

**PizzaExpress Financing 1 plc**

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**Information Release****Introduction**

PizzaExpress Financing 1 plc and PizzaExpress Financing 2 plc (the “Issuers” and, together with their subsidiaries, the “Group”) provide the information release attached as Annex A hereto (the “Information Release”), which contains an update on the Group’s financial performance for the 13-week period between July 1, 2019 and September 29, 2019 and certain other important information for the holders of the Issuers’ debt securities.

This Information Release or any part of it is for informational purposes only and does not constitute, and should not be construed as, part of any offer or invitation to sell, or any solicitation of any offer to purchase or subscribe for, any securities in the Group, and it is not intended to provide the basis of any investment decision nor does it nor is it intended to form the basis of any contract for acquisition of or investment in the Group, financial promotion, or any offer or invitation in relation to any acquisition of or investment in the Group in any jurisdiction, nor should it be considered as legal, financial or tax advice in relation to the same. This announcement may constitute a public disclosure of inside information by the Issuers under Regulation (EU) 596/2014 (16 April 2014).

This Information Release contains and refers to certain forward-looking statements with respect to the Group’s financial condition, results of operations and business. Forward-looking statements are statements of future expectations that are based on management’s current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among others, statements concerning the potential exposure to market risks and statements expressing management’s expectations, beliefs, plans, objectives, intentions, estimates, forecasts, projections and assumptions. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are typically identified by words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “objectives,” “outlook,” “probably,” “project,” “will,” “seek,” “target” and other words of similar meaning in connection with a discussion of future operating or financial performance. All of these forward-looking statements are based on estimates and assumptions made by such entities that, although believed to be reasonable, are inherently uncertain. Therefore, undue reliance should not be placed upon any forward-looking statements. There are important factors that could cause actual results to differ materially from those contemplated by such forward-looking statements. In addition, even if the Group’s actual results are consistent with the forward-looking statements contained in this Information Release, those results or developments may not be indicative of results or developments in subsequent periods.

The foregoing factors should not be construed as exhaustive. You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All forward-looking statements are expressly qualified in their entirety by the cautionary statements referred to in this section and contained in the Group’s latest annual or quarterly report, which is available on the Group’s investor relations website. In light of these risks, our results could differ materially from the forward-looking statements contained in this Information Release. None of the information contained on the Group’s websites are incorporated by reference into, or otherwise deemed to be linked to, this Information Release.

You are reminded that past financial performance is not a reliable indicator of any potential future performance, and prospective and current investors are solely responsible for making their own independent appraisal of and investigations into the financial and other information presented in this Information Release. No member of the Group assumes any obligation to review or confirm analyst expectations or estimates. Nothing in this Information Release constitutes investment advice.

## Annex A

### **Current Trading**

Based on our unaudited preliminary management accounts for the 13-week period between July 1, 2019 and September 29, 2019, Group revenue increased by £1.6m (1.2%) to £138.6m compared to the comparable 13-week period in 2018, with like-for-like (“LFL”) sales broadly stable (at (0.2)% and (0.9)% on a constant currency basis). Group EBITDA was £19.6m, down £1.9m (8.7%) and EBITDA margin was 14.1%, down 160bps, largely in line with the first half year.

In the UK & Ireland segment, year-to-date performance continues to be impacted by a number of market and macroeconomic factors, including fragile consumer confidence, given ongoing uncertainty around Brexit. LFL sales growth for the 13-week period was down 1.1% on both an actual and constant currency basis and EBITDA was £19.9m with margin at 17.9%, 130bps down.

During the 13-week period, three new wholly owned sites opened and one site was closed, which meant that the UK & Ireland estate stood at 477 wholly owned restaurants and five franchise sites as at September 29, 2019. Approximately 95% of our UK & Ireland restaurants are profitable and there are no plans for closures outside the normal course of business.

Revenue in the International segment grew by 4.4% in the period with LFL sales showing growth of 4.7% (0.3% on a constant currency basis). EBITDA declined by £0.5m to £(0.3)m with margin decreasing 180bps to (1.2)% due in part to disrupted trading in Hong Kong. In the period, seven new wholly owned sites opened and four closed, leaving the wholly owned estate at 107 as at September 29, 2019.

The cash balance at September 29, 2019 was £20.4m with a further £20m undrawn RCF available.

The principal value of external debt of £665m matures in August 2021 (£465m) and August 2022 (£200m).

### **FutureExpress**

We continue to implement the “FutureExpress” project which includes the refurbishment of the existing sites in the UK and Ireland. Since July 1, 2019, this has required £0.5m capital expenditure in addition to regular maintenance capex to refurbish a further five sites. In total, we have now refurbished 10 sites in 2019 and early results continue to be positive.

### **Hiring of Advisors**

PizzaExpress have recently appointed Houlihan Lokey and Kirkland & Ellis International LLP as financial advisor and legal advisor, respectively.

### **RCF Refinancing Process**

The first principal repayment under the Group’s notes is not due until August 2021 for the £465m senior secured notes and the Group currently has access to an undrawn RCF of £20m. The RCF will mature in August 2020 and the Group will be looking to extend or refinance its RCF in advance of this maturity.

The Group is currently assessing its future funding options in particular around its future capex plans and other operational requirements including working capital. This analysis will determine the optimal size for the RCF as part of a planned RCF extension or refinancing process.

### **Tender Offer**

The Group understands that an affiliate (the “Offeror”) of Hony Capital, the group’s majority shareholder, has launched a tender offer (the “Offer”) to acquire up to £80m of the Group’s Senior Notes due 2022 (the “Senior Notes”).

The Group further understands that (i) the Offer is a liability management transaction being proposed by the Offeror in light of Hony Capital's existing investment in the group and (ii) following the closing of the tender offer, the Offeror may hold some or all of the tendered Senior Notes to maturity, contribute some or all of the tendered Senior Notes to the Group, and/or the Offeror or its affiliates may seek to engage in other refinancing or debt transactions with the Group or other parties.

There can be no assurances that the Offeror will purchase any Senior Notes, and the Offer may be amended at any time.

The Offer commenced on November 6, 2019.

The early tender deadline with respect to the Offer is 5.00pm on November 20, 2019 and the tender offer will expire at 5.00pm on December 5, 2019 unless amended or extended by the Offeror. The settlement date will be on or about December 12, 2019.

The Offer will be subject to various closing conditions, including the satisfaction of the conditions stated in the tender offer memorandum.

The board of directors of PizzaExpress Financing 1 plc (other than the directors who recused themselves from making a decision with respect to the Offer) has determined that it will express no opinion with respect to the Offer and holders of Senior Notes, after having considered all of the factors set forth in the tender offer memorandum with respect to the Offer, should make their own determination as to whether it is in their personal interest to tender all or a portion of their Senior Notes in the Offer and the price at which any Senior Notes should be tendered.

*The preliminary interim financial information for the 13-week period from July 1, 2019 to September 29, 2019 is based on management's assessment of trading conditions and our internal management accounts which have not been prepared in accordance with IFRS. This information has not been audited, reviewed or compiled, nor have any procedures been performed, by our independent auditors with respect thereto. Accordingly, you should not place undue reliance on it, and no opinion or any other form of assurance is provided with respect thereto. Our preliminary interim financial information for the 13-week period above is based upon a number of assumptions and judgments that are subject to inherent uncertainties and are subject to change and are not intended to be a comprehensive statement of our financial or operational results for the period. We have not yet prepared consolidated financial statements for the period. Accordingly, the preliminary interim financial information for the period presented above is subject to the completion of our results for the period, may change and those changes may be material.*