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For immediate release

1 April 2019

Loungers plc

("Loungers", the "Company" or the "Group")

Intention to float on AIM

Loungers, the operator of 146¹ café/bar/restaurants across England and Wales under the Lounge and Cosy Club brands, announces its intention to seek admission of its Ordinary Shares to trading on AIM ("Admission"), and to conduct a placing of new and existing Ordinary Shares with institutional and professional investors (the "Placing").

The Group is the only growing all-day operator of scale in the UK, with a strong reputation for value for money. The first Lounge was founded in Bristol in 2002 by three friends who wanted to create a neighbourhood café-bar that they would want to go to. That focus on hospitality, comfort and familiarity remains at the core of the Group, driven by an independent culture and focus on the local community.

The Group has a proven track record of sales growth, profitability and operating cash generation. This growth has been driven by a combination of new Lounge and Cosy Club site openings but also by strong like-for-like sales growth in the existing estate. The Group's like-for-like sales were 6.4 per cent in the 24 weeks to 7 October 2018 (compared to 0.9 per cent reported by the Coffey Peach Business Tracker), 6.0 per cent in FY18 (compared to minus 0.2 per cent reported by the Coffey Peach Business Tracker) and 5.5 per cent in FY17 (compared to 1.3 per cent reported by the Coffey Peach Business Tracker). Sales grew at a CAGR of 33 per cent between 24 April 2016 and 22 April 2018 and Adjusted EBITDA grew at a CAGR of 39 per cent over the same period. The overall cash return on capital invested has remained consistent at circa 34 per cent in each of FY17, FY18 and the 24 weeks to 7 October 2018.

Key Strengths of the Group

- **Broad, nationwide demographic appeal**

The Group's sites offer something for everyone regardless of age, demographic or gender and operate successfully in a diverse range of different site types and locations across England and Wales.

- **Value for money all-day offer**

The Group is the only growing all-day operator of scale in the UK with a strong reputation for value for money, which, the Directors believe, offers proven resilience in a tighter and more competitive consumer spending environment.

- **Two distinct but complementary brands**

The dual brand approach, with Lounge and Cosy Club, allows Loungers to maximise its geographic and demographic reach. The Group can open Lounges in a broad range of smaller, secondary locations in suburban high streets and market towns, as well as opening Cosy Clubs in larger market towns and city centres.

- **Resilient and consistent outperformance, returns and site economics**

Like-for-like sales have consistently and significantly outperformed the Coffey Peach Business Tracker, which is seen as the benchmark for the UK hospitality sector. This like-for-like sales outperformance has been primarily driven by volume, rather than price. Loungers' sites have delivered consistently strong returns and site economics across vintages and locations.

- **Clear, proven growth potential**

Independent analysis by location planning consultants CACI has identified the potential for more than 400 Lounges and more than 100 Cosy Clubs in England and Wales. This is supported by a consistent track record of successful openings and a strong pipeline of new sites.

- **Strong pipeline of new sites and track record of successful openings**

The Group opened 21, 20 and 22 sites in FY16, FY17 and FY18, respectively and will have opened 25 sites and relocated one site by the end of FY19. The Group has a further 13 sites where contracts have been exchanged and 35 sites in legal documentation or at heads of terms stage.

- **Well-invested central infrastructure to support growth**

The Group has invested significantly over the past three years to build an operational and head office structure capable of supporting its growth plans, in addition to having a well-developed roadmap for continued investment.

- **Experienced management team**

The Loungers senior management team combines entrepreneurial spirit with significant sector experience and has a track record of meeting openings, sales and profitability targets. Two of the original founders, Alex Reilley and Jake Bishop, remain active in the Group while CEO Nick Collins and CFO Gregor Grant each have over 15 years of experience within the hospitality industry.

Strategy

The Directors intend to continue to pursue an organic growth strategy, driven by the rollout of new Lounge and Cosy Club sites and an ongoing focus on operational improvements to drive further sales and margin improvements across the existing estate. The Directors are targeting 25 new sites per annum over the medium term, of which approximately 20 are expected to be Lounges and approximately five are expected to be Cosy Clubs. This strategy is consistent with the strategy successfully executed by the Group over the past three years.

Admission

- The Directors believe that Admission will position the Group strongly for the next stage of its development, further raising the profile of the Group, assisting in attracting and retaining employees through appropriate incentive arrangements and providing it with an appropriate structure for future growth. Admission will also enable the existing shareholders to realise part of their investment in the Company
- Nick Backhouse, Adam Bellamy and Jill Little have each joined the Board of Loungers plc as Independent Non-Executive Directors and bring extensive public market and consumer sector experience. It is not expected that Lion Capital will have any representatives on the Board post Admission
- GCA Altium is acting as Financial and Nominated Adviser with Liberum Capital Limited and Peel Hunt acting as Joint Bookrunners in relation to Admission
- Admission is expected to occur by the end of April 2019

Nick Collins, Chief Executive of Loungers, commented:

"I am delighted to announce our intention to list on AIM. It has long been the ambition of the founders and myself that Loungers becomes a listed entity. The listing will allow us to broaden the employee shareholder base and provide us with an appropriate capital structure to pursue our future growth ambitions.

Loungers is the only growing all-day operator of scale within the UK hospitality sector. Our relaxed, casual, home from home proposition which combines coffee shop, pub and restaurant across our two complementary brands - Lounge and Cosy Club - resonates with today's consumer, attracting broad demographic appeal in a diverse range of trading locations.

We have a growing business and clear expansion strategy to continue to rollout 25 new sites per year supported by a strong pipeline of sites and led by an experienced and committed management team. We believe our track record speaks for itself and look forward to the opportunity which lies ahead to deliver significant value for all shareholders."

Enquiries

Loungers

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Gregor Grant, Chief Financial Officer

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INFORMATION ON THE GROUP

Lounge

A Lounge is a neighbourhood café/bar combining elements of a restaurant, British pub and coffee shop culture. There are 122¹ Lounges nationwide. Lounges are principally located in secondary suburban high streets and small town centres. The sites are characterised by informal, unique interiors with an emphasis on a warm, comfortable atmosphere, often described as a “home from home”. The Lounge estate has a consistent look and feel but each Lounge is individually named and tailored to the site and local area, and the design of each Lounge is continually evolving, meaning no two sites are the same.

The Lounge brand aims to have hospitality and familiarity at its core, driven by an independent culture and focus on the local community. Each site has its own social media presence and staff are encouraged to engage with the local community through events, charity and community groups. 80 per cent of customers live locally², underlining each Lounge’s local neighbourhood credentials.

Lounges appeal to a diverse customer base, offering something for everyone regardless of age, demographic or gender.

A Lounge represents something different to different people. For some it is somewhere to go for a coffee after the school run; for others it is a place to catch up with friends, a place for a celebration or a night out. 90 per cent of Lounge customers visit for multiple occasions, 25 per cent of Lounge customers visit at least weekly and two thirds every month², which demonstrates the versatility of the Lounge offering and the loyalty of the customer base.

Every Lounge offers all-day dining, with the same menu served from 9am to 10pm, every day. Sales are well diversified across all day parts and days of the week as well as across all food and drink types. In addition to helping to drive repeat custom and maximise the trading efficiency of the sites, the all-day offering involves managing operational complexity, particularly in the kitchens, which the Directors believe is a meaningful barrier to entry for other operators.

Cosy Club

Cosy Clubs are more formal bar/restaurants offering reservations and table service but share many similarities with the Lounges in terms of their broad, all-day offering and their focus on hospitality and culture. Cosy Clubs are typically located in city centres and large market towns. Interiors tend to be larger and more theatrical than for a Lounge, and heritage buildings or first-floor spaces are often employed to create a sense of occasion. The Cosy Club brand enables the Group to operate in areas where there is a more occasion-led demographic and offers an opportunity for greater coverage within cities (Birmingham, for example, has nine Lounges and one Cosy Club within a ten-mile radius). Sales, EBITDA and capital expenditure are typically higher for a Cosy Club than for a Lounge. There are currently 24 Cosy Clubs in England and Wales.

Cosy Clubs benefit from a similarly demographically diverse customer base as Lounges, appealing to all age groups and genders.

The more occasion-led usage means that Cosy Clubs have a slightly higher proportion of evening, weekend and alcohol sales than Lounges, but sales remain well diversified by product, day part, and day of the week. The Christmas and New Year trading period is more important for Cosy Clubs than for Lounges but the 4 week period from 4 December 2017 to 31 December 2017 still only represented 12.5 per cent of Cosy Club FY18 sales.

Menu and pricing strategy

Value for money is a core tenet for both brands and the Directors believe this offers resilience in a tighter consumer spending environment. The Group has one Lounge menu and one Cosy Club menu with the same price point nationwide which is intended to fill the middle ground between value-pub and national restaurant brands/independents. Customers can eat a substantial, good quality meal for less than £10 and the coffee is priced in line other national coffee chains.

Loungers has never operated discount codes or schemes. The Group runs selected promotions around special occasions such as Valentine’s Day and runs regular promotions such as “Cheeky Mondays” and “Tapas Tuesdays” designed to drive footfall on quieter or more competitive nights. Staff are actively encouraged to offer free drinks and food on an ad hoc basis at their discretion. Examples where free drinks and food could be offered include rewarding a regular customer, a less advantaged

customer or a customer who is having a very good or bad day. The Group does not offer a takeaway or delivery service from any of its sites, focusing instead on community engagement and bringing people together.

Neither brand is wedded to a specific cuisine. The menus include classics such as an all-day breakfast and burgers, alongside tapas dishes and sharing plates, as well as salads and a variety of main and children's dishes, offering something for everyone at a range of price points. The Group also offers vegan and gluten free menus. This diverse menu gives the Group the flexibility to adapt and change its menu quickly in response to consumer trends as well as cost pressures, allowing the Group to be both proactive and defensive in its strategy.

Menus are typically revised bi-annually and, historically, price increases have been very limited and focused. Food is freshly prepared at each site and the Group does not operate central production facilities.

Market and competition

Loungers operates in the UK hospitality sector, competing with coffee shops, pubs, restaurants and local independent operators. However, 72 per cent of Lounge customers see it as a unique proposition², rather than categorise it solely as a restaurant, pub or coffee shop. Independent analysis recently undertaken by CACI concluded that the Group has no single competitor and that it can co-exist with all other operators. The Group competes with every element of the trade of a pub chain, coffee shop, or restaurant, whereas each of those operators only competes for a part of Loungers' sales.

Over the past three years, the Group's like-for-like sales have consistently and significantly outperformed the Coffer Peach Business Tracker, which is seen as the benchmark index for the UK hospitality sector. The Directors believe this demonstrates the Group's unique positioning and resilience. The Group's like-for-like sales outperformance to date has primarily been driven by volume, rather than price.

Estate

Loungers operates from sites in 146¹ locations and communities across England and Wales. The Group currently has three sites within the M25, and whilst it has no plans to open in Central London, the Group sees further opportunity within Greater London, in locations which have a similar demographic profile to the existing estate.

The Group operates successfully in city centres, market towns, high streets, secondary suburban high streets and retail centres, achieving consistently strong like-for-like sales and returns wherever it has opened.

The Lounge brand has a proven ability to operate in populations as low as 10,000 and still generate attractive returns on capital. The strength of the Group's all-day trade and repeat custom enables the Group to trade successfully in smaller secondary locations that typically have lower rent and less competition. The Group also has the ability to cluster in the suburbs of larger cities, with new units opening in close proximity to existing sites without cannibalising sales, as demonstrated in Birmingham, which has nine Lounges and one Cosy Club.

Like-for-like sales and returns are consistent across vintages and geographic regions.

Every mature site is profitable and the Group has only ever closed four sites one of which was due to a site approaching the end of its lease. One additional site was recently relocated to a larger site on the same high street.

The existing estate of Lounges and Cosy Clubs is well maintained. The individual nature of each site and the "lived in" feel of the interiors means that sites often look better with age, and, to date, no older sites have ever needed a full refurbishment. This has resulted in low maintenance capex, which, in FY18, averaged less than £10,000 per site. In addition to ongoing maintenance capex, from time to time, the Group undertakes 'splash and dash' refurbishments (which typically involve changing elements of decoration furniture, artwork or lighting within a Lounge or Cosy Club). Such investments are typically undertaken to introduce new design features into older sites. In FY18 the Group undertook eight 'splash and dash' refurbishments at an average cost of £94,000 per site.

New site openings

The Group's highly refined rollout model includes a dedicated property function that supports the senior management with site selection, evaluation and contract negotiation. The Group has four dedicated in-house build-teams that manage the entire fit out process for each new site. The familiarity, efficiency, cost-effectiveness and reliability of these in-house teams have been an important factor in the successful acceleration of the rollout in recent years, and the ability of the Group to manage

in excess of 20 openings per year. The Directors believe that this in-house build capability is relatively unusual in the hospitality sector and helps the Group to keep capital expenditure on new sites well below that of other operators, while maintaining the uniqueness of each Lounge and Cosy Club. New site capital expenditure is tightly controlled and is typically £0.6 million for a Lounge and £1.0 million for a Cosy Club. The overall cash return on capital invested has remained consistent at circa 34 per cent in each of FY17, FY18 and the 24 weeks to 7 October 2018.

New Lounge sites typically achieve sales maturity after 52 weeks and will often demonstrate a “honeymoon” in sales over the first four to six months. Cosy Clubs can take up to two years to reach sales maturity. Gross margins and labour ratios typically take four to six months to reach mature levels across both brands as a site reaches operational efficiency and sales normalise following any honeymoon period.

Central infrastructure

The Group has made significant investments over the past three years to build an operational and head office structure capable of supporting the Group's growth plans.

Both Lounge and Cosy Club have their own brand Managing Directors and standalone regional operating structures, supported by centralised finance, property, IT and HR teams. Head office functions have largely been brought in-house but some functions (for example IT support) are out-sourced. The Group uses industry standard EPOS, labour scheduling, property management and financial reporting software.

Investment in building and developing the Group's operational capabilities has continued during FY19 with the appointment of the Group's first People Director and Head of IT and the strengthening of the property team with a new Property Director.

The Directors intend to continue to invest in order to equip the Group for future growth, through additional brand-specific resource and continued investment in technology.

Corporate values and culture

The Directors believe that the Loungers' culture contributes significantly to the success of the Group. Employees are encouraged to engage with customers and the local community to ensure “every customer leaves happy”. Diversity and individuality among the employee base is also encouraged. The high ratio of operations staff to sites allows the operations team to remain close to the sites. The senior management team also spend a significant amount of time visiting sites and engaging with employees, then providing feedback to the operations team about the strength of their respective teams and culture.

The Group has regular monthly forums across the country called “Glue Crews” and the “Squadron” where the senior management team meet with employees of all levels and listen to feedback on how they feel about their Lounge and/or Cosy Club and suggestions for how the Group could improve. There is also an anonymous email feedback service that can be used at any time. Furthermore, the Group undertakes an annual survey to understand employee priorities, with the enjoyment of working as part of a great team, the lack of uniform and freedom to express themselves consistently featuring among the top responses. Regular staff incentives include trips overseas, nights out and the opportunity for the team to have a night off while the senior leadership team take over the running of the site for the night. The majority of sites are closed Christmas Day and Boxing Day and for the annual staff festival, which is an opportunity for all employees nationwide to come together and celebrate being part of the Group.

Site teams are encouraged to participate in new openings by supporting and training new employees and the growth of the Group provides significant opportunities for development and progression for ambitious team members.

Strategy

The Directors intend to continue to pursue an organic growth strategy, driven by the rollout of new Lounge and Cosy Club sites and an ongoing focus on operational improvements to drive further sales and margin improvements across the existing estate. The Group will have opened 25 sites and relocated one site in the financial year ending 21 April 2019. This strategy is consistent with the strategy successfully executed by the Group over the past three years.

Rollout of new Lounge and Cosy Club sites

The Directors are targeting 25 new site openings per annum over the medium term, of which approximately 20 are expected to be Lounges and approximately five are expected to be Cosy Clubs.

Independent analysis by location planning consultants CACI has identified the potential for more than 400 Lounges and for more than 100 Cosy Clubs in England and Wales. The Directors believe that the number of potential new Lounge sites is conservative given the recent performance of new openings across a range of catchments. At 400 sites, the Lounge estate would still be less than half the size of the current estates of certain other operators in the UK hospitality sector.

The Group opened 21, 20 and 22 sites in FY16, FY17 and FY18, respectively. The Group will have opened 25 sites and relocated one site in the year ending 21 April 2019. The Group has a further 13 sites where contracts have been exchanged and 35 sites in legal documentation or at heads of terms stage. The Group is typically evaluating approximately 40 additional locations at any one time.

The Group adheres to rigorous new site selection criteria and a structured appraisal process. New sites are assessed against a number of investment, demographic and catchment hurdles, and are subject to sign off by the Board.

The Group has a revolving credit facility to help fund capital expenditure and working capital, but the Directors expect the rollout to be funded by internally generated operating cashflows within the next two years.

Ongoing focus on operational improvements

The Directors believe that by continuing to focus on exceptional hospitality, menu evolution, community engagement and its culture, the Group will continue to drive like-for-like sales growth and operational improvement as it has done successfully over the past three years.

The Directors believe that there is always scope to improve speed of delivery and product consistency. During FY19, the Group invested in a project to improve the design and operation of the kitchens, in large part to improve the working life and efficiency of the back of house teams. In addition to elements of kitchen re-design and new equipment, the project has involved the installation of kitchen screens (as a replacement for kitchen printers and paper tickets). Kitchen screens and the data they provide will help the Group to assess kitchen efficiency and in turn customer satisfaction (as measured by ticket times). The Directors expect to rollout this project across a large part of the estate during the next financial year.

The Group already has a rigorous focus on managing its costs, but the Directors believe there is more that can be done to optimise the cost base, particularly in relation to the supply chain and the potential introduction of a central distribution capability to reduce the number of daily deliveries to each of the sites. The Directors also expect performance to benefit from operational gearing and economies of scale as the Group continues to grow.

Summary Financial Information

The table below sets out a summary of the financial results of the Group for the three financial years to 22 April 2018 and the two 24 week periods to 8 October 2017 and 7 October 2018.

	52 weeks ended			24 weeks ended	
	24 April 2016	23 April 2017	22 April 2018	Unaudited 8 October 2017	7 October 2018
	£000	£000	£000	£000	£000
Revenue	68,475	91,753	121,067	51,662	65,444
Cost of sales	(41,415)	(52,856)	(70,479)	(30,475)	(38,842)
Gross Profit	27,060	38,897	50,588	21,187	26,602
Administrative expenses	(25,242)	(39,828)	(43,592)	(19,156)	(23,396)
Operating Profit / (Loss)	1,818	(931)	6,996	2,031	3,206
Exceptional items	452	5,869	542	327	-

Share based payment charge	249	380	533	246	246
Site pre-opening costs	1,710	1,585	2,001	701	1,081
Adjusted operating profit	4,229	6,903	10,072	3,305	4,533
Depreciation	4,429	5,779	6,567	3,349	3,580
Adjusted EBITDA	8,658	12,682	16,639	6,654	8,113

Revenue and profitability

Between 24 April 2016 and 22 April 2018 sales grew at a CAGR of 33 per cent, driven by a combination of new site openings and like-for-like sales growth in the existing estate. Adjusted EBITDA grew at a CAGR of 39 per cent over the same period.

The Group has maintained consistent gross profit and Adjusted EBITDA margins despite well documented consumer sector pressures.

Current Trading and Prospects

Since 7 October 2018, the Group has continued to grow with the opening of 10 new Lounges and two new Cosy Clubs, bringing the total for both brands to 146¹ by the end of the financial year.

For the five-week period to 6 January 2019, the Group delivered record like-for-like sales growth of 11 per cent, building on a strong like-for-like performance over Christmas 2017 and maintaining the Group's track record of consistently outperforming the wider hospitality sector. Total sales for the period were £18.3 million, which was 31 per cent higher than the previous year (2017: £14.0 million).

Since 6 January 2019, the Group has continued to trade in line with the Directors' expectations, delivering strong like-for-likes sales growth.

Dividend Policy

In the short term, the Directors intend to retain the Group's earnings for re-investment in the rollout of new Lounge and Cosy Club sites. It is the Directors' ultimate intention to pursue a progressive dividend policy, subject to the availability of sufficient distributable profits and the need to retain sufficient earnings for the future growth of the Group.

Board of Directors and Senior Management

Board of Directors

On Admission, the Board will consist of three Executive Directors and three Independent Non-Executive Directors. Brief biographies of the Directors and the senior managers of the Group are set out below.

The Board believes that Loungers benefits from a strong, stable and proven executive and senior management team.

Alex Reilley (aged 45) – Founder Chairman

Alex co-founded the Group in 2002, acting as Managing Director until 2015 when he assumed the role of Executive Vice Chairman. In 2016, following an investment from Lion Capital, Alex assumed the role of Executive Chairman and remains heavily involved in the branding and look and feel of the Loungers estate. Prior to founding Loungers, Alex had a number of roles within the leisure sector including as Operations Manager at Glass Boat Co., where he spent seven years.

Nick Collins (aged 44) – Chief Executive Officer

Nick joined the Group in January 2012 as Finance Director, becoming Chief Operating Officer in January 2014 and Chief Executive Officer in January 2015. He has overseen the expansion of the Group from 56 to 146 sites. Prior to joining the Group, Nick spent three years as Finance Director at AIM quoted Capital Pub Company plc, leaving when that company was sold to Greene King plc in 2011. Prior to that Nick founded Fuzzy's Grub, a sandwich business in London, which he grew to eight outlets and a central production facility over five years. Nick also spent five years in corporate finance at Arthur Andersen where he qualified as a chartered accountant in 2001.

Gregor Grant (aged 52) – Chief Financial Officer

Gregor joined the Group in August 2018 as Chief Financial Officer. Gregor qualified as a chartered accountant with Deloitte and Touche in 1992 and, after leaving Deloitte in 1998, has spent the last 20 years in a variety of CFO roles, primarily in the hospitality sector. Prior to joining the Group, Gregor spent two years as interim CFO at Southern Dental Ltd (2016 – 2018), the third largest provider of NHS dental services in the UK, three years as Finance Director at Novus Leisure Ltd (2013 – 2016), and acted as interim CFO at ETrawler Unlimited (trading as CarTrawler) (2011 – 2012) and CFO at Fuddrucker's Inc., a US hamburger chain based in Austin, Texas (2007 – 2010). Gregor was also part of the management buy in team that acquired regional brewers Morrells of Oxford Ltd in 1998, which was subsequently sold to Greene King plc in 2002, and Eldridge, Pope & Co. Ltd in 2004 which was subsequently sold to Marston's Plc in 2007.

Nick Backhouse (aged 55) – Senior Independent Non-Executive Director

Nick joined the Board in March 2019 as an Independent Non-Executive Director and is the Senior Independent Director of the Board and Chair of the Nominations Committee. Nick has extensive public company, finance and leisure sector experience. He currently also serves as Senior Independent Director of Hollywood Bowl Group plc (2016 – Present), as a Non-Executive Director of Eaton Gate Gaming Ltd (2018 – Present) and as a Trustee and Director of Chichester Festival Theatre (2014 – Present). Nick has also held positions as Non-Executive Director at Marston's Plc (2012 – 2018) and at All3Media Ltd (2011 – 2014) and Senior Independent Director at Guardian Media Group Plc (2007 – 2017). Nick started his career at Baring Brothers and Co. where he became a Board Director (1989 – 99) following which he held CFO positions at Freeserve Plc (1999 – 2001), The Laurel Pub Company Ltd (2002 – 2005), National Car Parks Ltd (2006 – 2007) and was MD and Deputy CEO at David Lloyd Leisure Ltd (2008 – 2011).

Adam Bellamy (aged 49) – Independent Non-Executive Director

Adam joined the Board in March 2019 as an Independent Non-Executive Director and chair of the Audit Committee. Adam is a Non-Executive Director of PureGym Ltd (2018 – Present) where he also served as CFO (2012 – 2018) and a Non-Executive Director at Ten Entertainment Group plc (2018 – Present). Prior to his role as CFO at PureGym Ltd, Adam was Finance Director at Atmosphere Bars & Clubs Ltd (2009 – 2012), Finance Director at D&D London Ltd (2006 – 2009) and has held various other finance positions at House of Fraser Ltd, Granada Group plc and Whitbread Plc.

Jill Little (aged 65) – Independent Non-Executive Director

Jill joined the Board in March 2019 as an Independent Non-Executive Director and chair of the Remuneration Committee. Jill is also a Non-Executive Director of Joules Group plc (2016 – Present), Nobia AB (2017 – Present) and Shaftesbury plc (2010 – Present). Jill spent the majority of her executive working life at John Lewis Partnership (1975 – 2012) where she held positions including Merchandise Director, Strategy & International Director and Business Development Director. Jill also acts as an adviser to El Corte Ingles S.A. (2012 – Present), Europe's largest department store group.

Senior Management

Justin Carter (aged 54) – Managing Director of Lounge

Justin joined the Group in January 2015 as Chief Operating Officer and was appointed Managing Director of the Lounge brand in summer 2017. Justin is responsible for the management of the whole Lounge team, its financial performance, the evolution of the Lounge offering and its continued expansion. Prior to joining the Group, Justin was Operations Director at Fuller, Smith & Turner PLC where he was responsible for the Premium City division of London managed pubs. In 1995 Justin founded The Elbow Room Ltd, a UK-based chain of pool bars, which he ran until its sale to Inc Group in 2008.

Amber Wood (aged 40) – Managing Director of Cosy Club

Amber joined the Group in August 2015 as a Regional Operations Manager for the Lounge brand before moving to Managing Director of the Cosy Club brand in summer 2017. Amber is responsible for the whole Cosy Club team, its financial performance, the evolution of the Cosy Club offering and its continued expansion. Prior to joining the Group, Amber spent nine years at Novus Leisure Ltd including two years as Head of Operations.

Jake Bishop (aged 45) – Commercial Director

Jake co-founded the Group in 2002 and has held various senior operational roles since that time. After a year establishing the role of Managing Director of the Cosy Club brand Jake became Commercial Director in summer 2017 and is responsible for the Group's food and kitchen operations.

Rob Walls (aged 42) – Property Director

Rob joined the Group in January 2019 as Property Director to supplement the existing property function. Rob brings significant experience from other multi-site consumer businesses, having spent seven years at Halfords Group plc (2011 – 2018) as Property Portfolio Manager and latterly Head of Property and worked at Pets at Home Group plc as Acquisition Manager (2008 – 2011) and Home Retail Group Ltd (2007 – 2008). Rob started his career as an Acquisition Surveyor at Brantano N.V. (2003 – 2007).

- (1) Includes Rococo Lounge (Aylesbury) and Fondo Lounge (Street) which are both due to open in early April 2019
- (2) November 2018 survey of 1,529 customers undertaken by consultancy firm Market Measures

APPENDIX 1

History and Development

- **August 2002:** Alex Reilley, Jake Bishop and Dave Reid opened the first Lounge in North Street, Bristol
- **July 2007:** Velo Lounge opened in Bath, the Group's first Lounge outside of Bristol
- **September 2010:** First Cosy Club opened in Taunton
- **January 2012:** Nick Collins joined the Group as Finance Director
- **April 2012:** Piper Private Equity acquired a minority stake in Loungers and Dave Reid left the Group
- **January 2014:** Nick Collins promoted to Chief Operating Officer
- **January 2015:** Nick Collins promoted to Chief Executive Officer. Alex Reilley became Executive Vice-Chairman
- **December 2016:** Lion Capital acquired a majority stake in the Group and Piper Private Equity exited their investment in Loungers. Alex Reilley became Executive Chairman
- **August 2017:** The Group achieved annual sales in excess of £100 million
- **April 2019:** The Group opens its 146th site

APPENDIX 2

Forward-looking statements

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. All statements other than statements of historical fact included in this announcement are forward-looking statements. They appear in a number of places throughout this announcement and include statements regarding the Directors' or the Group's intentions, beliefs or current expectations concerning, among other things, its operating results, financial condition, prospects, growth, expansion plans, strategies, the industry in which the Group operates and the general economic outlook.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and therefore are based on current beliefs and expectations about future events. Forward-looking statements are not guarantees of future performance and the Group's actual operating results and financial condition, and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this announcement. In addition, even if the Group's operating results, financial condition and liquidity, and the development of the industry in which the Group operates are consistent with

the forward- looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. Accordingly, prospective investors should not rely on these forward-looking statements.

These forward looking statements speak only as of the date of this announcement. The Company and each of the Banks (as defined below) expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

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