



Mabel Mezzco Limited

**Quarter 4 and Full Year Report and Business Overview
as at and for the 12-week and 52-week periods
ended
April 26, 2015**

General information

Wagamama operates popular award winning pan-Asian inspired noodle restaurants based in the United Kingdom. In addition to our Company-operated restaurants across the United Kingdom and the United States, we have franchised restaurants operating in 14 countries around the world spread across Western Europe, Eastern Europe, the Middle East and New Zealand.

Wagamama offers fresh, pan-Asian cuisine in a friendly, vibrant setting. Our menu features a wide variety of noodle and rice dishes, as well as salads and side dishes, juices, hot drinks, wine, sake and Asian beers. Freshness and quality are two ingredients that we believe go into every dish. Many Wagamama signature dishes can be found in all of our restaurants across the globe and we also have local specialties that take advantage of regional produce and tastes.

Fourth Quarter and Full Year 2015 highlights

Financial highlights

- Turnover increased 12.0% to £45.9 million in the quarter with the continued expansion and 7.9% UK like for like sales growth.
- Full year turnover increased 17.9% to £193.3m, with continued expansion and 10.0% LFL sales growth in the UK.
- Outperformed the market in 51 out of 52 weeks over the year.
- Adjusted EBITDA up 10.0% in the quarter to £7.6 million from £6.9 million in the comparable prior year quarter with margin at 16.6%. Margin percentage impacted by 0.6 ppt due to increase in management incentive charges reflecting significant out-performance versus budget.
- Adjusted EBITDA for Full Year 2015 totals £30.3m, an increase of 19.8% on Full Year 2014.
- Full year adjusted EBITDA 15.8% up from 15.6% in Full Year 2014. Margin impacted by 0.6 ppt due to increase in management incentive charges relating to significant out-performance versus budget.
- Free cashflow continues to be strong at 109% of Adjusted EBITDA for the Full Year 2015.
- Net debt down to £121.3 million from £127.1 at Q3.

Operational highlights

- Flagship London restaurant under construction at Great Marlborough Street (W1) and two further sites under construction in Trowbridge and Glasgow Fort.
- Strong pipeline of restaurants to drive growth going forward.
- Smart Rotas and Kaizen launched well with positive indicators since launch.
- Purchasing savings achieved, including capex savings of £1m agreed at year end, with more to come.

Results of operations

Fourth Quarter 2015 compared with Fourth Quarter 2014

Turnover

Turnover increased 12.0% to £45.9 million in Q4 2015 from £41.0 million in Q4 2014. A geographic and business line analysis of our turnover follows:

| £ million | Q4 2015 | Q4 2014 | % change |
|---------------------|-------------|-------------|--------------|
| Company-operated UK | 44.4 | 39.4 | +12.9 |
| Company-operated US | 1.2 | 1.3 | -14.2 |
| Franchise | 0.3 | 0.3 | - |
| Total | 45.9 | 41.0 | +12.0 |

Company-operated restaurants

Turnover in our restaurant business in the United Kingdom increased 12.9% to £44.4 million in Q4 2015 from £39.4 million in Q4 2014. This was primarily due to the increase in the number of restaurants from 107 open at the end of Q4 2014 to 112 open at the end of Q4 2015 and a 7.9% like for like sales increase.

Turnover in our restaurant business in the United States was £1.2 million in Q4 2015 from £1.3 million in Q4 2014. Underlying US\$ turnover was \$1.9 million for Q4 2015 versus \$2.2m Q4 2014.

International franchised restaurants

Turnover from our international franchised restaurants business line was flat at £0.3 million in Q4 2015 from £0.3 million in Q4 2014.

Cost of sales

Margin before administrative expenses has improved from 44.7% in Q4 2014 to 44.8% in Q4 2015 due to customer price increases, purchasing benefits and improved staffing leverage. The growth in the estate and the like for like sales growth were the primary causes of cost of sales increasing 11.7% to £25.4 million in Q4 2015 from £22.7 million in Q4 2014.

Administrative expenses before exceptional items

Administrative expenses before exceptional items increased 6.8% to £17.4 million in Q4 2015 from £16.2 million in Q4 2014. This was primarily due to overhead costs and depreciation commensurate with the addition of new restaurants in addition to the increase in central overhead expenses, again reflecting the increase in estate size.

Exceptional administrative expense

Exceptional administrative expenses in Q4 2014 was £3.3 million due to costs in relation to changes in the senior executive team (£0.8m), costs arising from abortive sites (£0.3m), costs associated with the flooding of a restaurant (£0.6m), a review of impaired assets (£1.6m) and a franchise territory fee provision (£0.2m). Exceptional administrative expenses in Q4 2015 was £10.0 million and primarily represented impairment of £5.9m, onerous lease provision of £2.9m and loss on disposal of assets of £1.3m.

Net interest payable and similar charges

Net interest payable and similar charges decreased 30.5% to £3.0 million in Q4 2015 from £4.4 million in Q4 2014, as a result of the lower interest payments following the refinancing of higher interest rate debt.

Tax on loss on ordinary activities

Tax on loss on ordinary activities increased 44.4% to £0.8 million in Q4 2015 from £0.5 million in Q4 2014. This was primarily due to the ongoing improvement in UK profitability.

Full Year 2015 compared with Full Year 2014

Turnover

Turnover increased 17.9% to £193.3 million in Full Year 2015 from £164.0 million in Full Year 2014. A geographic and business line analysis of our turnover follows:

| £ million | Full Year 2015 | Full Year 2014 | % change |
|---------------------|----------------|----------------|-------------|
| Company-operated UK | 186.6 | 157.7 | 18.3 |
| Company-operated US | 5.2 | 4.8 | 8.3 |
| Franchise | 1.5 | 1.5 | 0.3 |
| Total | 193.3 | 164.0 | 17.9 |

Company-operated restaurants

Turnover in our restaurant business in the United Kingdom increased 18.3% to £186.6 million in Full Year 2015 from £157.7 million in Full Year 2014. This was primarily due to a cumulative like for like sales increase of 10.0% combined with six new openings (including the meadowhall replacement) increasing our estate size to 112 (107 at the end of Full Year 2014).

Turnover in our restaurant business in the United States increased 8.3% to £5.2 million in Full Year 2015 from £4.8 million in Full Year 2014. This was primarily due to the full year in 2015 effect from the opening of the fourth restaurant midway through Full Year 2014.

International franchised restaurants

Turnover from our international franchised remained flat in at £1.5 million in Full Year 2015 versus Full Year 2014.

Cost of sales

Margin before administrative expenses has improved from 43.5% in Full Year 2014 to 44.6% in Full Year 2015 due to customer price increases, purchasing benefits and improved staffing leverage. The growth in the estate and the like for like sales growth were the primary causes of cost of sales increasing 15.5% to £107.1 million in Full Year 2015 from £92.8 million in Full Year 2014.

Administrative expenses before exceptional items

Administrative expenses before exceptional items increased 14.4% to £75.3 million in Full Year 2015 from £65.8 million in Full Year 2014. This was primarily due to the increase in restaurant overheads and depreciation as well as central overhead as a result of the increase in the estate size.

Exceptional administrative income/expenses

For Full Year 2015 exceptional expenses principally comprise of impairment of £5.9m, onerous lease provision £2.8m, loss on disposal of assets £1.3m and professional fees in conjunction with the Group's review of re-financing options £1.3m. The impairment and onerous lease provisions follow a review of the Group's estate and an updated view on the application of accounting policy.

For the 52 week period ended 27 April 2014, the exceptional administrative expenses incurred principally comprise of exceptional income arising from the net compensation from the early exit of a lease (£2.8m), offset by costs in relation to changes in the senior executive team (£0.8m), costs arising from abortive sites (£0.3m), costs associated with the flooding of a restaurant (£0.6m), a review of impaired assets (£1.6m) and a franchise territory fee provision (£0.2m).

Net interest payable and similar charges

Net interest payable and similar charges increased 14.1% to £17.8 million in Full Year 2015 from £15.6 million in Full Year 2014, as a result of the charge in the year of £2.8 million writing-off previously capitalised re-financing costs. Excluding these exceptional interest charges, net interest payable would be £15.0 million in Full Year 2015 from £15.6 million in Full year 2014.

Tax on loss on ordinary activities

Tax on loss on ordinary activities increased 46.7% to £1.1 million in Full Year 2015 from £0.8 million in Full Year 2014. This was primarily due to the ongoing improvement in UK profitability.

Liquidity and capital resources

Net cash inflow from operating activities

Net cash inflow from operating activities increased 18.8% to £34.1 million in Full Year 2015 from £28.7 million in Full Year 2014. This was primarily due to an increase in EBITDA of £5.0 million and an increase in working capital inflow of £1.2 million. The working capital inflow is in part a timing benefit of not having paid all of the re-financing costs at the balance sheet date (£2.9 million).

Net cash outflow from returns on investments and servicing of finance

Net cash outflow from returns on investments and servicing of finance in Full Year 2015 was £5.1 million which decreased 20.3% from the outflow in Full Year 2014 of £6.4 million. This was primarily due lower interest charges as a result of repayments of senior debt made according to the prior financing structure.

Net cash outflow from capital expenditure

Net cash outflow from capital expenditure decreased 43.3% to £12.4 million in Full Year 2015 from £17.5 million in Full Year 2014. This was primarily due to the lower number of restaurants opened in the respective quarters, decreasing to six in Full Year 2015 from 14 in Full Year 2014.

Net cash inflow/outflow from financing

The proceeds from the bond issue of £150.0 million were used to repay debt of £140.8 million and issue costs of £5.9 million.

Net cash outflow from financing decreased to £0.2 million in Full Year 2015 from £3.0 million in Full Year 2014. The proceeds from the bond issue of £150.0 million were used to repay debt of £144.5 million and issue costs of £5.7 million in addition to scheduled repayments of debt relating to the previous financing structure earlier in the year.

Capital expenditures

The following table shows our capital expenditures for the periods indicated:

| | For the 12 weeks ended | | For the 52 weeks ended | |
|---|-------------------------------|-----------------------|-------------------------------|-----------------------|
| | April 26, 2015 | April 27, 2014 | April 26, 2015 | April 27, 2014 |
| | (£ millions) | | | |
| New site capital expenditures | 2.5 | 2.2 | 7.7 | 12.8 |
| Maintenance expenditures..... | 1.7 | 0.9 | 4.7 | 4.4 |
| Other capital expenditures* | 0.0 | 0.1 | 0.0 | 0.3 |
| Total capital expenditures | 4.2 | 3.2 | 12.4 | 17.5 |
| Corporate expenses | 0.1 | 0.1 | 0.3 | 0.3 |

*other capital expenditure: office, systems and central kitchen

Estate summary

We opened 6 new restaurants in Full Year 2015 and 15 new restaurants in Full Year 2014. One of the restaurants opened in Full Year 2015 is a relocation which is also reflected as a closure in each of these two periods. The decrease in the number of franchised restaurants reflects the closure of 9 restaurants in Australia offset by new openings.

The table below shows the number of our Company-operated and franchised restaurants as at the following dates:

| | For the 12 weeks ended | | For the 52 weeks ended | |
|--|------------------------|----------------|------------------------|----------------|
| | April 26, 2015 | April 27, 2014 | April 26, 2015 | April 27, 2014 |
| Company-operated restaurants⁽¹⁾ | 116 | 111 | 116 | 111 |
| <i>United Kingdom</i> <i>restaurants</i> | 112 | 107 | 112 | 107 |
| <i>United States</i> <i>restaurants</i> | 4 | 4 | 4 | 4 |
| <i>Company-operated</i> <i>restaurant openings</i> <i>during the period</i> | - | 5 | 6 | 14 |
| <i>Company-operated</i> <i>restaurants closures</i> <i>during the period</i> | - | (1) | (6) | (1) |
| Franchised ⁽²⁾ | 30 | 35 | 30 | 35 |
| Total | 146 | 146 | 146 | 146 |

(1) Company-operated restaurants include all of our restaurants in the United Kingdom and the United States.

(2) Franchised restaurants as at the dates listed were located in Belgium, Greece, Ireland, Malta, The Netherlands, Northern Ireland, Denmark, Sweden, Switzerland, Cyprus, Turkey, Qatar, United Arab Emirates and New Zealand.

Key performance indicators

| | For the 12 weeks ended | | For the 52 weeks ended | | LTM |
|--|------------------------|----------------|------------------------|----------------|-------|
| | April 26, 2015 | April 26, 2014 | April 26, 2015 | April 27, 2014 | |
| | (£ millions) | | | | |
| Like-for-like sales growth (%) | 7.9% | 3.7% | 10.0% | 0.3% | 10.0% |
| EBITDAR | 11.3 | 9.5 | 44.5 | 35.8 | 44.5 |
| Rent Expense | 3.8 | 3.4 | 15.6 | 13.5 | 15.6 |
| EBITDA | 7.4 | 6.0 | 28.9 | 22.3 | 28.9 |
| EBITDA Margin (%) | 16.3% | 14.9% | 15.1% | 13.7% | 16.7% |
| Adjusted EBITDA ⁽¹⁾ | 7.6 | 6.9 | 30.3 | 25.3 | 32.1 |
| Adjusted EBITDA margin ⁽²⁾ (%) | 16.6% | 16.9% | 15.8% | 15.6% | 16.7% |
| Net total indebtedness ⁽³⁾ | | | | | 121.3 |
| Ratio of net total indebtedness to Adjusted EBITDA | | | | | 3.8x |

- (1) Please find below a reconciliation calculation from profit for the financial period to EBITDA and Adjusted EBITDA and adjustments made to calculate Adjusted EBITDA for the periods indicated:

| | For the 12 weeks ended | | For the 52 weeks ended | | LTM |
|--|------------------------|----------------|------------------------|----------------|-------------|
| | April 26, 2015 | April 27, 2014 | April 26, 2015 | April 27, 2014 | |
| | (£ millions) | | | | |
| Loss for the financial period..... | (10.5) | (6.1) | (19.0) | (11.7) | (19.4) |
| Tax on loss on ordinary activities | 0.7 | 0.5 | 1.1 | 0.8 | 1.1 |
| Net interest payable and similar charges..... | 3.0 | 4.3 | 17.8 | 15.6 | 15.0 |
| Exceptional administrative expenses/(income) | 10 | 3.3 | 11.0 | 0.8 | 13.8 |
| Goodwill amortisation | 2.1 | 2.1 | 9.1 | 7.0 | 9.1 |
| Depreciation and impairment of tangible assets | 2.1 | 1.9 | 8.9 | 7.7 | 8.9 |
| EBITDA..... | 7.4 | 6.0 | 28.9 | 22.3 | 28.9 |
| Pre-opening costs ^(a) | 0.0 | 0.8 | 1.0 | 2.7 | 1.0 |
| Corporate expenses ^(b) | 0.1 | 0.1 | 0.3 | 0.3 | 0.3 |
| Run rate adjustment ^(c) | | | | | 1.8 |
| Adjusted EBITDA..... | 7.6 | 6.9 | 30.3 | 25.3 | 32.1 |

(a) Pre-opening costs represents costs incurred prior to the opening of a new restaurant, including rent incurred prior to opening, wages of employees in training and food costs incurred for training of new employees.

(b) Corporate expenses represents fees paid to our principal shareholders and security agent under our senior facilities agreement which was repaid on January 28, 2015, professional fees incurred relating to syndication and listing of loan notes under that agreement and fees in respect of our corporate status.

(c) UK run-rate adjustments represent expected run-rate trading (excluding pre-opening costs) for restaurants open less than 39 four-week periods as of April 26, 2015. These adjustments apply to 18 restaurants open between 21 and 39 four-week periods, 12 restaurants open between 10 and 20 four-week periods, and 3 restaurants open between 1 and 9 four-week periods. The UK run-rate adjustment is based on budgeted EBITDA for the applicable restaurant once it becomes "mature" multiplied by the ratio of actual annual EBITDA at end of 13 four-week periods versus projected EBITDA at the end of 39 four-week periods. Where a restaurant is ahead of its investment case, we do not perform a run-rate adjustment. We believe these UK run-rate adjustments are appropriate because, based on our experience and the actual performance over 39 four-week periods of 31 fully mature restaurants, the first six four-week periods of a restaurant's trading are not representative of run rate trading. We do not include any run-rate adjustments from our franchised restaurants or Company-operated restaurants in the United States in the UK run-rate adjustments. These adjustments to EBITDA are presented for informational purposes only and do not purport to present what EBITDA would have been had newly opened stores been open for the entire period nor does it purport to project EBITDA for any future period. The assumptions underlying the adjustments are based on our current estimates and they involve risks, uncertainties and other factors that may cause actual results or performance to be materially different from anticipated future results or performance expressed or implied by such adjustments.

2) In calculating Adjusted EBITDA margin for the LTM period, turnover has been adjusted to include approximately £6.7 million of expected turnover generated by the restaurants for which we have added a UK-run rate adjustment to the Adjusted EBITDA definition in the 52-week period ended April 26, 2015.

- (3) Net total indebtedness represents total debt less cash.

Further information for noteholders

This report was prepared in accordance with the indenture dated January 28, 2015 among Wagamama Finance plc, as Issuer, the guarantors named therein, U.S. Bank Trustees Limited, as Trustee, Elavon Financial Services Limited, UK Branch, as paying agent and transfer agent, Elavon Financial Services Limited, as registrar, and U.S. Bank Trustees Limited, as Security Trustee.

This interim report may include forward-looking statements. All statements other than statements of historical facts included in this interim report, including those regarding the Group's financial position, business and acquisition strategy, plans and objectives of management for future operations are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Many factors could cause the Group's actual results, performance or achievements to differ materially from those in the forward-looking statements. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements. These forward-looking statements speak only as of the date of this interim report. The Group expressly disclaims any obligations or undertaking, except as required by applicable law and applicable regulations to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Group's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

Presentation of financial information

Unless otherwise indicated, the financial information presented in this interim report is the historical consolidated financial information of Mabel Mezzco Limited and its subsidiaries (the "Group").

This interim report includes or derives information from the following financial sources:

- the unaudited consolidated financial information of the Group as of and for the 12 weeks ended April 26, 2015 ("Fourth Quarter 2015", "Q4 2015", or "the quarter"), and the comparative period as of and for the 12 weeks ended April 27, 2014 ("Fourth Quarter 2014" or "Q4 2014"), prepared in accordance with UK GAAP; and
- the audited consolidated financial information of the Group as of and for the 52 weeks ended April 26, 2015 ("Full Year 2015"), and the comparative period as of and for the 52 weeks ended April 27, 2014 ("Full Year 2014"), prepared in accordance with UK GAAP.

The financial year for the Group runs from the calendar day following the previous financial year end to the Sunday nearest to April 30 of each calendar year. Accordingly, from time to time, the financial accounting period covers a 53-week period, which impacts the comparability of results. Our 2015 financial year ended on April 26, 2015 and constituted a 52-week period.

Use of non-UK GAAP financial information

Certain parts of this interim report contain non-UK GAAP measures and ratios, including EBITDAR, rent expense, EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin, new site capital expenditures, maintenance capital expenditures, other capital expenditures, total capital expenditures, like-for-like sales growth, working capital and leverage ratios that are not required by, or presented in accordance with, UK GAAP. We believe that these measures are useful indicators of our ability to incur and service our indebtedness and can assist certain investors, security analysts and other interested parties in evaluating us. Because all companies do not calculate these measures on a consistent basis, our presentation of these measures may not be comparable to measures under the

same or similar names used by other companies. Accordingly, undue reliance should not be placed on these measures in this interim report. In particular, EBITDAR, EBITDA and Adjusted EBITDA are not measures of our financial performance or liquidity under UK GAAP and should not be considered as an alternative to (a) net income/(loss) for the period as a measure of our operating performance, (b) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance under UK GAAP.

Our non-UK GAAP measures are defined by us as follows:

- We define “EBITDAR” as EBITDA plus rent expense.
- We define “rent expense” as the aggregate fees incurred for the period indicated pursuant to our property lease obligations.
- We define “EBITDA” as profit for the financial period plus tax on profit on ordinary activities, net interest payable and similar charges, exceptional administrative (expenses)/income, gain/(loss) on disposal of fixed assets, goodwill amortisation and depreciation and impairment of tangible assets.
- We define “EBITDA margin” as EBITDA divided by turnover.
- We define “Adjusted EBITDA” as EBITDA adjusted for the impact of restaurant pre-opening costs, sponsor monitoring fees, extra days of trading and UK run-rate adjustments (for the purposes of Last Twelve Months, “LTM” performance).
- We define “Adjusted EBITDA margin” as Adjusted EBITDA divided by turnover.
- We define “new site capital expenditure” as the capital expenditures we incur in order to purchase and outfit a new restaurant in preparation for its opening.
- We define “maintenance capital expenditure” as the capital expenditures we incur to maintain and refurbish our restaurants, including fitting and fixtures replacement for existing restaurants.
- We define “other capital expenditure” as the capital expenditures we incur for overhead costs relating to our central kitchen and other centralised capital expenditures relating primarily to training and IT.
- We define “total capital expenditure” as the purchase of tangible fixed assets as reflected in our cash flow statements.
- We define “like-for-like sales growth” as sales from our United Kingdom restaurants that traded for at least 17 full four-week periods. Restaurants are included on a rolling basis as each new restaurant is included in the like-for-like comparison once it has traded for 17 full four-week periods. Any week in which a restaurant did not have revenue and the preceding and following week are excluded both in the period considered and in the comparative period.

Business Overview

Overview

Wagamama operates popular award winning pan-Asian inspired noodle restaurants based in the United Kingdom. The wagamama story began in 1992 when our first restaurant opened in London's Bloomsbury, and as of April 26, 2015 we had 116 (119 as of July 23, 2015) Company-operated restaurants across the United Kingdom and the United States. In addition to our Company-operated restaurants, as of April 26, 2015 we had 30 (31 as of July 23, 2015) franchised restaurants internationally, located in 14 countries around the world including in Western Europe, Eastern Europe, the Middle East and New Zealand.

Wagamama offers fresh, pan-Asian cuisine in a friendly, vibrant setting. Our Pan-Asian-inspired menu features a wide variety of noodle and rice dishes, as well as salads and side dishes, hot drinks, wine, sake and Asian beers. Freshness and quality are two attributes that we believe go into every dish. Many wagamama signature dishes can be found in all of our restaurants across the globe and we also have local specialties that take advantage of regional ingredients and tastes.

We generated turnover and Adjusted EBITDA of £193.3 million and £30.3 million, respectively, for the Financial Year 2015. We generated £33.1 million of free cash flow for the Financial Year 2015. Our restaurant operations in the United Kingdom achieved like-for-like sales growth of 10.0% for the Financial Year 2015.

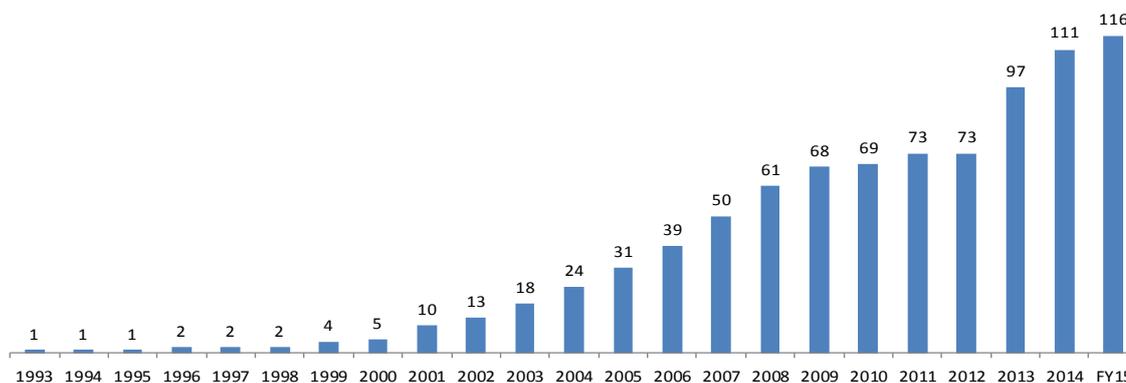
Our history

We opened our first restaurant in Bloomsbury, London, in April 1992. A second site in Soho, London, was opened in December 1995. In 2000, our first non-London site was opened in Manchester. Wagamama's expansion overseas through its franchise operation began with a restaurant being opened in Dublin, Ireland in 1998, and in April 2007 we opened our first US company-operated restaurant in Boston, Massachusetts.

In 2005, funds controlled by Lion Capital acquired a stake in the Group, and in 2011, funds controlled by Duke Street General Partner Limited and Hutton Collins Partners LLP acquired Lion Capital's stake in the Group, following which the Group has increased the number of new restaurant openings per year, with restaurants numbering 112 as of April 26, 2015 (115 as of July 23, 2015) in the United Kingdom and four in the United States. Today funds controlled by Duke Street General Partner Limited and Hutton Collins Partners LLP hold approximately 43% and 28% of the equity interests in Topco, respectively.

The chart below shows the growth in the number of the Group's owned and operated and franchised restaurants since in 1993.

Number of directly operated restaurants (UK and US)



Source: Company data

Our competitive strengths

We believe that we have the following competitive strengths:

Differentiated position in an attractive market

The UK restaurant market is a large and growing market worth £47.3 billion in 2013. Future growth of this market is expected to be driven by favorable trends including improving consumer confidence and anticipated increases in consumer expenditure as well as increases in the frequency of consumers eating out.

We operate within the branded restaurant segment, one of the fastest growing segments of the UK restaurant market. The branded restaurant segment grew at 5.1% per annum between 2011 and 2013, compared to 1.1% for the broader

restaurant market in the United Kingdom, primarily as a result of continued market share gains from independent restaurants, according to Allegra Foodservice.

We believe we are well positioned to capitalise on these trends given the strength of our brand and our differentiated position as the only pan-Asian restaurant operator of scale in the UK restaurant market.

Strong brand—category of one

We are a category of one within the UK branded restaurant market, as the only pan-Asian restaurant operator of scale. We are the only branded operator within this segment operating more than 100 restaurants, and we believe this is as a result of our different and highly developed menu and the skill set required to operate within this segment. For example, our menu requires skilled chefs and a specialised cooking process, as all food is made to order, and requires fresh, high quality ingredients to be delivered almost daily.

We have operated in the UK market for more than 20 years and during this time have developed a reputation for consistently offering our customers high quality food in a trendy, sophisticated environment. Our food offering is fresh and fast with revenues and traffic occurring consistently throughout the day. In addition, our menu caters to a wide range of cultural and dietary requirements.

The wagamama brand is perceived by customers as one of the most desirable and cool UK restaurant brands, according to a consumer survey published by Morar Consulting in December 2013. The strength of the wagamama brand has contributed to our winning several prestigious awards, such as Zagat Rated most popular London restaurant 2006-2010 and favourite chain restaurant in 2013 and CoolBrands Cool Brand Winner for nine of the past thirteen years. Additionally, in a CGA Peach BrandTrack survey conducted within London during 2014, consumers chose wagamama more often than any other brand as one which they would like to be more local to them and wagamama won the CGA Peach Consumer Choice Award in 2014. The strength of our brand is underpinned by the experience we provide customers, evidenced by reports from Allegra Foodservice showing our high revisit intention score, which is the second highest in the industry, as well as our industry leading net promoter scores, as measured by Allegra Foodservice.

Stable and resilient business model

The strength of our brand and our focus on operating efficiently has enabled us to build an attractive portfolio of restaurants across the United Kingdom. We have a proven concept and a business model that we believe is stable and resilient, as evidenced by our strong financial track record and the consistency of our performance. We have achieved strong growth historically with turnover and Adjusted EBITDA growth of 14.2% and 10.4% per annum, respectively, between our Financial Year 2012 and Financial Year 2015. Like-for-like sales growth has been robust, outperforming branded casual dining restaurants for 49 consecutive weeks as of April 26, 2015 with a further 11 consecutive weeks to July 12, 2015, according to CGA Peach BrandTrack. For the 52 weeks ended April 26, 2015, like-for-like sales growth was 10.0%. In addition, we do not rely on discounting to drive traffic in our restaurants.

Our restaurant model is flexible and adaptable to different location types and geographies. For the Financial Year 2015, substantially all of our UK restaurants made a positive contribution towards Adjusted EBITDA. In addition, we have limited seasonality in our sales.

We believe that our success cannot be easily replicated by a competitor. Our category of one brand position gives us a competitive advantage and our scale provides high barriers to entry. This has been achieved through a combination of factors such as developing the skill set required to operate within this segment and establishing a supply chain able to source fresh, high quality ingredients and deliver them to restaurants, usually on a daily basis. In addition, continuous investments in processes and systems, the development of a proprietary noodle recipe as well as the establishment and investment in a central kitchen to prepare consistently high quality fresh sauces and gyozas are other examples of the competitive advantages and scale benefits available to us.

Well-invested restaurant portfolio

We believe that we have an attractive portfolio of well-located restaurants across the United Kingdom. Most of our restaurants are located in high pedestrian traffic venues, such as high streets, shopping centres, commercial districts and tourist locations. We have an established refurbishment cycle in place to maintain estate age and the quality of our portfolio. The performance of a restaurant, however, is more dependent on location than the age of the restaurant, with some of our best performing restaurants having opened more than five years ago. The level of maintenance capital expenditure that has been required to be spent on the portfolio has been 3% of turnover over the last three years.

We have a track record of achieving high and consistent returns on capital, having achieved an average return of 32% for the 35 Company-operated restaurants opened in the United Kingdom from financial year 2009 through financial year 2013. For our last 35 openings, we have spent, on average approximately £810,000 of new restaurant capital expenditure per restaurant with an expected payback of less than four years. We believe that the traffic generated by our brand, our track record operating successfully in a variety of locations and our distinctive offering make us a highly attractive tenant to landlords and put us in a strong position to negotiate leases with multi-unit landlords.

Highly cash generative

Our business model is highly cash generative as a result of our financial performance, low levels of maintenance capital required and efficient working capital management. Our annual average cash conversion (which we define as Adjusted EBITDA less Corporate expenses plus/less change in net working capital less maintenance capital expenditures (excluding UK run rate adjustments) divided by Adjusted EBITDA (excluding UK run rate adjustments)) has been above 100% in the last three financial years. We use cash to invest in opening new restaurants as well as infrastructure to support future growth, such as our recent investment in the head office as well as a £1.3 million investment in our new central kitchen to enable it to support up to 200 restaurants in the United Kingdom.

Experienced management team and committed staff

We have a strong management team with significant experience in the hospitality sector and in operating branded businesses in the United Kingdom. The senior management team consists of seven individuals with a total of over 110 years of combined industry experience. The board is also pleased to welcome Mr Allan Leighton to his role as Chairman being "one of Britain's best-known businessmen ... and one of the most prominent company directors in the UK" (Sky News).

We believe we are an attractive employer, as evidenced by being voted the best employer brand at the RAD Awards in 2014. Our strategy for staff engagement is built upon individuality and personality, and is represented by our slogan "be you. be wagamama." Combined with our culture of training and development, we encourage our staff to be themselves, develop as individuals and serve our customers with genuine hospitality.

Our strategy

The key elements of our strategy are as follows:

Drive sustainable like-for-like sales growth in our existing estate

We aim to continue to drive like-for-like sales growth in our existing estate by focusing on our core values of offering our customers fresh, high quality food at good value. We have an established track record of food innovation, designed to maintain and enhance existing customer interest and attract new customers.

We believe we can increase our customer retention. According to a report published by Morar Consulting in June 2014, from winter 2012 to summer 2014, our customers, on average, visited our UK restaurants 3.7 times per year. To achieve this we have significantly increased the number of area managers who are focused on increasing sales and profit at their restaurants, and we have recently introduced a new, simpler service model to increase sales and customer satisfaction. We believe this continued sales focus and improved service level will attract new customers and drive an increase in the average spend per head through higher priced product offerings and increasing sales of ancillary products, such as starters, desserts and drinks.

In addition, we will continue to build on our already high brand awareness through focused marketing campaigns both inside and outside our restaurants as well as customer experience initiatives, such as customer-initiated payments via smart phone apps.

We believe these initiatives, along with other factors, have already contributed to like-for-like sales growth of 9.9% in the Financial Year 2015, and more generally have contributed to the achievement of the like-for-like sales growth over the past three financial years.

Opportunity to increase margins and returns through operational efficiencies and cost savings

For the Financial Year 2015, our restaurant operating costs split represented 37% labor, 22% ingredients, 14% other costs, 10% rent, 9% other property and 8% head office costs.

We continue to look at ways to improve our operational efficiencies in order to increase our margins and reduce our costs. We benchmark all of our restaurants and communicate the results internally to establish best practice and to foster an environment where these initiatives are implemented at all our restaurants. We also regularly review our menus to improve mix.

We manage ingredient costs by employing a range of cost control measures, including leveraging our economies of scale in purchasing and investing in our central kitchen operation. Furthermore, we have engaged a third-party consultant to review our supply chain, which once implemented, is expected to result in sizeable cost savings.

In addition, we have introduced a smart rota labour system throughout all our restaurants to ensure we have the right level of staff in the right place at the right time. We believe this will result in improved service levels and customer satisfaction, which will lead to increased sales.

Expand our operations through new restaurant openings

We believe there is significant untapped demand for the wagamama offering across the United Kingdom. According to a Clear M&C Saatchi survey of consumers who have visited wagamama, more than half identified a lack of geographical proximity to a restaurant as the main barrier to attendance.

We have a strong track record of successfully opening restaurants, having opened 44 Company-operated sites from April 30, 2011 through April 26, 2015. We identify new sites based on a methodical, data-driven approach and a capital expenditure investment appraisal that carefully evaluates and scores our key selection criteria, including demographic and competitive dynamics, and projects anticipated store performance. We work with well-known real estate consultants familiar with our restaurants, such as Javelin, to assess the potential return on investment and cash conversion rates at each new site. We plan to open approximately 40 new restaurants over the next three years.

Low-risk, low-cost approach to international expansion

We have a proven international business with restaurants across 15 countries, the vast majority operated under franchise agreements. We intend to selectively expand our international operations through franchises, in both existing markets as well as entering new markets, to increase revenues and broaden our reach with limited capital requirement. We believe there are a number of markets particularly in Europe, neighboring countries and the Middle East where wagamama could be successful based on our understanding of the local competitive landscape and the potential for a branded pan-Asian casual dining operator in these markets.

In the US, we currently operate four restaurants, all located in the Boston area. We plan to use these restaurants as a platform to develop the brand and the concept in the US market, with the aim to expand further in selective hubs in the United States, primarily through franchise agreements.

Our business operations

Restaurants

United Kingdom

As at April 26, 2015, we operated 112 (115 as at July 23, 2015) restaurants in the United Kingdom under the wagamama brand. In the United Kingdom, in Financial Year 2015, we served approximately 15 million meals, or on average approximately 2,700 meals per restaurant per week, and had an average spend-per-head of approximately £15.00 (including VAT).

Our restaurant portfolio has a broad balance between regions and location types across the United Kingdom. The following map indicates our geographic breadth in the United Kingdom as at April 26, 2015:



The following table indicates the range of our restaurant locations by format type in the United Kingdom as at April 26, 2014:

| Format | Number of Restaurants |
|-----------------------|-----------------------|
| Town..... | 65 |
| Shopping centre | 36 |
| Other | |

| Format | Number of Restaurants |
|------------------------------------|------------------------------|
| Entertainment hub..... | 4 |
| Concession ⁽¹⁾ | 1 |
| Transport hub ⁽²⁾ | 1 |
| Retail park..... | 2 |
| Outlet centre..... | 3 |
| Total | 112⁽³⁾ |

(1) Refers to our Harvey Nichols concession.

(2) Refers to our Heathrow Airport Terminal 5 restaurant location.

(3) We had 112 Company-operated restaurants in the United Kingdom as of December 31, 2014, including 65 located in Towns.

International

We have a track record of successfully operating internationally. We opened our first international restaurant in Ireland in 1998. Since then, we have established ourselves outside the United Kingdom primarily through franchise restaurants, with, as of April 26, 2015 30 (31 as of July 23, 2015) restaurants across 15 international geographies in Western Europe, Eastern Europe, the Middle East, the United States and New Zealand. Within each geography, we tailor our overall approach to the needs of the local market where we adapt certain ingredients and marketing tactics to conform to particular local tastes.

Due to the increasing international demand for casual dining, including in the markets in which we currently operate, we expect to further capitalise on this growth through strategic expansion. In new markets we plan to focus on opening franchise restaurants in a disciplined manner in attractive markets with expected high demand as a means of low risk, controlled entry due to the low upfront cost of our franchising strategy. International franchises generated franchisee fee revenue of £1.5 million in the Financial Year 2015.

In the United States, we plan to use the four Company-owned restaurants as a platform to develop the brand and the concept in the US market, with the aim to expand further in selective hubs in the United States, primarily through franchise agreements.

The following table indicates our restaurant locations outside of the United Kingdom, as at April 26, 2015.

| Country | Number of Restaurants |
|--|------------------------------|
| Western Europe | |
| Belgium..... | 1 |
| Greece..... | 2 |
| Ireland..... | 4 |
| Malta..... | 1 |
| The Netherlands..... | 3 |
| Northern Ireland..... | 1 |
| Denmark..... | 2 |
| Sweden..... | 1 |
| Switzerland..... | 1 |
| Eastern Europe | |
| Cyprus..... | 3 |
| Turkey..... | 3 |
| Middle East | |
| Qatar..... | 2 |
| United Arab Emirates..... | 3 |
| United States⁽¹⁾ | 4 |
| New Zealand | 3 |
| Total | 34⁽²⁾ |

(1) Company-operated restaurants.

(2) As at June 30, 2015, one additional franchise restaurant opened in Amsterdam.

Brand

We consider wagamama's offering to be within a category of one, meaning, we believe that wagamama is the only brand of significant scale within the United Kingdom which offers such a distinct combination of original dining concept and health-conscious pan-Asian cuisine.

Wagamama has received several significant awards in recognition of its unique high quality restaurant offering, such as Zagat Rated most popular London restaurant 2006-2010 and favourite chain restaurant in 2013 and CoolBrands Cool Brand Winner for nine of the past thirteen years. In addition, in 2014, wagamama was ranked by CGA Peach as the most desired restaurant in London and won the CGA Peach consumer choice award.

The experience

Wagamama has developed an original dining concept offering fresh, pan-Asian food in a simple, buzzing and friendly environment.

Key characteristics of a typical wagamama restaurant are:

- convenience with no compromise on quality;
- minimalist design interiors with communal seating and natural, high quality finishes;
- open plan kitchens provide theatre to show and produce distinctive food using fresh ingredients and highly skilled chefs;
- a seasonally changing menu that brings inspiration from across Asia recognising different needs, times of day and occasions;
- specialised drink offerings of freshly squeezed juices, Asian beer and sake;
- software and systems designed to maximise cover turn and drive customer satisfaction;
- locations in busy areas with high-target footfall and complementary brands in both food and retail to drive volume and experience;
- layout specifically designed to deal with a high turnover of covers.

Our average UK restaurant is 4,396 square feet in size and, on average, can cater for approximately 146 covers at any one time. Wagamama serves approximately 284,000 customers per week in its UK restaurants, with an overall average spend per customer of approximately £15.00 (including VAT). Wagamama's menu features a strong lunch offering and also includes an extensive selection of dishes available throughout the day, avoiding a bias towards any particular meal time. In Financial Year 2015, in the United Kingdom, we received on average, 37% of our consumers in the evening, 35% during the lunch time, 20% in the afternoon, 5% in the late evening and 3% at breakfast. We believe that wagamama's menu prices compare favourably with other restaurant chains operating in the UK branded casual dining sector.

Wagamama's customers, according to a study conducted by Morar Consulting over 6 months from June 2014, are younger on average, with approximately 75% under the age of 44. Specifically, the study showed that compared to the sample population on which the study was based, we had a 3.6% higher customer base between the ages of 16 and 24 years old, a 5.6% higher customer base between the ages of 25 and 29 years old, a 4.7% higher customer base between the ages of 30 and 39 years old, a 2.6% lower customer base between the ages of 40 and 49 years old and a 11.3% lower customer base over the age of 50. In addition, they found our customers tend to come from a higher socio-economic status with approximately 78% falling within the AB and C1 economic demographic. Specifically, the study showed that compared to the sample population on which the study was based, we had a 15.4% higher customer base from an AB socio-economic demographic, a 2.8% higher customer base from an C1 socio-economic demographic, a 9.0% lower customer base from an C2 socio-economic demographic, and a 9.2% lower customer base from an DE socio-economic demographic. Furthermore, the study revealed a general national appeal to both families and pre-family customers averaging approximately 38% and 39% of our customer base.

Restaurant operations

We have developed a globally integrated operations manual which sets operational and consumer standards across our restaurants. Our central oversight of these operations provides for standardised operations across our Company-operated restaurants, and allows us to monitor the level of service at our restaurants.

Menu

Wagamama specialises in health-conscious, pan-Asian cuisine, based on five preparation methods: wok, grilling, ramen (soup-based), juicing and frying. The Group has an extensive menu consisting predominantly of fresh noodle-based meals in a bowl, rice dishes, soup dishes, curries and salads, along with a variety of side dishes, including meat and vegetable dumplings. The focus on fresh ingredients aligns with an increased consumer desire for healthy eating, while the ability to customise items allows customers to balance health and indulgence when eating out. Wagamama also caters to children, offering a specialised children's menu.

The Group's core menu is relatively stable with minimal alterations, although it is periodically updated to ensure the taste profile remains fresh. In addition, the menu is typically updated to introduce variety and address seasonal requirements (for example, salads are offered during summer and we may offer new items for a limited time as a test for future menu changes).

In addition, the Group offers a breakfast menu at its restaurant in London Heathrow Airport's Terminal 5. This breakfast menu offers dishes such as granola with fresh fruit and yoghurt, kedgeree, breakfast-style noodle dishes and porridge.

Service

Among the most critical factors in strengthening our brand is the performance of our restaurant staff, which directly affects the customer dining experience, ensuring that our customers return to our restaurants and spread positive word-of-mouth about us.

We monitor restaurant personnel performance and service standards in a number of ways. For example, we utilise monitoring activities such as mystery diners, quality and standard audits, food hygiene audits and weekly sales and cost reviews. Restaurant managers are also assessed regularly by area managers.

Marketing activities

In addition to our focus on service and the quality of the dining experience we offer, we dedicate considerable resources to promoting the wagamama brand. We employ a dedicated marketing team that handles and coordinates our marketing activities, including public relations. Our marketing strategy is aimed at driving sales and profit growth through targeted and tailored promotions. We direct our marketing activities, which are modified to suit restaurant location, format type and time of the week, at both new and existing customers through a number of media, including utilising our proprietary database of registered customers. Unlike most of our peers, we do not rely on discounting to drive sales.

Central kitchen operation and outsourcing

Historically, a key element in the success of wagamama's rollout strategy has been the development of a central kitchen operation. In 2013, we relocated and expanded this operation to Acton, West London to include significantly more space and upgraded equipment. Our central kitchen prepares a large amount of ingredients daily, including sauces and gyoza, which facilitates consistency across the Group's UK restaurants and can support up to approximately 200 restaurants.

We believe that the central kitchen operation affords the Group the following advantages:

- consistency and freshness of dishes throughout our UK restaurant portfolio;
- meals are served at a faster pace in our UK restaurants;
- increased seating space in our UK restaurants for the same rent as the need for kitchen space is reduced; and
- increased economies of scale and reduced operational costs.

The Group's central kitchen received the highest level of British Retail Consortium accreditation for food safety in November 2014. In addition, the Group has appropriate contingency plans in place if the central kitchen becomes temporarily unavailable, including a mobile kitchen unit on standby and outsourcing arrangements for key ingredients.

We use third-party distributors to transport our central kitchen ingredients to our UK restaurants.

Suppliers

Wagamama has developed relationships with a number of high-quality suppliers to source its ingredients. The Group typically uses one to two suppliers for each ingredient to obtain high-volume discounts and to maximise the service level the business receives (backed up by contingency solutions), and only uses a small number of suppliers in order to control and guarantee quality.

In addition, the Group typically enters into forward buying contracts with its suppliers, which limits the Group's exposure to any short-term fluctuations in food prices. A typical forward buying contract provides for fixed prices for at least six months. We believe that the Group is not dependent on any one supplier and has multiple alternative suppliers, if required.

We take actions to optimise spending on ingredients and reduce our exposure to price fluctuations through negotiation with our suppliers and by performing an ongoing review of our ingredients. For instance, annual seafood tenders with several suppliers timed at the lowest point (harvest), and buying forward for the future 12 month season. If sourced overseas, we secure the optimum exchange rate at the same time (prawns/squid/salmon). In 2014, we renewed one of our supply agreements with better terms and a longer duration and have address several more in 2015. In addition, we are able to modify our menu offerings to adapt to price increases in various ingredients. We perform credit checks before entering into an agreement with any supplier.

Restaurant monitoring and reporting

Our executive team, together with our regional directors, area managers and restaurant managers, monitor the financial and operating performance of our restaurants.

We produce an annual financial plan at the start of each financial year, which includes budgets for each individual restaurant. We have reporting procedures and IT systems in place that enable us to monitor the sales, labour and food costs for each of our restaurants on a daily basis.

At the end of each four-week reporting cycle, management accounts are prepared, enabling management at all levels to review total company and individual restaurant performance at both sales and profit levels. A review of performance is a key element of each period's management board meeting and in reporting to the board of directors.

We actively manage underperforming Company-operated restaurants by making operational changes (such as deploying new managers) and/or additional capital expenditure, or, in appropriate cases, refurbishing restaurants. Since our inception, we have only closed one site, which was due to a redevelopment project for the block on which the restaurant was located and resulted in compensation being paid to the Group.

Our franchisees are responsible for monitoring the performance of their restaurants.

While we monitor our restaurants and employees on a performance level, we also monitor them on an operational level. We continue to enhance our internal controls to ensure that we, our restaurants, and our employees are conducting business in compliance with all applicable laws.

Human resources and staff training

We place significant emphasis on staff training, which we believe is key to maintaining high standards of quality across the business.

The Group provides comprehensive in-house training to all employees, with extensive health and safety training given to all restaurant-based employees and food-hygiene training and external training given to all managers.

In June 2013 (and upgraded in August 2014 with new design and implanted e-learning), we launched noodleVersity, a national network of fully qualified centres for training our employees. New restaurant managers and head chefs in the United Kingdom are typically trained at one of these centres, followed by onsite training prior to a new restaurant opening. Staff for new restaurant openings are brought to a consistent standard by an in-house training team. In addition, wagamama regularly sends UK-licensed trainers to the United States and overseas to our franchise restaurants to ensure all employees are trained to a consistent standard.

We encourage in-house promotion of employees at all levels through training and development, and many current restaurant managers began their careers as assistant managers or as other restaurant personnel. In recognition of our efforts as an employer, in January 2014 wagamama was awarded the UK's best employer brand at the RAD awards (across all industries). We feel that happy and enthusiastic restaurant staff are key to providing a pleasant dining experience and our success in engendering a positive employee culture.

Quality control—health food & safety

In order to ensure that high standards are maintained, the Group has developed a strong hygiene culture and has built a good control track record. The Group carries out regular hygiene, health and safety audits in the United Kingdom and the United States to ensure full traceability, and employs a documentation system that enables full traceability from raw ingredients to finished products in restaurants. In addition, laboratory food tests are conducted on a regular basis. The Group employs two full time Quality Control Managers. Westminster Council advise us on hygiene policy and process and also audit approximately 10% of our restaurants annually. In addition, any allegations of food poisoning are independently investigated.

We also carry out regular quality control checks and audits of our franchise partners to ensure that the Group's high standards of quality are maintained in the franchise business.

We have a detailed food safety manual that covers all aspects of cleaning, food handling and storage, pest control, stock control, and waste disposal. We also have rigorous food safety procedures based on a hazard analysis and critical control points plan, which includes controls, critical limits and monitoring for key processes such as receiving food deliveries, defrosting, cooking, cooling and storage. This includes guidelines on date labelling, allergen labelling, fridge plans and temperature checks. Our safety governance policy is fully digitised and reviewed quarterly on a restaurant, area and group level. There are also strict policies on fitness to work, hygiene, hand washing and uniform cleanliness. Allergens lists are communicated by leaflets and online. Our policy is to enter into arrangements with suppliers who have either BRC accreditation or EFIS/IDO accreditation.

All team members receive training on critical aspects of food safety as part of their induction, and also complete an online e-learning food safety accredited course. Restaurant team members receive ongoing training regarding sanitary procedures, and all senior back of house personnel and managers are required to attain food safety accredited qualification. Senior operations management may also seek to attain further food safety accredited qualifications.

Food hygiene rating schemes vary across the United Kingdom. As of January 6, 2015, approximately 105 of our UK restaurants achieved the maximum rating in their locations. We have a dedicated health and safety audit team that conducts at least two audits per year for each restaurant using stricter standards than those required by the relevant authorities. Further audits are conducted by external partners twice yearly and all audit results are reported to our board of directors.

Estate management

Leases

As part of our business model for our Company-operated restaurants, we are directly responsible for the management of the real estate property on which the restaurant is located and wagamama is always the first rank tenant under the lease agreement with the landlord. In the case of franchised restaurants, the franchisee is directly responsible for the real estate property.

We currently rent all of our restaurants through commercial leases in the United Kingdom and the United States.

Site selection

Wagamama has a defined and tested process for identifying and securing new restaurant sites within the United Kingdom. Wagamama management identifies possible new sites based on:

- the intrinsic demographic qualities of a potential location and expected demographic trends affecting a potential location;
- the catchment area of a potential site;
- the known success of other retail brands already open in the local area; and
- management's own skill and experience.

Each of these identification criteria is supported by a large number of proprietary insight tools developed with our information partner Javelin. Following this initial 'experience-based' assessment, management and Jones Lang LaSalle, our real estate agent, will assess the development costs of each site based on a number of factors, including the site's complexity, size, location and a number of other factors. In addition, the management team will develop for each identified site an estimate of the potential sales and revenue-generation of a new restaurant over the first three years based on known local market trends and conditions, and the success rates of other operators in the vicinity. This enables management to assess the potential return on investment and cash conversion rates of a restaurant at each new site identified.

Further work may be carried out on a potential site including the appointment of marketing and footfall consultants to stand outside the proposed site and assess customer flow and market factors. Management collates and reviews further information on a potential site up to the date a lease is signed; if any negative information on the proposed site or area is discovered during this time, management may not proceed with that site.

Development

The timescale from initial site selection through to the prospective new restaurant opening for business is approximately 12 months. The majority of this time is used by management to carry out its site selection investigations on the potential site as described above and the negotiation and signing of a lease. Once a lease is signed, it takes approximately 12 weeks for the new restaurant to open for business, including the time required to carry out pre-opening training at the new location.

Restaurant pre-opening costs include staff wages to the day of opening, recruitment costs, training costs, accommodation and transport for staff involved in pre-opening, along with the costs involved in carrying out a trial run of the site prior to the opening, in addition to pre-opening establishment costs.

A restaurant typically reaches full trading maturity by the third year after opening, although strong like-for-like sales can still be achieved by restaurants after they have reached maturity. For our last 35 openings, we have spent, on average, approximately £810,000 per restaurant with an expected pay-back of less than four years. Furthermore, our restaurants typically achieve turnover of approximately £1.4 million to £1.9 million at maturity within three years.

International restaurant partnerships

Franchising

Overview

We continue to work with franchise partners to grow our restaurant brand in markets where we chose not to invest capital and take more risk. Our restaurants in Western Europe, Eastern Europe, the Middle East and New Zealand are operated by franchisees pursuant to franchise agreements with initial terms usually of 10 years. All of the franchises operate under the wagamama brand.

Exclusivity

All rights to use the wagamama and associated trademarks granted under our franchise agreements are exclusive to the specified territory during the term of the respective development and franchise agreement, which contain a minimum development schedule which lists the number of restaurants that must be opened in specified territories by certain dates. Generally, if the franchisee fails to meet these targets, the license granted to the franchisee becomes non-exclusive, allowing us or another franchisee to operate in that territory.

Non-competition

Our franchise agreements contain provisions preventing the franchisee from competing with us. Generally, these agreements prohibit the franchisee from engaging in a restaurant business that would compete directly with us, or in a location where the restaurant would compete with one of our restaurants. Some franchisees are also prohibited from acquiring an interest in an undertaking which competes with us, soliciting or employing certain members of our staff, or engaging or being employed by any restaurant that uses or duplicates our concept.

Fees

Franchisees pay an initial fee to us upon entering into the franchise agreement. Thereafter, franchisees are obligated to pay us restaurant opening fees for restaurants opened in their respective territories and periodic royalty fees calculated as a percentage of their annual total sales (less certain costs).

Licenses and trademarks

We regard our 'wagamama' and 'positive eating + positive living' trademarks, as well as the associated star logos, as having significant value and as being important factors in the marketing of our restaurants. We have also obtained trademarks for our key sub-brands. Our policy is to pursue registration of our trademarks where possible, but we rely on a combination of protections provided by contracts, copyrights, trademarks, and other common law rights, such as trade secrets and unfair competition laws, to protect our restaurants and services from infringement.

Information systems

Our Company-operated restaurants have a point-of-sale, or 'POS,' cash register system. The POS system provides effective communication between the kitchen and the server, allowing employees to serve customers in a quick and consistent manner while maintaining a high level of control. The POS system is integrated with our back office system to provide support for automated stock management, payroll, labour scheduling, accounts payable, cash management, and management reporting functions. Sales data is retained and organised by our system to help restaurant managers predict and schedule labour requirements. This data is also used to calculate average spend per head and number of individual product line items sold.

Product sales and most purchases are captured through the back office system and transferred directly to our general ledger system for accurate and timely reporting. All corporate computer systems, including laptops, restaurant computers and administrative support systems are connected using a wide-area network. This network supports an internal web site for daily administrative functions, allowing us to eliminate paperwork from many functions and accelerate response time.

Further, we have a large data warehouse that securely retains detailed data from all of our key systems.

Employees

During Financial Year 2015, we employed approximately 3,855 persons. This included approximately 3,755 restaurant and distribution staff and approximately 110 administrative staff.

Regulation

Our operations in the United Kingdom are regulated pursuant to the UK Health and Safety at Work Act 1974 and related laws. Britain's Health and Safety Commission and Health and Safety Executive as well as local authorities are responsible for enforcing most work-related health and safety guidelines, codes and regulations. Moreover, certain health and safety obligations in the United Kingdom may exist or arise under EU law, such as local regulations based on European Directives. Importantly, we have a Primary Authority relationship with Westminster Council, which allows us to apply for certification for our restaurants in the United Kingdom without the need to apply with each local council where our restaurants are located.

Each of our restaurants in the United Kingdom sells alcoholic beverages and is therefore subject to licensing and regulation by a number of governmental authorities, including the UK Department of Culture, Media and Sport, pursuant to the UK Licensing Act 2003 and related laws and regulations.

We are also subject to various local, national and international laws and regulations affecting our operations, including consumer and data protection, planning permission, as well as various environmental, health, sanitation, licensing, fire and safety standards. Under the UK Disability Discrimination Act 1995, the US Americans with Disabilities Act and other laws, we have a duty to make our restaurants accessible to disabled customers.

We are also subject to various UK and US laws and EU regulations governing our relationship with employees, including such matters as minimum wage requirements, the treatment of part-time workers, employers' national insurance contributions, overtime and other working conditions.

We are also subject to various UK and US laws and EU regulations that regulate the offer and sale of franchises and aspects of the licensor-licensee relationships. Many franchise laws impose restrictions on the franchise agreement, including the duration and scope of non-competition provisions, the ability of a franchisor to terminate or refuse to renew and the ability of a franchisor to designate sources of supply.

Insurance

We maintain commercial insurance that is customary for businesses of our size and type. These policies cover material damage, terrorism, business interruption, public and products liability, employer's liability, engineering inspection, directors' and officers' liability, commercial vehicle and other coverage in a form, and with such limits, as the board of directors believe are customary for businesses of our size and type.

Property

Our offices comprise our headquarters in London, England, which we lease.

As at April 26, 2015, we had 112 Company-operated restaurants in the United Kingdom, all of which are leased. The leases for our franchise restaurants are all held by the respective franchisee.

Legal proceedings

We are currently not involved in, nor are we aware of, any other pending or threatened, legal or administrative proceedings that we would reasonably expect to have a material adverse effect on our financial condition or results of operations. From time to time, however, we are involved in legal and administrative proceedings incidental to our business, including various proceedings instituted by governmental authorities arising under the provisions of applicable laws or regulations. The outcome of legal proceedings can be extremely difficult to predict with certainty and we can offer no assurances that any such proceedings will not have a significant effect on our business.