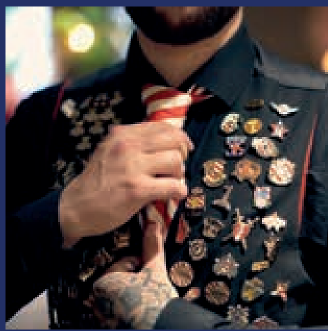
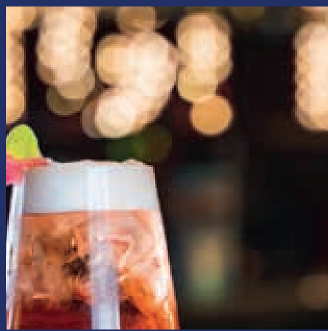
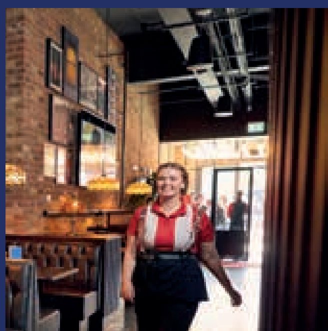
Annual Report
2023


Hostmore®

The home of

TGI FRIDAYS®

About us

Who we are

Hostmore is a UK hospitality business with its current operations focused on the American-themed casual dining brand, "TGI Fridays", including the fast casual dining brand "Fridays and Go".

While TGI Fridays has been trading for over three decades in the UK, the Group was established in 2021 with a core strategy of providing a platform for the development and growth of attractive hospitality brands, defined by their iconic brand experience and vibrant heritage. Hostmore is currently focused on the organic growth of its existing brands.

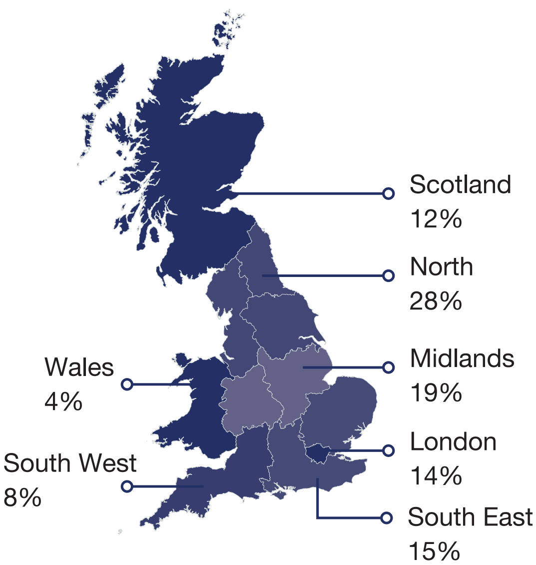
The Group operates under the leadership of an experienced management team that has a track record of building businesses in the hospitality and leisure sectors.

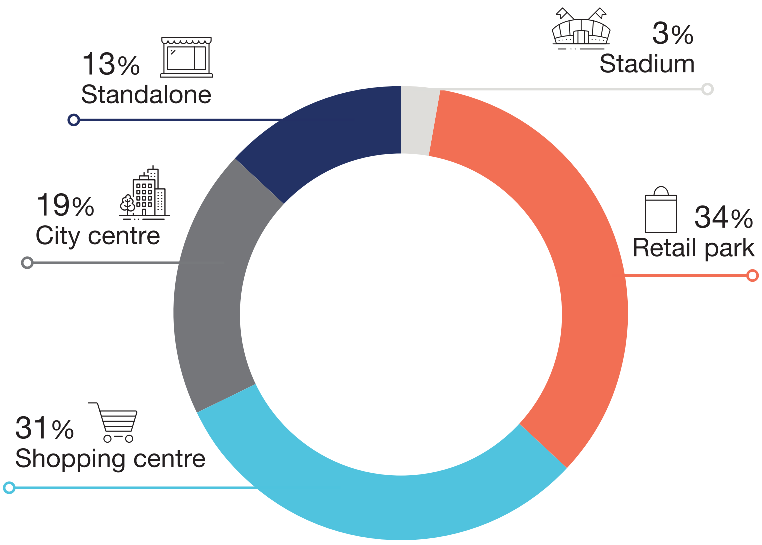
Our vision and strategic focus

Our vision is to make every guest experience engaging and relevant, celebrating the unique heritage and character of our brands. We want our guests to feel relaxed and enlivened by their experience in an inclusive and welcoming environment. We work hard to meet evolving guest requirements and to deliver personalised guest engagement, supported by our innovative digital platform.

Our restaurants and bars

Our portfolio features a balanced and diversified estate of 89 restaurants across regions and location types.





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At a glance

Our three pillars

Hostmore's three key pillars of Quality, Relevance and Simplicity provide a critical assessment basis for all areas of the business' performance. Our hospitality offering enhances the experience of our guests and the wellbeing of our team members, across all aspects of our operations.

Quality

Guest opinion score **80**

Net promoter score

2023	48
2022	30
2021	18

45 delegates enrolled on leadership development programmes.

132 internal promotions advancing talent to more senior roles.

Relevance

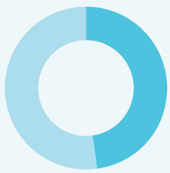
1.4m app downloads

1.8m emailable guests

No of team members **4,400**

Group team members

52% Female



48% Male

42 Staff currently on apprenticeship schemes.

119 Make-A-Wish. charity wishes granted.

Current venues

89 restaurants

TGI FRIDAYS | 63rd+1st | FRIDAYS AND GO

Simplicity

Reduced electricity usage in 2023 by

211 tonnes of carbon

781,000 Kg CO^2

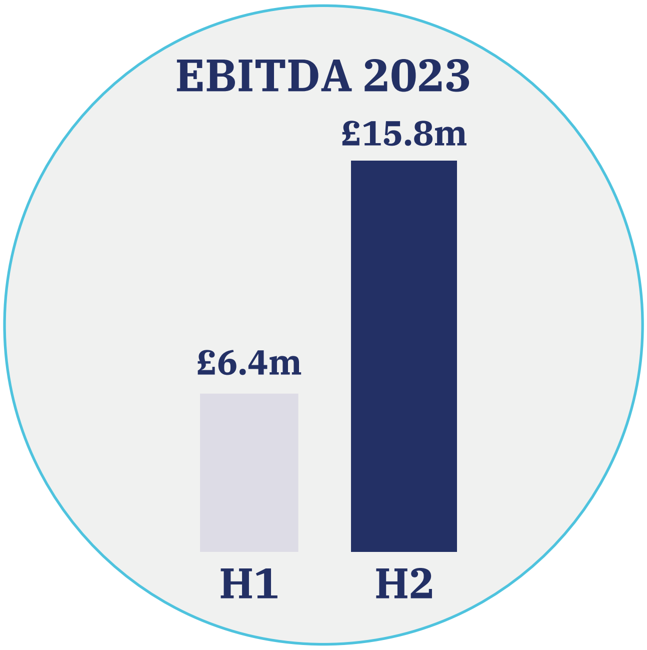
saved by recycling used cooking oil.

Digital friendly Wi-Fi

in **every** restaurant

Life-saving defibrillators

in **every** restaurant



Net debt* YE 2023 **reduced** by

£12.4m

* Restated

Chair’s statement

Stephen Welker
Chair

It is a pleasure to write my first annual Chair’s statement to you following my appointment as Chair at the Company’s annual general meeting in June 2023. I joined the Company as a Non-Executive Director in August 2022 and became Chair-designate in January 2023 at the time of my predecessor’s announced retirement. I would like to extend my personal thanks to my predecessor, Gavin Manson, for his professionalism and guidance during his time as Chair and I wish him well on the new projects he undertook following his retirement from Hostmore.

Summary

During 2023 Hostmore completed a comprehensive turnaround, which resulted in the appointment of new senior management, a reduced level of overhead expenses, a renewed focus on the daily operations of the business, and a revised Capital Allocation Policy that prioritises repayment of debt and returns to shareholders over expansionary growth. As a consequence, 2023 was a transitional year during which the first half was negatively impacted by legacy issues and the second half began to benefit from the turnaround actions implemented during the latter part of the first half. The Board is pleased that the Company is now well-positioned for 2024 and beyond.

Background

From Hostmore’s listing in 2021 until the beginning of 2023, the Company pursued a strategy of rapid store growth and the launch of internally-generated new brands. The new stores opened were typically loss-making, Group profits were negatively impacted from increased overhead expenses, and the Group’s cash resources were significantly depleted. During this period, inflationary pressures and rising interest rates also impacted consumer confidence and discretionary incomes. The result was an increased level of indebtedness and a share price which declined more than 90% from the time of the Company’s listing just 14 months prior.

My personal shareholding in Hostmore is approximately 3.6% of the Company’s issued share capital. Seeing the decline in the business following its listing, I joined the Company as a Non-Executive Director in August 2022, having previously served as a Non-Executive Director under prior ownership of the business. I became Chair-designate in January 2023 with the mandate to undertake a turnaround of the business.

The new management team, led by Chief Executive Officer Julie McEwan and Chief Financial Officer Matthew Bibby, have steered the business through these challenging times with agility and creativity to adapt to the changing landscape. The Board thanks them and their colleagues, both in store and at executive levels, for their persistence and dedication.

The Board

During the turnaround we also broadened the Non-Executive Director base within the Board. In Q2 2023, the Company conducted a search to identify and appoint two new independent Non-Executive Directors. This culminated with the appointment of Helena Feltham and Célia Pronto with effect from 7 June 2023 and 20 June 2023, respectively. The Company has benefitted meaningfully from Helena’s and Célia’s immediate contributions to the Board.

2023 was a transitional year during which the first half was negatively impacted by legacy issues and the second half began to benefit from the turnaround actions implemented during the latter part of the first half.

Revised Capital Allocation Policy

In May 2023 the Company announced a revised Capital Allocation Policy that is consistent with value creation and sets the primary objectives for Hostmore against which all major decisions are weighed. The policy sets out the following:

1. Anticipate no new store openings until at least 2025
2. Manage the cost base more proactively against current trading levels
3. Focus on high ROI organic growth initiatives
4. Dedicate all free cash flow towards repayment of borrowings
5. Evaluate shareholder distributions after borrowings have been repaid

I am pleased to report that we are following through on all of these objectives, which places Hostmore in a stronger position for 2024 and beyond.

Having completed the turnaround, we are now turning to evaluate areas of responsible organic growth. The growth areas under investigation are a departure from the standard “rollout” strategy many of the Company’s competitors routinely employ, which consumes significant cash resources and, although may result in an increase in profits, often do not contribute to an increase in shareholder value. In contrast, the Company is actively devising and trialing high ROI initiatives which require minimal cash investment and, therefore, do not distract from the Company's objective of reducing borrowings as quickly as possible.

We are also beginning to look further ahead at strategic initiatives for the period after our borrowings are repaid. These initiatives will be judged on their ability to increase the market capitalisation of Hostmore, not simply its profits, and therefore if an activity does not meet such criteria we would instead return the cash to shareholders.

Proposed Acquisition of TGI Fridays, Inc.

Subsequent to the year end, on 16 April 2024, the Company announced that it was in advanced discussions to acquire TGI Fridays, Inc. ("TGI Fridays") in an all-share transaction (the "Proposed Transaction"). TGI Fridays is the global hospitality business that owns the American-themed casual dining brand "TGI Fridays" which is the Company's franchisor. If the Proposed Transaction completes, Hostmore shareholders would own 36% of the combined business (the "Combined Group").

The Proposed Transaction would benefit Hostmore shareholders by providing them with a material shareholding in the capital-light franchise and licensing fee business of the Combined Group, which achieves high margins and strong cash flow conversion, and is typically valued at attractive multiples by the market. The Combined Group would have significantly increased scale, as well as improved strategic, operational, and financial flexibility. Shareholders should also benefit from increased stability of earnings and cash flow of the Combined Group resulting from diversified business channels and geographies.

The Combined Group is expected to be renamed "TGI Fridays plc", with its shares admitted to trading on the London Stock Exchange's Main Market under the share ticker "TGIF". Completion is presently expected by the end of Q3 2024.

More details will be forthcoming in the combined prospectus and shareholder circular which is currently expected to be published in Q3 2024.

Conclusion

2023 has been an active transitional year for Hostmore, but we are now beginning to see the benefits of all the changes that have been implemented. I look forward to reporting our progress on these during 2024.

Stephen Welker
Chair
2 May 2024

Our business model

Our inputs

Our iconic brand which is synonymous with quality, fun and flair.

Our passion for providing a unique guest experience with a genuine personal touch, embracing inclusivity, diversity and a spirit of personal self-expression.

Our heritage and expertise in creating authentic American food and legendary drinks.

The unique look and feel to our dining environments in strategically chosen locations.

High energy and dynamic environments with a wide demographic appeal.

We use these three elements to create memorable experiences for our guests.

We leverage our buying power.

We reinvest our ROI in building our business.

We build on our brand equity and heritage.

We invest in our people, locations and our offering.

The value we create

+ Memorable and unique experiences for our guests.

+ Employment and advancement opportunities for our teams.

+ Drive guest growth through brand enhancement and amplification.

+ Partnerships in the communities that we serve and operate.

+ Aiming to enhance returns for our shareholders.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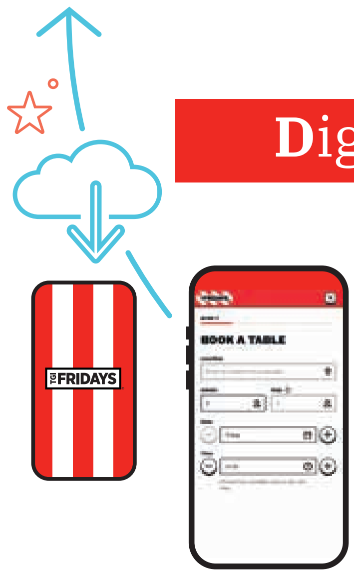
S ALWAYS
DAY

Business strategy

Our 4D approach

Dine in	Delivery	Drive to
		
American cocktail bar and restaurant famous for everyday celebrations.	**Prepared high-quality food and drinks** delivered through click and collect and third party aggregators.	**Our fast casual dining concept** which enables guests to 'grab & go' using click and collect ordering.



Digital Transformation

We have rebuilt our digital infrastructure so that our guests have a personalised and relevant online experience, together with a loyalty programme that offers exclusive rewards.

Our 4D strategy is underpinned by three key pillars: Quality, Relevance, Simplicity.

Pillar 1	Pillar 2	Pillar 3
Quality	**Relevance**	**Simplicity**

Business strategy continued

Digital transformation

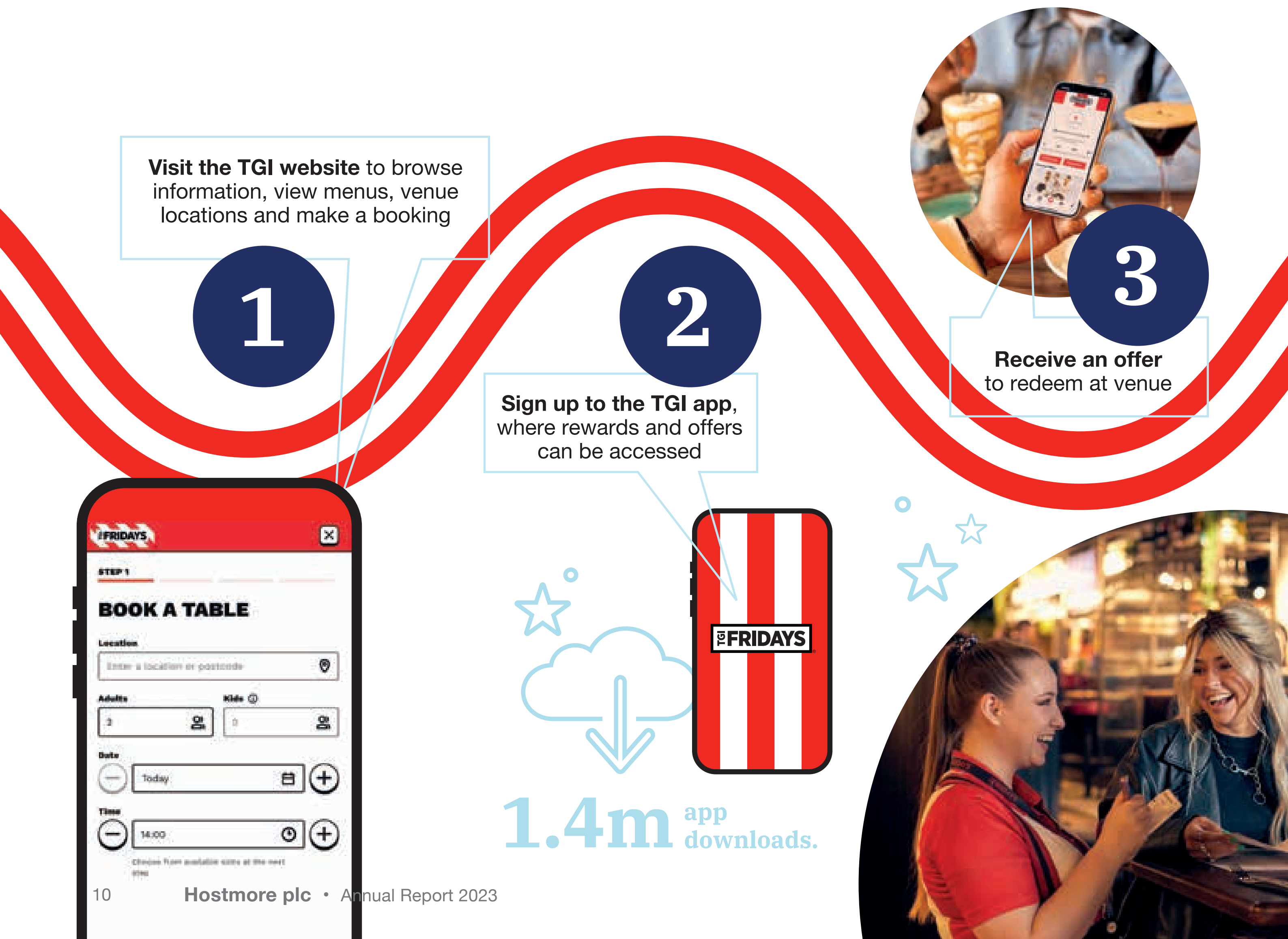
Our digital strategy remains a key focus for Hostmore's brands and our offerings.

Making digital connections between our brand and our guests

Our guests are the at the heart of our brand experience. TGI Fridays remains, first and foremost, a dining and cocktails experience in iconic venues with team members that create a fun and welcoming atmosphere.

Reflecting our venue-led experience in our digital strategy means that we use data and digital contact points across our website, app and social media activity to amplify the TGI Friday's brand experience. Our digital presence continues to be a core driver in increasing footfall and guest loyalty, whilst also presenting our core values to inspire new guests to visit our venues.

Our guests' digital journey



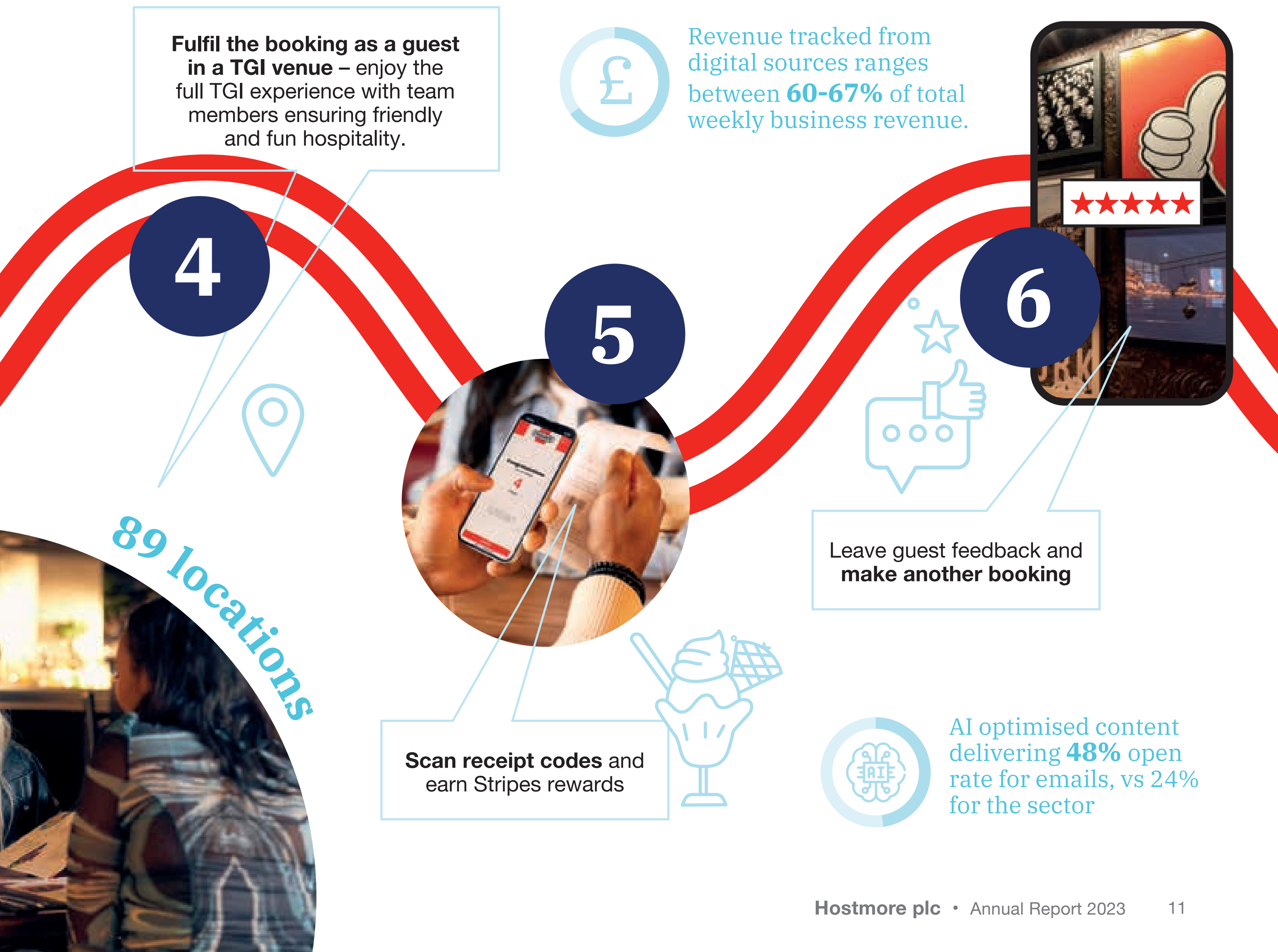
2023 digital revenue **increased by 10%** on 2022 and there is a target increase in **2024 of 13%** on 2023.

Implementation and success

Our digital transformation journey is effective. In essence, we are rebuilding our digital infrastructure so that our guests have a personalised and relevant online experience with the brand. Using web and mobile-first platforms, a data-led approach to understanding guests' needs and therefore responding to them, is vitally important and one that we are continually refining.

In May 2023 our new guest website was launched, a key step in the digital process towards creating a 'single guest view'. Our online platform provides an easier and more intuitive guest journey via venue information, selection and booking through to rewards, promoting loyalty and feedback collection.

Aligning TGI Fridays' personality with an online audience creates a digital touch point with our guests who remain at the heart of the TGI Fridays experience.



Chief Executive Officer's statement

Julie McEwan
Chief Executive Officer

2023 was a year in which the whole Hostmore team demonstrated remarkable resilience with the macro-economic uncertainty and fluctuating consumer behaviour, as headwinds continued.

The year was one of two halves for Hostmore. Half year one (H1) was a transitional period focusing on senior leadership changes, including me joining the board as CEO. It also saw the implementation of a full operating turnaround, after a drop in revenue, supported by a revised capital allocation policy.

Half year two (H2) saw revenue flat vs 2022, representing a significant improvement vs H1, with H1 2023 revenue of £93.6m and H2 2023 revenue of £97.0m. Our positive 2023 Christmas trading period was a further improvement on this trend with like-for-like revenue +4% compared to December 2022. This was the best Christmas trading for Hostmore since 2019.

Strategy

Our strategic business measures are yielding promising results, with each month of H2 FY23 producing positive EBITDA returns. We have consolidated our approach, building on the evolution of our journey outlined in the FY22 results. The progress includes organic growth and cost reduction initiatives, menu price increases and revised capital allocation strategies, all contributing to our improved performance across the TGI estate.

Our Dine-In experience was our primary focus for 2023 and is continuing to be so in 2024. This has produced further menu evolution, underpinned by quality, relevance and simplicity. 2023 saw the iconic "TGI" put back into Fridays, regaining our brand equity. TGI Fridays has always been associated as a place of fun and celebrations where delicious food and drinks can be enjoyed. It is pleasing that these elements of investment in our menus and service improvements have delivered a positive impact on the overall guest experience as evidenced by our guests' feedback. We have sought to achieve this by maintaining pricing discipline, as demonstrated by the roll out of our value proposition 'Kids Eat Free' which acknowledges the pressures on our core family disposable income. This has been received extremely positively and continues to be a component of our offering. To complement this and widen our appeal to new audiences, we continue to embed our 'Raising the Bar' strategy. This has been a headline initiative for TGI Fridays as we seek to build on Fridays' heritage and values. This has included introducing fun and innovative offers and concepts, such as TGI Fridays Bottomless Brunches, Cocktail Masterclasses, and new celebration packages, showcasing the very best of our brand. This has attracted many new guests.

Dine out remains an important channel to our consumers. As consumer spending tightened during 2023, we maintained our market share of delivery by partnering with three delivery companies: Deliveroo, Just Eat and Uber Eats. The alignment of our dine out platform during 2023 has enabled us to acquire new guests through a strategic approach. Our delivery metrics have significantly improved, meaning we now have more of our restaurants being able to advertise on our aggregators' main carousel, meaning our exposure has increased in the delivery market.

Our brand vision is to regain our position in the UK as the Original American cocktail bar and restaurant famous for everyday celebrations.

Our brand objective is to grow this perception with our core target of families aged 25-44. We are working on engaging with a new younger audience of 18-24s to underpin our long term sales growth. We leverage our guest touchpoints through digital, store, social and PR to market our brand externally and engage with existing and new audiences.

We believe in putting the guest at the heart of our brand experience. Our loyalty strategy is embedded in our marketing and guest experience. Our 'Rewards Stripes' programme delivers exclusivity to our guests through valuable offers and experiences. We see high guest engagement and continue to see significant growth.

In 2023 we launched a new website experience which significantly improved the quality of the guest journey. Our digital platforms via online, social media and the rewards app gives guests the opportunity to interact with us across multiple platforms before, during and after their visit to our restaurants. In 2024 we are continuing to develop this experience with the aim of a seamless end-to-end journey and giving us a single customer view of our guests.

This has included a focus on trialed, scalable, low-risk organic growth initiatives with promotional activities, upselling efforts, with strategic partnerships to enhance bookings. The success of initiatives such as our 2-for-1 cocktail offer under the 'Raising the Bar' project highlights our commitment to providing a compelling guest experience and driving revenue and margin growth.

Digital transformation

Considering the existing UK economic pressures, securing consumer spend is increasingly challenging across the casual dining sector. TGI Fridays is no exception to this. By taking a data-led approach, we are seeking to enhance the guest experience by leveraging the power of digital to establish a competitive advantage. This is part of our strategy to head towards a single guest view that informs, enhances, and grows our guest proposition. I look forward to reporting further during this year on the progress of this digital transformation programme, accompanied by highly focused marketing activity around our refreshed TGI Friday's brand. This is leveraging our existing heritage and loyalty with guests, all of which consolidates the brand and the TGI Friday's experience more effectively.

Guest feedback

While trading during 2023 remained challenging, our guest sentiment continued to improve with engaged and motivated restaurant teams, fully committed to delivering those truly memorable TGI Fridays experiences. Guest scores for TGI Fridays progressed throughout the year and ended extremely positively. We were consistently ranked within the top two casual dining brands in the UK for food and drink quality, coupled with outstanding service (Source: *CGA research and insights company*). Our Net Promoter Score continued this and ended the year at 48 – a significant increase from the 2022 score of 30. This is a superb result.

We also finished the 2023 year with a Trip Advisor score for TGI Fridays of 4.5, maintaining our 2022 rating, with guests notably scoring TGI Fridays highly

Chief Executive Officer’s statement continued

on ‘value for money’. This was as we also achieved significant improvements around speed of service, food quality and guest interaction, as well as confirming that our promotions were well received. We recognised throughout 2023 that our guests were looking for more experiential occasions, as well as personalisation, while they keep an eye on costs as they continued to expect value for their money.

People and Culture

Improving as an employer of choice, the Hostmore business continues to be significantly underpinned by a strong family culture where every team member plays a part in our recipe for success. Again, I pay tribute to all our team members, in both our support centre and every one of our restaurants. Being an employer of choice in the hospitality sector is vitally important to us and we offer every team member the opportunity to grow and develop.

	End 2021	End 2022	End 2023
Net Promoter Score	18	↑30 +12	↑48 +18
Guest Opinion Score	68	↑74 +6	↑80 +6
Tripadvisor Rating	3.6	↑4.5 +0.9	4.5 +0

Our refreshed career pathway provides team members structured development opportunities at every level, from apprenticeships, Head Chef certifications, through to our General Manager 'Aspire' development programme. In 2023, 45 team members enrolled on our development programmes and a further 42 team members started apprenticeship schemes. The focus on further intensive bar training to certify Master Bartenders continues to support our "Raising the Bar" strategy. Also, our Deputy General Manager 'Inspire' development programme has a cohort of 14. This ensures that succession planning is a key part of our culture of retaining and motivating the best people within our business and rewarding by promoting from within.

We remain committed to building a leaner and more focused organisation. Cost base efficiencies have been achieved throughout 2023, with both our operations teams and support centre being restructured during the year. We are continuing to progress this during 2024.

Supply Chain

With food supply improving during 2023, we worked closely with our business partners to ensure we secured quality products whilst proactively managing inflationary factors. Our multiple sourcing strategies proved to be very successful, as we limited our supply chain risk. As a result, we incurred food inflation of just 3% over the year to December 2023, when our sector saw food inflation of 13.8% by December (*Prestige Purchasing 2023 Foodservice Inflation, published December 2023*). The value of these mitigation strategies against the market norm delivered a saving of £3.5m to the Group.

Inflation in the beverage category increased significantly over 2023 and resulted in our costs increasing by 9%, against a sector forecast of 12%. Half of our increases occurred in our soft drinks, with significant increases due to soaring prices on energy, glass, sugar, fruit juices and commodities. We also experienced increases in the price of spirits and beers, as the industry grappled with increased costs for packaging, transport, glass and CO2 management.

The Group's procurement team progressed our 2022 strategy to reduce complexity across the Group. Significant cost pressures in the logistics market saw our logistics spend increase by 30% from September 2023. These increased costs were in line with market rates, confirming that we had benefited from rates significantly below market norms for 2022 and the majority of 2023.

New restaurant openings and the creation of Fridays and Go

We set a clear strategy for 2023 to focus on delivering improved performance across the existing TGI Fridays estate, following a previous management focus on expansion during 2022. As a management team we committed to deferring new site openings until 2026.

This strategy remains as we continue with a more sustainable approach of organically growing the existing business. In H1 2023 and extended in H1 2024, in contrast to prior year requirements, our Franchisor agreed for Hostmore to not increase its restaurant portfolio for 2024 and 2025. Our 'Fridays & Go' quick service restaurant (QSR) offering is an exciting proposition still in trial stage, with the potential to offer valuable diversification for future growth.

Our focus on Dine-In experience, innovative offerings, and digital transformation has yielded promising results, propelling us toward regaining our position as the Original American Cocktail Bar of choice in the UK.

Conclusion

I am confident in our ability to drive growth and profitability. This will be achieved by accelerating the many strategic initiatives that have underpinned Hostmore's resilience, fuelled by a strong leadership team and a relentless focus on delivering value for our guests. As we navigate challenges and capitalise on opportunities, we remain committed to achieving long-term success and creating value for all stakeholders in 2024 and beyond.

Julie McEwan
Chief Executive Officer
2 May 2024

Chief Financial Officer's review

Matthew Bibby
Chief Financial Officer

The Group showed resilient progress in line with business objectives despite a challenging industry-wide backdrop, with an inflexion point being reached in half year two (H2) FY23. Changes in the senior management team, including me becoming CFO and joining the Board, have led to a change of the business strategy to focus on cash generation and repayment of Group debt.

An improvement in like-for-like Revenue in H2, along with improved operational delivery, an easing of inflationary pressures and proactive responses, has ensured that the Group returned to positive EBITDA FRS102 returns in the second half of the year. This, together with our successful cost efficiency and revised capital allocation policy delivered a further reduction in net debt in-line with plan. Overall, this resulted in Group EBITDA of £22.2m in comparison to £31.1m in the previous year.

The Group's business plan for 2024 is focused on a continuation of this turnaround in performance, with focus on top-line growth initiatives, cash generation and debt repayment, building on the foundations that have been set and achievements to date.

Trading Results

The Group's trading results for the 52 week period ended and at 31 December 2023 are summarised below.

	52 weeks ended / and at 31 December 2023	** Restated* 52 weeks ended /and at 1 January 2023
Total revenue	**£190.7m**	£195.7m
Gross profit	**£147.7m**	£150.6m
Loss from operations	**(£11.1m)**	(£95.8m)
Group EBITDA (1)	**£22.2m**	£31.1m
Group EBITDA FRS102	**£1.6m**	£11.3m
Basic loss per share	**(22.0p)**	(81.0p)
Adjusted basic (loss)/earnings per share (2)	**(7.7p)**	3.4p
Net debt IFRS16	**(£166.0m)**	(£178.4m)
Net bank debt FRS102 (3)	**(£25.1m)**	(£27.7m)
Cashflows from operating activities	**£22.2m**	£28.8m

Notes

1. Group EBITDA reflects the underlying trade of the overall business. It is calculated as statutory operating profit/(loss) adjusted for net interest and bank arrangement fees, tax, depreciation, net impairments, dilapidations, gain on disposal of property, plant and equipment and right of use assets and share based charges. Refer to page 119 for further details of Group EBITDA and Group EBITDA FRS102.
2. Adjusted basic (loss)/earnings per share represents the net (loss)/profit after tax before net impairments and exceptional items, divided by the number of shares in issue.
3. Net bank debt FRS102 is borrowings from bank facilities, excluding the unamortised portion of loan arrangement fees and leases, less cash and cash equivalents.

* As referred to in note 6 of the financial statements, in the 52 week period ended 1 January 2023, basic loss per share has been increased by 3.2p from previously reported 77.8p to 81.0p, adjusted basic earnings per share has been decreased by 0.2p from previously reported 3.6p to 3.4p. At 1 January 2023, total liabilities have increased by £4.0m from previously reported £209.8m to £213.8m, and net debt has increased by £2.1m from previously reported £176.3m to £178.4m.

Financial results to 31 December 2023

The results reflect a challenging industry-wide backdrop throughout the reporting period, which management responded to positively. These included:

- Weak consumer demand, partly driven by the inflationary effect that households face through the cost of living crisis, higher utility bills and increased interest rates.
- Government & creditor support in Q1 2022, including a reduction in VAT for hospitality from 20% to 12.5%, business rates reductions and rent reductions. These were favorable to 2022 and therefore resulted in lower results in 2023 in comparison to the prior year.
- During the second half of 2023, external events such as severe storms, reduced cinema releases, retail closures and sustained train strikes, negatively impacted consumer confidence and demand.
- Inflationary pressures on utilities, labour and food and drink prices, increased our costs.

The Group took action to mitigate the market factors affecting revenue through top-line initiatives such as pricing reviews, our 'raising the bar' programme and our cost efficiency programme. These were created in the first half and largely took effect in the second half of the year.

For internal management purposes the Group prepares results in accordance with FRS 102, which is the basis adopted in the Groups' bank facilities and its' related covenants

Capital allocation policy

A cost efficiency programme, comprising a series of cost reduction initiatives, was completed across the first two quarters of 2023. This programme produced £8.4m of annualised cost reductions, £6.2m of which were secured in H2 2023 and the full amount crediting in 2024. The main focus of these was corporate overheads, procurement negotiations and improved staffing of restaurants, whilst ensuring that the guest experience was not affected. The Board continues to review all opportunities to improve the Group's financial results. Further efficiencies have been identified and are being implemented in 2024.

The Board also focused on mitigation of inflationary pressures through procurement negotiations of input costs and hedging the Group's utilities at a near optimum time. The decision to delay entering the hedging market benefited the business with the locked-in rates being 9%, or £1m per annum, lower for FY23 than was prevailing at the time of announcement of our 2022 results in April 2023.

New electricity and gas supply contracts have been entered into for a two year period with effect from 1 January 2024. The Group has hedged 70% of its expected electricity and gas for the financial year ending December 2024. By completing these forward purchases in January 2024, rather than in Q4 2023, this proactive action has saved the Group a further £2m.

The Group exited its loss-making TGI Fridays restaurant at Manchester Piccadilly in June 2023 and its loss making 63rd+1st restaurant in Edinburgh in September 2023. Post period end, the Group has signed documentation to exit two further loss-making restaurants. In addition, initiatives continue to be implemented to improve the performance of our remaining 24 loss-making restaurants. These initiatives have produced a significant improvement in results.

Following a focus by the previous management team on expansion through new site openings in 2021 and 2022, the new management team has prioritised a more sustainable approach of growing the business organically. The Group has obtained the agreement of the Franchisor to no longer be contractually obligated to open new restaurants during 2024 and 2025, which has strongly improved the cash position of the Group.

The above actions and capital allocation policy have supported the objective of repaying bank borrowings over the short and medium term.

Impairments recorded for 52 weeks ended 31 December 2023

The Board has assessed the carrying value of the Group's property, plant and equipment ("PPE") and right of use assets ("RoU assets") at the period end by reference to the Group's updated business plan. This exercise has resulted in Hostmore recording a net impairment charge of £17.8m (2022: £30.6m) against PPE and RoU assets. This impairment charge has no impact on the operational cash performance of the Group. In accordance with the Group's accounting policy, when trading conditions improve in subsequent years with resultant increases in profitability, PPE and RoU assets impairments can reverse and be credited to Group earnings. In FY23 £5.6m (FY22 £5.7m) of prior period PPE and RoU asset impairments were reversed due to increases in profitability at two restaurants. This arose from strong management focus, with resultant stabilisation of trading performance.

Chief Financial Officer's review continued

EBITDA for 52-week period ended 31 December 2023

For the 52-week period ended 31 December 2023, the Group delivered EBITDA of £22.2m (2022: £31.1m). This included the impact of lower performance in the first half year of FY23 (H1), which was before the bulk of the performance improvement measures and changed capital allocation policy referred to above were enacted. Group EBITDA arose as follows:

Group EBITDA

	52 weeks ended 31 December 2023 £'000	** Restated* 52 weeks ended 1 January 2023 £'000
Loss before tax	**(25,529)**	(108,346)
Net interest and bank arrangement fees	**14,396**	12,584
Depreciation	**17,964**	20,504
Net impairment of property, plant and equipment and right of use assets	**17,768**	30,601
Impairment of goodwill	**–**	75,166
Release of dilapidations provision	**(465)**	–
Gain on disposal of property, plant and equipment	**(133)**	–
Gain on lease modification	**(1,951)**	–
Share based payment charge	**141**	581
EBITDA for the period	**22,191**	31,090

* Refer to note 6 to the financial statements. In the prior period to 1 January 2023 there were IFRS 16 lease modifications that were not accounted for. As a result, in the 52 week period ended 1 January 2023 loss before tax has been increased by £4,001k from previously reported £104,345k to £108,346k, net interest payable and bank arrangement fees have been increased by £106k from previously reported £12,478k to £12,584k, depreciation has been increased by £165k from previously reported £20,339k to £20,504k, net impairment of property, plant and equipment and right of use assets has been decreased by £578k from previously reported £31,179k to £30,601k and impairment of goodwill has been increased by £4,308k from previously reported £70,858k to £75,166k. This has had no net effect on EBITDA for the 52 weeks ended 1 January 2023 as previously reported of £31,090k.

In accordance with prior years, the Group also measures its business performance on the FRS 102 approach to lease accounting. On this basis, the Group delivered EBITDA of £1.6m (2022: £11.3m) as set out below.

Group EBITDA FRS 102

	52 weeks ended 31 December 2023 £'000	52 weeks ended 1 January 2023 £'000
EBITDA under IFRS16 for the period	**22,191**	31,090
Less rent payable	**(20,644)**	(19,931)
Add sublease income receivable	**37**	101
EBITDA under FRS102 for the period	**1,584**	11,260

Earnings per share

The basic loss per share, reflecting the impact of the impairments referred to above is a loss of 22.0p (2022 restated: loss 81.0p), while the adjusted basic loss per share (being the loss after tax before impairment and exceptional items) is a loss of 7.7p (2022 restated: earnings of 3.4p).

The basic and adjusted basic loss per share for the 52-weeks ended 31 December 2023 reflect the factors affecting 2023 referred to above. These included the cost of living crisis in the UK, higher utility bills and increased interest rates. In addition, reduced Government support from that available in 2022 and during the second half of 2023 external events such as severe storms, retail closures and sustained train strikes negatively impacted demand. The Group took proactive action to mitigate these market factors through top-line initiatives. These included menu pricing increases whilst maintaining increasing guest opinion scores, the Group's 'raising the bar' programme resulting in increased revenue, together with major cost efficiency programmes. These were created in the first half and largely took effect in the second half of the year. These initiatives are continuing to drive improved financial performance in 2024.

Cash Flow and Net Debt

The consolidated statement of cash flows and movement in net bank debt for the 52 weeks ended 31 December 2023 is summarised below.

	52 weeks ended 31 December 2023 £'000	52 weeks ended 1 January 2023 £'000
Net cash from operating activities	**31,507**	19,978
Net cash used in investing activities	**(4,400)**	(10,241)
Net cash used in financing activities	**(25,209)**	(32,726)
Net increase/(decrease) in cash during period	**1,898**	(22,989)
Net cash at start of period	**9,091**	32,080
Net cash at end of period	**10,989**	9,091
Gross bank debt at start of period	**(36,800)**	(44,300)
Loans drawn	**(26,400)**	(10,500)
Loans repaid	**27,100**	(18,000)
Gross bank debt at end of period	**(36,100)**	(36,800)
Net bank debt	**(25,111)**	(27,709)

The reduction in net bank debt between 1 January 2023 and 31 December 2023 of £2.6m reflects the new capital allocation policy of restricting capital expenditure to essential maintenance. In line with the revised franchise agreement, there were no new restaurant openings during 2023.

Exceptional Items

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

The Board has assessed the carrying value of the Group's goodwill at the period end by reference to the Group's updated business plan. This exercise has confirmed that no impairment charge is required for the 52-week period ended 31 December 2023.

	52 weeks ended 31 December 2023 £'000	* *Restated* 52 weeks ended 1 January 2023 £'000
Impairment of Goodwill	**–**	75,166

* Refer to note 6 to the financial statements. In the 52 week period ended 1 January 2023 impairment of goodwill has been increased by £4,308k from previously reported £70,858k to £75,166k.

Chief Financial Officer's review continued

Tax

For the 52-week period ended 31 December 2023 the Group recorded a corporation tax credit of £0.9m and a deferred tax charge of £2.8m, making an overall tax charge of £1.9m for the year.

Refinancing

On 28 April 2023, the Group signed a bank facility amendment agreement with its lending banks, which was subsequently amended on 28 September 2023 and the term of the facility extended to 1 January 2025. On 26 April 2024 a further amendment to the facility was agreed, extending the maturity a further year to 1 January 2026. Under this amended facility, there are no cumulative EBITDA covenants for Q2 and Q3 of FY24, with new covenants set for Q4 FY24 and FY25 in line with the Group's updated forecasts for FY24 and FY25. The covenants measure cumulative EBITDA and the ratio of EBITDA to net debt. There is also a minimum liquidity requirement of £1.5m which remains unchanged. The loan repayments of £1.5m per quarter has remained the same during each facility amendment.

Going Concern

In considering the going concern basis of preparation of the financial statements, the Directors took account of significant elements across the business including the success of the cost saving initiatives in H2 FY23, the amendment and restatement of the banking facilities referred to above and the removal of the contractual requirement to open new stores in FY24 and FY25.

The Directors reviewed the Group's forecast scenarios of expected cashflows up to 31 December 2025. The base case scenario, excluding the impact of the proposed business combination referred to below, meets the revised covenants throughout the going concern assessment period. A severe but plausible downside scenario, which models a trading downturn, suggests that covenant breaches could ensue which would make the loans repayable on demand, should the Directors not undertake appropriate corrective action.

On 16 April 2024 it was announced that Heads of Terms had been agreed for a proposed combination of the Group with TGI Fridays with a potential completion in Q3 2024. For the purposes of conducting the going concern assessment, the Directors have assumed that an appropriate funding structure will be put in place by both parties to allow ongoing trading and meeting liabilities as they fall due.

If the proposed combination referred to above does not proceed, the Group would be required, on 7 March 2025, to make a part repayment of the bank facility. This would be the lower of, the lowest amount of liquidity that the Group is forecasting for 12 months forward from 28 February 2025 that exceeds £2.5m, and £5m. There is also the requirement for the Directors to commence a sale process and to appoint an additional Non-Executive Director acceptable to them and to the banks.

The Board maintains a tight focus on the Group capital allocation policy and would take mitigating steps if trading is reduced to the levels inferred in the severe but plausible downside scenario.

The Directors are confident that the business will continue to trade for a period of at least fifteen months following the signing of these financial statements and therefore that it is appropriate to prepare these financial statements on a going concern basis. The conditions referred to above indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Further details relating to the going concern basis of preparation of the financial statements in set out in note 4.2 to the financial statements.

Viability Statement

In accordance with provision 31 of the UK Corporate Governance Code (July 2018), the Directors have assessed the viability of the Group over a two-year period to December 2025. The Directors consider that two years is the appropriate period over which to evaluate the medium-term viability. It also gives greater emphasis to the medium term trading conditions faced by the wider UK hospitality sector.

The Company's business plan for the 2024 financial period is focused on development of the Group's existing hospitality brands, underpinned by quality, relevance, and simplicity. At the heart of this is a guest-centric approach, enhanced by harnessing digital journeys and the data these provide as a key enabler across all of our guest-facing channels. This is underpinned by an omnichannel approach heading towards a single guest view that informs, enhances and grows our guest proposition.

The Group's business plan for the 2024 and 2025 financial periods has been prepared by reference to the current economic environment in the UK. It also assesses the effects of the risks facing the Group and the management of those risks as referred to on pages 46 to 49.

Strategically, the business plan reflects the forecast financial performance of all 89 restaurants in the Group on an individual monthly and annual basis as well as on a consolidated monthly and annual basis. In 2023, the Group obtained agreement from the Franchisor to no longer be contractually obliged to open new restaurants during the two financial years ending 31 December 2023 and 31 December 2024. In Q1 2024 the franchisor agreement was further revised, resulting in the Group no longer being contractually obliged to open new restaurants in the financial year ending 31 December 2025. The Board's focus on the existing business and not having to commit capital and incur initial losses from new restaurant openings has had a positive impact on overall financial performance of the Group. This is reflected in the business plan.

The business plan reflects the 4D strategy referred to in detail in the Chief Executive Officer's Statement on pages 12 to 15. At the heart of this is the Group's 'Dine-in', 'Delivery' and 'Drive to' operations, enhanced by its 'Digital' underpin. The business plan also includes the cost reduction programme that has been completed in 2023, reducing costs in 2024 by an annualised £8.4m.

As referred to above, on 26 April 2024, the Group completed an amendment to the covenants in the Group's banking facility and extended the facility to 1 January 2026. These revisions are all reflected in the business plan.

On 16 April 2024, also as referred to above, it was announced that Heads of Terms had been agreed by both parties for a proposed combination of the Group with TGI Fridays with a potential completion in Q3 2024. If the combination succeeds the Directors assume that an appropriate funding structure will be put in place such that the Company and the Combined Group will continue to trade and to meet their liabilities as they fall due.

Under the banking facility extension, if the proposed combination referred to above does not proceed, a £5m part repayment of the facility will become due on 7 March 2025.There is also the requirement for the Directors to commence a sale process and to appoint an additional Non-Executive Director acceptable to them and to the banks.

The business plan does not reflect the impact of the proposed combination outlined above, due to the early stages of those negotiations. In Q1 2024, the Group obtained agreement from the Franchisor to no longer be contractually obliged to open new restaurants during the three financial years ending 31 December 2025. Not having to commit capital and incur initial losses from new restaurant openings has had a positive impact on cash availability in the Group. This cashflow is being retained in the business, such that if the combination does not proceed, the £5m part repayment of bank facilities due in March 2025 is proposed to be financed from internal resources and other corrective actions.

The business plan includes forecasts of expected operating performance and cash availability for the two years ending 31 December 2025 and subsequent years' forecast performance. It also considers severe but plausible downside scenarios of trading which assesses the cashflows in a depressed trading environment with reduced recovery in H2 2024 and the whole of FY 2025. Under the severe but plausible scenario, covenant breaches could ensue which would make the loans repayable on demand, should the Directors not undertake appropriate corrective actions.

After careful consideration of the forecasts and the risks and opportunities facing the business, including those presented within the severe but plausible downside scenario of trading together with mitigating actions that could be taken by the Group to offset the impact of such risks, the Board confirms that it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of assessment.

Conclusion

It has been another challenging year faced by all those trading in the hospitality sector. The macro-economic conditions that materially impacted the sector in 2022 continued to prevail into 2023 and the start of 2024.

We continue to adhere closely to our capital allocation policy to reduce net debt, helped by the reduction in the opening of new stores under the revised franchisor agreement and so enhance value for shareholders.

Matthew Bibby
Chief Financial Officer
2 May 2024

Key performance indicators

The Hostmore Board monitors the Group's progress on a regular basis against its strategic objectives and the financial performance of the Group's operations. Financial performance is assessed against strategy, budgets and forecasts, while non-financial metrics are also used to assist the Board in measuring the Group's overall performance.

Like-for-like sales

Like-for-like sales enables the performance of the Group to be measured on a consistent year-on-year basis. The figures below includes sites that were open for the entirety of the years under consideration for comparability.

EBITDA

EBITDA is the Group's earnings before interest, tax, depreciation and impairment.

Net debt

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

Return on capital employed

Return on capital employed is the Group's EBITDA for the year divided by total assets less current liabilities at the year end.

Net Promoter Score

Net Promoter Score is an external measure of the Group's appeal to its customers guests. This measures how our guests value their experiences with us and helps us manage our year-on-year performance and deliver brand growth.

Guest Opinion Score

Guest Opinion Score is a monthly aggregated score using Net Promoter Score, Facebook ratings, Google ratings, Trip Advisor ratings and data from in-house guest feedback forms.

Environmental, Social and Governance

Claire Hussey*
Risk & Compliance Director

*Claire Hussey is an operational director (rather than a statutory director of Hostmore plc)

At Hostmore we are committed to embracing our environmental, social and governance responsibilities. We also have a particular focus on our brands becoming leaders in sourcing responsibly, whilst developing and maintaining supply chains founded on sustainability.

This report sets out our principal areas of focus and activity relating to our food and drink offering, our people, our communities and the environment. We continue to invest significant time and resources into health and safety matters across the Group to ensure and further enhance a clean and safe environment for our guests and team members.

Our focus has remained steadfastly on aligning our guest experience with the best environmental and social practices.

As a food and beverage operator, our product sourcing and menu composition remain key to meeting the high expectations of our guests and stakeholders. We continue to:

- Comply with nutritional labelling requirements to provide calorie data on all of our menus.
- Diversify our menus, notably in relation to kids' menu choices to provide a balanced offering with no additives which could otherwise cause hyperactivity in children.
- Limit genetically modified foods from our menu.
- Use only RSPO (Roundtable on Sustainable Palm Oil) certified products

Animal welfare

Hostmore is committed to operating high animal welfare standards and practices, only sourcing meat from suppliers who share our commitment.

We require suppliers to demonstrate management of animal welfare from farm to fork and at any given time be able to provide supporting information on request. We require our suppliers to ensure that their farmers and producers comply with UK and, if applicable, EU animal welfare legislation for the relevant species. We support the "Five Freedoms" principle proposed by the Farm Animal Welfare Council on the protection of animals kept for farming purposes.

The Five Freedoms are: (i) freedom from hunger and thirst; (ii) freedom from discomfort; (iii) freedom from pain, injury and disease; (iv) freedom to express normal behaviours; and (v) freedom from fear and distress.

We have established a partnership with Red Tractor, an assurance scheme ensuring the beef we use in our burgers is of a high standard and responsibly sourced with assured standards of animal welfare and full supply chain traceability. It also has the additional benefit of supporting British farmers.

The Better Chicken Commitment

At TGI Fridays, we are known for our chicken and especially our famous sesame chicken strips covered in our secret legendary glaze. TGI Fridays is committed to improving chicken welfare standards and has signed up to the Better Chicken Commitment (BCC). We are committed to meet or exceed the standards set out in the BCC by 2026 for 100% of the chicken in our supply chain.

Aquaculture practices

We fully support responsible fishing and the long-term sustainability of our global fish stocks. Our suppliers are required to source from sustainable fisheries, which are independently approved by universally recognised certification bodies. These include the Marine Stewardship Council for wild caught fish, the Global Aquaculture Alliance, Best Aquaculture Practice, and the Aquaculture Stewardship Council for farmed fish and seafood.

Certificate of carbon saving

All used cooking oil across the Group is recycled. As a result we saved a further 781,000kg of CO2 from being released during the 52 week period ended 31 December 2023.

Our ESG focus

Environmental

- Net zero roadmap
- Energy consumption
- Waste reduction and recycling
- Plastics and packaging reduction
- Water consumption
- Sustainability in supply chain
- Animal welfare

Social

- TGI Fridays values and culture
- Team member engagement / wellbeing
- Labour standards / Health & Safety
- Community engagement
- Charity contributions
- Health and nutrition

Governance

- Business ethics and conduct
- Risk management
- Remuneration / gender pay gap
- Equality and diversity
- Anti-bribery and corruption
- GDPR
- Tax transparency
- Certifications / accreditations

Reduction in the use of plastics

From 1 October 2023, all single use plastic items within our sector have been banned by the UK Government. Prior to this, we had already removed all these items from the supply chain and replaced them with birchwood, bamboo, paper or other reusable products.

Allergens

We have categorised the 14 allergens detailed in UK legislation and we follow comprehensive allergen processes to manage this key food safety issue. Allergen information is available in our restaurants and online, allowing guests to view dishes that are suitable for them, based on individual allergies and intolerances.

Environmental, Social and Governance continued

Serving alcohol responsibly

We operate the Challenge 25 ID scheme in Scotland and Challenge 21 scheme in England and Wales to play our part in preventing the purchase of alcohol by underage individuals.

Health and safety

The health and safety of our guests and team members is of paramount importance to us. We have a Primary Authority partnership relating to health & safety, food safety and fire safety that covers the whole of the Group's estate. We have extensive procedures to ensure we mitigate risks as far as possible and we have clear procedures and operating standards with assured advice from our Primary Authority. We have robust standards in place to ensure we manage fire safety effectively and protect our teams and guests.

We also employ external auditors to perform a rolling programme of independent safety audits covering food safety, fire safety and health and safety standards across all our restaurants, in line with UK legislation.

A total of 10 (16 in 2022) incidents were recorded on our internal accident reporting systems and logged as required by the reporting of injuries, disease and dangerous occurrence regulations during the period ended 31 December 2023. . These were all satisfactorily resolved.

Safe dining environment

We are proactive in providing a safe dining environment for our guests. The Group continues to be 'Friendly Wi-Fi' accredited, ensuring that we provide a safer online experience for our visitors. We display the above 'Friendly Wi-Fi' symbol in our restaurants to show our visitors our Wi-Fi service has been approved and is safe to use.

Make-A-Wish UK

Every year thousands of children's lives are changed forever when they are diagnosed with a critical or life-limiting condition. For these children and their families, it can be a dark and scary place filled with treatment plans, isolation, sleepless nights and constant worry about their future.

Make-A-Wish UK exists to grant life-changing wishes for critically ill children across the UK, at a time when they and their families need it the most. TGI Fridays granted 119 wishes to children and their families throughout 2023.

IT, cyber and data privacy

The Board is very aware that there are increasing cyber security and data privacy risks in the UK. Hostmore recognises more than ever the importance of having a secure IT infrastructure, managing and securing the Group's and our stakeholders' data.

The Group follows the National Cyber Security Centre recommendation framework in all areas relevant to its business. During the 52 week period ended 31 December 2023, the Group also carried out a significant number of projects to upgrade its infrastructure and safeguard its systems. The Group also carries out due diligence, onboarding and monitoring of its IT suppliers, requiring corrective action to be implemented without delay when weaknesses are apparent.

As part of their induction process all team members are given IT and data privacy training, with more advanced cyber security training provided to senior team members. In addition, the Group has maintained its Payment Card Industry Data Security Standard Attestation of Compliance in 2023. This is a cybersecurity standard backed by all the major credit card and payment processing companies that aims to keep credit and debit card numbers safe.

Training

The new learning management system platform introduced in 2022 for all of our team members, providing refresher training in aspects of site and venue safety, is well embedded in the business. First aid and defibrillator training continues to be given to our restaurant management teams across the business. Defibrillators are installed in each of the Group's sites and were used successfully to support life in two scenarios in 2023 (four in 2022).

Our environment

Key initiatives during the 52-week period ended 31 December 2023 included:

- Updating our comprehensive checklists for daily opening and closing of our restaurants, which are completed via our online due diligence systems.
- Continuing to promote our Green Mission to increase team awareness in restaurant activity to support our green initiatives.
- Using data / meter readings to review anomalies on a weekly basis, working with our Operations team to improve energy usage behaviour at every one of our restaurants.
- The use of our ESG internal audit to support the above initiatives. Also, review and promote compliance with required daily checks and activities in our restaurants.
- Waste – Of the waste managed for us by our third-party manager Circom (approximately 55% of the Group's waste (FY22: 55%), no waste was sent to landfill. 61% of the total waste managed for us by Circom was recycled during the year (FY22: 60%). The remaining 39% of our waste managed by Circom was used in energy recovery processes. The disposal of our remaining waste (approximately 45% of the Group's waste) is controlled by our landlords. We continue to work with our landlords to encourage them to operate to our high standards.

We are continuing to work with Nella, a plastics-free kitchen equipment supplier, to collect, repurpose and recycle chopping boards in our kitchens. During 2023 as a business, we have exchanged 14,566 chopping boards. If these boards were disposed of to landfill their total carbon footprint would have totalled 115,325 kgCO2e. By repurposing we have saved 102,537 kgCO2e in 2023.

Our Green Mission

The Group measures its electricity usage in relation to the Group's restaurants that have electricity usage meters installed. At 31 December 2023, 75 of the 89 restaurants in the Group's estate (84% of our estate) had electricity meters installed. The data provided below and on the following pages relates to the Group's restaurants that have electricity usage meters installed.

In addition to our 'Save While You Sleep' campaign, we launched 'Save it for Friday', a campaign concentrating on not turning on specific equipment on forecasted low-sales days. Our sites also received coaching on energy use during preparation hours which we will be focusing on further in 2024.

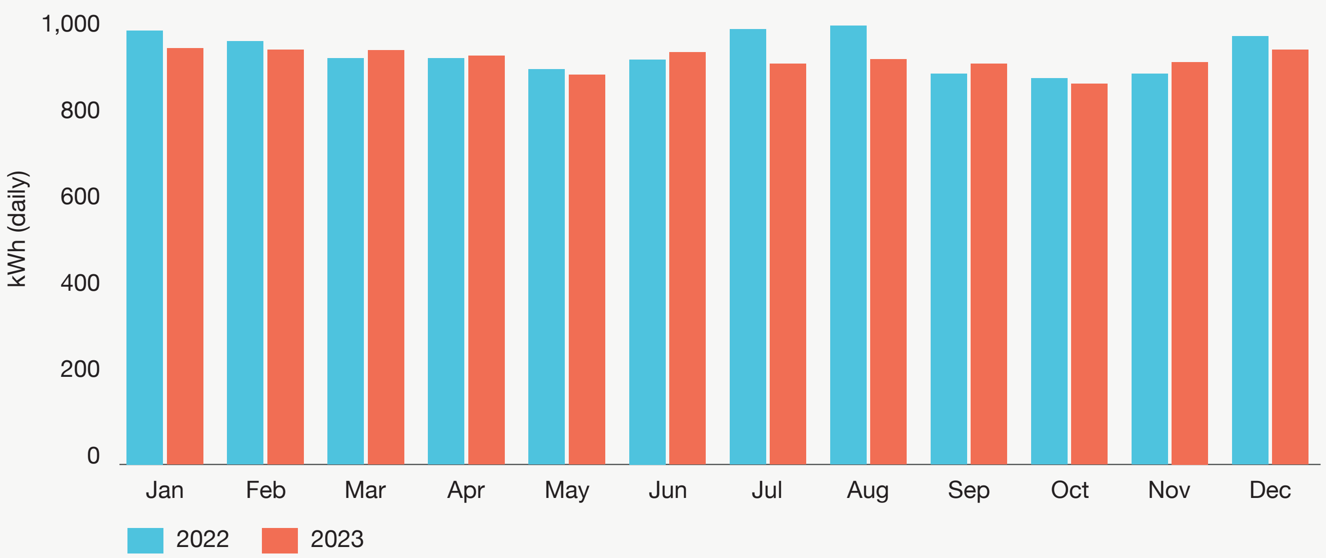
Environmental, Social and Governance continued

Group electricity usage comparison

Total energy usage in metered sites in 2023 was 25.0 million kWh; an important reduction from 25.95 million kWh in 2022. Average daily site use has reduced from 902kWh per day, to 874kWh per day.

The graph below shows total energy use, month by month, comparing 2022 and 2023.

Average total daily electricity use (kWh)



Active tracking of the Group's electricity consumption commenced in July 2021. In 2023 we focused on two key campaigns to drive savings: save while you sleep and food preparation. The results of these campaigns are outlined below.

Save While you Sleep campaign – Overnight use

Since July 2021 we have saved £382,000 and 435 tonnes of carbon, £185,000 of this in 2023.

CO2 emissions saving in 2023	Electricity cost saving in 2023
151 tCO_2	£185,000

Preparation cost reduction

As an additional effect of coaching teams and driving engagement, we have also reduced our energy use during preparation hours through extraction and similar equipment being turned on at later times in the service periods.

Food preparation time and realignment of when our teams turn on equipment during the day has saved the Group a further £210,000 and 293 tonnes of carbon in 2023.

CO2 emissions saving	Electricity cost saving
293 tCO_2	£210,000

Streamlined Energy and Carbon Reporting (“SECR”)

As a “large” company, as defined by Companies Act 2006, the Group is required to report on its energy usage and related carbon information. Consumption in kWh and emissions in tonnes of CO2e (carbon dioxide equivalent (which includes CO2 and other greenhouse gases)) is provided below for the calendar year ended 31 December 2023. We have also included comparisons to the prior years ended 31 December 2022 and 31 December 2021.

For the calendar year ended 31 December 2023, the Group has purchased Renewable Energy Guarantees of Origin (REGO) certified renewable electricity for 100% of its physical estate where it has direct control.

The Group has followed the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and has included disclosure in accordance with the TCFD framework on pages 32 to 40.

Table 1 below relates to the Group’s restaurants and shows an overall increase in the Group’s carbon emissions between 2021 and 2023. Whilst the Group is focused on reducing carbon emissions, this increase emanates from: (i) there being lengthier closures in 2021 of the Group’s restaurants due to the Covid-19 pandemic, and therefore lower carbon emissions and energy consumption in 2021; and (ii) the net growth in the number of the Group’s restaurants in 2022 and 2023.

Table 1: Carbon Emissions and Energy Consumption[1]

	Current reporting year	Immediately preceding year	Baseline year
	1 January 2023 – 31 December 2023	**1 January 2022 – 31 December 2022**	**1 January 2021 – 31 December 2021**
Energy consumption used to calculate emissions	Gas – 28,614,263 kWh Electricity – 31,054,562 kWh	Gas – 31,100,057 kWh Electricity – 30,838,703 kWh	Gas – 25,684,068 kWh Electricity – 23,116,898 kWh
i) Emissions from combustion of Gas (Scope 1, location based)	5,234 tCO2e	5,696 tCO2e	4,704 tCO2e
ii) Emissions from combustion of vehicle fuels (Scope 1)	Immaterial	25 tCO2e	41 tCO2e
iii) Emissions from purchased Electricity (Scope 2, location based)	6,431 tCO2e	6,548 tCO2e	4,908 tCO2e
iv) Emissions from business travel in rental cars or team member-owned vehicles where the Company is responsible for purchasing for fuel (Scope 3)	Immaterial	Immaterial	Immaterial
Total gross CO2e above	11,631 tCO2e	12,269 tCO2e	9,653 tCO2e
v) Intensity ratio: tCO2e gross figure based from mandatory fields	57.921 (tCO2e/£million gross revenue)	60.167 (tCO2e/£million gross revenue)	59.524 (tCO2e/£million gross revenue)

1. As part of calculating our scope 1, 2 & 3 emissions for 2023 the Group has updated its emissions factors to widen its carbon reporting.

Environmental, Social and Governance continued

Methodology

The Group calculates its intensity ratio with reference to tonnes of CO2e per £1,000,000 of revenue. The intensity ratio for the calendar year ended 31 December 2023 for Scope 1 and 2 was 57.921 tCO2e/£million revenue, when using market-based emissions factors.

BEIS Conversion Factors for the corresponding reporting year have been used to convert electricity, gas and other fuels from primary activity data to tonnes CO2e, as set out in table 2 below.

Table 2: Carbon Emissions Methodology

Methodology	2023	2022	2021
i) Emissions from combustion of gas tCO2e (Scope 1)	tCO2e calculated from the invoiced gas consumption in kWh during the reporting period converted using the 2023 UK Government GHG Conversion Factors for Company reporting Reporting (version 1.0) for 'Natural Gas' at Gross CV.	tCO2e calculated from the invoiced gas consumption in kWh during the reporting period converted using the 2022 UK Government GHG Conversion Factors for Company reporting Reporting (version 1.0) for 'Natural Gas' at Gross CV.	tCO2e calculated from the invoiced gas consumption in kWh during the reporting period converted using the 2021 UK Government GHG for Company reporting Conversion Factors for Company Reporting (version 1.0) for 'Natural Gas' at Gross CV.
ii) Emissions from combustion of vehicle fuels (Scope 1) (tCO2e)	This year we've excluded emissions from combustion of vehicle fuels as they represent less than 5% of Hostmore's total emissions. Hostmore currently operates one Company car that is used infrequently during the year.	Emissions are based on pro-rated contract mileage for the 2022 year. Vehicles are all owned and operated by the Group. The fuel type was identified for each vehicle and the mileage converted using UKGov CO2e for 2022 to give tonnes of CO2e.	Emissions are based on pro-rated contract mileage for the 2021 year. Vehicles are all owned and operated by the Group. The fuel type was identified for each vehicle and the mileage converted using UKGov CO2e for 2021 to give tonnes of CO2e.
iii) Emissions from purchased electricity tCO2e (Scope 2, location based)	tCO2e calculated from the product of the above stated electricity consumption in kWh during the reporting period and the 2023 UK Government GHG Conversion Factors for Company Reporting (version 1.0) for 'Electricity Generated/Electricity: UK'	tCO2e calculated from the product of the above stated electricity consumption in kWh during the reporting period and the 2022 UK Government GHG Conversion Factors for Company Reporting (version 1.0) for 'Electricity Generated/Electricity: UK'	tCO2e calculated from the product of the above stated electricity consumption in kWh during the reporting period and the 2021 UK Government GHG Conversion Factors for Company Reporting (version 1.0) for 'Electricity Generated/Electricity: UK'

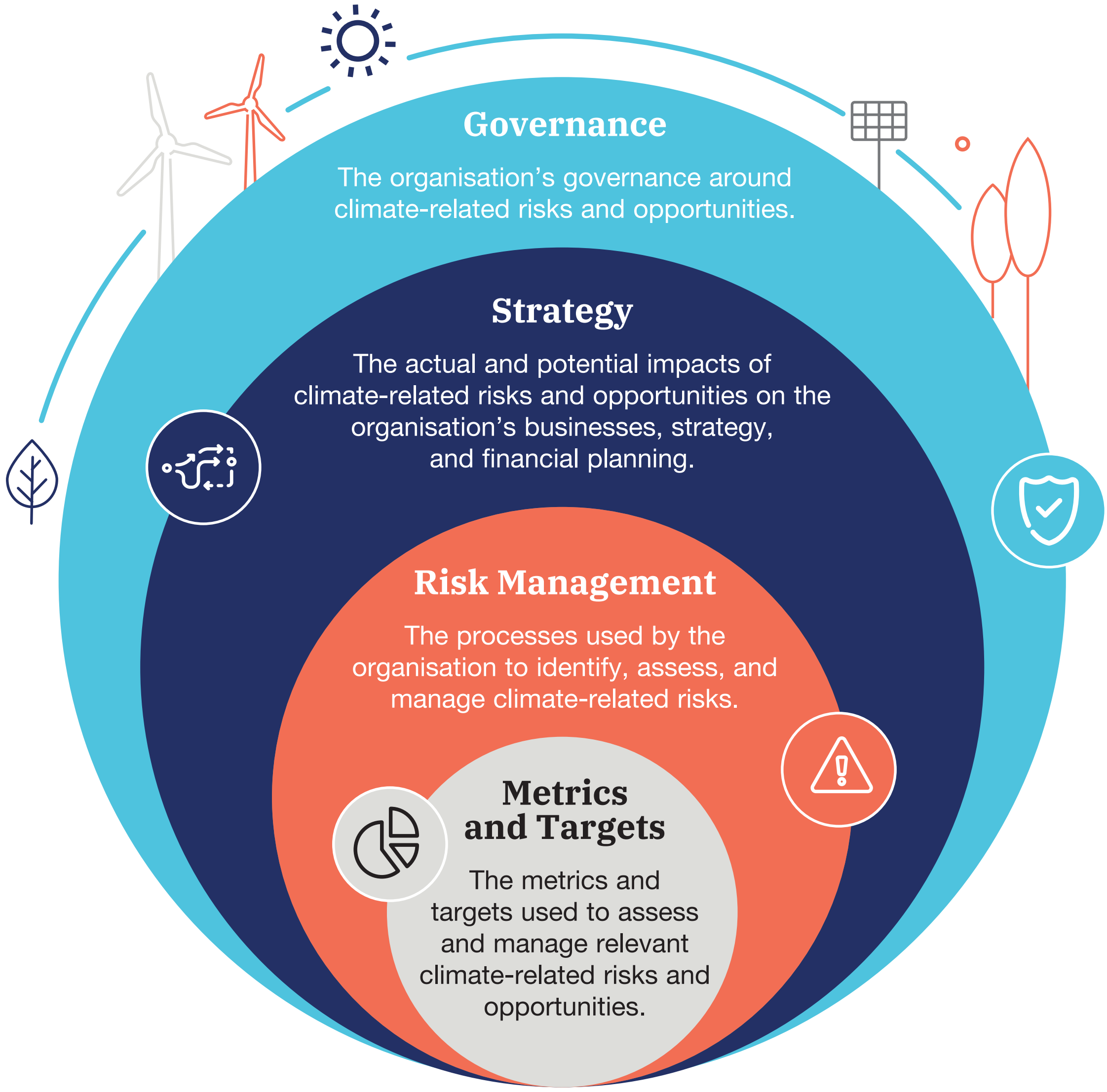
Methodology	2023	2022	2021
iv) Emissions from business travel in rental cars or team member-owned vehicles where company is responsible for purchasing for fuel tCO2e (Scope 3)	Not recorded for 2023 reporting period and known to be immaterial	Not recorded for 2022 reporting period and known to be immaterial	Not recorded for 2021 reporting period and known to be immaterial
v) Intensity ratio: tCO2e gross figure based from mandatory fields	The intensity ratio has been calculated as tonnes of CO2e per £million of gross revenue (£201.6 million)[2], calculated by the Group's Finance Team	The intensity ratio has been calculated as tonnes of CO2e per £million of gross revenue (£203.9 million)[2], calculated by the Group's Finance Team	The intensity ratio has been calculated as tonnes of CO2e per £million of gross revenue (£162.2 million)[2], calculated by the Group's Finance Team

2. Hostmore measures gross revenue excluding VAT inclusive of discounts.

Environmental, Social and Governance continued

Task Force on Climate-Related Financial Disclosures

This is our second year of reporting in line with the recommendations made by the Task Force on Climate-Related Financial Disclosures (TCFD). The TCFD was set up in December 2015 by the Financial Stability Board, and since then has been widely adopted as the leading framework for reporting the financial impacts of climate change. Reporting against the TCFD requires companies to consider how their business operates according to four key pillars as shown below:



Reviewing our business against these four pillars and eleven underlying recommendations has been an insightful process for Hostmore. The process has helped the Group to continue identifying ways in which climate change might affect our business in the short, medium, and long term. Our aim for this year's report is to build on the success of last year, creating incremental improvements over time that increase the resilience of our business.

Table 3 below sets out our compliance by TCFD pillars together with consistency with the TCFD recommendations and recommended disclosures, with references where we are not yet fully consistent whilst still on our journey.

Table 3: Summary of Hostmore's actions against the TCFD's four pillars

TCFD Recommendation by pillar	Disclosure provided
Governance	
Describe the Board's oversight of climate-related risks and opportunities.	The Board maintains oversight of climate-related risks and opportunities (CRROs) directly, as well as through the Audit & Risk Committee as further described in the Governance section on page 34.
Describe management's role in assessing and managing climate-related risks and opportunities.	Our functional area leaders and Risk and Compliance Forum have responsibility for the day-to-day consideration of CRROs, with the Group's Executive Team maintaining oversight. The Governance section on page 34 provides more details.
Strategy	
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	This year we have identified five material CRROs that could have a strategic or financial impact over the short, medium and long term. We continuously identify and assess CRROs as described in the Strategy section on page 35.
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	The Board and the Executive Team consider how the Group impacts the climate and how the climate impacts the Group. The Group has initiatives in place as part of its ESG Roadmap for 2023 to 2025 that cover these aspects. Further details are set out in the Strategy section on page 35.
Describe the resilience of the organisation's strategy, taking into consideration different climate- related scenarios, including a 2°C or lower scenario.	This year we have selected a combination of physical and transition risk scenarios as part of climate analysis scenario modelling. The resilience of our business remains paramount and currently forms part of our crisis management and disaster recovery processes. Further details are set out in the Strategy section on page 35.
Risk Management	
Describe the organisation's processes for identifying and assessing climate-related risks.	The Board and the Executive Team have set out their processes for identifying and assessing climate-related risks (CRRs) in the Risk Management section on page 39.
Describe the organisation's processes for managing climate-related risks.	The Board has set out the Group's process for managing CRRs in the Risk Management section on page 39.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	The Group's risk management process for CRRs is integrated with the Group's overall risk management process as amplified further in the Risk Management section on page 39.

Environmental, Social and Governance continued

TCFD Recommendation by pillar	Disclosure provided
Metrics and Targets	
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	We have set out the climate-related metrics used in the process of assessing the Group's performance against specific CRROs on page 36.
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Scope 1 and Scope 2 GHGs are disclosed in the Streamlined Energy and Carbon Reporting on page 29. Refer to the Metrics and Targets section for details regarding Scope 1, 2 & 3 GHGs on page 39.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	The Group has internal CRRO targets for the Operations Teams to deliver against but given the stage of our journey, these are not yet sufficiently advanced across the business for then to be in a position to be reported externally. The Group is continually driving towards performance improvements as part of our ESG programme and are working towards establishing formal targets for 2024. Further details of our plans are included in the Metrics and Targets section on page 39.

Governance

Board of Directors oversight

Hostmore's governance approach to climate-related issues is in the early years of its maturity. Its development is being led by the Group's Executive Team and the Board. The Group's Executive Team take responsibility for managing CRROs as these are an important area for both our colleagues and our guests.

The Board maintains visibility of key CRROs using Hostmore's risk register, which is reviewed and tested at meetings of the Audit & Risk Committee. The risk register is reviewed regularly throughout the year.

At these meetings the Committee considers CRROs as part of Hostmore's wider business strategy. This includes major plans of action, risk management policies, annual budgets, and business plans as well as setting the organisation's performance objectives, monitoring implementation and performance, and overseeing major capital expenditures, acquisitions, and divestitures.

The Executive Team and Board receive presentations form Management to ensure that they stay informed on climate-related matters. Key CRROs assessed during 2023 at Executive Team and Board level include methods adopted to reduce the Group's carbon footprint arising from the energy crisis, which have been extensive, the ongoing LED lighting roll-out and the transition activities summarised on pages 33 to 37.

Management oversight

The day-to-day consideration of climate-related matters is handled by the Group's functional area leaders (safety, training, maintenance, internal financial auditors) and the Risk and Compliance Forum (led by the Group CEO, CFO and Risk & Compliance director), with oversight and responsibility provided by the Group's Executive Team. The 'Risk Management' section on pages 46 to 49 summarises this process. The interactions between the functional area leaders, the Executive Team, the Risk and Compliance Forum, the risk register, and the Board, complete this process.

The successful implementation of each strategy to manage and respond to identified CRROs is ultimately dependent on all stakeholders in the Group. As a result, the Group provides training initiatives to team members to raise awareness of the Group's responsibilities and how all team members can contribute. In addition, the Group provides regular communication through channels, such as electronic updates, due diligence checklists, weekly feedback and regular newsletters.

The Aspire leadership programme is a fast-track promotion programme for exceptional General Managers at Hostmore. This year, members of Aspire have been challenged with delivering Hostmore's Green Mission. The Green Mission is a Group-wide resource efficiency programme that encourages restaurants to reduce energy, waste and water consumption. This involves a continuing programme of improvement and also offers performance incentives to successful stores. The Green Mission has had positive results across the entire estate.

Management remain informed on climate-related issues affecting the business by being an active part of the UK Hospitality sector and through targeted staff training.

Strategy

This year's TCFD report forms the basis of Hostmore's ongoing climate strategy. Developing this strategy was a collaborative process led by the Group's advisers Zero Carbon Forum. They commenced their assignment by conducting a series of interviews with Management. Out of these, Hostmore identified five key opportunities and risks (summarised in the table on page 38) associated with climate change that are most likely to affect the operational and financial performance of the business. These key opportunities and risks were selected from a longer list of potential impacts; with all being held on record for further analysis. Hostmore continues to review the potential opportunities and impacts presented by climate change. All opportunities and risks that were deemed a priority were reviewed against Hostmore's chosen time frames and climate scenarios.

Timeframes

The opportunities and risks below have been set against three different timeframes short, medium and long. The definitions for these different timeframes is as follows:

- **Short** – Expected to have a financial impact in the next five years
- **Medium** – Expected to have a financial impact in the next ten years
- **Long** – Expected to have a financial impact in the next thirty years

Climate scenarios

When discussing and analysing Hostmore's priority risks and opportunities, the Executive Team has considered how the business will perform under two different climate scenarios for both physical and transition climate-related opportunities and risks. The estimated outcomes from these scenarios is summarised below.

Physical climate impacts

Physical climate risk is the direct impact of climate change on a company's facilities, infrastructure, operations and supply chain. Physical impacts can be either acute or chronic. Acute physical impacts are those that are event driven such as a storm or flood, while chronic risks describe long-term changes in the climate such as sustained higher temperatures or sea level rise.

Transition climate impacts

Transition impacts are those that are created by the gradual shift to a low-carbon economy. Typical transition impacts include policy, legal, technological and market risks. As each of these key sub-categories of transition impact over time, they may have either a positive or negative impact on a company's operations.

Table 4 below is an overview of Hostmore's selected climate scenarios, the source for the scenario and the rationale for its use when analysing climate-related risks and opportunities. We have used these to set the baseline for Hostmore's future reporting. Under these we will report on how Hostmore's positioning might change based on the descriptions that are issued by the Intergovernmental Panel on Climate Change and Net Zero Emissions to assess climate change.

Environmental, Social and Governance continued

Table 4: Summary of Hostmore's selected climate scenarios

Climate scenario	Scenario, source	Rationale
1.5-degree transition scenario Rapid changes are made, beyond current UK and global pledges, to limit warming to 1.5°C by 2100. Advanced economies reach net zero emissions in advance of others. Substantial international co-ordination, including comprehensive changes to policy, regulation, technology and markets by 2030.	Net Zero Emissions by 2050 Scenario International Energy Agency ("NZE")	Stress test rapid transition risks Meets TCFD guidance for 2°C or lower scenario Aligned to Paris Agreement
2-3-degree transition scenario The Stated Policies Scenario (STEPS) provides a more conservative benchmark for the future, because it does not take it for granted that governments will reach all announced goals. Instead, it takes a more granular, sector-by-sector look at what has actually been put in place to reach these and other energy-related objectives, taking account not just of existing policies and measures but also of those that are under development.	STEPS, International Energy Agency	Stress test business as usual
'Mid-level' of physical impacts scenario Low ambition or effectiveness of global action to mitigate climate change results in 2-3°C warming by 2100. Acute and chronic physical impacts of climate change are more pronounced by 2030 and continue to increase beyond this time.	Representative Concentration Pathway (RCP) 4.5, Intergovernmental Panel on Climate Change (IPCC)	Stress test mid-level physical climate risks
'Low-level' of physical impacts scenario High ambition or effectiveness of global action to mitigate climate change results in <2°C warming by 2100. Acute and chronic physical impacts of climate change are also more pronounced by 2030, due to lag in climate systems and GHG emissions, and then remain limited beyond this time.	RCP2.6, IPCC	Stress test low-level physical climate risks

Priority risks and Opportunities

Carbon tax (risk)

In the event that a carbon tax is implemented, Hostmore would be expected to pay a tax for every tonne of carbon it produces. Under a 1.5-degree NZE (Net Zero Emissions) scenario, as modelled by the International Energy Agency (IEA), the IEA has calculated that companies would be expected to pay £113 /tCO2e in 2030, £166 /tCO2e in 2040, and £194 / tCO2e in 2050.

Similarly, under a 2-3-degree STEPS (Stated Policies Scenario) scenario, as modelled by the IEA, it is expected that companies would be expected to pay £73 /tCO2e in 2030, £79 / tCO2e in 2040, and £92 /tCO2e in 2050.

An implemented carbon tax could pose a significant annual expenditure for the Group. As a result, the Executive Team is focused on continuing to reduce the Group's Scope 1, 2 & 3 emissions to help minimize exposure to a carbon tax and other transition risks that develop in the medium to long-term.

Supply chain disruption (risk)

As the impacts of climate change, both physical and transition progress, additional strain will be placed on global supply chains, potentially disrupting the arrival of products to our sites. The transition and physical climate-related risks that affect our supply chain will be more limited in a 1.5 degree centigrade increase scenario and increased more in a 2-3 degree increase scenario. To help reduce the likelihood and impact that climate impacts could have on the Group's supply chain, the Executive Team is collaborating with our suppliers to improve resilience in these scenarios.

Energy efficiency (opportunity)

The Executive Team regularly looks for new ways to reduce the Group's energy consumption and for the Group to use energy more efficiently. In 2023, alongside the Zero Carbon Forum, the Group has been running a series of energy campaigns that have achieved significant energy and cost savings. We believe the Group can still generate further savings in energy usage in 2024. Group campaigns such as our Save Whilst You Sleep, an initiative encouraging staff to turn off more equipment over night is expected to reduce annual energy costs by approximately £400,000. Our second most effective initiative is our 4 step fire up, a phased approach to firing up kitchens before service, with initial estimates suggesting this will save a further £200,000 per year.

Coastal / River flooding (risk)

Hostmore operates restaurants across the UK and in some cases these restaurants are at risk of flooding, from rivers, sea or surface water. It is expected that as climate change takes place flooding events will become more commonplace in these areas under both a 1.5 degree and 2-3 degree scenario

To help model how flooding could impact the business in the future, the Executive Team has assumed that flooding at Hostmore sites results in closures and a resulting loss in revenue. Using data from Government databases we have identified 17 sites that are at "High risk" of flooding and 10 sites that are at "Medium risk". According to UK Government data all "High risk" sites are expected to flood twice over a thirty-year period (long term), while all "Medium risk" sites are expected to flood once during that same period.

To mitigate against the financial risk of flooding, all of our sites are insured for loss or damage to our property as a result of flood. We also procure insurance for business interruption and loss of profits at each of our restaurants should they suffer a flood, either at the restaurant or the vicinity which disrupts our ability to trade. To help minimise the impact of flooding we have business continuity plans in place that help to reduce any downtime should a site be affected by floods.

Public perception (risk)

As the impacts of climate change become more pronounced, public scrutiny of brands and products is expected to increase. This could mean that brands that do not demonstrate their commitment to supporting the climate transition are likely to see a gradual reduction in guest footfall and revenue. Similarly, demand for particular products could also fall over time if they are perceived to have a significant impact on the climate. At Hostmore we are continually strengthening our approach to CRROs as part of our broader ESG strategy. CRRO management is integral to our business as we embed its importance for long-term business success. By creating a resilient, low-impact business we aim to play an important and positive role in society, underpinning that Hostmore's restaurants are desirable destinations during this climate transition.

Environmental, Social and Governance continued

Risks and opportunities summary

Summarised below is a table of Hostmore's key climate-related risks and opportunities.

Risk / opportunity	Impact title	Impact comments	Likelihood	Impact	Time frame	Financial impact
Risk	Carbon tax	As the UK speeds up its transition towards Net Zero it introduces a carbon tax (£/tCO2e). It's estimated that a tonne of carbon could cost anywhere between £73 and £194 between 2030 and 2050.	High	High	Medium	High
Risk	Supply chain disruption	Due to unforeseen impacts Hostmore's supply chain is negatively impacted, disrupting the supply of incoming goods to Hostmore's restaurants.	Medium	Medium	Medium	Medium
Opportunity	Energy efficiency	By improving energy efficiency at Hostmore's sites, the overall consumption of energy by the Group falls, reducing energy costs and increasing profitability.	Medium	Medium	Short	High
Risk	Coastal / river flooding	Due to coastal / river flooding, some restaurants might be unable to open and need repairs, impacting revenue during the closure of the site.	Low	Medium	Long	Medium
Risk	Public perception	Due to a possible public perception of the Group's unclear positioning on climate change, guests choose to dine at Hostmore's competitors.	Low	Medium	Medium	Medium
Opportunity	Changes to growing regions	Warming conditions in the UK mean that crops used in fermenting drinks, such as grapes are more readily grown in the UK. These changes could reduce transport costs in Hostmore's supply chain.	Low	Medium	Immaterial – Not selected at this stage for further analysis	
Risk	Poor working conditions	Rising temperatures in the UK mean that during the summer months there could be an increased level of absenteeism amongst Hostmore staff as working conditions become less acceptable.	Low	Medium	Immaterial – Not selected for further analysis	
Opportunity	Low emissions products	Hostmore chooses to substitute high emissions products for lower emissions alternatives. This change comes at an additional cost to Hostmore but significantly reduces the Group's carbon footprint.	Low	Low	Immaterial – Not selected for further analysis	
Risk	Customer choices	As the transition to a Net Zero future occurs and generations become more discerning with their product choices, particularly concerning the carbon footprint of particular products, sales of carbon intensive products fall.	Low	Low	Immaterial – Not selected for further analysis	

Transitioning to a low-carbon economy

During 2023, as part of our drive to improve efficiencies and reduce our carbon footprint, we have undertaken a series of activities as part of our ESG 2023 – 2025 roadmap to support our movement towards a low carbon economy.

Key emissions reduction activities by the Group during 2023 and continuing include:

- The launch of our Green Mission, an engagement campaign aimed at reducing energy
- Using smart meters to increase store level engagement, reducing carbon footprint and increasing financial accountability
- Procuring Renewable Energy Guarantees of Origin (REGO) backed renewable energy at all our stores where we are able to source our energy independently under our leases.
- The roll out of LED lighting and occupancy sensors across our portfolio
- Training our own internal carbon coaches to educate store managers
- The removal of single-use plastics from our supply chain

Risk Management

We have incorporated risk management processes for CRRs into our overall risk management process. The Group's functional leaders are required to identify risks, including CRRs, and populate their sections of the risk register with how the risk may impact the Group and the remedial actions that are being put in place. All risks are ranked using a matrix approach, focusing on the likelihood and magnitude of impact. The risk register includes action plans to reduce, mitigate, manage, and monitor each risk, its evolution, its actual and potential impacts on the business, and our ability to address any negative impacts.

This approach ensures the identification of relevant CRRs for each of our functional areas by those closest to the relevant CRR. The Group is also exploring additional ways to advance this.

The risk register is considered on a regular basis at Executive Team meetings and at the quarterly Risk and Compliance Forum. The attendees at these Risk and Compliance Forum meetings include the CEO and CFO, as well as Senior Members of our management team, ensuring senior level oversight.

The Board also reviews the risk register on a scheduled basis throughout the year. The Board and the Executive Team ensures that necessary focus is maintained on the most significant risks, through the Group's risk management ranking process referred to above.

Metrics and Targets

Throughout the year ended 31 December 2023, the Executive Team has focused on sourcing the Group's Scope 1, 2 & 3 carbon emissions for the first time. This data collection and calculation exercise has been extensive and a good starting point for the Group. Our reported Scope 1 and 2 emissions reflect 2023 and prior year results. However, Scope 3 emissions have so far only been able to be compiled up to 31 December 2022. In subsequent reporting years we expect to be able to report carbon data that aligns with our financial reporting year. This will mean that in our 2024 annual report we will report both 2023 and 2024 scope 3 emissions data. This year's Streamlined Energy and Carbon Reporting ("SECR") report therefore presents 2023 values for Scope 1 & 2 emissions and 2022 values for Scope 3 emissions.

To help track our own progress as well as our progress in relation to the wider hospitality industry we are using intensity metrics such as tCO2e / £m revenue and tCO2e / number of outlets. Our intensity metrics are set out in tables 5 & 6 below. Moving forwards, we expect to assess how sustainably the business is performing by augmenting this with absolute and intensity carbon metrics

Table 5: Carbon intensity by turnover for 2022

Intensity metric (2022) (Scope 1, 2 & 3)	Value
Intensity Measure, Revenue (£m)	204[3]
Location based tCO2e[4]	101,983
Market based tCO2e[5]	105,578
tCO2e/Intensity Measure (Location)	500
tCO2e/Intensity Measure (Market)	518

Table 6: Carbon intensity by number of outlets for 2022

Intensity metric (2022) (Scope 1, 2 & 3)	Value
Intensity Measure, Number of outlets (#)	89
Location based tCO2e	101,983
Market based tCO2e	105,578
tCO2e/Intensity Measure (Location)	1,146
tCO2e/Intensity Measure (Market)	1,186

3. Hostmore measures gross revenue excluding VAT inclusive of discounts.
4. Location-based figures are a reflection of the UK National Grid as a whole.
5. Market -based figures are a true reflection of Hostmore's actual tariffs.

Environmental, Social and Governance continued

We calculate our carbon footprint using Zero Carbon Forum's expertise. This enables us to use this data to inform our decision making by analysing historical performance to build assumptions about how our carbon footprint may develop in the future. Shown below in table 7 is Hostmore's carbon footprint for 2022, calculated according to the WRI GHG Protocol Corporate Standard.

Table 7: Carbon footprint for 2022

Scope	Category	2022 (tCO2e)[6]	% of total (Market-based)
Scope 1	Refrigerant Gas (F-Gas)	947	0.9%
	Fuels	5,566	5.3%
Scope 2	Electricity (Location-Based)	6,065	N/A[7]
	Electricity (Market-Based)	9,660	9.1%
Scope 3	Purchased goods & services	80,439	76.2%
	Capital goods	3,233	3.1%
	Fuel and energy related activities	3,086	2.9%
	Upstream transmission & distribution	175	0.2%
	Waste	133	0.1%
	Business travel	242	0.2%
	Commuting	1,848	1.8%
	Downstream transport & distribution	124	0.1%
	Downstream leased assets	65	0.1%
	Investments	61	0.1%
Total	Hostmore's emissions (Location-Based)	101,983	N/A[7]
	Hostmore's emissions (Market-Based)	105,578	100%

6. As part of calculating our scope 1, 2 & 3 emissions for 2022 we have updated our emissions factors to increase the accuracy of our carbon reporting.

7. Location-based figures are a reflection of the UK National Grid as a whole; Market -based figures are a true reflection of Hostmore's actual tariffs.

Stakeholder engagement

Compliance with s.172 of the Companies Act 2006

In compliance with our duties under s.172 of the Companies Act 2006, we take the interests of a wide set of our stakeholders into consideration when making decisions about our strategy and operations.

The table below sets out our key stakeholder groups, how we engage with each, what we believe is important to them, and how we have responded during the year. Further information on each can be found in the Strategic and Governance Reports itemised on the pages shown.

Key stakeholder	How do we engage with them?	What we believe is important to them	Key metrics for 2023
Shareholders			
We rely on the support of our shareholders, so we work to ensure they understand our strategy and goals and can monitor our performance thorough our corporate governance processes.	Our principal means of engaging with shareholders are: • One-to-one meetings • Annual report and financial statements • Half year and full year trading and results announcements • General meetings	• Financial performance • Share price appreciation • Strategy • Business model • Dividends • ESG	• Taking actions to stabilise the Group's business in line with stated strategy, taking measures to mitigate costs and repayment of debt. • The appointment of Julie McEwan, as the new Chief Executive Officer and Matt Bibby as the new Chief Financial Officer. • The appointment of Helena Feltham and Célia Pronto as new Non-Executive Directors of the Company. • Delivery of EBITDA of £22.2m despite very challenging market conditions during FY23. • Continuing to implement the Group's ESG strategy, with particular attention on supply chain compliance and energy consumption through the "TGI Fridays Green Mission".
Team members			
We recognise our team members as our greatest asset: they work hard to provide a unique experience for our guests and our success is achieved through their hard work and dedication.	We engage with our team members on a regular basis, through team member forums, learning and development opportunities, career development programmes, team member surveys, annual performance and development reviews and appraisal processes. In addition, more informally we operate social and team building events. Further details on how we engage with our team members is set out in the Directors' Report on page 106.	• An engaging and rewarding culture and work environment • Competitive remuneration and benefits package • Opportunities for learning and career development	• 100% of tips are shared between team members in our restaurants. • A bonus scheme implemented for restaurant general managers to reward success in their own restaurant. • Over 101,000 hours of annual training provided to team members in our stores. • Enrolment on development programmes such as the Aspire programme for potential future leaders, Ignite programme for our Deputy General Managers, Sparx programme for our Chefs, and Master Bar Tenders programmes for upskilling our bar teams.

Key stakeholder	How do we engage with them?	What we believe is important to them	Key metrics for 2023
Guests			
Our guests are paramount to the success of our business and our growth.	We engage with our guests when they visit our restaurants; via the Group's website, apps and social media channels; and advertising, including social media, print media, sponsorship deals and in-restaurant promotions. We also undertake surveys and market research to better understand our guests' needs.	• To have an enjoyable and memorable dining experience • Quality and relevance • Value for money • Health and safety • ESG	• At 31 December 2023, our Net Promoter Score was 48, a year on year improvement. TGI Fridays is in line with the Casual Dining segment and industry average. • Guest Opinion Score (GOS) for TGI Fridays improved for all our regions over the course of the year ended 31 December 2023, up from 74 at the end of 2022 to 80 at the end of 2023. • GOS is an aggregated score using Net Promoter Score (Facebook ratings: 3.12 down from 3.53; Google ratings: 3.80 up from 3.63; Trip Advisor ratings: 4.49 up from 4.46) and data from in-house guest feedback forms. • We received 291k pieces of feedback from TGI Fridays guests during 2023. Of these, direct feedback channels accounted for 86% of feedback where we received an average rating of 82%, and increase of 2% over the previous year. • The continued promotion of inclusivity through the TGI Friday's Show Your Stripes media campaign

Stakeholder engagement continued

Key stakeholder	How do we engage with them?	What we believe is important to them	Key metrics for 2023
Franchisor			
Our Franchisor permits us to use the Fridays and TGI Fridays and Go brands, together with related trademarks, designs and intellectual property relating to the brands. The Group's continued success and ability to compete depends on the strength of our brands. We work with the Franchisor to ensure that the brands and associated intellectual property rights are used in a beneficial manner.	The Group has franchise arrangements with the Franchisor which reflect the Group's requirements in relation to the TGI Fridays and TGI Fridays and Go brands. We participate in dialogue with the Franchisor to discuss key developments and ways in which the Franchisor may be able to assist the Group.	• Mutually beneficial partnership • Growth of our business • Collaborative approach • Fair payment terms	• All of the Group's sales channels operate under the TGI Fridays, or TGI Fridays and Go brands. • Contractually agreed with the Franchisor that there was no requirement for new openings in 2024 or 2025.
Suppliers			
We rely on our suppliers, distributors and outsourcing partners to provide critical supplies and services, in areas such as food and drink, maintenance, marketing and IT. We work with our suppliers to ensure beneficial, sustainable partnerships so that our business can continue to thrive.	We hold meetings with key suppliers throughout the year, to review their performance and to address issues or concerns. We are committed to paying our suppliers in line with agreed payment terms.	• Beneficial partnerships • Collaborative approach • Balanced contractual terms • Fair payment terms • Continuance of our business	• £43.0m total cost of sales spend • £74.2m total spend with suppliers

Key stakeholder	How do we engage with them?	What we believe is important to them	Key metrics for 2023
Local communities			
We aim to ensure that as many people as possible can benefit both from our employment opportunities and making a difference in our sector and local communities.	We provide support for our sector and local communities through a variety of initiatives, including fundraising, sponsorship and voluntarily providing our time and expertise.	• Employment opportunities • Facilitating contributions to the charity Hospitality Action • Participation as an active member of the local community	• Employment opportunities • Facilitating charitable donations to Hospitality Action • Continued support and work with Make a Wish Charity, 119 wishes granted in 2023. • Continued sponsorship of Pride in London.

Risk management

Risk

The Board carries out robust assessments of the principal risks facing the Group, including emerging risks, and those that may adversely affect its business model, future performance and liquidity.

The following table outlines the principal risks faced by the Group, including the impact of the adverse effects of the UK economic climate. It also outlines the impact of each risk on the Group and steps that the Board has taken to mitigate each risk.

Change during year:

↔ No change in risk ↓ Decrease in risk ↑ Increase in risk

Risk summary	Impact	Our response
Brand usage	Change during the year: ↔	
• Loss of ability to use the TGI Fridays or Fridays and Go brands • Brand perception and reputational risk *>> Impact on our business and ability to deliver our growth plans thus potentially affecting some of our financial and non-financial KPIs*	The Group's business is dependent on its ability to use the TGI Fridays or Fridays and Go brands, which it uses under long term Franchise Agreements (in the case of the TGI Fridays and Fridays and Go brands) entered into with the Franchisor. The Group relies on the intellectual property rights owned by the Franchisor and relies on it to protect such rights. The Group's reputation and the quality of the TGI Fridays, and Fridays and Go 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 Board seeks to maintain a strong business relationship with the Franchisor. The Franchisor's business model depends on the strength of its brands and it, therefore, operates and adheres to, and requires its franchisees to operate and adhere to, systems and standards which seek to safeguard its brands. The Group adopts and maintains these systems and standards, and, in certain areas goes beyond these contractual standards. On 16 April 2024, the Company announced that it had reached agreement on a non-binding basis for a proposed all-share acquisition of TGI Fridays, Inc. This is subject to, among other things, completion of confirmatory due diligence, the parties entering into binding transaction documentation and approval by Hostmore shareholders.
Borrowing Covenants/	Risk New: ↔	
There are risks that borrowing covenants are breached because of circumstances such as changes in the economic climate leading to reduced cash inflows.	Under the terms of the loan facility breaches could lead to the restriction of access to funds and the requirement for the existing facilities to be repaid with immediate effect.	The group monitors and maintains sufficient headroom against the covenants. The finance team conduct daily cash forecasting with bi-weekly updates to lenders and monthly updates to the Board. The regular monitoring and forecasting in place will allow any covenant breaches to be anticipated such that tangible actions can be undertaken to avoid any such breaches from taking place.

Risk summary	Impact	Our response
UK economic climate	Change during the year: ↑	
• Change in economic conditions, in particular the cost of living crisis and Brexit related restrictions. • Increases in interest rates/ inflation. • Food inflation and rising transport and energy costs. • A decrease in the availability of team members • A decrease in consumer disposable income and spending • A prolonged period of uncertainty due to the cost of living crisis and Brexit related restrictions *>> Impact on sales and ability to deliver our growth plans thus affecting some of our financial and non-financial KPIs*	The Group's business is based exclusively in the UK, save for one restaurant in Jersey, and so is almost exclusively exposed to UK economic conditions and consumer confidence. Leisure activities may be affected by the performance of the UK economy, the level of consumer disposable income and guest confidence to meet in social settings. These factors may continue to be impacted upon by the cost of living crisis and Brexit related restrictions, as well as other matters.	As long as our restaurants are able to open, the Board believes that dining out should withstand a short-term economic downturn. The Group is adopting a multi-channel offering, which enables the Group to earn revenue through additional routes. The Group regularly reviews its offering including its value proposition and the quality of its venues to enhance the guest experience. A variety of measures have been taken in relation to the adverse economic climate to try and ensure that cost increases are mitigated, whilst continuing to offer an attractive proposition to guests.
Competition Risk	Change during the year: ↔	
• Loss of sales • A decrease in profitability *>> Impact on sales and profit*	The Group faces competition from other market participants. The competition may result in the Group losing custom to other participants or needing to reduce its prices to maintain competitive standing. A loss of custom or reduction in prices impacts on the Group's revenues and profitability.	The Group has ensured that it has a compelling offering, which is attractive and value for money relative to its competitor set. The offering is refreshed periodically and backed up by appropriate marketing to ensure that it retains its appeal. The Group operates a loyalty programme to ensure that repeat custom is rewarded.

Risk management continued

Risk summary	Impact	Our response
Operational Risk	Change during the year: ↔	
• Deterioration of assets over time • Loss of key personnel or an inability to attract appropriate personnel. *>> Impact on sales, costs and guest experience*	The Group's restaurants have high footfall and high usage, at peak times. There is a risk that without the right level of ongoing investment or if the Group ceased to be able to attract sufficient skilled team members that the quality of the guest experience would decline, impacting the guest experience and likelihood of return visits.	The Group ensures that it has an ongoing maintenance and refurbishment programme across its restaurants. The Board also has the ability to reduce maintenance expenditure if trading levels fall. The Group is committed to promoting its values and fairness in the way that it pays all team members in relation to their skills, experience and performance. The Group has learning and development programmes in place to enhance team members capabilities and to promote the Group's values and team member retention.
Regulatory Risk	Change during the year: ↔	
• The introduction of new laws and/or regulations could adversely impact the Group's business. • The Group could fail to obtain required regulatory approvals or licences. *>> Impact on sales, costs and reputation*	The introduction of new laws or regulations which run contrary to the Group's strategy could have a significant impact on our strategic objectives. This might result in damage to our brands, reputational loss, and revocation of licences.	The Board regularly considers legal, risk and compliance issues affecting the Group. Where required, the Group obtains external specialist advice to assess, scope and plan our responses to changes in laws or regulations. In addition to complying with applicable laws and regulations, consideration is taken to ensure that the Group continues to behave in a socially responsible manner.
Business interruption	Change during the year: ↑	
• Risk of cyber- attack • Failure or unavailability of operational or IT infrastructure • GDPR risk *>> Impact on sales, costs and reputation*	A major IT incident could impact the Group's ability to keep trading. Changing preferences mean that increasingly guests book online, which increases this risk. There has also been an increase in the level of high-profile cyber-attacks in recent years, including on providers of IT services. This increases the risk that business information could be accessed by third parties.	The Executive Team manages these risks by maintaining and testing business continuity plans and establishing remote IT disaster recovery capabilities. Cyber-security is of great importance to the Group. The Group adopts a multi-faceted approach to protection through internal and external sources. The Executive Team also reviews the level of monitoring and threat protection systems that are in place and enhances these when increases might be warranted. The providers of IT solutions to the Group are vetted and the Group carries out penetration testing and vulnerability scans on a regular basis.

Risk summary	Impact	Our response
Key supplier issues	Change during the year: ↑	
• Limitations and/or issues faced by the Group's key suppliers, including supplier failure *>>Impact on sales, costs and guest experience*	The Group has several key distributors and suppliers that provide its food and beverage products. Limitations and/or issues faced by these distributors and suppliers, such as driver, employee, goods or fuel shortages, escalating costs, union activity and/or capacity constraints, could impact the Group's profitability and its ability to offer its guests the level of experience they would wish. A number of these risks materialised in the period ended 31 December 2023, including, the effects of the war in Ukraine, the cost of living crisis and industrial action.	Meetings are held between the Group and its key suppliers to discuss operational issues and mitigating actions. The Group requires certain of its food and beverage suppliers to adhere to specific KPIs and, whilst failure may lead to short-term disruption, alternative suppliers could be introduced at short notice. The Group also seeks to take mitigating actions, itself, such as ensuring that it has adequate stock levels and transferring stock between restaurants.
Operational – allergens	Change during the year: ↔	
• Incidents related to allergies to food products offered, especially when there are changes to the menu. *>> Impact on sales, costs and reputation*	There have been a number of high-profile incidents across the restaurant sector related to allergens in food products. The incidents have arisen due to inadequate awareness, training, communication and flagging of allergen items included in menus.	The Group reviews all menus and menu changes for allergen-related products and wording is included on its menus to reflect these items. We have robust assured advice from our primary authority partner in place for allergen management process and procedures which translates into comprehensive operating practices in our restaurants to manage this risk and ensure we serve our guests safely. Allergen awareness is part of the team members training programme. In addition, an online allergen tool is available on the TGI Fridays website so that guests can ascertain which items on the relevant menu they are able to safely consume.

Non-financial information statement

The Group complies with the Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006. The below table outlines the Group's non-financial matters and shows where the information is included in this report.

Reporting requirement	Policies and standards which govern the Group's approach	Additional information and risk management
Description of business model	• Transparent disclosures of business operations and model	• Business Model section of the Strategic Report (page 6) • Non-Financial KPIs in the Strategic Report (page 50) • Stakeholder Engagement section of Strategic Report (pages 42 to 45); • Environmental, Social and Governance section of the Strategic Report (page 24); • Board activities in Corporate Governance Report (pages 59 and 68); and • Audit and Risk Committee report in Corporate Governance Report (pages 69 to 73).
Environmental	• Supplier Information Pack provided to all food and drinks suppliers, which contains multiple Group policies which the relevant supplier is expected to comply with	• Environmental, Social and Governance section of the Strategic Report (pages 24 to 41)
Team members	• Equal Opportunities Policy • Flexible Working Policy • Whistleblowing Policy	• Environmental, Social and Governance section of Strategic Report (page 24); and • Section 172 Statement in the Strategic Report (pages 42 to 45) • Non-Financial Information Statement (page 50) • Further details on how we engage with our team members can be found on page 106 of the Directors' Report.
Human rights	• Modern Slavery and Human Trafficking Policy	• Environmental, Social and Governance section of Strategic Report (page 24)
Social matters	• Modern Slavery and Human Trafficking Policy	• Environmental, Social and Governance section of Strategic Report (page 24)
Anti-corruption and bribery	• Anti-Bribery and Corruption Policy (which includes hospitality and gifts provisions) • Conflicts of Interest Policy	• Chair's governance introduction in the Corporate Governance Report (page 58)
Principal risks and impact	• Policies and procedures at Board, management and operational level controlling and managing risk	• Risk Management section of Strategic Report (pages 46 to 49)

Across the Group, policies are in place to ensure consistent governance on a range of issues. For the purposes of the Non-Financial Reporting requirements, these include, but are not limited to:

People

The Group understands that its behaviour, operations and how it treats team members all have an impact on the environment and society. It recognises the importance of health and safety and the positive benefits to the Group. The Group has a commitment to:

- behave ethically;
- comply with relevant laws and regulations; and
- Create a diverse and inclusive environment.

Disclosure concerning employment of disabled persons

We give full and fair consideration to applications for employment by the Group made by disabled persons having regard to their particular aptitudes and abilities. We are also committed to continuing employment of and for arranging appropriate training for, team members of the Group who have become disabled persons during the period they are employed by the Group. Training, development and promotion opportunities are provided for all team members. Further details are included in the Team member/ Disabled Person section in the Directors' Report on page 106.

Human rights

The Group has a Modern Slavery and Human Trafficking Policy which applies to both suppliers and team members. The Group implements and enforces effective systems and controls which are intended to ensure modern slavery is not taking place anywhere in its own business or in its supply chains. The Group's Procurement team requires all food and drink suppliers to be registered with SEDEX. SEDEX is a virtual platform for companies to share their ethical data including audit results on legislation requirements on modern slavery, human trafficking, labour standards, health and safety and business ethics. The Group publishes its Modern Slavery Act Transparency Statement annually and this can be viewed at https://www.hostmoregroup.com/modern-slavery- statement.

Data protection

The Group is committed to respecting and protecting privacy and security of personal information. The Group's data protection policies govern how it collects, handles, stores, shares, uses and disposes of information about people, whether they are guests, team members or people in the Group's supply chain. The data protection policies are a key element of corporate governance within the Group.

Anti-corruption and anti-bribery

The Group has an Anti-Bribery and Anti-Corruption Policy, and a Conflict of Interest Policy, each of which incorporate the Group's key principles and standards that govern business conduct towards key stakeholder groups. The Anti-Bribery and Anti-Corruption Policy includes clear restrictions and processes on giving and accepting gifts and hospitality from third parties. Annual training on this policy is provided for all leaders of the business including the Board.

Whistleblowing

The Group's Whistleblowing Policy is supported by an external, confidential reporting hotline which enables team members to raise concerns in confidence. A member of the Executive Team is the appointed Whistleblowing Officer. Any reported issues are escalated to the full Board and handled in the first instance by the Audit and Risk Committee. Where appropriate, remedial action is taken.

Environmental policy

The Group has multiple initiatives which it has implemented across its entire estate, aimed at reducing the Group's environmental footprint. See pages 24 to 41 for examples of these initiatives.

Tax strategy

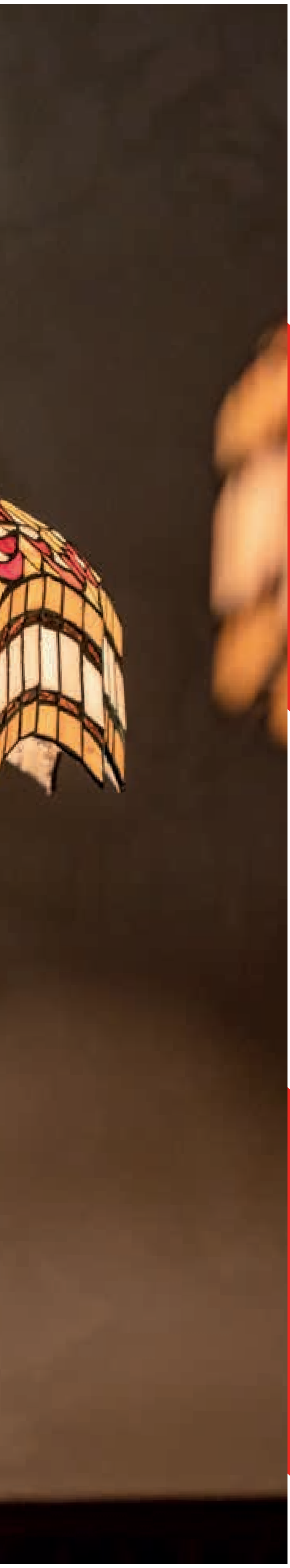
The Group is committed to acting with integrity and transparency in all tax matters. The Group undertakes tax management only where it supports genuine commercial activity and in doing so is committed to remaining compliant with all relevant tax laws and practices. Where appropriate, the Group seeks external professional advice on tax matters.

Dividend policy

The Company's current dividend policy is to invest free cashflow into the business and so enhance shareholder value. It is the intention of the Board that Hostmore will commence dividend payments once the Group's debt has been repaid and after taking account of macro-economic and geopolitical matters.

The Strategic Report on pages 2 to 51 was approved by the Board of Directors and signed on its behalf by:

Stephen Welker
Chair
2 May 2024



Governance report

Board of Directors

Stephen Welker

(Chair)

Date joined Hostmore Board: 15 August 2022

Career and experience:

Stephen was appointed a Non-Executive Director in August 2022 and as Chair in June 2023. He is currently a Partner in Sherborne Investors Management LP and leads the firm's research function as the Director of Research. Stephen was previously a Non-Executive Director of Electra Private Equity PLC from July 2019 to November 2021 and was a Director of Mondays (Topco) Limited, the then-holding company of the TGI Fridays trading business, from June 2017 to November 2021. He was an advisor to F&C Asset Management plc from 2011 to 2013. Prior to joining Sherborne Investors Management LP, Stephen worked at Morgan Stanley on both real estate investment banking and principal investment transactions.

At Hostmore, Stephen is also Chair of the Nominations Committee and Chair of the Disclosure Committee.

External Appointments:

- Partner in Sherborne Investors Management LP

Julie McEwan

(Chief Executive Officer)

Date joined Hostmore Board: 7 June 2023[1]

Career and experience:

Julie was appointed as Chief Executive Officer in May 2023. Prior to this appointment Julie held the role of interim Chief Executive Officer from January 2023 having joined TGI Fridays as Chief Operating Officer in March 2022. Julie has held several senior roles within the hospitality industry, starting her career at Whitbread as Operations Manager for Premier Inn. Her previous roles have also included leading the Flaming Grill brand. Julie's last role prior to joining the Hostmore group was at The Big Table Group, where she was Brand Director of Las Iguanas, the Latin American brand for over 5 years. Julie was also voted one of the top 100 Women to Watch and Advocates for Change in Hospitality 2020.

At Hostmore, Julie is also a member of the Disclosure Committee.

External appointments:

None.

[1] Julie McEwan was appointed as the interim CEO of Hostmore plc on 10 January 2023. On 2 May 2023, Julie was appointed the permanent CEO of Hostmore plc and, on 7 June 2023, Julie was appointed a Director of Hostmore plc.

Matthew Bibby

(Chief Financial Officer)

Date joined Hostmore Board: 6 December 2023[2]

Career and experience:

Matthew was appointed Chief Financial Officer in December 2023. Prior to being appointed as the Chief Financial Officer, Matthew held the role of interim Chief Financial Officer from September 2023. Matthew joined Thursdays (UK) Limited (trading as TGI Fridays) in 2019 as Head of Finance and in 2022 became the Group's Finance Director. Prior to this, he spent the majority of his career at Whitbread Plc the FTSE 100 business, where he was for fourteen years in a variety of Finance roles.

At Hostmore, Matthew is also a member of the Disclosure Committee.

External appointments:

None.

David Lis

(Senior Independent Director)

Date joined Hostmore Board: 18 August 2021

Career and experience:

David was appointed Senior Independent Director of the Company in 2021. David was the Senior Independent Director of Electra Private Equity plc from 2018 to 2021, after joining the company as a Director in May 2016. David is the Chair of Windar Photonics plc, the Chair of Wild Life Group Limited, the Senior Non-Executive Director of Melrose Industries plc and a Non-Executive Director of Dowgate Capital Limited, and has previously held non-executive director positions at BCA Marketplace plc and the Multifamily Housing REIT plc. David has held several senior executive roles at Aviva Investors, including Chief Investment Officer of Equities and Multi Assets. Prior to Aviva, David spent a few years as Head of Investor Relations at Ludgate Communications. Earlier in his career, he co-founded Windsor Investment Management and spent a number of years as a fund manager at both Morgan Grenfell and J Rothschild Investment Management.

At Hostmore, David is also a member of the Audit and Risk Committee, a member of the Nominations Committee and a member of the Remuneration Committee.

External appointments:

- Chair of Windar Photonics plc
- Chair of Wild Life Group Limited
- Senior Independent Non-Executive Director of Melrose Industries plc
- Non-Executive Director of Dowgate Capital Limited
- Director of York Minster Fund Limited
- Member of the Finance Committee York Minster Fund Limited.

[2] Matthew Bibby was appointed as the interim CFO of Hostmore plc on 7 September 2023. On 6 December 2023, Matthew was appointed the permanent CFO of Hostmore plc and a Director of Hostmore plc.

Board of Directors continued

Andrew Blurton

(Non-Executive Director)
Date joined Hostmore Board: 17 August 2021

Career and experience:

Andrew was appointed an independent Non-Executive Director of the Company in 2021. Andrew is currently the Finance Director of Advanced Living Limited. Andrew also holds positions as Chair of the Governing Body of Longacre School in Surrey, as well as the Chair of the Liberty Retail Defined Benefit Pension Scheme. Previously, Andrew was the Finance Director of MWB Group Holdings Plc, the Chief Financial Officer of Landmark Limited and the Chair of Manroy Plc. Andrew has been a Fellow of the Institute of Chartered Accountants in England & Wales for over 40 years, having qualified as a Chartered Accountant in 1975.

At Hostmore, Andrew is also Chair of the Audit and Risk Committee, a member of the Nominations Committee, a member of the Remuneration Committee and a member of the Disclosure Committee.

External appointments:

- Director of each of Advanced Living Limited, Advanced Living (Kingston) Limited, Andrew Blurton Consultancy Limited and RG Property Asset Management Limited
- Chair of Liberty Retail Defined Benefit Pension Scheme
- Chair of the Governing Body of Longacre School.

Helena Feltham

(Non-Executive Director)
Date joined Hostmore Board: 7 June 2023

Career and experience:

Helena was appointed an Independent Non-Executive Director in 2023. She has over 30 years' experience in consumer facing and people leadership roles. Prior to her appointment she recently served as the interim Non-Executive Chair of Ted Baker Plc, where she had also been Senior Independent Director and Chair of the Nominations Committee. She has also served as a Non-Executive Director of the IT managed services provider, Redcentric plc, where she Chaired the Remuneration Committee. Helena has previously held non-executive roles in the NHS and at the Retail Trust and has served as an independent adviser to the Assembly of Wales. She held executive roles as a Director at B&Q plc and as the People Director at Woolworths South Africa and Marks and Spencer.

At Hostmore, Helena is also Chair of the Remuneration Committee a member of the Nominations Committee and a member of the Audit and Risk Committee. She is also the Non-Executive Director that is responsible for team member engagement in the Group.

External appointments:

- Director of Dogwoof Ltd

Célia Pronto

(Non-Executive Director)

Date joined Hostmore Board: 20 June 2023

Career and experience:

Célia was appointed an Independent Non-Executive Director in 2023. She has over 25 years' experience in blue chip listed companies, private equity and venture capital backed start-ups and family-owned businesses. She has worked in subscription model businesses, as well as the food manufacturing, restaurants, logistics, travel, hospitality, leisure, fast moving consumer goods, e-commerce, automotive retail and utility sectors. In addition, she has specific expertise in developing digital transformation, innovation and growth strategies in consumer and multi-channel businesses. She is currently a Director of South East Water Limited, Samworth Brothers (Holdings) Limited, Campden BRI, Impact Ventures Group Limited and The Digital Success Co Ltd (trading as the Digital Advisor). She is also a Director of Everest UK Bidco Limited (a Jersey registered company). Célia has previously held roles as the Managing Director of Love Home Swap, as the Chief Customer and Digital Officer of Casual Dining Group, and as the Group Marketing and E-Commerce Director and Board member of the Ford Retail Group.

At Hostmore, Célia is also a member of the Audit and Risk Committee, a member of the Nominations Committee and a member of the Remuneration Committee.

External appointments:

- Director of South East Water Limited, Samworth Brothers (Holdings) Limited, Campden BRI, The Digital Success Co Ltd and Impact Ventures Group Limited.
- Director of Everest UK Bidco Limited (a Jersey registered company).

Chair's Governance Introduction

Dear Shareholder,

On behalf of the Board, I am pleased to present our Corporate Governance Report for the 52-week period ended 31 December 2023.

The Hostmore Board sees corporate governance as an integral part of its business strategy. By having an appropriate governance framework, the Board has set out clearly the standards that it expects, which provide a foundation for building shareholder and stakeholder confidence in the Company.

Hostmore's compliance with good corporate governance is overseen by the Board, with main areas delegated to its three Board Committees. Between them all, they provide positive stewardship of the Company.

During 2023 and continuing in 2024, the Board has maintained its commitment to the highest standards of corporate governance. It has complied with the UK Corporate Governance Code, other than in certain isolated instances as outlined on page 59 in the Corporate Governance Report.

Hostmore's governance framework principally comprises the Board and the Board Committees, together with the Group's policies and procedures. This extends to the promotion and adoption of a culture of accountability, transparency and 'speaking up', communications, training provided to all team members, whistleblowing channels and related reporting.

Three areas of key focus are addressed within the Company's governance framework as follows:

1. **Business Ethics and Conduct –** Hostmore's moral and ethical beliefs guide the values, behaviours and decisions and encompass the individuals working within the business.
2. **Risk Management** – Hostmore's business has defined management systems within each department, which are reviewed and updated as appropriate throughout each year to ensure integrity and legal compliance.
3. **Anti-Bribery and Corruption** – Hostmore operates a zero-tolerance approach to bribery and corruption. Hostmore's governance framework, including its Anti-Bribery and Corruption Policy, is structured to minimise the risk of bribery and corruption occurring within the business.

I hope you find the Company's Governance Reports useful. I would like to encourage you to attend our Annual General Meeting ("AGM") which will be held on 3 June 2024. It is intended that the meeting will be held in person at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG. Further details are set out in the Notice of Annual General Meeting which is distributed to shareholders and made available on the Company's website.

In the meantime, the Board would like to thank our shareholders for their continued support. The Non-Executive Directors and I remain available to engage with shareholders as we continue our journey as a listed company.

Stephen Welker
Chair
2 May 2024

Corporate Governance Report

UK Corporate Governance Code 2018 – Compliance Statement

The Board continues to be committed to the highest standards of corporate governance through its application of the FRC's UK Corporate Governance Code 2018 (the "Code") which applied to the Company for the 52-week period ended 31 December 2023. A copy of the Code can be found at www.frc.org.uk. The Company has complied with the Code, except in relation to the following provisions, the reasons for which are explained in this report:

(i) Provisions 9 and 20 relating to the independence and appointment process for the Chair of the Board, and the open advertising and/or external search consultants for chair and non-executive appointments, respectively; and

(ii) Provision 11 relating to the composition of the Board having at least half of its members, excluding the chair, being independent non-executives.

UK Corporate Governance Provision	**Explanation for non-compliance**
9 & 20	Provision 9 recommends that the chair on appointment should be independent within the meaning of the Code. Gavin Manson was Chair of the Board from the end of the 2022 AGM until he retired as Chair and a Non-Executive Director at the end of the Company's Annual General Meeting on 7 June 2023 (the "2023 AGM"). He was succeeded by Stephen Welker, who was elected as a Director at the 2023 AGM, and stepped up into the role of Chair on the same date. Gavin and Stephen are both deemed to be non-independent, within the meaning of the Code, due to their previous connections to Electra Private Equity PLC (now known as Unbound Group PLC) from which the Company was demerged in 2021, where they previously held the role of Chief Financial and Operating Officer and Non-Executive Director, respectively. Additionally, Stephen is a significant shareholder in the Company and also a Partner in Sherborne Investors Management LP which held an interest in the Company until 20 April 2024. The Board saw continuity of stewardship as being a particularly important factor with each appointment, as well as the wide experience and knowledge of the Company that both Gavin and Stephen possessed. In addition, Stephen has brought specialist strategic insight and leadership to the business. This, combined with his financial, commercial and investor relations expertise, has been invaluable as the Board re-set the Group's operations during 2023, as a result this strengthened the business. Although recommended by Provision 20 of the Code for the reasons outlined above, neither open advertising nor an external search consultancy were used for the appointment of the role of Gavin Manson or Stephen Welker.
11	Provision 11 recommends that at least half of the board of directors, 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. In the short period between 2 January 2023 to 9 January 2023, the Company did not comply with this provision as only two out of five directors not including the Chair were deemed independent. Since 9 January 2023, when Robert B. Cook resigned from the Board of Directors, and further enhanced by the appointment of Helena Feltham and Célia Pronto in June 2023, the Company has complied with this provision. At the date of this report, the Board consists of five Non-Executive Directors (including the non-executive Chair) and two Executive Directors. The Company regards David Lis, Andrew Blurton, Helena Feltham and Célia Pronto as independent non-executive directors within the meaning of the Code and free from any circumstances that could materially interfere with the exercise of their independent judgement. David Lis is the Senior Independent Director of the Company. In assembling the Board, an assessment of David Lis's independence was performed. It was determined that David was independent with a particular emphasis on providing insight as an experienced institutional investor.

Corporate Governance Report continued

Governance structure

Board

In accordance with the Code, the role of the Board is to promote the long-term sustainable success of the Company, generate value for shareholders and contribute to the wider society.

Role of the Board and how it operates

The Board's role is to provide overall leadership, setting the Group's strategy, purpose, values and culture, and supporting the Executive Directors in the delivery of that strategy. The Board's role is to promote the long-term sustainable success of the Company, and it does so by establishing and aligning the Board's functions with the culture and purpose of Hostmore plc.

The Board had seven formally scheduled meetings per year. Its activity at each meeting is planned at the start of each year and is set out in a formal Annual Board Activity Calendar which is approved by the Board. In addition, the Board meets regularly in less formal meetings, to consider and make decisions on key matters for the benefit of the Group. The Board and Committee meetings are planned around key events in the corporate calendar, which ensures that the Board receives appropriate information at the appropriate time, and that all key operational, financial reporting and governance matters are discussed during the year.

A detailed pack is prepared and circulated in advance of each meeting which includes updates from the CEO, CFO and other Executive Team members. The Company Secretary also prepares a report for each Board meeting covering matters including latest governance, material contracts and legal updates.

Roles and responsibilities

The Code requires there to be a clear division of responsibilities between the Chair and the Chief Executive Officer, set out in writing and agreed by the Board. This document, 'Division of Responsibilities' was approved at Admission in 2021 and last reviewed and approved by the Board on 22 December 2023. A copy is available on the Company's website.

The Board agrees with the approach set out in the Code, but it recognises that overly prescribing the responsibilities of the Chair and the Chief Executive Officer may reduce their flexibility to act in unforeseen circumstances. Accordingly, the Division of Responsibilities document sets out a clear division of responsibilities but does not intend to provide a definitive list of the individual responsibilities of the Chair or the Chief Executive Officer.

Chair and Chief Executive Officer

The Chair is responsible for leadership of the Board and for ensuring its effectiveness in directing the Company and promoting the highest standards of integrity, probity and corporate governance. At appropriate intervals during the year, the Chair holds meetings with the Non-Executive Directors without the Executive Directors present.

The Chief Executive Officer leads the Executive Team which has executive responsibility for running the businesses of the Group. The CEO reports to the Board and is responsible for all executive management matters of the Group.

Non-Executive Directors

The Non-Executive Directors (Stephen Welker, David Lis, Andrew Blurton, Helena Feltham and Célia Pronto) provide constructive challenge to management, helping to develop proposals on strategy, and providing advice and support based on their experience in both executive and non-executive roles throughout their careers.

David, Andrew, Helena and Célia are all independent. Stephen is not considered to be independent due to his previous connections to Electra Private Equity PLC (now known as Unbound Group PLC) from which the Company was demerged in 2021, where he held the position of Non-Executive Director. He is also a significant shareholder in Hostmore. The Board considers Stephen continues to be beneficial to Hostmore and its shareholders as he brings a deep knowledge and understanding of the Group's business, and has wide expertise of the City, investment banking and investor relations.

Senior Independent Director

The Code 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. David Lis is the Senior Independent Director of the Company. In that role David acts as a sounding board for the Chair, serves as an intermediary for the other Directors and shareholders and is available to shareholders if the normal channels of the CEO, the Chair or the other Executive Director have failed to resolve any concerns that they have.

Company Secretary

Throughout the year until 27 December 2023, Robert Henry was Company Secretary of the Company. Since 27 December 2023, Prism Cosec Limited (trading as Prism Cosec) has been the Company Secretary of the Company. The Company Secretary attends all meetings and supports the Board and each of the four

Board Committees. All Directors have access to the services of the Company Secretary who is available to advise on company law, governance and best practice. The Company Secretary also assists the Board in ensuring that the correct policies, processes and information are tabled for discussion, noting or approval at the correct point in time throughout the year. The Company Secretary works with the Chair to ensure that Board meeting packs are circulated to Directors in a timely manner and that the information contained in them is clear and accurate.

Composition, independence and attendance in 2023

From 2 January 2023 to 9 January 2023, the Board comprised six Directors (including the Chair). At that point it reduced to five Directors as a result of Robert B. Cook retiring from the Board. On 7 June 2023, the Board increased to six Directors as a result of Helena Feltham and Julie McEwan being appointed as Directors and Gavin Manson stepping down as a Director and the Chair. The Board then increased to seven Directors on 20 June 2023 following the appointment of Célia Pronto to the Board. On 7 September 2023, the Board decreased to six Directors following the resignation of Alan Clark, before returning to seven Directors on 6 December 2023 as a result of the appointment of Matthew Bibby as a Director.

Details on the independence of the Non-Executive Directors are referred to at the start of this report.

From the start of the year until 9 January 2023, the Company did not comply with Provision 11 of the Code relating to at least half of the Board (excluding the chair) comprising independent Non-Executive Directors. In that 8-day period, the Company had three Directors who were deemed to be non-independent and two Directors who were deemed to be independent. On 9 January 2023, Robert B. Cook resigned as a Director and, from that point onwards the Company complied with Provision 11 of the Code.

Diversity statement

The Listing Rules were updated during 2023 to include specific diversity targets to ensure that at least 40% of the Board are women; at least one of the senior Board positions (Chair, CEO, CFO and SID) is a woman and that at least one Director is from a minority ethnic background, requiring companies to report on a 'comply or explain' basis. As of 31 December 2023 and at the date of publication of this report and excluding Gavin Manson, Robert Cook and Alan Clark who resigned during the year, the Company has met two of these targets following new appointments and the Board now has 42.85% female representation and the Board position of CEO is held by a woman. Diversity is an important factor for the Nomination Committee to consider when shaping future Board recruitment. It is the Board's policy that appointments to the Board will always be based solely on merit without any discrimination relating to age, gender or any other matter that has no bearing on an individual's ability to fulfil the role of Director. This principle of Board diversity is strongly supported by the Board, recognising that diversity of thought, approach and experience is an important consideration as part of the selection criteria used to assess candidates to achieve a balanced Board. Details of the ethnic background of the Group's team members is set out in the table below. Records supporting this information are maintained by the People and Culture department. Building on the Group's existing policies, the Group has launched an updated equality, diversity and inclusion programme, together with a Diversity and Inclusion Committee, underpinned by a Diversity and Inclusion policy.

The table below sets out the gender composition of the Group at 31 December 2023:

	Male	Female
Main Board[1]	4 (57%)	3 (43%)
Group Executive Team[2]	3 (43%)	4 (57%)
Direct reports to Executive Directors[3]	15 (48%)	16 (52%)
Group team members[4]	2,103 (48%)	2,277 (52%)

Notes:

1 The number of senior positions on the Board (Chair, CEO, CFO and SID) comprise 75% men and 25% woman.

2 The Group Executive Team includes the two Executive Directors.

3 The Direct Reports to Executive Directors includes: (i) direct reports into Julie McEwan, the Chief Executive Officer, and Matthew Bibby, the Chief Financial Officer; and (ii) Matthew Bibby, the Chief Financial Officer, reporting into Julie McEwan, the Chief Executive Officer.

4 30% of the Group team members are from an ethnic minority background.

The Board considers that each Director is able to allocate sufficient time to the Company to discharge their responsibilities effectively.

The Board and its Committees hold regular, scheduled meetings throughout the year. When issues requiring the attention of the Board or one of its Committees arise outside the regular schedule, additional meetings are arranged as necessary. A Board update pack is circulated to all members of the Board in each month where there is not a formally scheduled Board meeting. Where Directors are unable to attend a meeting, they submit to the Chair of the meeting comments on papers or matters to be discussed in advance to ensure that their views are taken into account. Formal Board Meetings are held in person with additional meetings and calls convened in person or via video conference to allow flexibility.

The Audit and Risk Committee, the Nominations Committee, the Remuneration Committee and the Disclosure Committee were each formally established on 5 October 2021. The table below shows the attendance of each Director at the scheduled meetings of the Board and Committees of which they were eligible to attend during 2023. The additional unscheduled meetings have therefore not been included in the table below. Given the nature of the matters it considers, the Disclosure Committee does not have formally scheduled meetings and, consequently, attendance figures have not been included for that Committee in the table below.

Director	Board meetings attended/held	Audit and Risk Committee meetings attended/held	Nominations Committee meetings attended/held	Remuneration Committee meetings attended/held
Independent				
David Lis	7/7	4/4	2/2	2/2
Andrew Blurton	7/7	4/4	2/2	2/2
Helena Feltham[1]	4/4	2/2	1/1	1/1
Célia Pronto[2]	2/3	1/2	0/1	1/1
Non-Independent				
Gavin Manson[3]	3/3	N/A	N/A	N/A
Stephen Welker	7/7	N/A	2/2	N/A
Robert B. Cook[4]	N/A	N/A	N/A	N/A
Alan Clark[5]	5/5	N/A	N/A	N/A
Julie McEwan[6]	3/4	N/A	N/A	N/A
Matthew Bibby[7]	N/A	N/A	N/A	N/A

Notes:

1 Helena Feltham was appointed a Director with effect from 7 June 2023.

2 Célia Pronto was appointed a Director with effect from 20 June 2023. Due to an external commitment that had been arranged prior to Célia being appointed a Director, she was unable to attend a meeting of each of the Board, the Audit and Risk Committee and the Nominations Committee meeting, all of which were held on the same day.

3 Gavin Manson resigned as a Director with effect from 7 June 2023.

4 Robert B. Cook resigned as CEO and as a Director with effect from 9 January 2023, which was before the first formally scheduled meeting of the Board and its Committees in the period under review.

5 Alan Clark resigned as CFO and a Director with effect from 7 September 2023, therefore was only eligible to attend meetings prior to that date during the period under review.

6 Julie McEwan was formally appointed a Director with effect from 7 June 2023. Due to an external commitment that had been arranged prior to Julie being appointed a Director, she was unable to attend one Board meeting.

7 Matthew Bibby was appointed a Director with effect from 6 December 2023. There were no formally scheduled meeting of the Board and its Committees between that date and 31 December 2023.

The Board also held eleven unscheduled Board meetings during the year to consider specific matters. There were also two additional Audit & Risk Committee meetings and four additional Remuneration Committee meetings. All Directors who were able to attend these meetings, attended them.

Key activities of the Board during the year

The annual Board Activity Calendar setting out agenda items for each scheduled Board meeting in the relevant financial year is approved by the Board at the start of each year. The calendar takes into account key points in the regulatory and financial cycle, including, amongst other things, updates from the CEO on Company performance, the CFO on financial results and forecasts, investor relations updates and updates from the Company Secretary.

In addition to the full content of the CEO and CFO operational and financial reports, as part of its annual governance programme during 2023 the Board undertook the following:

- Considered the resignations of Robert B. Cook, the Chief Executive Officer of the Company and an Executive Director, and Alan Clark, the Chief Financial Officer of the Company and an Executive Director, from the Board.
- Considered the appointment of a new Chief Executive Officer and Executive Director, resulting in the appointment of Julie McEwan as Chief Executive Officer and as an Executive Director.
- Considered the appointment of two new Non-Executive Directors, resulting in the appointment of Helena Feltham and Célia Pronto each as a Non-Executive Director.
- Considered the appointment of a new Chief Financial Officer and Executive Director, resulting in the appointment of Matthew Bibby as Chief Financial Officer and as an Executive Director.
- Considered the appointment of a new Company Secretary, resulting in the appointment of Prism Cosec as the Company Secretary with effect from 27 December 2023.
- Reviewed and approved the FY24 strategy and the FY24 budget.
- Reviewed and amended the Schedule of Matters Reserved to the Board and reviewed the Terms of Reference of the Board Committees.
- Reviewed various governance documents, including the policy setting out Division of Responsibilities between the Chair and CEO.
- Received legal and governance updates.
- Received people updates and updates on workforce engagement.
- Received risk and compliance updates including health and safety, ESG advancement and TCFD actions.
- Received business solutions updates covering areas such as cyber security and guest experience.
- Reviewed reports from the Executive Directors on organic growth initiatives.
- Reviewed reports from the Executive Directors on cost saving implementations.
- Reviewed reports from the Executive Team to dispose of loss-making restaurants.

Training and development

A full, formal and tailored induction programme is provided for any new Director joining the Board. The Company Secretary provides updates to the Board and its Committees on regulatory and corporate governance matters. The Directors keep themselves appraised of developments relevant to the Company's business.

Performance evaluation and effectiveness

A formal internal performance evaluation was conducted for the Board and each of its Committees in Q4 2023.

The performance evaluation consisted of a questionnaire which covered the following topics: (i) processes that underpinned the Board's effectiveness; (ii) Board and Committee constitution and commitment; (iii) Board dynamics; (iv) culture, stakeholder oversight and strategy; (v) questions for the individual committees; and (vi) an individual director self-evaluation. Each Board member was also asked to complete a separate Board skills matrix survey to self-assess their skill set. This had the objective, amongst other things, of establishing if there were any skill gaps on the Board and how these would be remedied.

Following completion of the questionnaire, the Chair invited each of the Directors to meet with him to give the relevant Director the opportunity to expand on their responses should they wish to. An anonymised report was then drawn up and presented to the Board in 2024.

Information and support

An agenda and accompanying papers are distributed to the Board and Committee members in advance of each Board and Committee meeting. Where necessary, separate papers are prepared to support specific matters requiring a Board decision or approval. The Non-Executive Directors provide ongoing feedback to the CEO, CFO and Company Secretary on the content of papers and they provide effective debate and decision-making by the Board.

Minutes of all Board and Committee meetings are taken by the Company Secretary and circulated to the Board or the relevant Committee members for approval as soon as practicable following the meetings. Specific actions arising from meetings are recorded in the minutes and circulated to those delegated to undertake the necessary follow up actions. Where these have not been able to be completed by the next Board meeting, they are carried forward as an action at that next meeting. This facilitates the effective communication of

Corporate Governance Report continued

actions to those responsible and allows the Board and the relevant Committee to monitor progress.

Any Director may instigate an agreed procedure whereby independent professional advice may be sought at the Company's expense. No such advice was sought by any Director during the year ended 31 December 2023.

Appointment and election

In accordance with the Company's articles of association and best practice, each of Stephen Welker, David Lis and Andrew Blurton have offered themselves for re-election at the Company's Annual General Meeting on 3 June 2024. In addition, each of Julie McEwan, Matthew Bibby, Helena Feltham and Célia Pronto will stand for election at the AGM on 3 June 2024, having been appointed Directors during the year. The Directors have service agreements or letters of appointment, details of which are set out below.

Executive Director service agreements

Name	Position	Date of service agreement	Notice period by Company (months)	Notice period by Director (months)
Julie McEwan	Chief Executive Officer	1 May 2023	6	6
Matthew Bibby	Chief Financial Officer	5 December 2023	6	6

The Non-Executive Directors (including the Chair) are appointed by letters of appointment. Each of the Non-Executive Directors including the Chair were appointed for an initial three-year term, which may be extended for a further term by mutual consent, subject to their annual re-appointment by shareholders. The initial terms of David Lis and Andrew Blurton will end in August 2024 and, having indicated their willingness to continue, the Board has agreed to extend their tenure for a further three-year term if they are re-appointed by shareholders at the 2024 AGM. Non-Executive Directors' appointments may be terminated at any time by giving three months' written notice by either party.

Non-Executive Director appointment

Name	Date of appointment	Commencement date of current term	Unexpired term at 31 December 2023
Stephen Welker	15 August 2022	15 August 2022	1 years 8 months
David Lis	18 August 2021	18 August 2021	8 months
Andrew Blurton	17 August 2021	17 August 2021	8 months
Helena Feltham	7 June 2023	7 June 2023	2 years 5 months
Célia Pronto	20 June 2023	20 June 2023	2 years 6 months

Conflicts of interest

Rules concerning Directors' conflicts of interests are set out in the Company's Articles of Association and the Company's Conflicts of Interest Policy. At the beginning of each Board meeting, Directors advise the Board in accordance with sections 175, 177 and 182 of the Companies Act 2006 of any conflicts of interest on matters to be considered at the meeting. Where such a conflict exists or may exist, the Director concerned does not take part in any decision making by the Board in respect of the matter concerned.

Risk management and internal controls

The Board determines and manages the nature and extent of the risks the Group is willing to incur in order to achieve its strategic objectives. The Board monitors and reviews the effectiveness of the Company's risk management and internal control systems. Further details can be found in the Audit and Risk Committee Report in pages 69 to 73 and in the Risk Management section of the Strategic Report on pages 46 to 49. The Group's risk management and internal control systems have been in place throughout the 52 week period ended 31 December 2013. The financial risk management systems were enhanced during the period as outlined in the Audit and Risk Committee report on page 70. These risk management and internal control systems have continued to the date of approval of this annual report and financial statements. The Group insures against certain risks and reviews on an annual basis the type and amount of external insurance that it carries. Where certain business risks are difficult to effectively insure against, the Group identifies the risk and seeks to ensure it has management processes in place to protect the Group.

Whistleblowing

The Company has a Whistleblowing Policy which enables team members to raise concerns in confidence relating to suspected wrongdoing and/or dangers at work. These include, without limitation, financial fraud or mismanagement, failure to comply with any legal or professional obligation and breach of the Company's internal policies and procedures. Claire Hussey, the Company's Risk and Compliance director (not a Statutory Director of Hostmore plc) is the Whistleblowing Officer of the Company. The Company also provides a confidential whistleblowing helpline run by an independent third party so that team members are able to report a concern using an external forum. The Board reviews the Whistleblowing Policy on an annual basis and reviews reports which have been received during the year. An additional communications programme was launched in October 2022 to team members across the Group to raise awareness of the whistleblowing helpline and its purpose. The communications under this programme were continued and expanded during 2023.

Stakeholder engagement

The Board places a strong emphasis on standards of good corporate governance and maintaining effective engagement with its shareholders and key stakeholders. The Board recognises its duty under Section 172 of the Companies Act 2006 to consider the interests of stakeholders and it considers this to be integral to the Company's longer-term growth and success. Further information on how we engage with stakeholders is set out in the Strategic Report on pages 2 to 51 and, in particular, the Section 172 statement and the engagement with stakeholders on pages 42 to 45. The nature of the Group's business means that the interests of its shareholders, team members, guests, Franchisor, suppliers and local communities feature in the Board's decision-making process.

At the Company's Annual General Meeting held on 7 June 2023, resolution 10, which sought authorisation to make political donations and incur political expenditure (the "Political Donations Resolution"), was passed, although 30.0% of the votes cast were against. Due to the votes against being greater than 20%, in line with provision 4 of the Code the Board has directly engaged with the large shareholders who voted against the Political Donations Resolution to understand their views. As noted to those shareholders in the 2022 Annual Report and again in this Report, the Group has not made political donations nor incurred political expenditure since its listing in November 2021, and has no intention of doing so.

It is customary for listed UK companies, including the Company, to seek approval of the Political Donations Resolution as a precautionary measure to avoid any inadvertent breaches of UK company law given the breadth of the applicable provisions within the Act. The Board's discussions with the shareholders concerned were productive and it will continue to engage with them between the date of this report and the 2024 Annual General Meeting.

Engagement with the workforce

The Board engages with the Group's colleagues on a regular basis, through team member forums, learning and development opportunities, appraisal processes, annual performance and development reviews, and a variety of social and team building events. Colleague engagement is also measured through engagement surveys. In Q4 of the 52-week period ended 1 January 2023, Thursdays (UK) Limited, the company in the Group that employs almost all the Group's workforce, partnered with Great Place to Work on an engagement survey. The response rate was in line with industry standards. The key findings from the survey were that team members felt they were treated fairly at work, that TGI Fridays was a physically safe place to work and that new team members were made to feel welcome. There were a number of areas for development relating to engagement, wellbeing and leadership, and actions were put in place in January 2023 to advance these. In 2023 the benefits offered to colleagues were reviewed and the benefits were increased. A wellbeing and culture forum was introduced to look at how the Group can further improve culture and engagement at TGI Fridays.

During 2023, the Group also launched the Fridays Forum, the Social and Wellbeing committee, and the Culture committee. Collectively these give colleagues the opportunity to discuss key activities in the operations of the Group. The Group's annual appraisal process was also relaunched in 2023, ensuring that all colleagues received two reviews per annum linked to annual objectives.

Further details on how we engage with our colleagues can be found in pages 14 to 15 of the Strategic Report.

Relationship with shareholders

Continued support from the Company's shareholders is important, so the Board looks to ensure that shareholders understand the Group's strategy and goals and can monitor its performance. The Board engages with the Company's shareholders through one-to-one meetings, investor roadshows, and shareholder meetings, as well as through the Group's Half Year and Full Year financial reports.

The Board welcomes feedback from shareholders and has a continuing dialogue with its shareholders.

The Company's AGM will be held at 10.30 a.m. on 3 June 2024 at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG. The Annual Report and Financial Statements and Notice of the AGM is made available to shareholders in accordance with the required notice periods.

The Board has delegated a number of its responsibilities to the Audit and Risk Committee, Nominations Committee, Remuneration Committee and Disclosure Committee. The terms of reference of each of its Committees are available from the Company's website, www.hostmoregroup.com These are reviewed and updated annually by the Board and Committees to ensure that they remain appropriate to support the effective governance of the Group. Details of the role, composition and activities of each Committee during the 52-week period ended 31 December 2023 are summarised in their respective reports and in the following paragraphs of this report.

The members of each Committee during the year were as follows:

Committee	Chair	Other Members
Audit and Risk	• Andrew Blurton	• David Lis • Helena Feltham (from 7 June 2023) • Célia Pronto (from 20 June 2023)
Nominations	• Gavin Manson (until 25 January 2023) • Stephen Welker (from 25 January 2023)	• David Lis • Andrew Blurton • Helena Feltham (from 7 June 2023) • Célia Pronto (from 20 June 2023)
Remuneration	• David Lis (until 1 October 2023) • Helena Feltham (from 1 October 2023)	• Andrew Blurton • David Lis (from 1 October 2023, when he retired as Chair) • Helena Feltham (from 7 June 2023 until 1 October 2023, when she became Chair) • Célia Pronto (from 20 June 2023)
Disclosure	• Robert B. Cook (until 9 January 2023) • Gavin Manson (from 9 January 2023 until 7 June 2023) • Stephen Welker (from 7 June 2023)	• Gavin Manson (until 9 January 2023, when he became Chair) • Robert Henry (until 25 January 2023) • Alan Clark (until 7 September 2023) • Stephen Welker (from 25 January 2023 until 7 June 2023, when he became Chair) • Andrew Blurton (from 25 January 2023) • Julie McEwan (from 25 January 2023) • Matthew Bibby (from 7 September 2023)

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 Group'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 Group's internal controls, whistleblowing and fraud systems. The Audit and Risk Committee ensures that the Group complies with appropriate laws and regulations, the provisions of the Code, the requirements of the Listing Rules and the requirements of the Disclosure Guidance and Transparency Rules. The Committee also prepares the statement of the Committee's activities in the Annual Report and Financial Statements.

The Audit and Risk Committee is also 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.

The Chair of the Audit and Risk Committee is available at annual general meetings of the Company to respond to questions from shareholders on the activities of the Audit and Risk Committee.

The 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. The Code also recommends a minimum membership of three or, in the case of smaller companies, two, 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 independent Non-Executive Directors, chaired by Andrew Blurton who has recent and relevant financial experience with competence in accounting and auditing. It also includes David Lis, Helena Feltham and Célia Pronto. Helena Feltham and Célia Pronto were appointed as members of the Committee when they joined the Board on 7 June 2023 and 20 June 2023, respectively. All members of the Committee are considered to be independent in line with the recommendation of the Code.

The Audit and Risk Committee met six times during the year ended 31 December 2023 (four formal meetings and two additional meetings). These included meetings without the Executive Directors being present.

Nominations Committee

The Nominations 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, the Chief Financial Officer and other senior executives. The Chair of the Nominations Committee is available at annual general meetings of the Company to respond to questions from shareholders on the activities of the Nominations Committee.

The Code recommends that a majority of the members 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. The Code also recommends that the chair of the board should not chair the committee when it is dealing with the appointment of their successor.

The Nominations Committee is chaired by Stephen Welker and its other members are David Lis, Andrew Blurton, Helena Feltham and Célia Pronto. Gavin Manson was the Chair of the Nominations Committee until 25 January 2023 when he stepped down from the Committee and Stephen Welker became the Chair of the Committee. Helena Feltham and Célia Pronto were appointed as members of the Committee when they joined the Board on 7 June 2023 and 20 June 2023, respectively. Other than Stephen Welker, all current members of the Committee are considered to be independent in line with the recommendation of the Code.

The Nominations Committee met formally four times during the year ended 31 December 2023 (two formal meetings and two additional meetings). These considered the resignation of certain Directors; the appointment of four new Directors; bonus targets for Executive Directors and members of the Executive Team; senior management succession plans; the annual Board evaluation; Directors who are subject to annual re-election; and review of the statement of the Committee's activities in the Annual Report and Financial Statements.

Remuneration Committee

The Remuneration Committee assists the Board in determining the Group's policy on executive remuneration, the levels of remuneration for the Chair, each of the Executive Directors and (on the recommendation of the Chief Executive Officer) each other member of the Group's Executive Team. It also prepares an annual remuneration report for approval by the Company's shareholders at the annual general meeting. The Chair of the Remuneration Committee is available at annual general meetings of the Company to respond to questions from shareholders on the activities of the Remuneration Committee.

The 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 judgement. The Code also recommends that a minimum membership of a remuneration committee is three or, in the case of smaller companies, two. The 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 Remuneration Committee is chaired by Helena Feltham (who had previously served on a remuneration committee at Redcentric plc between July 2021 and July 2023) and includes David Lis, Andrew Blurton and Célia Pronto. Helena Feltham and Célia Pronto were appointed as members of the Committee when they joined the Board on 7 June 2023 and 20 June 2023, respectively. From his appointment to the Committee in December 2022 until 1 October 2023, the Remuneration Committee was chaired by David Lis, on which date Helena Feltham was appointed Chair of the Committee.

All members of the Committee are considered to be independent in line with the recommendation of the Code.

The Code requires that appropriate arrangements are in place for engagement with the Company's workforce. As Chair of the Remuneration Committee, David Lis performed this role from his appointment in December 2022 until 25 January 2023 when it was decided that the Company would engage with its workforce using a formal workforce advisory panel. Since Helena Feltham's appointment as Chair of the Remuneration Committee on 1 October 2023,

Corporate Governance Report continued

Helena has performed the role of designated Non-Executive Director for engagement with the Company's workforce.

The Remuneration Committee met formally six times during the year ended 31 December 2023 (two formal meetings and four additional meetings). The Committee considered the salaries and related Director packages for the Executive Directors on their appointment, the fees payable to the two new Non-Executive Directors and the Directors' remuneration policy. The Committee also considered the statement of the Committee's activities in the Annual Report and Financial Statements and the Directors' Remuneration Report prior to submission for shareholder approval at the Company's 2024 annual general meeting.

Disclosure Committee

The Disclosure Committee assists and informs the decisions of the Board concerning inside information. It also makes recommendations about how and when the Company should disclose inside information in accordance with the Company's Inside Information and Disclosure Policy. The Disclosure Committee is responsible for, among other things, prior to publication, reviewing for completeness and accuracy the Company's public disclosures, and monitoring the outcome of announcements. The Disclosure Committee meets as required when necessary to fulfil its responsibilities and to consider public disclosures.

The Disclosure Committee is chaired by Stephen Welker. Its other members are Julie McEwan, Matthew Bibby and Andrew Blurton. Gavin Manson was a member of the Disclosure Committee until 9 January 2023, at which point he was appointed Chair of the Committee. Gavin Manson remained as Chair of the Committee until he retired from the Board at the 2023 AGM, at which point he stepped down from the Committee.

Julie McEwan, Andrew Blurton and Stephen Welker were appointed members of the Committee on 25 January 2023, at which date Robert Henry stepped down from the Committee. Stephen Welker was appointed Chair of the Committee upon Gavin Manson retiring from the Board at the 2023 AGM. Matthew Bibby was appointed a member of the Committee on 7 September 2023.

Report of the Audit and Risk Committee

Chair Introduction

Dear Shareholders,

The Audit and Risk Committee had four formally scheduled meetings and two additional meetings in 52-week period ended 31 December 2023 to enable the Committee to undertake its roles and responsibilities on behalf of the Board. It also held additional detailed discussions throughout the year. I am pleased to outline what the Committee has been focused on during the year.

Committee Members and Meeting Frequency

The current members of the Committee are Andrew Blurton (Chair), David Lis, Helena Feltham and Célia Pronto (full biographical details can be found on pages 54 to 57). Helena Feltham and Célia Pronto were appointed as members of the Committee when they joined the Board on 7 June 2023 and 20 June 2023, respectively.

Provision 24 of the Code provides that the Committee must comprise of at least three members or, in the case of smaller companies, two members, and, unless the Board approves otherwise, all members must be independent Non-Executive Directors of the Company, at least one of whom must have recent and relevant financial experience with competence in accounting and/or auditing. The Company constitutes a "smaller company" for the purposes of the Code. The Committee complied with this requirement throughout the 52-week period ended 31 December 2023. In addition, as the Chair of the Audit and Risk Committee, I have recent and very relevant financial experience with competence in accounting and auditing in my prior roles as CFO of a number of listed and privately owned companies.

Under the Committee's terms of reference, meetings are held at least three times a year at appropriate times in the financial reporting and audit cycle. Additional meetings are held as required. In addition to the Committee members, other regular attendees are representatives of the external auditor, PricewaterhouseCoopers LLP. In addition, the Chair of the Committee met with representatives of the external auditor before and during their audit of the Group's results for the year ended 31 December 2023.

Role and Responsibilities

The role of the Audit and Risk Committee is set out in its terms of reference which were originally approved by the Committee and the Board on 5 October 2021. The terms of reference were last reviewed and approved by the Committee and by the Board of the Company on 14 September 2023 and are available on the Company's website.

Duties of the Committee

The duties of the Committee include, amongst other things:

- To critically review the appropriateness of the Group's significant accounting policies, financial reporting issues and areas of judgment and report to the Board accordingly.
- To critically review the integrity of the internal management accounts and the publicly issued financial statements of the Group.
- To review the content of the annual report and financial statements and advise the Board on whether, taken as a whole, it is fair, balanced and understandable.
- Review and approve the annual audit plan.
- Oversee the relationship with the external auditor and make recommendations to the Board regarding the appointment, re-appointment or replacement of the external auditor.
- Assess the external auditor's independence and objectivity and the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements.
- Assist the Board with the definition and execution of its risk management strategy, risk policies internal control system and to assess the current risk exposure.
- Review the adequacy and security of the Company's whistleblowing arrangements, and procedures related to fraud, bribery and money laundering.
- Report to the Board after each Committee meeting on all matters within the Committee's duties and responsibilities.

Committee Key Activities and Focus in 2023

During 2023, PricewaterhouseCoopers LLP' ("PwC") audit of the Group's financial statements for the 52 week period ended 1 January 2023 was reviewed by the FRC's Audit Quality Review team (the "AQR team"). The AQR team routinely monitors the quality of audit work of certain UK audit firms through inspections of sample audits and related procedures at individual audit firms. The key finding of the AQR team of PwC's audit of the Group's financial statements for the 52 week period ended 1 January 2023 was for an improvement to the audit approach for the

Report of the Audit and Risk Committee continued

recoverability of the parent company's investment in its subsidiary undertakings. There were also some additional findings. All of these matters were considered by the Committee. The Audit & Risk Committee discussed the review findings with PwC and reviewed their proposed actions to address the AQR team's findings. The Committee is satisfied that these changes were implemented by PwC for their 2023 audit.

Other key activities in addition to the duties of the Committee referred to above included the following:

- Review of financial statements and reports, including the Half Year and Full Year financial reports
- Review of risk management and operational internal controls
- External audit – Receive the output of the external audit effectiveness review regarding the 2023 audit process and consider the external auditor's re-appointment.
- Financial Reporting Council review – Responding to the feedback received from the FRC in relation to its review of the Company's annual report and financial statements for the 52-week period ended 1 January 2023.
- Internal Audit – Keep under review plans and progress around internal controls framework and whether there is need for additional internal audit functions.
- Consideration of External Audit Tender Process.
- Review of financing and refinancing measures, including bank facilities and covenant terms.
- Review of the Committee's Terms of Reference.

The above key activities are commented on in further detail below.

Composition, Skills and Experience

An annual review of the Committee's composition, the independence of Non-Executive Directors and their time commitment was conducted in Q4 2023.

Reporting

Financial Reporting

The Committee reviews on an ongoing basis the Group's corporate reporting, including critical accounting policies, areas of judgment and estimation, major accounting transactions, short-term trading risks, business continuity, fraud environment and management overrides.

Significant Issues considered in relation to the Financial Statements

Significant issues and accounting judgements are identified by the Chair, by the Group's Finance Team and by the external auditor. These are reviewed by the Committee prior to the preparation of Half Year and Full Year financial statements.

The key audit matters identified in preparing and subsequently auditing the Group's financial statements for the 52-week period ended 31 December 2023 included:

- the appropriateness of the going concern basis of preparation of the financial statements;
- the results of the FRC review of the audit by PwC of the Company's annual report for the 52 weeks ended 1 January 2023;
- the restatement of the Company's investment in its subsidiary undertakings and certain other matters at 1 January 2023;
- the impairment of the Company's investment in its subsidiary undertakings at 31 December 2023;
- the restatement of the Group's impairment charge and resultant impact on goodwill for the 52 week period ended 1 January 2023; the team members and systems used for assessing impairments have been significantly changed during the period ended 31 December 2023. Additional functionality has also been put in place on lease renewals and cost accrual processes;
- the calculation of adjusted measures of earnings per share;
- additional disclosures in the financial statements for the 52-week period ended 31 December 2023 to enhance the information provided;
- the impairment of PPE and RoU assets for the 52-week period ended 31 December 2023;
- the calculation of Alternative Performance Measures;
- the valuation of goodwill at 31 December 2023.

With reference to the appropriateness of the going concern basis of preparation of the financial statements and the related viability assessment, the Committee took account of the following significant aspects of the business.

- EBITDA FRS102 of £1.6m;
- FY23 year-end net debt FRS102 of £25.1m;
- the cost reduction exercise completed in 2023 which reduced fixed overheads on an annualised basis by £8.4m;

- banking facilities recently refinanced with existing lending banks extending the term of the facilities to 1 January 2026 and a relaxation of the covenants relating to those facilities;
- the agreement with the TGI Fridays Franchisor to defer all new restaurant opening obligations until the end of FY25;
- the Group's forecasts for the financial years ending 31 December 2024 and 31 December 2025;
- The Group's capital allocation policy which was re-set at the beginning of 2023. This focuses primarily on delivering improved performance from the core TGI Fridays estate, and for 2023 to 2025 not expanding the operating estate of the business.

These actions all resulted in an improvement in net cash generation by the Group.

The Committee reviewed the results of the Executive Team's forecasts of expected operating performance and cash availability for the 15 months ending 31 July 2025. These also considered possible adverse effects, including severe but plausible downside sensitivities of trading and a worsening rate of profit conversion. The Committee discussed these projections in detail with the Executive Team and with the external auditor. The Group's base case forecasts showed that the Group would continue to have headroom above the minimum covenant levels in the updated Group banking facilities and continued compliance with covenant tests.

The Executive Team also prepared severe but plausible downside scenarios which assessed the position in a severely depressed trading environment and worsening of performance by the Group's restaurants, with limited recovery in the second half of 2023 from the factors that affected performance in the first quarter of 2023. The Board maintains a tight focus on the Group capital allocation policy and expenses, such that both can be reduced further if trading is reduced to the levels inferred in the severe but plausible downside scenario. In that scenario, if there was no corrective action by the Board, the Group has forecast potential for a restricted liquidity position in the first quarter of 2024.

The Committee combined this assessment with all other elements of its work and concluded that it was appropriate for the financial statements to be prepared on a going concern basis.

With reference to the valuation of property, PPE and RoU assets, the Committee reviewed in detail the impairment assessment of these assets performed by the Executive Team at 31 December 2023. For this purpose, each restaurant in the Group is considered a separate cash generating unit ("CGU"). An impairment charge is recognised where the recoverable amount is less than the carrying value of the RoU assets of the CGU. The recoverable amount is based on value-in-use calculations, using forecast cashflows and each restaurant's ability to cover its costs, including an allocation of central overheads, marketing and maintenance. The Committee assessed the carrying value of PPE and RoU assets by reference to the Group's updated business plan. This exercise resulted in a net impairment charge of £10.1m against these assets. The Committee discussed these projections in detail with the Executive Team and with the external auditor and concluded that an impairment charge of £10.1m was warranted. Accordingly, this has been reflected in the financial statements for the period ended 31 December 2023.

Goodwill relates to the TGI Fridays brand and is considered at an operating segment level. The Executive Team took account of the market capitalisation of the Company by reference to its share price at year end to consider whether a goodwill impairment trigger was present. With reference to the valuation of goodwill and the Company's investment is its subsidiary undertakings, the Executive Team performed an impairment assessment of goodwill in accordance with IAS 36 on the Group's consolidated statement of financial position. As a result of this assessment, the Committee concluded that a prior year adjustment was necessary in respect of the valuation of goodwill and of the related Company's investment in its subsidiary undertakings at 1 January 2023. At 31 December 2023, the recoverable amount of all the Group's CGUs was assessed to be significantly higher than the combined carrying amount of the CGUs and goodwill after reflecting the prior year adjustment. The Committee discussed this assessment in detail with the Executive Team and with the external auditor. Thereafter, the Committee concluded that no further impairment charge was necessary at 31 December 2023. The above prior year adjustment and no requirement for a further impairment in the 52 week period ended 31 December 2023 have been reflected in the financial statements.

Fair, Balanced and Understandable

The Audit and Risk Committee supports the Board in ensuring that the Annual Report and Financial Statements is fair, balanced and understandable.

The Committee reviewed the Annual Report and Financial Statements as it was being written and provided detailed feedback throughout the process to the Finance Team. The Annual Report and Financial Statements was also shared with the external auditor at an early stage to obtain feedback.

The Committee has concluded that the Annual Report and Financial Statements is fair, balanced and understandable.

Report of the Audit and Risk Committee continued

Risk Management and Internal Controls

Risk Management

The Committee, along with the Board, reviews the Group's monthly management accounts, including the statement of comprehensive income, statement of financial position and cash flows. Results are compared to the latest budget and forecast, with narrative for variances received from the Group's Executive Team.

The Committee considers possible changes in risk appetite that might occur during the year. It also considers the impact of short term operational and financial risks and the methods by which resilience is built into the business to protect it from these risks.

Internal Audit

The Group does not have a financial internal audit function though separate internal audit functions exist in the operational aspects of the business. The Committee reviews this position on an annual basis and provides an overview of the separate levels of assurance that are already in place and how these complement the work of the external auditor.

As referred to in note 6 to the financial statements, the IFRS 16 lease modifications for a number of stores at 1 January 2023 had been contractually agreed but had not been actioned at that period end. In addition, as referred to in note 38 to the financial statements, the value-in-use for testing of the Group's non-current assets at 1 January 2023 did not include the debt in the Company's subsidiaries. The systems and related models used for these assessments have been upgraded during the 52-week period ended 31 December 2023. Following that upgrade, the Committee has concluded that the financial processes and internal controls in operation in the Group are sufficient for a Group of Hostmore's size to operate effectively without a financial internal audit function.

Internal assurance is achieved through three distinct lines:

First line: Operational and management controls	**Second line:** Risk and compliance monitoring	**Third line:** Independent and external review
• Appropriate team structure and reporting lines. • Visible, championed values and expected behaviours. • Application of Group policies and procedures. • Team member induction, training and ongoing support. • Executive and leadership oversight.	• Operational internal audit activity. • Risk management framework, including review levels. • External specialists engaged to monitor and report on compliance operations.	• External advisors engaged to review first and second lines of assurance. • Open culture of challenge to existing processes and whistleblowing hotline.

Going Concern

As referred to above, the Committee considered the going concern basis of preparation of the Company's financial statements for the 52-week period ended 31 December 2023 which is set out in further detail in note 4.2 to the financial statements on page 135 and 136 and in the Chief Financial Officer's Review on page 20. The Committee reviewed the basis of preparation of the financial statements on the going concern basis. This included a review of forecasts prepared on a severe but plausible downside scenario. Those forecasts include a depressed trading environment and reduced recovery in H2 2024 and for the whole of FY 2025. These scenarios also model the impact that they would have on the amended covenants in the Group's financing facility. The Committee considered the detail provided in the Chief Financial Officer's Review on going concern. Based on the above, the Committee has concluded that it was appropriate for the Group's financial statements for the 52-week period ended 31 December 2023 to be prepared on a going concern basis and has recommended this to the Board.

Viability Assessment

The Committee reviewed the bases of calculation used in the Viability Statement set out in the Chief Financial Officer's Review on pages 20 and 21. The Committee confirmed their agreement to the Viability Statement and has recommended this to the Board.

External Audit

External Auditor

PricewaterhouseCoopers LLP have been the Company's external auditors since its incorporation in April 2021. The current audit partner, David Beer, has been the Company's external auditor's audit partner since admission on 2 November 2021 of the Company's shares to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange plc's main market for listed securities.

External Audit Tender Process

The Committee recommends the re-appointment of PricewaterhouseCoopers LLP as auditor at the AGM to be held on 3 June 2024, ahead of the audit tender process in the second and third quarters of 2024. The Committee will make recommendations to the Board about the appointment of a proposed new external auditor. The Committee would also consider, and once agreed approve the remuneration and terms of engagement of the new external auditor. Following completion of this process, PricewaterhouseCoopers LLP will resign.

Independence, Objectivity and Effectiveness

The Committee assesses the independence, objectivity and effectiveness of the auditor on an annual basis. The Chair of the Committee meets with the auditor throughout the year to discuss new accounting standards, current best practice, matters to be considered by the Committee and if there are any matters of concern. The auditor also periodically meets with the Committee without the Executive Directors being present which ensures that there is always a forum for open discussion.

Non-Audit Services Policy

During the 52-week period ended 31 December 2023, the Group's auditor did not provide any non-audit services to the Group. The Committee reviews this position on a half-yearly basis and has no plans to authorise the provision of any non-audit services by the auditor.

Appointment of External Auditor

The Committee recommends the re-appointment of PricewaterhouseCoopers LLP as auditor at the AGM to be held on 3 June 2024, ahead of the audit tender process in Q2 and Q3 of 2024, referred to above. Following completion of this process, PricewaterhouseCoopers LLP will resign.

External Auditor Fee

Details of the fees payable to PricewaterhouseCoopers LLP during the 52-week period ended 31 December 2023 are shown in note 12 to the financial statements.

Compliance, Speaking-up and Fraud

The Committee undertakes an annual review of the Company's Anti-Bribery and Corruption Policy and the Whistleblowing Policy and makes recommendations to the Board. These procedures are set out on page 51. The Company has a communications programme that promotes awareness of the whistleblowing helpline and its purpose to its team members across the Group. This programme was continued and expanded in 2023 and 2024.

Committee Evaluation

Provision 21 of the Code requires that the Board should undertake a formal and rigorous annual evaluation of the performance of the Board, its Committees, the Chair and individual directors. An internal Board and Committee evaluation was conducted in Q4 2023 where directors were asked to complete a questionnaire and update a board skills matrix. Further details of the evaluation process can be found on page 63 of the Corporate Governance Report. The performance of the Committee was rated positively.

Andrew Blurton
Chair of the Audit and Risk Committee
2 May 2024

Report of the Nominations Committee

Chair Introduction

Dear Shareholders,

The Nominations Committee had two formally scheduled meetings and a number of additional meetings during the 52-week period ended 31 December 2023. I am pleased to outline what the Committee focused on during the year.

Committee Members and Meeting Frequency

Stephen Welker, David Lis, Andrew Blurton, Helena Feltham and Célia Pronto are the current members of the Nominations Committee (full biographical details can be found on pages 54 to 57). Gavin Manson was the Chair of the Committee until he stepped down from the Committee on 25 January 2023, at which point Stephen Welker replaced him as Chair of the Committee. Helena Feltham and Célia Pronto were appointed as members of the Committee when they joined the Board on 7 June 2023 and 20 June 2023, respectively.

The Code requires that the Committee must comprise of not less than three members, the majority of whom are to be independent Non-Executive Directors of the Company. David Lis, Andrew Blurton, Helena Feltham and Célia Pronto are independent Non-Executive Directors and accordingly the Committee complies with this requirement. Gavin Manson and Stephen Welker who separately served on the Committee during the year are not independent Non-Executive Directors. Stephen Welker and Gavin Manson were not considered to be independent due to their previous board positions on Electra Private Equity PLC (now known as Unbound Group PLC) from which the Company was demerged in 2021, and Stephen's significant shareholding in the Company. The Board considers Stephen to be beneficial to the Company and its shareholders as he brings a knowledge and understanding of the Group's business, and has wide expertise of the City, investment banking and investor relations.

Roles and Responsibilities

The role of the Nominations Committee is set out in its terms of reference, which were approved by the Committee and the Board on 5 October 2021. The Committee's terms of reference were reviewed and approved by the Committee and the Board on 14 September 2023. The Committee's terms of reference are available on the Company's website.

Duties of the Committee

The Nominations Committee is responsible for the following key activities:

- Reviewing the structure, size and composition of the Board
- Putting in place Board and other senior management succession plans and keeping them under review
- Reviewing and monitoring the effectiveness of the Group's policies preventing discrimination, together with the People team's proposals to advance an equality, diversity and inclusion policy, and linking this with Group objectives
- Ensuring that appointments and succession plans are based on merit and objective criteria
- Making recommendations on the structure, size and composition of the Board Committees
- Reviewing annually the time required from the Non-Executive Directors
- Reviewing the results of the Board and Committee evaluation process and reviewing its own performance
- Ensuring that new Directors receive a full, formal and tailored induction
- Making recommendations to the Board on any area within its remit where action or improvement is considered to be required
- Reporting to the Board after each meeting of the Committee on all matters within the Committee's duties and responsibilities

Focus for 2023

The Committee's key areas of focus for 2023 included:

- Considering and thereafter approving the appointment of Stephen Welker as Chair of the Board as a result of Gavin Manson stepping down as Chair in June 2023
- Initiating a candidate search for two independent Non-Executive Directors
- Initiating a candidate search for a new CEO
- Considering and thereafter approving the appointment of Julie McEwan as the Company's Interim Chief Executive Officer on 10 January 2023 as a result of Robert B. Cook stepping down as Chief Executive Officer. Subsequently considering and thereafter appointing Julie McEwan as permanent Chief Executive Officer on 1 May 2023 and as a Director of the Company on 7 June 2023
- Considering and thereafter approving the appointment of each of Helena Feltham and Célia Pronto as a Director of the Company

- Agreeing letters of engagement and related arrangements for Helena Feltham and Célia Pronto to be appointed Non-Executive Directors
- Considering and thereafter approving the appointment of Matthew Bibby as the Company's Interim Chief Financial Officer on 8 September 2023 as a result of Alan Clark stepping down as Chief Financial Officer in September 2023. Subsequently considering and thereafter appointing Matthew Bibby as permanent Chief Financial Officer and as a Director of the Company on 6 December 2023
- Board and management team updates
- Reviewing the Committee's terms of reference
- Reviewing the membership of the Board and its Committees and the Board succession plan
- Approving the Committee's programme for 2024
- Reviewing the time commitment from Non-Executive Directors
- Completion of the internal Committee evaluation process
- Reviewing the Board induction programme
- Monitoring the effectiveness of the Group's policies preventing discrimination and the linkage of these policies to Group strategy.

Board Changes and Succession Planning

As referred to above, Gavin Manson stepped down from the Board at the 2023 AGM, and Stephen Welker succeeded him as Chair of the Board. Stephen had previously been appointed to the Board on 15 August 2022.

Stephen was previously a Non-Executive Director of Electra Private Equity PLC (from which the Company was demerged in 2021). He is a significant shareholder in the Company and also a Partner in Sherborne Investors Management LP which used to hold an interest in the Company. Stephen is therefore not considered to be independent within the meaning of the Code. In selecting Stephen as Chair, the Board saw continuity of stewardship as being particularly important. In addition, the Board values his knowledge and understanding of the Group's business, alongside his broad insight of the City, investment banking and investor relations. These have been of significant value as the Group has progressed its business plan during the year ended 31 December 2023 and since the year end. Consequently, although recommended by the Code, neither open advertising nor an external search consultancy were used for the appointment of Stephen to the role of the Chair.

Robert B. Cook stepped down as CEO of the Company and from the Board on 9 January 2023. The Board was committed to ensuring that the new permanent CEO had the qualities necessary to enable the future success of the business. Julie McEwan was appointed Interim CEO whilst an external search was conducted. After an impressive period as Interim CEO, the Board resolved on 7 June 2023 to appoint Julie McEwan as permanent CEO and as a Director of the Company.

Alan Clark stepped down as CFO of the Company and from the Board on 7 September 2023. Again, the Board was committed to ensuring that the new permanent CFO had the qualities necessary to enable the future success of the business. Matthew Bibby was appointed as Interim CFO. Matthew impressed the Board in this role and the Board resolved on 6 December 2023 to appoint Matthew Bibby as permanent CFO and as a Director of the Company.

In Q2 2023, the Committee conducted a search to identify and appoint two new independent Non-Executive Directors to the Board. This culminated with the appointment of Helena Feltham and Célia Pronto with effect from 7 June 2023 and 20 June 2023, respectively.

In line with best practice each of Stephen Welker, David Lis and Andrew Blurton will stand for re-election at the AGM on 3 June 2024. In addition, each of Julie McEwan, Matthew Bibby, Helena Feltham and Célia Pronto will stand for election at the AGM on 3 June 2024, being their first AGM since appointment.

The Committee received and considered the Company's succession plan in 2023. The Board members also completed a Board skills matrix to identify any potential skills shortages on the Board.

Committee Evaluation

Provision 21 of the Code requires that the Board should undertake a formal and rigorous annual evaluation of the performance of the Board, its Committees, the Chair and individual directors. An internal Board and Committee evaluation was conducted in Q4 2023 where directors were asked to complete a questionnaire and update a board skills matrix. Further details of the evaluation process can be found on page 63 of the Corporate Governance Report.

The performance of the Committee was rated positively. The Committee agreed that its functions would be improved further by extending the Executive Team's succession planning.

Stephen Welker
Chair of the Nominations Committee
2 May 2024

Annual Statement from the Chair of the Remuneration Committee

Dear Shareholders,

As the Chair of the Remuneration Committee, I am pleased to present, on behalf of the Board, our Directors' Remuneration Report for the 52-week period ended 31 December 2023.

This report is set out in three sections:

1. This Annual Statement, which summarises the key activities and work of the Committee during the 52-week period ended 31 December 2023.
2. The Hostmore Directors' Remuneration Policy (the "Remuneration Policy") – this sets out the proposed remuneration framework for the Directors which will apply if approved by shareholder vote at the AGM on 3 June 2024 (the "2024 AGM")
3. The Annual Report on Remuneration – this sets out in detail the remuneration received by Directors for the 52-week period ended 31 December 2023 and how the Remuneration Policy will be applied in 2024.

The Annual Report on Remuneration, along with this statement, will be subject to an advisory shareholder vote at the 2024 AGM.

Remuneration in context

2023 was a challenging year for our sector, with the cost-of-living crisis and significant inflationary pressures continuing to affect the UK economy. During the year ended 31 December 2023, the newly constituted management team has responded well to the prevailing challenges faced by the Hospitality Sector, including but not limited to the various cost of living impacts. The team has been transforming the guest experience to ensure there is increased value for money, streamlining operational costs and where possible closing non-viable operations. Innovation has been key to the transformation, together with ongoing delivery of this strategy.

Remuneration for the period under review

The single figure of remuneration for 52-week period ended 31 December 2023 reflects base salary, pension and awards of shares to Julie McEwan and Matthew Bibby on being appointed Interim and permanent CEO and Interim and permanent CFO respectively. The Committee determined that it was appropriate to pay Julie McEwan a bonus of £40,000 in respect of her period as Interim CEO. No bonus was payable to the Directors in respect of the 52-week period ended 31 December 2023.

Alan Clark resigned from the Board on 7 September 2023. The Remuneration Committee and the Board resolved to categorise him as a "Good Leaver" for the purposes of his long-term incentive awards. Alan Clark's Performance Share Awards are subject to the Group achieving the relative TSR, EPS and ROIC performance measures, and if so, they will vest three years after their date of grant in June 2022. These awards will also be pro-rata to reflect the period of time Alan was employed by the Company relative to three-year vesting period. They are also subject to a two-year post-vesting holding period. Malus and clawback provisions also apply.

No long-term incentive awards were made in the 52-week period ended 31 December 2023.

Julie McEwan, the Chief Executive Officer, received a share award of 185,000 ordinary shares for accepting the role of Interim CEO and a further 185,000 ordinary shares for accepting the role of permanent CEO. These shares were transferred to her by Intertrust Employee Benefit Trustee Limited, the trustee of the Hostmore plc 2021 Team member Benefit Trust, from shares held by the Trust and therefore did not involve the issue of new shares. Matthew Bibby was awarded 126,190 ordinary shares for accepting the role of permanent CFO which were transferred to him by Intertrust Employee Benefit Trustee Limited shortly after the year end. The Company paid the tax and national insurance contributions which arose on the initial award to Julie and the award to Matthew (but not on the subsequent award made to Julie on accepting the role of permanent CEO).

Remuneration Policy and implementation in FY23

The current Remuneration Policy was approved by the Company's shareholders at the 2023 AGM. The Remuneration Policy is structured to align executive remuneration with the shareholder experience and to support the strategy of the Company, and its continued growth and success. The Remuneration Policy also recognises the importance of attracting and retaining high-quality talent. In developing the Remuneration Policy, account was taken of the prevailing market and best practices.

Implementation in FY23:

- Robert B. Cook resigned as a Director of the Company on 9 January 2023. Details of the payments made to Robert in connection with his departure are summarised in the Annual Report on Remuneration (see page 99).
- Alan Clark resigned as a Director of the Company on 7 September 2023 and continued to be employed by the Company up to and including 6 March 2024. The Remuneration Committee and

the Board exercised its discretion to categorise him as a "Good Leaver" for the purposes of his long-term incentive awards. Details of the payments by the Group to Alan in connection with his departure are summarised in the Annual Report on Remuneration (on page 99).

- The base salary of Julie McEwan, the CEO, remained unchanged from her appointment on 2 May 2023 to 31 December 2023 at £400,000 per annum having been increased from £200,000 when she was Interim CEO. The base salary of Matthew Bibby, the CFO, remained unchanged from his appointment on 6 December 2023 to 31 December 2023 at £210,000.
- Executive Directors receive a pension contribution of 3% of their base salary in line with the contribution percentage available to the majority of the Group's workforce.
- The maximum annual bonus payable during the year ended 31 December 2023 in the case of Julie McEwan as CEO was 125% of her salary; and in the case of Matthew Bibby as CFO was 100% of his salary. At least one third of any Executive Director's annual bonus earned has to be deferred into the Company's shares which are required to be held for three years if the Executive Director has not met the shareholding requirement of 300% of salary. For the period ended 31 December 2023, the bonus was assessed against a number of strategic measures set for H1, Q3 and Q4, which were all subject to an EBITDA underpin – see Annual Statement form the Chair of the Remuneration Committee on pages 76 and 77 for more details. These metrics are aligned to the Company's 4D strategy which is detailed on page 8. The purposes of these metrics are detailed under the heading "Performance measures" on page 79. The EBITDA for the 52- week period ending 31 December 2023 was less than the target underpin in the bonus scheme and accordingly no annual bonus was payable.
- No awards were made under the Company's long-term incentive plan in the 52-week period ended 31 December 2023.

New Directors' Remuneration Policy (subject to approval at the 2024 AGM)

To address the challenges being handled by the Company, the Committee is submitting an amended remuneration policy for shareholder approval at the 2024 AGM.

This new policy will:

- Allow for retention awards of up to 100% of salary of Executive Directors to be made.
- Provide for slightly more flexibility when setting targets for the annual bonus.

The reasons for making these changes to the Remuneration Policy are as follows:

Retention

The Committee was concerned that there were insufficient arrangements in place to ensure the retention of the two Executive Directors at what it seen as a critical period for the future success of the Company, given the combination of:

- The recently proposed all-share acquisition of TGI Fridays, Inc, announced on 16 April 2024.The additional workload imposed on the Company's two Executive Directors during this period of uncertainty until the circular relating to the proposed acquisition of TGI Fridays, Inc, and related prospectus of the enlarged Group is issued.
- The fact that the Company's two Executive Directors currently have very limited share awards that have been granted in the past under the Company's long-term incentive plan, combined with the fact that the Committee does not consider it would be appropriate to make additional awards at this time.
- The fact that there will be a requirement for the Executive Directors to be required to be retained to ensure a successful transition to the new combined business.

The Committee is therefore focused on the proposed changes above to the current policy to assist with the retention of the Group's two Executive Directors.

As a result, the proposed new remuneration policy will give the Committee the ability to make one-off cash retention awards of up to 100% of salary to both of the Executive Directors immediately following the 2024 AGM. These will normally only be payable if the Executive Director remains in employment with the Group for 12 months after the proposed all-share acquisition of TGI Fridays, Inc has completed.

Annual bonus

The Committee believes that the change made to the annual bonus plan last year, to allow for quarterly targets to be set was helpful in ensuring that targets could remain relevant throughout the year. However, the Committee considers that the restriction in the current remuneration policy that at least 70% of the annual bonus will be based on financial performance targets is too restrictive at this time. The new remuneration policy will allow for a greater part of the bonus to be paid for non-financial performance targets (currently limited to 30%), providing always that 100% of the bonus is subject to a financial underpin. This will enable more strategic and other non-financial targets to be included whilst ensuring that no bonus is payable unless the financial underpin is met.

No other changes are proposed to the current Remuneration Policy. Assuming the proposed acquisition of TGI Fridays, Inc proceeds, the Committee expects that it will be necessary to submit a new Remuneration Policy to shareholders at the General Meeting to be held to approve the proposed acquisition of TGI Fridays, Inc. This will be to reflect the substantial changes expected to leadership and operational structure of the enlarged Group as a result of the proposed all-share acquisition.

Implementation of the Remuneration Policy in FY24

The implementation of the Remuneration Policy for FY24 is set out below, details of how the policy supports the short and long-term strategic objectives of the Group and how each component operates is included in the Remuneration Policy on pages 82 to 87:

- The base salary of Julie McEwan, the CEO, will remain unchanged, noting that she was appointed as CEO in May 2023.
- The base salary of Matthew Bibby, the CFO, will be increased to £275,000 with effect from 1 April 2024 to reflect the fact that he is already performing very strongly in the role and his starting salary of £210,000 was considerably below market rates.
- Pension contributions for Executive Directors to remain at 3% of salary in line with the contribution percentage available to the majority of the Group's workforce.
- The maximum annual bonus payable to remain unchanged at 125% of the CEO's salary and 100% of the CFO's salary. Targets have been set for the annual bonus for the first quarter of 2024, comprising a mixture of financial and strategic measures including number of covers, an analysis of growth opportunities, managing consolidated net debt, internal reporting, achieving targeted guest feedback scores, progression of the Group's refinancing process and approval of a revised IT architecture for the Group. The Committee envisages setting quarterly targets on a similar basis for the remaining two quarters of the year. Bonuses will be payable, or agreed to not be payable, following determination of the outcomes of each quarter. The Remuneration Committee is keeping ESG metrics under review in the line with the ESG strategy on (pages 24 to 28).

  Given the focus on achieving short term targets for the benefit of the Group and its shareholders, the current share price of the Company, and the proposed acquisition of TGI Fridays, Inc, there are currently no plans for the Committee to make annual awards under the Company's long-term incentive plan during 2024.

Providing the new Remuneration Policy is approved by the Company's shareholders at the 2024 AGM

- retention awards will be made to the two Executive Directors under which each of them would receive one times annual salary (subject to normal deductions for tax, National Insurance etc) in cash providing they are still employed by the Group (and have not given notice to leave) 12 months following completion of the proposed acquisition of TGI Fridays, Inc, or, if earlier, on cessation of employment with the Group if they are given notice by the Group following completion of the proposed acquisition.
- The requirement for Executive Directors to build their shareholdings to an in-employment level of 200% of base salary has been suspended. The requirement to defer one third of any annual bonus if a 300% of base salary shareholding requirement had not been met, was also suspended in FY23. This latter requirement has been reinstated for FY24.

Pay and benefits of the Group

The Group operates a fair and equal pay structure that enables it to attract, retain and incentivise high performing individuals to deliver the Board's strategy. We also champion a fair and transparent service charge / TRONC / gratuities system. The Board believes that the Group implements a progressive pay structure to reflect career development.

The Group also operates a Team member Forum which acted as the formal channel to discuss a wide range of colleague related topics. In addition to representation by colleagues from the workforce, the Team member Forum was attended by the CEO and Karen Barnard[3], the then People and Culture Director of the Group, and thereafter by the CEO and Stephanie Williams, the current People and Culture Director of the Group. Feedback was provided from the Team member Forum to the Remuneration Committee and its Chair. Helena Feltham became Chair of the Remuneration Committee on 1 October 2023 and at that time she also became the designated NED for the wider workforce.

3 Note: Karen Barnard was not a statutory director of Hostmore plc or its subsidiaries. In October 2023, Stephanie Williams succeeded Karen Barnard as People and Culture Director of the Group. Stephanie Williams is also not a statutory director of Hostmore plc or its subsidiaries.

Equality, Diversity and Inclusion Policy

Building on the Group's existing policies preventing discrimination, the Group has launched a new equality, diversity and inclusion programme, together with a Diversity and Inclusion Committee, underpinned by a Diversity and inclusion policy. The Diversity and Inclusion strategy is focused on three key areas in 2024 to drive inclusion and diversity in all areas of the Group; LGBTQ+, Women in Business and Disability. Detailed reporting on Equality, Diversity and inclusion is provided to the Remuneration Committee on a biannual basis.

In addition, in 2024 the Group is revisiting its online Equality and Diversity training, which each new and existing team member required to complete this as part of their induction.

Further details on Equality, Diversity and Inclusion are included in the Equality, Diversity and Inclusion section on page 110 of the Directors' Report.

Team Member Engagement

The Group receives, and acts upon, team members feedback. It also conducted a colleague engagement survey in 2022 which included diversity and inclusion questions. These were in support of the launch of diversity and inclusion activities in 2023 and our broader diversity and inclusion agenda for 2024.

The Group conducted a colleague engagement survey in Q1 2024, with the results being considered by the Committee on 11 April 2024. A further engagement survey is planned for H2 2024 which includes Diversity and Inclusion, two way communication and a revised Recognition Strategy.

The Committee's key activities

The Committee's additional activities during the 52-week period ended 31 December 2023 were as follows:

- reviewing the Committee's terms of reference;
- negotiating the settlement agreements with the previous CEO and the previous CFO;
- agreeing remuneration packages and arrangements for the interim CEO and interim CFO;
- agreeing remuneration packages and arrangements for the permanent CEO and CFO;
- agreeing remuneration packages and arrangements for senior employees;
- devising and implementing a bonus plan for Executive Directors and members of the Executive Team for FY23 and Q1 FY24; and
- considering to not make potential awards under the Company's long term incentive plan in FY24 at the present time.

Subsequent to the period end, the Committee has been involved in the following key activities:

- considering how best to ensure that the Executive Directors are fairly rewarded, incentivised and retained for the benefit of the Group in light of the proposed acquisition of TGI Fridays, Inc; and
- considering and thereafter proposing related amendments to the Remuneration Policy for the remuneration packages and arrangements for the Executive Directors of the Company.

Performance measures

Performance measures are used to determine the extent to which awards made under the variable elements of the Group's annual bonus and long-term incentive plan (the "LTIP") in Executive Directors' remuneration, will vest. For 2023, as no LTIP awards were made, performance measures were only set for the Group's annual bonus plan. The performance measures are selected to align to the Group's strategy, they are useful as Key Performance Indicators to assess the Group performance and they align the interests of the Directors to those of the Company's shareholders.

Annual Statement from the Chair of the Remuneration Committee continued

The measures used for the annual bonus for Q1 2024 fulfil the purposes set out below.

Measure	Used in*	Purpose
EBITDA FRS 102	Annual bonus	Key strategic financial underpin
Covers	Annual bonus	Strategic imperative to improve performance
Analysis of growth opportunities	Annual bonus	Strategic imperative to evaluate growth opportunities
Consolidated net debt	Annual bonus	Key strategic financial measure
Internal reporting	Annual bonus	Increased speed and quality of internal reporting to assist the Board in managing the business through the turnaround phase
Guest feedback	Annual bonus	Improved guest experience to drive covers growth
Refinancing process progression	Annual bonus	Key strategic imperative
Information technology architecture	Annual bonus	Key strategic imperative

For internal management purposes the Group prepares results in accordance with FRS 102, which is the basis adopted in the Groups' bank facilities and its' related covenants. This basis is therefore the basis that is used for setting the targets of the annual bonus scheme.

* At the date of this report, only the annual bonus measures for Q1 2024 have been set and, consequently, only those are detailed in the table above.

Conclusion

As Chair of the Remuneration Committee, I would welcome any feedback or comments on the Remuneration Policy and the Annual Report on Remuneration more generally. I hope that you find the information in this report helpful, and I look forward to your support at the Company's AGM.

Helena Feltham
Chair of the Remuneration Committee
2 May 2024

Hostmore Remuneration Policy

This Directors' Remuneration Policy (the "Remuneration Policy") has been prepared by the Remuneration Committee (the "Committee") in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2008 as amended (the "Regulations"), the UK Corporate Governance Code 2018 and the Financial Conduct Authority's Listing Rules. The Remuneration Policy takes into account the accompanying Directors' Reporting Guidance and the relevant guidelines of the shareholder representative bodies.

The Remuneration Policy will be submitted to shareholders for approval at the AGM on 3 June 2024. The Committee intends that the Remuneration Policy will operate for three years, effective from 3 June 2024. However, if the proposed all-share acquisition of TGI Fridays, Inc, announced on 16 April 2024 proceeds, the Committee expects that it will be appropriate to submit an updated Remuneration Policy to shareholders at the General Meeting to be held to approve the proposed acquisition of TGI Fridays, Inc to reflect the substantial changes expected to the Group as a result of the proposed acquisition of TGI Fridays, Inc. The existing Remuneration Policy was approved by shareholders at the AGM on 7 June 2023 and can be found in the 2022 Annual Report and financial statements on the Company's website.

The remuneration strategy of the Group is to provide remuneration 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 of optimising the Group's brands, aligning those brands with evolving consumer requirements and delivering personalised customer engagement. The Remuneration Policy is aligned to the values and philosophies of the Group and is intended to incentivise and reward long-term sustainable growth of the Group. It is also aligned to market best practice. The Group is committed to fairness in the way that it pays all colleagues in relation to their skills, experience and performance. The Remuneration Policy takes into account the way the wider workforce is paid in setting executive pay. The Remuneration Policy for Executive Directors is more weighted towards variable pay than for other team members, with a greater part of their pay therefore at risk to them and conditional on the successful delivery of the Company's business strategy.

Key principles of the Remuneration Policy:

Principle	How addressed
Clarity	The Company operates a simple and transparent remuneration structure which allows clear understanding by Executive Directors and external stakeholders.
Simplicity	Remuneration for Executive Directors is comprised of distinct elements, with clear purposes and links to the Group strategy.
Risk	The Committee endeavours to structure remuneration arrangements to ensure that risks from potentially excessive rewards are easily identified and mitigated. The Remuneration Policy is designed to discourage inappropriate risk taking through the weighting on long-term incentives. Risk is taken account of by the Committee in the targets that are set, malus and clawback provisions are included and requirements for the Executive Directors to hold shares both in and after employment.
Predictability	The Committee seeks to ensure that annual salary increases and changes to the operation of plans are clearly disclosed and that the potential value of each year's remuneration is also clearly disclosed. The Committee has discretion over variable pay and can adjust any pay outcomes that the Committee deems are inconsistent with the performance of the Group.
Proportionality	The Committee seeks to provide a competitive remuneration package which attracts and retains high calibre executives, as well as structuring packages so that a significant proportion is performance related and does not reward poor performance.
Alignment to culture	The Committee sets the Executive Directors' pay packages having had due regard to pay and employment conditions in the wider workforce. The Committee also ensures that they do not drive behaviours that are inconsistent with the Company's strategy and values. It ensures that such behaviours are properly aligned with personal performance, the performance of the Group, and the interests of shareholders.

Hostmore Remuneration Policy continued

Executive remuneration comprises a number of distinct elements, which are structured as follows:

Base Salary

Purpose and link to strategy	Operation	Maximum Opportunity	Performance metrics and assessment
To recruit and retain Executive Directors of the right calibre who are capable of developing and delivering the Group's strategy, by providing a competitive and appropriate level of fixed pay.	Base salaries are reviewed annually by the Committee and other than appointments actioned during a year, any changes are normally effective from 1st April each year. The review takes into account several factors including (but not limited to): • business performance; • size and scope of the individual's responsibilities; • skills and experience of the individual over time; • pay and conditions elsewhere in the Group – including salary increases awarded to the overall team member population; • market data for similar roles and comparable companies; and • the overall economic environment, including the rate of inflation and its potential effect on Group performance.	Whilst there are no maximum salary increases, the rate of any salary increase (in percentage terms) will be broadly in line with that of the wider workforce. Higher increases may be made under certain circumstances at the Committee's discretion. For example, this may include significant changes in responsibility, a change of scope in a role, a material sustained change in the size and/or complexity of the Group or very strong performance, meriting base salary increases at greater levels than that of the wider workforce. If pay is set at a discount to the Company's normal policy on appointment, it may be appropriate to phase an individual towards an appropriate rate using increases above those of the wider workforce based on performance and experience.	No formal metrics, although increases will take account of Group performance.

Benefits

Purpose and link to strategy	Operation	Maximum Opportunity	Performance metrics and assessment
To provide market competitive level of benefits to support the recruitment and retention of Executive Directors	The Executive Directors receive benefits which include, but are not limited to, 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 claimed in accordance with the Company's expense reporting procedure. These benefits are not pensionable. Travel and/or relocation or the temporary provision of accommodation may be offered where the Company requires an Executive Director to relocate. Expatriate allowances may be offered where required. The Company may reimburse any tax payable (on a grossed up basis) on any business expense which is determined to be a taxable benefit. Executive Directors may become eligible for new benefits introduced to a wider set of Group colleagues.	The value of each benefit is not predetermined and is based on the cost to the Group. The Committee aims to review the level of benefits provided and the overall cost of the benefits.	Not performance related.

Pension

Purpose and link to strategy	Operation	Maximum Opportunity	Performance metrics and assessment
To provide retirement benefits in line with those offered to the majority of the workforce.	Contribution towards a Group pension scheme and/or a cash allowance in lieu of Company pension contributions, or a combination of both.	Pension contribution rate in line with rate applicable for majority of the Group's workforce (currently 3% of base salary).	Not performance related.

Hostmore Remuneration Policy continued

Annual bonus

Purpose and link to strategy	Operation	Maximum Opportunity	Performance metrics and assessment
To incentivise the achievement of stretching objectives that support the Group's corporate goals and delivery of the strategy. For any Executive Director that has not met a shareholding requirement of 300% of salary, deferral of a proportion of any bonus into the Company's shares provides additional alignment with the Company's shareholders.	The Committee sets Performance measures and targets for each financial year and determines the payment level after year-end by reference to the measures and targets. At least one-third of any Executive Director's annual bonus earned will be deferred into the Company's shares and must be held for three years if the Executive Director has not met a shareholding requirement of 300% of salary (i.e. 150% of the in-employment shareholding requirement which is summarised below). The remainder will be paid in cash. Participants may be able to receive dividend equivalents which have accrued during the period from grant to the date the award vests (or if there is a holding period to the earlier of the date of exercise and the end of the holding period) on vested shares, normally delivered in shares. Malus and clawback provisions apply (see notes on page 88).	The maximum bonus opportunity is 125% of base salary for the Chief Executive Officer and 100% for the Chief Financial Officer.	The pay-out is determined based on a range of financial and strategic and/or personal objectives. At least 70% of the annual bonus will be based on financial performance targets, unless 100% of the bonus is subject to a financial underpin (such as an EBITDA target) in which case there would be no minimum percentage that needed to be based on financial performance targets. The Committee retains the flexibility to vary the performance measures and/or weightings for future years. Up to one-third of the maximum is payable at threshold performance against each measure. The Committee has the discretion to adjust the payout that would otherwise result by reference to the formulaic outcome alone, taking into account corporate and/or personal performance, to ensure the pay-out is consistent with the Group's overall performance during the year and/or shareholder experience over the period or the performance of the Executive Director in delivery of the business strategy and results.

Long-Term Incentive Plan ("LTIP")

Purpose and link to strategy	Operation	Maximum Opportunity	Performance metrics and assessment
To incentivise the achievement of long-term sustainable growth and to align Executive Directors and senior employees with shareholders' interests.	The first award was granted shortly after Admission. The performance period for the EPS and ROIC measures used for these awards was measured to the end of the financial year ending 31 December 2023. Normally, awards will be made under the Company's LTIP annually following the announcement of the annual results. Discretionary annual awards which may be granted in the form of nil-cost options or conditional shares, and which normally vest after three years subject to performance conditions and continued service. Performance is normally measured over a period of at least three financial years Awards for Executive Directors are subject to a two year post vesting holding period in respect of vested shares (net of sales for tax and national insurance). The two year holding requirement will normally continue if they leave employment during the holding period. Participants may also be entitled to receive dividend equivalents which have accrued during the period from grant to the earlier of the date of exercise and the end of the holding period on vested shares, normally delivered in shares. Malus and clawback provisions apply (see notes on page 88). Awards are subject to the discretions contained in the LTIP rules.	The normal maximum grant level for an Executive Director is 150% of base salary per annum (based on the closing market value of the Company's shares on the day prior to grant or an average of the closing prices for a short period prior to grant).	Awards are normally subject to a combination of measures which may include financial and/or strategic measures and/or total shareholder return relative to the constituents of a relevant comparator index or peer group. 25% of the maximum award vests at the threshold performance. The Committee retains the flexibility to vary the performance measures and/or weightings for current and/or future awards.

Hostmore Remuneration Policy continued

Retention award

Purpose and link to strategy	Operation	Maximum Opportunity	Performance metrics and assessment
To retain the services of the Executive Directors in the run up to and following the proposed acquisition of TGI Fridays, Inc.	The award will be payable in cash over a fixed percentage of salary provided an Executive Director is still employed by the Group (and has not given notice to leave) 12 months following completion of the proposed acquisition of TGI Fridays, Inc or, if earlier, on cessation of employment with the Group, other than for cause, if an Executive Director is given notice by the Group following completion of the proposed acquisition of TGI Fridays, Inc.	100% of base salary	Not performance related.

Shareholding requirements

Purpose and link to strategy	Operation	Maximum Opportunity	Performance metrics and assessment
Share ownership requirements for Executive Directors are designed to strengthen the alignment between the interests of the Executive Directors with those of the Company's shareholders.	**During employment** Executive Directors are required to build and retain a holding of the Company's shares equivalent to at least 200% of their base salary. Executive Directors will be required to retain 50% of all vesting Company shares that they receive under the LTIP (net of sales for tax and national insurance) until the requirement is achieved. For the purposes of the share ownership requirements, deferred bonus shares and shares under the LTIP which have vested but are subject to a holding period will count towards these requirements, on a net value basis. **After employment** 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: (i) the shareholding requirement (i.e. the 200% requirement); and (ii) the shares held at cessation of employment.	200% of base salary	Not performance related.

Directors' and officers' liability insurance ("D&O Insurance")

Purpose and link to strategy	Operation	Maximum Opportunity	Performance metrics and assessment
Maintaining D&O Insurance for Executive Directors is designed to cover the cost of defending civil and criminal proceedings brought against an individual acting in their capacity as a Director or Officer of the Company. It therefore protects an individual from claims which result from that individual carrying out his or her duties as a Director.	The Company maintains D&O Insurance to cover the cost of defending civil and criminal proceedings brought against an individual acting in their capacity as a Director or Officer of the Company	The benefit to a Director is dependent on the nature of the claim and the limitations of the D&O insurance policy.	Not applicable.

Chair and Non-Executive Directors

Fees

Purpose and link to strategy	Operation	Maximum Opportunity	Performance metrics and assessment
To attract and retain a high-calibre Non-Executive Chair and Non-Executive Directors who have a broad range of skills and experience to oversee the implementation of the Group's strategy, by providing a competitive fee level.	The Non-Executive Chair receives an all-inclusive fee. Non-Executive Directors are paid a base fee, with additional fees paid to the Chairs of the permanent Board Committees and the Senior Independent Director to reflect their extra responsibilities. An additional fee may also be payable to reflect other additional responsibilities. Fees are reviewed annually by the Remuneration Committee for the Chair, and by the Board for the Non-Executive Directors. The Chair and the Non-Executive Directors do not participate in any performance-related incentive schemes, nor do they receive pension or other benefits from the Company. The Company may reimburse any tax payable (on a grossed-up basis) on any business expense which is determined to be a taxable benefit.	When reviewing fee levels, account is taken of market levels in the fees of the Non-Executive Chair and Non-Executive Directors, Board Committee Responsibilities and ongoing time commitments. The total amount of the fees paid to all of the Non-Executive Directors (excluding any remuneration for special or additional services) must not exceed any amount decided by the Company by ordinary resolution.	Not performance related.

Hostmore Remuneration Policy continued

D&O Insurance

Purpose and link to strategy	Operation	Maximum Opportunity	Performance metrics and assessment
Maintaining D&O Insurance for Non-Executive Directors is designed to cover the cost of defending civil and criminal proceedings brought against an individual acting in their capacity as a Director or Officer of the Company. It therefore protects an individual from claims which result from that individual carrying out his or her duties as a Director.	The Company maintains D&O Insurance to cover the cost of defending civil and criminal proceedings brought against an individual acting in their capacity as a Director or Officer of the Company	The benefit to a Director is dependent on the nature of the claim and the limitations of the D&O insurance policy.	Not applicable.

Notes to the Policy table

Performance conditions

The Committee aims to ensure that the performance measures for the annual bonus and LTIP represent an appropriate balance between the short-term and long-term performance of the Group, with measures aligned to the Company strategy and key performance indicators. At the beginning of each award cycle, the Committee reviews and selects the most appropriate performance measures, considering the key priorities of the Group at the time over both the short and long-term.

As outlined in the 2022 Annual Report when the Policy was proposed to shareholders, the Policy allows for the temporary suspension of the in-employment shareholding requirements in exceptional circumstances when the satisfaction of the requirement is unreasonable, for example, due to a significant fall in share price. On 9 February 2023, the Committee decided to suspend the shareholding requirement of Executive Directors in the Policy. Whilst the requirement is suspended, the requirement to defer part of bonus into shares if an Executive Director has not met a 300% of salary shareholding requirement is also suspended.

The Committee sets stretching but achievable targets for both financial and non-financial measures. Details are included in the Company's annual report and financial statements each year, subject to limitations with regards to commercial sensitivity for the annual bonus (where general terms will be provided). The full details are also disclosed following the end of the financial year in the Company's next annual report and financial statements subject if appropriate to limitations with regards to commercial sensitivity for the annual bonus.

Malus and Clawback

Malus and clawback can be applied at the discretion of the Committee within three years of an LTIP award vesting or annual bonus payment. These provisions may be applied by the Company in the following circumstances by the participant:

(i) material financial misstatement;

(ii) significant reputational damage to the Group;

(iii) negligence or gross misconduct by the participant;

(iv) fraud effected by or with the knowledge of the participant;

(v) breach of anti-bribery or anti-corruption laws by the participant;

(vi) material corporate failure in the Group; or

(vii) where awards were granted or vested based on erroneous or misleading data.

Committee Discretions

The Committee operates under the powers that have been delegated to it by the Board. The Committee operates the variable incentive plans in accordance with the relevant plan rules, the Listing Rules and applicable legislation. Within the plan rules, the Committee retains a number of discretions to ensure effective operation of the plans. The majority of these discretions are standard market practice and include (but are not limited to) the following:

- Selecting the participants in the incentive plans;
- Determining the timing of grants of awards and/or payments;
- Determining the quantum of awards and/or payments (within the limits set out in the Remuneration Policy and rules of each plan);

- Determining the choice of (and adjustment of) performance measures and targets for each incentive plan in accordance with the Remuneration Policy and rules of each plan;
- Determining whether to set targets at the start of the year for the annual bonus, or to set targets during the financial year, such as six monthly or quarterly targets in which case bonus payments could be made following determination of the outcome of each period;
- Determining the extent of vesting based on the assessment of performance;
- Overriding formulaic annual bonus outcomes, and LTIP vesting outcomes, taking account of overall or underlying Group performance;
- Determining whether and to what extent dividend equivalents should apply to awards;
- Determining whether malus and clawback should be applied to any award in the relevant circumstances and, if so, the extent to which they should be applied;
- Making appropriate adjustments required in certain circumstances, for instance for changes in the capital structure of the Company (or any similar corporate event);
- Application of the holding period;
- Determining "good leaver" or "bad leaver" status for incentive plan purposes and applying the appropriate treatment;
- Undertaking the annual review of weighting of performance measures and setting targets for the annual bonus plan and LTIP awards from year to year; and
- Temporarily suspending the in-employment shareholding requirement in exceptional circumstances in which case the requirement to defer one third of the annual bonus into shares if a 300% of salary shareholding requirement was not met would also be suspended.

If an event occurs which results in the annual bonus plan or the LTIP performance conditions and/or the targets being deemed no longer appropriate, such as a material acquisition or divestment, the Committee will have the ability to adjust appropriately the measures and/or targets and alter weightings, provided that the revised conditions are not materially less challenging than the original conditions. In addition, the Committee may exercise its discretion in order to make such other non-material decisions affecting the Executive Directors' awards in order to facilitate the plans. Any use of the above discretion would, where relevant, be explained in the Company's annual report on remuneration of Directors.

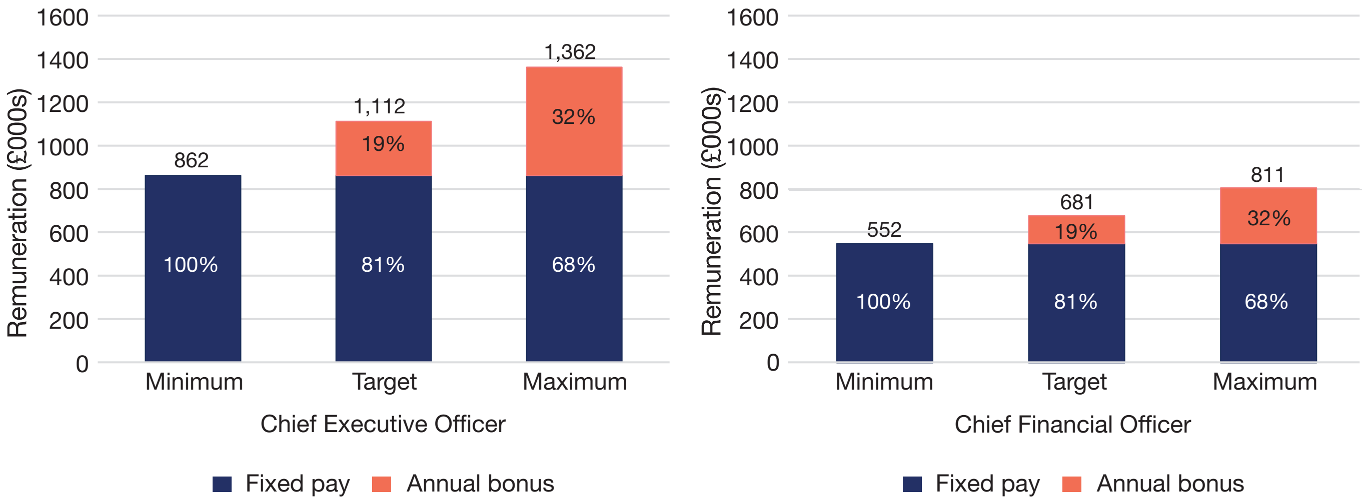
Legacy Arrangements

Any commitments entered into by the Group on pay and bonus arrangements prior to the approval and implementation of the Remuneration Policy outlined above may be honoured, even if they are not consistent with the Remuneration Policy prevailing at the time the commitment is fulfilled. This may include commitments to future Executive Directors where the terms were agreed prior to (and not in contemplation of) promotion to Executive Director, which includes satisfying awards of variable remuneration based on the terms agreed at the time the award was originally granted.

Hostmore Remuneration Policy continued

Illustration of the Remuneration Policy

The chart below sets out the potential values (£'000) of the remuneration package of the Executive Directors for FY24 under various performance scenarios.



Notes:

- Salary represents annual salary for FY24.
- Benefits have been included based on the anticipated value of benefits in FY24.
- Pension represents the value of the annual pension of 3% of salary contributed by the Company.
- Retention award represents the full value of the proposed retention awards (100% of base salary at date of award).
- Minimum: Fixed pay only (salary, benefits, pension and retention award).
- Target performance: Fixed pay and annual bonus at 50% of maximum (62.5% of salary for the CEO and 50% of salary for the CFO). No LTIP as currently there is no intention to make an LTIP award in 2024.
- Maximum performance: Fixed pay and maximum annual bonus (125% of salary for the CEO and 100% of salary for the CFO). No LTIP as currently there is no intention to make an LTIP award in 2024.
- No maximum with share price growth as no current intention to make an LTIP award in 2024.

Service contracts and loss of office arrangements

The Executive Directors who served during the 52-week period ended 31 December 2023 had service contracts summarised as follows:

Executive Director	Date of service contract	Notice period
Robert B. Cook[1]	15 October 2021	6 months
Alan Clark[2]	15 October 2021	6 months
Julie McEwan	1 May 2023	6 months
Matthew Bibby	5 December 2023	6 months

1 Robert B. Cook stepped down as CEO and as a Director with effect from 9 January 2023. Details of his settlement on termination and termination of his LTIP awards are set out on page 99. There will be no further payments in respect of his exit.

2 Alan Clark stepped down as CFO and as a Director with effect from 7 September 2023. He remained an employee until 6 March 2024. Details of his settlement on termination are set out on page 99. Other than payments for being an employee up until 6 March 2024 and him retaining LTIP awards on a pro rata basis that could vest depending on achievement of performance criteria, there have been and will be no further payments in respect of his exit.

The Committee can exercise discretion in the manner referred to below. New Executive Directors appointed internally will be appointed on service contracts that have a notice period of not more than six months for both the Company and the individual. In cases of external appointments, the initial notice period may be up to 12 months, reducing to no more than 6 months after not more than 12 months.

The Group's policy on remuneration for Executive Directors who leave the Group is set out below. This policy is consistent with general market practice. The Group does not reward failure. The Committee's policy for Executive Directors' termination payments is to provide only what would normally be due to Executive Directors had they remained in employment in respect of the relevant notice period, and not to go beyond their normal contractual entitlements. The rules of the annual bonus plan and the LTIP contain provisions setting out the treatment of awards where a participant ceases to be employed by the Group. For both annual bonus and LTIP awards, the Committee has the discretion to determine whether an Executive is a good leaver or bad leaver. This is summarised in the following table.

In the event of a change of control or similar event, awards may vest early subject to performance. In addition, any bonus or LTIP would normally be subject to pro-rating on a time apportioned basis. The 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 this appropriate. Following an internal reorganisation which results in a change of control, awards may be rolled over into awards in the acquiring company.

Remuneration element	Approach
Fixed pay (salary, benefits and pension)	Paid for the proportion of notice period worked. The Company may at its 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 by earnings from other employment. For summary dismissal, no notice will be given and no payment in lieu of notice is payable.
Annual bonus (in year)	Bad leavers (typically due to resignation or summary dismissal) will not be eligible to receive a pay-out under the annual bonus scheme. Good leavers may receive an annual bonus payment, which will normally be subject to the satisfaction of the relevant performance criteria tested at the normal date and the outcome will be calculated on a time pro-rata basis to the date of departure. The Committee retains discretion on whether the whole bonus payable is paid in cash, or whether part of it is deferred either in cash or in shares.
Annual bonus (unvested deferred shares)	For bad leavers, awards will lapse. For good leavers, shares will ordinarily vest on the normal vesting date.
LTIP	For bad leavers, unvested awards will lapse. For good leavers, awards will normally be retained by the Executive Director and remain subject to the relevant performance conditions (normally over the full performance period). The outcome will be calculated on a time pro-rata basis and vest at the normal vesting date. The Committee may, at its discretion, allow unvested awards to vest at an earlier date, having regard to the achievement of performance conditions to that date and the period of time that has passed since the date of grant. The Committee may choose to apply no, or a reduced, reduction in the amount of shares vesting if it is considered appropriate given the particular circumstances.
Retention award	Unvested retention awards will lapse on the giving of notice by the Executive Director or if the Executive Director ceases employment as a result of being dismissed for misconduct or cause. In other circumstances, the Executive Director would be treated as a good leaver and any unvested retention award would vest in full on cessation of employment provided that the proposed acquisition of TGI Fridays, Inc has completed.

Hostmore Remuneration Policy continued

Non-Executive Directors terms of appointment

Each Non-Executive Director has specific terms of engagement which are terminable on not less than three months' notice by either party, including the Chair, unless waived by the Board. Each Non-Executive Director's appointment will continue for an initial three-year term, subject to annual re-election at each AGM. The appointment letters state 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. The initial terms of David Lis and Andrew Blurton will end in August 2024 and, having indicated their willingness to continue, the Board has agreed to extend their tenure for a further three-year term if they are re-appointed by shareholders at the 2024 AGM. The remuneration of Non-Executive Directors is determined by the Board within the limits set by the Articles of Association and based on a review of fees paid to Non-Executive Directors of similar sized companies. During the 52-week period ended 31 December 2023, the Board reviewed and increased the fee payable to the Chair of the Audit and Risk Committee. The dates of appointment of each of the Non-Executive Directors serving at 31 December 2023 are summarised in the table below.

Non-Executive Director	Date of appointment
Stephen Welker	15 August 2022
David Lis	18 August 2021
Andrew Blurton	17 August 2021
Helena Feltham	7 June 2023
Célia Pronto	20 June 2023

Recruitment of Directors – approach to remuneration

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.

Remuneration element	Approach
Base salary	In setting base salaries for new Executive Directors, the Committee will consider the individual's level of skills and experience. Where it is appropriate to offer a below market salary on initial appointment, the Committee will have the discretion to allow phased salary increases over a period of time for a newly appointed Executive Director up to an appropriate salary for the appointment, even though this may involve increases in excess of those awarded to the wider workforce.
Benefits	In line with the Policy table on page 83. In addition, the Committee may consider it appropriate to pay reasonable relocation or incidental expenses, including payment of reasonable legal expenses. This will ordinarily be for a reasonable but fixed period of time and will be disclosed on appointment. Tax components may be considered if an Executive Director is adversely affected by taxation due to their new employment with the Group.
Pension	In line with the wider workforce.
Annual Bonus	In line with the Policy table on page 84, pro-rated in the year of joining to reflect the period of service. In setting the annual bonus, the Committee may set different performance metrics to those of other Executive Directors in the first year of appointment.
LTIP	Grants in line with the Policy table on page 85. Subject to the absence of inside information and the Company not being in a closed period, an award may be made shortly after appointment.
Buyout awards	For external appointments, the Committee recognises that it may need to provide compensation for forfeited awards from the individual's previous employer. To the extent possible, the design of any buyout 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. Share-based awards would be made using the existing share plans, although the Committee may also use the flexibility provided under the Listing Rules to make awards without prior shareholder approval.

For an internal appointment, any variable pay element or benefit awarded in respect of their prior role may be allowed to continue on its original terms. In addition, the Committee recognises that it may sometimes be appropriate to provide an award of cash and/or shares on an internal appointment. Such awards would be limited to a combined value of no more than £50,000.

The terms of appointment for a new Non-Executive Director will be in accordance with the Policy for Non-Executive Directors as set out in the Policy table on page 87.

Executive Directors' external appointments

Executive Directors may accept external appointments as Non-Executive Directors of other companies, as long as the companies concerned are not competitors of the Group, the appointment will not adversely affect the performance of the Executive Director for the Company, and with the specific prior approval of the Board in each case. Any fees receivable may be retained by the Executive Director concerned.

How shareholders' views are taken into account

The Committee will consider the views of shareholders and proxy agents when reviewing the remuneration of Executive Directors and other senior executives and will take into account published remuneration guidelines. The Committee will consult with the Company's key shareholders when considering significant changes to the implementation of the Remuneration Policy and when the Policy is being reviewed (typically ahead of an AGM binding vote on the Remuneration Policy). The Committee will consider shareholder feedback received before and after an AGM. The Committee values feedback from its shareholders and seeks to maintain a continued, open dialogue.

Broader team member context – consideration of employment conditions elsewhere in the Group

In accordance with the Committee's terms of reference, the Committee reviews the pay and conditions below the Executive Director level. The Committee considers executive remuneration in the context of the wider team member population and aims to provide a market competitive package to all team members of the Group. As part of the annual salary review, the Company takes into account current and future requirements (including the National Minimum Wage and the National Living Wage).

The Remuneration Policy for Executive Directors is more weighted towards variable pay than for other team members, with a greater part of their pay therefore at risk to them and conditional on the successful delivery of the Company's business strategy. A significant number of the Group's annual salaried team members participate in the annual bonus and the LTIP is operated for a significant number of team members below the Executive Directors. A lower aggregate level of incentive payment applies below Executive Director level, by reference to the potential impact of the role, internal relativities, and market comparatives.

Whilst team members are not directly consulted on matters of remuneration policy, the Committee ensures there is an appropriate forum to discuss any remuneration matters which should be considered as part of its annual cycle. The Group operates a Team Member Forum which has been attended by the Remuneration Committee Chair in their capacity as the independent Non-Executive Director for workforce engagement on behalf of the Company, and the CEO. This ensures that the team member voice is heard directly by the Committee. Team member engagement scores and other internal surveys are also considered by the Committee.

Minor amendments

The Committee may make minor amendments to the Remuneration Policy set out above (for regulatory, exchange control, tax or administrative purposes, to take account of a change in legislation, or to reflect the passing of time) without obtaining shareholder approval for such minor amendments.

Hostmore
Annual Report on Remuneration

This is the annual report which explains the remuneration arrangements for the 52-week period ended 31 December 2023, and how the Directors' Remuneration Policy (the "Remuneration Policy") will be implemented for the year ahead. The sections of this part of the report that are subject to audit have been shown as audited.

Role and responsibility

The Remuneration Committee is formally constituted and operates on written terms of reference, which were reviewed and approved by the Board in October 2021. The terms of reference were last reviewed and approved by the Board on 20 November 2023 and are available on the Company's website. The role of the Committee is to determine the remuneration policy and individual packages for the Chair of the Board, each Executive Director and (on recommendation of the Chief Executive Officer) each other member of the Group's Executive Team. The remuneration of the Non-Executive Directors is determined by the Chair and the Executive Directors. When determining these arrangements, the Committee will take into account all factors which it deems necessary, including workforce remuneration, related policies and the alignment of incentives and rewards with culture.

The Committee seeks to ensure alignment of the Remuneration Policy to the Company's purpose and values, and its link to the successful delivery of the Company's long-term strategy and shareholder interests. The Committee is also responsible for reviewing overall workforce remuneration and related policies including gender pay gap, the CEO pay ratio and minimum wage.

Remuneration Committee membership

The Committee consists entirely of independent Non-Executive Directors. The Committee members are as follows:

- Helena Feltham (Chair)
- David Lis
- Andrew Blurton
- Célia Pronto

Helena Feltham was appointed as a member of the Committee on 7 June 2023 and as Chair of the Committee on 1 October 2023. David Lis was Chair of the Committee until he stepped down as Chair of the Committee (but remained a member of the Committee) on 1 October 2023.

The Committee met formally twice during the 52-week period ended 31 December 2023, with all members in attendance. The Committee also held additional meetings on a number of occasions during the 52-week period ended 31 December 2023.

Advice to the Committee

Wholly independent and objective advice on executive remuneration and share schemes is received by the Committee from the Executive Compensation practice of Alvarez & Marsal Tax LLP (A&M). A&M was appointed by the Company in 2021 following a competitive tendering process. The Company selected A&M on the basis of their skill set, pricing and fit. A&M is a member of the Remuneration Consultants' Group and is a signatory to its Code of Conduct. During the year, A&M only provided services in relation to senior management remuneration matters and share plans and did not provide any other services to the Company. Fees charged by A&M for advice provided to the Committee during the 52-week period ended 31 December 2023 amounted to £64k (excluding VAT) charged on a time and materials basis.

In addition, during the period ended 31 December 2023, the Committee consulted with the CEO with regard to the remuneration and benefits provided to the Group's Executive Team (other than in relation to the CEO's own remuneration). The Committee also received input from Karen Barnard, the People & Culture Director of the Group until her departure from the Group and thereafter from her successor, Stephanie Williams.*

Single figure of remuneration for the period from 2 January 2023 to 31 December 2023 (audited)

The following table sets out the single figure remuneration receivable by each Director during the 52-week period from 2 January 2023 to 31 December 2023 ("2023") and includes prior year comparatives for the 52-week period from 3 January 2022 to 1 January 2023 ("2022").

* Note: Neither Karen Barnard nor Stephanie Williams are statutory directors of Hostmore plc or its subsidiaries.

(£'000)	Year	Salary and fees	Benefits[1]	Pensions[2]	Annual bonus	LTIP	Other	Total fixed remuneration	Total variable remuneration	Total remuneration
Executive Directors										
Robert B. Cook[3]	**2023**	19	0	0	0	0	0	19	0	19
	2022	483	2	14	0	0	0	499	0	499
Alan Clark[4]	**2023**	247	1	7	0	0	0	255	0	255
	2022	341	1	10	0	0	0	352	0	352
Julie McEwan[5 & 6]	**2023**	327	1	1	40	0	119	329	159	488
	2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Matthew Bibby[7 & 8]	**2023**	15	0	0	0	0	50	15	50	65
	2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Non-Executive Directors										
Gavin Manson[9]	**2023**	65	0	0	0	0	0	65	0	65
	2022	102	0	0	0	0	0	102	0	102
Stephen Welker[10]	**2023**	0	93	0	0	0	0	93	0	93
	2022	0	1	0	0	0	0	1	0	1
David Lis	**2023**	78	0	0	0	0	0	78	0	78
	2022	68	0	0	0	0	0	68	0	68
Andrew Blurton	**2023**	67	0	0	0	0	0	67	0	67
	2022	59	0	0	0	0	0	59	0	59
Helena Feltham[11]	**2023**	31	0	0	0	0	0	31	0	31
	2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Célia Pronto[12]	**2023**	27	0	0	0	0	0	27	0	27
	2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

1 The Benefits included in the table above are the taxable value of benefits, typically relating to life assurance and disability and medical insurance.

2 Executive Directors are entitled to receive a pension allowance of 3% of salary. In the case of Robert B. Cook and Alan Clark, the pension figures represent the cash amount of the pension allowance taken in lieu of contributions to the Group's pension plan.

3 Robert B. Cook stepped down as an Executive Director with effect from 9 January 2023. The figure for salary and fees reflects the remuneration received as an Executive Director including £7k. in lieu of holiday pay.

4 Alan Clark stepped down as an Executive Director with effect from 7 September 2023.

5 Julie McEwan was appointed as Interim CEO with effect from 10 January 2023 and an Executive Director and permanent CEO with effect from 7 June 2023. The figures included in the table above cover the period from 10 January 2023 to 31 December 2023 while she was Interim CEO and permanent CEO. The bonus of £40k was paid in respect of her role as Interim CEO.

6 Julie McEwan received a share award of 185,000 ordinary shares for accepting the role of Interim CEO and a further award of 185,000 ordinary shares for accepting the role of permanent CEO. The market value of these shares at the date of grant is included in Other remuneration in the table above. The Company met the income tax and National Insurance Contributions arising from making the initial award for accepting the role of Interim CEO which is also included in Other remuneration in the table above.

7 Matthew Bibby was appointed as Interim CFO with effect from 7 September 2023 and an Executive Director and permanent CFO with effect from 6 December 2023. The figures included in the table above cover the period from 6 December 2023 to 31 December 2023 while he was permanent CFO.

8 With effect from 6 December 2023, the Company committed to award Matthew Bibby 126,190 ordinary shares for accepting the role of permanent CFO. These shares were transferred to Matthew Bibby in January 2024. The market value of these shares at the date of grant is included in Other remuneration in the table above. The Company met the income tax and National Insurance Contributions arising from making these awards which is also included in Other remuneration in the table above.

9 Gavin Manson was appointed as Non-Executive Chairman with effect from 27 May 2022. Gavin stepped down as Non-Executive Chairman with effect from 7 June 2023.

10 Stephen Welker was appointed as Non-Executive Chairman with effect from 7 June 2023. Stephen waived his Director's fee for both 2022 and 2023 and his Chair's fee for 2023.

11 Helena Feltham was appointed as a Non-Executive Director with effect from 7 June 2023.

12 Célia Pronto was appointed as a Non-Executive Director with effect from 20 June 2023.

Annual bonus (audited)*

The Executive Directors were eligible for a bonus in relation to performance over the financial period ended 31 December 2023. The Committee measured performance at the end of H1, Q3 and Q4 based on targets set at the start of each period in the year. The Committee resolved that no annual bonus payments would be made in respect of this period. Further detail is set out below.

The annual bonus for the 52-week period ended 31 December 2023 was based 70% on financial performance and 30% on strategic targets for each of H1, Q3 and Q4, with the weighting for each period being 33.33%. EBITDA FRS102 for the financial year of £1.6m was below the threshold target which resulted in no payment of annual bonus. Targets for the Annual Bonus for EBITDA FRS102 are set out below:

Measure	Threshold target (33% of award payable)	Maximum target (100% of award payable)	Actual outcome	Amount payable (% of element)
EBITDA FRS102	£18.5m	£21.5m	£1.6m	0%

* All figures in this "Annual bonus (audited)" section are calculated on an FRS102 basis in accordance with the targets set for the annual bonus.

Strategic measures account for 30% of the bonus. For the CEO, these were based on expanding the business in line with the 4D strategy, underpinned by development, as set out in the Prospectus through the organic growth of the then two existing brands, and through M&A. For the CFO, these strategic measures were based on banking measures and management of energy costs. The strategic element of the bonus is only payable if the threshold EBITDA target is met. As this underpin was not met in the year, no amount was payable in relation to this element.

In Q2 2023, the Committee resolved to pay Julie McEwan a bonus of £40k to reflect the work she undertook in navigating the Company through the period following Robert B. Cook's departure. This also reflected Julie McEwan ensuring that the Company made meaningful progress in relation to its Recovery Plan.

LTIP awards vesting during the year (audited)

No LTIP awards vested during the 52-week period ended 31 December 2023.

LTIP awards granted during the year (audited)

No LTIP awards were granted during the 52-week period ended 31 December 2023.

Pensions

Directors receive pension contributions at 3% of salary in line with the rate applicable for majority of the Group's workforce. The Group has no defined benefit pension scheme and no contributions to defined benefit pension schemes were made for Directors during the 52 week period ended 31 December 2023 or the previous year.

LTIP awards previously made to Executive Directors

Director	Type of award	Date of grant	Number of options awarded	Basis of award % of salary	Share price used to determine level of award	Face value £	% that vests at threshold	Vesting date[1]
Robert B. Cook[2]	LTIP – Performance Share Award	9 June 2022	496,080	42%	40.7p[4]	£201,905	25%	9 June 2025
	LTIP – Initial Performance Share Award	17 Nov 2021	639,136	150%	113.8p[5]	£737,337	25%	17 Nov 2024
Alan Clark[3]	LTIP – Performance Share Award	9 June 2022	347,767	42%	40.7p[4]	£141,541	25%	9 June 2025
	LTIP – Initial Performance Share Award	17 Nov 2021	448,054	150%	113.8p[5]	£509,885	25%	17 Nov 2024
Julie McEwan[7]	LTIP – Performance Share Award	9 June 2022	162,074	100%	98.7p[6]	£65,964	25%	9 June 2025
Matthew Bibby[8]	LTIP – Performance Share Award	9 June 2022	63,927	75%	40.7p[4]	£26,018	25%	9 June 2025
	LTIP – Restricted Share Award	17 Nov 2021	57,104	72%	113.8p[5]	£64,984	N/A	17 Nov 2024
	LTIP – Initial Performance Share Award	17 Nov 2021	39,534	50%	113.8p[5]	£44,990	25%	17 Nov 2024

1 Following vesting, the awards are subject to a two-year holding period.

2 Robert B. Cook stepped down as an Executive Director with effect from 9 January 2023. As a result, his awards over a total of 1,135,216 ordinary shares in the Company lapsed with immediate effect. He is included in the table above as he was a Director of the Company for the first nine days of the 52-week period ended 31 December 2023.

3 Alan Clark stepped down as an Executive Director with effect from 7 September 2023. The Board resolved to categorise him as a "Good Leaver" for the purposes of his long-term incentive awards. His Performance Share Awards over 795,821 ordinary shares are subject to the Group achieving the relative TSR, EPS and ROIC performance measures. Any awards will be pro-rata to reflect the period of time Alan Clark was employed by the Company relative to the three-year vesting period in the awards. They are also subject to a two-year post-vesting holding period. Malus and clawback provisions also apply in line with the Remuneration Policy.

4 Based on the Company's average closing share price for the five business days to the dealing date prior to the date of grant. The share price on the date of grant was 39.8p.

5 Based on the Company's average closing share price from the date of listing to the dealing date prior to the date of grant. The share price on the date of grant was 109.5p.

6 Based on the Company's average closing share price for the five business days to the dealing date prior to 1 March 2022 being the date that Julie McEwan became an employee of the Group. The share price on the date of grant was 39.8p.

7 Julie McEwan was appointed Interim CEO with effect from 10 January 2023 and appointed permanent CEO with effect from 2 May 2023.

8 Matthew Bibby was appointed Interim CFO with effect from 8 September 2023 and appointed permanent CFO with effect from 6 December 2023.

The Performance Share Awards granted on 9 June 2022 are subject to the following performance conditions to be measured over three financial years to FY 2024. The awards are subject to a two-year post-vesting holding period. Malus and clawback provisions apply in line with the Remuneration Policy.

Measure	Measurement basis	Proportion of total award	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	One-third	Median	Upper quartile
EPS	Underlying fully diluted EPS for FY 2024	One-third	11.90p	14.54p
ROIC	Average ROIC for FY 2022, FY 2023 and FY 2024	One-third	4.4%	5.4%

Other Awards to Executive Directors

Director	Type of award	Date of grant	Number of shares awarded	Share price used to determine level of award	Face value of shares £	Vesting date
Julie McEwan	One-off Restricted Share Award for becoming permanent CEO[1]	31 May 2023	185,000	21.2p	£39,220	7 June 2023
	One-off award of shares for becoming interim CEO on 10 January 2023[2]	12 May 2023	185,000	22.9p	£42,365	12 May 2023
Matthew Bibby	One-off award of shares for becoming permanent CFO[3]	6 December 2023	126,190	21.0p	£26,500	6 December 2023

1. A two-year holding period applies to this award.
2. A two-year holding period applies to this award. The Company met the income tax and National Insurance Contributions arising from making this award, resulting in the award totaling £80k.
3. A two-year holding period applies to this award. The Company met the income tax and National Insurance Contributions arising from making this award, resulting in the award totaling £50k.
4. The Committee determined the level of awards made to Julie McEwan as a number of shares rather than by reference to a particular share price. For the award made to Matthew Bibby, the Committee determined that the award (including grossing up for income tax and NIC would be worth £50K and used the closing share price on the date of award to determine the number of shares. The face value of shares subject to awards are in all cases calculated using the closing share price on the date of award.

Payments made for loss of office and payments to past Directors (audited)

On termination of their appointments as Directors, payments were made to each of Robert Cook, Alan Clark and Gavin Manson in accordance with their contracts of employment or letter of appointment. Further details are set out below. There were no other payments made for loss of office or other payments to past Directors during the 52-week period ended 31 December 2023.

On 9 January 2023 Robert B. Cook resigned as a Director of the Company. In addition to the remuneration paid to him as a Director (as disclosed in the single figure table on page 95, Robert received a payment in lieu of his six month notice period equal to his basic salary for this period plus the cost of providing his pension and car allowance benefits for such period, amounting to a total of £255k.

There were no payments to Robert B. Cook under the Company's annual bonus plan for 2022 or 2023. His long-term incentive plan awards over 1,135,216 ordinary shares in the Company lapsed on 9 January 2023. Save as detailed above there were no payments, and there will be no further payments, made by the Group in respect of Robert Cook's resignation.

Gavin Manson resigned as a Director of the Company on 7 June 2023. In connection with his departure, Gavin received fees for the period up to and including his final date of service of 7 June 2023.

Alan Clark resigned and immediately stood down as a Director of the Company on 7 September 2023. He worked his notice period as part of the handover to the new CFO. Alan Clark received no additional payments as a result of standing down as a Director but continued to receive base salary and contractual benefits up to and including his final date of employment of 6 March 2024. There were no payments to Alan Clark under the Company's annual bonus plan for 2022 or 2023. The Board resolved to categorise him as a "Good Leaver" for the purposes of his long-term incentive awards. His Performance Share Awards are subject to the Group achieving the relative TSR, EPS and ROIC performance measures referred to above. Any awards will be pro-rata to reflect the period of time Alan Clark was employed by the Company relative to three-year vesting period. They are also subject to a two-year post-vesting holding period. Malus and clawback provisions also apply in line with the Remuneration Policy. Save as detailed above there were no payments to Alan Clark, and other than him retaining LTIP awards on a pro-rata basis that could vest depending on achievement of their performance criteria, there will be no further payments, made by the Group in respect of Alan Clark's resignation.

Directors' shareholdings and share interests (audited)

Details of the interests in shares of the Company at 31 December 2023 by persons who were Directors at any time during the 52-week period ended 31 December 2023 are shown in the following table. Executive Directors are normally required to build and retain a holding of the Company's shares equivalent to at least 200% of their base salary. However, given the relatively low share price and the impact that this would have on the percentage of the Company's shares that the Executive Directors would need to hold to satisfy the requirement, the Committee has suspended the shareholding requirement for the 2023 financial year and this continues at the date of this report. However, the shareholding requirement will continue to apply for a period of two years after cessation of employment, with Executive Directors being required to retain the lower of: (i) the shareholding requirement (i.e. the 200% requirement); and (ii) the shares held at cessation of employment.

Directors as at 31 December 2023

	Beneficially owned at 31 Dec 2023	Subject to continued employment	Unvested options subject to performance conditions	Vested but not exercised options
Julie McEwan[2]	560,655	–	162,074	–
Matthew Bibby[3]	126,190	57,104	103,461	–
David Lis[4]	871,608	N/A	–	–
Andrew Blurton[5]	104,000	N/A	–	–
Stephen Welker[6]	4,526,556	N/A	–	–
Helena Feltham	100,000	N/A	–	–
Célia Pronto	–	N/A	N/A	N/A
Total	6,289,009	(5.0% of issued share capital)		
Previous Executive Directors Shareholdings as at 31 December 2023				
Robert B. Cook[7]	3,360,662	–	–	–
Alan Clark[8]	2,721,518	–	795,821	–
Total	6,082,180	(4.8% of issued share capital)		

Notes:

1 The Executive Director's Shareholding Requirement Policy has been suspended in 2023.

2 Since 31 December 2023 and up to 22 April 2024, Julie McEwan's shareholding has increased to an aggregate holding of 639,960 shares, as a result of the acquisition of 79,305 shares pursuant to the irrevocable instruction letter dated 5 June 2023 issued by Julie to Numis Securities Limited and the Company under which, from 5 June 2023 to 31 May 2024 (inclusive), Julie irrevocably instructs Numis to purchase ordinary shares in the Company on her behalf on a monthly basis.

3 Matthew Bibby was appointed interim CFO with effect from 8 September 2023 and permanent CFO with effect from 6 December 2023

4 Includes 143,304 ordinary shares in the Company held by Mrs Patricia Lis.

5 Includes 52,000 ordinary shares in the Company held by Mrs Louise Blurton.

6 Stephen Welker holds in aggregate 4,526,556 shares in the Company, of which 249,374 shares are held in his own name and 4,277,182 shares are held by Beechenbrook Holdings LLC, of which Stephen Welker is the sole member.

7 Robert B. Cook stepped down as an Executive Director with effect from 9 January 2023. A two-year holding period from 9 January 2023 applies to these shares.

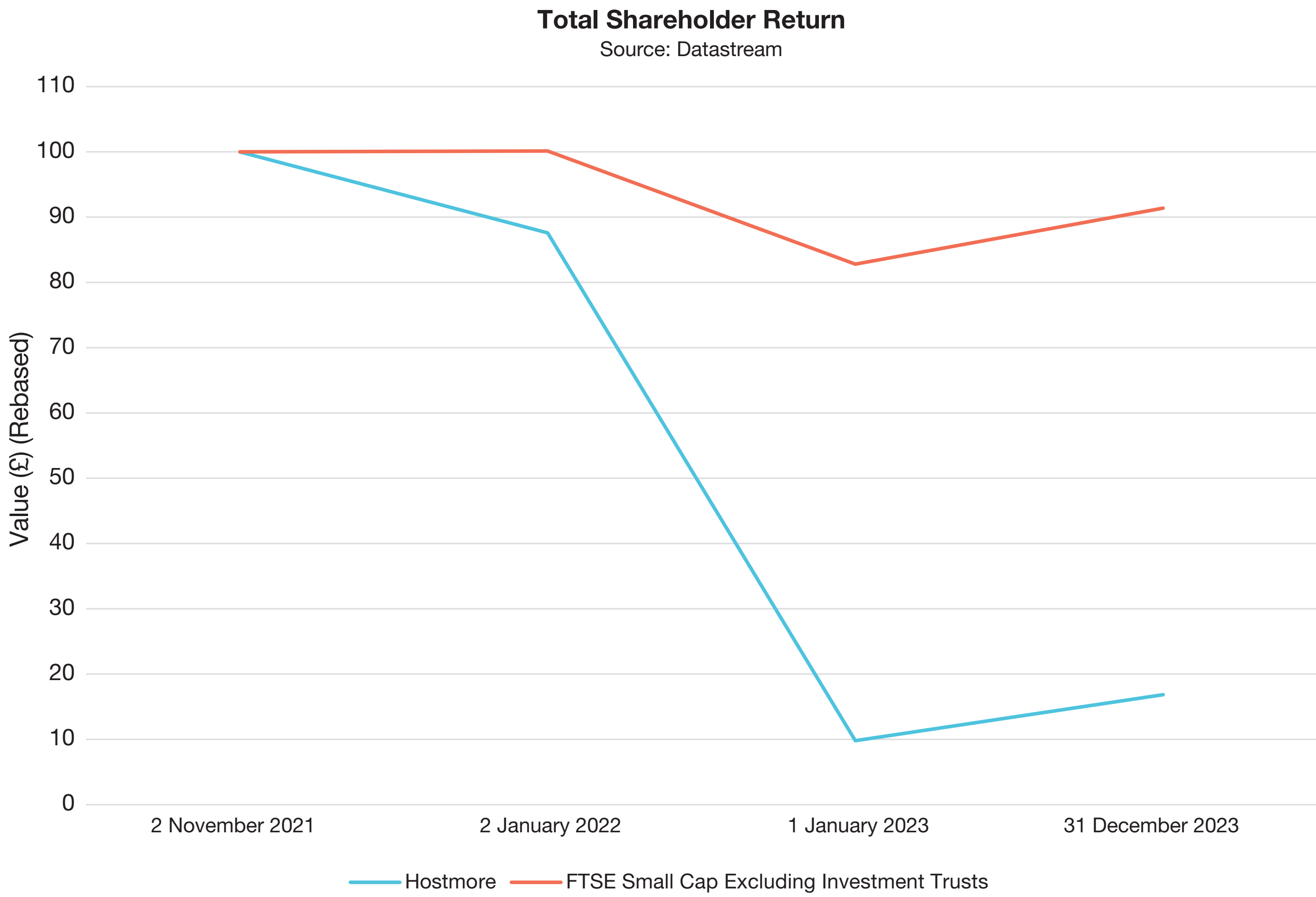
8 Alan Clark stepped down as an Executive Director with effect from 7 September 2023. A two-year holding period from 7 September 2023 applies to these shares. The Board categorised Alan Clark as a "Good Leaver" for the purposes of his long-term incentive awards over 795,821 ordinary shares. These are subject to the Group achieving relative TSR, EPS and ROIC performance measures and will also be pro-rata for the period of time Alan Clark was employed by the Company.

9 No options were exercised during the 52 week period ended 31 December 2023.

There were no changes to the Directors' interests between 31 December 2023 and the date of approval of this report.

Performance graph and CEO remuneration table

This graph compares the total shareholder return ('TSR') of £100 invested in Hostmore plc ordinary shares with the TSR of £100 invested in the companies of the FTSE Small Cap index (excluding Investment Trusts) since Admission until 31 December 2023. This index has been selected as it comprises companies of a comparable size and complexity and provides a good indication of Hostmore plc's relative performance.



The data is shown as at the close of trading on the last dealing day of the year, being 30 December 2023.

The total remuneration of the CEO over the same period as the TSR performance graph above is set out in the following table. This table includes details of the annual bonus received in each year as a percentage of the maximum opportunity that was available, as well as the long-term incentives which vested in each year as a percentage of the maximum number of shares that could have been received.

Year	Chief Executive Officer	CEO single figure total remuneration (£'000)	Annual bonus (as % of maximum opportunity)	Long-term incentive plan (as % of maximum opportunity)
2023	Julie McEwan[3]	488	0%	0%
2023	Robert B. Cook[2]	19	0%	0%
2022	Robert B. Cook	499	0%	0%
2021	Robert B. Cook	112	N/A	N/A

1 In 52-week period ended 2 January 2022 and the 52-week period ended 1 January 2023, Robert B. Cook was CEO.

2 In 52-week period ended 31 December 2023, Robert B. Cook was CEO from 2 January 2023 to 9 January 2023.

3 In 52-week period ended 31 December 2023, Juile McEwan was interim CEO from 10 January 2023 to 6 June 2023 and permanent CEO and joined the Board from 7 June 2023. In addition, whilst interim CEO, Julie McEwan received a bonus of £40k.

Percentage change in Directors' and employee remuneration (audited)

The table below shows the percentage change in remuneration of all employees and Directors of the Company for the 52-week period ended 31 December 2023 relative to the 52-week period ended 1 January 2023, and the period ended 1 January 2023 relative to the period ended 2 January 2022 (or, in the case of the Directors, the Relevant Date to 2 January 2022).

For Directors in the subsequent rows, the table covers the 52 week period to 1 January 2023 relative to the period from the Relevant Date to the year end of 2 January 2022. The "Relevant Date" for these purposes is (i) in the case of the Robert B. Cook and Alan Clark, 5 October 2021 (being the date upon which the Company's subsidiary, Hostmore Group Limited, acquired the beneficial interest in the issued, voting share capital of Wednesdays (Bidco) Limited); and (ii) in the case of other Executive and Non-Executive Directors (other than Stephen Welker*), the later date upon which the relevant individual was appointed as an Executive or Non-Executive Director of the Company pursuant to his or her letter of appointment. Therefore, the comparison is not able to be on a like-for-like basis as the 2021 data is in respect of only part of a year. Due to the resignations of Robert B. Cook, Alan Clark and Gavin Manson, their remuneration/fees receivable in 2023 were less than in 2022. Due to the appointments of Julie McEwan and Matthew Bibby in 2023, there is no comparable remuneration for them in 2022.

Year-on-year change (%)	2022			2023		
	Salary	Benefits	Bonus	Salary	Benefits	Bonus
All Team members[2]	13%	22%	(1%)	15%	49%	(29%)
Executive Directors						
Julie McEwan – CEO	–	–	–	N/A	N/A	N/A
Matthew Bibby – CFO	–	–	–	N/A	N/A	N/A
Robert B. Cook – Former CEO	351%	N/A	0%	(96%)	(100%)	0%
Alan Clark – Former CFO	349%	N/A	0%	(28%)	0%	0%
Non-Executive Directors						
Stephen Welker – Chair	N/A	N/A	N/A	N/A	N/A	N/A
Gavin Manson – Chair in 2022 and part 2023	1,175%	N/A	N/A	(36%)	N/A	N/A
Andrew Blurton[3]	157%	N/A	N/A	14%	N/A	N/A
David Lis[3]	162%	N/A	N/A	15%	N/A	N/A
Helena Feltham	–	–	–	N/A	N/A	N/A
Célia Pronto	–	–	–	N/A	N/A	N/A

1 2021 was the first year of reporting Directors' remuneration and there was therefore no prior year comparison. The above information therefore commenced from the 2022 financial year onwards.

2 "Team members" for the purpose of the above table means any employee of the Group other than a director of Hostmore plc.

3 Andrew Blurton and David Lis were appointed Non-Executive Directors of the Company in August 2021. The fees payable in 2021 were for four months, in comparison to a full year for 2022.

CEO pay ratio (audited)

The following table shows the ratio between the total remuneration of the CEO and the median total remuneration of the Group's UK employees. The CEO remuneration is the aggregate remuneration for the former CEO for the period to 9 January 2023, the remuneration of the Interim CEO from 10 January to 6 June 2023 and the remuneration of the current CEO from 7 June to 31 December 2023. Employee total remuneration has been calculated using "Option A" of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, under which a single total figure of remuneration is derived for each employee and the quartiles analysed. The total remuneration figure comprises base salary, benefits, pension, bonus and long-term incentives and any one-off payments. All UK employees were ranked by their total remuneration and from this the remuneration of the individuals at the 25th, 50th and 75th percentiles were confirmed.

	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2023	26:1	17:1	12:1
2022	23:1	20:1	17:1
2021	27:1	20:1	19:1

1 In addition to Julie's McEwan's salary, Julie received two one-off share awards each of 185,000 ordinary shares in the Company (i) to reflect the additional responsibilities of being interim CEO and (ii) to reflect the additional responsibilities of being permanent CEO. The Company met the income tax and National Insurance Contributions arising as a result of the making of the initial award for accepting the role of Interim CEO. These shares were transferred to Julie by Intertrust Employee Benefit Trustee Limited, the trustee of the Hostmore plc 2021 Employee Benefit Trust, from shares held by the Trust.

2 In addition to Matthew Bibby's salary, Matthew received a one-off share award of 126,190 ordinary shares in the Company to reflect the additional responsibilities of being permanent CFO. The Company met the income tax and National Insurance Contributions arising as a result of the making this award. These shares were transferred to Matthew by Intertrust Employee Benefit Trustee Limited, the trustee of the Hostmore plc 2021 Employee Benefit Trust, from shares held by the Trust.

The above ratios have been calculated using the single figure for the CEO and the following statistics for Group employees:

		CEO	25th percentile	50th percentile	75th percentile
Total salary	2023	£346,340	£19,700	£29,262	£41,259
Total remuneration (Single figure)	2023	£507,968	£19,700	£29,262	£41,259

The above table sets out the ratios of the CEO single total figure of remuneration of £507,968 to the equivalent pay for the lower quartile, median and upper quartile UK employees (calculated on a full-time equivalent basis) from 2 January 2023 to 31 December 2023.

The median (50th percentile) ratio is consistent with Hostmore's pay, reward and progression policies for employees which relate pay levels to performance and market benchmarks. Under the Group's policy, in-line with practice in our sector, the extent to which total pay is dependent on performance is linked to seniority, with more senior roles having higher levels of variable remuneration ensuring their pay is more dependent on Group performance and has the greatest alignment with shareholders. The Committee expects the ratio to vary in future years, as the single figure for the CEO does not include any variable pay for the period ended 31 December 2023 and includes a period where the Group had an Interim CEO on a lower level of remuneration.

Relative importance of the spend on pay

The table below shows the Company's expenditure on employee pay compared to distributions to shareholders from 2 January 2023 to 31 December 2023 compared with the prior period to 1 January 2023.

	2023 £'000	2022 £'000
Distributions to shareholders	0	0
Total employee pay[1]	68,418	68,825

1 This number is sourced from Note 13 to the financial statements for the 52-week period ended 31 December 2023, less the remuneration of the Non-Executive Directors disclosed in Note 40.

External appointments

The Board considers whether it is appropriate for Executive Directors to take on any additional directorships and whether Executive Directors may retain any remuneration from any external roles. Julie McEwan and Matthew Bibby do not currently hold any external appointments.

Statement of shareholder voting

The voting results for the last vote on the Remuneration Report for the 52-week period ended 1 January 2023 and the Remuneration Policy at the Annual General Meeting of the Company held on 7 June 2023 were as follows:

	Annual Report		Remuneration Policy	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	68,654,709	99.9%	68,440,949	99.6%
Against	58,991	0.1%	270,711	0.4%
Total votes cast (for and against)	68,713,700	100.0%	68,711,660	100.0%
Votes withheld[1]	7,242		9,282	
Total votes cast (including withheld votes)	68,720,942		68,720,942	

1. A vote withheld is not a vote in law and is not counted in the calculation of the proportion of votes cast 'For' and 'Against' a resolution.

Implementation of Remuneration Policy in FY24

Executive Directors

Implementation of the Remuneration Policy in FY24 is consistent with the Policy as outlined in this report.

Element	Operation and salaries at 31 December 2023
Base annual salary	Base annual salaries: CEO (Julie McEwan): £400,000 per annum CFO (Matthew Bibby): £210,000 per annum, increased to £275,000 with effect from 1 April 2024
Benefits and pension	A contribution to a pension scheme of 3% of salary in line with the contribution percentage available to the majority of the Group's UK workforce. Other benefits include private health cover, life assurance cover, critical illness cover, D&O insurance and a company car or car allowance, together with reimbursement of expenses

Annual bonus plan	Maximum opportunity for the CEO is 125% of base salary and for the CFO 100% of base salary.
	Metrics for the first three months of 2024 included:
	• For the CEO:
	  • Increasing the number of covers
	  • Assessing growth opportunities
	  • Managing consolidated net debt
	  • Improving Net Promoter score
	  • Improving the quality and timeliness of internal reporting
	  • With the whole bonus subject to an EBITDA underpin/multiplier.
	• For the CFO:
	  • Managing consolidated net debt
	  • Advancing refinancing programme
	  • Advancing IT programme
	  • Improving the quality and timeliness of internal reporting
	  • With the whole bonus subject to an EBITDA underpin/multiplier.

Long-term incentive plan	Given the current low share price and the focus on achieving the Group's short-term objectives during the period of recovery, the Committee does not intend to make the normal annual grant of LTIP awards following announcement of the 2023 annual results.

Directors' Report

Principal activities

Hostmore plc is a UK hospitality business with its operations focused on the American-themed casual dining brand, "TGI Fridays", including the fast casual dining brand "Fridays and Go". While TGI Fridays has been trading in the UK for over three decades, the Group was established in 2021 with a strategy of providing a platform for the development and growth of attractive hospitality brands, defined by their iconic brand experience. Hostmore is currently focused on the organic growth of its existing brands. The Group operates under the leadership of an experienced management team that has a track record of leading businesses in the hospitality and leisure sectors.

Introduction

The Directors present their report and the audited financial statements of the Group and the Company for the 52-week period ended 31 December 2023. Information required to be part of the Directors' Report either by statute, by Listing Rule 9.8.4R or by the Disclosure and Transparency Rules can be found either in this section or elsewhere in this document, as indicated in the table below. All information located elsewhere in this document is incorporated into this Directors' Report by reference:

Disclosure	Location
Future business developments	Strategic Report – pages 6 to 11
Financial risk management objectives and policies (including hedging policy and use of financial instruments)	Note 31 to the Financial Statements – pages 164 to 166
Exposure to price risk, credit risk, liquidity risk and cash flow risk	Pages 46 to 49 of the Strategic Report and Note 31 to the Financial Statements pages 164 to 166
Section 172 Statement	Strategic Report – page 42
Stakeholder engagement in key decisions	Strategic Report – pages 42 to 45
The Company's statement on corporate governance	Corporate Governance Report – pages 59 to 68
Directors' responsibility statement	Pages 114 and 115
Directors' interests	Annual Report on Remuneration– pages 99 and 100
Details of long-term incentive schemes	Annual Report on Remuneration– pages 97 and 98

Corporate Governance Arrangements

The Board is committed to the highest standards of corporate governance and those outlined in the UK Corporate Governance Code. The Company fully complies with the Code, except in relation to the limited instances explained in the Corporate Governance Report on page 59.

Directors

The Directors of the Company who were in office during the year and up to the date of signing of the financial statement are stated below, with each Director being in office for the full year unless otherwise stated:

- Gavin Manson (Non-Executive Chair until he resigned on 7 June 2023)
- Stephen Welker (Non-Executive Director, appointed Non-Executive Chair on 7 June 2023)
- Robert B. Cook (Chief Executive Officer until he resigned on 9 January 2023)
- Julie McEwan (Chief Executive Officer appointed on 7 June 2023)
- Alan Clark (Chief Financial Officer until he resigned on 7 September 2023)
- Matthew Bibby (Chief Financial Officer appointed on 6 December 2023)
- David Lis (Senior Independent Non-Executive Director)
- Andrew Blurton (Independent Non-Executive Director)
- Helen Feltham (Independent Non- Executive Director appointed on 7 June 2023)
- Célia Pronto (Independent Non-Executive Director appointed on 20 June 2023)

The biographies of the Directors in office at the date of this Annual Report and financial statements are set out on pages 54 to 57 of the Corporate Governance Report. There have been no changes to the members of the Board since 31 December 2023 to the date of this report.

The Powers of the Company's Directors

The powers of the Directors are set out in the Company's articles of association (the "Articles") and the Companies Act 2006 and are subject to any directions given by special resolution of shareholders. The Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company whether relating to the management of the business or not. Subject to the Articles, the Directors may delegate any of their powers, authorities and discretions to other people or organisations as they see fit.

The Board is required by the Articles to consist of no fewer than two Directors and is not subject to any maximum number.

Appointment and replacement of Directors

The rules governing the appointment and replacement of Directors are set out in the Articles and are also governed by the Code, the Companies Act 2006 and related legislation. Directors may be appointed by ordinary resolution of shareholders or by the Board. In accordance with best practice, at each AGM all Directors who have held office since the previous AGM offer themselves for re-election to the Board by shareholders of the Company.

Articles of Association

The Articles may be amended by a special resolution of the Company's shareholders. They were adopted by special resolution on 7 October 2021 and took effect from re-registration as a public company on 13 October 2021. As well as setting out the rules governing the appointment and replacement of Directors, the Articles also set out, amongst other matters, the Directors' general authorities, rules on decision-making by the Directors, as well as the powers of the Directors in relation to issuing shares and buying back the Company's own shares.

Directors' Insurance and Indemnities

Directors' and Officers' liability insurance cover is maintained by the Company and is in place in respect of all the Company's Directors at the date of this Annual Report and Financial Statements. The Company reviews the level of cover on an annual basis.

The Company's Articles provide, subject to the provisions of UK legislation, that the Company may indemnify each Director and Officer of the Company and the Group in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers. A deed was executed by the Company in 2021 indemnifying:

(i) the then Directors of the Company and also those individuals who agree from time to time after the date of the deed to serve as Directors of the Company;

(ii) any Director of the Company in their capacity as a director of a subsidiary of the Company from time to time; and

(iii) any person who acts in their capacity as the company secretary of the Company or any subsidiary of the Company from time to time.

The indemnity, which constitutes a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, has been in force since the 2021 financial year and remains in force.

Compensation for loss of Office on a takeover

The Company does not have any agreements with any Executive Director or team member that would provide compensation for loss of office or employment resulting from a takeover, except that:

(i) provisions of the Company's long-term incentive plan may cause options and awards outstanding under such schemes to vest on a takeover; and

(ii) provisions of the rules of the Company's annual bonus plan and LTIP which apply to the Executive Directors and members of the Group's Executive Team may cause payments to be payable on a takeover. Further information is provided in the Directors' Remuneration Policy on page 84 and 85.

Results and Dividends

The results of the Group for the period ended 31 December 2023 are set out in the Consolidated Statement of Comprehensive Income on page 129. The financial position of the Group is disclosed in the Consolidated Statement of Financial Position on pages 130 and 131. The financial position of the Company is disclosed in the Company Statement of Financial Position on page 168. The Directors are not proposing to pay a dividend for the 52-week period ended 31 December 2023.

Review of Business

A review of the business can be found in the Strategic Report on pages 2 to 51.

Going Concern

The basis of preparation of the financial statements on the going concern basis can be found in note 4.2 on pages 135 and 136 of the financial statements. The going concern assessment and viability statement can be found in the Chief Financial Officer's Review on pages 20 and 21.

Political Donations

The Company did not make any political donations during the 52-week period ended 31 December 2023.

Research and Development

The Group incurred no expenditure on Research and Development during the 52-week period ended 31 December 2023.

Share Capital Structure

Details of the Company's share capital are set out in Note 29 to the financial statements. At 31 December 2023, the Company's issued share capital consisted of 126,127,279 Ordinary shares of 20 pence each. There have been no changes to the Company's issued share capital between the period end and the date of this report.

Ordinary shareholders are entitled to receive notice of, and to attend and speak at, any general meeting of the Company. On a show of hands every shareholder present in person or by proxy (or being a corporation represented by a duly authorised representative) has one vote, and on a poll every shareholder who is present in person or by proxy has one vote for every share of which he is the holder. The Notice of Annual General Meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies. The Company has a policy of proposing all resolutions at a meeting of shareholders, and recording the number of shares voted, by means of a poll. Results of votes at shareholder meetings are announced by the Company via the Regulated News Service as soon as possible after the holding of the meeting.

Other than the general provisions of the Articles and prevailing legislation there are no specific restrictions of the size of a holding or on the transfer of Ordinary shares.

No shareholder holds securities carrying any special rights or control over the Company's share capital.

Authority for Company to purchase its own shares

Subject to prior authorisation by shareholder resolution, the Company may purchase its own shares in accordance with the Companies Act 2006. Any shares which have been bought back may be held as treasury shares or cancelled immediately upon completion of the purchase. At the Company's annual general meeting held on 7 June 2023, the Company's shareholders passed a special resolution in accordance with the Companies Act 2006 to authorise the Company to purchase in the market within normal guidelines up to a maximum number of 12,612,727 shares in the Company, representing 10% of its issued share capital at 7 June 2023. No market purchases were made under this authority during the period from the Company's annual general meeting on 7 June 2023 to the date of approval of this Report.

Significant Interests

At 31 December 2023, the Company had been notified of the following interests of 3% or more in the issued share capital of the Company under the UK Disclosure and Transparency Rules:

	At 31 December 2023	
Name of shareholder	Number of Ordinary shares of 20 pence each held	Percentage of total voting rights held
Witan Investment Trust plc	16,656,417	13.21
Fidelity International	13,866,200	10.99
Harwood Capital LLP[1]	12,750,000	10.11
Armstrong Investments Ltd	8,800,000	6.98
Edward J. Bramson[2]	5,120,185	4.06
Stephen L. Welker[3]	4,526,556	3.59
Crown Sigma UCITS	4,518,000	3.58
Total	66,237,258	52.52

Notes:

1 Of which 7,500,000 are held in the name of Oryx International Growth Fund Limited (5.95%) and 5,250,000 are held in the name of Rockwood Strategic plc (4.16%)

2 Of which 205,993 are held in his own name and 4,914,192 are held in the name of Wykeham LLC, of which Edward J. Bramson is the sole member.

3 Of which 249,374 Shares are held in his own name and 4,277,182 Shares are held by Beechenbrook Holdings LLC, of which Stephen L. Welker is the sole member.

Since 31 December 2023 and up to 22 April 2024, the Company had also been notified that Harwood Capital LLP increased its interest to 15,500,000 shares (12.29%) of which 7,500,000 were held in the name of Oryx International Growth Fund Limited (5.95%) and 8,000,000 were held in the name of Rockwood Strategic Plc (6.34%).

Team Member Engagement

The Group seeks to provide team members with information on matters which may affect them as team members. The principal means by which this is achieved is via team meetings, operational national and regional meetings, less formal events (such as the 4th July, Thanksgiving and Christmas celebrations), site visits, webinars, the Group's intranet (including through its news feed) and e-mail systems, monthly business updates, the Team member Forum and through the Group's online learning platform, The Academy. The Group encourages dialogue with its team members and consults its team members and their representatives on a quarterly basis via multiple channels, such as team meetings, the Team member Forum and online polls, so that the views of team members can be taken into account in making decisions which may affect their interests.

In the 52-week period ended 1 January 2023, the Group company that employs almost the whole of the Group's workforce, partnered with Great Place to Work on an engagement survey. The results of this was that the Group was accredited with being a "Great Place to Work". The survey consisted of 60 questions that focused on the team member/manager relationship, culture and values and an overall view of the business performance. The results were discussed with Managers in Operations and the Support Centre and the Group developed a number of key initiatives such as Fridays Forum and the Culture group. Four key areas were considered with actions from the survey which included Leadership, Engagement, Reward and Wellbeing. Forums were introduced to give colleagues the opportunity to voice concerns and suggest ideas to increase engagement at TGI Fridays.

From a Board perspective, the Executive Directors are primarily responsible for engaging with team members. This engagement takes many forms, including those highlighted above. The Team member Forum meetings are attended by the Chief Executive Officer, Helena Feltham in her role as the independent NED for workforce engagement and Chair of the Remuneration Committee, and Stephanie Williams*, the People & Culture Director of the Group. Between them, they provide updates on Team member Forum matters to the Remuneration Committee. As our colleagues are one of the Group's biggest assets, the Directors seek to ensure the Group offers an engaging and rewarding culture and work environment to its team members, with an opportunity to

*Note: Stephanie Williams is not a statutory director of Hostmore plc or its subsidiaries.

share in the Group's success. The Group believes it offers a competitive remuneration and benefits package to its team members, with opportunities for learning and career development via the learning management system, the "Aspire" future leaders' programme, Ignite programme for future deputy general managers and the Sparx programme for future Head Chefs.

Team Member Disabled Persons

The Group aims to provide an inclusive, accessible and safe work environment. The Board acknowledges the significance of access and equality for people with a disability. The Group does this by:

(i) giving full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities;

(ii) continuing the employment of, and by arranging appropriate training for, team members of the Group who become disabled; and

(iii) providing career development and promotion opportunities to disabled team members of the Group.

Equality, Diversity and Inclusion

The Group fosters a fully inclusive culture and environment, where diversity is welcomed, encouraged and celebrated. Inclusivity is one of our Values and Philosophies, with the Group continuing to be accessible, inviting, collaborate with, and respectful to, guests, team members, shareholders and business partners. In living these Values and Philosophies, we welcome and celebrate individuals of 'all stripes' which aligns with the Group's "Show Your Stripes" media campaign.

Building on the Group's existing policies preventing discrimination, the Group carried out a number of diversity and inclusion activities in 2023 and is working on the introduction of an extended diversity and inclusion programme for 2024. In 2023 the Group carried out a number of national awareness and recognition days across all departments. In addition, our teams shared matters of interest on internal platforms to develop positive awareness of diversity and differences.

In 2024 the Group has further developed its Diversity and Inclusion strategy to include a committee to look at four key areas in the business to build and develop awareness. Diversity and inclusion statistics are produced quarterly along with gender pay gap reporting to highlight keys areas of focus for activity in 2024.

The Group is committed to having a diverse and inclusive team and providing equal opportunities to all team members. We do not tolerate discrimination based on race, religion, nationality, culture, gender, gender identity, disability, sexual orientation or age.

Branches outside of the UK

The Company does not have any branches outside the UK.

Change of Control – Significant Agreements

There are a number of agreements that may take effect after, or terminate upon, a change of control of the Company, such as commercial contracts and bank loan agreements.

The significant agreements to which a member of the Group is a party that could take effect, alter or terminate upon a change of control of the Company following a successful takeover bid, without agreement from the relevant parties to those agreements, are as follows:

- **The facilities agreement**

The facilities agreement dated 30 August 2017 between Wednesdays (Bidco) Limited (as Borrower), Thursdays (UK) Limited and Thursdays (Holdings) Limited (each as Guarantors), HSBC Bank plc (as Agent), HSBC Corporate Trustee Company (UK) Limited (as Security Agent), and HSBC UK Bank plc and National Westminster Bank plc (each as Lenders), as amended and restated on 7 July 2021 and further amended on each of 5 July 2022, 20 September 2022 and 28 April 2023. On 30 April 2024 an amendment to the bank facility was signed extending the maturity of the facility to 1 January 2026. This included new covenants set for FY24 and FY25 in line with the Group's updated forecasts. The covenants measure cumulative EBITDA and the ratio of EBITDA to net debt. There is also a minimum liquidity requirement of £1.5m and loan amortisation of £1.5m per quarter that has remained unchanged.

The existing agreement (as amended) contains some customary change of control / mandatory prepayment provisions which remain in force following the most recent amendments and which provide that, in the event of a (direct or indirect) change of control of Wednesdays (Bidco) Limited, the Lenders may cancel their commitments and require repayment of all outstanding amounts;".

- **The development agreement for TGI Fridays casual dining restaurants**

The development agreement dated 2 November 2021 between TGI Fridays Franchisor, LLC (as Franchisor), Thursdays (UK) Limited (as Developer) and the Company (as Principal), as amended on 2 March 2023. Pursuant to the development agreement, the Developer is granted the exclusive right to develop and operate TGI Fridays restaurants in the "Territory" (being England, Scotland, Wales, the Channel Islands, and the Isle of Man, as geographically constituted on the date of the development agreement, excluding United States military bases). The development agreement places various obligations on the Principal.

The development agreement states that, provided certain requirements detailed in the development agreement are met, the Developer and/or the Principal may complete a "Transfer" (which includes, amongst other things, a sale or transfer, whether direct or indirect, of any equity interests in the Developer or its parent undertakings where such transfer or sale would result in a person other than the person who was the Principal immediately before the transfer or sale having ultimate control of the Developer) without the Franchisor's consent, provided that such Transfer is not made to a "Non-Permitted Transferee". A Non- Permitted Transferee includes, amongst other categories or persons, a person that owns or operates any directly competing business or is an affiliate of any such person (unless such affiliate is a portfolio company of a person that is a private equity fund, company or similar). Neither the Developer nor the Principal may complete, or allow to be completed, any Transfer that is not a "Permitted Transfer" without the Franchisor's prior written consent, which the Franchisor may provide with conditions or may withhold at its sole discretion.

Any Transfer that occurs other than as permitted in accordance with the relevant provisions of the development agreement shall constitute an "Event of Default" under the development agreement. Upon the occurrence of an Event of Default which is continuing and has not been cured, the Franchisor may exercise one or more of various remedies. These include the right to terminate the development agreement.

If, as a result of the Transfer, the Principal no longer has ultimate control of the Developer, the Principal's rights and obligations under the development agreement (and any covenant given by the outgoing Principal in the form attached to the development agreement) are required to be novated to the person(s) which, following the Transfer, has ultimate control of the Developer (as the case may be), and that person shall be the new "Principal". The new Principal will enter into a deed of adherence in respect of the development agreement as the Principal, and the outgoing Principal will cease to have any further rights, obligations or liability in connection with the development agreement after the Transfer and after entry into the deed of adherence by the new Principal.

- **Franchise agreements for TGI Fridays casual dining restaurants**

TGI Fridays Franchisor, LLC (as Franchisor), Thursdays (UK) Limited (as Franchisee) and the Company (as Principal) are, pursuant to the development agreement described above, required to enter into a separate franchise agreement upon the opening of and in respect of carrying on business in each of the TGI Fridays restaurants in the Territory. Each franchise agreement is based on the standard franchise agreement and places various obligations on the Principal.

Each franchise agreement states that, provided certain requirements detailed in the development agreement and the relevant franchise agreement are met, the Franchisee and/or the Principal may complete a "Transfer" (which includes, amongst other things, a sale or transfer, whether direct or indirect, of any equity interests in the Franchisee or its parent undertakings where such transfer or sale would result in a person other than the person who was the Principal immediately before the transfer or sale having ultimate control of the Developer), without the Franchisor's consent, provided that such Transfer is not made to a "Non-Permitted Transferee". In each franchise agreement the terms relating to who constitutes a Non-Permitted Transferee, the prohibition on Transfers that are not "Permitted Transfers" without the Franchisor's consent, the potential consequences of any Transfer that occurs other than as permitted in accordance with the relevant provisions of the relevant franchise agreement and the consequences if, as a result of the Transfer, the Principal no longer has ultimate control of the Franchisee, are essentially the same as those described for the development agreement above.

- **Letter agreement for Fridays and Go quick service / fast casual restaurants**

The letter agreement dated 27 May 2022 between TGI Fridays Franchisor, LLC (Fridays) and Thursdays (UK) Limited (as Franchisee). Pursuant to the letter agreement, the Franchisee is granted the exclusive right to develop and operate Fridays and Go restaurants in the "Territory" (being England, Scotland, Wales, the Channel Islands, and the Isle of Man, as geographically constituted on the date of the development agreement, excluding United States military bases).

The letter agreement provides that Fridays will neither develop or operate, nor authorise any other person to develop or operate, Fridays and Go restaurants (or similar restaurants) in the Territory until the development agreement (referenced above) expires or is terminated. Consequently, where there is a change of control of the Company which results in the development agreement being terminated, Fridays could develop or operate, or authorise any other person to develop or operate, Fridays and Go restaurants (or similar restaurants) in the Territory.

The letter agreement states that the term of the letter agreement will expire on the last day of the term of the development agreement, unless (amongst other things) the development agreement is terminated in accordance with its terms in which case the term of the letter agreement shall expire on such date. Consequently, where there is a change of control of the Company which results in the development agreement being terminated, the letter agreement will expire on such date. The termination or expiry of the letter agreement could have various consequences for the Franchisee, including, without limitation, the Franchisee having no further right to develop Fridays and Go restaurants in the Territory.

The letter agreement states that Fridays shall be entitled to terminate the letter agreement for any material breach by the Franchisee if such breach is not remedied within the relevant period set out in the letter agreement. The termination of any Fridays and Go franchise agreement (as described below) will not constitute a material breach of the letter agreement, unless, amongst other things, the termination of the relevant Fridays and Go franchise agreement occurs before the date upon which Franchisee is operating five Fridays and Go restaurants. A change of control of the Company which constitutes a "Transfer" to a "Non-Permitted Transferee" or which does not otherwise comply with the "Transfer" requirements detailed in a Fridays and Go franchise agreement could result in such Fridays and Go franchise agreement being terminated, which could, in turn, lead to the letter agreement being terminated if, at the relevant time, the Franchisee is operating fewer than five Fridays and Go restaurants. At the date of this Annual Report and Financial Statements, the Franchisee is operating one Fridays and Go restaurant.

- **Franchise agreements for Fridays and Go quick service / fast casual restaurants**

TGI Fridays Franchisor, LLC (as Franchisor), Thursdays (UK) Limited (as Franchisee) and the Company (as Principal) are, pursuant to the letter agreement described above, required to enter into a separate Fridays and Go franchise agreement upon the opening of and in respect of carrying on business in each of the Fridays and Go restaurants in the Territory. Each Fridays and Go franchise agreement is based on the standard Fridays and Go franchise agreement and places various obligations on the Principal.

Each Fridays and Go franchise agreement states that, provided certain requirements detailed in the development agreement and the relevant Fridays and Go franchise agreement are met, the Franchisee and/or the Principal may complete a "Transfer" (which includes, amongst other things, a sale or transfer, whether direct or indirect, of any equity interests in the Franchisee or its parent undertakings where such transfer or sale would result in a person other than the person who was the Principal immediately before the transfer or sale having ultimate control of the Developer), without the Franchisor's consent, provided that such Transfer is not made to a "Non-Permitted Transferee". A Non-Permitted Transferee includes, amongst other categories or persons, a person that owns or operates any directly competing business (although this is defined differently from the franchise agreement for the TGI Fridays restaurants) or is an affiliate of any such person (unless such affiliate is a portfolio company of a person that is a private equity fund, company or similar).

In each Fridays and Go franchise agreement the terms relating to the prohibition on Transfers that are not "Permitted Transfers" without the Franchisor's consent, the potential consequences of any Transfer that occurs other than as permitted in accordance with the relevant provisions of the relevant Fridays and Go franchise agreement and the consequences if, as a result of the Transfer, the Principal no longer has ultimate control of the Franchisee, are essentially the same as those described for the development agreement above.

External Auditor

PricewaterhouseCoopers LLP were re-appointed at the Annual General Meeting on 7 June 2023 to audit the 2023 financial year. The Committee recommends the re-appointment of PricewaterhouseCoopers LLP as auditor at the AGM to be held on 3 June 2024, ahead of the audit tender process in the second quarter of 2024, detailed on page 74, following which PricewaterhouseCoopers LLP will resign.

Statement of disclosure of information to Auditor

Each of the Directors at the date of approval of this report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- The Director has taken all reasonable steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of the information.

The confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

2024 AGM

The 2024 Annual General Meeting of the Company will be held on 3 June 2024. The Notice of Annual General Meeting is contained in a separate letter from the Chair accompanying this report, together with details of the business to be considered and explanatory notes for each resolution. A copy of the Notice is also available on the Company's website.

Post Balance Sheet Events

On 16 April 2024, the Company announced that it had reached agreement on a non-binding basis for a proposed all-share acquisition of TGI Fridays, Inc. ("TGI Fridays") (the "Proposed Transaction"). TGI Fridays is the Company's Franchisor and operates primarily through franchising and licensing agreements in the US and in 43 international markets. It also operates a network of company-owned stores in the US. The parties agreed that the Proposed Transaction would result in existing Hostmore shareholders holding a 36% shareholding in the enlarged business upon completion (the "Combined Group"), with TGI Fridays shareholders holding a 64% shareholding in the Combined Group. The Proposed Transaction is being negotiated on an exclusive basis and is subject to, among other things, completion of confirmatory due diligence and the parties entering into binding transaction documentation. The Proposed Transaction would be classified as a Reverse Takeover under the Listing Rules of the Financial Conduct Authority and therefore would be conditional upon the approval of an ordinary resolution by existing Hostmore shareholders. Should the parties enter into binding transaction documentation, a summary of the material terms and conditions of such documentation will be set out in an announcement to the market.

On 26 April 2024, the parties to the facilities agreement referred to in note 35 on page 167 of the financial statements signed a bank facility restatement agreement. Under the terms of this agreement, amongst other matters, certain covenants in the previous facility agreement were amended to align with the Company's updated business plan and the term of the facility was extended to 1 January 2026.

Basis of preparation

The Strategic Report on pages 2 to 51 and this Directors' Report have been drawn up and presented in accordance with, and in reliance upon, applicable English company law. Any liability of the Directors in connection with these reports shall be subject to the limitations and restrictions provided by such law.

The Directors' Report was approved by the Board of Directors on 2 May 2024 and signed on its behalf by:

Stephen Welker
Chair
2 May 2024

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Corporate Governance Report, confirms that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.
- The statement of Directors' responsibilities in respect of the financial statements was approved by the Board of Directors and signed on its behalf by:

Stephen Welker
Chair

Julie McEwan
Chief Executive Officer
2 May 2024

Financial statements

Consolidated Financial Statements
for the 52 weeks ended 31 December 2023

Calculation of key financial performance indicators and alternative performance measures

The Board 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 reported under IFRS. The following information on KPIs and APMs includes reconciliations to the nearest IFRS measures where relevant.

Sales

Like-for-like ("LFL") sales measure the performance of the Group on a consistent year-on-year basis. The table below includes sites that were open for all of 2022 for comparability and separately includes sites opened since 2022 or subsequently disposed of.

	52 weeks ended 31 December 2023 £'000	52 weeks ended 1 January 2023 £'000
LFL gross of VAT benefit in 2022	**185,989**	192,311
Less VAT benefit in 2022	**–**	(2,664)
Net LFL	**185,989**	189,647
Additions since January 2022	**4,294**	2,064
Disposals since January 2022	**606**	1,453
Deferred revenue provisions	**(227)**	(108)
Total net of VAT benefit in 2022	**190,662**	193,056
Add VAT benefit in 2022	**–**	2,664
Total	**190,662**	195,720

In Q1 2022 the VAT rate was lowered in restaurants such as those operated by the Group to 12.5% before returning to 20% in Q2 2022. The VAT benefit adjustment reflects the benefit received in H1 2022 to provide fair comparability with 2023 LFL sales. This is calculated from the net sales across the period in FY22 when VAT was 12.5% and calculating what the net sales would have been if VAT had been 20%. The difference is shown as the VAT benefit.

Calculation of key financial performance indicators and alternative performance measures continued

EBITDA

EBITDA is the Group's earnings before net interest and bank arrangement fees, tax, depreciation, and other non-cash items.

	52 weeks ended 31 December 2023 £'000	*Restated 52 weeks ended 1 January 2023 £'000
Loss before tax	**(25,529)**	(108,346)
Net interest payable and bank arrangement fees	**14,396**	12,584
Depreciation	**17,964**	20,504
Net impairment of property, plant and equipment and right of use assets	**17,768**	30,601
Impairment of goodwill	**–**	75,166
Release of dilapidations provision	**(465)**	–
Gain on disposal of property, plant and equipment	**(133)**	–
Gain on lease modification	**(1,951)**	–
Share based payment charge	**141**	581
EBITDA	**22,191**	31,090

* Refer to note 6 to the financial statements. In the 52 week period ended 1 January 2023 loss before tax has been increased by £4,001k from previously reported £104,345k to £108,346k, net interest payable and bank arrangement fees have been increased by £106k from previously reported £12,478k to £12,584k, depreciation has been increased by £165k from previously reported £20,339k to £20,504k, net impairment of property, plant and equipment and right of use assets has been decreased by £578k from previously reported £31,179k to £30,601k and impairment of goodwill has been increased by £4,308k from previously reported £70,858k to £75,166k. This has had no net effect on EBITDA for the 52 weeks ended 1 January 2023 as previously reported of £31,090k.

EBITDA FRS102

EBITDA FRS102 is the Group's EBITDA under IFRS, adjusted for rent paid to lessors and rent received from subleases.

	52 weeks ended 31 December 2023 £'000	52 weeks ended 1 January 2023 £'000
EBITDA	**22,191**	31,090
Less rent paid to lessors	**(20,644)**	(19,931)
Add rent received from subleases	**37**	101
EBITDA FRS102	**1,584**	11,260

Free cash flow

In the prior period, a table of Free cash flow was included in key performance indicators and alternative performance measures calculations. A more detailed KPI analysis of movement in Cashflow and Net debt is included in the Chief Financial Officer's Review and therefore the Free cash flow table has not been included here.

Calculation of key financial performance indicators and alternative performance measures continued

Net debt

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

	31 December 2023 £'000	*Restated 1 January 2023 £'000
Gross bank loans and borrowings	**(36,100)**	(36,800)
Lease liabilities	**(140,925)**	(150,658)
Cash & cash equivalents	**10,989**	9,091
Net debt	**(166,036)**	(178,367)

* Refer to note 6 to the financial statements. In the 52 week period ended 1 January 2023 lease liabilities have been increased by £2,103k from previously reported £148,555k to £150,658k and net debt has been increased by £2,103k from previously reported £176,264k to £178,367k.

Net debt FRS102

Net debt calculated in accordance with FRS102, is the Group's long-term borrowings (excluding issue costs) less cash and cash equivalents at each period end.

	31 December 2023 £'000	1 January 2023 £'000
Gross bank loans and borrowings	**(36,100)**	(36,800)
Cash & cash equivalents	**10,989**	9,091
Net debt	**(25,111)**	(27,709)

% Cash conversion

In the prior period, a table of % Cash conversion was included in key performance indicators and alternative performance measures calculations. A more detailed analysis of movements in Cashflow and Net debt is included in the Chief Financial Officer's Review and therefore the % Cash conversion table has not been included here.

Return on capital employed (ROCE)

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

	31 December 2023 £'000	*Restated 1 January 2023 £'000
EBITDA	**22,191**	31,090
Total assets less current liabilities	**140,112**	186,064
ROCE	**16%**	17%

* Refer to note 6 to the financial statements. In the 52 week period ended 1 January 2023 total assets less current liabilities have been decreased by £2,049k from previously reported £188,113k to £186,064k.

Independent auditors' report

to the members of Hostmore plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Hostmore plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2023 and of the group's loss and the group's cash flows for the 52 week period then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Consolidated statement of financial position and company statement of financial position as at 31 December 2023; the Consolidated statement of comprehensive income, Consolidated statement of changes in equity, Consolidated statement of cash flows and Company statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee of the company.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 4.2 to the financial statements concerning the group's and the company's ability to continue as a going concern. Based on the directors' forecasts, under a severe but plausible downside scenario, the group would breach the quarterly cumulative EBITDA covenant and the Net debt to EBITDA covenants in Quarter 4 FY 2024, which would make the loans repayable on demand. In addition, in the severe but plausible model, there is uncertainty over the adequacy of liquidity in Quarter 1 FY 2025. On 16 April 2024 the company announced the proposed combination of the group with TGI Fridays, Inc (the "Combined Group") with Heads of Terms agreed by both parties. Funding of the Combined Group has not been finalised at the date of approval of these financial statements, however, for the purposes of conducting the going concern assessment, the directors have assumed that an appropriate funding structure will be put in place by both parties, such that the company and the Combined Group will continue to trade and to meet their liabilities as they fall due from when the combination is effected which is envisaged to be in Quarter 3 FY 2024. These conditions, along with the other matters explained in note 4.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a going concern.

Independent auditors' report
to the members of Hostmore plc continued

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- obtaining and agreeing management's going concern assessment to the board approved plan and ensuring that the base case scenario indicates that the group generates sufficient cash flows to meets its long and short term obligations while complying with covenant arrangements;
- engaging with our Capital Market specialists to assess the reasonableness of assumptions used in the base case scenario, by obtaining supporting evidence and using third party information;
- obtaining and inspecting the bank facility agreement and subsequent revised terms agreed to ensure the latest terms and covenants were fully reflected in management's assessment;
- obtaining and inspecting the amendment to the franchisor agreement to allow the group to not open any new restaurants in the period;
- considering the extent to which the group's and company's future cash flows might be adversely affected by economic environment and geo-political impacts; reviewing management's cash flow forecasts, assessing the existing sources of finance, and considering the overall impact of liquidity;
- verifying the mathematical accuracy of management's models;
- evaluating management's severe but plausible downside scenario of reduced demand continuing into the future and ensuring this is appropriately modelled through the cash flows;
- observing that climate change is expected to have a limited impact during the period of the going concern assessment;
- considering the adequacy of the disclosures in the financial statements.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, other than the material uncertainty identified in note 4.2 to the financial statements, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting, or in respect of the directors' identification in the financial statements of any other material uncertainties to the group's and the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our audit approach

Overview

Audit scope

- We performed full scope audit procedures over the group. This provided coverage of 100% of external consolidated revenue and 100% of the consolidated loss before tax.

Key audit matters

- Material uncertainty related to going concern
- Valuation of property, plant and equipment and right of use assets (group)
- Valuation of goodwill (group)
- Recoverability of the parent company's investments in subsidiary undertakings (parent)

Materiality

- Overall group materiality: £1,363,000 (FY22: £1,210,000) based on 0.75% of three year average of total consolidated revenues.
- Overall company materiality: £677,000 (FY22: £1,210,000) based on 1% of total company assets.
- Performance materiality: £1,022,000 (FY22: £907,500) (group) and £508,000 (FY22: £1,359,000) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of property, plant and equipment and right of use assets (group) The group has non-current assets that include: • Property, plant and equipment – £25.4m (2022: £38.0m) • Right of use assets – £79.1m (2022: £97.0m) As set out in Note 4.15, Note 5, Note 18, Note 19, and Note 20 management have outlined their considerations of impairment indicators as well as their definitions of a cash generating unit ("CGU"). As the economic environment in the current period has had a significant impact on the performance of the restaurants in the period this represents an impairment indicator. Management have performed a value in use calculation to assess the recoverability of the assets at a CGU level. This involves several key estimates in relation to management's assumptions used in the valuation, including the discount rate and 2024 EBITDA.	We obtained management's impairment assessment and ensured the calculations were mathematically accurate. We challenged the key assumptions used within the model to which the value was most sensitive, including the discount rate and the EBITDA for 2024, driven by future revenue growth and inflation on both revenue and costs. We have performed sensitivity analysis to identify the key assumptions in the model. We obtained supporting evidence for those assumptions that could be supported and where no evidence could be provided, we obtained a revised model from management with supportable assumptions which increased the impairment charge. We compared the forecast used for the impairment test to the latest board approved plans, consistent with our procedures for going concern. We have obtained and inspected third party industry reports, assessed forecast accuracy and recent results to determine the validity of the forecasts. We compared the forecast used for the impairment model to the latest board approved plans. We considered the adequacy of management's disclosure in respect of the impairment recorded and the key sensitivities in their estimates. Based on the work performed, as summarised above, we concluded that the carrying value of the CGUs is appropriate after the net impairment charges (including reversals) recorded of £17.7m.

Key audit matter	How our audit addressed the key audit matter
Valuation of goodwill (group) The group has goodwill of £70.8m (2022: £70.8m). As set out in Note 4.3, Note 5, and Note 22 management have outlined their considerations of impairment indicators as well as their definition of group CGUs to be assessed. There is an indicator of impairment in relation to goodwill given the performance of the business in the current period. Management has performed a value in use calculation to assess the recoverability of the goodwill based on the entire group. This involves key estimates in relation to management's assumptions used, including the EBITDA for 2024 and the discount rate.	We obtained management's impairment assessment and ensured the calculations were mathematically accurate. We challenged the key assumptions used within the model to which the value was most sensitive, including the discount rate, and the EBITDA for 2024, driven by future revenue growth and inflation of revenue and costs. We obtained supporting evidence for those assumptions. We compared the forecast used for the impairment test to the latest board approved plans, consistent with our procedures for going concern. We have obtained and inspected third party industry reports, assessed forecast accuracy and recent results to determine the validity of the forecasts. We performed stand back assessments including comparing the enterprise value to the value in use. We considered the adequacy of management's disclosure in respect of the impairment recorded and the key sensitivities in their estimates. Based on the work performed, as summarised above, we concluded that the carrying value of the goodwill is appropriate and no impairment charge is required.
Recoverability of the parent company's investments in subsidiary undertakings (parent) As set out in note 39 to the parent company financial statements, investments in subsidiaries are £38.3m (2022: £45.9m) after management recorded an impairment of £7.5m. Management has used the value in use calculation used to assess the recoverability of the goodwill as a starting point for their assessment for the recoverability of the investments in subsidiaries. Management have considered the equity interest in each subsidiary to take account of obligations owed to third parties in accordance with IAS 36 paragraph 78 and IAS 28, 'Investments in Associates and Joint Ventures', paragraph 42. The investments relate to the TGI Friday's brand, owned by the subsidiary Thursdays (UK) Limited. The carrying value of the investment is supported by the recoverable amount which is calculated using the value in use basis. As detailed in Note 38, the impairment assessment in the prior year did not adjust the cash flows used in testing those assets to reflect the impact of external debt on the cash flows available. The directors determined that the debt in the parent company's subsidiaries should have been deducted in the impairment assessment at 1 January 2023. Accordingly, the directors have recorded a prior year adjustment impairment of £130.9m against the carrying value of the parent company's investment in its subsidiary undertakings at 1 January 2023. Consequently, the comparative carrying value of the parent company's investment in subsidiary undertakings at 1 January 2023 in the parent company's statement of financial position has been restated from previously reported £176.7m by an impairment of £130.9m, to £45.9m.	The recoverability of the company's investments is initially based on the impairment assessment performed for the group's goodwill and the work performed is set out in the "valuation of goodwill" key audit matter. We have obtained the rationale and calculations for the company's investments and tested the adjustments to the goodwill model on a sample basis. We have also assessed the directors' calculation of the prior period adjustment in respect of the investment impairment, obtaining the rationale and calculations for the company's investments and tested the adjustments to the prior period goodwill model on a sample basis. We considered the adequacy of management's disclosure in respect of the prior period restatements and description of the restatements in accordance with the requirements of IAS 8. Based on the work performed, as summarised above, we concluded that the carrying value of the Investments in subsidiary undertakings is appropriate after recording an impairment charge in the period of £7.5m.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group consists of four holding companies and one trading company. Following our assessment of the risk of material misstatement we selected all entities within the group structure for full scope audits. Taken together,these reporting entities where we performed audit work accounted for 100% of group revenue and 100% of group loss before tax.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	**Financial statements - company**
Overall materiality	£1,363,000 (FY22: £1,210,000).	£677,000 (FY22: £1,210,000).
How we determined it	0.75% of three year average of total consolidated revenues	1% of total company assets
Rationale for benchmark applied	A revenue benchmark has been considered an appropriate measure due to a relatively high fixed cost base of the business and the focus of the group to increase footfall into the sites. A three year average of total consolidated revenues is considered to be the appropriate benchmark due to the circumstances of the past two years causing large fluctuations in revenue over an individual year.	The entity is a holding company of the rest of the group and is not a trading entity. Therefore, an asset based measure is considered appropriate.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was below the group materiality detailed above. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (FY22: 75%) of overall materiality, amounting to £1,022,000 (FY22: £907,500) for the group financial statements and £508,000 (FY22: £1,359,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee of the company that we would report to them misstatements identified during our audit above £68,000 (group audit) (FY22: £61,000) and £68,000 (company audit) (FY22: £61,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report
to the members of Hostmore plc continued

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Annual Report on Remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and, except for the matters reported in the section headed 'Material uncertainty related to going concern', we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee of the company.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Health & Safety and food hygiene laws, Minimum Wage regulations and other employment laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue and management bias within accounting estimates.. Audit procedures performed by the engagement team included:

- Enquiries with the directors, the Audit and Risk Committee and company General Counsel, including review of board meeting minutes and consideration of known or suspected instances of non-compliance with laws, regulations and fraud;
- Identifying and testing a sample of journal entries, in particular certain journal entries posted with unusual account combinations which result in an increase in revenue; and

- Challenging estimates and judgements made by management in determining significant accounting estimates, in particular in relation to impairment of certain non-current assets.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Annual Report on Remuneration to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee of the company, we were appointed by the members on 6 October 2021 to audit the financial statements for the year ended 2 January 2022 and subsequent financial periods. The period of total uninterrupted engagement is three years, covering the years ended 2 January 2022 to 31 December 2023.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

David Beer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford

2 May 2024

Consolidated Financial Statements
for the 52 week period ended 31 December 2023

Consolidated statement of comprehensive income for the 52 week period ended 31 December 2023

	Note	**52 weeks ended 31 December 2023 £'000**	*Restated* 52 weeks ended 1 January 2023 £'000
Revenue	7	**190,662**	195,720
Cost of sales		**(42,959)**	(45,103)
Gross profit		**147,703**	150,617
Underlying administrative expenses*		**(141,173)**	(141,317)
Exceptional items – impairment of goodwill*	11	**–**	(75,166)
Administrative expenses	6	**(141,173)**	(216,483)
Impairment reversal of property, plant and equipment and right of use assets	18,19	**5,570**	5,712
Impairment of property, plant and equipment and right of use assets*	6, 18,19	**(23,338)**	(36,313)
Other operating income	9	**105**	705
Loss from operations	10	**(11,133)**	(95,762)
Finance income	15	**219**	78
Finance expense*	6, 15	**(14,615)**	(12,662)
Loss before tax		**(25,529)**	(108,346)
Tax (charge)/credit	16.1	**(1,893)**	6,801
Loss for the period		**(27,422)**	(101,545)
Total comprehensive expense		**(27,422)**	(101,545)

* Refer to note 6 for further details.

All operations are continuing operations.

There are no amounts recognised within other comprehensive income in the current or prior period.

(Loss)/earnings per share in pence	Note	**52 weeks ended 31 December 2023**	*Restated* 52 weeks ended 1 January 2023
Basic loss per share*	17	**(22.0)**	(81.0)
Diluted loss per share*	17	**(22.0)**	(81.0)
Adjusted basic (loss)/earnings per share*	17	**(7.7)**	3.4
Adjusted diluted (loss)/earnings per share*	17	**(7.7)**	3.3

* Refer to note 6 for further details.

Adjusted basic and diluted loss per share excludes impairments and exceptional items.

Consolidated Financial Statements
for the 52 week period ended 31 December 2023 continued

Consolidated statement of financial position at 31 December 2023

	Note	31 December 2023 £'000	*Restated 1 January 2023 £'000
Assets			
Non-current assets			
Property, plant and equipment*	6, 18	**25,432**	37,973
Right of use assets*	6, 19	**79,138**	97,043
Goodwill*	6, 22	**70,813**	70,813
Net investment in subleases	21.2	**735**	95
Deferred tax assets	16.2	**9,981**	12,801
Total non-current assets		**186,099**	218,725
Current assets			
Inventories	23	**1,390**	1,464
Trade and other receivables	24	**3,355**	6,285
Current tax assets		**918**	740
Net investment in subleases	21.2	**61**	12
Cash and cash equivalents		**10,989**	9,091
Total current assets		**16,713**	17,592
Total assets		**202,812**	236,317
Liabilities			
Non-current liabilities			
Loans and borrowings	27	**15,414**	23,146
Lease liabilities*	6, 21.1	**124,442**	135,213
Provisions	28	**4,975**	5,143
Total non-current liabilities		**144,831**	163,502
Current liabilities			
Trade and other payables*	6, 25	**24,991**	20,034
Contract liabilities	26	**1,075**	1,004
Loans and borrowings	27	**20,019**	13,295
Lease liabilities*	6, 21.1	**16,483**	15,445
Provisions	28	**132**	475
Total current liabilities		**62,700**	50,253
Total liabilities		**207,531**	213,755
Net current liabilities		**(45,987)**	(32,661)
Net (liabilities)/assets		**(4,719)**	22,562

* Refer to note 6 for further details.

Consolidated statement of financial position at 31 December 2023 continued

	Note	31 December 2023 £'000	*Restated 1 January 2023 £'000
Issued capital and reserves attributable to owners of the Company			
Share capital	29	**25,225**	25,225
Share premium reserve		**14,583**	14,583
Merger reserve		**(181,180)**	(181,180)
Share based payment reserve		**775**	634
Retained earnings*		**135,878**	163,300
Total (accumulated losses)/equity		**(4,719)**	22,562

* Refer to note 6 for further details.

The notes on pages 134 to 167 form part of these financial statements.

The financial statements on pages 129 to 167 were approved and authorised for issue by the Board of Directors on 2 May 2024 and were signed on its behalf by:

Julie McEwan
Chief Executive Officer

Matthew Bibby
Chief Financial Officer

Consolidated statement of changes in equity for the 52 week period ended 31 December 2023

	Share capital £'000	Share premium reserve £'000	Merger reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
At 3 January 2022	**25,225**	**14,583**	**(181,180)**	**53**	**265,345**	**124,026**
Comprehensive expense for the 52 week period ended 1 January 2023						
Loss for the period	–	–	–	–	(97,544)	(97,544)
Total comprehensive expense for the 52 week period ended 1 January 2023	–	–	–	–	(97,544)	(97,544)
Correction of error*	–	–	–	–	(4,001)	(4,001)
Total comprehensive expense for the 52 week period ended 1 January 2023 (restated)	–	–	–	–	(101,545)	(101,545)
Contributions by and distributions to owners						
Share purchases by Employee Benefit Trust	–	–	–	–	(500)	(500)
Share based payment charge	–	–	–	581	–	581
Total contributions by and distributions to owners	–	–	–	581	(500)	81
At 1 January 2023	25,225	14,583	(181,180)	634	163,300	22,562

* Refer to note 6 for further details.

	Share capital £'000	Share premium reserve £'000	Merger reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total accumulated losses £'000
At 2 January 2023	25,225	14,583	(181,180)	634	163,300	22,562
Comprehensive expense for the 52 week period ended 31 December 2023						
Loss for the period	–	–	–	–	(27,422)	(27,422)
Total comprehensive expense for the 52 week period ended 31 December 2023	–	–	–	–	(27,422)	(27,422)
Contributions by and distributions to owners						
Share based payment charge	–	–	–	141	–	141
Total contributions by and distributions to owners	–	–	–	141	–	141
At 31 December 2023	25,225	14,583	(181,180)	775	135,878	(4,719)

Consolidated statement of cash flows for the 52 week period ended 31 December 2023

	Note	52 weeks ended 31 December 2023 £'000	52 weeks ended 1 January 2023 £'000
Cash flows from operating activities	32	**22,191**	28,800
Movements in working capital:			
Decrease/(increase) in trade and other receivables	24	**2,961**	(2,415)
Decrease in inventories	23	**75**	25
Increase/(decrease) in trade and other payables	25	**5,561**	(8,071)
(Decrease)/increase in provisions		**(49)**	2,391
Cash generated from operations		**30,739**	20,730
Corporation taxes recovered/(paid)		**748**	(857)
Rental income from subleases	21.2	**20**	105
Net cash from operating activities		**31,507**	19,978
Cash flows from investing activities			
Purchases of property, plant and equipment		**(4,721)**	(10,311)
Proceeds from sale of property, plant and equipment		**121**	–
Interest received		**200**	70
Net cash used in investing activities		**(4,400)**	(10,241)
Cash flows from financing activities			
Repayment of bank borrowings		**(27,100)**	(18,000)
Payment of loan arrangement fees		**(954)**	–
Receipt of bank borrowings		**26,400**	10,500
Interest paid on bank borrowings		**(3,297)**	(2,291)
Share purchases by Employee Benefit Trust		**–**	(500)
Payment of lease liabilities		**(20,258)**	(22,435)
Net cash used in financing activities		**(25,209)**	(32,726)
Net cash increase/(decrease) in cash and cash equivalents		**1,898**	(22,989)
Cash and cash equivalents at the beginning of period		**9,091**	32,080
Cash and cash equivalents at the end of the period		**10,989**	9,091

Notes to the Consolidated Financial Statements
for the 52 weeks ended 31 December 2023

1. Reporting entity

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

2. Basis of preparation

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

On 31 December 2020 EU-adopted IFRS was brought into UK law and became UK-adopted international accounting standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board. The consolidated financial statements of the Group transitioned to UK-adopted international accounting standards with effect from 3 January 2022.

The Group reports its results for the 52 week or 53 week period ending on the nearest Sunday to 31 December. The results for 2023 are for the 52 weeks that ended 31 December 2023 and those for the comparative period are for the 52 weeks ended 1 January 2023.

Details of the Group's accounting policies are included in note 4.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The material areas where judgements and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in note 5.

2.1 Basis of measurement

The financial statements have been prepared under the historical cost convention and in accordance with IFRS.

2.2 New standards, amendments and interpretations

The following standards, amendments to accounting standards and International Financial Reporting Interpretations Committee interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023. They have all been adopted in these financial statements:

(i) Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

(ii) Definition of Accounting Estimates – Amendments to IAS 8

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

(iv) OECD Pillar Two Rules

The above standards, amendments to accounting standards and International Financial Reporting Interpretations Committee interpretations that were affective for the period ended 31 December 2023 have had no material impact on the Group's financial statements.

2.3 New standards, amendments and interpretations not yet adopted

Certain amendments to accounting standards have been published that are not mandatory for 31 December 2023 reporting period and have not been early adopted by the Group. These amendments are not expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

3. Functional and presentation currency

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

4. Accounting policies

4.1 Basis of consolidation

The Company was incorporated on 14 April 2021 for the purpose of acting as parent undertaking for the Group.

Accounting policies have been applied consistently throughout the 52 week period ended 31 December 2023 and for the comparative period after taking into account the prior period adjustments disclosed in note 6.

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings. 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. The Company controls its subsidiary undertakings when it is exposed, or has rights, to variable returns from its involvement with the subsidiary undertakings and has the ability to affect those returns through its power over the subsidiary undertakings.

In accordance with section 479A of the Companies Act 2006 relating to audit exemption of subsidiary companies, Hostmore plc has provided guarantees to its subsidiaries Hostmore Group Limited and Thursdays (Holdings) Limited so that they are entitled to exemption from audit of their individual financial statements.

4.2 Going concern

The financial statements for the 52 weeks ended 31 December 2023 have been prepared on a going concern basis.

The banking facilities available to the Group were amended and restated on 28 April 2023, amended on 28 September 2023 and further amended on 26 April 2024. The latest amendments included, amongst other elements, the waiver of the cumulative EBITDA covenant and the Adjusted Leverage covenant for Q2 and Q3 2024 and a revision of subsequent covenant levels to 1 January 2026 in line with the Group's business plan. The maturity of the facility was also extended from 1 January 2025 to 1 January 2026. In addition, if the proposed combination referred to below does not proceed, the Group would be required, on 7 March 2025, to make a part repayment of the bank facility. This would be the lower of, the lowest amount of liquidity that the Group is forecasting for 12 months forward from 28 February 2025 that exceeds £2.5m, and £5m. In that scenario, there is also the requirement for the Directors to commence a sale process and to appoint an additional Non-Executive Director acceptable to them and to the banks. The Liquidity covenant requiring a minimum liquidity level of £1.5m remains in place. These amendments are referred to in more detail in note 27 to the financial statements.

The Group has prepared forecasts of the expected cash flows up to 31 December 2025, which includes a severe but plausible downside scenario. The base case scenario broadly assumes that the trading performance in the second half of 2023 continues throughout 2024, with moderate growth in 2025. It is based on the position before taking account of the proposed combination referred to below, given its early stage of negotiation. Under the base case scenario, the revised covenants are met and the Group has adequate liquidity throughout the going concern assessment period. This scenario assumes that if the proposed combination referred to below does not proceed, the part repayment of the facility due on 7 March 2025 would be financed by pausing expansion capital expenditure.

The severe but plausible downside scenario assesses the cash flows in a depressed trading environment with reduced recovery in H2 2024 and the whole of FY 2025, despite the cost saving initiatives that saw an improvement in EBITDA in the second half of 2023. The model calculates the impact that this scenario would have on the amended covenants of the Group. Under this severe but plausible scenario, the Group would breach the quarterly cumulative EBITDA covenant and the Net debt to EBITDA covenants in Q4 FY 2024 and the monthly minimum liquidity covenant of £1.5m in Q1 FY 2025, which would make the loans repayable on demand. In addition, in the severe but plausible scenario, there is uncertainty over the adequacy of liquidity in Q1 FY 2025. In this scenario, management would take steps to manage the Group's liquidity position.

On 16 April 2024 the Company announced the proposed combination of the Group with TGI Fridays, Inc (the "Combined Group") with Heads of Terms having been agreed by both parties. Funding of the Combined Group has not been finalised at the date of approval of these financial statements. In addition, the proposal to create the Combined Group will require the approval of shareholders. For the purposes of conducting the going concern assessment, the Directors have made the assumption that an appropriate funding structure will be put in place by both parties before the proposed prospectus and related circular to shareholders are issued, such that the

Company and the Combined Group will continue to trade and to meet their liabilities as they fall due from when the combination is effected which is envisaged to be in Q3 2024.

The Directors are confident that the business will continue to trade for a period of at least fifteen months following the signing of these financial statements and therefore that it is appropriate to prepare these financial statements on a going concern basis. The conditions referred to above indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern. The financial statements do not include adjustments to the carrying amounts or classification of assets and liabilities that would result if the Company and Group were unable to continue as a going concern.

4.3 Goodwill

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

Goodwill does not generate cash flows independently of other assets or groups of assets and is normally 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 represents the ongoing value of the existing business and brand and it cannot be allocated to individual restaurants on a non-arbitrary basis. The goodwill is therefore allocated to all CGUs as a group. The recoverable amount represents the value-in-use, using discounted forecasted cashflows and each restaurant's ability to cover its costs, including an allocation of central overheads, marketing and maintenance standards of assets. The Group tests all CGUs for impairment at each reporting date on a value-in-use basis. Where a CGU is considered to be impaired, its carrying value is reduced to its recoverable amount. The impairment loss is allocated pro-rata between the assets of the CGU on the basis of the carrying amount of each asset. After this initial allocation of impairment losses, if the combined carrying amount of the CGUs and goodwill is higher than the recoverable amount of the group of all CGUs, the residual impairment losses are allocated to goodwill.

4.4 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group primarily derives revenue from four streams, dine-in, delivery, drive to and other revenue.

(i) 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 Fridays brand – sales are recognised when control of the product has transferred. This is the point at which the products are consumed by the customers in the restaurant.

   For customers enrolled in the Group loyalty scheme, an additional performance obligation is the promise to redeem loyalty points for these purchases which entitle customers to discounts on future purchases.
2. Sales receipts are made fully in cash and/or credit card at the time of sale of food and drink. A contract liability for the loyalty points is recognised at the point of issue. Revenue for the loyalty points is recognised when the points are redeemed or when they expire 12 months after initial sale.

(ii) Delivery revenue

The Group has a single performance obligation which is the sale of food and drinks through third-party delivery partners. Sales are recognised when 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. The receivable is usually settled within 30 days by the delivery partners. Commissions paid to the delivery partners are recognised as an expense in the consolidated statement of comprehensive income when the sales receivable is received.

(iii) Drive to revenue

The Group has a single performance obligation which is the sale of food and drinks through click and collect where customers place their orders directly with TGI Fridays and Fridays and Go. The sale of food and drinks is recognised at the point at which customers collect their orders.

(iv) Other revenue

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 from gift card vouchers is recognised when the gift vouchers are redeemed or expire 18 months after their sale. Commission paid to third parties on sale of gift cards is recognised as a deferred asset and charged in the consolidated statement of comprehensive income as an expense when the gift card is redeemed. If the gift card expires, the commission is charged at expiry in the consolidated statement of comprehensive income. If customers fail to cancel or honour their restaurant bookings, their deposits are recognised as other revenue on the date that the booking relates to.

4.5 Cost of sales

Cost of sales comprises the cost of food and drink sold by the Group. The cost of labour is included in the administrative expenses.

4.6 Leases

(i) The Group as a lessee

The principal leasing activity of the Group is the leasing of property for the operation of restaurants.

- A lease liability is measured at its present value, discounted using an appropriate incremental borrowing rate for each lease depending on the lease term at the date of inception. This ranges from 3.1% for leases with shorter terms to 7.5% for leases with longer terms. Payments included in initial measurement are all fixed payments. Any variable payments that are based on an index or a rate, are initially measured using the index or rate at the commencement date.
- A right-of-use (RoU) asset is measured at an amount equal to the lease liability, adjusted by any prepaid or accrued lease payments, and inclusive of any dilapidations and onerous lease provisions.
- The Group does not recognise leases with a term of 12 months or less or where the underlying asset is considered of low value.

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

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

(ii) Rent concessions

The Group 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 were 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.

(iii) The Group as a lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment in respect of these leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

4.7 Borrowing costs

Borrowing costs comprise interest payable on bank borrowings expensed in the period in which is incurred, and loan arrangement fees amortised over the term of the facility.

4.8 Government grants

The Group recognises Government grants at fair value when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grant will be received. Government grants are recognised in the consolidated statement of comprehensive income on a systematic basis over the period in which the Group recognises as an 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 Group with no future related costs, is recognised in the consolidated statement of comprehensive income in the period in which it becomes receivable.

4.9 Employee benefits

A liability is recognised for short-term and long-term employee benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period that the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

4.10 Pensions

The Group makes contributions for eligible employees into defined contribution pension plans. Once the contributions have been paid, the Company has no further payment obligations. The contributions are recognised as an expense when they fall due. Amounts not paid are included in accruals in the consolidated statement of financial position. The assets of the plans are held separately from the Group in independently administered funds.

4.11 Share based payments

Equity-settled share based payment charges are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based payments are set out in note 30.

The fair value determined at the grant date of equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on Management's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group assesses and thereafter revises its estimate of the amount of equity expected to vest. The impact of the revision of the original estimates, is recognised in the consolidated statement of comprehensive income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share based payment reserve.

4.12 Tax

Income tax expense represents current and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in different periods and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets are not discounted.

Deferred tax liabilities and assets are measured at the tax rates that will apply in the period in which the liability is expected to be settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount.

(iii) Current and deferred tax for the period

Current and deferred tax are recognised in the consolidated statement of comprehensive income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4.13 Earnings per share

The Group complies with the IAS 33 requirement of a publicly listed company in presenting earnings per share ("EPS") in the financial statements. These financial statements contain basic EPS, adjusted EPS, diluted EPS and adjusted diluted EPS, in-line with accounting standards. Adjusted EPS and adjusted diluted EPS are calculated using profit before tax adjusted for exceptional items and impairments. As the Group is currently in a loss-making position, the calculation of diluted EPS and adjusted diluted EPS does not assume conversion, exercise or other issue of potential ordinary shares that would have an anti-dilutive effect on EPS.

4.14 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate major components of property, plant and equipment. Any gain or loss on disposal of property, plant and equipment is recognised in the consolidated statement of comprehensive income. Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

Depreciation is provided on a straight-line basis for all items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. Depreciation is provided at the following annual rates:

Leasehold property improvements	Leasehold term
Plant and machinery	3 – 8 years depending on nature of asset
Fixtures and fittings	4 – 20 years depending on nature of asset

4.15 Impairment of tangible assets

At each reporting date, the Group assesses whether an item of property, plant and equipment and RoU asset is impaired. Each restaurant is considered to be a separate CGU of property, plant and equipment and RoU asset. The Group tests all CGUs for impairment on a value-in-use basis. Where a CGU is considered impaired, its carrying value is reduced to its recoverable amount. The recoverable amount represents the value-in-use, using discounted forecasted cashflows and each restaurant's ability to cover its costs, including an allocation of central overheads, marketing and maintenance standards of assets. The impairment loss is allocated pro-rata between the assets of the CGU on the basis of the carrying amount of each asset.

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

4.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4.17 Provisions

Dilapidations provisions are recognised in the consolidated statement of financial position when the Group has a present legal or constructive obligation to dismantle and restore 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, discounted to reflect the time value of money. These estimates of cost to settle are reviewed throughout the year and are based on readily available information and past transactions of this nature. The evaluation is based on current lease end dates and Management's estimation of a proportion of leases that will be extended based on forecast profitability of those leases.

4.18 Financial instruments

On initial recognition, the Group classifies the component parts of financial instruments as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments. All financial instruments are measured at amortised cost.

4.19 Impairment of financial assets

The Group has two types of financial assets that are subject to the expected credit loss model for assessing impairment of financial assets:

- trade and other receivables
- net investments in subleases

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

The majority of trade and other receivables are current and not past due date. There is also no history of material non-payments by debtors or sublessees.

4.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when they are paid. Final equity dividends are recognised when approved by the shareholders at an Annual General Meeting. The right to dividend income on ordinary shares held by the Employee Benefit Trust has been waived.

4.21 Cash and cash equivalents

Cash is represented by cash on hand and demand bank balances. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash without significant risk of change in value.

4.22 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 assess the performance of the Group.

5. Critical accounting judgements, estimates and assumptions

In applying the Group's accounting policies described above, the Directors are required to make judgements (other than those involving estimates) that have a significant impact on the amounts recognised, and to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making these critical judgements, estimates and assumptions, the actual outcomes could prove different. The most significant of these are set out below.

5.1 Judgements

Goodwill

The Group does not allocate goodwill to individual CGUs. This is because it represents the ongoing value of the existing business and brand and it cannot be allocated to individual restaurants on a non-arbitrary basis. Therefore, in accordance with IAS 36, the goodwill is allocated to all CGUs as a group as it is considered that they all benefit equally from the brand value. This includes TGI Fridays and Fridays and Go.

Lease term

Several leases of restaurant properties contain extension options or break clauses. The non-cancellable period and enforceable period are both considered to be the lease term in the contract in place at the period end, including leases which have been extended.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or to not exercise a termination option. Extension options or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

Deferred tax asset

The Group assesses the recoverability of deferred tax assets recognised, on the basis that they will be utilised as part of the taxation charge against profits of future years. The Group has projected taxable profits, including the application of risk factors in future years, for this assessment, consistent with the projections used for impairment assessment, which reflect deferred tax assets being utilised as the underlying leases unwind for taxation purposes.

5.2 Estimates and assumptions

Goodwill

The Group tests all CGUs for impairment at each reporting date on a value-in-use basis. Where a CGU is considered impaired, its carrying value is reduced to its recoverable amount. The value-in-use calculations are based on the Group's base case business plan for 2024 and 2025, sensitised down from the 2024 budget, applying a long-term annual growth rate of 2%. This produces the future projected cashflows of the operating business over the lease term of each restaurant, assuming profitable stores' leases will be extended, discounted back using a pre-tax discount rate of 13.3% (2022: 15.8%).

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.

Impairment

The Group performs an impairment assessment at the end of each reporting period. For this purpose, each restaurant in the Group is considered a separate CGU. An impairment charge is recognised where the recoverable amount is less than the carrying value of the RoU assets of the CGU. An impairment charge is not recognised where the assets have been trading for less than 12 months at the reporting date.

The recoverable amount is based on value-in-use calculations, using discounted forecasted cashflows and each restaurant's ability to cover its costs, including an allocation of central overheads, marketing and maintenance standards of assets.

The value-in-use calculations are based on the Group's base case business plan for 2024 and 2025, sensitised down from the 2024 budget, with cash flow projections over the lease term of each restaurant, applying a long-term annual growth rate of 2%.

The discount rate applied in the value-in-use calculations has been calculated with reference to the Group's weighted average cost of capital and similar benchmarks in the industry. A pre-tax discount rate of 10.5% (2022: 14.2%) has been applied in the value-in-use calculations.

Deferred tax asset

The Group has recognised deferred tax assets of £9,981k (2022: £12,801k) based on deductible temporary differences. Deferred tax assets are measured at the tax rates that will apply in the period in which the asset is realised, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. Discounted forecasted cashflows used in this assessment were aligned with those used in calculating the above impairments.

6. Prior period restatement

In the prior period to 1 January 2023 there were IFRS 16 lease modifications that were not accounted for. As a result of the prior period IFRS 16 lease modifications, property, plant and equipment and right of use asset balances were primarily affected. The tables in this note set this out in more detail. This restatement also resulted in a further goodwill impairment charge of £845k.

A further prior period restatement, related to an error identified in the prior period impairment model for one store, which resulted in the property, plant and equipment and right of use assets impairment charge being overstated by £1,923k and property, plant and equipment and right of use assets balances being understated by £293k and £1,630k respectively. As a result, the overall goodwill impairment charge was understated by £1,923k and a goodwill balance was overstated by the same amount which has been corrected in the prior period adjustment.

An additional prior period restatement has been made to additions to property, plant and equipment which had not been accrued at the prior period end. This has resulted in property, plant and equipment, and trade and other payables, both being increased by £1,540k in the prior period adjustment. As a result of this restatement, the impairment charge of goodwill has been increased by £1,540k and goodwill has decreased by the same amount.

The IFRS 16 lease modifications, impairment model error and under-accrual of additions to property, plant and equipment have been corrected by restating each of the relevant financial statement line items for the prior period as follows:

Consolidated statement of comprehensive income (extract)	Previously reported 52 weeks ended 1 January 2023 £'000	IFRS 16 lease modifications £'000	Impairment model £'000	Property, plant and equipment additions £'000	**Restated* 52 weeks ended 1 January 2023 £'000
Underlying administrative expenses	(141,152)	(165)	–	–	(141,317)
Exceptional items – impairment of goodwill	(70,858)	(845)	(1,923)	(1,540)	(75,166)
Administrative expenses	(212,010)	(1,010)	(1,923)	(1,540)	(216,483)
Impairment of property, plant and equipment and right of use assets	(36,891)	(1,345)	1,923	–	(36,313)
Loss from operations	**(91,867)**	**(2,355)**	**–**	**(1,540)**	**(95,762)**
Finance expense	(12,556)	(106)	–	–	(12,662)
Loss before tax	**(104,345)**	**(2,461)**	**–**	**(1,540)**	**(108,346)**
Loss for the period	(97,544)	(2,461)	–	(1,540)	(101,545)
Total comprehensive expense	**(97,544)**	**(2,461)**	**–**	**(1,540)**	**(101,545)**
Basic loss per share (pence)	(77.8)	(2.0)	–	(1.2)	(81.0)
Diluted loss per share (pence)	(77.8)	(2.0)	–	(1.2)	(81.0)
Adjusted basic earnings per share (pence)	3.6	(0.1)	–	(0.1)	3.4
Adjusted basic diluted earnings per share (pence)	3.6	(0.2)	–	(0.1)	3.3

Consolidated statement of financial position (extract)	Previously reported 1 January 2023 £'000	IFRS 16 lease modification £'000	Impairment model £'000	Property, plant and equipment additions £'000	**Restated* 1 January 2023 £'000
Property, plant and equipment	36,140	–	293	1,540	37,973
Right of use assets	94,568	845	1,630	–	97,043
Goodwill	75,121	(845)	(1,923)	(1,540)	70,813
Non-current lease liabilities	133,261	1,952	–	–	135,213
Total non-current liabilities	161,550	1,952	–	–	163,502
Trade and other payables	18,136	358	–	1,540	20,034
Current lease liabilities	15,294	151	–	–	15,445
Total current liabilities	48,204	509	–	1,540	50,253
Total liabilities	209,754	2,461	–	1,540	213,755
Net current liabilities	(30,612)	(509)	–	(1,540)	(32,661)
Net assets	26,563	(2,461)	–	(1,540)	22,562
Retained earnings	167,301	(2,461)	–	(1,540)	163,300
Total equity	26,563	(2,461)	–	(1,540)	22,562

Notes to the Consolidated Financial Statements
for the 52 weeks ended 31 December 2023 continued

7. Revenue

The Group's revenue for the 52 week period ended 31 December 2023 arose as follows:

	52 weeks ended 31 December 2023 £'000	52 weeks ended 1 January 2023 £'000
Dine-in revenue	**182,810**	187,190
Delivery revenue	**6,545**	6,610
Drive to revenue	**1,122**	1,834
Other revenue	**185**	86
Total revenue	**190,662**	195,720

Delivery revenue includes revenue where customers place their orders through third party delivery service.

Drive to revenue includes revenue from click and collect takeaway service where customers place their orders directly with TGI Fridays and Fridays and Go.

All revenue was generated in the UK and Jersey (2023: £1.1m, 2022: £0.9m).

8. Segment information

The Group's reportable segments are all under the TGI Fridays brand. 63rd+1st and Fridays and Go is aggregated with TGI Fridays within internal reporting and is therefore not a separate reportable segment under IFRS 8 (Operating Segments). The Group's Chief Executive Officer and all other Board members are considered to be the Chief Operating Decision Maker, who receive information at a Group and site-by-site level. These sites share similar economic characteristics and are corporately under the TGI Fridays licensed branding and meet the aggregation criteria under IFRS 8 paragraph 12.

9. Other operating income

Included within other operating income is rental income from subleasing of properties under operating leases and Government grants received and in previous years receipts under the Coronavirus Job Retention Scheme. There are no unfulfilled conditions or contingencies relating to these Government grant receipts.

	52 weeks ended 31 December 2023 £'000	52 weeks ended 1 January 2023 £'000
Covid-19 related Government grants	**–**	552
Net rents receivable	**105**	153
Total other operating income	**105**	705

10. Loss from operations

The loss from operations is stated after charging:

	52 weeks ended 31 December 2023 £'000	**Restated* 52 weeks ended 1 January 2023 £'000
Share based payment charges	**(141)**	(581)
Rent payable on leases of low value assets, not capitalised	**(571)**	(711)
Variable lease payments not included in the measurement of lease liabilities	**(707)**	(629)
Depreciation of property, plant and equipment and right of use assets	**(17,964)**	(20,504)
Impairment of property, plant and equipment and right of use assets	**(23,338)**	(36,313)
Exceptional items – impairment of goodwill (see note 11)	**–**	(75,166)

* Refer to note 6. In the 52 week period ended 1 January 2023, depreciation of property, plant and equipment and right of use assets have been increased by £165k from previously reported £20,339k to £20,504k, impairment of property, plant and equipment and right of use assets have been decreased by £578k from previously reported £36,891k to £36,313k, impairment of goodwill have been increased by £4,308k from previously reported £70,858k to £75,166k.

The loss from operations is stated after crediting:

	52 weeks ended 31 December 2023 £'000	**52 weeks ended 1 January 2023 £'000**
Covid-19 related rent concessions	**–**	2,290
Impairment reversal of property, plant and equipment and right of use assets	**5,570**	5,712
Gain on disposal of property, plant and equipment	**133**	–
Gain on lease modification	**1,951**	–
Release of dilapidations provision	**465**	–
Finance income on the net investment in finance leases	**19**	8

11. Exceptional items – impairment of goodwill

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

Included within the loss from operations for the 52 week period ended 1 January 2023 were items which were considered to be exceptional in nature. These are as follows:

	52 weeks ended 31 December 2023 £'000	**Restated* 52 weeks ended 1 January 2023 £'000
Impairment of goodwill	**–**	75,166

* Refer to note 6. In the 52 week period ended 1 January 2023, impairment of goodwill has been increased by £4,308k from previously reported £70,858k to £75,166k.

12. Auditors' remuneration

During the 52 week period ended 31 December 2023, the amount payable by the Group to its auditors was as follows:

	52 weeks ended 31 December 2023 £'000	52 weeks ended 1 January 2023 £'000
Fees payable to the Group's auditors for the audit of the Group's and subsidiaries' financial statements	**625**	**253**
Assurance related services	–	49

During the 52 week period ended 31 December 2023, the auditors did not provide any non-audit services to the Group. In the 52 week period ended 1 January 2023, £45k of non-audit services were provided for a review of the Company's half year report required under the Disclosure and Transparency Rules and £4k for covenant reporting required under the Group's bank facilities. No other non-audit services have been provided by the auditors to the Group during the current or previous period.

13. Employee benefit expense

Employee benefit expense, including Directors, comprises:

	52 weeks ended 31 December 2023 £'000	52 weeks ended 1 January 2023 £'000
Wages and salaries	**63,579**	63,356
Social security costs	**4,108**	4,370
Other pension costs	**890**	948
Share based payment charge	**141**	581
Total employee benefit expense	**68,718**	69,255

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. These comprise the Directors of the Company listed on pages 54 to 57 and the Executive Team of the Group.

	52 weeks ended 31 December 2023 £'000	52 weeks ended 1 January 2023 £'000
Wages and salaries	**2,241**	2,344
Social security costs	**304**	417
Other pension costs	**43**	69
Share based payment charge	**69**	118
Total key management personnel compensation	**2,657**	2,948

The monthly average number of full time equivalent employees, including Directors, employed by the Group during the 52 week period ended 31 December 2023 was as follows:

	52 weeks ended 31 December 2023	52 weeks ended 1 January 2023
Sales	**2,641**	2,747
Administration	**354**	378
Total full time equivalent number of employees	**2,995**	3,125

14. Directors' remuneration

	52 weeks ended 31 December 2023 £'000	52 weeks ended 1 January 2023 £'000
Directors' salaries	**1,287**	1,335
Pensions costs	**17**	24
Share based payment charge	**32**	66
Total Directors' remuneration	**1,336**	1,425

The Group has no defined benefit pension scheme and no contributions to defined benefit pension schemes were made during the 52 week period ended 31 December 2023 (2022: none).

During the 52 week period ended 31 December 2023, the highest paid Director received total remuneration, inclusive of a share based payments charge of £378k (2022: £529k).

During the 52 week period ended 31 December 2023, the Directors did not exercise any share options (2022: none).

15. Finance income and expense

	52 weeks ended 31 December 2023 £'000	52 weeks ended 1 January 2023 £'000
Finance income		
Other interest receivable	**219**	78

	52 weeks ended 31 December 2023 £'000	**Restated* 52 weeks ended 1 January 2023 £'000
Finance expense		
Bank interest payable	**4,256**	2,393
Amortisation of loan arrangement fees	**721**	209
Interest on lease liabilities	**9,406**	9,832
Unwinding of discount on provisions	**87**	52
Other interest payable	**145**	176
Total finance expense	**14,615**	12,662

* Refer to note 6. In the 52 week period ended 1 January 2023, interest on lease liabilities has been increased by £106k from previously reported £9,726k to £9,832k.

In the 52 week period ended 1 January 2023, other interest of £176k which was not related to bank interest payable has been reallocated to other interest payable to provide increased analysis.

16. Tax (charge)/credit

16.1 Tax (charge)/credit recognised in consolidated statement of comprehensive income

	52 weeks ended 31 December 2023 £'000	52 weeks ended 1 January 2023 £'000
Corporation tax credit		
Adjustments in respect of prior periods	**927**	192
Total corporation tax credit	**927**	192
Deferred tax (charge)/credit		
Origination and reversal of temporary timing differences	**(1,248)**	4,842
Adjustments in respect of prior periods	**(1,572)**	27
Change in future tax rate	**–**	1,740
Total deferred tax (charge)/credit	**(2,820)**	6,609
Tax (charge)/credit for the period	**(1,893)**	6,801

From 1 April 2023, the main UK rate of corporation tax was increased from 19% to 25% with an average rate of 23.5% applying for the 52 weeks ended 31 December 2023. The amount of tax credit for the 52 weeks ended 31 December 2023 is lower than the UK corporation tax rate of 23.5% on the results for the period. The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the United Kingdom applied to losses for the period are as follows:

	52 weeks ended 31 December 2023 £'000	*Restated* 52 weeks ended 1 January 2023 £'000
Loss before tax for the period	**(25,529)**	(108,346)
Tax credit on Group's loss at tax rate of 23.5% (2022: 19%)	**6,011**	20,586
Expenses not deductible for tax purposes	**(679)**	(891)
Goodwill impairment charges not deductible for tax purpose	**–**	(13,464)
Depreciation on assets not eligible for tax relief	**(281)**	(1,408)
Adjustments to corporation tax and deferred tax in respect of prior periods	**(645)**	219
Impact of difference between corporation tax and deferred tax rate	**329**	1,740
Movement in deferred tax not recognised	**(6,628)**	16
Deferred tax credited straight to equity	**–**	3
Tax (charge)/credit for the period	**(1,893)**	6,801

* Refer to note 6. In the 52 week period ended 1 January 2023, loss before tax for the period have been increased by £4,001k from previously reported £104,345k to £108,346k. As a result of this adjustment, tax credit on Group's loss have risen by £760k from previously reported £19,826k to £20,586k.

The Directors consider that adjustments similar to those above are likely to be relevant in calculating the Group's tax charge in future periods.

The Directors have assessed the impact of Pillar 2 Tax Reform. They have confirmed that it is not material to the tax charge, as the Group only operates one restaurant in Jersey which is outside the UK.

16.2 Deferred tax assets

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

	3 January 2022 £'000	Recognised in consolidated statement of comprehensive income £'000	1 January 2023 £'000
Deferred tax assets in relation to:			
Property, plant and equipment differences	1,970	1,141	3,111
Other temporary differences	71	5	76
Losses carried forward	–	228	228
Deferred tax arising from leases	4,151	5,235	9,386
Total deferred tax assets	6,192	6,609	12,801

	2 January 2023 £'000	Recognised in consolidated statement of comprehensive income £'000	31 December 2023 £'000
Deferred tax assets in relation to:			
Property, plant and equipment differences	3,111	(3,111)	–
Other temporary differences	76	18	94
Share based payments	–	17	17
Losses carried forward	228	(228)	–
Deferred tax arising from leases	9,386	484	9,870
Total deferred tax assets	**12,801**	**(2,820)**	**9,981**

Deferred tax unwinding within 12 months from 31 December 2023 is expected to be immaterial.

Deferred tax not recognised at 31 December 2023 amounted to £7.5m (2022: £nil). This is based on the more challenging industry-wide backdrop in which the Group operates and reflects the Group's forecasts of expected cash flows that have been used in assessing impairments at the period end.

17. Loss/(earnings) per share

	52 weeks ended 31 December 2023	*Restated 52 weeks ended 1 January 2023
Basic loss per share		
Weighted average outstanding number of shares ('000)	**124,880**	125,427
Loss after tax for the period (£'000)	**(27,422)**	(101,545)
Basic loss per share (pence)	**(22.0)**	(81.0)
Diluted loss per share		
Weighted average outstanding number of shares ('000)	**124,880**	125,427
Dilutive shares ('000)	**–**	–
	124,880	125,427
Loss after tax for the period (£'000)	**(27,422)**	(101,545)
Diluted loss per share (pence)	**(22.0)**	(81.0)
Adjusted basic earnings per share		
Weighted average outstanding number of shares ('000)	**124,880**	125,427
Loss after tax for the period (£'000)	**(27,422)**	(101,545)
Exceptional items – impairment of goodwill (£'000)	–	75,166
Net impairment of property, plant and equipment and right of use assets (£'000)	**17,768**	30,601
Adjusted (loss)/profit for the period (£'000)	**(9,654)**	4,222
Adjusted basic (loss)/earnings per share (pence)	**(7.7)**	3.4
Adjusted diluted earnings per share		
Weighted average outstanding number of shares ('000)	**124,880**	125,427
Dilutive shares ('000)	–	656
	124,880	126,083
Loss after tax for the period (£'000)	**(27,422)**	(101,545)
Exceptional items (£'000)	–	75,166
Net impairment of property, plant and equipment and right of use assets (£'000)	**17,768**	30,601
Adjusted (loss)/profit for the period (£'000)	**(9,654)**	4,222
Adjusted diluted (loss)/earnings per share (pence)	**(7.7)**	3.3

* Refer to note 6. In the 52 week period ended 1 January 2023, loss after tax for the period has been increased by £4,001k from previously reported £97,544k to £101,545k, basic and diluted loss per share has been increased by 3.2p from previously reported 77.8p to 81.0p, adjusted basic earnings per share have been decreased by 0.2p from previously reported 3.6p to 3.4p and adjusted diluted earnings per share have been decreased by 0.3p from previously reported 3.6p to 3.3p.

As referred to in note 35, on 16 April 2024 the Company announced that it had reached agreement on a non-binding basis for a proposed all-share acquisition of TGI Fridays, Inc. This is subject to, among other things, completion of confirmatory due diligence, the parties entering into binding transaction documentation and shareholder approval. It is therefore too early to determine whether this proposed transaction will be undertaken or what impact it might have on the Earnings per Share of the Group in future periods.

The calculation of adjusted (loss)/profit and the resultant calculation of adjusted basic (loss)/earnings per share and adjusted diluted (loss)/earnings per share, excludes the impairment of property, plant and equipment, right of use assets and exceptional items. The adjusted basic (loss)/earnings per share and adjusted diluted (loss)/earnings per share figures have not been adjusted for the tax effects of adjusting items. This is because the goodwill impairment recorded for the 52 week period ended 1 January 2023 is not tax deductible and therefore had no tax effect on the adjusted earnings per share calculations. The property, plant and equipment and right of use assets impairments will reverse over time. For the 52 week period ended 31 December 2023, the deferred tax impact on property, plant and equipment was £1.4m (2022: £1.4m) and right of use assets was £2.3m (2022: £5.7m). Accordingly, while these are post-tax measures, they have not been adjusted for the tax effect of adjusting items where there is no current tax impact or where the tax effect will only reverse over time.

18. Property, plant and equipment

	Leasehold property improvements £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 3 January 2022	9,874	50,665	90,058	150,597
Additions	–	5,138	6,423	11,561
Disposals	–	(397)	(88)	(485)
At 1 January 2023 (restated)*	9,874	55,406	96,393	161,673
Accumulated depreciation and impairment				
At 3 January 2022	9,874	43,846	54,096	107,816
Depreciation charge for the period	–	3,096	5,510	8,606
Impairment reversal for the period	–	–	(757)	(757)
Impairment charge for the period	–	–	8,463	8,463
Disposals	–	(392)	(36)	(428)
At 1 January 2023	9,874	46,550	67,276	123,700
Net book value				
At 2 January 2022	–	6,819	35,962	42,781
At 1 January 2023 (restated)*	–	8,856	29,117	37,973

* Refer to note 6. In the 52 week period ended 1 January 2023, plant and machinery additions have been increased by £816k from previously reported £4,322k to £5,138k, fixtures and fittings additions have been increased by £724k from previously reported £5,699k to £6,423k, fixtures and fittings impairment charge has been decreased by £293k from previously reported £8,756k to £8,463k, increasing total net book value by £1,833k from previously reported £36,140k to £37,973k.

	Leasehold property improvements £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 2 January 2023	9,874	55,406	96,393	161,673
Additions	–	2,800	920	3,720
Disposals	–	(512)	(1,147)	(1,659)
At 31 December 2023	**9,874**	**57,694**	**96,166**	**163,734**
Accumulated depreciation and impairment				
At 2 January 2023	9,874	46,550	67,276	123,700
Depreciation charge for the period	–	2,942	4,579	7,521
Impairment reversal for the period	–	–	(2,107)	(2,107)
Impairment charge for the period	–	–	10,811	10,811
Disposals	–	(277)	(1,346)	(1,623)
At 31 December 2023	**9,874**	**49,215**	**79,213**	**138,302**
Net book value				
At 1 January 2023	–	8,856	29,117	37,973
At 31 December 2023	**–**	**8,479**	**16,953**	**25,432**

19. Right of use assets

	Property £'000	Motor vehicles £'000	Total £'000
Cost			
At 3 January 2022	158,521	262	158,783
Additions and modifications	15,448	–	15,448
At 1 January 2023 (restated)*	173,969	262	174,231
Accumulated depreciation and impairment			
At 3 January 2022	42,177	218	42,395
Depreciation charge for the period	11,866	32	11,898
Impairment reversal for the period	(4,955)	–	(4,955)
Impairment charge for the period	27,850	–	27,850
At 1 January 2023 (restated)*	76,938	250	77,188
Net book value			
At 2 January 2022	116,344	44	116,388
At 1 January 2023 (restated)*	97,031	12	97,043

* Refer to note 6. In the 52 week period ended 1 January 2023, Right of use assets additions have been increased by £2,355k from previously reported £13,093k to £15,448k, Right of use assets depreciation charge for the period has been increased by £165k from previously reported £11,733k to £11,898k, Right of use assets impairment charge for the period has been decreased by £285k from previously reported £28,135k to £27,850k, increasing total net book value by £2,475k from previously reported £94,568k to £97,043k.

	Property £'000	Motor vehicles £'000	Total £'000
Cost			
At 2 January 2023	173,969	262	174,231
Modifications	1,602	–	1,602
Disposals	(770)	–	(770)
At 31 December 2023	**174,801**	**262**	**175,063**
Accumulated depreciation and impairment			
At 2 January 2023	76,938	250	77,188
Depreciation charge for the period	10,432	11	10,443
Impairment reversal for the period	(3,463)	–	(3,463)
Impairment charge for the period	12,527	–	12,527
Disposals	(770)	–	(770)
At 31 December 2023	**95,664**	**261**	**95,925**
Net book value			
At 1 January 2023	97,031	12	97,043
At 31 December 2023	**79,137**	**1**	**79,138**

20. Impairment losses recognised in property, plant and equipment and right of use assets

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

The recoverable amount is based on value-in-use calculations, using discounted forecasted cashflows of each restaurant and its ability to cover its costs, including an allocation of central overheads, marketing and maintenance standards of assets.

The value-in-use calculations are based on the Group's base case business plan for 2024 and 2025, sensitised down from the 2024 budget with cash flow projections over the lease term of each restaurant, applying a long-term annual growth rate of 2%.

The discount rate applied in the value-in-use calculations has been calculated with reference to the Group's weighted average cost of capital and similar benchmarks in the industry. A pre-tax discount rate of 10.5% (2022: 14.2%) has been applied in the value-in-use calculations.

During the 52-week period ended 31 December 2023, an impairment charge was recognised because the recoverable amount of the CGUs as calculated above was less than the carrying value of property, plant and equipment and right of use assets. There was also an indication that an impairment loss recognised in prior periods in respect of two restaurants now no longer existed. In accordance with the Group's accounting policy, the impairment loss in respect of these restaurants in prior periods has been reversed and credited to the consolidated statement of comprehensive income in the 52-week period ended 31 December 2023.

In this assessment, the recoverable amount of property, plant and equipment at 31 December 2023, was £48,850k (2022: £56,320k). The above calculations have resulted in an impairment charge of £10,811k for the period ended 31 December 2023 (2022: £8,463k) and an impairment reversal of £2,107k (2022: £757k) against property, plant and equipment. The recoverable amount of right of use assets at 31 December 2023, was £116,251k (2022: £132,461k). The above calculations have also resulted in an impairment charge of £12,527k for the period ended 31 December 2023 (2022: £27,850k) and an impairment reversal of £3,463k (2022: £4,955k) against right of use assets. In the 52 weeks ended 31 December 2023, the Group recorded the total of the above, being an impairment charge of £23,338k and a reversal of £5,570k, resulting in a net impairment of £17,768k for the period (2022: net impairment of £30,601k).

Sensitivities to impairment charges

The key assumptions in the calculation of impairment of property, plant and equipment and right of use assets are the predicted cashflows of the CGUs and the discount rate applied. The Group has conducted a sensitivity analysis taking into consideration the impact of key impairment test assumptions arising from a range of reasonably possible trading and economic scenarios. The reasonably possible effect on impairment of property, plant and equipment and right of use assets for a 2% absolute change in the discount rate or a 10% variation in EBITDA, with all other variables held constant is as follows:

Increase/(decrease) in impairment provision	**31 December 2023 £'000**	**Restated* 1 January 2023 £'000
Discount rate – 2% increase	**2,738**	3,266
Discount rate – 2% decrease	**(2,382)**	(2,551)
EBITDA – 10% increase	**(4,211)**	(3,977)
EBITDA – 10% decrease	**5,127**	5,264

* Refer to note 6. In the 52 week period ended 1 January 2023, sensitivities to property, plant and equipment and right of use assets impairment charges have been restated. 'Discount rate – 2% increase' has been increased by £153k from previously reported £3,113k to £3,266k, 'Discount rate – 2% decrease' has been decreased by £10k from previously reported (£2,541k) to (£2,551k), 'EBITDA – 10% increase' has been decreased by £51k from previously reported (£3,926k) to (£3,977k), and 'EBITDA – 10% decrease' has been increased by £526k from previously reported £4,738k to £5,264k.

21. Leases

21.1 Group as a lessee

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 in the consolidated statement of financial position. The total cash outflow for leases for the 52 week period ended 31 December 2023 was £21,536k (2022: £23,775k).

Lease liabilities are due as follows:

	31 December 2023 £'000	**Restated* 1 January 2023 £'000
Contractual undiscounted cash flows due		
Not later than one year	**21,149**	21,071
Between one year and five years	**80,944**	81,948
Between five years and ten years	**68,385**	79,973
Greater than ten years	**16,644**	23,253
Total contractual undiscounted cash flows	**187,122**	206,245

* Refer to note 6. As a result of IFRS 16 lease modifications and dilapidation charge exclusion, the prior period amounts within the above maturity table have been restated. 'Not later than one year' balance has increased by £146k from previously reported £20,925k to £21,071k. 'Between one year and five years' balance has increased by £1,184k from previously reported £80,764k to £81,948k. The 'Later than five years' category has been further analysed into the above categories of 'Between five years and ten years' and 'Greater than ten years' to provide greater analysis. Further to the note 6, both categories have been decreased by £1,447k from the previously reported total of £104,673k to £79,973k and £23,253k respectively.

	31 December 2023 £'000	*Restated 1 January 2023 £'000
Contractual discounted cash flows of lease liabilities		
Non-current	**124,442**	135,213
Current	**16,483**	15,445
Total lease liabilities	**140,925**	150,658

* Refer to note 6. At 1 January 2023, non-current lease liabilities have been increased by £1,952k from previously reported £133,261k to £135,213k and current lease liabilities have been increased by £151k from previously reported £15,294k to £15,445k.

The contractual cash flows of lease liabilities have been discounted by applying an appropriate incremental borrowing rate for each lease depending on the remaining lease term ranging from 3.1% for leases with shorter terms to 7.5% for leases with longer terms.

The total lease liability at 31 December 2023 decreased by £9,733k (2022: £336k) from the previous period end. This relates to the payment of lease liabilities during the year and the exit from the lease of one store during the period. Following the amendment to the franchise agreement agreed in Q1 2023, no new stores were opened during the 52 week period ended 31 December 2023.

21.2 Group as a lessor

The Group subleases some of its properties to third parties for essentially the whole of the remaining term of the Group's head lease. These are classified as finance leases.

The undiscounted lease payments receivable after the period end are as follows:

	1 January 2023 undiscounted value of minimum lease receivables £'000	Unearned finance income £'000	1 January 2023 discounted value of minimum lease receivables £'000
Not later than one year	19	(7)	12
Between one year and five years	71	(19)	52
Later than five years	47	(4)	43
Total	137	(30)	107

	31 December 2023 Undiscounted value of minimum lease receivables £'000	**Unearned finance income £'000**	**31 December 2023 discounted value of minimum lease receivables £'000**
Not later than one year	114	(53)	61
Between one year and five years	511	(154)	357
Later than five years	423	(45)	378
Total	**1,048**	**(252)**	**796**

22. Goodwill

	*Restated **£'000**
Cost	
At 3 January 2022 and 1 January 2023	155,284
Accumulated impairment	
At 3 January 2022	9,305
Impairment charge for the period	75,166
At 1 January 2023 (restated)*	84,471
Net book value	
At 2 January 2022	145,979
At 1 January 2023 (restated)*	70,813

* Refer to note 6. In the 52 week period ended 1 January 2023, goodwill impairment charge have been increased by £4,308k from previously reported £70,858k to £75,166k, decreasing the net book value by the same amount from previously reported £75,121k to £70,813k.

	£'000
Cost	
At 2 January 2023 and 31 December 2023	**155,284**
Accumulated impairment	
At 2 January 2023 and 31 December 2023	**84,471**
Net book value	
At 1 January 2023 and 31 December 2023	**70,813**

The Directors consider that the TGI Fridays brand is the sole CGU of goodwill as it cannot be allocated to individual restaurants on a non-arbitrary basis. The Group continues to assess goodwill for impairment at each reporting date.

The value-in-use calculations are based on the Group's base case business plan for 2024 and 2025, sensitised down from the 2024 budget, applying a long-term annual growth rate of 2%, producing the future projected cashflows of the operating business, over the lease term of each restaurant, assuming profitable stores' leases will be extended into perpetuity, discounted back using a pre-tax discount rate of 13.3% (2022: 15.8%). In the comparative period ended 1 January 2023, the net book value of all assets, goodwill, property, plant and equipment and right of use assets were assessed to be £75,166k higher than the value-in-use calculations and therefore an impairment charge of £75,166k has been recorded at that date. For the 52 week period ended 31 December 2023, no further impairment charge was required as the value-in-use calculations are significantly in excess of the net book value of all assets, goodwill, property, plant and equipment and right of use assets inclusive of the prior year impairment charge.

Sensitivities to impairment charges

The key assumptions in the impairment calculation of goodwill are the predicted cashflows of the CGU and the discount rate applied. The Group has conducted a sensitivity analysis taking into consideration the impact of key impairment test assumptions arising from a range of reasonably possible trading and economic scenarios. The reasonably possible effect on impairment of goodwill for a 2% absolute change in the discount rate or a 10% variation in EBITDA, with all other variables held constant is as follows:

Increase/(decrease) in impairment provision	31 December 2023 £'000	1 January 2023 £'000
Discount rate – 2% increase	7,916	23,799
Discount rate – 2% decrease	–	(32,130)
EBITDA – 10% increase	–	(20,984)
EBITDA – 10% decrease	6,049	21,154

23. Inventories

	31 December 2023 £'000	1 January 2023 £'000
Food and beverage	**1,390**	1,464

Inventory is reviewed by staff at individual restaurants on a weekly basis and that which is perishable is written off. Inventories recognised as an expense during the 52 week period ended 31 December 2023 amounted to £42,959k (2022: £45,103k).

24. Trade and other receivables

	31 December 2023 £'000	1 January 2023 £'000
Trade receivables	**594**	2,040
Prepayments	**1,808**	3,737
Other receivables	**953**	508
Total trade and other receivables	**3,355**	6,285

All amounts are receivable within one year and are non-interest bearing.

25. Trade and other payables

	31 December 2023 £'000	*Restated 1 January 2023 £'000
Trade payables	**5,019**	5,870
Other payables	**3,028**	1,860
Accruals	**9,128**	10,980
Tax and social security payments	**7,759**	1,099
Deferred income	**57**	225
Total trade and other payables	**24,991**	20,034

* Refer to note 6. At 1 January 2023, trade payables have been increased by £358k from previously reported £5,512k to £5,870k, and accruals have been increased by £1,540k from previously reported £9,440k to £10,980k.

Tax and social security creditors of £7,759k at 31 December 2023 include VAT that was paid on its normal timeframe in the first week of January 2024. Trade payables, other payables and tax and social security are non-interest bearing and are normally settled monthly.

26. Contract liabilities

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

	31 December 2023 £'000	1 January 2023 £'000
Customer loyalty programme	**775**	550
Gift vouchers	**300**	454
Total contract liabilities	**1,075**	1,004

Revenue recognised in relation to contract liabilities

Revenue recognised during the period relating to contract liabilities recorded at the previous period end, arose as follows:

	52 weeks ended 31 December 2023 £'000	52 weeks ended 1 January 2023 £'000
Customer loyalty programme	**613**	439
Gift vouchers	**384**	319
Total revenue recognised in consolidated statement of comprehensive income	**997**	758

Revenue recognised in relation to contract liabilities includes settlement of prior period liabilities.

Costs incurred to secure contract liabilities

	52 weeks ended 31 December 2023 £'000	52 weeks ended 1 January 2023 £'000
Charge for the period	**60**	81

27. Loans and borrowings

	31 December 2023 £'000	1 January 2023 £'000
Secured bank loans and borrowings		
Non-current	**15,414**	23,146
Current	**20,019**	13,295
Total secured bank loans and borrowings	**35,433**	36,441

Movement of loans	31 December 2023 £'000	1 January 2023 £'000
Opening balance	**36,441**	43,422
Loans drawn down	**26,400**	10,500
Loans repaid	**(27,100)**	(18,000)
Loan arrangement fees incurred in the period	**(1,029)**	(15)
Amortisation of loan arrangement fees	**721**	209
Loan arrangement fees waived	–	325
Closing balance	**35,433**	36,441

On 28 April 2023, the Group signed a bank facility amendment agreement with its lending banks. This was subsequently amended on 28 September 2023 and the term facility extended to 1 January 2025. On 26 April 2024 a further amendment to the facility was agreed, extending the facility to 1 January 2026. Under this amended facility, there are no cumulative EBITDA covenants for Q2 and Q3 of FY24, with amended covenants set for Q4 FY24 and FY25 in line with the Group's updated forecasts for FY24 and FY25. The covenants measure cumulative EBITDA and the ratio of EBITDA to net debt. There is also a minimum liquidity requirement of £1.5m and loan amortisation of £1.5m per quarter, both of which remain unchanged. In addition, if the proposed combination referred to in note 35 does not proceed, the Group would be required, on 7 March 2025, to make a part repayment of the bank facility. This would be the lower of, the lowest amount of liquidity that the Group is forecasting for 12 months forward from 28 February 2025 that exceeds £2.5m, and £5m. In that scenario, there is also the requirement for the Directors to commence a sale process and to appoint an additional Non-Executive Director acceptable to them and to the banks.

The Group's loans are denominated in pounds sterling. There is no foreign exchange risk on the Group's loan arrangements. The carrying value of loans and borrowings classified as financial liabilities are measured at amortised cost, which approximates to their fair value. The balances at 31 December 2023 are summarised below:

Loan Facility	Nominal interest rate	Date of maturity	Repayment schedule	31 December 2023 £'000	1 January 2023 £'000
Secured bank loan	Margin plus compound reference rate based on SONIA	1 January 2026	£1.5m per quarter, with balance on maturity	**21,600**	29,300
Revolving credit facility	Margin plus compound reference rate based on SONIA	1 January 2026	At end of term	**14,500**	7,500
Unamortised loan arrangement fees				**(667)**	(359)
				35,433	36,441

During the 52 week period ended 31 December 2023 the Group complied with all covenants within its bank facilities as amended. This has continued to the date of approval of these financial statements.

The amended facility agreement, includes the following covenants:

- Minimum Liquidity covenant tested on a weekly basis, requiring an aggregate of cash and undrawn commitments under the Revolving Credit Facility of not less than £1.5m tested by reference to quarterly forward forecasts. At 31 December 2023 the Group complied with the Minimum Liquidity covenant as set out in the facility agreement in operation for the period ended 31 December 2023 and had liquidity of £12.3m.
- Adjusted Leverage covenant, being Group net debt at the end of each quarter as a percentage of adjusted EBITDA (calculated in accordance with FRS102 and as adjusted in the manner set out in the facility agreement as restated from time to time) which is not tested at 30 June 2023 and 30 September 2023 and then tested in subsequent periods in the amended facility agreement, with each period to not exceed prescribed ratios set out in the amended facility agreement. At 31 December 2023 the Group complied with this Adjusted Leverage covenant of EBITDA as adjusted in the manner set out in the facility agreement in operation for the period ended 31 December 2023.
- Cumulative Monthly EBITDA covenant (calculated in accordance with FRS102) tested monthly between 31 October 2023 and 31 March 2024, not tested at 30 June 2023 and 30 September 2023 and then tested on a latest twelve months basis each quarter from 31 December 2024 to 31 December 2025. The covenant requires the Group's cumulative EBITDA for each period to be not less than prescribed amounts set out in the amended agreement. For the quarter ended 31 December 2023, the Group complied with this Cumulative Monthly covenant as set out in the facility agreement in operation for the period ended 31 December 2023 and had cumulative EBITDA of £4.1m.
- Capital Expenditure covenant that is tested annually on 31 December, requiring the Group to have incurred capital expenditure of not greater than prescribed values set out in the restated agreement. For the year ended 31 December 2023 the Group complied with this covenant and incurred Capital Expenditure of £4.7m.

Interest on the Group's loan facility is payable at the aggregate of a compound reference rate based on SONIA plus a rachet based on adjusted leverage of the loan, being ratio of total net debt to adjusted EBITDA, calculated in accordance with FRS102. The amount of rachet is set out in the table below, with any increase or decrease in the margin as a result of the margin rachet applying from the beginning of the next interest quarter.

Interest rate margin payable in addition to SONIA	**Margin % per annum**
Adjusted leverage	
Less than 1.0x	3.25
Greater than or equal to 1.0x but less than 1.5x	3.50
Greater than or equal to 1.5x but less than 2.0x	3.75
Greater than or equal to 2.0x	4.00

In addition, a further interest charge accrues at a rate of 5% per annum on the amount of bank debt in excess of 2.5x adjusted leverage. This additional interest will become payable on the earlier of repayment of the loan, including under a refinancing, or at maturity of the loan on 1 January 2026.

The borrower subsidiary and guarantor Group companies under the facilities agreement and the Company's subsidiary Hostmore Group Limited have provided fixed and floating charges over all of their assets in support of the obligors' obligations under the facilities agreement. Hostmore plc has granted a debenture to Hostmore Group Limited and the obligor companies under the facility.

At 31 December 2023, and in accordance with the terms of the facility agreement, there was £1.5m of interest owed to the lenders which has been accrued in these financial statements.

Undrawn facilities

The Group had committed undrawn borrowing facilities at floating rates at 31 December 2023 as follows:

	31 December 2023 £'000	1 January 2023 £'000
Expiring between one and two years	**5,600**	22,500

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

28. Provisions

Dilapidations provision

	31 December 2023 £'000	1 January 2023 £'000
At 2 January 2023 and at 3 January 2022	**5,618**	3,175
(Decrease)/increase in provision	**(110)**	2,935
Credited to consolidated statement of comprehensive income	**(488)**	(544)
Unwind of discount	**87**	52
At 31 December 2023 and at 1 January 2023	**5,107**	5,618

	31 December 2023 £'000	1 January 2023 £'000
Expected to be utilised within one year or less	**132**	475
Expected to be utilised after more than one year	**4,975**	5,143
At 31 December 2023 and at 1 January 2023	**5,107**	5,618

The dilapidation provision arises from an obligation to return leased sites to their original condition at the end of their lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the assets.

29. Share capital

Issued and fully paid

	Number	**£'000**
Ordinary shares of 20p each at each of 1 January 2023 and 31 December 2023	126,127,279	25,225

The Company has one class of ordinary shares, comprising the entire issued share capital of the Company.

Share issues during 52 week period ended 31 December 2023

There were no shares issued during the 52 week period ended 31 December 2023.

Rights attaching to ordinary shares

The Company's shares form a single class for all purposes, including with respect to voting, dividends and other distributions declared, made or paid on the Company's share capital. Shareholders are entitled to one vote per share at shareholder meetings of the Company.

Dividends on ordinary shares

No dividends were declared by the Company during the 52 week period ended 31 December 2023.

Market purchases of ordinary shares

At the Company's annual general meeting held on 7 June 2023, the Company's shareholders passed a special resolution in accordance with the Companies Act 2006 to authorise the Company to purchase in the market up to a maximum number of 12,612,727 shares in the Company, representing 10% of its issued share capital at 7 June 2023, within normal market guidelines. No market purchases were made under this authority during the period from the Company's annual general meeting on 7 June 2023 to the date of approval by the Board of these financial statements. The authority granted at the Company's annual general meeting held on 7 June 2023 will expire (unless previously revoked, varied or renewed) at the close of business on 30 June 2024 or, if earlier, at the conclusion of the Company's annual general meeting to be held in 2024. The Company intends to seek a renewal of this authority at its annual general meeting to be held in 2024.

Under the existing authority, purchases can be made at a minimum price of the nominal value of the share of 20p and the higher of (a) 5% above the average of the closing price for a share for the five business days immediately preceding the date the share is contracted to be purchased, and (b) an amount equal to the higher of the price of the last independent trade of a share and the highest current independent bid for a share as derived from the London Stock Exchange Trading System.

Market purchases of ordinary shares by Intertrust Employee Benefit Trustee Limited, the trustee of the Hostmore plc 2021 Employee Benefit Trust

At 31 December 2023, Intertrust Employee Benefit Trustee Limited, the trustee of the Hostmore plc 2021 Employee Benefit Trust (the "Trust"), held 1,100,036 ordinary shares in the Company, representing approximately 0.87% of the Company's issued share capital. These shares are held subject to the terms of the Trust and are expected to be used to help meet future obligations arising under the Company's long-term incentive plan and for other employee incentivisation purposes.

Shares in the Company held in the Trust are consolidated in determining the number of shares in the Company held by the Group. Consequently, after the transfers made or committed during the 52 week period ended 31 December 2023, the Group held 973,846 ordinary shares in the Company at 31 December 2023 (2022: 1,470,036 ordinary shares in the Company). The right to dividend income on these ordinary shares in the Company held by the Trust has been waived. The closing middle market quotation for the shares on 31 December 2023, being the last dealing day for the 52 week period ended 31 December 2023, was 22.95p per share. The market value of the shares held by the Trust based on the closing middle market quotation for the shares on 31 December 2023 was £0.3m (2022: £0.2m).

Authorities to issue share capital

At the Company's annual general meeting held on 7 June 2023, the Directors were authorised to allot and issue ordinary shares in the Company within normal market guidelines. No issuances were made under this authority during the period from the Company's annual general meeting on 7 June 2023 to the date of approval by the Board of these financial statements. This authority will expire (unless previously revoked, varied or renewed) at the close of business on 30 June 2024 or, if earlier, at the conclusion of the Company's annual general meeting to be held in 2024.

30. Share based payments

Total share based payment charge for the 52 week period ended 31 December 2023 was £141k (2022: £581k).

Employee share option plan

The Group operates a share based payment scheme for its employees. A long-term incentive scheme was introduced in November 2021, whereby the Executive Directors and certain employees were awarded share options in Hostmore plc. These share options are equity settled and comprise of Performance Share Awards ("PSA") and Restricted Share Awards ("RSA"), noted below, with a total of 3,184,094 options awarded on 17 November 2021 and a further 3,002,794 options awarded on 9 June 2022. Certain of these awards lapsed in current and previous year. PSA awards are subject to performance conditions. The share options granted have a contractual life determined by their expiry date as shown in the table below. No share options were exercisable at 31 December 2023.

The following share based payment arrangements were in existence during the 52 week period ended 31 December 2023:

		Share options at 2 January 2023	Lapsed share options	Share options at 31 December 2023	Grant date	Expiry date	Exercise price (pence)	Fair value at grant date (pence)
1. PSA (with holding period)	EPS & ROIC part TSR part	1,087,190	(639,136)	448,054	17 November 2021	16 November 2031	–	101 64
2. PSA (without holding period)	EPS & ROIC part TSR part	677,906	(113,110)	564,796	17 November 2021	16 November 2031	–	101 69
3. RSA	Nil cost and one-off awards	754,580	(160,969)	593,611	17 November 2021	16 November 2031	–	110
	Nominal cost option	5,139	–	5,139	17 November 2021	16 November 2031	20	91
4. PSA (with holding period)	EPS & ROIC part TSR part	843,847	(496,080)	347,767	9 June 2022	8 June 2032	–	37 9
5. PSA (without holding period)	EPS & ROIC part TSR part	1,037,628	(132,797)	904,831	9 June 2022	8 June 2032	–	40 10
6. RSA	Nil cost and one-off awards	842,023	(233,838)	608,185	9 June 2022	8 June 2032	–	40
	Nominal cost option	7,330	–	7,330	9 June 2022	8 June 2032	20	25
Total		**5,255,643**	**(1,775,930)**	**3,479,713**				

“ROIC” referred to above in assessing the Company’s share options, is the average net operating profit of the Group after tax, divided by the invested capital of the Company, for each of the financial years that are relevant to the shares under option.

Fair value of share options granted

The share option schemes have been valued as follows:

PSA – ROIC and EPS: These nil cost option awards are valued using the share price on the date of issue on 17 November 2021 or 9 June 2022, as applicable.

PSA – TSR: A Monte Carlo Simulation (“MCS”) stochastic model has been used to calculate the fair value of these nil cost option awards.

PSA – withholding period: For these awards subject to a post-vesting holding period, a discount is applied to reflect the lack of marketability during the post-vesting holding period. This discount is based on the Finnerty model.

RSA – nil cost options: The RSA nil cost options and one-off awards are valued using the share price on the date of issue on 17 November 2021 or 9 June 2022 as applicable.

RSA – nominal cost options: The Black Scholes Merton option pricing formula has been used to calculate the fair value.

Volatility: Due to the short time between the listing of the Company’s ordinary shares and the respective dates of grant in November 2021 and June 2022, the volatility is based on the volatility of Electra, over a period commensurate with the projection period, adjusted to remove any periods of exceptional volatility during lockdowns of 2020.

Dividends: Dividend equivalents are paid on vesting awards. As a result, no assumption for dividend yield is required.

Movements in share options:

	52 weeks ended 31 December 2023 Number	52 weeks ended 1 January 2023 Number
At 2 January 2023 and at 3 January 2022	**5,255,643**	3,184,094
Share options granted during the period	–	3,002,794
Share options lapsed during the period	**(1,775,930)**	(931,245)
At 31 December 2023 and at 1 January 2023	**3,479,713**	5,255,643

31. Financial instruments – carrying values, fair values and risk management

The Group's financial instruments are analysed as follows:

Financial assets

	31 December 2023 £'000	1 January 2023 £'000
Cash and cash equivalents	**10,989**	9,091
Trade receivables	**594**	2,040
Other receivables	**953**	508
Net investment in subleases	**796**	107
Total financial assets	**13,332**	11,746

Financial liabilities

	31 December 2023 £'000	*Restated 1 January 2023 £'000
Borrowings	**35,433**	36,441
Lease liabilities	**140,925**	150,658
Trade payables	**5,019**	5,870
Other payables	**3,028**	1,860
Accruals	**9,128**	10,980
Total financial liabilities	**193,533**	205,809
Net financial liabilities	**180,201**	194,063

* Refer to note 6. At 1 January 2023, lease liabilities have been increased by £2,103k from previously reported £148,555k to £150,658k, trade payables have been increased by £358k from previously reported £5,512k to £5,870k, accruals have been increased by £1,540k from previously reported £9,440k to £10,980k, total financial liabilities have been increased by £4,001k from previously reported £201,808k to £205,809k and net financial liabilities have been increased by £4,001k from previously reported £190,062k to £194,063k.

31.1 Financial risk management objectives

All of the Group's financial instruments are classified as financial assets and financial liabilities, valued at amortised cost which represent their fair value. The nature of the Group's operating activities means that it is exposed to a variety of financial risks through its use of financial instruments.

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.

31.2 Credit risk management

Credit risk is the risk that a customer or counterparty to a financial instrument will not meet its obligations under a contract. This relates primarily to the Group's cash at bank and trade and other receivables. No collateral is held in respect of these assets.

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.

There is also a credit risk for the recoverability of the net investment in subleases. This relates to the sublease of a number of properties to third parties. The Group manages its exposure to credit risk in respect of these sublessors 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. At 31 December 2023 this amounted to £13,332k (2022: £11,746k), of which £10,989k (2022: £9,091k) was held in bank accounts with major UK banks.

31.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities. The Directors manage this risk by:

- maintaining adequate cash reserves through the use of the Group's cash from operations and bank borrowings; and
- regularly monitoring projected and actual cash flows to ensure the Group maintains an appropriate level of liquidity; and
- adhering to the liquidity and EBITDA covenant in the bank facility. This includes managing the relationship with the Group's lending banks, providing them with regular financial information in accordance with the facility agreement, meeting with them as required and negotiating revised facility terms. Further information relating to the bank facility, its covenants and the interaction with the Group's lending banks is included in note 27.

All amounts due by the Group are due within 12 months except lease liabilities, borrowings and provisions. These each have known liability terms which have been analysed into the relevant maturity groups in notes 21.1, 27 and 28 respectively.

31.4 Foreign currency risk

The Group operates restaurants in the UK and Jersey. All its financial instruments are denominated in pounds sterling. In order to manage the Group's exposure to foreign currency risk with international suppliers, the Group uses an intermediary company who source and deliver products to its restaurants. These intermediary company contracts are set in pounds sterling, with in-built hedging provided by the suppliers.

The Group's principal exposure to foreign currency risk arises from the franchise fee payable to TGI Fridays Franchisor, LLC which is paid on a monthly basis. This totalled £7.6m for the 52 week period ended 31 December 2023 (2022: £7.8m). Sensitivity on these payments is not significant due to the franchise fee being converted into US Dollars each month at the rate prevailing at the date of payment. A 10% increase or decrease on the spread of rates at the date of payment would result in only a nominal increase or decrease in the payment made.

31.5 Interest rate risk

Interest rate risk is the risk that the future cash flows of financial instruments 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, both of which accrue interest at floating rates. A reasonably possible change in interest rates received on cash would not materially affect interest earned on cash and cash equivalents.

As set out in note 27, the Group had £35,433k (2022: £36,441k) of total debt outstanding with interest rates linked to SONIA. During the 52 weeks ended 31 December 2023, SONIA increased from 3.4% at the beginning of the period to 5.2% at the end of the period. A further 1% increase in SONIA would result in an increase in interest cost of £386k (2022: £371k) on an annual basis.

31.6 Capital risk management

For the purpose of the Group's capital management policy, capital includes interest-bearing debt and share capital. The primary objective of the Group's capital management policy is to ensure that it maintains as strong a credit rating commensurate with its business as possible and complies with covenant ratios in line with the bank facilities available to the Group. The Group includes in its net debt, interest-bearing loans and borrowings (note 27), lease liabilities (note 21.1), and cash and cash equivalents in its assessment of capital management. During the 52 week period ended 31 December 2023, the Directors obtained the agreement of the Franchisor, TGI Fridays Franchisor, LLC, to no longer be contractually obligated to open new restaurants during the financial years ending 31 December 2023 and 31 December 2024. As a result, capital expenditure during the 52 week period ended 31 December 2023 has been reduced with consequent reductions in interest-bearing debt. During the 52 week period ended 31 December 2023 and subsequent to the year end, the Group signed an updated bank facility restatement agreement with its lending banks. The facility was extended to 1 January 2026, and contains amended covenants in line with the Group's updated forecasts.

The Directors manage the Group's capital structure and debt in light of the requirements of the business, changes in economic conditions, and in line with bank facilities available to the Group. During the 52-week period ended 31 December 2023, the Directors negotiated revisions to the Group's loans and borrowing as referred to in note 27 to assist in further managing the capital risk of the Group.

32. Cash flows from operating activities

The Group's cashflows from operating activities arose as follows:

	52 weeks ended 31 December 2023 £'000	*Restated* 52 weeks ended 1 January 2023 £'000
Loss for the period	**(27,422)**	(101,545)
Adjustments for non-cash items and amounts disclosed separately:		
Depreciation of property, plant and equipment and right of use assets	**17,964**	20,504
Impairment reversal of property, plant and equipment and right of use assets	**(5,570)**	(5,712)
Impairment of property, plant and equipment and right of use assets	**23,338**	36,313
Impairment of goodwill	**–**	75,166
Finance income	**(219)**	(78)
Finance expense	**14,615**	12,662
Covid-19 rent concessions	**–**	(2,290)
Gain on disposal of property, plant and equipment	**(133)**	–
Gain on lease modification	**(1,951)**	–
Release of dilapidations provision	**(465)**	–
Income tax charge/(credit)	**1,893**	(6,801)
Share based payment charge	**141**	581
Cash flows from operating activities	**22,191**	28,800

* Refer to note 6. In the 52 week period ended 1 January 2023, depreciation of property, plant and equipment and right of use assets have been increased by £165k from previously reported £20,339k to £20,504k, impairment of property, plant and equipment and right of use assets have been decreased by £578k from previously reported £36,891k to £36,313k, impairment of goodwill have been increased by £4,308k from previously reported £70,858k to £75,166k, finance expense has been increased by £106k from previously reported £12,556k to £12,662k, increasing loss for the period by £4,001k from previously reported £97,544k to £101,545k. This has had no net effect on the cash flows from operating activities for the 52 weeks ended 1 January 2023 as previously reported of £28,800k.

33. Related parties

Transactions with key management personnel

Remuneration in respect of key management personnel is set out in note 13.

During the 52 week period ended 31 December 2023, a relative of Julie McEwan, the Group's Chief Executive Officer, received £14k (2022: £9k) of Board approved sponsorship in return for advertising the TGI Fridays brand at sports events. No balances were outstanding to any related party at 31 December 2023.

34. Capital commitments

The Group had no material capital commitments at 31 December 2023 or at the previous period end that had not been accrued for at each period end.

35. Subsequent events

On 16 April 2024, the Company announced that it had reached agreement on a non-binding basis for a proposed all-share acquisition of TGI Fridays, Inc. ("TGI Fridays") (the "Proposed Transaction"). TGI Fridays is the Company's franchisor and operates primarily through franchising and licensing agreements in the US and in 43 international markets. It also operates a network of company-owned stores in the US. The parties agreed that the Proposed Transaction would result in existing Hostmore shareholders holding a 36% shareholding in the enlarged business upon completion (the "Combined Group"), with TGI Fridays shareholders holding a 64% shareholding in the Combined Group. The Proposed Transaction is being negotiated on an exclusive basis and is subject to, among other things, completion of confirmatory due diligence and the parties entering into binding transaction documentation. The Proposed Transaction would be classified as a Reverse Takeover under the Listing Rules of the Financial Conduct Authority and therefore would be conditional upon the approval of an ordinary resolution by existing Hostmore shareholders. Should the parties enter into binding transaction documentation, a summary of the material terms and conditions of such documentation will be set out in a further announcement to the market.

On 26 April 2024, the parties to the facilities agreement referred to in note 27 to the financial statements signed a bank facility restatement agreement. Under the terms of this agreement, amongst other matters, certain covenants in the previous facility agreement were amended to align with the Group's updated business plan and the term of the facility was extended to 1 January 2026.

Company Financial Statements
for the 52 weeks ended 31 December 2023

Company statement of financial position at 31 December 2023

Hostmore plc

	Note	31 December 2023 £'000	*Restated 1 January 2023 £'000
Assets			
Non-current assets			
Investment in subsidiary undertakings*	38, 39	**38,333**	45,860
Total non-current asset		**38,333**	45,860
Current assets			
Trade and other receivables	41	**17,610**	15,227
Cash and cash equivalents		**178**	4,404
Total current assets		**17,788**	19,631
Total assets		**56,121**	65,491
Liabilities			
Current liabilities			
Trade and other payables	42	**286**	119
Total current liabilities		**286**	119
Total liabilities		**286**	119
Net current assets		**17,502**	19,512
Net assets		**55,835**	65,372
Issued capital and reserves attributable to owners of the parent			
Share capital	43	**25,225**	25,225
Share premium reserve		**14,583**	14,583
Retained earnings		**16,027**	25,564
Total equity		**55,835**	65,372

* Refer to note 38 for further details.

In accordance with the exemption permitted under section 408 of the Companies Act 2006, the Company has not presented its own statement of comprehensive income in these financial statements.

The Company's loss after tax for the 52 week period ended 31 December 2023 was £9,537k (2022: restated loss £129,516k).

The notes on pages 170 to 176 form part of these financial statements.

The financial statements on pages 168 to 176 were approved and authorised for issue by the Board of Directors on 2 May 2024 and were signed on its behalf by:

Julie McEwan
Chief Executive Officer

Matthew Bibby
Chief Financial Officer

Company statement of changes in equity

	Share capital £'000	Share premium reserve £'000	Retained earnings £'000	Total equity £'000
At 3 January 2022	**25,225**	**14,583**	**155,580**	**195,388**
Comprehensive income for the 52 week period ended 1 January 2023				
Profit for the period as previously reported	–	–	1,361	1,361
Total comprehensive income for the 52 week period ended 1 January 2023	–	–	1,361	1,361
Correction of error*	–	–	(130,877)	(130,877)
Total comprehensive expense for the 52 week period ended 1 January 2023 (restated)	–	–	(129,516)	(129,516)
Contributions by and distributions to owners				
Share purchases by EBT	–	–	(500)	(500)
Total contributions by and distributions to owners	–	–	(500)	(500)
At 1 January 2023 (restated)	25,225	14,583	25,564	65,372

* Refer to note 38 for further details.

	Share capital £'000	Share premium reserve £'000	Retained earnings £'000	Total equity £'000
At 2 January 2023	**25,225**	**14,583**	**25,564**	**65,372**
Comprehensive expense for the 52 week period ended 31 December 2023				
Loss for the period	–	–	(9,537)	(9,537)
Total comprehensive expense for the 52 week period ended 31 December 2023	–	–	(9,537)	(9,537)
At 31 December 2023	**25,225**	**14,583**	**16,027**	**55,835**

36. Company accounting policies and basis of preparation

36.1 Basis of preparation

The Company financial statements have been prepared in accordance with the Financial Reporting Standards 101 'Reduced Disclosure Framework' as issued by the FRC and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. In accordance with FRS 101, the Company has adopted the disclosure exemptions available under that standard in relation to share based payments, financial instruments, presentation of a cash flow statement, impairment of assets and related party disclosures, as equivalent disclosures are included in the consolidated financial statements.

Transactions by the Group sponsored Employee Benefit Trust are included in the Company's financial statements. The Trust's purchase of shares in the Company is debited directly to equity in retained earnings.

The Company is incorporated and domiciled in the United Kingdom. The Company has adopted the exemption under section 408 of the Companies Act 2006 of not presenting its own statement of comprehensive income in these financial statements.

The Company financial statements have been prepared under the historical cost convention. The Company's accounting policies have been applied on a consistent basis throughout the 52 week period ended 31 December 2023 and in the comparative period.

The Company's functional and reporting currency is pounds sterling. All amounts have been rounded to the nearest thousand pounds ("£'000"), unless otherwise indicated.

The following principal accounting policies have been applied in the preparation of the financial statements.

36.2 New standards, amendments and interpretations

The following standards, amendments to accounting standards and International Financial Reporting Interpretations Committee interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023. They have all been adopted in these financial statements:

(i) Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

(ii) Definition of Accounting Estimates – Amendments to IAS 8

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

(iv) OECD Pillar Two Rules

The above standards, amendments to accounting standards and International Financial Reporting Interpretations Committee interpretations that were affective for the period ended 31 December 2023 have had no material impact on the Company's financial statements.

36.3 New standards, amendments and interpretations not yet adopted

Certain amendments to accounting standards have been published that are not mandatory for 31 December 2023 reporting period and have not been early adopted by the Company. These amendments are not expected to have a material impact on the Company in the current or future reporting periods or on foreseeable future transactions.

36.4 Going concern

The financial statements have been prepared on a going concern basis, with more detail to this assessment being included in note 4.2 in the consolidated financial statements.

36.5 Company statement of comprehensive income

In accordance with the exemption under section 408 of the Companies Act 2006, the Company has not presented its own statement of comprehensive income in these financial statements.

36.6 Investments

The interest of the Company in shares of subsidiary undertakings is stated at cost less provision for impairment. The carrying values of fixed asset investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. The impairment is calculated by comparing the value-in-use to the carrying amount. An impairment charge is recognised where the value-in-use is less than the carrying value of the investment. Further details of this are included in notes 38 and 39.

36.7 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when they are paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

36.8 Cash and cash equivalents

Cash is represented by cash on hand and demand bank balances. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash without significant risk of change in value.

37. Critical accounting judgements, estimates and assumptions

Judgements, estimates and assumptions are evaluated at each reporting date and are based on historical experience, updated for current market conditions and other factors. Judgements, estimates and assumptions have been made in respect of the following:

37.1 Judgements

There are no critical judgements that the Directors have made in the process of applying the Company's accounting policies for the period ended 31 December 2023.

37.2 Estimates and assumptions

Investment impairment

The Company performs an impairment assessment at the end of each reporting period. An impairment charge is recognised where the recoverable amount is less than the carrying value of Group's investments.

At 1 January 2023, the recoverable amount, based on discounted value-in-use calculations, using discounted forecasted cashflows and each restaurant's ability to cover its costs, was compared to the Company's investment in subsidiary undertakings to determine whether an impairment was required in the Company's investment. As there was a surplus between the discounted value-in-use and the Company's investment in subsidiary undertakings, no impairment was recorded at 1 January 2023. In this assessment, in accordance with IAS 36, debt within the subsidiaries was excluded from the value-in-use for testing the value of non-current assets in the Group's consolidated financial statements. The cashflows used in testing those assets did not reflect the annual cost of debt and lease liabilities. During 2023, after taking those annual financing costs into account in the cashflow forecasts used in assessing the value-in-use of the CGUs, the Board concluded that an impairment in the carrying value of the Company's investment in its subsidiary undertakings was required at 1 January 2023. This has been reflected in these financial statements as a Prior Period Adjustment in the manner set out in note 38. For the 52-week period ended 31 December 2023, the value-in-use calculations were based on the Group's base case business plan for 2024 and 2025, inclusive of the annual cost of debt and lease liabilities, sensitised down from the 2024 budget, with cash flow projections over the lease term of each restaurant, applying a long-term growth rate of 2%. As a result of this exercise, an impairment of £7.5m was recorded against the Company's investment in subsidiary undertakings at 31 December 2023.

The discount rate applied in the value-in-use calculations has been calculated with reference to the Group's weighted average cost of capital and similar benchmarks in the industry. A pre-tax discount rate of 13.3% (2022: 14.2%) has been applied in the value-in-use calculations.

38. Prior period restatement

In August 2023, the FRC submitted a request for further information on the Company's financial statements for the 52 week period ended 1 January 2023. The FRC's review was based on the Group's published annual report and financial statements for the period ended 1 January 2023 and does not provide assurance that the annual report and financial statements were correct in all material respects. The FRC's role is not to verify the information provided but to consider compliance with reporting requirements.

In the 52-week period ended 1 January 2023, the Company performed an impairment test at Company investment level. The value-in-use calculation for this exercise was determined by reference to the discounted future forecasted cashflows of the Company's subsidiaries. This was calculated in the same way and based on the same data as the value-in-use calculations to determine the goodwill impairment recorded at Group level. These value-in-use calculations were projected over the remaining projected life of each lease. The total was discounted back using the Group's pre-tax weighted average cost of capital to determine the value-in-use at the period end. This discounted value-in-use calculation was compared to the Company's investment in subsidiary undertakings to determine whether an impairment was required. As there was a surplus between the discounted value-in-use and the Company's investment in subsidiary undertakings, no impairment was recorded at 1 January 2023.

In accordance with IAS 36 paragraph 50, the value-in-use for testing the non-current assets in the Group's consolidated financial statements did not include the debt in those subsidiaries. However, the impairment assessment did not adjust the cashflows used in testing those assets to reflect the impact of external debt on the cashflows available to the shareholder of the sole direct subsidiary of the Company. Following the FRC review, and on subsequent review and discussion with the Group's auditors, the Directors have determined that the debt in the Company's subsidiaries should have been deducted in the impairment assessment at 1 January 2023. Accordingly, the Directors have recorded a prior year adjustment impairment of £130,877k against the carrying value of the Company's investment in its subsidiary undertakings at 1 January 2023.

Consequently, the comparative carrying value of the Company's investment in subsidiary undertakings at 1 January 2023 in the Company's statement of financial position has been restated from previously reported £176,737k, by an impairment of £130,877k, to £45,860k. This is a non-cash charge to the statement of comprehensive income for the period ended 1 January 2023.

This impairment charge does not impact the financial statements of the Group and has no impact on the operational cash performance of the Group.

This prior period restatement has been reflected by restating the affected financial statement line items for the prior period as follows:

Company statement of financial position (extract)	Previously reported 1 January 2023 £'000	Investment impairment £'000	*Restated* 1 January 2023 £'000
Investment in subsidiary undertakings	176,737	(130,877)	45,860
Total non-current assets	176,737	(130,877)	45,860
Total assets	196,368	(130,877)	65,491
Net assets	196,249	(130,877)	65,372
Retained earnings	156,441	(130,877)	25,564
Total equity	196,249	(130,877)	65,372

39. Investment in subsidiary undertakings

Movements in carrying value of investments

	*Restated £'000
Cost	
At 3 January 2022 and 1 January 2023	176,737
Accumulated impairment	
Impairment charge for the period	130,877
At 1 January 2023 (restated)*	130,877
Net book value	
At 1 January 2023 (restated)*	45,860

* Refer to note 38. In the 52 week period ended 1 January 2023 a prior period adjustment impairment charge of £130,877k has been recorded, reducing net book value of investment in subsidiary undertakings from the previously reported £176,737k to £45,860k.

	£'000
Cost	
At 2 January 2023 and 31 December 2023	**176,737**
Accumulated impairment	
At 1 January 2023 (restated)*	130,877
Impairment charge for the period	7,527
At 31 December 2023	**138,404**
Net book value	
At 1 January 2023	45,860
At 31 December 2023	**38,333**

In the 52-week period ended 1 January 2023, the Company performed an impairment test at Company investment level. The value-in-use calculation for this exercise was determined by reference to the discounted future forecasted cashflows of the Company's subsidiaries. This was calculated in the same way and based on the same data as the value-in-use calculations to determine the goodwill impairment recorded at Group level. As referred to in note 38, as stipulated by IAS 36 paragraph 50, the value-in-use for testing the Group's non-current assets at 1 January 2023 did not include the debt in the Company's subsidiaries. In addition, the impairment assessment did not adjust the cashflows used in testing those assets to reflect the impact of external debt on the cashflows available to the Company. As set out in note 38, the Directors have determined that the debt in the Company's subsidiaries should have been deducted in the impairment assessment at 1 January 2023. Accordingly, the Directors have recorded a prior year adjustment impairment of £130,877k against the carrying value of the Company's investment in its subsidiary undertakings at 1 January 2023. After recording this prior year adjustment, the carrying value of the Company's investments at 1 January 2023 was higher than the recoverable amount. Further impairment of £7,527k has been necessary for the 52 weeks ended 31 December 2023.

At 31 December 2023 and at the previous period end, the Company had one directly wholly owned subsidiary undertaking, Hostmore Group Limited, and three indirectly wholly owned subsidiary undertakings, Wednesdays (Bidco) Limited, Thursdays (Holdings) Limited and Thursdays (UK) Limited. All subsidiary undertakings are wholly owned, operate in the restaurant sector, were incorporated in the United Kingdom and are registered at Grant House, 101 Bourges Boulevard, Peterborough, PE1 1NG. Thursdays (UK) Limited is a trading company, Wednesdays (Bidco) Limited is a finance company and the other two subsidiaries are holding companies.

Notes to the Company Financial Statements
for the 52 weeks ended 31 December 2023 continued

Sensitivities to impairment charges

The key assumptions in the investment impairment calculation are the predicted cashflows of the CGUs and the discount rate applied. The Company has conducted a sensitivity analysis taking into consideration the impact of key impairment test assumptions arising from a range of reasonably possible trading and economic scenarios. The reasonably possible effect on investment impairment for a 2% absolute change in the discount rate or a 10% variation in EBITDA, with all other variables held constant is as follows:

Increase/(decrease) in impairment provision	31 December 2023 £'000	1 January 2023 £'000
Discount rate – 2% increase	14,417	32,338
Discount rate – 2% decrease	(7,527)	(41,912)
EBITDA – 10% increase	(7,527)	(20,984)
EBITDA – 10% decrease	22,566	21,154

40. Directors

Directors' benefit expense comprises:

	52 weeks ended 31 December 2023 £'000	52 weeks ended 1 January 2023 £'000
Wages and salaries	267	382
Social security costs	33	48
Total employee benefit expense	300	430

During the 52 week period ended 31 December 2023, the Company had 10 Directors (2022: 10 Directors). The cost of 4 Directors (2022: 3 Directors) is borne by a subsidiary company and is therefore included in note 14 to the consolidated financial statements. This note discloses the remuneration for the 6 Non-Executive Directors of the Company (2022: 7 Non-Executive Directors).

41. Trade and other receivables

	31 December 2023 £'000	1 January 2023 £'000
Prepayments	150	206
Amounts owed by Group undertakings	17,431	15,010
Other receivables	29	11
Total trade and other receivables	17,610	15,227

All amounts are receivable within one year and are non-interest bearing, unsecured and their carrying value reflects their fair value. Amounts owed by Group undertakings are receivable on demand.

42. Trade and other payables

	31 December 2023 £'000	1 January 2023 £'000
Trade payables	212	119
Accruals	74	–
Total trade and other payables	**286**	119

43. Share capital

Issued and fully paid

	Number	£'000
Ordinary shares of 20p each at each of 31 December 2023 and 1 January 2023	126,127,279	25,225

The Company has one class of ordinary shares, comprising the entire issued share capital of the Company.

Share issues during 52 week period ended 31 December 2023

There were no shares issued during the 52 week period ended 31 December 2023.

Rights attaching to ordinary shares

The Company's shares form a single class for all purposes, including with respect to voting, dividends and other distributions declared, made or paid on the Company's share capital. Shareholders are entitled to one vote per share at shareholder meetings of the Company.

Dividends on ordinary shares

No dividends were declared by the Company during the 52 week period ended 31 December 2023.

Market purchases of ordinary shares

At the Company's annual general meeting held on 7 June 2023, the Company's shareholders passed a special resolution in accordance with the Companies Act 2006 to authorise the Company to purchase in the market up to a maximum number of 12,612,727 shares in the Company, representing 10% of its issued share capital at 7 June 2023, within normal market guidelines. No market purchases were made under this authority during the period from the Company's annual general meeting on 7 June 2023 to the date of approval by the Board of these financial statements. The authority granted at the Company's annual general meeting held on 7 June 2023 will expire (unless previously revoked, varied or renewed) at the close of business on 30 June 2024 or, if earlier, at the conclusion of the Company's annual general meeting to be held in 2024. The Company intends to seek a renewal of this authority at its annual general meeting to be held in 2024.

Under the existing authority, purchases can be made at a minimum price of the nominal value of the share and a maximum price of the higher of (a) 5% above the average of the closing price for a share for the five business days immediately preceding the date the share is contracted to be purchased, and (b) an amount equal to the higher of the price of the last independent trade of a share and the highest current independent bid for a share as derived from the London Stock Exchange Trading System.

Market purchases of ordinary shares by Intertrust Employee Benefit Trustee Limited, the trustee of the Hostmore plc 2021 Employee Benefit Trust

At 31 December 2023, Intertrust Employee Benefit Trustee Limited, the trustee of the Hostmore plc 2021 Employee Benefit Trust (the "Trust"), held 1,100,036 ordinary shares in the Company, representing approximately 0.87% of the Company's issued share capital. These shares are held subject to the terms of the Trust and are expected to be used to help meet future obligations arising under the Company's long-term incentive plan and for other employee incentivisation purposes.

Shares in the Company held in the Trust are consolidated in determining the number of shares in the Company held by the Group. Consequently, after the transfers made or committed during the 52 week period ended 31 December 2023, the Group held 973,846 ordinary shares in the Company at 31 December 2023 (2022: 1,470,036 ordinary shares in the Company). The right to dividend income on these ordinary shares in the Company held by the Trust has been waived. The closing middle market quotation for the shares on 29 December 2023, being the last dealing day of the 52 week period ended 31 December 2023, was 22.95p per share. The market value of the shares held by the Trust based on the closing middle market quotation for the shares on 29 December 2023 was £0.3m (2022: £0.2m).

Authorities to issue share capital

At the Company's annual general meeting held on 7 June 2023, the Directors were authorised to allot and issue ordinary shares in the Company within normal market guidelines. No issuances were made under this authority during the period from the Company's annual general meeting on 7 June 2023 to the date of approval by the Board of these financial statements. This authority will expire (unless previously revoked, varied or renewed) at the close of business on 30 June 2024 or, if earlier, at the conclusion of the Company's annual general meeting to be held in 2024.

Share based payments and employee share option plan

Details of share based payments and the employee share option plan are set out in note 30 to the consolidated financial statements.

44. Subsequent events

On 16 April 2024, the Company announced that it had reached agreement on a non-binding basis for a proposed all-share acquisition of TGI Fridays, Inc. ("TGI Fridays") (the "Proposed Transaction"). TGI Fridays is the Company's franchisor and operates primarily through franchising and licensing agreements in the US and in 43 international markets. It also operates a network of company-owned stores in the US. The parties agreed that the Proposed Transaction would result in existing Hostmore shareholders holding a 36% shareholding in the enlarged business upon completion (the "Combined Group"), with TGI Fridays shareholders holding a 64% shareholding in the Combined Group. The Proposed Transaction is being negotiated on an exclusive basis and is subject to, among other things, completion of confirmatory due diligence and the parties entering into binding transaction documentation. The Proposed Transaction would be classified as a Reverse Takeover under the Listing Rules of the Financial Conduct Authority and therefore would be conditional upon the approval of an ordinary resolution by existing Hostmore shareholders. Should the parties enter into binding transaction documentation, a summary of the material terms and conditions of such documentation will be set out in a further announcement to the market.

On 26 April 2024, the parties to the facilities agreement referred to in note 27 to the financial statements signed a bank facility restatement agreement. Under the terms of this agreement, amongst other matters, certain covenants in the previous facility agreement were amended to align with the Group's updated business plan and the term of the facility was extended to 1 January 2026.

Definitions

The following definitions shall apply throughout this document unless the context requires otherwise:

"Code"	UK Corporate Governance Code
"Company"	Hostmore plc, a company registered in England and Wales with company number 13334853 whose registered office is at Highdown House, Yeoman Way, Worthing, West Sussex BN99 3HH
"CGU"	Cash generating units, being the stores operated by the Group
"CRR"	Climate-related risks
"CRRO"	Climate-related risks and opportunities
"EBITDA"	Group's earnings before net interest and bank arrangement fees, tax, depreciation and other non-cash items
"Electra"	Electra Private Equity PLC (now renamed Unbound Group PLC), a company registered in England and Wales with company number 00303062 whose registered office is at 17 Old Park Lane, London W1K 1QT
"Exceptional items"	Items that, by virtue of their unusual nature or size, warrant separate, additional disclosure in the financial statements in order to assess the performance of the Group
"FRC"	Financial Reporting Council
"GHG"	Greenhouse gas
"GOS"	Guest opinion score
"Group"	The Company together with its direct and indirect subsidiaries and subsidiary undertakings
"IFRS"	International Financial Reporting Standards as adopted by the UK
"IPCC"	Intergovernmental panel on climate change
"KPI"	Key performance indicator
"Like-for-like (LFL) Sales"	The revenue performance of the Group measured by reference to its business in operation during any comparable period
"LTIP"	Long Term Incentive Plan of the Company
"Net debt"	The Group's long-term borrowings (excluding issue costs) and lease obligations less cash and cash equivalents at each period end
"NZE"	Net zero emissions by 2050 scenario of the International Energy Agency
"PPE"	Property, plant and equipment
"PSA"	Performance share awards
"RCP"	Representative concentration pathway
"REGO"	Renewable energy guarantee of origin
"ROIC"	Return on invested capital
"RoU asset"	Right of use asset
"RSA"	Restricted share awards
"RSPO"	Roundtable on sustainable palm oil
"SECR"	Streamlined energy and carbon reporting
"STEPS"	Stated policy scenario
"TCFD"	Taskforce on climate-related financial disclosures
"TSR"	Total shareholder returns over a period

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