2023 Results

For the 52 weeks ended 31 December 2023

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Financial Results

Results Summary

- LFL Revenue (2%) versus 2022[1]
- EBITDA benefitted from
  - Spend per Head growth from pricing growth and 'raising the bar' revitalisation programme
  - Cost saving initiatives, principally realised in H2
- EBITDA negatively impacted by
  - Market dynamics and consumer spending
  - Increased utilities and input cost inflation, principally in H1
  - Legacy high level of overhead expense, principally in H1
  - Trading losses from 2022 new store openings
  - Comparatively, the discontinuation of VAT reduction, landlord concessions, and Government grants
- H2 2023 EBITDA of £5.6m reflects recognition of partial benefit from turnaround
  - Full benefit to be recognised in FY24
- Decrease in net debt from cash controls and capital allocation policy

	FY23	FY22
Net LFL Revenues (exc. VAT benefit in 2022)	£186.0m	£189.6m
Total revenues	£190.7m	£195.7m
EBITDA (IFRS 16)	£22.2m	£31.1m
EBITDA (FRS 102)	£1.6m	£11.3m
EBITDA margin (FRS 102)	0.8%	5.8%
Group loss after tax (IFRS 16)	(£27.4m)	(£101.5m)
Basic loss per share	(22.0p)	(81.0p)
Net cash/(bank debt) (FRS 102)	(£25.1m)	(£27.7m)

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(1) Adjusted for differences in VAT between 2022 and 2023

Cash Flow[1]

- Generating positive cashflows in the period, including increase in cash generated from operations
- Improved working capital movement from increased focus
- CapEx composition
  - £3.1m routine maintenance
  - £1.3m paid to settle new store openings ("NSOs") invoices from 2022
- Financing activities includes
  - Interest and Fees (£4.2m)
  - Lease liabilities[2] (£20.3m)

	FY23	FY22
Cashflow from operating activities	**£22.2m**	**£28.8m**
Movements in working capital	**£8.5m**	**(£8.1m)**
Cash generated from operations	**£30.7m**	**£20.7m**
Net cash from operating activities	**£31.5m**	**£20.0m**
Net cash used in investing activities	**(£4.4m)**	**(£10.2m)**
Net cash used in financing activities	**(£25.2m)**	**(£32.7m)**
Net cash (decrease)/increase	**£1.9m**	**(£23.0m)**
Cash at beginning of period	**£9.1m**	**£32.1m**
Cash at end of period	**£11.0m**	**£9.1m**

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(1) *Presented in IFRS 16*
(2) *£20.6m in rent on an FRS102 basis, which under FRS102 would instead be reflected in Operating Cash Flow; rates and service charges already included in operations*

Net Debt & Liquidity

- Improvement in Net Debt principally due to
  - No new store openings
  - Efficient working capital management
  - Offset by settlement of 2022 NSOs CapEx
  - Operating loss during the period (FRS 102 basis)
- Bank debt position at period end
  - £21.6m term loan
  - £14.5m drawn on revolving credit facility
- Extension of existing bank facilities
  - 26 April 2024, following period end, extended maturity date to 1 January 2026 from 1 January 2025

	FY23	FY22
Gross bank debt [1]	(£36.1m)	(£36.8m)
Cash & cash equivalents	£11.0m	£9.1m
Net Debt (FRS 102)	(£25.1m)	(£27.7m)
Lease Liabilities	(£140.9m)	(£150.7m)
Net debt inc. lease liabilities	(£166.0m)	(£178.4m)

(1) Gross bank debt excluding issue costs

Business Update

Capital Allocation Policy

Policy to prioritise debt reduction and shareholder returns over new store growth

- Anticipate no NSOs until 2026
  - Franchisor supportive and agreed to defer all NSOs in 2023 and 2024
  - Following the period end, franchisor agreed also to defer all NSOs in 2025
- Manage cost base more proactively and efficiently
- Focus on high ROI organic growth initiatives
  - Trialled
  - Diversified approach
  - Attractive cash conversion
  - Scalable
- Dedicate all free cash flow towards full repayment of borrowings
  - Annual free cash flow of >£10m becomes fully available to shareholders
- Evaluate shareholder distributions after borrowings repaid
  - Prioritise dividends
  - Share buybacks as appropriate

Existing Store Improvements

- Significant focus on evaluating all opportunities to improve existing store profitability
  - Ensure best-in-class stores are maximising their potential
  - Mid-range stores attract greater management oversight
  - In-depth review of loss-making stores
    - Bottom 20 stores lost £4.2 million EBITDA LTM to 30 June 2023

- Actions undertaken for loss-making stores
  - Ongoing discussions to renegotiate leases
  - GM upgrading and support from best-in-class GMs
  - Targeted price increases
  - Focus on expense forecasting, with greater emphasis on early intervention
  - Disposals, both at end of lease and opportunistic

- Result of actions to date, tail now loses <£0.5 million annualised on run rate basis
  - 2 stores closed during 2023 that lost £0.5 million
  - Further 2 stores in agreement to be closed lost £0.5 million in 2023
  - Lease re-gear improving 1 store by £0.3 million per annum, completed in November 2023
  - Actions continually under review

Cost Reduction Programme

- Announced annualised cost reductions of £8.4 million during FY23

(£ millions)	Annualised	2023 Saving
Cost of Sales	(£4.3m)	(£2.4m)
Staff	(£2.5m)	(£2.3m)
Contract Services	(£0.9m)	(£0.8m)
Other	(£0.7m)	(£0.7m)
Total Savings	**(£8.4m)**	**(£6.2m)**

  - Cash cost of completion £0.6 million, principally severance, paid in H1
  - Savings in H2 of £4.7 million increased from original expectation of £4.3 million

- Further cost opportunities continue to be evaluated

- Announced Q1 2024 EBITDA reflects full achievement of expected cost savings

Customer Experience[1]

Focussed on Speed of Service, Quality of Food and Guest Interaction. 2023 has also led to our value scores increasing from 3.95 (End 2022) to 4.22 (End 2023)

	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)

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(1) Source: Feed It Back; ratings for TGI Fridays brand – based on a 6-month period

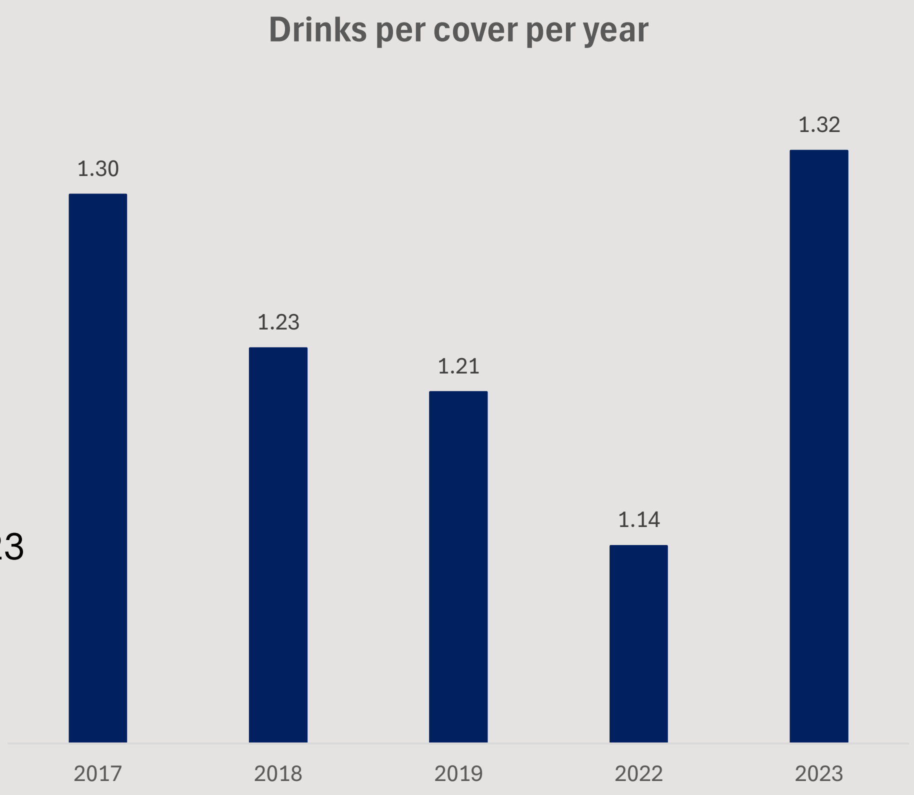
“Raising the Bar” strategy – update

- Brand was known for its cocktails, but drinks as a share of revenue declined from c.26% in FY19 to c.14% in 2022
  - Back to our Heritage
  - “Raising the Bar” engagement and education strategy for team and guests

- Drinks revenue highly attractive
  - Encourages guests to stay longer and spend more
  - High profit margin
  - Less labour intensive than food revenue

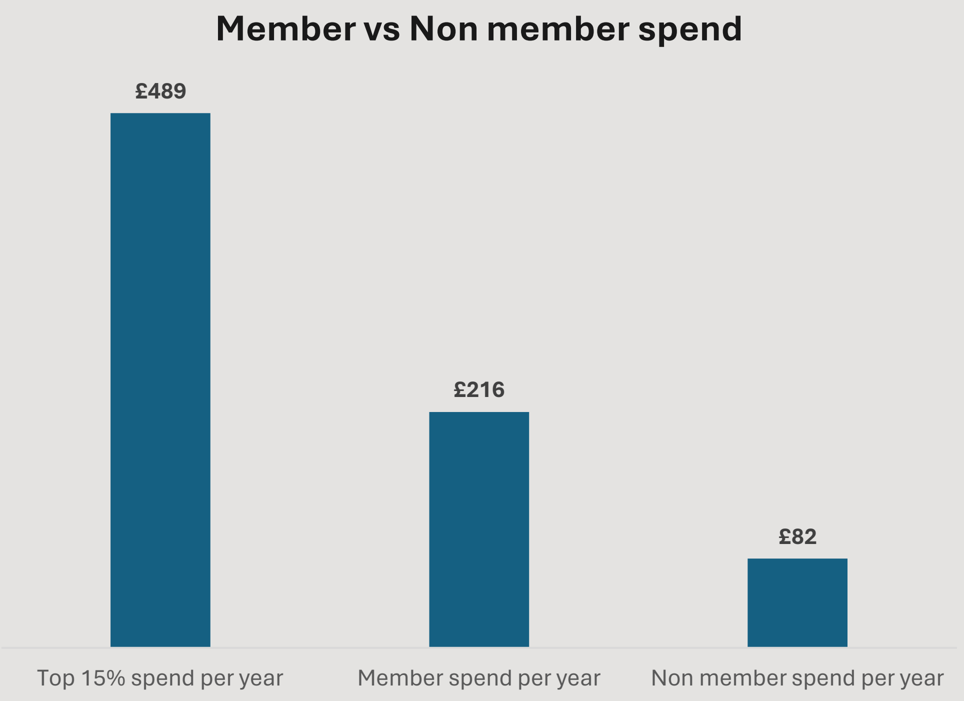
- “2 for 1” cocktail pricing is now across the whole estate
  - Increased from an average of 35,000 in 2022, to an average of 42,000 in 2023
  - Drink sales back to 1.32 drinks per cover (“DPC”) vs. 1.14 in 2022

- Further bar-focused revenue opportunities of c.£1 million
  - Masterclasses
  - Bottomless brunch
  - Private parties / corporate / group sales



CRM & Loyalty – update

- TGI Fridays has 1.8m app downloads
  - 427k new members in 2023 (+20% vs 2022)
  - +23% growth (£4.4m) in CRM net sales (£26.5m FY23 vs £22.1m FY22)
  - 13% of 2023 sales have been to rewards members (+30% vs 2022)
- 1.8m email subscribers
  - 300k new email subscribers in 2023 (+20% vs 2022)
- 599k push notification subscribers (+55% vs 2022)
- App users are highly attractive customers
  - Average member visits 3.1 times vs 1.4 times for a non-member
  - Top 15% visit 7 times per year
  - Top 15% annual spend 6x more than a non-member
  - Average spend per member £69.94 vs. £58.22 for a non-member
- 2024 performance on target, showing £10.7m sales YTD week 16
  - +5% Total CRM Sales vs. 2023
  - +21% Sign ups vs. 2023
- Enhanced direct-to-consumer marketing testing commenced Q1 2024



Free Cash Flow

- Underlying cash flow reconciliation

(£ millions)	H1 2023	H2 2023	2023
Reported Change in Cash	**0.7**	**1.2**	**1.9**
Debt Principal Repayment, net	(4.3)	5.0	0.7
Interest Expense and Fees Paid	2.2	2.1	4.3
Implied Change Before Financing	**(1.4)**	**8.3**	**6.9**
NSOs Impact (Buildout & Trading) (1)	1.7	0.7	2.4
Implied Change in Cash from Operations	**0.3**	**9.0**	**9.3**
Non-Recurring Items			
Bank Amendment Process	0.8	0.3	1.1
Redundancy Expense	0.5	-	0.5
Subtotal Non-Recurring Items	**1.3**	**0.3**	**1.6**
Implied Underlying Free Cash Flow	**1.6**	**9.3**	**10.9**
Maintenance CapEx	2.1	1.0	3.1
Implied Underlying Operating Cash Flow	**3.7**	**10.3**	**14.0**

- H2 2023 beginning to benefit from cost reduction actions
  - Full benefit to be achieved in 2024

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(1) 2023 includes payment of invoices for 2022 NSOs and trading losses of both 2021 and 2022 NSOs

Current Trading

Current Trading

- Result for Q1 2024
  - LFL revenue (7)% versus the same period in 2023
  - EBITDA estimated to be £0.3 million, an improvement of £3.2 million on 2023 reflecting benefits of turnaround
- Inflationary pressures stabilising and a significant proportion of purchased inputs under long-term contracts or hedged at favourable prices
- Consolidated net bank debt at the quarter-end was £26.1 million, in line with expected seasonality and consistent with the forecasted position for the end of fiscal year 2024
- On course to repay borrowings and initiate shareholder distributions
- Proposed all-share acquisition of TGI Fridays continues to be on schedule to close in Q3 2024

Summary

- 2023 was a transitional period
  - Senior leadership changes with a clear focus on improving shareholder value
  - Operating turnaround completed
  - Revised capital allocation policy implemented

- Inflation appears to be stabilising

- Renewed focus on operating the business in a commercial manner has materially improved the outlook
  - Revenue opportunities producing incremental profits
  - Cost reductions benefiting results
  - Loss-making stores impact mitigated
  - Cash flow generation reducing borrowings

- Improved financial position continuing path to repayment of borrowings and initiation of shareholder distributions

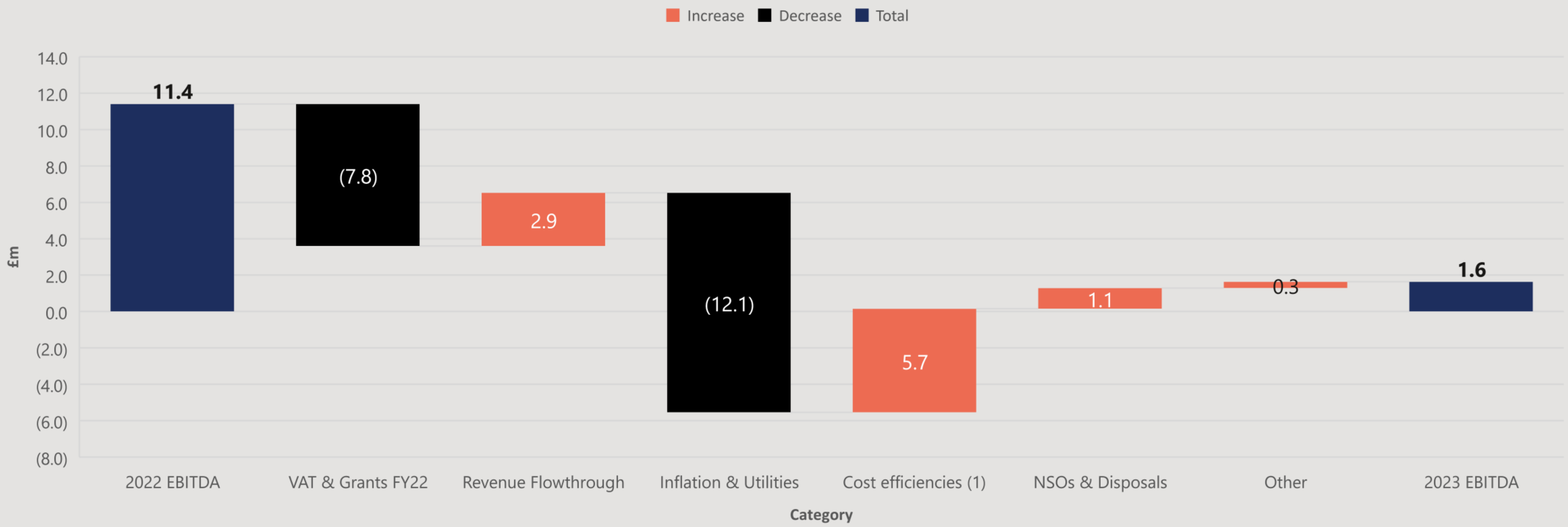
- Announced proposed acquisition of TGI Fridays marks important milestone

Appendix

Corporate Governance

- CEO appointment announced 2 May 2023
  - Julie McEwan, acting Interim CEO, chosen as permanent candidate
  - Formal process with many highly qualified candidates
- CFO appointment announced 6 December 2023
  - Matthew Bibby, acting Interim CFO, chosen as permanent candidate
    - Previously Finance Director
- Board composition
  - Currently 7 directors
    - 5 non-executive and 2 executive (McEwan and Bibby)
  - 2 new independent NEDs joined since AGM
    - Helena Feltham
      - Significant background in consumer facing and people leadership roles
      - Most recently Interim Chair of Ted Baker PLC
    - Célia Pronto
      - Breadth of experience, particularly in leisure and hospitality and digital transformation
      - Previous sector experience as Chief Customer and Digital Officer of Casual Dining Group

EBITDA Bridge – 2022 to 2023



(1) Net of implementation costs

Pro Forma EBITDA

- Significant non-recurring items in 2023 obfuscate underlying results
  - Cost reductions implemented late in H1 2023 principally began benefitting results in H2
  - Full benefit to be achieved in 2024

(£ millions)	H1 2023	H2 2023	2023
Reported EBITDA	**(4.0)**	**5.6**	**1.6**
P&L Effect of NSOs[1]	0.5	0.3	**0.8**
Adjustment for Normalised Utilities Cost[2]	1.3	-	**1.3**
Non-Recurring Items[3]	1.3	0.3	**1.6**
Increased Labour from National Minimum Wage[4]	(0.4)	-	**(0.4)**
Disposals[5]	0.8	0.4	**1.2**
Adjusted Recurring EBITDA	**(0.5)**	**6.6**	**6.1**
Cost Reductions To Be Recognised in 2024[6]	2.9	1.1	**4.0**
Pro Forma EBITDA	**2.4**	**7.7**	**10.1**

- All actions announced have already been implemented
  - Additional cost reductions have been implemented and further are under review
  - Continual evaluation of store portfolio for opportunities to reduce loss-making stores
  - Actions beyond those already announced will likely not be announced in the future

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(1) Trading losses of both 2021 and 2022 NSOs
(2) Adjusts for normalised level of utilities expense, as H1 2023 reflected temporary elevated level of expense
(3) H1 2023 includes £0.8m for bank amendment process, and £0.5m of redundancy; H2 2023 includes bank fees
(4) Annualised effect of National Minimum Wage increase if it had been in place all of H1
(5) Adjusts for losses made on disposed stores and agreed disposals
(6) Represents portion of cost reductions actioned, but not recognised in the period due to timing of phasing

Utilities Detail

- Tender for appointing FY24 and FY25 supplier completed

- Hedges
  - Policy implemented with rolling purchases for next 12 months
  - Natural Gas (c.30% of utilities expense)
    - 70% through to end of 2024
  - Electricity (c.70% of utilities expense)
    - 70% through to end of 2024
  - 2024 hedging completed January 2024 bringing an annual benefit of more than £1.5m
  - Winter 2025 also hedged at beneficial rates

WHO WE ARE?

- Operates **a unique collection of hospitality brands** with significant long term growth potential
- Customer proposition underpinned by **strategic investment in improving product quality**, simplifying the menu offering and focusing on brand relevance
- Employs 4,400 people

OUR BRANDS

86
TGI Fridays casual dining restaurants

TGI FRIDAYS

2
cocktail-led restaurant bars

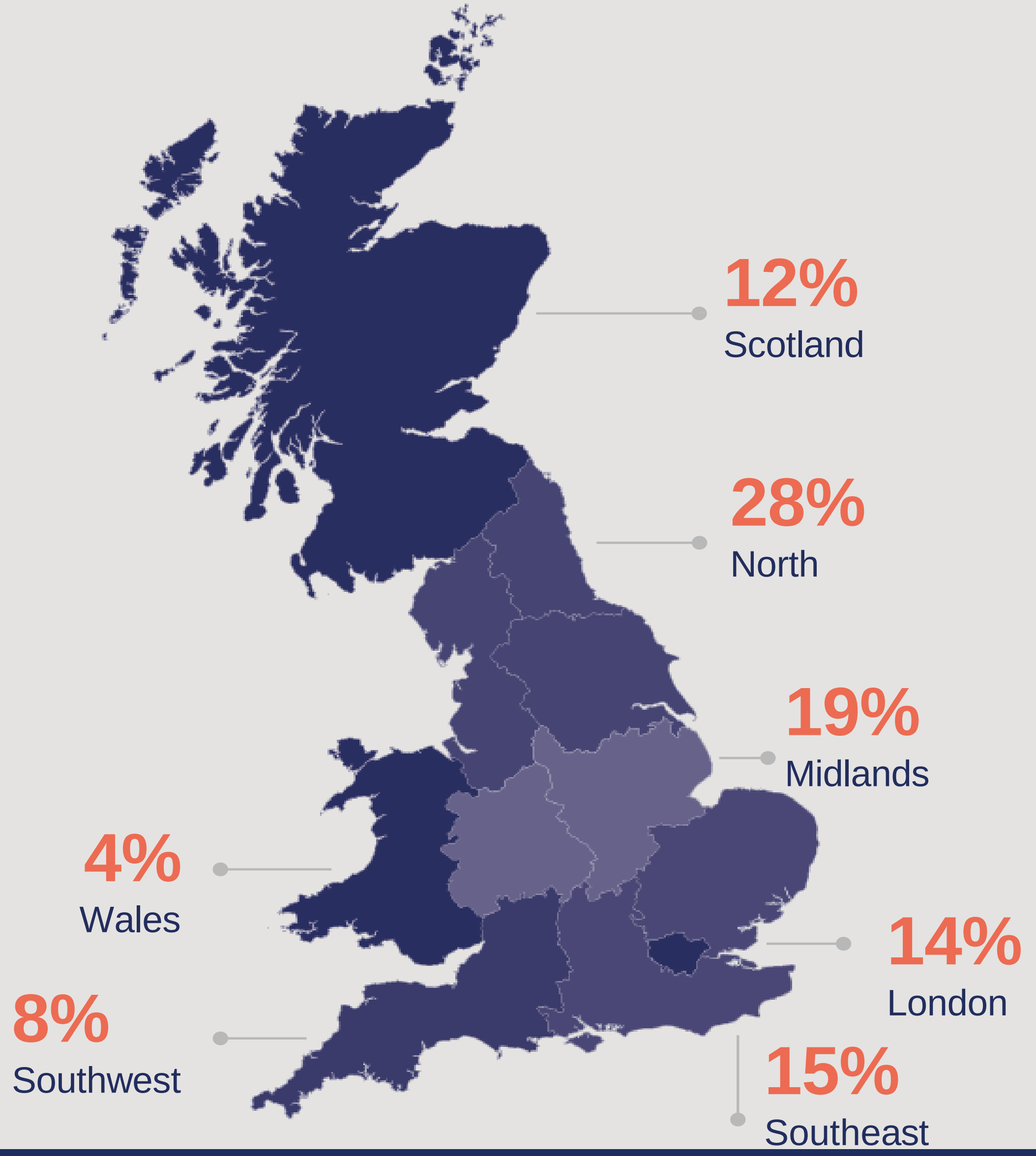
63rd +1st

1
Fridays and Go quick service restaurant

FRIDAYS AND GO

Note: sites as at 31 December 2023

LARGE ESTATE SPREAD ACROSS 89 SITES…



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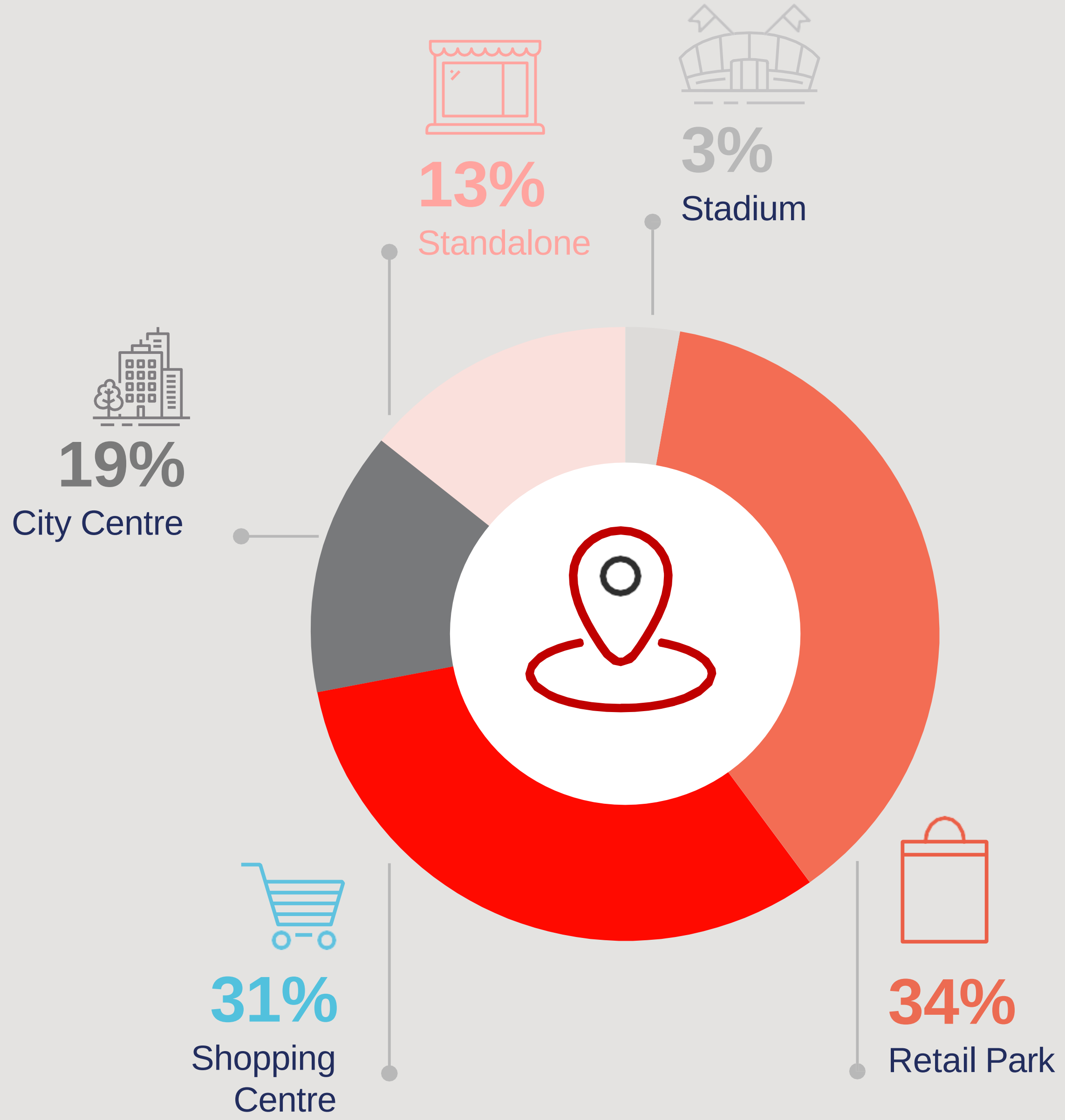
Note: sites as at 31 December 2023



...MOST OF WHICH ARE IN HIGH FOOTFALL LOCATIONS

Note: sites as at 31 December 2023

Our Portfolio

86

TGI Fridays casual dining restaurants
in the UK and Jersey

1

Fridays and Go quick service restaurant
in Dundee

2

63^{rd}+1^{st} cocktail-led restaurant bars
in Cobham and Glasgow

4,400

Group employees

Note: sites as at 31 December 2023