Company Registration No. 08170768

THAME AND LONDON LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

Our Purpose
At Travelodge, our purpose is to help people to go and do their thing, by Being the Brilliant Base.

Being the Brilliant Base has our customers and colleagues at the heart of what we do. For our customers that means providing a well-priced, well-located stay they can trust, and for our colleagues it means creating opportunities to learn more, earn more and belong. We care about the impact of our decisions and sustainability is integral to our business strategy and runs through everything that we do.

Established in 1985, Travelodge is now one of the leading platforms in the UK and is the second largest hotel brand in the UK with 630 hotels and approximately 49,000 guest bedrooms, right across the UK as well as in Ireland and Spain.

Contents **Page**

COMPANY INFORMATION

DIRECTORS

Jo Boydell	
Ray Reidy	(appointed 20 August 2025)
Stephen Shurrock, Chairman	(appointed as Chairman, 25 November 2025)
Helen Normoyle	
Rachel Kentlton	
Jon Zehner	(appointed 23 March 2026)

COMPANY SECRETARY

Katherine Thomas	(resigned 1 April 2026)
Jo Boydell	(resigned 1 April 2026)
Andrew Laing	(appointed 1 April 2026)

REGISTERED OFFICE

Sleepy Hollow
Aylesbury Road
Thame
Oxon
England
OX9 3AT

BANKERS

Barclays PLC
1 Churchill Place
London
E14 5HP

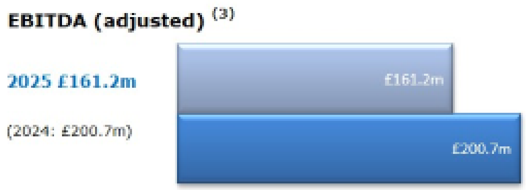
SOLICITORS

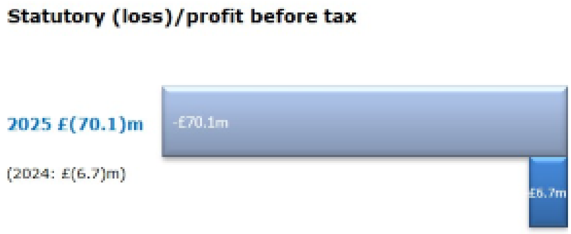
Addleshaw Goddard LLP
41 Lothbury
London
EC2R 7HG

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Chief Executive's Review





2025 Performance Headlines

- Total revenue up 0.7% to £1,044.3m (2024: £1,036.6m)
- Occupancy[1] down (0.8)pts to 84.0% (2024: 84.8%)
- Average room rate[1] down (1.0)% at £67.88 (2024: £68.56)
- RevPAR[1] down (1.9)% to £57.00 (2024: £58.14)
- RevPAR performance (1.7)pts below the competitive segment[2]
- EBITDA (adjusted)[3] of £161.2m, £39.5m below 2024 (2024: £200.7m)
- Statutory Operating Profit of £228.7m (2024: £268.6m)
- Statutory Loss before tax of £(70.1)m (2024: £(6.7)m)
- Cash of £113.2m at 31 December 2025 (2024: £227.7m)
- 21 new hotels opened in the UK
- Total network now 630 hotels and c. 49,000 rooms as at 31 December 2025

1. Revenue per available room (computed as a product of the average room rate for a period multiplied by the occupancy for that period), average room rate and occupancy on a UK like-for-like basis for the management accounting period 2 January 2025 to 31 December 2025 (28 December 2023 to 1 January 2025 for the year 2024).
2. Our competitive segment is the Midscale and Economy Sector (MS&E) 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.
3. EBITDA (adjusted) = Earnings before interest, tax, depreciation and amortisation and non-underlying items, on a pre-IFRS 16 basis, and before rent phasing adjustment[4]. 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. See APM glossary pages 116 - 127 for further details and statutory reconciliations.
4. Rent phasing adjustment = the adjustment so that the benefit of rent free periods 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. See APM glossary pages 116 - 127 for further details and statutory reconciliations.

Chief Executive's Review

Overview
Travelodge delivered solid overall financial results in 2025, with full year revenue growth driven by a good second half performance following the challenging UK market trading conditions in the first half of the year. We saw good demand with occupancy significantly ahead of the MSE hotel segment; however, the market and Travelodge were impacted by softer London rate. This was predominately in the first half of the year, with improved performance in the second half. Our industry-leading operating cost model, and continued focus on in-sourcing, leveraging technology and efficiency initiatives, helped us navigate industry wide cost pressures where possible, although we did see significant inflationary cost increases in line with the wider hospitality sector. We continued to invest in the business to drive growth and quality, including our refit program and system upgrades.

We continue to leverage technology to enhance our customer proposition, building on the broad range of attractive room rates and option for customers personalise their stay that have been available for many years. We launched 'Choose Your Room' across the estate, giving customers the opportunity to choose the exact room to stay in, expanded our self-serve trial with our first hybrid "StaySmart" hotel in Central London and launched our new AI assistant 'Ara'. Our operating model has continued to be optimised, and we have upgraded our F&B systems, providing benefits for customers and colleagues with enhanced functionality.

Our refit programme, part of our most significant brand transformation to date, progressed well with approximately two-thirds of the room estate upgraded to our new look and feel at the end of 2025. The next generation rooms, re-designed reception and upgraded bar café in our new 85 Bar Cafe design are delivering positive commercial and customer benefits. We will continue with this refit programme through 2026.

We made excellent progress on our development plans, opening 21 UK hotels in 2025 across a range of leasehold and freehold models. This includes the acquisition of 12 freehold hotels that have been rebranded and fully refitted, four new leasehold and five leasehold rebrands. We also acquired a further office building at Liverpool Street in Central London for conversion to a hotel, building on the 2024 acquisition at St Paul's. These acquisitions were all made by Travelodge OpCo Group (Thame and London Limited), which also acquired a further Travelodge branded hotel in a key London market. This builds on the successful acquisition of 66 hotels in 2024 by Travelodge PropCo Group.

We expect to open at least six leasehold hotels in 2026 and so far this year we have opened one further new UK leasehold hotel in Stratford London, a prime location with 151 beds and a bar café.

In Spain, the good development momentum continues with contracts exchanged for two freehold developments that are expected to open in 2026 and 2027. Further building on the three leasehold deals for new build hotels previously announced.

The supply backdrop in the UK remains attractive with the continued reduction in independent hotel operators. We see further potential growth opportunities ahead and will leverage our range of leasehold and freehold development models to capitalise on these opportunities in both the UK and Spain. However, the development challenges in the UK remain, impacted by high construction costs, planning timeframes and the availability of financing.

Travelodge's liquidity position remains solid, and we ended the year with cash of £113.2m. Free cash flow for the year was £49.7m before development capital expenditure (including acquisitions), financing activities and non-underlying items. We will continue to review our financing arrangements and liquidity position to support business growth.

Chief Executive's Review (continued)

So far in quarter one, our traditionally smallest trading quarter, we have seen total revenue growth of c. 3% ahead of 2025 levels. The MSE market segment has seen modest RevPAR declines year-on-year. We are pleased to have outperformed the segment so far this year, reflecting the investments we have been making in the customer proposition and our revenue management and distribution capabilities. We also benefitted from the maturity of new hotels opened in 2025 and continued good performance from our Spanish business.

Looking ahead there is solid demand across our broad range of business and leisure customers and there are encouraging long lead demand patterns and business of the books is ahead of last year.

As we look towards 2026 there are both opportunities and challenges. We are monitoring the potential impact on consumer confidence from increasing economic and geopolitical uncertainty, and we continue to keep this closely under review.

However, Travelodge's strong brand, direct distribution model and balanced customer mix position the Group well for medium-term growth. Investments in both the UK and Spain are delivering results, and the Group remains confident in the structural outlook for the budget hotel sector, supported by resilient fundamentals and an attractive supply backdrop.

Performance Overview

Trading performance for the year reflects a good second half performance following challenging UK market trading conditions in the first half of the year. Generally regional performance remained more resilient with good rate performance, broadly in line with 2024 levels, but a small decline in occupancy, although Travelodge's occupancy was still c. 6pts ahead of the competitive segment. London was impacted by lower rate in the first half of the year but with better rate performance in the second half which was ahead of last year.

Travelodge’s UK like-for-like RevPAR for the year ended 31 December 2025 was down (1.9)% compared to 2024. This was approximately (1.7)pts below the Smith Travel Research (STR) MSE benchmark competitive segment, reflecting the impact of our refit program and strong comparables.

The second half of 2025 performed relatively stronger, with Travelodge UK like-for-like RevPAR up 1.8%, benefitting from a strong Q3 events schedule. This positive momentum continued into Q4 with UK like-for-like RevPAR up 2.3% and Travelodge performing in line with the STR MSE benchmark competitive segment, with our ongoing investments in the customer proposition and revenue management capabilities supporting this momentum.

We delivered good growth in food & beverage revenue, with a c. 3% UK increase compared to 2024, benefitting our 85 Bar Café roll-out and menu upgrades.

Our Spanish business continues to perform strongly, with revenues growing by c. 22%, including the impact of the new hotels acquired during 2024. The business maintains good levels of profitability, with EBITDA of £10.3m and strong EBITDA margins of approximately 29%. Overall, total revenues for the year increased by 0.7% on 2024 levels.

Our industry leading operating cost model and strong supplier relationships, together with investment to deliver cost efficiencies, helped control costs. However, this only partially mitigated the impact of industry wide inflationary pressures, including significant increases in the National Living Wage, as well as the multi-year inflationary impact on our rent costs where a proportion of rent reviews are uncapped, due to the 5 yearly review cycle. We continued to invest in the business to drive growth, quality and efficiencies. The combination of these significantly inflationary and regulated cost pressures and the weaker trading environment meant that EBITDA decreased year-on-year from £200.7m to £161.2m, despite the strong H2 recovery.

We ended the year in a solid liquidity position, with cash of £113.2m. Free cash inflow for the year was £49.7m before development capital expenditure, financing activities and non-underlying items. This was predominantly driven by the EBITDA (adjusted) profit, partially offset by capital investment including our refit programme. Working capital inflow of £13.1m was due to a decrease in rent prepayments at year end.

Chief Executive's Review (continued)

Recent Trading and Outlook

In the near term, it is clear that the UK operating environment has become more challenging. The cumulative impact of recent policy changes – including higher business rates, rising employment costs and new regulatory requirements – is significantly increasing our cost base. While Travelodge has strategies in place to manage these pressures, their effects will be reflected in a more measured pace of growth in the UK market in the near term, as the policy landscape continues to evolve.

We have seen solid demand across our broad range of business and leisure customers. Booked revenue is ahead of 2025 levels and there are encouraging long-lead booking patterns, supported by the strong event programme for the year ahead.

So far in quarter one, our traditionally smallest trading quarter (typically c. 20% of full year revenue), we outperformed the MSE market segment in both London and the Regions against a challenging market backdrop. This outperformance has been driven by occupancy, which is c. 9% points higher than the MSE market segment. The weakest performance has been in London, primary rate driven, impacted by fewer events and lower corporate demand. The regions have performed better with rates in line with last year but offset by weaker occupancy levels. We have also seen good event demand, including the Six Nations and Crufts. Market demand at the start of the year was impacted by the bad weather.

The good performance of our Spanish business has continued, with revenue up over 20% on 2025 levels. Overall, total revenues for the quarter to date, including the contribution from new and maturing hotels are c.3% ahead of 2025 levels.

In conjunction with the favourable market supply dynamics, with limited new supply in the short-term and the continued reduction in independent hotel operators, we are cautiously optimistic about the future trading environment. However, the increasing political and economic uncertainty could have a significant impact on consumer and business demand. As a reminder each one percentage point growth or decline in RevPAR p.a. would be expected to impact Travelodge revenues by approximately £8m-£9m.

Our cost base remains largely fixed, with the most significant costs being rent, payroll costs (including the impact of increases in the National Living Wage and employer national insurance contributions), energy and business rates.

We continue to manage inflationary pressures through our long-established efficiency programme, leveraging in-sourcing, technology, automation and innovation, while maintaining investments in growth and quality.

Overall, we expect gross cost inflation of 6%-7.5% in 2026, partially mitigated by our ongoing efficiency programme, to expect net cost inflation of 5%-6.5%, (before new hotels), excluding any potential impact from current economic and geopolitical uncertainty.

- **Rent:** We expect rent for Travelodge OpCo Group (Thame and London Limited) of £295m - £305m in 2026, depending on timing of new openings and inflation (2025 c. £278m). The majority of our leases contain either RPI or CPI based 5-yearly upwards only rent reviews. Approximately 45% of our leases (by value) now contain caps and collars, with reviews spread broadly evenly over a 5-year period.

- **Wages:** The National Living Wage will increase by 4.1% in April 2026, following the c. 7% increase in April 2025. We expect wages to increase by c. £9m in 2026, reflecting these increases alongside the annualisation of the 2025 increase and the reduced threshold for employer National Insurance.

- **Energy:** Energy commodity costs are hedged; and we are not expecting a significant increase in energy costs in 2026.

- **Business rates:** The April 2026 revaluation is expected to increase this cost from approximately £38m in 2025 to approximately £50m in 2026. We are still awaiting confirmation of any Government relief. Our position remains that any mitigations being considered for pubs should be extended to the hospitality

Chief Executive's Review (continued)

sector more widely. Further significant increases are expected over 2027/2028 as transitional relief phases out - the interaction between the higher multiplier, the 2026 revaluation and the stepped transitional regime would, on current assumptions, see our English business-rates liability (approximately 89% of the total for 2025) almost double over the life of the next three years.

We also expect the Employment Rights Bill and the potential new visitor levies to add to the cost base, though the impact is not yet quantifiable, and so are not included in our overall, inflation guidance above.

Capital allocation and development

We will maintain a prudent approach to cash management, balancing liquidity with continued investment in both the core estate and development. In 2026, we expect capex (excluding development) of approximately £100m, with just under half allocated to discretionary refit investments, alongside new hotel development, technology and essential maintenance. We will continue to maintain appropriate levels of liquidity, balancing our growth ambitions with continued solid cash generation.

Looking ahead, Travelodge has a number of growth opportunities. While the challenging real estate market conditions persist, impacting the pace of UK leasehold development, we have been successfully in utilisingused alternative development models, including freehold and leasehold rebrand acquisitions. We expect to open at approximately six new UK hotels in 2026, across both traditional new leasehold and leasehold rebrand development models, and continue to explore further opportunities in both the UK and Spain.

Outlook

As we look towards 2026 there are both opportunities and challenges. We are monitoring the potential impact of the increasing economic and geopolitical uncertainty on consumer and business confidence. The UK MSE segment has proven resilience and continues to benefit from its domestic focus, business/leisure mix and value proposition as customers seek good value.

While there is increasing political and economic uncertainty, Travelodge's strong brand, direct distribution model and balanced customer mix position the Group well for medium-term growth. Investments in both the UK and Spain are delivering results, and the Group remains confident in the structural outlook for the budget hotel sector, supported by resilient fundamentals and an attractive supply backdrop.

Jo Boydell
Chief Executive Officer

2 April 2026

Chief Financial Officer's Report

I am delighted to report my first set of financial results for Travelodge having joined the Group in April 2025.

The last year has presented a challenging trading environment for the hospitality sector. In spite of these challenges, we have continued to be resilient and our results demonstrate the strength of our core business and the benefits of our ongoing strategic investment which continues to drive the business forward. The potential impact from increasing macroeconomic uncertainty means our near-term outlook is cautiously optimistic, but I remain confident in the long-term prospects and future opportunities available for Travelodge.

Against a difficult market backdrop, we have seen a small increase in revenue compared with prior year, exceeding £1bn for the third consecutive year. In addition, we have maintained strong cost control and continued to make strategic investments in both new hotels and upgrading our current hotels to drive growth and quality. We have suffered significant cost inflation of an additional c. £40m in 2025, with the key drivers being above inflation increases in the National Living Wage in the UK and the impact of high UK inflation in 2024 and 2025 on our rent reviews. We remain a significant taxpayer and our contributions in 2025 to the UK Government amount to £60m. The Budget announcements in November 2025 have not been helpful and will see further cost increases in the year ahead as a result of Government policy. Annualisation of the 2025 National Insurance changes, the planned increases to UK National Living Wage and the cost of day one sick pay which is included in the Employment Rights Bill are expected to add a further c. £12m to our cost base in 2026. The changes to Business Rates will also be significant. The estimated impact of the 2026 rates revaluations is c. £12m of additional cost, with further significant rises anticipated as transitional relief phases out over the next three years. We continue to look for business efficiencies to help offset these increases, but the scale of increase is such that an impact on profitability is almost unavoidable. EBITDA in 2025 was £161.2m which is a reduction of £39.5m on prior year. Similarly, the statutory loss before tax of £70.1m represents a reduction of £63.4m from the loss of £6.7m in 2024.

Despite the difficult environment, we have continued to invest in our strategy. We have made excellent progress this year with the opening of 21 new hotels in the UK. These were opened across a range of leasehold and freehold models demonstrating our diverse approach to continuing to expand in a challenging real estate market. Only 4 of these new openings were through our traditional leasehold basis with the other openings being 12 freehold hotels that were rebranded and 5 leasehold rebrands.

We continue to explore further strategic growth opportunities in the UK and Spain. During the year in Spain, we signed deals for three new hotels in San Sebastian, Cadiz and Alicante which we expect to open within a typical timeframe of c. 3 years. We have also exchanged contracts for two freehold developments in Bilbao and Madrid which are expected to open in 2026 and 2027 respectively. These future secured premises signal the continuing expansion of our already profitable Spanish business.

This report provides a summary of the consolidated financial results for the Thame And London Limited, highlighting the key drivers contributing to the overall results presented in the statutory audited financial statements which contain many technical terms and concepts, along with 2024 comparatives. To better reflect our underlying performance to readers, we exclude non-underlying items, which are those items that are significant in nature and quantum and are not in the normal course of business. EBITDA (adjusted) is our key profit measure and we use it to track our performance internally and to report to our lenders. For a list of definitions and reconciliations to the statutory measures we are obliged to disclose, please refer to the Glossary on page 116

Details of the various elements of the accounting statements are set out in the Notes to the financial statements on pages 44 to 115

Chief Financial Officer's Report (continued)

Group Financial Results	2025 £m	2024 £m	£m	Change %
Revenue	1,044.3	1,036.6	7.7	0.7%
EBITDA (adjusted)	161.2	200.7	(39.5)	(19.7)%
Underlying depreciation and amortisation	(189.6)	(177.8)	(11.8)	(6.6)%
Loss on disposal of fixed assets	(6.5)	(10.2)	3.7	36.3%
Unrealised currency translation	0.2	(0.3)	0.5	
IFRS 16 lease vehicle accounting	0.4	-	0.4	
Rent payable	281.9	266.6	15.3	5.7%
Underlying Operating Profit	**247.6**	**279.0**	**(31.4)**	(11.3%)
Underlying Loss before Tax	**(51.2)**	**(10.2)**	**(41.0)**	
Non-Underlying items	(18.9)	3.5	(22.4)	
Loss before tax	**(70.1)**	**(6.7)**	**(63.4)**	

Revenue performance has been maintained in 2025, at £1,044.3m. New hotel revenues compensated for the comparable hotel decline observed in the market. Challenging UK market conditions in the first half were partially offset by improved performance in the second half, benefitting from a strong Q3 events schedule.

We have had a positive year in regard to hotel openings. We delivered our largest development programme in over a decade, opening 21 in 2025 (2024: 11), all being in the UK, with future premises secured across UK and Spain too. The number of hotel rooms that we operate increased by 4%. Our comparable UK occupancy declined 0.8%pts to 84.0% and rates fell by 1.0%, but our revenue growth of 0.7% was supported by the new hotels opened and acquired during the year. We are a budget operator, providing a value product as a base to meet our customers' work and leisure travel needs. We continue to ensure that our rooms are priced appropriately for this operating model and deliver good value for customers. Like-for-like UK RevPAR for the year was £57.00 (1.9% lower compared to 2024).

The majority of bookings in the budget sector occur close to the date of stay. Where we have bookings well ahead of the date of stay, these are usually driven by the desire to attend scheduled events. The mid-scale and economy hotel sector in which we operate was relatively stable (decline of 0.3%, 2024: declined by 0.8%), as result of better weather and more events compared to 2024. Our refit programme and regional mix resulted in a market RevPAR underperformance of 1.7pts vs 2024.

We continued to focus on strong cost control during the year, limiting the growth in underlying Operating Expenses excluding rent to £(30.5)m (5.3%), whilst still investing in the business to meet our customers' needs. New hotels naturally led to increases in our variable costs such as wages and increased employment costs. Inflation in 2025 of 3.5% (RPI) added pressure to our cost base. The largest single driver of increased underlying operating costs is our employee costs, which grew by 11.3% (£29.2m). The changes to National Insurance and the increase in the UK National Living Wage in April (c. £14m) were the main reasons for the growth.

As a result of our strong marketing campaign in 2024, we have seen a fall in marketing spending in 2025 of £10.5m. These cost saving was offset with the increase in spend on rates of £4.4m, recognition awards of £4.2m and system costs increases of £2.3m.

We continue to secure cost efficiencies. The cost base remains largely fixed, with rent, payroll, energy and business rates the most significant expenses.

Non-underlying operating costs of £4.8m includes £3.2m relating to the 2022 Management Incentive Plan, £0.7m relating to the acquisition of a group of hotels in the UK, £0.5m relating to one off organisational restructuring costs, £0.3m relating to costs from the acquisition of a group of Spanish hotels in the prior year and £0.2m to other singular costs which do not occur in the regular course of business. In 2024, the non-underlying operating costs of £11.1m included £2.5m of employee bonuses relating to the property acquisition and other corporate activity, £8.1m relating to the 2022 Management Incentive Plan and £0.5m of other operating costs. Other than the non-underlying costs above, there was an impairment of £16.0m (2024: £nil) during the year of the Group's assets. The non-underlying gain of £1.9m during the year relates to an accounting gain on elimination from the acquisition of a property during the year.

(1) Alternative performance measure defined in the Glossary from page 116

Chief Financial Officer's Report (continued)

Investment in our business (for example, hotel refurbishment) is initially capitalised to the balance sheet as an asset, and then unwound over time to the income statement as depreciation and amortisation.

In 2025, the impact of this excluding lease property (IFRS 16) increased year on year as a result of the acquired properties during the year.

Under IFRS 16, depreciation also includes the depreciation relating to Right of Use assets. Note 17 provides further detail.

Assets are tested for impairment by analysing future cash flows by hotel. There were impairments charged to the financial statements in 2025 of £16.0m (2024: £nil).

Funding, finance costs and income

Our funding arrangements include €250m Senior Secured Floating Notes. We hedged the currency and interest rate risks on these notes when we drew them down in 2023. This hedge (including a natural hedge on €50m by holding funds in a Euro designated deposit account) has continued in 2025.

We maintain our commitment to keep our capital structure under review and balance utilisation of any excess cash balances between deleveraging, further investment in the business to support growth and repayment of the accrued interest on the investor loan.

In 2025, total finance costs pre-IFRS 16 increased by £16.8m (5.8%). The increase was mostly due to the full year interest charges relating to the new funding secured for the Propco group in 2024.

Cash flow

Despite the challenging trading environment and the significant additional investments in the business during 2025, we maintain a good cash and cash equivalents position of £113.2m at 31 December 2025 (2024: £227.7m).

Our cash conversion ratio in 2025 was maintained at 97% and shows the strength of the Group’s underlying liquidity to meet its financial obligations including meeting its debt obligations and funding investments.

Free Cash Flow *(Glossary, page 116)*	**2025 £m**	**2024 £m**	**Change £m**	**%**
EBITDA (adjusted)	**161.2**	**200.7**	**(39.5)**	**(19.7)%**
Working capital (underlying)	14.0	12.2	1.8	14.8%
Net cash flow from operatating activities (underlying)	**175.2**	**212.9**	**(37.7)**	**(17.7)%**
Capital expenditure	(125.5)	(114.8)	(10.7)	(9.3)%
Free Cash Flow	**49.7**	**98.1**	**(48.4)**	**(49.3)%**

Free cash flow[1] is our key internal measure for cash, representing the underlying funds generated by the business, after capital investment but before acquisition costs, to meet the financing costs of the business and create opportunity for further investment, acquisition and capital reallocation. In 2025, free cash inflow of £49.7m is a decrease compared to the inflow of £98.1m generated in 2024. This is the result of reduced EBITDA and increased capex expenditure in the year.

The decrease of £39.5m in EBITDA (adjusted) was offset by an increase in the underlying working capital movement from an inflow of £1.8m to £14.0m. This was predominantly driven by the decrease in the movement in prepayments.

(1) Cash generated before asset acquisitions, including associated costs, interest, non-underlying costs, spend on provisions and financing.

Chief Financial Officer's Report (continued)

Statement of financial position

The Consolidated Statement of Financial Position on page 42 shows the statutory disclosure of our Net Liabilities at the year end. Overall Net Liabilities of £777.8m (which reflects the capitalisation of our lease obligations under right of use assets and the associated lease liability), increased during 2025 by £69.9m. The lease liability exceeds the right of use asset due to timing differences on the unwinding of the lease asset and lease liability, and the resulting net position, when combined with the senior secured debt and investor loan, results in the overall net liability position for the Group.

The value of the Travelodge Brand remains as an Intangible Asset of £145m and came about from the acquisition of Travelodge Hotels Limited in 2012. £145m represents the fair value at acquisition based on estimated discounted future royalties receivable from the use of the Travelodge brand at that time.

We continue to invest in the business, including our accelerated refit programme, which has delivered good commercial and customer benefits. This materialised in our 2025 financial statements as an increase in property, plant and equipment assets by £148.4m to £398.4m (2024: £250.0m).

On an IFRS 16 basis, Right of Use Assets (Note 17) increase by £39.6m.

Net Debt (Note 23)

The increase in debt due to the refinancing and the new bank loan to facilitate the acquisition, in addition to the lower level of cash in the bank, resulting in an increase in net external debt to £521.1m (2024: £386.5m)

Prior to lease liabilities, net debt had increased by £153.2m. As our lease liabilities increased by £98.7m, the net debt including leases, as reported in Note 22, at the end of 2025 was £251.9m more than 2024.

Net Debt Cover to EBITDA on pre IFRS 16 basis was 3.5 (2.1 in 2024).

Covenant Compliance

Under the 2023 RCF, the Group's covenant requirements (which apply if drawings under the RCF are £32m or more) are tested at the end of March, June, September and December to ensure that the leverage ratio (Net leverage to EBITDA) does not exceed 5.5:1. The RCF was not drawn during the year and the Group successfully operated within the parameters established by its lenders.

Going concern

In assessing the appropriateness of the going concern assumption, the Board has considered the possible cash requirements of the Group and Company for at least 12 months from the date of these financial statements, taking a balanced view of the trading environment, the current economic and geopolitical uncertainty and its potential impact on consumer and business confidence, energy costs and the range of trading outcomes we could face, and mitigating actions which could be taken. Further details are set out in Note 2.

Based on the above, the Directors believe that it remains appropriate to adopt the going concern basis in preparing the consolidated financial statements. In reaching this conclusion, the Directors noted the Group's trading and cash performance in the year, the funding available to the Group and the range of severe but plausible downside scenarios.

Ray Reidy
Chief Financial Officer

2 April 2026

Non-Financial and Sustainability Information Statement

The Group supports the Non-Financial and Sustainability Information Statement (NFSIS) framework and has made disclosures within our parent company T&L Holdco Limited's Annual Report on page 23 consistent with sections 414CA and 414CB of the Companies Act 2006. The Company is now a wholly owned subsidiary of T&L Holdco Limited which is the most senior UK parent company preparing consolidated accounts for the Group.

Any NFSIS related information on strategy, governance, risks and opportunities, and the mitigations of these risks can be found in our parent company T&L Holdco Limited's Annual Report on page 23.

Greenhouse Gas Emissions information for the Group can be found in our parent company T&L Holdco Limited's Annual Report on page 23

Section 172 Statement

Section 172 Statement aims to help shareholders better understand how directors have discharged their duty to promote the success of the Company for the benefit of its members, having considered the interests of various stakeholders and the broader matters set out in section 172(1)(a) to (f) of the Companies Act 2006:

a. the likely consequences of any decision in the long term;
b. the interests of the Company's employees;
c. the need to foster the Company's business relationships with suppliers, customers, and others;
d. the impact of the Company's operations on the community and the environment;
e. the desirability of the Company maintaining a reputation for high standards of business conduct; and
f. the need to act fairly between members of the Company.

The Wates Corporate Governance Principles for Large Private Companies provides a framework for the Group to demonstrate how the Board make decisions, aligned with the strategy, for the long-term success of the company and its stakeholders, as well as having regard to how the Board ensure the Company complies with its requirements of this Section 172 statement. The Company adopted the Wates Principles during 2025. Our reporting against the Wates Principles has been included on page 58 in the 2025 T&L Holdco Limited accounts in and should be read in conjunction with the information on stakeholder engagement and key decisions discussed within this report.

Stakeholder engagement and consideration
Accountability and transparency with stakeholders is key to the long term success of the Group. We consider our key stakeholders to be customers, team members, shareholders and investors, landlords and other creditors including key operational suppliers, local authorities, and communities. Further details of how we have engaged with these groups is given within the sustainability section of this report, however some examples of how the Board ensures that stakeholders are considered during Board meetings and for decisions are as follows:

- monthly reporting to the Board as part of the CFO update with a range of KPIs including customer and colleague metrics. The monthly CEO update includes any interaction with lenders, team members, landlords and regulators and presents any required decisions for review, and regular updates from across the organisation to help it understand the impact of decisions on all the key stakeholders;
- regular meetings with the Company's shareholders;
- quarterly briefings to the Group's bondholders, and regular meetings with lenders;
- six-monthly business update calls with landlords, developers and key contacts from the property industry and regular newsletters;
- six-monthly updates to the Sustainability Committee to track progress against the Group's 'Better Future Sustainability' plan; and
- presentation of the feedback from the annual

Your Voice colleague survey for review, and twice yearly "Shadow Board" meetings with a cross section of 12 employees representing all areas of the business.

Principal decisions
We outline below examples of how the directors of the Company have had regard to the matters set out in section 172(1)(a) to (f) in their decision making during 2025, including consideration of employees and other stakeholders.

Section 172 Statement (continued)

Hotel openings

During 2025 Travelodge successfully expanded its estate with the opening of 21 new hotels, demonstrating the Board’s ability to navigate a challenging and complex property market. These openings were achieved through a diverse range of transaction structures, including rebrand acquisitions (freehold, long-leasehold or leasehold) and the delivery of new-build developments.

The Board consulted with its advisers to assess and monitor closely the state of the property and debt markets to identify value-accretive opportunities. Having reviewed the Company’s funding strategy, the Board determined that the ability to acquire freehold and long-leasehold interests had a significant impact on the scale of the expansion, providing the flexibility required to secure prime locations in a competitive environment. The Board concluded that this multi-channel growth strategy would promote the long-term success of the Company by strengthening the portfolio’s geographic reach, building increased brand presence, and achieving growth.

In taking these decisions the Board considered in particular the matters set out in s. 172(1)(a) to (f).

Deal to acquire nine rebrand properties

Between March and April 2025, a newly incorporated subsidiary of the Travelodge OpCo Group completed the acquisition, by way of an asset purchase, of a portfolio of 9 hotels from Louvre Hotels Group. The portfolio consisted of 5 freehold interests and 4 long-leasehold interests. All the properties previously operated under the Campanile brand. Of these, eight hotels were already or nearly operational and were traded as Travelodge branded hotels immediately on completion.

The Board consulted its shareholders and advisers, and undertook significant due diligence into the target portfolio, the viability of the future commercial performance of the hotels, and the projected returns on investment. This process included a comprehensive review of the various financing methods available to the Company to fund the transaction. Having reviewed the different financing options, the Board concluded that it would most likely promote the success of the Company in the long term for the benefit of its members as a whole to fund the transaction through cash held in Travelodge OpCo. It was also concluded that the transaction would support Travelodge’s long-term growth strategy, allowing the Group to strengthen its hotel portfolio and hold freehold properties alongside the existing leasehold estate.

In taking these decisions the Board considered in particular the matters set out in s. 172(1)(a) to (f).

ePOS infrastructure replacement

In March 2025, the Board approved a significant investment over five years to replace the Company’s legacy ePOS infrastructure. After consideration, the Board approved a 5-year contract with market leader Zonal, and a full business change programme to implement the new ePOS platform. This critical project involves hardware installation across over 200 of the Company’s 85 Bar Cafés.

The Board decided that the programme would support the Company's F&B growth strategy and would promote the long-term success of the Company. They considered in particular the anticipated increase to revenue and margin, as the new ePOS system introduces advanced capabilities, including mobile "order and pay" and digital upselling, which are forecast to increase Spend Per Sleeper. The Board also concluded that the new platform would improve both financial controls and operating capabilities, as well as enhance sustainability performance: increased automation and data transparency helps to improve stock management and drives a reduction in F&B waste.

In taking these decisions, the Board considered in particular the matters set out in s. 172(1)(a) to (f).

Section 172 Statement (continued)

Spanish refinance

In August 2025, the Company successfully completed a €12 million debt financing of five hotels within its Spanish PropCo portfolio. The Board, in consultation with its advisers, conducted a rigorous selection process to identify a lender that offered optimal terms while aligning with the Company's long-term objectives for the Spanish market.

Having reviewed the impact on the Company's financial position, the Board concluded that introducing this debt facility would facilitate a sensible leverage profile and improve the Company's cash position, enhancing liquidity for future investment. This transaction ensured the Spanish estate was appropriately financed while maintaining a balanced and sustainable leverage profile.

In taking these decisions the Board considered in particular the matters set out in s. 172(1)(a) to (f).

Principal Risks and Uncertainties

Risk management
Risk arises naturally from operating our business, from the decisions we take and from the changing regulatory landscape. Balancing the opportunities our decisions create with the risks they entail is key to delivering our business strategy. To continue to be successful, it is essential that we can identify and then manage risk within our business.

Our Board, which has ultimate responsibility for risk management, delegates these responsibilities to the Audit Committee. On a day-to-day basis, the business regularly reviews risk through the Safety, Security and Risk Committee (SSR), reporting it to the Executive and Audit Committee and enabling effective risk management across the business.

We manage risk using the three lines of defence methodology.

First line - ownership and management of the controls in place to mitigate risk
Our first line of defence operates and maintains the controls we have in place to mitigate risk. Typically, this will be our hotel teams and those relevant people in our central departments

Second line - Setting and review of controls, monitors and challenges the first line
Our second line of defence understands, identifies, recommends and implements controls to mitigate risk. Good examples of this line in our business include our Risk & Compliance team, including Health & Safety, our Cyber Security team and the SSR.

Risk identification and new and emerging risks
Risk appetite is the level of risk we are willing to accept in pursuit of our strategy. This is assessed every three years or on a material change, with the last review in 2025. An agreed risk appetite helps to communicate to the broader business how risk should inform business decisions and affect our ways of working.

A member of the Executive Committee owns every existing risk, scored on a standardised basis to allow for prioritisation, and is reviewed at least quarterly or on a material change.

In conjunction with our dedicated risk team, our business risk owners identify new and emerging functional-level risks. These are assessed for their likelihood of occurrence and the severity if they crystallise. Based on each new risk's significance to our business, recommendations will be made to manage the risk effectively.

Where identified risk involves multiple parts of our business or dependencies, specific working groups may be established to assess the risk and implement the controls we agree are suitable to mitigate it.

Significant risks are presented to the SSR for approval of the business's recommendations. The SSR includes broad representation across departments, allowing us to gain insights from the wider business on our assessment of new risks and any proposed new controls.

We have identified several new and emerging risks, including:

- The growth and development of AI-related tools, and the risks of late adoption, safe deployment and cyber threats,
- The continuing risk of geopolitical uncertainty and its impact on our business, including a possible increased cost base, and adverse impacts on demand for our customers,
- The impact of acquiring owned, rather than traditionally leased, properties during 2025 and the risks arising from now being a landlord as well as a tenant, and
- The consequences of new laws and regulations, such as those affecting workers' rights, online privacy, and payment practices.

Third line - the audit of our controls
Our third line audits and checks the controls we have in place to ensure they are operating as expected, are fit for purpose, and do not contain any gaps or inefficiencies.

Our Internal Audit team constructs a risk-based audit plan aligned with the principal risks to provide independent assurance over our highest-risk activities, and regularly reports its findings to the SSR.

Principal Risks and Uncertainties (continued)

<table>
<tr><th colspan="2">Risk</th></tr>
<tr>
<td rowspan="2">Health & Safety (H&S)

Movement versus prior year:

Our customers' and colleagues' safety and security are paramount to our business operations.

Our activities have the potential to cause serious injury to our customers and colleagues, damage property or the environment, and negatively impact people's well-being or our reputation.

Within this area, key risks include hotel fires and the personal safety of our customers and colleagues.

The current risks associated with our operational activities have not changed throughout 2025, as evidenced by the number of incidents, which remained broadly in line with 2024, including both fire and confrontational incidents.</td>
<td>Key Mitigations
We are focused on demonstrating the highest standards of H&S management.

The Safety, Security and Risk (“SSR”) committee meets at least 11 times per year and serves as the senior leadership group responsible for risk management. Members of our Executive Committee chair the various committees. The results of this committee are reported to each subsequent Executive Committee.

We regularly train our team members in various topics and share and develop best practices internally through our Area-based Safety Champions.

Key H&S training (such as fire safety, personal safety, and safeguarding) is centrally monitored and reported. Action is taken if the completion rate ever drops below the agreed KPIs.

We maintain relationships with primary authority partnerships for Fire and Health and Safety.

We use an independent third party to conduct unannounced safety audits at all our hotels. Each hotel typically receives at least four reviews per year, depending on its risk profile.

Our personal safety devices support and protect our colleagues who work alone, particularly overnight, providing extended coverage across our hotels.

We have dedicated Incident Management procedures to react to serious events within our business, which are tested yearly.

We actively monitor our audit, enforcement, accident, and incident data, ensuring that all information is analysed and improvements are made where possible.</td>
</tr>
<tr>
<td>Changes versus last year
We have maintained a strong track record that aligns with our commitment to robust health and safety management. In 2025, we maintained strong health and safety results, with a pass rate of over 95% across all audits.

We also had almost 300 enforcement contacts and visits, mostly from fire officers, but also including food hygiene inspections, environmental health officers, licensing inspectors, and other enforcement agencies, none of which found any issues of concern requiring enforcement action.

During 2025, we provided basic first aid training/refresher training to over 3,500 colleagues to ensure that at least one person on duty at all times has received our basic first aid training.

The rollout of our Fire Digitisation system was also completed in 2025. This will provide greater central oversight of fire compliance and further improve fire safety standards.

The monitoring of key H&S training completion has consistently remained above 95%.

With our platform,' Better Me, ' we continued to develop tools to support our colleagues' well-being. The sustainability section of this report provides further details.</td>
</tr>
</table>

Principal Risks and Uncertainties (continued)

<table>
<tr><th colspan="2">Risk</th></tr>
<tr><td rowspan="2">Cyber and data

Movement versus prior year:

While our data and systems have the expected controls to protect us from cybercrime, they are nevertheless exposed to external threats such as hackers, malware, and viruses. These could lead to data breaches or disruption to our business operations.

A significant and successful cyber attack could threaten our liquidity.

We run internet-based business systems. These may attract the attention of threat actors who may wish to steal data or deny access to these systems.

We may also be exposed to collateral damage if a key supplier or national infrastructure is compromised, resulting in a loss or reduced service from that supplier.

As part of the due diligence, we have assessed, with the assistance of our Cyber Trusted Partner, which threat actors are most likely to attempt to compromise our data or systems, and have aligned our security programme to address those risks.</td>
<td>Key Mitigations
We manage information in compliance with relevant compliance and legal regulations, including the Data Protection Act (2018).

We regularly review general data security and invest in proportionate and appropriate resources, systems, and processes to ensure the security of our systems, our customers, our card data, and our compliance with PCI DSS and data protection regulations.

We operate an ongoing information and cyber security programme that continually assesses our systems, controls, processes and cyber security awareness training against industry best practices, the NIST 2.0 framework, and evolving threats.

We invest in implementing the necessary changes and improvements to strengthen our cybersecurity measures in light of emerging threats and evolving technical infrastructure.</td></tr>
<tr><td>Changes versus last year
In 2025, we continued to assess ourselves against the National Institute of Standards and Technology (NIST) framework, which informs our ongoing investment and actions to improve our security posture.

We were also externally assessed by cybersecurity experts against this framework, alongside our annual Payment Card Industry (PCI) audit.

In 2025, we successfully completed our annual PCI audit, with all 12 primary controls in place and 2 compensating controls subject to ongoing maintenance.

We continued our business-wide phishing testing during 2025, and our colleagues completed two rounds of cyber awareness training.

We have an Incident Response and Recovery partner on retainer to provide expertise and support if a cyber incident should occur.

We also developed our business incident management procedures and conducted an incident management test of a simulated cyber event.

We have proportionate technical protection in place for the type of threat actor likely to target our business.</td></tr>
</table>

Principal Risks and Uncertainties (continued)

<table>
<tr><th colspan="2">Risk</th></tr>
<tr><td rowspan="2">**Regulatory**

Movement versus prior year:

We expect to comply with all laws and regulations, whether pre-existing or upcoming.

New regulations or changes to existing regulations can impact Travelodge’s business model and require us to change our working methods, which incur additional costs.

This can include increases in regulatory costs, such as the National Living Wage, National Insurance levels, business rates, and employment rights. We might not be able to increase our revenues to offset these increases.

We also risk being found non-compliant with regulations. Financial penalties or enforced closures of our hotels could be imposed for health & safety or data protection breaches.

Due to the number of hotels we operate and the volume of customers who stay with us, we may be exposed to isolated incidents that fall below our expected standards.</td>
<td>**Key Mitigations**
We monitor new and emerging risks through our Safety, Security and Risk Committee, including regulatory changes. This group ensures we know the possible impacts and any required business changes to remain compliant.

All risks within our business, including each regulatory risk, are owned by one of our Executive Committee members and reviewed at least quarterly for material change.

We also maintain relevant insurance cover at an appropriate level, where required under regulation or considered appropriate to mitigate a specific risk.</td></tr>
<tr><td>**Changes versus last year**
During 2025, the Safety, Security and Risk Committee considered several areas of developing regulation which could impact us.

The new Employment Rights Act 2025 will affect our employment cost base and increase requirements for statutory record keeping and reporting in areas such as unfair dismissal, flexible working, sick pay, guaranteed hours, and sexual harassment.

The Data Use and Access Act (DUAA), together with changes to the Privacy and Electronic Communications Regulations (PECR), which significantly increased the penalties for electronic marketing non-compliance by aligning them with the Data Protection Act, creates fundamental changes to Data Protection Law in the UK.

The government's Simpler Recycling scheme came into force, requiring us to separate waste streams in our hotels. We are actively trialing this with DEFRA.

The Department for Environment, Food & Rural Affairs, published proposals to implement a deposit return scheme in England and Northern Ireland, with a proposed implementation date of October 2027. Wales is also proposing to implement a separate scheme. We are continuing to assess the implications of implementing these proposals to comply with the requirements by 2027.

The UK government formally pledged to "modernise health and safety guidance with reference to extreme temperatures" as part of its "New Deal for Working People" policy document. At present, UK law does not specify a maximum working temperature. We continue to actively monitor developments in this area.</td></tr>
</table>

Principal Risks and Uncertainties (continued)

<table>
<tr><th colspan="2">Risk</th></tr>
<tr>
<td rowspan="2">Recruitment and retention

Movement versus prior year:

We employ approximately 13,000 people, with around 85% of colleagues being team members earning the national living wage.

Our most significant risk is failure to attract and retain employees, particularly among housekeeping team members in London and the South East, driven by labour supply changes and lower levels of EU starters.

Our roles may also become less attractive to younger generations and other market segments, whilst competition for employees remains significant in our market.</td>
<td>Key Mitigations
Our hotels operate at minimum manning levels, depending on their risk and complexity. We continue to seek ways to support headcount through strategic productivity initiatives, including the contactless hotel model and our workaround commitment to contractual hours for our existing workforce.

Through our annual Your Voice survey, we continue to analyse engagement levels and the key drivers that lead colleagues to recommend Travelodge as a great place to work. We know from our 2025 survey that a sense of belonging and line managers are key drivers of eNPS. So we continue to focus on our Learn More, Earn More and Belong strategy, delivering initiatives that support it, as well as online manager development through 2026.

We continue to commit to increasing the number of contractual hours for our colleagues, as we know those with higher contractual hours are more likely to stay with us. We also set clear targets for team member stability. We will also continue focusing on creating more part-time opportunities for hotel management roles to support the need for more flexible working patterns. In 2025, we hope to introduce a variable pay scheme for housekeeping team members, enabling colleagues to increase their average earnings.

In an emergency situation, such as caused by absence, we will use agency staff to fill gaps.</td>
</tr>
<tr>
<td>Changes versus last year
In 2025, we continue to improve our stability levels, being those team members who have six months or more service - sitting at 83.1% at the end of P12 vs 82.9% at the end of 2024. Our overall Glassdoor rating was stable at 3.7, and our applications per vacancy were 37 vs 31 in 2024.

Average contractual hours per colleague remained at 18 hours in 2025, with 29% of colleagues having contractual hours of 24 or more.

Our Your Voice response rate was the highest ever at 83%, up from 80% in 2024. Although engagement levels are lower, eNPS among housekeeping team members is higher than average at +41 (average +33 for hourly-paid colleagues).

During 2025, we continued to provide opportunities to learn more with over 650 colleagues completing one of 5 Aspire levels, and 800 learning opportunities were completed by Sleepy Hollow colleagues, including bite-sized sessions, Limitless and coaching.

Just over 9,000 colleagues benefited from our Earn More schemes during 2025, with an average hourly pay increase of 0.8%, equating to an additional 10p per hour. In 2026, we are focused on expanding these to include housekeeping team members.

We also introduced auto-scheduling and a shift locator, which improved efficiency for our hotel managers to complete rotas that incorporate the needs of their team members, and allowed team members to search for and accept additional shifts in their home hotel or other hotels in their geographical area.</td>
</tr>
</table>

Principal Risks and Uncertainties (continued)

<table>
<tr><th colspan="2">Risk</th></tr>
<tr><td rowspan="2">Price competition and market trends

Movement versus prior year:

Our competitors could adjust their room rates, which could adversely impact demand for our rooms. This risk is most acute in areas where our hotels are in close proximity to our competitors, although this would be unusual and damaging to competitors.

Whilst we cannot control our competitors' pricing, we face the risk that our ability to respond to these price changes is sub-optimal, which adversely impacts our revenue.</td>
<td>Key Mitigations
We operate a fully centralised pricing and revenue management team and system, which allows us to forecast demand and monitor our prices accurately and frequently against competitors and, therefore, price confidently.

We regularly benchmark our results against Smith Travel Research, an industry benchmark data set.</td></tr>
<tr><td>Changes versus last year
Factors in 2025 impacted demand from several market segments. As a result, we and the market reduced rates to replace this business; this was most noticeable in London, although our comparable set Revenue Per Available Room (RevPar) and Revenue Generating Index (RGI) performance remained ahead of the market.

In some other areas, demand and market rates increased.

We continued to invest in enhancements to our revenue management strategy, including:

• room type premiums,
• rate type premiums,
• Increased distribution
• groups pricing, and
• room display hierarchy.

This work is integrated into our digital and sales channel strategy.

Our corporate sales team has a continuous programme to sign up more small and medium-sized entities, alongside improvements to the corporate members' website.</td></tr>
</table>

Principal Risks and Uncertainties (continued)

<table>
<tr><th colspan="2">Risk</th></tr>
<tr><td rowspan="2">Loss of a key supplier

Movement versus prior year:

Travelodge relies on third parties for services and, as such, is exposed to business interruption and going-concern risks, which could impact our ability to trade.

This risk could also crystallise through material business change projects that affect our suppliers or related business-critical IT systems.

During 2025, we commenced a program to replace and transition our Food and Beverage system. The rollout of this new system will continue through 2026.</td>
<td>Key Mitigations
We maintain regular communications and performance management processes with existing key suppliers and review their business continuity and disaster recovery plans.

Where appropriate, we ensure contingency supply options are available, particularly for higher dependency suppliers such as linen and certain technology providers.

Risk assessments are performed by our Procurement, Legal, Sustainability and Risk teams in conjunction with other compliance functions during key supplier sourcing events, including incumbent reviews or where we have material changes to scope with existing suppliers.

This includes, but is not limited to, descriptions of processing, privacy impact assessments, business continuity provisions, security technical controls, financial due diligence, service level agreements, and audit rights within Supplier contracts, which are proportional to the information presented by the supplier.

We will place appropriate governance, risk mitigation, and programme assurance on the change where required in line with that risk profile.</td></tr>
<tr><td>Changes versus last year
We continued to monitor, review, and performance manage our key suppliers.

Efforts to maintain the optimal balance between supplier diversification and contingency/substitution planning for critical services and products were key this year, particularly in linen, food and beverages, and the various suppliers supporting our hotel refit program.

A key achievement in 2025 was the completion of a market tender for linen, which included rebalancing volumes across various laundries and establishing full and refreshed contingency plans to ensure our linen suppliers have sufficient fallbacks in the event of specific factory outages.

Introducing our new supply chain sustainability risk partner in 2025, alongside the introduction of our new Head of Supplier Relationship Management, will bolster our strategic sourcing reviews by adding enhanced supplier risk identification and ongoing performance monitoring capabilities, further enhancing our supply chain resilience.

We have implemented the necessary governance arrangements to mitigate any risks. We have also established a dedicated implementation team, including seconded colleagues, to work with any external implementation partner.</td></tr>
</table>

Principal Risks and Uncertainties (continued)

Risk	
Macroeconomic Movement versus prior year:  The broader economy, mainly in the UK, where we trade most of our hotels, and in Spain, may suffer from adverse events that affect consumer and business confidence, reduce demand for our rooms or food and beverage offerings, or increase our cost base. The UK hotel industry faces fiscal pressures driven by recent government policy changes. We face immediate payroll consequences as Employers' National Insurance rises and the National Living Wage is subject to consistent above-inflation rises. These are compounded by a reduction in	**Key Mitigations** The Group's debt maturities are spread and we have extended our property debt to 1 June 2027 with other financing not maturing until 2028 and 2030. We review our financial projections for the foreseeable future, particularly the occupancy and rate forecasts, which have been stress-tested under a severe but plausible scenario, including macroeconomic shocks. This allows us to react to macroeconomic changes that may impact on demand and take action on available mitigations. In addition, we continue to seek to drive efficiencies into our business; these include using flexible energy contracts that allow electricity and gas prices to be bought and sold throughout the contract term. We continue to focus on our high-value, high-risk supplier contracts, prioritise sourcing efforts based on emerging risks, and identify opportunities to leverage market conditions to drive material incremental supply chain value, maintain supply stability, and reduce costs. We also seek to fix costs for the term of contracts where possible; if this is not possible, cost movements are aligned to known inflation indices such as NLW, RPI, CPI (as appropriate) to ensure any costs incurred are truly market reflective. Inflationary movements are also tracked and monitored periodically.

Principal Risks and Uncertainties (continued)

<table>
<tr>
<td>temporary Business Rates relief and a revaluation cycle that, despite transitional caps, is projected to significantly increase average hotel rates between 2026/27 and 2028/29. When combined with the government’s retention of the 20% VAT rate and the introduction of local "Tourist Taxes," these cumulative impacts will significantly increase our cost base.
Other risks include:
● Ongoing tensions across parts of the world, particularly in the Middle East and South America, alongside the conflict in Ukraine, are contributing to the ongoing cost inflation, particularly in energy.
● The possibility that the UK government will need to further raise taxes or make further spending cuts.
● Our customers are adjusting to moving away from very low interest rates.
● Persistent inflation above the government's target of 2.5%.
These could, in extreme cases, threaten our liquidity if we experienced a period of prolonged and significant downturn or cost inflation.</td>
<td>Changes versus last year
In 2025, inflation and interest rates recovered and then stabilised from peak levels.

The TL Prop Finco Limited loan facility extended by 12 months to end of February 2027. A request to further extend the repayment date to the end of May 2027 was subsequently submitted, agreed on the same terms and enacted during March 2026.

Given that energy and labour are the two highest-cost contributors, costs are negotiated more frequently to ensure accurate cost budgeting and final expenses that are truly market-reflective. We remain under contract with our key linen suppliers. The existing contracts run until February 2026. These contracts have recently been successfully renegotiated, and we will be contracted until 2031 upon completion.

Our existing energy contracts run until April 26. We have recently re-negotiated these for a new 3-year term; the new contracts will continue to allow us to hedge our energy prices until April 2029. We have agreed on a hedging framework that looks at Summer and Winter seasonal requirements.

We adhere to this strategy and are currently hedging up to 85% of our summer 2026 electricity volume, 66% of our winter 2026 electricity volume, and 66% of our gas requirements. 40% of our 2027 requirements have been hedged. Significant work also took place to minimise short-term inflationary impacts on key contracts by using extended contract terms as a lever, providing our strategic partners and us with mutual longer-term contractual stability and security.</td>
</tr>
</table>

Principal Risks and Uncertainties (continued)

Risk	
Sustainability and Climate Change Movement versus prior year: ← • • • • • • → Sustainability is core to our business strategy. Sustainability, including climate change, biodiversity depletion, and environmental pollution present businesses with financial, operational, and reputational risks.	**Key Mitigations** We prepared our first sustainability strategy in 2021 and issued our first report on this matter, "Better Future" which laid out the material sustainability topics that mattered to us, and the goals and KPIs we had set ourselves to advance our sustainability agenda. Our Better Future report is issued annually and provides an update on our progress. The most recent version can be found here. We have created a formal Sustainability Committee of the Group, chaired by a non-executive director, to oversee our sustainability strategy including the Group's plans on environment and climate change. We also have a dedicated sustainability team to support and challenge the wider business on sustainability matters and ensure we remain compliant with reporting matters. We monitor our sustainability agenda and associated risks and opportunities through steering groups covering these three pillars, chaired by various Executive Committee members, which meet quarterly. These groups also act as the focus for business change, ensuring we can react to changing legislation to mitigate risk or maximise opportunity.
Regulatory action and reporting requirements to manage climate change could result in additional taxes or restrictions being imposed. The risk to the business has increased over the last few years, mainly due to the risk of non-compliance to several growing reporting and regulatory requirements, including the introduction of the Non-Financial and Sustainability Information Statement (NFSIS) in 2023, the Corporate Sustainability Reporting Directive (CSRD) which could impact our operations in Spain and the announcement of a UK equivalent version of IFRS S1 and S2 subject to a UK public consultation in 2025. In addition, we may also be required to implement new business changes to meet the requirements of new sustainability-related laws, such as the announced deposit return scheme for drinks containers in England and Northern Ireland, which has already been implemented in Wales and announced in Scotland.	**Changes versus last year** In 2025, we strengthened the Group's sustainability governance and strategy by further embedding the learnings of the double materiality we completed in 2024. The learnings allowed us to focus on addressing what is material for the Group and delivering solid performance on the KPIs for the year. We assessed our position against new regulatory requirements as part of our annual legal register update, and we evaluated the impacts of the European Commission's updated CSRD/Omnibus 1 simplification package on our Spanish Operations. We have also been engaging with internal and external stakeholders to ensure our sustainability programme remains relevant and has a positive impact on the communities we operate in. Further details can be found in the sustainability section of this report.

Corporate Governance Framework

On 28 February 2024, T&L Holdco Limited completed the acquisition of the Company and its existing Travelodge operating entities (Travelodge OpCo Group), becoming the UK parent company of the expanded Travelodge Group. Under the new corporate governance framework put in place following the acquisition:

- the Board of Directors of the Company remains the main governance body of the Travelodge OpCo Group and retains a separate Audit Committee to assist the Board in overseeing the systems of internal control and risk management, and the external financial reporting, of Travelodge OpCo Group and

- the Safety, Security & Risk Committee (SSR), which is the Travelodge Group’s senior management risk committee, remains responsible for overseeing the Group’s risk management framework and processes at Group level, and reports separately to the Audit Committee of Thame and London Limited on matters relevant to the Travelodge OpCo Group.

Authority for decision-making is formally delegated by the Board and flows through the Travelodge OpCo Group to ensure an appropriate and consistent approach.

Further details of Travelodge’s corporate governance arrangements can be found in the 2025 account of T&L Holdco Limited on page 58.

Approved by the Board of Directors and signed on their behalf by:

Jo Boydell
Chief Executive Officer

2 April 2026

Directors' Report

The Directors present the Directors' Report for the audited consolidated financial statements for Thame And London Limited and its subsidiaries (the "Group") for the year ended 31 December 2025.

Directors
The directors of the Company who were in office during the period and up to the date of signing the financial statements are set out on page 2**.**

In addition to the directors in office at the end of the period, the following directors were in office during the period:

Aidan Connolly	(resigned 21 August 2025)
Martin Robinson	(resigned 25 November 2025)

Results
Results for the Group are for the year ended 31 December 2025, with comparatives for the full year ended 31 December 2024.

For 2025, the Group made EBITDA (adjusted)[(1)] Profit of £161.2m (2024: £200.7m), Operating profit of £228.7m (2024: £268.6m) and a Loss Before Tax of £70.1m (2024: £6.7m loss).

Ownership
At 31 December 2025, the Directors regarded Anchor Holdings SCA Luxembourg as the ultimate controlling party.

The Company is a wholly owned subsidiary of T&L Holdco Limited. T&L Holdco Limited was incorporated in 2024 and is now the holding company for the group and is majority-owned indirectly by funds managed by GoldenTree Asset Management LP.

GoldenTree Asset Management LP is a global asset management firm that specialises in opportunities across the credit universe in sectors such as high yield bonds, leveraged loans, distressed debt, structured products, emerging markets, private equity and credit-themed equities. The firm was founded in 2000 with offices in New York, West Palm Beach, London, Singapore, Sydney, Tokyo, Dubai and Dublin, and has approximately $65 billion in assets under management.

(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. 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. See APM glossary pages 116-127 for further details and statutory reconciliations

Directors' Report (continued)

Statement of Corporate Governance Arrangements
For the year ended 31 December 2025, under the Companies (Miscellaneous Reporting) Regulations 2018, the Group has applied the Wates Corporate Governance Principles for Large Private Companies. at Group level in the 2025 accounts of T&L Holdco Limited on page 58.

Following the acquisition by T&L Holdco Limited of all the company's share capital in February 2024, the non-executive Directors of Thame and London Limited were appointed to the Board of the T&L Holdco Limited. The new Board committees took over the work previously carried out by the equivalent Thame and London Limited committees. However, Thame and London Limited retains a separate Audit Committee to assist its Board in overseeing the systems of internal control, risk management and external financial reporting of Travelodge OpCo Group. There were no additional matters discussed in the Thame and London Limited Audit Committee over and above those that are reported within the Audit Committee report in the 2025 accounts of T&L Holdco Limited, on pages 63 to 66.

Statement with respect to Employee Engagement
The strategic report discusses the Group's approach with respect to employee engagement in the section entitled "Stakeholder Engagement" from page 13 and further clarity is provided as part of the discussion with respect to the application of Principle 6 of the adopted Wates principles on corporate governance can be viewed within the 2025 accounts of T&L Holdco Limited on page 38 and within the Section 172 Statement of these accounts.

Statement with respect to Business Relationships
The strategic report discusses the Group's approach toward individual stakeholders and further clarity provided as part of the section entitled "Stakeholder Engagement" within the 2025 accounts of T&L Holdco Limited on page 38 and within the Section 172 Statement of these accounts.

Statement with respect to Emissions and Energy Consumption
The strategic report presents further information with regard to non-financial and sustainability information on pages 23-37 within the 2025 accounts of T&L Holdco Limited.

Currency
The majority of the Group's revenue is earned in sterling. The majority of the Group's costs are paid in sterling.

Directors' and officers' insurance and indemnities
The Group maintains directors' and officers' liability insurance which provides appropriate cover for legal action brought against its directors and officers. The Group has also granted indemnities to each of its directors to the extent permitted by law. The indemnities, which constitute qualifying third-party indemnity provisions as defined by section 234 of the Companies Act 2006, were in force during 2025. New qualifying third-party indemnities were agreed and executed in February 2026 and are in place at the date the financial statements are approved and will remain in force for all current Directors.

Employees
Travelodge has policies for resourcing, and equality and diversity which clearly sets out our commitment to equal opportunities. Our resourcing policy draws attention to making reasonable adjustments for those with potential disabilities, and the equality & diversity policy highlights the rights of disabled colleagues. In accordance with our equality statement and the Equality Act 2010, we consider reasonable adjustments during our recruitment process to support inclusion of candidates who may have disabilities. We are committed to ensuring that the abilities of everyone at Travelodge are recognised and valued at all levels of the organisation, including anyone working with a disability.

Directors' Report (continued)

Going concern
The strategic report discusses the Group's assessment of the appropriateness of the going concern assumption on page 11.

Future developments
Commentary in respect of likely future developments in the business has been included in the Outlook section of the Chief Executive Officer's report on page 4 and in the assessment of the going concern assumption on pages 44.

Post Balance Sheet Event
On 4 March 2026, two new wholly owned subsidiaries of Travelodge Hotels Limited were incorporated, being FullMoonPropCo6 Limited and FullMoonPropCo7 Limited.

Taxation
The Underlying current tax charge for 2025 of £10.6m (2024: tax charge £9.2m) breaks down between a current tax charge of £5.1m (2024: £2.2m charge) and a deferred tax charge of £5.5m (2024: £7.0m charge).

There was a Non-Underlying tax credit of £4.4m for 2025 (2024: £1.2m credit) in respect of the allowable tax items with the Non-Underlying charge in the year.

Dividend
The Directors do not recommend the payment of a dividend.

Independent Auditors
The independent auditors, PricewaterhouseCoopers LLP (see page 2 for details), have indicated their willingness to continue in office.

Directors' Report (continued)

Statement of Directors' Responsibilities in Respect of the Financial Statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

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

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 102 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

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

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

Directors' confirmations

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

- so far as the Director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Approved by the Board of Directors and signed on behalf of the Board of Directors

Jo Boydell
Chief Executive Officer
2 April 2026

Independent auditors' report to the members of Thame and London Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- Thame and London Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2025 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise:

- the Consolidated Statement of Financial Position as at 31 December 2025;
- the Parent Company Balance Sheet as at 31 December 2025;
- the Consolidated Statement of Profit or Loss for the year then ended;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the Parent Company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

Independence

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

Our audit approach

Overview

Audit scope

- We identified one financially significant operating component within the Group which was the main UK trading entity, Travelodge Hotels Limited, and makes up 93% of EBITDA (adjusted);
- We performed centralised audit procedures over an additional 8 components, as well as consolidation adjustments, to provide sufficient Group wide coverage on all financial statement line items; and
- This provided coverage of approximately 97% of revenue, approximately 93% of EBITDA (adjusted), and approximately 99% of net assets.

Key audit matters

- Treatment of acquisition accounting and value of acquired assets (group)
- Recoverability of the amounts owed by group undertakings (parent)

Materiality

- Overall group materiality: £4,030,000 (2024: £5,020,000) based on approximately 2.5% of EBITDA (adjusted).
- Overall company materiality: £1,619,000 (2024: £1,432,000) based on approximately 1% of Total Liabilities.
- Performance materiality: £3,022,500 (2024: £3,765,000) (group) and £1,214,250 (2024: £1,074,000) (company).

The scope of our audit

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

Key audit matters

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

This is not a complete list of all risks identified by our audit.

Recognition of deferred tax assets (group), which was a key audit matter last year, is no longer included because it is not a material balance or a critical accounting estimate in the current year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Treatment of acquisition accounting and value of acquired assets (group) Refer to the accounting policy in Note 2.26 and the Critical accounting judgements and estimation uncertainties in Note 3, together with Note 16 – Property, Plant and Equipment. During the year ended 31 December 2025, the Group completed the acquisition of five separate projects across the UK and the wider operating area of Spain. There is a risk of material misstatement to the financial statements relating to the judgement in determining that the transactions are asset acquisitions rather than business combinations, considering the requirements of IFRS 3 'Business combinations'. In addition, the valuation of the acquired properties, including the allocation of the value between asset classes, is material and involves significant estimation.	Our audit procedures performed included: • Obtained and read key documentation and agreements relating to the acquisitions together with the valuations performed by management's experts; • Reviewed managements documentation supporting the conclusion that the acquisitions are accounted for as asset acquisitions; • Used our internal valuation experts to evaluate the methodology used by management's experts and the valuation basis for the hotels acquired. Our internal valuations experts also evaluated the assumptions used by management's experts, including assessing exit yields, and discount rates; • Agreed the reasonableness of the recognised split between asset classes within property, plant and equipment; • Agreed the reasonableness of management's judgements in relation to which purchases are treated as right-of-use assets under IFRS 16 and which are treated as property, plant & equipment under IAS 16; and • Reviewed the disclosures in the Annual Report, including in Note 16, and checked that these are consistent with our audit work performed. Based on the work performed, as summarised above, we concluded the Group's asset acquisition accounting is supportable and the recognised acquired hotel properties have been appropriately disclosed.
Recoverability of the amounts owed by group undertakings (parent) Refer to the accounting policy in Note 2 and Note 4 Trade and Other Receivables of the Parent Company financial statements. At the balance sheet date, the Company has amounts recoverable of £158.9m from other group undertakings (2024: £140.2m). We have focused our testing on the recoverability of this balance given this is a significant balance in the Parent Company financial statements. Management performed a trigger assessment of the recoverability of the amounts owed by group undertakings, where they determined that no objective evidence of impairment existed.	Our audit procedures performed included assessing management's view of the recoverability of the amounts owed by group undertakings to understand the impairment risk of the receivables in compliance with FRS 102. We reviewed management's trigger assessment of the recoverability of the amounts owed by group undertakings to confirm that there was no objective evidence that an impairment exists. Based on the work performed, we did not identify any material misstatements relating to the recoverability of the carrying value of receivables from group undertakings at the balance sheet date.

How we tailored the audit scope

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

We have identified one financially significant operating component, Travelodge Hotels Limited. We determined the most efficient approach to scoping was to perform an audit of one or more financial statement line items for the other 8 in scope components, primarily relating to the acquired properties and external debt. All audit work was performed by the group engagement team, and no component auditors were engaged. This approach ensured that appropriate audit coverage has been obtained across all financial statement line items. The financial statements of the Parent Company were audited by the group engagement team. This includes the procedures performed in relation to recoverability of the amounts owed by group undertakings as explained in the key audit matters section above.

The impact of climate risk on our audit

In planning our work, we were mindful of the increased focus on the impacts of climate change risk on companies and their financial reporting. As part of our audit we made enquiries of management to understand the process adopted to assess the extent of the potential impact of climate change on the Group's financial statements. The Directors consider that the impact of climate change does not give rise to a material financial statement impact. We used our knowledge of the Group to evaluate the Directors' assessment. We particularly considered how climate change risks could impact the assumptions made in the forecasts prepared by management and used in their impairment and going concern assessments. We also considered the consistency of the disclosures in relation to climate change made in the other information within the Annual Report with the financial statements and our knowledge from our audit. Our procedures did not identify any material impact as a result of climate risk on the Group and parent company’s financial statements.

Materiality

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

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

	Financial statements - group	Financial statements - company
Overall materiality	£4,030,000 (2024: £5,020,000).	£1,619,000 (2024: £1,432,000).
How we determined it	approximately 2.5% of EBITDA (adjusted)	approximately 1% of Total Liabilities
Rationale for benchmark applied	EBITDA (adjusted) continues to be the focus for management and therefore we have determined this to be the most appropriate benchmark for materiality. This is consistent with our prior year approach.	We believe that total liabilities is the key performance benchmark of the parent company, as it is a holding company for the group and does not trade.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £119,000 to £4,203,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 75%) of overall materiality, amounting to £3,022,500 (2024: £3,765,000) for the group financial statements and £1,214,250 (2024: £1,074,000) for the company financial statements.

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

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £201,500 (group audit) (2024: £251,000) and £81,000 (company audit) (2024: £71,600) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- Critically assessing the assumptions within the models including assessing the historical accuracy of management's forecasts and obtained corroborating evidence for the assumptions used, including forecast revenue per available room (RevPAR);
- Evaluating the directors' assessment of the continuous demand for hotel accommodation, the potential impact of inflation, employment cost changes, energy costs and the ability of the Group to manage costs, agreeing to third party evidence where available and ensuring they align to our understanding of the business;

- Obtaining and reviewing the Group's financing and hedging agreements;
- Performing independent sensitivity analyses to the severe but plausible case to assess the impact on liquidity headroom; and
- Reviewing the letter of support provided by the Directors of T&L Holdco Limited.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Reporting on other information

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

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

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

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

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety regulations, employment legislation and data protection legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as taxation legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate the financial results and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Evaluating management's controls designed to prevent and detect irregularities;
- Making enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in significant accounting estimates;
- Reviewing Board meeting and other minutes to identify any non-compliance; and

- Identifying and testing journal entries meeting certain criteria which included journal entries posted with unusual account combinations.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report. In our engagement letter, we also agreed to describe our audit approach, including communicating key audit matters.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Diane Walmsley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
2 April 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2025

		2025			2024		
		Underlying	**Non-underlying**	**Total**	**Underlying**	**Non-underlying**	**Total**
	Note(s)	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Revenue	4	1,044.3	-	1,044.3	1,036.6	-	1,036.6
Operating expenses	6, 9	(605.5)	(4.8)	(610.3)	(574.9)	(11.1)	(586.0)
Foreign exchange gains/(losses)		0.2	-	0.2	(0.3)	-	(0.3)
Other Income	7	4.7	-	4.7	5.6	0.7	6.3
Depreciation & Amortisation	15, 16, 17	(189.6)	-	(189.6)	(177.8)	-	(177.8)
Loss on disposal of fixed assets	16	(6.5)	-	(6.5)	(10.2)	-	(10.2)
Impairment	9, 16.17	-	(16.0)	(16.0)	-	-	-
Other gains	8, 9	-	1.9	1.9	-	-	-
Operating Profit /(Loss)		247.6	(18.9)	228.7	279.0	(10.4)	268.6
Finance Costs	12	(306.7)	-	(306.7)	(300.2)	10.3	(289.9)
Finance Income	11	7.9	-	7.9	11.0	3.6	14.6
(Loss) /Profit before Tax		(51.2)	(18.9)	(70.1)	(10.2)	3.5	(6.7)
Income tax (charge) / credit	13	(10.6)	4.4	(6.2)	(9.2)	1.2	(8.0)
(Loss) /Profit for the financial year		(61.8)	(14.5)	(76.3)	(19.4)	4.7	(14.7)

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 (Note 9).

The management measure for profitability is EBITDA (adjusted) and full details of how this is calculated are in the glossary of page 117.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 £m	2024 £m
Loss for the year	(76.3)	(14.7)
Items that will subsequently be reclassified into profit and loss:		
Gains on hedging	0.3	0.4
Gains on cash flow hedges	0.8	2.9
Currency translation differences	2.1	(0.6)
Total other comprehensive income for the year	3.2	2.7
Total comprehensive expense for the year	(73.1)	(12.0)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Share Capital	Other Reserves	Foreign Exchange Reserve	Cash Flow Hedge Reserve	Accum-ulated Losses	Total Equity
	£m	£m	£m	£m	£m	£m
At 1 January 2025	-	20.6	(0.8)	(1.4)	(726.3)	(707.9)
Loss for the year	-	-	-	-	(76.3)	(76.3)
Currency translation differences	-	-	2.1	-	-	2.1
Gains on hedging	-	-	-	0.3	-	0.3
Gains on cash flow hedges		-	-	0.8	-	0.8
Total other comprehensive income/ (expense)	-	-	2.1	1.1	(76.3)	(73.1)
Recognition of share-based payments (note 27)	-	3.2	-	-	-	3.2
Total transactions with owners	-	3.2	-	-	-	3.2
At 31 December 2025	-	23.8	1.3	(0.3)	(802.6)	(777.8)

	Share Capital	Other Reserves	Foreign Exchange Reserve	Cash Flow Hedge Reserve	Accum-ulated Losses	Total Equity
	£m	£m	£m	£m	£m	£m
At 1 January 2024	-	12.5	(0.2)	(4.7)	(711.6)	(704.0)
Loss for the year	-	-	-	-	(14.7)	(14.7)
Currency translation differences	-	-	(0.6)	-	-	(0.6)
Gains on hedging	-	-	-	0.4	-	0.4
Gains on cash flow hedges	-	-	-	2.9	-	2.9
Total comprehensive (expense)/income	-	-	(0.6)	3.3	(14.7)	(12.0)
Transactions with owners						
Recognition of share-based payments (note 27)	-	8.1	-	-	-	8.1
Total transactions with owners	-	8.1	-	-	-	8.1
At 31 December 2024	-	20.6	(0.8)	(1.4)	(726.3)	(707.9)

THAME AND LONDON LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Note	2025 £m	2024 £m
NON-CURRENT ASSETS			
Intangible assets	15	162.4	156.7
Property, plant and equipment	16	398.4	250.0
Right of use assets	17	2,267.3	2,227.7
Deferred tax asset	25	3.4	8.8
Other non-current assets	20	0.4	-
		2,831.9	2,643.2
CURRENT ASSETS			
Inventories	18	1.6	2.0
Trade and other receivables	20	40.9	44.6
Current tax assets	13	0.8	1.5
Cash and cash equivalents	19	113.2	227.7
		156.5	275.8
TOTAL ASSETS		2,988.4	2,919.0
CURRENT LIABILITIES			
Trade and other payables	21	(167.8)	(166.2)
Corporate tax liabilities		-	(0.4)
Lease liabilities	22	(100.3)	(92.8)
Provisions	26	(0.5)	(0.6)
		(268.6)	(260.0)
NON-CURRENT LIABILITIES			
Senior secured bond related debt	23	(620.5)	(600.8)
Bank loan	23	(10.5)	-
Investor loan	23	(158.8)	(140.2)
Lease liabilities	22	(2,701.8)	(2,610.6)
Provisions	26	(2.7)	(1.9)
Derivative financial instruments	23	(3.3)	(13.4)
		(3,497.6)	(3,366.9)
TOTAL LIABILITIES		(3,766.2)	(3,626.9)
NET LIABILITIES		(777.8)	(707.9)
EQUITY			
Share capital	27	-	-
Other reserves	27	23.8	20.6
Cash flow hedge reserve	23	(0.3)	(1.4)
Foreign exchange reserve		1.3	(0.8)
Accumulated losses		(802.6)	(726.3)
TOTAL EQUITY		(777.8)	(707.9)

These financial statements on pages 39 to 115 were approved by the Board of Directors on 2 April 2026 and signed on their behalf by:

Ray Reidy
Director
2 April 2026

Company registration number 08170768

Thame And London Limited

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 £m	2024 £m
CASH GENERATED FROM OPERATING ACTIVITIES (Note 30)	455.0	468.0
Corporate tax	(0.6)	(2.6)
Net cash generated from operating activities	454.4	465.4
INVESTING ACTIVITIES		
Interest received	8.1	10.7
Other investments	(0.4)	-
Purchases of property, plant and equipment and intangible assets	(125.3)	(114.8)
Asset acquisition (Note 16)	(119.1)	(49.0)
Proceeds from loans to developers	2.2	-
Loans to developers	-	(8.7)
Net cash used in investing activities	(234.5)	(161.8)
FINANCING ACTIVITIES		
Finance fees paid	(6.6)	(5.4)
Interest paid	(56.9)	(60.6)
IFRS 16 lease rental capital payments	(68.0)	(56.8)
IFRS 16 lease rental interest payments	(215.7)	(202.5)
Finance issue transaction costs	-	(4.0)
Issue of fixed rate notes	-	88.6
Investor interest paid	-	(20.4)
Investor loan capital received	-	(10.5)
Proceeds of issue of external loan	10.5	-
Net cash from financing activities	(336.7)	(271.6)
Net (decrease) /increase in aggregate cash and cash equivalents	(116.8)	32.0
Cash and cash equivalents at beginning of the year	227.7	195.7
Exchange differences	2.3	-
Cash and cash equivalents at end of the year	113.2	227.7

The Glossary on pages 116 to 127 demonstrates the reconciliation of the above measures to the alternative performance measures.

1 GENERAL INFORMATION

Thame And London Limited, ("the Company") is a private company limited by share capital and was incorporated in the United Kingdom on 7 August 2012. The Company is domiciled in the UK. The address of its registered office and principal place of business are disclosed in the Officers and Professional Advisors page on page 2.

The Company acquired Travelodge Hotels Limited on 12 October 2012.

The principal activities of the parent Company and its subsidiaries (together "the Group") are disclosed in the Directors' report.

2 ACCOUNTING POLICIES

2.1 Going concern

In assessing the appropriateness of the going concern assumption, the Board has considered the possible cash requirements of the Group and Company for at least 12 months from the date of these financial statements, taking a balanced view of the trading environment, the current economic and geopolitical uncertainty and its potential impact on consumer and business confidence, energy costs and the range of trading outcomes we could face, and mitigating actions which could be taken.

Availability of funding

The Group debt maturity profile is well spread. The £415m senior secured notes are due April 2028 and the €250m floating rate notes are due June 2030. We continue to have access to the revolving credit facility ("RCF") which matures in October 2027. There are currently no drawings under the Group's £50m RCF, which has quarterly springing net leverage covenant test provided the test conditions are met (minimum of 40% drawn down) and remains undrawn under our base case.

Base case scenario

Our base case forecast has considered possible cash requirements for at least 12 months from the date of these financial statements. This forecast reflects normal Travelodge levels of trading, in line with historical trading patterns. Overall, we expect like-for-like RevPAR to be moderately ahead of 2025 levels, including outperformance to the MS&E segment, with total revenue benefiting from new openings since 2024.

Our most significant cost is rent, with each lease reviewed on a five-yearly cycle in line with the relevant inflationary uplift, typically RPI or CPI, with a significant proportion having caps and collars in place. Other costs include wages, impacted by the National Living Wage increase and increases to National Insurance contributions, impacted by the increased rate and the reduced threshold. Our forecasts also reflect the estimated impact from the upcoming business rates revaluation in April 2026. Supply costs are expected to increase in line with inflation or specific supply chain contractual increases, and a significant majority of our energy costs are hedged giving greater certainty over our costs, with 100% of our electricity and gas hedged for summer 2026.

Under this base case scenario, the Group is expected to continue to have significant headroom relative to the total funding available to it and to comply with banking covenants where applicable.

Severe but plausible downside scenarios

Our performance could be influenced by the increasing economic and political uncertainty, which have the potential to impact UK consumer confidence, and businesses are facing significant cost increases which may impact on the levels of discretionary spend. Whilst there are a number of positive demand drivers the Board has considered a severe but plausible downside scenario, considering a significant decline in RevPAR.

Our base case assumes moderate RevPAR growth vs 2025 and outperformance of the MS&E segment. The severe but plausible scenario assumes 2026 RevPAR declines vs 2025 at levels similar but slightly below those experienced by the Midscale & Economy segment during the Global Financial Crisis, when UK GDP contracted by more than (4)% points, which is significantly worse than current forecasts for UK GDP in 2026. Under this scenario the Midscale & Economy sector RevPAR would see three years of consecutive RevPAR contraction, the first time in more than 20 years. Under this scenario we assume RevPAR growth in 2027, in line with the patterns seen after the Global Financial Crisis, with RevPAR still tracking below the base case levels in this scenario.

Our base forecasts already include inflationary increases above CPI and RPI across the supply chain and contractually agreed costs for a number of significant supplies. We have high levels of cost visibility and the most significant cost impacted by higher inflation is rent. Each lease is reviewed on a five-yearly cycle and this review cycle for the estate is broadly spread evenly over a five-year period, as such, the impact over the going concern period would be a limited increase in rent due to the timings of review and the significant proportion of leases with caps and collars. The next most significant cost impacted by inflation is the National Living Wage. The next national living wage increase that has not yet been confirmed is due in April 2027 and therefore any impact vs our base forecasts would be limited. We have therefore not considered further above inflation cost increases as part of this scenario as any impact would be minimal.

In this severe but plausible downside scenario the Group would be required to implement the available mitigations to manage short term liquidity. This could include drawing on the available RCF and reviewing uncommitted planned investments to ensure that the Group retains liquidity and complies with banking covenants. As further mitigation, the Directors have received confirmation that T&L Holdco Limited intends to support the Group for at least 12 months after these financial statements are signed. T&L Holdco Limited's financial statements are available at Companies House.

Conclusion
Based on the above, taking account of current trading performance and reasonably possible changes in trading performance, as well as support from T&L Holdco Limited if required, the Directors believe that it remains appropriate to adopt the going concern basis in preparing the consolidated financial statements.

2.2 Basis of Accounting

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to the Group reporting under those standards for the year ended 31 December 2025.

The consolidated financial statements have been prepared under the historical cost convention or historic cost method is modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss. The principal and material accounting policies adopted have been consistently applied throughout the year and across the Group and are set out below.

The preparation of financial statements in conformity with UK-adopted International Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The Group's exposure to interest rate risk, credit risk, liquidity risk, currency risk and capital risk is discussed in note 23.

2.3 Changes in accounting policies

The accounting policies adopted in these consolidated financial statements are consistent applied to all years presented, except for the adoption of the new standards and policies applicable for 2025. There are no significant accounting policy changes impacting the Group.

2.4 New standards and interpretations not yet effective

Certain amendments to accounting standards have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

- Amendments to IFRS 9 and IFRS 7 relating to the classification and measurement of Financial Instruments effective from 1 January 2026.
- IFRS 19 - Updated disclosure guidance for Subsidiaries without Public Accountability effective from 1 January 2027.

The following amendments are expected to have a material impact on the entity in future reporting periods.

- IFRS 18 – Presentation and Disclosure in Financial Statements effective from 1 January 2027. Introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- a more structured income statement with defined categories for income and expenses
- a defined operating profit subtotal
- disaggregation of large aggregated numbers such as other operating expenses and revenue from accommodation related sales.

2.5 Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Group and entities controlled by the Group and its subsidiaries up to 31 December 2025. Control is achieved when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consistent accounting policies are adopted across the Group.

The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or disposal, as appropriate.

All intra-Group transaction balances, income and expenses are eliminated on consolidation.

2.6 Revenue recognition

The Group's principal performance obligation is to provide budget hotel accommodation and other goods and services to guests. Revenue includes rooms revenue, food and beverage sales, Wi-Fi and car park sales, which are recognised when the guests stay, net of trade discount and VAT. When payment is received at the time of room booking, prior to arrival date, a liability for prepaid room purchases is recognised and held on the statement of financial position as a contract liability. When payment is received after an arrival date, the amount is held as a trade receivable on the balance until payment is made. Revenue is recognised when the customer stays. Stays that span multiple nights are spread across the stay. A proportion of the prepaid room purchases would be non-refundable on cancellation of the room booking, with revenue being recognised once the booking is cancelled or the stay date passes.

Note 4 discloses the disaggregated revenues of the Group, detailing the revenue from hotel accommodation and food and beverage, as well as Other revenue, which is predominantly franchise and management fees, which are recognised in line with accommodation revenue at the point of stay.

Under management agreements, the Group's performance obligation is to provide hotel management services. Base and incentive management fees are typically charged. Base management fees are typically a percentage of total hotel revenues and incentive management fees are generally based on the hotel's profitability. Both are treated as variable consideration. Base management fees are recognised as the underlying hotel revenues occur. Incentive management fees are recognised over time when it is considered highly probable that the related performance criteria will be met, provided there is no expectation of a subsequent reversal of the revenue.

Franchise fees are made up of a percentage of total hotel revenues, which are recognised as the underlying hotel revenues occur, and a fixed fee per reservation, recognised at booking date.

2.7 Non-underlying items

Management classify non-underlying items to be those that are considered to be significant in nature and quantum and not in the normal course of business or are consistent with items that were treated as non-underlying in prior periods. Separate presentation of these items is intended to enhance understanding of the financial performance of the Group in the particular year under review and the extent to which results are influenced by material, unusual and/or non-recurring events. Non-underlying items are separately disclosed in note 9.

2.8 Leasing

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group's leasing activities and how these are accounted for
The Group leases various properties, all but a few being hotel properties. Rental contracts are typically made for fixed periods between 25 years and 35 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any financial covenants, but leased assets may not be used as security for borrowing purposes. Long leasehold that are over 50 years in length, and where the group has purchased the leasehold, we have allocated a value to the land of that leasehold. Where we make a material payment on that lease we have transferred those payments to right of use assets, further information on note 3.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year. The lease liability is reduced by the lease capital repayment portion of the rental. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received, and
- any initial direct costs.

Variable lease payments
Variable lease payments that depend on sales are recognised in profit or loss in the year in which the condition that triggers those payments occurs.
These are not included in the lease liability until they take effect and the lease liability is then reassessed and adjusted accordingly.

Extension and termination options
a) Lessee options
Due to a property lease term typically being for fixed periods between 25 years and 35 years lessee there is usually insufficient evidence to support the consideration of lease extension and termination options until 3 years prior to the termination date (in line with our 3 year planning process) unless commercial negotiations have commenced sooner. Consequently, lease extensions are not included in the measurement of the lease liability until considered reasonably certain.

b) Lessor options

Lessor only extension rights apply to a number of our properties and as required by IFRS 16 the period of the option to extend the lease is included as part of the overall lease term.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and less any lease incentives received. End of lease restoration costs are excluded from the initial cost as lease properties are continuously maintained and refurbished.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined by the contractual terms of the leases, taking into account break clauses and lease extension options as set out above. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the incremental borrowing rate specific to that lease. Generally, the Group uses the incremental borrowing rate as the discount rate.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.

The lease liability is re-measured when there is a change in future lease payments arising from a change in an index or rate or when there is a lease modification. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right- of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected to recognise all its property right-of-use assets and lease liabilities. It has elected not to recognise short-term leases that have a lease term of 12 months or less and leases of low-value assets.

As a lessor

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. The lease classification of a sub-lease is also based on an assessment of the risks and rewards of ownership of the right-of-use-asset arising from the head lease, in particular whether or not the risks and rewards of ownership lie with the lessor.

2.9 Foreign currencies

Transactions and balances

The presentational and functional currency of the Company is sterling. Foreign currency transactions are translated into sterling using average exchange rates over the financial year. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit and loss in operating expenses.

Group companies

The presentational of the Group is sterling. The results and financial position of Group entities that have a functional currency different from the Group's presentational currency are translated in the consolidated financial statements. Assets and liabilities are translated into sterling at rates prevailing at the statement of financial position date. Income statement items are translated at the average rates of exchange. All resulting exchange differences are recognised in other comprehensive income.

2.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the statement of financial position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part of, the deferred tax asset to be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to other comprehensive income or to equity, in which case the deferred tax is also dealt with in other comprehensive income or in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.11 IT software

IT software is measured initially at purchase cost and is amortised on a straight line basis over its expected useful life of three years. Cost includes the original purchase price of the assets and the costs attributable to bringing the asset to working condition for its intended use. The values attributed are reviewed for impairment if events or changes in circumstances indicate that their carrying value may be impaired.

2.12 Brand

The brand name acquired through the acquisition of the Travelodge Hotels Limited business was assigned a fair market value at the date of acquisition. The value for the brand name was derived by estimating the amount of royalty income that could be generated from the brand name if it was owned by an independent third-party using a royalty rate Travelodge Hotels Limited would expect to receive on forecast future revenues. The resulting cash flow was discounted to the acquisition date using the Group's pre-tax weighted average cost of capital.

The Group considers the value of the brand name, which was first introduced into the UK in 1985, will be maintained indefinitely and is therefore not amortised. The Group supports the value of the brand name through investment in consumer marketing and advertising, public relations and hotel maintenance and refurbishment across the business. The value of the brand name is reviewed annually for impairment.

The brand name is considered a corporate asset by the Group. For the purposes of impairment testing the Group concluded that it is not possible to allocate out the value of the asset accurately across the individual cash-generating units of the Group and instead has been considered across the total combined cash generating units. The Group views the smallest possible cash-generating unit as each individual hotel. Please refer to note 15 for additional details.

2.13 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and any provision for impairment. Cost includes original purchase price of the assets and the costs attributable to bringing the asset to its working condition for its intended use.

These are depreciated on a straight line basis, over their estimated useful lives as follows:
- Land is not depreciated.
- Long leasehold land is being depreciated over lease term with nil residual value.
- Freehold buildings are depreciated to their estimated residual values over periods up to fifty years.
- Long leasehold buildings are depreciated to their estimated residual values over fifty years or, where shorter, their remaining lease periods.
- Fixtures and fittings are depreciated over five years for plant and machinery, fixtures, fittings, equipment and over three years for information technology hardware.
- Assets under construction are not depreciated.

2.14 Impairment of tangible and intangible assets

At each statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired (see also 'Brand' policy above). The Group identifies the smallest possible cash-generating unit as each individual hotel.

The recoverable amount is the higher of the fair value less costs to sell and value in use of the asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The Group's recoverable amount of change of use properties is based on estimated net realisable value, which assumes successful attainment of planning permissions. The recoverability of these properties is contingent on securing planning consent for intended development schemes. If planning is not obtained or significantly delayed, the net realisable value could be lower than book value, triggering an impairment.

If the recoverable amount of the asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

2.15 Inventories

Inventory comprises food, bar stocks and hotel consumables and are stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis.

2.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.
Items held at fair value in the financial statements include derivative financial instruments, and financial liabilities including borrowings.

2.17 Trade receivables

Trade receivables are mainly amounts due from an external financial service provider who collect payments from customers using our loyalty card scheme to pay after booking. Trade receivables are initially measured at fair value and are expected to be received within 12 months and are therefore classed as current assets. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

2.18 Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in currency and interest rates. The Group uses currency and interest rate swap contracts to hedge these exposures and they are designated as cash flow hedges of floating rate borrowings. The Group does not use derivative financial instruments for speculative purposes.

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Derivatives are initially recognised at fair value (Note 2.20) on the date on which a derivative contract is entered into and subsequently at fair value. In the absence of quoted prices, the fair value of the derivative is estimated using external market information from bank institutions and derivatives markets participants, and using market accepted methodologies based on discount of future cash flows and option valuation models. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provides written principles on the use of financial derivatives. Hedge relationships are designated and documented at inception, together with the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or forecast transaction, the nature of the risk being hedged, how management will assess hedge effectiveness, the hedge ratio and sources of hedge ineffectiveness. Hedge ineffectiveness could arise from asset mismatch (size of asset changing during hedge period), timing mismatch (changes in expected cash flows compared to derivative maturity), volatility mismatch (significant unexpected fluctuations to exchange or interest rate during the hedge period).

The fair value of the derivative financial instruments is shown as non-current if the maturity date of the hedged item is more than 12 months after the statement of financial position date.

The fair value of the derivative financial instruments are re-measured at the statement of financial position date, considering the credit risk of both counterparties to the transaction, and any changes in the fair value that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and the ineffective portion is recognised immediately in the income statement. The Group applies cash flow hedge accounting when hedging variable interest rate and/or currency risks on floating rate finance debt denominated in local currency or foreign currency respectively.

Hedge accounting is discontinued when the hedging relationship ceases to meet the qualifying criteria. This includes when the risk management objective changes or when the hedging instrument is sold, terminated or exercised.

Hedging instruments based on the external Euro bonds that were modified in the year have been modified to the same extent.

Amounts reported in other comprehensive income are reclassified to the income statement when the hedged transaction affects profit or loss. As well, the Group considers time value of options and "currency basis" of derivative instruments as "cost of hedging" under IFRS9, deferring into other comprehensive income their "aligned" amount.

There is potential for differences to arise between the estimates used to determine the valuation of the hedged item and the derivative, although as both are based on future market yields, management believe that the potential exposure is immaterial as shown in the sensitivity analysis on Derivative Liabilities in Note 24.

2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term highly liquid investments. Cash equivalents such as money market funds, short term deposit and credit card debtors are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.20 Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received net of any direct issue costs.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial assets and liabilities are presented gross in the statement of financial position unless the Group has a legally enforceable right to offset them and an intention to settle on a net basis. A right of set off is the Group legal right to settle an amount payable to a creditor by applying against it an amount receivable from the same counterparty.

Financial liabilities such as the external bonds were reviewed to ensure they were a modification and not a full extinguishment of the previous bonds by using the qualitative and quantitative test to determine significant change.

2.21 Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

2.22 Pension costs

The Group offers a defined contribution scheme to its employees by way of recommending a third party stakeholder scheme with The Scottish Widows plc and the National Employment Savings Trust (NEST). The amount charged to the income statement for this scheme in respect of pension costs and other post-retirement benefits is the contributions payable by the Group in respect of the year. Differences between Group contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

2.23 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date and are discounted to present value where the effect is material. Contingent liabilities are disclosed when a possible obligation arising from past events that are contingent on unknown future events not wholly within the Group's control. Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of resource is deemed remote.

2.24 Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

2.25 Share Based Payments

The Group's ultimate parent company, Anchor Holdings SCA ("Anchor"), has issued share capital to management of the Group under a Management Incentive Plan ("MIP"). Management will only receive value from their shareholding if there is an exit event and they remain in employment by the company or another group company at the date of exit. The arrangement represents an equity-settled share-based payment. If an exit event occurs and the sale proceeds are insufficient to cover management's entitlement on the exit event, the company is obligated to settle the arrangement. This arrangement represents a cash-settled share-based payment.

Anchor has issued warrants to a small group of employees for the option to acquire share capital on an exit event. The employees will only receive value from their shareholdings if there is an exit event and they remain in employment by a group company at the date of exit. The arrangement constitutes an equity-settled share-based payment. If an exit event occurs and the sale proceeds are insufficient to cover the employee's entitlement on the exit event, Anchor is obligated to settle the arrangement. This arrangement represents a cash-settled share-based payment.

Equity-settled

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using a Binomial Lattice model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The expense in relation to options over Anchor's shares granted to employees of the company is recognised by the company as a capital contribution.

Modifications and cancellations

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions (the "original fair value") and under the modified terms and conditions (the "modified fair value") are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Cash-settled

For cash-settled share-based payments the goods or services received are measured at fair value with a corresponding liability which is remeasured to fair value at each reporting date. Changes in fair value are recognised through profit or loss.

2.26 Asset Acquisition

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity or assets are acquired. The consideration transferred for an acquisition comprises the fair value of the assets transferred.

Where the legal form of a company acquisition is deemed as an asset purchase, they are accounted for as asset acquisitions, recognising the asset at the fair value and any excess of the consideration is capitalised as part of the asset. If those amounts are less than the fair value of the net identifiable assets of the assets acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Any consideration which is non-cash, such as lease liabilities, are recognised and measured at their fair value, determined by market rates.

Contingent consideration is recognised when amounts are paid.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTIES

The preparation of the 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 financial statements and the reported amounts of revenues and expenses during the reporting year.

Estimates and judgements are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

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 are summarised below.

Critical Accounting Judgements

Brand life
The Group uses judgement to determine that the value of the brand name will be maintained indefinitely and is therefore not amortised. Management has used judgement to determine that the brand name will contribute to cash flows indefinitely, given its strength and longevity, which was first introduced into the UK in 1985.

Asset acquisitions
The Group has applied judgement regarding the accounting of the new property purchases as asset acquisitions as opposed to business combinations. Qualitative and quantitative assessments under IFRS 3 were carried out and the judgements were supported by the results of the optional asset concentration tests.

Long leasehold
Management has applied judgement in determining whether long leasehold land acquired with hotel properties are, in substance, leases within the scope of IFRS 16 or ownership-like interests recognised within Property, Plant and Equipment. In making this assessment, management considered the level of ongoing ground rent, the existence of rent review and the length of the lease term. Long leasehold arrangements with peppercorn or nominal rents are considered ownership like in substance and are recognised within Property, Plant and Equipment, while arrangements with substantive ongoing lease payments are recognised as right-of-use assets under IFRS 16. Legal form alone is not determinative and alternative treatments were considered.

Critical Accounting Estimates

Discount rate - Leases
Management uses estimation in determining the appropriate discount rates to apply when new leases are entered into and lease modifications are calculated.

If a 2.25% point increase or deduction in discount rate was applied across the Travelodge Hotels Limited estate the total value of Right of use assets and Lease liabilities will decrease by £405.5m (2024: £400.0m) or increase by £526.4m (2024: £523.0m) respectively.

Asset acquisitions
Management has used estimation to determine the split of the asset acquisitions between land and buildings. A 2%pts difference in the split assumed for the UK asset acquisitions would result in a £1.7m (2024 £4.4m) difference on the land value.

Estimates were also used to determine the fair value of the acquired sites based on the vacant possession valuation of the properties at the time of the transaction. A change in the inherent assumptions within the valuation models used would have resulted in a different fair value. This will not fluctuate in future years due to the application of the cost accounting model and therefore no sensitivity is disclosed.

Impairment
Management has used estimates to determine the value in use of its tangible and intangible assets (and therefore the recoverable amount), through the assumptions used within the estimated future cash flows. A 5% reduction in the EBITDAR assumed for the cash flows would result in an additional £5.2m impairment.

4 DISAGGREGATED REVENUE DISCLOSURES

The Group manages it's operations and reports performance on a geographic basis, which is the information regularly reviewed by the chief operating decision maker. Two operating segments are reported:

UK – comprising the Group's hotels located in the United Kingdom and Ireland.

International – comprising the Group's hotels located in Spain.

Revenue is further disaggregated by type of service: accommodation-related sales, food & beverage, and other revenue (principally franchise fees and managed hotels).

	UK £m	International £m	2025 Total £m	UK £m	International £m	2024 Total £m
Revenue	1,009.4	34.9	1,044.3	1,008.0	28.6	1,036.6
Operating profit[1]	218.0	10.7	228.7	261.5	7.1	268.6
(Loss)/profit before tax[2]	(76.0)	5.9	(70.1)	(10.1)	3.4	(6.7)

(1) UK Operating profit/ (loss) includes a £18.9m loss (2024: £10.4m loss) on non-underlying items.

(2) UK profit/(loss) before tax includes a £18.9m loss (2024: £3.5m profit) on non-underlying items.

(3) International trade is entirely driven by our hotels based in Spain.

Revenue of £1,009.4m (2024: £1,008.0m) represents amounts derived from the provision of goods and services wholly within the UK and Ireland which fall within the Company's ordinary activities after the deduction of trade discounts and value added tax. All revenue relates to the principal activity of the Company, which is the supply of hotel rooms.

	2025 £m	2024 £m
Revenue from accommodation related sales[1]	971.9	966.7
Revenue from food and beverage sales	69.9	66.4
Other Revenue [2]	2.5	3.5
Total Revenue	**1,044.3**	**1,036.6**

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

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

5 ANALYSIS OF ASSETS AND LIABILITIES BY GEOGRAPHICAL REGION

	2025				2024			
	UK £m	International £m	Unallocated £m	Total £m	UK £m	International £m	Unallocated £m	Total £m
Assets								
Property, plant and equipment	341.3	57.1	-	398.4	207.4	42.6	-	250.0
Right of use assets	2,240.5	26.8	-	2,267.3	2,199.1	28.6	-	2,227.7
Intangible assets	162.4	-	-	162.4	156.7	-	-	156.7
Net deferred tax asset	(0.4)	3.8	-	3.4	4.4	4.4	-	8.8
Non-current other debtors	-	0.4	-	0.4	-	-	-	-
Inventories	1.6	-	-	1.6	2.0	-	-	2.0
Trade and other receivables	36.5	4.4	-	40.9	39.6	5.0	-	44.6
Corporation tax debtor	0.4	0.4	-	0.8	0.5	1.0	-	1.5
Cash and cash equivalents	102.5	10.7	-	113.2	221.7	6.0	-	227.7
Total assets	2,884.8	103.6	-	2,988.4	2,831.4	87.6	-	2,919.0

	2025				2024			
	UK £m	International £m	Unallocated £m	Total £m	UK £m	International £m	Unallocated £m	Total £m
Liabilities								
Lease liabilities	(2,768.0)	(34.1)	-	(2,802.1)	(2,668.4)	(35.0)	-	(2,703.4)
Trade and other payables	(161.1)	(6.7)	-	(167.8)	(159.2)	(7.0)	-	(166.2)
Senior secured bond related debt	-	-	(620.5)	(620.5)	-	-	(600.8)	(600.8)
Corporation tax creditor	-	-	-	-	(0.4)	-	-	(0.4)
Bank loan	-	(10.5)	-	(10.5)	-	-	-	-
Investor loan	-	-	(158.8)	(158.8)	-	-	(140.2)	(140.2)
Provisions	(3.2)	-	-	(3.2)	(2.5)	-	-	(2.5)
Derivative financial liability	-	-	(3.3)	(3.3)	-	-	(13.4)	(13.4)
Total liabilities	(2,932.3)	(51.3)	(782.6)	(3,766.2)	(2,830.5)	(42.0)	(754.4)	(3,626.9)

6 OPERATING EXPENSES

	2025 £m	2024 £m
Cost of goods sold	65.8	65.0
Employee costs (note 10) (1)	290.3	268.5
Fees payable to the Company auditors(4)		
• audit for the parent company and consolidated financial statements	0.3	0.4
• audit fee for subsidiaries	0.3	0.3
Utilities (energy and water)	44.6	46.0
Business rates	39.5	35.1
Other hotel costs(2)	35.5	32.0
Other site insurance costs	10.1	9.3
Other operating expenses(3)	123.9	129.4
Operating expenses	610.3	586.0

1) Employee costs include £3.2m (2024: £10.6m) of non-underlying items (note 9) 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) Other hotel costs include maintenance costs, cleaning materials and equipment, refuse and hotel project costs.

3) Other Operating Expenses include marketing expenses, IT system costs, booking commissions and fees, professional fees and security.

4) Non-audit services of £0.0m (2024: £0.5m) were incurred.

7 OTHER INCOME

	2025 £m	2024 £m
Net rent receivable [1]	4.2	3.2
Other income[2]	0.5	3.1
Total Other Income	4.7	6.3

(1) Rent receivable is £5.3m (2024: £4.5m). Rent payable of £(1.1)m (2024: £(1.3)m) relates to turnover rent (including the payables balances due to rental amounts due to the performance of the business). Rent receivable relates to sublet income. In the prior year, rent receivable and rent payable balances were presented on a gross basis as separate receivable and payable amounts. In the current year, these balances have been presented on a net basis. Comparative amounts have been re-presented accordingly.

(2) Other income mainly consists of compensation for enforced hotel closure due to works and customer compensation for room damage and smoking fines and £nil (2024: £0.7m)of non-underlying compensation, see note 9.

8 OTHER GAINS

The group recognised a gain as a result of the acquisition of properties sub-leased to another group company which created an accounting gain.

	2025 £m
Derecognition of Right of Use Assets [1]	
Cost at acquisition	(11.4)
Accumulated depreciation at acquisition	5.5
	(5.9)
Lease liability as at acquisition	7.8
Gain on derecognition of leased assets	**1.9**

(1) Other gains is a result of the acquisition of the properties sub-leased to another group company which creates an accounting gain on elimination of the existing IFRS16 lease accounting.

9 NON-UNDERLYING ITEMS

	2025 £m	2024 £m
Bonuses in relation to property acquisitions and other corporate activity	-	(2.5)
Share based payment scheme	(3.2)	(8.1)
Associated costs of group property acquisitions	(0.7)	-
Management fees	(0.5)	-
Other operating expenses	(0.4)	(0.5)
Operating expense	**(4.8)**	**(11.1)**
Damages for losses during hotel closure	-	0.7
Other Income	**-**	**0.7**
Impairment of property plant & equipment and right of use assets	(16.0)	-
Impairment	**(16.0)**	-
Gain from elimination of IFRS16 assets purchased	1.9	-
Other gains	**1.9**	**-**
Total non-underlying operating costs	**(18.9)**	**(10.4)**
Gain on modification of EUR loan notes	-	12.7
Bond refinancing fees	-	(2.4)
Finance costs	**-**	**10.3**
Discount on bond tap draw down	-	3.6
Finance income	**-**	**3.6**
Total non-underlying (debit)/credit before taxation	**(18.9)**	**3.5**
Corporation tax benefit of non-underlying items	4.4	1.2
Total non-underlying impact	**(14.5)**	**4.7**

Non-underlying items (before taxation) were a net debit of £(18.9)m for the year ended 31 December 2025 (2024: net credit of £3.5m). The Group's policy in respect of non-underlying items is described in Note 2.

Within Operating Expenses, there are £3.2m (2024: £8.1m) of employee costs that relate to the 2022 management incentive plans. 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. There was an impairment of £16.0m (2024: £nil) during the year of the Group's assets. The impairment charge is considered a non-underlying item as it is not in the usual course of business. The non-underlying gain of £1.9m during the year relates to an accounting gain on elimination from the acquisition of a property during the year.

Costs of £0.7m relate to redundancies incurred as a direct consequence of the acquisition of a group of nine hotels during the year. These costs are treated as non-underlying as they arise specifically from this one-off acquisition. Management fees of £0.5m relate to the reorganisation of the executive committee and the associated transitional running costs of certain functions. As this reorganisation represents a strategic change to the business and is not part of the Group's ordinary activities, these costs have been classified as non-underlying.

Other operating costs of £0.4m (2024: £0.5m) predominantly relate to residual fees and costs of unique property acquisitions and costs attributable to the refinancing undertaken in the prior year.

In the prior year, operating expenses also included £2.5m of bonuses paid in respect of the acquisition of 66 hotels by PropCo and other corporate activity. These costs were not incurred in the ordinary course of business and were non-recurring in nature.

The prior year also included non-underlying net finance costs of £10.3m relating to the refinancing and modification of the euro loan note, and non-underlying finance income of £3.6m arising from the discount on the bond tap draw down.

10 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Directors of the Company are considered to be the key management of the Group.

	2025 £m	2024 £m
Directors' emoluments		
Directors' emoluments	2.2	3.3
Share Based Payments	2.3	4.6
Total	**4.5**	**7.9**
Includes:		
Remuneration of the highest paid Director	2.5	3.8
Number of Directors accruing benefits under the defined contribution scheme	-	-
Employees costs during the year (including Directors)		
Wages and salaries	255.1	237.7
Social security costs	25.2	16.5
Other pension costs	6.8	6.2
Cost of employee share scheme (Note 27)	3.2	8.1
Total employee costs	290.3	268.5

In 2025, £nil of directors' emoluments (which exclude employer's national insurance) (2024: £1.8m) was in respect of incentives paid in relation to the acquisition of the UK hotels and other exceptional corporate activities, which have been charged to non-underlying items (together with employer's national insurance).

Number of Directors who exercised share options during the year was 1 (2024: 2).

One of the non-executive directors of the Group is remunerated at the direction of the ultimate owner.

Equity Share Based Payment charges of £3.2m (2024: £8.1m), have arisen due to the Management Incentive Plan introduced in 2022 (further described in Note 27). The amount attributable to the highest paid director in the year was £2.1m (2024: £3.0m).

In 2025, £4.5m (2024: £4.1m) of employee costs were capitalised during the year in respect of employees working on IT and hotel refit capital projects.

		2025	**2024**
Average number of employees (on an FTE basis)[(1)]			
Monthly			
	• UK	1,754	1,736
	• International	198	136
		1,952	**1,872**
Weekly			
	• UK	6,990	7,128
		6,990	**7,128**
		8,942	**9,000**
Total number of persons employed[(2)]	• UK	13,047	12,991
	• International	225	185
		13,272	**13,176**

The total number of employees includes all employees whether full time or part time. The average FTE number of employees has been calculated as the average FTE number of people who were included on the Group's payroll during the year.

(1) Average FTE number of persons employed includes executive Directors.
(2) Total number of persons employed includes executive Directors.

11 FINANCE INCOME

	2025			2024		
	Received £m	**Accrued £m**	**Total £m**	**Received £m**	**Accrued £m**	**Total £m**
Interest on bank deposits	8.1	(0.3)	7.8	10.7	0.3	11.0
Interest on related party loans (note 29)	-	0.1	0.1	-	-	-
Discount on £85m bond tap	-	-	-	3.6	-	3.6
Finance Income	8.1	(0.2)	7.9	14.3	0.3	14.6

12 FINANCE COSTS

	2025 £m	2024 £m
Finance fees	7.7	7.4
Interest on bank loans	3.7	1.3
Swap interest	5.5	4.4
Interest on fixed and floating rate bonds	55.5	54.4
Interest on lease liabilities (note 22)	215.7	213.8
Finance costs before interest on investor loan - underlying	**288.1**	**281.3**
Interest on investor loan	18.6	18.9
Finance costs - underlying	**306.7**	**300.2**
Non-underlying items:		
Fees in relation to refinancing of debt	-	2.4
Gain on FV adjustment to Euro loan notes	-	(12.7)
Finance costs	**306.7**	**289.9**

13 INCOME TAX

	2025 £m	2024 £m
Current tax		
Current tax on profits for the year	0.9	0.6
Adjustment in respect of previous years	-	0.4
	0.9	1.0
UK Corporation tax	-	0.4
Foreign tax	0.9	0.6
Total current tax charge	0.9	1.0
Deferred tax		
Current year charge	7.1	9.4
Adjustment in respect of previous years	(1.8)	(2.4)
Total deferred tax charge (note 25)	5.3	7.0
Tax on result	6.2	8.0

The main rate of UK corporation tax was 25% (2024: 25%).

Deferred tax balances have been measured at a rate of 25.0% (2024: 25.0%), being the rate applicable at the statement of financial position date and the rate at which the deferred tax is expected to unwind.

Current corporation tax is calculated at 25% (2024: 25%) of the estimated assessable profit for the year.

The Group is within the scope of the Organisation for Economic Co-Operation and Development (OECD) Pillar Two model rules. The Pillar Two rules are designed to ensure multinational organisations pay a minimum amount of tax in all the jurisdictions in which they operate. In July 2023, the UK Government enacted Finance (No. 2) Act 2023 which introduced the Multinational Top-up Tax and the Domestic Top-up Tax with effect for accounting periods beginning on or after 31 December 2023. For the accounting period ended 31 December 2025, the UK Group is expected to qualify for the transitional safe harbour relief, with no exposure to Pillar Two income taxes. The Group has applied the mandatory temporary exemption to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two, as provided in the amendments to IAS 12 issued in May 2023.

No provision for UK corporation tax has been made for the year ended 31 December 2025 (2024: £nil). There is no unprovided deferred tax (2024: £nil).

The total charge for the year can be reconciled to the loss per the income statement as follows:

	2025 £m	2024 £m
Loss before tax	(70.1)	(6.7)
Tax at the UK corporation rate of 25% (2024: 25%)	(17.5)	(1.7)
Tax effect of:		
Items not deductible for tax purposes	6.4	6.4
Adjustment in respect of previous years	(1.9)	(2.1)
Amounts not recognised	19.1	5.4
Fixed asset timing differences	0.3	-
Non qualifying assets	0.7	-
Additional deferred tax asset recognised on losses	(0.9)	-
Income tax charge for the year	6.2	8.0

The deferred tax credit arising is comprised as follows:

	Intangible and Right of Use assets £m	Tax losses and hold-over relief £m	Accelerated tax depreciation £m	Total £m
2025				
(Credit)/ charge due to movement in the year (note 25)	(3.8)	14.6	(5.5)	5.3
(Credit)/ charge to income statement	**(3.8)**	**14.6**	**(5.5)**	**5.3**
2024				
(Credit)/ charge due to movement in the year (note 25)	2.5	(2.2)	(7.3)	(7.0)
(Credit)/ charge to income statement	**2.5**	**(2.2)**	**(7.3)**	**(7.0)**

14 SUBSIDIARIES

Investment in subsidiaries is in the ordinary share and the subsidiaries of the Group are listed below:

Name of subsidiary undertaking	Registered address	Country of Incorporation	% of equity held
Full Moon Holdco 4 Limited*	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Great Britain	100
Full Moon Holdco 5 Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Great Britain	100
Full Moon Holdco 6 Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Great Britain	100
Full Moon Holdco 7 Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Great Britain	100
TVL Finance PLC	47 Esplanade, St Helier, Jersy, JE1 0BD	Jersey	100
Travelodge Hotels Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Great Britain	100
Travelodge Hotels Espana SL	Calle Santa Leonor, 34, 28037, Madrid, Spain	Spain	100
Travelodge Propco Espana SL	Calle Santa Leonor, 34, 28037, Madrid, Spain	Spain	100
Travelodge Opco Espana SL	Calle Santa Leonor, 34, 28037, Madrid, Spain	Spain	100
Travelodge Propco Iberia SL#	Calle Santa Leonor, 34, 28037, Madrid, Spain	Spain	100
TLLC Holdings 2 Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Great Britain	100
FullMoonPropco1 Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Great Britain	100
FullMoonPropco2 Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Great Britain	100
FullMoonPropco3 Limited #	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Great Britain	100
FullMoonPropco4 Limited #	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Great Britain	100
FullMoonPropco5 Limited #	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Great Britain	100
Travelodge Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Great Britain	100
TLLC 2018 Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Great Britain	100
Travelodge Holdings (Malta) Limited	The Landmark, Level 1, Suite 2, Triq L-Iljun, Qormi QRM3800, Malta	Malta	100

* direct investment
\# incorporated 2025

The following UK subsidiaries will take advantage of the audit exemption set out in section 479A of the Companies Act 2006 for the year ended 31 December 2025. In addition as dormant companies, Travelodge Limited and TLLC 2018 Limited claim exemption for preparing individual accounts under section 394A and filing individual accounts under section 448A of the Companies Act 2006 for the year ended 31 December 2025.

The Company will guarantee the debts and liabilities of the following UK subsidiary undertakings at the statement of financial position date in accordance with section 479C of the Companies Act 2006. The Company has assessed the probability of loss under the guarantee as remote.

Name of subsidiary undertaking	Company number
Full Moon Holdco 4 Limited	05893849
Full Moon Holdco 5 Limited	05893854
Full Moon Holdco 6 Limited	05893977
Full Moon Holdco 7 Limited	09657187
TLLC Holdings2 Limited	04588957

15 INTANGIBLE ASSETS

Intangible assets 2025:	Brand[1]	Assets under construction[2]	IT Software[3]	Total
	£m	£m	£m	£m
Cost				
At 1 January 2025	145.0	5.4	13.8	164.2
Additions - Capital expenditure	-	13.2	-	13.2
Transfers between categories [4]	-	(9.5)	7.3	(2.2)
Write off fully depreciated assets	-	-	(2.9)	(2.9)
At 31 December 2025	**145.0**	**9.1**	**18.2**	**172.3**
Accumulated amortisation				
At 1 January 2025	-	-	(7.5)	(7.5)
Charge for the year	-	-	(5.3)	(5.3)
Write off fully depreciated assets	-	-	2.9	2.9
At 31 December 2025	**-**	**-**	**(9.9)**	**(9.9)**
Carrying amount				
At 31 December 2025	145.0	9.1	8.3	162.4
At 31 December 2024	145.0	5.4	6.3	156.7

Intangible assets 2024:	Brand(1) £m	Assets under construction(2) £m	IT Software(3) £m	Total £m
Cost				
At 1 January 2024	145.0	5.0	12.4	162.4
Additions - Capital expenditure	-	7.7	-	7.7
Transfers between categories (4)	-	(7.3)	6.7	(0.6)
Write off fully depreciated assets	-	-	(5.3)	(5.3)
At 31 December 2024	145.0	5.4	13.8	164.2
Accumulated amortisation				
At 1 January 2024	-	-	(8.9)	(8.9)
Charge for the year	-	-	(3.9)	(3.9)
Write off fully depreciated assets	-	-	5.3	5.3
At 31 December 2024	-	-	(7.5)	(7.5)
Carrying amount				
At 31 December 2024	145.0	5.4	6.3	156.7
At 31 December 2023	145.0	5.0	3.5	153.5

(1) The brand intangible asset arose on the acquisition of Travelodge Hotels Limited. This is not subject to annual amortisation but is assessed for impairment on an annual basis.

(2) Assets under construction includes costs in relation to investment in IT software. Once complete the costs are transferred to the appropriate asset category.

(3) IT software is measured initially at purchase cost and is amortised on a straight line basis over three years.

(4) Transfers between categories include £2.2m (2024: £0.6m) of leasehold premiums reclassified to right of use assets.

The brand name acquired through the acquisition of the Travelodge Hotels Limited business was assigned a fair market value at the date of acquisition. The value of the brand name is reviewed annually for impairment. This is derived by using the Opco Group board approved budgeted EBITDAR figure for the next five years and then applying a growth rate of 2% to perpetuity before applying the pre-tax WACC figure to arrive at an estimated amount for future value of the business. This value is compared against the carrying amount of the assets in the business, including the brand value to ensure there is adequate headroom and confirm no impairment of the brand is required. Future EBITDAR forecasts would have to reduce by 64% before impairment of the brand value would have to be considered.

No impairments of brand name were recorded in 2025 or 2024.

Other than brand, there are no intangible assets with indefinite lives. IT Software has been assessed as having finite lives and are amortised under the straight – line method over three years from the date the asset became fully operational.

16 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment – 2025	Assets under construction(1)	Freehold and long leasehold Land (2)	Freehold and long leasehold buildings(3)	Fixtures and fittings(4)	Total
	£m	£m	£m	£m	£m
Cost					
At1 January 2025	21.5	17.1	37.4	266.2	342.2
Additions - Capital expenditure (6)	224.6	-	-	-	224.6
Movement on capital creditors(5)	(7.0)	-	-	-	(7.0)
Transfers(6)	(214.2)	19.5	65.3	129.4	-
Write off fully depreciated assets	-	-	-	(22.6)	(22.6)
Disposals	-	-	-	(14.9)	(14.9)
At 31 December 2025	24.9	36.6	102.7	358.1	522.3
Accumulated depreciation and impairment					
At 1 January 2025	-	-	(0.6)	(91.6)	(92.2)
Charge for the year	-	(0.1)	(1.0)	(60.8)	(61.9)
Write off depreciation on fully depreciated assets	-	-	-	22.6	22.6
Disposals	-	-	-	8.4	8.4
Impairment	-	-	-	(0.8)	(0.8)
At 31 December 2025	-	(0.1)	(1.6)	(122.2)	(123.9)
Carrying amount					
At 31 December 2025	24.9	36.5	101.1	235.9	398.4
At 31 December 2024	21.5	17.1	36.8	174.6	250.0

(1) Assets under construction predominantly consists of on-going capital maintenance and refit projects. Once complete the costs are transferred to the appropriate asset category.
(2) Freehold and long leasehold land is stated at cost £36.6m. Freehold land is £26.5m and not depreciated. Long leasehold land is £10.1m and is depreciated over the lease term. 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.
(3) Fixtures and fittings are initially measured at cost and are depreciated over 3 to 5 years.
(4) Movement on capital creditors represents the year on year movement in accrued capital expenditure at year end.
(5) Included in additions are costs relating to acquisitions including purchase and other related costs.
The acquisitions during the year consist of 5 separate projects across the UK and the wider operating area of Spain. A total of 14 hotels were acquired consisting of 9 on a Freehold basis and 5 on a long leasehold basis. A further Change of Use building was also acquired awaiting planning permission expected in 2027. The aggregate values included in additions in respect of acquisitions are classified as Land £18.7m, Buildings £64.1m. Once completed the costs are transferred to the appropriate asset category.

Property, plant and equipment – 2024	**Assets under construction(1)** £m	**Freehold and long leasehold Land (2)** £m	**Freehold and long leasehold buildings(3)** £m	**Fixtures and fittings(4)** £m	**Total** £m
Cost					
At 1 January 2024	20.0	-	1.8	218.4	240.2
Additions - Capital expenditure	103.2	17.1	35.6	-	155.9
Movement on capital creditors(5)	5.2	-	-	(0.2)	5.0
Transfers	(106.9)	-	-	106.9	-
Write off fully depreciated assets	-	-	-	(36.4)	(36.4)
Disposals	-	-	-	(22.5)	(22.5)
At 31 December 2024	21.5	17.1	37.4	266.2	342.2
Accumulated depreciation and impairment					
At 1 January 2024	-	-	(0.2)	(90.2)	(90.4)
Charge for the year	-	-	(0.4)	(50.1)	(50.5)
Write off depreciation on fully depreciated assets	-	-	-	36.4	36.4
Disposals	-	-		12.3	12.3
At 31 December 2024	-	-	(0.6)	(91.6)	(92.2)
Carrying amount					
At 31 December 2024	21.5	17.1	36.8	174.6	250.0
At 31 December 2023	20.0	-	1.6	128.2	149.8

(1) Assets under construction predominantly consists of on-going capital maintenance and refit projects. Once complete the costs are transferred to the appropriate asset category
(2) Freehold land is stated at cost and is not depreciated.
(3) 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.
(4) Fixtures and fittings are initially measured at cost and are depreciated over 3 to 5 years.
(5) Movement on capital creditors represents the year on year movement in accrued capital expenditure at year end.

In line with its accounting policy, the Group assesses the carrying value of all cash generating units ("CGU"), which includes individual hotels, where there are indications of impairment. Impairment reviews are performed annually at the Company's year end of 31 December. The Group considers each trading site to be a CGU. A trading site will offer a combination of accommodation and food and beverage services. Some trading sites provide accommodation only.

An impairment trigger assessment was performed as an initial step to ascertain whether a full impairment test was required. This assessment reviewed the carrying value of each CGU against a proxy for expected future cashflows, being budget projections for 2026-2030 extrapolated over the relevant lease term using a growth rate of 2.0% (2024: 2%) and discounted at pre-tax weighted average cost of capital. The Group considered a headroom of 10% or more on this basis to be a suitable indicator that no impairment event exists. CGUs failing this assessment were then tested for impairment in full.

In assessing whether an asset has been impaired, the carrying value of the CGU is compared with its recoverable amount. The recoverable amount is the higher of its value in use and its fair value less costs of disposal and this is calculated for each site at year end.

Management continued to apply the impairment trigger assessment model introduced in the prior year, under which only 35 sites were identified with headroom below 10% at a 2% growth rate. Following further review, including consideration of recent refits, temporary closure and the Group’s £100k threshold for recognition, this was reduced to 19 sites requiring detailed impairment assessment.

The impairment assessment is sensitive to changes in key assumptions. The impact of reasonably possible changes in these assumptions on the impairment charge is set out below:

Assumption change	**Impact on impairment**
	£m
10% reduction in EBITDAR (cash flows)	11.3
1% decrease in long-term growth rate (LTGR)	4.3
1% increase in WACC	7.1
2% increase in WACC	16.0
1% decrease in WACC	(6.3)

In order to form an estimate of the value in use, the Group prepares cash flow forecasts derived from the most recent financial budgets and financial plans approved by the Directors and extrapolates cash flows beyond this time based on an estimated long term growth rate of 2.0% (2024: 2.0%). The key assumptions are consistent with past experience and with external sources of information. Reviews are performed on a site by site basis over the length of the lease or perpetuity if freehold. The Directors have considered the Group's financial projections and the assumptions which underpin those projections including future growth of the budget hotel sector, brand demand and occupancy.

The financial projections include the expected estimated cash outflows in order to meet the Group's net zero commitment by 2050. The impact of climate change initiatives are considered to be immaterial in the short to medium term.

The discount rate assumption has been calculated with reference to the market-weighted average pre-tax cost of capital based on a portfolio of similar hotel businesses using the Capital Asset Pricing Model as a starting point. As permitted by IAS 36, this is adjusted to reflect the estimated incremental borrowing cost of leasing for each asset based on market rates at the date of the review, in line with the methodology for assessing the variation in the discount rate by asset used to calculate the discount rate which has been used to derive the lease liabilities included on the statement of financial position as a result of IFRS 16. This resulted in a weighted average pre-tax discount rate of 8.7% (2024: 8.8%).

As a result of this review, an impairment charge of £0.8m (2024: £nil) has been made in the year.

17 RIGHT OF USE ASSETS

An analysis of right of use assets for 2025 is given below:

	Leasehold Land and Property £m	Vehicles £m	Total £m
Cost			
At 1 January 2025	3,291.1	-	3,291.1
New leases	45.3	2.8	48.1
Rent reviews and adjustments	131.3	-	131.3
Transfers[(1)]	2.2	-	2.2
Derecognition	(11.5)	-	(11.5)
Foreign Exchange Translation Adjustment	2.3	-	2.3
At 31 December 2025	3,460.7	2.8	3,463.5
Accumulated depreciation and impairment			
At 1 January 2025	(1,063.4)	-	(1,063.4)
Depreciation charge for the year	(121.9)	(0.5)	(122.4)
Derecognition	5.7	-	5.7
Foreign Exchange Translation Adjustment	(0.9)	-	(0.9)
Impairment	(15.2)	-	(15.2)
At 31 December 2025	(1,195.7)	(0.5)	(1,196.2)
Carrying amount			
At 31 December 2025	2,265.0	2.3	2,267.3
At 31 December 2024	2,227.7	-	2,227.7

(1) Transfers relate to initial direct costs reclassified from assets under construction within intangible assets.

New leases in 2025 related to 8 sites (6 sites in 2024). Lease adjustments of £131.3m (2024: £98.2m) mainly consist of rent reviews.

An analysis of Right of use assets for 2024 is given below:

	Leasehold Land and Property £m	Total £m
Cost		
At 1 January 2024	3,152.0	3,152.0
New leases	42.4	42.4
Transfers [(1)]	0.6	0.6
Rent reviews and adjustments	98.2	98.2
Foreign Exchange Translation Adjustment	(2.1)	(2.1)
At 31 December 2024	**3,291.1**	**3,291.1**
Accumulated depreciation and impairment		
At 1 January 2024	(940.7)	(940.7)
Depreciation charge for the year	(123.4)	(123.4)
Foreign Exchange Translation Adjustment	0.7	0.7
At 31 December 2024	**(1,063.4)**	**(1,063.4)**
Carrying amount		
At 31 December 2024	2,227.7	2,227.7
At 31 December 2023	2,211.3	2,211.3

(1) Transfers relate to initial direct costs reclassified from assets under construction within intangible assets.

As permitted by IFRS 16, the Group has elected not to recognise Right of use assets in respect of short term or low value leases.

In line with its accounting policy, the Group assesses the carrying value of all cash generating units where there are indications of potential impairment. Where an impairment trigger is identified, the assessment is performed annually at the Group's year end of 31 December.

As a result of this review, an impairment charge of £15.2m (2024: £nil) has been made in the year. Further details of the key assumptions and sensitivities applied in the impairment assessment are set out in Note 16.

18 INVENTORIES

	2025 £m	2024 £m
Finished goods held for sale	1.6	2.0
Total	**1.6**	**2.0**

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on the basis of first in, first out and net realisable value is the estimated selling price less any costs to sell. Inventories recognised as an expense during the year ended 31 December 2025 amounted to £42.8m (2024: 30.5m). These were included in cost of goods sold.

Write-downs of inventories to net realisable value amounted to £nil (2024: £nil).

19 CASH AND CASH EQUIVALENTS

	2025 £m	2024 £m
Cash at bank and in hand	46.3	64.8
Other Cash(1)	3.8	2.6
Money market funds(2)	63.1	154.0
Short term deposits(3)	-	6.3
Total	**113.2**	**227.7**

(1) Other cash includes £3.1m (2024: £2.0m) of credit card debtors which are sales taken on card awaiting transfer into a main bank account. This usually only takes one or two days to be received in the bank.

(2) This balance relates to liquid funds invested in mutual funds by banks the Company uses. See note 23 for further information on the credit risks relating to these funds.

(3) Short term deposits are made for varying periods of time between one day and three months depending on the immediate cash requirements of the Group. They earn interest at the respective short- term deposit rates. The Group does not have material cash balances which are subject to contractual or regulatory restrictions.

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the amounts as disclosed above.

20 TRADE AND OTHER RECEIVABLES

	2025 £m	2024 £m
Amounts due within one year:		
Trade amounts receivable		
• Gross amount receivable	9.5	11.0
• Expected credit losses	(0.6)	(0.5)
• Net amounts receivable	8.9	10.5
Prepayments (1)	12.2	11.2
Accrued income (2)	1.8	1.8
Other amounts receivable (3)	14.8	18.3
Loans to related parties and key management personnel (note 29)	3.2	2.8
Total	40.9	44.6

(1) Prepayments mainly include prepayments of property costs, marketing, finance costs and system costs.
(2) Accrued income is made up of £1.6m (2024: £1.6m) accrued income and £0.2m (2024: £0.2m) accrued rent receivable.
(3) Other amounts receivable includes loans to developer of £7.5m (2024: 8.7m). These are considered fully recoverable as funds issued to developers hold the related hotel land and property as collateral (see note 23).

Management has estimated the fair value of trade and other receivables to be equal to the book value.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. If a customer goes into default, we consider forward looking information on that individual customer such a related industry trends. Default is defined when payment is not received per agreed terms. A receivable is written off when it is concluded that there are no reasonable expectations that the debt will be recovered, such as a business entering administration and approved by an appropriate authority. Loss rates are not applied to individually aging buckets. The Group estimates expected credit losses based on historical experience. A trade receivable is recognised when the amount due is unconditional, the allowance for expected credit loss relating to trade and other receivables at the year end was £0.6m (2024: £0.5m). During the year, credit losses of £nil (2024: £nil) were recognised within operating costs in the consolidated profit or loss statement.

Trade Receivable Ageing

	2025 £m	2024 £m
Current	9.1	9.5
Past due:		
30 days	0.2	0.1
60 days	0.2	0.6
90+ days	-	0.8
Total	**9.5**	**11.0**

Included in Non-current Assets is an amount of £0.4m as an instalment towards the purchase of shares in a Special Purpose Vehicle for the purpose of acquiring one freehold hotel in Spain. The instalment is recorded in the Spanish Opco entity Travelodge Opco Espana S.L. and is included in LT debtors on the basis that the payment represents a long term deposit until the final instalment is made, expected in 2027, and only then is the purchase deemed complete and the transfer of control made.

21 TRADE AND OTHER PAYABLES

	2025 £m	2024 £m
Trade payables	(24.6)	(22.7)
Other payables[1]	(11.2)	(12.5)
Social security and other taxation [2]	(14.9)	(10.7)
Accruals	(63.9)	(58.0)
Deferred income	(1.0)	(1.5)
Contract liabilities - Prepaid room purchases [3]	(49.2)	(50.8)
Capital payables	(3.0)	(10.0)
Amounts falling due within one year	**(167.8)**	**(166.2)**

(1) Other payables include bank and bond interest accrued £7.4m (2024: £7.3m), bond issue costs accrued £0.1m (2024: £0.1m) and pension fund contributions £1.2m (2024 £1.7m).

(2) Social security and other taxation includes VAT creditor of £10.4m (2024: £5.4m).

(3) Prepaid room purchases of £49.2m (2024: £50.8m) relate to cash received at the time of room booking prior to arrival date and is recognised when customers stay. 47.8% (2024: 48.0%) would be non-refundable on cancellation of the room booking, with revenue being recognised once the booking is cancelled, the stay date passes or the voucher expires. Customer stays are within 1 year of the booking date so contract liabilities at the start of the year are recognised within revenue in the year. £0.4m of the 2024 balance of £50.8m (2024: £0.3m of the 2033 balance of £42.2m) was refunded and therefore not recognised as income.

The Group pays its trade payables in line with the terms that it has agreed with its suppliers. Typically, these terms vary from 30 days to 90 days.

Management has estimated the fair value of trade and other payables to be equal to the book value.

22 LEASE LIABILITIES

The Group leases various buildings which are used within the Travelodge business. The leases are non-cancellable leases with varying terms, escalation clauses and renewal rights. These include variable payments that are not fixed in amount but based upon a percentage of sales.

An analysis of Lease Liabilities for 2025 is given below:

	Property £m	Vehicles £m	Total £m
Opening Balance	(2,703.4)	-	(2,703.4)
New leases	(38.7)	(2.8)	(41.5)
Rent reviews and adjustments	(131.2)	-	(131.2)
Foreign Exchange Translation Adjustment	(1.8)	-	(1.8)
Finance Costs	(215.5)	(0.2)	(215.7)
Payments	283.3	0.4	283.7
Derecognition	7.8	-	7.8
Closing Balance	**(2,799.5)**	**(2.6)**	**(2,802.1)**
Amounts falling due within one year	(99.5)	(0.8)	(100.3)
Amounts falling due over one year	(2,700.0)	(1.8)	(2,701.8)
Total	**(2,799.5)**	**(2.6)**	**(2,802.1)**

An analysis of Lease Liabilities for 2024 is given below:

	Property £m	Total £m
Opening Balance	(2,609.9)	(2,609.9)
New leases	(42.4)	(42.4)
Rent reviews and adjustments	(98.2)	(98.2)
Foreign Exchange Translation Adjustment	1.7	1.7
Finance Costs	(213.9)	(213.9)
Payments	259.3	259.3
Closing Balance	**(2,703.4)**	**(2,703.4)**
Amounts falling due within one year	(92.8)	(92.8)
Amounts falling due over one year	(2,610.6)	(2,610.6)
Total	**(2,703.4)**	**(2,703.4)**

New leases related to 8 sites (6 sites in 2024). Rent reviews and adjustments of £131.2m in 2025 (2024: £98.2m) mainly consisted of rent reviews.

Lease liabilities are based on discounted future committed lease payments and therefore do not include the impact of variable lease components, short-term and low value leases. Further information regarding these payments is provided below.

Lease liabilities have been discounted at a weighted average discount rate of 9.3% (2024: 9.2%) with a range between 5.0% and 12.5% (2024: 5.0% and 12.5%) and represent leases with a weighted average remaining length, including landlord extension options, from the statement of financial position date of 21.0 years (2024: 21.8 years).

Details of lease payments made in the year and charged to the statement of profit or loss and detail of sublease income credited to income statement are given below:

	2025 £m
Variable lease payments charge not included within right of use assets	1.1
Income from subleasing right of use assets	(5.3)
	(4.2)

	2024 £m
Variable lease payments charge not included within right of use assets	1.3
Income from subleasing right of use assets	(4.5)
	(3.2)

The total cash outflow for leases in 2025 was £283.7m (2024: £259.3m).

23 FINANCIAL ASSETS AND LIABILITIES

Risk
The Group's principal financial instruments comprise derivatives, bank loans, senior unsecured bonds, cash, short-term deposits, trade receivables and trade payables. The Group's financial instruments policies can be found in the accounting policies in Note 2. The Board agrees policies for managing the financial risks summarised below:

Capital risk management
The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders and complying with lending covenants. The capital structure of the Group consists of debt, which includes borrowings disclosed above, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group aims to maintain sufficient funds for working capital and future investment in order to meet growth targets. The Group may transact sale and leaseback transactions as part of its plans to provide further funding for growth. The revolving credit facility was replaced in April 2023 with a 54 month £50m revolving credit facility (RCF). Under the RCF, the Group's covenant requirements, which apply if drawings under the RCF are £32m or more, are tested at the end of March, June, September and December to ensure a leverage ratio (Net leverage to EBITDA) of 5.5:1 or lower. At the 2025 & 2024 year ends, the RCF remained undrawn and was undrawn at all during the year. The Board regularly reviews the Group's funding strategy as part of the business planning and budgeting processes.

Financial liabilities and equity instruments are classified according to the substance of the contractual terms and recorded initially as the proceeds received net of any direct issue costs.

Financial assets and liabilities are presented gross in the statement of financial position unless the Company has a legally enforceable right to offset them. A right of set off is the Company's legal right to settle an amount payable to a creditor by applying against it an amount receivable from the same counterparty.

Interest rate risk
The Group finances most of its operations through borrowings. The Group has borrowings at fixed and floating rates with a portion of its debt instruments designated in Euros at floating EURIBOR rates and the balance in sterling at fixed rates. As noted below, the Group has elected to mitigate the currency exposure on the Euro designated debt with a currency derivative entered into contemporaneously with the drawdown of the loan instrument. The cross currency swap exchanges GBP at floating rates pegged to SONIA interest rates for Euros`. To mitigate this interest rate risk the Group entered into an interest rate cap and collar option in June 2023.

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations. Interest rate swaps are used where necessary to maintain a mix of fixed and floating rate borrowings to manage this risk, in line with the Group treasury policy. At the year end, 73% (2024: 73%) of Group debt was fixed for an average of 37 months (2024: 49 months) at an average interest rate of 11.6% (2024: 11.4%).

In accordance with IFRS 7 Financial Instruments; Disclosures, the Group has undertaken sensitivity analysis on its financial instruments which are affected by changes in interest rates. This analysis has been prepared on the basis of a constant amount of net debt, a constant ratio of fixed to floating interest rates, and on the basis of the hedging instruments in place at 31 December 2025. Consequently, the analysis relates to the situation at those dates and is not representative of the years then ended. The following assumptions were made:

- statement of financial position sensitivity to interest rates applies only to derivative financial instruments, as the carrying value of debt and deposits does not change as interest rates move; and
- Gains or losses are recognised in equity or the consolidated income statement in line with the Group's accounting policies.

Based on the Group's net debt/cash position at the year end, a 1% change in SONIA rates would affect the Group's profit before tax by £4.7m (2024: £2.3m). The Group is unaffected by EURIBOR changes because of the cross currency derivative (note 24).

Liquidity risk

The Group has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The tables below summarise the maturity profile of the Group's financial liabilities at 31 December 2025 and 31 December 2024 based on contractual undiscounted payments, including interest:

2025	**Less than 12 months £m**	**More than 12 months £m**	**Total £m**
Interest-bearing loans and borrowings	-	(794.2)	(794.2)
Investor loan note	-	(242.7)	(242.7)
Other financial liabilities	(390.5)	(5,523.1)	(5,913.6)
Non-derivative financial liabilities	**(390.5)**	**(6,560.0)**	**(6,950.5)**
Derivative contracts- receipts	179.5	-	179.5
Derivative contracts- payments	(184.8)	-	(184.8)
Derivative financial liabilities	**(5.3)**	**-**	**(5.3)**
Total financial liabilities	**(395.8)**	**(6,560.0)**	**(6,955.8)**

2024	**Less than 12 months £m**	**More than 12 months £m**	**Total £m**
Interest-bearing loans and borrowings	-	(850.3)	(850.3)
Investor loan note	-	(239.9)	(239.9)
Other financial liabilities	(374.1)	(5,432.3)	(5,806.4)
Non-derivative financial liabilities	**(374.1)**	**(6,522.5)**	**(6,896.6)**
Derivative contracts- receipts	17.7	170.4	188.1
Derivative contracts- payments	(19.9)	(184.8)	(204.7)
Derivative financial liabilities	**(2.2)**	**(14.4)**	**(16.6)**
Total financial liabilities	**(376.3)**	**(6,536.9)**	**(6,913.2)**

Contractual undiscounted payments relating to lease liabilities due in more than 5 years includes £1,291.8m (2024: £1,341.9m) due between 5 and 10 years, £2,348.1m (2024: £2,181.7m) due between 10 and 20 years and £732.8m (2024: £826.7m) due in more than 20 years.

Credit risk
Due to the high level of cash held at the year end, the most significant credit risk faced by the Group is that arising on cash and cash equivalents. The Group's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying value of these instruments. The Group seeks to minimise the risk of default in relation to cash and cash equivalents by spreading investments across a number of counterparties and dealing in accordance with Group treasury policy which specifies acceptable credit ratings and maximum investments for any counterparty.

In the event that any of the Group's banks get into financial difficulty, the Group is exposed to the risk of withdrawal of currently undrawn committed facilities. This risk is mitigated by the Group having a range of counterparties to its facilities.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. No collateral is held against liquid funds. Loans advanced to developers are protected either by the Group holding security over the site itself or similar legal charges over other sites held by the same developer. The Group is exposed to a small amount of credit risk attributable to its trade and other receivables. This is minimised by dealing with counterparties with good credit ratings. The amounts included in the statement of financial position are net of expected credit losses, which have been estimated by management based on prior experience and any known factors at the year end.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Currency exposures

As noted above, the Group issued a portion of its refinanced bond debt in Euros in April 2023. To mitigate the foreign exchange risk inherent in this instrument, the Group transacted a cross currency swap for €200m of the €250m floating rate bond split between two financial institution.

The refinancing event that took place in 2024 described below was reviewed and deemed to be a modification of the loans rather than extinguishment of the debt therefore the conclusion was carried over and the hedge continued in place for the new loans. The Group also has a €50m natural hedge by holding funds in a Euro designated deposit account with a further financial provider.

At 31 December 2025, the Group had no material non-financial currency exposures that would give rise to net currency gains or losses being recognised in the income statement.

Net debt	**2025 £m**	**2024 £m**
Cash at bank and in hand	113.2	227.7
External debt redeemable:		
- Sterling fixed rate notes	(415.0)	(415.0)
- Euro floating rate notes (including financial derivative)	(211.0)	(207.8)
- Issue costs	2.2	8.6
Senior secured bond related debt	(623.8)	(614.2)
Super senior term loan	(10.5)	-
External debt	(634.3)	(614.2)
Net external debt	(521.1)	(386.5)
Investor loan note	(158.8)	(140.2)
Net debt before leases liabilities	(679.9)	(526.7)
Lease liabilities	(2,802.1)	(2,703.4)
Net debt including lease liabilities	(3,482.0)	(3,230.1)

Sterling loan notes
On 28 April 2023, the Group issued £330m of Sterling Loan Notes (maturity 28 April 2028) with interest of 10.25% pa paid semi-annually in October and April. The issue costs of £4.7m were capitalised and are being amortised over the expected life of the Sterling Loan Notes. On 27 June 2024, the Group issued £85m of Sterling Loan Notes (maturity 28 April 2028) with interest of 10.25% per annum paid semi-annually in October and April.

Euro loan Notes
On 28 April 2023, the Group issued €250m of Euro Loan Notes (maturity 28 April 2028) with interest of 5.5% above three month EURIBOR paid quarterly in July, October, January and April.

Costs resulting from the refinancing in April 2023 of £7.5m are being amortised over 3 years.

On 27 June 2024, the group redeemed the €250m of Euro Loan Notes issued in 2023 and replaced them with a new issue of €250m of Euro Loan Notes (maturity 30 June 2030) with interest of 3.75% above three month EURIBOR paid quarterly in September, December, March and June. The issue costs of £1.7m have been capitalised and are being amortised over the expected life of the Euro Loan note.

Revolving credit facility and super senior term loan
In April 2023 the Group secured a new revolving credit facility ("RCF") of £50.0m. The RCF facility is available to the Group until October 2027. At 31 December 2025 and 31 December 2024, the revolving credit facility was entirely undrawn.

Under the RCF, the Group's covenant requirements, which apply if drawings under the RCF are £32m or more, are tested at the end of March, June, September and December to ensure a leverage ratio (Net leverage to EBITDA) of 5.5:1 or lower.

Letter of credit facility
In April 2023, a letter of credit facility of £30m was secured as part of the refinancing and is available to the Opco Group until October 2027. At the statement of financial position date, letters of credit were in issue, but not called upon, to the value of £19.3m (2024: £20.7m).

Investor loan notes
The group headed by T&L Holdco Limited holds investor loan note agreements with Anchor Holdings SCA to the value of £135.0m (2024: £135.0m) held in four tranches. During 2025, none of the capital was repaid (2024: £10.6m). The original investor loan note of £95m had an original termination date of January 2026, however this was amended as a result of the 2023 refinancing to be October 2028. The two subsequent tranches of £10m and £30m respectively have termination dates in 2033.

On 28 February 2024, the Group received further investor loans of £31.1m to support the purchase of the 66 freehold hotels. £10.6m of these loans are interest bearing at 15% with the remaining £20.5m interest free, and the investor loans were novated from Thame and London Limited to T&L Holdco Limited. Interest is being capitalised and added to the loan principal. Loans have been revalued to fair value at the year end and the discount relating to the interest free portion has been reflected in Capital Reserves, which is being amortised over 58 months. The new loan notes are repayable in December 2033.

The interest rate charged on the investor loan note is 15%. Accrued interest for the year ended 31 December 2025 totalled £20.3m (2024: £18.9m) with the total cumulative accrued interest on the three tranches being £37.5m (2024: £15.8m) following a repayment of interest during the year of £nil (2024: £20.4m). The closing balance on the investor loan note at the year end was £158.8m (2024: £140.2m).

	Cash	Bank loan	Lease liabilities	Secured Sterling Fixed Rate Notes	Euro Floating Rate Notes (including financial derivative)	Total External debt	Investor loan note	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 January 2025	**227.7**	**-**	**(2,703.4)**	**(415.0)**	**(207.8)**	**(3,098.5)**	**(140.2)**	**(3,238.7)**
Foreign exchange translation adjustments	-	-	(1.8)	-	-	(1.8)	-	(1.8)
New leases	-	-	(41.5)	-		(41.5)	-	(41.5)
Lease adjustments	-	-	(131.2)	-		(131.2)		(131.2)
Lease payments	-	-	283.7	-	-	283.7	-	283.7
Disposals	-	-	7.8	-	-	7.8	-	7.8
Interest on lease liabilities	-	-	(215.7)	-	-	(215.7)	-	(215.7)
Accrued investor loan interest	-	-	-	-	-	-	(18.6)	(18.6)
Senior floating euro bond FX gain	-	-	-	-	(3.2)	(3.2)	-	(3.2)
Bank loan movement	-	(10.5)	-	-	-	(10.5)	-	(10.5)
Cash movement in year	(114.5)	-	-	-	-	(114.5)	-	(114.5)
Net movement in year	(114.5)	(10.5)	(98.7)	-	(3.2)	(226.7)	(18.6)	(245.3)
Balance at 31 December 2025	**113.2**	**(10.5)**	**(2,802.1)**	**(415.0)**	**(211.0)**	**(3,325.2)**	**(158.8)**	**(3,484.0)**

	Cash	Bank loan	Lease liabilities	Secured Sterling Fixed Rate Notes	Euro Floating Rate Notes (including financial derivative)	Total External debt	Investor loan note	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 January 2024	**195.7**	**-**	**(2,609.9)**	**(330.0)**	**(225.4)**	**(2,969.6)**	**(152.2)**	**(3,121.8)**
Foreign exchange translation adjustments	-	-	1.7	-	-	1.7	-	1.7
New leases	-	-	(42.4)	-	-	(42.4)	-	(42.4)
Lease adjustments	-	-	(98.2)	-		(98.2)		(98.2)
Lease payments	-	-	259.3	-	-	259.3	-	259.3
Disposals	-	-	-	-	-	-	-	-
Interest on lease liabilities	-	-	(213.9)	-	-	(213.9)	-	(213.9)
Accrued investor loan interest	-	-	-	-	-	-	(18.9)	(18.9)
Non-cash fair value gain on Euro loan notes	-	-	-	-	12.7	12.7	-	12.7
Senior floating euro bond fx gain	-	-	-	-	9.6	9.6	-	9.6
Change in value of financial derivative liability	-	-	-	-	(4.7)	(4.7)	-	(4.7)
Senior fixed rate bond	-	-	-	(85.0)	-	(85.0)	-	(85.0)
Investor loan capital paid	-	-	-		-	-	10.5	10.5
Investor loan interest paid	-	-	-	-	-	-	20.4	20.4
Cash movement in year	32.0	-	-	-	-	32.0	-	32.0
Net movement in year	32.0	-	(93.5)	(85.0)	17.6	(128.9)	12.0	(116.9)
Balance at 31 December 2024	**227.7**	**-**	**(2,703.4)**	**(415.0)**	**(207.8)**	**(3,098.5)**	**(140.2)**	**(3,238.7)**

Financial assets and liabilities measured at amortised cost

The carrying value of trade and other receivables, cash and cash equivalents, and trade and other payables are considered to be reasonable approximations of their fair values largely due to the short- term maturities of these instruments. The fair value of the Group's borrowings is estimated at £797.7m. The fair value of the Group’s borrowings is based on Level 1 valuation techniques where there is an active market for the instrument and on Level 2 valuation techniques otherwise.

A comparison of the carrying value and fair value of the Group’s financial assets and liabilities at each reporting date is shown below.

	Amortised cost		Fair value		
Financial instrument categories	**Financial assets £m**	**Financial liabilities £m**	**Financial assets £m**	**Financial liabilities £m**	**Carrying amount £m**
At 31 December 2025					
Financial instrument categories					
Cash and cash equivalents	113.2	-	113.2	-	113.2
Financial assets at amortised cost [1]	26.9	-	26.9	-	26.9
Derivative financial liability	-	(3.3)	-	(3.3)	(3.3)
Bank loan	-	(10.5)	-	(10.5)	(10.5)
Sterling Fixed Rate Note	-	(415.0)	-	(412.5)	(415.0)
Euro Floating Rate Note	-	(207.7)	-	(220.1)	(207.7)
Investor loan note	-	(158.8)	-	(165.1)	(158.8)
Financial liabilities[2]	-	(2,904.8)	-	(2,904.8)	(2,904.8)
Net funding including finance leases	140.1	(3,700.1)	140.1	(3,716.3)	(3,560.0)
At 31 December 2024					
Financial instrument categories					
Cash and cash equivalents	227.7	-	227.7	-	227.7
Financial assets at amortised cost [1]	31.6	-	31.6	-	31.6
Derivative financial liability	-	(13.4)	-	(13.4)	(13.4)
Sterling Fixed Rate Note	-	(415.0)	-	(427.0)	(415.0)
Euro Floating Rate Note	-	(194.4)	-	(206.6)	(194.4)
Investor loan note	-	(140.2)	-	(148.2)	(140.2)
Financial liabilities[2]	-	(2,806.6)	-	(2,806.6)	(2,806.6)
Net funding including finance leases	259.3	(3,569.6)	259.3	(3,601.8)	(3,310.3)

(1) Financial assets at amortised cost of £26.9m (2024: £31.6m) are made up of trade receivables £8.9m (2024: £10.5m), other receivables of £14.8m (2024: £18.3m) and loans to related parties of £3.2m (2024: £2.8m).

(2) Financial liabilities of £2,904.8m (2024: £2,806.6m) are made up of lease liabilities of £2,802.1m (2024: £2,703.4m), trade payables £24.6m (2024: £22.7m), capital payables £3.0m (2024: £10.0m), accruals £63.9m (2024: £58.0m) and other payables £11.2m (2024: £12.5m).

The lease liabilities represent the present value of future lease payments in respect of the right of use assets.

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

The table below analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly;
Level 3: inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The carrying value of trade and other receivables, cash and cash equivalents and trade and other payables are considered to be reasonable approximations of their fair value largely due to the short term maturities of these instruments.

The fair value of the Group's borrowings is estimated at £797.7m (2024: £781.4m). The fair value of the Group's borrowings is based on Level 1 valuation techniques where there is an active market for the instrument and on Level 2 valuation techniques otherwise.

As at 31 December 2025	**Level 1**	**Level 2**	**Level 3**	**Total**
	£m	**£m**	**£m**	**£m**
Financial liabilities measured at fair value through profit and loss				
Derivatives (interest rate collar)	-	(0.6)	-	(0.6)
Derivatives (cross currency swap)	-	(2.7)	-	(2.7)
Total	-	(3.3)	-	(3.3)

As at 31 December 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
	£m	**£m**	**£m**	**£m**
Financial liabilities measured at fair value through profit and loss				
Derivatives (interest rate collar)	-	(0.6)	-	(0.6)
Derivatives (cross currency swap)	-	(12.8)	-	(12.8)
Total	-	(13.4)	-	(13.4)

24 DERIVATIVE FINANCIAL INSTRUMENTS

In line with the Group's treasury policy, the Group has entered into four types of derivative instruments to mitigate the volatility and uncertainty through the income statement as a result the 250m EUR floating notes issues in June 2024 (replacing the original EUR floating notes issued previously 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 statement of financial position date. The term of the hedging instruments is to June 2026, which management has deemed to be concurrent with the possible loan repayment date (the contractual repayment date is June 2030). The fair value movement of £1.1m (2024: £3.3m) has been recognised in Other Comprehensive Income (OCI). Ineffectiveness in the hedging arrangements of £0.1m (2024: £0.1m) has been recognised through the Income Statement. The refinancing event that took place in 2024 was reviewed and deemed to be a modification of the Euro Loan Notes rather than extinguishment of the debt therefore it was concluded that the currency exposure was unaffected and the hedge continued in place for the new Euro Loan Notes.

At the year end 100% of Group's EUR debt exposure was fixed, by virtue of the 200m EUR Cross currency swap and a further 50m of EUR cash reserves.

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 June 2026, limiting the evolution of SONIA to the rates 4.30% and 5.80% and 8%.

In accordance with IFRS7 Financial Instruments; Disclosures, the Group has undertaken sensitivity analysis on its financial instruments which are affected by changes in interest rates. This analysis has been prepared on the basis of a constant amount of net debt, a constant ratio of fixed to floating interest rates, and on the basis on the hedging instruments in place at the year end which reflects the position at that point in time. The following assumptions were made:

- Statement of financial position sensitivity to interest rates applies only to derivative financial instruments, as the carrying value of debt and deposits does not change as interest rates move; and
- Gains or losses are recognised in equity or in the consolidated income statement in line with the Group's accounting policies.

Based on the Group's net debt/cash position at the year end, a 1% change in SONIA rates would affect the Group's profit before tax by £2.8m (2024: £2.2m). The Group is unaffected by EURIBOR changes because of the cross currency derivative.

The sensitivity analysis below describes possible movements in GBP interest rates with all other variables held constant, showing the impact on profit before tax and equity.

2025	**Effect on fair value of financial instruments**	**Effect on profit before taxation**	**Effect on equity**
Derivatives Liabilities (CCS, collar and cap)	**£m**	**£m**	**£m**
Increase of 100 basis points in GBP SONIA rates	0.6	-	0.6
Decrease of 100 basis points in GBP SONIA rates	(0.9)	-	(0.9)

2024	**Effect on fair value of financial instruments**	**Effect on profit before taxation**	**Effect on equity**
Derivatives Liabilities (CCS, collar and cap)	**£m**	**£m**	**£m**
Increase of 100 basis points in GBP SONIA rates	1.1	-	1.1
Decrease of 100 basis points in GBP SONIA rates	(2.0)	-	(2.0)

The sensitivity analysis below describes possible movements in EUR interest rates with all other variables held constant, showing the impact on profit before tax and equity.

2025	**Effect on fair value of financial instruments**	**Effect on profit before taxation**	**Effect on equity**
Derivatives Liabilities (CCS)	**£m**	**£m**	**£m**
Increase of 100 basis points in EUR rates	(0.4)	-	(0.4)
Decrease of 100 basis points in EUR Rates	0.4	-	0.4

2024	**Effect on fair value of financial instruments**	**Effect on profit before taxation**	**Effect on equity**
Derivatives Liabilities (CCS)	**£m**	**£m**	**£m**
Increase of 100 basis points in EUR rates	(0.5)	-	(0.5)
Decrease of 100 basis points in EUR Rates	0.5	-	0.5

The sensitivity analysis below describes possible movements in spot EURGBP rate with all other variables held constant, showing the impact on profit before tax and equity.

2025	**Effect on fair value of financial instruments**	**Effect on profit before taxation**	**Effect on equity**
Derivatives Assets and Liabilities (CCS and options)	**£m**	**£m**	**£m**
Increase of 10% (appreciation EUR)	17.8	-	17.8
Increase of 10% (depreciation EUR)	(17.8)	-	(17.8)

2024	**Effect on fair value of financial instruments**	**Effect on profit before taxation**	**Effect on equity**
Derivatives Assets and Liabilities (CCS and options)	**£m**	**£m**	**£m**
Increase of 10% (appreciation EUR)	17.1	-	17.1
Increase of 10% (depreciation EUR)	(17.1)	-	(17.1)

Fair Values

IFRS13 Fair Value Measurement requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. The classification uses the following 3 level hierarchy:

- Level 1- quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – using other techniques for which all inputs, which have a significant effect on the recorded fair value, inputs, other than quoted prices within Level 1 are observable for the asset or liability, either directly or indirectly; and
- Level 3 – using techniques which use unobservable inputs, which have a significant effect on the recorded fair value, that are not based on observable market data.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial assets and liabilities measured at fair value	**2025**	**2024**
	£m	**£m**
Financial assets		
Derivative Financial instruments – Level 2	-	-
Financial Liabilities		
Derivative Financial instruments – Level 2	(3.3)	(13.4)

During 2025 and 2024 there were no transfers between fair value measurement levels.

Derivative financial instruments include £3.3m of liabilities (2024: £13.4m) due within one year.

Reconciliation of equity components and analysis of comprehensive income – Cross currency swap	**Cash flow hedge reserve**		
	Intrinsic value of options	**Cost of hedging reserve**	**Total hedge reserves**
	£m	**£m**	**£m**
Cross currency swap 2025			
Opening balance at 1 January 2025	(1.1)	0.2	(0.9)
Change in Fair Value of hedging instrument(OCI)	9.9	-	9.9
Costs of hedging deferred (OCI)	-	(0.1)	(0.1)
Reclassified to profit or loss	(8.8)	-	(8.8)
	-	0.1	0.1
Interest rate cap/collar 2025			
Opening balance at 1 January 2025	(0.1)	(0.3)	(0.4)
Change in Fair Value of hedging instrument (OCI)	(0.3)	-	(0.3)
Costs of hedging deferred (OCI)	-	0.4	0.4
	(0.4)	0.1	(0.3)
Balance as at 31 December 2025	(0.4)	0.2	(0.2)
Cross currency swap 2024			
Opening balance at 1 January 2024	(1.8)	0.3	(1.5)
Change in Fair Value of hedging instrument (OCI)	(7.0)	-	(7.0)
Costs of hedging deferred (OCI)	-	(0.1)	(0.1)
Reclassified to profit or loss	7.7	-	7.7
	(1.1)	0.2	(0.9)
Interest rate cap/collar 2024			
Opening balance at 1 January 2024	(2.4)	(0.8)	(3.2)
Change in Fair Value of hedging instrument (OCI)	2.3	-	2.3
Costs of hedging deferred (OCI)	-	0.5	0.5
	(0.1)	(0.3)	(0.4)
Balance as at 31 December 2024	(1.2)	(0.1)	(1.3)

Cash flow hedges are expected to impact on the consolidated income statement in line with the liquidity risk table shown in Note 23.

Effect of hedge accounting on the financial position and performance.

The effects of the interest rate swaps on the group's financial position and performance are as follows:

Derivatives	**2025**	**2024**
	£m	**£m**
Cross currency swap		
Carrying amount		
Current liabilities – Financial derivative liability	(2.7)	-
Current liabilities – Financial derivative liability	-	(12.6)
Notional amount	€200m	€200m
Maturity date	30 June 2026	30 June 2026
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments	(5.4)	(7.0)
Change in value of hedged item used to determine hedge effectiveness	(5.3)	(6.9)
Weighted average hedged rate for the year	0.8850 GBP/EUR	0.8850 GBP/EUR
Interest rate cap/collar		
Carrying amount		
Current liabilities – Financial derivative liability	(0.6)	-
Non-current liabilities – Financial derivative liability	-	(0.6)
Notional amount	£177m	£177m
Maturity date	30 June 2026	30 June 2026
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments	(3.1)	2.6
Change in value of hedged item used to determine hedge effectiveness	(3.1)	2.6
Weighted average hedged rate for the year	4.3% - 8.0%	4.3% - 8.0%

25 DEFERRED TAX

The following are the major deferred tax assets and (liabilities) recognised by the Group which are expected to be recovered or settled more than twelve months after the reporting year end and movements thereon during the forthcoming year.

An analysis of deferred tax for the year ended 31 December 2025 is given below:

Deferred tax	**Balance at 1 Jan 2025**	**Credited/ (Charged) to income statement**	**Balance at 31 Dec 2025**
	£m	**£m**	**£m**
Tax losses	21.2	(14.6)	6.6
Capital Allowances	16.7	2.7	19.4
Intangible assets	(36.2)	-	(36.2)
Fair value movement	-	5.4	5.4
Leases	5.8	1.9	7.7
Other short term timing differences	1.3	(0.8)	0.5
Net deferred tax asset	**8.8**	**(5.4)**	**3.4**
Amounts expected to be recovered in:			
No more than 12 months after the reporting year	3.3		0.2
More than 12 months after the reporting year	5.5		3.2
Net deferred tax asset	**8.8**		**3.4**

The main rate of UK corporation tax was 25.0% (2024: 25.0%).The deferred tax assets have been recognised at the rate expected to apply on utilisation.

There is a £50.5m (2024: 38.1m) unrecognised deferred tax asset relating to £201.9m (2024: £152.5m) of carried forward tax losses for which there is no expiry, and £187.3m (2024: £163.7m) of other timing differences resulting in an unrecognised deferred tax asset of £46.8m (2024: 40.9m).

The Group carries out an assessment of the recoverability of these losses for each reporting period and historically has only recognised deferred tax assets to the extent they exceed deferred tax liabilities within the Group, as management did not consider it probable that the Group would be able to utilise those temporary differences and losses in the future. As a result of recent performance, management now consider it probable that the Group will be able to recover a portion of the temporary differences and losses in the future as described in Note 2, and as a consequence have recognised additional deferred tax assets in excess of the deferred tax liabilities totalling £3.4m (2024: £8.8m).

The UK deferred tax liability has been offset against the UK deferred tax asset, to the extent that a legal right of set-off exists.

The deferred tax figures above include a deferred tax asset for Spain of £3.5m (2024: £4.4m) representing deferred tax where no legal right of set off exists.

To determine a reasonable loss utilisation forecast a risk weighting has been applied to an extrapolated long term forecast.

Movement in net deferred tax asset	2025 £m	2024 £m
1 January (beginning of year)	8.8	15.8
Charge to the profit or loss statement	(5.4)	(7.0)
31 December (for end of year)	**3.4**	**8.8**

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date, where transactions or events that result in an obligation to pay more tax in the future for a right to pay less tax in the future have occurred at the statement of financial position date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted in the foreseeable future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is measured on an undiscounted basis.

The group has identified that there have been surrenders of tax losses to the company for no payment from group companies which would constitute a distribution without the required distributable reserves to support such a distribution. The group is undertaking a review of the position and obtaining legal advice to resolve this issue in the next financial year.

26 PROVISIONS

	2025			2024		
	Property £m	Other £m	Total £m	Property £m	Other £m	Total £m
At 1 January	(0.2)	(2.3)	(2.5)	(0.6)	(2.2)	(2.8)
Amount utilised	-	0.4	0.4	-	0.3	0.3
Additional provision recognised	-	(1.1)	(1.1)	-	(0.4)	(0.4)
Release of provisions	-	-	-	0.4	-	0.4
At 31 December	(0.2)	(3.0)	(3.2)	(0.2)	(2.3)	(2.5)
The balance can be analysed as:						
Due in less than one year	-	(0.5)	(0.5)	-	(0.6)	(0.6)
Due in greater than one year	(0.2)	(2.5)	(2.7)	(0.2)	(1.7)	(1.9)
Total	(0.2)	(3.0)	(3.2)	(0.2)	(2.3)	(2.5)

Provisions of £3.2m as at 31 December 2025 (2024: £2.5m) consist of dilapidation provisions of £2.3m, public liability claims of £0.5m and amounts relating to future rates liabilities, and other provisions of £0.2m in addition to onerous contract provisions of £0.2m within the Property category.

Public Liability
A provision of £0.7m was brought forward relating to the estimated claims against the Company from employees and the public. The claims result from alleged accidents and injuries sustained in the Group's premises. During the year £0.2m (2024: £nil) was re-assessed for other provisions.

Dilapidation Provision
There has been additional dilapidation provisions recognised during the year of £0.9m relating to the costs of updating the condition of three properties up to the required standard. As a result of the additional provisions and the re-assessments, the closing balance on the provision was £2.3m (2024: £0.7m).

Onerous Contracts
These relate to the rates payable on 4 empty and historical subleased restaurant units and provision has been made for the period that the sublet or assignment of the lease is not possible. Provisions are expected to be utilised over a period of 5 years. The provision at the start of the year was £0.2m and £nil has been released in 2025.

Other Provisions
Additional provisions were recognised in the year of £0.2m relating to legal fees for cases.

27 SHARE CAPITAL AND OTHER RESERVES

Other reserves of £23.8m (2024: £20.6m) on the statement of financial position within Total Equity, is in relation to the introduction of the Management Incentive Plan in 2022. The charge of £3.2m (2024: £8.1m) to the income statement for Equity Share Based Payments is described within this note.

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 Group or a group company on an exit event or partial exit.

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

	2025		2024	
	Number of options	**Weighted average issue price**	**Number of options**	**Weighted average issue price**
Class L/L1 shares		**£**		**£**
Outstanding at 1 January	114,134	3.74	156,394	3.74
Shares bought back during the year	(15,960)	3.74	(42,260)	3.74
Outstanding at 31 December	98,174	3.74	114,134	3.74

	2025		2024	
	Number of options	**Weighted average issue price**	**Number of options**	**Weighted average issue price**
Class K/K1 shares		**£**		**£**
Outstanding at 1 January	134	4,495	200	4,495
Shares bought back during the year	(134)	4,495	(66)	4,495
Outstanding at 31 December	-	-	134	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 Group or a group company on an exit event or partial exit.

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

	2025		2024	
	Number of options	**Weighted average issue price £**	**Number of options**	**Weighted average issue price £**
Class L/L1 shares - warrants				
Outstanding at 1 January	31,314	-	31,314	-
Warrants forfeited during the year	(2,065)	-	-	-
Outstanding at 31 December	29,249	-	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").

During the period, there were leavers from the scheme. In the prior year, participants of the MIP agreed to a share transfer for a third of their shares in issue. This constitutes a modification of a performance condition for the shares. As such, the full Share Based Payment charge for the associated shares and the incremental fair value have been recognised in the financial statements.

The resulting charge is £3.2m in respect of costs for employees (2024: £8.1m).

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 financial statements.

Share Capital	2025 Number of shares	2025 £
Authorised, called up, allotted and fully paid:		
Ordinary shares of £1 each	1,000,000	-

	2024 Number of shares	2024 £
Authorised, called up, allotted and fully paid:		
Ordinary shares of £1 each	1,000,000	-

28 CAPITAL COMMITMENTS

Contracted future capital expenditure not provided for in these financial statements predominantly relates to expenditure on the refurbishment and maintenance of current hotels. At 31 December 2025 the capital commitment not provided for in the financial statements, subject to satisfactory practical completion, was £17.4m (2024: £23.3m).

29 RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY

At 31 December 2025, the Directors regard Anchor Holdings SCA as the ultimate parent undertaking and controlling party, a company incorporated in Luxembourg. The Group is currently majority owned indirectly by funds managed by GoldenTree Asset Management LP. A minority stake is held by certain senior managers under the Management Incentive Plan.

T&L Holdco Limited is the parent undertaking of the largest and smallest Group of undertakings to consolidate these financial statements at 31 December 2025 and includes the results of all the subsidiaries in the Group. Thame and London Limited is the intermediate parent undertaking within the Group. Details of the subsidiaries of Thame and London Limited are set out in Note 14 of these consolidated group financial statements. The consolidated financial statements of Thame and London Limited and T&L Holdco Limited are available from Sleepy Hollow, Aylesbury Road, Thame, Oxfordshire, OX9 3AT, England.

Anchor Holdings SCA has provided the Company with investor loans totalling £140.1m (2024: £135.0m). The original investor loan note of £95.0m has a termination date of January 2026 (however this was amended as a result of the refinancing to be October 2028) with two subsequent tranches drawn in 2020, for £10.0m and £30.0m respectively, having a termination date of 2033. In February 2024, £10.6m of the Investor loan was repaid and £9.8m of the accrued interest relating to these loans was repaid. The loan accrues interest at 15.0% (2024: 15.0%) per annum. Interest accrued in the year is £18.6m (2024: £20.3m) and the total balance including accrued interest was £158.8m (2024: £140.1m).

Travelodge Hotels Limited has agreed to make loan facilities available to Anchor Holdings SCA and Anchor Holdings G.P.S.A up to a maximum of £5.0m (2024: £2.2m) and £2.5m (2024: £0.9m) respectively. At the statement of financial position date, Anchor Holdings SCA and Anchor Holdings G.P.S.A had utilised £1.9m (2024: £1.8m) and £0.8m (2024: £0.7m) respectively with no repayment of principal by either entity during the year (2024: £nil). The loans accrue interest at 7.0% (2024: 5.1%) per annum. Interest accrued in the year was £0.1m (2024: £0.1m), with Anchor Holdings SCA making no payments of interest in 2025 (2024: £nil). The total interest accrued at the statement of financial position date was £1.0m (2024: £0.4m). During the year, both loan facilities were extended, with revised maturity dates of 31 December 2035.

30 NOTE TO THE CASH FLOW STATEMENT

	2025	2024
	£m	£m
Operating profit	228.7	268.6
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	184.3	173.9
Amortisation of other intangible assets	5.3	3.9
Unrealised currency translation (gain) / loss	(0.2)	0.3
Share based payments	3.2	8.1
Impairment	16.0	-
Other gain	(1.9)	-
Loss on disposal of fixed assets	6.5	10.2
Operating cash flows before movements in working capital	441.9	465.0
Decrease /(increase) in inventories	0.4	(0.2)
Decrease /(increase) in trade and other receivables	0.8	(3.3)
Increase in trade and other payables	11.3	6.8
Increase / (decrease) in provisions	0.6	(0.3)
Total working capital movement	13.1	3.0
CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	455.0	468.0

31 CONTINGENT LIABILITIES

A contractual arrangement has been entered into by FullMoonPropco4 Limited relating to the acquisition of two buildings held as a change of use development project. Under this contract there is an amount payable of potentially differing values up to a maximum of £9m depending on the outcome of the planning application process which won't be known until 2027. A guarantee is in place by Travelodge Hotels Limited to provide the funding for this payment if and when it becomes payable.

In common with occupiers of buildings throughout the UK, we continually assess safety related factors associated with our buildings. As problems are identified, we may face the costs of rectification. It is impossible to meaningfully quantify the extent of such costs as may arise.

From time to time, the group receives claims in the normal course of business. Based on legal advice, the directors do not expect these claims to have a material adverse effect on the group's financial position, and therefore no provision has been recognised in line with the accounting policy in note 2.23.

32 POST BALANCE SHEET EVENTS

On 4 March 2026, two new wholly owned subsidiaries of Travelodge Hotels Limited were incorporated, being FullMoonPropCo6 Limited and FullMoonPropCo7 Limited.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Called Up Share Capital	Accumulated Losses	Total Shareholders' Deficit
	£m	£m	£m
Balance at 1 January 2025	-	(3.0)	(3.0)
Balance at 31 December 2025	-	(3.0)	(3.0)

	Called Up Share Capital	Accumulated Losses	Total Shareholders' Deficit
	£m	£m	£m
Balance at 1 January 2024	-	(3.0)	(3.0)
Balance at 31 December 2024	-	(3.0)	(3.0)

PARENT COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2025

	Note	2025 £m	2024 £m
FIXED ASSETS			
Investments	3	-	-
CURRENT ASSETS			
Trade and other receivables	4	158.9	140.2
TOTAL ASSETS		**158.9**	**140.2**
CURRENT LIABILITIES			
Trade and other payables	5	(3.0)	(3.0)
TOTAL ASSETS LESS CURRENT LIABILITIES		155.9	137.2
NON-CURRENT LIABILITIES			
Investor loan	7	(158.9)	(140.2)
NET LIABILITIES		**(3.0)**	**(3.0)**
CAPITAL AND RESERVES			
Called up share capital	8	-	-
Profit and loss account	9	(3.0)	(3.0)
TOTAL SHAREHOLDERS' DEFICIT		**(3.0)**	**(3.0)**

The Company made no profit or loss in the year (2024: £nil).

These financial statements on pages 107 to 115 were approved by the Board of Directors and signed on its behalf by:

Ray Reidy
Director

1 April 2026
Thame and London Limited — Company registration number 08170768

1 GENERAL INFORMATION

The Company's legal form, country of incorporation, registered office, operations and principal activities are disclosed in Note 1 of the Group's financial statements.

Basis of preparation

These financial statements have been prepared in accordance with the Companies Act 2006 and FRS 102, with sections 11 and 12 (certain exemptions of the reduced disclosure framework) applied as detailed below.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted have been consistently applied throughout the year and are set out in note 2 with certain exemptions as detailed below:

- 3.17d Statement of cashflows;
- 20.80(f) Cash outflow for leases;
- 20.16 Finance Lease income;
- 26.19-26.21 Equity or cash share based options;
- 33.7 Key management compensation.

2 SIGNIFICANT ACCOUNTING POLICIES

Investments

Investments in a subsidiary company are shown at cost less accumulated impairment losses.

Related party transactions

As permitted by FRS 102 (section 33) 'Related party disclosure' the Company has not disclosed related party transactions with wholly-owned subsidiaries, which are disclosed in the Group's financial statements.

Employees

The Company has no employees (2024: none).

Cash flow statement

Under FRS 102 (section 1), the Company is exempt from the requirement to prepare a cash flow statement as it has included the Company's cash flows in its own published consolidated financial statements.

Intercompany debtors and creditors

Loans to and from other Group undertakings are repayable in 2033. They are initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. After this initial recognition, they are measured at amortised cost using the effective interest method, which means an interest charge is recognised systematically over the life of the loan, giving a constant rate of return.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received net of any direct issue costs.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial assets and liabilities are presented gross in the balance sheet unless the Company has a legally enforceable right to offset them. A right of set off is the Group's legal right to settle an amount payable to a creditor by applying against it an amount receivable from the same counterparty.

Financial liabilities such as the external bonds were reviewed to ensure they were a modification and not full extinguishment of the previous bonds by using the qualitative and quantitative test to test for significant change.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

Changes in accounting policies

The accounting policies adopted in these consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements of T&L Holdco Limited in 2025, except for the adoption of the new standards and policies applicable for 2025. The significant accounting policies adopted are set out below.

- Amendments to FRS 102 – Supplier Finance Arrangements.

The amendments listed above did not have any impact on the amounts recognised in prior or current periods and are not expected to significantly affect the future periods.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Intercompany

Management have classified intercompany receivables as current assets and intergroup payables as current liabilities. As in prior years, management expect these balances to increase and decrease to support the commitments of other Group entities.

3 INVESTMENTS

	2025	2024
	£	£
Opening balance at 1 January	1	1
Investments	-	-
Closing balance at 31 December	1	1

The Parent Company has investments in the subsidiary undertakings, as listed in the Subsidiary Undertakings note (consolidated financial statements note 14), which principally affect the profits or net assets of the Company. The Directors consider the value of the investments to be supported by the value of the underlying assets.

During the year Travelodge Propco Iberia SL was acquired by the Group on 19 February 2025.

In the prior year Travelodge Propco Espana SL, Travelodge Opco Espana SL and FullMoonPropco 2 were acquired. All other subsidiary undertakings were acquired on 12 October 2012. The investment of £1 represents investment in Full Moon Holdco 4 Limited, the only directly owned subsidiary.

4 TRADE AND OTHER RECEIVABLES

	2025 £m	2024 £m
Amounts owed by Group undertakings	158.9	140.2

Amounts owed by Group undertakings are unsecured and repayable on demand and bear interest between 0.0% and 15.0%.

5 TRADE AND OTHER PAYABLES

	2025 £m	2024 £m
Amounts owed to Group undertakings	(3.0)	(3.0)
	(3.0)	(3.0)

Amounts owed to Group undertakings are unsecured, non-interest bearing and repayable on demand.

6 INVESTOR LOAN

At 31 December 2025, the Group had three tranches of investor loan notes totalling £135.0m with £95.0m having a termination date of October 2028 and the two subsequent tranches of £10m and £30m respectively terminating in 2033. Interest accrued on these notes at 15% (2024: 15%).

Interest accrued in the year is £18.6m (2024: £18.9m) with the total cumulative accrued interest on the three tranches being £11.6m (2024: £11.6m). There were interest payments made totalling £nil during the period (2024: £20.3m) and capital repayments of £nil (2024: £10.6m). Following the novation of the loans to T&L Holdco Limited in February 2024, the total balance as at 31 December 2025 including accrued interest was £158.9m (2024: £140.2m).

7 CALLED UP SHARE CAPITAL

	2025 & 2024 Number of shares	2025 & 2024 £
Authorised, called up, allotted and fully paid:		
Ordinary shares of £0.000001 each	1,000,000	1

8 RECONCILIATIONS OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2025 £m	2024 £m
Opening balance at 1 January	(3.0)	(3.0)
Closing balance	(3.0)	(3.0)

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own Income Statement for the year. The Company made a loss of £nil in the year (2024: £nil).

9 RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY

At 31 December 2025, the Directors regard Anchor Holdings SCA as the ultimate parent undertaking, a company incorporated in Luxembourg. The Company is currently majority owned indirectly by funds managed by GoldenTree Asset Management LP. A minority stake is held by certain senior managers under the Management Incentive Plan.

Thame and London Limited was the parent undertaking of the largest group of undertakings to consolidate the group's financial statements at 31 December 2023. Following the group restructure in 2024, Thame and London Limited was acquired by T&L Holdco Limited and became a 100% subsidiary of that company. In January 2024, T&L Holdco Limited acquired the entire ordinary share capital of TL Prop Holdco Limited, a company incorporated on 2 January 2024, which became a 100% subsidiary. T&L Holdco Limited is now the ultimate parent to consolidate the Group's financial statements at 31 December 2025. The consolidated financial statements of Thame and London Limited and of T&L Holdco Limited are available from Sleepy Hollow, Aylesbury Road, Thame, Oxfordshire, OX9 3AT, England.

In 2023, Anchor Holdings SCA provided Thame and London Limited with investor loans totalling £135.0m. The original investor loan note of £95m has a termination date of January 2026 (however this was amended as a result of the refinancing to be October 2028) and two subsequent tranches of £10.0m and £30.0m respectively have a termination date of 2033. In February 2024, £10.6m of the capital of the Investor loans were repaid leaving a balance of £124.5m. In February 2024, £9.8m of the accrued interest relating to these loans was repaid. The loans accrue interest at 15.0% per annum. In February 2024, the loans were novated to T&L Holdco Limited. The total balance as at 31 December 2025 including accrued interest was £158.8m.

ALTERNATIVE PERFORMANCE MEASURE (APM)

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 pre-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 nonrecurring items and more closely aligns the recognition of rent free periods and rent reductions in profitability with the corresponding cash impact.

In line with the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority, we have provided additional information on the APMs used by the Group below, including full reconciliations back to the closest equivalent statutory measure.

ALTERNATIVE PERFORMANCE MEASURE (APM) - continued

Reference	APM	Definition
I	Pre- IFRS 16	The performance under accounting principles prior to the adoption of IFRS 16.
II	EBITDA (adjusted)	Earnings before interest, tax, depreciation and amortisation and non-underlying items(III), on a pre-IFRS 16 basis, and before rent phasing adjustment(V). In this measure, 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). The calculation for this measure is consistent with prior years.
III	Non-Underlying Items	Non-underlying items are related to items that are considered to be significant in nature and quantum and not in the normal course of business or are consistent with items that were treated as non-underlying in prior periods.
IV	Net external rent payable / receivable	Net external rent payable / receivable is the net of rent receivable and rent payable (pre-IFRS 16) before the rent phasing adjustment. External rent payable (pre-IFRS 16) before the rent phasing adjustment reflects the rental amounts accrued adjusted for rent free periods by spreading these over the period to the next rent review date (usually around five years).
V	Rent phasing adjustment	EBITDA (adjusted) is the measure used for internal management reporting. The rent phasing adjustment reflects the timing difference between the rent charge for the year in our internal management reporting measure EBITDA (adjusted) and the rent charge for the year under accounting standards pre-IFRS 16. In many of our leases we receive a rent free period at the beginning of the lease term. According to standards pre-IFRS 16, the benefit of this rent free period is recognised in our income statement as a deduction to the actual rent expense in each year, on a straight line basis, over the full life of each lease, with the unrecognised balance being held as an accrual on our balance sheet. As a result, our total pre-IFRS 16 rent expense does not reflect our cash payments of rent in any year. EBITDA (adjusted) in each year recognises the portion of the rent free credit attributable to such year as if such credit were applied on a straight line basis until the next rent review, normally five years which more closely aligns to cash payments.
VI	Like-for-like RevPAR Like-for-like occupancy Like-for-like average room rates	Revenue per available room, occupancy and average room rate (net of VAT) for UK hotels that have been open for at least two years at the end of the current year on a management reporting period basis. 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 day of the week and our like-for-like reporting is prepared on this basis for consistency.

ALTERNATIVE PERFORMANCE MEASURE (APM) - continued

Reconciliation of Statutory Loss to EBITDA (adjusted)[II]:

	2025 £m	2024 £m
Statutory Loss before tax	(70.1)	(6.7)
Net Finance Costs	298.8	275.3
Operating Profit	228.7	268.6
Non-underlying Operating Items (see note 9)	18.9	10.4
Underlying Operating Profit	247.6	279.0
Depreciation, Amortisation – Underlying	189.6	177.8
Loss on disposal of fixed assets - Underlying	6.5	10.2
IFRS 16 Vehicle hire	(0.4)	-
IFRS 16 Net rental income	(4.2)	(3.2)
Net external rent payable[(1)]	(277.7)	(263.4)
Unrealised currency translation (gain) / losses	(0.2)	0.3
EBITDA (adjusted)[II]	161.2	200.7

(1) Since the adoption of IFRS 16, operating lease rent is no longer charged to the statutory profit & loss account. Rent payable reflects pre-IFRS 16 rental amounts accrued adjusted for rent free periods by spreading these over the period to the next rent review date.

ALTERNATIVE PERFORMANCE MEASURE (APM) - continued

Income Statement on APM basis

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

	2025			2024				
	Before IFRS 16[(1)] £m	**IFRS 16 impact** £m	**Total** £m	**Before IFRS 16[(1)]** £m	**IFRS 16 impact** £m	**Total** £m	**Variance 2025 vs 2024 before IFRS 16[(1)]** £m	Var %
Revenue by geographical region								
Revenue	**1,044.3**	-	**1,044.3**	**1,036.6**	-	**1,036.6**	**7.7**	**0.7%**
Revenue UK	1,009.4	-	1,009.4	1,007.9	-	1,007.9	1.5	0.1%
Revenue International	34.9	-	34.9	28.7	-	28.7	6.2	21.6%
Key income statement items								
Revenue	**1,044.3**	-	**1,044.3**	**1,036.6**	-	**1,036.6**	**7.7**	**0.7%**
Operating expenses	(605.9)	0.4	(605.5)	(574.9)	-	(574.9)	(31.0)	(5.4)%
Of which cost of goods sold	*(65.8)*	-	(65.8)	*(65.0)*	-	(65.0)	*(0.8)*	*(1.2)*%
Of which employee costs	*(287.1)*	-	(287.1)	*(257.9)*	-	(257.9)	*(29.2)*	*(11.3)*%
Of which other operating expenses	*(253.0)*	*0.4*	(252.6)	*(252.0)*	-	(252.0)	*(1.0)*	*(0.4)*%
Net external rent (payable) / receivable	(277.7)	281.9	4.2	(263.4)	266.6	3.2	(14.3)	(5.4)%
Other income	0.5		0.5	2.4	-	2.4	(1.9)	(79.2)%
EBITDA (adjusted)[(2)]	**161.2** [(2)]	**282.3**	**443.5** [(3)]	**200.7** [(2)]	**266.6**	**467.3** [(3)]	**(39.5)**	**(19.7)%**
Rent phasing adjustment[(4)]	4.8	(4.8)	-	4.9	(4.9)	-	(0.1)	(2.0)%
Unrealised currency gain	0.2	-	0.2	(0.3)	-	(0.3)	0.5	-
Loss on disposal of fixed assets	(6.5)	-	(6.5)	(10.2)	-	(10.2)	3.7	36.3%
Depreciation	(61.8)	(122.5)	(184.3)	(50.5)	(123.4)	(173.9)	(11.3)	(22.4)%
Amortisation	(16.4)	11.1	(5.3)	(14.9)	11.0	(3.9)	(1.5)	(10.1)%
Operating profit (before non-underlying items)	**81.5**	**166.1**	**247.6**	**129.7**	**149.3**	**279.0**	**(48.2)**	**(37.2)%**
Finance costs before investor loan interest	(74.1)	(214.0)	(288.1)	(69.2)	(212.1)	(281.3)	(4.9)	(7.1)%
Investor loan interest	(18.6)	-	(18.6)	(18.9)	-	(18.9)	0.3	1.6%
Finance income	7.9	-	7.9	11.0	-	11.0	(3.1)	(28.2)%
Profit/(loss) for the year (before non-underlying items)	**(3.3)**	**(47.9)**	**(51.2)**	**52.6**	**(62.8)**	**(10.2)**	**(55.9)**	**(106.3)%**
Non-underlying items			(18.9)			3.5		
Loss before tax			**(70.1)**			**(6.7)**		

ALTERNATIVE PERFORMANCE MEASURE (APM) - continued

Finance costs

	2025			2024		
	Paid	**Balance sheet movement**	**Total**	**Paid**	**Balance sheet movement**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Finance Fees	6.6	6.6	13.2	5.4	6.4	11.8
Interest on bank loans	1.5	2.2	3.7	32.2	(29.8)	2.4
Interest on fixed and floating rate bonds	55.4	0.1	55.5	59.3	(4.9)	54.4
Interest on obligations under finance leases(1)	1.8	(0.1)	1.7	1.4	0.3	1.7
Finance costs before interest on investor loan and IFRS 16 – underlying	65.3	8.8	74.1	98.3	(28.0)	70.3
Interest on investor loan	-	18.6	18.6	-	18.9	18.9
Fees in relation to restructuring of debt	-	-	-	-	2.4	2.4
Finance costs (pre-IFRS 16I)	65.3	27.4	92.7	98.3	(6.7)	91.6
IFRS 16 adjustment(1)	213.9	0.1	214.0	201.1	11.0	212.1
Finance costs	**279.2**	**27.5**	**306.7**	**299.4**	**4.3**	**303.7**

(1) The total IFRS 16 notional interest charge on lease liabilities is £215.7m (2024: £213.8m). The IFRS 16 adjustment excludes the following items already included within finance costs (pre-IFRS 16): £1.7m (2024: £1.7m) in respect of interest on finance leases, and £nil (2024: £nil) in respect of unwinding of discount on provisions.

ALTERNATIVE PERFORMANCE MEASURE (APM) - continued

Cash Flow Statement Measures

Reference	APM	Definition
I	Pre-IFRS 16	The performance under accounting principles prior to the adoption of IFRS 16.
II	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 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.
III	Free Cash Flow	Cash generated before asset acquisitions, including associated costs, interest, non-underlying costs, spend on provisions and financing.
IV	Underlying Working Capital	Working capital movement is stated before non-underlying movements, before rent phasing adjustment and before the impact of IFRS 16.

Reconciliation of Cash generated from operating activities in the cash flow statement to Free Cash Flow

	2025	2024
	£m	£m
Cash Generated from Operating Activities	455.0	468.0
IFRS 16 lease rental capital payments	(68.0)	(56.8)
IFRS 16 lease rental interest payments	(215.7)	(202.5)
Finance lease rental interest payments	1.8	1.4
Cash spend on non-underlying items through working capital	1.9	2.8
Net cash flows from operating activities before non-underlying items pre-IFRS 16	175.0	212.9
Capital expenditure	(125.3)	(114.8)
Free Cash Flow	49.7	98.1

ALTERNATIVE PERFORMANCE MEASURE (APM) - continued

Reconciliation of EBTIDA (adjusted) to Net cash generated from operating activities pre-IFRS 16:

	2025 Pre-IFRS 16[I] £m	**2024 Pre-IFRS 16[I] £m**
EBITDA (adjusted)[II]	161.2	200.7
Working capital[IV]	14.0	12.2
Net cash flows from operating activities before non-underlying items	175.2	212.9
Cash spend on non-underlying items through working capital[(1)]	(1.9)	(2.8)
Cash flows from operating activities	173.3	210.1
Corporate tax	(0.6)	(2.6)
Net cash generated from operating activities	172.7	207.5

(1) In 2024, net cash spend on provisions and non-underlying items of £7.3m includes £4.9m that related to financing fees, £1.7m of senior management bonuses paid in relation to the property acquisitions (the acquisition of 66 hotels by Travelodge PropCo Group which is held separately, but alongside T&L group) that took place during the year, and £1.0m that relates to the accrued exceptional costs relating to the refinancing that occurred in 2023.

Reconciliation of Statutory working capital to underlying working capital:	**2025 £m**	**2024 £m**
Total working capital movement (note 30)	13.1	3.0
Adjust for rent working capital movement	(5.0)	3.8
Working capital movement pre-IFRS 16[I]	8.1	6.8
Adjust for non-underlying pre-IFRS 16 (provisions and non-underlying items)	1.1	0.5
Adjust for rent phasing adjustment pre-IFRS 16[I]	4.8	4.9
Underlying Working capital[IV]	14.0	12.2

ALTERNATIVE PERFORMANCE MEASURE (APM) - continued

Consolidated Cash Flow Statement Memorandum

Memorandum - Analysis of free cash flow[III]

	2025 £m	2024 £m
EBITDA (adjusted)[II]	161.2	200.7
Working capital[IV]	14.0	12.2
Net cash flows from operating activities before non-underlying items	175.2	212.9
Capital expenditure	(125.5)	(114.8)
Free cash flow[III] generated from the year	49.7	98.1
Non-trading cash flow		
Finance fees paid	(6.6)	(5.4)
Interest paid	(56.9)	(60.6)
Interest income	8.1	10.7
Development expenditure	(119.1)	(49.0)
Loans to developers	2.2	(8.7)
Other investments	(0.4)	-
Finance lease rental interest payments	(1.8)	(1.4)
Cash spend on provisions and non-underlying items[(1)]	(1.9)	(2.8)
Corporate tax[(2)]	(0.6)	(2.6)
Non-trading cash flow	(177.0)	(119.8)
Cash used	(127.3)	(21.7)
Opening Cash	227.7	195.7
Cash generated / (used)	(127.3)	(21.7)
Issue of fixed rate bonds	-	85.0
Premium on issue of fixed rate bonds	-	3.6
Investor loan interest paid	-	(20.4)
Investor loan capital paid	-	(10.5)
Proceeds of issue of external loan	10.5	-
Finance issue costs	-	(4.0)
Exchange differences	2.3	-
Closing Cash	113.2	227.7
Opening external net debt	(386.5)	(346.8)
Net increase in aggregate cash	(114.5)	32.0
Proceeds of issue of external loan	(10.5)	-
Bond issue proceeds	-	(85.0)
Effective interest on euro bond	(2.2)	12.7
Impact of foreign exchange on euro bond	(11.0)	9.6
Impact of revaluation of derivative	10.0	(4.6)
Net amortised bond transaction costs	(6.4)	(4.3)
Closing external net debt	(521.1)	(386.5)

(1) In 2025, net cash spend on provisions and non-underlying items through working capital of £1.9m includes items relate to one-off aquisition costs for a group of hotels of £0.7m, £0.5m of spend on management fees, £0.3m on fees relating to non-reoccuring property acquisitions and hotel redundancy costs and £0.4m spend on provisions.
In 2024, net cash spend on provisions and non-underlying items through working capital of £2.8m includes £1.7m of senior management bonuses paid in relation to the property acquisitions (the acquisition of 66 hotels by Travelodge PropCo Group which is held separately, but alongside T&L group) that took place during the year, £1.0m that relates to the accrued exceptional costs relating to the refinancing that occurred in 2023.
2)
In 2025, Corporate tax includes £nil in respect of UK corporation tax for the year ended 31 December 2024 and £0.6m payment on account for Spanish corporation tax. In 2024, Corporate tax includes £1.5m in respect of UK corporation tax for the year ended 31 December 2023 and £1.1m payment on account for Spanish corporation tax.

ALTERNATIVE PERFORMANCE MEASURE (APM) - continued

Balance Sheet Measures

Reference	APM	Definition
I	Pre-IFRS 16	The performance under accounting principles prior to the adoption of IFRS 16.

Debt
The analysis of funding excludes operating lease liabilities under previous IFRS as our APMs deduct rent payable for these leases, and lease liabilities were not reported as debt pre IFRS 16[I]:

Memorandum - Analysis of net funding

	Note	2025 £m	2024 £m
Cash at bank		113.2	227.7
External debt redeemable (excluding lease liabilities):			
Senior secured fixed rate bond	23	(415.0)	(415.0)
Senior secured floating rate bond	23	(211.0)	(207.8)
Bank loan	23	(10.5)	-
Issue costs	23	2.2	8.6
Gross debt		(634.3)	(614.2)
External net debt		(521.1)	(386.5)
Investor loan	23	(158.8)	(140.2)
Net debt		(679.9)	(526.7)

Obligations under finance leases (pre-IFRS 16[I])

The Group has 4 properties (2024: 4 properties) which have been classified as finance leases with a weighted average lease term remaining of 46 years (2024: 46 years), including landlord options to extend leases which haven't yet been exercised.

	2025	2024
	£m	£m
Amounts payable under finance leases		
Due within one year	1.8	1.7
Due between two and five years	7.0	7.0
Due beyond five years	64.0	64.0
	72.8	72.7
Less future finance charges	(57.8)	(57.8)
Amounts due after settlement after 12 months (capital liability)	15.0	14.9

Onerous lease provisions
In reaching its EBITDA (adjusted), the Group has provided for operating lease rentals where these were above the market rate, causing the hotel to be loss making or where we consider it improbable that trading profits will be generated, or where the Group has subsequently vacated the property and rental income is less than the rental expense, or where it is probable that a previously sublet unit will revert to the Group. The element of the rental which is above market, causing the hotel to be loss making or where we consider it improbable that trading profits will be generated, or above any rental cost paid relating to vacated properties is charged against the provision. Provisions are also made for business rates that the Group is liable to on empty sites and on hotels where it is considered improbable that trading profits will be generated. The key estimation judgement in determining the onerous amount is the period over the remaining lease term that the property will remain either rented or vacant. The Directors have estimated these periods after considering both the quality and the location of each of the units provided for. The cash flows are discounted at 8.0% (2024: 4.7%) which represents a risk-free and pre-tax rate based on 25 year government gilt and further adjusted for property risk. Since 2019, under IFRS 16 the onerous lease provisions relating to rent are reclassified to right of use assets, leaving only the provisions relating to rates.

Operating Lease Commitments pre-IFRS 16[I]

Total commitments under operating leases pre-IFRS 16[I] amounted to:

	Pre-IFRS 16[I] 2025			Pre-IFRS 16[I] 2024		
	UK £m	International £m	Total £m	UK £m	International £m	Total £m
Due within one year	281.2	4.4	285.6	266.0	4.9	270.9
Due between two and five years	1,079.4	16.9	1,096.3	1,064.0	17.7	1,081.7
Due beyond five years	2,786.4	25.1	2,811.5	2,890.1	26.9	2,917.0
Total	4,147.0	46.4	4,193.4	4,220.1	49.5	4,269.6

	UK Years	International Years	Total Years	UK Years	International Years	Total Years
Average lease term remaining	11.1	7.6	13.8	12.7	8.8	12.4

The leases are standard operating leases with normal commercial terms, typically 25 years (though a number of city centre and London properties have 35 year terms), subject to standard upward only rent reviews, with the majority based on RPI indices (though some with caps and collars, some at open market value and others based on CPI), with Group only renewal rights at the end of the lease. The figures above exclude landlord options to extend leases which have not yet been exercised (which are included in the lease liability under IFRS 16 per note 22).

Contractual undiscounted lease payments - maturity analysis

	Total 2025 £m	Total 2024 £m
Within one year	287.8	270.8
Greater than one year but less than five years	1,150.5	1,081.9
Greater than five years but less than ten years	1,291.8	1,341.9
Greater than ten years but less than fifteen years	1,426.7	1,243.7
Greater than fifteen years	1,654.2	1,764.7
Total undiscounted lease payments at 31 December	5,811.0	5,703.0

The figures above comprise both finance and operating leases and include landlord options to extend leases which have not yet been exercised (which are included in the lease liability under IFRS 16 per note 22).