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Company number 132325

Wheel Bidco Limited

Annual Report and
Financial statements

For the 52-week period ended 1 January 2023

Contents

The Directors present their Strategic Report for the 52-week period ended 1 January 2023 ("2022").

Business activities

The principal activity of Wheel Bidco Limited and its subsidiaries (together, the 'Group') is the operation of pizza restaurants in the UK and the Republic of Ireland ('UK & Ireland'), and internationally ('International') comprising wholly-owned businesses and franchises. Primarily through our own restaurants, but also from third party kitchens internationally, we run the dine-out channel which includes delivery and click and collect sitting alongside the dine-in business. The Group has licensing arrangements to enable the sale of PizzaExpress branded pizzas, salad dressings and other products through retail outlets.

Business model

We have a simple core restaurant model which offers a menu oriented around pizza. This simplicity allows us to deliver a freshly-prepared offering to a consistently high standard, and drives economies of scale in purchasing, as well as requiring a relatively low initial capital investment and ongoing operating costs. Our model is flexible and adaptable to different location types, sizes of restaurant and geographies. In the UK & Ireland we install and operate a single cooking platform, the pizza oven, which makes the replication of our concept highly efficient. Our International businesses largely operate the same model but with a wider menu to include market-specific dishes.

Refinancing transaction

On 16 July 2021 ("2021") the Group finalised the issue of £335,000,000 of July 2026 notes and secured an additional revolving credit facility ("RCF") of £30,000,000. The RCF remains undrawn throughout the period and expires in January 2026. The new notes mature in July 2026 and carry a coupon of 6.75% per annum paid biannually. The net proceeds of the loan notes were used to repay the Group's existing financing instruments.

Market review

During 2022 our primary market of the UK & Ireland began the gradual post-pandemic recovery. Consumer confidence continued to improve despite the beginning of the period still seeing an impact of the Omicron variant. Following a year of severe restrictions in 2021, the industry continues to show its resilience. Our business has adapted and adjusted to suit the rising demand for delivery and took its agile learnings from the past two years to continue to serve this strong, growing channel.

Trading in the UK & Ireland has been challenging with consumer caution driven by uncertainty around rising interest rates and the 'cost of living crisis'. The focus has been on rebuilding trade and reenergising the estate, while managing the inflationary cost headwinds, brought on partly by the war in Ukraine which started in February 2022. During the financial period, 38 of our UK & Ireland restaurants were refurbished and 6 new restaurants opened.

Internationally, each of our markets had its own dynamics.

In **Hong Kong**, the response to COVID-19 was to strive for zero cases. Trading restrictions imposed by the Hong Kong Government included mandated opening times, maximum party sizes and increased spacing between tables as well as strict testing and quarantine rules.

Social distancing measures remained in place until mid-December 2022 and it was not until post period end in January 2023, that the border with China was reopened and restrictions were virtually all eased.

In the **UAE** the level of tourism has recovered well post-pandemic with an increase in international visitors compared with 2021 and key events such as the 2022 FIFA World Cup aided footfall at key retail and hospitality venues.

Trading results

In the 52-week period ended 1 January 2023, the Group made adjusted EBITDA of £59.3m (52-weeks ended 2 January 2022: £53.8m) and an adjusted operating profit excluding exceptional items of £42.6m (52-weeks ended 2 January 2022: £49.8m). Statutory operating profit for the period was £40.6m (52-week period ended 2 January 2022: £53.4m). Further discussion on the results for the period is included on pages 5-6.

Strategy

Our strategy remains focused on our iconic brand and business, reaching full potential in existing markets across our restaurant, delivery and retail channels. The UK is expected to continue to be our key growth market, coupled with potential opportunities to expand globally with strong franchise partners.

Whilst emerging from the pandemic during 2022 to a position of strength, we were able to continue to execute our customer focused strategy, putting passion for pizza at the heart of our business. Through revolution of the PizzaExpress brand we are focused on brand building and customer experience.

Our aim is to ensure every guest receives not only great food but also a great experience across all parts of the service journey. We deliver this through our one team growth plan, underpinned by an operational model that is fixed and flexed for the future. We continuously look for opportunities to optimise labour, through scheduling improvements and revised restaurant structures, and reduce our total cost base.

We have continued to leverage key partnerships to grow our total brand reach. This can be seen in our partnership with Deliveroo and our move to multi-aggregator during the period, signing contracts with Just Eat and Uber Eats, driving incremental sales. We also expanded ranges available to retail customers at major UK supermarkets including Tesco, Sainsbury's, Waitrose, Asda, Ocado and Morrisons.

The PizzaExpress club, our loyalty programme supported by the 'My PizzaExpress App' was launched at the end of 2021 and has enabled targeted customer relationship management, in the UK market, which will allow the Group to further strengthen its relationship with customers and drive frequency.

We have built a pipeline of attractive sites to enable expansion of our UK restaurant footprint. We are continuing to invest in our existing UK restaurant estate with a rolling refurbishment programme.

We leverage food trends and our successes, such as the launch of our Summer 2022 duck pizza and other limited time offers, to maintain pizza leadership that will surprise and delight customers. We also continue to innovate our retail range, for example, the launch of the 'Siciliana' pizza during the period.

We continue to pursue franchise opportunities in markets where we believe working with a local partner will enable the business to grow successfully, without taking management resources away from our core markets.

Underpinning our strategy is a goal to become a more sustainable business that delivers not only economic value, but social and environmental value too. This commitment to corporate sustainability is led by our Environmental, Social and Governance (ESG) Committee, which has representation from all aspects of the business, in order to drive the necessary cultural change for positive impacts. In 2022 we committed to a Net Zero 2040 target, of which our decarbonisation plan spans direct and indirect emissions.

We continue to focus on retaining, training and motivating our people, together with increasing the impact that our managers and leaders can have on their team members. With the organisation, we have co-written our values and rolled-out across the business. We also launched our quarterly people survey "Let's Talk" which has high levels of engagement across the business.

Key performance indicators

The senior leadership team reviews detailed weekly and periodic information on performance that covers a wide range of financial and non-financial measures to assist them in driving performance and monitoring progress against key targets.

The financial and non-financial KPIs that are used to monitor the business are set out below†. Like-for-like (LFL) sales growth in the current and prior period are not meaningful indicators as there were significant restrictions on trading experienced during 2021 and 2020. This has therefore been removed from the breakdown of KPIs below.

£m	**52-weeks ended 1 January 2023**	**52-weeks ended 2 January 2022**
Group Revenue	422.1	322.9
Adjusted Group revenue*	427.3	322.9
Adjusted Group EBITDA*	59.3	53.8
Adjusted Group EBITDA* margin	13.9%	16.7%
UK & Ireland adjusted EBITDA*	57.2	52.5
UK & Ireland adjusted EBITDA* margin	14.9%	18.8%
International adjusted EBITDA*	2.1	1.3
International adjusted EBITDA* margin	4.8%	3.0%
Number of restaurants (Group)	454	452
Number of restaurants (UK & Ireland)	362	363

Adjusted Group EBITDA* reconciliation £m	**52-weeks ended 1 January 2023**	**52-weeks ended 2 January 2022**
Profit/(Loss) for the period	9.7	(48.9)
Add/(Subtract): taxation	(2.9)	31.6
Add: net interest	33.7	70.7
Add: depreciation and amortisation	42.9	42.3
Add: loss on disposal of fixed assets	0.6	0.6
Add/(subtract): IFRS 16 adjustments	(36.7)	(35.3)
Subtract: remeasurement of lease liabilities	(1.3)	(1.1)
(Subtract)/add: exceptional items (note 5)	2.0	(3.6)
(Subtract)/add: other adjusting items for management reporting	11.3	(2.5)
Adjusted Group EBITDA*	**59.3**	**53.8**

* Non-statutory reporting measure:

Adjusted Group EBITDA is calculated as the results for the financial period excluding interest, taxation, depreciation and amortisation and before deducting share-based payment charges, the annual impact of adopting IFRS 16, remeasurement of lease liabilities, adjusting items and profit/loss on disposal of fixed assets. Exceptional adjusting items relate to exceptional items referred to in note 5, as well as additional items considered to be exceptional in nature for the purposes of management reporting and reporting to bondholders. These include £5.2m of revenue which was deferred in accordance with IFRS 15 relating to the loyalty scheme launched in December 2021 (period ended 2 January 2022: £nil), £1.8m of legal and professional fees (period ended 2 January 2022: £0.3m), £1.2m of brand platform, marketing and media costs (period ended 2 January 2022: £5.1m), £1.7m property and refurbishment costs (period ended 2 January 2022: £0.7m), £0.2m organisational restructuring costs (period ended 2 January 2022: £1.3m), offset by £0.9m of COVID-19 related expenditure and grant income (period ended 2 January 2022: £11.2m income) as well as £2.1m of additional one off items (period ended 2 January 2022: £1.3m).

The definition of this non-statutory reporting measure has been amended since the prior period to now exclude the impact of adopting IFRS 16 as well as include all exceptional adjusting items as stated above, in order to reflect the underlying performance of the business. Adjusted EBITDA margin has been calculated based on this measure and also by adjusting revenue for the £5.2m impact of deferred loyalty revenue mentioned above.

† Values shown at actual foreign exchange rates

Business review

Revenue for the 52-weeks period ended 1 January 2023 was £422.1m, compared to £322.9m for the 52 weeks to 2 January 2022. This uplift primarily reflects the return to unrestricted trading within the UK and Ireland post-pandemic, driving our growth. As referred to above, adjusted Group EBITDA* for 2022 was £59.3m, compared to £53.8m in the prior period. Adjusted EBITDA* margin declined by 2.8pts which was largely driven by food cost inflation and increased restaurant labour costs.

During 2022, we opened nine new company-owned restaurants, six of these were in the UK, two in Hong Kong and one in UAE. We closed seven company-owned restaurants in the UK & Ireland, as well as three in Hong Kong and one in UAE. In our international franchise market, we opened seven new restaurants in India, Indonesia, Philippines and Macau and we closed three restaurants in Cyprus, Indonesia and Kuwait. At 1 January 2023 the Group operated 392 company-owned restaurants (as at 2 January 2022: 394) and 62 franchise restaurants (as at 2 January 2022: 58).

Total profit after tax for the period was £9.7m (period ended 2 January 2022: £48.9m loss). This profit includes a net reversal of fixed assets and right of use assets impairments of £2.5m (period ended 2 January 2022: reversal of £3.4m).

Net interest charges for the period were £33.7m (period ended 2 January 2022: £70.7m), while the tax credit for the period was £2.9m (period ended 2 January 2022: £31.6m charge).

Net cash inflow from operating activities was £49.0m (period ended 2 January 2022: £76.2m), after interest payments of £34.7m (period ended 2 January 2022: £18.5m). Net cash outflows from investing activities totalled a further £20.2m (period ended 2 January 2022: £10.2m), of which £18.8m (period ended 2 January 2022: £8.7m) related to the purchase of property, plant and equipment. Net cash outflows from financing activities were £25.5m (period ended 2 January 2022: £55.6m) including the overall net financing outflow of £nil (period ended 2 January 2022: £27.4m outflow) as a result of the refinancing activities as well as principal elements of lease payments of £25.5m (period ended 2 January 2022: £28.2m). Closing cash was £74.3m (period ended 2 January 2022: £70.1m).

As at 1 January 2023 the Group's total net debt was £437.6m (2 January 2022: £437.3m). External debt excluding lease liabilities of £181.9m (2 January 2022: £178.4m) stood at £330.1m comprising the July 2026 Notes (period ended 2 January 2022: £328.9m). The Notes were issued in the prior period and carry a coupon of 6.75% per annum paid bi-annually. As part of the refinancing transaction undertaken during the prior period, the Group also secured a £30.0m revolving credit facility ("RCF") expiring in January 2026. The facility remained undrawn throughout the current period. Further details on the Group's borrowings and financial risk management are set out in notes 17 and 20 respectively.

* Non-statutory reporting measure

Engagement with stakeholders

The Directors and the Board have engaged with stakeholders throughout the period to understand their views and interests. Details of employee and stakeholder engagement are set out in the Directors' Report on page 10. Engagement with employees, customers, suppliers and other stakeholders takes place at an operational level across all levels of the business. The Board receives regular updates on stakeholder views from the Executive Directors, members of the Leadership Team and other senior managers, together with external advisors as appropriate.

The Group has an important role to play within the community through raising money and giving time to worthy causes, as well as inviting primary school children into our kitchens to encourage cooking. The Group is a proud partner of Nordoff Robbins Music Therapy, the UK's largest independent music therapy charity, who use music to help vulnerable people in the UK, as well as with children's mental health charity Place2Be, Venice In Peril, Enable Ireland and various other charities.

The Board has been focused on ensuring the health and wellbeing of our employees and customers. Throughout 2022 the Group compiled and promoted an extensive suite of links and resources to support employees with their wellbeing, with an emphasis on physical and mental health. To help our staff and customers during challenging times, the loyalty scheme was launched, a brand-new benefits portal was introduced and campaigns such as "On the House" (providing free pizza to all employees) launched.

The Board and the Group's strong engagement with key stakeholders, promotes the success of the Group for the benefit of its members as a whole, and in doing so has regard (amongst other matters) to the interests of the Group's employees and the need to foster the Group's business relationships with suppliers, customers and others. The Board also has consideration of the likely consequences of any decision in the long term as well as the impact of the Group's operations on the community and the environment and the Board appreciates the need to maintain a reputation for high standards of business conduct and to act fairly between members of the Group. The Group has in place both Audit and Remuneration Committees.

Tax strategy

The Group implements and maintains comprehensive tax processes to ensure that tax compliance obligations are met in all relevant jurisdictions, undertaking regular reviews of risks and environmental, operational, regulatory and legislative changes from both a business and tax perspective.

The Group ensures its tax team is provided with sufficient training and support to be able to carry out and monitor these policies and procedures in practice. Thus, the Group is able to ensure that the correct amount of tax is paid to the correct authority in the required timeframe and all necessary information is submitted with the Group's tax returns.

The Group does not undertake planning that is contrived or artificial and will ensure any planning has regard to the potential impact on its reputation and broader goals. External advice is sought where issues are technically complex and or material.

This Strategic Report was approved by the Board on 24 April 2023

On behalf of the Board

Jo Bennett

Jo Bennett (Apr 24, 2023 20:29 GMT+1)

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Jo Bennett
Director

The Directors present their report and audited consolidated financial statements for the Group for the 52-week period ended 1 January 2023.

Incorporation

Wheel Bidco Limited (the "Company") is a private limited company limited by shares, domiciled and incorporated in Jersey and was registered on 18 September 2020. The Company's registered office is 47 Esplanade, St Helier, Jersey, JE1 0BD.

Directors

The Directors of the Company who were in office during the period and up to the date of signing the financial statements were:

J Derkach
A Leighton
J Bennett
P MacKenzie (appointed 6 June 2022)
B Palmer (appointed 29 July 2022)
N Z Bowley (resigned 21 December 2022)
D Adams (resigned 29 July 2022)

Dividends

The Directors do not recommend the payment of a dividend (period ended 2 January 2022: £nil).

Political contribution and political expenditure

The Group did not make any political contributions or incur any political expenditure during the period (period ended 2 January 2022: £nil).

Principal risks and uncertainties

The Board of Directors ('the Board') has the primary responsibility for identifying the principal risks which the business faces and for developing appropriate policies to manage those risks.

The principal risks that the business faces are considered as:

Market risk - In the UK & Ireland, as well as International markets, the key risks that our business faces are the high level of competition (including changing customer preferences), coupled with the very low barriers to entry. These factors are dealt with in more detail below.

Competition - The casual dining market continues to be competitive with a focus on consumers often expecting value for money and experiential dining. In addition, consumer preferences are continually changing. The Board closely analyses current market trends and adjusts the strategy of the Group as appropriate.

Climate risk – Climate change, including higher temperatures and increased precipitation, is a risk facing our business. During the period, the Group formed an ESG Committee with cross functional representation to address this risk. Refer to the Streamlined Energy and Carbon Reporting (SECR) section of this report for further details of measures being taken to mitigate this risk.

Supply chain risk – The continuous operation of our supply chain presents a risk to our business, particularly as the industry recovers post-pandemic. This risk has been mitigated through contingency plans covering core products (e.g. stock holding / multiple supply options etc) and substituting food items where sourcing issues have arisen. The Company also works closely with suppliers and monitors their performance, including minimum contract term lengths where beneficial.

Food safety – providing customers with accurate and reliable information on food is of utmost importance, as is maintaining high standards of food hygiene. We provide our staff with training and monitoring to ensure policies are complied with. We perform enforcement visits at our restaurants and investigate any complaints or incidents. We work closely with suppliers to identify food ingredients and potential allergens and present these clearly on our menus.

Principal risks and uncertainties (continued)

Brand strength A key element of being able to compete in the market is our brand strength and customer perception with the risk being that a reduction in the connection our customers have with our brand may negatively impact our business. We will continue to evolve our brand, leveraging key partnerships to extend marketing reach financially, through brand association and activation. Furthermore, 2021 saw us launch a best-in-class loyalty programme, The PizzaExpress Club, in the UK market which will allow the Group to further strengthen its relationship with customers and drive their frequency of spend.

The Group continues to invest in restaurant refurbishments with a rolling programme for all UK restaurants.

Operating cost increases Continued increases in certain key operating costs, such as salaries, rents, business rates, energy and food costs, as well as the impact of ongoing price rises on consumer spending, are all monitored carefully by the Board. Appropriate action, including operational efficiency measures and investment in technology, is taken to mitigate these factors. All key supply contracts are reviewed regularly to ensure that the prices we pay remain competitive. Where appropriate we regularly re-tender key supply contracts.

Cybersecurity There is a risk of cybersecurity failure or incidents leading to data loss, disruption of services, fines and reputational damage. This is a risk not only in restaurants, but also with restaurant support staff working from home. We ensure our IT systems are regularly updated and tested, as well as communicating fraud and security risks and policies to the teams. Cybersecurity is reviewed at the Audit Committee.

Employee retention Our employees are key to the success of our business through excellent customer service and therefore we must be able to retain the highest calibre of employees. As such, there is an ongoing risk to employee retention for the Group as we seek to retain the best staff in a competitive labour market.

This risk is mitigated through continual review of reward structures to ensure that these are competitive relative to our industry counterparts, in addition to the provision of comprehensive training and development programmes. Our new online employee training platform, RISE, was launched in January 2023.

Financial risk management

See note 20 for details of the Group's financial risk management.

Research and development

The Group did not incur any material research and development expenditure during the period.

Anti-bribery and corruption policy

The Group operates an anti-bribery and corruption policy in accordance with the Bribery Act 2010, which is accessible at http://corporate.pizzaexpress.com. This sets out the Group's commitment to maintaining the highest standards of ethics and ensuring compliance with all legal and regulatory requirements for preventing bribery and corruption.

Employment policy and equality

Across the Group, we encourage a fair, open and communicative work environment, with many employee benefits. We hold regular check-ins with employees, which include conversations around performance, skills development and career prospects. We aim to retain, develop and promote our best people, and offer a range of training programmes and development opportunities, including apprenticeships and leadership development programmes.

We have a diverse workforce and in addition to an equal opportunities policy, we have our Diversity, Inclusion and Belonging statement which underpins our approach to creating a welcoming and inclusive place to work. We want people to choose to join our family because of our commitment to promoting equality and diversity with respect to gender, sexual orientation, generation, religion, disability, nationality and ethnicity, race, and cultural and social background. We acknowledge and celebrate that each of us has a part to play in each one of those characteristics, and that in order to be truly inclusive we need to be mindful of everyone's experience and recognise that those characteristics overlap and that people who belong to more than one community will have different experiences.

Applications from disabled persons are given full consideration providing the disability does not seriously affect the performance of their duties. Such persons, once employed, are given appropriate training and equal opportunities, as is the case where an employee becomes disabled when employed by the Group.

We adapt our communication methods as necessary and our employee mobile app has become central to the way in which we communicate key messages to restaurant management and teams. We prompt team members to read the communications on the app using push notifications and through restaurant managers informally prompting their teams when an important message has been sent out. We also communicate directly with employees through individual letters to their personal email addresses regarding any personally important matter, such as changes to holiday, pay policies or return to work information.

We take a transparent approach to our employee communications strategy. Directors engage regularly with our employees. During the pandemic all policy decisions and updates were shared with teams via our employee app.

We increased our focus on employee health and wellbeing. Throughout 2022 we compiled and promoted an extensive suite of links and resources to support employees with their wellbeing, with an emphasis on physical and mental health. We shared weekly Podcasts and weekly wellbeing video topics on our employee app, encouraged teams to share their own tips and stories and encouraged open, honest dialogue about how our people were coping during challenging times.

Stakeholder Engagement

In addition to engagement with our employees, as noted above, the Directors and the Group recognise the importance of engagement and good relationships with other stakeholders, both internal and external, such as our customers, suppliers and shareholders.

Customers We place customers at the heart of everything we do at PizzaExpress, aiming to lead the industry in service, value and quality. Our focus is to ensure the safety of our customers, as well as our staff.

Suppliers We aim to build strong relationships with our suppliers, developing mutually beneficial and lasting partnerships.

Shareholders We hold a presentation and Q&A session with shareholders and bondholders each quarter. These are published on our investor website and we operate an investor email inbox to address any ad hoc queries that arise throughout the period. Further details of Corporate Governance are provided below.

Statement of Corporate Governance Arrangements

In order to operate the Group's activities on a day to day basis, certain authorities are delegated by the parent company of the Group to its management organisation. The Group operates under a Delegation of Authority ('DOA') policy document, which defines the limits of authority designated to specific positions within the Group and establishes the types and maximum amount of obligations that may be approved by individuals or groups of individuals.

Statement of Corporate Governance Arrangements (continued)

The DOA is based on the corporate governance rules established by the Group Board, which remains the ultimate decision-making body. The Group Board is responsible for agreeing the overall strategy with input from the Group and management teams. The objective of the DOA is as follows:

- Governance –To ensure that the business operates within an appropriate control framework
- Board - To ensure that matters reserved for the Group Board are duly approved
- *Compliance - To ensure compliance with regulation (listing authorities, insurance regulation, consumer* regulation etc.) by providing for input by the appropriate functional experts
- Expertise – To ensure that there is an opportunity to obtain input on transactions from the appropriate tax, legal, commercial and accounting experts. Early involvement of such experts is important to ensure that all relevant considerations are factored into negotiations from the outset
- Resources – To provide visibility of the investment requirements (cash, time and people) and potential returns of different opportunities so that effective prioritisation is possible

The DOA is in place to protect the Group, but also to protect individual employees from making decisions that are not appropriate to their role and grade. The DOA document and table of limits provides a strong control framework that we will continue to refine and develop in line with the business and operational requirements.

The Group has in place both Audit and Remuneration Committees.

Streamlined Energy and Carbon Reporting (SECR)

Under the UK government policy, as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, we have summarised the energy usage, associated emissions, energy efficiency actions and energy performance of the UK & Ireland business. As the operations of the Group are focused in the UK this has been included as a voluntary disclosure.

Consumption (kWh) and Greenhouse Gas emissions (tCO2e) Totals
The following figures make up the baseline reporting for the UK & Ireland business:

- Scope 1 consumption and emissions relate to direct combustion of natural gas, and fuels utilised for transportation operations, such as company vehicle fleets.
- Scope 2 consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day-to-day business operations.
- Scope 3 consumption and emissions relate to emissions resulting from sources not directly owned by the reporting company. For the UK & Ireland business, this is related to grey fleet (business travel undertaken in employee-owned vehicles) only.

Utility and Scope	**2022 UK**	**2021 UK**	**% Change**	**2022 Ireland**	**2021 Ireland**	**% Change**
Total consumption (kWh)						
Grid-Supplied Electricity (Scope 2)	45,931,280	38,330,470	19.8%	2,845,967	2,056,641	38.4%
Gaseous and other fuels (Scope 1)	4,990,330	6,436,983	-22.5%	98,249	136,588	-28.1%
Transportation (Scope 1)	143,772	364,912	-60.6%	7,014	5,561	26.1%
Transportation (Scope 3)	421,635	174,844	141.1%	29,741	9,449	214.8%
Total	**51,487,017**	**45,307,209**	**13.6%**	**2,980,971**	**2,208,239**	**35.0%**
Total emissions (tCO2e)						
Grid-Supplied Electricity (Scope 2)	8,882	8,139	9.1%	900	539	67.0%
Gaseous and other fuels (Scope 1)	926	1,194	-22.4%	20	25	-20.0%
Transportation (Scope 1)	34	86	-60.5%	2	1	100.0%
Transportation (Scope 3)	99	41	141.5%	7	2	250.0%
Total	**9,941**	**9,460**	**5.1%**	**929**	**567**	**63.8%**

	UK & Ireland 2022	UK & Ireland 2021	% Change
Intensity metric (tCO2e/£m revenue)	28.63	37.84	(24.3)%

Streamlined Energy and Carbon Reporting (SECR) (continued)

Reporting Methodology
Scope 1, 2 and 3 consumption and CO2e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance. Emission Factor Databases consistent with the 2019 UK Government environmental reporting guidance have been used.

Estimations undertaken to cover missing billing periods for properties directly invoiced to the UK & Ireland business were calculated on a kWh/day pro-rata basis at meter level. These estimations equated to 2.8% of reported consumption.

For properties where the UK & Ireland business is indirectly responsible for utilities (i.e., via a landlord or service charge), a median consumption for properties with similar operations was calculated at meter level and applied to the properties with no available data. These full year estimations were applied to 10 electricity supplies, and 5 gas supplies for the UK & Ireland business.

Intensity metrics have been calculated utilising the 2022 and 2021 reportable figures for income, and tCO2e for both individual sources and total emissions were then divided by this figure to determine the tCO2e per metric.

Energy Efficiency Improvements
The UK & Ireland business is committed to year on year improvements in our operational energy efficiency. As such, a register of energy efficiency measure available to the UK & Ireland business has been compiled with a view to implementing these measures within the next 5 years.

Measures undertaken through 2022:

- Governance and Appointments:
  - Formed an ESG Committee with cross functional representation
  - Hired an Energy and Utilities manager, responsible for achieving specific energy reduction targets
- Further Industry-Level Collaboration:
  - Further engagement with the Zero Carbon Forum through participation in the Dairy Action Group
  - Participation in the sustainability groups of the British Retail Consortium and UKHospitality
- Energy:
  - Implemented energy checks using a centralised task management platform
  - Targeted restaurant visits delivered savings of up to ~1,000 KwH per week per restaurant
- Waste Reduction and Management:
  - Completed first phase of a pilot with 'Too Good to Go' to reduce food waste
  - Trial of home compostable pizza box liners
  - Sent old uniform stock to textile recycling to avoid sending to landfill
- Environmental Accounting and Reporting:
  - Completed a baseline carbon footprint
  - Published a Net Zero 2040 roadmap that includes interim targets for Scope 1, 2, and 3
  - Began tracking menu-level carbon footprints.

Measures prioritised for implementation in 2023:

- Continued Industry-Level Collaboration:
  - Service on the Zero Carbon Forum Ops Board
- Energy:
  - Voltage optimisation trial
  - Installation of Bakery solar panels
  - 'Internet of Things' trial assessment
- Sustainable Procurement & Supplier Engagement:
  - Publish purchasing policies for high deforestation risk commodities, for example, palm oil
  - Engage with key suppliers to obtain primary data for more accurate emission factors, and to explore shared areas for decarbonisation
- Animal Welfare:
  - Commitment to be fully compliant with the 'Better Chicken Commitment' by 2026
- Waste Reduction and Management:
  - Further trial and if successful, estate-wide rollout of 'Too Good to Go'
- Environmental Accounting and Reporting;
  - Update annual Greenhouse Gas Report
  - Publish first annual Sustainability Report

Streamlined Energy and Carbon Reporting (SECR) (continued)

Measures prioritised for implementation in 2023 (continued):

- Sustainability Training
    - Restaurant level training modules on energy and waste reduction management

Future developments

The Group intends to continue to operate pizza restaurants in the UK & Ireland and internationally. The Group strives to maintain its brand distinctiveness and provide customers with good-quality food and drinks. Further details of the Group's future developments are included within the Strategic Report on pages 3 to 7.

Going concern

The Directors note that as at 1 January 2023, the Group was in a net asset position of £144,925,000 (as at 2 January 2022: £136,220,000) and a net current liability position of £5,930,000 (as at 2 January 2022: £7,789,000). The Directors consider the business able to continue to meet its obligations as they fall due and remain in business for the foreseeable future.

The Group has a £30m RCF, which remains undrawn and is available until January 2026. In the prior period, the Group also strengthened its financial position with the completion of the issue of the July 2026 loan notes. Furthermore, these facilities carry no ongoing financial covenants (whilst the RCF remains undrawn).

When forming their opinion on the appropriateness of the going concern basis in preparing the financial statements for the Group, the Directors have considered the Group's financing arrangements, trading patterns and trading risks. The Directors have reviewed financial projections for both a base case, which assumes covers growth compared with 2022 will be driven primarily by the loyalty scheme, and a downside case, which removes any covers growth in 2023 and has a lower growth rate going forward. The downside scenario also considers possible adverse impacts compared to the budget and assumes a higher cost inflation than base case relating to, in particular, food costs and utilities that is not fully passed on to consumers with corresponding price increases reducing margin.

The Group has sufficient liquidity through trading to finance operations for at least the next 12 months in both the base case and downside case scenarios without the need to draw on the RCF. The Group could further mitigate its liquidity by reducing discretionary capital expenditure and other spend in the period if required.

Having assessed the financial projections, sensitivities and possible mitigating actions, the Board considers that these appropriately demonstrate the ability of the Group to meet its obligations for the next twelve months.

Qualifying third party indemnity

Qualifying third party indemnity provisions as defined by the Companies (Jersey) Law 1991 were in force for the benefit of Directors throughout the period and up to the date of approval of the financial statements.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Group financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Companies (Jersey) Law 1991 requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and the profit and loss for that year.

In preparing those financial statements the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue the business; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors confirm they have complied with all the above requirements in preparing the financial statements of the Group.

Statement of Directors' responsibilities in respect of the financial statements (continued)

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

So far as the Directors are aware, there is no relevant audit information of which the Group's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Group auditors are aware of that information.

Post balance sheet events

There are no post balance sheet events to disclose.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office, and a resolution that they will be reappointed will be proposed at the annual general meeting.

Secretary

The secretary of the Company during the period ended 1 January 2023 and subsequently was Crestbridge Corporate Services Limited.

This Directors' report was approved by the Board on 24 April 2023

On behalf of the Board

Jo Bennett
Jo Bennett (Apr 24, 2023 20:29 GMT+1)

....
Jo Bennett
Director

Independent auditors' report to the members of Wheel Bidco Limited

Report on the audit of the financial statements

Opinion

In our opinion, Wheel Bidco Limited's Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 1 January 2023 and of its profit and cash flows for the 52 week period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted in the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

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 1 January 2023; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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 Financial reporting council's ("FRC") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- The components included and work performed were:
  - Full scope audits of PizzaExpress (Restaurants) Limited, PizzaExpress Merchandising Limited Agenbite Limited and Wheel Bidco Limited
  - Audit of certain financial statement line items of PizzaExpress Group Limited, PizzaExpress Hong Kong Limited and PizzaExpress Limited
  - The audit procedures performed provided coverage of 95% over revenue and 89% over Group IFRS 16 EBITDA (defined as the 'Adjusted Group EBITDA' on page 5 adjusted for 'IFRS 16 adjustments' and 'Other adjusting items for management reporting').

Key audit matters

- Valuation of Goodwill and Intangible assets
- Risk of impairment of Right of use assets & Property, Plant & Equipment

Materiality

- Overall materiality: £2.1 million (FY21: £2.2 million) based on 2.5% of Group IFRS 16 EBITDA.
- Performance materiality: £1.6 million (FY21: £1.7 million).

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.

The key audit matters below are consistent with last year.

Key audit matter	**How our audit addressed the key audit matter**
Valuation of Goodwill and Intangible assets As at 1 January 2023, the Group had £7.8 million of goodwill (2 January 2022: £7.8 million) and £463.6 million of brand intangibles (2 January 2022: £463.6 million) - see note 10 to the consolidated financial statements. The balance is split between three cash generating units ('CGU'). The focus of our work has been on the UK & Ireland CGU and the Hong Kong CGU, which have opening cumulative goodwill and brand amounting to £463.6 million and £6.1 million respectively. We have also considered the other assets within the CGUs within this assessment. The carrying values of these assets are contingent upon future cash flows which may be impacted by developments in the market and the business performing either below or ahead of expectations. We consider this to be a key audit matter given the magnitude of the relevant balances and the significant judgement and estimation involved in the impairment assessments of these assets. Whilst the markets both in the UK and Ireland have shown the post pandemic recovery and consumer confidence continued to improve, the Hong Kong Market did face social distancing measures until mid December 2022 and it was not until post period end in January 2023, that the border with China was reopened and restrictions were virtually all eased. Inflationary economic conditions, the impact of the Ukraine war, uncertainty around rising interest rates and the cost of living crisis continue to pose potential risks in assessing the robustness of the projections. The key assumptions in management's cash flow projections are: Revenue and profit forecasts, long term growth rates, and the discount rates.	To address this risk, we have designed and performed a number of audit procedures over the impairment assessments performed by management. We tested the reasonableness of management's key assumptions and sought to obtain relevant information to assist in understanding the trajectory of performance for the casual dining market in the medium to long term. Our procedures comprised: • testing the mathematical accuracy of the models prepared by management. • performing a comparison of the performance of the business for the periods to 1 January 2023 and 2 January 2022 to the budgets for the equivalent periods to assess the accuracy of the budgeting process. • agreeing the cash flow forecasts to the approved plans. • engaging our valuation specialists to assist in the assessment of the reasonableness of certain key assumptions, being the discount rate and long term growth rates. • reviewing the strategies and plans being put in place by management and challenging the key assumptions for the future profitability and revenue growth. • considering the adequacy of the disclosures in the consolidated financial statements. We did not identify any material exceptions in these procedures.

Key audit matter	How our audit addressed the key audit matter
Risk of impairment of Right of use assets & Property, Plant & Equipment As at 1 January 2023, the Group's net book value comprised £139.9 million of Right-of- Use assets (at 2 January 2022: £131.6 million) and £125.5 million of Property, Plant and equipment (at 2 January 2022: £122.8 million) across trading outlets at the 3 CGU's. The Group operates over 400 pizza restaurants which may be vulnerable to impairment in the event of trading performance being below expectations, or reversal of historic impairment in the event of improvement in trading performance forecasts. Management has performed an impairment review of its restaurant portfolio at the period end. The value-in-use models used to determine the amount of any impairment charge or reversal are based on assumptions, including revenue forecasts and EBITDA, which are restaurant-specific, and discount rates, which are country specific - refer to notes 11 and 16 in the consolidated financial statements. As set out in these notes, management's assessment resulted in the recognition of a net reversal of impairment for the 52 week period ended 1 January 2023 of £2.5 million comprising a charge of £9.3 million for certain restaurants and a reversal of £11.8 million for other restaurants across the 3 CGU's. We focussed on this area because of the inherent judgement and estimation uncertainty involved in determining key assumptions such as future sales growth, EBITDA and discount rates.	To address this risk, we have designed and performed a number of audit procedures over the impairment assessments performed by management. Our procedures comprised: • testing the mathematical accuracy of management's impairment model and determining that the impairment charge and reversals had been appropriately calculated. • performing a comparison of the performance of the restaurants for the periods to 1 January 2023 and 2 January 2022 to the budget for the equivalent period to assess the accuracy of the budgeting process. • challenging management's future forecasts by comparing the projected profitability with the actual performance of the restaurants in the period ended 1 January 2023, and considering consistency with the forecasts used for the intangibles impairment assessment. • corroborating the impairment reversals and charges for individual restaurants with evidence of improvement or deterioration of their respective forecast performance compared to the prior year. • agreeing the cash flow forecasts to the approved plans and lease term. • engaging our valuation specialists to assist in the assessment of the reasonableness of certain key assumptions, being the discount rate and long term growth rates. • reviewing the strategies and plans being put in place by management and challenging the key assumptions for the future profitability and revenue growth. • considered the adequacy of the disclosures in the consolidated financial statements. We did not identify any material exceptions in these procedures.

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, the accounting processes and controls, and the industry in which it operates.

The Group consolidation, Financial Statements disclosures and corporate functions were audited by the group engagement team. This included our work over going concern, intangible, tangible and right-of-use asset impairment, tax, borrowings, consolidation level adjustments and net finance expense. The Group management function is situated in the UK along with the two largest components of the Group, which were subject to full scope audits performed by the group audit team. There are other operations based in Ireland and Jersey which are in full scope with the work performed by the group audit team. A component team was instructed to perform audit procedures over specified financial statement line items in Hong Kong. No audit work was required over the entities in the United Arab Emirates and Singapore. The group audit team also performed audit procedures over specified accounts in four other entities. Our group engagement team's involvement in the work performed over the overseas entity included regular communication throughout the audit process where the component auditor's planned response to areas of focus was discussed. The group engagement team attended planning calls ahead of the commencement of the audit and clearance calls once the component audit work was completed. In addition, the group audit team performed a working paper review of the work performed by the overseas component.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the Group's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. For example, in the impairment model we considered whether the cash flow forecasts included reasonable costs to meet the net zero commitment as disclosed in the Strategic Report. Our procedures did not identify any material impact as a result of climate risk on the Group'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:

Overall group materiality	£2.1 million (FY21: £2.2 million).
How we determined it	2.5% of Group IFRS 16 EBITDA (defined as the 'Adjusted Group EBITDA' on page 5 adjusted for 'IFRS 16 adjustments' and 'Other adjusting items for management reporting')
Rationale for benchmark applied	Based on the key performance measures discussed in the annual report, Group IFRS 16 EBITDA is an appropriate measure in assessing the performance of the Group and is a generally accepted auditing benchmark. Consistent with previous year, Group IFRS 16 EBITDA for the current period is considered as an appropriate benchmark.

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 £0.35 million to £1.99 million. 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% (FY21: 75%) of overall materiality, amounting to £1.57 million (FY21: £1.65 million) for the Group 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 in the middle 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 £0.10 million (FY21: £0.11 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- agreed the opening cash position to supporting documentation and assessed how the forecasts are compiled;
- understood the Group's financing arrangements;
- tested the mathematical accuracy of the model;
- evaluated the key assumptions within management's cash flow forecasts;
- assessed the reasonableness of management's severe but plausible downside scenario, including risks from a lower than expected performance, availability of mitigating factors and the overall impact on liquidity; and
- considered the adequacy of the disclosures in the consolidated financial statements, particularly Note 2, Summary of significant accounting policies - going concern.

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 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 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, 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.

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 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 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 adherence to data protection requirements and non-compliance with employment regulations in the UK and other jurisdictions in which the Group operates, 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 Companies (Jersey) Law 1991 and UK and overseas tax legislation. 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, either in the underlying books and records or as part of the consolidation process, and management bias in accounting estimates and judgements. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of meetings of those charged with governance and reviewing correspondence with regulators;
- Challenging assumptions made by management in its significant accounting estimates and judgements in particular relation to the assessment of the carrying value of goodwill and brand intangibles and the carrying value of property, plant & equipment and right-of-use assets of individual restaurants (see related key audit matters above);
- Identifying and testing journal entries, in particular certain journal entries posted with unusual account combinations such as journals crediting revenue where the debit is to an unexpected account or those posted by unexpected users; and
- Testing consolidation adjustments to ensure these were appropriate in nature and magnitude.

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.

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 Article 113A of the Companies (Jersey) Law 1991 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 (Jersey) Law 1991 exception reporting

Under the Companies (Jersey) Law 1991 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.

We have no exceptions to report arising from this responsibility.

Matthew Mullins
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants
Watford
25 April 2023

	Note	52-weeks ended 1 January 2023	52-weeks ended 2 January 2022
		£000	£000
Revenue	3	422,057	322,907
Cost of sales		(296,784)	(189,952)
Gross profit		**125,273**	**132,955**
Administrative expenses		(84,696)	(79,570)
Operating profit excluding exceptional items		42,573	49,761
Exceptional items	5	(1,996)	3,624
Operating profit	6	**40,577**	**53,385**
Finance income	7	2,143	66
Finance costs	7	(35,881)	(70,801)
Net finance costs		(33,738)	(70,735)
Profit/(Loss) before taxation		**6,839**	**(17,350)**
Tax on profit/(loss)	9	2,876	(31,591)
Profit/(Loss) for the period		**9,715**	**(48,941)**
Currency translation differences		(1,010)	237
Total comprehensive income/(loss) for the period		**8,705**	**(48,704)**
Total comprehensive income/(loss) for the period attributable to equity shareholders		**8,705**	**(48,704)**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

	Note	1 January 2023 £000	2 January 2022 £000
Intangible assets	10	475,250	474,774
Property, plant and equipment	11	125,521	122,840
Right-of-use assets	16	139,898	131,612
Trade and other receivables falling due after more than one year	12	3,041	2,745
Deferred tax asset	19	17,599	15,191
Non-current assets		**761,309**	**747,162**
Inventories	13	4,059	3,616
Trade and other receivables falling due within one year	12	22,812	20,320
Corporation tax debtor		26	23
Cash and cash equivalents	14	74,287	70,057
Current assets		**101,184**	**94,016**
Trade and other payables falling due within one year	15	(87,765)	(78,560)
Corporation tax creditor		(326)	(587)
Lease liabilities	16	(19,023)	(22,658)
Current liabilities		**(107,114)**	**(101,805)**
Net current liabilities		**(5,930)**	**(7,789)**
Loans and borrowings	17	(330,081)	(328,920)
Provisions for liabilities	18	(1,651)	(1,540)
Deferred tax liability	19	(115,891)	(116,949)
Lease liabilities	16	(162,831)	(155,744)
Non-current liabilities		**(610,454)**	**(603,153)**
Net assets		**144,925**	**136,220**
Called up share capital	23	-	-
Share premium	23	288,601	288,601
Capital restructuring reserve	24	720,232	720,232
Accumulated losses		(863,908)	(872,613)
Total equity		**144,925**	**136,220**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes. The consolidated financial statements on pages 22 to 61 were authorised for issue by the Board of Directors on 24 April 2023 and were signed on its behalf.

Jo Bennett

Jo Bennett (Apr 24, 2023 20:29 GMT+1)
Jo Bennett
Director

	Called up share capital £000	Share premium £000	Capital restructuring reserve £000	Accumulated losses £000	Total equity £000
As at 4 January 2021	**-**	**288,601**	**720,232**	**(823,909)**	**184,924**
Loss for the financial period	-	-	-	(48,941)	(48,941)
Currency translation differences	-	-	-	237	237
Total comprehensive loss for the financial period	-	-	-	(48,704)	(48,704)
As at 2 January 2022	**-**	**288,601**	**720,232**	**(872,613)**	**136,220**
As at 3 January 2022	**-**	**288,601**	**720,232**	**(872,613)**	**136,220**
Income for the financial period	-	-	-	9,715	9,715
Currency translation differences	-	-	-	(1,010)	(1,010)
Total comprehensive income for the financial period	-	-	-	8,705	8,705
As at 1 January 2023	**-**	**288,601**	**720,232**	**(863,908)**	**144,925**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Note	52 weeks ended 1 January 2023 £000	52 weeks ended 2 January 2022 £000
Profit/(loss) for the financial period		9,715	(48,941)
Depreciation and amortisation		42,894	42,342
Net reversal of impairment property, plant and equipment, right-of-use assets and brand		(2,538)	(3,400)
Taxation (credit)/charge	9	(2,876)	31,591
Net finance expense		33,738	70,735
Remeasurement of lease liability	16	(1,293)	(1,080)
Loss on disposal of property, plant and equipment		546	607
Increase in inventories		(279)	(509)
Decrease in trade and other receivables		(2,147)	(2,992)
Increase in trade and other payables		7,060	10,618
Increase/(decrease) in provisions		27	(4,476)
Net foreign exchange (gain)/loss		(65)	44
Net cash inflow from operations		**84,782**	**94,539**
Taxation (paid)/received		(794)	102
Interest paid		(34,699)	(18,483)
Net cash inflow from operating activities		**49,289**	**76,158**
Purchase of property, plant and equipment		(18,819)	(8,728)
Cost on disposal of property, plant and equipment		(54)	(251)
Purchase of intangible assets	10	(1,874)	(1,204)
Interest received		515	4
Net cash outflow from investing activities		**(20,232)**	**(10,179)**
Proceeds from the issue of share capital	23	-	-
Loan notes issued	17	-	335,000
Loan notes repaid	17	-	(355,824)
Debt issue costs	17	-	(6,594)
Principal elements of lease payments	16	(25,511)	(28,193)
Net cash outflow from financing activities		**(25,511)**	**(55,611)**
Net increase in cash and cash equivalents		**3,546**	**10,368**
Cash and cash equivalents at the beginning of the period		70,057	59,758
Exchange gain/(loss) on cash and cash equivalents		684	(69)
Cash and cash equivalents at the end of the period	14	**74,287**	**70,057**

The above consolidated cashflow should be read in conjunction with the accompanying notes.

1. General information

Wheel Bidco Limited (the "Company") is a private limited company limited by shares, domiciled and incorporated in Jersey and was registered on 18 September 2020. The Company is registered in Jersey and the registered office address is 47 Esplanade St Helier, Jersey JE1 0BD.

The Company and its subsidiaries (together, "the Group") operates an international chain of pizza restaurants, as well as receiving royalty income from sales of retail products, income from the sale of dough products and franchise fees.

2. Summary of significant accounting policies

The principal accounting policies are outlined below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with international accounting standards ('IFRS') in conformity with the requirements of the Companies (Jersey) Law 1991 and the applicable legal requirements of the Companies (Jersey) Law 1991. In addition to complying with international accounting standards in conformity with the requirements of the Companies (Jersey) Law 1991, the consolidated financial statements also comply with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The consolidated financial statements have been prepared on the historical cost convention, as modified by the equity settled share based compensation liability measured at fair value through profit or loss.

Going concern

The Directors note that as at 1 January 2023, the Group was in a net asset position of £144,925,000 (as at 2 January 2022: £136,220,000) and a net current liability position of £5,930,000 (as at 2 January 2022: £7,789,000). The Directors consider the business able to continue to meet its obligations as they fall due and remain in business for the foreseeable future.

The Group has a £30m RCF, which remains undrawn and is available until January 2026. In the prior period, the Group also strengthened its financial position with the completion of the issue of the July 2026 loan notes. Furthermore, these facilities carry no ongoing financial covenants (whilst the RCF remains undrawn).

When forming their opinion on the appropriateness of the going concern basis in preparing the financial statements for the Group, the Directors have considered the Group's financing arrangements, trading patterns and trading risks. The Directors have reviewed financial projections for both a base case, which assumes covers growth compared with 2022 will be driven primarily by the loyalty scheme, and a downside case, which removes any covers growth in 2023 and has a lower growth rate going forward. The downside scenario also considers possible adverse impacts compared to the budget and assumes a higher cost inflation than base case relating to, in particular, food costs and utilities that is not fully passed on to consumers with corresponding price increases reducing margin.

The Group has sufficient liquidity through trading to finance operations for at least the next 12 months in both the base case and downside case scenarios without the need to draw on the RCF. The Group could further mitigate its liquidity by reducing discretionary capital expenditure and other spend in the period if required.

Having assessed the financial projections, sensitivities and possible mitigating actions, the Board considers that these appropriately demonstrate the ability of the Group to meet its obligations for the next twelve months.

New standards, amendments and interpretations effective in future periods

There are no IFRSs, IFRICs or other standards or interpretations issued but not yet effective that are expected to have a material impact on the Group.

New accounting standards effective during the current period

Certain new accounting standards and interpretations have been published that are not mandatory for 1 January 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods or on foreseeable future transactions.

2. Summary of significant accounting policies (continued)

Critical accounting estimates and areas of judgement

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses and related disclosures. The estimates and underlying assumptions are based on historical experience and other relevant factors. This approach forms the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information. Such changes are recognised in the period in which the estimate is revised.

The key assumptions about the future and key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next 12 months are described below.

Significant estimate: key assumptions used for value in use calculations
The Group tests its indefinite life intangible assets for impairment annually by reference to value in use or fair value less costs to sell. This is calculated based on Board approved budgets covering a four year period. After this four year period the cash flows are continued into perpetuity using a long-term growth rate specific to the market. The key assumptions are discount rate, long term growth rate and forecast cash flows (including number of new site openings). Long term growth rates are based on external research demonstrating expected long term growth for each of the markets to which the asset relates. Further details on the inputs into the impairment reviews and the related sensitivities are included in note 10.

Tangible assets, right-of-use lease assets and finite life intangible assets are reviewed annually for indications of impairment. Where there is an indication of impairment, value in use is calculated for the cash generating unit using the same methodology as above. A sensitivity analysis of the impairment review for property, plant and equipment and right of use assets is included in note 11.

Significant judgement: indefinite life intangible assets
Management judgement is required to determine whether intangible assets other than goodwill should be amortised or not. Intangible assets should not be amortised if they are considered to have an indefinite useful life. Note 10 provides further details on the Group's indefinite useful life assets.

Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and those entities controlled by the Company. The accounting reference date for the Group is 31 December and the financial statements are prepared to the Sunday falling nearest this date each year.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Acquisition related costs are expensed as incurred.

Intra-Group transactions, balances, and unrealised gains and losses on transactions between Group companies are eliminated on consolidation.

All subsidiaries other than PizzaExpress (Hong Kong) Limited have coterminous accounting reference dates of 31 December, and those incorporated in the UK, Ireland and UAE prepare statutory financial statements to the Sunday falling nearest to their accounting reference date. PizzaExpress (Hong Kong) Limited has an accounting reference date of the closest Sunday to 31 December.

2. Summary of significant accounting policies (continued)

Business combinations

All acquisitions under IFRS 3 Business Combinations are accounted for using the acquisition method of accounting or as a reverse acquisition. Under the acquisition method of accounting, the cost of an acquisition is the aggregate of the fair values of the assets transferred, liabilities incurred or assumed and equity instruments issued.

Costs directly relating to an acquisition are expensed to the statement of comprehensive income. The identified assets and liabilities and contingent liabilities are measured at their fair value at the date of acquisition. The excess of the fair value of consideration to acquire the business over the aggregate fair value of the Group's share of the net identified assets and liabilities is recorded as goodwill.

Revenue

Revenue represents net invoiced sales of restaurants (including food and beverages and both dine-in and delivery sales), royalties from retail sales, sales of dough products and franchise fees, all excluding value added tax.

Revenue from restaurant sales is recognised when the goods or services have been delivered to the customer. Revenue is recognised net of discounts provided. Revenue from vouchers and gift cards is recognised on redemption. For vouchers or gift cards that are not redeemed, revenue is recognised on expiry of the voucher/ gift card. A contract liability is recognised for any gift cards or vouchers outstanding at the statement of financial position date, adjusted for all such vouchers and gift cards which have expired, and these are disclosed as deferred income within trade and other payables.

Royalties from retail sales and franchise fees are recognised in revenue in line with the underlying sales of the retail products / franchisee. Revenue from such arrangements is mainly based on these underlying sales however in situations where fees are received for distinct performance obligations, revenue is recognised once these have been fulfilled.

Revenue from the sale of dough products is recognised on despatch, as this is when control transfers to the third party and performance obligation is satisfied.

The Group operates a customer loyalty scheme that enables members to accumulate stamps for qualifying purchases. The stamps acquired in a 12-month period entitle members to benefits, such as free products on future visits. Customers move through membership tiers as they accumulate stamps and the benefits available are dependent on which membership tier a customer is in. The benefits granted by the scheme are received when the customer visits a restaurant and spends over the qualifying amount. There is no ability to transfer the benefits or use them outside the restaurant or on collection.

A contract liability for the award stamps is recognised at the time of the sale. Revenue is recognised when the stamps are redeemed or expire. Expiry occurs when a customer's level of activity falls and they have not made sufficient qualifying purchases over the previous 12 months to remain in their current membership tier. Each 12 month period is assessed following the date of the initial sale. The allocation of transaction price to performance obligations is to be undertaken on a relative stand-alone selling price basis.

Allocation of costs

Cost of sales includes the cost of goods sold, direct labour costs and restaurant overheads. Administrative expenses include central and area management, administration and head office costs and depreciation and amortisation of tangible, intangible and right-of-use assets.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

2. Summary of significant accounting policies (continued)

Intangible assets (excluding goodwill and brand)

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided at the following annual rates in order to write down to estimated residual values the cost of each asset over its estimated useful economic life on a straight line basis:

Computer software	5 – 15 years
Trademarks	Life of trademark

Goodwill and brand

Goodwill arising on consolidation represents the excess of consideration transferred over the interest in the net fair value of the net assets acquired. Brand values arising on consolidation relate to externally acquired, separable brand names and are valued at the date of acquisition.

An impairment review is carried out annually for goodwill and indefinite life brand values, or when circumstances arise that may indicate an impairment is likely. The carrying value of the goodwill allocated to each group of cash generating units is compared to its recoverable amount being the higher of its value in use and its fair value less costs to sell. Any impairment is charged immediately to the consolidated statement of comprehensive income.

Property, plant and equipment

Tangible fixed assets are stated at original historical purchase cost less accumulated depreciation and impairment.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at the following annual rates in order to write down the cost of each asset over its estimated useful economic life on a straight line basis:

Equipment	20% per annum
Furniture and fittings	10%-20% per annum

Short leasehold improvements are depreciated over the length of the lease, which is generally between three and 25 years depending on geographical location, except where the anticipated renewal or extension of the lease is sufficiently certain so that a longer estimated useful life is appropriate.

Assets under construction include tangible fixed assets acquired for restaurants under construction including costs directly attributable to bringing the asset into use. Assets are transferred to short leasehold, equipment or furniture and fittings when the restaurant opens. No depreciation is provided on assets under construction as these assets have not been brought into working condition for intended use by the Group.

2. Summary of significant accounting policies (continued)

Leased assets

As Lessee

The Group as lessee recognises in the statement of financial position a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted at the Group's incremental borrowing rate. Lease liabilities are split into principal and interest portions, using the effective interest method, and include fixed payments and variable payments based on an index or rate, including those variable payments which are fixed in substance, less lease incentives receivable and payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The right-of-use asset is measured at cost and is depreciated on a straight-line basis over the lease term or, if it is shorter, over the useful life of the leased asset. The Group also assesses the right-of-use asset for impairment when such indicators exist. Right-of-use assets comprise 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;
- Any initial direct costs and
- Restoration costs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of use asset in a similar economic environment with similar terms, security and conditions.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. The liability is remeasured to reflect any remeasurement or modification, or if there are changes in in-substance fixed payments. A corresponding adjustment is reflected in the right-of-use asset.

Short-term and low value non-property leases are recognised on a straight-line basis over the lease term as an expense in the statement of comprehensive income in accordance with IFRS 16.

The Group has elected not to separate lease and associated non-lease components and instead accounts for these as a single lease component.

Information about critical accounting judgements in the application of lease accounting is disclosed above in note 2.

As lessor

Rentals received under operating leases are credited to the statement of comprehensive income on a straight line basis over the term of the lease.

Exceptional items

Exceptional items are items of profit and expense that because of their irregular / ad-hoc nature are shown separately to allow an understanding of the Group's underlying operational financial performance.

Pensions

Contributions to defined contribution personal pension schemes are charged to the statement of comprehensive income in the period in which they become payable.

2. Summary of significant accounting policies (continued)

Taxation

The tax expense represents the sum of current tax and deferred tax.

Current taxation
Current tax payable is based on taxable profit for the period which differs from accounting profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and those items never taxable or deductible. The Group's liability for current tax is measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred taxation
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future 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 the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the substantively enacted tax rates at the balance sheet date that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is dealt with in equity, or items charged or credited directly to other comprehensive income, in which case the deferred tax is also recognised in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets and liability and when the Group intends to settle its current tax assets and liabilities on a net asset basis.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is based on the purchase cost on a first-in, first-out basis. Inventories comprises food and drink and items used in the production of dough.

Rebates receivable from suppliers

Where a rebate agreement with a supplier covers more than one period the rebates are recognised in the financial statements in the period in which they are earned.

Foreign currency

The Group's presentational currency is GBP. Transactions denominated in foreign currencies are recorded at the spot rate applicable at the date of the transaction. Monetary assets and liabilities expressed in foreign currencies held at the statement of financial position date are translated at the closing rate. The resulting exchange gain or loss is dealt with in the statement of comprehensive income and presented within administrative expenses. The results of foreign subsidiaries are translated at the average rate. The statements of financial position of foreign subsidiaries are translated at the closing rate. The resulting exchange differences are dealt with through reserves and are reported in other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, including credit and debit card receipts awaiting clearance into a Group bank account, and short term deposits with an original maturity of less than three months.

2. Summary of significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the Group has become a party to the contractual provisions of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Group's accounting policies in respect of financial instruments transactions are explained below:

Financial assets
Financial assets comprise cash and cash equivalents and trade and other receivables. The Group classifies all of its financial assets as assets at amortised cost as they are held within a business model with the objective to collect contractual cash flows and these contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised using an expected credit loss approach. The expected credit loss is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive discounted at the original effective interest rate. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts for forward-looking macroeconomic data. The Group used the simplified expected credit loss model (the lifetime expected loss allowance) for receivables that do not have a significant financing component. Any short term trade receivables are assumed to not have a significant financing component.

Financial liabilities
Financial liabilities comprise borrowings and trade and other payables. The Group classifies all of its financial liabilities as liabilities at amortised cost. Financial liabilities at amortised cost are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other interest income or finance costs.

The Group does not hold or issue derivative financial instruments for trading purposes.

Preference shares
Preference shares are analysed carefully to determine whether they meet the definition of an equity instrument or a financial liability. Preference shares, which are not mandatorily redeemable on a specific date or carry a contractual obligation to make a fixed dividend are classified as equity.

Loan waivers and capital restructuring reserve

As part of the Restructuring Transaction undertaken during 2020, there were loan waivers between the Group and the previous parent companies PizzaExpress Group Holdings Limited ('PEGHL') and PizzaExpress Financing 1 plc ('PEF1'). These loan waivers arose from PEGHL and PEF1 acting in their capacity as parent and shareholder of the borrowers, and therefore these waivers were accounted for as a capital contribution in equity, with no gain or loss being recognised. A capital restructuring reserve was established to separately record these reserves, as they may not represent a realised or distributable profit.

2. Summary of significant accounting policies (continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in the statement of comprehensive income on a systematic basis over the periods in which the Group recognises the related costs for which the grants are intended to compensate.

Under the Coronavirus Job Retention Scheme (CJRS), HMRC reimbursed up to 80% of the wages of employees who were furloughed but who were being kept on the payroll. The scheme ended on 30 September 2021 and was designed to compensate for staff costs, so amounts received in the prior period were recognised in the statement of comprehensive income over the same period as the costs to which they relate (note 8).

Other Government grants received across the local jurisdictions within which the group operates are recognised in the Statement of Comprehensive Income over the same period as the costs to which they relate.

Provisions

Provisions are recognised when the Group has a present legal obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated. Where the effect of the time value of money is material, the provision is based on the present value of future outflows, discounted at a risk-free discount rate.

Segmental reporting

Operating segments are identified using the level of information that is regularly reviewed by the Chief Operating Decision Maker (CODM) in order to allocate resources. The CODM has been identified as the Group Board of Directors. The Group Board of Directors review financial information split between UK & Ireland and International (Hong Kong, UAE, Franchise). This split is also consistent with budget approval and the level at which segment management exists. The UK & Ireland segment derives its revenue from the operation of pizza restaurants, as well as through licensing arrangements to enable the sale of PizzaExpress branded pizzas, salad dressings and other products through retail outlets. The International segment derives its revenue from the operation of pizza restaurants, as well as franchise partners.

The key focus of segmental information that is regularly reviewed is revenue and earnings before interest, tax, depreciation and amortisation (EBITDA). As such, the statement of comprehensive income segmental information disclosed is for revenue, operating profit, depreciation and amortisation (by virtue of the fact that the latter is included in operating profit for statutory reporting purposes) and exceptional items (when relevant).

Statement of financial position information is only reviewed at a Group level by the CODM and therefore no split of segmental information is disclosed in these financial statements. The CODM does not regularly review assets and liabilities disaggregated by the Group's reportable segments.

The Group is also required to disclose financial information by material product and geography, irrespective of the identified reportable operating segments. In determining what constitutes material in respect of geography, the Group applies a threshold of 10% of total Group revenue.

The country of domicile of Wheel Bidco Limited and Wheel Topco Limited, the ultimate parent of the Group, is Jersey. The gross assets attributable to Jersey as at 1 January 2023 were £295,189,000 (as at 2 January 2022: £293,779,000). Gross assets of UK Group companies make up over 85% of total Group gross assets in both the current and comparative period.

3. Revenue

Geographical segmental analysis
The split of revenue by material geographical segment is as follows:

	52-weeks ended 1 January 2023 £000	52-weeks ended 2 January 2022 £000
UK & Ireland	379,644	279,630
International geographies	42,413	43,277
	422,057	322,907

During the period, revenue attributable to Jersey, the Group's country of domicile, was £2,230,000 (52-week period ending 2 January 2022: £1,843,000).

Recognised in deferred revenue during the period was £5,155,000 (52-week period ending 2 January 2022: £Nil) relating to the customer loyalty scheme which was launched in December 2021. Refer to Note 16 for contract liabilities recognised.

Business revenue stream analysis
The split of revenue by stream is as follows:

	52-weeks ended 1 January 2023 £000	52-weeks ended 2 January 2022 £000
Restaurant income	405,609	308,481
Merchandising income	9,728	10,035
Wholesale income	4,779	3,167
Franchise income	1,941	1,224
	422,057	322,907

During the period, £364,726,000 of restaurant income and £410,000 of franchise income was derived from the UK & Ireland and £40,883,000 and £1,531,000 respectively from international geographies. All merchandising and wholesale income was derived from the UK & Ireland.

Revenue recognised in relation to gift cards that were purchased in prior periods and included in the contract liability balance at the beginning of the period was £1,312,000 (52-week period ending 2 January 2022: £2,954,000).

4. Segmental reporting

As outlined in the Group's accounting policy, the Group has two reportable segments, being the UK & Ireland and International.

	52-weeks ended 1 January 2023 £000	52-weeks ended 2 January 2022 £000
Revenue		
UK & Ireland	379,644	279,630
International	42,413	43,277
	422,057	322,907
Operating profit		
UK & Ireland	40,519	47,384
International	58	5,934
	40,577	53,318
Depreciation and amortisation		
UK & Ireland	(33,193)	(31,987)
International	(9,701)	(10,355)
	(42,894)	(42,342)
Exceptional items		
UK & Ireland	(1,183)	(1,567)
International	(813)	5,191
	(1,996)	3,624

5. Exceptional items

	52-weeks ended 1 January 2023 £000	52-weeks ended 2 January 2022 £000
Net reversal of impairment of property, plant and equipment (note 11)	(52)	(2,556)
Net reversal of impairment of right-of-use assets (note 16)	(2,486)	(844)
Impairment of amounts owed by parent company	(273)	-
One off professional fees	720	-
Restructuring and CVA related costs	4,087	787
Provision for claim settlement (note 18)	-	(1,011)
	1,996	(3,624)

CVA and restructuring related costs in the prior period relate to the landlord Company Voluntary Arrangement (CVA) which was formally launched by the Company on 18 August 2020 and approved by the requisite majority of unsecured creditors of the Company on 4 September 2020. These include legal and advisory costs as well as payroll, redundancy and related costs incurred as part of the CVA. Costs in the current period relate to advisory costs for the CVA exit as well as both the financial restructuring and an internal organisational restructuring. The one off professional fees relate to a legal claim being made by the Company.

6. Operating profit

Operating loss from continuing operations has been arrived at after charging/(crediting):

	52-weeks ended 1 January 2023 £000	52-weeks ended 2 January 2022 £000
Rent - operating leases	984	(3,964)
Rental income	(163)	(204)
Depreciation of property, plant and equipment (note 11)	17,631	18,649
Depreciation of right-of-use assets (note 16)	23,859	22,307
Loss on disposal of property, plant and equipment	546	607
Amortisation of intangible assets (note 10)	1,404	1,386
Increase/(decrease) in provisions	237	(1,681)
Exchange differences	(65)	44
Inventories recognised as an expense	69,282	47,652
Remeasurement of lease liabilities (note 16)	(1,293)	(1,080)
Impairment of amounts owed by parent company	(273)	-
Net reversal of impairment of right-of-use assets (note 16)	(2,486)	(844)
Net reversal of impairment of property, plant and equipment (note 11)	(52)	(2,556)

The UK Government provided further rates relief during the current period having a savings impact of £642,000 (52-week period ended 2 January 2022: £1,767,000).

During the period the Group incurred costs relating to services provided by the Group's auditors:

	52-weeks ended 1 January 2023 £000	52-weeks ended 2 January 2022 £000
- Audit of Group and parent company	229	169
- Audit of subsidiary companies	540	399
- Other assurance services	-	235
- Non-audit services	4	11
	773	814

7. Finance income and finance costs

Finance income	**52-weeks ended 1 January 2023 £000**	**52-weeks ended 2 January 2022 £000**
Other interest income	2,143	66

Finance costs	**52-weeks ended 1 January 2023 £000**	**52-weeks ended 2 January 2022 £000**
Interest on loan notes	22,500	49,969
Amortisation of loan issue costs	1,160	9,126
Other interest costs	402	217
Interest on lease liabilities (note 16)	11,819	11,489
	35,881	70,801

In the prior period £18,726,000 of make whole premium and loan commitment fees and £7,675,000 of loan issue costs were expensed to the statement of comprehensive income as a result of the redemption of the New Money Facility (A) and Super Senior Term Facility that occurred in the prior period. The make whole premium was included above within interest on loan notes and the loan commitment fee was included above within amortisation of loan issue costs. In the current period these were £nil respectively.

Also included in interest on loan notes in the prior period is the write off of £2,987,000 of unamortised issue discount on previous financing that was expensed to the statement of comprehensive income in the prior period. In the current period this was £nil.

Included within amortisation of loan issue costs above is the write off of £7,675,000 of unamortised issue costs on previous financing that was expensed to the statement of comprehensive income in the prior period. In the current period this was £nil.

8. Staff costs

The aggregate remuneration for the employees of the Group comprised:

	52-weeks ended 1 January 2023 £000	**52-weeks ended 2 January 2022 £000**
Wages and salaries	154,335	133,838
Social security costs	10,173	7,927
Other pension costs	2,944	2,676
Government grants	(1,850)	(21,274)
	165,602	123,167

Refer to note 2 for details of the Group's accounting policy for government grants.

9. Tax on profit/(loss)

	52-weeks ended 1 January 2023	52-weeks ended 2 January 2022
	£000	£000
Corporation tax		
Current tax on losses for the period	761	625
Adjustments in respect of previous periods	(249)	5
Taxation charge for the period	**512**	**630**
Deferred tax		
Origination and reversal of timing differences	(460)	22,726
Adjustments in respect of previous periods	(2,928)	8,235
Taxation (credit)/charge for the period	**(3,388)**	**30,961**
Total taxation (credit)/charge for the period	**(2,876)**	**31,591**

The tax assessed for the period is lower (period ended 2 January 2022: higher) than the standard rate of corporation tax in the United Kingdom of 19.0% (period ended 2 January 2022: 19.0%). The company is liable to Jersey income tax at the 0% rate. The differences are reconciled below:

	52-weeks ended 1 January 2023	52-weeks ended 2 January 2022
	£000	£000
Profit/(Loss) before taxation	6,839	(17,350)
	6,839	(17,350)
Profit/(loss) from continuing operations multiplied by standard rate of corporation tax in the UK of 19.0% (period ended 2 January 2022: 19.0%)	1,299	(3,297)
Effects of:		
Expenses not deductible for tax purposes	-	1,932
Income not taxable	(699)	-
Effect of overseas tax at lower rate	(815)	(241)
Tax losses for which no deferred tax recognised	605	485
Change in UK tax rate	(89)	24,472
Adjustments in respect of previous periods	(3,177)	8,240
Total taxation (credit)/charge for the period	**(2,876)**	**31,591**

Factors that may affect future tax charges
The budget of 3 March 2021 announced further changes to UK corporation tax rates with effect from 1 April 2023, with the rate increasing to 25%. Finance Bill 2021 was substantively enacted on 24th May 2021.The impact of the increase in rate from 19% to 25% was disclosed within the 52 week period ended 2 January 2022 financial statements. We continue to recognise deferred tax at the substantively enacted rate of 25% within these financial statements and any rate changes disclosures are in relation to the differences in tax rates between the current period tax rate at 19% and deferred tax rate at 25%.

10. Intangible assets

2 January 2022

	Assets under construction £000	Goodwill £000	Trademarks £000	Computer software £000	Brand £000	Total £000
Cost						
As at 4 January 2021	241	379,233	1,081	7,162	515,000	902,717
Additions	1,017	-	68	119	-	1,204
Disposals	-	-	-	(2,569)	-	(2,569)
Transfers	(1,218)	-	-	1,213	-	(5)
Foreign exchange	-	-	1	(4)	-	(3)
As at 2 January 2022	**40**	**379,233**	**1,150**	**5,921**	**515,000**	**901,344**
Accumulated amortisation						
As at 4 January 2021	-	(371,459)	(380)	(4,468)	(51,441)	(427,748)
Charge for the period	-	-	(118)	(1,268)	-	(1,386)
Disposals	-	-	-	2,561	-	2,561
Foreign exchange	-	-	(1)	4	-	3
As at 2 January 2022	**-**	**(371,459)**	**(499)**	**(3,171)**	**(51,441)**	**(426,570)**
Net book value						
As at 2 January 2022	**40**	**7,774**	**651**	**2,750**	**463,559**	**474,774**
As at 3 January 2021	241	7,774	701	2,694	463,559	474,969

10. Intangible assets (continued)

1 January 2023

	Assets under construction £000	Goodwill £000	Trademarks £000	Computer software £000	Brand £000	Total £000
Cost						
As at 3 January 2022	40	379,233	1,150	5,921	515,000	901,344
Additions	1,771	-	100	3	-	1,874
Disposals	-	-	-	(36)	-	(36)
Transfers	(1,733)	-	-	1,733	-	-
Foreign exchange	-	-	21	14	-	35
As at 1 January 2023	**78**	**379,233**	**1,271**	**7,635**	**515,000**	**903,217**
Accumulated amortisation						
As at 3 January 2022	-	(371,459)	(499)	(3,171)	(51,441)	(426,570)
Charge for the period	-	-	(127)	(1,277)	-	(1,404)
Disposals	-	-	-	36	-	36
Foreign exchange	-	-	(21)	(8)	-	(29)
As at 1 January 2023	**-**	**(371,459)**	**(647)**	**(4,420)**	**(51,441)**	**(427,967)**
Net book value						
As at 1 January 2023	**78**	**7,774**	**624**	**3,215**	**463,559**	**475,250**
As at 2 January 2022	40	7,774	651	2,750	463,559	474,774

10. Intangible assets (continued)

Intangible assets amortisation is recorded in administrative expenses in the statement of comprehensive income.

Goodwill and Brand
The goodwill and brand balance have been allocated to the following cash generating units as at 1 January 2023 and 2 January 2022:

1 January 2023

	UK & Ireland	Hong Kong	UAE	Total
	£000	£000	£000	£000
Brand	463,559	-	-	463,559
Goodwill	-	6,118	1,656	7,774
	463,559	**6,118**	**1,656**	**471,333**

2 January 2022

	UK & Ireland	Hong Kong	UAE	Total
	£000	£000	£000	£000
Brand	463,559	-	-	463,559
Goodwill	-	6,118	1,656	7,774
	463,559	**6,118**	**1,656**	**471,333**

The goodwill recognised in relation to UK & Ireland relates to the acquisition of the ordinary share capital of PizzaExpress Operations Limited (formerly Gondola Investments Limited), PizzaExpress (Franchises) Limited and PizzaExpress Greater China Limited. The goodwill recognised in relation to Hong Kong relates to PizzaExpress (Hong Kong) Limited and its subsidiaries. The goodwill recognised in relation to UAE relates to the acquisition of Jordana Restaurants LLC. Each of these acquisition groups are considered to be a group of cash generating units and represent the lowest level at which management monitors goodwill.

The brand recognised as an intangible asset at 1 January 2023 relates to the PizzaExpress brand. The PizzaExpress brand is considered to have an indefinite life due to the history, profit and market position of the trade name. The Group continues to reinvest and support the PizzaExpress brand, with a rolling refurbishment programme which focuses on re-energising the core estate. The refurbishment programme emphasises PizzaExpress heritage whilst ensuring relevance and appeal in the current market and a further 38 sites underwent refurbishment during the period. The Group also continued to invest in the brand with the development of a customer loyalty scheme and app which was launched towards the end of the prior period.

Each goodwill and brand value is tested annually for impairment by reference to value in use or fair value less costs to sell. Value in use is calculated using Board approved budgets covering a four year period. After this four year period the cash flows are continued into perpetuity using a long-term growth rate specific to the geography. The key assumptions are discount rate, long term growth rate and forecast cash flows (including number of new site openings, existing site growth, cost increases and capital expenditure, including planned refurbishment programmes). Long term growth rates are based on external research demonstrating expected long term growth for each of the markets to which the goodwill and brand relates.

10. Intangible assets (continued)

The following table sets out the key assumptions used for the value in use calculations.

	UK & Ireland	Hong Kong	UAE
52-week period ended 1 January 2023			
Model	Value in use	Value in use	Value in use
Pre-/post-tax discount rate	Pre	Pre	Pre
Discount rate	14.0%	14.0%	14.0%
Long term growth rate	2.5%	7.7%	6.8%
52-week period ended 2 January 2022			
Model	Value in use	Value in use	Value in use
Pre-/post-tax discount rate	Pre	Pre	Pre
Discount rate	12.0%	13.0%	13.0%
Long term growth rate	2.2%	2.5%	2.3%

Intangible impairment
During the period, a total impairment charge of £nil (period ended 2 January 2022: £nil) was recognised relating to goodwill and brand in order to bring the carrying value of the UK & Ireland indefinite life intangible assets to their recoverable amount. The impairment charge was recognised within administrative expenses in the statement of comprehensive income. Impairment on goodwill cannot be reversed in subsequent years.

The goodwill and brand were impaired in the earlier years and the impairment of goodwill cannot be reversed in subsequent years. Management have performed a sensitivity analysis on the value in use calculation to test the key assumptions such as discount rate, long term growth rate and cash flow forecasts. This analysis has shown that a 1% increase in discount rate results in a £6.8 million potential impairment charge in UK&I whereas a 1% decline in long-term growth rate would not result in an impairment charge being recognised in any of the CGU's.

Management have also prepared a downside scenario for UK&I which considers possible adverse impacts compared to the budget, including a reduction in sales volumes and increased costs. In this scenario, profit in 2023 would be approximately 19% lower than forecast. This results in a £23.3 million potential impairment charge.

11. Property, plant and equipment

52-week period ended 2 January 2022	Assets under construction £000	Short leasehold £000	Furniture and fittings £000	Equipment £000	Total £000
Cost					
As at 4 January 2021	707	135,035	77,872	19,888	233,502
Additions	3,392	378	3,616	1,051	8,437
Disposals	(86)	(15,804)	(5,074)	(10,462)	(31,426)
Transfers	(2,095)	752	1,325	23	5
Foreign exchange	(1)	(903)	(276)	(144)	(1,324)
As at 2 January 2022	**1,917**	**119,458**	**77,463**	**10,356**	**209,194**
Accumulated depreciation and impairment					
As at 4 January 2021	-	(54,193)	(35,446)	(12,523)	(102,162)
Charge for the period	-	(8,051)	(7,704)	(2,894)	(18,649)
Disposals	-	15,753	5,126	10,201	31,080
Reversal of impairment/(charge)	-	4,585	(1,997)	(32)	2,556
Foreign exchange	-	585	111	125	821
As at 2 January 2022	**-**	**(41,321)**	**(39,910)**	**(5,123)**	**(86,354)**
Net book value					
As at 2 January 2022	**1,917**	**78,137**	**37,553**	**5,233**	**122,840**
As at 3 January 2021	707	80,842	42,426	7,365	131,340

11. Property, plant and equipment (continued)

1 January 2023	**Assets under construction £000**	**Short leasehold £000**	**Furniture and fittings £000**	**Equipment £000**	**Total £000**
Cost					
As at 3 January 2022	1,917	119,458	77,463	10,356	209,194
Additions	13,030	1,074	3,707	2,193	20,004
Disposals	-	(7,955)	(5,799)	(4,539)	(18,293)
Transfers	(11,167)	3,590	7,059	518	-
Foreign exchange	(3)	2,225	1,511	925	4,658
As at 1 January 2023	**3,777**	**118,392**	**83,941**	**9,453**	**215,563**
Accumulated depreciation and impairment					
As at 3 January 2022	-	(41,321)	(39,910)	(5,123)	(86,354)
Charge for the period	-	(7,267)	(7,786)	(2,578)	(17,631)
Disposals	-	8,260	5,176	4,365	17,801
Impairment reversal/(charge)	-	60	(8)	-	52
Transfers	-	17	(4)	(13)	-
Foreign exchange	-	(1,786)	(1,287)	(837)	(3,910)
As at 1 January 2023	**-**	**(42,037)**	**(43,819)**	**(4,186)**	**(90,042)**
Net book value					
As at 1 January 2023	**3,777**	**76,355**	**40,122**	**5,267**	**125,521**
As at 2 January 2022	1,917	78,137	37,553	5,233	122,840

Transfers relate to movements out of the assets under construction category to other property, plant and equipment categories and to intangibles.

Refer to note 25 for details of guarantees provided over the assets held by the Group.

For the purposes of tangible asset impairment reviews, the Group considers each trading outlet to be a cash generating unit (CGU) and each CGU is reviewed annually for indicators of impairment of tangible assets. In assessing whether an asset has been impaired, the carrying value of the CGU is compared to its recoverable amount. The recoverable amount is the higher of its fair value and its value in use.

The reversal of impairment relates to assets held at CGUs where value in use exceeds the carrying value of the assets of the CGU. Where the value in use exceeds the carrying value, a reversal of impairment is recognised only when an impairment charge has previously been recognised. The release of impairment charges has arisen as a result of a better than expected recovery post pandemic and evidence that the performance of the CGU has been/will be better than what was considered in prior period discounted cash flows.

For the 52 week period ended 1 January 2023, the Group's net reversal of impairment, comprised a charge of £5,977,000 for assets held at some CGUs in UK & Ireland and £58,000 in International, and a reversal of impairment of £6,087,000 for assets held at some CGUs in UK & Ireland.

11. Property, plant and equipment (continued)

The Group estimates value in use using a discounted cash flow model. Future cash flows are based on assumptions from the board approved business plans. Cash flows are limited to the expected life of the individual restaurant lease. The key assumptions and impairment reversal/(charges) are shown below by segment.

	UK & Ireland	International
52-week period ended 1 January 2023		
Discount rate	12.0%	12.0%
Long term growth rate	2.5%	Hong Kong 7.7%/ UAE 6.8%
Reversal of impairment/(Impairment charge) on property, plant and equipment (£000)	110	(58)
Reversal of impairment/(Impairment charge) on right-of-use assets (£000)	3,031	(545)
52-week period ended 2 January 2022		
Discount rate (as restated)	11.0%	12.0%
Long term growth rate	2.2%	Hong Kong 2.5%/ UAE 2.3%
Reversal of impairment/(Impairment charge) on property, plant and equipment (£000)	2,704	(148)
Reversal of impairment/(Impairment charge) on right-of-use assets (£000)	1,275	(431)

The discount rate in the comparative period has been restated however this is a disclosure change only and has no further impact on the rest of the financial statements.

A sensitivity analysis has been performed on the value in use calculation by adjusting the key assumptions. This analysis has shown that neither a 1% increase in discount rate nor a 1% decline in long-term growth rates would result in a material change in the impairment charge that has been recognised. Sensitivity has also been performed on total cash flows, showing that a 5% decline in annual cash flows in each year compared to the Board-approved budgets would also not result in a material change in the impairment charge/reversal.

12. Trade and other receivables

	1 January 2023 £000	2 January 2022 £000
Amounts falling after more than one year		
Non-current rental deposits	2,644	2,372
Other receivables	397	373
	3,041	2,745

	1 January 2023 £000	2 January 2022 £000
Amounts falling due within one year		
Trade receivables	4,429	4,323
Prepayments	5,573	5,599
Contract assets	2,662	2,256
Amounts owed by parent company	250	-
Taxation and social security	-	17
Other receivables	9,898	8,125
	22,812	20,320

At 1 January 2023 there was a provision of £nil (2 January 2022: £nil) held in relation to trade receivables.

The fair values of the financial instruments included within trade and other receivables falling due within one year is not considered to be materially different from their carrying value due to their short-term nature. For non-current trade and other receivables, fair value is also not considered to be materiality different from carrying value.

13. Inventories

	1 January 2023 £000	2 January 2022 £000
Food and drink	3,797	3,534
Equipment and other	262	82
	4,059	3,616

Equipment and other relates to raw material held in the production of dough.

14. Cash and cash equivalents

	1 January 2023 £000	2 January 2022 £000
Cash at bank and in hand	74,287	70,057

Included in cash and cash equivalents is £5,977,000 (2 January 2022: £4,320,000) relating to credit and debit card receipts for sales made immediately prior to the period end that had not yet cleared into the Group's bank account but cleared post period end. Included in cash and cash equivalents is £550,000 (2 January 2022: £550,000) of restricted cash in relation to insurance letters of credit.

15. Trade and other payables falling due within one year

	1 January 2023 £000	2 January 2022 £000
Amounts falling due within one year		
Trade payables	16,486	12,063
Accruals	33,862	41,201
Deferred income	8,022	2,986
Other payables	12,996	10,313
Amounts owed to parent company	-	960
Taxation and social security	16,399	11,037
	87,765	78,560

The fair values of the financial instruments included within trade and other payables is not considered to be materially different from their carrying value due to their short-term nature.

Included in deferred income was £2,280,000 (2 January 2022: £2,797,000) relating to gift card contract liabilities. Also included within deferred income was £5,155,000 (2 January 2022: £nil) relating to the new customer loyalty scheme launched in December 2021.

Other payables principally relate to wages and related items payable to employees.

16. Lease arrangements

The Group as lessee

The Group leases restaurants, offices and warehouses, as well as a small number of non-property assets. The lease terms vary depending on geographical location but are typically between 15 and 25 years in the United Kingdom and between three and five years internationally. Leases are either non-cancellable or may contain a break clause allowing the lease to be cancelled.

This note provides information for leases where the Group is a lessee.

Right-of-use assets

Depreciation, additions and other changes in the right-of-use asset are broken down by asset class as follows:

52-week period ended 2 January 2022	**Property £000**	**Non-property £000**	**Total £000**
Cost			
As at 4 January 2021 (as restated*)	298,771	493	299,264
Additions	4,384	45	4,429
Disposals	(10,746)	(26)	(10,772)
Modifications / remeasurements	14,118	27	14,145
Foreign exchange	(1,430)	1	(1,429)
At 2 January 2022 (as restated*)	**305,097**	**540**	**305,637**
Accumulated depreciation			
As at 4 January 2021 (as restated*)	(163,634)	(163)	(163,797)
Charge for the period	(22,139)	(168)	(22,307)
Reversal of impairment in the period	844	-	844
Disposals	10,743	26	10,769
Foreign exchange	466	-	466
At 2 January 2022 (as restated*)	**(173,720)**	**(305)**	**(174,025)**
Net book value			
At 2 January 2022	**131,377**	**235**	**131,612**
At 3 January 2021	135,137	330	135,467

*Right-of-use assets cost as at 4 January 2021 has increased by £10,838,000 and accumulated depreciation as at 4 January 2021 has decreased by the same amount, this restatement is due to the reclassification of brought forward property impairment from cost to accumulated depreciation. There is no impact on net book value.

16. Lease arrangements (continued)

52-week period ended 1 January 2023	**Property £000**	**Non-property £000**	**Total £000**
Cost			
As at 3 January 2022 (as restated*)	305,097	540	305,637
Additions	3,896	-	3,896
Disposals	(6,500)	(37)	(6,537)
Modifications / remeasurements	23,646	40	23,686
Foreign exchange	6,056	5	6,061
At 1 January 2023	**332,195**	**548**	**332,743**
Accumulated depreciation			
As at 3 January 2022 (as restated*)	(173,720)	(305)	(174,025)
Charge for the period	(23,694)	(165)	(23,859)
Reversal of impairment in the period	2,486	-	2,486
Disposals	6,497	37	6,534
Foreign exchange	(3,978)	(3)	(3,981)
At 1 January 2023	**(192,409)**	**(436)**	**(192,845)**
Net book value			
At 1 January 2023	**139,786**	**112**	**139,898**
At 2 January 2022	131,377	235	131,612

*Right-of-use assets cost as at 3 January 2022 has increased by £9,994,000 and accumulated depreciation as at 3 January 2022 has decreased by the same amount, this restatement is due to the reclassification of brought forward property impairment from cost to accumulated depreciation. There is no impact on net book value.

The reversal of impairment (52-week period ended 2 January 2022: reversal of impairment) relates to right of use assets held at a small number of CGUs where value in use is exceeded by the carrying value of the assets of the CGU. Where the value in use exceeds the carrying value, a reversal of impairment is recognised only when an impairment charge has previously been recognised. The release of impairment charges has arisen as a result of a better than expected recovery from the COVID-19 pandemic and evidence that the performance of the CGU has been/will be better than what was considered in prior period discounted cash flows.

The key assumptions and impairment reversal by segment are shown in note 12. For the 52 week period ended 1 January 2023, the Group's net reversal of impairment, comprised a charge of £2,693,000 for right of use assets held at some CGUs in UK & Ireland and £546,000 in International, and a reversal of impairment of £5,725,000 for right of use assets held at some CGUs in UK & Ireland.

The Group estimates value in use using a discounted cash flow model. Future cash flows are based on assumptions from the business plans, increased over the term of the individual restaurant lease using a long term growth rate applicable for the geography. Cash flows are limited to the expected life of the individual restaurant.

16. Lease arrangements (continued)

Lease liabilities
A breakdown of lease liabilities by maturities is shown in the following tables:

	1 January 2023	2 January 2022
	£000	£000
Not later than 1 year	31,833	33,048
Later than one year but not later than five years	99,887	93,107
Later than five years	136,216	128,932
Total undiscounted lease liabilities	267,936	255,087
Impact of discounting	(86,082)	(76,685)
Total discounted lease liabilities	181,854	178,402
Non-current	162,831	155,744
Current	19,023	22,658
Lease liabilities included in the statement of financial position	181,854	178,402

The lease liabilities were discounted at a derived incremental borrowing rate which is determined on a quarterly basis. The weighted average discount rate was 9.2% (as at 2 January 2022: 7.5%). The Group has opted to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

Leasing items in the consolidated statement of comprehensive income

	52-weeks ended 1 January 2023	52-weeks ended 2 January 2022
	£000	£000
Depreciation (included in administrative expenses)	23,859	22,307
Interest expenses (included in finance charges)	11,819	11,489
Rent refunds due to COVID trading restriction (included in administrative expenses)	-	(4,533)
Variable lease payments (included in administrative expenses)	541	569
Payments for leases of low-value assets (included in administrative expenses)	613	537
Income from subleasing right-of-use assets (included in administrative expenses)	(163)	(204)
Reversal of impairment in the period (included in administrative expenses)	(2,486)	(844)
Remeasurement of lease liabilities (included in administrative expenses)	(1,293)	(1,080)
	32,890	**28,241**

16. Lease arrangements (continued)

Leasing items in the consolidated cash flow statement

	52-weeks ended 1 January 2023	52-weeks ended 2 January 2022
	£000	£000
Variable lease payments and payments for leases of low-value assets	1,154	1,106
Interest expenses	11,873	12,769
Repayment of lease liabilities	25,511	28,193
Total cash outflow	**38,538**	**42,068**

Lease payments not recognised as a liability

Variable lease payments
Some leases provide for additional rent payments that are based on sales that the Group makes at the leased site in the period. These terms are common in the countries where the Group operates.

The estimated annual impact of a 1% increase in sales would not have a significant impact on variable rent payments made by the Group.

Leases not yet commenced to which the group is committed
At 1 January 2023, the Company had committed to one lease (period ended 2 January 2022: nil) which had not yet commenced. The total estimated future cash outflow is £3,355,000 (period ended 2 January 2022: £nil).

The Group as lessor
The Group has a small number of leases where it acts as the lessor. The total future value of the Group's minimum lease receipts under non-cancellable operating leases expiring in the following periods were:

	1 January 2023	2 January 2022
	£000	£000
Lessor		
Not later than one year	60	54
Later than one year and no later than five years	97	116
Later than five years	79	45
	236	215

17. Loans and borrowings

	1 January 2023	2 January 2022
	£000	**£000**
Non-current		
July 2026 Notes	330,081	328,920
	330,081	328,920

During the prior period, a refinancing transaction was completed which impacted the Group's external borrowings.

The Group's loan facilities as at 1 January 2023 comprise:

Super Senior RCF

During the prior period the Group has acquired a Revolving Credit Facility of £30,000,000 (2 January 2022: £30,000,000) available until January 2026. The RCF remains undrawn as at 1 January 2023.

July 2026 Notes

On 16 July 2021, £335,000,000 of July 2026 Notes were issued. These Notes carry a fixed interest rate of 6.75% per annum and are due for repayment at the maturity date in July 2026. Interest is paid in arrears every six months. The funds from this refinancing were used to repay all outstanding debt of the Group at the time.

Debt issue costs of £6,594,000 (52-week period ended 2 January 2022: £6,594,000) have been capitalised and offset against the principal balance. The issue costs are being amortised over the term to maturity and unamortised issue costs amounted to £4,919,000 (52-week period ended 2 January 2022: £6,080,000).

17. Loans and borrowings (continued)
Net debt

The following schedule sets out the movements in net debt for each of the periods presented:

	New Senior Secured Notes £000	New Money Facility (A) £000	Super Senior Term Facility £000	July 2026 Notes £000	Lease liabilities £000	Subtotal: Liabilities from financing activities £000	Cash and cash equivalents £000	Total £000
Balance at 3 January 2021	**203,167**	**40,993**	**66,999**	**-**	**192,457**	**503,616**	**(59,758)**	**443,858**
Cash flows	(222,576)	(60,043)	(73,205)	335,000	(40,963)	(61,787)	(10,368)	**(72,155)**
Issue costs	-	-	-	(6,594)	-	(6,594)	-	**(6,594)**
Release of capitalised debt issue costs and discount	-	9,054	2,999	514	-	12,567	-	**12,567**
Accrued interest	19,409	9,996	3,207	-	11,489	44,101	-	**44,101**
Additions and remeasurements of lease liabilities	-	-	-	-	17,079	17,079	-	**17,079**
Foreign exchange	-	-	-	-	(1,660)	(1,660)	69	**(1,591)**
Balance at 2 January 2022	**-**	**-**	**-**	**328,920**	**178,402**	**507,322**	**(70,057)**	**437,265**
Cash flows	-	-	-	-	(37,384)	(37,384)	(3,546)	**(40,930)**
Release of capitalised debt issue costs and discount	-	-	-	1,161	-	1,161	-	**1,161**
Interest charged	-	-	-	22,500	-	22,500	-	**22,500**
Interest paid	-	-	-	(22,500)	-	(22,500)	-	**(22,500)**
Accrued interest	-	-	-	-	11,819	11,819	-	**11,819**
Additions and remeasurements of lease liabilities	-	-	-	-	26,442	26,442	-	**26,442**
Foreign exchange	-	-	-	-	2,575	2,575	(684)	**1,891**
Balance at 1 January 2023	**-**	**-**	**-**	**330,081**	**181,854**	**511,935**	**(74,287)**	**437,648**

18. Provisions for liabilities

	Property £000	Claim settlement £000	Total £000
Balance at 3 January 2021	3,277	3,000	6,277
Charged during the period	(670)	(1,011)	(1,681)
Utilised during the period	(1,063)	(1,989)	(3,052)
Foreign exchange movement	(4)	-	(4)
Balance at 2 January 2022	**1,540**	**-**	**1,540**
Credited during the period	237	-	237
Utilised during the period	(209)	-	(209)
Foreign exchange movement	83	-	83
Balance at 1 January 2023	**1,651**	**-**	**1,651**

Provisions for property relate to provisions for dilapidations and claim settlements. These provisions represent an estimate of dilapidations payable on leases held by the Group. The amount utilised during the prior financial period relates to settled dilapidation claims on sites the Company exited as part of the Company Voluntary Arrangement (CVA) in the prior period.

In the prior period the £3,000,000 provision for claim settlement was in relation to the estimated settlement of an ongoing review by HMRC. This claim was settled in full during the prior period and the £1,011,000 excess provision was released to the statement of comprehensive income.

All provisions are expected to be utilised within the next one to five years.

19. Deferred tax

	Capital allowances £000	Fair value of brand £000	Unused tax losses £000	Other timing differences £000	Total £000
At 4 January 2021	(2,108)	(88,077)	20,678	(1,254)	(70,761)
Credited/(debited) to the statement of comprehensive income	3,236	-	(10,324)	599	(6,489)
Impact of changes in UK tax rate	287	(27,814)	3,265	(210)	(24,472)
Foreign exchange movement	(36)	-	-	-	(36)
At 2 January 2022	**1,379**	**(115,891)**	**13,619**	**(865)**	**(101,758)**
Credited/(debited) to the statement of comprehensive income	5,051	-	(2,439)	687	3,299
Impact of changes in UK tax rate	75	-	(192)	206	89
Foreign exchange movement	78	-	-	-	78
At 1 January 2023	6,583	(115,891)	10,988	28	(98,292)
At 1 January 2023 recognised in:					
Deferred tax asset	6,583	-	10,988	28	17,599
Deferred tax liability	-	(115,891)	-	-	(115,891)
	6,583	(115,891)	10,988	28	(98,292)
At 2 January 2022 recognised in:					
Deferred tax asset	1,379	-	13,619	193	15,191
Deferred tax liability	-	(115,891)	-	(1,058)	(116,949)
	1,379	(115,891)	13,619	(865)	(101,758)

The Group expects to realise the deferred tax asset and liability after more than 12 months.

The Group has an unrecognised deferred tax asset of £2,610,000 (2 January 2022: £1,772,000) relating to unused tax losses in overseas subsidiaries. The asset has not been recognised as it is not probable that the losses will be utilised in the foreseeable future.

20. Financial risk management

The main financial risks associated with the Group have been identified as liquidity risk, interest rate risk, foreign exchange risk and credit risk. The Directors are responsible for managing these risks and the policies adopted are set out below.

Liquidity risk

The Group finances its operations through a mixture of equity (Company share capital, reserves and retained earnings) and debt. The Group manages its liquidity risk by monitoring its existing facilities for funding headroom against forecast requirements based on short term and long term cash flow forecasts. The Group has a Revolving Credit Facility of £30,000,000, available to be drawn at the Group's option until January 2026, which can provide further liquidity.

20. Financial risk management (continued)

Maturity analysis

The following table sets out the contractual undiscounted maturities including estimated cash flows of the financial liabilities of the Group at 2 January 2022 and 1 January 2023:

	Less than 1 year £000	1 to 2 years £000	2 to 5 years £000	Over 5 years £000	Total £000
1 January 2023					
Loans and borrowings	-	-	335,000	-	335,000
Lease liabilities	31,833	29,219	70,668	136,216	267,936
Trade and other payables	58,438	670	1,464	-	60,572
	90,271	**29,889**	**407,132**	**136,216**	**663,508**
Future interest payments*	12,125	22,613	45,226	-	79,964
2 January 2022					
Loans and borrowings	-	-	335,000	-	335,000
Lease liabilities	33,048	25,337	67,770	128,932	255,087
Trade and other payables	59,702	521	1,343	-	61,566
	92,750	**25,858**	**404,113**	**128,932**	**651,653**
Future interest payments*	12,075	22,613	67,839	-	102,527

*Future interest is contractual payments on loans and borrowings which relates to future periods and therefore not accrued at the end of the financial period

The £335,000,000 (as at 2 January 2022: £335,000,000) of loans and borrowings are due for repayment as follows:

	1 January 2023 £000	2 January 2022 £000
July 2026	335,000	335,000
	335,000	**335,000**

20. Financial risk management (continued)

Interest rate risk

Interest rate risk reflects the Group's exposure to fluctuations in interest rates in the market. All the financial liabilities of the Group are either non-interest bearing or charged at a fixed rate of interest.

The following table sets out the interest rate risk associated with the Group's financial liabilities at 1 January 2023 and 2 January 2022:

	Fixed rate £000	Floating rate £000	Non-interest bearing £000	Total £000
1 January 2023				
Loans and borrowings	335,000	-	-	335,000
Lease liabilities	-	-	181,854	181,854
Trade and other payables	-	-	60,572	60,572
	335,000	**-**	**242,426**	**577,426**
2 January 2022				
Loans and borrowings	335,000	-	-	335,000
Lease liabilities	-	-	178,402	178,402
Trade and other payables	-	-	61,566	61,566
	335,000	**-**	**239,968**	**574,968**

The financial assets of the Group amounting to £94,191,000 (as at 2 January 2022: £87,298,000) include cash and cash equivalents amounting to £74,287,000 (as at 2 January 2022: £70,057,000) which are interest bearing. All other financial assets are non-interest bearing. A reasonable change in interest rate will not have a material impact

Prior to them being repaid in July 2021, interest on some loans and borrowings carried the option to be deferred at the election of the Group (see Loans and borrowings note 18). In this instance, there was an interest premium of 1.5% which was recognised in the Statement of Comprehensive Income in the period to which the election relates. The loans issued in July 2021 do not carry such options and do not have an interest premium.

At present the Group does not manage its interest rate risk through interest rate swap contracts or any other derivatives.

Foreign currency risk

The Group is exposed to changes in foreign currency rates. Foreign exchange risk arises from future commercial transactions as the Group purchases certain goods from European suppliers. This is partially mitigated at the Group level by a subsidiary company generating income in Euros. Additionally, where possible, foreign exchange rates with key suppliers are fixed.

The Group has subsidiaries whose functional currency is not sterling and is therefore exposed to translation risk in relation to these entities.

Where the Group expects to undertake a significant transaction in a foreign currency, foreign exchange forward contracts are utilised. The Group will continue to monitor its foreign currency risk and consider whether it is appropriate to develop a formal hedging strategy.

20. Financial risk management (continued)

Credit risk

The Group's credit risk predominantly arises from trade receivables and cash and cash equivalents.

Trade and other receivables comprise mainly rebates, franchise and royalty fees due as well as sales made through a third party. Credit risk is considered to be low based on historical experience.

Credit risk can arise on rental deposits held by landlords. Credit risk is considered to be low based on historical experience. Credit risk also arises on cash and cash equivalents held with banks.

An analysis of the ageing of trade receivables is given below:

	1 January 2023 £000	2 January 2022 £000
Current	2,582	3,332
0-30 days	864	495
30-60 days	695	98
More than 60 days	287	398
	4,428	4,323

As at 1 January 2023, trade or other receivables of £nil were impaired (as at 2 January 2022: £ nil).

Capital management

The Group's policies seek to protect returns to shareholders by ensuring the Group will continue to trade profitably in the foreseeable future. The Group also aims to optimise its capital structure of debt and equity so as to minimise its cost of capital. Group liquidity and debt are monitored closely through both short term and medium/long term cashflow forecasting, which are updated weekly and monthly respectively.

The capital of the Group is summarised as follows:

	1 January 2023 £000	2 January 2022 £000
Total borrowings	330,081	328,920
Less cash and cash equivalents	(74,287)	(70,057)
Net debt	255,794	258,863
Total equity	144,925	136,220
Total capital	400,719	395,083

21. Financial instruments

The following tables categorise the Group's financial assets and liabilities included in the consolidated statement of financial position:

	1 January 2023 £000	2 January 2022 £000
Financial assets		
Trade and other receivables	19,904	17,241
Cash and cash equivalents	74,287	70,057
	94,191	87,298
Financial liabilities		
Trade and other payables	60,572	61,566
Lease liabilities	181,854	178,402
Loans and borrowings	335,000	335,000
	577,426	574,968

Trade and other receivables as shown in note 12 includes £5,949,000 (2 January 2022: £5,846,000) of non-financial assets within prepayments, taxation and social security and other receivables.

Trade and other payables as shown in note 15 includes £28,845,000 (2 January 2022: £18,535,000) of non-financial liabilities within accruals, deferred income, other payables and taxation and social security.

The Group's financial instruments are all measured at amortised cost.

The July 2026 Notes were admitted to the International Stock Exchange upon issue in the period and therefore sit within level 1 of the fair value hierarchy. At 1 January 2023, the carrying value of financial instruments within the liability was £335,000,000 (2 January 2022: £335,000,000) and the equivalent market value was £267,511,000 (2 January 2022: £332,320,000).

Fair value estimation
The different levels of fair value have been defined as follows:

Level 1: Quoted prices (unadjusted) 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 (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

22. Pensions

The Group operates a defined contribution pension scheme and the pension costs charged to the statement of comprehensive income are the amounts paid by the Group to the scheme during the period.

The pension contribution recognised in the statement of comprehensive income during the period was £2,944,000 (52-week period ended 2 January 2022: £2,676,000). Contributions totalling £686,000 (as at 2 January 2022: £937,000) were outstanding at period end and are shown in other creditors.

23. Called up share capital and share premium

	1 January 2023		2 January 2022	
	No.	£000	No.	£000
Called up share capital				
6,300,000 (2 January 2022: 6,300,000) Ordinary 'A' shares of £nil each	6,300,000	-	6,300,000	-
108,000,000 (2 January 2022: 108,000,000) Preference shares of £nil each	108,000,000	-	108,000,000	-
	114,300,000	-	114,300,000	-

	1 January 2023	2 January 2022
	£000	£000
Share premium		
Share premium	288,601	288,601

Ordinary A shares have a par value of £nil (as at 2 January 2022: £nil) and each issued share entitles the holder to one vote.

Preference shares have a par value of £nil (as at 2 January 2022: £nil) and do not carry any voting rights. Preference shares carry a fixed, cumulative, preferential dividend at the rate of 12% per annum. This dividend accrues on a daily basis and compounds annually on 5 November of each year from the date of issue. The preference shares and cumulative dividend are redeemable only at the option of the Company.

24. Capital restructuring reserve

In the prior period, as part of the Restructuring Transaction, there were loans waived between the Group and the previous parent companies PizzaExpress parent and shareholder of the borrowers, and therefore these waivers were accounted for as a capital contribution in equity, with no gain or loss being recognised. A Capital Restructuring Reserve has been established to separately record these reserves, as they may not represent a realised or distributable profit.

Refer to note 17 for further details on Borrowings.

25. Contingent liabilities

Various subsidiaries in the Group are guarantors to the July 2026 Notes and Super Senior RCF. These guarantees are over all of the assets held by the following group companies: PizzaExpress Restaurants Limited, PizzaExpress Group Limited, PizzaExpress Financing 2 plc, Agenbite Limited, PizzaExpress Hong Kong Limited and PizzaExpress Merchandising Limited.

The amounts outstanding at the balance sheet date in relation to these notes were £340,568,000 (as at 2 January 2022: £339,458,000) for the July 2026 Notes and £nil (as at 2 January 2022: £nil) for the Super Senior RCF.

26. Related party transactions

Amounts paid to Key Management Personnel, including those members of Key Management Personnel that were also Directors during the period, totalled £3,087,000 (52-week period ended 2 January 2022: £1,719,000) and contributions to defined contribution pension schemes in relation to these individuals were £42,000 (as at 2 January 2022: £89,000). During the period compensation for loss of office was also paid to previous Directors totalling £1,198,000 (52-week period ended 2 January 2022: £1,479,000).

27. Parent and ultimate parent undertakings

The Directors consider that no ultimate beneficial owner can be identified, due to the Group's diverse shareholding. Wheel Bidco Limited, a private company registered in Jersey, is considered the ultimate parent of the Group.