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Hostmore plc

Proposed Demerger of Hostmore plc from Electra Private Equity PLC and Intention to List

15 October 2021

Following the previously announced intention to demerge (the “Demerger”) Hostmore plc (“Hostmore”) from Electra Private Equity PLC (“Electra”), Hostmore announces that, subject to approval by Electra shareholders, it is expected that the Demerger will be completed and the Hostmore shares (the “Securities”) will be admitted to the premium listing segment of the Financial Conduct Authority (the “FCA”) and to trading on the London Stock Exchange plc’s main market for listed securities on 2 November 2021 (the “Admission”).

Details of Hostmore, its group and the Admission are set out in the prospectus (the “Prospectus”), which will shortly be available on Electra’s and Hostmore’s respective websites www.electraequity.com and www.hostmoregroup.com, subject to certain access restrictions, once the Prospectus has been approved for publication by the FCA, which is expected later today.

The Board of Electra believes that the strategy of establishing Hostmore as an independent listed company provides shareholders with the optimal opportunity for short and long-term value creation through each of:

- 1) the recovery of the market and consumer confidence as we emerge from the Covid-19 pandemic;
- 2) market share gains arising from further development of the Fridays and 63rd+1st brands in the United Kingdom with continued focus on quality, relevance and simplification; and
- 3) development of the Hostmore business through acquisition and development of new brands.

Hostmore management will be meeting investors over the coming days. Presentation slides will be made available on both the Electra and Hostmore websites www.electraequity.com and www.hostmoregroup.com in due course.

Trading update

Hostmore and its subsidiary undertakings (together the “Group”) have made encouraging progress since the resumption of indoor dining in England on 17 May 2021.

Over the 20-week period since the resumption of restricted indoor dining in England on 17 May 2021, the Group has reported like-for-like growth when compared with the same period of 2019 averaging +11.0%. On a VAT adjusted basis, the like-for-like growth of the Group when compared with the same period of 2019 was (1.0%). In the 11 weeks since the further relaxation of Covid-19 restrictions in England on 19 July 2021, the like-for-like growth of the Group when compared with the same period of 2019 has averaged +12.1%. On a VAT adjusted basis, the like-for-like growth of the Group when compared with the same period of 2019 was 0.1%. Performance by the Group over the entire 20-week period reflected a +2.8%¹ outperformance of the market and over the period since 19 July 2021 sales by the Group have outperformed the market by +1.5%. * **

The Group's net debt,*** adjusted to include all Covid-19 related accruals, reduced to £36.4m at the end of August 2021 from £46.0m at the end of December 2020. Cash generated from operations over the 3 complete months following the resumption of indoor dining in England on 17 May 2021 (i.e. June to August 2021) was £12.5 million. The free cash flow generated during the period of £14.1 million reflects a 103% conversion of EBITDA.***

The Group opened a new Fridays restaurant in Lincoln on 19 May 2021, followed by the opening of the first 63rd+1st in Cobham on 24 May 2021 and the second 63rd+1st in Glasgow on 24 September 2021. The Group plans to open a further 63rd+1st site in Harrogate in November 2021.

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

*** Market based on industry data compiled by Coffey CGA Business Tracker.*

**** Based on the Group's unaudited management reporting pre IFRS16.*

Robert B. Cook, Chief Executive Officer of Hostmore, commented:

"We are delighted to be announcing the intention to proceed with the demerger and listing which, subject to the approval of Electra shareholders, we expect to complete in early November. The demerger and listing of Hostmore leaves us well placed to continue to develop enduring value through our existing and future brands and we look forward to the future with excitement and confidence."

About Hostmore plc

Hostmore is a growing hospitality business with its current operations focused on the American-themed casual dining brand, Fridays, and the cocktail-led bar and restaurant brand, 63rd+1st. While Fridays has been trading for over three decades in the UK, Hostmore was established in 2021 to provide a platform for the development of hospitality brands under the leadership of an experienced management team that has a track record of building businesses in the hospitality and leisure sectors.

Hostmore businesses are, and will be, defined by iconic brand experience, vibrant heritage and sector-leading technology. Its strategic focus will be to optimise its brands, aligning them with evolving consumer demands and delivering personalised customer engagement, optimising experience and efficiency through digital leadership. Hostmore's mission is to make every customer experience relevant and engaging, to celebrate the unique heritage and character of its brands, and create environments where people have fun and feel welcomed.

As of 30 September 2021, Hostmore's group operated 87 restaurants in the United Kingdom, a majority of which are located in high footfall locations, including retail parks, shopping centres and city centres.

Celebrating its 35th anniversary in the UK in 2021, Fridays is an established brand that offers bold, distinctive American food as well as iconic cocktails made with premium spirits, alongside a range of refreshing low and non-alcoholic cocktails. Fridays provides a high-energy, fun environment with a wide demographic appeal. In 2020, Hostmore refreshed Fridays' customer offering, re-energising its voice to widen its appeal and bring it to today's market – bringing back 'That Fridays Feeling' to existing, new and former audiences.

In May 2021, Hostmore opened its first cocktail-led bar and restaurant under the complementary brand 63rd+1st in Cobham, Surrey. 63rd+1st offers a more sophisticated tone than the Fridays restaurants and is aimed at affluent young professionals and university students. A second site in

Glasgow opened in September 2021, and the Company is aiming to open a further site by the end of 2021 in Harrogate, with scope for 10 plus sites by the end of 2023.

Hostmore is exploring opportunities with TGI Friday's, Inc. to expand its existing brands into new franchise territories and, following the Demerger, will seek to add rapidly growing, early-stage businesses to its portfolio of complementary brands, exploring opportunities to extend its offering into experience-led hospitality and leisure concepts.

ENDS

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FURTHER INFORMATION

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