THAME AND LONDON LIMITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

QUARTER ENDED 31 March 2024

CONTENTS

Capitalised terms not otherwise defined in this report shall have the meanings assigned to such terms in the offering memorandum of TVL Finance PLC dated 21 April 2023 relating to TVL Finance PLC's Senior Secured Notes (the "Offering Memorandum").

PRESENTATION OF FINANCIAL DATA

The report summarises certain preliminary consolidated financial data and operating data of Thame and London Limited and its subsidiaries, which include TVL Finance PLC.

This report been prepared on the basis of a calendar quarter from 1 January to 31 March. For management reporting purposes we use a 5-4-4 week accounting calendar. This accounting method divides our fiscal year into four quarters, each comprising two periods of four weeks and one period of five weeks. We have adopted this accounting method because it allows us to manage our business on the basis of 52 weekly periods which consistently end on the same weekday. In order to align this method with our quarterly and statutory annual accounting period, we make certain adjustments to our results at the end of each fiscal quarter, in accordance with International Financial Reporting Standards ("IFRS").

The summary financial information provided in this report has been derived from our records for the period from 1 January 2024 to 31 March 2024 and 1 January 2023 to 31 March 2023, which are maintained in accordance with IFRS.

We continue to present certain non-IFRS information in this report. Non-IFRS information includes, among others, "EBITDA (adjusted)", which represents earnings before interest, tax, depreciation and amortisation and non-underlying items, on a pre-IFRS 16 basis, and before rent phasing adjustment. Our non-IFRS information is not defined under IFRS or any other generally accepted accounting principles. In order to facilitate the comparability of the underlying business and clarify the calculation of our non-IFRS information, additional columns have been added in some areas of the document to reflect the position in line with IFRS.

Management believe that EBITDA (adjusted) (defined in the Operating and Financial Review section of the statements) is a is meaningful for investors because it provides an analysis of our operating results, profitability and ability to service debt and because EBITDA (adjusted) is used by the management to track our business performance, establish operational and strategic targets and make business decisions. The most directly comparable IFRS measure to EBITDA (adjusted) is profit/(loss) for the period. Non-IFRS information have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results or any performance measures under IFRS.

DISCLAIMER

This report is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities. This report does not contain all of the information that is material to an investor.

FORWARD LOOKING STATEMENTS

This report contains "forward-looking statements" as that term is defined by the U.S. federal securities laws and within the meaning of the securities laws of certain other jurisdictions. These forward-looking statements include, without limitation, those regarding our intentions, beliefs or current expectations concerning our future financial condition or performance, result of operations and liquidity; our strategy, plans, objectives, prospects, growth, goals and targets; future developments in the markets in which we participate or are seeking to participate; and anticipated regulatory changes in the industry in which we
operate.

These statements often include words such as "anticipate", "believe", "could", "estimates", expect", "forecast", "intend", "may", "plan", "projects", "should", "suggests", "targets", "would", "will" and other similar expressions. These statements are not guarantees of performance or results. Many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those expressed in the forward-looking statements and projections.

We undertake no obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this report.

Thame and London Limited Consolidated

Update for the quarter ended 31 March 2024

Investing in the business to drive growth and quality.

Encouraging outlook and well-positioned for long-term growth.

Headlines (quarter ended 31 March 2024 and comparatives for quarter ended 31 March 2023)

- Total revenue up 3.5% to £205.5m (2023: £198.5m)
- Occupancy[1] up 1.5pts to 81.8% (2023: 80.3%)
- Average room rate[1] down (0.9)% at £56.77 (2023: £57.30)
- RevPAR[1] up 1.0% to £46.45 (2023: £45.98)
- RevPAR performance 0.1pts ahead of the competitive segment[2] vs 2023
- EBITDA (adjusted)[(3)] of £3.4m, including £8m of one-off investment and advertising spend, driving growth and quality; Q1 2023 EBITDA (adjusted) of £19.0m benefitted from favourable energy hedging of £6m
- EBITDA adjusting for these factors of £11.4m (2023: £13.0m)
- Statutory Operating Profit of £23.9m (2023: £38.8m)
- Statutory Loss before tax of £48.6m (2023: £27.7m)
- Cash of £177.3m at 31 March 2024
- S&P credit rating upgraded to B with stable outlook in April 2024
- Two new hotels opened in the UK year to date, in line with expectations
- Travelodge OpCo agreed to acquire 6 Spanish hotels in April 2024, doubling our presence in Spain
- Total network now over 600 hotels (including 72 freeholds) and approximately 47,000 rooms[(4)]
- Newly formed Travelodge PropCo completed the acquisition of 66 Travelodge branded hotels in February 2024. Travelodge PropCo Group is held separately, but alongside Travelodge OpCo Group, by a newly formed direct parent of Thame and London Limited (T&L Holdco Limited)

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1. Revenue per available room, Average room rate and Occupancy on a UK like-for-like basis for the management accounting period 28 December 2023 to 27 March 2024 (comparatives for the period from 29 December 2022 to 29 March 2023).
2. Our competitive segment is the Midscale and Economy Sector of the UK hotel market as reported by Smith Travel Research (STR), an independent hotel research provider, providing aggregate benchmarking information on the UK and other hotel market performance. STR reporting from Q2 2024 amended methodology to exclude temporary room closures (with comparisons restated)
3. Earnings before interest, tax, depreciation and amortisation and non-underlying items, on a pre-IFRS 16 basis, and before rent phasing adjustment. In this measure the benefit of rent-free periods agreed in the ordinary course of rent negotiation, are spread on a straight line basis until the next rent review (normally five years from initial agreement). Non underlying items have been removed as they are related to items that are considered to be significant in nature and quantum, and not in the normal course of business.
4. As of 21 May 2024

Summary

Travelodge's value proposition continues to attract both business and leisure customers and we performed in line with the competitive segment, despite the very strong comparable. Significant inflationary cost pressures impact the industry but costs remain well controlled, supported by our industry leading operating cost model. We are investing in the business to drive growth and quality, including our new advertising campaign, which is having a positive impact on brand metrics, and upgrading our property management system. The profit performance in the quarter reflects these planned investments. We also continue to make good progress with our accelerated refit programme, our most significant brand transformation to date, and expect to refit approximately 50% of the room estate by the end of 2024.

Our liquidity position is strong, and we ended the quarter with cash of £177.3m. We are also pleased with the April 2024 S&P credit rating upgrade to B with stable outlook.

Trading in the first weeks of the second quarter has been impacted by the phasing of bank holidays and fewer events, but there are improving trading patterns with UK accommodation sales in the last four weeks in line with 2023 levels, despite fewer events. There are positive forward booking patterns with booked revenue to the end of Q3 ahead of 2023 and strong long lead event demand. Travelodge is performing in line with the competitive segment, despite the strong comparable and our accelerated refit programme.

The current macroeconomic backdrop in the UK creates some uncertainty but as we transition into our peak trading periods we expect to benefit from a number of positive demand drivers, including staycation demand, changes in working patterns, events and indirectly from inbound tourism, supported by the improving UK consumer outlook and business confidence.

With our strong brand proposition and direct distribution model, resilient underlying customer demand across business and leisure travel, large and diversified network of well invested hotels and our efficient operating model we are well positioned. We continue to invest in the business to drive growth and quality and we remain confident in the long-term prospects for budget hotels and excited about the future growth opportunities.

Performance Overview

The UK Smith Travel Research (STR) MSE benchmark competitive segment grew by 1% in the first quarter of 2024 vs 2023, which was behind the total UK hotel market, reflecting the very strong performance in 2023. The UK STR MSE benchmark competitive segment continues to be significantly ahead of the total UK hotel market RevPAR compared to 2019 levels.

In what is our smallest trading quarter Travelodge's UK like-for-like RevPAR for the quarter ended 31 March 2024 was up 1.0% on 2023 levels, approximately 0.1pts ahead of the STR MSE benchmark competitive segment, reflecting our very strong 2023 performance. Travelodge's UK like-for-like RevPAR was approximately 4.9pts ahead of the STR MSE benchmark vs 2019 levels. The term 'like-for-like' is used throughout the statements and refers to the comparison of the same specific hotels in the current period to the prior period and not factoring in hotels which were opened or closed during the periods. This comparison ensures that the performance of the hotels is being compared and is not influenced by the change in the number of hotels.

Overall, demand from business and leisure customers remains resilient, but there were a lower number of events in the first quarter and other adverse factors including train strikes and bad weather. The regions performed well with both occupancy and rates ahead of last year, with weaker performance in London, primarily with rates lower than last year.

Total revenue for the quarter were up 3.5% on 2023 levels, with the additional benefit of new hotels.

We continue to make investments in the business to drive growth and quality. In the quarter this included our new advertising campaign, which we expect to build demand over time and is already having a positive impact on the brand metrics as well as upgrading our property management system, a combined £8m investment. Quarter 1 2023 also benefited by c. £6m from favourable energy hedging at pre-energy crisis levels. This meant the comparable EBITDA was slightly down year on year from £13.0m to £11.4m, despite the considerable inflationary pressures which continue to be well controlled. This is supported by our industry leading operating cost model and strong supplier relationships. EBITDA (adjusted) for the quarter was £3.4m (2023: £19.0m).

We ended the quarter with a strong liquidity position, with cash and cash equivalents of £177.3m. Net cash inflow for the quarter was £14.5m before re-financing activities and non-underlying items. This was predominantly driven by the EBITDA (adjusted) profit and working capital inflow driven by an increase in prepaid rooms, in line with seasonal patterns. This was partially offset by capital investment including our refit programme.

Repayment of debt includes the partial repayment of the investor loan notes and accrued interest to facilitate the 66 hotel property acquisition by Travelodge PropCo Group previously announced.

Liquidity and Financing Update

Travelodge's liquidity position remains strong, and we ended the quarter with cash of £177.3m with net third party debt ratio (on a pre-IFRS 16 basis) at the end of March 2024 of 1.6x.

We are also pleased that S&P have upgraded the credit rating of the Travelodge Group and the debt to B with a stable outlook. This reflects the strong financial performance of the business and the continued investments, including the accelerated refit programme.

Cash and cash equivalent balances as at 15 May were £172m, and we will keep our financing arrangements and strong cash position under review as we continue to support the growth of the business.

Current Trading Update

UK accommodation sales so far in the second quarter are c. (2)% below 2023 levels, impacted by the phasing of bank holidays and fewer events compared to 2023. This represents good regional performance, offset by weaker performance in London, primarily driven by rate. We are seeing improving trading patterns with UK accommodation sales in the last four weeks in line with 2023 levels, despite there being fewer events, as we transition into our larger trading periods.

Travelodge has performed in line with the MSE competitive segment, reflecting our strong comparatives and our accelerated refit programme.

There are positive forward booking patterns, with booked revenue to the end of quarter three ahead of 2023 levels, ahead on both rooms sold and rate. These remain predominantly short-lead in line with historic trends, so we still have limited forward visibility. However, long lead event demand is strong with bookings ahead of expectations for events like the British Grand Prix, Edinburgh Festival and The Open.

Note: 2024: 28 Mar 2024 to 15 May 2024. 2023: 30 Mar 2023 to 17 May 2023

Outlook

The UK MSE segment has proven resilience and continues to benefit from its domestic focus, business/leisure mix and value proposition as customers seek out good value.

Whilst the current macroeconomic environment is putting pressure on household spending and consumer choices, customers are still choosing to travel and there is an encouraging improvement in the UK consumer outlook.

We continue to expect budget hotels to benefit from a number of positive demand drivers, including staycation demand, changes to working patterns including the increasing trend for more time working in offices and meeting face to face, events, and also indirectly from inbound tourism.

As a reminder each 1 percentage point growth in RevPAR p.a. would be expected to impact Travelodge revenues by approximately £8-9m.

Our cost guidance is unchanged from our last update. Travelodge has an industry leading operating cost model and we continue to make investments in quality and our advertising campaign in order to drive increased demand over time.

Our cost base is largely fixed and we are focused on managing the continued inflationary pressures. The most significant drivers of inflation in our cost base are the National Living Wage, rent and energy. Our single largest cost is rent and, as a reminder, the majority of our leases contain either RPI or CPI based 5-yearly upwards only rent reviews. Approximately 35% of our leases (by value) now contain caps and collars on these rent reviews. The review pattern across all leases is spread broadly evenly over a 5-year period. We expect rent of between £265m-£270m in 2024, depending on the timing of new openings and inflation. The National Living Wage increased by almost 10% to £11.44 from April 2024. Energy commodity costs are hedged, with 90% of summer and winter 2024 currently hedged in line with our energy purchasing strategy. Energy costs will increase by single digit millions in 2024, with Q1 disproportionately impacted given the favourable hedging position in this period in 2023.

Overall, we expect full year like-for-like hotel cost inflation in 2024 of approximately 5%, including the investments in quality, advertising and the favourable energy hedging in Q1 2023. This requires approximately 3% UK RevPAR growth to offset before the contributions from new & maturing hotels and Spain. Overall, we expect full year EBITDA margins in 2024 to reduce slightly, reflecting the continued inflationary cost pressures and investments in growth, efficiencies and quality.

Q2 profits are expected to be below 2023 levels, reflecting the investments in advertising and quality, including the property management system upgrade, that we expect to normalise during the second half of the year. In addition, costs are impacted by the c. 10% increase in the National Wage and inflation based rent reviews.

Capital expenditure in 2024 is expected to be approximately £125m to £130m, slightly ahead of previous guidance, reflecting the refit of the acquired Spanish hotels and other investments in the estate to support quality and efficiency. Capital expenditure in 2024 includes the acceleration of our refit programme given the positive commercial and customer benefits. Our refit spend is typically committed approximately three months ahead, on average, so we retain the optionality to scale back should we choose to do so. We continue to invest in development and other return generating projects, including energy efficiency. We will continue to review investment levels in line with trading conditions and balancing our growth ambitions with continued strong cash generation.

In Spain we have an established profitable presence with six hotels prior to the acquisition and an established local management team. In 2023 we undertook a market review of Spain, which showed significant development opportunity, and the potential for an additional 15,000 branded rooms in the budget segment within the next five years through a combination of new development and going concern acquisitions.

In April 2024 the Travelodge PropCo Group, which is held separately but alongside Travelodge OpCo Group, completed the acquisition of six hotels (773 rooms) from Louvre Hotels Group for an estimated total acquisition cost of c. £40m. Five freeholds have completed and are trading well and in line with our expectations and a further long leasehold is expected to complete shortly once superior landlord consent is achieved. We have also exchanged contracts on two new build deals in San Sebastian and Cadiz, with an increasing pipeline of attractive opportunities.

We are exploring further opportunities to grow the network in the face of the challenging development market conditions, which have taken longer to improve than expected. We expect to return to more normal levels of development as market conditions improve, opening between 15-20 new hotels per year.

Looking ahead, we expect to open twelve new hotels in 2024, including the recent Spanish freehold hotel acquisition, which doubles our presence in Spain.

With our strong brand proposition and direct distribution model, resilient underlying customer demand across business and leisure travel, large and diversified network of well invested hotels and our efficient operating model we are well positioned. We continue to invest in our network to drive growth and quality and we remain confident in the long-term prospects for budget hotels and excited about the future growth opportunities.

RISK FACTORS

Note holders are reminded that investing in the Notes involves substantial risks and Note holders should refer to the "Risk Factors" section of the 2023 Annual Report for the year ended 31 December 2023 for a description of the risks that they should consider when making investment decisions about the Notes. There are no changes to the risk factors discussed in the 2023 Annual Report.

Principal risks include:

- The macroeconomic environment has the potential to impact on consumer demand and operating costs as a result of inflation and the cost-of-living crisis. Additionally, interest costs would be impacted by increases in interest rates.
- We employ over 13,000 people, particularly team members earning the National Living Wage, assistant hotel managers and hotel managers. Market forces and other impacts such as the impact of Brexit and indirect consequences of the Covid-19 pandemic have resulted in a shortage of available workforce. As a result of this, and our roles becoming less attractive to the younger generations, competition for employees is significant in our markets.
- Our data and systems are exposed to external threats such as hackers, malware or viruses. These could lead to data breaches or disruption to our operation. We may also be indirectly affected by similar incidents at our key system suppliers.
- We are reliant on a number of third parties for services, including critical IT systems, which has the potential to impact our ability to trade.
- Our competitors could adjust their pricing and adversely impact demand for our rooms.
- Climate change has the potential to impact the businesses from an operational, reputational and financial perspective.

Further details, including mitigations in place, are available in our Annual Report for the year ended 31 December 2023.

About Travelodge

In 1985, Travelodge is one of the leading platforms in the UK and is the second largest hotel brand in the UK with over 599 hotels and approximately 46,000 guest bedrooms[(1)], right across the UK as well as in Ireland and Spain.

1. As at 31 March 2024

Notes:

Financial results in this summary document are extracts from the management reporting of Thame and London Limited and its subsidiary companies, including Travelodge Hotels Limited.

Smith Travel Research (STR) is an independent hotel research provider, providing aggregate benchmarking information on the UK and other hotel market performance.

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OPERATING AND FINANCIAL REVIEW

Results of operations for the quarter ended 31 March 2024

Results for the Group are for the quarter ended 31 March 2024, with comparatives for the quarter ended 31 March 2023.

	Quarter ended 31 March 2024	**Quarter ended 31 March 2023**	**Change**	
	£m	**£m**	***£m***	**%**
Revenue	205.5	198.5	*7.0*	*3.5%*
EBITDA (adjusted)(1)	**3.4**	**19.0**	***(15.6)***	***82%***
Underlying depreciation and amortisation	(41.8)	(39.9)	*(1.9)*	*4.8%*
Unrealised currency translation	0.1	-	*0.1*	-
Rent payable	65.6	61.4	*4.2*	*6.8%*
Underlying Operating Profit	**27.3**	**40.5**	***(13.2)***	***32.6%***
Underlying Profit before Tax	**(45.2)**	**(26.8)**	***(18.4)***	***68.7%***
Non-Underlying items	(3.4)	(0.9)	*(2.5)*	*277.8%*
Profit/ (loss) before tax	**(48.6)**	**(27.7)**	***(20.9)***	***75.5%***

(1) EBITDA (adjusted) = Earnings before interest, tax, depreciation and amortisation and non-underlying items, on a pre-IFRS 16 basis, and before rent phasing adjustment and unrealised currency translation gains/losses. In this measure, the rent reductions agreed during the CVA were recognised in the year in which the benefit occurred (in order to closely reflect cash payments), and the benefit of rent free periods agreed in the ordinary course of rent negotiation are spread on a straight line basis until the next rent review (normally five years from initial agreement). Non underlying items have been removed as they are related to items that are considered to be significant in nature and quantum, and not in the normal course of business. The calculation for this measure is consistent with prior years.

Headline Performance

EBITDA (adjusted) of £3.4m declined £15.6m against Q1 2023, with cost increases offsetting revenue growth in our lowest revenue quarter. Underlying inflationary headwinds were compounded by particularly favourable utility fixed prices in Q1 2023 (c. £6m), our increased marketing investments year on year (c. £6m), employee cost increases, primarily driven by the National Living Wage and increased occupancy (c. £7m), net external rent payable increase (c. £4m) and other investments in the business, including the property management system upgrade. Loss for the quarter before tax was £48.6m (2023 loss: £27.7m).

Revenue

Revenue increased by £7.0m, or 3.5% from the prior year quarter to £205.5m for the quarter ended 31 March 2024. This performance reflects the benefit of new hotel opening since the comparative quarter.

Like-for-like UK RevPAR(3) for the quarter improved by 1.0% compared to 2023 to £46.45. Travelodge was approximately 0.1pts ahead the Smith Travel Research (STR) MSE benchmark competitive segment.

3(3) Revenue per available room (RevPAR), Average room rate and Occupancy on a UK like-for-like basis for the management accounting period 28 December 2023 to 27 March 2024 (comparatives for the period from 29 December 2022 to 29 March 2023).

Operating expenses

Operating expenses increased by £18.6m, or 15.6% from the prior year quarter to £137.8m for the quarter ended 31 March 2024, predominantly due to the impact of utility rates year on year, increased investment in marketing, and other inflationary headwinds across the cost base including wages. Costs remained well controlled despite the market conditions.

Employee costs increased by £7.3m from the prior year quarter to £56.5m for the quarter ended 31 March 2024 reflecting increased occupancy levels, the impact of the National Living Wage increases in the like-for-like estate and the increase in staff numbers from our newly opened hotels.

Other operating expenses increased by £9.9m from the prior year quarter to £66.9m for the quarter ended 31 March 2024. Our brand campaign launched in H2 2023, therefore part of the increase reflects the non-comparable investment in marketing year on year (c. £6m). Utility costs were also higher by c. £6m, given Q1 last year benefitted from significantly favourable rates prior to the new, higher contractual pricing in Q2 2023. These increases were partially offset by the benefit from lower business rates following the receipt of refunds and the revaluation exercise by the Valuations Office Agency in April 2023.

Increases in cost of sales of £1.4m (10.8%) were mainly due to higher laundry and food and beverage costs reflecting high price inflation.

Net external rent payable

External rent payable (before rent phasing adjustment and before IFRS 16) reflects the rental amounts due for the quarter, adjusted to spread the benefit of rent free periods over the period to the next rent review date.

Net external rent payable (before rent phasing adjustment and before IFRS 16) increased by £4.3m, or 7.1%, from the prior year quarter to £64.7m for the quarter ended 31 March 2024, primarily due to the impact of upwards only rent reviews predominantly linked to RPI in the like-for-like estate, together with the impact of new hotels added to the estate. Following the regear of 122 leases held by LXi REIT in January 2023, approximately 40% of the leasehold portfolio now has capped leases to limit exposure to future RPI increases.

In many of our leases we receive a rent free period at the beginning of the lease term. Within EBITDA (adjusted) the portion of the rent free credit attributable to each period is recognised as if such credit were applied on a straight line basis until the next rent review, normally five years. A reconciliation from the EBITDA (adjusted) figure to the statutory Profit and Loss figure can be found in the Glossary on pages 41 – 45 of these statements.

According to the straight lining of leases principles under previous IFRS, the benefit of a rent free period is recognised on a straight line basis over the full life of the lease. Similarly, any credit relating to the rent reductions resulting from the 2020 CVA is also recognised on a straight line basis over the remaining life of each lease. The rent phasing adjustment reflects the timing difference between the rent charge for the period in our internal management reporting measure EBITDA (adjusted), and the rent charge for the year under previous IFRS.

On an IFRS 16 basis, the rent payable for operating leases reported under previous IFRS has been replaced by depreciation of the right-of-use asset and notional financing costs on the lease liability. As such, on an IFRS 16 basis, the net rent receivable position reflects only sublet income.

Depreciation / Amortisation

Total depreciation and amortisation	**Pre-IFRS 16**	***Statutory***		
	Underlying	***Underlying***	***Non- Underlying***	***Total Statutory***
	£m	**£m**	**£m**	**£m**
2024	***(41.8)***	**(41.8)**	**-**	**(41.8)**
2023	*(39.9)*	(39.9)	-	(39.9)
(Increase)/ Decrease	***(1.9)***	***(1.9)***	**-**	***(1.9)***

Statutory depreciation increased by £2.0m from the prior year quarter to £41.0m for the quarter ended 31 March 2024, due to new hotels added to the estate and the modification of the right of use assets, reflecting rent reviews in the like-for-like estate and the regear of 122 Lxi REIT sites in 2023.

Finance costs

Finance Costs	Pre-IFRS 16	Statutory		
	Underlying	***Underlying***	***Non- Underlying***	***Total Statutory***
	£m	**£m**	**£m**	**£m**
2024				
Investor Loan Interest	(4.9)	(4.9)	-	(4.9)
Other Finance Costs	(16.7)	(70.0)	-	(70.0)
Total 2024	**(21.6)**	**(74.9)**	**-**	**(74.9)**
2023				
Investor Loan Interest	(5.0)	(5.0)	-	(5.0)
Other Finance Costs	(12.2)	(63.3)	-	(63.3)
Total 2023	**(17.2)**	**(68.3)**	**-**	**(68.3)**
(Increase)/Decrease	*(4.4)*	*(6.6)*	-	*(6.6)*

Finance costs (before IFRS 16) before investor loan interest increased by £4.5m, or 36.9%, to £16.7m for the quarter ended 31 March 2024. The increase was predominantly due to increases in the SONIA rate and the new bond facilities in place in from 28 April 2023.

Statutory finance costs also include the notional financing costs on lease liabilities and increased by £6.7m to £70.0m for the quarter ended 31 March 2024. The increase over the £4.5m growth in finance costs (before IFRS 16) described above was mainly due to the impact of new hotel leases and rent reviews.

Finance income

Finance income	Pre-IFRS 16	Statutory		
	Underlying	***Underlying***	***Non- Underlying***	***Total Statutory***
	£m	**£m**	**£m**	**£m**
2024	**2.4**	**2.4**	-	**2.4**
2023	1.0	1.0	-	1.0
(Increase)/Decrease	*1.4*	*1.4*	-	*1.4*

Finance income comprising interest on loans to related parties and bank interest increased by £1.4m to £2.4m for the quarter ended 31 March 2024. The increase was mainly due to an increase in the domestic base rate, plus the interest received on the Euro deposit account which is being held as a natural hedge against currency fluctuations on the Euro designated bonds.

Non-underlying items

Statutory non-underlying items of £3.4m represents £1.7m of bonuses paid in respect of our recent property acquisition which are not recurring costs and £1.7m relating to the management incentive plans issued in 2022.

The statutory non-underlying expenses of £0.9m at 31 March 2023 consists of finance income of £0.8m representing the discount to par achieved on the buyback of £15.8m nominal value of fixed rate bonds in January 2023 (see note 14) and the quarterly charge of £1.7m relating to the management incentive plans issued in 2022.

Taxation

No cash tax payments were made during the quarter ended 31 March 2024.

No cash tax payments were made during the quarter ended 31 March 2023.

Cash flow

As at 31 March 2024, cash balances totalled £177.3m, an increase of £15.7m compared to the balance at the end for the prior year quarter.

Free Cash Flow was an inflow of £19.0m for the quarter ended 31 March 2024, on a 'before IFRS 16[(1)]' basis, £12.5m worse than the inflow of £31.5m for the quarter ended 31 March 2023. This reduction in free cash flow is driven by the lower EBITDA (as described above), higher levels of capital investment (mainly due to refit), partially offset by a higher working capital inflow, predominantly driven by a higher payables position including rates and utilities.

(2) Before IFRS 16 – In order to facilitate the comparability of the underlying business and clarify the calculation of non-IFRS Alternative Performance Measures, including EBITDA (adjusted).

Our cash cycle reflects the monthly payment of creditors and staff and fluctuates throughout the quarter, with rent typically due quarterly in advance around the end of each quarter. As a result, our quarterly cash position is generally at a low just after the end of March, June, September and December following payment of the rent bill, monthly creditor payments and payroll.

The table below sets out certain line items from our consolidated cash flow statement for the quarter ended 31 March 2024 and the quarter ended 31 March 2023.

	Period ended 31 March 2024			Period ended 31 March 2023			Variance 2024 vs 2023 before IFRS 16[(1)]	
	Before IFRS 16[(1)] £m	IFRS 16 impact £m	Statutory £m	Before IFRS 16[(1)] £m	IFRS 16 impact £m	Statutory £m	£m	Var %
Net cash generated from operating activities	40.9	65.5	106.4	46.9	63.3	110.2	(6.0)	(12.8)%
Net cash used in investing activities	(21.3)	-	(21.3)	(15.0)	-	(15.0)	(6.3)	(42.0)%
Net cash used in financing activities	(38.0)	(65.5)	(103.5)	(24.5)	(63.3)	(87.8)	(13.5)	(55.1)%
Net increase in aggregate cash and cash equivalents	(18.4)	-	(18.4)	7.4	-	7.4	(25.8)	(348.6)%
Cash and cash equivalents at beginning of the period	195.7	-	195.7	154.2	-	154.2	41.5	26.9%
Cash and cash equivalents at the end of the period	**177.3**	**-**	**177.3**	**161.6**	**-**	**161.6**	**15.7**	**9.7%**

For the quarter ended 31 March 2024, on a 'before IFRS 16[(1)]' basis, net cash generated from operating activities of £43.3m (which is after rent paid of £65.5m) was partially offset by cash spend on provisions and non-underlying items relating to operating activities of £2.0m, mainly relating to payments of employee bonuses. Net cash used in investing activities of £21.3m relates to the purchase of intangible and tangible fixed assets net of interest received, and net cash used in financing activities of £38.0m mainly relating to partial repayment of investor loan notes and the associated accrued interest of £30.9m (to facilitate the 66 hotel acquisition) and interest on fixed and floating rate notes of £5.5m.

Net cash generated from operating activities

	Period ended 31 March 2024			Period ended 31 March 2023			Variance 2024 vs 2023	Var
	Before IFRS 16[(1)] £m	IFRS 16 impact £m	Statutory £m	Before IFRS 16[(1)] £m	IFRS 16 impact £m	Statutory £m	Before IFRS 16[(1)] £m	%
Operating profit / (loss) - Underlying	(9.7)	37.0	27.3	6.6	33.9	40.5	(16.3)	(247.0)%
Operating (loss) / profit - Non-underlying	(3.4)	-	(3.4)	(1.7)	-	(1.7)	(1.7)	(100.0)%
Operating profit / (loss)	**(13.1)**	**37.0**	**23.9**	**4.9**	**33.9**	**38.8**	**(18.0)**	**(367.3)%**
Adjustments for non-cash items:								
Depreciation of property, plant and equipment	10.9	30.1	41.0	10.1	28.9	39.0	0.8	7.9%
Amortisation of other intangible assets	3.5	(2.7)	0.8	3.4	(2.5)	0.9	0.1	2.9%
Share based payments	1.7	-	1.7	1.7	-	1.7	-	-
Unrealised currency translation losses / (gains)	(0.1)	-	(0.1)	-	-	-	(0.1)	-
Loss / (profit) on disposal of fixed assets	-	-	-	-	-	-	-	-
	16.0	**27.4**	**43.4**	**15.2**	**26.4**	**41.6**	**0.8**	**5.3%**
Operating cash flows before movements in working capital	**2.9**	**64.4**	**67.3**	**20.1**	**60.3**	**80.4**	**(17.2)**	**(85.6)%**
Total working capital movement	**38.0**	**1.1**	**39.1**	**26.8**	**3.0**	**29.8**	**11.2**	**41.8%**
Cash flows from operating activities	**40.9**	**65.5**	**106.4**	**46.9**	**63.3**	**110.2**	**(6.0)**	**(12.8)%**
Corporate tax	-	-	-	-	-	-	-	-
Net Cash Generated from operating activities	**40.9**	**65.5**	**106.4**	**46.9**	**63.3**	**110.2**	**(6.0)**	**(12.8)%**

Net cash generated from operating activities (after non-underlying items and before IFRS 16) was £40.9m for the quarter ended 31 March 2024, £6.0m less than the cash generated of £46.9m for the quarter ended 31 March 2023. This was mainly due to a £18.0m swing in operating profit (after non-underlying items) offset by an increase of £11.7m in the working capital inflow from payables (see working capital section below).

Statutory net cash generated from operating activities, which excludes rent, decreased by £3.8m, from an inflow of £110.2m for the quarter ended 31 March 2023 to an inflow of £106.4m for the quarter ended 31 March 2024. This was due to a £16.6m decrease in operating profit (after non-underlying items) and a £9.3m favourable working capital movement (see working capital section below).

Working capital requirements

Inventory primarily includes food and beverage products sold through our bar cafes. Trade and other receivables (before IFRS 16) primarily consist of rent prepayments with the majority paid quarterly in advance. We have low trade receivables as most of our customers pay at the time of booking, however, business customers taking advantage of our business account card benefit from interest free credit.

Current liabilities (before IFRS 16) include prepaid room purchases from customers who have yet to stay, as well as normal trade creditors, including rent, accrued wages and salaries, other current debts and accrued interest and taxes.

	Period ended 31 March 2024			Period ended 31 March 2023			Variance 2024 vs 2023	
	Before IFRS 16[(1)] £m	IFRS 16 impact £m	Statutory £m	Before IFRS 16[(1)] £m	IFRS 16 impact £m	Statutory £m	before IFRS 16[(1)] £m	Var %
Decrease / (Increase) in inventory	-	-	-	0.1	-	0.1	(0.1)	(100.0)%
(Increase) / decrease in receivables	(12.9)	0.4	(12.5)	(12.3)	1.1	(11.2)	(0.6)	(4.9)%
Increase / (decrease) in payables	51.2	0.5	51.7	39.5	1.8	41.3	11.7	29.6%
Total working capital movement (before provisions and non-underlying items)	38.3	0.9	39.2	27.3	2.9	30.2	11.0	40.3%
Provisions and non-underlying items	(0.3)	0.2	(0.1)	(0.5)	0.1	(0.4)	0.2	40.0%
Total working capital movement	**38.0**	**1.1**	**39.1**	**26.8**	**3.0**	**29.8**	**11.2**	**41.8%**
Less non-underlyings before IFRS 16 (cash flow provisions and exceptionals)	0.3			0.5			(0.2)	
Less rent phasing adjustment before IFRS 16	1.2			1.1		`	0.1	
Underlying working capital movement	**39.5**			**28.4**			**11.1**	

Working capital inflow (before IFRS 16 and before provisions and non-underlying items) of £38.3m for the quarter ended 31 March 2024 compared to £27.3m for the quarter ended 31

March 2023 is predominantly driven by an increase in trade payables due to timing of the invoices for rates, new legal and professional invoices relating to the Travelodge Hotels Limited contribution to the property acquisition, and an increase in accruals driven by higher utility bills (Q1 last year was benefitting from favourable hedged rates).

Working capital outflow for provisions and non-underlying items (before IFRS 16) of £0.3m for the quarter ended 31 March 2024 compared to an outflow of £0.5m for the quarter ended 31 March 2023. The 2024 outflow is driven by payment of rent on onerous leases.

On a Statutory basis, cash flows relating to rent are reported within Net cash used in financing activities. Statutory working capital inflow before provisions and non-underlying items of £39.2m for the quarter ended 31 March 2024 compared to £30.2m for the quarter ended 31 March 2023. This is largely driven by the movements noted above excluding any impact of pre-paid rent.

Net cash used in investing activities

Net cash used in investing activities (before IFRS 16[(1)]) increased by £6.3m to £21.3m for the quarter ended 31 March 2024, primarily due to the increase in capital expenditure in 2024 offset by an increase in bank interest receivable due to the improved interest rates.

Capital expenditure increased by £8.0m to £23.9m for the quarter ended 31 March 2024. Spend included the heightened refit programme as well as continued ongoing investment in hotel maintenance, health and safety, IT and development projects including energy efficiency.

Net cash used in financing activities

Net cash used in financing activities (before IFRS 16[(1)]) was £38.0m for the quarter ended 31 March 2024, compared to net cash used of £24.5m for the quarter ended 31 March 2023.

Net cash used in financing activities in 2024 was mainly due to payment of accrued interest and capital on investor loan notes of £30.9m (to facilitate the 66 hotel acquisition).

Statutory net cash used in financing activities was £103.5m for the quarter ended 31 March 2024, compared to net cash used of £87.8m for the quarter ended 31 March 2023. Statutory figures include the lease rental capital and interest payments.

Registered number: 08170768

THAME AND LONDON LIMITED

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 March 2024

THAME AND LONDON LIMITED
CONSOLIDATED PROFIT AND LOSS
FOR THE QUARTER ENDED 31 March 2024

		Period ended 31 March 2024			Period ended 31 March 2023		
		Underlying	**Non-underlying**	**Total**	**Underlying**	**Non-underlying**	**Total**
	Note	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Revenue	*4*	**205.5**	**-**	**205.5**	**198.5**	**-**	**198.5**
Operating Expenses	*5*	**(137.8)**	**(3.4)**	**(141.2)**	**(119.2)**	**(1.7)**	**(120.9)**
Rent	*5*	**0.9**	**-**	**0.9**	**1.0**	**-**	**1.0**
Foreign exchange gains		**0.1**	**-**	**0.1**	**-**	**-**	**-**
Other Income		**0.4**	**-**	**0.4**	**0.1**	**-**	**0.1**
Depreciation & Amortisation	*5*	**(41.8)**	**-**	**(41.8)**	**(39.9)**	**-**	**(39.9)**
Operating Profit / (Loss)	*4*	**27.3**	**(3.4)**	**23.9**	**40.5**	**(1.7)**	**38.8**
Finance Costs	*6*	**(74.9)**	**-**	**(74.9)**	**(68.3)**	**-**	**(68.3)**
Finance Income		**2.4**	**-**	**2.4**	**1.0**	**0.8**	**1.8**
Loss before Tax	*4*	**(45.2)**	**(3.4)**	**(48.6)**	**(26.8)**	**(0.9)**	**(27.7)**
Income Tax		**-**	**-**	**-**	**-**	**-**	**-**
Deferred Tax		**(8.3)**	**-**	**(8.3)**	**-**	**-**	**-**
Loss for the Period		**(53.5)**	**(3.4)**	**(56.9)**	**(26.8)**	**(0.9)**	**(27.7)**

Non-underlying items are detailed as they relate to items that are considered to be significant in nature and quantum, and not in the normal course of business.

The management measure for profitability is EBITDA (adjusted) and full details of how this is calculated are in the Operational and Financial Review on page 10 and in the Glossary on pages 41 – 45.

THAME AND LONDON LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 March 2024

	Period ended 31 March 2024 £m	Period ended 31 March 2023 £m
Loss for the period	**(56.9)**	**(27.7)**
Items that will subsequently be reclassified into profit and loss:		
Costs of hedging	**0.2**	**-**
Gains / (losses) on cash flow hedges	**1.3**	**-**
Currency translation differences	**(0.1)**	**-**
Total comprehensive expense for the period	**(55.5)**	**(27.7)**

THAME AND LONDON LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 March 2024

	Share Capital	Other reserves	Foreign Exchange Reserve	Cash Flow Hedge Reserve	Accumulated Losses	Total deficit
	£m	£m	£m	£m	£m	£m
1 January 2023	-	**5.7**	**(0.1)**	**-**	**(755.0)**	**(749.4)**
Loss for the period	-	-	-	-	(27.7)	**(27.7)**
Other comprehensive expense						
Currency translation differences	-	-	-	-	-	**-**
Total comprehensive expense	-	**-**	**-**	**-**	**(27.7)**	**(27.7)**
Transactions with owners						
Recognition of share based payments	-	1.7	-	-	-	1.7
Total transactions with owners	-	**1.7**	**-**	**-**	**-**	**1.7**
31 March 2023	-	**7.4**	**(0.1)**	**-**	**(782.7)**	**(775.4)**
1 January 2024	-	**12.5**	**(0.2)**	**(4.7)**	**(711.6)**	**(704.0)**
Loss for the period	-	-	-	-	(56.9)	**(56.9)**
Other comprehensive income						
Currency translation differences			(0.1)	-	-	**(0.1)**
Gains on cash flow hedges	-	-	-	1.5	-	**1.5**
Total comprehensive income	-	**-**	**(0.1)**	**1.5**	**(56.9)**	**(55.5)**
Transactions with owners						
Recognition of share based payments	-	1.7	-	-	-	**1.7**
Total transactions with owners	-	**1.7**	**-**	**-**	**-**	**1.7**
31 March 2024	-	**14.2**	**(0.3)**	**(3.2)**	**(768.5)**	**(757.8)**

THAME AND LONDON LIMITED
CONSOLIDATED BALANCE SHEET
FOR THE QUARTER ENDED 31 March 2024

	Note	31 March 2024	31 December 2023
		£m	£m
NON CURRENT ASSETS			
Intangible assets	*8*	155.0	153.5
Property, plant and equipment	*9*	164.9	149.8
Right of use assets	*10*	2,216.7	2,211.3
Deferred tax asset		7.5	15.8
		2,544.1	2,530.4
CURRENT ASSETS			
Inventory		1.8	1.8
Trade and other receivables	*11*	44.6	32.4
Current tax assets		0.9	0.9
Cash and cash equivalents		177.3	195.7
		224.6	230.8
TOTAL ASSETS		2,768.7	2,761.2
CURRENT LIABILITIES			
Trade and other payables	*12*	(221.3)	(156.4)
Corporation tax creditor		(1.4)	(1.4)
Lease liabilities	*13*	(85.9)	(81.9)
Provisions	*16*	(0.4)	(0.4)
		(309.0)	(240.1)
NON-CURRENT LIABILITIES			
Senior secured bond related debt	*14*	(532.1)	(533.8)
Investor loan	*14*	(126.1)	(152.2)
Lease liabilities	*13*	(2,547.4)	(2,528.0)
Provisions	*16*	(2.3)	(2.4)
Financial derivative liability		(9.6)	(8.7)
		(3,217.5)	(3,225.1)
TOTAL LIABILITIES		(3,526.5)	(3,465.2)
NET LIABILITIES		(757.8)	(704.0)
EQUITY			
Share capital		-	-
Other reserves		14.2	12.5
Foreign exchange reserve		(0.3)	(0.2)
Cash flow hedge reserve		(3.2)	(4.7)
Accumulated losses		(768.5)	(711.6)
TOTAL EQUITY		(757.8)	(704.0)

THAME AND LONDON LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 March 2024

	Period ended 31 March 2024	Period ended 31 March 2023
	£m	£m
CASH GENERATED FROM OPERATING ACTIVITIES	106.4	110.2
Corporate tax	-	-
NET CASH GENERATED FROM OPERATING ACTIVITIES	106.4	110.2
INVESTING ACTIVITIES		
Interest received	2.6	0.9
Purchases of property, plant and equipment and intangible assets	(23.9)	(15.9)
Net cash used in investing activities	(21.3)	(15.0)
FINANCING ACTIVITIES		
Finance fees paid	(1.2)	(0.1)
Interest paid	(5.5)	(9.0)
IFRS 16 lease rental capital payments	(12.4)	(13.3)
IFRS 16 lease rental interest payments	(53.5)	(50.4)
Redemption of fixed rate bonds	-	(15.0)
Investor loan interest payment	(20.4)	-
Investor loan capital repayment	(10.5)	-
Net cash used in financing activities	(103.5)	(87.8)
Net (decrease) / increase in aggregate cash and cash equivalents	(18.4)	7.4
Cash and cash equivalents at beginning of the period	195.7	154.2
Cash and cash equivalents at end of the period	177.3	161.6

The Glossary on pages 41 - 45 includes the memorandum on the analysis on free cashflows as well as the reconciliation of net cash flows from operating activities before non-underlying items to net cash generated from operating activities.

1 GENERAL INFORMATION

Thame and London Limited ("T&L") is the holding company of the Travelodge group ("Travelodge" or "The Group"), including Travelodge Hotels Limited ("THL"), the principal trading company of Travelodge UK and TVL Finance PLC. Thame and London Limited, formerly Anchor UK Bidco Limited (the Company) is a private company limited by share capital and was incorporated in the United Kingdom on 7 August 2012. The Company changed its name from Anchor UK Bidco Limited on 23 May 2013. The Company is domiciled in the UK.

2 MATERIAL ACCOUNTING POLICIES

Basis of Accounting

These condensed consolidated interim financial statements for the three-month reporting period ended 31 March 2024 and the three-month reporting period ended 31 March 2023 have been prepared in accordance with UK-adopted IAS 34 Interim Financial Reporting.

The interim figures up to 31 March 2024 and 31 March 2023 are unaudited. The interim report does not include all of the notes normally included in annual consolidated financial statements. Accordingly, this report should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023 which are prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The interim financial report does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

Statutory accounts for the year ended 31 December 2023 were approved by the board of directors on 26 March 2024 and are published on our website.

These statutory published accounts were prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to the Group reporting under those standards as at 31 December 2023.

In order to facilitate the comparability of the underlying business and clarify the calculation of non-IFRS Alternative Performance Measures, including EBITDA (adjusted), additional columns have been added to reflect the position in line with previous accounting principles ("Before IFRS 16").

Going concern

In assessing the appropriateness of the going concern assumption, the Board has considered the possible cash requirements of the Group and Company to the end of 2025, taking a balanced view from the cost of living crisis, current macro-economic environment and political pressures the range of trading outcomes and mitigating actions which could be taken.

Full details of the review performed can be reviewed in Note 2 of the Thame and London Limited financial statements for the year ended 31 December 2023. The business believes that the latest Going Concern model, based on financial statements to 31 December 2023, is still valid for use as at 31 March 2024 because the latest in-year forecasts based on current trading projections have not materially moved EBITDA for the current financial year.

Year to date RevPAR is less than 1% behind our initial forecasts, so RevPAR for the second half of the year would need to be at an unprecedented level to change our current scenario outlook. This would be out of sync with any of the recent market forecasts. In the extremely unlikely event that there was a severe drop in EBITDA, changing the scenario outlook, the business would be able to draw down the revolving credit facility which it has available. This would trigger covenant testing, but the business' EBITDA would be well in excess of the low limit based on current net leverage ratio requirements and so not be an issue.

Based on the above, taking account of current trading performance, reasonably possible changes in trading performance, and the contribution by Thame and London Limited to the recently completed hotel acquisition by the newly created Travelodge PropCo Group and future contributions in relation to the Spanish hotel acquisition, the Directors believe that it remains appropriate to adopt the going concern basis in preparing the consolidated financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTIES

The preparation of the interim financial statements in conformity with generally accepted accounting principles requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regard, the Directors believe that the critical accounting policies where judgements or estimations are necessarily applied have not changed from those disclosed in the 31 December 2023 Thame and London Limited Annual Report and Financial Statements.

4 DISAGGREGATED REVENUE DISCLOSURES

	Period ended 31 March 2024			Period ended 31 March 2023		
	UK	International	Total	UK	International	Total
	£m	£m	£m	£m	£m	£m
Revenue[1]	201.3	4.2	205.5	194.8	3.7	198.5
Operating profit[2]	23.1	0.8	23.9	38.1	0.7	38.8
Profit / (Loss) before tax[3]	(48.8)	0.2	(48.6)	(27.8)	0.1	(27.7)

(1) UK Operating profit/(loss) includes a £3.4m loss (2023: £1.7m) on non-underlying items.

(2) UK profit/(loss) before tax includes a £3.4m loss (2023: £0.9m) on non-underlying items.

	Period ended 31 March 2024	Period ended 31 March 2023
	£m	£m
Revenue from accomodation related sales[1]	191.0	185.1
Revenue from food and beverage sales	14.0	12.8
Other Revenue[2]	0.5	0.6
Total Revenue	**(205.5)**	**(198.5)**

(1) Accommodation related sales includes Wi-Fi and car parking sales

(2) Other revenue includes revenue from franchise fees and managed hotels

5 NET OPERATING EXPENSES

	Period ended 31 March 2024 £m	Period ended 31 March 2023 £m
Cost of goods sold	14.4	13.0
Employee costs [1]	59.9	50.9
Utilities (energy and water)	14.9	9.3
Business rates	7.6	10.1
Other hotel costs	11.1	11.6
Other site property insurance	2.4	2.4
Other operating expenses[3]	30.9	23.6
Operating expenses	**141.2**	**120.9**
Rent payable (third party landlords)	0.2	0.1
Rent receivable[2]	(1.1)	(1.0)
Net rent	**(0.9)**	**(0.9)**
Rent phasing adjustment[2]	-	(0.1)
Net rent	**(0.9)**	**(1.0)**
Other income	**(0.4)**	**(0.1)**
Depreciation	41.0	39.0
Amortisation	0.8	0.9
Net depreciation and amortisation	**41.8**	**39.9**
Total net operating expenses	**181.7**	**159.7**

(1) Employee costs includes £3.4m (2023: £1.7m) of non-underlying items (note 7) in relation to the Share Based Payment charge for the 2022 management incentive programme, and bonus payments in relations to the group debt refinancing.

(2) Rent receivable relates to sublet income.

(3) Other Operating Expenses includes marketing expenses of £11.9m (2023: £5.6m) , IT system costs of £7.9m (2023: £6.9m), booking commissions and fees, professional fees and security.

6 FINANCE COSTS

	Period ended 31 March 2024 £m	Period ended 31 March 2023 £m
Finance fees	**2.6**	**0.6**
Interest on bank loans	**0.2**	**0.3**
Interest on fixed and floating rate bonds	**13.5**	**10.9**
Interest on lease liabilities	**53.7**	**51.5**
Finance costs before interest on investor loan	**70.0**	**63.3**
Interest on investor loan	**4.9**	**5.0**
Finance costs	**74.9**	**68.3**

7 NON-UNDERLYING ITEMS

The non-underlying operating expenses before tax of £3.4m is comprised of £1.7m senior management bonuses in respect of the recent acquisition of 66 hotels by Travelodge PropCo Group which is held separately, but alongside T&L group, so is not in the ordinary course of business and not a recurring cost therefore is non-underlying and £1.7m relating to the management incentive plans issued in 2022. The incentive plans are considered to be non-underlying given they are a one-off issuance and the timing and value of the vesting are linked to an exit event, the timing of which is uncertain.

The non-underlying expenses of £0.9m at 31 March 2023 consists of finance income of £0.8m is the discount achieved against par on the repurchase of £15.8m of nominal value bond debt which is not considered in the normal course of business because repayment of borrowings early due to available cash is a clear one-off and is therefore non-underlying in nature – see Note 14 and the quarterly charge of £1.7m relating to the management incentive plans issued in 2022.

8 INTANGIBLE ASSETS

	31 March 2024 £m	**31 December 2023 £m**
Opening net book value	**153.5**	**154.3**
Additions	**2.3**	**3.2**
Movement on capital creditors	**-**	**(0.3)**
Disposals	**-**	**-**
Amortisation	**(0.8)**	**(3.7)**
Closing net book value	**155.0**	**153.5**

The closing net book value at 31 March 2024 comprises brand value of £145.0m, assets under construction of £7.3m and IT software of £2.8m.

The closing net book value at 31 December 2023 comprises brand value of £145.0m, assets under construction of £5.0m and IT software of £3.5m.

IT software that we control, is measured initially at purchase cost and is amortised on a straight line basis over three years.

9 PROPERTY, PLANT AND EQUIPMENT

	31 March 2024 £m	31 December 2023 £m
Opening net book value	**149.8**	120.6
Additions	**21.6**	77.7
Movement on capital creditors	**4.4**	(0.3)
Disposals	**-**	(5.5)
Depreciation	**(10.9)**	(43.3)
Impairment reversal	**-**	0.6
Closing net book value	**164.9**	**149.8**

The closing net book value at 31 March 2024 comprises assets under construction of £41.0m, freehold and long leaseholds of £1.6m and fixtures and fittings of £122.3m.

The closing net book value at 31 December 2023 comprises assets under construction of £20.0m, freehold and long leaseholds of £1.6m and fixtures and fittings of £128.2m.

Freehold and long leasehold properties are stated at cost. Depreciation is provided on cost in equal annual instalments over the estimated remaining useful lives of the assets.

10 RIGHT OF USE ASSETS

	31 March 2024 £m	31 December 2023 £m
Opening net book value	**2,211.3**	**2,198.9**
New leases	**14.8**	**19.4**
Lease Adjustments(1)	**21.1**	**103.3**
Additions(2)	**-**	**0.5**
Foreign Exchange Translation Adjustment	**(0.4)**	**(0.6)**
Depreciation	**(30.1)**	**(116.8)**
Disposals	**-**	**(0.5)**
Impairment reversal	**-**	**7.1**
Closing net book value	**2,216.7**	**2,211.3**

(1) Lease adjustments mainly consist of rent reviews
(2) Additions relate to leasehold premiums

11 TRADE AND OTHER RECEIVABLES

	31 March 2024 £m	31 December 2023 £m
Amounts due within one year:		
Trade amounts receivable		
- Gross amounts receivable	**16.7**	**10.4**
- Bad debt provision	**(0.5)**	**(0.5)**
- Net amounts receivable	**16.2**	**9.9**
Other amounts receivable	**7.9**	**6.7**
Accrued income	**1.3**	**1.2**
Prepayments	**16.9**	**12.5**
Loans to related parties	**2.3**	**2.1**
	44.6	**32.4**

12 TRADE AND OTHER PAYABLES

	31 March 2024 £m	31 December 2023 £m
Trade payables	**(20.2)**	**(9.9)**
Other payables[(1)]	**(25.0)**	**(14.1)**
Social security and other taxation	**(21.6)**	**(6.3)**
Accruals	**(62.4)**	**(77.9)**
Deferred income	**(1.1)**	**(1.0)**
Prepaid room purchases	**(81.6)**	**(42.2)**
Capital payables	**(9.4)**	**(5.0)**
CVA excess cumulative EBITDA rent payment[(2)]	-	-
Amounts falling due within one year	**(221.3)**	**(156.4)**

(1) Other payables mainly consist of interest accruals (March 2024: £19.1m, December 2023: £10.8m).
(2) Relates to a one off rent payment to landlords in relation to the Excess Cumulative EBITDA payment clause in the 2020 CVA, subject to finalisation of the calculations. Payment calculations substantially completed and paid in April 2023.

13 IFRS 16 LEASE LIABILITIES

	31 March 2024 £m	31 December 2023 £m
Opening Balance	**(2,609.9)**	**(2,539.3)**
New leases	**(14.8)**	**(19.4)**
Lease Adjustments	**(21.1)**	**(103.3)**
Foreign Exchange Translation Adjustment	**0.4**	**0.9**
Finance Costs	**(53.8)**	**(209.2)**
Payments - Finance Leases	**0.4**	**1.6**
Payments - Operating Leases	**65.5**	**257.5**
Disposals	**-**	**1.3**
Closing Balance	**(2,633.3)**	**(2,609.9)**
Amounts falling due within one year	**(85.9)**	**(81.9)**
Amounts falling due after one year	**(2,547.4)**	**(2,528.0)**
	(2,633.3)	**(2,609.9)**

Lease adjustments mainly consist of rent reviews, new leases and the impact of the regear of 122 leases operated by LXI completed on 27 January 2023.

Total lease liabilities at 31 March 2024 have been discounted at a weighted average discount rate of 9.2% (31 December 2023: 9.2%) with a range of 5.0% to 12.5% and represent leases with a weighted average remaining length, including landlord extension options, from the balance sheet date of 22.4 (31 December 2023: 22.6) years.

14 FINANCIAL ASSETS AND LIABILITIES

		31 March 2024 £m	31 December 2023 £m
Cash at bank and in hand		**177.3**	**195.7**
External debt redeemable:			
Senior Floating Rate Bond	July 2025	**-**	**-**
Senior Floating Euro Bond	April 2028	**(223.3)**	**(225.4)**
Senior Fixed Rate Bond	April 2028	**(330.0)**	**(330.0)**
Issue Costs		**11.6**	**12.9**
External debt		**(541.7)**	**(542.5)**
Net external debt		**(364.4)**	**(346.8)**
Investor Loan Note	January 2028 / 2033	**(126.1)**	**(152.2)**
Net debt before lease liabilities		**(490.5)**	**(499.0)**
Lease liabilities under IFRS 16		**(2,633.3)**	**(2,609.9)**
Net debt including lease liabilities		**(3,123.8)**	**(3,108.9)**

The IFRS 16 impact represents the fact that operating lease commitments and finance lease creditors have been replaced by the lease liabilities from 1 January 2019. The lease liabilities represent the present value of future lease payments in respect of the right of use assets.

Senior secured notes

During January 2023, the Group repurchased £15.8m (nominal) of the floating rate loan notes in issue under a managed buy back programme at a discount of £0.8m to par, which were subsequently cancelled.

On 28 April 2023, the Group announced it had issued £330.0 million 10.250% Senior Secured Notes due 2028 and €250.0 million (£220.1 million on the date of issue) Senior Secured Floating Rate Notes due 2028 at a rate of three-month EURIBOR + 5.500% on the International Stock Exchange. This offer was subsequently subscribed in full on 28 April 2024.

On 28 April 2023, the Group gave notice to the holders of its £424.2 million Senior Secured Floating Rate Notes due 2025 of the redemption of the entire aggregate principal amount of outstanding Notes. Notice was also given to the holders of the Group's £65.0 million 9.000% Senior Secured Notes due 2025 of the redemption of the entire aggregate principal amount of outstanding Notes.

Loan note issue costs of approximately £3.8m arising on the original tranches of notes were being amortised over the life of the facility in line with generally accepted accounting practice, but the balance was expensed in full on redemption of those notes. Further loan issue costs of £3.4m are being amortised over 36 months from the issuance date of the notes. OID fees of £9.1m are also being amortised over 36 months from the issuance date of the notes.

Revolving credit facility

At the balance sheet date, a sterling denominated revolving credit facility ("RCF") of £50m was available to the Group until October 2027, having been amended and extended as part of the refinancing of the fixed and floating rate bonds in April 2023.

Letter of credit facility

At the balance sheet date, the LOC had a maximum usage of £30m and was available until October 2027. At 31 March 2024, letters of credit were in issue to the value of £27.1m, but not called upon.

Investor loan note

On 24 August 2020 and 2 March 2020, the Group entered into additional investor loan note agreements of £10m and £30m respectively, with a termination date of 2033. The original investor loan note of £95m has a termination date of October 2028.

The interest rate charged on the investor loan note is 15%. Accrued interest for the quarter ended 31 March 2024 totalled £4.9m (31 March 2023: £5.0m) with the total cumulative accrued interest on the three tranches being £1.6m (31 March 2023: £76.9m). There were payments made totalling £30.9m (31 March 2023: £nil) during the period with £10.5m relating to principal and £20.4m relating to accrued interest, and £75.0m of accrued interest was repaid during 2023. The payments made during Q1 2024 represent the Thame and London contribution to the property acquisition.

A comparison of the carrying value and fair value of the Group's financial assets and liabilities is shown below:

	31 March 2024		31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	£m	£m	£m	£m
Financial instrument categories				
Cash and Cash Equivalents	**177.3**	**177.3**	**195.7**	**195.7**
Financial assets at amortised cost[1]	**26.4**	**26.4**	**18.7**	**18.7**
Financial derivative liabilty	**(9.6)**	**(9.6)**	**(8.7)**	**(8.7)**
Bond related debt	**(543.7)**	**(562.1)**	**(546.7)**	**(562.8)**
Investor Loan Note	**(126.1)**	**(122.2)**	**(152.2)**	**(150.3)**
Financial liabilities[2]	**(2,750.3)**	**(2,750.3)**	**(2,716.8)**	**(2,716.8)**
	(3,226.0)	**(3,240.5)**	**(3,210.0)**	**(3,224.2)**

[1] Financial assets at amortised cost of £26.4m (31 December 2023: £18.7m) are made up of trade receivables of £16.2m (31 December 2023: £9.9m), other receivables of £7.9m (31 December: £6.7m) and loans to related parties of £2.3m (31 December: £2.1m).
[2] Financial liabilities of £2,750.4m (31 December 2023:£2,716.8m) are made up of lease liabilities of £2,633.3m (31 December 2023: £2,609.9m), trade payables of £20.2m (31 December 2023: £9.9m), accruals of £62.4m (31 December 2023: £77.9m), other payables of £25.1m (31 December 2023: £14.1m) and capital payables of £9.4m (31 December 2023: £5.0m).

Financial assets at amortised cost and financial liabilities (excluding lease liability payables) are due within one year.

Cross currency swap

On completion of the refinancing on 28 April 2023 we hedged the currency risk on the principal of €250m for a sixty day period prior to entering into hedging arranging to cover both currency and interest rate risk through a combination of financial instruments.

On 26 June 2023, Travelodge entered into a three year cross currency swap (“CCS”) due to the potential foreign exchange impact of the €250m of Senior Secured Floating Rate notes. This instrument replaces the initial FX spot and Forward swap entered into at the time of the refinancing which had an initial fair value of nil. The notional value of the CCS is €200m fixing the principal on exchange with SONIA linked interest payments of approximately SONIA + 6.4%. Under the CCS Travelodge has an exposure to SONIA movements and shortly after the balance sheet date entered into an interest rate derivative, a SONIA interest rate partial collar with a 5.8% - 8.0% cap spread and 4.3% floor for the GBP equivalent of the €200m.

The remaining portion of the exposure from the loan notes is naturally hedged with €50m of interest-bearing EUR instant access cash deposits. In addition, we have purchased EUR call options on the associated interest payments to hedge the currency risk on these interest payments.

15 DERIVATIVES

In line with the Group's treasury policy, the Group has entered into three types of derivative instruments to mitigate the volatility and uncertainty through the income statement as a result of the 250m EUR floating notes issues in April 2023.

FX Forward and cross currency swap

In April 2023, an FX forward was taken out with external banking counterparties over €200m (£GBP) of EUR floating rate loan. In June 2023, the FX forward was rolled into a more structured cross currency swap, whereby the principal €200m was secured against GBP and the floating interest swapped from EURIBOR to SONIA. The instruments have been designated as cash flow hedge accounting instruments since their trade dates and are remeasured to fair value at the balance sheet date. The term of the hedging instruments is to April 2026, which management has deemed to be concurrent with the expected loan repayment date. The net movement of £(1.5)m (31 December 2023: £4.7m) has been recognised in Other Comprehensive Income (OCI). Ineffectiveness in the hedging arrangements of £nil (31 December 2023: £0.3m) has been recognised through the Income Statement.

SONIA Collar
In June 2023, a collar on SONIA rates was entered into, to protect the variability of SONIA GBP rates to which the Group is exposed as a result of the Cross Currency Swap of EUR £200m hedging the EUR notes, which leaves the final interest rate under the derivative linked to SONIA 3m. An amount of £177m has been hedged till April 2026, limiting the evolution of SONIA between 4.30% and 5.80% and 8%.

Reconciliation of equity components and analysis of comprehensive income – Cross currency swap	**Cash flow reserve**		
	Cashflow hedge reserve	**Cost of hedging reserve**	**Total hedge reserves**
	£m	**£m**	**£m**
<u>Cross currency swap</u>			
Balance at 01.01.2024	(1.8)	0.3	(1.5)
Change in Fair Value of hedging instrument recognised in other comprehensive income	(2.7)	-	(2.7)
Costs of hedging deferred and recognised in OCI	-	-	-
Reclassified to profit or loss	2.4	-	2.4
	(2.1)	0.3	(1.8)
<u>Interest rate cap/collar</u>			
Balance at 01.01.2024	(2.4)	(0.8)	(3.2)
Change in Fair Value of hedging instrument recognised in other comprehensive income	1.6	-	1.6
Costs of hedging deferred and recognised in OCI	-	0.2	0.2
Reclassified to profit or loss	-	-	-
	(0.8)	(0.6)	(1.4)
Balance as at 31.03.2024	**(2.9)**	**(0.3)**	**(3.2)**

16 PROVISIONS

	31 March 2024	31 December 2023
	£m	£m
Opening balance	**(2.8)**	**(3.1)**
Amount utilised	**0.1**	**0.1**
Release of provisions	**-**	**0.1**
Unwinding of discount on provisions	**-**	**(0.1)**
Transfer to accruals	**-**	**0.2**
Closing balance	**(2.7)**	**(2.8)**
The balance can be analysed as:		
Due in less than one year	**(0.4)**	**(0.4)**
Due in greater than one year	**(2.3)**	**(2.4)**
	(2.7)	**(2.8)**

Provisions of £2.7m as at 31 March 2024 include public liability claims of £0.7m and other provisions of £2.0m.

17 NOTE TO THE CASH FLOW STATEMENT

	Period ended 31 March 2024	Period ended 31 March 2023
	£m	£m
Operating profit / (loss) - Underlying	27.3	40.5
Operating (loss) / profit - Non-underlying	(3.4)	**-**
Operating profit / (loss)	**23.9**	**40.5**
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	41.0	39.0
Amortisation of other intangible assets	0.8	0.9
Share based payments	1.7	-
Unrealised currency translation gains	(0.1)	-
	43.4	39.9
Operating cash flows before movements in working capital	**67.3**	**80.4**
Decrease / (increase) in inventory	-	0.1
(Increase) / decrease in receivables	(12.5)	(11.2)
Increase / (decrease) in payables	51.7	40.9
(Decrease) / increase in provisions	(0.1)	-
Total working capital movement	**39.1**	**29.8**
Cash flows from operating activities	**106.4**	**110.2**
Corporate tax	-	-
Cash Generated from operating activities	**106.4**	**110.2**

18 SHARE BASED PAYMENTS

Other reserves of £14.7m on the balance sheet within Total Equity, is in relation to the introduction of the Management Incentive Plan in 2022.

Management Incentive Plan ("MIP")
Under the MIP, employees are issued Class L and Class L1, or Class K and Class K1 Ordinary Shares in Anchor Holdings S.C.A. ("Anchor"). A Class L, L1, K and K1 Shareholder employee can only benefit from the value of the Ordinary Shares if they are employed by the company or a group company on an exit event or partial exit.

The number of Shares in issue under the MIP are as follows:

	31 March 2024		31 March 2023	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Class L/L1 shares		**£**		**£**
Outstanding at 1 January	156,394	3.74	156,394	3.74
Issues during the period	-	-	-	-
Outstanding at 31 March	156,394	3.74	156,394	3.74

The options are exercisable upon a vesting event.

	31 March 2024		31 March 2023	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Class K/K1 shares		**£**		**£**
Outstanding at 1 January	200	4,495	200	4,495
Issues during the period	-	-	-	-
Outstanding at 31 March	200	4,495	200	4,495

Warrants Agreement

Under the warrant agreements, employees are issued warrants to subscribe to Class L and Class L1 Ordinary Shares in Anchor Holdings S.C.A. ("Anchor"). Following exercise of the warrants, a Class L and Class L1 Shareholder can only benefit from the value of the Class L and Class L1 Ordinary Shares if they are employed by the company or a group company on an exit event or partial exit.

The number warrants granted to subscribe for Class L and Class L1 Shares are as follows:

	31 March 2024		31 March 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Class L/L1 shares - warrants		**£**		**£**
Outstanding at 1 January	31,314	-	31,314	-
Issues during the period	-	-	-	-
Outstanding at 31 March	31,314	-	31,314	-

The warrants have not been exercised.

The subscription of Class L, L1, K and K1 Shares represent an equity-settled share-based payment. The warrants granted for the subscription of Class L and Class L1 Shares also represent an equity-settled share-based payment.

Equity-settled share-based payments

The weighted average fair value of options granted in the year was determined using the Binomial Lattice pricing model. The Binomial Lattice model is considered to apply the most appropriate valuation method due to the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee becomes entitled to the shares (the "vesting date").

Service conditions, which includes continued employment, are taken into account by adjusting the number of options expected to vest at each reporting date.

Estimation has been applied in determining the accounting charge, within the valuation model itself, such as revenue growth and the discount rate on a pre-IFRS 16 basis (10.9% June subscription, 11.4% November warrants issue), and the vesting date, which is assumed to be 3 years from the date of the first issue.

Cash-settled share-based payments

In addition to the MIP and warrant arrangements, the group and employees of the MIP and warrants have entered into an arrangement whereby the group is obligated to settle the arrangement in cash should the proceeds be insufficient to cover the Class L, L1, K and K1 shareholders' entitlement on an exit event. This arrangement represents a cash-settled share-based payment.

There is only a remote probability that the cash settled arrangement would arise, and therefore the value of the liability has been measured at nil. As a result, there is no liability for a future cash settlement recognised in the accounts.

19 RELATED PARTY TRANSACTIONS

During the interim period to 31 March 2024, our largest landlord, LXi REIT plc, announced that it had exchanged contracts unconditionally on the sale of 66 Travelodge branded hotels to the Travelodge group for £210 million, in line with the book value on 30 September 2023. The transaction completed on 28 February 2024, with the assets now under the ownership of a new group of property entities (Travelodge PropCo Group) within the wider Travelodge group. Travelodge PropCo Group is held separately, but alongside Travelodge OpCo Group, by a newly formed direct parent of Thame and London Limited (T&L Holdco Limited).

A new parent company, T&L Holdco Limited, has been established, which has the new property structure (under the new holding company "TL Prop Holdco Limited") as well as the existing operating entities (under Thame and London Limited) as subsidiaries. The leases currently in place with Travelodge Hotels Limited for the acquired hotels are unaffected, other than the change of Landlord.

The transaction was funded through financing by our ultimate parent, Golden Tree Asset Management and a new bank facility, which is now held as debt within the Property arm of the T&L Holdco Group.

To support the funding of the acquisition price and transaction fees, Thame and London Limited contributed £31.0m, by way of repayment of the remaining accrued interest on the investor loan note and a part payment on the principal amount. The impact on the accounts of Thame and London Limited is a reduced shareholder debt.

20 POST BALANCE SHEET EVENTS

On 25 March 2024 contracts were exchanged by our Spanish subsidiaries to buy 6 hotels in Spain from Louvre Hotels Group for €41.65m. Of the hotels, 5 are freehold and one is a long leasehold. Completion of the transaction took place on 17 April 2024. This acquisition more than doubles the size of our Spanish operation.

GLOSSARY
ALTERNATIVE PERFORMANCE MEASURES (APMS)

The Group uses the non-statutory alternative performance measures 'EBITDA (adjusted)' and 'Free Cash Flow' to monitor the financial performance of the Group internally. This measure is not a statutory measure in accordance with IFRS.

We report these measures because we believe it provides both management and other stakeholders with useful additional information about the financial performance of the Group's businesses.

APMs are not defined by IFRS and therefore may not be directly comparable with similarly titled measures reported by other companies. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measures.

We believe the non-IFRS measures are useful metrics for investors to understand our results of operations, profitability and ability to service debt and because they permit investors to evaluate our recurring profitability from underlying operating activities.

We also use these measures internally to track our business performance, establish operational and strategic targets and make business decisions. We believe EBITDA (adjusted) facilitates operating performance comparisons between periods and among other companies in industries similar to ours because it removes the effect of variation in capital structures, taxation, and non-cash depreciation, amortisation and impairment charges, which may be unrelated to operating performance. We believe EBITDA (adjusted) is a useful measure of our underlying operating performance because it excludes the impact of items which are not related to our core results of operations, including certain one-off or non-recurring items and more closely aligns the recognition of rent free periods and rent reductions in profitability with the corresponding cash impact.

The table below provides a reconciliation of the statutory IFRS measures to the APMs used to measure the business:

	Period ended 31 March 2024 £m	**Period ended 31 March 2023 £m**
Statutory Profit / (Loss) before Tax	**(48.6)**	**(27.7)**
Net Finance Costs	72.5	67.3
Operating Profit	**23.9**	**39.6**
Non-underlying Items (See note 7)	3.4	0.9
Underlying Operating Profit	**27.3**	**40.5**
Depreciation, Amortisation - Underlying	41.8	39.9
(Loss)/Profit on disposal of fixed assets	-	-
Rent Payable(1)	(65.6)	(61.4)
Foreign exchange (losses)/gains	(0.1)	-
EBITDA (adjusted)(2)	**3.4**	**19.0**

(1) Since the adoption of IFRS 16, operating lease rent is no longer charged to the statutory profit & loss account. Rent payable reflects 'Before IFRS 16' rental amounts accrued adjusted for rent free periods by spreading these over the period to the next rent review date and recognises the credit attributable to reductions resulting from the CVA in line with the actual rent paid in respect of each year.

(2) EBITDA (adjusted) = Earnings before interest, tax, depreciation and amortisation and non-underlying items, on a pre-IFRS 16 basis, and before rent phasing adjustment. In this measure, the benefit of rent free periods agreed in the ordinary course of rent negotiation, are spread on a straight line basis until the next rent review (normally five years from initial agreement). Non underlying items have been removed as they are related to items that are considered to be significant in nature and quantum, and not in the normal course of business. The calculation for this measure is consistent with prior years.

	Period ended 31 March 2024 £m	Period ended 31 March 2023 £m
EBITDA (adjusted)[1]	3.4	19.0
Working capital[2]	39.5	28.4
Net cash flows from operating activities before non-underlying items	42.9	47.4
Capital expenditure	(23.9)	(15.9)
Free Cash Flow	**19.0**	**31.5**

[1] EBITDA (adjusted) = EBITDA (adjusted) = Earnings before interest, tax, depreciation and amortisation and non-underlying items, on a pre-IFRS 16 basis, and before rent phasing adjustment and unrealised currency translation gains/losses. In this measure, the benefit of rent free periods agreed in the ordinary course of rent negotiation, are spread on a straight line basis until the next rent review (normally five years from initial agreement). Non underlying items have been removed as they are related to items that are considered to be significant in nature and quantum, and not in the normal course of business. The calculation for this measure is consistent with prior years.

[2] Working capital movement is stated before non-underlying movements, before rent phasing adjustment and before the impact of IFRS 16.

Reconcilation of Net external rent (payable) to Statutory Rent

	Period ended 31 March 2024 £m	Period ended 31 March 2023 £m
Statutory Rent	0.9	0.9
IFRS 16 rent expense	64.7	60.5
External rent (payable)	**65.6**	**61.4**

Income Statement on APM Basis

The table below details the construct of EBITDA (adjusted) and the reconciliation to statutory profit/(loss).

	Quarter ended 31 March 2024			Quarter ended 31 March 2023			
	Underlying before IFRS 16[1] £m	Underlying IFRS 16 impact £m	Statutory £m	Underlying before IFRS 16[1] £m	Underlying IFRS 16 impact £m	Statutory £m	Variance 2024 vs 2023 before IFRS 16[1] £m
Revenue by geographical region							
Revenue	**205.5**		**205.5**	**198.5**	-	**198.5**	**7.0**
Revenue UK	201.3		201.3	194.8	-	194.8	6.5
Revenue International	4.2	-	4.2	3.7	-	3.7	0.5
Key income statement items							
Revenue	**205.5**	**-**	**205.5**	**198.5**	**-**	**198.5**	**7.0**
Operating expenses	(137.8)	-	(137.8)	(119.2)	-	(119.2)	(18.6)
Of which cost of goods sold	*(14.4)*	-	*(14.4)*	*(13.0)*	-	*(13.0)*	*(1.4)*
Of which employee costs	*(56.5)*	-	*(56.5)*	*(49.2)*	-	*(49.2)*	*(7.3)*
Of which other operating expenses	*(66.9)*	-	*(66.9)*	*(57.0)*	-	*(57.0)*	*(9.9)*
Net external rent (payable) / receivable	(64.7)	65.6	0.9	(60.4)	61.3	0.9	(4.3)
Other income	0.4	-	0.4	0.1	-	0.1	0.3
EBITDA (adjusted)[2] / EBITDA	**3.4** [2]	**65.6**	**69.0**	**19.0** [2]	**61.3**	**80.3**	**(15.6)**
Rent adjustment[3]	1.2	(1.2)	-	1.1	(1.0)	0.1	0.1
Unrealised currency translation gains	0.1	-	0.1	-	-	-	0.1
Loss on disposal of fixed assets	-	-	-	-	-	-	-
Depreciation	(10.9)	(30.1)	(41.0)	(10.1)	(28.9)	(39.0)	(0.8)
Amortisation	(3.5)	2.7	(0.8)	(3.4)	2.5	(0.9)	(0.1)
Underlying Operating Profit	**(9.7)**	**37.0**	**27.3**	**6.6**	**33.9**	**40.5**	**(16.3)**
Finance costs before investor loan interest	(16.6)	(53.3)	(69.9)	(12.2)	(51.1)	(63.3)	(4.4)
Investor loan interest	(5.0)	-	(5.0)	(5.0)	-	(5.0)	-
Finance income	2.4	-	2.4	1.0	-	1.0	1.4
Profit / (loss) for the quarter (before non-underlying items)	**(28.9)**	**(16.3)**	**(45.2)**	**(9.6)**	**(17.2)**	**(26.8)**	**(19.3)**
Non-underlying items	(3.4)		(3.4)			(0.9)	
Loss for the quarter before tax	**(32.3)**		**(48.6)**			**(27.7)**	
Income tax			-			-	
Deferred tax			(8.3)			-	
Loss for the quarter			**(56.9)**			**(27.7)**	

Reconciliation of net cash flows from operating activities before non-underlying items to net cash generated from operating activities (note 17)

	Period ended 31 March 2024 Before IFRS 16[1] £m	Period ended 31 March 2023 Before IFRS 16[1] £m
Net cash flows from operating activities before non-underlying items	42.9	47.4
Cash spend on provisions and non-underlying items[1]	(2.0)	(0.5)
Cash flows from operating activities	40.9	46.9
Corporate tax	-	-
Net cash generated from operating activities	**40.9**	**46.9**

(1) Includes £1.7m in respect of our bonuses paid in respect of our recent property acquisition and £0.3m relating to the release of provisions.

In 2023, net cash spend on non-underlying items through working capital of £0.5m included £0.2m outflow for professional fees in connection with the design and implementation of a new senior management incentive plan, £0.1m onerous lease payments and £0.2m spend on other provisions.

	Period ended 31 March 2024 £m	Period ended 31 March 2023 £m
Total working capital movement (note 15)	39.1	29.8
Less IFRS 16 impact	(1.1)	(3.0)
Working capital movement before IFRS 16	38.0	26.8
Less non-underlyings before IFRS 16 (including provisions)	0.3	0.5
Less rent phasing adjustment before IFRS 16	1.2	1.1
Working capital	**39.5**	**28.4**

Memorandum to Profit and Loss reconciling to EBITDA (adjusted)(2)

Memorandum - EBITDA (adjusted) (2)		
	Period ended 31 March 2024 £m	**Period ended 31 March 2023 £m**
	Underlying before IFRS 16 (1) **£m**	***Underlying before IFRS 16*** (1) **£m**
Revenue	205.5	198.5
Operating Expenses	(137.8)	(119.2)
Rent	(63.5)	(59.3)
Foreign exchange gains	0.1	-
Other Income	0.4	0.1
EBITDA after rent phasing adjustment	**4.7**	**20.1**
EBITDA (adjusted)(2)	**3.4**	**19.0**
Rent phasing adjustment(3)	1.2	1.1
Unrealised currency translation gains	0.1	-
EBITDA after rent phasing adjustment	**4.7**	**20.1**

(1) Before IFRS 16 - In order to facilitate the comparability of the underlying business and clarify the calculation of non-IFRS Alternative Performance Measures, including EBITDA (adjusted), additional columns have been added to reflect the position in line with previous accounting principles.

(2) EBITDA (adjusted) = EBITDA (adjusted) = Earnings before interest, tax, depreciation and amortisation and non-underlying items, on a pre-IFRS 16 basis, and before rent phasing adjustment and unrealised currency translation gains/losses. In this measure, the benefit of rent free periods agreed in the ordinary course of rent negotiation, are spread on a straight line basis until the next rent review (normally five years from initial agreement). Non underlying items have been removed as they are related to items that are considered to be significant in nature and quantum, and not in the normal course of business. The calculation for this measure is consistent with prior years.

(3) Rent phasing adjustment = the adjustment of the rent element of the EBITDA (adjusted) calculation, so that the benefit of rent free periods and the CVA rent reductions are spread over the full remaining life of the lease. This is most closely aligned with the accounting treatment for rent pre-IFRS 16. The calculation for this measure is consistent with prior years.

Memorandum to the Balance Sheet analysing net funding

Memorandum - Analysis of net funding			
	Note	**31 March 2024** ***£m***	**31 December 2023** ***£m***
Cash at bank		***177.3***	***195.7***
External debt redeemable (excluding lease liabilities):			
Senior secured fixed rate bond	*14*	***-***	***-***
Senior secured floating rate bond	*14*	***-***	***-***
Sterling fixed rate notes	*14*	***(330.0)***	***(330.0)***
Euro floating rate notes (including derivative liability	*14*	***(223.3)***	***(225.4)***
Bond issue costs	*14*	***11.6***	***12.9***
Gross debt	*14*	***(541.7)***	***(542.5)***
External net debt		***(364.4)***	***(346.8)***
Investor loan	*14*	***(126.1)***	***(152.2)***
Finance leases		***(14.7)***	***(14.7)***
Net debt		***(505.2)***	***(513.7)***
Lease liabilities	*13*	***(2,633.3)***	***(2,609.9)***
		(3,138.5)	***(3,123.6)***

Memorandum to the consolidated Cash flow statement analysing free cash flows and operating activities

Memorandum - Analysis of free cash flow [1]		
	Period ended 31 March 2024	***Period ended 31 March 2023***
	Before IFRS 16 (1)	***Before IFRS 16*** (1)
	£m	***£m***
EBITDA (adjusted)[2]	***3.4***	***19.0***
Working capital	***39.5***	***28.4***
Net cash flows from operating activities before non-underlying items	***42.9***	***47.4***
Capital expenditure	***(23.9)***	***(15.9)***
Free cash flow generated from the period	***19.0***	***31.5***
Non-trading cash flow		
Finance fees paid	***(1.2)***	***(0.1)***
Interest paid	***(5.5)***	***(9.0)***
Interest income	***2.6***	***0.9***
Finance lease rental interest payments	***(0.4)***	***(0.4)***
Cash spend on provisions and non-underlying items [3]	***(2.0)***	***(0.5)***
Corporate tax	***-***	***-***
Non-trading cash flow	***(6.5)***	***(9.1)***
Cash generated	***12.5***	***40.6***
Opening Cash	***195.7***	***154.2***
Movement in cash	***12.5***	***22.4***
Repayment of fixed and floating rate bond	***-***	***(15.0)***
Investor loan interest paid	***(20.4)***	***-***
Investor loan capital paid	***(10.5)***	***-***
Closing Cash	***177.3***	***161.6***
Opening external net debt	***(346.8)***	***(345.3)***
Net increase in aggregate cash	***(18.3)***	***7.4***
Repayment of fixed rate bond	***-***	***15.9***
Impact of foreign exchange on euro bond	***3.0***	***-***
Impact of revaluation of derivative	***(0.9)***	***-***
Net amortised bond transaction costs	***(1.4)***	***(0.6)***
Closing external net debt	***(364.4)***	***(322.6)***

1. Free cash flow is defined as cash generated before interest, non-underlying costs, spend on provisions and financing.

2. EBITDA (adjusted) = Earnings before interest, tax, depreciation and amortisation, rent phasing adjustment, and before unrealised currency translation gains/losses, non-underlying items and reflective of the position in line with the accounting principles applicable to the previous year for purposes of comparability (before IFRS 16). Non underlying items have been removed as they are related to items that are considered to be significant in nature and quantum, and not in the normal course of business. The calculation for this measure is consistent with prior years.

3. In 2024, net cash spend on non-underlying items through working capital of £2.0m includes £1.7m of bonus payments made and £0.3m spend on provisions.

In 2023, net cash spend on non-underlying items through working capital of £0.5m includes £0.2m outflow for professional fees in connection with the design and implementation of a new senior management incentive plan, £0.1m onerous lease payments and £0.2m spend on other provisions.

Reconciliation of net cash flows from operating activities before non-underlying items to net cash generated from operating activities (note 15)	***Period ended 31 March 2024***	***Period ended 31 March 2023***
	Before IFRS 16 (1)	***Before IFRS 16*** (1)
Net cash flows from operating activities before non-underlying's	***42.9***	***47.4***
Cash spend on provisions and non-underlying items [4]	***(2.0)***	***(0.5)***
Cash flows from operating activities	***40.9***	***46.9***
Corporate tax	***-***	***-***
Net cash generated from / (used in) operating activities	***40.9***	***46.9***

4. In 2024, net cash spend on non-underlying items through working capital of £2.0m includes £1.7m in respect of our bonuses paid in respect of our recent property acquisition and £0.3m relating to the release of provisions.
In 2023, net cash spend on non-underlying items through working capital of £0.5m includes £0.2m outflow for professional fees in connection with the design and implementation of a new senior management incentive plan, £0.1m onerous lease payments and £0.2m spend on other provisions.

(1) Before IFRS 16 - In order to facilitate the comparability of the underlying business and clarify the calculation of non-IFRS Alternative Performance Measures, including EBITDA (adjusted), additional columns have been added to reflect the position in line with previous accounting principles.