the event of fire and has an average of 10 days' stock holding at any one time. An emergency stock of products is also held in Edinburgh, given the Group's market presence in Scotland. The Group maintains regular contingency planning for potential disruptions in the supply chain. The Group only pays for supplies on delivery to the stores, meaning stock is stored at the supplier's cost and risk.

Key logistics and wholesale agreements are reviewed typically every five years, with an option to extend by one to two years on agreement of the parties. Food contracts are reviewed annually, although longer contracts are agreed where this is considered to be in the Group's interest. Agreements with beverage brands are typically for one year, whilst energy is purchased up to three years in advance with the Group having the option to purchase in tranches and sell back any surplus (as was done during the Covid-19 pandemic).

PART VII

DIRECTORS, SENIOR MANAGERS AND CORPORATE GOVERNANCE

1. Directors

The Directors of the Company as at the date of this Prospectus and their respective roles are set out below:

Name	Position	Age
Executive Directors		
Robert B. Cook	Chief Executive Officer	55
Alan Clark	Chief Financial Officer	53
Non-Executive Directors		
Neil Johnson	Chair	72
David Lis	Senior Independent Non-Executive Director	71
Gavin Manson	Non-Executive Director	55
Andrew Blurton	Independent Non-Executive Director	67
Louise Stonier	Independent Non-Executive Director	48
Jane Bednall	Independent Non-Executive Director	53

The business address of each Director is Grant House, 101 Bourges Boulevard, Peterborough, England, PE1 1NG.

A short biography for each Director is set out below. Further information on the Directors, including the companies of which each of the Directors has been a director at any time in the past five years, is set out in further detail in paragraph 7 of Part XII (*Additional Information*) of this Prospectus.

Robert B. Cook – *Chief Executive Officer*

Robert was appointed as Chief Executive Officer and executive director of the Company on 14 April 2021. Since 9 December 2019, he has served as Chief Executive Officer of Thursdays (UK) Limited. From May 2016 to November 2019, Robert was a board member at Virgin Active. During his executive career, Robert has held a number of senior roles and directorships in hospitality companies. He was the Chief Executive Officer of Devere Hotels and Resorts for three years, and the Chief Executive Officer of Malmaison and Hotel du Vin for eight years, from January 2004 to January 2012.

Alan Clark – *Chief Financial Officer*

Alan was appointed as Chief Financial Officer and executive director of the Company on 8 September 2021. He joined Thursdays (UK) Limited as Chief Financial Officer on 2 March 2020. He was the Chief Financial Officer of D&D London from November 2018 to February 2020. He gained international experience as Chief Financial Officer at Sandals Resorts (Jamaica) from December 2015 to February 2018 and at The HongKong & Shanghai Hotels Limited (Hong Kong) from May 2014 to November 2015. Prior to that, he also gained domestic experience as Group Finance Director at Rocco Forte Hotels from April 2010 to March 2014 and at Malmaison and Hotel du Vin from January 2006 to April 2010.

Neil Johnson – *Chair*

Neil was appointed Chair of the Company on 23 August 2021 and has also been executive chairman of Electra since March 2018 after joining as non-executive chairman and director in May 2016. He is also currently non-executive chairman of QinetiQ Group plc and deputy chair and senior independent director of the Business Growth Fund. Neil was formerly chairman of Cybit Plc, e2v, Synthomer Plc, Motability Operations Group PL, Tenon Group, Hornby, Umeco and Centaur Media plc. He was also formerly the Chief Executive Officer of the RAC from 1994 to 2000.

David Lis – *Senior Independent Non-Executive Director*

David was appointed Senior Independent Non-Executive Director on 18 August 2021. Whilst he is also the senior independent non-executive director at Electra as at the date of this Prospectus, he will step down from the Electra board prior to Admission. David also holds non-executive director positions at Melrose Industries plc and Dowgate Capital Limited and has previously held non-executive director positions at BCA Marketplace plc and the Multifamily Housing REIT plc. David has previously held senior roles at Aviva Investors, having been Chief Investment Officer of Equities and MultiAssets, and spent a number of years as Head of Investor Relations at Ludgate Communications.

Gavin Manson – *Non-Executive Director*

Gavin was appointed as a Non-Executive Director of the Company on 14 April 2021 and is also currently the Chief Financial and Operating Officer of Electra having joined in August 2016. Gavin was the finance director of Thomas Cook Group's tour operator and hotels and resorts division between March 2013 and July 2016, before which he was Finance Director at Premier Farnell Plc for 5 years. Gavin began his career with KPMG and is a chartered accountant.

Andrew Blurton – *Independent Non-Executive Director*

Andrew was appointed as an Independent Non-Executive Director of the Company on 17 August 2021 and is also currently the finance director of Advanced Living Limited. Andrew also holds positions as the chairman of the Governing Body of Longacre School in Surrey; and as the chairman of the Liberty Defined Benefit Pension Scheme. Previously, Andrew has held positions as Finance Director of MWB Group Plc, the Chief Financial Officer of Landmark Limited and as the chairman of Manroy Plc. Andrew has been a Fellow of the Institute of Chartered Accountants in England & Wales for over 38 years, having previously qualified as a Chartered Accountant in 1975.

Louise Stonier – *Independent Non-Executive Director*

Louise was appointed as an Independent Non-Executive Director of the Company on 20 August 2021 and is also currently the Chief People and Culture Officer of the Pets at Home Group. Louise joined Pets at Home in 2004 as Group Legal Director and Company Secretary, and also held the role of Chief People and Legal Officer and Company Secretary from 2017 to 2019. During her time with the Pets at Home Group, Louise has been being extensively involved with the remuneration committee. Louise is also the Chair and Trustee of the charity, the Pets at Home Foundation. Louise is a qualified solicitor having graduated from Nottingham University with an LLB (Hons) Law and started her legal career at CMS Cameron McKenna as a trainee solicitor in 1997. After qualifying as a Corporate solicitor in 1999, Louise later moved to DLA Piper LLP and held the role of associate in the Corporate Team.

Jane Bednall – *Independent Non-Executive Director*

Jane was appointed as an Independent Non-Executive Director of the Company on 20 September 2021 and is also currently a Non-Executive Director of DFS Furniture Plc. Jane has served previously as a Non-Executive Director of EI Group, the UK's largest pub company, and of Smart Energy GB, a role elected by the Retail Energy Industry. Jane has a strong customer background spanning marketing, commercial, digital and people leadership in FTSE 50 companies. During her executive career Jane spent over 30 years in global positions with British Airways, InterContinental Hotels Group and Centrica and most recently served as Chief Marketing Officer for Scottish and Southern Energy (SSE) plc and as a Marketing Advisor in private equity.

2. Senior Managers

The following table lists the current Senior Managers of the Group with responsibility for day-to-day management of the Group's business, in addition to the Executive Directors listed above and their respective roles:

Name	Position
Robert Henry	General Counsel and Company Secretary
Dan Staples	Chief Marketing Officer
Suzanne Peacock	Chief Operating Officer
Erica Livermore	Chief Technology Officer
Claire Hussey	Risk and Compliance Director
Karen Barnard	People & Culture Director
Alyson Scott	Procurement and Supply Chain Director

The business address of each Senior Manager is Grant House, 101 Bourges Boulevard, Peterborough, England, PE1 1NG.

A short biography for each Senior Manager is set out below. Further information on the Senior Managers, including the companies of which each of the Senior Managers has been a director at any time in the past five years, is set out in paragraph 7.1 of Part XII (*Additional Information*) of this Prospectus.

Robert Henry, *General Counsel and Company Secretary*

Robert joined Fridays in April 2021, having previously held a number of roles in private practice and in-house. Robert has worked for law firms Dentons and Freshfields Bruckhaus Deringer and has held in-house counsel roles at several large PLCs.

Dan Staples, *Chief Marketing Officer*

Dan joined Fridays in December 2019, prior to which he was Marketing Director UK for Ladbrokes. He has previously held a variety of brand, digital and e-commerce roles both agency and client side.

Suzanne Peacock, *Chief Operating Officer*

Suzanne Peacock joined Fridays in December 2019, initially as People Director before moving to Chief Operating Officer in September 2020. She has previously been Group Talent and Development Director for Merlin Entertainments, and has experience working across multiple sectors including retail, manufacturing, FMCG, leisure and hospitality.

Erica Livermore, *Chief Technology Officer*

Erica joined Fridays in May 2020, prior to which she was Customer Experience Improvement (CXI) Director at Virgin Active UK. Erica is a law graduate with a passion for technology and delivering large scale transformation projects related to cloud technology, IT infrastructure, automation and AI, consumer facing user interface and user experience.

Claire Hussey, *Risk and Compliance Director*

Claire joined Fridays in July 2020 bringing extensive experience in the field of risk and compliance having been involved in Risk, Health and Safety since commencing her career with Sainsbury's Supermarkets Ltd. Claire has worked in both consultancy and in house with several internationally recognised hospitality brands.

Karen Barnard, *People & Culture Director*

Karen joined Fridays in September 2020 as People & Culture Director. Karen is a people specialist with experience across all aspects of human resources including major change programmes, driving positive guest experiences and steering cultural change. She has extensive experience of the hospitality and dining sectors after a series of HR leadership roles at Whitbread, Premier Inn and Caffe Nero. She then led a pan-European programme of specific cultural change while HR Director at Nike Europe. Most recently Karen was HR Consultant at Hg Capital Private Equity and is a Fellow of the Chartered Institute of Personnel & Development.

Alyson Scott, *Procurement and Supply Chain Director*

Alyson joined Fridays in May 2008, having previously held a number of procurement roles in foodservice and hotels for nearly 30 years. Alyson previously worked for Leathams, the fine food importer, and Rail Gourmet, where she supported the drive to secure savings and synergies with Gate Gourmet, their sister company and largest airline caterer in the World.

3. Corporate governance

3.1 Compliance with the UK Corporate Governance Code

The Board is committed to the highest standards of corporate governance. From Admission, the UK Corporate Governance Code will apply to the Company. The Company intends to comply, and will continue to fully comply with the UK Corporate Governance Code from Admission save as set out below in relation to the Chair of the Board and the compositions of the Audit and Risk Committee and the Remuneration Committee.

The UK Corporate Governance Code recommends, in relation to a company with a premium listing on the Official List of the FCA, that the chair on appointment should be independent within the meaning of the UK Corporate Governance Code. Neil Johnson will be the Chair of the Board at Admission. Neil is Electra's chairman and accordingly is not considered independent within the meaning of the UK Corporate Governance Code. However, the Board considers that appointing Neil will be beneficial to the Company and its shareholders in the short term following completion of the Demerger and Admission given his existing close familiarity with the Group through his role as chair of Electra. It is expected that Neil will step down and a new chair will be appointed within 12 months following Admission.

The UK Corporate Governance Code recommends that at least half of the board of directors of a company with a premium listing on the Official List of the FCA, excluding the chair, should comprise non-executive directors determined by the board of directors to be independent and free from circumstances which may impair, or could appear to impair, the director's independence. As of the date of this Prospectus, the Board consists of six Non-Executive Directors (including the non-executive Chair) and two Executive Directors. The Company regards David Lis, Andrew Blurton, Louise Stonier and Jane Bednall as "independent non-executive directors" within the meaning of the UK Corporate Governance Code and free from any circumstances that could materially interfere with the exercise of their independent judgement and accordingly will comply with this requirement. While the Board recognises that David Lis will, prior to Admission, be stepping down from a position at Electra; the Board does still consider David to be "independent" within the meaning of the UK Corporate Governance Code on the basis that his role at Electra as senior independent non-executive director was also one that was considered "independent" within the meaning of the UK Corporate Governance Code and therefore should not prejudice his ability to act as an "independent" director for the Company.

The UK Corporate Governance Code also recommends that the board of directors of a company with a premium listing on the Official List of the FCA should appoint one of the independent non-executive directors to be the senior independent director to provide a sounding board for the chair and to serve as an intermediary for the other directors and shareholders when necessary. The senior independent director should be available to shareholders if they have concerns for which contact through the normal channels of the chief executive officer, chair or other executive directors has failed to resolve or for which such contact is inappropriate. David Lis has been appointed Senior Independent Director of the Company.

In addition, the UK Corporate Governance Code recommends that the board of directors of a company with a premium listing on the Official List of the FCA should establish an audit committee of independent non-executive directors with a minimum membership of three. The committee as a whole should also have competence relevant to the sector in which the Company operates. Gavin Manson, despite not being an independent non-executive director, will sit on the Company's Audit and Risk Committee. Whilst the inclusion of Gavin Manson is not consistent with the recommendations of the UK Corporate Governance Code (i.e. that all members of the Audit and Risk Committee be independent), the board of directors considers that the financial experience that

Gavin brings, including in the hospitality and travel sectors, as well as his general knowledge of the Group and its history, merits his inclusion on the Audit and Risk Committee so as to ensure that Audit and Risk Committee as a whole has the appropriate level of competence relevant to the hospitality sector.

Further, the UK Corporate Governance Code recommends that the board of directors of a company with a premium listing on the Official List of the FCA should establish a remuneration committee of independent non-executive directors with a minimum membership of three. The chair of such committee should have previously served on a remuneration committee for at least 12 months. Louise Stonier will be the chair of the Remuneration Committee at Admission. Notwithstanding that Louise has not previously served on a remuneration committee for a period of at least 12 months, she has previously been extensively involved with the remuneration committee of Pets at Home Group PLC as Chief People and Culture Officer and previously as Group Legal Director and Company Secretary and hence the Company believes she has sufficient relevant experience to take on this role.

Finally, the UK Corporate Governance Code recommends that the board of directors of a company with a premium listing on the Official List of the FCA should also utilise one, or a combination of, the following methods to engage with the Company's workforce: (i) a director appointed from the workforce; (ii) a formal workforce advisory panel; or (iii) a designated non-executive director. As such, to meet this requirement the chair of the Remuneration Committee shall also act as the designated non-executive director for engagement with the Company's workforce.

3.2 **Board committees**

The Board has established an Audit and Risk Committee, a Remuneration Committee, a Nomination Committee and a Disclosure Committee, with formally delegated duties and responsibilities and with written terms of reference. If the need should arise, the Board may set up additional committees as appropriate.

The members of each Committee are as follows:

Committee	Chair	Other Members
Audit and Risk	Andrew Blurton	David Lis Gavin Manson Louise Stonier Jane Bednall
Remuneration	Louise Stonier	Andrew Blurton Gavin Manson Jane Bednall
Nomination	Neil Johnson	Andrew Blurton David Lis Louise Stonier Jane Bednall
Disclosure	Robert B. Cook	Alan Clark Robert Henry Neil Johnson

Audit and Risk Committee

The Audit and Risk Committee's role is to assist the Board with the discharge of its responsibilities in relation to financial reporting, including reviewing the Company's financial statements and accounting policies, internal and external audits and controls, reviewing and monitoring the scope of the annual audit and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Company's internal audit, internal controls, whistleblowing and fraud systems in place. The Audit and Risk Committee will give due consideration to laws and regulations, the provisions of the Corporate Governance Code and the requirements of the Listing Rules and the Disclosure Guidance and Transparency Rules. The Audit and Risk Committee will also be responsible for (i) advising the Board on the Company's risk strategy, risk policies and current risk exposures; (ii) overseeing the implementation and maintenance of the overall risk management framework and systems; and (iii) reviewing the Company's risk assessment processes and capability to identify and manage new risks. From Admission, it is intended that the chair of the Audit and Risk Committee will be available at annual general meetings of the Company to respond to questions from shareholders on the activities of the Audit and Risk Committee.

The UK Corporate Governance Code recommends that all members of the Audit and Risk Committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment, with a minimum membership of three, and that one such member has recent and relevant financial experience. The committee as a whole should have competence relevant to the sector.

The Audit and Risk Committee is comprised solely of non-executive directors, chaired by Andrew Blurton and also includes David Lis, Gavin Manson, Jane Bednall and Louise Stonier. All members of the committee are considered to be independent except for Gavin Manson. Whilst the inclusion of Gavin Manson is not consistent with the recommendations of the UK Corporate Governance Code (i.e. that all members of the Audit and Risk Committee be independent) the Board considers that the financial experience that Gavin brings, including in the hospitality and travel sectors, as well as his general knowledge of the Group and its history, merits his inclusion on the committee so as to ensure that committee as a whole has the appropriate level of competence relevant to the hospitality sector.

The Audit and Risk Committee will meet as often as it deems necessary but in any case at least three times per year in line with the relevant dates within the financial reporting and audit calendar, at least one of which will be without management present. The instances where the Audit and Risk Committee shall meet will be at times when relevant documents, such as audit plans (be they internal or external), interim statements, preliminary announcements and the full annual report are near to completion and available for review.

Remuneration Committee

The Remuneration Committee assists the Board in determining the Group's policy on executive remuneration, the levels of remuneration for Executive Directors, the Chair, the Company Secretary and members of the Company's senior management and prepares an annual remuneration report for approval by the Hostmore Shareholders at the annual general meeting. The Remuneration Committee will meet as often as it deems necessary, but in any case at least twice a year. From Admission, it is intended that the chair of the Remuneration Committee will be available at annual general meetings of the Company to respond to questions from shareholders on the activities of the Remuneration Committee.

The UK Corporate Governance Code recommends that all members of the Remuneration Committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment, with a minimum membership of three. The UK Corporate Governance Code also recommends that before appointment as chair of the remuneration committee, the appointee should have served on a remuneration committee for at least 12 months. The chair of the remuneration committee shall also act as the designated non-executive director for engagement with the Company's workforce, in line with the requirements of the UK Corporate Governance Code that a designated non-executive director perform this role.

The Remuneration Committee is chaired by non-executive director Louise Stonier. Whilst Louise Stonier has not previously served on a remuneration committee for at least 12 months, she has been extensively involved with the remuneration committee of Pets at Home Group PLC as Chief People and Culture Officer and previously as Group Legal Officer and Company Secretary and hence the Company believes she has sufficient relevant experience to take on this role. The other non-executive directors on the committee are Andrew Blurton, Jane Bednall and Gavin Manson. All members of the committee are considered to be independent except for Gavin Manson. Whilst the inclusion of Gavin Manson is not consistent with the recommendations of the UK Corporate Governance Code (i.e. that all members of the Remuneration Committee be independent), as with his role on the Audit and Risk Committee, the Board considers that the financial experience that Gavin brings, including in the hospitality and travel sectors, as well as his general knowledge of the

Group and its history, merits his inclusion on the committee so as to ensure that committee as a whole has the appropriate level of competence relevant to the hospitality sector.

The Remuneration Committee will meet as often as it deems necessary but in any case at least twice per year with the second meeting of the year to take place when relevant documents such as the executive directors' remuneration policy and the directors' remuneration report are available for review prior to submission for shareholder approval at the Company's annual general meeting.

Nomination Committee

The nomination committee assists the Board in reviewing the structure, size and composition of the Board. It is also responsible for reviewing succession plans for the Company's Directors, including the Chair, the Chief Executive Officer, and other senior executives. The nomination committee will meet as often as it deems necessary, but in any case at least twice a year. From Admission, it is intended that the chair of the Nomination Committee will be available at annual general meetings of the Company to respond to questions from shareholders on the activities of the Nomination Committee.

The UK Corporate Governance Code recommends that a majority of the nomination committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment and that the chair of the board should not chair the committee when it is dealing with the appointment of their successor.

The nomination committee is chaired by the Company's Chair, Neil Johnson, and its other members are David Lis, Andrew Blurton, Jane Bednall and Louise Stonier, all of whom are independent non-executive directors.

The Nomination Committee will meet as often as it deems necessary but in any case at least twice per year to provide for the review of elements forming part of an annual cycle, such as directors who are subject to annual re-election or retiring by rotation; senior management succession; and to review the statement of the committee's activities in the annual report.

Disclosure Committee

The Disclosure Committee assists and informs the decisions of the Board concerning the identification of inside information and makes recommendations about how and when the Company should disclose inside information in accordance with the Company's disclosure policy. The Disclosure Committee is responsible for, among other things, maintaining a record of the Company's public disclosures, preparing and monitoring announcements and reviewing the Company's disclosure policy and recommending updates, where necessary. The Disclosure Committee will meet on an ad-hoc basis where necessary or appropriate to fulfil its responsibilities.

The Disclosure Committee is chaired by Robert B. Cook, and its other members are Alan Clark, Robert Henry and Neil Johnson.

4. Remuneration and Pension benefits

Details regarding remuneration of Directors are set out in paragraph 8 (*Directors' service contracts and letters of appointment*) of Part XII (*Additional Information*).

PART VIII

OPERATING AND FINANCIAL REVIEW

*This Part VIII (Operating and Financial Review) should be read in conjunction with Part III (**Important Information**), as well as Part VI (**Business Overview**) and Part X (Historical Financial Information). The financial information contained in this Part VIII (Operating and Financial Review) is extracted from the financial information set out in the Historical Financial Information.*

*The following discussion of the Group's results of operations and financial condition contains certain forward-looking statements. The Group's actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed elsewhere in this Prospectus, particularly in Part II (**Risk Factors**) and Part III (**Important Information**). In addition, certain industry issues also affect the Group's results of operations and are described in Part VI (**Business Overview**).*

1. Overview

The Group owns a growing hospitality business with its current operations focused on the American-themed casual dining brand, "Fridays", and the cocktail-led bar and restaurant brand, "63rd+1st". The Hostmore brand was introduced in 2021 as a parent brand for Fridays and 63rd+1st. The Group operates and develops the Fridays brand in the Territory under exclusive franchise agreements granted by the Franchiser, TGI Fridays Franchisor, LLC. As at the Latest Practicable Date, the Group operates 87 restaurants in the United Kingdom and Jersey, a majority of which are located in high footfall locations, including retail parks, shopping centres and city centres.

1.1 Key factors affecting comparability of financial periods

The key factors affecting comparability of the financial periods covered by the Historic Financial Information include the following:

- The recruitment of a new Chief Executive Officer and a new Chief Financial Officer for the business in 2019 and 2020, respectively.
- The impact of the Covid-19 pandemic during 2020 and 2021.
- Revitalisation of the Group's product range accompanied by a significant focus on supply chain and costs management.
- The development of a "4D" strategy – Dine-in, Delivery, Digital and Drive-In – to reinvigorate the Group, including a focus on new revenue channels.

The number of locations operated by the Group has remained relatively constant over the wider financial period covered by the Historical Financial Information with openings exceeding closures over the entirety of the financial period covered by the Historical Financial Information.

Factors external to the Group can affect results for specific financial periods, in particular weather conditions (the impact of which may vary depending on the nature of the weather and the time of year) and major sporting events, for instance the World Cup in 2018 which affected results in financial year 2018.

1.2 Impact of the Covid-19 Pandemic

The Directors consider that the financial performance of the Group during the 2020 financial year and the 2021 financial year to date as unrepresentative of the Group's business following a strong start in January and February 2020, due to the UK Government-mandated lockdowns from March 2020 onwards. Instead, the Directors consider that the financial performance of the Group during the 2019 financial year is more characteristic.

The Covid-19 pandemic and the resulting restrictive measures in place since March 2020 have had a significant impact on the Group's results in financial year 2020 and the first half of financial year 2021, primarily through a significant drop in revenue which was not directly matched by a corresponding reduction in costs. In addition, social distancing requirements have required restaurants, when open, to operate at an estate-wide average reduction in capacity of 34.3%.

The Group has implemented numerous measures to protect its business from the impact of the Covid-19 pandemic and to position the business for a swift recovery once the restrictions imposed as a result of the pandemic are lifted. These measures have included:

- Focus on new revenue channels, which require limited investment, and digital transformation.
- Cash preservation, building on the Group's strong cash position pre-pandemic.
- Rationalisation of menu items and shortening of the supply chain.
- A restructuring of the variable payroll, while maintaining investment in the Group's staff.
- Taking advantage of UK Government assistance, including the Covid Job Retention Scheme "**CJRS**"), VAT relief and business rates relief.
- Focusing capital expenditure on restaurant maintenance and modified dining arrangements, such as outdoor dining areas, so that restaurants were able to reopen quickly.
- Reduction of expenses, including through the renegotiation of supply contracts and lease terms for restaurants.
- Improving internal benchmarking by updating operating metrics and KPIs to provide more dynamic and timely operating data to all operational levels.

Payment of certain of the costs of the Group over the periods affected by the Covid-19 pandemic have been deferred and, subject to further negotiations in the case of rent deferrals, will become payable during financial year 2021 and financial year 2022. As at 27 June 2021, these included £18.7 million of rent deferrals (some of which have subsequently been paid) and £5.8 million of VAT deferrals, which is payable in monthly instalments from July 2021 to January 2022.

2. Current trading and prospects in light of the Covid-19 pandemic

The trading of the Group following the graduated relaxation of Covid-19-related restrictions in the first half of financial year 2021 has been encouraging, as demonstrated by trading results included in the Group's financial results for the period to 27 June 2021. Further, the Group generated positive EBITDA of £23.5 million for financial year 2020.

Over the 20 week period following the resumption of indoor dining in England on 17 May 2021, the Group saw like-for-like sales growth averaging 11.0% when compared with the same period in 2019 (on a VAT adjusted basis, (1.0%)). This reflected a 2.8% outperformance of the market[7,8].

In the 11 week period following the further reduction of Covid-19 restrictions in England on 19 July 2021, the Group saw like-for-like sales growth averaging 12.1% when compared with the same period in 2019 (on a VAT adjusted basis, 0.1%). This reflected a 1.5% outperformance of the market[9,10].

Net debt, adjusted to include all Covid-19-related accruals, reduced to £36.4 million at the end of August 2021 (from £46.0 million at the end of December 2020). Cash generated from operations over the three complete calendar months following the resumption of indoor dining in England on 17 May 2021 (i.e. June to August 2021) was £12.5 million. The free cash flow generated during this period of £14.1 million reflects a 103% conversion of EBITDA.

Whilst consumer demand and necessary restrictions on trading over the coming months remain uncertain, the Group considers that its results for the first half of 2021, and the work that it has undertaken during the pandemic, position the Group very well for the remainder of the year, assuming no further lockdowns or other restrictions on trading. This view is further supported by the Group's position relating to outstanding rental payments and the discussions that have been held with certain of the Group's landlords since 27 June 2021. During this time, outstanding rent payable by the Group, including payment obligations for the October to December 2021 rental period which

7 These figures exclude contributions from (i) new stores opened in both 2019 and 2021, including 63rd+1st stores; and (ii) the Fridays Covent Garden store which was permanently closed in September 2021 as well as other stores that closed in financial years 2019, 2020 and 2021

8 Per the Coffer CGA Business Tracker Archives

9 These figures exclude contributions from (i) new stores opened in both 2019 and 2021, including 63rd+1st stores; and (ii) the Fridays Covent Garden store which was permanently closed in September 2021 as well as other stores that closed in financial years 2019, 2020 and 2021

10 Per the Coffer CGA Business Tracker Archives

have also become due, has fallen from £18,700,757 to £12,361,901 as at 3 October 2021. Moreover, since 3 October 2021, a further £971,284 in concessions have been contractually executed with applicable landlords. Further, of the Group's quarterly rent obligations of c.£6.544 million that became payable by 1 October 2021, 87% has now been paid or will be paid in line with either pre-existing contractual requirements or amended contractual agreements, with the remainder subject to further discussions with the relevant landlords. This includes £3,219,231 which only becomes payable on 1 November and 1 December as a result of landlords having agreed to move from quarterly in advance payments to monthly in advance payments.

To further improve the financial position of the Group, the management team have identified underperforming assets which are approaching the latter part of their lease terms and are actively seeking to surrender these leases in a timely and financially beneficial manner. This includes the store situated at Covent Garden in London for which the lease is contracted to expire in April 2022. Whilst negotiations about an earlier exit are ongoing, management took the decision to close the store with effect from September 2021 to minimise potential financial exposure as the termination date approaches.

With this positive start, the Group will continue strategic growth through delivery of its "4D" Strategy and the addition of brands or markets utilising the Company's platform to drive profitable growth.

The Group also believes that the reduction in the presence of competitors in the market, significantly driven by site closures during Covid-19, has created a significant opportunity. The United Kingdom casual dining market observed a 10% decline in sites in the 18 months to June 2021. Across five locations in the United Kingdom (Central London, Manchester, Birmingham, Edinburgh and Leeds) the average reduction in the number of restaurants per capita was 12.5%. In the Group's key peer group consisting of branded casual dining chains in the United Kingdom (with five or more sites), 598 sites closed from January 2020 to June 2021. 554 of these closures came from the top 18 casual dining chains (defined for these purposes as the Group's key peer group of branded casual dining chains in the UK with five or more sites).

Data from the Local Data Company shows that Fridays has significant 'white space' to expand into, with 34% penetration across the top 50 casual dining markets in the United Kingdom. Fridays will benefit from its strong Net Promoter Score ("**NPS**") of 25%, close to the top of its peer group, as it steadily rolls out restaurants into new locations. Fridays opened a new restaurant in Lincoln on 19 May 2021, followed by the opening of the second 63rd+1st bar in Glasgow and is planning for the next 63rd+1st site to open in Harrogate in November.

In the medium-term, the Group anticipates a £235 million run rate from indoor gross sales (pre-discounts) based on its existing portfolio, including the full-year trading uplift from new stores opened during the financial year ended 29 December 2019, and the easing of Covid-19 restrictions as the trading period progresses. Sales at new sites and improvements in covers and sales per head at existing sites as a result of increasing market share should create further incremental run rate growth in excess of this figure.

This positive medium-term outlook is reflected in the Group's expectation for its gross margin, which is anticipated to return to being broadly in line with its pre-pandemic level. The Group is also targeting a mid-teens EBITDA margin over the medium term, which should improve with volume growth.

3. Key Performance Indicators

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.

3.1 EBITDA, Adjusted EBITDA and Outlet EBITDA

EBITDA is calculated as earnings before interest, tax, depreciation, amortisation and impairment.

Adjusted EBITDA is calculated as earnings before interest, tax, depreciation, amortisation, impairment and exceptional items (as described below).

Outlet EBITDA is the adjusted EBITDA directly attributable to individual sites (excluding any apportionment for corporate or central costs).

EBITDA and Adjusted EBITDA for the financial periods covered by the Historical Financial Information and the reconciliation to (Loss)/Profit on ordinary activities before taxation for the relevant periods are as follows:

	For 26 weeks ended		For the 52 weeks ended		
	27 June 2021	**28 June 2020**	**27 December 2020**	**29 December 2019**	**30 December 2018**
	£'000 (audited)	£'000 **(unaudited)**	**£'000 (audited)**	£'000 **(audited)**	**£'000 (audited)**
(Loss)/Profit before tax	(11,171)	(21,745)	(20,192)	8,955	(10,852)
Depreciation	11,060	11,880	23,273	24,968	26,312
Net interest and bank charges	6,560	6,143	12,389	13,206	14,261
Impairment	—	5,167	7,975	4,043	15,214
Impairment reversal	—	—	—	(5,683)	—
Share-based payment expenses	10	—	—	—	790
EBITDA	**6,459**	**1,445**	**23,445**	**45,489**	**45,725**
Exceptional items	860	39	30	1,214	547
Adjusted EBITDA	**7,319**	**1,484**	**23,475**	**46,703**	**46,272**

3.2 Adjusted operating profit

Adjusted operating profit is calculated as EBITDA adjusted to include depreciation.

Adjusted operating profits for the financial periods covered by the Historical Financial Information are as follows:

	For 26 weeks ended		For the 52 weeks ended		
	27 June 2021	**28 June 2020**	**27 December 2020**	**29 December 2019**	**30 December 2018**
	£'000 (audited)	£'000 **(unaudited)**	**£'000 (audited)**	£'000 **(audited)**	**£'000 (audited)**
EBITDA	6,459	1,445	23,445	45,489	45,725
Less: Depreciation	(11,060)	(11,880)	(23,273)	(24,968)	(26,312)
Adjusted operating profit	**(4,601)**	**(10,435)**	**172**	**20,521**	**19,413**

3.3 Exceptional items

Exceptional items are those items that, by virtue of their unusual nature or size, warrant separate, additional disclosure in the financial statements in order to fully understand the performance of the Group and include changes in impairments, onerous lease provisions, disposals as well as share based payments (only for financial year 2018).

Exceptional items for the financial periods covered by the Historical Financial Information are as follows:

	For 26 weeks ended		For the 52 weeks ended		
	27 June 2021	**28 June 2020**	**27 December 2020**	**29 December 2019**	**30 December 2018**
	£'000 (audited)	£'000 **(unaudited)**	**£'000 (audited)**	£'000 **(audited)**	**£'000 (audited)**
Disposal costs	—	39	30	128	547
Impairment	—	5,167	7,975	4,043	15,214
Impairment reversal	—	—	—	(5,683)	—
Other	860	—	—	1,086	790
Exceptional items	**860**	**5,206**	**8,005**	**(426)**	**16,551**

3.4 Free cash flow

Free cash flow is calculated as the profit/(loss) for the period adjusted for depreciation, non-cash flow items, changes in working capital, tax paid and maintenance capex, and excludes cash used in financing activities.

Free cash flow for the financial periods covered by the Historical Financial Information is as follows:

	For 26 weeks ended		For the 52 weeks ended		
	27 June 2021	28 June 2020	27 December 2020	29 December 2019	30 December 2018
	£'000 (audited)	£'000 (unaudited)	£'000 (audited)	£'000 (audited)	£'000 (audited)
(Loss)/Profit before tax	(11,171)	(21,745)	(20,192)	8,955	(10,852)
Depreciation	11,060	11,880	23,273	24,968	26,312
Other non-cash items	5,521	11,308	18,898	13,657	30,847
Change in working capital	2,296	105	11,475	2,508	(1,548)
Tax paid	—	(970)	(970)	(1,608)	(2,350)
Cash from operations	**7,706**	**578**	**32,484**	**48,480**	**42,409**
Maintenance capex	(778)	(2,191)	(3,785)	(3,944)	(4,108)
Free cash flow	**6,928**	**(1,613)**	**28,699**	**44,536**	**38,301**

3.5 Net debt

Net debt is calculated as the net of the Group's long-term borrowings and finance lease obligations less cash and cash equivalents.

Net debt for the financial periods covered by the Historical Financial Information is as follows:

	For 26 weeks ended		For the 52 weeks ended		
	27 June 2021	28 June 2020	27 December 2020	29 December 2019	30 December 2018
	£'000 (audited)	£'000 (unaudited)	£'000 (audited)	£'000 (audited)	£'000 (audited)
Borrowings	(64,722)	(65,799)	(65,260)	(65,987)	(67,063)
Lease liabilities	(152,194)	(161,642)	(151,446)	(157,456)	(168,246)
Cash and cash equivalents	36,166	22,996	37,201	27,121	17,573
Net debt	**(180,750)**	**(204,445)**	**(179,505)**	**(196,322)**	**(217,736)**

3.6 % cash conversion

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

% cash conversion for the financial periods covered by the Historical Financial Information are as follows:

	For 26 weeks ended		For the 52 weeks ended		
	27 June 2021	28 June 2020	27 December 2020	29 December 2019	30 December 2018
	£'000 (audited)	£'000 (unaudited)	£'000 (audited)	£'000 (audited)	£'000 (audited)
Free cash flow	6,928	(1,613)	28,699	44,536	38,301
EBITDA	6,459	1,445	23,445	45,489	45,725
% cash conversion	107.3%	(111.6)%	122.4%	97.9%	83.8%

3.7 Return on capital employed

Return on capital employed (ROCE) is equal to EBITDA divided by the denominator determined by subtracting current liabilities from total assets.

Return on capital employed for the financial periods covered by the Historical Financial Information is as follows:

	For 26 weeks ended		For the 52 weeks ended		
	27 June 2021	**28 June 2020**	**27 December 2020**	**29 December 2019**	**30 December 2018**
	£'000 (audited)	**£'000 (unaudited)**	**£'000 (audited)**	**£'000 (audited)**	**£'000 (audited)**
EBITDA	6,459	1,445	23,445	45,489	45,725
Total assets less current liabilities	170,569	174,852	173,837	200,411	203,697
ROCE	3.8%	0.8%	13.5%	22.7%	22.4%

3.8 **Like-for-like sales**

Like-for-like (LFL) sales is a measure that provides an indicator of the underlying performance of the Group's existing restaurants. There is no accounting standard or consistent definition of 'like-for-like sales' across the industry. The Group's like-for-like sales are calculated by comparing the revenue of a restaurant, or group of restaurants, as recorded via the electronic point of sale system, with the same benchmark in a prior accounting period and excludes contributions from new restaurants. Sites that are closed, disposed or disrupted during a financial year are excluded from the like-for-like sales calculation where the timing of such action suggests that data is not comparable.

Like for like sales for the financial periods covered by the Historical Financial Information are as follows:

	For 26 weeks ended		For the 52 weeks ended		
	27 June 2021	**28 June 2020**	**27 December 2020**	**29 December 2019**	**30 December 2018**
	£'000 (audited)	**£'000 (unaudited)**	**£'000 (audited)**	**£'000 (audited)**	**£'000 (audited)**
LFL	35,162	46,560	114,331	196,156	192,197
Additions since 1 Jan 2018	4,603	5,482	14,187	14,893	7,090
Disposals since 1 Jan 2018	—	514	514	4,203	9,769
Other	156	(199)	57	(414)	(233)
	39,920	**52,357**	**129,088**	**214,838**	**208,823**

4. Key factors affecting results of operations and financial condition

The Group's results of operations and financial conditions are affected by a variety of factors, a number of which are outside the control of the Group. Set out below are some of the most significant factors that have affected the Group's financial results during the periods under review and which the Group currently expects to affect its financial results in the future. Factors other than those presented below could also have a significant impact on the Group's results of operations and financial condition in the future.

For a description of other factors that may adversely affect the Group's operations and financial condition, see Part II (*Risk Factors*).

4.1 **General economic environment and external events**

The Group's results of operations are affected by specific local economic conditions in the markets and geographic areas in which it operates. Such conditions include levels of employment, real disposable income, private consumption, the availability of consumer credit, consumer confidence, applicable taxes, and consumer willingness to spend.

Revenues can be also affected by other external factors over which the Group has no control. For instance, specific weather conditions can discourage customers from visiting restaurants, including poor weather conditions in the winter months (which may discourage customers from leaving their homes) and unusually warm conditions in the summer months (which can adversely affect indoor dining establishments). In addition, major sporting events, such as the World Cup and the Olympics may lead to a decline in sales if customers choose to watch those events from home or venues which broadcast live sports.

4.2 **Competitive environment**

The Group operates in a highly competitive market, particularly with respect to food quality, price, service, convenience and concept, which in turn may be affected by considerations such as changes in consumer preferences and behaviour. The Group competes against international chains, as well as many national, regional and local businesses in the quick-service, casual dining and delivery restaurant sectors not only for customers, but also for management and restaurant employees and suitable real estate sites. This competition can put downward pressure on product prices and demand for the Group's products as well as upward pressure on wages and rents, resulting in reduced profitability.

4.3 **Like-for-like sales**

The maintenance and growth of the Group's financial performance is heavily dependent on the continued, and improved, performance of its existing restaurants, which the Group measures in the form of "like-for-like sales" and "spend per head". The Group devotes significant time to maintaining and improving these measures, including by focusing on product offerings, delivery channels, digital presence, marketing activity and pricing. However, as demonstrated by the Covid-19 pandemic, like-for-like sales can, and are, capable of being materially affected by external events over which the Group has no control.

4.4 **Expansion of restaurant network**

In order to maintain the Group's market share and attract new customers and to comply with its franchise arrangements, the Group seeks to expand its restaurants network by opening new restaurants and rolling out food and beverages offering through different platforms and in different forms. As a result, new restaurant openings have been the primary driver of the Group's revenue growth, and will continue to materially affect the Group's results of operations for the foreseeable future.

The Covid-19 pandemic has temporarily slowed the Group's expansion plans. Over the period from 2014 to 2021, the Group's restaurant portfolio grew in net terms by 21 restaurants and the Group plans to open 8 new sites per year on average, weighted towards 2022 onwards. The Group has already opened three new sites in 2021, including the first two 63rd+1st sites in Cobham, Surrey and Glasgow. The Group also aims to open a further 63rd+1st site by the end of 2021 with scope for 10 plus 63rd+1st sites by the end of 2023.

The Group will generally open new restaurants at locations where it believes that the market will support expansion and where the Group can benefit sufficiently from the investment in management time, resources, cost of capital and expense required to roll-out the restaurants.

The Group is also planning to close roughly five Fridays sites in the medium term as they are not sufficiently profitable to warrant remaining open.

4.5 **Cost base**

The Group's most significant annual expense is labour for the restaurant operations business. This is a semi-variable cost, as the amount of labour required depends on sales volume but can only flex above a base level. The Group focussed on maintaining its investment in its existing labour force during the Covid-19 pandemic in order to retain its high quality staff and to be well positioned to capitalise on the post-Covid-19 recovery.

The hospitality industry is labour intensive and has a high level of employee turnover given predominately entry-level wages and the part time composition of the workforce. There is a consistent need to find new staff, which increases the amount of time and cost spent on recruitment and training.

In addition, a combination of Brexit and the Covid-19 pandemic has contributed to a labour shortage in the UK due, among other things, to staff permanently leaving the sector as well as travel restrictions which prevent or limit the ability of eligible staff to work in the UK. The duration of this labour shortage will depend on various factors, including the approach taken by the UK

Government to visa requirements for workers to relocate to the UK following Brexit and the time taken to relax travel restrictions related to the Covid-19 pandemic.

The second most significant annual expense is the cost of sales, primarily being the food and drink purchases. These are variable in line with sales volumes, but the ratio of costs to sales also depends on the Group's ability to order appropriate amounts of stock and limit waste, as well as maintaining stock cover for key product lines.

The third most significant annual expense is the Group's establishment costs, in particular the rent, rates and service charges for the restaurants. Most of the Group's restaurant leases are for fixed rents, although a minority are for a base rent plus a top up rent based on a percentage of turnover.

The Group has not paid rent due to certain of its landlords under its leases since March 2020 due to the Covid-19 pandemic. While these rental liabilities continue to be accrued for in the accounting records, the UK Government had introduced a moratorium that ended on 30 September 2021, during which landlords were prevented from issuing statutory demands. Likewise, the UK Government also introduced legislation preventing landlords presenting winding up petitions through to 25 March 2022 for forfeiting leases (although there is no statutory moratorium on forfeiture in Scotland) on the grounds of non-payment of rent. The Group has been successful in negotiating rent waivers and rent free periods in respect of numerous of its leases, including in some cases in exchange for a lease extension and/or the removal of a break clause.

4.6 **Regulation**

The Group is subject to detailed laws and regulations, including in relation to employment, minimum wage, health and safety, food hygiene, sanitation, data protection, pub licensing, alcoholic drinks control and access for the disabled. The Group is required to spend significant amounts of time and expense to comply with these obligations, including by training of employees. Changes in law and regulation, for instance the introduction from April 2022 of the requirement to display the calorie content of non-prepacked food, can result in increased costs for the Group.

5. Description of key line items in the statement of comprehensive income

5.1 **Revenue**

Revenue represents amounts receivable for goods and for services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes and is recognised at the point of sale.

The Group primarily derives revenue from two streams: dine-in and dine-out.

Dine-in

Dine-in sales are recognised when products are consumed by the customers in the restaurants and payment for the sales are made fully in cash or by card at the time of sale.

Dine-in customers enrolled in the Group's loyalty scheme receive loyalty points which entitle those customers to discounts on future purchases. Revenue for loyalty points is recognised when the points are redeemed or when they expire, being 12 months after the initial sale or any later date determined by the Group.

Dine-out

Dine-out sales are sales through third-party delivery partners, as well as the Group's click and collect service, and are recognised when the products are delivered to the customers. A receivable is recognised for the value of food and drinks at the point of sale. Payment terms are usually settled within 30 days by the delivery partners. Commissions paid to the delivery partners are recognised as an expense in the statement of comprehensive income.

Other

Other revenue includes gift vouchers that are sold for use in the restaurants both directly and via third parties. A contract liability is recognised at the point of sale and revenue is recognised when the vouchers are redeemed or expire 18 months after initial sale. Any commissions paid to third parties on sale of gift cards is recognised as an asset and recognised in the statement of comprehensive income when the gift card is redeemed or expires. Other revenue further encompasses certain of the Group's other offerings, including cocktails at home, butchers' boxes, uncooked and fully prepared meal kits and drive up cinema offerings.

5.2 Cost of sales

Cost of sales primarily comprises ingredient costs and distribution fees, net of any rebates and listing fee income, which generally arise on drinks purchases.

Rebates are volume driven, with listing fees being provided for offering and promoting specific items.

The Group seeks to protect its margins with increases in the cost of food and drinks by way of menu price increases and/or the sourcing of alternative suppliers.

5.3 Administrative expenses

Administrative expenses comprise the Group's trading costs directly attributable to the generation of revenues and group/centralised costs, including:

- direct payroll costs for restaurant personnel;
- direct variable operating costs relating to the Group's sites, including repair and maintenance, consumables, delivery commissions, utilities, credit card and cash collection and outlet marketing costs;
- direct fixed costs relating to the Group's sites, primarily consisting of rent (fixed and turnover-based), service charges, rates and insurance;
- franchise fees payable to the Franchiser;
- central costs, including non-direct personnel payroll, professional and legal fees, centralised marketing cost, and other support services expenses; and
- other non-trading expenses.

5.4 Other income

Other income includes rental income from the sub-lease of surplus space in the Group's properties and, in the financial year ended 27 December 2020, government grants received under Covid-19 support programmes.

5.5 Interest receivable and Interest payable

Interest receivable and similar income includes interest receivable on funds invested and interest receivable on net investment in sub-leases.

Interest payable and similar expenses include interest payable on bank loans, loan arrangement fees, other interest payable and interest and finance charges for lease liabilities.

5.6 Taxation

Taxation comprises current and deferred tax.

6. Results of operations

	For 26 weeks ended		For the 52 weeks ended		
	27 June 2021	28 June 2020	27 December 2020	29 December 2019	30 December 2018
	£'000 (audited)	£'000 (unaudited)	£'000 (audited)	£'000 (audited)	£'000 (audited)
Revenue	39,920	52,357	129,088	214,838	208,823
Cost of sales	(7,710)	(11,707)	(26,183)	(46,708)	(45,920)
Gross profit	**32,210**	**40,650**	**102,905**	**168,130**	**162,903**
Administrative expenses	(51,711)	(68,216)	(131,368)	(146,163)	(160,194)
Other income	14,886	11,942	20,628	172	670
Operating profit	**(4,615)**	**(15,624)**	**(7,835)**	**22,139**	**3,379**
Interest receivable and similar income	22	105	129	216	110
Interest payable and similar expenses	(6,578)	(6,226)	(12,486)	(13,400)	(14,341)
(Loss)/Profit on ordinary activities before taxation	**(11,171)**	**(21,745)**	**(20,192)**	**8,955**	**(10,852)**
Taxation	3,200	2,894	2,878	(1,914)	1,302
(Loss)/Profit for the financial year from continuing operations	**(7,971)**	**(18,851)**	**(17,314)**	**7,041**	**(9,550)**

6.1 Results of operations in the 26 weeks ended 27 June 2021 compared to the 26 weeks ended 28 June 2020

Revenue

Revenue decreased from £52.4 million in the 26 weeks ended 28 June 2020 by £12.4 million to £39.9 million in the 26 weeks ended 27 June 2021, representing a 23.7% decrease.

The following table sets out the Group's revenue for the 26 weeks ended 27 June 2021 and the 26 weeks ended 28 June 2020:

	For 26 weeks ended		
	27 June 2021	28 June 2020	Variance
	£'000	£'000	£'000
Dine-in revenue	28,714	45,937	(17,223)
Dine out revenue	10,986	6,396	4,590
Other	220	24	196
Revenue	**39,920**	**52,357**	**(12,436)**

The decrease in the Group's revenue from the 26 weeks ended 28 June 2020 to the 26 weeks ended 27 June 2021 was mainly driven by the significant drop in dine-in revenues during 2021 due to Covid-19 restrictions.

All of the Group's restaurants were closed from 20 March 2020 to 28 June 2020 due to the implementation of the first Covid-19 lockdown restriction. During the 26 weeks ended 27 June 2021, all of the Group's restaurants were closed for dine-in service from 1 January 2021, with the length of closure depending on both the region and tiering levels in which they were located. Dine-in service in Scotland was permitted from 26 April 2021, with certain restrictions in place, such as an initial ban on alcohol. In England and Wales dine-in service was resumed, with social distancing restrictions, from 17 May 2021.

The drop in dine-in revenues was partly mitigated by higher food pricing in anticipation of increases in costs of sales (partially as a result of menu price increases) and a temporary reduction in the rate of VAT from 20% to 5% effective from 15 July 2020 which was not passed on to customers.

The impact of Covid-19 restrictions on dine-in revenues was also offset by the increase in dine-out revenue as the Group continued to offer its food through delivery partners and its own online platform.

Cost of sales

Cost of sales decreased from £11.7 million in the 26 weeks ended 28 June 2020 by £4 million to £7.7 million in the 26 weeks ended 27 June 2021, representing a 34.1% decrease. This decrease was in line with the decrease in revenue and reflected lower sales volumes caused by Covid-19 restrictions.

Administrative expenses

Administrative expenses decreased from £68.2 million in the 26 weeks ended 28 June 2020 by £16.5 million to £51.7 million in the 26 weeks ended 27 June 2021, representing a 24.2% decrease.

The following table sets out the Group's administrative expenses for the 26 weeks ended 28 June 2020 and the 26 weeks ended 27 June 2021:

	For 26 weeks ended	
	27 June 2021	**28 June 2020**
	£'000	**£'000**
Direct payroll	(24,005)	(31,157)
Direct operating costs	(8,062)	(8,835)
Direct fixed costs	(11,663)	(13,690)
Franchise fee & central costs	(7,085)	(6,981)
Other non-trading expenses	(896)	(7,552)
	(51,711)	**(68,216)**

Other income

Other income increased from £11.9 million in the 26 weeks ended 28 June 2020 by £2.9 million to £14.9 million in the 26 weeks ended 27 June 2021.

The increase was due to the receipts from the retail, hospitality and leisure grant fund totalling approximately £3.4 million in aggregate.

Interest receivable and similar income

Interest receivable and similar income was £22,000 in the 26 weeks ended 27 June 2021, down by £83,000 from £105,000 in the 26 weeks ended 28 June 2020.

The decrease was mainly due to a £80,000 decrease in interest receivable on cash held at bank.

Interest payable and similar expenses

Interest payable and similar expenses increased from £6.2 million in the 26 weeks ended 28 June 2020 by £352,000 to £6.6 million in the 26 weeks ended 27 June 2021.

The following table sets out the Group's interest payable and similar expenses for 26 weeks ended 27 June 2021 and the 26 weeks ended 28 June 2020:

	For 26 weeks ended	
	27 June 2021	**28 June 2020**
	£'000	**£'000**
Interest payable on bank loan	1,000	1,042
Loan arrangement fees	162	162
Interest on withholding tax	392	—
Other interest payable	35	7
Interest and finance charges for lease liabilities	4,989	5,015
	6,578	**6,226**

Taxation

The Group recorded a tax credit of £3.2 million in the 26 weeks ended 27 June 2021 and a tax credit of £2.9 million in the 26 weeks ended 28 June 2020. The change was primarily driven by the reduced loss on ordinary activities of £11.2 million recorded in the 26 weeks ended 27 June 2021 (loss on ordinary activities of £21.7 million in the 26 weeks ended 28 June 2020) together with an increased deferred tax asset adjustment of £1.3 million in the 26 weeks ended 27 June 2021 (deferred tax adjustment of £2.7 million in the 26 weeks ended 27 June 2021, £1.4 million deferred tax adjustment in the 26 weeks ended 28 June 2020).

6.2 **Results of operations in financial year 2020 compared to financial year 2019**

Revenue

Revenue decreased from £214.8 million in financial year 2019 by £85.8 million to £129.1 million in financial year 2020, representing a 39.9% decrease.

The following table sets out the Group's revenue for financial year 2020 and financial year 2019:

	2020	**2019**	**Variance**
	£'000	**£'000**	**£'000**
Dine-in revenue	114,581	211,710	(97,129)
Dine out revenue	14,104	3,128	10,976
Other	403	—	403
Revenue	**129,088**	**214,838**	**(85,750)**

The decrease in the Group's revenue from financial year 2019 to financial year 2020 was mainly driven by the significant drop in dine-in revenues during 2020 due to Covid-19 restrictions.

All of the Group's restaurants at the relevant time were closed for periods in financial year 2020 due to Covid-19 restrictions, with the length of closures for specific restaurants depending on the region and tiering levels in which they were located. Average trading days reduced from 363 days in financial year 2019 to 245 days in financial year 2020 (excluding new restaurant openings and permanent restaurant closures).

The drop in dine-in revenues was partly mitigated by higher food pricing in anticipation of increases in costs of sales (partially as a result of Brexit) and a temporary reduction in the rate of VAT from 20% to 5% effective from 15 July 2020 which was not passed on to customers.

The impact of Covid-19 restrictions on dine-in revenues was also offset by the increase in dine-out revenue as the Group started offering its food through delivery partners and its own online platform.

Cost of sales

Cost of sales decreased from £46.7 million in financial year 2019 by £20.5 million to £26.2 million in financial year 2020, representing a 43.9% decrease. This decrease was in line with the decrease in revenue and reflected lower sales volumes caused by Covid-19 restrictions.

Administrative expenses

Administrative expenses decreased from £146.2 million in financial year 2019 by £14.8 million to £131.4 million in financial year 2020, representing a 10% decrease.

The following table sets out the Group's administrative expenses for financial year 2020 and financial year 2019:

	2020	2019
	£'000	£'000
Direct payroll	(58,878)	(63,029)
Direct operating costs	(19,307)	(24,138)
Direct fixed costs	(25,441)	(33,937)
Franchise fee & central costs	(17,750)	(20,302)
Other non-trading expenses	(9,992)	(4,758)
	(131,368)	**(146,163)**

The reasons for the decrease from financial year 2019 to financial year 2020 include reductions in payroll and variable costs during the period when restaurants were subject to Covid-19 restrictions, Covid-19 business rates relief, negotiated rent concessions and certain reductions in the rate of the royalty fee payable to the Franchiser. The Group also made changes to restaurant site management during financial year 2020, resulting in an overall reduction in payroll costs.

Other income

Other income increased from £172,000 in financial year 2019 by £20.5 million to £20.6 million in financial year 2020.

The increase was primarily due to the receipt of government grants under the CJRS and the retail, hospitality and leisure grant fund totalling approximately £18.9 million in aggregate.

Interest receivable and similar income

Interest receivable and similar income was £129,000 in financial year 2020, down by £87,000 from £216,000 in financial year 2019.

The decrease was mainly due to a £81,000 decrease in interest receivable on cash held at bank.

Interest payable and similar expenses

Interest payable and similar expenses decreased from £13.4 million in financial year 2019 by £914,000 to £12.5 million in financial year 2020.

The following table sets out the Group's interest payable and similar expenses for financial year 2020 and financial year 2019:

	2020	2019
	£'000	£'000
Interest payable on bank loan	2,106	2,428
Loan arrangement fees	324	324
Other interest payable	14	22
Interest and finance charges for lease liabilities	10,042	10,626
	12,486	**13,400**

The decrease from financial year 2019 to financial year 2020 was mainly driven by a decrease in bank interest payable of £322,000 on the outstanding loan balance and a decrease in interest and finance charges for lease liabilities of £584,000 due to the reduction in lease liabilities during 2020. The secured bank loan figure decreased from £66.0 million as of 29 December 2019 to £65.3 million as of 27 December 2020. Lease liabilities decreased from £157.5 million as of 29 December 2019 to £151.4 million as of 27 December 2020.

Taxation

The Group recorded a tax credit of £2.9 million in financial year 2020 and a tax expense of £1.9 million in financial year 2019. The change was primarily driven by the loss on ordinary activities of £20.2 million recorded in financial year 2020 (profit on ordinary activities of £9.0 million in financial year 2019) together with an increased deferred tax asset adjustment of £2.5 million in the financial year 2020 (deferred tax adjustment of £2.2 million in the financial year 2020, £337,000 deferred tax adjustment in the financial year 2019).

6.3 **Results of operations in financial year 2019 compared to financial year 2018**

Revenue

Revenue increased from £208.8 million in financial year 2018 by £6.0 million to £214.8 million in financial year 2019, representing a 2.9% increase.

The following table sets out the Group's revenue for financial year 2019 and financial year 2018:

	2019	**2018**	**Variance**
	£'000	**£'000**	**£'000**
Dine-in revenue	211,710	206,058	5,652
Dine out revenue	3,128	2,765	363
Revenue	**214,838**	**208,823**	**6,015**

The increase in revenue was primarily driven by the £5.6 million increase in dine in revenue due to the increased number of restaurants (29 December 2019: 87, 30 December 2018: 84).

Cost of sales

Cost of sales increased from £45.9 million in financial year 2018 by £788,000 to £46.7 million in financial year 2019, representing a 1.7% increase. The increase in cost of sales was in line with the increase in revenue.

Administrative expenses

Administrative expenses decreased from £160.2 million in financial year 2018 to by £14.0 million £146.2 million in financial year 2019, representing an 8.8% decrease.

The following table sets out the Group's administrative expenses for financial year 2019 and financial year 2018:

	2019	**2018**
	£'000	**£'000**
Direct payroll	(63,029)	(60,947)
Direct operating costs	(24,138)	(23,175)
Direct fixed costs	(33,937)	(36,146)
Franchise fee & central costs	(20,302)	(19,318)
Other non-trading expenses	(4,758)	(20,608)
	(146,163)	**(160,194)**

The decrease from financial year 2018 to financial year 2019 in administrative expenses arose predominantly from non-trading expenses being reduced by an adjustment to the impairment provisions for previously underperforming assets. This decrease was partially offset by an increase in payroll costs due to the increased number of restaurants.

Other income

Other income in financial year 2018 and financial year 2019 mainly comprised of rental income from the sub-lease of properties under operating leases. Other income decreased by £484,000 from £593,000 in financial year 2018 to £109,000 in financial year 2019 as a result of the termination of a restaurant sub-lease.

Interest receivable and similar income

Interest receivable and similar income was £110,000 in financial year 2018 and £216,000 in financial year 2019.

The increase was mainly due to a £105,000 increase in interest receivable on cash held at bank.

Interest payable and similar expenses

Interest payable and similar expenses decreased from £14.3 million in financial year 2018 by £941,000 to £13.4 million in financial year 2019.

The following table sets out the Group's interest payable and similar expenses for financial year 2019 and financial year 2018:

	2019	**2018**
	£'000	**£'000**
Interest payable on bank loan	2,428	2,437
Loan arrangement fees	324	324
Other interest payable	22	21
Interest and finance charges for lease liabilities	10,626	11,559
	13,400	**14,341**

The decrease was mainly driven by a reduction in interest and finance charges for lease liabilities of £0.9 million as a result of a decrease in lease liabilities during 2019.

Taxation

Taxation of the Group increased £3.2 million from a tax credit of £1.3 million in financial year 2018 to a tax charge of £1.9 million in financial year 2019, as a result of the increase in profit on ordinary activities (financial year 2018: loss of £10.9 million; financial year 2019: profit of £9.0 million), together with a decreased deferred tax asset adjustment of £3.3 million in the financial year 2019 (£337,000 deferred tax adjustment in the financial year 2019; deferred tax adjustment of £2.9 million in the financial year 2018).

7. Liquidity and capital resources

7.1 Overview

The principal sources of liquidity used to finance the Group's operating expenses and capital requirements are a combination of cash from operations and borrowings under the Facilities Agreement.

As of 27 June 2021, the Group had cash and cash equivalents of £36.2 million and borrowings under the Facilities Agreement (which as used here refers to the Facilities Agreement prior to it being amended and restated on 8 July 2021) of £64.7 million.

The Facilities Agreement consists of a £40 million term loan and a £25 million revolving credit facility. The term loan was fully drawn as at the Latest Practicable Date and there is no current utilisation under the revolving credit facility as at the Latest Practicable Date. The Facilities Agreement includes financial covenants which are tested on a quarterly basis, including, among others, that the Group's total net debt to adjusted EBITDA shall not exceed (i) 3.0 times between September 2022 and December 2022 and (ii) 2.5 times from March 2023. The indebtedness under the Facilities Agreement is repayable in quarterly instalments starting on 30 September 2021 of £350,000, increasing to £500,000 for March 2022, and £1.5 million from 30 June 2022, with the balance repayable in full on termination of the Facilities Agreement on 1 October 2023, subject to extension by another 12 months to 1 October 2024 by agreement with the lenders. More information on the Facilities Agreement is included in paragraph 12.3 of Part XII (*Additional Information*).

In addition, Electra agreed, subject to the terms of the Facilities Agreement, to lend up to £5 million to Wednesdays pursuant to a credit support undertaking which came into effect on 8 July 2021 (the "**Electra Credit Support Undertaking**"). Under the Electra Credit Support Undertaking, (a) Electra is required to cure a financial covenant breach under the Facilities Agreement by lending amounts to Wednesdays which, in certain cases, are required to be applied in prepayment of the debt under the Facilities Agreement and (b) Wednesdays is given the option to borrow up to £5 million from Electra to fund investments permitted under the Facilities Agreement. The Facilities Agreement requires that the Company, replacing Electra, enters into a replacement credit support undertaking on the same terms as the Electra Credit Support Undertaking at the point of the Demerger. Prior to the Demerger, Electra has subscribed for new shares in the Company so as to inject the cash that the Company requires to satisfy its obligations under the replacement credit support undertaking if the same should be called upon. Following the Demerger, the Group expects to be able to meet its cash requirements through a combination of cash generated from operations and presently undrawn capacity under the Facilities Agreement. Assuming the material removal of Covid-19 related restrictions, including Covid-19 'passports' to attend events and the wearing of masks, which negatively impacted upon the customer's willingness to dine-out during 2021, the Group's net debt position as at 2 January 2022 is forecast to be lower than the Group's net debt at the end of financial year 2019 and that, going forwards, the Group will target a normalised net debt to EBITDA leverage range of 0.75 to 1.5 times.

7.2 Cash Flows

The table below sets out the Group's cash flows in the 26 weeks ended 27 June 2021 and 28 June 2020, respectively, and for financial year 2020, financial year 2019 and financial year 2018.

	For the 26 weeks ended		Financial year		
	27 June 2021	28 June 2020	2020	2019	2018
	£'000 (audited)	£'000 (unaudited)	£'000 (audited)	£'000 (audited)	£'000 (audited)
Net cash generated from operating activities	7,706	578	32,484	48,480	42,409
Net cash used in investing activities	(2,105)	(2,405)	(3,602)	(11,257)	(10,143)
Net cash used in financing activities	(6,636)	(2,298)	(18,802)	(27,675)	(25,677)
Net increase in cash and cash equivalents	**(1,035)**	**(4,125)**	**10,080**	**9,548**	**6,589**
Cash and cash equivalents at the beginning of the period	37,201	27,121	27,121	17,573	10,984
Cash and cash equivalents at the end of the period	**36,166**	**22,996**	**37,201**	**27,121**	**17,573**

The Group's increase in cash and cash equivalents as at 27 June 2021 and the end of financial year 2020 is not necessarily illustrative of its past or future cash position as a result of cash preservation measures in light of the impact of the Covid-19 pandemic, including:

- the reduction from 20% to 5% of the VAT rate for hospitality businesses effective from 15 July 2020 to 30 September 2021, which reduction was retained by the Group to help meet its fixed cost trading obligations and not passed on to customers in the form of price decreases;
- the deferral of VAT payments due to HMRC at the March 2020 and June 2020 period ends, which are instead payable by eight equal instalments between July 2021 and January 2022;

- business rates relief; and
- the deferment by the Group of rental payments where an agreement on rental concessions had not yet been reached with the relevant landlord.

The discontinuance of these arrangements and payment of the relevant deferred obligations will reduce the Group's cash position in future periods.

Net cash generated from operating activities

	For 26 weeks ended		For the 52 weeks ended		
	27 June 2021	28 June 2020	27 December 2020	29 December 2019	30 December 2018
	£'000 (audited)	£'000 (unaudited)	£'000 (audited)	£'000 (audited)	£'000 (audited)
(Loss)/Profit before tax	(11,171)	(21,745)	(20,192)	8,955	(10,852)
Depreciation	11,060	11,880	23,273	24,968	26,312
Other non-cash items	5,521	11,308	18,898	13,657	30,847
Change in working capital	2,296	105	11,475	2,508	(1,548)
Tax paid	—	(970)	(970)	(1,608)	(2,350)
Cash from operations	**7,706**	**578**	**32,484**	**48,480**	**42,409**

Net cash generated from operating activities decreased from £48.5 million in financial year 2019 by £16.0 million to £32.5 million in financial year 2020. This was primarily due to a decrease in profit as a result of the Covid-19 pandemic.

Net cash flows from operating activities increased from £42.4 million in financial year 2018 by £6.1 million to £48.5 million in financial year 2019. This was primarily due to the Group generating profit in financial year 2019 compared to a loss in financial year 2018.

Net cash used in investing activities

	For 26 weeks ended		For the 52 weeks ended		
	27 June 2021	28 June 2020	27 December 2020	29 December 2019	30 December 2018
	£'000 (audited)	£'000 (unaudited)	£'000 (audited)	£'000 (audited)	£'000 (audited)
Interest received	—	75	75	150	56
Initial direct costs incurred on new leases	(15)	—	(11)	(82)	(209)
Purchase of property, plant and equipment	(2,090)	(2,480)	(3,666)	(11,325)	(9,990)
Net cash used in investing activities	**(2,105)**	**(2,405)**	**(3,602)**	**(11,257)**	**(10,143)**

Net cash used in investment activities decreased from £11.3 million in financial year 2019 by £7.7 million to £3.6 million in financial year 2020. This was primarily due to a decrease in expenditure on property, plant and equipment during financial year 2020 given the focus on cost management and preservation of cash as a result of the Covid-19 pandemic.

Net cash used in investment activities increased from £10.1 million in financial year 2018 by £1.1 million to £11.3 million in financial year 2019. This was primarily due to an increase in expenditure on property, plant and equipment during financial year 2019.

Net cash used in financing activities

	For 26 weeks ended		For the 52 weeks ended		
	27 June 2021	**28 June 2020**	**27 December 2020**	**29 December 2019**	**30 December 2018**
	£'000 (audited)	**£'000 (unaudited)**	**£'000 (audited)**	**£'000 (audited)**	**£'000 (audited)**
Proceeds from share issue	8,930	—	—	—	—
Repayment of intercompany loan	(8,930)	—	—	—	—
Lease payments	(4,958)	(830)	(15,606)	(23,733)	(21,852)
Repayment of bank loan	(700)	(350)	(1,050)	(1,400)	(1,400)
Interest paid on bank loan	(978)	(1,118)	(2,146)	(2,542)	(2,425)
Net cash used in financing activities	**(6,636)**	**(2,298)**	**(18,802)**	**(27,675)**	**(25,677)**

Net cash used in financing activities decreased from £27.7 million in financial year 2019 by £8.9 million to £18.8 million in financial year 2020. This was primarily due to a decrease in lease payments in financial year 2020 as landlord obligation payments were deferred as a result of the Covid-19 pandemic and the UK Government moratorium on rental payments.

Net cash used in financing activities increased from £25.7 million in financial year 2018 by £2.0 million to £27.7 million in financial year 2019. This was primarily due to an increase in lease payments as a result of the opening of new restaurants.

7.3 Working capital

The Group benefits from a positive net working capital cycle as sales are cash or "near cash" (being debit or credit card payments) which are received prior to creditors being paid.

The Group expects to have negative net working capital of around 8 to 10% of net sales in the near term as the process of slowly unwinding from the Covid-19 pandemic takes place and deferred creditors are paid.

7.4 Capital expenditure and capital commitments

The table below sets out the Group's capital expenditures in the 26 weeks ended 27 June 2021 and 28 June 2020, respectively, and for financial year 2020, financial year 2019 and financial year 2018.

	For the 26 weeks ended		Financial year		
	27 June 2021	**28 June 2020**	**2020**	**2019**	**2018**
	£'000 (audited)	**£'000 (unaudited)**	**£'000 (audited)**	**£'000 (audited)**	**£'000 (audited)**
Initial direct costs incurred on new leases	15	—	11	82	209
Purchase of property, plant and equipment	2,090	2,480	3,666	11,325	9,990
Total	2,105	2,480	3,677	11,407	10,199

During the periods under review, the Group's capital expenditure primarily related to the development of new lease sites, including the acquisition of both plant and machinery and furniture and fixtures. The balance comprises the maintenance of the leasehold estate and ongoing IT upgrades. During financial year 2020, the Group focussed on on-going maintenance in order to ensure that sites were able to open promptly on the removal of Covid-19 related operating restrictions. In addition to the above, a provision was made in financial year 2020 of £3.3 million for anticipated dilapidations costs in respect of the Group's obligations to restore leased properties to their original condition on termination of the relevant lease. No such provision had been made in respect of previous financial years.

The Group will be required by the New Development Agreement with the Franchiser to maintain a minimum number of restaurants and open new restaurants each year in the period from the Demerger to 31 December 2024. The minimum number is 80 initially, increasing in line with the new restaurant requirements to a total of 86 from 1 January 2024 and is expected to start from 90 from 1 January 2025 if the New Development Agreement is renewed. Failure to comply with these capital expenditure requirements would entitle the Franchiser to terminate the Group's franchise. The Existing Development Agreement, which will be replaced by the New Development Agreement upon Demerger, requires the Group to open a minimum of five new restaurants a year, which requirement was not met by the Franchisee in 2020 as a result of the Covid-19 pandemic. Such breach has been waived by the Franchiser pursuant to the Conditions Agreement.

In the medium-term, the Group anticipates an expenditure of between 1.25% to 1.75% of sales per year on maintenance capital expenditure with further new site capital expenditure amounting to between roughly £750,000 to £1,250,000 per restaurant.

As of 27 June 2021, capital commitments for three new restaurant developments amounted to £2.6 million. The funding for these commitments will be derived from a combination of operating cash flow generation and presently undrawn bank facilities.

7.5 Contractual and other obligations

The Group's financial liabilities as at 27 June 2021 and as at the end of financial year 2020 were as follows:

	As at 27 June 2021	**As at 27 December 2020**
Financial liabilities		
Borrowings	64,722	65,260
Lease liabilities	152,194	151,446
Trade payables	16,871	13,397
Amounts owed to fellow subsidiaries	133,005	141,935
Other creditors	1,120	865
Interest payable	168	147
Accruals	8,922	10,249
Total financial liabilities	**377,002**	**383,299**

The amounts owing to other subsidiaries are inter-company balances arising from non-interest bearing loans owing to the immediate parent (pre-Demerger) of the Group which are payable on demand and will be settled prior to the Demerger.

The maturity profile of the Group's borrowings and lease liabilities, on an undiscounted basis, are as follows:

	As at 27 June 2021	**As at 27 December 2020**
Bank loans – less than one year	2,467	2,437
Bank loans – one to five years	63,350	64,314
Bank loans – more than five years	—	—
Lease liabilities – less than one year	32,563	28,238
Lease liabilities – one to five years	82,343	102,885
Lease liabilities – more than five years	110,192	100,892
Total financial & lease liabilities	**290,915**	**298,766**

In addition to the above obligations, the Existing Development Agreement and the New Development Agreement with the Franchiser require the Group to pay the Franchiser a royalty fee in US dollars equal to 4% of the Group's monthly gross sales, to be paid by the 15th day of the following month. In addition, the Group is required by the Existing Development Agreement and the New Development Agreement to spend an amount equal to at least 1% of gross sales per annum, as measured over a continuous six month period, on advertising the brand. Failure to comply with this requirement could result in the Franchiser terminating the franchise.

8. Dividend Policy

The Board considers dividends to be an important component of total shareholder return.

The Board does not intend to consider paying a dividend until trading normalises to 2019 EBITDA levels.

9. Off-balance sheet arrangements

As at 27 June 2021, the Group had no material off-balance sheet arrangements.

10. Qualitative and quantitative disclosures about market risk

A description of the Group's management of credit risk, liquidity risk, foreign currency risk and interest rate risk is included in Note 30 of Part X (*Historical Financial Information*).

11. Critical accounting policies

Critical accounting policies are those policies that require the application of management's most challenging, subjective or complex judgements, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Critical accounting policies involve judgements and uncertainties that are sufficiently sensitive to result in materially different results under different assumptions and conditions. A description of certain of the main accounting policies used in preparing the Historical Financial Information is included in Note 1 of Part X (*Historical Financial Information*).

PART IX

CAPITALISATION AND INDEBTEDNESS

1. Capitalisation

The table below sets out the capitalisation of the Group as at 27 June 2021.

Shareholders' equity	**As at 27 June 2021 £m**
Share capital	8.9
Share premium	—
Total	**8.9**

Subsequent to the presentation of the latest results as at 27 June 2021, the Group has undertaken a number of preparatory steps in relation to Admission which is anticipated to occur on 2 November 2021. The Company and other members of the Group have implemented certain reorganisation steps to enable the Demerger to be implemented, including the issuance of shares to Electra Private Equity PLC in exchange for invested capital, and the removal of intercompany loans in other members of the Group, as outlined further in paragraph 15 (*Related party transactions and other arrangements*) of Part XII (*Additional Information*).

2. Statement of Indebtedness

The table below sets out the Group's financial indebtedness as at 29 August 2021. The Company, itself, did not have any financial indebtedness as at 29 August 2021. The information as at 29 August 2021 is unaudited. The statement of indebtedness has been extracted without material adjustment from the management accounts of the Group, which have been prepared using policies that are consistent with those used in preparing the Historical Financial Information as disclosed in PART X (*Historical Financial Information*).

	As at 29 August 2021 £m (unaudited)
Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	
Guaranteed	—
Secured[1]	24.6
Unguaranteed / unsecured	—
Current financial indebtedness	**24.6**
Non-current financial debt (excluding current portion and debt instruments)	
Guaranteed	—
Secured[1]	173.6
Unguaranteed / unsecured	—
Non-current financial indebtedness	**173.6**
Total gross financial indebtedness	**198.1**

The debt figures shown above include the obligations under financial leases, but exclude intercompany balances between the Group and the Electra Group.

(1) Secured includes lease liabilities secured against the underlying assets and loans secured against the assets of the business.

3. Net Financial Indebtedness

The table below sets out the Group's net financial indebtedness as at 29 August 2021. The information as at 29 August 2021 is unaudited. The statement of net financial indebtedness has been extracted without material adjustment from the management accounts of the Group, which have been prepared using policies that are consistent with those used in preparing the Historical Financial Information as disclosed in Part X (*Historical Financial Information*).

	As at 29 August 2021 £m (unaudited)
Cash	23.5
Cash equivalent	—
Trading securities	—
Liquidity	**23.5**
Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	—
Current portion of non-current financial debt	24.6
Current financial indebtedness	**24.6**
Net current financial indebtedness	**1.1**
Non-current financial debt (excluding current portion and debt instruments)	130.0
Debt instruments	43.5
Non-current financial indebtedness	**173.5**
Net financial indebtedness	174.6

The Net Financial Indebtedness presented above excludes intercompany balances between the Group and the Electra Group, standing at £130 million as at 29 August 2021.

Since 29 August 2021, the following material changes in the indebtedness of the Group have occurred:

- Repayment of a further £6 million of debt instruments on 8 September 2021.

PART X

HISTORICAL FINANCIAL INFORMATION

Section A: Accountants' report on the Historical Financial Information

The directors (the "**Directors**")
Hostmore plc (formerly Hostmore Limited)
Highdown House
Yeoman Way
Worthing
West Sussex
BN99 3HH

Numis Securities Limited ("**Numis**")
45 Gresham Street
London
EC2V 7BF

15 October 2021

Dear Ladies and Gentlemen

Hostmore plc (formerly Hostmore Limited) (the "Company" and, together with its subsidiaries, the "Group")

We report on the combined historical financial information of the Group prepared on a basis that combines the results, assets and liabilities of Hostmore plc (formerly Hostmore Limited), Hostmore Group Limited, Wednesdays (Bidco) Limited and their respective subsidiaries for the 52 weeks periods ended 30 December 2018, 29 December 2019 and 27 December 2020 and for the 26 week period ended 27 June 2021 set out in section B of Part X of the prospectus dated 15 October 2021 (the "**Prospectus**") of the Company (the "**Group Combined Financial Information Table**").

This report is required by item 18.3.1 of Annex 1 to the PR Regulation and is given for the purpose of complying with that item and for no other purpose.

We have not audited or reviewed the financial information for the 26 week period ended 28 June 2020 which has been included for comparative purposes only, and accordingly do not express an opinion thereon.

Opinion on financial information

In our opinion, the Group Combined Financial Information Table gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Group as at the dates stated and of its profits/losses, cash flows and statement of changes in equity for the 52 weeks ended 30 December 2018, 29 December 2019 and 27 December 2020 and for the 26 weeks ended 27 June 2021 in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("**EU IFRS**") and international accounting standards in conformity with the requirements of the Companies Act 2006' ("**UK IFRS**").

Conclusions Relating to Going Concern

We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the Group Combined Financial Information Table about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Group

Combined Financial Information Table and the Directors' identification of any material uncertainties to the Group's ability to continue as a going concern over a period of at least twelve months from the date of this Prospectus.

We have nothing material to add or to draw attention to.

Responsibilities

The Directors of the Company are responsible for preparing the Group Combined Financial Information Table in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("**EU IFRS**") and international accounting standards in conformity with the requirements of the Companies Act 2006' ("**UK IFRS**").

It is our responsibility to form an opinion on the Group Combined Financial Information Table and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.3.2R(2)(f) of the Prospectus Regulation Rules of the Financial Conduct Authority (the "**Prospectus Regulation Rules**") to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 1 to the PR Regulation, consenting to its inclusion in the Prospectus.

Basis of Preparation

The Group Combined Financial Information Table has been prepared for inclusion in the Prospectus of the Company on the basis of the accounting policies set out in note 1 to the Group Combined Financial Information Table.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council ("**FRC**") in the United Kingdom. We are independent in accordance with the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the Group Combined Financial Information Table. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Declaration

For the purposes of item 5.3.2R(2)(f) of the Prospectus Regulation Rules we are responsible for this report as part of the Prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 1 to the PR Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

Section B: Historical Financial Information

COMBINED STATEMENT OF COMPREHENSIVE INCOME

The combined statements of comprehensive income of the Group for each of the 52 weeks ended 30 December 2018, 29 December 2019 and 27 December 2020 as well as periods ended 28 June 2020 and 27 June 2021 are presented below.

		52 weeks			Periods ended	
	Note	30 December 2018 £'000	29 December 2019 £'000	27 December 2020 £'000	28 June 2020 (Unaudited) £'000	27 June 2021 £'000
Revenue	4	208,823	214,838	129,088	52,357	39,920
Cost of sales		(45,920)	(46,708)	(26,183)	(11,707)	(7,710)
Gross profit		**162,903**	**168,130**	**102,905**	**40,650**	**32,210**
Administrative expenses		(160,194)	(146,163)	(131,368)	(68,216)	(51,711)
Other income	5	670	172	20,628	11,942	14,886
Operating profit/(loss)	6	**3,379**	**22,139**	**(7,835)**	**(15,624)**	**(4,615)**
Interest receivable and similar income	11	110	216	129	105	22
Interest payable and similar expenses	12	(14,341)	(13,400)	(12,486)	(6,226)	(6,578)
(Loss)/Profit before taxation		**(10,852)**	**8,955**	**(20,192)**	**(21,745)**	**(11,171)**
Taxation	13	1,302	(1,914)	2,878	2,894	3,200
(Loss)/Profit for the financial year from continuing operations		**(9,550)**	**7,041**	**(17,314)**	**(18,851)**	**(7,971)**
Total comprehensive (loss)/gain for the year		**(9,550)**	**7,041**	**(17,314)**	**(18,851)**	**(7,971)**

All operations are continuing operations.

COMBINED STATEMENT OF FINANCIAL POSITION

The combined statements of financial position of the Group as at 30 December 2018, 29 December 2019 and 27 December 2020 as well as periods ended 27 June 2021 are presented below.

	Note	30 December 2018 £'000	29 December 2019 £'000	27 December 2020 £'000	27 June 2021 £'000
Non-current assets					
Goodwill	14	145,979	145,979	145,979	145,979
Property, plant and equipment	15	57,481	55,598	48,919	45,130
Right-of-use assets	16	147,556	136,717	121,219	116,856
Net investment in a sub-lease	17	934	780	620	534
Prepayments		40	60	60	60
Deferred tax asset	18	2,655	2,318	4,486	7,142
Total non-current assets		**354,645**	**341,452**	**321,283**	**315,701**
Current assets					
Inventory	19	1,199	1,249	703	1,049
Net investment in a sub-lease	17	134	158	359	454
Current tax assets				1,313	1,902
Trade and other receivables	20	6,736	7,638	6,521	6,980
Cash and cash equivalents	21	17,573	27,121	37,201	36,166
Total current assets		**25,642**	**36,166**	**46,097**	**46,551**
Total assets		**380,287**	**377,618**	**367,380**	**362,252**
Current liabilities					
Borrowings	24	(1,076)	(1,076)	(1,426)	(1,426)
Current tax liabilities		(353)	(408)	—	—
Trade and other payables	22	(160,944)	(163,045)	(173,936)	(167,600)
Provisions	25	—	—	(509)	(509)
Lease liabilities	16, 23	(14,217)	(12,678)	(17,672)	(22,148)
Total current liabilities		**(176,590)**	**(177,207)**	**(193,543)**	**(191,683)**
Non-current liabilities					
Borrowings	24	(65,987)	(64,911)	(63,834)	(63,296)
Provisions	25	—	—	(2,821)	(2,850)
Lease liabilities	16, 23	(154,029)	(144,778)	(133,774)	(130,046)
Total non-current liabilities		**(220,016)**	**(209,689)**	**(200,429)**	**(196,192)**
Total liabilities		**(396,606)**	**(386,896)**	**(393,972)**	**(387,875)**
Net liabilities		**(16,319)**	**(9,278)**	**(26,592)**	**(25,623)**
Total equity					
Invested capital	26	—	—	—	8,930
Share premium		—	—	—	—
Share based payment reserve	27	4,054	4,054	4,054	10
Retained losses		(20,373)	(13,332)	(30,646)	(34,563)
Total equity		**(16,319)**	**(9,278)**	**(26,592)**	**(25,623)**

Refer to Note 31 for the combined statement of financial position as at the date of transition to IFRS (01 January 2018).

COMBINED STATEMENT OF CHANGES IN EQUITY

The combined statements of changes in members' interests of the Group for each of the 52 weeks ended 30 December 2018, 29 December 2019 and 27 December 2020 as well as periods ended 28 June 2020 and 27 June 2021 are presented below.

	Invested capital £'000	Share premium £'000	Share based payment reserve £'000	Retained losses £'000	Total £'000
Balance at 1 January 2018	—	—	3,264	(10,823)	(7,559)
Total comprehensive loss for the year	—	—	—	(9,550)	(9,550)
Share based payments (Note 27)	—	—	790	—	790
Balance at 30 December 2018	**—**	**—**	**4,054**	**(20,373)**	**(16,319)**
Total comprehensive gain for the year	—	—	—	7,041	7,041
Balance at 29 December 2019	**—**	**—**	**4,054**	**(13,332)**	**(9,278)**
Total comprehensive loss for the period	—	—	—	(18,851)	(18,851)
Balance at 28 June 2020 (unaudited)	**—**	**—**	**4,054**	**(32,183)**	**(28,129)**
Total comprehensive gain for the period	—	—	—	1,537	1,537
Balance at 27 December 2020	**—**	**—**	**4,054**	**(30,646)**	**(26,592)**
Total comprehensive loss for the year	—	—	—	(7,971)	(7,971)
Share based payments (Note 27)	—	—	10	—	10
Shares issued (Note 26)	8,930	—	—	—	8,930
Reclassified to retained earnings on lapsing			(4,054)	4,054	—
Balance at 27 June 2021	**8,930**	**—**	**10**	**(34,563)**	**(25,623)**

COMBINED STATEMENT OF CASH FLOWS

The combined statements of cash flow of The Group for each of the 52 weeks ended 30 December 2018, 29 December 2019 and 27 December 2020 as well as periods ended 28 June 2020 and 27 June 2021 are presented below.

		52 weeks ended			Periods ended	
	Note	30 December 2018 £'000	29 December 2019 £'000	27 December 2020 £'000	28 June 2020 (Unaudited) £'000	27 June 2021 £'000
Cash flows from operating activities						
(Loss)/Profit for the financial period		(9,550)	7,041	(17,314)	(18,851)	(7,971)
Adjustments for:						
Depreciation, amortisation and impairment	7,15,16	41,526	23,328	31,248	17,047	11,063
Covid-19 rent concessions		—	—	(1,475)	—	(1,077)
Loss on lease derecognition		407	1,889	—	—	—
Interest receivable and similar income	11	(110)	(216)	(129)	(105)	(22)
Interest payable and similar expenses	12	14,369	13,440	12,519	6,242	6,593
Equity settled share-based payment expenses	27	790	—	—	—	10
Taxation	13	(1,302)	1,914	(2,878)	(2,894)	(3,200)
		46,130	**47,396**	**21,971**	**1,439**	**5,396**
Decrease/(Increase) in trade and other receivables		174	2,099	1,116	231	(460)
(Increase)/Decrease in inventory		(14)	(50)	546	290	(347)
(Decrease)/Increase in trade and other payables		(1,086)	459	6,483	(416)	3,073
(Decrease)/Increase in provisions	25	(622)	—	3,330	—	30
Cash used in operations		**(1,548)**	**2,508**	**11,475**	**105**	**2,296**
Rental income from finance sub-leases		177	184	8	4	14
Tax paid		(2,350)	(1,608)	(970)	(970)	—
Net cash generated from operating activities		**42,409**	**48,480**	**32,484**	**578**	**7,706**
Cash flows from investing activities						
Interest received		56	150	75	75	—
Initial direct costs incurred on new leases		(209)	(82)	(11)	—	(15)
Purchase of property, plant and equipment		(9,990)	(11,325)	(3,666)	(2,480)	(2,090)
Net cash used in investing activities		**(10,143)**	**(11,257)**	**(3,602)**	**(2,405)**	**(2,105)**
Cash flows from financing activities						
Proceeds from share issue	26	—	—	—	—	8,930
Repayment of intercompany loan	26	—	—	—	—	(8,930)
Lease payments		(21,852)	(23,733)	(15,606)	(830)	(4,958)
Repayment of bank loan	24	(1,400)	(1,400)	(1,050)	(350)	(700)
Interest paid on bank loan		(2,425)	(2,542)	(2,146)	(1,118)	(978)
Net cash used in financing activities		**(25,677)**	**(27,675)**	**(18,802)**	**(2,298)**	**(6,636)**
Net increase in cash and cash equivalents		**6,589**	**9,548**	**10,080**	**(4,125)**	**(1,035)**
Cash and cash equivalents at beginning of period		**10,984**	**17,573**	**27,121**	**27,121**	**37,201**
Cash and cash equivalents at end of period		**17,573**	**27,121**	**37,201**	**22,996**	**36,166**

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. General information

This combined financial information presents the financial track record of Hostmore plc (formerly Hostmore Limited), Hostmore Group Limited, Wednesdays (Bidco) Limited and their respective subsidiaries (the "Group") for the 52 week periods ended 30 December 2018, 29 December 2019 and 27 December 2020 and the 26 week period ended 27 June 2021.

The Group has not in the past constituted a separate legal group but is a collection of subsidiaries wholly owned by Electra Private Equity PLC ("Electra") throughout the period for which this combined financial information has been presented. Whilst the Group did not constitute a separate legal group, all the entities comprising the Group were under common management and common control throughout this period.

The combined financial information presented in this Part X, Section B "Historical Financial Information of the Group" has been prepared specifically for this Prospectus.

The entities that comprise the Group are all incorporated and domiciled in the UK. The principal activities of the Group are the development and operation of branded restaurants and bars and ancillary activities.

Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the historical financial information of the Group, which have been applied consistently to all periods presented, are set out below.

Basis of preparation

The Company was incorporated on 14 April 2021 for the purpose of acting as parent undertaking for the Group. The Company does not have independent operations in its own right and, as at 27 June 2021, it was a wholly owned subsidiary of Electra. On 5 October 2021, the Company acquired investments from Electra which comprised 100% of the issued share capital of Hostmore Group Limited, and indirectly 100% of the issued share capital of Wednesdays (Bidco) Limited and its respective subsidiaries following implementation of a group reorganisation.

As the Group has not in the past constituted a separate legal entity, the combined historical financial information, which has been prepared specifically for this Prospectus, is therefore prepared on a basis that combines the results, assets and liabilities of each of the entities constituting the Group by applying the principles underlying the consolidation procedures of IFRS 10 'Consolidated Financial Statements' ("IFRS 10") for each of the 52 week periods ended 30 December 2018, 29 December 2019 and 27 December 2020 and the 26 week period ended 27 June 2021, and as at those dates. On such basis, the combined historical financial information sets out the Group's balance sheet as at 30 December 2018, 29 December 2019, 27 December 2020 and 27 June 2021, and combined results of the Group's operations and cash flows for each of the 52 week periods and 26 week period then ended.

This combined historical financial information presents and is prepared for the purposes of this Prospectus and in accordance with the requirements of the Prospectus Directive regulation, the Listing Rules, this basis of preparation, and with those parts of the Companies Act 2006 as applicable to companies reporting under IFRS.

This basis of preparation describes how this combined financial information has been prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and international accounting standards in conformity with the requirements of the Companies Act 2006' (each and together "IFRS"). The combined historical financial information has been prepared in accordance with those accounting policies that are consistent with those that will be applied by Hostmore plc in its financial statements as at and for the 53 weeks ended 02 January 2022. The principal accounting policies that have been applied to this combined financial information are set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

IFRS does not provide for the preparation of combined historical financial information and, accordingly, in preparing the combined historical financial information certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 "Standards for Investment Reporting applicable to public reporting engagements on historical financial information" issued by the UK Auditing Practices Board have been applied.

The following summarises the accounting and other principles applied in preparing the Group's combined financial information:

The combined financial information has been prepared on a historical cost basis;

The combined financial information has been prepared by using the Group's historical records to aggregate the results, assets and liabilities of each of the entities constituting the Group and by applying the principles underlying the consolidation procedures of IFRS 10 for each of the 52 week periods ended 30 December 2018, 29 December 2019 and 27 December 2020 and the 26 week period ended 27 June 2021 and as at these dates;

The income tax expense and tax balances in the combined historical financial information have been determined based on the amounts recorded by the Group companies in their statutory accounts. Deferred tax assets and liabilities reflect the full historical deferred tax assets and liabilities recorded by the legal entities included in the Group. The tax charges recorded in the combined income statement and combined statement of comprehensive income are not necessarily representative of the tax charges that would have been reported had the Group been an independent group throughout the period presented. They are not necessarily representative of the tax charges that may arise in the future;

The Group has not in the past constituted a separate legal group and therefore it is not meaningful to show share capital or an analysis of reserves for this combined Group. As such, the net assets of the Group are represented by the cumulative investment of Electra in the Group (shown as "Invested Capital");

As the financial information has been prepared on a combined basis, it is not possible to measure earnings per share. Accordingly, the requirement of IAS 33 'Earnings per Share' to disclose earnings per share has not been complied with.

The Group's deemed transition date to IFRS for the purpose of the combined historical financial information is 31 December 2017, being the beginning of the first period presented, and the requirements of IFRS 1 'First-time Adoption of International Reporting Standards' have been applied as of that date. IFRS 1 allows certain exemptions in the application of particular IFRS to prior periods in order to assist companies with the transition process. The exemptions applied are detailed within the notes to the accounts.

As the Group did not constitute a separate legal group at the date of transition, or throughout the period covered by this combined financial information, the Group has not previously prepared or reported any combined financial information in accordance with any other generally accepted accounting principles ('GAAP'). Consequently, it is not possible to provide IFRS 1 reconciliations between financial information prepared under any previous GAAP and the financial information prepared in accordance with IFRS included in this combined financial information, as required by IFRS 1.

The combined financial information of the Group does not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Group been a separate entity or the future results of the Group as it will exist upon completion of the transaction.

The combined historical financial information is prepared in accordance with IFRS under the historical cost convention, as modified for the revaluation of certain financial instruments. The combined historical financial information is presented in thousands of pounds ("£000") except when otherwise indicated.

The principal accounting policies adopted in the preparation of the combined financial information are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated.

Measurement convention

The consolidated financial information has been prepared under the historical cost convention.

The preparation of the consolidated financial information in compliance with IFRS requires the use of certain critical accounting estimates and management judgements in applying the accounting policies. The significant estimates and judgements that have been made and their effect is disclosed in note 2.

Basis of consolidation

The combined financial information includes the financial statements of the Company and its subsidiary undertakings. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated statement of comprehensive income from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Going concern

The accounts have been prepared on a going concern basis. Whilst the Group is in a net liability position, the strong positive EBITDA and the positive operating cash flow supports the directors' belief that the Group is well placed to manage its business risks successfully and for this reason they have adopted the going concern basis in preparing the financial information.

The Group operates a casual dining business with restaurants throughout the UK. Since March 2020 the trade of the group has been materially disrupted by the effects of the Covid-19 pandemic. The imposition of material Covid-19 related trading restrictions and related support by the UK government is unprecedented, as is the flexibility and support of other stakeholders such as the landlords and banks, who, each acting in their own commercial best interests, have been supportive of the Group to date in finding a mutual path through the period of material Covid-19 disruption. The Directors firmly believe that stakeholders will continue to work together to ensure that viable businesses come through this period of uncertainty in order to continue to generate wealth for all stakeholders in the future.

The Group has completed a re-financing as of 7 July 2021, and as a result has agreed new covenants, measured at the operating group level of Wednesdays (Bidco) Limited and its subsidiaries. These covenants include a single minimum liquidity covenant measured monthly until August 2022. Quarterly covenant tests of the adjusted leverage ratio and fixed charge cover are then reinstated, measured quarterly on a last twelve months basis from quarter ending September 2022, together with a capex covenant measured annually from December 2022. The Group has also prepared forecasts of the expected position for the next 18 months, including severe but plausible downside sensitivities. The severe but plausible downside sensitivities do not result in a breach of any of these newly agreed covenant tests.

The directors are confident that the business will continue to trade and develop profitably beyond the period of Covid-19 disruption and are therefore confident that it is appropriate to prepare these financial statements on a going concern basis.

Revenue recognition

The Group primarily derives revenue from two streams: Dine-in and Dine-out.

Dine-in revenue

The Group has the following performance obligations in its contracts with customers:

1- The sale of food and drinks under the TGI Friday's brand – Sales are recognised when the control of the product has transferred. This is the point at which the products are consumed by the customers in the restaurant.

2- For customers enrolled in the loyalty scheme, an additional performance obligation is the promise to award loyalty points for these purchases which entitle customers to discounts on future purchases. Refer to Note 2 on how transaction price is allocated between the two performance obligations.

Payments are made fully in cash at the time of the sale of food and drink and a contract liability for the loyalty points is recognised. Revenue for the loyalty points is recognised when the points are redeemed or when they expire 12 months after the initial sale.

Dine-out revenue and Other

The Group has a single performance obligation which is the sale of food and drinks through third-party delivery partners, click and collect, cocktails at home and drive up cinema. Sales are recognised when the control of the product has transferred being the point at which products are delivered to the customers. A receivable is recognised for the value of food and drinks at the point of sale. Payment terms are usually settlement within 30 days by the delivery partners. Commissions paid to the delivery partners are recognised as an expense in the statement of comprehensive income.

Gift cards

The Group sells gift vouchers for use in its restaurants both directly and via third parties.

A contract liability is recognised at the point of sale of gift cards. Revenue is recognised when the vouchers are redeemed or when they expire 18 months after the initial sale.

Any commission paid to third parties on sale of gift cards is recognised as an asset and recognised in the statement of comprehensive income when the gift card is redeemed or expires (18 months from the date of issue).

Government grants

The Group recognises government grants at fair value when there is reasonable assurance that the entity will comply with the conditions attached to them and that the grant will be received. Government grants are recognised in the statement of comprehensive income on a systematic basis over the period in which the entity recognises as expense the related costs for which the grants are intended to compensate. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised in the statement of comprehensive income of the period in which it becomes receivable. The Group has elected to present government grants as "Other income" in the statement of comprehensive income.

Interest receivable and interest payable

Interest payable and similar expenses include interest payable, unwinding of the discount on provisions, interest on the lease liability and net foreign exchange losses that are recognised in the statement of comprehensive income.

Other interest receivable and similar income includes interest receivable on funds invested, interest arising from net-investment in sub-leases and net foreign exchange gains.

Interest income and interest payable are recognised in the statement of comprehensive income as they accrue, using the effective interest method.

Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured using tax rates enacted or substantively enacted at the reporting date, together with adjustments to tax payable in respect of previous years.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the reporting date Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currency translation

Transactions in foreign currencies are translated to the Group's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate ruling at the reporting date, with all exchange difference being recognised in profit and loss for the year. Differences on settlement of monetary items are recognised in profit and loss for the year.

Goodwill and impairment

On transition, because IFRS 3 has not been applied retrospectively to past business combinations, in the opening IFRS statement of financial position, goodwill has been recognised at the carrying amount of goodwill as reported under the previous financial reporting framework FRS 102.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The goodwill is tested annually for impairment irrespective of whether there is an indication of impairment.

Goodwill does not generate cash flows independently of other assets or groups of assets and is required to be allocated to each 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. At present, sufficient headroom exists and no impairment losses have been allocated to the goodwill.

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. The reversal is allocated to the CGU's assets on a *pro rata* basis. However, the carrying amount of an individual asset is not increased above the higher of its recoverable amount or its historical depreciated cost.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The Group assesses at each reporting date whether an item of property, plant and equipment is impaired.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the shorter of the lease term or the estimated useful lives of each item of property, plant and equipment. The estimated useful lives are as follows:

Leasehold improvements	Lease term
Plant and equipment	3 to 8 years
Fixtures and fittings	4 to 20 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

Inventory

Inventory is stated at the lower of cost and net realisable value. Net realisable value is estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventory, production or conversion costs and other costs in bringing them to their existing location and condition.

Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised on the date when the Group becomes a party to the contractual provisions of the instrument. Financial assets or liabilities are recognised initially at fair value plus or minus, in the case of a financial instrument not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Financial instruments are derecognised on the trade date when the Group is no longer a party to the contractual provisions of the instrument.

Non-derivative financial instruments comprise trade and other receivables, net investment in sub-leases, cash and cash equivalents, borrowings, lease liabilities and trade and other payables. All financial instruments held are measured at amortised cost.

Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

— trade and other receivables for returns to supplies and sales made through third party voucher houses and delivery partners

— net investments in sub-leases

— cash and cash equivalents are also subject to the impairment requirements of IFRS 9. However, the identified impairment loss was immaterial.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables and net investments in sub-leases. To measure the expected credit losses, trade and other receivables and net investment in sub-leases have been grouped based on shared credit risk characteristics and the days past due.

The majority of trade and other receivables are current and not past due date. There is also no history of non-payments by the debtors or sub-lessees. Therefore, no material expected credit losses have been identified.

Post-retirement benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

Share-based payment transactions

Share-based payment arrangements in which the entity receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the entity.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured based on a company specific observable market data, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Leases

The principal leasing activity of the group is the leasing of property for the operation of restaurants. On transition to IFRS, the Group has applied IFRS 16 using the modified retrospective approach:

— A lease liability has been measured at the date of transition to IFRS (01 January 2018) at the present value of the remaining lease payments 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 and any variable payments linked to an index are initially measured at the index or rate at the transition date.

— A right-of-use (RoU) asset has been measured at the date of transition to IFRS at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments as well as dilapidations and onerous lease provisions relating to that lease recognised in the statement of financial position immediately before the date of transition to IFRS.

— Assessed the RoU assets for impairment applying IAS 36. See Note 7 for further information.

The following practical expedients have been adopted on the date of transition to IFRS:

— Majority of the leases on transition to IFRS relate to property. A single discount rate has been used for portfolios of leases with similar remaining lease terms.

— Elected not to recognise leases where the remining term on transition is 12 months or less.

— Elected not to recognise leases where the underlying asset is considered low value.

— Initial direct costs have not been included in the measurement of right of use assets.

— Elected to use hindsight in certain cases, such as, for determining the lease term where the contract contains options to extend or terminate the lease.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. 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. Right-of-use 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 right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Rent concessions

The Group has elected to apply the practical expedient issued in response to the coronavirus pandemic to all eligible rent concessions. Therefore, the Group has not accounted for rent concessions as lease modifications if they are a direct consequence of Covid-19 and the following conditions are met:

— The revised consideration is substantially the same or less than the original consideration;

— The reduction in lease payments relates to payments originally due on or before 30 June 2022; and

— No other substantive changes are made to the terms of the lease.

Sub-leases

The Group acts as a lessor in some cases where it sub-leases its properties recognised as RoU assets. At the date of transition to IFRS all sub-leases were assessed to ascertain whether they were a finance lease or operating lease.

Any sub-leases which are classified as a finance lease, for example, where the term is for almost the entirety of the remaining head lease term are considered finance, an appropriate proportion of the RoU asset has been derecognised and a net investment in sub-lease has been recognised equal to the present value of future lease payments discounted at the same discount rate as the associated head lease. Any difference between the net investment in sub-lease and RoU asset has been recognised in the opening retained earnings at the date of transition. Subsequently, all such differences are recognised in the statement of comprehensive income within administrative expenses.

Where the sub-leases do not meet the definition of a finance lease they are treated as an operating lease and are expensed on a straight line basis over the life of the lease.

Provisions

A dilapidations provision has been recognised in the statement of financial position when the entity has a present legal or constructive obligation to dismantle and restore the RoU assets to the condition required by the terms and conditions of the lease at the end of the lease term. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

New Standards, amendments and interpretations

There are no new standards, no amendments to accounting standards, or IFRIC interpretations that are effective for the period ended 27 June 2021 that have had material impact on the company's financial statements.

New standards, amendments and interpretations not yet adopted

There are no new standards that have been early adopted in the financial information to 27 June 21 and there is no material impact on the Group in relation to new standards, amendments and interpretations for the current and future reporting periods.

2. Critical accounting judgements and estimation uncertainty

Critical judgements

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 as it is considered that they all benefit equally from the brand value.

Lease term

Several leases of restaurant properties contain extension options or break clauses.

No options to extend or terminate a lease have been included in the assessment of the lease term. The non-cancellable period and enforceable period are both considered to be the initial lease term laid out in the contract in place at the date of transition or periods for which leases have already been extended.

Leases for restaurant properties are generally long-term and due to the nature of the business, decisions to extend or terminate are based on evolving market dynamics that may create an economic incentive to do so. Therefore, at the date of transition there is no reasonable expectation of whether an option to extend or terminate will be exercised except where hindsight has been used.

Allocating transaction price

The Group operates a loyalty scheme where dine-in customers accumulate points for purchases made in restaurants which entitle them to discounts on future purchases. The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the food and drinks consumed at the time of the initial sale and the points on the basis of the fair value of sales.

Impairment

The Group has performed an impairment assessment at the date of transition to IFRS and at the end of each reporting period. The results of this assessment are reviewed by management in conjunction with any known future factors which will impact the profitability of the store in future periods, to arrive at the final impairments recognised in the financial statements.

Critical estimates

Dilapidations

The Group has an obligation to restore the properties from which it operates its restaurants to the condition required by the terms and conditions of the respective leases.

The restaurant units are leased based on a defined number of years. The estimated dilapidation cost is calculated based on the historical dilapidation payments made for restaurants where the lease has come to an end, incorporating a discount to account for negotiations on exit. In addition, the timing of cash flows and the discount rates used to establish net present value of the obligations require estimation.

In the current year a change in estimate has been made. Previously, very few store closures resulted in dilapidations charges causing the estimate of dilapidations provisions to be nil. Recent store closures in 2020 did result in dilapidation charges, and so the estimate of historic dilapidations payments has been updated and a new dilapidations provision has been recognised in the period to 27 December 2020.

The following table shows the effect on the dilapidations provision for a 10% change in the discount incorporated into the expected cost of future settlements, with all other variables held constant.

	10% increase in Discount applied £'000	10% decrease in Discount applied £'000
December 2020	291	(79)
June 2021	291	(79)

Impairment

The Group has performed an impairment assessment at the date of transition to IFRS and at the end of each reporting period. An impairment charge has been recognised for non-profit making restaurants based on latest trading data extrapolated to the end of the lease term and each restaurant's ability to cover its costs, including an allocation of central overheads. The key assumption here is that the latest trading data continues in perpetuity with no inflation, and the term reviewed is the life of the lease. When trading data and forecasts indicate a return to profitability that is expected to continue, any previously recognised impairment is reversed.

Refer to Note 7 for details of amounts recognised.

3. Operating segments

The Company only has one operating segment related to sale of food and drinks under the TGI Friday's brand. The measure of profit reviewed by the CODM is EBITDA (before share-based payments) on the basis that these are the measures used to meet the covenant compliance, and is presented below. All non-current assets are located in the UK and Jersey.

	2018 £'000	2019 £'000	2020 £'000	June-20 (unaudited) £'000	June-21 £'000
(Loss)/Profit before tax	(10,852)	8,955	(20,192)	(21,745)	(11,171)
Depreciation	26,312	24,968	23,273	11,880	11,060
Net interest and bank charges	14,261	13,206	12,389	6,143	6,560
Impairment	15,214	4,043	7,975	5,167	—
Impairment reversal	—	(5,683)	—	—	—
Share-based payment expenses	790	—	—	—	10
EBITDA	45,725	45,489	23,445	1,445	6,459

The CODM also reviews the EBITDA adjusted to remove the impact of IFRS 16 as below:

	2018 £'000	2019 £'000	2020 £'000	June-20 (unaudited) £'000	June-21 £'000
Loss before tax – post IFRS 16	(10,852)	8,955	(20,192)	(21,745)	(11,171)
Add: IFRS 16 depreciation	15,296	13,636	12,958	6,680	6,173
Add: IFRS 16 interest expense	11,559	10,626	10,042	5,015	4,987
Less: IFRS 16 interest income	(54)	(55)	(49)	(25)	(22)
Less: Lease expense	(24,075)	(20,261)	(20,523)	(10,985)	(9,540)
Add/Less: Loss/(Gain) on lease derecognition	407	(82)	—	—	—
Impairments	15,214	4,043	7,975	5,167	—
Impairment reversal	—	(5,683)	—	—	—
Share-based payment expenses	790	—	—	—	10
EBITDA	8,285	11,179	(9,789)	(15,893)	(9,563)

4. Revenue

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of food and drinks at a point in time from the following channels:

	2018 £'000	2019 £'000	2020 £'000	June-20 (unaudited) £'000	June-21 £'000
Dine in revenue	206,058	211,710	114,581	45,937	28,714
Dine out revenue	2,765	3,128	14,104	6,396	10,986
Other	—	—	403	24	220
	208,823	214,838	129,088	52,357	39,920

In 2018 and 2019 dine-out sales are mainly generated through third party delivery partners. In 2020, click and collect was introduced allowing customers to place dine-out orders directly with TGIF for collection. Majority of the dine-out revenue in 2020 is comprised of click and collect. A number of additional revenue streams were also introduced in 2020 including cocktails at home and drive up cinema. Revenue generated from these is shown as "Other".

Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers.

	2018 £'000	2019 £'000	2020 £'000	June-20 (unaudited) £'000	June-21 £'000
Assets recognised for costs incurred to obtain a contract	**43**	**26**	**21**	**25**	**10**
Contract liabilities					
Customer loyalty programme	111	535	594	32	609
Gift vouchers	521	743	505	427	437
	632	1,278	1,099	459	1,046

(i) Significant changes in contract liabilities

Customer loyalty programme was started in July 2018. In 2019, the increase in contract liabilities for the customer loyalty programme is partly driven by the impact of a full year of implementation. In 2020, the validity period of the loyalty points was extended due to Covid-19 which led to an increase in the associated contract liability.

Gift vouchers began to be distributed by third parties, as well as sold in stores, in October 2017 and are valid for 18 months. The associated liability in 2019 is higher as a result of a build up of contract liabilities over a full 18 month period compared to 2018. In 2020 gift card sales were lower as a consequence of the pandemic reflected in the lower contract liability related to gift vouchers.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to brought forward contract liabilities:

	2018 £'000	2019 £'000	2020 £'000	June-20 (unaudited) £'000	June-21 £'000
Customer loyalty programme	—	111	515	334	203
Gift vouchers	501	251	237	211	30

(iii) Assets recognised from costs to obtain a contract

The Group has recognised an asset in relation to costs to generate gift voucher sales via third parties. This is presented within trade and other receivables in the statement of financial position.

These represent the commissions incurred on gift cards sold by third parties and recognised in the statement of comprehensive income when the gift card is redeemed or expires (18 months from the date of issue).

	2018 £'000	2019 £'000	2020 £'000	June-20 (unaudited) £'000	June-21 £'000
Amortisation recognised	112	168	96	58	43

5. Other income

Included within other income is rental income from the sub-lease of properties under operating leases. In 2020, government grants received under coronavirus support programmes are also shown as other income. These pertain to the Coronavirus Job Retention Scheme as well as various hospitality related grants. The Group has also benefitted from reduced VAT of 5% as well as business rates relief available to the hospitality sector extended by the UK government to provide financial relief during the pandemic.

	2018 £'000	2019 £'000	2020 £'000	June-20 (unaudited) £'000	June-21 £'000
Rental income from operating leases	593	109	115	35	50
Coronavirus Job Retention Scheme	—	—	18,870	11,886	11,418
Hospitality related grants	—	—	193	50	3,418

There are no minimum lease payments receivable on operating leases for the years ended 30 December 2018, 29 December 2019 and 27 December 2020 as well as the periods ended 28 June 2020 and 27 June 2021.

6. Operating profit/(loss)

Operating profit/(loss) is stated at after charging:

	2018 £'000	2019 £'000	2020 £'000	June-20 (unaudited) £'000	June-21 £'000
Fees payable to the company's auditor for the					
– Audit of the financial statements	68	75	188	—	180
– Non-audit fees	315	46	—	—	—
Share based payment charges	790	—	—	—	10
Impairment charge	15,214	4,043	7,975	5,167	—
Impairment reversal	—	(5,683)	—	—	—
Depreciation	26,312	24,968	23,273	11,880	11,060

7. Impairments

Each restaurant within the Group is considered a separate cash generating unit (CGU).

The Group has performed an impairment assessment at the date of transition to IFRS and at the end of each reporting period. An impairment charge has been recognised for non-profit making restaurants based on latest trading data and each restaurant's ability to cover its costs, including an allocation of central overheads. When trading data and forecasts indicate return to profitability that is expected to continue, any previously recognised impairment is reversed.

The Group has recognised the following impairments and reversals of impairment within opening retained losses at 1 January 2018 and within administrative expenses in the statement of comprehensive income at the end of each reporting period:

	1 Jan 2018 £'000	2018 £'000	2019 £'000	2020 £'000	June-2020 (unaudited) £'000	June-2021 £'000
Impairment – Property, plant and equipment	16	2,753	1,546	1,092	1,036	—
Impairment – Right-of-use assets	28	12,461	2,497	6,883	4,131	—
Impairment reversal – Right-of-use assets	—	—	(5,683)	—	—	—
	44	15,214	(1,640)	7,975	5,167	—

The recoverable amount is based on value in use calculations with cash flow projections over the lease term of each restaurant using the following discount rates and assuming no growth rate:

	1 Jan 2018 %	2018 %	2019 %	2020 %	June-2020 (unaudited) %	June-2021 %
Discount rates	7.5	7.6	7.8	7.9	7.9	7.9

The recoverable amounts of the CGUs in respect of which impairment has been recognised are as follows at each assessment date:

	01-Jan-18 £'000	2018 £'000	2019 £'000	2020 £'000	June-2020 (unaudited) £'000	June-2021 £'000
Cheltenham	3,188	1,983	1,847	1,472	1,419	1,435
Covent Garden	1,846	2,601	1,012	146	116	(67)
Croydon	4,046	2,435	1,063	1,260	1,103	1,084
Gateshead	1,208	410	74	(5)	(85)	14
Guildford	1,594	539	39	172	48	(13)
Halifax	3,171	2,138	1,548	1,117	1,048	1,110
Leeds	1,287	565	436	269	224	251
Leeds Trinity	8,318	5,075	4,319	3,432	3,354	3,403
Leicester Square	9,926	6,890	12,323	11,166	10,891	10,798
Manchester Piccadilly	453	341	294	(252)	(215)	(121)
Northampton	2,672	2,361	1,744	1,409	1,352	1,364
O2 Arena	7,761	4,762	4,206	3,064	3,020	3,055
Reading	3,304	668	887	727	687	718
Reading Oracle	3,435	2,229	2,022	1,413	1,373	1,391
Southampton West Quay	6,071	2,035	2,013	1,205	1,119	1,157
Speke	—	3,693	3,693	3,020	2,997	2,959
Watford	4,990	4,347	3,362	2,949	2,874	2,847

The following table shows the effect on impairment of Property, Plant and Equipment and Rights of Use Assets for a 10% change in the discount rate or EBITDA, with all other variables held constant.

	Discount rate		**EBITDA**	
	Increase of 10% (Additional impairment) £'000	**Decrease of 10% (Lower impairment) £'000**	**Increase of 10% (Lower impairment) £'000**	**Decrease of 10% (Additional impairment) £'000**
2018	669	(719)	(1,288)	1,426
2019	1,006	(809)	(1,597)	2,437
2020	266	–	–	1,233
June-2020 (unaudited)	1,611	(1,075)	(2,086)	3,081
June-2021	—	—	—	1,167

8. Employee information

The average number of persons employed by the Group during the year, analysed by category, was as follows:

	2018 Number	**2019 Number**	**2020 Number**	**June-2020 (unaudited) Number**	**June-2021 Number**
Sales	2,747	2,771	2,705	2,909	2,212
Administration	493	495	470	503	350
	3,240	3,266	3,175	3,412	2,562

The aggregate payroll costs of these persons were as follows:

	2018 £'000	**2019 £'000**	**2020 £'000**	**June-2020 (unaudited) £'000**	**June-2021 £'000**
Wages and salaries	60,659	63,304	60,478	31,639	25,520
Share based payments	790	—	—		10
Social security costs	3,855	4,035	3,626	1,882	1,592
Other pension costs	844	1,072	1,031	539	414
	66,148	68,411	65,135	34,060	27,536

9. Directors' remuneration

	2018 £'000	**2019 £'000**	**2020 £'000**	**June-2020 (unaudited) £'000**	**June-2021 £'000**
Directors' remuneration	935	1,076	961	305	641

The amounts receivable of the highest paid director was £399,108 (2020: £626,749; 2019: £652,719; 2018: £549,908). No company pension contributions (2020, 2019 and 2018: £nil) were made to a money purchase scheme on their behalf. No share options were exercised by any of the directors for all periods presented.

No retirement benefits accrued to any director under money purchase schemes in the year (2019 and 2018: £nil).

10. Key management personnel

Key management personnel are considered to be the executive team.

The total compensation paid to key management personnel for services provided to the Group is as follows:

	2018 £'000	2019 £'000	2020 £'000	June-2020 (unaudited) £'000	June-2021 £'000
Aggregate emoluments including short-term employee benefits	1,778	2,179	2,219	691	1,359
Post-employment benefits	52	42	33	14	21
Share based payments	790	—	—	—	10
	2,620	2,221	2,252	705	1,390

Mr Gavin Manson is a director of the Group and considered to be one of the key management personnel. His compensation is paid by the ultimate parent Electra Private Equity PLC, which makes no recharge to the entity. Mr Gavin Manson is a director of the parent and a number of fellow subsidiaries, and it is not possible to make a reasonable apportionment of his compensation in respect of each of the subsidiaries. Accordingly, the above details include no compensation in respect of Gavin Manson. His total compensation is included in the aggregate of key management personnel compensation disclosed in the consolidated financial statements of Electra Private Equity PLC.

11. Interest receivable and similar income

	2018 £'000	2019 £'000	2020 £'000	June-2020 (unaudited) £'000	June-2021 £'000
Interest receivable on financial assets at amortised cost	56	161	80	80	—
Interest receivable on net investment in sublease	54	55	49	25	22
Total Interest receivable and similar income	110	216	129	105	22

Interest receivable on financial assets at amortised cost is generated on cash held at bank. Cash at bank earns interest at floating rates based on daily bank deposit rates.

12. Interest payable and similar expenses

	2018 £'000	2019 £'000	2020 £'000	June-2020 (unaudited) £'000	June-2021 £'000
Interest payable on bank loan	2,437	2,428	2,106	1,042	1,000
Loan arrangement fees	324	324	324	162	162
Other interest payable	21	22	14	7	35
Interest on withholding tax	—	—	—	—	392
Interest and finance charges for lease liabilities	11,559	10,626	10,042	5,015	4,989
Total Interest payable and similar expenses	14,341	13,400	12,486	6,226	6,578

13. Taxation

The tax charge/(credit) arises within the subsidiary undertakings of the Group and represents:

	2018 £'000	2019 £'000	2020 £'000	June-2020 (unaudited) £'000	June-2021 £'000
Current tax					
Current tax on income for the year	1,460	1,710	(683)	—	—
Adjustments in respect of prior periods	180	(133)	(27)	(1,521)	(544)
Total current tax	1,640	1,577	(710)	(1,521)	(544)
Deferred tax					
Origination and reversal of timing differences	(3,163)	160	(1,881)	(1,086)	(2,401)
Change in tax rate	240	(53)	(274)	(274)	—
Adjustments in respect of prior periods	(19)	230	(13)	(13)	(255)
Total deferred tax	(2,942)	337	(2,168)	(1,373)	(2,656)
	(1,302)	1,914	(2,878)	(2,894)	(3,200)

Reconciliation of tax expense

The tax credit assessed on the profit on ordinary activities for the year is lower than (2019: lower than, 2018: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%, 2018: 19%).

	2018 £'000	2019 £'000	2020 £'000	June-2020 (unaudited) £'000	June-2021 £'000
(Loss)/profit before taxation	(10,852)	8,955	(20,192)	(21,745)	(11,171)
Tax using the UK corporation tax rate of 19%	(2,062)	1,702	(3,836)	(4,131)	(2,122)
Impact of rate difference between deferred and current tax	343	(13)	(274)	(274)	—
Group relief not paid for	1,764	(441)	—	—	—
Loss carried back	—	—	—	—	—
Adjustment in respect of prior periods	180	(133)	(27)	—	(544)
Adjustment in respect of prior periods – deferred tax	(19)	230	(13)	(13)	(255)
Non-deductible expenses	(1,348)	144	552	1,224	(591)
Fixed asset differences	(159)	433	720	300	312
Income not taxable for tax purposes	(1)	(8)	—	—	—
Unrecognised tax losses/(credits)	—	—	—	—	—
Income tax (income)/expense	(1,302)	1,914	(2,878)	(2,894)	(3,200)

14. Goodwill

	Goodwill £'000
Cost	
At 1 January 2018	145,979
Additions	—
At 30 December 2018	**145,979**
Additions	—
At 29 December 2019	**145,979**
Additions	—
At 27 December 2020	**145,979**
Additions	—
At 27 June 2021	**145,979**
Accumulated Impairment	
At 1 January 2018	—
Impairment charge for the year	—
At 30 December 2018	**—**
Impairment charge for the year	—
At 29 December 2019	**—**
Impairment charge for the year	—
At 27 December 2020	**—**
Impairment charge for the year	—
At 27 June 2021	**—**
Net book value	
At 1 January 2018	**145,979**
At 30 December 2018	**145,979**
At 29 December 2019	**145,979**
At 27 December 2020	**145,979**
At 27 June 2021	**145,979**

Details of impairment assessment are included in Note 7. No reasonably possible change in key assumptions will lead to an impairment of goodwill.

15. Property, plant and equipment

	Leasehold improvements £'000	Fixtures and fittings £'000	Plant and Machinery £'000	Total £'000
Cost				
At 1 January 2018	11,887	71,945	42,498	126,330
Additions	—	6,691	2,966	9,657
At 30 December 2018	**11,887**	**78,636**	**45,464**	**135,987**
Additions	—	7,772	3,256	11,028
Disposals	(2,013)	(1,489)	(1,381)	(4,883)
At 29 December 2019	**9,874**	**84,919**	**47,339**	**142,132**
Additions	—	3,168	1,560	4,728
At 27 December 2020	**9,874**	**88,087**	**48,899**	**146,860**
Additions	—	550	615	1,165
Disposal	—	(17)	(25)	(42)
At 30 June 2021	**9,874**	**88,620**	**49,489**	**147,983**
Accumulated depreciation and impairment				
At 1 January 2018	10,863	25,926	27,948	64,737
Depreciation charge for the year	792	5,732	4,492	11,016
Impairment charge for the year	—	2,753	—	2,753
At 30 December 2018	**11,655**	**34,411**	**32,440**	**78,506**
Disposals	(2,013)	(1,456)	(1,381)	(4,850)
Depreciation charge for the year	232	6,531	4,569	11,332
Impairment charge for the year	—	1,546	—	1,546
At 29 December 2019	**9,874**	**41,032**	**35,628**	**86,534**
Depreciation charge for the year	—	6,023	4,292	10,315
Impairment charge for the year	—	1,092	—	1,092
At 27 December 2020	**9,874**	**48,147**	**39,920**	**97,941**
Disposal	—	9	10	19
Depreciation charge for the year	—	2,986	1,907	4,893
At 28 June 2021	**9,874**	**51,142**	**41,837**	**102,853**
Net book value				
At 1 January 2018	1,024	46,019	14,550	61,593
At 30 December 2018	232	44,225	13,024	57,481
At 29 December 2019	—	43,887	11,711	55,598
At 27 December 2020	—	39,940	8,979	48,919
At 28 June 2021	—	37,478	7,652	45,130

16. Right-of-Use Assets and Lease Liabilities

Amounts recognised in the statement of financial position

The Group has entered into a number of leases on properties from which it operates its restaurants. It has also entered into lease arrangements for motor vehicles for use by employees. These have all been recognised as right-of-use assets on the statement of financial position.

Right-of-Use Assets	2018 £'000	2019 £'000	2020 £'000	June-2021 £'000
Restaurants	147,463	136,538	121,116	116,787
Vehicles	93	179	103	69
	147,556	136,717	121,219	116,856

Lease liabilities	2018 £'000	2019 £'000	2020 £'000	June-2021 £'000
Current	14,217	12,678	17,672	22,148
Non-current	154,029	144,778	133,774	130,046
	168,246	157,456	151,446	152,194

Additions to right-of-use assets were:

	2018 £'000	2019 £'000	2020 £'000	June-2021 £'000
Restaurants	11,761	2,218	1,040	1,063
Vehicles	97	141	—	—
	11,858	2,359	1,040	1,063

Amounts recognised in the statement of comprehensive income

Depreciation charge of right-of-use assets	2018 £'000	2019 £'000	2020 £'000	June-2021 £'000
Restaurants	15,268	13,581	12,882	6,138
Vehicles	28	55	76	35
	15,296	13,636	12,958	6,173

In some cases, the rental arrangement with the landlord comprises a fixed minimum base rent and a variable amount based on turnover of the individual restaurant. The variable element of rental payments, leases of low value assets and leases of 12 months or less continue to be charged to Administrative expenses as incurred. Interest expense on lease liabilities is included in interest payable and similar expenses. The total cash outflow for leases is £5,229k for the period to 27 June 2021 (2020 £16,312k, 2019 £24,999k and 2018 £23,135k)

	2018 £'000	2019 £'000	2020 £'000	June-2021 £'000
Variable lease expense not included in lease liabilities	980	585	19	(72)
Low value lease expense	280	681	687	343
Short-term lease expense for leases of less than 12 months	23	—	—	—
Rent concessions recognised in administrative expenses	—	—	1,475	1,077

17. Net investment in a sub-lease

The Group sub-leases some of the properties for essentially the whole of the remaining term of the head lease which are classified as finance leases.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received:

	2018 £'000	2019 £'000	2020 £'000	June-2021 £'000
Less than one year	184	204	399	490
One to five years	658	528	399	330
More than five years	569	495	420	385
Total undiscounted lease payments available	1,411	1,227	1,218	1,205
Unearned finance income	(343)	(289)	(239)	(217)
Net investment in the lease	1,068	938	979	988

18. Deferred tax assets and liabilities

	Losses £'000	IFRS 16 leases £'000	Differences between depreciation and capital allowances £'000	Temporary differences £'000	Deferred tax (liability)/ asset £'000
Balance at 1 January 2018	**—**	**—**	**(293)**	**6**	**(287)**
Deferred tax credit/(charge)	—	2,037	906	(1)	**2,942**
Balance at 30 December 2018	**—**	**2,037**	**613**	**5**	**2,655**
Deferred tax credit/(charge)	—	(448)	90	21	**(337)**
Balance at 29 December 2019	**—**	**1,589**	**703**	**26**	**2,318**
Deferred tax credit/(charge)	410	1,125	615	18	**2,168**
Balance at 27 December 2020	**410**	**2,714**	**1,318**	**44**	**4,486**
Deferred tax credit/(charge)	2,066	254	346	(10)	**2,656**
Balance at 27 June 2021	**2,476**	**2,968**	**1,664**	**34**	**7,142**

The Deferred tax credit recognised in the financial information has been recognised within the income statement. The deferred tax asset in relation to losses is expected to be recovered in under 12 months and relates to unutilised losses within the group, the remaining deferred tax assets are considered non-current.

19. Inventory

	2018 £'000	2019 £'000	2020 £'000	June-2021 £'000
Food and beverages	1,199	1,249	703	1,049

Inventory that is perishable is reviewed and written off on a weekly basis by individual restaurants.

Inventories recognised as an expense during the year ended 27 December 2020 amounted to £26,183k (29 December 2019: £46,708k; 30 December 2018: £45,920k).

20. Trade and other receivables

	2018 £'000	2019 £'000	2020 £'000	June-2021 £'000
Trade receivables	625	865	491	1,292
Other debtors	—	197	1,439	1,488
Amounts owed by immediate parent undertaking	3,000	3,000	3,000	3,000
Prepayments and accrued income	3,111	3,576	1,591	1,200
	6,736	7,638	6,521	6,980

All amounts are due for payment within one year. Amounts owed by fellow subsidiaries are repayable on demand and do not attract interest.

21. Cash and cash equivalents

	2018 £'000	2019 £'000	2020 £'000	June-2021 £'000
Cash at bank and in hand	17,573	27,121	37,201	36,166

Cash at bank earns interest at floating rates based on daily bank deposit rates.

22. Trade and other payables

	2018 £'000	2019 £'000	2020 £'000	June-2021 £'000
Trade payables	4,849	6,369	13,397	16,871
Amounts owed to immediate parent undertaking	141,934	141,935	141,935	133,005
Other taxes and social security costs	4,335	4,361	5,957	5,637
Other creditors	1,065	1,214	865	1,120
Interest payable	221	178	147	168
Contract liabilities	632	1,278	1,099	1,046
Accruals	7,665	7,280	10,249	8,922
Deferred income and lease incentives	243	430	287	831
	160,944	163,045	173,936	167,600

The fair value of trade and other payables approximates to book value at each year end. Trade payables are non-interest bearing and are normally settled monthly. Amounts owed to immediate parent undertaking are interest free and repayable on demand.

23. Non-current liabilities

	2018 £'000	2019 £'000	2020 £'000	June-2021 £'000
Secured bank loans	67,063	65,987	65,260	64,722
Lease liabilities	168,246	157,456	151,446	152,194
	235,309	223,443	216,706	216,916

Changes in liabilities arising from financing activities

(i) Secured bank loans

	Opening loan balance £'000	Deferred arrangement fees amortised £'000	Payments £'000	Closing £'000
2018	68,139	324	(1,400)	67,063
2019	67,063	324	(1,400)	65,987
H1 2020	65,987	162	(350)	65,799
H2 2020	65,799	161	(700)	65,260
H1 2021	65,260	162	(700)	64,722

(ii) Lease liabilities

	Opening lease liability £'000	Additions £'000	Interest expense £'000	Payments £'000	Derecognition/ Modification £'000	Covid-19 concession £'000	Closing £'000
2018	176,959	11,977	11,559	(21,852)	(10,397)	—	168,246
2019	168,246	3,175	10,626	(23,733)	(858)	—	157,456
2020	157,456	1,107	10,042	(15,606)	(78)	(1,475)	151,446
H1 2021	151,446	1,048	4,989	(4,959)	747	(1,077)	152,194

The following table sets out a maturity analysis of the bank loan and lease liabilities, showing the undiscounted payments:

	2018 £'000		
	Bank Loan	**Lease liabilities**	**Total**
Less than one year	2,396	23,607	26,003
One to five years	68,307	111,510	179,817
More than five years	—	139,414	139,414
	70,703	274,531	345,234

	2019 £'000		
	Bank Loan	**Lease liabilities**	**Total**
Less than one year	2,037	23,822	25,859
One to five years	66,270	107,612	173,882
More than five years	—	119,557	119,557
	68,307	250,991	319,298

	2020 £'000		
	Bank Loan	**Lease liabilities**	**Total**
Less than one year	2,437	28,238	30,675
One to five years	64,314	102,885	167,199
More than five years	—	100,892	100,892
	66,751	232,015	298,766

	H1 2021 £'000		
	Bank Loan	Lease liabilities	Total
Less than one year	2,467	32,563	35,030
One to five years	63,350	82,343	145,693
More than five years	—	110,192	110,192
	65,817	225,098	290,915

24. Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

	2018 £'000	2019 £'000	2020 £'000	June-2021 £'000
Secured bank loans	68,250	66,850	65,800	65,100
Deferred finance fees	(1,187)	(863)	(540)	(378)
	67,063	65,987	65,260	64,722

Group	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2018 £'000	2019 £'000	2020 £'000	June-2021 £'000
Secured bank loan	GBP	Margin plus LIBOR	2022	Quarterly with balance on maturity	68,250	66,850	65,800	65,100
Deferred finance fees	GBP	n/a	n/a	n/a	(1,187)	(863)	(540)	(378)
					67,063	65,987	65,260	64,722

Margin used in calculating the interest rate is linked to leverage. For the period ended 27 June 2021 it was 3.00% (2020: 2.75%; 2019: 2.75%; 2018: 2.75%).

The bank loan is secured against all the assets of the Group. The total balance outstanding is £65.1m (2020: £65.8m; 2019: £66.9m; 2018: £68.3m) which is netted off above against a £0.4m (2020: £0.5m; 2019: £0.9m; 2018: £1.2m) prepayment in relation to the set-up of the loan. The loan is repayable in quarterly instalments with the balance due for repayment in August 2022. At the period end there is £168k (2020: £147k; 2019: £178k; 2018: £221k) of interest owed to the provider.

25. Provisions

	Dilapidations £'000	Onerous leases £'000	Total £'000
At 1 January 2018	**—**	**(622)**	**(622)**
Provisions made during the period	—	—	—
Provisions used during the period	—	622	622
Unwinding of discounted amount	—	—	—
At 30 December 2018	**—**	**—**	**—**
Provisions made during the period	—	—	—
Unwinding of discounted amount	—	—	—
At 29 December 2019	**—**	**—**	**—**
Provisions made during the period	(3,330)	—	(3,330)
Unwinding of discounted amount	—	—	—
At 27 December 2020	**(3,330)**	**—**	**(3,330)**
Unwinding of discounted amount	(29)	—	(29)
At 28 June 2021	**(3,359)**	**—**	**(3,359)**

The onerous lease provision utilised in 2018 relates to a property lease that did not meet the criteria of IFRS 16 due to the life of the lease remaining being less than 12 months.

26. Invested capital

	No. of shares ('000)	£'000
At 1 January 2018, 30 December 2018, 29 December 2019 and 27 December 2020	—	—
Invested capital	8,930	8,930
At 28 June 2021	**8,930**	**8,930**

During the year, 8,930,238 shares were issued to Tuesdays (MidCo) Limited (TML). The consideration for these shares was a partial release of amounts owed by the Company to TML.

27. Employee benefits

Share based payments

The Group operated a share-based payment scheme for its employees. 10,384 options were granted over shares in Mondays (TopCo) Limited for £0.001p (nominal value) in December 2014. Vesting of the options was conditional on a sale of the business within 4 years from the date of grant and continued employment of the option holders within the Group. Since no sale took place in the 4 year period the options lapsed and were surrendered for £0.001p in 2018.

The management equity plan (MEP) was introduced in February 2021. Under the MEP, upon the approval of Electra, the Directors and certain employees have been awarded A shares in Wednesdays (Bidco) Limited. On an exit (sale, listing, liquidation) of Wednesdays the holders of the A ordinary shares will share in the exit proceeds. The expected life is the estimated time to the exit event. No performance conditions were included in the fair value calculations. The class A shares do not have voting rights.

The fair value per share issued and the assumptions used in the calculation were as follows:

	A class ordinary Shares
Subscription date	25 February 2021
Share price at subscription date	£0.00001
Number of employees	7
Shares issued	20,000
Expected life (years)	9 months
Expected dividends expressed as a dividend yield	0%
Fair value per share	£1.25

The total charge for the period relating to employee share based payment plans was £10k (2020: £nil) which is in relation to equity-settled share based payment transactions. There are no liabilities arising from share-based payment transactions.

Expected volatility was based upon pre Covid-19 volatility exhibited by the core comparators. The total expenses recognised for the year by the Group from share-based payments are as follows:

	2018 £'000	**2019 £'000**	**2020 £'000**	**June-2021 £'000**
Total share-based payment expense	790	—	—	10

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	No. of options ('000)		**Weighted Average exercise price**	
	2021	**2018**	**2021**	**2018**
Outstanding at the beginning of the year	—	10	—	0.1p
Granted during the year	20	—	6,500	—
Forfeited/cancelled during the year	—	(10)	—	0.1p
Exchanged for shares	—	—	—	—
Outstanding at the end of the year	**20**	**—**	**6,500**	**—**

28. Capital risk management

For the purpose of the Group's capital management, capital includes interest-bearing debt. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and comply with covenant ratios in order to support its business. No changes were made in the objectives, policies or processes during the periods presented.

The Group Directors manage the Group's capital structure and adjust it, in light of changes in economic conditions and the requirements of the financial covenants. The Group includes in its net debt, interest-bearing loans and borrowings (note 24), lease liabilities (Note 23), less cash and short-term deposits (note 21).

29. Financial instruments

The Group's financial instruments may be analysed as follows:

	2018 £'000	2019 £'000	2020 £'000	June-2021 £'000
Financial assets at amortised cost				
Cash and cash equivalents	17,573	27,121	37,201	36,166
Trade receivables	625	865	491	1,292
Other debtors	—	197	1,439	1,488
Amounts owed by fellow subsidiaries	3,000	3,000	3,000	3,000
Net investment in a sub-lease	1,068	938	979	988
Accrued income	153	243	115	19
	22,419	**32,364**	**43,225**	**42,953**
Financial liabilities				
Borrowings	67,063	65,987	65,260	64,722
Lease liabilities	168,246	157,456	151,446	152,194
Trade payables	4,849	6,369	13,397	16,871
Amounts owed to fellow subsidiaries	141,934	141,935	141,935	133,005
Other creditors	1,065	1,214	865	1,120
Interest payable	221	178	147	168
Accruals	7,665	7,280	10,249	8,922
	391,043	**380,419**	**383,299**	**377,002**
Net financial liabilities	**368,624**	**348,055**	**340,074**	**334,049**

30. Financial risk management

The Group is exposed to a variety of financial risks through its use of financial instruments which result from its operating activities. All of the Group's financial instruments are classified as financial assets at amortised cost and financial liabilities.

The Group does not actively engage in the trading of financial instruments for speculative purposes. The most significant financial risks to which the Group is exposed are described below:

Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will not meet its obligations under a contract and arises primarily from the Group's cash at bank as well as trade and other receivables. No collateral is held in respect of any of these.

Cash is held at banks with high credit ratings with low associated credit risk. Trade and other receivables mainly relate to returns to suppliers, amounts owed by voucher houses for TGIF vouchers sold and amounts owed by delivery partners. The Group has long-standing relationships with its trading partners and there is no history of default. The Group manages its exposure to credit risk in respect of these by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. The Group's maximum exposure to credit risk is limited to the carrying amount of the financial assets recognised at the reporting date.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities. The Group Directors manage this risk by:

– maintaining adequate cash reserves through the use of the Group's cash from operations and bank borrowings; and

– continuously monitoring projected and actual cash flows to ensure the Group maintains an appropriate amount of liquidity.

All amounts are due within 12 months except amounts owed to fellow subsidiaries which are repayable on demand and lease liabilities and borrowings which have been analysed into the relevant maturity groups in Note 23.

Foreign currency risk

The Group primarily operates restaurants in the UK and all financial instruments are denominated in sterling. The Group's principal exposure to foreign currency risk arises from the franchise fee owed to TGI Friday's Inc which is paid on a monthly basis.

	2018		
	£'000	**$'000**	**Total**
Cash and cash equivalents	17,573	—	17,573
Trade receivables	625	—	625
Other debtors	—	—	—
Amounts owed by fellow subsidiaries	3,000	—	3,000
Net investment in a sub-lease	1,068	—	1,068
Accrued income	153	—	153
Borrowings	(67,063)	—	(67,063)
Lease liabilities	(168,246)	—	(168,246)
Trade payables	(4,849)	—	(4,849)
Amounts owed to fellow subsidiaries	(141,934)	—	(141,934)
Other creditors	(1,065)	—	(1,065)
Interest payable	(221)	—	(221)
Accruals	(6,572)	(1,093)	(7,665)
	(367,531)	(1,093)	(368,624)

	2019		
	£'000	**$'000**	**Total**
Cash and cash equivalents	27,121	—	27,121
Trade receivables	865	—	865
Other debtors	197	—	197
Amounts owed by fellow subsidiaries	3,000	—	3,000
Net investment in a sub-lease	938	—	938
Accrued income	243	—	243
Borrowings	(65,987)	—	(65,987)
Lease liabilities	(157,456)	—	(157,456)
Trade payables	(6,369)	—	(6,369)
Amounts owed to fellow subsidiaries	(141,935)	—	(141,935)
Other creditors	(1,214)	—	(1,214)
Interest payable	(178)	—	(178)
Accruals	(6,340)	(940)	(7,280)
	(347,115)	(940)	(348,055)

	2020		
	£'000	$'000	Total
Cash and cash equivalents	37,201	—	37,201
Trade receivables	491	—	491
Other debtors	1,439	—	1,439
Amounts owed by fellow subsidiaries	3,000	—	3,000
Net investment in a sub-lease	979	—	979
Accrued income	115	—	115
Borrowings	(65,260)	—	(65,260)
Lease liabilities	(151,446)	—	(151,446)
Trade payables	(13,397)	—	(13,397)
Amounts owed to fellow subsidiaries	(141,935)	—	(141,935)
Other creditors	(865)	—	(865)
Interest payable	(147)	—	(147)
Accruals	(9,973)	(276)	(10,249)
	(339,798)	(276)	(340,074)

	June-2021		
	£'000	$'000	Total
Cash and cash equivalents	36,166	—	36,166
Trade receivables	1,292	—	1,292
Other debtors	1,488	—	1,488
Amounts owed by fellow subsidiaries	3,000	—	3,000
Net investment in a sub-lease	988	—	988
Accrued income	19	—	19
Borrowings	(64,722)	—	(64,722)
Lease liabilities	(152,194)	—	(152,194)
Trade payables	(16,871)	—	(16,871)
Amounts owed to fellow subsidiaries	(133,005)	—	(133,005)
Other creditors	(1,120)	—	(1,120)
Interest payable	(168)	—	(168)
Accruals	(8,059)	(863)	(8,922)
	(333,186)	(863)	(334,049)

The FX rates used to convert balances at year end were:

	2018 £	2019 £	2020 £	June-2021 £
USD ($)	1.2690	1.30781	1.3561	1.3877

The table below summaries the effect on profit and loss had the functional currency of the Group weakened or strengthened against USD, with all other variables held constant.

	2018 £	2019 £	2020 £	June-2021 £
10% weakening of USD	99	86	25	78
10% strengthening of USD	(121)	(105)	(31)	(96)

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is subject to this risk exposure as it relates to changes in interest rates on its variable rate borrowings and cash at bank which earns interest at floating rate. A reasonably possible change in interest rates would not materially affect interest income earned on cash and cash equivalents.

As discussed in Note 24, the Group had £65,260 (2019: £65,987k; 2018: £67,063k) of total debt outstanding with interest rate linked to LIBOR.

The table below summaries the effect on profit and loss had the LIBOR weakened or strengthened, with all other variables held constant.

	2018 £	2019 £	2020 £	June-2021 £
10% weakening	241	245	211	100
10% strengthening	(241)	(245)	(211)	(100)

The impact of a change of 10% has been selected as this has been considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for future movements.

Fair value of financial instruments

The fair values of all financial assets and liabilities approximates their carrying value.

31. Transition to International Financial Reporting Standards ("IFRSs")

In transitioning its UK GAAP financial statements to IFRS, the Group has made adjustments in respect of its accounting for leases, amortisation of goodwill and impairments. These are described below:

a) Errors under previous GAAP

The group has included an additional adjustment where necessary to reclassify the external bank loan portion that is due in less than 1 year from non-current liability to current liability.

b) IFRS 16 'Leases'

IFRS 16 specifies how the Group will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The recognition and measurement of any leases considered exempt will continue unchanged.

Details of the transition approach adopted in accordance with the provisions of IFRS 1 are included in Note 1.

Date of transition – 1 January 2018 – Impact on Statement of financial position

From 1 January 2018, for each lease, the Group has recognised an asset reflecting the right to use the leased asset for the remaining lease term and a lease liability reflecting the obligation to make lease payments. Both the asset and the liability have been recognised on-balance sheet whereas previously they were off-balance sheet.

Years ended 30 December 2018, 29 December 2019 and 27 December 2020 – Impact on Statement of financial position

Following the date of transition, any movements in prepayments, accruals and onerous lease provisions recognised in accordance with FRS 102 have been reversed. Initial direct costs incurred on new leases entered into have been reclassified from Property, plant and equipment and included within the carrying value of the relevant RoU asset. Where such costs have been incurred prior to the commencement of the lease they are recognised as a non-current prepayment until the date of commencement. Lease incentives received from the landlords on new leases are reflected as a deduction from the carrying value of the RoU asset.

Where a lease term has changed, the lease liability has been re-assessed and a corresponding adjustment is made to the RoU asset. Where a lease has terminated early both the lease liability and RoU asset have been derecognised and the difference has been recognised as a gain or loss in the statement of comprehensive income.

Statement of comprehensive income

Previously recognised operating lease charge has been replaced with a depreciation charge on the leased asset and an interest expense on the lease liability.

The unwinding of the dilapidations provision has been included within interest payable and similar expenses within the statement of comprehensive income.

Statement of cash flows

There has been no impact on overall cash flow. However, the classification of lease payments within the cash flow statement has changed from operating activities to financing activities.

Sub-leases

The accounting of leases where the Group acts as a lessor remains unchanged except where the sub-lease is deemed to be a finance lease. For such leases, an appropriate proportion of the RoU asset has been derecognised and a net investment in sub-lease has been recognised equal to the present value of future lease payments discounted at the same discount rate as the associated head lease. Any difference between the net investment in sub-lease and RoU asset has been recognised in the opening retained earnings at the date of transition.

Rental income is no longer recognized in the statement of comprehensive income. Instead, any receipts are recognized as a reduction in the net investment in sub-leases. Any movements in deferred income balances have been reversed. Finance income over the lease term is recognized within interest receivable and similar income in the statement of comprehensive income.

c) Amortisation of goodwill

In accordance with IFRS, goodwill is subject to an annual impairment assessment instead of being amortised over an estimated useful life under FRS 102. Consequently amortisation previously recognized in the years ended 30 December 2018, 29 December 2019 and 27 December 2020 has been reversed. There has been no impairment of goodwill for all periods presented.

d) Impairments

The Group has adjusted its value in use calculations for the impact of IFRS 16 discussed above and assessed goodwill as well as RoU assets for impairments at the date of transition. Any resulting impairment losses reduced the carrying amount of RoU assets as well as property, plant and equipment on a *pro rata* basis.

The Group continues to assess each CGU and goodwill for impairment at each reporting date in line with the accounting policy in Note 1. No impairment of goodwill has been recognised.

e) Taxation

The Group has adjusted the tax charge and deferred tax asset to account for the tax impact of the IFRS adjustments discussed above.

Combined statements of comprehensive income

30 December 2018	Notes	Impact of changes in accounting policies As previously reported £'000	 IFRS adjustments £'000	 As restated £'000
Revenue		208,823	—	208,823
Cost of sales		(45,920)	—	(45,920)
Gross profit		**162,903**	**—**	**162,903**
Administrative expenses	b, c, d	(172,581)	12,387	(160,194)
Other income	b	836	(166)	670
Operating profit		**(8,842)**	**12,221**	**3,379**
Interest receivable and similar income	b	56	54	110
Interest payable and similar expenses	b	(2,810)	(11,531)	(14,341)
(Loss)/Profit on ordinary activities before taxation		**(11,596)**	**744**	**(10,852)**
Taxation	e	(735)	**2,037**	1,302
Loss for the financial year from continuing operations		**(12,331)**	**2,781**	(9,550)
Other comprehensive income		—	—	—
Total comprehensive loss for the year		**(12,331)**	**2,781**	**(9,550)**

29 December 2019	Notes	Impact of changes in accounting policies As previously reported £'000	 IFRS adjustments £'000	 As restated £'000
Revenue		214,838	—	214,838
Cost of sales		(46,708)	—	(46,708)
Gross profit		**168,130**	**—**	**168,130**
Administrative expenses	b, c, d	(172,239)	26,076	(146,163)
Other income	b	356	(184)	172
Operating profit		**(3,753)**	**25,892**	**22,139**
Interest receivable and similar income	b	161	55	216
Interest payable and similar expenses	b	(2,814)	(10,586)	(13,400)
(Loss)/Profit on ordinary activities before taxation		**(6,406)**	**15,361**	**8,955**
Taxation	e	(1,466)	(448)	(1,914)
Loss for the financial year from continuing operations		**(7,872)**	**14,913**	**7,041**
Other comprehensive income		—	—	—
Total comprehensive loss for the year		**(7,872)**	**14,913**	**7,041**

28 June 2020 (unaudited)	Notes	Impact of changes in accounting policies As previously reported £'000	IFRS adjustments £'000	As restated £'000
Revenue		52,357	—	52,357
Cost of sales		(11,707)	—	(11,707)
Gross profit		**40,650**	**—**	**40,650**
Administrative expenses	b, c, d	(75,986)	7,770	(68,216)
Other income	b	11,987	(45)	11,942
Operating profit		**(23,349)**	**7,725**	**(15,624)**
Interest receivable and similar income	b	80	25	105
Interest payable and similar expenses	b	(1,227)	(4,999)	(6,226)
(Loss)/Profit on ordinary activities before taxation		**(24,496)**	**2,751**	**(21,745)**
Taxation	e	2,020	874	2,894
Loss for the financial year from continuing operations		**(22,476)**	**3,625**	**(18,851)**
Other comprehensive income		—	—	—
Total comprehensive loss for the year		**(22,476)**	**3,625**	**(18,851)**

27 December 2020	Notes	Impact of changes in accounting policies As previously reported £'000	IFRS adjustments £'000	As restated £'000
Revenue		129,088	—	129,088
Cost of sales		(26,183)	—	(26,183)
Gross profit		**102,905**	**—**	**102,905**
Administrative expenses	b, c, d	(149,168)	17,800	(131,368)
Other income	b	20,678	(50)	20,628
Operating profit		**(25,585)**	**17,750**	**(7,835)**
Interest receivable and similar income	b	80	49	129
Interest payable and similar expenses	b	(2,477)	(10,009)	(12,486)
(Loss)/Profit on ordinary activities before taxation		**(27,982)**	7,790	**(20,192)**
Taxation	e	1,753	1,125	2,878
Loss for the financial year from continuing operations		**(26,229)**	8,915	**(17,314)**
Other comprehensive income		—	—	—
Total comprehensive loss for the year		**(26,229)**	**8,915**	**(17,314)**

Combined statements of financial position

1 January 2018	Notes	As previously reported £'000	IFRS adjustments £'000	Errors under previous GAAP £'000	As restated £'000
		Impact of changes in accounting policies			
Non-current assets					
Goodwill		145,979	—	—	145,979
Property, plant and equipment	b	61,668	(75)	—	61,593
Right-of-use assets	b, d	—	174,705	—	174,705
Net investment in a sub-lease	b	—	60	—	60
Prepayments	b	—	617	—	617
Deferred tax asset	e	—	—	—	—
Total non-current assets		**207,647**	**175,307**	**—**	**382,954**
Current assets					
Inventory		1,185	—	—	1,185
Net investment in a sub-lease	b	—	127	—	127
Trade and other receivables	b	12,094	(5,184)	—	6,910
Cash and cash equivalents		10,984	—	—	10,984
Total current assets		**24,263**	**(5,057)**	**—**	**19,206**
Total assets		**231,910**	**170,250**	**—**	**402,160**
Current liabilities					
Borrowings	a	—	—	(1,076)	(1,076)
Current tax liabilities		—	(1,064)	—	(1,064)
Trade and other payables	b	(169,107)	6,459	—	(162,648)
Provisions		—	—	—	—
Lease liabilities	b	—	(11,642)	—	(11,642)
Total current liabilities		**(169,107)**	**(6,247)**	**(1,076)**	**(176,430)**
Non-current liabilities					
Borrowings	a	(68,139)	—	1,076	(67,063)
Deferred tax liability		(287)	—	—	(287)
Provisions	b	(1,938)	1,316	—	(622)
Lease liabilities	b	—	(165,317)	—	(165,317)
Total non-current liabilities		**(70,364)**	**(164,001)**	**1,076**	**(233,289)**
Total liabilities		**(239,471)**	**(170,248)**	**—**	**(409,719)**
Net liabilities		**(7,561)**	**2**	**—**	**(7,559)**
Represented by:					
Invested capital		—	—	—	—
Share premium		—	—	—	—
Share based payment reserve		3,264	—	—	3,264
Retained losses		(10,825)	(2)	—	(10,823)
		(7,561)	**2**	**—**	**(7,559)**

30 December 2018	Notes	As previously reported £'000	IFRS adjustments £'000	Errors under previous GAAP £'000	As restated £'000
		Impact of changes in accounting policies			
Non-current assets					
Goodwill	c	133,253	12,726	—	145,979
Property, plant and equipment	b	57,809	(328)	—	57,481
Right-of-use assets	b d	—	147,556	—	147,556
Net investment in a sub-lease	b	—	934	—	934
Prepayments	b	—	40	—	40
Deferred tax asset		618	2,037	—	2,655
Total non-current assets	e	**191,680**	**162,965**	**—**	**354,645**
Current assets					
Inventory		1,199	—	—	1,199
Net investment in a sub-lease	b	—	134	—	134
Trade and other receivables	b	12,282	(5,546)	—	6,736
Cash and cash equivalents		17,573	—	—	17,573
Total current assets		**31,054**	**(5,412)**	**—**	**25,642**
Total assets		**222,734**	**157,553**	**—**	**380,287**
Current liabilities					
Borrowings	a	—	—	(1,076)	(1, 076)
Current tax liabilities	e	—	(353)	—	(353)
Trade and other payables	b	(169,634)	8,690	—	(160,944)
Provisions		—	—	—	—
Lease liabilities	b	—	(14,217)	—	(14,217)
Total current liabilities		**(169,634)**	**(5,880)**	**(1,076)**	**(176,590)**
Non-current liabilities					
Borrowings	a	(67,063)	—	1,076	(65,987)
Provisions	b	(5,139)	5,139	—	—
Lease liabilities	b	—	(154,029)	—	(154,029)
Total non-current liabilities		**(72,202)**	**(148,890)**	**1,076**	**(220,016)**
Total liabilities		**(241,836)**	**(154,770)**	**—**	**(396,606)**
Net liabilities		**(19,102)**	**2,783**	**—**	**(18,356)**
Represented by:					
Invested capital		—	—	—	—
Share premium		—	—	—	—
Share based payment reserve		4,054		—	4,054
Retained losses		(23,156)	2,783	—	(20,373)
		(19,102)	**2,783**	**—**	**(16,319)**

29 December 2019	Notes	As previously reported £'000	IFRS adjustments £'000	Errors under previous GAAP £'000	As restated £'000
		Impact of changes in accounting policies			
Non-current assets					
Goodwill	c	120,527	25,452	-	145,979
Property, plant and equipment	b	55,931	(333)	—	55,598
Right-of-use assets	b, d	—	136,717	—	136,717
Net investment in a sub-lease	b	—	780	—	780
Prepayments	b	—	60	—	60
Deferred tax asset	e	729	1,589	—	2,318
Total non-current assets		**177,187**	**164,265**	**—**	**341,452**
Current assets					
Inventory		1,249	—	—	1,249
Net investment in a sub-lease	b	—	158	—	158
Trade and other receivables	b	13,073	(5,435)	—	7,638
Cash and cash equivalents		27,121	—	—	27,121
Total current assets		**41,443**	**(5,277)**	**—**	**36,166**
Total assets		**218,630**	**158,988**	**—**	**377,618**
Current liabilities					
Borrowings	a	—	—	(1,076)	(1,076)
Current tax liabilities	e	—	(408)	—	(408)
Trade and other payables	b	(171,056)	8,011	—	(163,045)
Provisions		—	—	—	—
Lease liabilities	b	—	(12,678)	—	(12,678)
Total current liabilities		**(171,056)**	**(5,075)**	**(1,076)**	**(177,207)**
Non-current liabilities					
Borrowings	a	(65,987)	—	1,076	(64,911)
Provisions	b	(8,561)	8,561	—	—
Lease liabilities	b	—	(144,778)	—	(144,778)
Total non-current liabilities		**(74,548)**	**(136,217)**	**1,076**	**(209,689)**
Total liabilities		**(245,604)**	**(141,292)**	**—**	**(386,896)**
Net liabilities		**(26,974)**	**17,696**	**—**	**(9,278)**
Represented by:					
Invested capital		—	—		—
Share premium		—	—		—
Share based payment reserve		4,054	—		4,054
Retained losses		(31,028)	17,696		(13,332)
		(26,974)	**17,696**		**(9,278)**

28 June 2020 (unaudited)	Notes	As previously reported £'000	IFRS adjustments £'000	Errors under previous GAAP £'000	As restated £'000
		Impact of changes in accounting policies			
Non-current assets					
Goodwill	c	114,165	31,814	—	145,979
Property, plant and equipment	b	52,310	(764)	—	51,546
Right-of-use assets	b	—	125,906	—	125,906
Net investment in a sub-lease	b	—	701	—	701
Prepayments	b	—	60	—	60
Deferred tax asset		1,228	2,463	—	3,691
Total non-current assets		**167,703**	**160,180**	**—**	**327,883**
Current assets					
Inventory		958	—	—	958
Net investment in a sub-lease	b	—	258	—	258
Current tax assets	b	—	2,169	—	2,169
Trade and other receivables	b	7,676	(530)	—	7,146
Cash and cash equivalents		22,996	—	—	22,996
Total current assets		**31,630**	**1,897**	**—**	**33,527**
Total assets		**199,333**	**162,077**	**—**	**361,410**
Current liabilities					
Borrowings		(1,426)	—	—	(1,426)
Trade and other payables	b	(172,744)	10,646	—	(162,098)
Provisions		—	—	—	—
Lease liabilities	b	—	(23,034)	—	(23,034)
Total current liabilities		**(174,170)**	**(12,388)**	**—**	**(186,558)**
Non-current liabilities					
Borrowings		(64,373)	—	—	(64,373)
Provisions	b	(10,240)	10,240	—	—
Lease liabilities	b	—	(138,608)	—	(138,608)
Total non-current liabilities		**(74,613)**	**(128,368)**	**—**	**(202,981)**
Total liabilities		**(248,783)**	**(140,756)**	**—**	**(389,539)**
Net liabilities		**(49,450)**	**21,321**	**—**	**(28,129)**
Represented by:					
Invested capital		—	—	—	—
Share premium		—	—	—	—
Share based payment reserve		4,054	—	—	4,054
Retained losses		(53,504)	21,321	—	(32,183)
		(49,450)	**21,321**	**—**	**(28,129)**

27 December 2020	Notes	As previously reported £'000	IFRS adjustments £'000	Errors under previous GAAP £'000	As restated £'000
		Impact of changes in accounting policies			
Non-current assets					
Goodwill	c	107,802	38,177	—	145,979
Property, plant and equipment	b	50,341	(1,422)	—	48,919
Right-of-use assets	b, d	—	121,219	—	121,219
Net investment in a sub-lease	b	—	620	—	620
Prepayments	b	—	60	—	60
Deferred tax asset	e	1,772	2,714	—	4,486
Total non-current assets		**159,915**	**161,368**	**—**	**321,283**
Current assets					
Inventory		703	—	—	703
Net investment in a sub-lease	b	—	359	—	359
Current tax assets	b	—	1,313	—	1,313
Trade and other receivables	b	7,226	(705)	—	6,521
Cash and cash equivalents		37,201	—	—	37,201
Total current assets		**45,130**	**967**	**—**	**46,097**
Total assets		**205,045**	**162,335**	**—**	**367,380**
Current liabilities					
Borrowings		(1,426)	—	—	(1,426)
Trade and other payables	b	(180,372)	6,436	—	(173,936)
Provisions	b	—	(509)	—	(509)
Lease liabilities	b	—	(17,672)	—	(17,672)
Total current liabilities		**(181,798)**	**(11,745)**	**—**	**(193,543)**
Non-current liabilities					
Borrowings		(63,834)	—	—	(63,834)
Provisions	b	(12,616)	9,795	—	(2,821)
Lease liabilities	b	—	(133,774)	—	(133,774)
Total non-current liabilities		**(76,450)**	**(123,979)**	**—**	**(200,429)**
Total liabilities		**(258,248)**	**(135,724)**	**—**	**(393,972)**
Net liabilities		**(53,203)**	**26,611**	**—**	**(26,592)**
Represented by:					
Invested capital		—	—	—	—
Share premium		—	—	—	—
Share based payment reserve		4,054	—	—	4,054
Retained losses		(57,257)	26,611	—	(30,646)
		(53,203)	**26,611**	**—**	**(26,592)**

Consolidated statements of cash flows

30 December 2018	Impact of changes in accounting policies As previously reported £'000	IFRS adjustments £'000	As restated £'000
Cash flows from operating activities			
Profit for the financial period	(12,331)	2,781	(9,550)
Adjustments for:			
Depreciation, amortisation and impairment	26,450	15,076	41,526
Loss on lease derecognition	—	407	407
Interest receivable and similar income	(56)	(54)	(110)
Interest payable and similar expenses	2,810	11,559	14,369
Equity settles share-based payment expenses	790	—	790
Taxation	735	(2,037)	(1,302)
	18,398	**27,732**	**46,130**
(Increase)/Decrease in trade and other debtors	(188)	362	174
Increase in inventory	(14)	—	(14)
Increase/(Decrease) in trade and other payables	1,510	(2,596)	(1,086)
Increase in provisions	3,201	(3,823)	(622)
Cash used in operations	**4,509**	**(6,057)**	**(1,548)**
Rental income from sub-leases	—	177	177
Tax paid	(2,350)	—	(2,350)
Net cash generated from operating activities	**20,557**	**21,852**	**42,409**
Cash flows from investing activities			
Interest received	56	—	56
Initial direct costs incurred on new leases	—	(209)	(209)
Purchase of property, plant and equipment	(10,199)	209	(9,990)
Net cash used in investing activities	**(10,143)**	**—**	**(10,143)**
Cash flows from financing activities			
Lease payments	—	(21,852)	(21,852)
Repayment of bank loan	(1,400)	—	(1,400)
Interest paid on bank loan	(2,425)	—	(2,425)
Net cash used in financing activities	**(3,825)**	**(21,852)**	**(25,677)**
Net increase in cash and cash equivalents	**6,589**	**—**	**6,589**
Cash and cash equivalents at beginning of period	**10,984**	**—**	**10,984**
Cash and cash equivalents at end of period	**17,573**	**—**	**17,573**

29 December 2019	As previously reported £'000	IFRS adjustments £'000	As restated £'000
	Impact of changes in accounting policies		
Cash flows from operating activities			
Profit for the financial period	(7,872)	14,913	7,041
Adjustments for:			
Depreciation, amortisation and impairment	25,680	(2,352)	23,328
Loss on lease derecognition	—	1,889	1,889
Interest receivable and similar income	(161)	(55)	(216)
Interest payable and similar expenses	2,814	10,626	13,440
Equity settles share-based payment expenses	—	—	-
Taxation	1,466	448	1,914
	21,927	**25,469**	**47,396**
(Increase)/Decrease in trade and other debtors	(791)	(110)	(901)
Increase in inventory	(50)	—	(50)
Increase/(Decrease) in trade and other payables	1,847	1,612	3,459
Increase in provisions	3,422	(3,422)	—
Cash used in operations	**4,428**	**(1,920)**	**2,508**
Rental income from finance sub-leases	—	184	184
Tax paid	(1,608)	—	(1,608)
Net cash generated from operating activities	**24,747**	**23,733**	**48,480**
Cash flows from investing activities			
Interest received	150	—	150
Initial direct costs incurred on new leases	—	(82)	(82)
Purchase of property, plant and equipment	(11,407)	82	(11,325)
Net cash used in investing activities	**(11,257)**	**—**	**(11,257)**
Cash flows from financing activities			
Lease payments	—	(23,733)	(23,733)
Repayment of bank loan	(1,400)	—	(1,400)
Interest paid on bank loan	(2,542)	—	(2,542)
Net cash used in financing activities	**(3,942)**	**(23,733)**	**(27,675)**
Net increase in cash and cash equivalents	**9,548**	**—**	**9,548**
Cash and cash equivalents at beginning of period	**17,573**	**—**	**17,573**
Cash and cash equivalents at end of period	**27,121**	**—**	**27,121**

28 June 2020 (unaudited)	As previously reported £'000	IFRS adjustments £'000	As restated £'000
	Impact of changes in accounting policies		
Cash flows from operating activities			
Profit for the financial period	(22,476)	3,625	(18,851)
Adjustments for:			
Depreciation, amortisation and impairment	12,167	4,880	17,047
Interest receivable and similar income	(80)	(25)	(105)
Interest payable and similar expenses	1,227	5,015	6,242
Equity settles share-based payment expenses	—	—	-
Taxation	(2,020)	(874)	(2,894)
	(11,182)	**12,621**	**1,439**
(Increase)/Decrease in trade and other debtors	5,137	(4,906)	231
Increase in inventory	290	—	290
Increase/(Decrease) in trade and other payables	4,794	(5,210)	(416)
Increase in provisions	1,679	(1,679)	—
Cash used in operations	**11,900**	**(11,795)**	**105**
Rental income from finance sub-leases	—	4	4
Tax paid	(970)	—	(970)
Net cash generated from operating activities	**(252)**	**830**	**578**
Cash flows from investing activities			
Interest received	75	—	75
Purchase of property, plant and equipment	(2,480)	—	(2,480)
Net cash used in investing activities	**(2,405)**	**—**	**(2,405)**
Cash flows from financing activities			
Lease payments	—	(830)	(830)
Repayment of bank loan	(350)	—	(350)
Interest paid on bank loan	(1,118)	—	(1,118)
Net cash used in financing activities	**(1,468)**	**(830)**	**(2,298)**
Net increase in cash and cash equivalents	**(4,125)**	**—**	**(4,125)**
Cash and cash equivalents at beginning of period	**27,121**	**—**	**27,121**
Cash and cash equivalents at end of period	**22,996**	**—**	**22,996**

27 December 2020	As previously reported £'000	IFRS adjustments £'000	As restated £'000
	Impact of changes in accounting policies		
Cash flows from operating activities			
Profit for the financial period	(26,229)	8,915	(17,314)
Adjustments for:			
Depreciation, amortisation and impairment	26,413	4,835	31,248
Covid-19 concessions	—	(1,475)	(1,475)
Interest receivable and similar income	(80)	(49)	(129)
Interest payable and similar expenses	2,477	10,042	12,519
Taxation	(1,753)	(1,125)	(2,878)
	828	**21,143**	**21,971**
(Increase)/Decrease in trade and other debtors	5,847	(4,731)	1,116
Increase in inventory	546	—	546
Increase/(Decrease) in trade and other payables	6,572	(89)	6,483
Increase in provisions	4,055	(725)	3,330
Cash used in operations	**17,020**	**(5,601)**	**11,475**
Rental income from sub-leases	—	8	8
Tax paid	(970)	—	(970)
Net cash generated from operating activities	**16,878**	**15,606**	**32,484**
Cash flows from investing activities			
Interest received	75	—	75
Initial direct costs incurred on new leases	—	(11)	(11)
Purchase of property, plant and equipment	(3,677)	11	(3,666)
Net cash used in investing activities	**(3,602)**	**—**	**(3,602)**
Cash flows from financing activities			
Lease payments	—	(15,606)	(15,606)
Repayment of bank loan	(1,050)	—	(1,050)
Interest paid on bank loan	(2,146)	—	(2,146)
Net cash used in financing activities	**(3,196)**	**(15,606)**	**(18,802)**
Net increase in cash and cash equivalents	**10,080**	**—**	**10,080**
Cash and cash equivalents at beginning of period	**27,121**	**—**	**27,121**
Cash and cash equivalents at end of period	**37,201**	**—**	**37,201**

32. RELATED PARTIES

Identity of related parties with which the Group has transacted

The Group paid a franchise fee of £4.5m in 2020 (2019: £8.5m; 2018: £8.3m) to TGI Fridays Franchisor LLC.

Transactions with key management personnel

Total compensation of key management personnel (including the directors) in the period to 27 June 2021 amounted to £1.4m (2020: £2.3m; 2019: £2.2m; 2018: £2.6m).

33. SUBSIDIARY UNDERTAKINGS

The undertakings in which the Group's interest at the June 2021 is more than 20% are as follows.

Subsidiary undertakings	Address and country of incorporation	Principal Activity	Class and percentage of shareholding
Thursdays (Holdings) Limited	Grant House, 101 Bourges Boulevard, Peterborough, PE1 1NG UK	Restaurants	Ordinary 100%
Thursdays (UK) Limited	Grant House, 101 Bourges Boulevard, Peterborough, PE1 1NG UK	Restaurants	Ordinary 100%

As noted in note 34 subsequent to the balance sheet date and in advance of the admission a group restructure will happen so that Wednesdays (Midco) Limited will become an immediate subsidiary of Hostmore Group Limited.

34. EVENTS AFTER THE REPORTING DATE

Subsequent to the presentation of the latest results as at 27 Jun 2021, the Group has undertaken a number of preparatory steps pursuant to the listing of the parent company's shares on the London Stock Exchange scheduled for 28 October 2021. The Company and other members of the Group implemented certain reorganisation steps to effect the Demerger as follows:

- Hostmore Ltd issued 50,000 ordinary shares of £1.00 each to Electra, for cash consideration of £50,000. The Company then undertook a share division of its ordinary share capital, dividing each of its issued shares of £1.00 each into five shares of £0.20 each;
- Wednesdays issued preference shares of £1 each to Tuesdays (Midco) Limited (being the immediate parent company of Wednesdays at that point) in consideration for which Tuesdays (Midco) Limited released a circa £130 million intercompany loan payable by Wednesdays to Tuesdays (Midco) Limited;
- Thursdays (Holdings) Limited issued 818,872,600 ordinary shares of £0.01 each to Wednesdays in consideration for which Wednesdays released a circa £8.2 million intercompany loan payable by Thursdays (Holdings) Limited to Wednesdays;
- Thursdays (UK) Limited declared a dividend of circa £1.8 million payable to Thursdays (Holdings) Limited. This dividend amount was subsequently offset against an existing inter-company receivable due to Thursdays (UK) Limited from Thursdays (Holdings) Limited in the same amount.
- Thursdays (UK) Limited declared a distribution in specie to Thursdays (Holdings) Limited of an inter-company receivable due from Wednesdays of £65 million. Thursdays (Holdings) Limited then declared a dividend of £65 million to Wednesdays. This dividend amount was subsequently offset against the inter-company receivable due to Thursdays (Holdings) Limited from Wednesdays in the same amount.
- Tuesdays (Midco) Limited, by way of a declaration of a dividend in specie, transferred the entirety of its shareholding in Wednesdays to Mondays (Topco) Limited (being the immediate parent company of Tuesdays (Midco) Limited);
- Hostmore Group Limited issued 109,330,607 ordinary shares of £0.20 each to Electra in consideration for the transfer to it, by Mondays (Topco) Limited (at the direction of Electra), of the entirety of its shareholding in Wednesdays;
- Hostmore Group Limited entered into a management services agreement with Wednesdays, Thursdays (Holdings) Limited and Thursdays (UK) Limited;
- Wednesdays entered into a management services agreement with Thursdays (Holdings) Limited and Thursdays (UK) Limited;

- Electra transferred the entirety of its shareholding in Hostmore Group Limited to the Company, in consideration for which the Company issued 5,937,960 ordinary shares of £0.20 each to Electra;
- The Company issued 7,339,374 ordinary shares of £0.20 each to Electra for a subscription price of circa £13.1 million, in aggregate. The Company subsequently subscribed for 5,937,960 ordinary shares of £0.20 each in Hostmore Group Limited for a subscription price of circa £10.6 million, in aggregate;
- Hostmore Ltd was re-registered as a public limited company;
- Hostmore plc and Electra entered into the Demerger Agreement pursuant to which the Company and Electra have conditionally agreed, on the terms of the agreement and subject to receipt of the requisite shareholder approvals, that Electra will make a distribution in specie of all of the issued share capital in Hostmore held by it, immediately prior to both the management issue referred to below and Admission, to Qualifying Shareholders.
- The Group and certain of the Directors and Senior Management (among others) entered into the Fridays MIP Crystallisation Side Letter pursuant to which (and following certain intermediate steps) the Company has agreed, subject to receipt of the requisite shareholder approvals and the making of the distribution in specie referred to above, to issue 9,207,291 ordinary shares of £0.20 each, in aggregate, to certain of the Directors and Senior Management immediately prior to Admission.

As part of this process, as noted above, prior to the demerger of the Company, Electra Private Equity PLC subscribed for shares in the Company for an aggregate subscription price of £13.1m, paid in cash. The Company will use these funds to meet certain demerger transaction costs, to provide support for its banking facilities and otherwise for general working capital purposes, as further described below

Under the Demerger Agreement, the Company and Electra have agreed to allocate substantially all of the professional fees and charges incurred in connection with Admission and the Demerger to the Group. The Company's expectation is that these transaction costs will be approximately £11.0m in aggregate, but this amount could rise to up to £17.5m, in certain circumstances, dependent on whether certain incentive fees become payable in whole, in part or at all, subsequent to Admission.

£2.5m of the cash will be retained by the Company to support the Group's banking facilities and any residual amounts will be used by the Company for ongoing working capital purposes.

Subsequent to the period end on 7 July 2021 the group has completed a re-financing of its external borrowings.

35. ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

Electra Private Equity PLC is the ultimate controlling party as at 27 June 2021.

As at 27 December 2020, the largest group in which the results of the Group are consolidated is that headed by Mondays (Topco) Limited, incorporated in the UK.

PART XI

TAXATION

UK Taxation

1. General

The comments set out below are based on current UK tax law as applied by the courts in England and Wales and HM Revenue & Customs ("**HMRC**") published practice (which may not be binding on HMRC) as at the Latest Practicable Date, both of which are subject to change, possibly with retrospective or retroactive effect. They are intended as a general and non-exhaustive guide to certain UK tax consequences of acquiring, holding or disposing of Hostmore Shares and apply only to Hostmore Shareholders resident and, in the case of an individual, domiciled or deemed domiciled for tax purposes in the UK and to whom "split year" treatment does not apply (except insofar as express reference is made to the treatment of non-UK residents or domiciles). It only addresses the position of Hostmore Shareholders who hold Hostmore Shares as an investment (otherwise than as part of an Individual Savings Account or other tax-advantaged product) and who are the absolute beneficial owners of their Hostmore Shares and any dividends paid on them. The discussion does not address all possible tax consequences relating to an investment in Hostmore Shares. Certain categories of Hostmore Shareholders including those carrying on certain financial activities, those subject to specific tax regimes or benefiting from particular reliefs or exemptions, those connected with the Company and those who acquire or are deemed to acquire their Hostmore Shares in connection with employment may be subject to special rules and this summary does not apply to such Hostmore Shareholders. The Electra Circular contains a summary of certain UK tax consequences of the Demerger.

The comments set out below do not constitute legal or tax advice. Hostmore Shareholders or prospective Hostmore Shareholders who are in any doubt as to their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers.

2. Taxation of dividends

2.1 Withholding tax

The Company is not required to withhold amounts on account of UK tax at source when paying a dividend in respect of Hostmore Shares.

2.2 UK resident individual Hostmore Shareholders

An individual Hostmore Shareholder who is resident for tax purposes in the UK will not be liable to UK income tax on any dividend which they receive from the Company in respect of Hostmore Shares to the extent that (taking account of any other dividends received in the same tax year) such dividend falls within the first £2,000 of dividend income received by that Hostmore Shareholder (the "**Dividend Allowance Amount**"). Dividends within the Dividend Allowance Amount will still count as taxable income when determining how much of the basic rate band or higher rate band has been used.

Subject to the availability of any personal or other allowance and taking account of any other dividends received by the Hostmore Shareholder in the same tax year, such Hostmore Shareholder will currently be subject to UK income tax on the amount (if any) of a dividend received from the Company in respect of Hostmore Shares in excess of the Dividend Allowance Amount:

- at the rate of 7.5%, to the extent that such amount falls below the threshold for the higher rate of income tax;
- at the rate of 32.5%, to the extent that such amount falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax; and
- at the rate of 38.1%, to the extent that such amount falls above the threshold for the additional rate of income tax.

In each case, in determining the applicable dividend rate, the dividend income is generally treated as the top slice of the Hostmore Shareholder's income.

2.3 UK resident corporate Hostmore Shareholders

UK tax resident corporate Hostmore Shareholders which are "small companies" (for the purposes of the corporation tax rules on dividends) will not generally be subject to UK corporation tax on any dividend which they receive from the Company in respect of Hostmore Shares provided certain conditions are satisfied (including an anti-avoidance condition).

Other UK tax resident corporate Hostmore Shareholders will be subject to corporation tax on any dividend which they receive from the Company in respect of Hostmore Shares, unless the dividend falls within an exempt class and certain other conditions are met (or if such Hostmore Shareholder elects for an otherwise exempt dividend to be taxable). Dividends paid by the Company in respect of the Hostmore Shares are generally expected to fall within an exempt class.

2.4 Non-resident Hostmore Shareholders

Hostmore Shareholders who are not resident in the UK for UK tax purposes (other than those carrying on a trade, profession or vocation in the UK, those carrying on a UK property business and trustees of certain trusts) will not generally be subject to UK tax on any dividends received from the Company in respect of Hostmore Shares. A non-UK resident Hostmore Shareholder may be subject to foreign taxation on dividend income under their local law. Hostmore Shareholders to whom this may apply should obtain their own tax advice concerning dividends received from the Company.

3. Taxation of chargeable gains

3.1 UK resident individual and corporate Hostmore Shareholders

If an individual or corporate Hostmore Shareholder who is resident for tax purposes in the UK sells or otherwise disposes of, or is deemed to dispose of, all or some of their Hostmore Shares such Hostmore Shareholder may, depending on their circumstances and subject to any available exemption or relief, incur a chargeable gain or allowable loss for the purposes of UK capital gains tax or corporation tax on chargeable gains ("**CGT**"), as applicable.

3.2 Non-resident Hostmore Shareholders

A Hostmore Shareholder who is not resident for tax purposes in the UK will not generally be subject to CGT on the disposal or deemed disposal of Hostmore Shares unless the Hostmore Shareholder has a UK branch or agency or, in the case of a corporate Hostmore Shareholder, a permanent establishment, with which the Hostmore Shares have a relevant connection. A non-UK resident Hostmore Shareholder may be subject to foreign taxation on any gain under their local law. Hostmore Shareholders to whom this may apply should obtain their own tax advice concerning gains made in respect of their Hostmore Shares.

An individual Hostmore Shareholder who has ceased to be resident for tax purposes in the UK, or is treated as resident outside the UK for the purposes of a double tax treaty, for a period of five years or less and to whom a gain accrues in respect of Hostmore Shares during that period may be liable to CGT, subject to any available exemptions or reliefs, in their period of return.

4. Inheritance tax

The Hostmore Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax, even if the holder is neither domiciled in the UK nor deemed to be domiciled there (under certain rules relating to long residence or previous domicile). Generally, UK inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift, and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold Hostmore Shares bringing them within the charge to inheritance tax. Holders of Hostmore Shares should consult an appropriate professional adviser if they make a gift of any kind or transfer Hostmore Shares at less than market value, or intend to hold Hostmore Shares through a company or trust. They should also seek professional advice in a situation where there is potential for a double charge to UK inheritance tax and an equivalent tax in another country or if they are in any doubt about their UK inheritance tax position.

5. Stamp duty and stamp duty reserve tax ("SDRT")

5.1 General

The following summary is intended as a general guide to the current UK stamp duty and SDRT position. Stamp duty and SDRT apply regardless of whether or not the parties to a transaction are resident in the UK. Certain categories of person, including intermediaries, brokers, dealers and Hostmore Shareholders who are connected with depositary receipt systems or clearance services may be subject to special rules and this summary does not apply to such Hostmore Shareholders.

5.2 Demerger

The Electra Circular contains a summary of certain UK stamp duty and SDRT consequences of the Demerger.

5.3 Subsequent transfers of Hostmore Shares outside of CREST

Except in relation to depositary receipt systems and clearance services (to which the special rules outlined below apply), any subsequent transfers of Hostmore Shares will ordinarily be subject to UK stamp duty and/or SDRT in the normal way.

Subject to an exemption for certain low-value transfers, an instrument transferring Hostmore Shares held in certificated form will generally be liable stamp duty at the rate of 0.5% of the amount or value of the consideration given for such transfer (rounded up to the nearest multiple of £5).

A charge to SDRT will also generally arise on an unconditional agreement to transfer Hostmore Shares at the rate of 0.5% of the amount or value of the consideration payable. However, if within six years of the date of the agreement (or, if the agreement was conditional, the date on which the agreement became unconditional) an instrument of transfer is executed pursuant to the agreement and is duly stamped (or exempt from stamp duty), the instrument will normally cancel the SDRT liability and any SDRT already paid should be refunded by HMRC (in some cases, with interest).

Transfers of Hostmore Shares to a connected company (or its nominee) may be subject to stamp duty and/or SDRT based on the value of the Hostmore Shares if this is higher than the amount or value of the consideration.

In practice, the obligation to pay stamp duty and/or SDRT is generally satisfied by the purchaser or transferee.

5.4 Subsequent transfers of Hostmore Shares held through CREST

Paperless transfers of Hostmore Shares within CREST should generally be liable to SDRT, rather than stamp duty, at the rate of 0.5% of the amount or value of the consideration payable. Transfers of, and agreements to transfer, Hostmore Shares within CREST to a connected company (or its nominee) may be subject to SDRT based on the value of the Hostmore Shares if this is higher than the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Generally, no stamp duty or SDRT will arise on a deposit of Hostmore Shares into, or withdrawal of Hostmore Shares from, the CREST system provided such a transfer is not made for consideration nor to a connected company (or its nominee).

5.5 Hostmore Shares held through clearance services or depositary receipt systems

Special rules apply where Hostmore Shares are transferred to, or to a nominee or agent for, a person whose business is or includes either issuing depositary receipts within Section 67 or Section 93 of the Finance Act 1986, or providing clearance services within Section 70 or Section 96 of the Finance Act 1986. Under these rules SDRT or stamp duty may be charged at the rate of 1.5% of the amount or value of the consideration or, in some cases, of the value of the Hostmore Shares.

Specific professional advice should be sought in relation to a transaction to which a 1.5% stamp duty or SDRT charge may apply.

PART XII

ADDITIONAL INFORMATION

1. Responsibility

The Company and the Directors, whose names appear in paragraph 1 of Part VII (*Directors, Senior Managers and Corporate Governance*) of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

2. Incorporation and registered office

The Company's legal and commercial name is Hostmore plc. The Company was registered in England and Wales on 14 April 2021 as a private company limited by shares. The Company subsequently re-registered as a public limited company under the Companies Act on 13 October 2021. Hostmore operates under the Companies Act and its registered number is 13334853. The Legal Entity Identifier is 2138008IAVFFCVTG1L66.

The Company is domiciled in the UK. Its registered office is at Highdown House, Yeoman Way, Worthing, West Sussex BN99 3HH (Tel. No 0330 460 5588, or if dialling from outside the UK, +44 330 460 5588)) and its head office is at 26 Castle Street, Edinburgh, EH2 3HT.

The Company's website is www.hostmoregroup.com. The information on the Company's website does not form part of this Prospectus.

3. Share capital

3.1 Issued share capital of the Company

On Admission, the number of Hostmore Shares in issue will be 126,127,279, all of which will have a nominal value of £0.20 each and will be fully paid or credited as fully paid.

As at the Latest Practicable Date, there were 116,919,987 Hostmore Shares in issue. After the date of this Prospectus and (assuming that the Demerger Dividend, and the associated LTIP shareholder resolution, are approved by Electra Shareholders at the Electra General Meeting) prior to Admission, the Company will issue a further 9,207,292 Hostmore Shares to certain of the Directors and Senior Managers in accordance with the terms of the Fridays MIP Crystallisation Side Letter.

The Hostmore Shares will be registered with ISIN number GB00BMV9MD66.

3.2 History of the share capital

On incorporation, the Company's share capital consisted of one ordinary share with a nominal value of £1.00 which was issued, fully paid, to Electra.

On 8 September 2021 Electra subscribed for a further 50,000 ordinary shares of £1.00 each in the Company for an aggregate cash consideration of £50,000. On 5 October 2021, the Company's 50,001 issued ordinary shares were sub-divided into 250,005 ordinary shares of £0.20 each. On 5 October 2021, Electra subscribed for a further 7,339,375 ordinary shares of £0.20 each for an aggregate cash consideration of £13,092,800. On 5 October 2021, the Company issued a further 109,330,607 ordinary shares of £0.20 each to Electra in consideration of the transfer to it, by Electra, of the entire issued share capital of Hostmore Group Limited. As referred to above, after the date of this Prospectus and (and assuming that the Demerger Dividend, and the associated LTIP shareholder resolution, are approved by Electra Shareholders at the Electra General Meeting) prior to Admission, the Company will issue a further 9,207,292 ordinary shares of £0.20 each to certain of the Directors and Senior Managers in accordance with the terms of the Fridays MIP Crystallisation Side Letter.

3.3 Listing

An application will be made to the FCA for the Hostmore Shares to be admitted to the premium listing segment of the Official List. An application will also be made to the London Stock Exchange for the Hostmore Shares to be admitted to trading on its main market for listed securities.

It is expected that Admission will become effective and that dealings in the Hostmore Shares will commence on the London Stock Exchange by no later than 8.00 a.m. (London time) on 2 November 2021. The Company is expected to be eligible for inclusion in the FTSE UK Index Series from Admission.

No application has been made for admission of Hostmore Shares to trading on any other stock exchange (nor is it the current intention of the Company to make any such application in future).

There is no prior trading record for the Hostmore Shares.

3.4 Form and currency of the Hostmore Shares

The Hostmore Shares will be in registered form and will be capable of being held in certificated and uncertificated form. The registrar of the Company is Equiniti.

Title to the certificated Hostmore Shares will be evidenced by entry in the register of members of the Company and title to uncertificated Hostmore Shares will be evidenced by entry in the operator register maintained by Equiniti (which will form part of the register of members of the Company).

No share certificates will be issued in respect of Hostmore Shares in uncertificated form. No temporary documents of title have been or will be issued in respect of the Hostmore Shares. It is currently anticipated that the Hostmore Shares will be eligible to join CREST, with effect immediately upon Admission and the commencement of dealings on the London Stock Exchange.

The Hostmore Shares will be denominated in Pound Sterling and quoted in Pound Sterling on the London Stock Exchange.

3.5 Rights attached to the Hostmore Shares

The rights attaching to the Hostmore Shares will be uniform in all respects and they will form a single class for all purposes, including with respect to voting and for all dividends and other distributions thereafter declared, made or paid on the Company's share capital.

Subject to the provisions of the Companies Act, any equity securities issued by the Company for cash must first be offered to the holders of Hostmore Shares in proportion to their holdings of Hostmore Shares. The Companies Act and the Listing Rules allow for the disapplication of pre-emption rights which may be waived by a special resolution of the Hostmore Shareholders, whether generally or specifically, for a maximum period not exceeding five years.

On a show of hands, every Hostmore Shareholder who is present in person shall have one vote and, on a poll, every Hostmore Shareholder present in person or by proxy shall have one vote per Hostmore Share.

Except as provided by the rights and restrictions attached to any class of shares, Hostmore Shareholders will under general law be entitled to participate in any surplus assets in a winding-up in proportion to their shareholdings.

3.6 Authorisations relating to the share capital of the Company

In the period between the date of this Prospectus and the date of the Electra General Meeting, Electra, in its capacity as the sole shareholder of the Company, intends to pass resolutions of the Company to the following effect, in each case to be subject to and conditional upon Admission becoming effective (except for those resolutions which relate to the issue of new Hostmore Shares pursuant to the Fridays MIP Crystallisation Side Letter which need to be effective following the Demerger and prior to Admission):

3.6.1 In substitution for all existing authorities, the Directors be generally and are hereby unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for, or to convert any security into, shares in the Company:

(a) up to an aggregate nominal amount of £1,841,459 in connection with the arrangements set out in the Fridays MIP Crystallisation Side Letter;

(b) in addition to (a) above:

(i) up to an aggregate nominal amount of £8,408,484 (such amount to be reduced by the aggregate nominal amount allotted or granted under paragraph 3.6.1(b)(ii) below of this resolution in excess of £8,408,484); and

(ii) comprising equity securities (as defined in section 560(1) of the Companies Act) up to an aggregate nominal amount of £16,816,969 (such amount to be reduced by the aggregate nominal amount allotted or granted under section 3.6.1(b)(i) above of this resolution) in connection with an offer by way of a rights issue:

(1) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(2) to holders of other equity securities as required by the rights of those securities,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to apply until the end of the Company's next annual general meeting after the resolution is passed (or, if earlier, until the close of business on the date which falls 15 months after the resolution is passed) but, in each case, so that the Company may make offers and enter into agreements before the authority expires which would, or might, require shares to be allotted or rights to subscribe for or convert any security into shares to be granted after the authority expires and the Directors may allot shares or grant such rights under any such offer or agreement as if the authority had not expired.

3.6.2 The Directors be authorised pursuant to sections 570 and 573 of the Companies Act to allot equity securities (as defined in the Companies Act) for cash under the authority given by the resolution referred to in paragraph 3.6.1 above and to sell shares held by the Company as treasury shares for cash as if section 561 of the Companies Act did not apply to any such allotment or sale, such authority being limited:

(a) to the allotment of equity securities or sale of treasury shares in connection with an offer of securities (but in the case of the authority granted under paragraph 3.6.1(b)(ii) above, by way of rights issue only) in favour of the holders of shares on the register of members at such record date as the Directors may determine where the equity securities respectively attributable to the interests of the shareholders are proportionate (as nearly as may be practicable) to the respective numbers of shares held by them on any such record date, and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter;

(b) to the allotment of equity securities or sale of treasury shares (otherwise than under either paragraph 3.6.2(a) above or paragraph 3.6.2(c) below) up to (i) a nominal amount of £ 1,261,272 (being 5 per cent. of the issued share capital of the Company immediately following Admission) for general corporate purposes and (ii) an additional nominal amount of £1,261,272 (being a further 5 per cent. of the issued share capital of the Company immediately following Admission) for financing (or refinancing, if the authorisation is to be used within six months after the original transaction) a transaction which the Board determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the UK Pre-Emption Group prior to the resolution; and

(c) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraphs 3.6.1(a) or 3.6.1(b) above) up to an aggregate nominal amount of £1,841,459 in connection with the arrangements set out in the Fridays MIP Crystallisation Side Letter, such authority to expire at the end of the next annual general meeting of the Company (or, if earlier, at the close of business on the date which falls 15 months after the resolution is passed) but, in each case, so that prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires, and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

3.6.3 The Company be and is hereby generally and unconditionally authorised to make one or more market purchases (within the meaning of section 693(4) of the Companies Act) of Hostmore Shares, provided that:

(a) the maximum aggregate number of ordinary shares authorised to be purchased is 12,612,727 (being 10 per cent. of the issued share capital of the Company immediately following Admission);

(b) the minimum price (exclusive of expenses) which may be paid for a Hostmore Share is its nominal value;

(c) the maximum price (exclusive of expenses) which may be paid for a Hostmore Share is the higher of: (a) 105 per cent. of the average of the middle market quotations for a Hostmore Share as derived from the London Stock Exchange Daily Official List for the five Business Days immediately preceding the day on which that Hostmore Share is contracted to be purchased; and (b) an amount equal to the higher of the price of a Hostmore Share quoted for the last independent trade and the highest current independent bid for a Hostmore Share on the trading venues where the purchase is carried out;

(d) this authority (unless previously renewed, varied or revoked by the Company in general meeting) expires at the conclusion of the next annual general meeting of the Company or on the date which falls 15 months after the resolution is passed, whichever is the earlier; and

(e) the Company may make a contract to purchase Hostmore Shares under this authority before the expiry of such authority, which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares pursuant to any such contract.

3.6.4 That a general meeting of the Company, other than an annual general meeting, may be called by notice of not less than 14 clear days.

3.6.5 That the Company and those companies which are subsidiaries of the Company at any time during the period for which this resolution has effect be authorised for the purposes of Part 14 of the Companies Act during the period from the date of the passing of this resolution to the conclusion of the Company's next annual general meeting after this resolution is passed (or, if earlier, until the close of business on the date which falls 15 months after the resolution is passed):

(a) to make political donations to political parties, and/or independent election candidates;

(b) to make political donations to political organisations other than political parties; and

(c) to incur political expenditure,

up to an aggregate amount of £50,000 (words and expressions defined for the purpose of the Companies Act shall have the same meaning in this resolution).

3.7 Description of restrictions on free transferability

The Hostmore Shares are freely transferable and there are no restrictions on transfer.

3.8 Taxation

Certain information on taxation in the United Kingdom is set out in Part XI (*Taxation*). The information contained in Part XI (*Taxation*) is intended only as a general guide to the current tax position in the United Kingdom for the Hostmore Shareholders described therein.

4. Articles of Association

The Articles of Association were adopted on 7 October 2021 and came into effect on the date the Company was re-registered as a public limited company, being 13 October 2021. The objects of the Company are unrestricted.

4.1 Objects

Section 31 of the Companies Act provides that the objects of a company are unrestricted unless any restrictions are set out in its articles of association. There are no such restrictions in the Articles and the objects of the Company are therefore unrestricted.

4.2 Rights attaching to the Company's shares

4.2.1 *Voting rights*

Subject to any rights or restrictions as to voting attached to any shares:

(a) On a show of hands:

(i) every member who (being an individual) is present in person has one vote;

(ii) each duly authorised representative of a corporation (which is a member) who is present has the same voting rights as the corporation would be entitled to; and

(Iii) every proxy present who has been duly appointed by one or more members entitled to vote on the resolution has one vote, except that if the proxy has been duly appointed by more than one member entitled to vote on the resolution in which case the proxy has one vote for and one vote against the resolution; and

(b) on a poll every member present in person or by duly appointed proxy or corporate representative has one vote for every share of which such member is the holder or in respect of which such person's appointment as proxy or corporate representative has been made.

4.2.2 *Joint holders*

In the case of joint holders, the vote of the joint holder whose name appears first on the register of members in respect of the joint holding shall be accepted to the exclusion of the votes of the other joint holders.

4.2.3 *Dividends*

The Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the directors.

4.3 Variation of rights

The rights attached to a class of shares may be varied with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares), or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

4.4 Transfer of shares

4.4.1 *Transfer of shares in certificated form*

Shares in certificated form may be transferred by any usual form or in any other form which the directors approve and shall be executed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee.

4.4.2 ***Transfer of shares in uncertificated form***

A transfer of a share in uncertificated form must be made in accordance with and subject to the Uncertificated Securities Regulations 2001 and the facilities and requirements of the relevant system concerned, and be in accordance with any arrangements made by the directors relating to such transfer.

4.5 **Disclosure of interests in shares**

If a member, or another person appearing to be interested in shares held by that member, has been given a notice under section 793 of the Companies Act and has failed in relation to any shares to give the Company the information thereby required within 14 days from the date of giving the notice, such member will be subject to sanctions (including voting and transfer restrictions), unless the directors otherwise determine.

4.6 **General meetings**

4.6.1 ***Notice of annual general meetings and other general meetings***

An annual general meeting and all other general meetings of the Company shall be called by at least such minimum period of notice as is prescribed or permitted under the Companies Act. The notice shall specify the place (including any satellite meeting place or places), the date and the time of the meeting and the general nature of business being transacted and, in the case of an annual general meeting, shall specify the meeting as such. The notice shall set out the text of all resolutions to be considered by the meeting and shall state in each case whether it is proposed as an ordinary resolution or as a special resolution. It shall also specify whether arrangements have been put in place to enable participation in the general meeting by means of electronic facility or facilities, or by means of a satellite meeting place or places.

4.6.2 ***Quorum***

The quorum for a general meeting is two persons who are entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation which is a member so long as each such person is not a proxy or a representative of a corporation which is the same member. The absence of a quorum does not prevent the appointment of a chair, which is not treated as part of the business of a meeting.

4.6.3 ***Change in place or time of general meetings***

If, after the giving of notice of a general meeting but before the meeting is held, the Board decides that it is impracticable or unreasonable for a reason beyond its control to hold the meeting at the declared place, date or time, it may change the place or postpone the date or time at which the meeting is to be held. A new notice of the meeting need not be given, but the Board must, if practicable, advertise the date, time and place of the meeting by such means as it in its absolute discretion considers appropriate and must, if practicable, arrange for notice of the change of place or postponement to appear at the original place or at the original time or both.

4.7 **Directors' appointments, interests, retirements and removals**

4.7.1 ***Number of directors***

The Articles provide, unless otherwise determined by the Company by ordinary resolution, that the number of directors (disregarding any alternate directors) shall not be less than two but shall not be subject to any maximum.

4.7.2 ***Appointments***

Directors may be appointed by ordinary resolution.

4.7.3 ***Retirements***

At each annual general meeting, each director who was appointed since the last annual general meeting, was in office at the time of the previous annual general meeting, or is a non-executive director and has held office for a continuous period of nine years or more at the time of the meeting, must retire from office. Subject to the Listing Rules, the Company may by ordinary resolution at a general meeting re-appoint a retiring director or appoint another person in their place.

4.7.4 ***Removal***

The Company may, by special resolution, remove a director before the expiration of their period in office despite the provisions of any agreement between the Company and the director.

4.8 **Alternate director**

Any director may appoint any other director, or any other person approved by two thirds of the directors, to be an alternate director. Any director may also remove an alternate director appointed by such director from such appointment as alternate director.

4.9 **Board meetings**

4.9.1 ***Calling and notice of board meetings***

A board meeting may be called by any director or the company secretary at the request of a director. A board meeting is called by giving notice of the meeting to the directors, and such notice need not be in writing. A director may waive the right to receive notice of any board meeting and any such waiver may be retrospective.

4.9.2 ***Proceedings***

Questions arising at a board meeting shall be decided by a majority of votes. In case of an equality of votes, the chair of the meeting shall (unless the chair is not entitled to vote on the resolution in question) have a second or casting vote. A director who is also an alternate director shall be entitled in the absence of such director's appointor to a separate vote on behalf of such appointor in addition to such director's own vote, and an alternate director who is appointed by two or more directors shall be entitled to a separate vote on behalf of each appointor in such appointor's absence.

4.9.3 ***Quorum***

The quorum may be fixed by the directors, but it must not be less than two individual directors . A board meeting at which a quorum is present may exercise all the powers and discretions exercisable by the Board.

4.10 **Interests of directors**

The Board may, to the extent permitted by law and subject to the Articles, authorise any matter proposed to them which would otherwise result in any director breaching their duty under the Companies Act to avoid having a direct or indirect interest that conflicts or may possibly conflict with the interests of the Company. Such director may not count in the quorum or vote on such resolution giving authorisation, and may be excluded from the relevant meeting.

Subject to the above, and provided a director has declared the nature and extent of their interests in accordance with the Articles, a director may have any kind of interest in a proposed or existing transaction, arrangement or contract with or entered into by the Company, hold any other office under the Company, or be a director or other officer of a body corporate in which the Company is interested.

4.11 **Directors' fees and expenses**

4.11.1 ***Fees***

Directors who do not hold executive office (other than alternate directors who shall not be entitled to any fees) shall be paid such fees for their services in the office of director as the directors may determine. The total amount of fees to paid to all directors who do not hold executive office shall not exceed any amount decided by the Company by ordinary resolution.

4.11.2 ***Expenses***

In addition to any remuneration payable, the Company may pay the reasonable travelling, hotel and other expenses properly incurred by a director in connection with the discharge of his or her duties. This includes, without limitation, travelling to and from meetings of the Board, committees of the Board or general meetings.

4.12 **Indemnity of officers**

To the extent permitted by law, the Company may indemnify each director, the company secretary or other officer of the Company or an associated company against each loss, cost and/or liability incurred by them in relation to or in connection with their duties, powers or office. The Company may purchase insurance against any such liability incurred by such person in respect of: an act or omission; discharge of their duties; the exercise of their powers; or otherwise in relation to their duties, powers or offices.

4.13 **Borrowing powers**

There is no requirement on the directors to restrict the borrowing of the Group.

5. Organisational Structure

The Company is the principal holding company of the Group.

The following table shows details of the Company's significant subsidiaries.

Name	Country of incorporation or registration	Proportion of ownership interest	Principal activity
Hostmore Group Limited	England & Wales	100%	Holding company
Wednesdays (Bidco) Limited	England & Wales	100%	Holding company
Thursdays (Holdings) Limited	England & Wales	100%	Holding company
Thursdays (UK) Limited	England & Wales	100%	Licensed restaurants

6. Interests of Major Shareholders

As at the date of this Prospectus, the entire issued share capital of the Company is held and controlled by Electra. After the date of this Prospectus and (assuming that the Demerger Dividend, and the associated shareholder resolution, are approved by Electra Shareholders at the Electra General Meeting) prior to Admission: (a) Electra will declare a distribution in specie over all of the issued share capital of the Company held by it in due proportion to the shares held by the shareholders of Electra as at the Record Time; and (b) immediately following the declaration of the distribution in specie the Company will issue 9,207,292 Hostmore Shares (representing 7.3% of the issued share capital of the Company) to certain of the Directors and Senior Managers in accordance with the terms of the Fridays MIP Crystallisation Side Letter.

As at the Latest Practicable Date in so far as it is known to the Company, the following persons were directly or indirectly interested (within the meaning of the Companies Act) in 3% or more of the issued share capital of Electra and are therefore expected to be directly or indirectly interested (within the meaning of the Companies Act) in 3% or more of the issued share capital of the Company at Admission (after taking into account the new share issue described in (b) above):

	Number of Hostmore Shares		Approximate % of total issued share capital*	
Shareholder	**Direct no.**	**Indirect no.**	**Direct %**	**Indirect %**
Witan Investment Trust plc	16,656,417	—	13.21	—
Fidelity International	—	13,914,492	—	11.03
M&G Plc		11,672,592	—	9.25
Stephen Welker	8,394,861		6.66	
Aviva PLC	5,058,858	—	4.01	—
Crown Sigma UCITS	4,518,000	—	3.58	—

Note:

* Percentage shown as a percentage of 126,127.279 Hostmore Shares, being the sum of the number of Electra Shares in issue at 13 October 2021 (being 38,973,329 Electra Shares) multiplied by three and the number of new Hostmore Shares to be issued to certain of the Directors and Senior Managers as described above (being 9,207,292 Hostmore Shares).

Following the Demerger, no Hostmore Shareholder has or will have different voting rights from any other holder of Hostmore Shares in respect of any Hostmore Shares held by them and the Hostmore Shares held by them will rank *pari passu* in all respects with other Hostmore Shares.

7. Directors and Senior Management

7.1 Other Directorships

Save as set out below or, none of the Directors or Senior Managers have been a member of any partnerships or held any directorships of any other company (other than subsidiaries of the company of which those persons are also directors), at any time in the last five years prior to the date of this Prospectus:

Director	Current directorships and partnerships	Previous directorships and partnerships held in the previous five years
Executive Directors		
Robert B. Cook	Cookie Jar (Alnwick) Limited Cookie Jar Hospitality (Consultancy) Limited The Cookie Jar (Bailiffgate) Ltd Hostmore Group Limited Mondays (Topco) Limited Thursdays (Holdings) Limited Thursdays (UK) Limited Tuesdays (Midco) Limited Wednesdays (Bidco) Limited	Barclay & Co Consulting Limited (*dissolved 04.07.2017*) Esporta Financial Services Limited (*dissolved 08.01.2019*) Esporta Health Clubs Limited (*dissolved 05.01.2019*) Esporta Health Club Peterborough Limited (*dissolved 08.01.2019*) Esporta Health & Racquets Club Hamilton Limited (*dissolved 08.01.2019*) Esporta H & F Propco (1A) Limited (*resigned 13.11.2019*) Esporta H & F Propco (2A) Limited (*resigned 13.11.2019*) Esporta Limited (*resigned 13.11.2019*) Esporta Management Services Limited (*resigned 13.11.2019*) Esporta Non Racquets Limited (*resigned 13.11.2019*) Esporta Racquets and Non Racquets Holdings Limited (*resigned 13.11.2019*) Esporta Racquets Limited (*resigned 13.11.2019*) Esporta Tennis Clubs Limited (*resigned 13.11.2019*) Invicta Leisure (Brentwood) Limited (*resigned 13.11.2019*) Invicta Leisure (Manchester) Limited (*dissolved 08.01.2019*)

Director	Current directorships and partnerships	Previous directorships and partnerships held in the previous five years
		Invicta Leisure (Plymouth) Limited (*dissolved 08.01.2019*) Invicta Leisure (Sunderland) Limited (*dissolved 05.01.2019*) Invicta Leisure (Swansea) Limited (*dissolved 05.01.2019*) I S L Leisure Limited (*resigned 13.11.2019*) Ocean Park Leisure Limited (*dissolved 05.01.2019*) The Riverside Health & Racquets Club Northwood Limited (*dissolved 05.01.2019*) Riverside Limited (*resigned 13.11.2019*) Virgin Active Health Clubs Limited (*resigned 13.11.2019*) Virgin Active Limited (*resigned 13.11.2019*) Invicta (Club Indigo) Limited *(dissolved 08.01.2019)* Esporta Health & Racquets Club Gloucester Limited *(dissolved 08.01.2019)* Esporta Health & Fitness Limited *(resigned 13.11.2019)* The Royal County of Berkshire Health & Racquets Club Limited *(resigned 13.11.2019)* Invicta Leisure (Tennis) Limited *(resigned 13.11.2019)* Riverside Racquet Centre Limited *(resigned 13.11.2019)*
Alan Clark	Mondays (Topco) Limited Thursdays (Holdings) Limited Thursdays (UK) Limited Tuesdays (Midco) Limited Wednesdays (Bidco) Limited Hostmore Group Limited	Ajel Management Company Limited (*resigned c. 28.02.2018*) ATL Executive Management Ltd (*resigned c. 28.02.2018*) Bancaire BB Limited (*resigned c. 28.02.2018*) Bay Roc Limited (*resigned c. 28.02.2018*) Beaches Boscobel Hotel Management Company Limited (*resigned c. 28.02.2018*) Beaches Management Limited (*resigned c. 28.02.2018*) Business Management Limited (*resigned c. 28.02.2018*) Carlyle Limited (*resigned c. 28.02.2018*) Ciboney Proprietors Limited (*resigned c. 28.02.2018*) CPH Property Holdings (Barbados) Limited (*resigned c. 28.02.2018*) Crowncork (Jamaica) Limited (*resigned c. 28.02.2018*) Grande Cass. Management (Barbados) Limited (*resigned c. 28.02.2018*) Grenlas Management Grenada Limited (*resigned c. 28.02.2018*) GRS Property Company Limited (*resigned c. 28.02.2018*) Hospitality Inns of Jamaica Limited (*resigned c. 28.02.2018*) Hospitality Security Limited (*resigned c. 28.02.2018*) Levart Limited (*resigned c. 28.02.2018*) Luxe BB Property Holdings Limited (*resigned c. 28.02.2018*) Mahi Management Limited (*resigned c. 28.02.2018*) Mammee Bay Hotel Limited (*resigned c. 28.02.2018*) Ocho Rios Hotel Management Company Limited (*resigned c. 28.02.2018*) Portland Hotel Management Limited (*resigned c. 28.02.2018*) Real Resorts Limited (*resigned c. 28.02.2018*)

Director	Current directorships and partnerships	Previous directorships and partnerships held in the previous five years
		Rios Hotel Management Limited (*resigned c. 28.02.2018*) S & B Communications Limited (*resigned c. 28.02.2018*) Sandals Corporate University Limited (*resigned c. 28.02.2018*) Sandals Dunn's River Limited (*resigned c. 28.02.2018*) Sandals Foundation (*resigned c. 28.02.2018*) Sandals Negril Limited (*resigned c. 28.02.2018*) Sandals Ocho Rios Limited (*resigned c. 28.02.2018*) Sandals Resorts International Limited (*resigned c. 28.02.2018*) Sandals Royal Caribbean Limited (*resigned c. 28.02.2018*) Sandals Royal Management Limited (*resigned c. 28.02.2018*) Sandals Whitehouse Management Limited (*resigned c. 28.02.2018*) Sanlas Property Holdings Grenada Limited (*resigned c. 28.02.2018*) SBB Property Holding Limited (*resigned c. 28.02.2018*) Sea View Property Holdings Limited (*resigned c. 28.02.2018*) Stylish Brand Limited (*resigned c. 28.02.2018*)
Non-Executive Directors		
Neil Johnson	Electra Private Equity PLC (Chairman) QinetiQ Group plc (Chairman) BGF Group PLC Electra Investments Limited Hotter MIPCO Limited	Business Growth Fund Limited (*resigned 23.05.17*) C1 (International Consulting) Limited (*resigned 03.05.21*) Centaur Media plc (*resigned 30.06.19*) E2V Technologies PLC (resigned *28.03.17*) Electra General Partner Number One Limited (dissolved 14.08.20) Electra Group Limited (dissolved 29.09.20) Galaxy Bidco Limited (*resigned 20.06.19*) Galaxy Midco Limited (*resigned 20.06.19*) Galaxy Topco Limited (*resigned 25.06.19*) Motability Operations Group PLC (*resigned 01.04.19*) Synthomer PLC (*resigned 16.12.20*)
David Lis	Electra Private Equity PLC Melrose Industries PLC Dowgate Capital Limited York Minister Fund Limited Finance Committee York Minster Fund	BCA Marketplace limited (*resigned 06.11.19*) Multifamily Asset 1 Limited (*resigned 16.01.19*) The Multifamily Housing REIT Limited (*resigned 16.01.19*) The Investor Forum (*resigned 25.01.18*)
Gavin Manson	Electra Private Equity PLC Electra Investments Limited Wednesdays (Bidco) Limited Tuesdays (Midco) Limited Mondays (Topco) Limited Thursdays (UK) Limited Thursdays (Holdings) Limited Hostmore Group Limited Hotter MIPCO Limited Unbound Group Limited	Adjustoform Products Limited (*resigned 05.05.21*) AE Arthur Limited (d*issolved 02.04.19*) Davra Limited (*resigned 14.04.21*) Electra EBT Limited (*dissolved 16.11.19*) EFPEP Syndications Limited (d*issolved 16.11.19*) EIT Hill Limited (d*issolved 16.11.19*) Electra General Partner Number One Limited (*dissolved 14.08.20*) Electra Group Limited (*dissolved 29.09.20*) Electra Partners Advisers (Asia) Limited (d*issolved 16.11.19*) Electra Securities Limited (d*issolved 26.10.19*) EPEP Syndications Limited (d*issolved 03.12.19*) Fashion Futures Limited (d*issolved 18.12.18*) Galaxy Bidco Limited (*resigned 26.08.21*) Galaxy Midco Limited (*resigned 26.08.21)* *Galaxy Topco Limited (resigned 26.08.21*)

Director	Current directorships and partnerships	Previous directorships and partnerships held in the previous five years
		Horizon Holdco Limited (*resigned 19.11.18*) Kingsway Nominees Limited (*dissolved 16.11.19*) New Kingsway Nominees Limited (d*issolved 16.11.19*) Pandamarsh Limited (*resigned 14.04.21*) Salamander (Engineering) Limited (*resigned 14.04.21*) Sentinel Performance Solutions Group Limited (*resigned 14.04.21*) Sentinel Performance Solutions Limited (*resigned 14.04.21*) Special Products Company (US) Zebramarsh Limited (*resigned 14.04.21*) Hotter Group Holdings Limited (*resigned 26.08.21*) Hotter Holdings Limited (*resigned 26.08.21*) Beaconsfield Group Holdings Limited (*resigned 26.08.21*) Comfort Concept Limited (*resigned 26.08.21*)
Andrew Blurton	Advanced Living Limited Advanced Living (Kingston) Limited Andrew Blurton Consultancy Limited Liberty Retail Pension Scheme Longacre School Limited RG Property Asset Management Limited	i2 Office Limited (*resigned 31.12.18*) Landmark Business Centres (Bank) Limited (*resigned 31.12.18*) Landmark Business Centres (Bishopsgate) Limited (*resigned 31.12.18*) Landmark Business Centres (Dover Street) Limited (*resigned 31.12.18*) Landmark Business Centres (Garden Studios) Limited (*resigned 31.12.18*) Landmark Business Centres (Holland House) Limited (*resigned 31.12.18*) Landmark Business Centres (OBS) Limited (*resigned 31.12.18*) Landmark Limited (*resigned 31.12.18*) Landmark Space Limited (*resigned 31.12.18*) Landmark Technologies (UK) Limited (*resigned 31.12.18*) RG Business Centres Limited (*dissolved 02.01.18*)
Louise Stonier	Companion Care Management Services Limited Companion Care (Services) Limited Pets at Home Vet Group Limited Pet City Resources Limited Pah Financial Services Limited Pets at Home Superstores Limited Pets at Home No.1 Limited Pets at Home (ESOT) Limited Pet City Limited Pet City Holdings Limited Pets at Home Holdings Limited Pets at Home Ltd Pet Advisory Services Limited VetsDirect LTD. Palfour Holdings Limited	Linnaeus Referrals Ltd (*resigned 31.12.20* Farm-Away Limited (*resigned 04.10.16*) Ride-Away (York) Limited (*resigned 04.10.16*) Pets at Home Retail Limited (*dissolved 06.07.17*) Pah Investments Limited (*dissolved 06.07.17*) Pets at Home Midco Limited (*dissolved 06.07.17*) Pets at Home Interco Limited (*dissolved 06.07.17*) Pah UK Holdco Limited (*dissolved 06.07.17*) Pah UK Bidco Limited (*dissolved 06.07.17*)
Jane Bednall	DFS Furniture Plc CMCO Consulting Ltd	EI Group Limited (*resigned* 3 March 2020) Smart Metering Communications Body Ltd (*resigned 14 June 2018*)
Senior Managers		
Robert Henry	N/A	N/A
Erica Livermore	N/A	HBAA Association (*resigned 20.08.*2020)
Suzanne Peacock	N/A	Market Sell Repeat Limited (*resigned 23.04.2020*)

Director	Current directorships and partnerships	Previous directorships and partnerships held in the previous five years
Dan Staples	N/A	N/A
Claire Hussey	N/A	Safer Food Limited (*dissolved 29.09.20)*
Karen Barnard	N/A	N/A
Alyson Scott	N/A	N/A

7.2 **Confirmations and conflicts of interest**

Save for their capacities as persons legally and beneficially interested in Hostmore Shares, there are:

(i) no actual or potential conflicts of interest between the duties owed by the Directors or the Senior Managers to the Company and their private interests and/or other duties that they may also have; and

(ii) no arrangements or understandings with major Hostmore Shareholders, customers, suppliers or others, pursuant to which any Director or Senior Manager was selected.

Each of the Directors has a statutory duty under the Companies Act to avoid conflicts of interests with the Company and to disclose the nature and extent of any such interest to the Board. Under the Articles of Association and, as permitted by the Companies Act, the Board may authorise any matter which would otherwise involve a Director breaching this duty to avoid conflicts of interest and may attach to any such authorisation such conditions and / or restrictions as the Board deems appropriate (including in respect of the receipt of information or restrictions on participation at certain Board meetings), in accordance with the Articles of Association.

As at the date of this Prospectus, no Director or Senior Manager has during the last five (5) years:

(i) had any convictions in relation to fraudulent offences;

(ii) been associated with any bankruptcy, receivership, liquidation or companies put into administration while acting in the capacity of a member of the administrative, management or supervisory body or of a senior manager of any company;

(iii) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including any designated professional body); or

(iv) been disqualified by a court from acting as a member of the administrative, management or supervisory body of a company or from acting in the management or conduct of the affairs of any company.

There are no family relationships between any of the Directors or the Senior Managers.

7.3 **Transactions with Directors and Senior Managers**

Save as described in paragraph 12.8 of this Part XII (*Additional Information*), no Director or Senior Manager has, or has had, any interest in any transaction which is or was unusual in its nature or conditions or which is, or was, significant in relation to the business of the Group and which was effected by any member of the Group during the current or immediately preceding financial year, or during any earlier financial year, and remains in any respect outstanding or underperformed.

There are no outstanding loans granted by the Company or any Group company to any of the Directors or Senior Managers nor has any guarantee been provided by the Company or any Group company for their benefit.

7.4 **Director appointment arrangements**

There are no arrangements or understandings with major shareholders, customers, suppliers or others pursuant to which any Director or Senior Manager was selected as a director or senior manager (as the case may be).

7.5 **Share interests of Directors and Senior Managers in the share capital of Electra and of the Company**

As at the Latest Practicable Date, certain of the Non-Executive Directors held share interests in Electra as set out below.

As at the Latest Practicable Date, none of the Directors and Senior Managers had a direct interest in the share capital of the Company.

Following Admission, certain of the Non-Executive Directors will hold the following Hostmore Shares pursuant to the Demerger Dividend:

Director	**No. of Electra Shares**	**No. of Hostmore Shares**
Gavin Manson	488,586	1,465,758
Neil Johnson	279,057	837,171
David Lis	43,500	130,500
Total	**811,143**	**2,433,429**

Pursuant to the terms of the Fridays MIP Crystallisation Side Letter, the Executive Directors and certain of the Senior Managers have an interest in Hostmore Shares as more particularly described in paragraph 12.8 of this Part XII (*Additional Information*). Following Admission, and following the implementation of the provisions set out in the Fridays MIP Crystallisation Side Letter, the Executive Directors and certain Senior Managers will hold the following Hostmore Shares:

Manager	**No. of Fridays MIP Shares**	**Value of the Loan Notes (£)**	**No. of Hostmore Shares**
Robert B. Cook	7,300	£5,995,125	3,360,662
Alan Clark	5,260	£4,319,775	2,421,518
Other members of Group Management (in aggregate)	7,440	£6,110,100	3,425,112
Total	**20,000**	**£16,425,000**	**9,207,292**

8. Directors' Service Contracts, Letters of Appointment and remuneration

8.1 Executive Directors

8.1.1 *Service agreements*

The Chief Executive Officer and the Chief Financial Officer will be employed under service agreements dated 15 October 2021, which are conditional on completion of the Demerger and become effective on Admission, provided that Admission occurs no later than 30 November 2021. Key terms of the service agreements (other than those that relate to remuneration and benefits, which are addressed separately below) are as follows:

Terms	**Description**
Duties	Both executives are required, unless the Board consents otherwise, to devote the whole of their time and attention to their duties and to use their best endeavours to promote, protect, develop and extend the business of the Company and the Group. The Chief Executive Officer is permitted to continue to act as a director on the board of directors of each of The Cookie Jar (Alnwick) Limited, The Cookie Jar (Bailiffgate) Ltd and Cookie Jar Hospitality (Consultancy) Limited, provided that such activities do not detract from the performance of his duties under the service agreement.
Holidays	Both executives are entitled to 30 days' holiday plus bank holidays.

Terms	Description
Notice Period	Both the Chief Executive Officer and the Chief Financial Officer are subject to 6 months' notice of termination of employment from the Company and 6 months' notice of termination of employment from the executive.
Payment in lieu of notice	Both service agreements can be terminated immediately by serving notice and undertaking to pay the relevant executive in lieu of notice. The payment in lieu of notice clause provides that the relevant executive would be entitled to (i) a payment equal to the basic annual salary that would have been payable, and (ii) the cost that would have been incurred by the Company in providing the relevant executive with the benefits (insurance benefits and car allowance) and cash pension allowance which the relevant executive would have been entitled to receive, during the notice period.
Garden Leave	Both the Chief Executive Officer and the Chief Financial Officer can be required to remain away from the office during their notice period. During this time, the Company can require them not to engage in certain activities, including requiring them not to contact employees, suppliers and customers, and to take any accrued but untaken holiday. The Executives will continue to receive their basic annual salary and benefits (insurance benefits and car allowance) together with their cash pension allowance during any garden leave period.
Summary Termination	The service agreements can be terminated without notice or payment in lieu of notice in certain prescribed circumstances. The specific grounds for summary dismissal include for example misconduct, persistent breaches of the service agreement, bankruptcy, a criminal charge or conviction (other than minor motor offences), acting in a way prejudicial to the interests or reputation of the Company and disqualification as a director.
Conflicts of Interest	There is a prohibition in both service agreements on conflicts of interest, however, both the Chief Executive Officer and the Chief Financial Officer are permitted to hold up to 3 per cent. of the issued shares or loan capital in any other publicly listed entity.
Restrictive Covenants	Both the Chief Executive Officer and the Chief Financial Officer are subject to 12 month restrictive covenants (less any period of garden leave) covering non-competition, non-solicitation of clients, prospective clients and key employees, non-dealing with customers and prospective customers, and non-interference with suppliers.
Confidentiality	Both executives are under an obligation not to disclose information confidential to the Company or any Group company.

8.1.2 ***Base salaries***

On Admission the base salaries will be £485,000 for the Chief Executive Officer and £340,000 for the Chief Financial Officer. Base salaries will be reviewed annually and take into account several factors including the relevant director's role, experience and skills as well as business performance. Any increases will generally be made in line with any base salary increase for the rest of the workforce but the Remuneration Committee will retain the discretion to increase salaries above this rate where appropriate (for example, upon a material change to the scope of the role, to reflect the development of the individual within the role, to ensure the salary is competitive when benchmarked against relevant market comparisons and does not pose a risk to retention and/or succession planning or where the base salary is originally set at a discount to the Company's normal policy on appointment).

8.1.3 ***Pension and benefits***

Executive Director pension contribution rates will be 3% of salary, which is the same contribution percentage as that available to the majority of the UK workforce who are on the National Employment Savings Trust workplace pension scheme. In addition, the Executive

Directors will receive benefits which include family private health cover, life assurance cover, critical illness cover and a car allowance, together with reimbursement of expenses reasonably and properly incurred in the performance of their duties which are claimed in accordance with the Company's expense reporting procedure. In the case of the Chief Executive Officer he will also be reimbursed for weekly travel expenses between Northumberland and London and Northumberland and Edinburgh, together with up to four nights' accommodation in London per week and up to two nights' accommodation in Edinburgh per week, subject to pre-agreed rates and hotels.

8.1.4 ***Annual bonus Plan***

The Executive Directors will participate in the annual bonus plan. The maximum bonus opportunity for each Executive Director will be 125% of the relevant individual's salary. At least 33% of an Executive Director's annual bonus earned will be deferred into Hostmore Shares, such Hostmore Shares to be held for three years (during which time Hostmore Shares cannot be sold and may be forfeited) if the Executive Director has not met a shareholding requirement of 300% of salary (i.e. 150% of the normal shareholding requirement described in paragraph 8.1.7 of this Part XII (*Additional Information*)). The remainder will be paid in cash. The pay-out under the annual bonus will be determined based on a range of financial and strategic objectives. The majority of the annual bonus will be based on financial performance targets. It is currently intended that the annual bonus for 2022 will be based on a mixture of financial metrics (for example, EBITDA and profit before tax) and non-financial metrics (for example, guest score and cover utilisation). The Remuneration Committee has the discretion to adjust the pay-out that would otherwise result by reference to the formulaic outcome alone. Such discretion would only be used in exceptional circumstances and may be applied to take into account corporate and/or personal performance. The annual bonus plan for the year ending 31 December 2021 will terminate on Admission with bonuses payable by reference to performance up to Admission.

8.1.5 ***Long-Term Incentive plan***

On Admission, the Board will adopt the Hostmore plc 2021 Long-Term Incentive Plan ("**LTIP**") in which the Executive Directors are eligible to participate.

Under the LTIP, Performance Share Awards (as defined in paragraph 9.1.3 below) will be granted to Executive Directors annually and will be subject to stretching long-term performance conditions. The normal maximum grant level for the Chief Executive Officer and Chief Financial Officer will be 150% of salary.

Awards (as defined in paragraph 9.1.1 below) granted under the LTIP to the Executive Directors will normally vest after three years from the Award date and then be subject to a two year post vesting holding period in respect of vested shares (net of sales for tax and national insurance). Participants may also receive dividend equivalents equal to the value of dividends which would have accrued on vested Hostmore Shares from the date of grant of the relevant Award.

Vesting of LTIP awards granted to Executive Directors will be subject to the achievement of performance conditions determined by the Remuneration Committee. The measurement period for the performance conditions for such LTIP awards will normally be a period of at least three financial years.

It is expected that the first Performance Share Awards under the LTIP will be granted soon after the Demerger and Admission (the "**Initial Performance Share Awards**"). The Initial Performance Share Awards will be granted to the Chief Executive Officer and Chief Financial Officer over Hostmore Shares with a face value of 150% of their respective base salaries. At the same time, other senior executives will also be granted LTIP awards which may include Performance Share Awards and/or Restricted Share Awards. In each case the face value of the Award will be calculated based on the market value of the Hostmore Shares over a short averaging period ending on the dealing day preceding the date of grant.

The Initial Performance Share Awards granted to the Executive Directors will vest subject to the achievement of challenging relative total shareholder return ("**TSR**") over a three year period, earnings per share and ROIC targets. The targets which will apply to the Initial Performance Share Awards are shown below:

			Targets	
Performance measure	**How measured**	**Weighting**	**Threshold (25% vests)**	**Maximum (100% vests)**
Relative TSR	Company TSR vs. FTSE SmallCap (excluding Investment Trusts) from date of grant to 3rd anniversary of date of grant	⅓rd	Median	Upper quartile
EPS	Underlying fully diluted EPS for 2023	⅓rd	90% of target	110% of target
ROIC	Average ROIC for FY 2022 and FY 2023	⅓rd	90% of target	110% of target

As for the annual bonus, the Remuneration Committee has the discretion to adjust the vesting that would otherwise result by reference to the formulaic outcome alone. Such discretion would only be used in exceptional circumstances and may be applied to take into account corporate and/or personal performance.

The Remuneration Committee will review the metrics and targets each year before making further awards to ensure that the metrics and targets are appropriately aligned to the Company's strategy.

8.1.6 ***Recovery and withholding provisions***

In line with market best practice, clawback and malus can be applied within three years of LTIP awards vesting or annual bonus payment as determined at the discretion of the Remuneration Committee. These provisions may, without limitation, be applied in the following circumstances: (i) material financial misstatement; (ii) significant reputational damage; (iii) negligence or gross misconduct by a participant; (iv) fraud effected by or with the knowledge of a participant; (v) breach of anti-bribery or anti-corruption laws by a participant; (vi) material corporate failure; or (vii) where awards were granted or vested based on erroneous or misleading data.

8.1.7 ***Shareholding requirement***

Executive Directors are required to build and maintain a shareholding equivalent to 200% of their base salary. Executive Directors will be required to retain 50% of all vesting Hostmore Shares that they receive under the incentive plans (net of sales for tax and national insurance) until the requirement is achieved. The equivalent net value after statutory deductions of unvested Hostmore Shares subject to any awards held by an Executive Director to which only time-based vesting or a holding period applies will count towards the shareholding guideline. The shareholding requirement will continue to apply for a period of two years after cessation of employment, with Executive Directors expected to retain the lower of the shareholding requirement or the shares held at cessation of employment.

8.1.8 ***Recruitment Policy***

Consistent with market practice, remuneration packages for any new appointments to the Board (including those promoted internally) will be set in line with the remuneration policy. For external appointments, the Company recognises that it may need to provide compensation for forfeited awards from the individual's previous employer ("**Buy-Out Awards**"). To the extent possible, the design of Buy-Out Awards will be made on a broadly like-for-like basis and shall be no more generous than the terms of the incentives they are replacing, taking into account the performance conditions attached to the vesting of the forfeited incentives, the timing of vesting and the likelihood of vesting.

8.1.9 ***Termination Policy***

Executive Directors have a service contract requiring 6 months' notice of termination from either party. The Company may, at its sole discretion, terminate the contract immediately, at any time after notice is served, by making a payment in lieu of notice equivalent to salary, benefits (insurance benefits and car allowance) and pension. Any such payments will normally be paid in monthly instalments over the remaining notice period and be reduced to offset earnings from other employment.

The Remuneration Committee will consider treatment on termination having regard to all of the relevant facts and circumstances available at that time. Treatment of certain elements of the policy (including annual bonus and LTIP), will vary depending on whether an Executive Director is defined as a "good" or "bad" leaver. "Bad" leavers will not be eligible to receive any annual bonus and any outstanding unvested LTIP awards will lapse immediately, with any vested LTIP awards subsequently lapsing after 12 months (to the extent they have not been exercised). However, in certain circumstances, at the discretion of the Remuneration Committee, good leaver status may be applied. Good leavers will generally be eligible to receive annual bonus and outstanding LTIP awards. The annual bonus and LTIP awards will ordinarily be subject to the satisfaction of the relevant performance criteria tested at the normal date and, ordinarily, the outcome will be calculated on a time pro-rata basis.

8.2 **Directors' and Senior Managers' Remuneration**

8.2.1 Under the terms of their service contracts and any applicable incentive plans, effective in financial year 2020, the aggregate remuneration and benefits to the executive Directors of the Group who served during financial year 2020, consisting of two individuals, was £928,410.78.

Under the terms of their service contracts and applicable incentive plans, effective in financial year 2020, the Directors were (as at the date of this Prospectus) remunerated as set out below:

Name	Remuneration	Benefits in kind	Car allowance	Pension	Total
Alan Clark	£316,250	£326.78	£10,000	£23,000	£349,576.78
Robert B. Cook	£536,000	£834	£10,000	£32,000	£578,834

Under the terms of their service contracts and any applicable incentive plans, effective in financial year 2020, the aggregate remuneration and benefits to the Senior Managers who served during financial year 2020, consisting of six individuals, was £668,360.12. This consisted of remuneration of £590,000, benefits in kind of £1,885.13, car allowances of £25,874.99 and pension contributions of £50,600.

In addition to the remuneration outlined above, per the Fridays MIP Crystallisation Side Letter, the Directors and certain of the Senior Managers have an interest in Hostmore Shares as more particularly described in paragraph 12.8 of this Part XII (*Additional Information*)

8.3 **Non-Executive Directors**

On Admission, the Company will have six Non-Executive Directors being Neil Johnson (who is also the Chair), Gavin Manson, David Lis, Andrew Blurton, Louise Stonier and Jane Bednall. All of the Non-Executive Directors are considered to be Independent Non-Executive Directors except Neil Johnson and Gavin Manson. The Non-Executive Directors were appointed by letter of appointment. The key terms of these appointments are as follows:

(a) Each of the Non-Executive Directors is engaged under a non-executive director appointment letter, which states that the appointment will continue for an initial three-year term, subject to re-election as and when required under the Articles and at Annual General meetings. The appointment letter states that non-executive directors are typically expected to serve two three-year terms but may be invited by the Board to serve for an additional period. In any event, each appointment is terminable by either party on three months' written notice.

(b) From Admission, the Chair is entitled to receive an annual fee of £150,000. Each of the other Non-Executive Directors is entitled to receive an annual fee of £50,000. Additional annual fees of £10,000 are payable to any Non-Executive Director (other than the Chair) serving as a committee chair of the Board. A further £20,000 annual fee is payable to the Senior Independent Director albeit that such further annual fee will be reduced to £10,000 once a Chair is appointed who is considered to be Independent under the UK Corporate Governance Code.

(c) Each Non-Executive Director is also entitled to reimbursement of reasonable expenses. The Non-Executive Directors are not entitled to receive any compensation on termination of their appointment and are not entitled to participate in the Company's share, bonus or pension schemes.

(d) The Non-Executive Directors are subject to confidentiality undertakings without limitation in time. They are also subject to non-compete restrictive covenants for the duration of their appointments and for a period of 6 months following termination of their appointments. The Company has arranged directors' and officers' liability insurance for each of the Non-Executive Directors and it intends to maintain cover for the full duration of each appointment.

8.4 **Remuneration Policy**

The Directors and their functions are set out in Part VII (*Directors, Senior Managers and Corporate Governance*). Summaries of material terms of the service agreements with the Executive Directors and letters of engagement of the Non-Executive Directors are set out in paragraphs 8.1 and 8.3 of this Part XII (*Additional Information*).

The remuneration policy for Executive Directors has been reviewed to ensure that, following the Demerger and Admission, the policy continues to incentivise and reward long-term sustainable growth of the Company, complies fully with the UK Corporate Governance Code and is aligned to market best practice. The remuneration strategy is to provide pay packages that attract, retain and motivate high-calibre talent to help ensure the Group's continued growth and success, incorporating incentives that align with and support the Group's business strategy. On Admission, Executive Directors' remuneration will comprise of a base salary, pension, benefits, an annual bonus and a long-term incentive award.

Further details of the remuneration policy will be provided in the Company's first directors' remuneration report. The Company will formally propose the remuneration policy for approval by shareholders at the Company's first annual general meeting following the Demerger and Admission in accordance with the Large and Medium-sized Companies and Groups (Accounts and Report) Regulations 2008 (as amended). Subject to shareholder approval, it is intended that the policy will apply for three years.

9. Summary of Share-Based Incentive Plans

9.1 Summary of LTIP

9.1.1 ***General***

The Hostmore plc 2021 Long-Term Incentive Plan (the "**LTIP**") will be adopted conditionally on Admission. The LTIP provides for the grant of awards over Hostmore Shares ("**Awards**" and each an "**Award**").

Awards under the LTIP may take the form of, or any combination of: (a) an option to acquire Hostmore Shares at no or nominal cost ("Option"); (b) a contingent right to receive Hostmore Shares ("Conditional Award"); or (c) a right to receive a cash payment calculated by reference to the market value of a notional share ("**Phantom Award**"), at the discretion of the Remuneration Committee.

Initially it is intended that Awards will be made in the form of Options.

9.1.2 ***Eligibility***

All employees of the Company and its subsidiaries (including Executive Directors) will be eligible to participate in the LTIP at the discretion of the Remuneration Committee.

9.1.3 ***Grant of Awards***

Awards may be granted on any date which falls within the period of 42 days starting on: (a) Admission; (b) the dealing day following the announcement of the Company's results for any period; (c) any day on which the Remuneration Committee resolves that circumstances exist which justify the grant of Awards outside the periods referred to in (a) and (b); or (d) the day following the lifting of any applicable dealing restrictions which prevented the grant of the Award during any period referred to in (a) and (b) above. No Award may be granted after the tenth anniversary of the LTIP's adoption.

Awards may be granted on terms that vesting is conditional upon continued employment and also upon the achievement of any performance conditions ("**Performance Share Awards**"). Awards may also be granted on terms that vesting is conditional upon continued employment but not conditional on the achievement of any performance conditions ("**Restricted Share Awards**") or may be granted fully vested other than to Executive Directors. Awards may be granted to defer the receipt of part or all of an annual bonus that reflects performance before its grant ("**Deferred Bonus Awards**"). Awards may also be granted to an Executive Director where that Award is granted as part of the compensation provided to that Executive Director on joining the Company to compensate them for the loss of an award from their previous employment ("**Buy-Out Awards**"). Awards granted to Executive Directors will always be consistent with the Company's directors' remuneration policy as approved by shareholders from time to time, including as to the applicable performance measures.

9.1.4 ***Vesting of Awards and exercise of Options***

Performance Share Awards will vest subject to the satisfaction of any performance conditions, whilst Restricted Share Awards will not be subject to satisfaction of performance conditions. Vesting of all Awards will generally be subject to continued employment.

The Remuneration Committee will set the vesting date or dates for Awards when they are granted which will normally be no earlier than the third anniversary of grant.

Vesting of Awards will also be conditional upon (a) participants having complied with all regulatory and legal requirements applicable to them; (b) participants accepting all relevant terms of the Award, including, for example, in relation to the holding of Hostmore Shares in a nominee account after vesting; and (c) participants being free from any dealing restrictions.

The Remuneration Committee has the flexibility to amend the vesting outcome of an Award where it considers it appropriate to do so to reflect the wider performance of the Group, the individual participant and/or outcomes for shareholders over the vesting period.

Once exercisable, Options may be exercised until the tenth anniversary of the date of grant or such other shorter period determined by the Remuneration Committee when the Option is granted. Options shall normally only be exercisable during an exercise window being the period of six weeks from the dealing day following the announcement of the Company's annual or half year results or such other period as the Remuneration Committee determines with exercise taking effect on the last day of the relevant exercise window. If exercise is restricted during any such period, the period shall be extended by one week following the lifting of the restriction.

Subject to any arrangements to give effect to a holding period, once a participant's Award has vested, and if relevant has been exercised, the relevant number of Hostmore Shares (or a relevant amount of cash in the case of Phantom Awards) will be transferred or issued to the participant or their nominee not later than 30 days after any date on which the Award vests. All Hostmore Shares will carry the same rights as other Hostmore Shares of the Company (except for entitlements arising before the date of acquisition by the individual). The Company will apply to the UK Financial Conduct Authority and the London Stock Exchange for admission to listing and trading of any newly issued Hostmore Shares.

9.1.5 ***Holding Period***

The Remuneration Committee has discretion to impose a post-vesting holding period (the "**Holding Period**") in respect of vested Hostmore Shares or unexercised Options and will set a Holding Period for all Awards made to Executive Directors (other than any Buy-Out Award or Deferred Bonus Award where it will remain a matter of discretion). The default position is that there will no Holding Period for Awards made to employees other than Executive Directors. For Awards made to Executive Directors (other than any Buy-Out Award or Deferred Bonus Award where it will remain a matter of discretion), the default position is that the Holding Period shall be set at two years. Where a Holding Period is to apply, the Remuneration Committee may, at its discretion, set a different length of Holding Period, or determine that it shall cease to apply to all or some of the Hostmore Shares or Options subject to it. During any Holding Period, a participant must retain and may not transfer, assign, sell, pledge, charge or otherwise dispose of the Hostmore Shares or Options which are subject to the Holding Period (other than to satisfy any tax liabilities in connection with the Award) unless the Remuneration Committee exercises its discretion subject to such terms and conditions that the Remuneration Committee specifies.

Where a Holding Period applies, the Remuneration Committee may impose such requirements as it considers necessary or desirable to ensure compliance with the Holding Period, including requiring a nominee to hold the relevant Hostmore Shares for the participant.

9.1.6 ***Dividend Equivalents***

The Remuneration Committee may in its discretion grant an Award on terms that the participant will receive on vesting an amount which is equal in value to the aggregate dividends that would have been paid on the Hostmore Shares (or notional shares) in respect of which the Award vests between the date of grant and the vesting date ("**Dividend Equivalents**"). In the case of an Award granted as an Option, the Remuneration Committee will have the discretion to determine that Dividend Equivalents shall accrue during any Holding Period for such Options prior to exercise by the participant. Dividend Equivalents will generally be satisfied in Hostmore Shares, but the Remuneration Committee has discretion to satisfy them in cash.

9.1.7 ***Leavers***

If a participant leaves employment with a member of the Group before the vesting date, their Awards will generally lapse on the date of cessation.

If a participant dies or leaves employment by reason of injury, disability, ill-health, redundancy, sale of the business or company in which the participant is employed out of the Group or for any other reason in the Remuneration Committee's discretion ("**Good Leavers**"), Awards shall continue and will vest (subject to the achievement of any performance conditions) on the original vesting date or on such other date as the Remuneration Committee determines. The number of Hostmore Shares under an Award will ordinarily be reduced to reflect the proportion of the vesting period or performance period that has elapsed at the date the participant leaves.

The Remuneration Committee may at its discretion determine that Awards held by Good Leavers shall not be subject to time pro-rating or be subject to pro-rating to a lesser extent if it considers it appropriate in the circumstances.

If a participant leaves employment with a member of the Group on or after the vesting date, for any reason, their Options will be exercisable during an exercise window in the 12 month period following the date of cessation and will lapse at the end of that period.

9.1.8 ***Change of Control***

If there is a change of control of the Company Awards may vest early. The number of Hostmore Shares in respect of which an Award will vest will generally be determined by the Remuneration Committee by reference to the extent to which applicable performance or other conditions have been met and the number of Hostmore Shares under the Awards will ordinarily be reduced to reflect the proportion of the vesting period or performance period that has elapsed at the date of the change of control. The Remuneration Committee may at its discretion determine that Awards shall not be subject to time pro-rating or be subject to pro-rating to a lesser extent if it considers it appropriate in the circumstances. Where the change of control is as a result of an internal reorganisation the Remuneration Committee may determine at any time before an Award vests that some or all of the Hostmore Shares under an Award shall or may be exchanged for Hostmore Shares in the acquiring company or on such terms as the Remuneration Committee shall agree with that company.

9.1.9 ***Individual Grant Limits***

The maximum aggregate value of Awards which a participant may be granted in respect of any financial year (other than Buy-Out Awards) shall be no higher than the greater of 200% of salary and the maximum grant level for an Executive Director as specified in the Company's directors' remuneration policy, as approved by shareholders from time to time. There is no individual limit applicable to Buy-Out Awards.

The value of Hostmore Shares for the purposes of the above limit shall ordinarily be based on the market value of Hostmore Shares on the dealing day immediately preceding the grant of an Award or by reference to a short averaging period ending on such dealing day.

9.1.10 ***LTIP Limits***

No Award may be granted under the LTIP to the extent that the result of that grant would be that the aggregate number of Hostmore Shares which could be issued on the realisation of that Award and any other Award granted at the same time, when added to the number of Hostmore Shares that have been or could be issued on the realisation of any subsisting Awards granted on or after Admission but otherwise during the preceding ten years under the LTIP and:

a) any other employees' share scheme established by the Company, would exceed 10 per cent of the ordinary share capital of the Company for the time being in issue; or

b) any other discretionary share scheme established by the Company would exceed 5 per cent of the ordinary share capital of the Company for the time being in issue.

Treasury shares that are or may be transferred on the realisation of Awards will be treated for this purpose as if they were or may be newly issued shares on such transfer and will count towards the above limits for as long as institutional shareholder guidance recommends such treatment.

The LTIP limits outlined above will begin to be calculated at the point of Admission in relation to grants made on or after Admission and will not include the Hostmore Shares issued to certain Executive Directors and Senior Managers immediately prior to Admission under the terms of the Fridays MIP Crystallisation Side Letter (see paragraph 12.8 of this Part XII (*Additional Information*) for further information).

9.1.11 ***Transactions affecting the value of Awards***

If the Remuneration Committee becomes aware that the Company is or is expected to be affected by a demerger, distribution in specie or any other transaction which, in the opinion of the Remuneration Committee, would affect the current or future value of any Awards, the Remuneration Committee may adjust the number of Hostmore Shares in respect of which an Award will vest.

9.1.12 ***Malus and Clawback***

The Remuneration Committee will have discretion to reduce or cancel any portion of an unvested Award in certain circumstances. The Remuneration Committee may also apply "clawback" in certain circumstances to reclaim, or require the repayment of, an Award that has already vested. The vesting of Awards may be delayed where the Company is in the process of determining the application of malus.

The circumstances in which these provisions may apply include but are not limited to: (i) material financial misstatement, (ii) significant reputational damage; (iii) negligence or gross misconduct by a participant; (iv) fraud effected by or with the knowledge of a participant; (v) breach of anti-bribery or anti-corruption laws by a participant; (vi) material corporate failure; or (vii) where awards were granted or vested based on erroneous or misleading data.

The Remuneration Committee may exercise its discretion to clawback Awards for up to three years following vesting of an Award.

The recovery and withholding may be satisfied by way of a reduction in the amount of any future bonus, subsisting award or future share awards and/or a requirement to make a cash payment.

9.1.13 ***Amendments***

The Remuneration Committee may amend the rules of the LTIP at any time, provided that the provisions governing (i) eligibility requirements; (ii) the limitations on the number of Hostmore Shares subject to the LTIP; (iii) the maximum entitlement of a participant under the LTIP; (iv) the basis for determining a participant's entitlement to Hostmore Shares under the LTIP; (v) the terms of the Hostmore Shares to be provided under the LTIP; and (vi) the adjustment provisions of the LTIP, cannot be altered to the advantage of eligible employees or participants without the prior approval of shareholders in a general meeting (except for minor amendments to benefit the administration of the LTIP, to take account of a change in legislation or developments in the law affecting the LTIP or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the LTIP or for any member of the Group).

Additional schedules to the rules of the LTIP can be adopted for the purposes of granting awards to employees or participants who are or may become primarily liable to tax outside the United Kingdom on their remuneration. These schedules may vary the rules of the LTIP to take account of any tax, exchange control, securities laws or other regulations but the individual and overall limits will apply to these schedules as they apply to the LTIP.

9.1.14 ***Benefits not pensionable***

Awards granted under the LTIP are not pensionable.

9.2 **Summary of the Hostmore Employee Benefit Trust**

The Company intends to establish the Hostmore Employee Benefit Trust. This will be a Jersey-resident discretionary trust for the benefit of Group employees, former employees and certain of their dependants, which is intended to acquire and hold Hostmore Shares and to use the Hostmore Shares to satisfy awards granted pursuant to the Company's share plan arrangements from time to time. The trustee will be an independent, professional trustee company. The trustee will be able to buy Hostmore Shares on the market or subscribe for them but it may not acquire Hostmore Shares if the resulting holding would be in excess of 5% of the Company's then issued ordinary share capital. It is intended that the Hostmore Employee Benefit Trust will be funded by way of loans and other contributions from the Group.

10. Pensions

The Group provides a National Employment Savings Trust (**NEST**) workplace pension scheme which meets the criteria for a qualifying scheme as set out in the Pensions Act 2008. With effect from 6 April 2019 the minimum contributions for eligible employees are 3% to be paid by the employer and 5% by the employee (including the tax relief amount) and Employees may decide to opt out of the scheme within one month of the date of enrolment. The Group currently delays the date on which it enrols new employees into its pension scheme by up to three months from the commencement date of the relevant individual's employment.

As an alternative to the NEST scheme, all of the Group's salaried employees are eligible to participate in the Standard Life pension scheme. This scheme offers eligible employees the opportunity to have a higher company contribution of 4% and allows the employee to contribute at least 4% into the individual's pension fund.

11. Employees

As of the Latest Practicable Date, the Group had 4,642 active employees on its payroll working a varied number of hours each week. The average monthly number of full time equivalent employees employed by the Group for the 26 weeks ended 27 June 2021 along with the 52 weeks ended 27 December 2020, 29 December 2019 and 30 December 2018 was 2,562, 3,175, 3,266 and 3,240 respectively.

12. Material contracts in respect of the Group

The contracts listed below have been entered into by the Company or another member of the Group: (i) within the two years immediately preceding publication of this Prospectus which are, or may be, material to the Company or any member of the Group, or (ii) at any time and contain any provision under which the Company or any member of the Group has any obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this Prospectus, in each case not including contracts entered into in the ordinary course of business.

12.1 The Demerger Agreement

The Demerger Agreement was entered into between the Company and Electra on or around the date of this Prospectus to effect the Demerger and to govern the post-Demerger obligations of the Group and the Electra Group.

The Demerger Agreement is conditional on, amongst other things: (i) the passing of the Demerger Resolution; (ii) the Demerger Dividend being made such that the Hostmore Shares are transferred to Qualifying Shareholders; (iii) the UKLA having acknowledged (and such acknowledgement not having been withdrawn) that the application for Admission has been approved; and (iv) the London Stock Exchange having acknowledged (and such acknowledgement not having been withdrawn) that the Hostmore Shares will be admitted to trading on its main market. As a result, the Demerger will become effective, save for Admission, immediately prior to Admission.

The Demerger Agreement will terminate if the conditions set out above have not been satisfied on or before 30 November 2021 (or such other date as Electra and the Company may agree).

The Demerger Agreement also includes a tax covenant which contains mutual cross covenants relating to taxation. These covenants cover liabilities which have been notified to the covenantor within six years and 30 days after (a) the end of the accounting period in which the Demerger completes; or (b) in the circumstances where the liability would not have arisen but for the making of a "chargeable payment" within the meaning of section 1088 CTA 2010, the date on which such "chargeable payment" was made.

The tax covenant also contains provisions relating to, among other things, the manner in which the Electra Group and the Group will prepare and agree tax computations and returns, the basis on which certain claims and elections can be made, the conduct of negotiations and disputes with the tax authorities, the exchange of information relating to their tax affairs and certain other administrative matters relating to the respective groups.

12.2 Sponsor's and Introduction Agreement

The Company, Electra, the Sponsor and HSBC (amongst others) entered into the Sponsor's and Introduction Agreement on or around the date of this Prospectus. Pursuant to the terms of the Sponsor's and Introduction Agreement:

(a) the Company has appointed Numis as the Sponsor in connection with the Demerger, the application for Admission, and the production and publication of this Prospectus and the Sponsor has accepted such appointment;

(b) the Sponsor has been granted all powers, authorities and discretions which are necessary for or incidental to the performance of its responsibilities under the Listing Rules and the Prospectus Regulation Rules;

(c) the Company has agreed to deliver certain documents to the Sponsor and HSBC relating to the application for Admission and the Sponsor's responsibilities under the Listing Rules and the Prospectus Regulation Rules;

(d) the Company has given customary representations, warranties, undertakings and indemnities to the Sponsor and HSBC;

(e) the Sponsor and HSBC have the right to terminate the Sponsor's and Introduction Agreement in certain customary circumstances prior to Admission. These circumstances include (amongst others): (i) any statement in this Prospectus or the Electra Circular has become or is discovered to be untrue, inaccurate or misleading in a manner which is material in the context of the Demerger; and (ii) the breach by the Company of any of its warranties, representations, undertakings or obligations contained in the Sponsor's and Introduction Agreement; and

(f) the Company shall pay (and Electra shall procure to be paid)the professional fees and charges incurred in connection with Admission and the Demerger of HSBC and Numis, which are allocated as between the Company and Electra subject to and in accordance with their respective engagement letters, a supplemental fee letter, and the Sponsor's and Introduction Agreement.

12.3 **Facilities Agreement**

On 30 August 2017, Wednesdays, as borrower, and Thursdays (UK) Limited and Thursdays (Holdings) Limited, as guarantors, entered into a £70 million term loan facility agreement with HSBC Bank plc as agent, HSBC Corporate Trustee Company (UK) Limited as security agent, and HSBC UK Bank plc and National Westminster Bank plc as lenders (the "**Lenders**"). Such facility agreement was amended and restated on 7 July 2021 with an effective date of 8 July 2021 (the "**Effective Date**") to, amongst other things, reduce the loans thereunder to £65 million and convert a portion of the loans to a revolving credit facility (the "**Facilities Agreement**" and the facilities thereunder being the "**Facilities**"). As a result, the Facilities Agreement consists of a £40 million term loan and a £25 million revolving credit facility. Up to £10 million of the revolving credit facility may be provided as ancillary facilities by the Lenders and their affiliates to allow for overdrafts, short-term loans, letters of credit or other ancillary bilateral facilities customary for a facility of this nature. The Facilities are intended to be used for general corporate and working capital purposes and may be drawn in pounds sterling.

The borrowers and guarantors 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 Wednesdays.

The £40 million term loan was fully drawn as at the Latest Practicable Date and there is no current utilisation under the revolving credit facility as at the Latest Practicable Date. Utilisation of the revolving credit facility is subject to customary conditions precedent, being confirmation that no default has occurred and is continuing under the Facilities Agreement, and confirmation that representations and warranties under the Facilities Agreement remain accurate.

The Facilities Agreement includes a repayment schedule under which scheduled repayments of the term loan are to be made on a quarterly basis, with the first of these repayments (of £350,000) to be made on 30 September 2021, increasing to £500,000 for March 2022, and £1.5 million from 30 June 2022. All other amounts outstanding under the Facilities Agreement shall be repaid on 1 October 2023 (the "**Termination Date**"). The Facilities Agreement includes an option to extend the Termination Date by one year, provided that this is agreed between Wednesdays and the Lenders in the period prior to the first anniversary of the Effective Date. Any such extension may only be granted at the discretion of the Lenders and is subject to the payment of any extension fee (in an amount to be determined at the time of the extension) to the extending Lenders. The revolving credit facility shall be available for utilisation until the date falling one month prior to the Termination Date (including where such Termination Date has been extended as outlined).

Interest in respect of the Facilities (but not any ancillary facility) will be payable at a rate per annum equal to the aggregate of (a) a margin of 4 per cent. plus (b) a compound reference rate (based on SONIA or, if the compound reference rate is unavailable and subject to various market standard fallbacks, a replacement benchmark agreed with certain of the Lenders). A margin rachet applies from the date on which the adjusted leverage covenant and the fixed charge cover covenant begin to be tested (see below in relation to this). The rate and time of payment of interest, commission, fees and any other remuneration in respect of any ancillary facility shall be determined by agreement between the relevant ancillary lender and the borrower of that ancillary facility based upon normal market rates and terms.

The Facilities Agreement has the following financial covenants, which will be tested on a quarterly basis for the periods set out below:

(a) **Minimum liquidity**: the aggregate of cash held in an account with a Lender, cash equivalent investments, available commitments under the revolving credit facility and headroom under ancillary facilities shall exceed certain specified thresholds until August 2022;

(b) **Capital expenditure**: The aggregate capital expenditure of the Company and its subsidiaries in respect of each financial year shall not exceed 110% of the amount shown in the budget for such financial year for the life of the Facilities;

(c) **Adjusted leverage**: the ratio of total net debt to adjusted EBITDA (earnings before interest, taxes, depreciation and amortisation) shall not exceed (i) 3.0x between June 2022 and December 2022 and (ii) 2.5x from March 2023; and

(d) **Fixed charge cover**: the ratio of EBITDAR (earnings before interest, taxes, depreciation and amortisation, and adding back rent costs) to net finance charges shall not be lower than 1.5x with effect from June 2022.

Wednesdays may elect for the adjusted leverage and fixed charge cover covenants to be tested ahead of June 2022 in order to obtain the benefit of the margin ratchet referred to above.

In addition, the Facilities Agreement contains customary covenants (including those related to disposals, acquisitions, change of business, financial indebtedness, granting of security, sanctions, anti-bribery, anti-corruption and anti-money laundering) subject to customary exceptions, certain carve-outs, *de minimis* exemption baskets and material adverse effect qualifications. The Facilities Agreement also contains covenants relating to the operation of the Franchise Agreements and the New Development Agreement, given their importance to the business.

The Facilities Agreement contains a change of control provision under which, upon the occurrence of a change of control of Wednesdays, the Lenders may cancel their commitments and require repayment of all outstanding amounts. Neither the Demerger nor the prior corporate reorganisation will constitute a change of control under the Facilities Agreement.

The Facilities Agreement requires that the Company enters into a credit support undertaking on the same terms as the Electra Credit Support Undertaking (as defined below) at the point of the Demerger, as described below.

12.4 Tripartite Agreement

On 18 July 2018, the Franchisee entered into a tripartite agreement with HSBC Bank plc (as agent for the other finance parties under the Facilities Agreement) (the "**Agent**"), HSBC Corporate Trustee Company (UK) Limited (as security trustee for the secured parties under the Facilities Agreement) (the "**Security Agent**") and TGI Friday's Inc. as original franchiser under the Existing Franchise Agreements (the "**Existing Tripartite Agreement**"). It is intended that a new tripartite agreement is to be entered into between the Franchisee, the Agent, the Security Agent and the Franchiser (the "**New Tripartite Agreement**"), which will take effect on the date of Admission, and the Existing Tripartite Agreement will terminate with effect from that date.

The Existing Tripartite Agreement and the New Tripartite Agreement (together, the "**Tripartite Agreements**") are expected to be on substantially the same terms. Broadly, they govern the relationship between the Lenders (as defined under the Facilities Agreement) on the one hand and the Franchiser on the other, and regulate the actions that can be taken by each under the Facilities Agreement and the Franchise Agreement (respectively) in a situation where a default has arisen under either or both of the Facilities Agreement and the Franchise Agreements. Each of the Agent and the Franchiser are required to notify each other prior to taking enforcement action in respect of such defaults and, broadly speaking, the Franchiser may not take enforcement action before the Agent has had the opportunity to do so. The Tripartite Agreements are not expected to impose any additional rights or obligations on the Franchisee or any other member of the Group, other than an obligation that the Franchisee uses reasonable endeavours to procure that any creditor that refinances the Facilities Agreements enters into a similar agreement with the Franchisee and the Franchiser.

12.5 **Credit Support Undertaking**

Electra has agreed to lend up to £5 million to Wednesdays pursuant to a credit support undertaking which came into effect on 8 July 2021 (the "**Electra Credit Support Undertaking**"). Under the Electra Credit Support Undertaking, (a) Electra is required to cure a financial covenant breach under the Facilities Agreement by lending amounts to Wednesdays which, in certain cases, are required to be applied in prepayment of the debt under the Facilities Agreement and (b) Wednesdays is given the option to borrow up to £2.5 million from Electra to fund investments permitted under the Facilities Agreement.

The Company and Wednesdays have agreed, conditional upon Admission, to enter into a replacement credit support undertaking (as between the Company, Wednesdays and HSBC) (the "**Credit Support Undertaking**"). On Admission the Electra Credit Support Undertaking will cease to apply.

Under the terms of the Credit Support Undertaking, the Company shall take an identical role to Electra under the Electra Credit Support Undertaking, thus (a) the Company is required to cure a financial covenant breach under the Facilities Agreement by lending amounts to Wednesdays which, in certain cases, are required to be applied in prepayment of the debt under the Facilities Agreement and (b) Wednesdays is given the option to borrow up to £2.5 million from the Company to fund investments permitted under the Facilities Agreement.

12.6 **Conditions Agreement**

The Conditions Agreement was entered into between the Company, TGI Friday's Inc., the Franchiser, the Franchisee and Electra on 24 June 2021 to govern (i) the process for the termination of the Existing Development Agreement and the Existing Franchise Agreements; and (ii) the adoption of the New Development Agreement and the New Franchise Agreements.

The Conditions Agreement is conditional on the completion of the Demerger. Under the terms of the Conditions Agreement the parties to the Conditions Agreement exchanged, on 5 October 2021 signed copies of (i) an agreed form termination agreement terminating the Existing Development Agreement and the Existing Franchise Agreements (the "**Termination Agreement**"); and (ii) the New Development Agreement and the New Franchise Agreements. Upon completion of Admission (on the basis that it occurs prior to 31 March 2022), the Termination Agreement, the New Development Agreement and the New Franchise Agreements shall be automatically released and will be dated and take effect.

Where, immediately prior to Admission, there is a continuing breach of the Existing Development Agreement and/or the Existing Franchise Agreements that has not been waived, the Conditions Agreement sets out the basis on which the relevant aggrieved party is entitled to exercise their rights against the breaching party under the terms of the New Development Agreement and/or the New Franchise Agreements as if the relevant breach had occurred under that agreement (and these provisions take precedence over the release provisions set out in the Termination Agreement).

The Conditions Agreement includes standard warranties from each party regarding their capacity to enter the Conditions Agreement. Additional warranties are also provided by each of Electra, the Franchisee, the Franchiser and TGI Friday's Inc that they are not, as at 24 June 2021, aware of any breaches under the Existing Development Agreement or the Existing Franchise Agreements that have not been waived by the relevant party to the relevant agreement.

The Termination Agreement appended to the Conditions Agreement, governs the termination of the Existing Development Agreement and the Existing Franchise Agreements. This includes provisions covering the mutual release of the parties under the Existing Development Agreement and the Existing Franchise Agreements from their respective obligations under those agreements, save for accrued franchise payments (including the franchise fees, royalty fees and reimbursement of expenses under the agreements) payable to TGI Fridays Inc. or the Franchiser for the period up to completion of the Demerger. The Franchisee has also agreed to indemnify TGI Friday's Inc. and the Franchiser for any third party claims arising in connection with the Franchisee's operation of any franchised TGI Friday's restaurant that is the subject of the Existing Development Agreement or an Existing Franchise Agreement to the extent any such claims arose or accrued prior to the date of the Termination Agreement.

12.7 Development Agreement and Franchise Agreements

12.7.1 *Development Agreement*

TGI Friday's, Inc. and the Franchisee entered into the Existing Development Agreement (originally dated 23 December 2014), pursuant to which the Franchisee was granted the exclusive right to develop and operate TGI Fridays restaurants in the Territory. TGI Friday's Inc.'s interests under the Existing Development Agreement were subsequently transferred to the Franchiser which is the current counterparty to the Existing Development Agreement with the Franchisee.

TGI Friday's Inc., the Franchiser, the Franchisee, the Company and Electra have agreed, conditional upon Admission, to terminate the Existing Development Agreement and simultaneously with the termination, to enter into a replacement agreement (as between the Franchiser, the Franchisee and the Company) (the "**New Development Agreement**").

The main terms and conditions of the New Development Agreement are set out below:

Franchiser	TGI Fridays Franchisor, LLC
Franchisee	Thursday (UK) Limited
Principal	The Company
Term	The initial term expires on 31 December 2024. The Franchisee may renew the agreement for an unlimited number of renewal terms of 5 years each, provided that the Franchisee is not in continuing default and on each occasion serves proper notice of renewal.
Territory	England, Scotland, Wales, the Channel Islands and Isle of Man, excluding US military bases
Exclusivity	The Franchiser will not develop or operate, or authorize any other person to develop or operate, TGI Fridays restaurants in the Territory
Minimum restaurants	The Franchisee is obliged to open a certain number of new restaurants per year for each year until (and including) 2024 (measured on a cumulative basis), and in addition to maintain a minimum number of restaurants overall (i.e. including both new and existing restaurants). The minimum number is 80 initially, increasing in line with the new restaurant requirements to a total of 86 from 1 January 2024 and is expected to start from 90 from 1 January 2025 if the New Development Agreement is renewed. If it fails to do this, the Franchisee will be in breach of contract, which may cause the Franchiser to lift the exclusivity and/or terminate the agreement as a whole. In the event the New Development Agreement is renewed, a new schedule for the

development of additional restaurants from 1 January 2025 will need to be agreed between them (with reference to an independent third party if there is failure to agree).

Framework for entry into Franchise Agreements The New Development Agreement requires the Franchiser, Franchisee and the Company to enter into a separate franchise agreement (each a "**Franchise Agreement**") for each restaurant which the Franchisee wishes to develop and operate.

Pricing No fees or royalties are payable under the New Development Agreement (the relevant fees being tied to each separate restaurant pursuant to the Franchise Agreements, as detailed below).

Indemnity The Franchisee shall indemnify the Franchiser and its affiliates in respect of certain actions by the Franchisee, including but not limited to:

- infringement, alleged infringement, or any other violation or alleged violation of intellectual property rights of third parties;
- violation of contract, law, regulation, ruling, directive or industry standard;
- libel, slander or any other form of defamation of the Franchiser or the TGI System; or
- acts, errors or omissions of the Franchisee or any of its agents, servants, employees, contractors, partners, affiliates or representatives.

Non-compete During the term and for a period of two years after the expiration or termination of the New Development Agreement, neither the Franchisee not any of its affiliates shall own, maintain, operate or have any interest in any directly competing business, subject to a de minimis exemption. Directly competing business is defined as an American-themed bar and grill restaurant with menu offerings that include 50% or more of the core appetizer and entrée items (or substantially similar items) offered in the TGI restaurants. As drafted, in the event the New Development expired or terminated, the non-compete provision would not prevent the Franchisee from continuing to operate existing TGI Fridays / Fridays branded restaurants in the Territory pursuant to any continuing Franchise Agreements. Further, the Company is also subject to broadly equivalent non-compete restrictions pursuant to the "covenant and agreement for confidentiality and noncompetition" which it shall enter and which is contained as an attachment to the New Franchise Agreement, however such provision will only apply to the Company and will not cover the Company's affiliates.

Termination The Franchiser can terminate the New Development Agreement with prior notice to the Franchisee, in case of *inter alia* the following events of default where not cured within the required period:

- failure to make any payment (including under the Franchise Agreements) on or before the date payable;
- failure to comply with the minimum restaurant requirements summarised above;
- the material breach of any representation or warranty or covenant;
- failure to meet or maintain the "Standards" (as defined in the New Development Agreement) in any material respect;
- the Franchisee (a) is adjudicated, or is bankrupt or insolvent, (b) makes an assignment for the benefit of creditors, or (c) seeks protection from creditors by petition in bankruptcy or otherwise or there is filed against the Franchisee a similar petition which is not dismissed within thirty days; and

- the Franchisee pleads guilty to or is convicted of a felony or a crime involving moral turpitude or any other crime or offense that the Franchiser reasonably believes is likely to adversely affect the TGI System or the goodwill associated therewith (whether in the United States, the Territory or elsewhere) or the Franchiser's interest,

without waiving any claim for damages suffered by the Franchiser or other rights, remedies or claims. There are also termination rights where there is a government expropriation of the Franchisee's assets or a force majeure event affecting the Franchisee for more than 12 months.

12.7.2 ***Franchise Agreements***

The Franchiser, the Franchisee and the Company are (pursuant to the New Development Agreement) required to enter into a separate franchise agreement upon the opening of and in respect of carrying business in each of the Fridays restaurants. TGI Friday's Inc., the Franchiser, the Franchisee, the Company and Electra have agreed, conditional upon Admission, to terminate all the Existing Franchise Agreements (which the parties had previously entered into between 23 December 2014 and 21 June 2021 (inclusive)) and, simultaneously with the termination, to enter into New Franchise Agreements (in each case as between the Franchiser, the Franchisee and the Company) in respect of each of the Fridays restaurants. All of the New Franchise Agreements will be based on the standard franchise agreement, the main terms and conditions of which are summarised below:

Franchiser	TGI Fridays Franchisor, LLC
Franchisee	Thursday (UK) Limited
Licence	The Franchiser grants the Franchisee the right and licence to use the proprietary marks in accordance with the manuals, the standards, instructions, requirements, methods, specifications and procedures for the establishment and operation of Fridays restaurants ("**Standards**").
Term	The initial term expires either on 30 June 2033 (for existing restaurants) or on the tenth anniversary of entry into the agreement (for new restaurants). The Franchisee may renew the agreement for an initial renewal term of 5 years and then a further renewal term of 5 years, provided that the Franchisee is not in continuing default and on each occasion serves proper notice of renewal.
Fee Structure	The Franchisee shall pay: • an initial franchise fee, a fee upon the first renewal, and a further fee upon the second renewal; and • a royalty fee on a monthly basis that amounts to 4% of gross sales at the relevant restaurant.
Conduct of business	The restaurants shall be operated pursuant to the Standards, the TGI System and the New Franchise Agreement. The Franchiser may, no more than once every five years, require an upgrade to a restaurant.
Pricing	The Franchisee shall have sole discretion as to the prices to be charged to customers, provided however, that the Franchiser may recommend prices.
Suppliers	The Franchisee is not generally obliged to purchase from suppliers specified by Franchiser, although Franchiser may require this if it establishes a strategic alliance, purchasing or distribution cooperative or preferred vendor programs with one or more internationally or regionally-known suppliers.
Advertising	The Franchisee shall expend not less than one per cent. of gross sales from all Fridays restaurants operated by the Franchisee on advertising in the Territory.

Indemnity The Franchisee shall indemnify the Franchiser and its affiliates in respect of certain actions by the Franchisee, including but not limited to:

- infringement, alleged infringement, or any other violation or alleged violation of intellectual property rights of third parties;
- violation of contract, law, regulation, ruling, directive or industry standard;
- libel, slander or any other form of defamation of the Franchiser or the TGI System; or
- acts, errors or omissions of the Franchisee or any of its agents, servants, employees, contractors, partners, affiliates or representatives.

Non-compete During the term and for a period of two years after the expiration or termination of the New Franchise Agreement, the Franchisee shall not own, maintain, operate or have any interest in any directly competing business, subject to a de minimis exemption. Directly competing business is defined as an American-themed bar and grill restaurant with menu offerings that include 50% or more of the core appetizer and entrée items (or substantially similar items) offered in the TGI restaurants. As drafted, in the event the one of the New Franchise Agreements expired or terminated, the non-compete provision would not prevent the Franchisee from continuing to operate existing TGI Fridays / Fridays branded restaurants in the Territory pursuant to any continuing New Franchise Agreements. The non-compete obligation above in the New Development Agreement is complementary to this. The Company is also subject to broadly equivalent non-compete restrictions pursuant to the "covenant and agreement for confidentiality and noncompetition" which it shall enter and which is contained as an attachment to the New Franchise Agreement.

Step in rights On termination (other than termination for a force majeure) the Franchiser has the right to acquire any third party lease of the relevant restaurant as well as the furnishings and other assets used in connection with the relevant restaurant.

Termination The Franchiser can terminate the New Franchise Agreement with prior notice to the Franchisee, in case of *inter alia* the following events of default where not cured within the required period:

- failure to make any payment on or before the date payable;
- failure to (a) commence or complete construction of the restaurant or (b) open and thereafter continually operate the restaurant as described in the New Franchise Agreement where such failure results in the restaurant not being open for a period of more than one calendar month after opening;
- the material breach of any representation or warranty or covenant;
- failure to meet or maintain the Standards in any material respect;
- the Franchisee (a) is adjudicated, or is bankrupt or insolvent, (b) makes an assignment for the benefit of creditors, or (c) seeks protection from creditors by petition in bankruptcy or otherwise or there is filed against the Franchisee a similar petition which is not dismissed within thirty days; and
- the Franchisee pleads guilty to or is convicted of a felony or a crime involving moral turpitude or any other crime or offense that the Franchiser reasonably believes is likely to adversely affect the TGI System or the goodwill associated therewith (whether in the United States, the Territory or elsewhere) or the Franchiser's interest,

Without waiving any claim for damages suffered by the Franchiser or other rights, remedies or claims. There are also termination rights where there is a government expropriation of the Franchisee's assets or a force majeure event affecting the Franchisee for more than 12 months.

12.7.3 ***63rd+1st License Agreement***

In conjunction with the development and operation of the first 63rd+1st restaurant and bar in Cobham, Surrey, the Franchiser and the Franchisee entered into the 63rd+1st License Agreement on 26 August 2021. The 63rd+1st License Agreement gives the Franchisee exclusive rights to use the 63rd+1st brand in connection with the operation of restaurants and bars (including but not limited to the Cobham restaurant and bar) in the Territory until 1 January 2030. Continuing exclusivity after 1 January 2030 and the ability to develop and operate new 63rd+1st restaurants and bars after 31 December 2025 is, however, ultimately dependent on the Franchisee agreeing to enter into negotiations for a new development agreement and form of license agreement with the Franchiser before 31 December 2024, which must be concluded by 31 December 2025. If the Franchisee fails to elect to enter into negotiations with the Franchiser in respect of a new development and license agreement by 31 December 2024 or such negotiations are not concluded by 31 December 2025, any existing 63rd+1st restaurants and bars as at the relevant date will continue to operate under the existing license terms but and any new 63rd+1st restaurants and bars opened after that date would need to be agreed on a site-by-site basis with the Franchiser. Further terms and conditions of the 63rd+1st License Agreement are summarised below:

Franchiser	TGI Fridays Franchisor, LLC
Franchisee	Thursdays (UK) Limited
Licence	The Franchiser grants the Franchisee the right and licence to: (i) use the Franchiser's $63^{rd}+1^{st}$ trademark (the "**$63rd+1^{st}$ Trademark**") and certain other intellectual property rights; and (ii) use the system developed and adopted by the Franchiser which comprises distinctive processes, products, methods of preparation, lines of associated products, trade dress, signage, decor, and, in general, a style, system and method of business operations with specific standards and procedures for Fridays products, in connection with the operation of full-service restaurants and bars inspired by the original T.G.I. Friday's restaurant founded in 1965 in Manhattan, New York, the décor and offerings of which will differ in certain respects from those of the Fridays system, and for certain ancillary purposes (such as the operation of a website, e-mail addresses and social media accounts).
Term	The term of the license expires on the later of (i) 31 December 2034, and (ii) the date upon which each restaurant developed pursuant to the 63rd+1st License Agreement has either ceased operation or has been open and operating for at least ten (10) years, unless terminated earlier in accordance with its terms.
Territory	England, Scotland, Wales, the Channel Islands and the Isle of Man, excluding US military bases.
Exclusivity	The license gives the Franchisee exclusive rights to use the 63rd+1st brand in connection with the operation of restaurants and bars in the Territory until 1 January 2030.
Fee Structure	The Franchisee shall pay: • for the period ending 31 December 2022, a fee equal to 1% of gross sales at the relevant restaurant and bar during the relevant month of such period;

- for the subsequent 12 months of the 63rd+1st License Agreement, a fee equal to 2% of gross sales at the relevant restaurant and bar during the relevant month of such period; and
- for the remaining term of the 63rd+1st License Agreement thereafter, a fee equal to 4% of gross sales at the relevant restaurant and bar during the relevant month of such period.

Conduct of business The restaurants and bars shall be operated pursuant to the Standards (as defined in the Franchise Agreement summary above). In relation to the 63rd+1st restaurants and bars, the Franchisee will correct any developmental or operational element or activity to which the Franchiser expressly objects in writing if the Franchiser reasonably believes such activity or use materially deviates from relevant standards and/or will materially and adversely affect the TGI System (as defined in the Franchise Agreement summary above) or the goodwill associated therewith (whether in the United States, the Territory or elsewhere) or the Franchiser's interest therein. The Franchisee has the right to request an opportunity to discuss the basis of the Franchiser's disapproval in certain instances before any corrections are made.

Advertising The Franchiser is under no obligation to provide the Franchisee with advertising, marketing or promotional materials but may assist at its reasonable discretion if the Franchisee so requests.

Indemnity The Franchiser shall indemnify the Franchisee for:

- Trademark Damages (being all fines, expenses, reasonable attorneys' fees, court costs, settlement amounts, judgments, reasonable costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and all expenses of recall, refunds, public notices and other such amounts incurred by Licensee and directly and proximately attributable to a trademark action, but excluding all damages) if the use of the 63rd+1st Trademark and any other rights licensed by the Franchiser to the Franchisee in accordance with the 63rd+1st License Agreement results in any claim, proceedings or investigation alleging infringement or passing off of third party rights. The Franchiser shall have rights to conduct the management of the claim; and
- losses and expenses resulting from or related to any improper disclosure or use of the Franchisee's confidential information.

  The Franchisee shall indemnify the Franchiser and its affiliates in respect of certain actions by the Franchisee, including but not limited to:
- losses and expenses resulting from or related to any improper disclosure or use of Franchiser's confidential information;
- infringement, alleged infringement, or any other violation or alleged violation of intellectual property rights of third parties;
- violation of applicable law, regulation, rule, directive or industry standard;
- libel, slander or any other form of defamation of the Franchiser;
- violation or breach of any of Franchisee's obligations in the 63rd+1st License Agreement;
- acts, errors or omissions of Franchisee or any of its agents, servants, employees, contractors, partners, affiliates or representatives in connection with the activities contemplated under the 63rd+1st License Agreement;
- any liabilities associated with sale of alcoholic beverages; or

- all employment claims made by the Franchisee's employees or independent contractors, or its affiliates.

Early termination	The Franchisee may terminate before the expiry of the Term at will on 90 days' prior written notice. Either party may terminate for material breach by the other which is not remedied within 30 days of written notice to remedy. "Material breach" is deemed to include certain insolvency events.

12.8 **Fridays MIP Crystallisation Side Letter**

12.8.1 ***Terms of the existing Fridays MIP***

When recruiting Robert B. Cook as a new CEO for Fridays in mid-2019, the principal commercial terms of a management incentive plan for the Group's management team were agreed and initially documented. Following assembly of the seven person senior Group Management team, and delayed by the Group Management team's focus on management of the Fridays business through the Covid-19 lockdowns in 2020 and early 2021, Electra and the Group Management team entered into the Fridays MIP on 25 February 2021. Under the terms of the Fridays MIP, 20,000 A ordinary shares of £0.00001 each in Wednesdays (i.e. the Fridays MIP Shares) were issued to the Group Management team (in aggregate) pursuant to subscription letters entered into between management and Wednesdays (the "**Fridays MIP Subscription Letters**"). At issue, the Fridays MIP Shares had an unrestricted aggregate market value of £25,000.

The Friday's MIP was set up to crystalise on an 'exit' that involved the sale or listing (including by way of demerger) of the Fridays business, at which point the Fridays MIP Shares would be bought out for cash. Specifically, the Group Management were granted a put option with respect to the Fridays MIP Shares (the "**Put Option**"), the terms of which are set out in Wednesdays articles of association adopted on 29 September 2021 (the "**Wednesdays Articles**"). The Put Option becomes exercisable by management within 90 days of a "Parent Company Exit Event", being (a) Electra ceasing to have control of Wednesdays; (b) a sale of all or substantially all of the Fridays business; (c) a listing of Mondays (Topco) Limited or Tuesdays (Midco) Limited, being the immediate parent companies of Wednesdays; (d) a change in Electra's current listing status; or (e) the demerger and standalone listing of the Fridays business as a premium listed commercial company. The Put Option would therefore become exercisable immediately following the Demerger.

Under the terms of the Fridays MIP, the value of the Fridays MIP Shares at the point of an exercise of the Put Option resulting from a demerger and standalone listing would be calculated in accordance with Wednesdays' Articles and by reference to the expected average price at which the shares in Hostmore are to trade on the date of Admission.

12.8.2 ***Terms of the conversion of the Fridays MIP Shares into Hostmore Shares***

The board of Directors of Electra (the "**Electra Board**") and Group Management have agreed that any cash payments to be made pursuant to the Fridays MIP as a result of the Demerger should be applied towards a subscription for new shares in Hostmore immediately prior to Admission. In order to implement this agreement, the Electra Board has considered Electra's current market capitalisation and the implied look-through valuation of Hostmore and has agreed with Group Management an estimated market capitalisation of Hostmore at the point of Demerger in order to establish the cash payment that would otherwise be due to Group Management at that point.

In order to effect the above and conditional on the Electra Shareholders approving the same at the Electra General Meeting, Group Management have entered into a side letter (the "**Fridays MIP Crystallisation Side Letter**") with Electra agreeing not to exercise their Put Option until all conditions for the Demerger and Admission have been satisfied (other than Admission itself). When all such conditions are satisfied, Electra will direct Hostmore Group

Limited to acquire the Fridays MIP Shares and issue loan notes to each member of the Group Management as set out in the table below (the "**Loan Notes**") as complete and final consideration for the acquisition of the Fridays MIP Shares under the Put Option.

Upon receipt of the Loan Notes, the Group Management will immediately subscribe for shares in Hostmore under the terms of the Fridays MIP Crystallisation Side Letter. The aggregate subscription price for the Hostmore Shares that Group Management subscribe for will be satisfied by way of transferring the Loan Notes held by Group Management to Hostmore. This will result in the final structure whereby Group Management will hold Hostmore Shares equal in aggregate to 7.3% of the entire issued share capital of Hostmore at the point of Admission.

The allocation of Loan Notes and Hostmore Shares as described above for each Executive Director and the other members of Group Management (in aggregate) is set out in the table below.

Manager	**No. of Fridays MIP Shares**	**Value of the Loan Notes (£)**	**No. of Hostmore Shares**
Robert B. Cook	7,300	£5,995,125	3,360,662
Alan Clark	5,260	£4,319,775	2,421,518
Other members of Group Management (in aggregate)	7,440	£6,110,100	3,425,112
Total	**20,000**	**£16,425,000**	**9,207,292**

12.8.3 ***Lock-up of Hostmore Shares held by Group Management***

Group Management have each agreed to enter into the lock-up arrangements under the terms of the Lock-up Deeds. These apply to restrict Group Management from selling or otherwise dealing with their Hostmore Shares (whether acquired prior to, at, or after Admission) for a 365 day period following the date of Admission (the "**Restricted Period**") without having first received the consent of the Company, HSBC and Numis. Certain transactions are not subject to the restrictions under the Lock-up Deed, such as: (i) the sale, by each member of Group Management, on one single occasion during the Restricted Period of up to 33 per cent. of the Hostmore Shares held by him or her at such time pursuant to a block trade agreement to be entered into by, amongst others, Numis; (ii) transfers to connected persons (as defined under the Companies Act); (iii) transfers by personal representatives on the death of the relevant member of Group Management; and (iv) the acceptance of a general takeover offer made in accordance with the City Code on Takeovers and Mergers. Any dealing by Group Management would still be required to be carried out in accordance with the share dealing policies and other policies and procedures in place at the Company.

13. Working Capital Statement

The Company is of the opinion that, after taking into account the bank facilities available to the Group, the working capital available to the Group is sufficient for its present requirements, that is, for at least the next 12 months from the date of publication of this Prospectus.

As part of its sensitivity analysis in relation to the Working Capital Statement above, the Company has identified and defined a reasonable worst case scenario. That has involved making certain assumptions regarding the continuing Covid-19 pandemic and its potential to impact the Company and the Group over the course of the next 12 months. However, given the continuing uncertainty in relation to the Covid-19 pandemic (including in relation to its duration, extent and ultimate impact), there is uncertainty in relation to the Covid-19-specific assumptions included in the Group's reasonable worst case scenario.

Given those uncertainties, the Company believes that it is appropriate to provide additional disclosure on the key assumptions included in the Group's reasonable worst case scenario in relation to the potential impact of, and business disruption during, the continuation of the Covid-19 pandemic. In this respect, the Company has assumed:

- A 13 week lock-down from 29 November 2021, which includes December the Group's busiest trading period, with no dine-in sales for the period. There is an assumed corresponding impact on cost of sales and to a lesser extent restaurant maintenance and utility spend.
- A social distancing sensitivity from March 2022 to August 2022 which reduces dine in covers by 10% in comparison to 2019, but where the impact on revenue and profit is largely offset by a combination of pricing adjustments and a short-term increase in demand, following the end of the 13 week lock-down described above, which is consistent with the increase in demand that the Group experienced following the most recent lock-down ending in May 2021.
- Deferral of quarterly rent due to landlords at the end of December 2021 of £4.5m. The deferred rent, equivalent to c.69% of the quarter's obligation, is assumed to be repaid over 4 months from March 2022 to June 2022.
- The UK government provides furlough support, throughout the 13 week lock-down period from 29 November 2021, at a level equivalent with previous lockdowns, which was 80% of pay limited to £2,500 per individual per month.
- No other government support is provided (e.g. no business rates relief, no VAT rate reduction or VAT payment deferrals).

  The assumptions set out above are those that the Company regards, as at the Latest Practicable Date, as the key assumptions included in the Group's reasonable worst case scenario in relation to the potential impact of, and business disruption during, the continuation of the Covid-19 pandemic for the purposes of the sensitivity analysis in relation to the Working Capital Statement above. As such, they are not an exhaustive statement or explanation of all the assumptions that the Company has made as part of that sensitivity analysis. Whilst the assumptions set out above are significantly worse than is anticipated by the Directors, as no future lock-down restrictions are currently contemplated, the Directors considered it necessary to plan for the potential scenario where new lock-down restrictions are required.

  The Working Capital Statement in this document has been prepared in accordance with the ESMA Recommendations and the technical supplement to the FCA Statement of Policy published on 8 April 2020 relating to the Covid-19 pandemic.

14. Significant change

Other than a subscription for new shares in the Company by Electra on 5 October 2021 for an aggregate subscription price of £13,092,800 prior to the date of this Prospectus, and the completion of a refinancing of its external borrowings, there has been no significant change in the financial or trading position or financial performance of the Group since 27 June 2021, being the date to which the Historical Financial Information was prepared. Please see paragraph 34 (*Events after the reporting date* of Part X (*Historical Financial Information*)) for further information.

15. Related party transactions and other arrangements

Details of related party transactions entered into by members of the Group during the period covered by the Historical Financial Information are set out in note 32 of section B of Part X (*Historical Financial Information*). In the period from 27 June 2021 (being the date of the latest audited interim financial statements of the Group as set out in Part X (*Historical Financial Information*)) to the Latest Practicable Date, the Company and other members of the Group implemented certain reorganisation steps to effect the Demerger as follows:

- On 8 September 2021 the Company issued 50,000 ordinary shares of £1.00 each to Electra, for cash consideration of £50,000;

- On 1 October 2021 Wednesdays issued 130,000,000 preference shares of £1.00 each to Tuesdays (Midco) Limited (being the immediate parent company of Wednesdays at that point) in consideration for which Tuesdays (Midco) Limited released a £130,000,000 intercompany loan payable by Wednesdays to Tuesdays (Midco) Limited;
- On 1 October 2021, Thursdays (Holdings) Limited issued 818,872,600 ordinary shares of £1.00 each to Wednesdays in consideration for which Wednesdays released a £8,188,726 intercompany loan payable by Thursdays (Holdings) Limited to Wednesdays;
- On 1 October 2021, Thursdays (UK) Limited declared a dividend of £1.8 million payable to Thursdays (Holdings) Limited. This dividend amount was subsequently offset against an existing inter-company receivable due to Thursdays (UK) Limited from Thursdays (Holdings) Limited in the same amount;
- On 1 October 2021, Thursdays (UK) Limited declared a distribution in specie to Thursdays (Holdings) Limited of an inter-company receivable due from Wednesdays of £65 million. Thursdays (Holdings) Limited then declared a dividend of £65 million to Wednesdays. This dividend amount was subsequently offset against the inter-company receivable due to Thursdays (Holdings) Limited from Wednesdays in the same amount;
- On 1 October 2021, Wednesdays undertook a reduction of its share capital from £138,930,239.20 to £1,389,302.59 by reducing the nominal value of each of its ordinary and preference shares from £1.00 each to £0.01 each;
- On 5 October 2021, Tuesdays (Midco) Limited, by way of a declaration of a dividend in specie, transferred the entirety of its shareholding in Wednesdays to Mondays (Topco) Limited (being the immediate parent company of Tuesdays (Midco) Limited);
- On 5 October 2021, the Company and Hostmore Group Limited each then undertook a share division of their ordinary share capital, dividing each of their issued shares of £1.00 each into five shares of £0.20 each;
- On 5 October 2021, Hostmore Group Limited issued 109,330,607 ordinary shares of £0.20 each to Electra in consideration for the transfer to it, by Mondays (Topco) Limited (at the direction of Electra), of the entirety of its shareholding in Wednesdays;
- On 5 October 2021, Hostmore Group Limited entered into a management services agreement with Wednesdays, Thursdays (Holdings) Limited and Thursdays (UK) Limited;
- On 5 October 2021, Wednesdays entered into a management services agreement with Thursdays (Holdings) Limited and Thursdays (UK) Limited;
- On 5 October 2021, the Company issued 7,339,375 ordinary shares of £0.20 each to Electra for a subscription price of £13,092,800, in aggregate. The Company subsequently subscribed for 5,937,960 ordinary shares of £0.20 each in Hostmore Group Limited for a subscription price of £10,592,800, in aggregate;
- On 5 October 2021, Electra transferred the entirety of its shareholding in Hostmore Group Limited comprising of 109,330,612 ordinary shares of £0.20 each to the Company, in consideration for which the Company issued 109,330,607 ordinary shares of £0.20 each to Electra;
- On 5 October 2021, the Company and Hostmore Group Limited each undertook a reduction of its share capital by reducing its share premium reserve from £155,902,792 and £153,683,075, respectively, to zero;
- On 13 October 2021, the Company was re-registered as a public limited company;
- On 15 October 2021, the Company and Electra entered into the Demerger Agreement pursuant to which the Company and Electra have conditionally agreed, on the terms of the agreement and subject to receipt of the requisite shareholder approvals, that Electra will make a distribution in specie of all of the issued share capital in Hostmore held by it, immediately prior to both the management issue referred to below and Admission, to Qualifying Shareholders. Please refer to paragraph 12.1 (*Demerger Agreement*) of this of this Part XII (*Additional Information*) for further information; and

- On 30 September 2021, the Company and certain of the Directors and Senior Managers (among others) entered into the Fridays MIP Crystallisation Side Letter pursuant to which (and following certain intermediate steps) the Company has agreed, subject to receipt of the requisite shareholder approvals and the making of the distribution in specie referred to above, to issue 9,207,292 ordinary shares of £0.20 each, in aggregate, to certain of the Directors and Senior Managers immediately prior to Admission. Please refer to paragraph 12.8 (*Fridays MIP Crystallisation Side Letter*) of this of this Part XII (*Additional Information*) for further information.

Save as set out above, no related party transactions were entered into by members of the Group during the period between 27 June 2021 (being the date of the latest the audited interim financial statements of the Group as set out in Part X (*Historical Financial Information*) and the Latest Practicable Date or, in the case of the Company during the period between 14 April 2021 (being the date on which the Company was incorporated) and the Latest Practicable Date.

16. Intellectual Property and Trademarks

The Group has the rights to use, among others, the Fridays trademarks, trade names, service marks and system to operate the restaurants on the basis of the Franchise Agreements. The Franchise Agreements grants the Group the right to use the trademarks and the TGI System developed by the Franchiser for the preparation, marketing and sale of food and beverages products in accordance with the Fridays' concepts at each restaurant location. Fridays' trademarks and the TGI System are owned by the Franchiser and/or its subsidiaries and affiliates.

Responsibility for enforcing any infringement of the intellectual property licensed to the Group lies with the Franchiser.

17. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering at least the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability.

18. Auditors

PricewaterhouseCoopers LLP, which is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales, were appointed as the Company's auditors on 16 September 2021 and audited the financial statements of the Group for the 26 weeks ended 27 June 2021 as well as the 52 weeks ended 27 December 2020, 29 December 2019 and 30 December 2018.

19. Consents

PricewaterhouseCoopers LLP has given and not withdrawn its written consent to the inclusion in this Prospectus of its report set out in section A of Part X (*Historical Financial Information*) and has authorised that report for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules.

20. Expenses of Admission and the Demerger

The Company will not receive any proceeds as a result of the Demerger.

Under the Demerger Agreement, the Company and Electra have agreed to allocate substantially all of the professional fees and charges incurred in connection with Admission and the Demerger to the Group. The Company's expectation is that these transaction costs will be approximately £11.0m in aggregate, but this amount could rise to up to £17.5m, in certain circumstances, dependent on whether certain incentive fees become payable in whole, in part or at all, subsequent to Admission.

21. Frustrating actions, mandatory bids and compulsory acquisition rules related to ordinary shares

Other than as provided by the City Code on Takeovers and Mergers (the "**City Code**") and Chapter 28 of the Companies Act, there are no rules or provisions relating to frustrating actions, mandatory bids and/or squeeze-out and sell-out rules relating to the Company.

21.1 **Frustrating actions**

The City Code applies to the Company.

Rule 21.1 of the City Code prohibits any frustrating actions taken by the board during the course of an offer period, or when an offer is in contemplation, without the consent of shareholders.

21.2 **Mandatory bids**

Rule 9.1 of the City Code states that, except with the consent of the Takeover Panel, when:

(A) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent or more of the voting rights of a company; or

(B) any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent of the voting rights of a company, but does not hold shares carrying more than 50 per cent of such voting rights, and such person, or any persons acting in concert with him, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in which he is interested, such person and, depending on the circumstances, their concert parties, shall extend offers in cash, or accompanied by a cash alternative, at the highest price paid for any interests in the shares by the acquirer or its concert parties during the previous 12 months, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights. Offers for different classes of equity share capital must be comparable and the Takeover Panel should be consulted in advance in such cases.

"Interests in shares" is defined broadly in the City Code. A person who has long economic exposure, whether absolute or conditional, to changes in the price of shares will be treated as interested in those shares. A person who only has a short position in shares will not be treated as interested in those shares.

"Voting rights" for these purposes means all the voting rights attributable to the share capital of a company which are then exercisable at a general meeting. Persons acting in concert (and concert parties) comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Certain categories of people are deemed under the City Code to be acting in concert with each other unless the contrary is established.

21.3 **Authority of the Company to redeem or purchase its own shares**

When a company redeems or purchases its own voting shares, under Rule 37 of the City Code any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9 of the City Code. Rule 37 of the City Code provides that, subject to prior consultation, the Takeover Panel will normally waive any resulting obligation to make a general offer if there is a vote of independent shareholders and a procedure along the lines of that set out in Appendix 1 to the City Code is followed. Appendix 1 to the City Code sets out the procedure which should be followed in obtaining that consent of independent shareholders. Under Note 1 on Rule 37 of the City Code, a person who comes to exceed the limits in Rule 9.1 in consequence of a company's purchase of its own shares will not normally incur an obligation to make a mandatory offer unless that person is a director, or the relationship of the person with any one or more of the directors is such that the person is, or is presumed to be, concert parties with any of the directors. However, there is no presumption that all the directors (or any two or more directors) are concert parties solely by reason of a proposed purchase by a company of its own shares, or the decision to seek shareholders' authority for any such purchase.

Under Note 2 on Rule 37 of the City Code, the exception in Note 1 on Rule 37 described above will not apply, and an obligation to make a mandatory offer may therefore be imposed, if a person (or any relevant member of a group of persons acting in concert) has acquired an interest in shares at a time when they had reason to believe that such a purchase of their own shares by the company would take place. Note 2 will not normally be relevant unless the relevant person knows that a purchase for which requisite shareholder authority exists is being, or is likely to be, implemented (whether in whole or in part).

The Takeover Panel must be consulted in advance in any case where Rule 9 of the City Code might be relevant. This will include any case where a person or group of persons acting in concert is interested in shares carrying 30 per cent or more but do not hold shares carrying more than 50 per cent of the voting rights of a company, or may become interested in 30 per cent or more on full implementation of the proposed purchase by the company of its own shares. In addition, the Takeover Panel should always be consulted if the aggregate interests in shares of the directors and any other persons acting in concert, or presumed to be acting in concert, with any of the directors amount to 30 per cent or more, or may be increased to 30 per cent or more on full implementation of the proposed purchase by the company of its own shares.

21.4 **Squeeze-out rules**

Under the Companies Act, if a "takeover offer" (as defined in section 974 of the Companies Act) is made by an offeror to acquire all of the shares in the Company not already owned by it and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent in value of the shares to which such offer relates, the offeror could then compulsorily acquire the remaining shares. The offeror would do so by sending a notice to the outstanding members informing them that it will compulsorily acquire their shares and, six weeks later, it would deliver a transfer of the outstanding shares in its favour to the Company which would execute the transfers on behalf of the relevant members, and pay the consideration for the outstanding shares to the Company which would hold the consideration on trust for the relevant members.

The consideration offered to the members whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

21.5 **Sell-out**

The Companies Act also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares in the Company and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent in value of the shares and not less than 90 per cent of the voting rights carried by the shares in the Company, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any member notice of his or her right to be bought out within one month of that right arising.

The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises his or her rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

22. Documents available for inspection

Copies of the following documents will be available for inspection on the Company's website at www.hostmoregroup.com for a period of 12 months following Admission:

22.1 the Articles of Association;

22.2 the written consent letter of PricewaterhouseCoopers LLP referred to in paragraph 19 (Consents) of this Part XII (*Additional Information*);

22.3 the Historical Financial Information for the 52 weeks ended 27 December 2020, 29 December 2019 and 30 December 2018 and the 26 weeks ended 27 June 2021, which is set out in section B of Part X (*Historical Financial Information*):

22.4 the report on the Historical Financial Information of the Group by PricewaterhouseCoopers LLP set out in section A of Part X (*Historical Financial Information*); and

22.5 this Prospectus.

PART XIII

DEFINITIONS

The following definitions shall apply throughout this Prospectus unless the context requires otherwise:

63rd+1st License Agreement	the license agreement regarding 63rd+1st (a TGI Fridays brand extension) made between the Franchiser and the Franchisee on 26 August 2021 that takes effect from 28 May 2021 as amended, adhered to and/or contributed to from time to time, further details of which are set out in paragraph 12.7.3 of Part XII (*Additional Information*);
the "Act" or the "Companies Act"	the Companies Act 2006;
"Admission"	the admission of the Hostmore Shares to the premium segment of the Official List in accordance with the Listing Rules and to trading on the LSE's main market for listed securities in accordance with the Admission and Disclosure Standards;
"Admission and Disclosure Standards"	the requirements contained in the publication "Admission and Disclosure Standards" dated 16 April 2013 containing, among other things, the admission requirements to be observed by companies seeking admission to trading on the LSE's main market for listed securities;
"Articles of Association" or "Articles"	the articles of association of the Company;
"Audit and Risk Committee"	the audit and risk committee established by the Board to carry out the functions described for that committee in paragraph 3.2 of Part VII (*Directors, Senior Managers and Corporate Governance*);
"Auditors"	PricewaterhouseCoopers LLP;
"Board"	the board of directors of the Company;
"Business Day"	any day (other than a Saturday or Sunday or public holiday in England and Wales) on which banks are open for general business in London;
"certificated" or "in certificated form"	a share or other security which is not in uncertificated form (that is, not in CREST);
"CGT"	capital gains tax;
"Chair"	the chair of the Board;
"City Code" or "Takeover Code"	the UK City Code on Takeovers and Mergers;
"CJRS"	Coronavirus Job Retentions Scheme;
"Committee"	a committee of the Board;
"Company"	Hostmore plc, a company registered in England and Wales with registered number 13334853 whose registered office is at Highdown House, Yeoman Way, Worthing, West Sussex BN99 3HH;
"Conditions Agreement"	the conditions agreement entered into between, amongst others, the Franchiser, the Franchisee and Electra further details of which are set out in paragraph 12.6 of Part XII (*Additional Information*);
"Covid-19"	the Corona Virus Disease 2019 as designated by the World Health Organization;

"Credit Support Undertaking"	the credit support undertaking entered into between the Company, Wednesdays and HSBC further details of which are set out in paragraph 12.5 of Part XII (*Additional Information*);
"CREST"	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) in respect of which Euroclear is the operator;
"CTA"	the Corporation Tax Act 2010;
"Demerger"	the proposed demerger of the Group from the Electra Group, to be effected by way of the Demerger Dividend on the terms and subject to the conditions set out in the Demerger Agreement;
"Demerger Agreement"	the agreement relating to the Demerger entered into between the Company and Electra on or about the date of this Prospectus, further details of which are set out in paragraph 12.1 of Part XII (*Additional Information*);
"Demerger Dividend"	the proposed distribution in-specie of Hostmore Shares by Electra to Qualifying Shareholders;
"Demerger Resolution"	the ordinary resolution to be proposed at the Electra General Meeting to approve the Demerger Dividend, as set out in the notice of General Meeting in the Electra Circular;
"Directors"	the Executive Directors and the Non-Executive Directors details of whom are set out in Part VII (*Directors, Senior Managers and Corporate Governance*) of this Prospectus;
"Disclosure Committee"	the disclosure committee established by the Board to carry out the functions described for that committee in paragraph 3.2 of Part VII (*Directors, Senior Managers and Corporate Governance*);
"Disclosure Guidance and Transparency Rules"	the disclosure guidance and transparency rules made by the FCA under Part 6 of the FSMA;
"Dividend Equivalents"	an Award under the LTIP on terms that the participant will receive on vesting an amount which is equal in value to the aggregate dividends that would have been paid on the Hostmore Shares (or notional shares) in respect of which the Award vests between the date of grant and the vesting date;
"Electra"	Electra Private Equity PLC, a company incorporated and registered in England and Wales with registered number 00303062;
"Electra Circular"	the circular published by Electra in relation to the Demerger;
"Electra EBT"	the Electra Private Equity PLC Employee Benefit Trust constituted by a trust deed dated 5 July 2017;
"Electra General Meeting"	the general meeting of Electra Shareholders to be held at the offices of Hogan Lovells International LLP at Atlantic House, 50 Holborn Viaduct, London EC1A 2FG, United Kingdom on 1 November 2021 at 11:00 am to consider and, if thought fit, pass the Demerger Resolution (and the associated LTIP shareholder resolution), notice of which is set out in the Electra Circular, and any adjournment thereof;
"Electra Group"	in respect of any time prior to the Demerger, Electra and its subsidiaries and subsidiary undertakings; and in respect of any period following the Demerger, the Post Demerger Electra Group;
"Electra Shareholders"	holders of Electra Shares from time to time;
"Electra Shares"	the fully paid ordinary shares in the capital of Electra;

"Equiniti"	Equiniti Limited of Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA;
"ESMA Recommendations"	ESMA update of the CESR recommendations: The consistent Implementation of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive;
"EU" or "European Union"	the European Union;
"Euroclear"	Euroclear UK & Ireland Limited, the operator of CREST;
"Executive Directors"	the executive directors of the Company details of whom are set out in paragraph 1 of Part VII (*Directors, Senior Managers and Corporate Governance*);
"Existing Development Agreement"	the development agreement between the Franchiser, the Franchisee and Electra, as amended, adhered to and/or contributed from time to time, further details of which are set out in paragraph 12.7.1 of Part XII (*Additional Information*);
"Existing Franchise Agreements"	the franchise agreements between the Franchiser, the Franchisee and Electra, as amended, adhered to and/or contributed from time to time, further details of which are set out in paragraph 12.7.2 of Part XII (*Additional Information*);
"Facilities Agreement"	the facility agreement dated 30 August 2017 and entered into between, amongst others, Wednesdays (Bidco) Limited as borrower, HSBC Bank plc as agent and HSBC Corporate Trustee Company (UK) Limited as security agent, as amended from time to time and as amended and restated on 7 July 2021 with an effective date of 8 July 2021;
"FCA"	the Financial Conduct Authority;
"Franchise Agreements"	in respect of any time prior to Admission, the Existing Franchise Agreements; and in respect of any time after Admission, the New Franchise Agreements;
"Franchisee"	Thursday (UK) Limited;
"Franchiser"	TGI Fridays Franchisor, LLC, a Delaware limited liability company;
"Fridays MIP"	the management incentive plan entered into between Wednesdays (Bidco) Limited and Group Management on 25 February 2021;
"Fridays MIP Crystallisation Side Letter"	the letter agreement entered into, prior to the date of this Prospectus, between, among others, the Company and Group Management details of which are set out in paragraph 12.8 of Part XII (*Additional Information*);
"Fridays MIP Shares"	20,000 A ordinary shares of £0.00001 each in Wednesdays (Bidco) Limited;
"FSMA"	the Financial Services and Markets Act 2000 (as amended);
"GDPR"	the Data Protection Act 2018 and the General Data Protection Regulation (Regulation (EU) 2016/679) as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the European Union (Withdrawal) Act 2018 and as amended by Schedule 1 to the Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit) Regulations 2019 (SI 2019/419);
"Government"	Her Majesty's Government of the United Kingdom;
"Group"	the Company together with its subsidiaries and subsidiary undertakings from time to time;

"Group Financial Information Table"	has the meaning set out in PART X (*Historical Financial Information*);
"Group Management"	those members of the Group's management team who are participants in the Fridays MIP, being those who occupy the following positions in the Group: Chief Executive Officer, Chief Financial Officer, Chief Marketing Officer, Chief Operating Officer, Chief Technology Officer, Risk and Compliance Director and Procurement and Supply Chain Director;
"Historical Financial Information"	the historical financial information of the Group set out in Part X (*Historical Financial Information*) of this Prospectus;
"HMRC"	Her Majesty's Revenue and Customs;
"Hostmore Shareholder"	a holder of Hostmore Shares from time to time;
"Hostmore Shares"	the fully paid ordinary shares in the capital of the Company;
"HSBC"	HSBC Bank plc;
"IFRS"	International Financial Reporting Standards as adopted by the UK;
"ISIN"	International Security Identification Number;
"Latest Practicable Date"	the latest practicable date prior to the publication of this Prospectus, being 13 October 2021;
"Listing Rules"	the listing rules made by the FCA pursuant to Part 6 of the FSMA;
"London Stock Exchange" or "LSE"	London Stock Exchange plc;
"LTIP"	the proposed Hostmore plc 2021 Long-Term Incentive Plan details of which are set out in paragraph 8.1.5 of Part XII (*Additional Information*);
"New Development Agreement"	the development agreement that has been entered into between the Franchiser, the Franchisee and the Company and which will take effect upon Admission, details of which are set out in paragraph 12.7.1 of Part XII (*Additional Information*);
"New Franchise Agreements"	the franchise agreements that have been entered into between the Franchiser, the Franchisee and the Company and which will take effect upon Admission, details of which are set out in paragraph 12.7.2 of Part XII (*Additional Information*);
"Nomination Committee"	the nomination committee established by the Board to carry out the functions described for that committee in paragraph 3.2 of Part VII (*Directors, Senior Managers and Corporate Governance*);
"Non-Executive Directors"	the non-executive directors of the Company details of whom are set out in paragraph 1 of Part VII (*Directors, Senior Managers and Corporate Governance*);
"Numis"	Numis Securities Limited;
"Official List"	the Official List of the FCA;
"Overseas Shareholders"	Shareholders or Qualifying Shareholders, as the context so requires, with registered addresses outside the UK or who are citizens or residents of, or located in, countries outside the UK;
"Participant ID"	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;
"pounds Sterling" or "GBP" or "£" or "pence" or "p"	the lawful currency of the United Kingdom;

“**Post Demerger Electra Group**”	Electra and its subsidiaries and subsidiary undertakings excluding those companies which form part of the Group, as at the date of this Prospectus;
“**PR Regulation**”	Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 as it forms part of retained EU law as defined by the European Union (Withdrawal) Act 2018
“**Proprietary Marks**”	certain trademarks, trade names, service marks, emblems and indicia of origin designated by Fridays from time to time in connection with the operation of TGI Fridays restaurants pursuant to the TGI System in the Territory;
“Prospectus”	this document;
“Prospectus Delegated Regulation”	Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation;
“Prospectus Regulation”	the Prospectus Regulation (EU) 2017/1129 and amendments thereto;
“Prospectus Regulation Rules”	the prospectus regulation rules made by the FCA under Part 6 of the FSMA;
“Qualifying Shareholders”	the Electra Shareholders at the Record Time;
“Record Time”	6.00 p.m. London time on 1 November 2021;
“register of members”	the statutory register of all current holders of Hostmore Shares, required to be maintained by the Company under section 113 of Companies Act;
“Registrars”	Equiniti;
“Remuneration Committee”	the remuneration committee established by the Board to carry out the functions described for that committee in paragraph 3.2 of Part VII (*Directors, Senior Managers and Corporate Governance*);
“SDRT”	Stamp Duty Reserve Tax;
“Senior Managers”	the senior managers of the Company, details of whom are set out in Part VII (*Directors, Senior Managers and Corporate Governance*);
“Sponsor”	Numis;
“Sponsor’s and Introduction Agreement”	the sponsor’s and introduction agreement between, amongst others, the Sponsor, HSBC the Company and Electra, a summary of the principal terms of which is set out in paragraph 12.2 of Part XII (*Additional Information*);
“Standards”	the standards, instructions, requirements, methods, specifications and procedures for the establishment and operation of TGI Friday’s Inc.'s restaurants, including, without limitation, (i) architectural, design, construction, building materials and decorative standards, (ii) equipment and maintenance standards, (iii) product sourcing specifications, (iv) menu requirements, food and beverage recipes, and presentation standards, (v) food storage, preparation and holding standards (including food safety audit checklist items), (vi) management and staffing requirements, (vii) uniform and employee hygiene standards, (viii) guest service standards and employee training requirements (including restaurant review and brand protection

	audit checklist items), and (ix) accounting and reporting policies, periods and procedures (including sales and payment reporting systems), in each case, as the same may be modified, updated or amended from time to time by TGI Friday's Inc.'s in its discretion;
"subsidiary"	has the meaning given in section 1159 of the Companies Act;
"subsidiary undertaking"	has the meaning given in section 1162 of the Companies Act;
"Takeover Code"	the UK City Code on Takeovers and Mergers;
"Territory"	England, Scotland, Wales, the Channel Islands, and Isle of Man, as geographically constituted on the date of the Development Agreement or the New Development Agreement (as applicable) excluding United States military bases;
"TGI System"	a unique, proprietary system developed and owned by TGI Friday's Inc. (which may be modified or further developed from time to time by Fridays) for the establishment, development and operation of TGI Friday's Inc.'s restaurants, including, without limitation, the Proprietary Marks, the Standards, manuals, distinctive exterior and interior design, decor, colour scheme and furnishings; food and beverage recipes and preparation techniques; distinctive uniform design; procedures with respect to operations, inventory control, management control; procedures for sanitation and maintenance; accounting procedures, periods and policies; computer and point of sale programs; training and assistance; and advertising and promotional programs; in each case, as the same are further developed by TGI Friday's Inc.'s from time to time;
"UK Corporate Governance Code"	the UK Corporate Governance Code published by the Financial Reporting Council and dated July 2018, as amended from time to time;
"UK MAR"	the Market Abuse Regulation (Regulation (EU) 596/2014) and its delegated and implementing regulations as it forms part of the retained European Union law by virtue of the European Union (Withdrawal) Act 2018;
"UK Prospectus Regulation"	the Prospectus Regulation (EU) 2017/1129, together with the delegated acts, implementing acts and technical standards, as it forms part of the retained European Union law by virtue of the European Union (Withdrawal) Act 2018;
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland;
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
"US Securities Act"	US Securities Act of 1933 (as amended); and
"Wednesdays"	Wednesdays (Bidco) Limited a company incorporated and registered in England and Wales with registered number 09348092 being an intermediate holding company within the Group.