Mabel Mezzco Limited

Full year report
as at and for the 52-week period to
April 28, 2019

Fourth Quarter 2019 highlights

Financial highlights

- Turnover[1] increased 14.8% to £81.6 million in Q4 2018/19 with 9.5% UK like for like sales growth and 12.0% US like for like sales growth.
- Adjusted EBITDA up 24.4% in Q4 2018/19 to £13.2 million from £10.6 million in Q4 2017/18.
- 7.1% UK outperformance of the market in Q4 2018/19 and traded ahead of the competition consistently for over 5 years (275 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.
- One new US restaurant opened in early Q4 (Murray Hill, New York City).
- 6 refurbishments have been completed in Q4, of which 4 were transformational, bringing Kaizen design and new covers where possible to the existing estate.
- Two new franchise restaurants opened in Q4, Place de Budapest, Paris the first opening in France and Mall of Cyprus, Nicosia.

YTD Q4 2019 highlights

Financial highlights

- Turnover[1] increased 13.8% to £342.2 million in YTD Q4 2018/19 with the continued expansion of our restaurants in the UK (7 new openings in YTD Q4 2018/19) and 9.7% UK like for like sales growth.
- Adjusted EBITDA up 13.6% in YTD Q4 2018/19 to £51.9 million from £45.7 million in YTD Q4 2017/18.

Operational highlights

- Five new UK restaurants opened in YTD Q4 2018/19 – Liverpool New Mersey, Rushden Lakes, Chelmsford, East Midlands Designer Outlet and Gloucester Quays together with our first delivery kitchen. One new US restaurant opened in Murray Hill, New York City,
- 26 refurbishments have been completed, bringing Kaizen design and new covers where possible to the existing estate.
- New franchise restaurants opened in Qatar, Norway, Italy, UAE, Spain, France and Cyprus.

[1] Turnover includes franchise income

Emma Woods, CEO, commented

I am really proud that the wagamama team, through maintaining an innovation (kaizen) mindset and nurturing our culture, have continued to deliver double digit LFL and revenue growth since the acquisition by TRG.

Results of operations

Fourth Quarter 2018/19 compared with Fourth Quarter 2017/18

Turnover

Turnover increased 14.8% to £81.6 million in Q4 2018/19 from £71.1 million in Q4 2017/18 (12 weeks). A geographic and business line analysis of our turnover follows:

£ million	Q4 2018/19	Q4 2017/18 13 weeks	Q4 2017/18 12 weeks	% change 12 weeks
Company-operated UK	77.3	73.8	68.0	13.7%
Company-operated US	3.5	2.5	2.3	51.6%
Franchise	0.8	0.9	0.8	(4.2%)
Total	**81.6**	**77.2**	**71.1**	**14.8%**

Company-operated restaurants

Turnover in our restaurant business in the United Kingdom increased 13.7% to £77.3 million in Q4 2018/19 from £68.0 million in Q4 2017/18 (12 weeks). This was due to 9.5% like for like sales growth and an increase in the number of sites from 130 open at the end of Q4 2017/18 to 135 open at the end of Q4 2018/19.

Turnover in our restaurant business in the United States increased 51.6% (42.5% in USD terms) to £3.5 million ($4.7 million) in Q4 2018/19 from £2.3 million ($3.3 million) in Q4 2017/18 (12 weeks), reflecting growth in like-for-like sales.

International franchised restaurants

Turnover from our international franchised restaurants decreased 4.2% to £0.8 million in Q4 2018/19 from £0.8 million in Q4 2017/18 reflecting a higher level of royalties in Q4 2018/19 but a lower level of restaurant opening fees.

Cost of sales

Gross profit has increased from £31.7 million in Q4 2017/18 to £33.7 million in Q4 2018/19. The growth in the estate and the like for like sales growth were the primary causes of this increase. This further includes the impact of supply chain and National Living Wage cost increases.

Administrative expenses before exceptional items

Administrative expenses before exceptional items increased 0.8% to £27.2 million in Q4 2018/19 from £27.0 million in Q4 2017/18. 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.

Exceptional items

Exceptional administrative expenses have decreased from £10.1 million in Q4 2017/18 to £2.3 million in Q4 2018/19. The charge in Q4 2018/19 is a non-cash charge in respect of adjustments made to the Group's impairment and onerous lease provisions. The charge in Q4 2017/18 also included a non-cash charge in respect of the Group's impairment and onerous lease provisions together with a charge relating to executive team restructuring.

Net interest payable and similar charges

Net interest payable and similar charges remained in line at £2.5 million in Q4 2018/19 and £2.4 million in Q4 2017/18 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 decreased from a charge of £2.4 million in Q4 2017/18 to £1.0 million in Q4 2018/19. The higher charge in Q4 2017/18 resulted from timing and quantum of prior year adjustments booked on filing of the Group's tax returns.

YTD Q4 2018/19 compared with YTD Q4 2017/18

Turnover

Turnover increased 13.8% to £342.2 million in YTD Q4 2018/19 from £300.6 million in YTD Q4 2017/18 (52 weeks). A geographic and business line analysis of our turnover follows:

£ million	**YTD Q4 2018/19**	**YTD Q4 2017/18 53 weeks**	**YTD Q4 2017/18 52 weeks**	**% change 52 weeks**
Company-operated UK	326.3	293.3	287.5	13.5%
Company-operated US	12.4	10.3	10.1	22.4%
Franchise	3.5	3.1	3.0	13.4%
Total	**342.2**	**306.7**	**300.6**	**13.8%**

Company-operated restaurants

Turnover in our restaurant business in the United Kingdom increased 13.5% to £326.3 million in YTD Q4 2018/19 from £287.5 million in YTD Q4 2017/18 (52 weeks). This was due to 9.7% like for like sales increase and an increase in the number of sites from 130 open at the end of YTD Q4 2017/18 to 135 open at the end of YTD Q4 2018/19.

Turnover in our restaurant business in the United States increased 22.4% (19.9% in USD terms) to £12.4 million ($16.3 million) in YTD Q4 2018/19 from £10.1 million ($13.6 million) in YTD Q4 2017/18 (52 weeks), reflecting growth in like-for-like sales.

International franchised restaurants

Turnover from our international franchised restaurants increased 13.4% to £3.5 million in YTD Q4 2018/19 from £3.1 million in YTD Q4 2017/18.

Cost of sales

Gross profit has increased from £128.8 million in YTD Q4 2017/18 to £140.6 million in YTD Q4 2018/19. The growth in the estate and the like for like sales growth were the primary causes of this increase. This further includes the impact of supply chain and National Living Wage cost increases.

Administrative expenses before exceptional items

Administrative expenses before exceptional items increased 14.8% to £125.4 million in YTD Q4 2018/19 from £109.2 million in YTD Q4 2017/18. This was primarily due to overhead costs and depreciation commensurate with the addition of new restaurants together with the increase in central overhead expenses, again reflecting the increase in estate size. Further included within administrative expenses for YTD Q4 2018/19 is a non-recurring charge of £4.9 million related to the Group's share based payments.

Exceptional items

Exceptional administrative expenses have increased from £13.8 million in YTD Q4 2017/18 to £35.3 million in YTD Q4 2018/19. The amount in YTD Q4 2018/19 comprises professional fees relating to the sale of the Group 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 decreased from £10.9 million in YTD Q4 2017/18 to £10.4 million in YTD Q4 2018/19 reflecting a lower interest rate on the Group's bond debt from the date of refinancing in July 2017 and a reduced level of bank facility fees.

Tax on loss on ordinary activities

The tax charge on profit on ordinary activities decreased from £2.9 million in YTD Q4 2017/18 to £2.4 million in YTD Q4 2018/19. The increased underlying profitability of the Group was offset by an increased level of exceptional charges and a reduction in the Group's deferred tax liability.

Cash flow

The cash balance at the end of Q4 2018/19 was £24.1 million compared to a balance of £29.3 million at the end of Q4 2017/18.

The cash inflow of £7.0 million in Q4 2018/19 increased from an inflow of £1.5 million in Q4 2017/18. This resulted from an increase in adjusted EBITDA in Q4 2018/19, an increased level of working capital inflow and a lower level of capital expenditure.

The cash outflow of £5.3 million in YTD Q4 2018/19 increased from an outflow of £4.6 million in YTD Q4 2017/18. This resulted from an increase in adjusted EBITDA in Q4 2018/19, an increased level of working capital inflow and a lower level of capital expenditure offset by exceptional expenditure relating to the Group's sale.

Net cash inflow from operating activities

Net cash inflow from operating activities increased 44.4% to £14.4 million in Q4 2018/19 from £10.0 million in Q4 2017/18. This increase was driven by the underlying growth in adjusted EBITDA together with an increased working capital inflow.

Taxation cash flows increased to £1.2 million in Q4 2018/19 from £0.6 million in Q4 2017/18 based on increased payments on account.

Net cash inflow from operating activities increased 3.9% to £37.5 million in YTD Q4 2018/19 from £36.1 million in YTD Q4 2017/18. This was due to the increase in adjusted EBITDA and an increased working capital inflow offset by exceptional cashflows relating to the Group's sale.

Taxation cash flows increased from £4.4 million in YTD Q4 2017/18 to £4.7 million in YTD Q4 2018/19. This increase resulted from a higher level of payments on account based on an increased profitability.

Net cash outflow from investing activities

Net cash outflow from capital expenditure decreased 21.7% to £6.2 million in Q4 2018/19 from £7.9 million in Q4 2017/18. This was due to higher level of refurbishment spend in the final quarter of the prior year.

Net cash outflow from capital expenditure decreased 12.3% to £28.7 million in YTD Q4 2018/19 from £32.7 million in YTD Q4 2017/18. This was due to fewer new restaurant openings in the year to date (5 restaurants and one delivery site in YTD Q4 2018/19 compared with 9 restaurants in YTD Q4 2017/18) offset by increased refurbishment spend.

Net cash inflow/outflow from financing

Net cash outflow from financing increased to a £0.2 million outflow in Q4 2018/19 from a £0.1 million outflow in Q4 2017/18. No interest payments on the Group's bond debt fell due in the Quarter.

Net cash flow from financing decreased to a £9.7 million outflow in YTD Q4 2018/19 from a £3.8 million outflow in YTD Q4 2017/18. The outflow in YTD Q4 2018/19 relates to interest paid on the Group's bond. The outflow in YTD Q4 2017/18 was lower as a result of the Group's refinancing in July 2017 where a new £225 million bond was issued. The proceeds of the new 4.125% Senior Secured Notes due 2022 were used to repay the Group's existing £150 million 7.875% Senior Secured Notes due 2020 and the associated redemption premium, accrued interest and fees.

Capital expenditures

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

	For the period ended		For the YTD period ended	
	April 28, 2019 12 weeks	April 29, 2018 13 weeks	April 28, 2019 52 weeks	April 29, 2018 53 weeks
New site capital expenditures	2.1	2.1	11.5	15.8
Refurbishment expenditures	2.2	2.9	9.0	7.8
Maintenance expenditures	1.5	2.1	6.7	5.9
Other capital expenditures*	0.4	0.8	1.5	3.2
Total capital expenditures	**6.2**	**7.9**	**28.7**	**32.7**
Corporate expenses	0.1	-	0.3	0.4

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

Estate summary

We opened no new restaurants in Q4 2018/19 compared to 1 restaurant in Q4 2017/18.

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	
	April 28, 2019 12 weeks	April 29, 2018 13 weeks	April 28, 2019 52 weeks	April 29, 2018 53 weeks
Company-operated restaurants[(1)]..........	**140**	**135**	**140**	**135**
United Kingdom restaurants	135	130	135	130
United States restaurants	5	5	5	5
Company-operated restaurant openings during the period	1	1	7	9
Company-operated restaurants closures during the period	-	0	(2)	(2)
Franchised[(2)]	59	56	59	56
Total...	**199**	**191**	**199**	**191**

(1) Company-operated restaurants include all of our restaurants in the United Kingdom and the United States.
(2) Franchised restaurants as at the dates listed were located in Belgium, Greece, Ireland, Malta, The Netherlands, Northern Ireland, Denmark, Sweden, Cyprus, Slovakia, Turkey, Qatar, United Arab Emirates, Oman, Bahrain, New Zealand, Gibraltar, Saudi Arabia, France, Spain, Italy and Norway.

Key performance indicators

	For the period ended		For the YTD period ended		LTM
	April 28, 2019 12 weeks	April 29, 2018 13 weeks	April 28, 2019 52 weeks	April 29, 2018 53 weeks	April 28, 2019 52 weeks
			(£ millions)		
Like-for-like sales growth (%)	9.5%	7.7%	9.7%	7.4%	9.7%
EBITDAR..	18.9	17.0	68.9	67.9	68.9
Rent Expense.................................	5.8	6.2	26.2	25.3	26.2
EBITDA	13.1	10.8	42.7	42.6	42.7
EBITDA Margin (%)........................	16.3%	14.1%	12.6%	14.0%	12.6%
Adjusted EBITDA(1)	13.2	11.5	51.9	46.6	51.9
Adjusted EBITDA margin (%).........	16.3%	15.1%	15.3%	15.3%	15.3%
Adjusted EBITDA – 52 week	13.2	10.6	51.9	45.7	51.9
Adjusted EBITDA margin (%)	16.3%	15.1%	15.3%	15.3%	15.3%
Net total indebtedness(2).................					198.7
Ratio of net total indebtedness to Adjusted EBITDA					3.8

(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
	April 28, 2019 12 weeks	April 29, 2018 13 weeks	April 28, 2019 52 weeks	April 28, 2019 53 weeks	April 29, 2018 52 weeks
Profit/loss for the financial period..	0.9	(10.1)	(32.5)	(16.6)	(32.7)
Tax on profit/loss on ordinary activities	1.0	2.4	2.4	2.9	2.6
Net interest payable and similar charges	2.3	2.3	10.0	10.6	10.0
Exceptional(a) expenses/(income) .	2.3	10.1	35.3	22.6	35.3
Amortisation	2.3	2.1	9.9	9.1	9.9
Depreciation and impairment of tangible assets	4.0	3.5	16.9	13.5	16.9
Loss on disposal of assets	0.3	0.5	0.7	0.5	0.7
EBITDA	**13.1**	10.8	**42.7**	**42.6**	**42.7**
Pre-opening costs(b)	-	0.7	3.9	3.6	3.9
Share based payment charge(c)	-	-	5.0	-	5.0
Corporate expenses(d)	0.1	-	0.3	0.4	0.3
Adjusted EBITDA.........................	**13.2**	11.5	**51.9**	**46.6**	**51.9**
53rd Week	-	(0.9)	**-**	(0.9)	**-**
Adjusted EBITDA – 52 week.......	**13.2**	**10.6**	**51.9**	**45.7**	**51.9**

(a) For the 53 week period ended 29 April 2018 exceptional expenses included administrative expenses incurred as part of the Group's refinancing in July 2017 including a redemption premium of £5.9 million and the write off of previously capitalised refinancing fees relating to the Group's previously outstanding 7.785% Senior Secured Notes due 2020. For the 52 week period ended 28 April 2019, exceptional costs related to the Sale and non-cash movements in 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 23 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 12 weeks ended April 28, 2019 (“Fourth Quarter 2018/19”, "Q4 2018/19", or “the quarter”), and the comparative period as of and for the 13 weeks ended April 29, 2018 (“Fourth Quarter 2017/18” or "Q4 2017/18"), prepared in accordance with FRS 102.
- the audited consolidated financial information of the Group as of and for the 52 weeks ended April 28, 2019 (“YTD Q4 2018/19") and the comparative period as of and for the 53 weeks ended April 29, 2018 (“YTD Q4 2017/18"), prepared in accordance with FRS 102.

The financial year for the Group runs from the calendar day following the previous financial year end to the Sunday nearest to April 30 of each calendar year. Accordingly, from time to time, the financial accounting period covers a 53-week period, which impacts the comparability of results. Our 2018/19 financial year ended on April 28, 2019 and constituted a 52-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 FY18/19 audited full year results.
- 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 17 full four-week periods. Restaurants are included on a rolling basis as each new restaurant is included in the like-for-like comparison once it has traded for 17 full four-week periods. Any week in which a restaurant did not have revenue and the preceding and following week are excluded both in the period considered and in the comparative period.

Mabel Mezzco Limited

Annual report and financial statements

for the period ended 28 April 2019

Registered number: 07556501

Mabel Mezzco Limited

Contents

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07556501

Mabel Mezzco Limited

Management review
for the period ended 28 April 2019

Group highlights

- 9.7% UK like for like sales growth, increasing the gap between us and the competition.
- Group turnover increased by 11.6% to £342.2 million.
- Group Adjusted EBITDA increased by 11.1% to £51.9 million.
- Expansion of our restaurant estate in the UK and US with 7 new company operated openings and 9 new franchise restaurants in the year.

Operational highlights

- Further investment in training and development of our people.
- Continued innovation in food, customer experience and technology including our highly successful vegan menu launch.
- Expansion of our restaurant estate in the UK and US with 7 new company operated openings, including our first delivery kitchen, and 9 new franchise restaurants in the year.
- 26 restaurant refurbishments completed.
- Continued focus on sustainability and responsible sourcing.

Further investment in and recognition of our people has been a key focus in the year. We have made a step change in how we attract quality team members and also how we retain them through enhanced training, increased benefits and development opportunities for our teams. We are pleased to see a positive impact of these changes in our team feedback, Glassdoor ratings and our team turnover.

We have expanded our estate in the year to include 5 new restaurants in the UK, 1 in the USA and the opening of our very first delivery-only kitchen in London. Based on our successful trading we have also been able to invest in our existing restaurants and have completed 26 refurbishments in the year, 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. In addition, we have increased our investment in discretionary maintenance to ensure that our estate is in good condition in both back of house and customer facing areas.

Our franchise business has also continued to grow in the year with 9 new openings across Europe and the Middle East, including our entry to France.

During the year, we have also continued to innovate and develop both our menu and customer experience. The launch of our vegan collaboration with Gaz Oakley in Spring 2019 featuring casual dining's first vegan 'egg' has been highly successful, not only delivering strong sales but also further strengthening our links with the ever-growing vegan community within the business and more widely.

The launch of the first ever Wagamama cinema and television advert, 'True Nourishment', helped to propel the brand awareness through new channels, embracing 'bowl to soul'.

Spreading positivity from bowl to soul remains a fundamental philosophy underpinning the way our business operates. During the year, we have delivered a series of sustainability projects, including new takeaway containers as part of our ongoing Midori strategy to reduce Wagamama's environmental impact

We have also continued to support our communities at both a local and national level, including a collaboration with the 'Mind' charity on our mindfulness campaign.

As part of being a responsible tax payer, we have paid £4.4 million of direct corporate taxes in the year and have further contributed indirect taxes in excess of £93.0 million in the UK, including VAT, social security, property and local taxes.

Financial highlights

- Group turnover increased by 11.6% to £342.2 million.
- 9.7% UK like for like sales growth, increasing the gap between us and the competition who we have traded consistently ahead of for over 5 years.
- Group Adjusted EBITDA increased by 11.1% to £51.9 million.
- The financial and operational strength of the business resulted in the acquisition by The Restaurant Group plc (TRG plc).

Turnover for the 52 week period increased by 11.6% driven by like for like growth of our existing estate in both the UK and US together with the opening of 7 new company operated sites. Like for like sales are defined as a year-on-year comparison for sites which have completed 17 full 4-week periods of trading.

Our UK restaurants delivered like for like growth of 9.7%. We have now traded ahead our peer group restaurants every week for more than 5 years and are extremely encouraged as the gap to the market has further widened during the year.

Our Group Adjusted EBITDA increased by 11.1%. During the year strong topline growth has allowed us the make discretionary brand building investments in our people, product and property as highlighted in our operational review, as well as managing the challenges of National Living Wage, business rates increases and supply chain pressures which have been impacting the wider consumer and casual dining market.

Operating profit (pre-exceptional costs) for the period was £15.2 million compared to a restated (see Note 1) operating profit (pre-exceptional costs) of £19.6 million in the previous financial year

On 24 December 2018, The Restaurant Group plc acquired 100% of issued shares in Mabel Topco Group. The consideration paid consisted of funding through a rights issue and bank loan. In their annual report, TRG noted that 'The acquisition of Wagamama provides the enlarged TRG Group the opportunity to deliver on multi-pronged growth strategies and provide the enlarged group clear scale advantages as Wagamama is a differentiated high growth brand with clear structural advantages. It will provide the enlarged group clear scale advantages as Wagamama is a differentiated high growth brand with clear structural advantages', further noting' buyer specific synergies the Group will be able to achieve from acquiring Wagamama, the potential for future franchise agreements, growth potential in the UK through further roll-out and access to a workforce with vast experience in operating a successful pan-Asian restaurant chain.' The transaction resulted in exceptional costs of £10.0 million.

Further exceptional costs of £25.3 million resulted principally from impairment charges in respect of a small number of sites not performing in line with our expectation and from business development costs. Operating loss post exceptional costs was £20.1 million compared to a restated (see Note 1) operating profit post exceptional costs of £5.8 million in the previous financial year.

The Group made a loss for the year of £32.5 million after financing costs and tax compared with a restated loss of £16.6 million after financing costs in the previous financial year.

Management review
for the period ended 28 April 2019 (continued)

Outlook

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

Mabel Mezzco Limited

Strategic report
for the period ended 28 April 2019

Introduction

The directors present their Strategic report for the 52 week period ended 28 April 2019 (2018 - 53 weeks ended 29 April 2018).

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 17 to 52. During the period no dividends were declared or paid to the immediate parent company, Mabel Midco Limited (2018: £59.7 million).

The Group continued with its expansionary activities during the period, with 7 company operated sites opened and 2 closed. By the end of the period, the Group's estate had grown to 135 restaurants in the UK including a delivery kitchen and 5 in the USA as well as 59 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.

Our US business has delivered improved trading momentum benefitting from improved team stability and operational execution. We are progressing with our review of strategic options for the business.

On 24 December 2018, The Restaurant Group plc acquired 100% of issued shares in Mabel Topco Group.

Excluding exceptional charges and exceptional administrative expenses, the Group recorded profit before taxation of £5.2 million (2018 restated: £8.9 million).

As a result of exceptional administrative expenses of £35.3 million (2018 restated: £13.8 million), the Group recorded a pre-tax loss for the financial period of £30.1 million (2018 restated: £13.7 million).

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 28 of these financial statements.

Key Performance Indicators (KPIs) (continued)

	Period ended 28 April 2019 £'000	Period ended 29 April 2018 restated (note 1) £'000
Turnover	**342,171**	306,713
Earnings before interest, tax depreciation, amortisation, set-up costs and certain head-office costs ("adjusted EBITDA")	**51,942**	46,752
Restaurant EBITDA	**70,842**	62,512
	Number	Number
Number of company operated restaurants	**140**	135
Average number of employees	**6,411**	5,719

Turnover grew by 11.6% and adjusted EBITDA by 11.1%. Restaurant EBITDA (being adjusted EBITDA before central costs) grew by 13.3%.

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 growth of the Group's US restaurant business does expose the Group to an increased 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 April 2018 (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.

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

N Taylor
Director
2 September 2019

Directors' report
for the period ended 28 April 2019

The directors present their report and audited consolidated financial statements for the 52 week period ended 28 April 2019 (2018 - 53 weeks ended 29 April 2018).

Business review and future developments

We have included our business review and discussion of future developments in the Strategic report on page 5.

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 17 to 52. During the period no intragroup dividend was proposed or paid (2018: £59.7 million).

The directors

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

P J Adams (resigned on 24 December 2018)
M H Collins (resigned on 24 December 2018)
P L Taylor (resigned on 24 December 2018)
M. Moretti (resigned on 24 December 2018)
J S Holbrook (resigned on 24 December 2018)
N Taylor
K D Davis (appointed 24 December 2018)
A McCue (appointed 24 December 2018, resigned 30 June 2019)
E M Woods (appointed 24 December 2018)

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.

During the period, the policy of providing employees with information about the Group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Financial risk management

Please refer to the Strategic report on pages 5 to 7 for further discussion on financial risk management.

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 52 week 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:

Directors' report
for the period ended 28 April 2019 (continued)

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

- 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.

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

N Taylor
Director
02 September 2019

Company registered number: 07556501

Independent auditors' report to the members of Mabel Mezzco Limited

Opinion

In our opinion:

- Mabel Mezzco Limited's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 28 April 2019 and of the group's loss for the 52 week period then ended;
- the group financial statements have been properly prepared in accordance with FRS 102;
- the parent company financial statements have been properly prepared in accordance with FRS 102; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of Mabel Mezzco Limited which comprise:

Group	Parent company
Group balance sheet as at 28 April 2019	Company balance sheet as at 28 April 2019
Group profit and loss account for the period then ended	Company statement of changes in equity for the period then ended
Group statement of comprehensive income for the period then ended	Related notes 1 to 30 to the financial statements including a summary of significant accounting policies
Group statement of changes in equity for the period then ended	
Group cash flow statement for the period then ended	
Related notes 1 to 30 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the group and parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 as applied to listed public interest entities, 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.

Overview of our audit approach

Key audit matters	• Management override in the recognition of revenue • Impairment of restaurant tangible assets • Onerous lease provisions
Audit scope	• We performed an audit of the complete financial information of Mabel Mezzco Limited
Materiality	• Overall group materiality is £1.2m which represents 2.75% of EBITDA before exceptional items

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Board of Directors
Management override in the recognition of revenue (2019: £342.2m; 2018: £306.7m) *Refer to Accounting policies (page 27); and Note 3 of the consolidated Financial statements (page 31)* There is a presumption within auditing standards that revenue recognition is a significant risk and a fraud risk. The group's revenue is typically comprised of a large number of low value and non-complex transactions, with no judgement applied over the amount recorded. Thus, we consider the risk relating to revenue to be around management override of controls and topside journals to revenue across the restaurant portfolio, resulting in revenue overstated or sales not recorded.	• We gained an understanding of the process and controls, including IT elements that management has in place around the recording of revenue, including the recording of manual journal adjustments. • We applied correlation data analysis over the group's revenue journal population to identify how much of the group's revenue is converted to cash and to isolate non-standard revenue transactions for further analysis, focusing our testing on higher risk transactions identified. • We identified any topside journals to revenue and obtained corroborative evidence to support them. • We performed cut-off testing procedures including review of post period end cash receipts and journals and an analytical review of significant variances to assess for completeness. ***Scope of our procedures*** We performed full scope audit procedures over all of the group's revenue. The work was performed by the group audit team.	We confirmed that revenue correlated to cash collected. We did not identify any instances of management override in relation to revenue.

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

Risk	Our response to the risk	Key observations communicated to the Board of Directors
Impairment of restaurant tangible assets (Group only) (2019: £111.2m net book value and £15.4m impairment charge; 2018 restated: £115.6m net book value and £1.9m impairment charge). *Refer to Accounting policies (page 31); and Note 14 of the consolidated Financial statements (page 42)* For the period ended 28 April 2019 management assessed for impairment indicators across all the group's cash-generating units (CGUs). Management considered each restaurant to be a cash generating unit ("CGU") and performed a review of the EBITDA results for each restaurant to assess whether impairments existed. Management considered a range of impairment indicators, including a CGU's performance against budget and EBITDA below an assigned threshold. For the purposes of this assessment, the net present value (NPV) was calculated using budgeted growth assumptions, extrapolated to the end of the restaurant lease, discounted back to present value. A detailed impairment test was performed where indicators existed. An impairment was recognised against the book value of the restaurant's tangible assets in the instances where their value is not recoverable through the discounted cash flows. Significant management judgement and estimation uncertainty is involved in this area, where the primary inputs are: • Determining if indicators exist; • Estimating cash flow forecasts; • Selecting an appropriate discount rate The impairment charge is treated as exceptional in the Group profit and loss account. Given the quantum of the Intangible assets balance, we considered this to be a significant risk.	• We gained an understanding of the process and controls management has in place over the impairment process, including identifying restaurants with impairment indicators and that these indicators had been appropriately identified. • We verified the arithmetic accuracy of management's impairment model. • We assessed and challenged management on forecast restaurant performance in the context of the group's historic results, as well as wider market trends and expectations. • We assessed the appropriateness of the discount rate applied in comparison to the rate applied by the wider TRG Group which we reviewed against relevant market data and obtained input from our business valuation specialists, as appropriate. • We assessed whether the exceptional item treatment of the impairment charge is in accordance with the accounting policy and appropriate guidance and practice. • We verified that any impairment charges or reversals were reflected and appropriately accounted for in the financial statements. We also verified there is appropriate disclosure. ***Scope of our procedures*** We performed full scope audit procedures on the impairment exercise carried out on all of the group's restaurant portfolio.	The impairment charge for the year is reasonably stated and the related disclosures are appropriate

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

Risk	Our response to the risk	Key observations communicated to the Board of Directors
Onerous lease provisions (2019: £16m closing provision and £9.2m net charge before tax; 2018 restated: £7.5m closing provision and £7.1m net charge before tax) *Refer to Accounting policies (page 30); and Note 21 of the consolidated Financial statements (page 47)* The group, has a number of onerous contracts at leasehold restaurants where the cost of exiting the lease is greater than the anticipated income from the site over the minimum remaining lease term. This is driven typically by restaurants that are underperforming due to factors such as location or changing consumer trends. Significant management judgements and estimates are involved in this exercise, with the primary inputs being cash flow forecasts, discount rate, void periods and lease exit arrangements. Given these complexities and the quantum of the balance, along with the continuing under performance of some of the group's restaurants, we considered this area to be a significant risk. The net onerous lease charge is treated as exceptional in the Group profit and loss account.	• We gained an understanding of the process and controls management has over the identification of sites with onerous leases, including for completeness an evaluation of loss making sites where no provision is in place. • We verified the key inputs of the calculation such as contractual rent, void costs and any incentives, for a sample of tail, distressed and pipeline sites. • We challenged management's assumptions and estimates used in the supporting provision calculation by reference to appropriate documentation and third party evidence. • We assessed the appropriateness of the discount rate applied in comparison to the rate applied by the wider TRG Group which was reviewed against relevant market data and obtained input from our business valuation specialists, as appropriate. • We performed a sensitivity analysis on key inputs to test for the impact on the provision. • For changes in onerous lease provisions, whether as a result of an exit, improved performance or other reasons, we understood and challenged management's rationale, including reference to supporting documentation. • We assessed whether the exceptional item treatment of the net onerous lease charge is in accordance with the Wagamama policy and appropriate guidance and practice. ***Scope of our procedures*** We performed full scope audit procedures on the onerous lease provisions across all of the group's leased restaurant portfolio.	The onerous lease charge for the year and provision at year end is reasonably stated and the related disclosures are appropriate.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group wide controls, changes in the business environment and other factors when assessing the level of work to be performed at each entity.
We performed audit procedures with the assistance of management based in London, covering the 52 week period to 28 April 2019.

Mabel Mezzco Limited

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

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

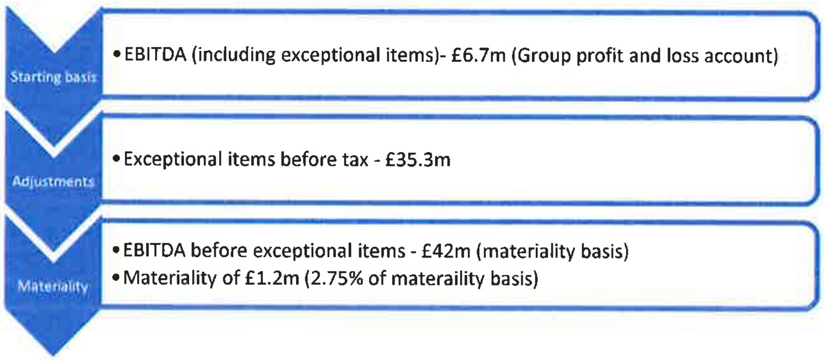
Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £1.2million, which is 2.75% of EBITDA before exceptional items. Earnings before interest, tax, depreciation, amortisation (EBITDA) is a generally accepted performance benchmark in this sector and for the bondholders and equity holders who are the primary investors in this group. Thus we believe EBITDA represents the key indicator of group performance for the main users of the financial statements.



We determined materiality for the Parent Company to be £6.2 million, which is 5% of equity. As the Company is a holding Company, we believe that net assets is a key indicator of position and performance.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely £0.6m. We have set performance materiality at this percentage due to this being a first year audit for EY.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We confirmed with the Directors that we would report to them all uncorrected audit differences in excess of £0.1m, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

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 the 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 by the parent company, 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 pages 8 and 9, 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 and 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are the reporting framework (FRS 102 and the Companies Act 2006,) and the relevant tax compliance regulation in the jurisdictions in which the group operates. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being Health & Safety Regulations, the General Data Protection Regulation, and Licensing Regulations.
- We understood how Mabel Mezzco Limited is complying with those frameworks by making inquiries of management, those responsible for the legal and compliance procedures including the group company secretary. We corroborated our enquiries through receiving updates on such matters from divisional and functional management. As well as enquiry

and attendance at meetings, our procedures involved a review of the reporting to the committees and a review of board meetings and other committee minutes to identify any non-compliance with laws and regulations.

- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where is considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence management to manage earnings and revenue by overriding internal controls. We considered that the group has established to address risk identified, or that otherwise prevent, deter fraud, and how senior management monitors those controls.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual consolidation journals and journal indicating large or unusual transactions, taking into account our understanding of the group; enquiries of management at all components and focussed testing as referred to in the key audit matters section above.

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.

Other matters we are required to address

- We were appointed by the company on 29 August 2019 to audit the financial statements for the 52 week period ending 28 April 2019 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is less than a month since our appointment on 29 August 2019. The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.

- The audit opinion is consistent with the additional report to the Directors.

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

2 September 2019

Mabel Mezzco Limited

Group profit and loss account
for the period ended 28 April 2019

	Note	**Period ended 28 April 2019**	Period ended 29 April 2018 restated (note 1)
		£'000	£'000
Turnover	3	**342,171**	306,713
Cost of sales		**(201,557)**	(177,929)
Gross profit		**140,614**	128,784
Administrative expenses before exceptional items		**(125,383)**	(109,182)
Exceptional administrative (expense)/income	4	**(35,320)**	(13,822)
Administrative expenses		**(160,703)**	(123,004)
Operating (loss)/profit	4	**(20,089)**	5,780
Interest receivable and similar income	7	**363**	166
Interest payable and similar charges	8	**(10,387)**	(10,892)
Exceptional charges	8	**-**	(8,737)
Loss on ordinary activities before taxation		**(30,113)**	(13,683)
Tax on loss on ordinary activities	9	**(2,395)**	(2,957)
Loss for the financial period	25	**(32,508)**	(16,640)
Loss for the financial period is attributable to:			
Owners of the Parent		**(32,508)**	(16,640)
		(32,508)	(16,640)

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

There are no material differences between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the period stated above and the historical cost equivalents.

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 28 April 2019

		Period ended 28 April 2019	Period ended 29 April 2018 restated (note 1)
		£'000	£'000
Loss for the financial period		**(32,508)**	(16,640)
Other comprehensive (loss)/income:			
Foreign exchange differences arising on consolidation	25	**(6)**	(1,042)
Total comprehensive loss for the period		**(32,514)**	(17,682)
Total comprehensive loss attributable to:			
Owners of the Parent		**(32,514)**	(17,682)
		(32,514)	(17,682)

Mabel Mezzco Limited

Group balance sheet
as at 28 April 2019

	Note	28 April 2019	29 April 2018 restated (note 1)
		£'000	£'000
Fixed assets			
Intangible assets	12	**110,719**	119,886
Tangible assets	14	**112,277**	115,552
		222,996	235,438
Current assets			
Stocks	15	**2,537**	2,018
Debtors	16	**17,310**	15,991
Cash at bank and in hand		**24,058**	29,312
		43,905	47,321
Creditors: amounts falling due within one year	17	**(59,484)**	(55,343)
Net current liabilities		**(15,579)**	(8,022)
Total assets less current liabilities		**207,417**	227,416
Creditors: amounts falling due after more than one year	18	**(225,334)**	(224,815)
		(17,917)	2,601
Provisions for liabilities	21	**(19,270)**	(12,207)
Net (liabilities)/assets		**(37,187)**	(9,606)
Capital and reserves			
Called up share capital	23	**20,000**	20,000
Other reserves	24,25	**4,933**	-
Profit and loss account	25	**(62,120)**	(29,606)
Total shareholders' (deficit)/funds		**(37,187)**	(9,606)

The financial statements on pages 17 to 52 were approved by the board of directors on 2 September 2019 and signed on its behalf by:

N Taylor
Director

Company balance sheet as at 28 April 2019

	Note	**28 April 2019**	29 April 2018
		£'000	£'000
Fixed assets			
Investments	13	123,137	123,137
Current assets			
Debtors	16	-	-
Creditors: amounts falling due within one year	17	-	-
Net current liabilities		-	-
Total assets less current liabilities		123,317	123,317
Net assets		123,317	123,317
Capital and reserves			
Called up share capital	23	20,000	20,000
Profit and loss account	25	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 (2018: £59,700,000).

The financial statements on pages 17 to 52 were approved by the board of directors on 2 September 2019 and signed on its behalf by:

N Taylor
Director

Company registered number: 07556501

Mabel Mezzco Limited

Group statement of changes in equity for the period ended 28 April 2019

	Called up share capital	Profit and loss account	Total shareholders' funds/(deficit)
	£'000	£'000	£'000
Balance as at 24 April 2017 (restated)	**20,000**	**47,776**	**67,776**
Loss for the financial period	-	(16,640)	(16,640)
Foreign exchange differences arising on consolidation	-	(1,042)	(1,042)
Total comprehensive loss for the period	-	**(17,682)**	**(17,682)**
Dividends	-	(59,700)	(59,700)
Total transactions with owners recognised directly in equity	-	**(59,700)**	**(59,700)**
Balance as at 29 April 2018 (restated)	**20,000**	**(29,606)**	**(9,606)**

	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)**

Mabel Mezzco Limited

Company statement of changes in equity for the period ended 28 April 2019

	Called up share capital	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
Balance as at 24 April 2017	**20,000**	**103,137**	**123,137**
Profit for the financial period	-	**59,700**	**59,700**
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	**59,700**	**59,700**
Dividends	-	(59,700)	(59,700)
Total transactions with owners recognised directly in equity	-	**(59,700)**	**(59,700)**
Balance as at 29 April 2018	**20,000**	**103,137**	**123,137**

	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 for the financial period	-	-	-
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	-	-
Dividends	-	-	-
Total transactions with owners recognised directly in equity	-	-	-
Balance as at 28 April 2019	**20,000**	**103,137**	**123,137**

Mabel Mezzco Limited

Group cash flow statement
for the period ended 28 April 2019

	Note	**Period ended 28 April 2019**	Period ended 29 April 2018 restated (note 1)
		£'000	£'000
Net cash inflow from operating activities	(a)	**37,484**	36,070
Taxation		**(4,663)**	(4,390)
Net cash generated from operating activities		**32,821**	31,680
Cash flow from investing activities			
Interest received		**290**	166
Payments to acquire tangible and intangible assets		**(28,688)**	(32,700)
Net cash used in investing activities		**(28,398)**	(32,534)
Cash flow from financing activities			
Dividend paid		-	(59,700)
Repayment of bonds		-	(150,000)
Issue of new bond		-	225,000
Finance costs related to bond issue		-	(9,323)
Interest paid		**(9,694)**	(9,753)
Net cash used in financing activities		**(9,694)**	(3,776)
Net decrease in cash and cash equivalents		**(5,271)**	(4,630)
Cash and cash equivalents at the beginning of the period		**29,312**	33,979
Exchange adjustments		**17**	(37)
Cash and cash equivalents at the end of the period		**24,058**	29,312

The notes on pages 24 to 52 form part of these financial statements.

Group cash flow statement
for the period ended 28 April 2019 (continued)

	Period ended 28 April 2019	Period ended 29 April 2018 restated (note 1)
	£'000	£'000
Cash and cash equivalents consists of:		
Cash at bank and in hand	**24,058**	29,312
Cash and cash equivalents	**24,058**	29,312

Notes to the Group cash flow statement
for the period ended 28 April 2019

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

	Period ended 28 April 2019	Period ended 29 April 2018 restated (note 1)
	£'000	£'000
Operating profit	**(20,089)**	5,780
Amortisation	**9,885**	9,115
Depreciation	**16,887**	13,842
Impairment of fixed assets	**15,434**	1,738
Loss on disposal of fixed assets	**732**	462
Share based payment expense	**4,933**	-
Increase in stocks	**(522)**	(389)
(Increase)/Decrease in debtors	**301**	(5,831)
Increase in creditors	**1,844**	4,963
Increase/(decrease) in provisions for onerous leases	**8,079**	6,390
Net cash inflow from operating activities	**37,484**	36,070

Notes to the Group cash flow statement for the period ended 28 April 2019 (continued)

(b) Analysis of changes in net debt

	At 30 April 2018	Cash flows	Other non-cash changes	At 28 April 2019
	£'000	£'000	£'000	£'000
Net cash:				
Cash at bank and in hand	29,312	(5,271)	17	**24,058**
Debt:				
Debt due after 1 year	(222,118)	-	(618)	**(222,736)**
Net debt	(192,806)	(5,271)	(601)	**(198,678)**

(c) Non-cash changes

	Period ended 28 April 2019	Period ended 29 April 2018
	£'000	£'000
Currency translation	**17**	(37)
Amortisation of loan issue fees	**(618)**	(773)
	(601)	(810)

Notes to the financial statements for the period ended 28 April 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, as modified by the recognition of certain financial assets and liabilities measured at fair value, 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 financial statements are prepared for the period up to the Sunday closest to 30 April being 28 April 2019. The comparative numbers used in the financial statements are for the 53 week period ended 29 April 2018.

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.

Amortisation

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.

Notes to the financial statements for the period ended 28 April 2019 (continued)

1 Accounting policies (continued)

Restatement of comparatives

During the year, management have identified 3 items for which we have retrospectively amended the financial statements.

Group income statement for the 53 weeks ended 29 April 2018	As originally disclosed £'000	Capital contributions (i) £'000	Finance lease (ii) £'000	Onerous leases (iii) £'000	As restated £'000
Administrative expenses before exceptional items	(109,250)	-	68	-	(109,182)
Interest payable	(10,804)	-	(88)	-	(10,892)
Exceptional administrative expenses	(11,012)	-	-	(2,810)	(13,822)
Tax on loss on ordinary activities	(3,204)	-	4	243	(2,957)
Group balance sheet at 29 April 2018					
Tangible assets	112,773	1,716	1,063	-	115,552
Trade and other payables – current	(55,413)	(95)	(78)	243	(55,343)
Other payables - non-current	(222,118)	(1,621)	(1,076)	-	(224,815)
Provisions for liabilities	(9,397)	-	-	(2,810)	(12,207)
Retained earnings	(26,949)	-	(90)	(2,567)	(29,606)

As a result of these corrections, the Group cash flow statement has also been restated.

(i) Lease incentives - capital contributions

The Group has historically recognised contributions received from landlords to offset the cost of fitting out a restaurant as a reduction in Tangible Assets. Management has identified this error in the year, and reclassified to Trade and other payables, split between current and non-current. This has resulted in:

- An increase in Tangible Assets as at 29 April 2019 of £1.7m, representing the reversal of prior incentives, with a corresponding increase in Trade and other payables balance for the remaining incentives to recognise over the lease life.

1 Accounting policies (continued)

(ii) Finance Lease

The Group has historically recognised all leases on sites as operating leases. This error in categorisation has been corrected, and our lease for Wimbledon has been recognised as a finance lease owing to the long-term length of the lease. This has resulted in:

- A £1.1m increase in Tangible assets, 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. The interest rate applied in calculating the present value of the payments is the incremental borrowing cost of the Group in relation to the lease.
- A corresponding liability has been created for the current and non-current liability under the terms of that lease.
- A decrease in Administrative expenses before exceptional items of £0.1m, commensurate with the value of the lease payments in the year less the depreciation charge for the year on the lease asset.
- An increase in Interest payable in the year of £0.1m which reflects the interest chargeable for the period against the remaining liability balance.

(iii) Onerous Leases

In the year, the Group reviewed the discount rate enacted in the calculation of the prior year provision and noted that an incorrect discount rate was used, and the provision has been re-calculated with a new risk-free rate utilised. This has resulted in:

- An increase in Exceptional administrative expenses of £2.8m, and a corresponding reduction in Tax on loss on ordinary activity of £0.2m
- An increase in Provisions for liabilities of £2.0m for the non-current element of the provision and an increase of £0.6m in Trade and other payables – current for the current element of the provision net of the reduced tax payable.

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.

1 Accounting policies (continued)

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.

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.

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 account. Exchange differences arising from consolidation of foreign entities are recognised in other comprehensive income.

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.

1 Accounting policies (continued)

Financial instruments (continued)

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.

Derivatives are initially recognised at fair value and subsequently measured at fair value. Changes in the fair value of derivatives are recognised in profit and loss.

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.

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 28 April 2019 (continued)

4 Operating profit

Operating profit is stated after charging:

		Period ended 28 April 2019	Period ended 29 April 2018 restated (note 1)
		£'000	£'000
Amortisation		**9,885**	9,115
Depreciation of owned fixed assets		**16,887**	13,842
Impairment – included in exceptional administrative expenses			-
Auditors' remuneration	- for auditors		
	- Current auditors	**86**	-
	- Previous auditors	-	86
	- for audit related assurance		
	- Current auditors	**9**	-
	- Previous auditors	**4**	13
	- for advisory taxation services (previous auditors)	**60**	129
	- for compliance taxation services (previous auditors)	**28**	34
	- for other services – included in exceptional administrative expenses (previous auditors)	**749**	128
Operating lease costs		**26,210**	25,254
Loss on disposal of fixed assets		**732**	462
Exceptional administrative expenses/(income)		**35,320**	13,822

Of the auditors' remuneration as auditors, £4,000 (2018: £4,000) related to the audit of Mabel Mezzco Limited and the consolidation, and £82,000 (2018: £82,000) related to the audit of subsidiary companies. The Group's auditor changed in the year as a result of the acquisition by TRG Plc.

For the period ended 28 April 2019, the exceptional administrative expenses incurred comprise of legal, consulting, bonuses and other expenditure relating to the sale of the group (£9,980,000), movements in onerous lease provision (£9,237,000), fixed asset impairments (£15,434,000), costs related to executive restructuring (£169,000) and project development costs (£456,000).

For the period ended 29 April 2018, the exceptional administrative expenses incurred comprise of expenditure relating to executive team restructuring (£3,411,000), costs relating to the Group's refinancing (£1,046,000), movements in onerous lease provision (£7,081,000), fixed asset impairments (£1,931,000) and project development costs (£351,000).

5 Particulars of employees

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

	Period ended 28 April 2019	Period ended 29 April 2018
	Number	Number
Number of staff - total	**6,411**	5,719
Restaurants	**6,252**	5,564
Head Office	**159**	155

The aggregate payroll costs of the above were:

	Period ended 28 April 2019	Period ended 29 April 2018
	£'000	£'000
Wages and salaries	**118,965**	105,153
Social security costs	**9,818**	8,873
Other pension costs	**1,537**	931
Share based payments	**4,933**	-
	135,253	114,957

The Company has no employees (2018: 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 £1,537,000 (2018: £931,000).

6 Directors' emoluments

	Period ended 28 April 2019	Period ended 29 April 2018
	£'000	£'000
Emoluments	**4,069**	1,683
Value of Company pension contributions to money purchase schemes	**65**	92
Compensation for loss of office	**470**	1,345
	4,604	3,120

Emoluments of highest paid director:

	Period ended 28 April 2019	Period ended 29 April 2018
	£'000	£'000
Total emoluments (excluding pension contributions)	**3,986**	1,914
Value of Company pension contributions to money purchase schemes	**31**	25
	4,017	1,939

The number of directors to whom pension benefits are accruing at the period end is 2 (2018: 2).

No Directors (2018: none) received emoluments in respect of their services to the Company.

7 Interest receivable and similar income

	Period ended 28 April 2019	Period ended 29 April 2018
	£'000	£'000
Bank interest receivable	**290**	166
Foreign exchange gain	**73**	-
	363	166

Mabel Mezzco Limited

Notes to the financial statements for the period ended 28 April 2019 (continued)

8 Interest payable and similar charges

	Period ended 28 April 2019	Period ended 29 April 2018 restated (note 1)
	£'000	£'000
Interest payable on bank borrowing	**488**	232
Bond interest	**9,281**	9,817
Amortisation of loan fees	**618**	773
Foreign exchange loss	-	70
Interest and similar charges	**10,387**	10,892

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

Exceptional charges

	Period ended 28 April 2019	Period ended 29 April 2018
	£'000	£'000
Exceptional charges	-	8,737

Prior year exceptional charges of £8,737,000 resulted from the Group's refinancing in the year and comprise early redemption charges on the repayment of the previous £150,000,000 bond, and the write-off of the unamortised finance costs related to that bond.

Notes to the financial statements for the period ended 28 April 2019 (continued)

9 Tax on (loss)/profit on ordinary activities

(a) Analysis of charge in the period

	Period ended 28 April 2019	Period ended 29 April 2018 restated (note 1)
	£'000	£'000
Current tax:		
UK Corporation tax based on the results for the period at 19.0% (2018: 19.0%)	**3,640**	1,876
Adjustments in respect of prior periods	**184**	713
Overseas corporation tax	**-**	-
Total current tax	**3,824**	2,589
Deferred tax:		
Origination and reversal of timing differences – current period	**(268)**	(171)
Origination and reversal of timing differences – prior period	**(745)**	539
Changes in tax rates	**(416)**	-
Total deferred tax	**(1,429)**	368
Tax on (loss)/profit on ordinary activities	**2,395**	2,957

Notes to the financial statements for the period ended 28 April 2019 (continued)

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

(b) Factors affecting total tax charge

The tax assessed on the (loss)/profit on ordinary activities before taxation for the period differs (2018: differs) from the standard rate of corporation tax in the UK of 19.00% (2018: 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.

	Period ended 28 April 2019	Period ended 29 April 2018 restated (note 1)
	£'000	£'000
(Loss)/Profit on ordinary activities before taxation	**(30,113)**	(13,683)
(Loss)/Profit on ordinary activities multiplied by rate of tax 19.00% (2018: 19.00%)	**(5,721)**	(2,600)
Effects of:		
Expenses not deductible for taxation purposes	**3,603**	2,760
Group relief claimed	**(1,052)**	(282)
Differences in tax rates	**(688)**	(919)
Tax losses not recognised	**7,229**	2,746
Re-measurement of deferred tax – change in UK tax rate	**(416)**	-
Adjustment to tax charge in respect of prior periods	**(560)**	1,252
Total tax (note 9(a))	**(2,395)**	2,957

The Group had unrecognised deferred tax assets of £16,026,000 (2018: £8,797,000) 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 Profit attributable to members of the Parent Company

The profit for the financial period dealt with in the financial statements of the Parent Company was £nil (2018: £59,700,000).

11 Dividends

During the period no dividend was declared (2018: £59.7 million).

Notes to the financial statements for the period ended 28 April 2019 (continued)

12 Intangible assets

Group	Goodwill	Trademarks	Software and IT Development	Total
	£'000	£'000	£'000	£'000
Cost				
As at 29 April 2018	181,989	180	1,893	184,062
Additions	-	-	718	718
Disposals	-	-	(150)	(150)
As at 28 April 2019	**181,989**	**180**	**2,461**	**184,630**
Accumulated amortisation				
At 29 April 2018	63,793	61	322	64,176
Disposals	-	-	(150)	(150)
Charge for the period	9,099	16	770	9,885
At 28 April 2019	**72,892**	**77**	**942**	**73,911**
Net book value				
At 28 April 2019	**109,097**	**103**	**1,519**	**110,719**
At 29 April 2018	118,196	119	1,571	119,886

13 Investments

Company	**Group companies**
	£'000
Cost	
At 29 April 2018	123,137
At 28 April 2019	**123,137**
Net book value	
At 29 April 2018	**123,137**
At 28 April 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

13 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.

14 Tangible assets

Group	Leasehold property	Restaurant and office equipment	Total
	£'000	£'000	£'000
Cost			
At 29 April 2018 (restated)	116,670	43,444	160,114
Additions	13,940	15,406	29,346
Disposals	(1,746)	(4,652)	(6,398)
Foreign exchange difference	900	181	1,081
At 28 April 2019	**129,764**	**54,379**	**184,143**
Accumulated depreciation			
At 29 April 2018 (restated)	32,845	12,780	45,625
Charge for the period	7,585	9,302	16,887
Impairment	11,784	3,650	15,434
Disposals	(1,536)	(4,130)	(5,666)
Foreign exchange difference	456	171	627
At 28 April 2019	**51,134**	**21,773**	**72,907**
Net book value			
At 28 April 2019	**78,630**	**32,606**	**111,236**
At 29 April 2018 (restated)	83,825	30,664	114,489

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.

14 Tangible assets (continued)

Assets held under finance leases

Cost	
At 29 April 2018 (restated)	1,346
At 28 April 2019	**1,346**
Depreciation	
At 29 April 2018 (restated)	283
Provided during the year	22
At 28 April 2019	**305**
Net book value	
At 28 April 2019	**1,041**
At 29 April 2018 (restated)	1,063

The Company held no fixed assets.

15 Stocks

	28 April 2019		29 April 2018	
	Group	**Company**	Group	Company
	£'000	**£'000**	£'000	£'000
Food and other consumables	**1,718**	-	1,419	-
Merchandising	**819**	-	599	-
	2,537	-	2,018	-

The amount of inventories recognised as an expense during the period was £60,601,000 (2018: £55,038,000)

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

16 Debtors

	28 April 2019		29 April 2018 restated (note 1)	
	Group	**Company**	Group	Company
	£'000	**£'000**	£'000	£'000
Trade debtors	**4,336**	-	3,209	-
Prepayments	**8,235**	-	5,458	-
Other debtors	**3,151**	-	7,324	-
Amounts receivable from group undertakings	**1,588**	-	-	-
	17,310	-	15,991	-

Group other debtors includes rental deposits of £235,000 (2018: £236,000) which are recoverable in more than one year.

Interest is charged on amounts due from Group undertakings at a rate of 2.5% (2018: 2.5%) per annum

17 Creditors: amounts falling due within one year

	28 April 2019		29 April 2018 restated (note 1)	
	Group	**Company**	Group	Company
	£'000	**£'000**	£'000	£'000
Trade creditors	**21,096**	-	20,714	-
Amounts owed to Group undertakings	**523**	-	302	-
Other taxation and social security	**10,873**	-	10,864	-
Corporation tax	**688**	-	1,318	-
Other creditors	**6,855**	-	5,887	-
Accruals and deferred income	**19,449**	-	16,258	-
	59,484	-	55,343	-

Interest is charged on amounts due to Group undertakings at a rate of 2.5% (2018: 2.5%) per annum and these amounts are repayable on demand.

18 Creditors: amounts falling due after more than one year

	28 April 2019		29 April 2018 restated (note 1)	
	Group	**Company**	Group	Company
	£'000	**£'000**	£'000	£'000
Bond	**222,736**	-	222,118	-
Other creditors	**2,598**	-	2,697	-
	225,334	-	224,815	-

The bond is shown net of unamortised loan issue costs of £2,264,000 (2018: £2,882,000).

19 Creditors - capital instruments

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

	28 April 2019		29 April 2018	
	Group	**Company**	Group	Company
	£'000	**£'000**	£'000	£'000
Amounts repayable:				
In one year or less or on demand	-	-	-	-
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	-	-	-	-
	225,000	-	225,000	-
Unamortised loan issue expenses	**(2,264)**	-	(2,882)	-
	222,736	-	222,118	-

In July 2017, the Group re-financed and raised £225,000,000 in a high yield bond. At the same time, the Group repaid its previous bond of £150,000,000

Interest on the bond financing is at 4.125% and is payable semi-annually. Interest on the previous bond financing was at 7.875% and was payable semi-annually. At the period end the Group had an undrawn revolver facility of £20,000,000 (2018: £15,000,000). 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.

20 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:

	28 April 2019		29 April 2018 restated (note 1)	
	Group	**Company**	Group	Company
	£'000	**£'000**	£'000	£'000
Financial assets that are debt instruments measured at amortised cost				
- Trade debtors	**4,336**	-	3,209	-
- Other debtors	**3,151**	-	5,458	-
Financial liabilities measured at amortised cost				
- Bond	**222,736**	-	222,118	-
- Trade creditors	**21,096**	-	20,714	-
- Accruals	**19,449**	-	16.258	1
- Other creditors	**9,453**	-	8,584	-
- Amounts owed to Group undertakings	**523**	-	302	-

Notes to the financial statements for the period ended 28 April 2019 (continued)

21 Provisions for liabilities

Group	Onerous Lease £'000	Deferred Tax £'000	Total £'000
As at 29 April 2018 (restated)	7,508	4,699	12,207
Additions dealt with in profit and loss	9,448	(1,429)	8,019
Utilised during the period	(1,298)	-	(1,298)
Unused amounts reversed to the profit and loss	(72)	-	(72)
Foreign exchange translation adjustment	414	-	414
As at 28 April 2019	**16,000**	**3,270**	**19,270**
Current provision	2,285		
Non-current provision	13,715		

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.

Deferred taxation

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

	28 April 2019		29 April 2018	
	Group	**Company**	Group	Company*
	£'000	**£'000**	£'000	£'000
Provision brought forward	**4,699**	-	4,332	-
Movement in provision – current period	**(268)**	-	(172)	-
Movement in provision – prior period	**(745)**	-	539	-
Changes in tax rates and laws	**(416)**	-	-	-
Provision carried forward	**3,270**	-	4,699	-

21 Provisions for liabilities (continued)

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

The Group had unrecognised deferred tax assets of £16,026,000 (2018: £8,797,000) 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.

22 Commitments under operating leases

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

Group	**Land and buildings**	
	28 April 2019	29 April 2018 restated restated (note 1)
	£'000	£'000
Payments due:		
Not later than one year	**26,431**	25,769
Later than one year and not later than five years	**80,804**	76,022
Later than five yearsd	**232,939**	229,114
	340,174	330,905

At the period end the Group had £nil capital commitments (2018: £nil).

23 Called up share capital

Group and Company	**28 April 2019**	29 April 2018
	£'000	£'000
Allotted, called up and fully paid:		
20,000,001 (2018: 20,000,001) Ordinary shares of £1 each	**20,000**	20,000

24 Share based payments

Certain employees participated in a restricted stock unit scheme with the units in Mabel Topco Limited vesting on a change of control event subject to continued employment within the Group.

The Group was unable to directly measure the fair value of the employee services received, instead the share based payment charge was determined using the Monte-Carlo model. The share options were settled as equity and the weighted average exercise price of these share options was £272.00.

The total charge for the period was £4,933,000.

Two directors exercised restricted stock unit options during the year.

	Number
Outstanding at 30 April 2018	-
Granted	50,800
Exercised	(50,800)
Outstanding at 28 April 2019	**-**

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 £35,000. For further information on the long-term incentive plan scheme is disclosed in the published consolidated accounts for TRG Group PLC.

25 Reserves

Group	**Other reserves**	**Profit and loss account**
		£'000
At 29 April 2018 (restated)		(29,606)
Foreign currency translation loss		(6)
Share based payment charge	(4,933)	
Loss for the financial period		(32,508)
At 28 April 2019	**(4,933)**	**(62,120)**

25 Reserves (continued)

Company	**Profit and loss account**
	£'000
At 30 April 2018	103,137
Profit for the financial period	-
Balance carried forward	**103,137**

26 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	**28 April 2019**
	£'000
Wagamama Finance Plc	225,000

27 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.

During the period, transactions with Duke Street LLP and Hutton Collins LLP, related parties not wholly within the Group, amounted to £40,000 (2018: £86,000). The transactions were for the provision of services to the Group by non-executive board members and were carried out on an arm's length basis. The value of services provided in the period was £21,000 (2018: £30,000) and £19,000 (2018: £56,000) respectively. There were no balances outstanding at 28 April 2019 (2018: nil).

During the period, a director loan of £135,000 was repaid in full. The interest-free loan to purchase company shares was offered by a subsidiary, Wagamama Limited, and was repayable within 12 months or on cessation of employment.

28 Reconciliation of non-GAAP measures

Statutory operating profit as presented in the Group profit and loss account on page 17 is reconciled to the non-GAAP measures presented in the Strategic report shown on page 4 following certain adjustments:

	Period ended 28 April 2019	Period ended 29 April 2018 restated (note 1)
	£'000	£'000
Statutory operating profit	**(20,089)**	5,780
Depreciation	**16,887**	13,623
Amortisation	**9,885**	9,115
Loss on disposal of fixed assets	**732**	462
Exceptional administrative expense (note 4)	**35,320**	13,822
Pre-opening costs	**3,961**	3,604
Corporate expenses	**278**	346
Share based payment charge	**4,933**	-
Long-term incentive plan charge	**35**	-
Adjusted EBITDA	**51,942**	46,752
Head office overhead costs	**20,880**	17,546
Net franchise income	**(1,980)**	(1,786)
Restaurant EBITDA	**70,842**	62,512

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.

Notes to the financial statements for the period ended 28 April 2019 (continued)

29 Subsequent events

The Group has evaluated events from 28 April 2019 through to the date these financial statements were issued. There were no subsequent events that require disclosure.

30 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 to 30 December 2018.

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