wagamama

Mabel Mezzco Limited

Full year report
as at and for the 35-week period to
December 29, 2019

Third Quarter 2019 highlights

Financial highlights

- Turnover[1] increased 13.9% to £104.5 million in Q3 2019 with the continued expansion of our restaurants in the UK (4 new restaurants, 1 delivery kitchen and our first mamago site opening in the quarter), 7.2% UK like for like sales growth and 4.7% US like for like sales growth.
- Adjusted EBITDA up 26.1% in Q3 2019 to £19.6 million from £15.5 million in Q3 2018/19 (13 weeks).
- Adjusted EBITDA margin at 18.9% in Q3 2019 compared to 17.1% in Q3 2018/19.
- 7.0% UK outperformance of the market in Q3 2019 and traded ahead of the competition consistently for over 5 years (300 weeks).

Operational highlights

- Investment in our people, product and property continuing to drive key metrics, including top ranking against our competitors for net promoter score (NPS), low team turnover and delivering double digit adjusted EBITDA growth.
- Synergy savings as part of the wider TRG Group continue to be realised in Q3 2019.
- Opening of our first mamago ‘food to go’ restaurant in Fenchurch Street, London.

YTD Third Quarter 2019 highlights

Financial highlights

- Turnover[1] increased 13.0% to £258.5 million in YTD Q3 2019 with the continued expansion of our restaurants in the UK (13 new openings), 8.2% UK like for like sales growth and 9.1% US like for like sales growth.
- Adjusted EBITDA up 31.9% in YTD Q3 2019 to £45.3 million from £34.3 million in YTD Q3 2018/19 (35 weeks).
- 6.6% UK outperformance of the market in YTD Q3 2019 and traded ahead of the competition consistently for over 5 years (300 weeks).

Operational highlights

- Investment in our people, product and property continuing to drive key metrics, including top ranking against our competitors for net promoter score (NPS), low team turnover and delivering double digit adjusted EBITDA growth.
- Synergy savings as part of the wider TRG Group realised throughout YTD Q3 2019.
- 2 new sites, Heathrow T3 and Old Street, 8 conversion sites, 2 delivery kitchens and first mamago restaurant completed this year. 2 transformational refurbishments completed at Stratford and Exeter, bringing Kaizen design and new covers.
- Strong pipeline of sites for 2020, including further conversion sites.

[1] Turnover includes franchise income

Emma Woods, CEO, commented

The final quarter of 2019 completed a strong year of growth for wagamama, which has continued in 2020, with the business now passing the 300 week milestone of market outperformance. It is thanks to the very special group of people who make this business what it is, and I'd like to thank them for their relentless dedication and passion. I am also delighted to have found a US joint venture partner who shares that same passion, and will help us to realise the global potential of the brand in such a significant market.

Results of operations

Third Quarter 2019 compared with Third Quarter 2018/19

Note: Q3 2018/19 was a 12 week period ended 3 February 2019. Q3 2019 is however a 13 week period ended 29 December 2019 to align the reporting calendar with our parent company TRG Plc. 13 week profit and loss comparatives are therefore shown below together with the original 12 week comparative reported.

Turnover

Turnover increased 13.9% to £104.5 million in Q3 2019 from £91.8 million in Q3 2018/19 (13 weeks). A geographic and business line analysis of our turnover follows:

£ million	**Q3 2019 13 weeks**	**Q3 2018/19 12 weeks**	**Q3 2018/19 13 weeks**	**% change 13 weeks**
Company-operated UK	99.8	77.9	87.6	13.9%
Company-operated US	3.8	2.9	3.2	18.8%
Franchise	0.9	0.8	1.0	-3.7%
Total	**104.5**	**81.6**	**91.8**	**13.9%**

Company-operated restaurants

Turnover in our restaurant business in the United Kingdom increased 13.9% to £99.8 million in Q3 2019 from £87.6 million in Q3 2018/19 (13 weeks). This was due to 7.2% like for like sales growth and an increase in the number of sites from 135 open at the end of Q3 2018/19 (13 weeks) to 148 open at the end of Q3 2019.

Turnover in our restaurant business in the United States increased 18.8% (13.3% in USD terms) to £3.8 million ($4.8 million) in Q3 2019 from £3.2 million ($4.3 million) in Q3 2018/19 (13 weeks), reflecting growth in like-for-like sales.

International franchised restaurants

Turnover from our international franchised restaurants remained broadly in line at £0.9 million in Q3 2019 and £1.0 million in Q3 2018/19 (13 weeks) reflecting a higher level of royalties in Q3 2019 but a lower level of restaurant opening fees.

Cost summary

£ million	**Q3 2019 13 weeks**	**Q3 2018/19 12 weeks**	**Q3 2018/19 13 weeks**	**% change 13 weeks**
Cost of sales	60.4	47.8	53.4	13.1%
Administrative expenses before exceptional items	32.5	31.3	33.8	-3.7%
Exceptional items	3.4	29.9	31.4	-89.3%
Net interest payable	2.3	2.4	2.2	7.5%
Tax on loss on ordinary activities	1.5	0.3	1.2	21.6%

Cost of sales

Gross profit has increased 17.8% from £37.4 million in Q3 2018/19 (13 weeks) to £44.1 million in Q3 2019. The growth in the estate and the like for like sales growth were the primary causes of this increase together with the benefit of synergy savings as part of the wider TRG Group.

Administrative expenses before exceptional items

Administrative expenses before exceptional items decreased 3.7% to £32.5 million in Q3 2019 from £33.8 million in Q3 2018/19 (13 weeks). An increase in overhead costs and depreciation commensurate with the addition of new restaurants have been offset through both operational efficiencies and synergy savings as part of the wider TRG group together with a lower level of non-cash shared based payment charge in Q3 2019.

Exceptional items

Exceptional administrative expenses decreased from £31.4 million in Q3 2018/19 (13 weeks) to £3.4 million in Q3 2019. The charge in Q3 2019 related to costs to support the achievement of synergy savings and non-cash movements in the Group's onerous lease, impairment and legal provisions. The charge in Q3 2018/19 included professional fees related to the sale of the wagamama business to TRG Plc and a non-cash charge in respect of adjustments made to the Group's impairment and onerous lease provisions on acquisition.

Net interest payable and similar charges

Net interest payable and similar charges remained in line at £2.2 million in Q3 2018/19 (13 weeks) and £2.3 million in Q3 2019 principally reflecting the interest charge on the Group's bond debt.

Tax on loss on ordinary activities

The tax charge on profit on ordinary activities increased from £1.2 million in Q3 2018/19 (13 weeks) to £1.5 million in Q3 2019. This reflects an increased level of underlying profitability.

YTD Q3 2019 compared with YTD Q3 2018/19

Note: YTD Q3 2018/19 was a 40 week period. YTD Q3 2019 is a 35 week in order to align the reporting calendar with our parent company TRG Plc. 35 week profit and loss comparatives are therefore shown below together with the original 40 week comparative reported.

Turnover

Turnover increased 13.0% to £258.5 million in YTD Q3 2019 from £228.7 million in YTD Q3 2018/19 (35 weeks). A geographic and business line analysis of our turnover follows:

£ million	**YTD Q3 2019 35 weeks**	**YTD Q3 2018/19 40 weeks**	**YTD Q3 2018/19 35 weeks**	**% change 35 weeks**
Company-operated UK	246.2	249.0	218.7	12.6%
Company-operated US	10.0	8.9	7.6	31.6%
Franchise	2.3	2.6	2.4	-2.4%
Total	**258.5**	**260.5**	**228.7**	**13.0%**

Company-operated restaurants

Turnover in our restaurant business in the United Kingdom increased 12.6% to £246.2 million in YTD Q3 2019 from £218.7 million in YTD Q3 2018/19 (35 weeks). This was due to 8.2% like for like sales growth and an increase in the number of sites from 135 open at the end of Q3 2018/19 (35 weeks) to 148 open at the end of Q3 2019.

Turnover in our restaurant business in the United States increased 31.6% (24.3% in USD terms) to £10.0 million ($12.6 million) in YTD Q3 2019 from £7.6 million ($10.1 million) in Q3 2018/19 (35 weeks), reflecting growth in like-for-like sales.

International franchised restaurants

Turnover from our international franchised restaurants remained in line at £2.3 million in YTD Q3 2019 and £2.4 million in YTD Q3 2018/19 (35 weeks) reflecting a higher level of royalties but a lower level of restaurant opening fees.

Cost summary

£ million	**YTD Q3 2019 35 weeks**	**YTD Q3 2018/19 40 weeks**	**YTD Q3 2018/19 35 weeks**	**% change 35 weeks**
Cost of sales	150.6	153.7	134.7	11.8%
Administrative expenses before exceptional items	83.8	98.2	84.1	-0.5%
Exceptional items	5.3	33.0	33.3	-83.8%
Net interest payable	6.7	7.7	6.3	9.5%
Tax on loss on ordinary activities	3.7	1.4	2.8	32.8%

Cost of sales

Gross profit has increased by 17.7% from £91.6 million in YTD Q3 2018/19 (35 weeks) to £107.9 million in YTD Q3 2019. The growth in the estate and the like for like sales growth were the primary causes of this increase together with the benefit of synergy savings as part of the wider TRG Group.

Administrative expenses before exceptional items

Administrative expenses before exceptional items have decreased from £84.1 million in YTD Q3 2019 to £83.8 million in YTD Q3 2018/19. An increase in overhead costs and depreciation commensurate with the addition of new restaurants together with the increase in central overhead expenses has been offset through both operational efficiencies and synergy savings as part of the wider TRG group. The Group’s non-cash share based payment charge has additionally decreased in YTD Q3 2019.

Exceptional items

Exceptional administrative expenses have decreased from £33.3 million in YTD Q3 2018/19 (35 weeks) to £5.3 million in YTD Q3 2019. The charge in YTD Q3 2019 related to costs to support the achievement of synergy savings and non-cash movements in the Group’s onerous lease, impairment and legal provisions. The charge in YTD Q3 2018/19 (35 weeks) included professional fees related to the sale of the business to TRG Plc and a non-cash charge in respect of adjustments made to the Group’s impairment and onerous lease provisions on acquisition.

Net interest payable and similar charges

Net interest payable and similar charges have remained broadly in line at £6.3 million in YTD Q3 2018/19 (35 weeks) and £6.7 million in YTD Q3 2019 principally reflecting the interest charge on the Group’s bond debt.

Tax on loss on ordinary activities

The tax charge on profit on ordinary activities increased from £2.8 million in YTD Q3 2018/19 (35 weeks) to £3.7 million in YTD Q3 2019. This reflects an increased level of underlying profitability.

Cash flow

The cash balance at the end of Q3 2019 was £28.2 million compared to a balance of £17.1 million at the end of Q3 2018/19 (40 weeks).

The cash inflow of £5.9 million in Q3 2019 increased from an outflow of £7.6 million in Q3 2018/19 (13 weeks). This resulted from an increased level of adjusted EBITDA in Q3 2019 and a drawdown on the Group's revolving credit facility offset by an increased level of working capital outflow and higher capital expenditure.

The cash inflow of £4.2 million in YTD Q3 2019 increased from an outflow of £12.2 million in YTD Q3 2018/19 (40 weeks). This resulted from an increased level of adjusted EBITDA in YTD Q3 2019 and a drawdown on the Group's revolving credit facility offset by an increased level of working capital outflow and higher capital expenditure.

Net cash inflow from operating activities

Net cash inflow from operating activities increased 117.0% to £7.7 million in Q3 2019 from £3.6 million in Q3 2018/19 (12 weeks). This resulted from an increased level of adjusted EBITDA in Q3 2019 which was driven by underlying trading performance, synergy savings as part of the wider TRG group and based on 13 weeks compared to 12 weeks. This was countered by an increased level of working capital outflow based on timing of the period end within the payment cycle and payment of intercompany interest and part of the loan balance with the Group's parent company.

Taxation cash outflow increased to £1.4 million in Q3 2019 from £1.2 million in Q3 2018/19 (12 weeks) based on increased payments on account driven by underlying profitability.

Net cash inflow from operating activities increased 21.1% to £27.9 million in YTD Q3 2019 from £23.0 million in YTD Q3 2018/19 (40 weeks). This resulted from an increased level of adjusted EBITDA in YTD Q3 2019. Countering this was an increased level of working capital outflow based on timing of the period end within the payment cycle and payment of intercompany interest and part of the loan balance with the Group's parent company

Taxation cash flows increased to £3.6 million in YTD Q3 2019 from £3.5 million in YTD Q3 2018/19 (40 weeks) reflecting increased underlying profitability.

Net cash outflow from investing activities

Net cash outflow from capital expenditure increased to £10.3 million in Q3 2019 from £5.3 million in Q3 2018/19 (12 weeks). There were 6 openings in Q3 2019 compared to no openings in Q3 2018/19 (12 weeks). There was however a lower level of refurbishment expenditure compared to Q3 2018/19 and a lower level of maintenance spend.

Net cash outflow from capital expenditure increased 12.4% to £25.3 million in YTD Q3 2019 from £22.5 million in YTD Q3 2018/19 (40 weeks). There were 13 openings in YTD Q3 2019 compared to 6 openings in YTD Q3 2018/19 (40 weeks) however there was a lower level of refurbishment expenditure in YTD Q3 2019 and lower maintenance spend based on a 35 week period compared to a 40 week period.

Net cash inflow/outflow from financing

Net cashflow from financing increased to a £9.9 million inflow in Q3 2019 from a £4.8 million outflow in Q3 2018/19 (12 weeks). The Group made a drawdown of its revolving credit facility in Q3 2019. The semi-annual interest payment on the Group's bond debt was paid in Q3 2018/19 (12 weeks), however did not fall due in Q3 2019.

Net cashflow from financing increased to a £5.1 million inflow in YTD Q3 2019 from a £9.5 million outflow in Q3 2018/19 (40 weeks). The Group made a drawdown of its revolving credit facility in YTD Q3 2019 and made one semi-annual interest payment on its bond debt, however in Q3 YTD 2018/19 (40 weeks) two interest payments fell due.

Capital expenditures

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

	For the period ended		For the period ended	
	Dec 29, 2019 13 weeks	Feb 03, 2019 12 weeks	Dec 29, 2019 35 weeks	Feb 03, 2019 40 weeks
New site capital expenditures	8.1	1.7	16.1	9.4
Refurbishment expenditures	0.3	1.6	3.6	6.9
Maintenance expenditures	1.3	1.6	3.7	5.2
Other capital expenditures*	0.6	0.4	1.9	1.0
Total capital expenditures	**10.3**	**5.3**	**25.3**	**22.5**
Corporate expenses	-	0.1	0.1	0.2

***other capital expenditure: office, systems and central kitchen

Estate summary

We opened six new restaurants in Q3 2019 compared to no restaurants in Q3 2018/19.

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

	For the period ended		For the YTD period ended	
	Dec 29, 2019 13 weeks	Feb 03, 2019 12 weeks	Dec 29, 2019 35 weeks	Feb 03, 2019 40 weeks
Company-operated restaurants(1)..........	**153**	**140**	**153**	**140**
United Kingdom restaurants	148	135	148	135
United States restaurants	5	5	5	5
Company-operated restaurant openings during the period	6	-	13	6
Company-operated restaurants closures during the period	-	-	-	(1)
Franchised(2)	55	57	55	57
Total...	**208**	**197**	**208**	**197**

(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 Austria, Bahrain, Belgium, Cyprus, Denmark, Gibraltar, Greece, Ireland, Italy, Malta, The Netherlands, Northern Ireland, Norway, Oman, Qatar, Saudi Arabia, Slovakia, Spain, Sweden, Turkey and United Arab Emirates,

Key performance indicators

	For the period ended		For the YTD period ended		LTM
	Dec 29, 2019 13 weeks	Feb 03, 2019 12 weeks	Dec 29, 2019 35 weeks	Feb 03, 2019 40 weeks	Dec 29, 2019 52 weeks
			(£ millions)		
Like-for-like sales growth (%)	7.2%	9.1%	8.2%	9.7%	8.5%
EBITDAR.......................................	26.7	15.3	63.0	50.0	88.4
Rent Expense................................	7.5	6.1	19.3	20.4	27.7
EBITDA	19.2	9.2	43.7	29.6	60.7
EBITDA Margin (%).......................	18.5%	11.4%	17.1%	11.5%	16.5%
Adjusted EBITDA[(1)]	19.6	12.9	45.3	38.7	62.9
Adjusted EBITDA margin (%).........	18.9%	15.9%	17.7%	15.0%	17.1%
Net total indebtedness[(2)]................					205.0
Ratio of net total indebtedness to Adjusted EBITDA					3.3x

(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:

(2) Net total indebtedness represents total debt less cash.

	For the period ended		For the YTD period ended		LTM
	Dec 29, 2019 13 weeks	Feb 03, 2019 12 weeks	Dec 29, 2019 35 weeks	Feb 03, 2019 40 weeks	Dec 29, 2019 52 weeks
			(£ millions)		
Profit/loss for the financial period..	4.3	(29.5)	8.4	(33.4)	10.7
Tax on profit/loss on ordinary activities	1.5	(0.3)	3.7	1.4	3.3
Net interest payable and similar charges	2.3	2.4	6.7	7.7	10.4
Exceptional[(a)] expenses/(income) .	3.4	29.9	5.3	33.0	7.4
Amortisation	2.5	2.3	6.8	7.6	9.9
Depreciation and impairment of tangible assets..........................	4.8	4.1	12.4	12.9	17.9
Loss on disposal of assets	0.4	0.3	0.4	0.4	1.1
EBITDA	**19.2**	**9.2**	**43.7**	**29.6**	**60.7**
Pre-opening costs[(b)]	0.3	2.6	1.4	4.0	1.8
Share based payment charge[(c)]	-	1.0	0.1	4.9	0.2
Corporate expenses[(d)]..................	0.1	0.1	0.1	0.2	0.2
Adjusted EBITDA........................	**19.6**	**12.9**	**45.3**	**38.7**	**62.9**
Adjustment (to 13 week period)	n/a	2.6	-	-	-
Adjustment (to 35 week period) ...	-	-	n/a	(4.4)	-
Adjusted EBITDA (13 and 22 week comparable)	**19.6**	**15.5**	**45.3**	**34.3**	**62.9**

(a) For the 35 weeks ended 29 December 2019, the exceptional charges related to costs to support the achievement of synergy savings and non-cash movements in the Group's onerous lease, impairment and legal provisions. For the 40 week period ended 3 February 2019, exceptional costs included professional fees related to the sale of the business to TRG Plc and a non-cash charge in respect of adjustments made to the Group's impairment and onerous lease provisions on acquisition.

(b) 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.

(c) The share based payment charge is non-recurring and in respect of the Group's management share based incentive scheme.

(d) Corporate expenses represent fees paid to our principal shareholders and security agent under our bond and RCF agreement, professional fees incurred relating to syndication and listing of loan notes under that agreement and fees in respect of our corporate status.

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 22 markets around the world spread across Northern Europe, Mediterranean Europe, and the Middle East.

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.

Presentation of financial information

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

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

- the unaudited consolidated financial information of the Group as of and for the 13 weeks ended December 29, 2019 ("Third Quarter 2019", "Q3 2019", or "the quarter"), and the comparative period as of and for the 12 weeks ended February 03, 2019 ("Third Quarter 2018/19" or "Q3 2018/19"), prepared in accordance with FRS 102.

- the audited consolidated financial information of the Group as of and for the 35 weeks ended December 29, 2019 ("YTD Third Quarter 2019", "YTD Q3 2019") and the comparative period as of and for the 40 weeks ended February 03, 2019 ("YTD Third Quarter 2018/19" or "YTD Q3 2018/19"), prepared in accordance with FRS 102.

The financial year for the Group runs to a Sunday within seven days of 31 December each year. Accordingly, from time to time, the financial accounting period covers a 53-week period, which impacts the comparability of results. Our 2019 financial year ended on December 29, 2019 and constitutes a short 35-week period.

Further information for noteholders

This report was prepared in accordance with the indenture dated July 10, 2017 among Wagamama Finance plc, as Issuer, the guarantors named therein, U.S. Bank Trustees Limited, as Trustee and Security Agent and Elavon Financial Services DAC, UK Branch, as paying agent.

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.

The quarterly financial results presented in this report include calculations or figures that have been prepared internally by management and have not been reviewed or audited by our independent chartered accounting firm. This financial data should not be viewed as a substitute for full financial statements prepared in accordance with FRS 102 and is not necessarily indicative of the results to be achieved for any future periods.

In this report, we present turnover of our US business in US dollars as well as Pounds Sterling equivalent. To present this information, current and comparative prior period results are converted using the average exchange rates of the respective quarters.

Use of non-FRS 102 financial information

Certain parts of this report contain non-FRS 102 measures and ratios, including EBITDAR, rent expense, EBITDA, EBITDA margin, Adjusted/(Adj.) EBITDA, Adjusted/(Adj.) EBITDA margin, new site capital expenditures, refurbishment 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, FRS 102. 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, Adjusted / (Adj.) EBITDA are not measures of our financial performance or liquidity under FRS 102 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 FRS 102.

Our non-FRS 102 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 company operated sales.
- We define "Adjusted/(Adj.) EBITDA" as EBITDA adjusted for the impact of restaurant pre-opening costs and corporate expenses. We define LTM performance as FY 2018/19 audited full year results plus Q3 2019 less Q3 2018/19 (restated to 35 weeks).
- We define "Adjusted/(Adj.) EBITDA margin" as Adjusted EBITDA divided by turnover.
- We define "sales" as income generated from company operated restaurants. We define "turnover" as income generated from company operated restaurants and franchise income.
- 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 "refurbishment expenditure" as expansion capital expenditure in existing restaurants.
- We define "maintenance capital expenditure" as the capital expenditures we incur to maintain our 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 and/or United States restaurants that traded for at least 65 full weeks. Restaurants are included on a rolling basis as each new restaurant is included in the like-for-like comparison once it has traded for 65 full weeks. 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.

Mabel Mezzco Limited

Annual report and financial statements

for the period ended 29 December 2019

Registered number: 07556501

Mabel Mezzco Limited

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Mabel Mezzco Limited

Management review
for the period ended 29 December 2019

Group highlights

- 8.2% UK like for like sales growth, continuing to significantly outperform the competition
- Group turnover of £258.5m for the 35 week period (2019: £342.2m on a 52 week basis)
- Group adjusted EBITDA of £45.3m for the 35 week period (2019: £51.9m on a 52 week basis)
- Expansion of our restaurant estate in the UK with 13 new company operated sites in the period

Operational highlights

- Further investment in the training and development of our people, driving our lowest level of team turnover
- Continued innovation in food, customer experience and technology including the first store opening for our mamago 'grab and go' concept and the ongoing success of our vegan menu
- Differentiated brand marketing, including a number of successful campaigns and collaborations
- Top ranking amongst our competitors in the casual dining sector in respect of customer metrics (net promotor score)
- Expansion of our restaurant estate in the UK with 13 new company operated sites in the period
- 3 transformational restaurant refurbishments completed

Investment in and recognition of our people has continued to be a key focus in the year. Our commitment to the training and development of our team members, from our fire up apprenticeship scheme to our manager training, has gone from strength to strength allowing us to promote and progress internally more than ever. During the year we also launched our employee app woksapp providing our team members with access to rotas and human resource information, benefits and wellbeing platforms and peer to peer messaging. We are pleased to see a positive impact of our people strategy in our team feedback, Glassdoor ratings and our lowest level of team turnover.

During the period, we have also continued to innovate and develop both our menu and customer experience. The launch of our new Kokoro bowls in the summer delivered not only strong sales but also further strengthening our offering to the vegan community within the business and more widely. This was further supported by our collaborations during the year, including with Gaz Oakley to launch the avant gard'n dish featuring the 'vegan' egg. In November 2019, we opened our first mamago 'grab and go' store in Fenchurch Street, London with a menu of made to order dishes comprising both adaptations of wagamama classics and new innovative dishes.

During the year we relaunched our brand values and purpose to 'nourish modern society' both internally to our team members and externally. This has inspired our brand marketing campaigns together with our first wagamama cookbook in 15 years 'feed your soul'. Entering into a new partnership with Mental Health Mates, the Bryony Gordon founded community organisation, has further enabled us to support the wellbeing of our teams and our guests.

We have expanded our estate in the period to include 13 new restaurants in the UK. This includes further rollout of our delivery kitchens and the opening of our first mamago site. Based on our successful trading we have also been able to invest in our existing restaurants and have completed 3 transformational refurbishments in the period, impacting both front and back of house. The refurbishments have brought kaizen design and additional covers where possible to the front of house, and increased capacity and improved working conditions in the back of house.

Management review
for the period ended 29 December 2019 (continued)

Financial highlights

- 8.2% UK like for like sales growth, continuing to significantly outperform the competition
- Group turnover of £258.5m for the 35 week period (2019: £342.2m on a 52 week basis)
- Group adjusted EBITDA of £45.3m for the 35 week period (2019: £51.9m on a 52 week basis)
- Profit before tax of £12.1m for the 35 week period (2019: £30.1m loss on a 52 week basis)
- Strategy under TRG ownership has enabled accelerated but selective estate expansion

On 24 December 2018, The Restaurant Group plc acquired 100% of issued shares in Mabel Topco Group. Following the acquisition, the Mabel Topco Group has revised its reporting calendar and has therefore prepared these financial statements for a short period of 35 weeks to 29 December 2019.

Turnover for the 35 week period increased by 13.0% (compared to the equivalent 35 week period in 2018[1]) to £258.5m. This was driven by like for like growth of our existing estate in both the UK and US together with the opening of 13 new company operated sites. Like for like sales are defined as a year-on-year comparison for sites which have completed 65 full weeks of trading.

Our UK restaurants delivered like for like growth of 8.2%. We have now traded ahead our peer group restaurants every week for more than 5 years and are extremely encouraged as we have managed to maintain a significant gap to the market.

Strong Group Adjusted EBITDA was driven by continued good profit conversion from double digit sales growth, continued management of cost challenges through operational discipline and the benefit of synergies achieved as part of the wider TRG group.

Operating profit (pre-exceptional costs) for the period was £24.1 million compared to operating profit (pre-exceptional costs) of £15.2 million in the previous financial year (on a 52 week basis).

Exceptional costs of £5.3 million resulted principally from costs of achieving synergy savings together with movements in the Group's onerous lease and impairment provisions relating to a small number of sites. Operating profit post exceptional costs was £18.8 million compared to an operating loss post exceptional costs of £20.1 million in the previous financial year (on a 52 week basis).

The Group made a profit for the period of £8.4 million after financing costs and tax compared with a loss of £32.5 million after financing costs in the previous financial year (on a 52 week basis).

Outlook

We remain confident in our ability to identify opportunities and manage through the challenges ahead with our successful and growing footprint, combined with our consistent performance and strong cash generation. We remain relatively cautious about the immediate outlook given market conditions including the impact of Brexit

[1] All prior year 35 week comparables are actual figures for the equivalent trading weeks.

Mabel Mezzco Limited

Strategic report
for the period ended 29 December 2019

Introduction

The directors present their strategic report for the 35-week period ended 29 December 2019. Due to a change in the financial year in order to align with the wider TRG plc group, the accounting year runs to a Sunday within seven days of 31 December each year which will be a 52 or 53 week period. The comparative numbers used in the financial statements are for the 52-week period ended 28 April 2019.

The Company acts as an intermediate holding company for the Mabel Topco Group ("the Group"), which operates a chain of pan-Asian restaurants, trading in the UK through Wagamama Limited, and in the USA through Wagamama Inc. The UK business also operates as a franchisor of the brand in all territories in which Wagamama trades outside of the UK and USA.

The principal strategic objective is to maximise the value of the Wagamama brand, the main drivers of which are expansion of the owned estate in the UK and internationally, whilst continuing to focus on maintaining Wagamama's highly differentiated offering and its profitability.

Business review and future developments

The trading results for the period and the Group's financial position at the end of the period are shown in the financial statements on pages 14 to 47. During the period no dividends were declared or paid to the immediate parent company, Mabel Midco Limited (2019: Nil).

The Group continued with its expansionary activities during the period, with 13 company operated sites opened. By the end of the period, the Group's estate had grown to 148 restaurants in the UK including 3 delivery kitchens and 5 restaurants in the USA as well as 55 restaurants operated under franchise agreements.

The Company has set up for growth and is expecting to open further managed restaurants and delivery kitchens in the UK and additional franchise restaurants across the rest of the world.

Subsequent to the year end date, the Group has entered into a joint venture partnership in respect of the Wagamama USA business. The joint venture will be a 20:80 partnership (with the Group as the minority investor) and the JV will assume full ownership of the existing operations of the US business. The JV will provide Wagamama's US operations with local operational expertise and expansionary capital with the aim to further expand the brand in the United States. The JV commenced from the 31 January 2020.

Key Performance Indicators (KPIs)

The directors consider the following to be key indicators of the performance of the Group, both financial and non-financial. These KPIs include reference to both Adjusted EBITDA and Restaurant EBITDA which are non-GAAP performance measures, which are not meant to be a substitute for GAAP measures. These non-GAAP measures are used for internal performance and investor reporting on the basis that these provide, in the Directors' view, a clearer view of the trading results of the Group. Adjusted EBITDA excludes exceptional items (considered to be one-off or non-trading income and expense), as well as excluding interest, tax, depreciation, amortisation, share based payment charges, pre-opening costs, corporate expenses and losses on disposal of fixed assets. Restaurant EBITDA further eliminates Head Office overhead costs. A reconciliation of these measures is provided in note 27 of these financial statements.

Key Performance Indicators (KPIs) (continued)

	35 weeks ended 29 Dec 2019 £'000	52 weeks ended 28 April 2019 £'000
Turnover	**258,504**	342,171
Adjusted EBITDA	**45,285**	51,942
Restaurant EBITDA	**58,458**	70,842
	Number	Number
Number of company operated restaurants	**153**	140
Average number of employees	**6,799**	6,411

The directors see considerable potential for continuing expansion of the business and will continue to follow the growth strategy.

Principal risks and uncertainties

Brexit

Brexit has brought new uncertainty to the UK market as a whole, which may well impact our underlying sales. It is unclear at this stage what further impact Brexit will have on our labour availability, underlying costs, and our international costs and revenues.

Management is alert to and continuously reviewing all potential risks and formulating its responses at the appropriate time. The business is robustly financed and feels confident in its ability to identify opportunities and manage through the economic challenges.

UK Economy

As a consumer facing business, any risks to the UK economy as a whole and in particular to consumer spending could impact the overall performance of the Group. However, the brand is relatively well positioned as a result of the overall affordability of the Wagamama offering. Significant food and wage inflation are also risk factors, although the business can to a certain extent offset inflationary pressures through moderate menu price increases.

Financial risks

Foreign exchange risk

The Group's principal operating segment relates to the UK restaurant business, however the Group's US restaurant business does expose the Group to a level of foreign exchange risk.

A significant proportion of this risk is mitigated by a natural hedge given that employees and suppliers of the US business are predominantly paid in US dollars from sales revenue generated in the USA.

Mabel Mezzco Limited

Strategic report
for the period ended 29 December 2019 (continued)

Financial risks (continued)

Credit risk

Trade receivables predominately arise from the Group's franchising business. The franchising business is immaterial to the Group's operations. Accordingly, the Group has no significant concentrations of credit risk. The Group has implemented policies that require appropriate credit checks on potential franchisees before sales are made.

Credit risk also arises on short-term bank deposits. Short-term bank deposits are executed only with A-rated authorised counter-parties based on ratings issued by the major rating agencies. Counter-party exposure positions are monitored regularly so that credit exposures to any one counter party are within predetermined limits. Overall, the Group considers that it is not exposed to a significant amount of credit risk.

The Group holds intercompany balances with entities within the Mabel Topco group. The credit risk on these is considered to be low on the basis that management have complete control over intercompany working capital arrangements and manage the Group's financing on a holistic basis.

Liquidity risk

The Group adopts a prudent approach to liquidity risk management, maintaining sufficient cash and short-term deposits and the availability of funding through an adequate amount of committed credit facilities. On the basis of the cash deposits held and ongoing cash generation through the Group's restaurant operations, the Group is able to fully meet all of its obligations as they fall due.

Cash flow and fair value interest rate risk

The Group is financed through a mixture of a high yield bond (coupon 4.125%) and intercompany financing. These borrowings are in Sterling at fixed interest rates. The Group is therefore able to plan and manage its interest commitments.

The Strategic report has been approved by the board and is signed on its behalf by

L Wood
Director
25 February 2020

Mabel Mezzco Limited

Directors' report
for the period ended 29 December 2019

The directors present their report and audited consolidated financial statements for the 35-week period ended 29 December 2019. Due to a change in the financial year in order to align with the wider TRG plc group, the accounting year runs to a Sunday within seven days of 31 December each year which will be a 52 or 53 week period.

The comparative numbers used in the financial statements are for the 52-week period ended 28 April 2019.

Business review and future developments

We have included our business review and discussion of future developments in the Strategic report on page 4.

Results and dividends

The trading results for the period and the Group's financial position at the end of the period are shown in the attached financial statements on pages 14 to 47. During the period no intragroup dividend was proposed or paid (2019: Nil).

The directors

The directors who served the Company during the period and up to the date of signing were as follows:

A McCue (resigned 30 June 2019)
N Taylor (resigned 6 September 2019)
K D Davis
E M Woods
L J Wood (appointed on 10 September 2019)

Employees

The average number of employees and their remuneration is set out in note 5 of the financial statements.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Further information is set out within the section 172 statement below.

Financial risk management

Please refer to the Strategic report on pages 4 to 6 for further discussion on financial risk management.

Corporate governance arrangements

Mabel Mezzco Limited and its subsidiaries form part of the Restaurant Group plc group. The principal corporate governance rules applying to The Restaurant Group plc are contained in the Financial Reporting Council's (FRC) UK Corporate Governance Code and the UK Financial Conduct Authority (FCA) Listing Rules. Further information on the Group's Corporate Governance arrangements is disclosed in the published consolidated accounts for TRG plc.

Section 172 statement

All decisions made by the management of the Group seek to enhance the long-term reputation of the business and the brand to drive benefits to each stakeholder. By engaging openly and with transparency with all stakeholders we can ensure we have comprehensively considered all the beneficiaries of the work we undertake both now and in the future.

The following table describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) in relation to our stakeholders and forms the directors' statement required under section 414CZA of The Companies Act 2006.

Section 172 statement (continued)

Stakeholder Group	How management and/or directors engaged	Key topics of engagement	Outcomes and actions
Investors			
Our investors include the holders of the £225m Wagamama Finance plc bond. **Key metrics for our bond investors are:** • **Adjusted EBITDA** • **leverage and interest cover** **The ultimate investors of Mabel Mezzco's parent company, the Restaurant Group plc are also indirect stakeholders.**	The key mechanism of engagement with our bond holders is through a quarterly investor presentation and quarterly financial reporting. Investors may also engage directly with Wagamama in respect of ongoing queries. The relationship with the Restaurant Group's investors is managed by the parent company.	Routine engagement with investors in respect of business performance and strategy.	No specific actions were undertaken in these areas outside the normal course of business.
Suppliers			
We have established relationships with suppliers across all core procurement areas, including restaurant suppliers, construction and property. **Key metrics for our suppliers are:** • **quality and service standards** • **payments made within payment terms** • **environmental impact through carbon footprint, waste volumes**	Relationships with our suppliers are actively managed by our procurement and property teams.	Alongside routine engagement with our suppliers, other areas of focus during the period have included: • Impact of Brexit on our supply chain • Responsible procurement	We have a documented Brexit strategy developed with input from a number of our key suppliers. We continue to work with our suppliers to implement our strategy to reduce the impact of our business on the environment.
Team members			
Our team members include both our restaurant and head office employees in both the UK and USA. **Key metrics in respect of our employees are:** • **team turnover** • **employee satisfaction based on external metrics and our own survey data**	Our team members are vital to the success of our business and our engagement with our customers and community. We engage with our team members through a variety of channels including: • the Group's annual conference • annual budget roadshows and mid-year reviews • a regular meeting calendar across business regions and restaurants • weekly news updates, via our employee app and facebook group. Team members are encouraged to share their feedback through all of these channels together with the employee survey.	We routinely engage with our team members in respect of business strategy and performance. Other matters on which we have specifically engaged during the year include: • Acquisition of the business by TRG Plc • Impact of Brexit on our workforce	During the acquisition of the Wagamama business and subsequent integration, we have engaged with our teams to ensure clarity over changes in the business ownership and what this has meant for our teams. We remain engaged with our team members making sure that all guidance relating to Brexit is communicated and explained.

Directors' report
for the period ended 29 December 2019 (continued)

Section 172 statement (continued)

Stakeholder Group	How management and/or directors engaged	Key topics of engagement	Outcomes and actions
Customers			
Our customers include those with whom we engage directly in our restaurants together with those customers engaged via third party platforms in the delivery space. **Key metrics in respect of our customer base are** • **net promoter score** • **customer feedback scores**	Engaging with customers directly in our restaurants is key to our business. Outside of direct engagement, we use a variety of channels to engage with our customers including: • our customer feedback portal • social media • focus groups • brand and product launch events • local events to our restaurants	The key topics of engagement with our customers included: • new product launches and menu updates • new concept launch of mamago • customer feedback • our charitable partnerships and local community engagement	We take feedback from our customers seriously and have used this across the period when making business decisions to further improve our offering.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

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

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

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

Directors' report
for the period ended 29 December 2019 (continued)

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

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

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company TRG plc. The directors have received confirmation that TRG plc intends to support the Company for at least 12 months after these financial statements are signed.

Directors' Indemnity

Qualifying third party indemnity provisions as defined by the Companies Act 2006 were in force for the benefit of Directors throughout the period and up to the date of approval of the financial statements.

The Directors' report has been approved by the board and is signed on its behalf by

L Wood
Director
25 February 2020

Company registered number: 07556501

Independent auditors' report to the members of Mabel Mezzco Limited

Opinion

We have audited the financial statements of Mabel Mezzco Limited ('the Company') and its subsidiaries (the 'group') for the 35 week period ended 29 December 2019 which comprise the Group profit and loss account, the Group statement of comprehensive income, the Group and Company balance sheet, the Group and Company statement of changes in equity, the Group cash flow statement for the period then ended and the related notes 1 to 29, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 29 December 2019 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent auditors' report to the members of Mabel Mezzco Limited (continued)

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's 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 auditor's 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

Independent auditors' report to the members of Mabel Mezzco Limited (continued)

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

R. Forsyth

Bob Forsyth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
25 February 2020

Mabel Mezzco Limited

Group profit and loss account
for the period ended 29 December 2019

	Note	**35 weeks ended 29 Dec 2019**	52 weeks ended 28 April 2019
		£'000	£'000
Turnover	3	**258,504**	342,171
Cost of sales		**(150,638)**	(201,557)
Gross profit		**107,866**	140,614
Administrative expenses before exceptional items		**(83,760)**	(125,383)
Exceptional administrative expense	4	**(5,348)**	(35,320)
Administrative expenses		**(89,108)**	(160,703)
Operating profit / (loss)	4	**18,758**	(20,089)
Interest receivable and similar income	7	**388**	363
Interest payable and similar charges	8	**(7,094)**	(10,387)
Profit / (loss) before taxation		**12,052**	(30,113)
Tax on profit / (loss)	9	**(3,669)**	(2,395)
Profit / (loss) for the financial period	24	**8,383**	(32,508)
Profit / (loss) for the financial period is attributable to:			
Owners of the Parent		**8,383**	(32,508)
		8,383	(32,508)

All of the activities of the Group are classed as continuing.

The Company has taken advantage of section 408 of the Companies Act 2006 not to publish its own profit and loss account.

Mabel Mezzco Limited

Group statement of comprehensive income for the period ended 29 December 2019

		35 weeks ended 29 Dec 2019	52 weeks ended 28 April 2019
		£'000	£'000
Profit / (loss) for the financial period		**8,383**	(32,508)
Other comprehensive (loss) / income:			
Foreign exchange differences arising on consolidation	24	**282**	(6)
Profit/(loss) for the period		**8,665**	(32,514)
Total comprehensive income / (loss) attributable to:			
Owners of the Parent		**8,665**	(32,514)
		8,665	(32,514)

Mabel Mezzco Limited

Group balance sheet
as at 29 December 2019

	Note	29 Dec 2019 £'000	28 April 2019 £'000
Fixed assets			
Intangible assets	11	**105,445**	110,719
Tangible assets	13	**123,176**	112,277
		228,621	222,996
Current assets			
Stocks	14	**2,986**	2,537
Debtors	15	**38,197**	17,310
Cash at bank and in hand		**28,204**	24,058
		69,387	43,905
Creditors: amounts falling due within one year	16	**(84,644)**	(59,484)
Net current liabilities		**(15,257)**	(15,579)
Total assets less current liabilities		**213,364**	207,417
Creditors: amounts falling due after more than one year	17	**(225,716)**	(225,334)
		(12,352)	(17,917)
Provisions for liabilities	20	**(16,170)**	(19,270)
Net (liabilities) / assets		**(28,522)**	(37,187)
Capital and reserves			
Called up share capital	22	**20,000**	20,000
Other reserves		**4,933**	4,933
Profit and loss account	24	**(53,455)**	(62,120)
Total shareholders' (deficit) / funds		**(28,522)**	(37,187)

The financial statements on pages 14 to 47 were approved by the board of directors on 25 February 2020 and signed on its behalf by:

L Wood
Director

Mabel Mezzco Limited

Company balance sheet
as at 29 December 2019

	Note	**29 Dec 2019**	28 April 2019
		£'000	£'000
Fixed assets			
Investments	12	123,137	123,137
Net assets		123,137	123,317
Capital and reserves			
Called up share capital	22	20,000	20,000
Profit and loss account	24	103,137	103,137
Total shareholders' funds		123,137	123,137

The result for the financial period dealt with in the financial statements of the Parent Company was £nil.

The financial statements on pages 14 to 47 were approved by the board of directors on 25 February 2020 and signed on its behalf by:

L Wood
Director

Company registered number: 07556501

Mabel Mezzco Limited

Group statement of changes in equity for the period ended 29 December 2019

	Called up share capital	Other reserves	Profit and loss account	Total shareholders' (deficit)
	£'000	£'000	£'000	£'000
Balance as at 30 April 2018	**20,000**	**-**	**(29,606)**	**(9,606)**
Loss for the financial period	-	-	(32,508)	(32,508)
Foreign exchange differences arising on consolidation	-	-	(6)	(6)
Total comprehensive loss for the period	**-**	**-**	**(32,514)**	**(32,514)**
Share based payments	-	4,933	-	4,933
Total transactions with owners recognised directly in equity	**-**	**4,933**	**-**	**4,933**
Balance as at 28 April 2019	**20,000**	**4,933**	**(62,120)**	**(37,187)**

	Called up share capital	Other reserves	Profit and loss account	Total shareholders' deficit
	£'000	£'000	£'000	£'000
Balance as at 29 April 2019	**20,000**	**4,933**	**(62,120)**	**(37,187)**
Profit for the financial period	-	-	8,383	8,383
Foreign exchange differences arising on consolidation	-	-	282	282
Total comprehensive income for the period	**-**	**-**	**8,665**	**8,665**
Balance as at 29 December 2019	**20,000**	**4,933**	**(53,455)**	**(28,522)**

Mabel Mezzco Limited

Company statement of changes in equity for the period ended 29 December 2019

	Called up share capital	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
Balance as at 30 April 2018	**20,000**	**103,137**	**123,137**
Profit and other comprehensive income for the period	-	-	-
Balance as at 28 April 2019	20,000	103,137	123,137

	Called up share capital	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
Balance as at 29 April 2019	**20,000**	**103,137**	**123,137**
Profit and other comprehensive income for the period	-	-	-
Balance as at 29 December 2019	20,000	103,137	123,137

Mabel Mezzco Limited

Group cash flow statement
for the period ended 29 December 2019

	Note	**35 weeks ended 29 Dec 2019**	52 weeks ended 28 April 2019
		£'000	£'000
Net cash inflow from operating activities	(a)	**27,901**	37,484
Taxation		**(3,616)**	(4,663)
Net cash generated from operating activities		**24,285**	32,821
Cash flow from investing activities			
Interest received		**62**	290
Payments to acquire tangible and intangible assets		**(25,260)**	(28,688)
Net cash used in investing activities		**(25,198)**	(28,398)
Cash flow from financing activities			
Receipts from revolver loan facility		**10,000**	-
Interest paid		**(4,934)**	(9,694)
Net cash used in financing activities		**5,066**	(9,694)
Net decrease in cash and cash equivalents		**4,153**	(5,271)
Cash and cash equivalents at the beginning of the period		**24,058**	29,312
Exchange adjustments		**(7)**	17
Cash and cash equivalents at the end of the period		**28,204**	24,058

The notes on pages 23 to 47 form part of these financial statements.

Group cash flow statement
for the period ended 29 December 2019 (continued)

	35 weeks ended 29 Dec 2019	52 weeks ended 28 April 2019
	£'000	£'000
Cash and cash equivalents consists of:		
Cash at bank and in hand	**28,204**	24,058
Cash and cash equivalents	**28,204**	24,058

Notes to the Group cash flow statement
for the period ended 29 December 2019

(a) Reconciliation of operating profit to net cash inflow from operating activities

	35 weeks ended 29 Dec 2019	52 weeks ended 28 April 2019
	£'000	£'000
Operating profit / (loss)	**18,758**	(20,089)
Amortisation	**6,795**	9,885
Depreciation	**12,429**	16,887
Impairment of fixed assets	**738**	15,434
Loss on disposal of fixed assets	**406**	732
Share based payment charge	-	4,933
Increase in stocks	**(449)**	(522)
(Increase) / decrease in debtors	**(2,705)**	301
Increase/(decrease) in creditors	**(3,668)**	1,844
Increase / (decrease) in provisions for onerous leases	**(4,403)**	8,079
Net cash inflow from operating activities	**27,901**	37,484

Notes to the Group cash flow statement for the period ended 29 December 2019 (continued)

(b) Analysis of changes in net debt

	At 29 April 2019	Cash flows	Other non-cash changes	At 29 Dec 2019
	£'000	£'000	£'000	£'000
Net cash:				
Cash at bank and in hand	24,058	4,153	(7)	**28,204**
Debt:				
Debt due within 1 year	-	(10,000)	-	**(10,000)**
Debt due after 1 year	(222,736)	-	(449)	**(223,185)**
Net debt	(198,678)	(5,847)	(456)	**(204,981)**

(c) Non-cash changes

	35 weeks ended 29 Dec 2019	52 weeks ended 28 April 2019
	£'000	£'000
Currency translation	**(7)**	17
Amortisation of loan issue fees	**(449)**	(618)
	(456)	(601)

Notes to the financial statements for the period ended 29 December 2019

1 Accounting policies

General information

Mabel Mezzco Limited is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is 76 Wardour Street, London, W1F 0UR.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" and the Companies Act 2006. The accounting policies have been consistently applied to all years presented, unless otherwise stated.

The group and parent company have applied FRS 102 as issued in March 2018, which reflects the amendments made as part of the Triennial Review 2017. The Triennial Review amendments have had no material impact on the financial statements of the group or the parent company.

The directors present their report and audited consolidated financial statements for the 35-week period ended 29 December 2019. Due to a change in the financial year in order to align with the wider TRG plc group, the accounting year runs to a Sunday within seven days of 31 December each year which will be a 52 or 53 week period.

The financial statements have been prepared on a going concern basis. After making appropriate enquiries and taking into account the strong trading performance of the underlying business and strong Group cash flow, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date when the financial statements were authorised for issue.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all Group undertakings. Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to conform to Group accounting policies.

Acquisitions are accounted for under the purchase method and goodwill on consolidation is capitalised and amortised over its expected useful life. The results of companies acquired or disposed of are included in the Group profit and loss account after or up to the date that control passes respectively.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

As a consolidated Group profit and loss account is published, a separate profit and loss account for the Parent Company is omitted from the Group financial statements by virtue of section 408 of the Companies Act 2006. The Company has further taken advantage of the exemption from preparing a cash flow statement, on the basis that it is a qualifying entity and the Group cash flow statement, included in these financial statements, includes the Company's cash flows.

Related parties transactions

The Company has taken advantage of the exemption provided by FRS 102 from disclosing transactions with Group companies on the basis that those companies are wholly owned and included in these consolidated financial statements.

1 Accounting policies (continued)

Turnover

a. Restaurant turnover

The turnover shown in the profit and loss account represents the value of goods and services provided during the period, stated net of value added tax. Turnover is recognised on completion of the transaction with the customer.

b. Franchise fees

Franchise fees comprise on-going royalties based on the sales results of the franchisee and up front initial site and territory fees. Royalty revenue is accrued in line with reported sales performance once revenue can be reliably measured. Up front initial site and territory fees are deferred and recognised on opening of the associated franchisee restaurant(s).

Goodwill

Goodwill is amortised through the profit and loss account over the directors' estimate of its useful life. If a subsidiary is subsequently sold or closed, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

The Group has elected not to apply the requirements of FRS 102 to business combinations occurring before the date of transition and no adjustment has been made to the carrying value of goodwill arising before that date.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	–	up to 20 years
Software and IT development costs	–	over 3 to 10 years
Trademarks	–	up to 20 years

Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 5 years. Goodwill is assessed for impairment where there are indicators of impairment and any impairment is charged to the profit and loss.

Tangible assets

Tangible fixed assets are held at historical cost less accumulated depreciation. Historical 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 calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold property	–	over the period of the lease
Restaurant and office equipment	–	over 3 to 10 years

The depreciation charge for the period is included within administrative expenses.

Stocks

Stocks are valued at the lower of cost and estimated selling price less cost to sell, after making due allowance for obsolete and slow moving items.

Cost is determined on the first-in, first-out method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

1 Accounting policies (continued)

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease. Lease incentives are recognised on a straight line basis over the period of the lease.

The Group has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (28 April 2014) and continues to credit such lease incentives to the profit and loss account over the period to the first review date on which the rent is adjusted to market rates.

Finance lease agreements

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied properties (excluding land element) acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Onerous leases

Where EBITDA results of individual restaurants suggest potential for onerous lease charges, future expected cash flow performance in those individual restaurants is reviewed and discounted over the remaining life of the lease and compared to the discounted committed rent payments for the remainder of the lease. Where there is a deficit between cash flow and committed rent then the net cost is recorded as an onerous lease charge.

Pension costs

The Group makes payments into the personal defined contribution pension schemes of certain of its employees but does not operate any scheme itself. The contributions are recognised as an expense when they are due.

Short term employee benefits

Short term benefits are recognised as an expense in the period in which the service is received.

Current taxation

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end

Deferred taxation

Deferred taxation is provided on all timing differences, without discounting, calculated at the rate at which it is estimated that tax will be payable, except where otherwise required by accounting standards.

Deferred taxation assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional charges'. These are disclosed separately to provide further understanding of the financial performance of the Group.

Notes to the financial statements
for the period ended 29 December 2019 (continued)

1 Accounting policies (continued)

Foreign currencies

Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. All exchange differences are taken to the profit and loss.

Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The assets and liabilities of overseas subsidiary undertakings are translated into the presentational currency at the rate of exchange ruling at the balance sheet date. Income and expenses for each statement of comprehensive income are translated at exchange rates at the dates of transaction.

All resulting exchange differences are recognised in other comprehensive income, in retained earnings.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets

Basic financial instruments, including trade and other receivables and cash and bank balances are initially recognised at transaction price and subsequently carried at amortised cost using the effective interest method.

Financial liabilities

Basic financial liabilities, including trade and other payables, loans from fellow Group companies and debt instruments are initially recognised at transaction price and subsequently carried at amortised cost using the effective interest method.

Interest income and expense

All interest income and expenses are recognised on an accrual basis using the effective interest method.

Investments

Investments in subsidiary companies are held at cost less accumulated impairment losses.

Share-based payments

The Group provides share-based payment arrangements to certain employees.

Equity settled arrangements are measured at fair value at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares that will vest.

The Group has no cash-settled arrangements.

Notes to the financial statements for the period ended 29 December 2019 (continued)

2 Key accounting estimates and judgements

The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of tangible assets

The Group considers whether its tangible assets are impaired. Where an indication of impairment is identified, the determination of recoverable value requires estimation of future cash flows and selection of appropriate assumptions.

Provisions

Provision is made for onerous leases. These provisions require management's best estimate of the timing and value of future cash flows in order to determine the value of the provision required.

3 Turnover

The turnover and operating profit for the period was derived from the Group's principal continuing activity, operating a chain of Pan-Asian restaurants, which was carried out primarily in the UK.

Notes to the financial statements for the period ended 29 December 2019 (continued)

4 Operating profit

Operating profit is stated after charging:

		35 weeks ended 29 Dec 2019	52 weeks ended 28 April 2019
		£'000	£'000
Amortisation		**6,795**	9,885
Depreciation of owned fixed assets		**12,429**	16,887
Impairment – included in exceptional administrative expenses			-
Auditors' remuneration	- for auditors		
	- Current auditors	**86**	86
	- for audit related assurance		
	- Current auditors	-	9
	- Previous auditors	-	4
	- for advisory taxation services (previous auditors)	-	60
	- for compliance taxation services (previous auditors)	-	28
	- for other services – included in exceptional administrative expenses (previous auditors)	-	749
Operating lease costs		**19,275**	26,210
Loss on disposal of fixed assets		**406**	732
Exceptional administrative expenses/(income)		**5,348**	35,320

Of the auditors' remuneration as auditors, £4,000 related to the audit of Mabel Mezzco Limited and the consolidation, and £82,000 related to the audit of subsidiary companies.

For the period ended 29 December 2019, the exceptional administrative expenses incurred comprise of costs of achieving synergy savings (£4,847,000), a legal provision relating to the US business (£2,217,000), fixed asset impairments (£668,000), costs related to executive restructuring (£292,000), strategic costs (£173,000), and intangible asset write-offs (£70,000), offset by exceptional income from movements in the onerous lease provision (£2,920,371).

5 Particulars of employees

The average monthly number of staff (including directors) employed by the Group during the financial period amounted to:

	35 weeks ended 28 Dec 2019	52 weeks ended 28 April 2019
	Number	Number
Number of staff - total	**6,799**	6,411
Restaurants	**6,633**	6,252
Head Office	**166**	159

The aggregate payroll costs of the above were;

	35 weeks ended 29 Dec 2019	52 weeks ended 28 April 2019
	£'000	£'000
Wages and salaries	**90,911**	118,965
Social security costs	**7,505**	9,818
Other pension costs	**1,542**	1,537
Share based payments	**-**	4,933
	99,958	135,253

The Company has no employees (2019: nil).

The Group contributes to the personal pensions schemes of certain of its employees. The pension cost charge represents contributions payable by the Group to the schemes and amounted to £1,542,000 (2019: £1,537,000).

Notes to the financial statements for the period ended 29 December 2019 (continued)

6 Directors' emoluments

	35 weeks ended 29 Dec 2019	52 weeks ended 28 April 2019
	£'000	£'000
Emoluments	729	4,069
Value of Company pension contributions to money purchase schemes	47	65
Compensation for loss of office	32	470
	808	4,604

Emoluments of highest paid director:

	35 weeks ended 29 Dec 2019	52 weeks ended 28 April 2019
	£'000	£'000
Total emoluments (excluding pension contributions)	447	3,986
Value of Company pension contributions to money purchase schemes	32	31
	479	4,017

The number of directors to whom pension benefits are accruing at the period end is 2 (2019: 2).

No Directors (2019: none) received emoluments in respect of their services to the Company.

7 Interest receivable and similar income

	35 weeks ended 29 Dec 2019	52 weeks ended 28 April 2019
	£'000	£'000
Bank interest receivable	64	290
Interest receivable from group undertakings	324	-
Foreign exchange gain	-	73
	388	363

Notes to the financial statements for the period ended 29 December 2019 (continued)

8 Interest payable and similar charges

	35 weeks ended 29 Dec 2019	52 weeks ended 28 April 2019
	£'000	£'000
Interest payable on bank borrowing	**398**	488
Bond interest	**6,247**	9,281
Amortisation of loan fees	**449**	618
Interest and similar charges	**7,094**	10,387

The issue costs associated with financing are amortised over the life of the instruments in accordance with FRS 102.

9 Tax on profit / (loss) on ordinary activities

(a) Analysis of charge in the period

	35 weeks ended 29 Dec 2019	52 weeks ended 29 April 2018
	£'000	£'000
Current tax:		
UK Corporation tax based on the results for the period at 19.0% (2019: 19.0%)	**4,200**	3,640
Adjustments in respect of prior periods	**441**	184
Foreign tax suffered	**17**	-
Total current tax	**4,658**	3,824
Deferred tax:		
Origination and reversal of timing differences – current period	**(595)**	(268)
Origination and reversal of timing differences – prior period	**(457)**	(745)
Changes in tax rates	**63**	(416)
Total deferred tax	**(989)**	(1,429)
Tax on profit/(loss) on ordinary activities	**3,669**	2,395

9 Tax on profit / (loss) on ordinary activities (continued)

(b) Factors affecting total tax charge

The tax assessed on the profit / (loss) on ordinary activities before taxation for the period differs (2019: differs) from the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The main rate of corporation tax was reduced from 20% to 19% from 1 April 2017 and reduces further to 17% from 1 April 2020.

	35 weeks ended 29 Dec 2019	52 weeks ended 28 April 2019
	£'000	£'000
Profit / (loss) on ordinary activities before taxation	**12,052**	(30,113)
Profit / (loss) on ordinary activities multiplied by rate of tax 19.00% (2019: 19.00%)	**2,290**	(5,721)
Effects of:		
Expenses not deductible for taxation purposes	**1,862**	3,603
Group relief claimed	**(426)**	(1,052)
Differences in tax rates	**18**	(688)
Tax losses not recognised	**(122)**	7,229
Re-measurement of deferred tax – change in UK tax rate	**63**	(416)
Adjustment to tax charge in respect of prior periods	**(16)**	(560)
Total tax (note 9(a))	**3,669**	(2,395)

The Group had unrecognised deferred tax assets of £15,904,000 (2019: £16,026,000) at the end of the period.

(c) Factors affecting future tax charges

No provision has been made for a deferred tax asset on the basis that there is insufficient evidence that the asset will be recoverable in the foreseeable future.

10 Dividends

During the period no dividend was declared (2019: £nil).

Mabel Mezzco Limited

Notes to the financial statements for the period ended 29 December 2019 (continued)

11 Intangible assets

Group	Goodwill	Trademarks	Software and IT Development	Total
	£'000	£'000	£'000	£'000
Cost				
As at 28 April 2019	181,989	180	2,461	184,630
Additions	-	-	1,231	1,231
Reclassification from intangible assets	-	360	-	360
Disposals	-	-	(58)	(58)
As at 29 December 2019	**181,989**	**540**	**3,634**	**186,163**
Accumulated amortisation				
At 28 April 2019	72,892	77	942	73,911
Disposals	-	-	(58)	(58)
Impairment	-	70	-	70
Charge for the period	6,125	10	660	6,795
At 29 December 2019	**79,017**	**157**	**1,544**	**80,718**
Net book value				
At 29 December 2019	**102,972**	**383**	**2,090**	**105,445**
At 28 April 2019	109,097	103	1,519	110,719

12 Investments

Company	**Group companies**
	£'000
Cost	
At 28 April 2019	123,137
At 29 December 2019	**123,137**
Net book value	
At 28 April 2019	**123,137**
At 29 December 2019	123,137

The Company owns 100% of the issued share capital of the companies listed below:

	Location	**Nature of business**
Mabel Bidco Limited	England and Wales	Holding company
Wagamama Finance Plc *	England and Wales	Financing company
Ramen USA Limited*	England and Wales	Holding company
Wagamama USA Holdings, Inc*	Delaware, USA	Holding company
Wagamama, Inc*	Delaware, USA	Restaurant chain
Wagamama USA 2015 LLC*	Delaware, USA	Restaurant chain
Wagamama NY 210 5th LLC*	Delaware, USA	Lease company
Wagamama NY 55 3rd LLC*	Delaware, USA	Lease company
Wagamama NY 1011 3rd LLC*	Delaware, USA	Lease company
Boston One LLC*	Delaware, USA	Licence company
Wagamama Group Limited*	England and Wales	Restaurant Chain
Wagamama Limited*	England and Wales	Restaurant chain
Wagamama International (Franchising) Limited*	England and Wales	Franchise company
Wagamama CPU Limited*	England and Wales	Food production company
Wagamama Newco Limited*	England and Wales	Dormant company

* Indirectly owned

Notes to the financial statements for the period ended 29 December 2019 (continued)

12 Investments (continued)

The registered address for all companies based in England and Wales is 76 Wardour Street, London, W1F 0UR.

The registered address for all companies based in Delaware, USA is c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808.

The Directors consider the value of the investments to be supported by their underlying assets or ongoing performance of those business.

13 Tangible assets

Group	Leasehold property	Restaurant and office equipment	Total
	£'000	£'000	£'000
Cost			
At 28 April 2019	129,764	54,379	184,143
Additions	10,859	13,858	24,717
Disposals	(691)	(2,090)	(2,781)
Reclassification to intangible assets	-	(360)	(360)
Foreign exchange difference	(186)	(58)	(244)
At 29 December 2019	**139,746**	**65,729**	**205,475**
Accumulated depreciation			
At 28 April 2019	51,134	21,773	72,907
Charge for the period	5,371	7,043	12,414
Impairment	-	668	668
Disposals	(417)	(1,958)	(2,375)
Foreign exchange difference	(230)	(59)	(289)
At 29 December 2019	**55,858**	**27,467**	**83,325**
Net book value			
At 29 December 2019	**83,888**	**38,262**	**122,150**
At 28 April 2019	78,630	32,606	111,236

An impairment charge was made against the carrying value of specific restaurant assets due to challenging trading conditions in the local markets in which the Group's restaurants operate as well as a challenging outlook.

A further impairment has been recorded in respect of the assets of the Wagamama US restaurants based on their fair value as at 29 December 2019. As per note 28, the Group has entered into a transaction subsequent to the year end to dispose of the US business as part of a joint venture agreement.

13 Tangible assets (continued)

Assets held under finance leases

Cost	
At 28 April 2019	1,346
At 29 December 2019	**1,346**
Depreciation	
At 28 April 2019	305
Provided during the year	15
At 29 December 2019	**320**
Net book value	
At 29 December 2019	**1,026**
At 28 April 2019	1,041

The Company held no fixed assets.

14 Stocks

	29 December 2019		28 April 2019	
	Group	**Company**	Group	Company
	£'000	**£'000**	£'000	£'000
Food and other consumables	**2,095**	-	1,718	-
Merchandising	**891**	-	819	-
	2,986	-	2,537	-

The amount of inventories recognised as an expense during the period was £44,047,000.

There is no significant difference between the replacement cost of the inventory and its carrying amount.

15 Debtors

	29 December 2019		28 April 2019	
	Group	**Company**	Group	Company
	£'000	**£'000**	£'000	£'000
Trade debtors	**3,248**	-	4,336	-
Prepayments	**11,444**	-	8,235	-
Other debtors	**3,727**	-	3,151	-
Amounts receivable from group undertakings	**19,778**	-	1,588	-
	38,197	-	17,310	-

Group other debtors includes rental deposits of £211,000 (2019: £235,000) which are recoverable in more than one year.

Interest is charged on amounts due from Group undertakings at a rate of 2.5% (2019: 2.5%) per annum

16 Creditors: amounts falling due within one year

	29 December 2019		28 April 2019	
	Group	**Company**	Group	Company
	£'000	**£'000**	£'000	£'000
Revolver loan	**10,000**	-	-	-
Trade creditors	**24,332**	-	21,096	-
Amounts owed to Group undertakings	**637**	-	523	-
Other taxation and social security	**12,576**	-	10,873	-
Corporation tax	**1,730**	-	688	-
Other creditors	**10,552**	-	6,855	-
Accruals and deferred income	**24,817**	-	19,449	-
	84,644	-	59,484	-

Interest is charged on amounts due to Group undertakings at a rate of 2.5% (2019: 2.5%) per annum and these amounts are repayable on demand.

Notes to the financial statements for the period ended 29 December 2019 (continued)

17 Creditors: amounts falling due after more than one year

	29 December 2019		28 April 2019	
	Group	**Company**	Group	Company
	£'000	**£'000**	£'000	£'000
Bond	**223,185**	**-**	222,736	-
Other creditors	**2,531**	**-**	2,598	-
	225,716	**-**	225,334	-

The bond is shown net of unamortised loan issue costs of £1,815,000 (2019: £2,264,000).

18 Creditors - capital instruments

Creditors include finance capital which is due for repayment as follows:

	29 December 2019		28 April 2019	
	Group	**Company**	Group	Company
	£'000	**£'000**	£'000	£'000
Amounts repayable:				
In one year or less or on demand	**10,000**	-	-	-
In more than one year but not more than two years	-	-	-	-
In more than two years but not more than five years	**225,000**	-	225,000	-
In more than five years	-	-	-	-
	235,000	-	225,000	-
Unamortised loan issue expenses	**(1,815)**	-	(2,264)	-
	233,185	-	222,736	-

In July 2017, the Group re-financed and raised £225,000,000 in a high yield bond.

Interest on the bond financing is at 4.125% and is payable semi-annually. At the period end the Group had a revolver facility of £20,000,000 of which £10,000,000 was drawn down. The revolver facility expires in December 2021 with an interest rate of Libor +3.0% for any drawn amounts and commitment fee of Libor + 35% of drawn margin for undrawn amounts.

The unamortised loan issue issues expenses are carried at amortised cost using the effective interest method.

Notes to the financial statements for the period ended 29 December 2019 (continued)

19 Financial Instruments

Mabel Mezzco Group funds its operations through finance raised by the issue of a high yield bond, listed on the Luxembourg Stock Exchange. At 28 April 2019, £225,000,000 of the high yield bond was due for repayment in more than 2 years but less than 5 years (on 1 July 2022). The Group has not elected to designate the high yield bond at fair value through profit and loss.

The Group and Company have the following financial instruments:

	29 December 2019		28 April 2019	
	Group	**Company**	Group	Company
	£'000	**£'000**	£'000	£'000
Financial assets that are debt instruments measured at amortised cost				
- Trade debtors	**3,248**	-	4,336	-
- Other debtors	**3,727**	-	3,151	-
Financial liabilities measured at amortised cost				
- Bond	**223,185**	-	222,736	-
- Trade creditors	**24,332**	-	21,096	-
- Accruals	**24,817**	-	19.449	-
- Other creditors	**13,083**	-	9,453	-
- Amounts owed to Group undertakings	**637**	-	523	-

20 Provisions for liabilities

Group	Onerous Lease	Deferred Tax	Legal Provision	Total
	£'000	£'000	£'000	£'000
As at 28 April 2019	16,000	3,270	-	19,270
Additions dealt with in profit and loss	1,176	(989)	2,217	2,404
Utilised during the period	(1,537)	-	-	(1,537)
Unused amounts reversed to the profit and loss	(4,042)	-	-	(4,042)
Foreign exchange translation adjustment	75	-	-	75
As at 29 December 2019	**11,672**	**2,281**	**2,217**	**16,170**
Current provision	1,129			
Non-current provision	10,543			

Onerous leases

Where EBITDA results of individual restaurants suggest potential for onerous lease charges, future expected cash flow performance in those individual restaurants is reviewed and discounted over the remaining life of the lease and compared to the discounted committed rent payments for the remainder of the lease. Where there is a deficit between cash flow and committed rent then the net cost is recorded as an onerous lease charge. The key estimates and judgements within this assessment are the discount rate applied and the future cashflows. Management have considered the above key assumptions concerning the future, or other key sources of estimation uncertainty and conclude that no reasonable possible change in these assumptions will result in material change in the next 12 months.

The exceptional income from onerous lease movements, as detailed in note 4, comprises the additions dealt with in profit and loss, unused amounts reversed to the profit and loss and the associated foreign exchange adjustments.

Legal provision

The legal provision relates to an unresolved legal claim made against the Wagamama US business in relation to documentation of employee remuneration. Any settlement of provisions will be made in 2020 depending upon the outcome of any mediation or legal proceedings.

20 Provisions for liabilities (continued)

Deferred taxation

The movement in the deferred taxation provision during the period was:

	29 December 2019		28 April 2019	
	Group	**Company**	Group	Company
	£'000	**£'000**	£'000	£'000
Provision brought forward	**3,270**	-	4,699	-
Movement in provision – current period	**(595)**	-	(268)	-
Movement in provision – prior period	**(457)**	-	(745)	-
Changes in tax rates and laws	**63**	-	(416)	-
Provision carried forward	**2,281**	-	3,270	-

The deferred tax provision represents capital allowances received in excess of depreciation

The Group had unrecognised deferred tax assets of £15,904,000 (2019: £16,026,000) at the end of the period. No provision has been made for a deferred tax asset on the basis that there is insufficient evidence that the asset will be recoverable in the foreseeable future.

21 Commitments under operating leases

The Group has the following future minimum lease payments under non-cancellable operating leases:

Group	**Land and buildings**	
	29 Dec 2019	28 April 2019
	£'000	£'000
Payments due:		
Not later than one year	**32,067**	26,431
Later than one year and not later than five years	**128,065**	80,804
Later than five years	**175,387**	232,939
	335,519	340,174

At the period end the Group had £8,997,000 of capital commitments

22 Called up share capital

Group and Company	29 Dec 2019	28 April 2019
	£'000	£'000
Allotted, called up and fully paid:		
20,000,001 (2019: 20,000,001) Ordinary shares of £1 each	**20,000**	20,000

23 Share based payments

Certain senior employees have been awarded long-term incentive plan awards in TRG PLC upon acquisition. The charge for the year in the subsidiary companies of Mabel Mezzco is £73,000. Further information on the long-term incentive plan scheme is disclosed in the published consolidated accounts for TRG Group PLC.

Notes to the financial statements for the period ended 29 December 2019 (continued)

24 Reserves

Group	Profit and loss account
	£'000
At 28 April 2019	(62,120)
Foreign currency translation gain	282
Profit for the financial period	8,383
At 29 December 2019	**(53,455)**

Company	Profit and loss account
	£'000
At 29 April 2019	103,137
Profit for the financial period	-
Balance carried forward	**103,137**

25 Guarantees and other commitments

Bank loans and other loans in the books of Group companies are secured over the assets of the Group. The amounts of these loans outstanding at the balance sheet date were as follows:

Company	29 Dec 2019
	£'000
Wagamama Finance Plc	225,000

26 Related parties

The company is exempt under the terms of FRS 102 from disclosing related party transactions with entities that are part of the TRG PLC group.

27 Reconciliation of non-GAAP measures

Statutory operating profit as presented in the Group profit and loss account on page 14 is reconciled to the non-GAAP measures presented in the Strategic report shown on page 4 following certain adjustments:

	35 weeks ended 29 Dec 2019	52 weeks ended 28 April 2019
	£'000	£'000
Statutory operating profit / (loss)	**18,758**	(20,089)
Depreciation	**12,429**	16,887
Amortisation	**6,795**	9,885
Loss on disposal of fixed assets	**406**	732
Exceptional administrative expense (note 4)	**5,348**	35,320
Pre-opening costs	**1,351**	3,961
Corporate expenses	**125**	278
Share based payment charge	**-**	4,933
Long-term incentive plan charge	**73**	35
Adjusted EBITDA	**45,285**	51,942
Head office overhead costs	**14,430**	20,880
Net franchise income	**(1,257)**	(1,980)
Restaurant EBITDA	**58,458**	70,842

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.

Corporate expenses represents fees paid to our principal shareholders and security agent together with professional fees incurred in respect of our financing structure.

Head office overhead costs represent the costs associated with our head office premises and the operation of our business support functions, such as finance, marketing and human resources, including staff costs.

Net franchise income represents the royalty, initial site and territory fees generated from our franchise business offset by the costs of supporting franchisees, including staff and travel costs.

28 Subsequent events

The Group has evaluated events from 29 December 2019 through to the date these financial statements were issued.

Subsequent to the year end date, the Group has entered into a joint venture partnership in respect of the Wagamama USA business. The joint venture will be a 20:80 partnership (with the Group as the minority investor) and the JV will assume full ownership of the existing operations of the US business. The JV will provide Wagamama's US operations with local operational expertise and expansionary capital with the aim to further expand the brand in the United States. The JV commenced from the 31 January 2020.

29 Ultimate parent undertaking

The Company's immediate parent company is Mabel Midco Limited.

These consolidated financial statements are the smallest group in which Mabel Mezzco Limited and its subsidiaries are consolidated.

The Group, which is the largest group in which the Company is consolidated, headed by The Restaurant Group PLC, publishes consolidated financial statements which incorporate the results of the Group and which are available from Companies House. The Restaurant Group PLC financial statements are drawn up for the 52 week period to 29 December 2019.

A copy of these financial statements can be obtained through Companies House or by written request to the Company at the following address: The Secretary, Wagamama, 76 Wardour Street, London, W1F 0UR