



63rd+1st[®]

Capital Markets Day – 29th June 2021

Shaping a new future

Hostmore[™]

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Today's presenters



Robert B Cook

Chief Executive Officer

- Joined Fridays in December 2019
- Previously CEO UK and a board member at Virgin Active
- 3 years CEO of Devere Hotels and Resorts
- 8 years CEO of Malmaison and Hotel du Vin from Jan 04 –Jan 12
- Robert is a Master Innholder, Freeman of City of London, Catey Award Winner, and in 2007 was presented an Honorary Doctorate in Business from The Robert Gordon University, for his services to hospitality



Alan Clark

Chief Financial Officer

- Joined Fridays in March 2020
- Previously CFO at D&D London
- International CFO experience gained at Sandals Resorts (Jamaica) and publicly-listed HongKong & Shanghai Hotels (Hong Kong)
- Domestic UK experience includes roles as Finance Director at Rocco Forte Hotels (4 years) and Malmaison & Hotel du Vin Hotels (4 years)

Agenda for the day

1	Introduction to Hostmore <i>Leading branded casual dining offering with unique market position & a new, sophisticated city-based cocktail bar</i>	Robert Cook
2	Sizing the opportunity <i>Strong supply/demand dynamic post COVID-19 with scope for selective consolidation</i>	Robert Cook
3	Brand and customer proposition <i>Refreshed strategy towards an integrated omni-channel offering and strong ESG credentials</i>	Robert Cook
4	Operational platform <i>Diversified and well-balanced estate portfolio across location types and regions</i>	Robert Cook
	Break	
5	Transforming Fridays for the future <i>Successful cost management during the pandemic geared to future growth</i>	Alan Clark
6	Financial framework <i>Attractive financial profile focused on cash generation and profitability</i>	Alan Clark
7	Closing remarks	Robert Cook
	Q & A	



Background to Hostmore demerger

Electra investment in Fridays

- Electra acquired the Fridays business in 2014, and provided investment and support for further development of the casual dining brand in the UK

Transforming Fridays

- Fridays' store portfolio grew by 26 stores net between 2014-2020
- Hired new management team in 2019/2020
- Significantly improved product and relevance to today's consumer
- Structural opportunity for acceleration post COVID-19
- Introduced Hostmore brand in 2021, a parent company for "Fridays" and "63rd + 1st"

Background to Demerger

- Electra is in the final stage of its portfolio realisation strategy, having returned over £2 billion to shareholders since launching this strategy in October 2016
- Electra continues to target 2021 realisations for the remaining assets in portfolio
- Intention to demerge Hostmore onto the FTSE Main Market in Q3 2021
- Electra remains focused on ensuring that Hostmore has the appropriate balance sheet to maximise its future potential and value as a standalone publicly listed company and will continue to assess the optimal capital structure and potential sources of capital for the business



Introducing Hostmore

Business overview

- Hostmore was created **in 2021 and is a growing hospitality group**, to be headquartered in Edinburgh
- Hostmore is the parent company for the casual dining brand of “**Fridays**”, and the cocktail-led bar and restaurant brand of “**63rd+1st**”
- The group has been created to provide a **platform for the development and build-out of hospitality brands**
- Hostmore’s hospitality businesses are defined by **iconic brand experience, vibrant heritage and sector-leading technology**
- Hostmore is **seeking to add rapidly growing, early-stage businesses to its portfolio** of complementary hospitality brands and **extend its offering** into other experience led, **leisure concepts**
- The group has a **highly experienced management team in place**, led by Robert B Cook (CEO) and Alan Clark (CFO)

Group structure chart



Notes:

1. Contains "Fridays" and "63rd + 1st" brands

Hostmore Board of Directors

Neil Johnson

Chairman of the Board^{1,4}



- Appointed as Executive Chairman of Electra Private Equity in March 2018 after joining the company as Non-Executive Chairman and Director in May 2016
- Neil is currently a Non-Executive Director of QinetiQ Group plc and SID of the Business Growth Fund
- He was formerly CEO of the RAC

Robert Cook

CEO



- Joined Fridays in December 2019
- Previously CEO UK and a board member at Virgin Active
- 3 years CEO of Devere Hotels and Resorts
- 8 years CEO of Malmaison and Hotel du Vin from Jan 04 – Jan 12

Alan Clark

CFO



- Joined Fridays in March 2020
- Previously CFO at D&D London
- CFO of international businesses including Sandals Resorts (Jamaica) and HongKong & Shanghai Hotels (Hong Kong)
- Previously Finance Director at Rocco Forte Hotels (4 yrs) and Malmaison & Hotel du Vin Hotels (4 yrs)

David Lis

Senior Independent Director



- Appointed as SID of Electra Private Equity in March 2018, after joining the company as a Director in May 2016
- David is a Non-Executive Director of Melrose Industries plc, BCA Marketplace plc and The Multifamily Housing REIT plc
- Prior to Electra, David held a number of senior roles at Aviva Investors, rising to CIO of Equities and Multi-Assets, with £276bn of AUM
- Prior to Aviva, David spent a number of years as Head of IR at Ludgate Communications

Gavin Manson

Director, Chair of Audit Committee



- Currently Chief Financial and Operating Officer of Electra Private Equity
- Prior to joining Electra in 2016, Gavin was the Finance Director of Thomas Cook Group's tour operator and hotels and resorts division
- Previously Finance Director at Premier Farnell (5 yrs)
- Gavin began his career with KPMG and is a chartered accountant

Stephen Welker^{2,4}

Non-Executive Director



- Stephen is a Partner at Sherborne Investors, a turnaround investment firm where he leads their Investors' research function
- He is currently a Director of Electra Private Equity and has been a non-executive director for Fridays since 2017
- Prior to joining Sherborne, Stephen worked at Morgan Stanley on both real estate investment banking and principle investment transactions

NED TBC³



NED TBC



NED TBC



¹ To step down as Chairman after the first AGM in Spring 2022

² To step down as NED after the first AGM in Spring 2022

³ TBC NED to be appointed as Chair of Remuneration and Audit after the first AGM in Spring 2022

⁴ Board succession plans are in place

Key investment highlights

An iconic brand within the UK casual dining sector, repositioned to benefit from current market dislocation

1

Leading branded casual dining offering with unique market position & a new, sophisticated city-based cocktail bar

2

Strong supply/demand dynamic post COVID-19 with scope for selective consolidation

3

Refreshed strategy to create an integrated omni-channel offering with strong ESG credentials

4

Diversified and well-balanced estate portfolio across location types and regions

5

Successful cost management during the pandemic geared to future growth

6

Attractive financial profile focused on cash generation and profitability

7

Highly experienced team, transforming the business and accelerating performance



Highly experienced team, transforming the business and accelerating performance



Robert B Cook

Chief Executive Officer

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Dan Staples

Chief Marketing Officer

- Joined Fridays in December 2019
- Previously Marketing Director UK at Ladbrokes
- Experienced Brand, Digital & E-commerce expert for both Agency and Clients including Betfair, WiggleCRC and Checktrade



Suzanne Peacock

Chief Operating Officer

- Joined Fridays in December 2019
- Was initially People Director moving to COO in September 2020
- Previously Group Talent & Development Director for Merlin Entertainments
- Has broad experience within multiple sectors including Retail, Manufacturing, FMCG, Leisure and Hospitality



Erica Livermore

Chief Technology Officer

- Joined Fridays in May 2020
- Previously CXI Director at Virgin Active UK
- A law graduate with a passion for technology and delivering large-scale transformation projects related to Cloud Technology, IT Infrastructure, Automation and AI, Consumer Facing UI and UX



Robert Henry

Head of Legal and Company Secretary

- Joined Fridays in April 2021
- Previously a Senior Associate at Dentons, with further private practice experience at Freshfields Bruckhaus Deringer
- Previously Managing Legal Counsel at John Wood Group plc and Senior Legal Counsel and Group Ethics Officer at each of Amec Foster Wheeler plc and AMEC plc, as well as interim Senior Counsel – Corporate at Tesco



Introduction to Hostmore

Leading branded casual dining offering with a unique market position & a new, sophisticated city-based cocktail bar

Hostmore overview

Leading casual dining franchise of an American-themed restaurant chain providing a high energy and fun environment, with a wide demographic appeal together with a new, sophisticated city-based cocktail bar

Key facts and figures



Iconic brand
synonymous with
quality, fun and flair

63rd+1st®

Delivering the personality
of Fridays, with more
emphasis on cocktails

FY19:



Sales
£214.8m



Gross Profit
£175.3m



EBITDA
£25.6m



Sites
87



Employees
3,262¹

2021 highlights

63rd+1st®

Launch of 63rd+1st new city based cocktail bar
with 5 sites in 2021

4D

4D implementation: Dine in, Delivery, Digital and Drive in



Delivery from 71 restaurants via Just Eat and 72 restaurants via Deliveroo²



Opened *al fresco* capacity in 30 stores on 12th April

Fridays – shaping a new future

New CEO and Management Team

Robert B Cook
appointed as **new CEO**
(2019) and Alan Clark
appointed as **new CFO**
(2020)

Remit to **rebuild**
management team

Extensive Consumer Research

Oystercatchers
consumer survey to
gather insight on the
Fridays consumer,
brand, product and
value

Three Core Pillars Identified

Conclusions from
consumer research
distilled into three
**objectives – quality,
relevance and
simplification**

Brand Refresh

Complete **overhaul of**
brand identity to
recraft iconic brand for
modern consumers and
digital channels

“4D” Strategy

Developed **4D strategy**
to reinvigorate the
group – Dine-in, Delivery,
Digital, Drive-in

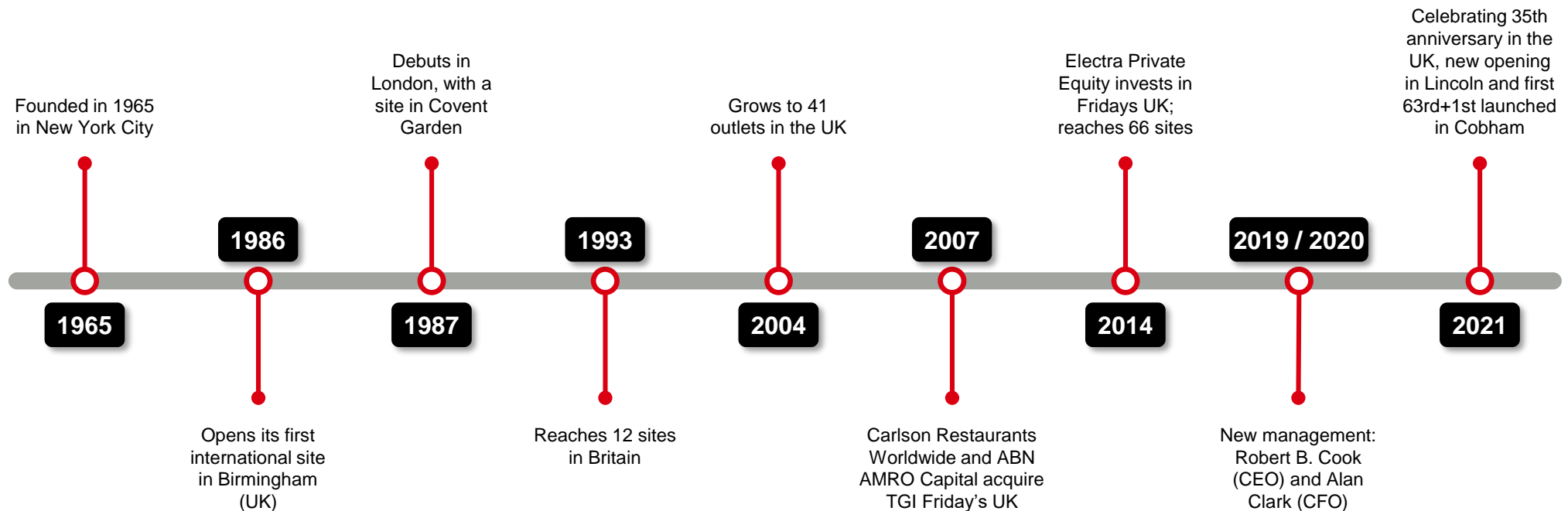


Notes:

1. Monthly average number of employees for the period
2. With a further 4 additions planned

Fridays' history and key milestones

Fridays offers authentic American food and legendary drinks, served with genuine personal service. Bringing people together to socialize and celebrate the liberating spirit of "Friday"



The Hostmore offering

Committed to ensuring customers enjoy “That Fridays Feeling” and are supported by excellent customer service and appetising food and drink provided at an affordable price

Bringing back that Fridays feeling

American themed restaurant and cocktail bars providing a high energy and fun environment, with a wide demographic appeal

The heritage brand has been re-energised to meet contemporary UK customer expectations through a restaurant and cocktail led bar experience

Focus on simple quality ingredients, vibrant cocktails and brilliant service



Restaurant proposition offers classic Fridays dishes, including the famous burger, with new inventions and a range of classic cocktails



Classics such as the iconic loaded potato skins and heritage cobb salad are now complemented by new menu additions

Steaks are hand selected by the master butchers and the Famous burger is an own recipe using a blend of prime beef cuts

63rd+1st

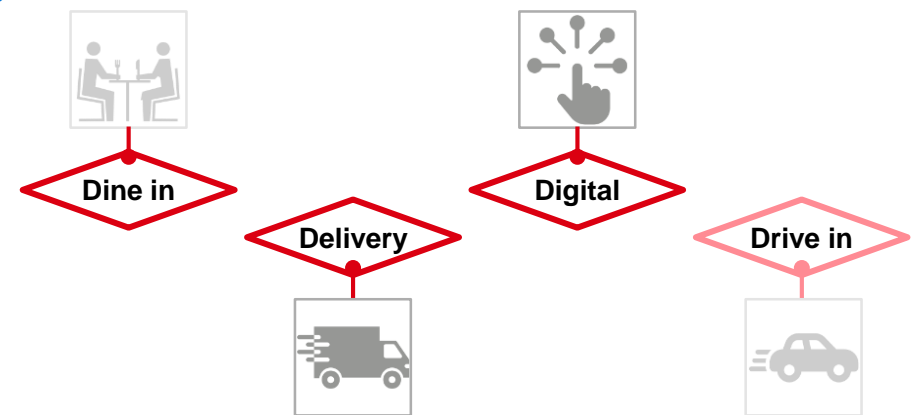
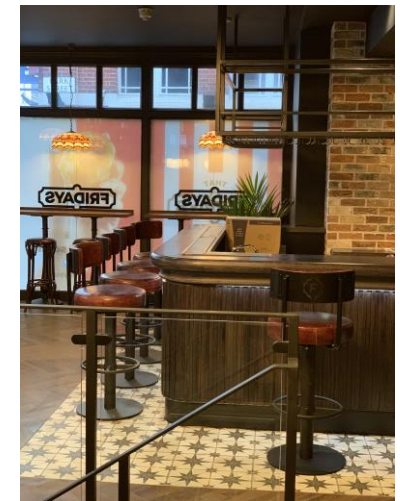
Returning to our bar heritage offering iconic cocktails, wines and a full provenance led menu



Cocktails are made with premium spirits, alongside a great range of refreshing no and low alcohol cocktails

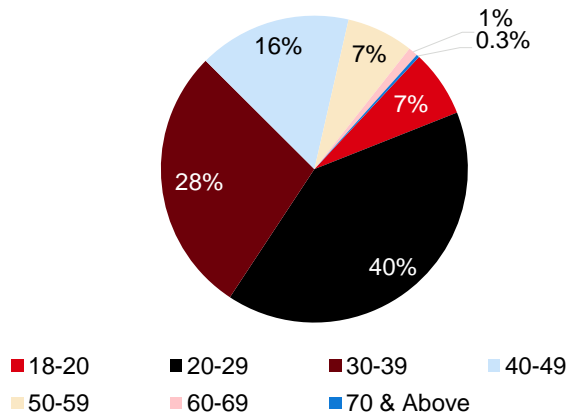
Includes icons like the Long Island Iced Tea (which was born at Fridays)

4D strategy to reenergise the Fridays offering and customer relationships



Hostmore targets a variety of customer groups through its series of brands

Diversified core customer base^{1,2}



'Maria' customer profile

She is a 'connector'. She will drive awareness and fame.

Maria gets immense satisfaction from organising social activities and helping guide people to enjoyable experiences

She is always on the lookout for something new - a new place to eat, a great place for drinks, somewhere for 'people of a certain age' to let their hair down

Maria is in her 30s but there are thousands of Marias, in their 30s, 40s and 50s

Fridays opportunity: Three occasions are key to Fridays' future



Family Dinner

WHO: 4+ people including couple, children and grandparents

WHAT: A family dining experience that caters for everyone at the table in a flexible, friendly environment



Regular Date Night

WHO: 30-50 year old couple

WHAT: A weekday or weekend dinner out of the house providing quality time with partner and a chance to have a good time



Girls Night Out



WHO: All female groups of 30-50 year olds friends

WHAT: A night out with friends to catch-up and socialise over cocktails and snacks at the bar




Diversified and balanced estate portfolio across location types and regions

Reenergised brand

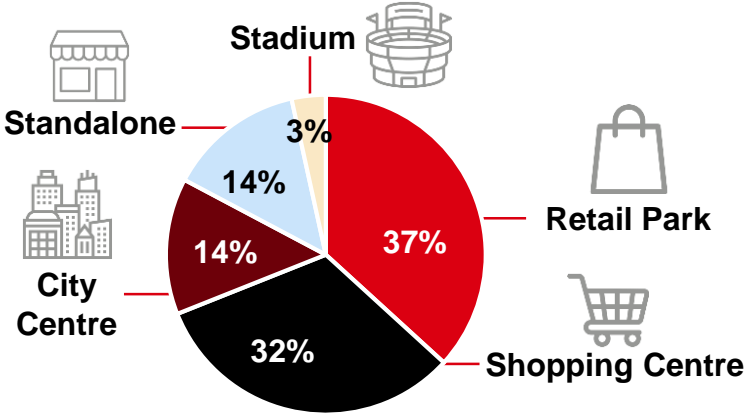
FRIDAYS

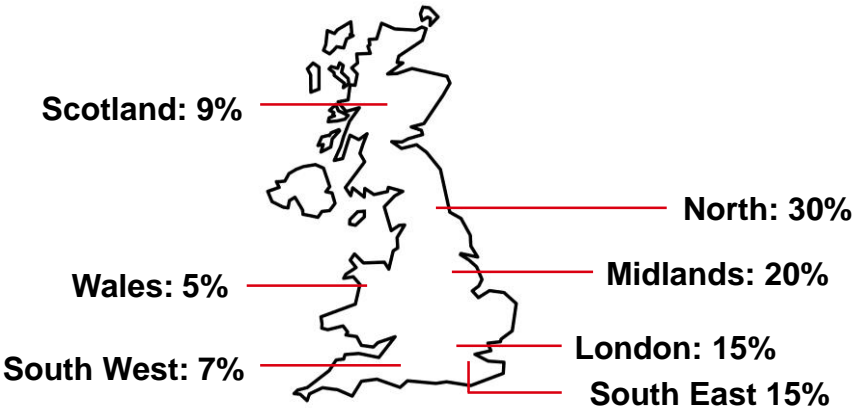
63rd+1st®

Majority in high footfall locations



Balanced portfolio across the UK



Key stats

87

Total number of stores

6.8k sq. ft.

Average store size

38'

Full time employees per store

12.4m

Covers

Notes:
1. Weighted average employees per store

14

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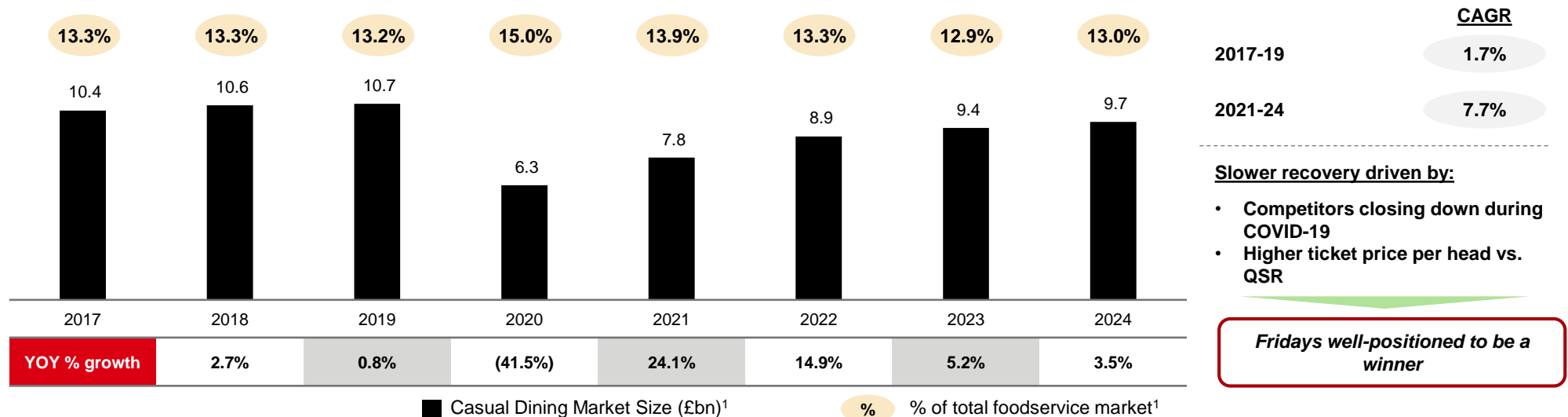
Sizing the opportunity

Strong supply/demand dynamic post-COVID-19 with scope for selective consolidation

Large market poised to benefit from a recovery post COVID-19...

More opportunity for Hostmore as competitors have reduced their presence in the market

UK casual dining market is sizeable and is poised for a recovery post COVID-19



Pent-up demand

Consumers visiting full service restaurants at least once a month has **increased from 49% to 52% between Q1'21 & Q2'21**

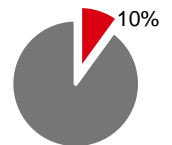
Casual Dining Restaurants enjoy a higher NPS (23.8%) over Cafes (17.6%), QSRs (17.5%), High Street Pubs (15.9%) and High Street Bar (14.6%) and may benefit from the higher demand³

Continued online ordering / delivery takeaway

91% of UK consumers are spending more time online in general and **59% of consumers** have started or are buying more groceries online since COVID-19

In the last 3 months, **c.51% of UK consumers** have started delivery takeaway or continuing to do this more frequently

Capacity coming out of the market



- 554 closures coming from only the top 18 casual dining chains²
- Represents c.10% of total sites pre-COVID-19



Source: GlobalData, CGA Coffey Peach

Notes:

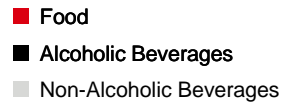
- Refers to total OSP (Operator Selling Price) in the casual dining market and as a % of total foodservice market OSP
- Refers to key peer group that consists of branded casual dining chains in the UK (>= 5 sites)
- Data as at April 2021, provided by CGA

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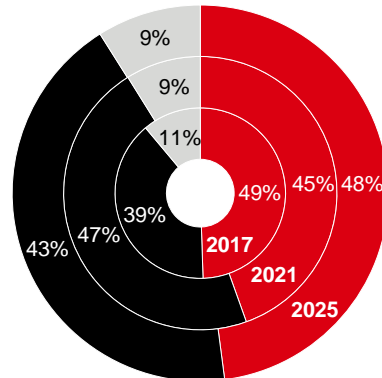
...with growth across food & beverage as well as from delivery takeaway

Growth coming evenly across food & beverages

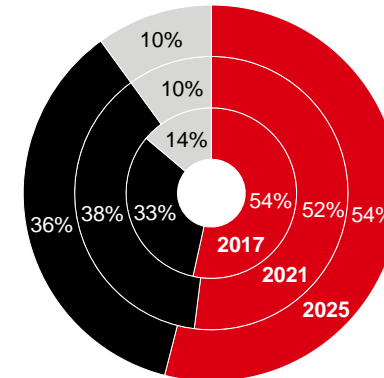
Market by category¹



Overall Foodservice (by value)

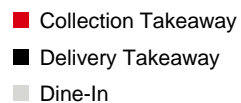


Casual dining market (by value)

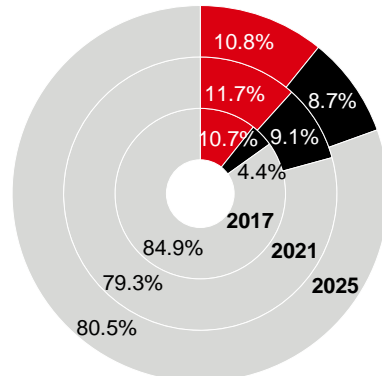


Recent consumer shift to delivery takeaway is expected to stay

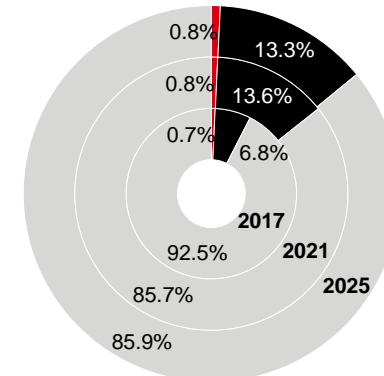
Market by method of ordering²



Overall Foodservice (by value)



Casual dining market (by value)



Source: GlobalData

Notes:

1. Refers to split by total OBP (Operator Buyers Price)
2. Refers to split by total OSP (Operator Selling Price)

Customers are increasingly looking for the next generation innovative experience



Digital savvy consumer experience

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



Innovative concepts – focus on overall “experience”

- Diners are on the hunt for new experiences while restaurants are offering patrons unique and memorable meals
- Focus on ambience, décor, music in addition to just food
- Partnerships with celebrity chefs to offer unique food
- Other attractions include establishing restaurants in exclusive destinations, one-time events



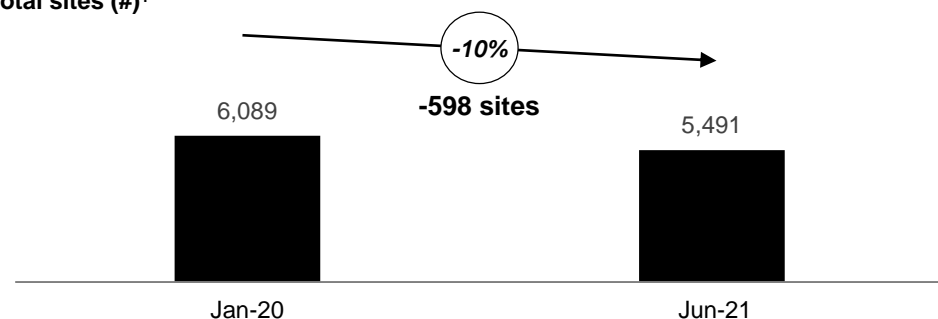
Customization & changing customer preferences

- Customised customer journey driven by improved control and use of customer data
- Hyper-localism: Consumers preferring to eat food as close as possible to its source to reduce food waste
- Consumer demanding ethical food and special ingredients whilst asking for simplicity and healthier food

Significant capacity has come out of the market driven by site closures during COVID-19

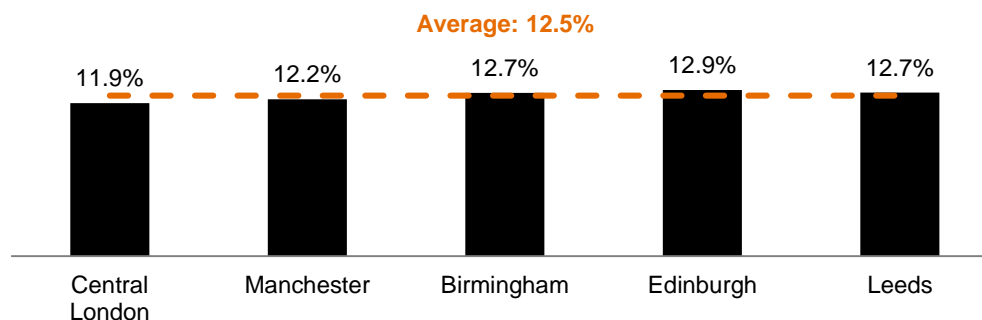
UK casual dining market observed a 10% decline in sites in the last 18 months

Total sites (#)¹



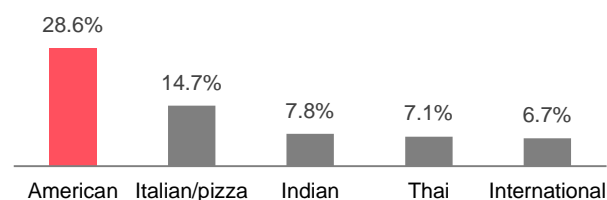
Leading to a further reduction in number of restaurants per capita across the top 5 locations in the UK

Reduction in no. of restaurants for every million people (in %)¹



While American-type restaurants have seen the highest number of net closures, Scotland and retail parks led in region & location¹

Net closures by type of restaurant¹



Comprised of 277 store closures
(including American-styled burger chains which have closed locations due to a saturated market)

Frankie & Benny's

-113

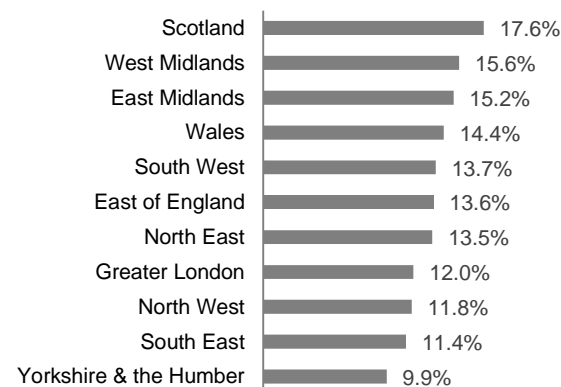
BYRON

-33

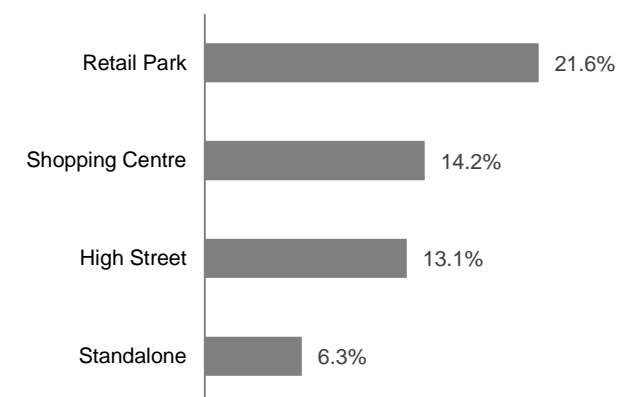
GOURMET BURGER KITCHEN

-23

Net closures by region¹



Net closures by location¹



Source: Local Data Company

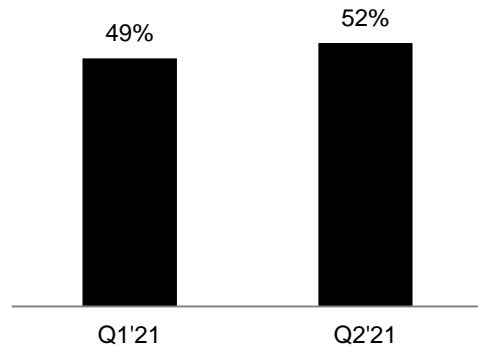
Notes:

1. Refers to branded casual dining chains with >= 5 sites; net closures for the 18 month period between Jan-20 and Jun-21

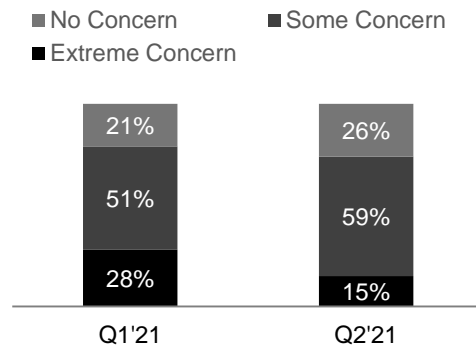
However, there is a lot of pent-up demand in the market with consumers willing to spend on eating-out

Strong consumer willingness to spend more on eating-out post reopening

UK consumers visiting a full-service restaurant at least once a month (%)

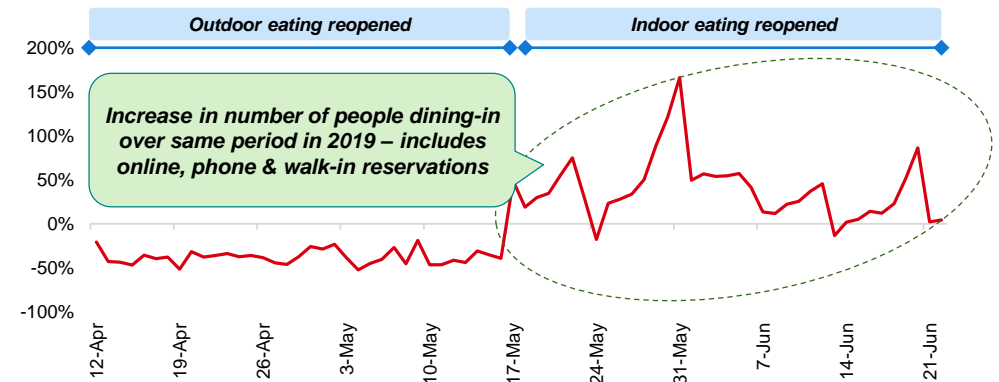


UK consumers concerned about COVID-19 risk (%)



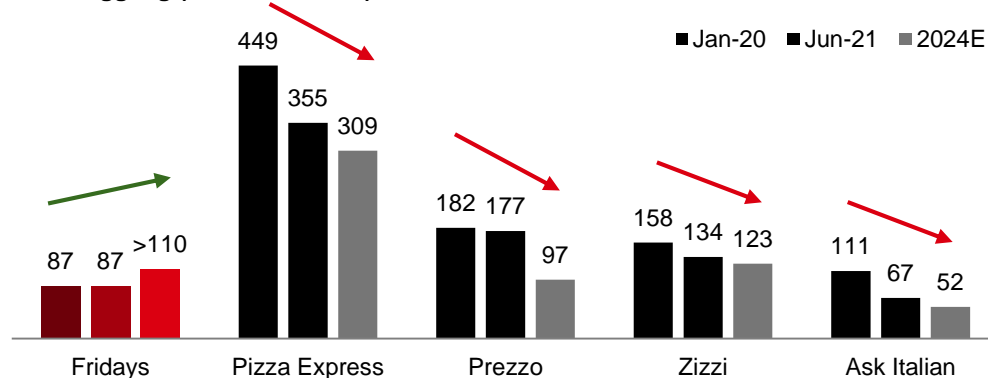
As proven by strong increase in seated diners across restaurants¹

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



Strong demand expected for American-type restaurants

American-type restaurants may benefit in a landscape where Italian-type restaurants are struggling (number of sites)



Continued demand for online ordering / delivery takeaway

Rise of online channel

91%

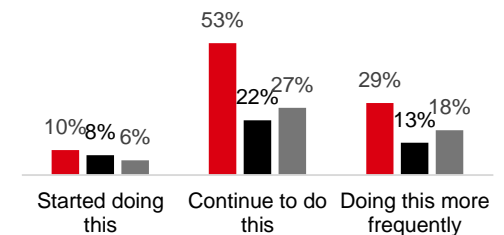
Of UK consumers spending more time online in general²

59%

Of UK consumers have started or are buying more groceries online

UK – the new normal & lifestyle changes in last 3 months

■ Cooking meals at home from scratch
■ Cooking meals at home using meal kits
■ Ordering takeaway/delivery from restaurants



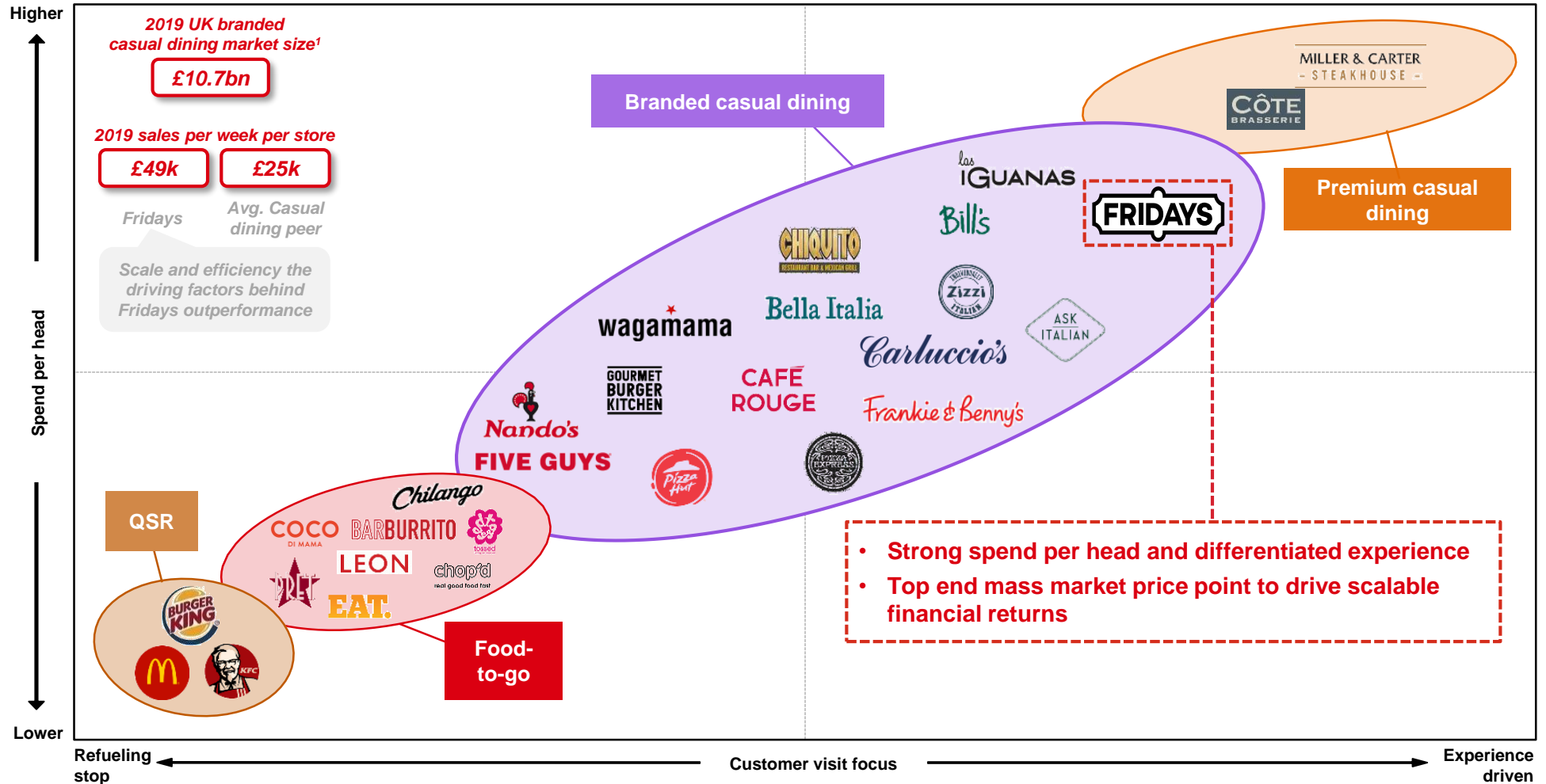
Source: GlobalData, Local Data Company, Opentable State of the Industry

Notes:

1. Based on Opentable dataset of sample of restaurants and includes online, phone reservations as well as walk-ins
2. Includes – Started doing this, Continue to do this, Doing this more frequently answers

Fridays has a leading branded casual dining offering with unique market position...

Eating Out Market Map : Branded Casual Dining, Fast Casual, Food-to-go and QSR (selected brands only)



Sources: Coffer Peach, internal company analysis

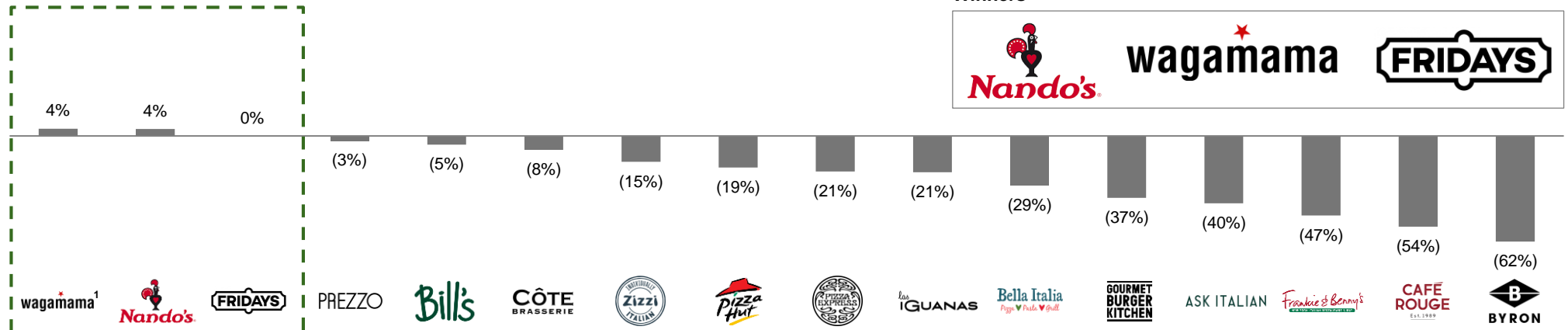
Notes:

1. Based on GlobalData.

...and a strong brand loyalty, positioning it to be the winner in a market where competition is struggling

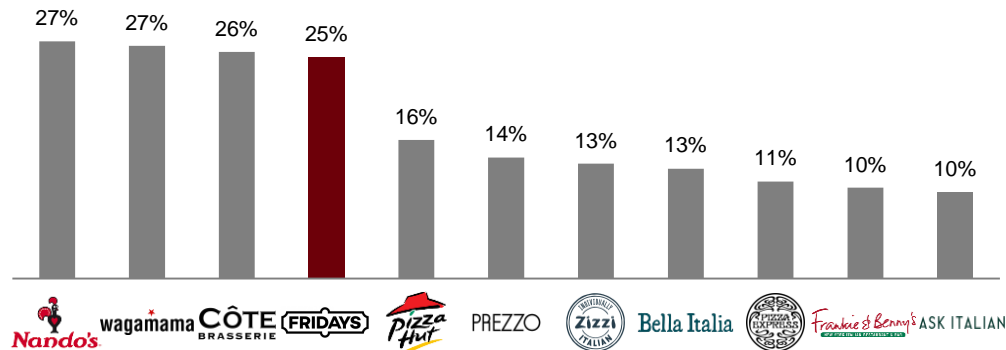
Fridays stands out as one of the winners in the UK casual dining space where most competitors have shut down sites

UK branded casual dining chains - % change in sites in last 18 months (Jan'20 – Jun'21)



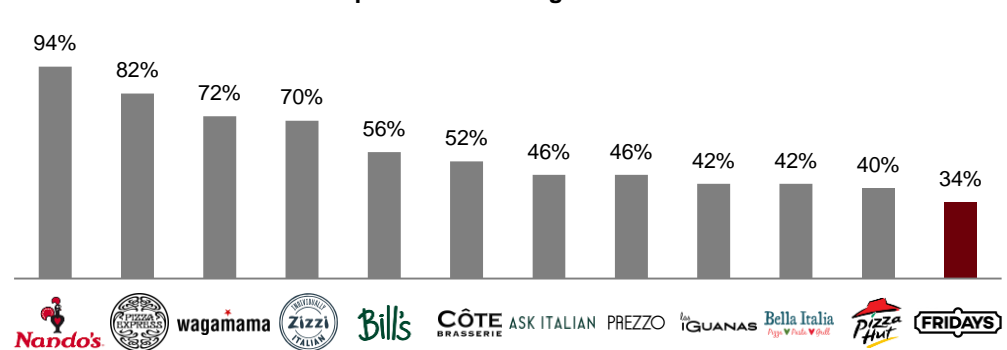
Fridays can leverage on its strong brand loyalty to...

Net Promoter Score²



...further expand in a market where it remains significantly underpenetrated

Penetration rate across the top 50 casual dining markets in the UK³



Overall, Fridays brand has a significant opportunity and can benefit from market share gain, LFL growth and selective site acquisitions



Source: GlobalData, Local Data Company

Note: 1. Also includes site conversions from other brands within Restaurant Group

2. Based on survey that GlobalData has conducted

3. Represents % of unique locations of the top 50 markets in the UK where brands have site presence; sites not in these areas will either be out of town locations or in towns outside the top 50 markets

RESTRICTED



Brand and customer proposition

Refreshed strategy to create an integrated omni-channel offering strong ESG credentials

Refreshed strategy demonstrating significant market outperformance

New relevance to customers, with food and drink offerings that are attractive for our key demographics and enabling greater wallet share

In depth Oystercatchers consumer research undertaken to better understand how best to reposition the business

Customer

- Understand the motivations and wants of existing, lapsed and new customers
- Identify key customer segments to prioritise product development and marketing activity

Brand

- Understand what Fridays stands for
- How best to capitalise on iconic brand to improve relevance, digital presence and appeal

Product

- What dishes is Fridays famous for and what are the current perceptions of quality
- Re-establish our reputation for cocktails
- How can the offer be simplified and how can the Fridays experience be differentiated

Value

- How does Fridays benchmark in the space
- What are consumers' value triggers and how can these be amplified

The new Fridays is significantly different to the old Fridays, with a renewed and unique strategy focused on three key pillars



Quality

Improved quality offering, with a new menu and a passionate customer service team driving consumer retention



Relevance

Food and drink offerings with relevance to our customers in today's market. Sustainable sourcing, often local with strong provenance, sustainable ingredients and nutrition



Simplification

Simplified menu offering and restaurant operating processes allowing consistency of delivery and focus on the customer



Refreshed strategy demonstrating significant market outperformance (cont'd)

Significant opportunity to roll out 63rd+1st in city centres and high streets

A city-based cocktail bar — delivering a more sophisticated view of the Fridays personality

The offering and inspiration

- Returning to our bar heritage offering a large selection of iconic cocktails, spirits, beers and wines
- Open all day from 9am serving light breakfast, coffee, through to lunch and dinner, with atmosphere transitioning from warm, 'low key' jazz and neo soul classics, to more upbeat funk and house music in the evening
- The offering targets affluent young professionals and university students with more sophisticated tone than the Fridays restaurants



£650k Required capex per new store

↑£ / ft Revenue / sq. ft expected to be higher than Fridays stores

110 Covers per store

>20 % Estimated store EBITDA margin

2yrs Expected payback period

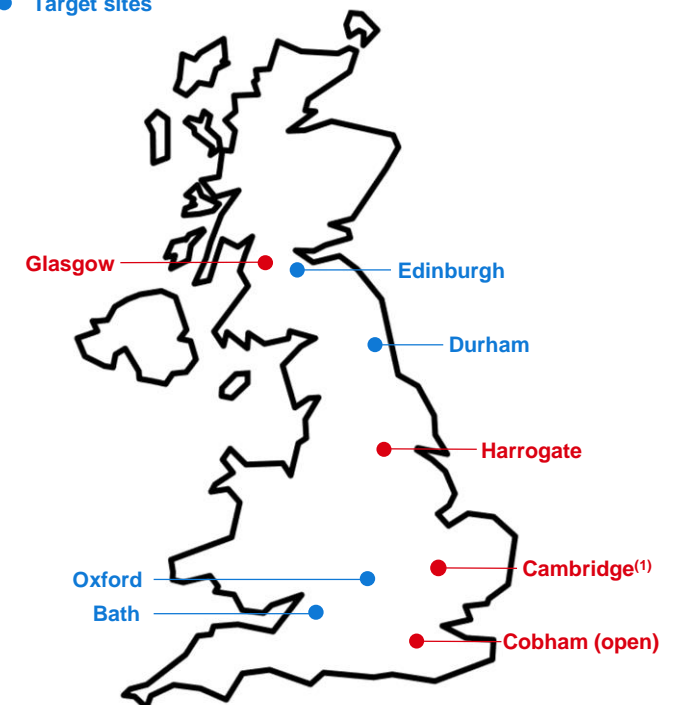
Secured sites and target destinations

Target destinations are university towns and secondary affluent cities

4 initial sites with scope for 20+ sites by 2023

● Secured sites

● Target sites



Notes:
1. Heads of terms agreed.

Revitalising the core estate – Famous at Fridays project

New Food and Beverage offering based on consumer research

- Fridays has been trialling a refreshed menu at 13 stores under the 'Famous At Fridays' project
- The sites will have a new menu for food and drinks based on new inventions and old classics
 - The new appetizer menu has premium dishes which are freshly made with higher quality ingredients
 - The main dishes offer high quality meat selected from Fridays' master butchers and are made from healthier ingredients
 - Fridays has introduced a new range of 'relevant' cocktails
- Recent feedback¹ from long lapsed and non-lapsed consumers shows that:
 - Consumers have highly rated the quality of food, the value for money and entertaining and engaging environment
 - Food is 'simply indulgent' and consumers have noticed the focus on healthy portion sizes and ingredients



Vibrant new cocktail menu and premium spirits

Appetizers ideal for sharing, premium quality and freshly made



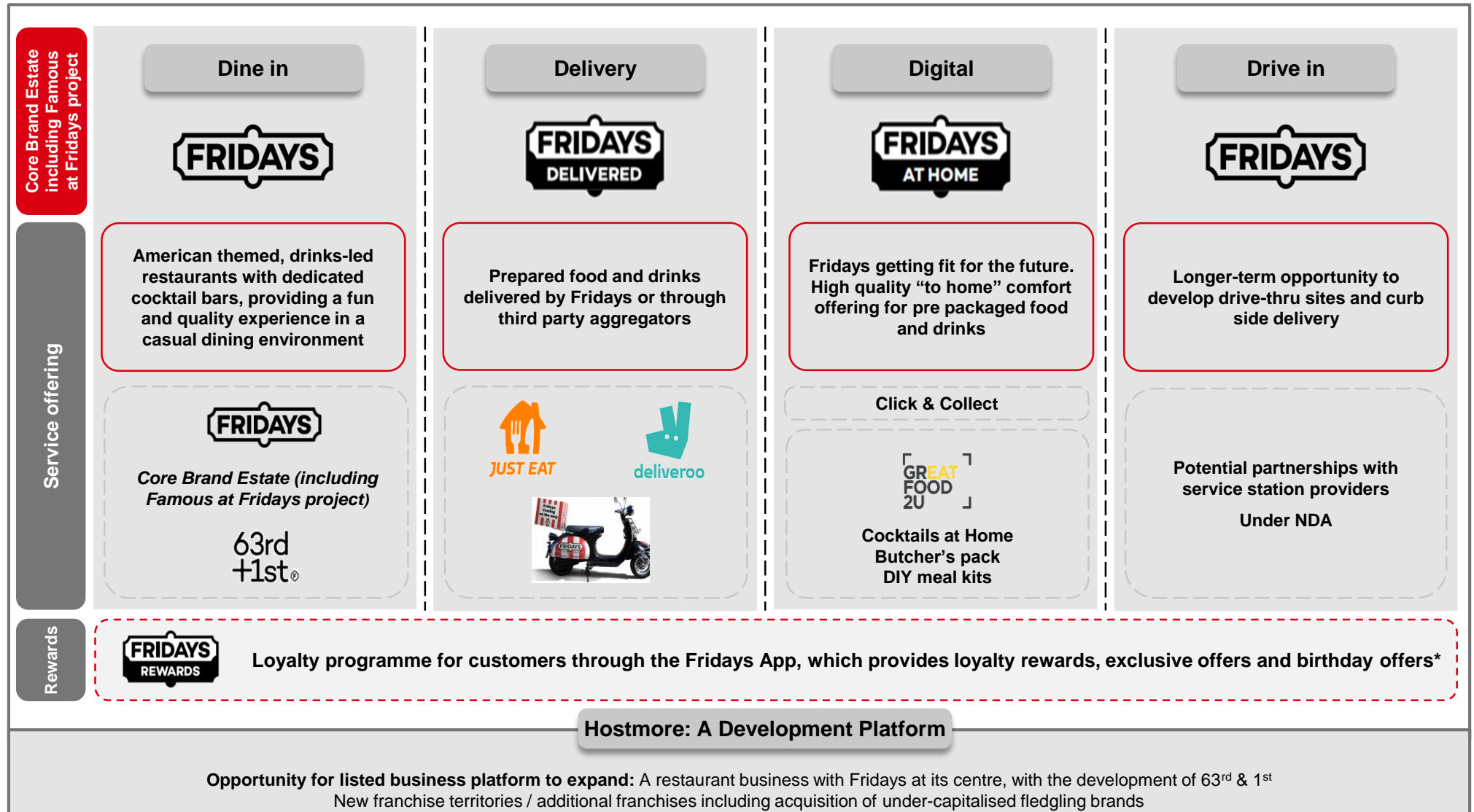
Unique 'Famous at Fridays' highlight main menu items



¹Survey data from Truth

Integrated omni-channel offering, maximising demand and customer choice

New initiatives based on extensive consumer research conducted by Oystercatchers



*Currently redeemable during dine-in visits. Digital and Drive-in to be added in due course.

Dine in: It's what we do

A level of restaurant entertainment and enjoyment that can't be found anywhere else

It's all about the Fridays Feeling

1

**Fridays
people...**

- Highly skilled individuals full of enthusiasm that make customers feel valued and special
- Management dedicated on talent development and internal promotion
- Front-line team member training and re-certification performed every year

2

**...serving
Fridays Food...**

- Re-engineered menu with focus on quality, sourcing and nutritional responsibility, and with the same delicious experience
- Signature dishes and cocktails with personality
- Improved presentation

3

**...in a Fridays
environment...**

- Premium brand-led iconic bar is the energetic engine of the restaurant
- Open kitchen is the beating heart of the restaurant
- Localised motifs enhance connections with guests

4

**...to create the
Fridays Feeling**

- A vibrant and fun atmosphere
- The go-to fun location for special occasions (celebration parties, family outings, etc.)
- The first "going-out" place for the young teenagers, becoming quickly the "meet-up" spot for the group



Notes:
1. Survey data from Truth

Going to the next level with Fridays Dine in and Go and Drive in

The Fridays Feeling delivered at speed for customers...And Go

Exploiting QSR technology to accommodate all customer needs

5

Fridays and Go

Fridays is currently progressing QSR opportunities with service station providers

- Located in high footfall traffic sites, the average time spent will be around 5 minutes for takeout and 15 minutes for eat in
- This proposition is for customers looking for convenience, as well as the Fridays consistent quality
- Hot food is pre-prepared and delivered from the kitchen via a shoot
- Pre-made boxed meals and drinks are also available from a fridge unit (accessible to customers) and a counter cabinet
- Food is handed over to customers packaged in the iconic Fridays striped packaging and placed in a branded bag to either eat in or take out



Iconic **Fridays stripes** have been brought back



Packaging is fully recyclable and **digital menus** also aid ordering speed

6

Fridays and Go

Fridays is also currently exploring Drive in with QSR sites

- Capital efficient model where service station operators hold the infrastructure and Fridays earns a license fee
- At drive in sites, customers drive up and park in an allocated bay
- Customers can order through a digital screen, that operates voice activation
- Customers can be entertained by digital screens whilst they wait for their order and the content is managed by a specific service team



Notes:
1. Survey data from Truth

Delivery

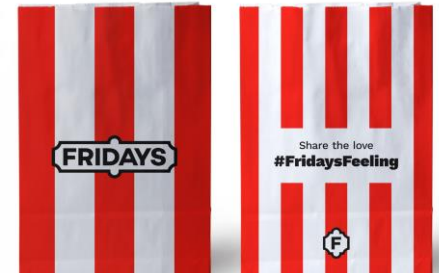
When travelling to a Fridays restaurant isn't an option, we're continuing to keep that Fridays Feeling alive

Leveraging the dark brand model

- Since the COVID-19 pandemic, Fridays has re-adjusted its operating model to capture the changing trends in consumer behaviour
- Delivery operations capitalise on the socially shareable nature of Fridays and will stand out with packaging to reinforce Fridays' sector leadership, heritage and iconic status
- Delivery has a twofold benefit: Fridays becomes accessible to customers in new geographies and delivery operators can enter new geographies
- Fridays is becoming increasingly focused on cohabiting with other brands within various delivery aggregator networks



Dark brands are part of our future
(e.g. Jailbreak Chicken brand)
In 33 stores powered by Deliveroo and Just Eat
Potential to roll across whole brand through aggregator
Lower margin to compete with QSR



Iconic packaging which is fully recyclable

Leading 3rd party operators



72

Current restaurant sites with Deliveroo



71

Current restaurant sites with Just Eat



Consistency of quality and standard, branded packaging marked with an "F"



Fridays at Home for customers who want to enjoy the experience in the comfort of their own home

Home delivery via a matrix of online channels

- 1**
- DIY meal kits**
- Fridays' DIY meal kits for home, providing a choice of beef and chicken with portions for both 2 & 4 people
 - The current range includes Fridays Sesame Chicken Strips, The Glazed Burger, BBQ Ribs & Legendary Glazed Ribs
 - The range has recently expanded to include the BBQ Box for summer 2021

- 2**
- Cocktails at Home**
- Fridays products will be branded with Great Food 2 U to preserve the characteristics of the brand
 - Own-label brands can be delivered through partners. These include canned and large-bottle versions of 6 classic cocktails, an own-brand American Pilsner, own-brand still & sparkling water, Prosecco and wine-in-a-can party packs, no and low alcohol cocktails, all curated with the true Fridays' spirit
 - Negotiating a license from TGI Fridays International to retail in multiple online channels for the UK market and will be using the likes of Amazon, Drinksupermarket.com, Beerhawk, Beers of Europe and Majestic Wines

- 3**
- Click & Collect**
- Click & Collect began during the first COVID-19 lockdown and has been a successful service addition since
 - Click & Collect now operates across the majority of stores¹



Great Food 2 U delivers **iconic dishes** such as burgers, sesame jack chicken and ribs



Cocktails are served in a **fully recyclable** aluminium bottle

Considered and targeted marketing strategy

Building blocks for brand success

Clear brand purpose and consistent customer experience

We appeal to a very broad target audience – a consistent, quality offering will resonate with core fans (generally younger) and drive reconsideration from a lapsed audience (older).

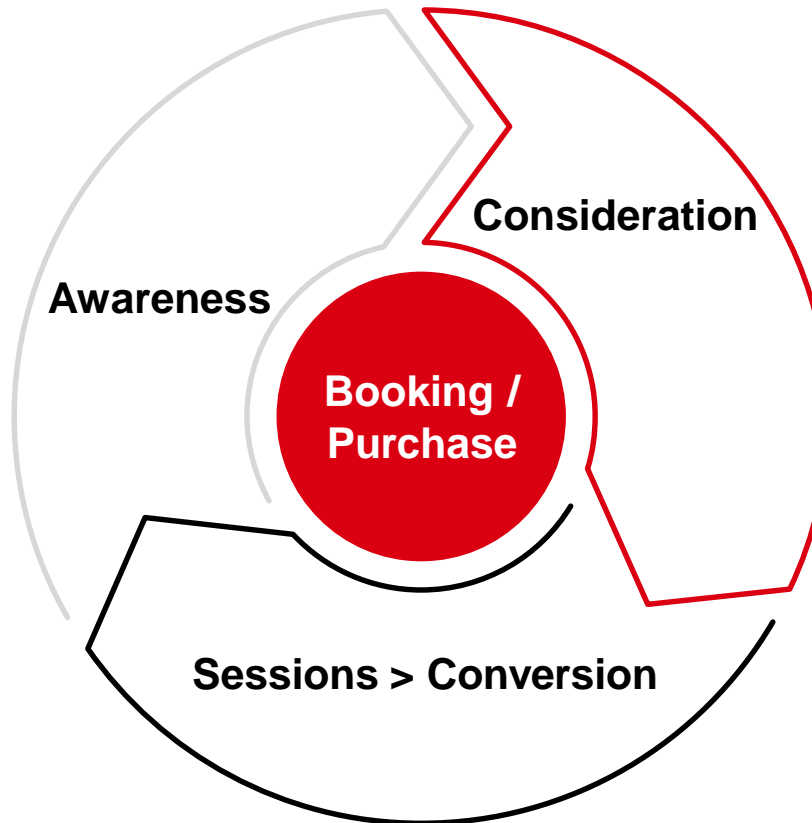
Drive brand (re)consideration and efficient conversion

Optimise budget to balance top of mind awareness activity with digital performance focus to drive conversion

Bring the new brand experience to life

Celebrate that Fridays Feeling at every touchpoint, with engaging content and compelling messaging

Marketing focus



Awareness (25%)

- ◆ PR & Experiential
- ◆ Brand Partnerships
- ◆ Social & Content
- ◆ User-generated content / Influencers

Consideration (35%)

- ◆ PR & Content
- ◆ CRM: Automated programmes, lifecycle centric comms
- ◆ Paid Social – Retargeting
- ◆ Local Store Marketing

Sessions > Conversion (40%)

- ◆ Pay Per Click
- ◆ Search Engine Optimization
- ◆ Paid Social
- ◆ CRM & Winback
- ◆ Loyalty App

Notes: percentages refer to marketing spend.



Marketing approach

Awareness

- ◆ Leverage brand fame to secure national/regional exposure
- ◆ Partnerships and Alliances: Key food, drinks & media relationships
- ◆ Sponsorship Agreements: Andrew 'Beef' Johnston and new women's football partnerships
- ◆ Social Media & Content



Consideration

- ◆ PR & Content: Showcase quality & relevance with new menu, cocktails & experience
- ◆ CRM: Automated programmes via new digital platform capabilities
- ◆ Paid Social
- ◆ Local Store Marketing



Sessions > Conversion

- ◆ Pay Per Click
- ◆ Search Engine Optimization
- ◆ Paid Social
- ◆ CRM & Winback
- ◆ Loyalty App



Strong ESG credentials aligned with consumers' increasing focus

Becoming a leader in sourcing responsibly...

Sustainable sourcing	Suppliers are required to be members of the Supplier Ethical Data Exchange
Sustainable base	100% RSPO (Roundtable on Sustainable Palm Oil) certified products and sustainable soy policy
Local sourcing	Replaced international beef suppliers with Scottish Quality Assured Beef and British Beef
Sustainable nutrition	Reducing salt, sugar and calories as part of PHE's nutrition programme
Animal welfare	Partner with Better Chicken Commitment and sourcing from independently approved fisheries

...Has enabled sustainable supply chain and procurement management

New Stripe uniform produced from recycled plastic bottles
All waste oil recycled into bio diesel
Reduced commitment to steak stock by investing in British beef and in return reducing our carbon footprint; MSC approval on Fisheries
New oil has reduced saturated fats from 24g to 7g per 100g
Achieved the Good Egg Award in 2019 for removing all caged hen eggs from all Fridays produced products from the business

Fridays has developed a strong focus on nutritional value

Children menu realignment



More balanced and nutritious food offering

High regulatory standards



Menu based on the National Food Strategy, Childhood Obesity Strategy and PHE guidance

Focused menu engineering



Developing nutritional labelling, using oven cooking, baking and grilling, and significantly invested in rape seed













Operational platform

Diversified and well-balanced estate portfolio across location types and regions

Significant changes to operations were already part of the plan before the pandemic

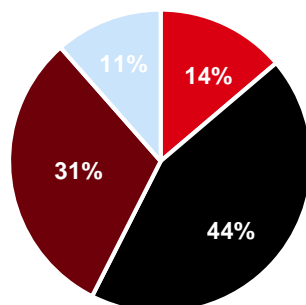
 Brand Relaunch	 Famous at Fridays	 Health & Safety	 Operations reset
Clear proposition and identity refresh to drive consumer reappraisal and brand profile	Successful launch of new proposition to 13 locations with plan for full roll out in 2021	Simplified systems ensuring legal compliance incl. Trail online due diligence, food safety and standard operating practice delivered to Operations	Restructure and reorganise for business efficiencies and fresh focus on operational excellence
 Financial stability	 Central Guest Services team & Service Cloud	 Payroll overhaul	 Brand Development
Optimised Government grants and employment schemes, negotiated landlord and supplier concessions	Completely new function for efficient booking management and revenue optimisation	Consolidation of 5 systems to align operating model of People, Process, Systems & Measures	Defined new concepts for 63 rd +1 st Drive in, QSR, Dark Concepts and Fridays at Home

Fridays' estate is well-diversified in terms of size and location

Strong performance across location types and geographies through various size formats

6.8k sq. ft.
Average store size

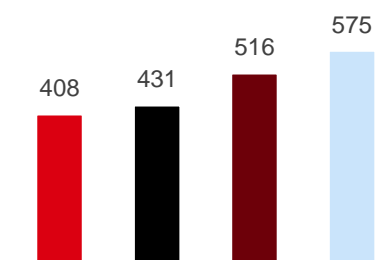
stores per size



3k – 5k sq. ft.

5k – 7k sq. ft.

Avg. EBITDA by store size (£k)



7k – 9k sq. ft.

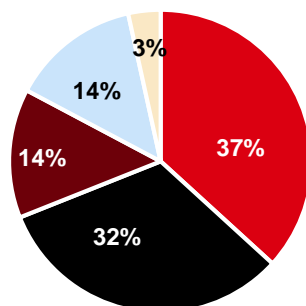
9k+ sq. ft.

National site portfolio

	FY18	FY19	FY20	Jun FY21
1 January	81	84	87	85
Additions	4	5	-	2
Closures	(1)	(2)	(2)	
31 Dec/30 Jun	84	87	85	87

Retail parks and shopping centres account for more than 65% of Fridays foothold

stores per location



Retail park

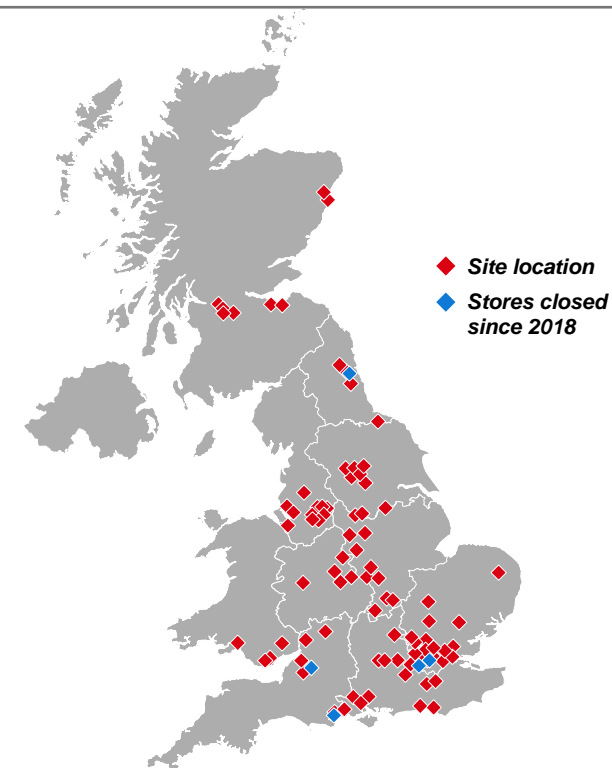
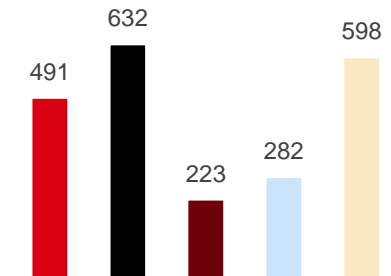
Shopping centre

City centre

Standalone

Stadium

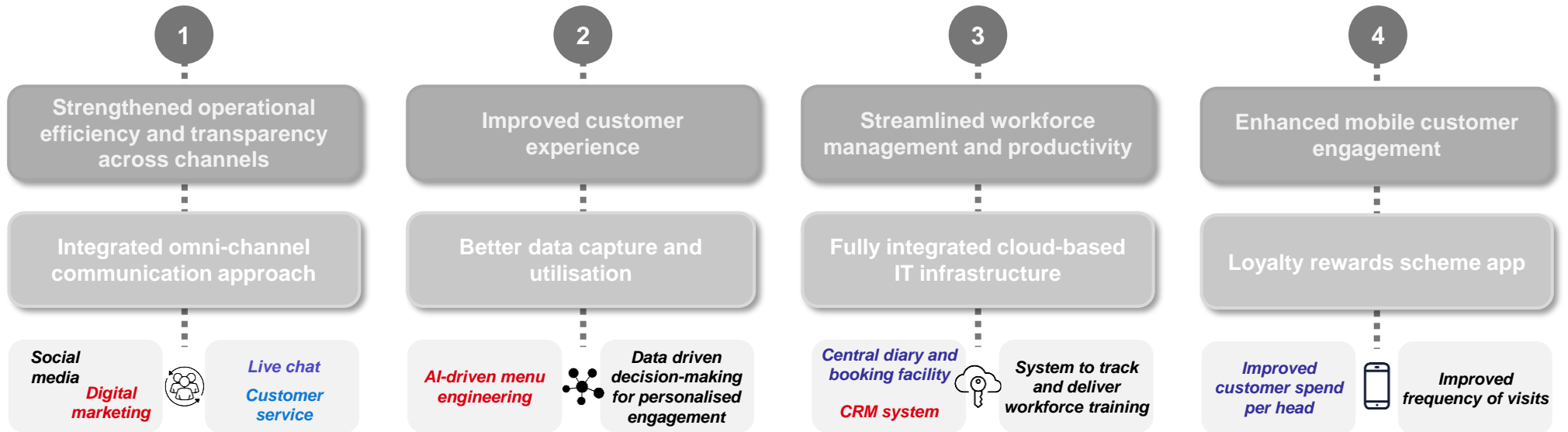
Avg. EBITDA by location (£k)



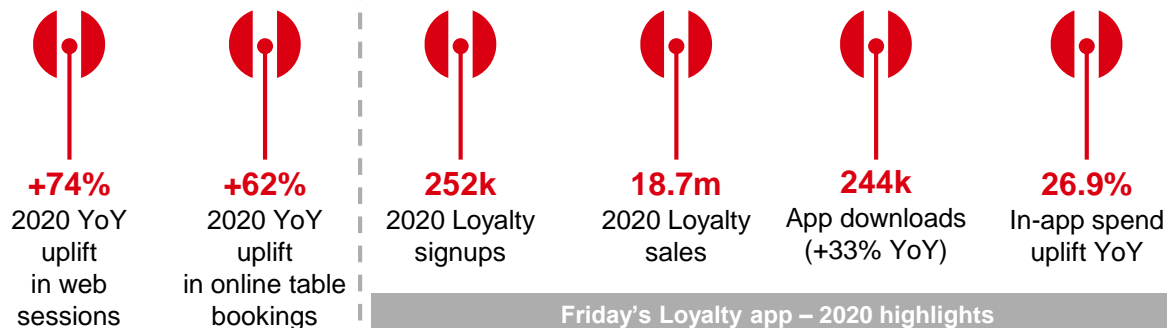
Investment in digital strategy to drive customer engagement

Digital transformation is a key underlying driver for Fridays' growth story and value creation

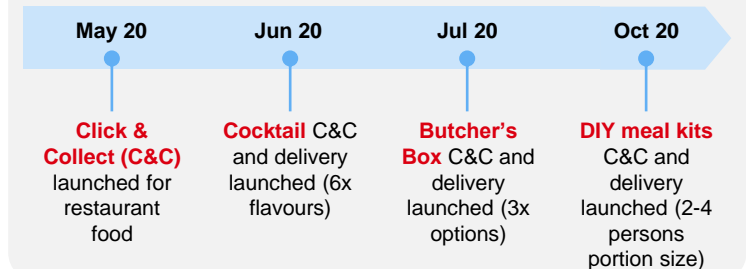
Significant investment in the digital strategy...



...has led to notably stronger customer engagement and will enable stronger utilisation of delivery and home services



Evolution of delivery and home services



Source: Company data

Digital focus: The New Era of the 'Eat From Anywhere' Guest

Diners expect restaurants to be able to serve them where they are



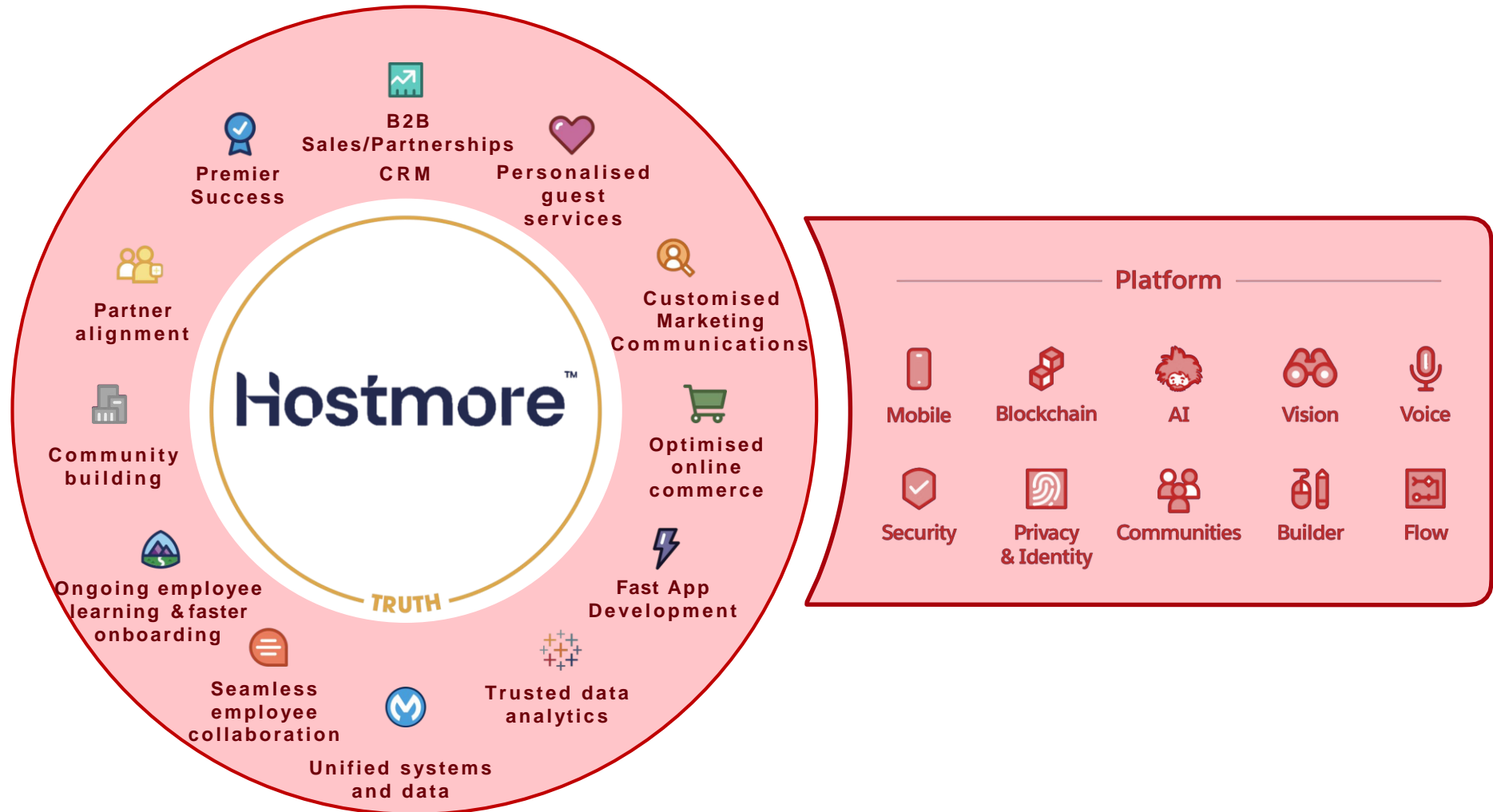
Omni-channel experiences:

As digital natives become the mass market, consumers expect a seamless connection between their physical and digital worlds

Guests are already interacting with restaurants on more channels than ever before, across the entire guest journey

Digital focus: On our way to a “Total Experience Strategy”

Able to deliver on the whole digital platform



Break



Transforming Fridays for the future

Successful cost management during the pandemic geared to future growth

Investment has already been put into place to support future growth



Successful cost management during the pandemic



New revenue channels with minimum investment required



Menu simplification, and qualitative changes implemented post the Oystercatchers review



Continued investment in digital transformation



Focus on ESG at the core of the customer agenda

Successful cost management during the pandemic

Highly successful rent negotiation strategy with landlords through pandemic

Strong existing relationships with landlords and clear communication...

- Wider strategy is focused on working with landlords to achieve rental savings and create lasting value
- This involves offering rent re-gears, pushing for pandemic clauses whilst avoiding the long-term deferral of rental liabilities

Initial communication with all landlords on commencement of the first lockdown

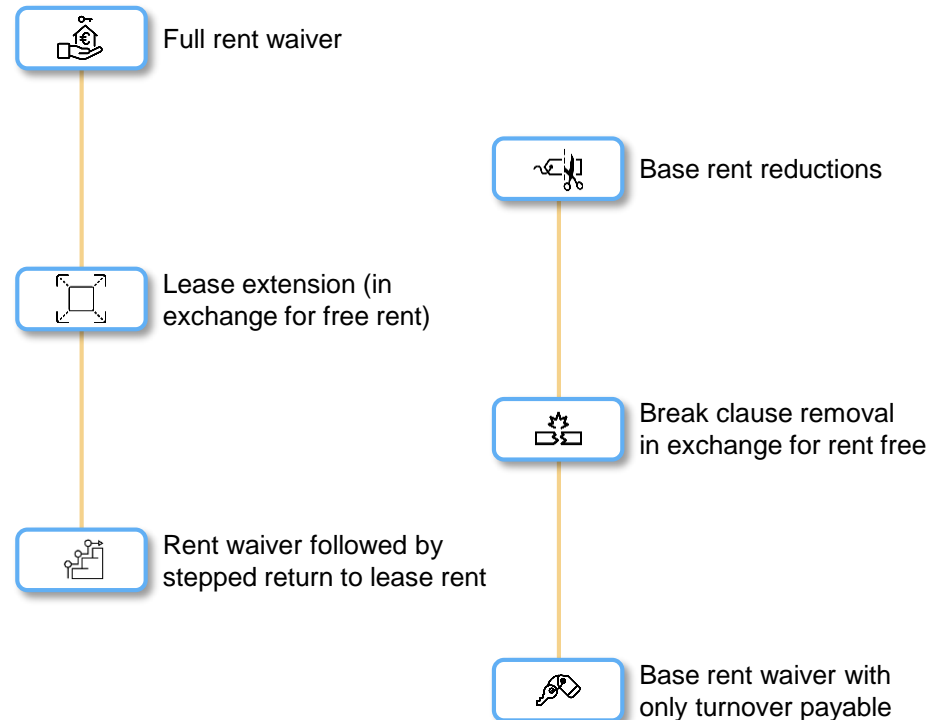
Continued liaison and dialogues with all landlords to enhance Landlord/Tenant relationships

Presentation to all landlords with initial concession proposals

Extensive negotiations to achieve palatable outcome to both parties

...Enabled Fridays to achieve various concessions during the pandemic

Selected achievements



Structural cost savings will enhance profitability and cash generation

Protect the balance sheet

- Management of the cost base, savings and use of government support measures, has protected EBITDA
- Government support includes use of the employee furlough scheme, benefits from the reduced output VAT rate, a reduction in the business rates liability and regional council rates grants
- Composition of the estate has allowed for new revenue channels with minimum investment required
- Landlord negotiations have reduced contractual obligations and revised short term cashflows, whilst profitable stores have had lease terms increased

1

New revenue channels, e.g. click & collect and online, are of an enduring nature, and will provide enhanced ROIs

2

A simplified menu, including a better quality offering resulting in improved customer spends, and a shorter logistics chain from localisation, has protected the margin

3

Variable payroll is reduced by a new, minimum guaranteed, hours contract whilst new efficiency-focussed KPIs have been introduced

4

Direct operational costs savings, net of increased delivery costs from new revenue channels, include a new utilities contract and insourcing and/or renegotiation of supplier contracts

Several site-level improvements enabled a successful re-opening

Re-opening plan replicates successful strategy implemented post-lockdown 1.0

Re-opening strategy

Adopting the key learnings from previous lockdowns, enabled by Fridays' investment and continued digital transformation

1

30 stores open for outside dining since re-opening. Introduction of 'Order & Pay at Table' improved table turn

2

Alfresco dining capacity, of an enduring nature by agreement with landlords, delivering 1,320 covers (equivalent to c. 6 average-sized restaurants)

3

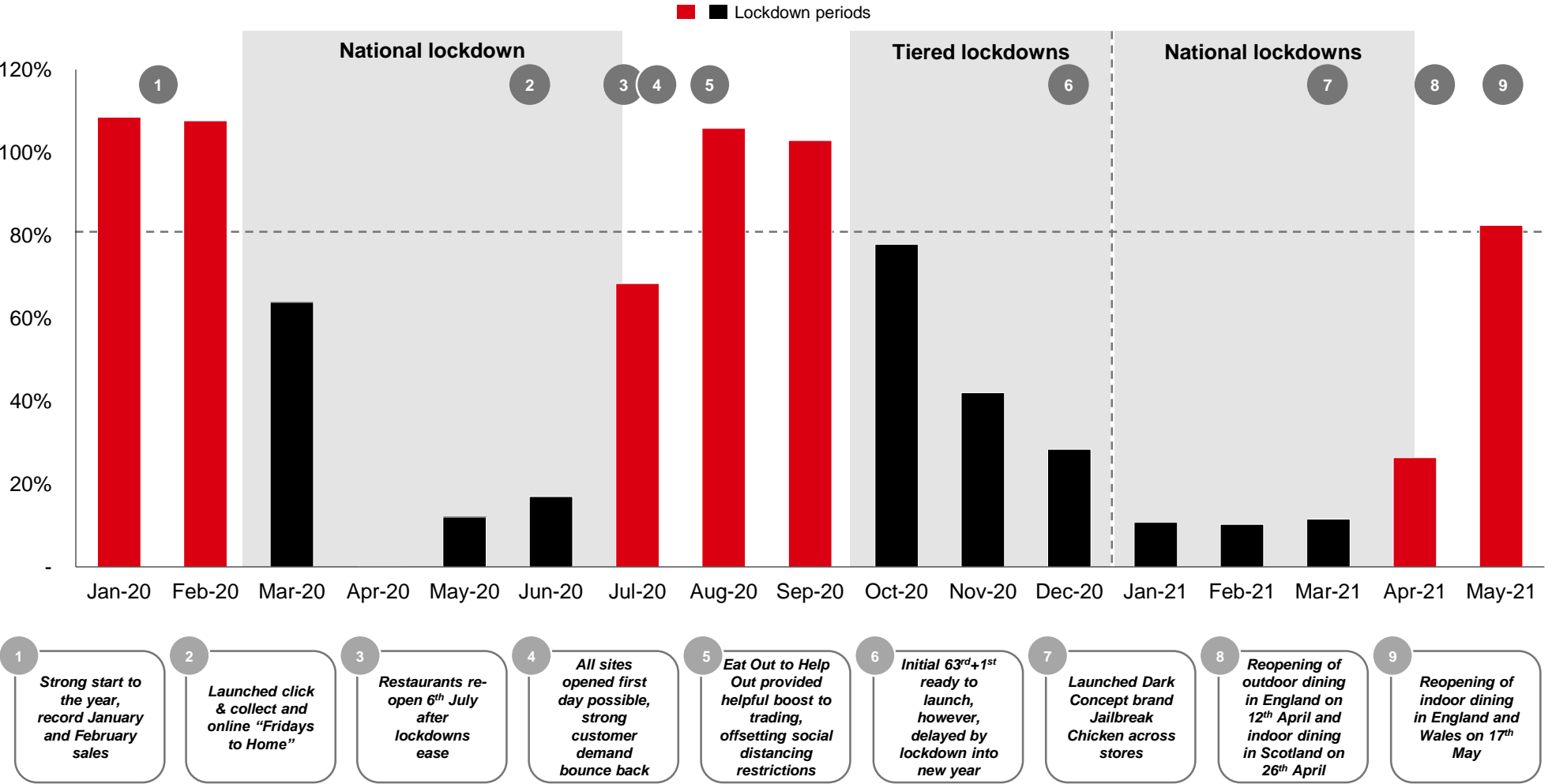
Further investment in Central Bookings operation. The dynamic booking platform focuses on optimising "table turn" whilst the CRM enhances guest experience

4

Stores investment includes protective screening to mitigate social distancing restrictions and furniture to extend the outdoor dining season

FY20 showed encouraging signs, given significant restrictions to trading since Mar-20

Strength of trading recovery post-lockdown illustrates successful re-opening strategy – to be replicated in 2021 (Monthly Net Sales as % of 2019 (LFL)¹)

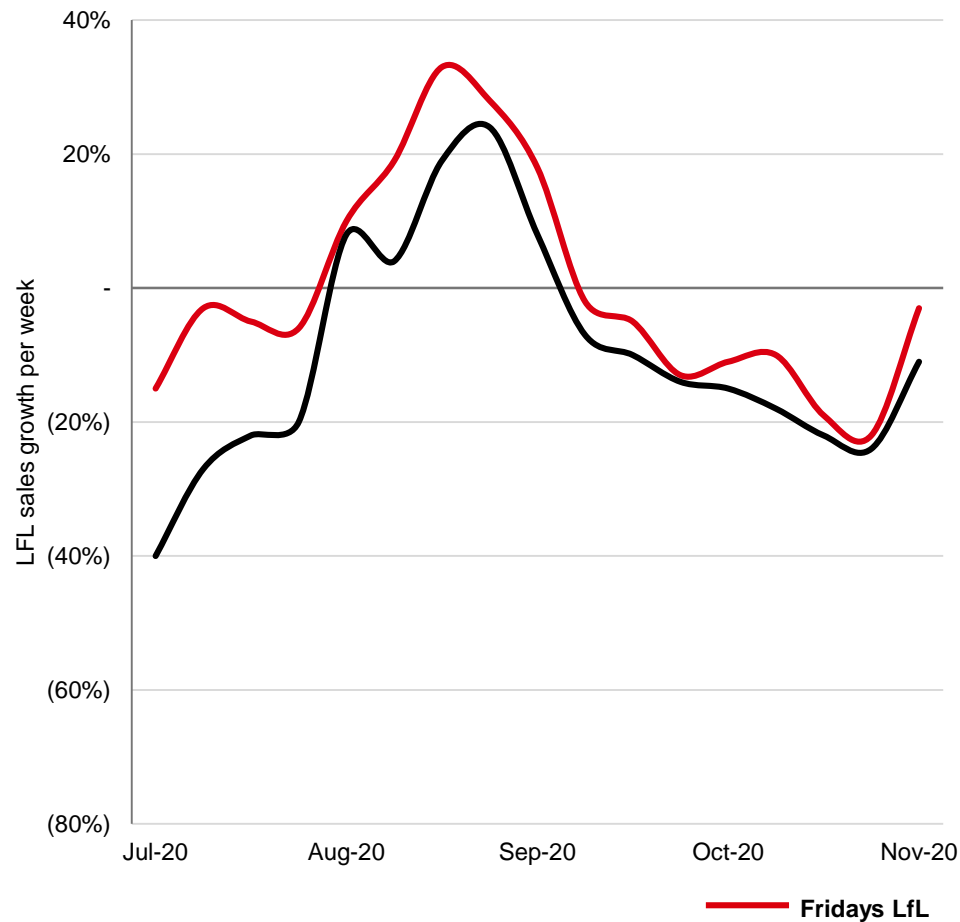


1. Note: LFL benefits from VAT reduction with effect from 15 July 2020.

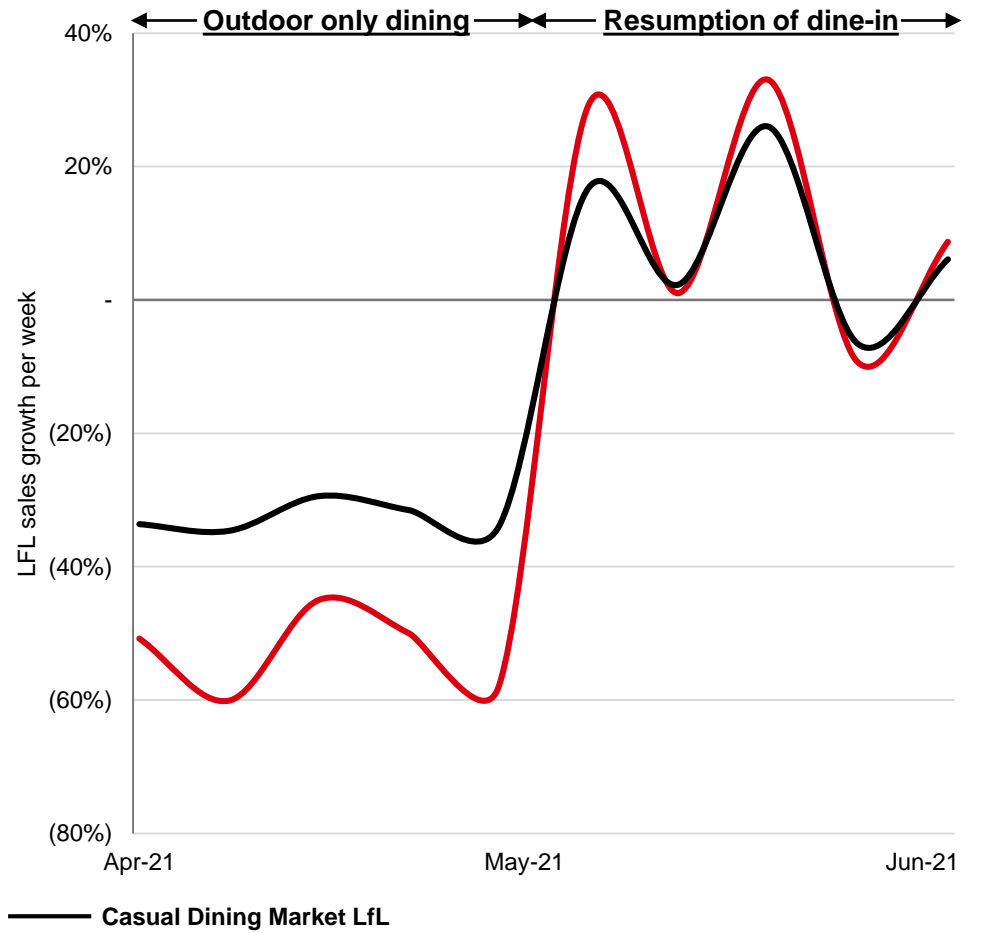
Refreshed strategy demonstrating significant market outperformance

Early success with LfLs outperforming since reopening post the initial lockdown but also more recently

As observed in the period of Jul-Nov 2020...



...as well as in the recent weeks



Source: Coffer CGA Business Tracker

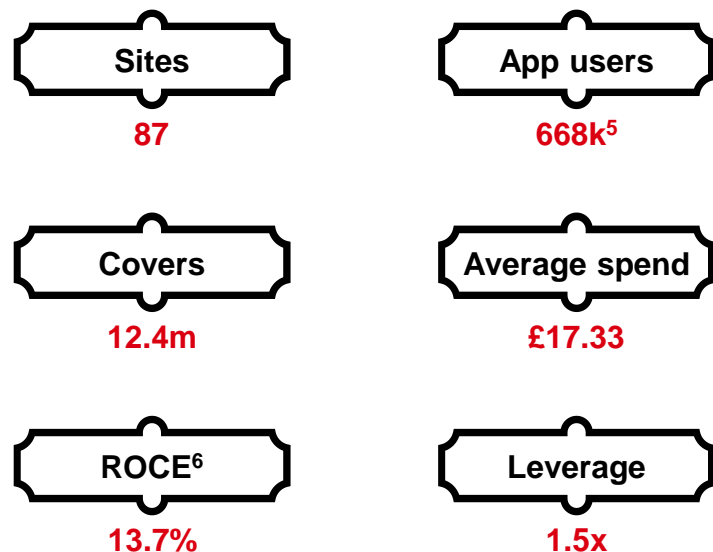


Financial framework

Attractive financial profile focused on cash generation and profitability







Long-term successful track record of strong cash generation and profitability prior to COVID-19

- Management considers the FY20 financial performance as non representative of the business due to the extensive market lockdown during the year; the information below refers to FY19 instead:
- Across the Group's 87 restaurants, Fridays generated £214.8m of revenue in FY19
- The business generated high gross profit margins that met or exceeded 78% in both FY19 and FY18
- Fridays generated £21.4m of free cash flow² in FY19 from EBITDA of £25.6m (83.5% conversion rate⁴)



Notes:

- Not meaningful
- Calculated as Cash from operations – Change in working capital – Tax paid – Maintenance Capex
- Includes Amortisation of c.£12.7m p.a.

	FY18	FY19	FY20
 Sales	£208.9m	£214.8m	£129.1m
 Gross margin	78.0%	78.3%	79.7%
 EBITDA % margin	£24.7m 11.8%	£25.6m 11.9%	£1.5m 1.2%
 Adj. Operating profit ³ % margin	£14.6m 7.0%	£15.6m 7.3%	(8.9m) n/m ¹
 Free cash flow ² % cash conversion ⁴	£16.8m 68.2%	£21.4m 83.5%	£13.6m n/m ¹
 Net debt / (cash)	£49.5m	£38.9m	£28.1m

High quality portfolio of profitable sites, with measures in place to address the weakest performers

- High quality portfolio with **91% of sites EBITDA positive in FY19**
- Majority of sites are located in high footfall locations, including retail parks, shopping centres and city centres and contribute, on average, **EBITDA of £435k per site**
- Delivered structural cost improvements will drive increased underlying contribution
- **Renegotiating the Master Franchise and Development Agreements** – focussing on greater flexibility being available to the management team

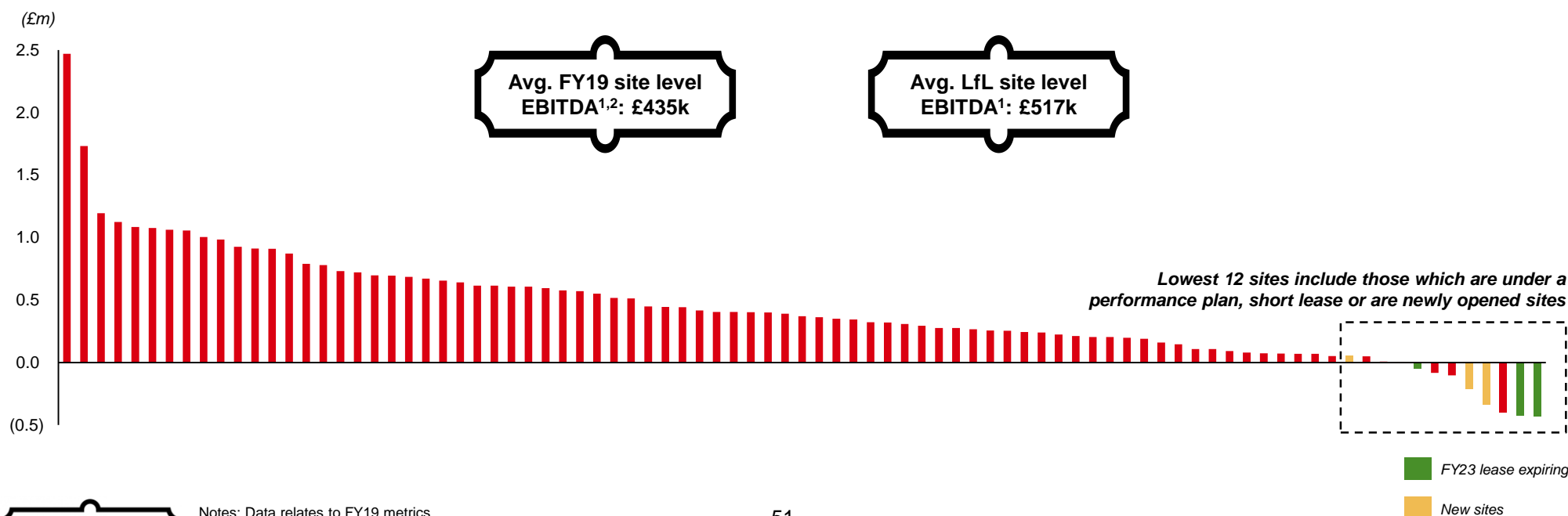
Average site size

6,766ft²

Avg. lease length

9 years 3 months³

EBITDA¹ contribution by site – FY19



Notes: Data relates to FY19 metrics

1. Defined as site only EBITDA, excludes central overheads and marketing
2. Excludes sites closed through FY19 (Kingston & Newcastle)
3. Represents average years remaining

Fridays historical financial performance

Company Profit & Loss

Income statement

£m, Dec YE, IFRS	2018A	2019A	2020A
1 Net Sales	208.9	214.8	129.1
% growth		2.8%	(39.9%)
Net margin	162.9	168.1	102.9
% margin	78.0%	78.3%	79.7%
2 Variable expenses	(84.1)	(87.0)	(59.5)
Fixed expenses (excl. D&A)	(34.8)	(35.2)	(26.0)
Central expenses (incl. Franchise fee)	(19.3)	(20.3)	(15.9)
3 EBITDA	24.7	25.6	1.5
% margin	11.8%	11.9%	1.2%
Depreciation	(10.1)	(10.0)	(10.4)
Adj. Operating profit	14.6	15.6	(8.9)
% margin	7.0%	7.3%	n/m ²
4 Amortisation	(12.7)	(12.7)	(12.7)
5 Exceptional items	(9.6)	(4.9)	(3.9)
6 Interest income / (expense)¹	(2.8)	(2.7)	(2.4)
Adj. Profit Before Tax	2.2	8.1	(15.3)
8 Tax	(1.4)	(1.7)	1.3
Adj. Net Income	0.8	6.4	(13.9)

Other significant items

% net sales, Dec YE, IFRS	2018A	2019A	2020A
Labour	29%	29%	31%
7 Franchise fee	4%	4%	3%

Commentary

- FY19 sales growth driven by increase in both drinks and food sales; c.40% drop in FY20 as a result of the industry lockdown due to COVID-19, despite surge of dine out as a new income source at c.£14m
- Reduction of controlled expenses during the COVID-19 crisis as a result of diligent management cost-cutting plan
- EBITDA excludes exceptional items described below; margin saw growth in FY19 and remained positive through COVID-19
- Amortisation represents expensing of goodwill on acquisition, and is a fixed monthly charge
- Exceptional items include changes in impairments, onerous lease provisions, as well as share based payments (only FY18), disposals and other exceptional items
- Net of bank debt interest paid, expensing of loan arrangements fees, and interest received
- Contractual fee payable on net sales, under franchise agreement
- Group has materially benefitted from Government pandemic support including furlough, business rates, VAT rate reduction, and council grants



Notes:

- Include interest paid/received and other financing related costs
- Not meaningful

Fridays historical financial performance (cont'd)

Balance Sheet and Cash Flow information

Cash flow statement

£m, Dec YE, IFRS	2018A	2019A	2020A
Adj. Net Income	0.8	6.4	(13.9)
1 Depreciation	10.1	10.0	10.4
2 Other non-cash items	10.7	9.1	4.6
Cash from operations	21.6	25.5	1.1
3 Change in Working Capital	1.3	0.8	16.6
Tax paid	(2.4)	(1.6)	(1.0)
4 Maintenance Capex	(3.7)	(3.4)	(3.1)
Free Cash Flow¹	16.8	21.4	13.6
<i>% cash conversion²</i>	68.2%	83.5%	n/m
5 Reference: Growth Capex	(6.5)	(8.0)	(0.8)

Balance Sheet

£m, Dec YE, IFRS	2018A	2019A	2020A
Total Fixed Assets	192.0	177.9	158.1
6 o/w Goodwill	133.3	120.5	107.8
o/w PP&E	58.8	57.3	50.3
Total Current Assets³	28.1	38.4	45.9
o/w Cash & cash equivalents	17.6	27.1	37.2
Total Current Liabilities	(27.5)	(29.1)	(42.2)
Long Term Liabilities	(72.4)	(73.8)	(76.5)
o/w Long Term Loans	(67.1)	(66.0)	(65.3)
Net Assets²	120.2	113.5	85.3

Commentary

- 1** Depreciation at c.5% of net sales pre-pandemic
- 2** Include interest and tax expense as seen in the P&L, share based payments (only for FY18), impairments and onerous lease movement (pre-IFRS 16)
- 3** Positive working capital reflects increased levels of trading revenues, with the consequential timing of payables obligations. Positive cashflow impact in FY20 represents government VAT and landlord rents deferrals
- 4** Capital light business with low requirement for maintenance activities allowing for focus on site base growth
- 5** Growth Capex at c. 3.0-4.0% of sales pre-pandemic with new site openings accounting for c.85% of the annual investments
- 6** Ongoing goodwill amortisation of c.£12.7m annually as explained in the previous page
- 7** Deferred government VAT deferral is being unwound by 8 monthly instalments from Jun FY21. Arrears landlord rents are being accounted for on execution of concession agreements



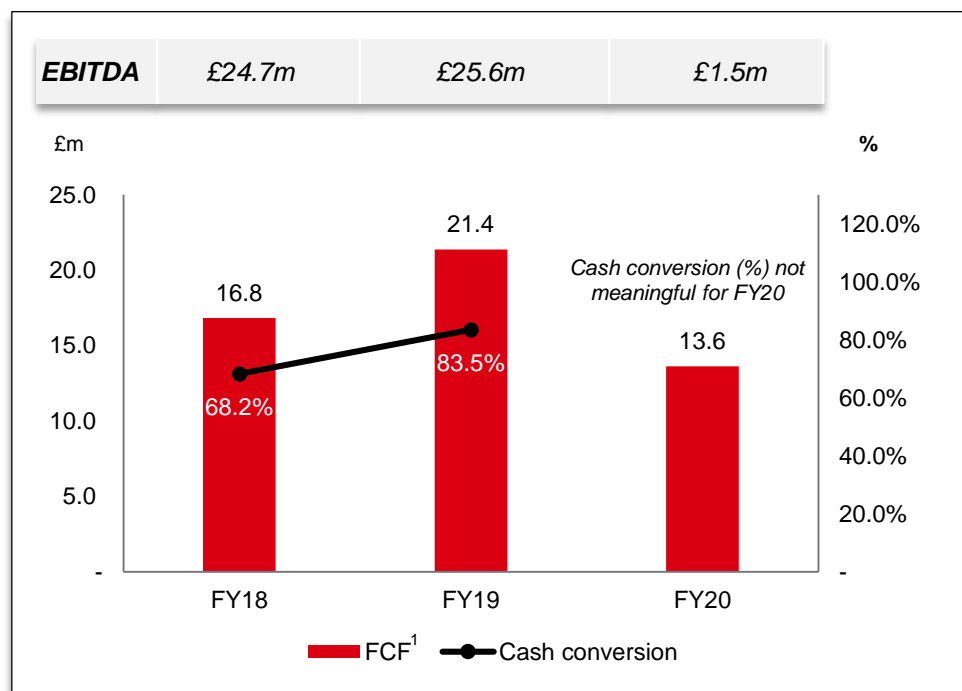
Notes:

1. Calculated as Cash from operations – Change in working capital – Tax paid – Maintenance Capex
2. Defined as Free cash flow / EBITDA
3. Exclude intercompany adjustments

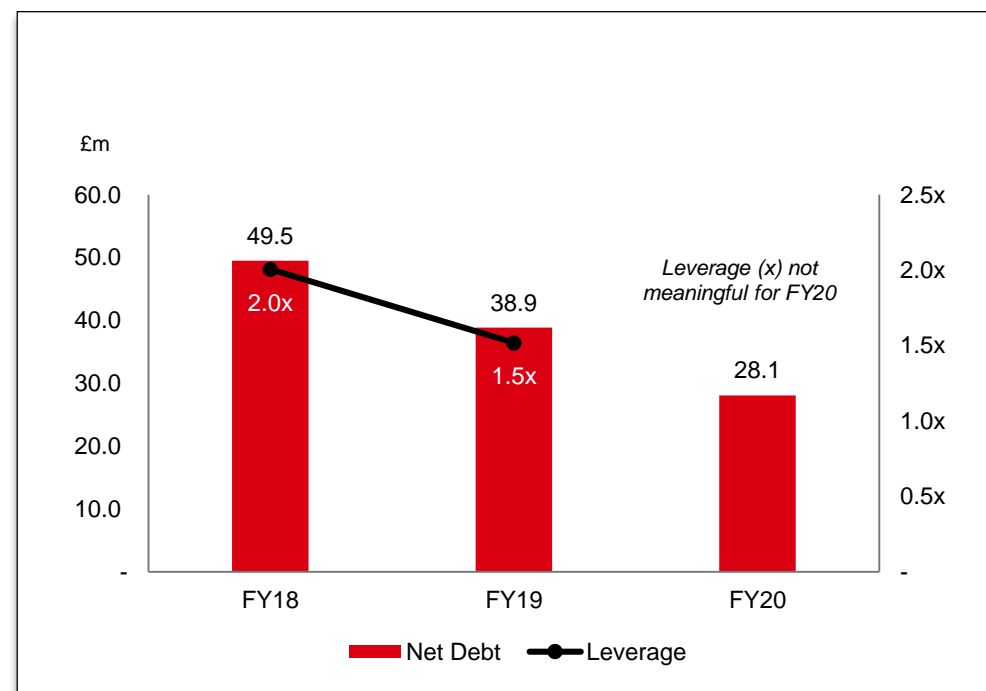
Fridays has a track record of strong cash generation and debt reduction

- Maintained positive cash generation during pandemic due to both positive EBITDA result and working capital management
- Demonstrated significant deleveraging capability: c.£10m net debt reduction between FY18-19 continuing historical trend (total FY16-19 net debt reduction of c.£80m) with leverage reducing by 0.5x before COVID-19 (had historically been at 3.1x)

Strong revenue and EBITDA generation pre-COVID-19



Significant reduction in net debt and leverage profile (pre-COVID-19)



Notes:

1. Calculated as Cash from operations – Change in working capital – Tax paid – Maintenance Capex

Current trading post 2021 lockdown

Encouraging progress since the reopening

- In the 4 weeks since re-opening for dine-in customers on 17th May 2021, Fridays stores have recorded like-for-like 'LFL' growth vs the equivalent period in 2019 of 12.5%
- This LFL growth excludes the contribution from new stores including that of the first 63rd +1st store, which is trading in line with management expectations following its opening on 24th May 2021
- Fridays opened a new restaurant in Lincoln on 19th May 2021, followed by the opening of the first 63rd + 1st in Cobham on 24th May 2021
- 87 sites as at June 2021

Costs remain under control

- Payroll is expected to settle at, or below, the FY19 comparable as staffing settles with the unwinding of the furlough scheme
- Company continues to make progress in negotiations with landlords regarding arrears rent liabilities
- Output VAT rate of 5.0% expected to remain constant until 30 Sept 2021 followed by 12.5% until 31 March 2022 when VAT returns to 20%

Operating efficiency

- Operating metrics and KPIs have been updated to provide dynamic and timely data to various operational levels to enable appropriate decision making. This includes benchmarking, new ratios, and conditional formatting of data to identify priority deviations

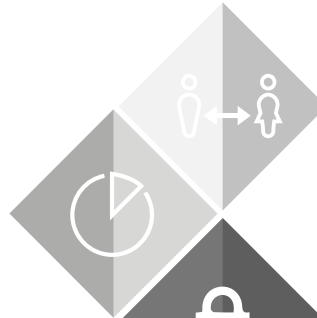


Uncertainties in the unlocking period

Positives

Challenges

Competitor closures and pace of recovery in capacity



Social distancing

Pent-up demand



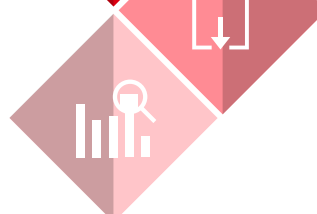
Further lockdowns

High consumer savings / cash pile



Staffing constraints

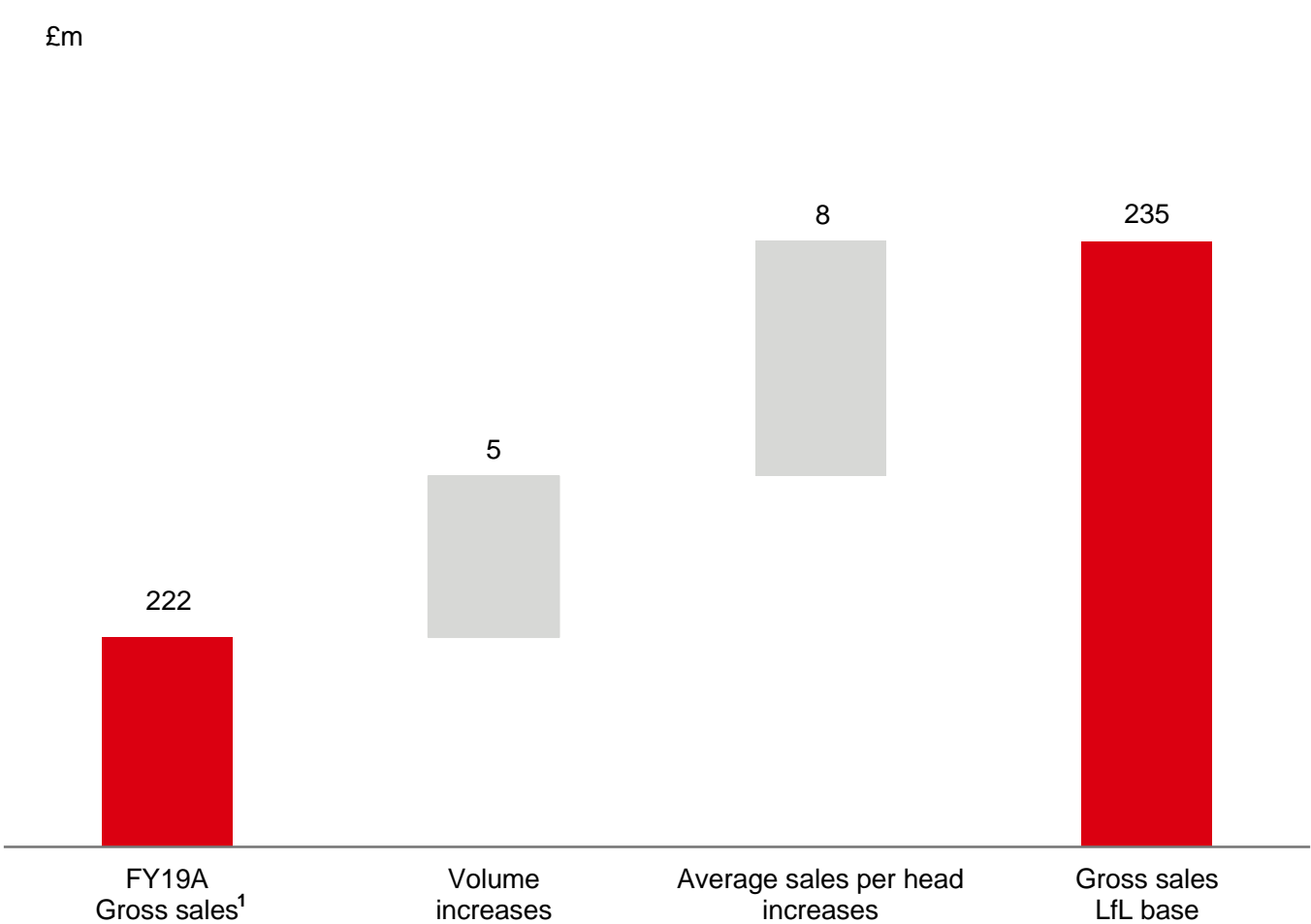
Near term inflationary environment



Debt moratorium

Strategic developments provide opportunity for recovery beyond pre-COVID-19 levels

Projected Sales recovery to levels higher than 2019



Key Assumptions

- ◆ Performance expected in the event of a recovery to 2019 levels of demand and market share
- ◆ Benchmarked against latest pre-COVID-19 company performance
- ◆ **Volume increases** driven by market share growth already seen during LTM of pre-COVID-19 trading
- ◆ **Average sales per head (“SPH”) increases** driven by menu simplification and demand pricing initiatives already put through, that contributed c.40 pence per cover net of VAT movement
- ◆ The LfL base excludes impact from an increased site base



Notes:
1. Pre-discounts

Medium-term Guidance

Estate portfolio	<ul style="list-style-type: none"> • 85 operating and trading sites at the end of December 2020¹ • c.8 net new site openings per year on average, weighted towards 2022 onwards • Up to c.5 site closures in medium term
Net Sales	<ul style="list-style-type: none"> • £235m run rate indoor gross sales² from the existing portfolio • Incremental sales from net new site openings • Further changes in average covers per site from market share, and sales per head, will be incremental to this
Gross margin	<ul style="list-style-type: none"> • Medium-term gross margin broadly in line with pre-pandemic level
EBITDA margin	<ul style="list-style-type: none"> • Mid-teens EBITDA margin over the medium term and improving with volume growth
Interest	<ul style="list-style-type: none"> • Expense similar to FY19, with debt amortisation increasing to £1.5m per quarter from June FY22
Other / exceptional	<ul style="list-style-type: none"> • Net non-cash items of c. £1m income per year from unwind of onerous lease provisions and loan arrangement fees
Corporation Tax	<ul style="list-style-type: none"> • Short term expense compares to FY19 tax charge as a percentage of EBITDA, increasing from FY23 in line with expected tax rate changes
Capex	<ul style="list-style-type: none"> • Maintenance capex of c.1.25% - 1.75% of sales per year • New site capex of c.£750k – 1,250k per store
Working Capital	<ul style="list-style-type: none"> • Negative net working capital of 8-10% of net sales in the near term due to pandemic unwind
Net Debt/(Cash)	<ul style="list-style-type: none"> • Net Debt at 31 December 2021 is in line with the level in FY19



Notes:

1. Excluding any temporary closures due to COVID-19
2. Pre-discounts

Capital allocation framework

Reinvestment in the business to drive future growth

Priorities for capital	Strategy	Framework
Capex	<ul style="list-style-type: none"> Re-invest in the business to drive long term organic growth Returns-based approach to investment in core business 	<ul style="list-style-type: none"> Maintenance capex of c.1.25% - 1.75% of sales per year New site capex of c.£750k – 1,250k per store
Dividend	<ul style="list-style-type: none"> No initial dividend until leverage target achieved Intention to pay an ordinary dividend in due course 	<ul style="list-style-type: none"> It is the Board's intention to commence payment of an ordinary dividend once trading normalises to 2019 EBITDA levels
Inorganic growth	<ul style="list-style-type: none"> Franchise expansions New brands Investment in additional growth opportunities as they arise 	<ul style="list-style-type: none"> Disciplined approach to inorganic opportunities
Surplus cash	<ul style="list-style-type: none"> Return surplus cash to shareholders 	<ul style="list-style-type: none"> Consider other forms of return when appropriate: special dividend, buybacks etc.

Underpinned by a strong balance sheet

Target normalised Net Debt / EBITDA leverage range of 0.75x – 1.5x



Closing remarks

Key investment highlights

An iconic brand within the UK casual dining sector, repositioned to benefit from current market dislocation

1

Leading branded casual dining offering with unique market position & a new, sophisticated city-based cocktail bar

2

Strong supply/demand dynamic post COVID-19 with scope for selective consolidation

3

Refreshed strategy to create an integrated omni-channel offering with strong ESG credentials

4

Diversified and well-balanced estate portfolio across location types and regions

5

Successful cost management during the pandemic geared to future growth

6

Attractive financial profile focused on cash generation and profitability

7

Highly experienced team, transforming the business and accelerating performance





Q & A

HostmoreTM