The Restaurant Group ltd

REGISTERED NUMBER: SC030343

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 31 DECEMBER 2023

COMPANY INFORMATION – THE RESTAURANT GROUP LIMITED

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THE RESTAURANT GROUP LIMITED – ANNUAL REPORT FY2023

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Overview

Transformational year for TRG with continued outperformance of the market

Acquisition of The Restaurant Group by Apollo

- The Restaurant Group was acquired by Rock BidCo Limited (a special purpose vehicle indirectly owned by the Apollo Funds, managed by affiliates of Apollo Global Management, Inc.)
- The acquisition was undertaken by means of a Scheme of Arrangement which became effective on 21 December 2023 with the shares delisted from the London Stock Exchange on 22 December 2023
- On 21 December 2023, Ken Hanna, Graham Clemett, Zoe Morgan, Loraine Woodhouse and Helen Keays stepped down from the TRG Board, while Alex van Hoek and Eugenia Gandoy were appointed to the TRG Board. Andy Hornby and Mark Chambers remained as TRG Directors, as CEO and CFO respectively
- Christopher Harwood joined the board on 24 January 2024
- Apollo has deep industry knowledge and a successful track record of investments in the consumer, retail and hospitality sectors
- Apollo is supporting The Restaurant Group through the next phase of growth, by investing in the customer offering and future growth of its footprint

Operational highlights

- **Wagamama, Pubs and Concessions recorded strong LFL sales growth:**

Year To Date ("YTD") LFL sales (%) vs 2022 comparable split by category for the 52 weeks to 31 December 2023

TRG Division	Total YTD LFL sales	Delivery & takeaway LFL sales	Dine-in LFL sales
Wagamama	**+7%**	**(5)%**	**+11%**
Pubs	**+10%**	**n/a**	**+10%**
Concessions	**+29%**	**n/a**	**+29%**

- **Customer ratings remain very strong across all brands:**
  - Wagamama maintained its position as the number one UK casual dining chain brand by BrandVue
  - Brunning and Price recognised as best pub group in the UK by CGA Pub Track

- **Disposal of the Leisure Estate to Big Table Group:**
  - On 11 September 2023, The Restaurant Group agreed the sale of its Leisure business to the Big Table Group, which is owned by the private equity firm Epiris
  - Comprising 75 trading sites and associated restaurant and management team employees
  - As part of the transaction, TRG paid a cash contribution of £7.5m to the Big Table Group
  - The transaction completed on 30 October 2023

- **Acquisition by Apollo:**
  - On 12 October 2023, The Restaurant Group reached agreement on the terms of an acquisition by Rock BidCo Limited (a special purpose vehicle indirectly owned by the Apollo Funds, managed by affiliates of Apollo Global Management, Inc.)
  - The acquisition was undertaken by means of a Scheme of Arrangement which became effective on 21 December 2023

Business review

About TRG

The Restaurant Group (TRG) is one of the UK's biggest hospitality businesses with a diverse portfolio of well-known and highly rated restaurant and pub restaurant brands. Our principal trading brands are Wagamama and Brunning & Price. It also operates a multi-brand Concessions business which trades principally in UK airports. In addition, as at year end, the Wagamama business had a 20% stake in a JV operating eight Wagamama restaurants in the US and c. 60 franchise restaurants operating across Europe and the Middle East.

- Wagamama is the only UK pan-Asian brand concept of scale and is one of the UK's market-leading premium casual dining brands. The business has a consistent and strong track record of market LFL sales outperformance
- Our Brunning & Price Pubs business is a premium food-led concept and also has a consistent and strong track record of market LFL sales outperformance
- TRG Concessions has over 25 years' experience of providing exceptional hospitality to the travelling public. Trading principally at UK airports the portfolio includes table service, counter service, sandwich shops, pubs and bars from existing TRG brands, bespoke concepts and franchised third-party brands

Divisional performance

Wagamama

The business has a consistent and strong track record of market LFL sales outperformance which continued in FY23, with LFL sales growth of +7%, representing a +1% outperformance versus the market. Dine in performance has been particularly strong, with LFL sales of +11% and a market outperformance of +3%. Customer ratings have remained excellent with December 2023 average NPS scores (as measured by BrandVue) positioning Wagamama as the number one brand amongst casual dining chains in the UK.

The key drivers of Wagamama's success are:

- **Unique colleague culture:** the Wagamama business continues to be underpinned by our unique culture and ethos. In 2023, staff retention remained strong, and we continued to focus on mental health and well-being initiatives to support our teams
- **Continuous menu innovation:** As part of our summer menu launch, we innovated within the cocktail space with cocktail participation up 300% on the levels of last year at 4.1% participation vs. 1.3% LY. We also innovated our sides and launched our new roti + raisukatsu range in October, achieving strong participation at 2.0% while delivering impressive menu performance and VFM scores (88.0 and 86.2 respectively)
- **Culture-charged marketing**: Our marketing strategy is to drive short-term sales action whilst building long-term brand saliency building both a functional and emotional relationship with our guests. We have a strong focus on driving relevant, distinctive activations and throughout 2023, there was a continuous drumbeat of demand drivers which consisted of talk-worthy menu innovation, student-based activity, Deliveroo exclusive tv campaign and above the line radio activity
- **Focus on guest experience:** We launched a full programme internally for our restaurant teams, which focussed on how we not only provide great service but "kaizen hospitality" to each and every one of our guests, which means continuous improvement. As part of the above we have also revisited all of the branded touch points in our restaurants ensuring they are creating an experience that matches our guest segments and brand persona. These include our music, glassware, and team uniform, all of which have been addressed as part of this programme

Growth opportunities

Wagamama UK new openings: In 2023, Wagamama opened six new sites, including a new Central London site within the iconic Battersea Power Station. We are now targeting to open between eight to ten sites in FY24.

Taking a considered approach to new openings, our long-term ambition is to scale to a targeted 200 to 220 restaurants in the UK (from an expected 161 sites at the end of FY23).

Wagamama US: During 2023, our US JV was run as a 20:80 partnership (with TRG as the minority investor), with the JV having full ownership of the operations of the US business.

The JV opened three new sites in FY23 in Atlanta, Tampa and Dallas, with a site in Arlington opening in 2024. The precise scale of future expansion plans are yet to be determined, but we continue to expect to target an overall estate size of 20 to 30 sites by December 2027.

Wagamama International franchise: At year end, our Wagamama franchise business comprised 58 sites across Europe and the Middle East. We are exploring opportunities to further accelerate our international footprint – we have opened two new sites in 2024 so far, and expect to open a further three to five sites in the second half of the year, including in India, a new territory.

Pubs

Our Brunning & Price Pubs division has maintained a consistently strong performance throughout 2023, when adjusting for weather comparisons over the summer.

The business delivered full year LFL sales growth of 10.0% representing a 2% outperformance versus the market. Customer sentiment remains very strong with social media scores (consolidation of Google, Facebook and TripAdvisor scores) averaging 4.6/5 for the last 12 months to December 2023, our highest ever rating. We are particularly pleased that Brunning & Price was recognised as the best Pub Group in the UK by CGA Pub Track, which is credit to the strong leadership and delivery of the teams over many years.

The key drivers of this continued market outperformance are:

- **Good customer demographics**: On average, around 60% of the total population that live within a 15-minute drive form part of the higher income classes, and there are usually at least 25,000 people within these catchments
- **High quality property estate in defensible, well-invested locations**: Our sites are typically located in rural and suburban locations (c.80%) with expansive layouts and limited competition nearby, which has been instrumental in the Group’s ability to trade strongly over the years. Over 60% of the Pubs estate benefits from having in excess of 100 “external” covers, which is particularly beneficial through summer

Growth opportunities

Our Pubs business is a high-quality asset with significant potential to create further value. The B&P offer has proved timeless, and the business has consistently outperformed the market over the last ten years (between 2013 and 2023).

We opened one new pub during the first half of the year, the Mytton and Mermaid in Shrewsbury, which has surpassed our expectations and is one of our most successful new pub openings. We aim to open between one to three high quality pubs per year from FY24 onwards.

Concessions

We are very pleased with the strong recovery of our Concessions business in 2023, which has exceeded management's expectations with LFL sales growth of 29%, which is a strong market outperformance of 10%.

The recovery across London, Regional and Scottish airports was supported by TRG's position as the partner of choice for future food and beverage airport opportunities, through ongoing brand and menu development and by securing contract renewals and extensions. The main focus for the Team going forward into 2024 is to continue to build a strong portfolio of franchise partners and own brands in order to capitalise on the ever-changing needs of each airport's passenger mix. Renewing contracts, refurbishing existing premises and taking on new space are key focusses of the commercial team, growing their presence in an ever-competing market and being known as the partner of choice for full serve casual and premium dining options.

Leisure & Barburrito

The Leisure business was impacted by a number of challenges, in particular the cost-of-living pressures on its core customer base.

In response to the widespread challenges facing the UK hospitality industry, our two-year rationalisation programme was accelerated to just 12 months. This reduced the estate from 116 to approximately 76 sites by fiscal year end 2023, delivered through proactive lease breaks, disposals and conversions. The property team made very good progress managing disposals and minimising cash impacts.

As part of TRG's ongoing review of its strategic options, in September TRG entered into an agreement in respect of the sale of its Leisure business trading sites and associated restaurant and management team employees to the Big Table Group. The sale completed in October 2023. The results for this division are therefore reported separately as part of "discontinued operations" in the financial statements.

At retained Barburrito sites, our focus concentrates on staff training, competitive value and quality customer service to maximise guest visits, guest sentiment and improve cash flow across the business.

Financial review

Introduction

In 2023, the Group underwent significant change during the course of the year:

- On 12 October 2023, the ultimate parent company announced that the Board had reached an agreement on the terms and conditions of a recommended all cash acquisition for the entire issued, and to be issued, ordinary share capital of the TRG group of companies to Apollo Global Management Inc and from 22 December 2023, the Company's shares were no longer traded publicly. The Group re-registered from a public company to a private limited company on 2 January 2024
- The Group also agreed the sale of its Leisure business to the Big Table Group, with the transaction completing on the 30 October 2023

The statutory results have been prepared on a "continuing operations basis" excluding the results of the Leisure business.

As outlined in the business review, we were particularly pleased to have delivered a continued strong LFL sales outperformance versus the market across our Wagamama, Pubs and Concessions businesses, illustrating the strength of our customer propositions and ability to outperform the market.

Statutory Results

As noted above, in October 2023, we successfully completed the disposal of our Leisure division. As a consequence of the transaction, our statutory results exclude the trading performance of the disposed operations and represent the continuing businesses only. The results of the Leisure division up to the point of sale, together with details of the disposal transaction are set out in Note 8 of the financial statements.

The key statutory financial measures (IFRS 16) are summarised below and are stated after the impact of exceptional costs , and on a continuing operations basis:

	STATUTORY RESULTS (IFRS 16)	
	52 weeks ended 31 Dec 2023 £m	**52 weeks ended 1 Jan 2023 £m**
Revenue	**824.0**	717.3
Operating profit	**29.8**	4.8
Loss before tax	**(19.6)**	(29.1)
Loss after tax	**(25.5)**	(23.5)

Revenue from continuing operations for the year was £824.0m (2022: £717.3m) which represented an increase of 14.9% on the prior year, with strong growth across our Wagamama, Pubs and Concessions businesses.

The statutory operating profit of £29.8m (2022: £4.8m) is due to the strong trading performance, good cost control and lower exceptional costs.

Net interest costs of £49.4m (2022: £33.9m) are significantly higher than the prior year primarily due to the recognition of an exceptional gain in the prior year of £11.9m on our interest rate caps. The interest rate caps limited SONIA rates to 0.75% until November 2025 on £125m of gross debt, and until November 2026 on £100m of gross debt.

Refinancing

In December 2023, the Group refinanced its borrowing facilities following the acquisition by Apollo. As a result, the previously held term loan was fully repaid and replaced.

Following the acquisition by Apollo, the Group's facilities consist of a £226.5m loan from its immediate parent undertaking, Rock Bidco Limited. The parent financed its own facilities in December 2023, consisting of a £300m term loan and an £80m revolving credit facility.

Cash flow

Net cashflow from operating activities was £51.1m (2022: £118.9m). The reduction in operating cashflow is primarily due to the prior year benefiting from a significant working capital inflow following the largely unrestricted trading in H1 2022 compared to H1 2021, as a result of Covid related closures. The current year also experienced a working capital outflow due to disposal of the leisure business and cash outflows associated with the Group's acquisition by Apollo.

Net cashflows used in investing activities was £51.4m (2022: £65.1m). In the current year this included a payment of £7.5m to dispose of the Group's Leisure division. Development expenditure in the year related primarily to opening six new Wagamama restaurants and one new pub.

Net cashflows used in financing activities was £21.5m (2022: £172.6m). In the current year this primarily arose from repayments of the Group lease obligations of £44.7m (2022: £59.8m) and receipts from the interest rate cap financial instruments of £15.3m (2022: payment of £1.4m).

Summary cash flow for the year is set out below:

	2023 £m	2022 £m
Cash generated from operations	96.6	140.2
Net interest paid	(44.8)	(21.3)
Tax (paid)/received	(0.7)	-
Net cashflow from operating activities	**51.1**	**118.9**
Capital expenditure	(49.6)	(59.6)
Cash paid to dispose of subsidiary	(7.5)	-
Other	5.7	(5.5)
Net cashflows from investing activities	**(51.4)**	**(65.1)**
Repayment of obligations under leases	(44.7)	(59.8)
Repayment of borrowings	(358.0)	(110.0)
Drawdown of borrowings	364.5	-
Cash received from/(paid for) financial instruments	15.3	(1.4)
Other items	1.4	(1.4)
Net cashflows from financing activities	**(21.5)**	**(172.6)**
Net increase/(decrease) in cash and cash equivalents	**(21.8)**	**(118.8)**
Cash and cash equivalents at the beginning of the year	27.7	146.5
Cash and cash equivalents at the end of the year	**5.9**	**27.7**

Exceptional items

A net exceptional pre-tax charge of £55.8m has been recorded in the year (2022: £51.8m) in relation to continuing operations, these costs in the main relate to impairment of assets, estate restructuring and professional fees associated with both the corporate transactions undertaken during 2023 and the Group's refinancing completed in December 2023.

Exceptional items predominately relate to:

- Impairment of assets of £24.0m (2022: £51.3m). The impairment charges relate to the impact of reduced trading expectations

- A net estate restructuring credit of £0.1m (2022: charge of £5.4m) relating to the costs associated with closed sites and the associated remeasurement of the onerous property provision
- The write off of previously capitalised loan fees relating to the Group's debt facilities of £8.6m (2022: £7.0m)

The tax credit relating to these exceptional items was £5.0m (2022: £23.5m).

Tax

The Group recorded a taxation charge of £5.9m on a pre-tax loss of £19.6m arising in respect of its continuing operations (2022: £5.6m tax credit) resulting in an effective tax rate ("ETR") of 30.3%. Discontinued operations incurred a taxation charge of £2.2m, resulting in a total charge of £8.1m.

The ETR is higher than the statutory rate of UK corporation tax of 23.5% as set out in Note 7. This shows that certain exceptional costs totalling £25.3m are non-tax deductible, including fees associated with the corporate transactions undertaken during 2023. Non-tax deductible depreciation on non-qualifying assets and impairment of goodwill have also contributed to the higher than expected tax charge and ETR.

Section 172 statement

Background

This statement provides details of how the Directors have considered the interests of key stakeholders and the broader matters set out in section 172(1)(a) to (f) of the Companies Act when performing their duty to promote the success of the Company under section 172, and the Board's activities in this respect during the year. For more details on how the Group as a whole manages its relationships with stakeholders and its responsibilities to the wider community and environment, please see the Environment and Social report from page 17.

Regular Board activities

s.172 consideration	Example Board Actions
(a) the likely consequences of any decision in the long term	Under both its previous and current Schedule of Matters Reserved, the Board has responsibility for setting the objectives and strategy of the Group, focused on its long-term, sustainable success and on generating value for shareholders and benefits for other stakeholders and wider society. Each year, the Board reviews and considers the strategy and three-year plans of its key business divisions as well as reviewing the strategic direction of the Group as a whole.
(b) the interests of the Company's employees	The Board is responsible for setting and monitoring the culture of the Group. In addition, Health and Safety statistics are a standing item on Board agendas, and the results of the annual Employee Engagement process are reported to the Board.
(c) the need to foster the Company's business relationships with suppliers, customers and others	Customer satisfaction scores and customer engagement metrics are considered by the Board as part of its review of individual Division strategies throughout the year. The CFO and Group Purchasing Director meet with the top three suppliers on a rolling basis to ensure our strategic plans are aligned. The Company engages with peers through its membership of UK Hospitality and the Zero Carbon Forum.
(d) the impact of the Company's operations on the community and the environment	The Board receives an annual update from the Company's Preserving the Future Steering Committee, whose members include the CEO, the CFO and the Divisional CEOs/MDs. The Committee is responsible for the delivery of the sustainability and climate change agenda, and meets once a quarter to provide direction and review progress.
(e) the desirability of the Company maintaining a reputation for high standards of business conduct	The Company has clear policies and processes covering Anti-Bribery and Corruption, Whistleblowing and other ethical issues, which are reviewed and approved by the Board and published on the corporate website. Any potential and actual conflicts of interest at Board level are all recorded, monitored and managed by the Legal & Governance function.
(f) the need to act fairly as between members of the Company	In the reporting year, the former Chair, and the CEO and CFO, met regularly with shareholders, and there was substantive engagement with shareholders during negotiations over the Apollo acquisition. Since December 2023, the Company has had a single shareholder. The Company does not have different types of shares with different voting or capital rights.

Major decisions in 2023

Sale of Leisure Business

In September 2023, the Group confirmed that it had entered into a provisional agreement to sell its Leisure Division to the Big Table Group, with the deal completing on 30 October 2023. In considering the transfer of the business, the Board was clear that the move, as well as accelerating progress with the core strategic medium-term goals of increasing adjusted EBITDA margins and deleveraging the Group, was also in the interests of employees, suppliers and other stakeholders.

The brands within the division had faced difficulties during the Covid pandemic and the subsequent cost-of-living crisis. The Leisure business was seen as complimentary to Big Table Group's existing casual dining portfolio with further opportunities for growth in the remaining markets the business operates in.

The CEO provided updates to our teams regarding the transaction, confirming they could email him directly with any concerns. Under the terms of the sale, the Board agreed that the Group would continue to provide certain services to the brands through to March 2024, including payroll administration, transactional finance services and IT support, thereby maintaining a level of continuity for the team members involved.

Relevant Section 172 categories: (a), (b), (c) and (d)

Cash acquisition by Apollo

On 12 October 2023, the Group announced that the Board had reached agreement for the cash acquisition of the remaining business, which the Directors unanimously recommended to shareholders. In considering the proposed acquisition, the Board noted Apollo's confidence in the future of the Group and its intention to invest in and expand the business, working with existing management and employees. Having reviewed other potential scenarios and strategic options, the Board, having consulted with its specialist advisers, concluded that the certainty provided by the eventual offer made it a superior outcome for all shareholders, with the 65p per share price providing a significant premium to the market share price at the time.

Under the Co-operation Agreement secured as part of the transaction, the Board obtained certain guarantees regarding the maintenance of employee benefits and conditions, and also secured compensation for participants for the early closure of employee share schemes. Directors and Board advisers undertook extensive consultations with major shareholders on the proposed acquisition, and feedback from individual shareholders was also collated and circulated internally when received. All shareholders had the opportunity to attend a General Meeting held at the Company's offices to put questions to the whole Board and to vote on the transaction.

Following the acquisition, the new Board reviewed the Company's governance arrangements at its first meeting to consider the appropriate systems that would need to be in place given the change in ownership and Board structure. As noted in the Corporate Governance report from page 35, the Board agreed to adopt the Wates Corporate Governance Principles for Large Private Companies and also to update its Terms of Reference, as well as to retain certain Board committees and to confirm its responsibility for reviewing and approving the key ethical policies and procedures within the Group.

Relevant Section 172 categories: (a), (b), (c), (d), (e) and (f)

Principal Risks and Uncertainties

Risk management process – the Risk Committee

The Senior Management Risk Committee supports and assists the Board in its oversight of the current risk exposures of the Company and future risk strategy. It is responsible for identifying the risks that the Group faces and for reviewing the controls and mitigations that are in place and future action plans. The Committee has responsibility for governance of the Company's risk management processes, for monitoring and assessing the effectiveness of the risk management systems, and for reporting on risk management and risk exposures to the Audit Committee and ultimately the Board.

Membership, attendance and meetings

The Committee is chaired by the Chief Financial Officer. Its membership comprises the General Counsel/Company Secretary, the Group Finance Director, the Chief Information Officer, the Group People Director, the Group Purchasing Director, the Group Property Director and the Head of ESG Programme. Employees from across the business may attend Committee meetings by invitation in order to assist the Committee in discharging its duties. The internal risk registers from the individual business divisions are also fed into Committee meetings.

The Risk Committee usually meets at least four times a year. The Chief Financial Officer reports to the Audit Committee on the Committee's proceedings at the subsequent Audit Committee meeting. The Committee held four meetings in 2023 and has held one meeting so far in 2024. Action points from each meeting are recorded and tracked by the Legal & Governance team, and progress reviewed at the next Committee meeting.

The Risk Committee maintains a watch on emerging risks, as well as those relating to climate change and the environment, to ensure that the appropriate steps are taken at the right time. The potential impacts of climate change on the business are recorded with a register managed by our ESG function and are currently acknowledged within the key risks as part of the Group's broader supply chain risks. Following the Apollo acquisition, the Committee also considered changes to the Group's risk profile as a result of the change of status from listed Company to US-based private ownership, especially in the context of regulatory oversight and new internal compliance procedures. The key material risks as currently identified by the Directors are listed below, together with the main controls and mitigations that are in place:

Risk Area	Mitigating Factors
Consumer Demand • Impact from cost-of-living increases and significant inflation levels • Temporary reductions as a result of the impact of regular transport strikes • Potential reduction due to recent increases in Bank of England interest rates and the impact on consumers' mortgages	• Ongoing focus on ensuring value for money offering across the brands with regular price benchmarking against competitors • Ongoing focus on guest satisfaction scores and ratings • Weekly trading meetings to review and assess any adaptation required to trading plans • Monthly business reviews for each division circulated to Board • Disposal of less successful brands • Improving economic situation in 2024
Supply Chain Inflation • Increases in cost of goods sold inflation due to commodity, labour, distribution and utilities cost rises within the supply chain • Inflationary impact from world events including the Russia-Ukraine war, Gaza war and Suez Canal disruption	• Streamlined supply base to efficiently meet the requirements of revised estate • Inflation tracked by brand with weekly or monthly reviews and business updates provided to divisional teams • Identifying and delivering against a pipeline of commercial opportunities which includes bringing new suppliers to market

• Higher sourcing costs/supply issues for ingredients caused by increased climate-related extreme weather events impacting harvests • National Minimum Wage increase from April 2024	• Dual sourcing of essential products • Overall inflation rate falling in 2024
Cybersecurity and Data • Risk of cyber or other incident leading to data loss or corruption, disruption of services or reputational damage • Loss or leak of customer or other personal data leading to reputational damage and/or enforcement fines	• Vulnerability assessments conducted monthly, and remediation works undertaken by IT department • Specialist security incident partner onboarded • Cyber Essentials gap analysis conducted annually • Annual penetration tests for all external services and regular phishing tests • Cyber insurance in place • Enhancement/expansion of privacy team resources • Clear lines for privacy governance and accountability including establishment of Privacy Committee
Employee Recruitment and Retention • Failure to attract, retain or develop chefs and general and senior managers • Employee turnover is excessive across the industry for front of house, back of house and management roles	• New recruitment process embedded to enhance the quality of team selection • New recruitment platforms implemented in Pubs and Wagamama • Continued improvement of onboarding and induction process, focused on the first 90 days of employment • Extension of apprenticeship schemes across brands • Ongoing review of possible need to increase attraction/retention payments for key roles, e.g. chefs • Progress on all actions being monitored on a weekly and monthly basis • Ongoing focus on wellbeing and mental health as part of the employee proposition
Allergen Incident • Serious allergen incident involving adverse customer reaction or death as a result of failure of procedures on site or incorrect ingredient data being provided by suppliers	• Detailed database built up by ingredient/supplier and testing process including physical verification • Allergy advice and information available on websites and menus • All-staff training focused on asking about allergies and reinforcing best practice • Ongoing refresher training delivered • Weekly monitoring of training status for current and new employees, with compliance statistics sent out to the operations teams • Any allergen incidents are reported to the Board as part of compliance report

Non-financial and sustainability information statement

The Companies Act 2006 requires the Group to disclose certain non-financial reporting information within the Annual Report and Accounts. The required disclosures can be found on the following pages in this report:

Information relating to environmental matters (page 17 and in our CFD report from page 26)

Information relating to our employees (page 23)

Information relating to social matters (page 21)

Information relating to respect for human rights (page 25)

Information relating to anti-corruption and anti-bribery matters (page 25)

As in previous years, we have compiled a Sustainable Accounting Standards Board (SASB) report. The SASB framework consolidates a set of widely recognised metrics and can be found in the Governance section of our website: https://www.trgplc.com/governance/policies

Climate-related financial disclosures

a) a description of the governance arrangements of the company in relation to assessing and managing climate-related risks and opportunities (page 26)
b) a description of how the company identifies, assesses, and manages climate-related risks and opportunities (page 26)
c) a description of how processes for identifying, assessing and managing climate-related risks are integrated into the overall risk management process in the company (page 27)
d) a description of
    i. the principal climate-related risks and opportunities arising in connection with the operations of the company (page 27), and
    ii. the time periods by reference to which those risks and opportunities are assessed (page 27)
e) a description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the company (page 27)
f) an analysis of the resilience of the business model and strategy of the company, taking into consideration different climate-related scenarios (page 29)
g) a description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets (page 32); and
h) the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based (page 32)

Environmental and Social Report

Our Preserving the Future Programme

TRG is a responsible business, and we are committed to playing our part in helping to address the significant environmental and social challenges we currently face as a society. This starts in our own operations, but by working closely with our suppliers, partners and customers, we can have a positive impact that spreads far beyond our restaurants.

We launched our Preserving the Future ESG Programme in 2021. The programme aligns to several of the UN sustainable development goals as well as key stakeholder priorities, and has Exec level sponsorship, a Steering Committee that meets quarterly, with representation from divisional and functional leaders, and a dedicated programme lead. This provides strong governance and oversight and ensures that our environmental and social initiatives are prioritised across the group.

We have been active members of the Sustainable Restaurant Association (SRA) since 2017 and we are extremely proud to have again been awarded 3-stars (the highest rating) in the SRA Food Made Good rating for our Wagamama, Brunning & Price, and Concessions & Barburrito divisions, based on an assessment carried out in 2023. We also improved our scores across all 3 divisions versus our last assessment. Food Made Good is the world's largest food service sustainability programme (Home - Food Made Good UK) providing a recognised industry standard for measuring sustainability across the hospitality sector. The assessment focuses on areas across Sourcing, Society, and the Environment. Areas where we performed strongly across all our brands included our work to reduce our carbon footprint across all scopes, and our focus on ensuring traceability and managing environmental and societal impacts throughout our supply chain.

We are a founding member of the hospitality sector Zero Carbon Forum, a non-profit industry collaboration of UK hospitality businesses, with a common aim to decarbonise our sector, and played an active role in developing the sector plans to reduce emissions. We are committed to the Zero Carbon Forum goal to achieve net zero across all scopes by 2040 and recognise that by collaborating and aligning action with our peers, we can amplify our impact and achieve net zero more quickly and cost effectively.

Our Preserving the Future programme is structured under 3 pillars:

Conserving Resources in our Own Operations	Working with Partners on our Sustainability Journey	Supporting People and Communities
• Maintain renewable electricity for directly contracted supplies • Improve our energy and water efficiency • Reduce waste and increase recycling • Improve the sustainability of our packaging	• Engage with suppliers and distributors to reduce emissions across our supply chain • Sustainable and responsible sourcing practices • Sustainable restaurant design and fit outs	• Care for our customers and communities • Care for our colleagues • Foster a representative, diverse and inclusive environment

Conserving Resources in our Own Operations:

In our own operations, where we have direct control, we place a strong focus on conserving resources and reducing emissions, including through buying renewable electricity, working to improve our energy and water efficiency, reducing waste and increasing recycling, and striving to ensure our packaging is as sustainable as possible.

Energy

In 2023 we continued to further embed our energy saving culture, with sustainability champions driving engagement and promoting site-level energy reduction through behavioural initiatives. In 2023 our Wagamama business began working with a third-party energy analytics company who provide sites with data analytics and coaching on best practice and cost benefits, to help drive behavioural change and reduce energy use. The Save while you Sleep campaign, which focuses on reducing energy usage during non-trading hours, was extended within Wagamama, along with Fire Up guidance, which sets out the specific time to switch on individual pieces of equipment. Our property team also works closely with our finance and restaurant teams to address any spikes in energy use identified through our energy consumption reporting. In 2023 our teams across the group were challenged to reduce their energy usage (like for like sites) vs the prior year, which was achieved. In 2024 we will continue to focus on reducing and controlling energy use.

In 2023 we also made progress on implementing technological solutions to support energy efficiency, rolling out a smart cellar energy saving solution across our pubs estate, and extending trials of efficiency solutions including smart building controls and heat reclamation technology to reduce energy use. We are encouraged by the energy savings demonstrated in these trials and plan to install the technology in Wagamama new site openings where feasible. We also work with suppliers to ensure we use energy efficient equipment in our restaurants for new fit outs and replacement equipment.

We continue to purchase renewable electricity for all direct supplies on our national contract. All volumes purchased are covered by Renewable Energy Guarantee of Origin (REGO) certificates and are reflected in our market-based emissions footprint. New sites are added to our national contract on expiry of existing contracts. During 2023 we took the decision to move away from biogas, due to biogas not being permitted under draft GHG Protocol land use and removals guidance for reducing scope 1 emissions, as well as availability issues in the wider UK market. We are installing electric kitchens in all new Wagamama sites where grid capacity allows, and over time we will explore ways to reduce and eventually remove gas from our existing estate.

Water

Water is an essential resource for our operations, but we recognise that water stress in the UK is increasing as a result of climate change. We measure and report our water consumption on directly billed sites as part of our SASB disclosure, and our environmental policy sets out our commitment to minimise water use whilst maintaining operational viability, and the hygiene needs of guests and team members. In new sites we fit low flow taps and are looking at other water saving measures.

Waste

We are committed to reducing waste and increasing recycling in our operations. For sites where we control the waste streams, all operational waste is diverted from landfill and 56% is recycled. This is achieved by separating where possible food, card, dry mixed recycling, and glass. We are working with our waste partner and restaurant teams to increase the percentage of waste recycled, with targets built into our waste partner contract. Our non-recycled general waste is used to create energy at energy recovery facilities.

Food waste reduction: We maintain strict control over food waste in our operations. However, we still believe there is more we can do. In 2023 we worked with the Sustainable Restaurant Association on a strategy to reduce food waste in line with the WRAP reduction roadmap (a UK industry-wide roadmap and toolkit developed to help the UK food industry achieve UN Sustainable Development Goal 12.3). This starts with improving our data and measurement of food waste. We work with Fareshare to donate surplus stock via our distributors, and our Barburrito business works with Too Good To Go to distribute surplus food at low prices at the end of the day. In total since Barburrito first started working with Too Good To Go, they have saved over 100,000 meals

Having reviewed our processes around cooking oil, in 2023 we introduced the Testo cooking oil sensor across the Wagamama estate, to ensure we were minimising waste and preventing the changing of cooking oil too frequently. This resulted in an 11% reduction in the volume of cooking oil used by Wagamama vs 2022.

Packaging

Following the sale of our Leisure business, Wagamama is our main brand that offers delivery. We are committed to continuous improvement in the sustainability of our delivery packaging, and in 2023 Wagamama completed the rollout of its new delivery packaging bowls made from cPET (a recyclable material made from at least 70% recycled content). The bowls are smaller to reduce materials and ensure dishes fill the bowl. The new packaging material make-up is the result of advice from leading plastic experts, including from the UK Recycling Association, UK waste collectors, suppliers, and product designers.

Wagamama also continues to operate its bowl return initiative 'Bowl Bank', created in response to differing kerbside recycling practices across the UK, which allows customers to return their packaging to their local restaurant to ensure it is recycled.

Our Barburrito brand uses mainly paper-based packaging.

Working with partners on our sustainability journey

Engaging with suppliers and distributors to reduce emissions across our value chain

As a founding member, we worked closely with the Zero Carbon Forum to develop the high-level sector roadmap to net zero, which was based on high level emissions estimates for key emissions categories drawn from participating member companies. We subsequently worked with an external consultancy to identify our own specific decarbonisation levers, such as supply chain engagement initiatives, climate sourcing policies and menu evolution to address our emission hotspots, which are primarily in food and drink purchases.

It was clear that better carbon data would be an important enabler of our decarbonisation programme, and in 2023 we entered a partnership with an AI-driven emissions accounting provider to support us to undertake a detailed calculation of our emissions across all categories of scope 3. This allows us to see emissions data at product and supplier level, and to target data improvement and carbon reduction initiatives with suppliers.

Most of TRG's carbon footprint comes from emissions in our supply chain, and to support our net zero ambition, we need suppliers to have net-zero targets aligned to our own, and for them to understand their product-level emissions and carbon reduction opportunities. In 2023 we surveyed all our key suppliers to understand their carbon maturity, including their sustainability agenda, targets, and availability of data. We ran workshops with low and medium carbon-maturity suppliers and are providing ongoing support to help them on their carbon data journey.

Since 2023, all individuals within the procurement team have had sustainability objectives, and all members of the team have undergone training on decarbonisation. With the support of our specialist procurement and supply chain ESG manager, the team are working with suppliers and brands to identify and quantify decarbonisation initiatives, for example introducing regeneratively farmed ingredients. Decarbonisation is now discussed at supplier review meetings and included in tenders.

Sustainable and responsible sourcing practices

We are committed to responsible sourcing throughout our managed supply chain, ensuring our customers get good-quality, high-welfare, and sustainable food on their plates.

All TRG managed suppliers must meet the requirements of our Responsible Sourcing Policies, and we conduct routine supplier audits to ensure suppliers are operating to our high standards. We are a member of the Supplier Ethical Data Exchange (Sedex), which facilitates measurement and improvement in ethical and responsible practices across the supply chain. We require our suppliers to be registered and risk assessed with Sedex (or equivalent as agreed with TRG). All TRG managed suppliers must:

- Sign up to and meet the requirements of our Responsible Sourcing Policies and other relevant policies
- Upload their Modern Slavery Statement as part of their onboarding and ongoing review
- Be certified to the British Retail Consortium Food Safety Global Standard or GFSI equivalent, or working towards this. We work closely with smaller, local suppliers to support them on their journey to achieving GFSI certification, ensuring that in the meantime they are fully compliant with all other requirements of our polices

Once approved, suppliers are plotted on a risk assessment matrix to determine the frequency of ongoing audits and visits required to ensure the safe supply of product to TRG. Any non-conformances raised as part of an audit require evidence of corrective action to be submitted.

During our supplier visits, Technical Scorecards are completed and Supplier KPIs monitored. Suppliers are actively encouraged to drive a Continuous Improvement Culture in all categories measured by our Technical Scorecard.

We are committed to sourcing sustainable fish, which is achieved through:

- Sourcing Marine Stewardship Council (MSC)-certified fish rated 3 or below
- For farmed fish and seafood, only sourcing from GLOBAL G.A.P or equivalent, or BAP 2* or higher certified farms
- Reviewing the Good Fish Guide every six months when it is published and modifying our menus to remove any fish classified as 'avoid' in terms of purchasing
- Where tuna is used it is dolphin friendly

We work with our suppliers and farmers (both UK and non-UK) to reduce and control unnecessary antibiotic use in farm animals. All our Wagamama and Concessions beef steaks and burgers are from UK and Irish farms reared to Red Tractor or Bord Bia welfare standards, the Irish equivalent of Red Tractor.

All supplier farms must have in place policies and standards that reflect UK/EU legislation as a minimum, even if they are located outside of the EU, and farms must have in place policies and standards that reflect the principles of the Five Freedoms as adopted by the Farm Animal Welfare Committee and detailed below:

- Freedom from hunger and thirst – access to fresh water and a diet for full health and vigour
- Freedom from discomfort – an appropriate environment with shelter and comfortable rest area
- Freedom from pain, injury, and disease – prevention or rapid treatment
- Freedom to express normal behaviour – adequate space and facilities, company of the animal's own kind
- Freedom from fear and distress – conditions and treatment which avoid mental suffering

All shell eggs used in our restaurants across the UK are free range, and we have now achieved our ambition to ensure that all egg-containing products in our managed supply chain are cage-free. In 2020 the Group signed the European Better Chicken Commitment supported by Compassion in World Farming. We are working with our suppliers to source chicken to this standard. The challenges in the wider market mean the timeframe for this is currently under review.

Nature and deforestation

Palm Oil

Where palm oil is used as an ingredient in our products, it is Roundtable on Sustainable Palm Oil (RSPO) certified, and suppliers are required to provide certification evidence. We prefer our products to be palm oil free, but a small number do not have a feasible alternative currently. We are monitoring these and will remove as alternatives become available.

Soy

We are committed to sustainable sourcing and recognise the need for action to address the challenges associated with the production of soy. We require all soy used in our ingredients to be sustainably sourced, and where suppliers source soy from South America we require Round Table on Responsible Soy (RTRS) certification. We are also working to ensure that soy used as animal feed in our supply chain is sustainable and traceable.

Sustainable restaurant design and fit outs

We routinely re-use and refurbish furniture, signage, catering equipment and lighting across our sites, and we continually look for ways to increase this further. Our pubs use a significant amount of reclaimed furniture.

During 2023, we worked with a sustainability consultancy to conduct a desk-based assessment of a recent Wagamama fit-out against the SKA criteria, which was found to be silver-equivalent. We have incorporated a

number of best practices into our standard fit-out guides, and intend to obtain an official certification for a new fit out during 2024.

Brunning & Price have several initiatives in place to support biodiversity on our pubs' sites, including a gardeners' guide, pond improvements, wildflower meadows and installation of wildlife habitats such as bird, bat and bug boxes.

Supporting People and Communities

Care for our customers and communities

Health and safety

The health and safety of our customers and employees is extremely important to us. The Group has extensive procedures to ensure we mitigate risks to our customers and teams as far as possible, with clear procedures and standards in place.

The Health and Safety policy and working manuals in place are under constant review to take into account business practice changes. Updates to the policy are deployed through training programmes and manager briefings and are documented on our learning management systems. All employees also undergo refresher training at intervals to cover compliance requirements and refresh team understanding.

Compliance is measured through a combination of external third-party audits and internal audits. Site managers are responsible for completing due diligence checks on a daily, weekly and monthly basis, with regards to Health and Safety standards.

During the reporting year, compliance training was undertaken across all divisions, with completion statistics monitored on a monthly basis by our risk function and reported to our management and Board. Refresher training frequency is completed based on risk assessments conducted by the risk team. Compliance training statistics were reported to our management and Board each month in relation to the following areas: Allergy, Food safety (level 2), Health and safety (level 2), Fire safety, and GDPR.

All sites including head office also maintain emergency procedures and a business continuity plan, which include details of procedures to follow in case of specific events.

Reporting of injuries

In 2023, the Group reported 91 accidents under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013, with no deaths or dangerous occurrences.

Food Safety

At year-end 2023, over 99% of our restaurants and pubs scored 4 stars or above (including pass ratings in Scotland) where rated under the Food Hygiene Rating Scheme, a sign of excellence in both food safety and hygiene, with 94% at 5 stars (or a pass rating in Scotland). We continue to invest significant time and resources in health and safety matters across the Group, to further enhance the clean, safe environment for our customers and colleagues.

We continue to undertake extensive work on food safety risks (including allergens and other dietary intolerances) and menu-allergen risk reduction and training. Our teams 'ask about allergy' on every order, to allow a proper discussion about allergy and intolerance needs and how these can be serviced. We conduct supplier visits and audits to ensure suppliers are operating to our high standards (see responsible sourcing section on page 19).

Allergens

Our pubs offer a Coeliac UK-accredited gluten-free menu to cater for those with Coeliac Disease. The menus offer a range of classic dishes including gluten- free burgers, pastas, pizzas, and fish and chips. Wagamama has a non-gluten menu and has innovated to provide more non-gluten choices.

Across the Group, our allergen information is available in restaurants, pubs and online on our brand websites, allowing customers to view dishes that are suitable based on individual allergies and intolerances. We categorise the 14 allergens as detailed in legislation, and continually work to reduce the allergen risk profile in

our dishes.

Serving alcohol responsibly

We operate Challenge 25 in England, Wales and Northern Ireland. We continue to support Drinkaware, whose campaign promotes responsible drinking. We offer a wide range of alcohol-free beers, low-alcohol wine, , soft drinks and juices.

Nutrition and Health

We are committed to offering a healthy choice for our customers. The nutritional balance of menus is incorporated into the menu design process, and in accordance with the regulation in England, we also display calorie information on menus. We have an ongoing programme of activity to reduce salt, sugar and calories across our menus. For example, our work to reduce salt from high volume lines to meet the 2024 Public Health England salt reduction targets resulted in the removal of 1.1 tonnes of salt in 2023.

As in previous years, there continue to be no genetically modified foods or trans fats in any of our products, and we have banned artificial colours that cause hyperactivity in children from all our products served to children. Our brand standards are developed to ensure that all additives used are in line with industry best practice.

We will continue to focus on improving the nutritional and health profile of our menu items in 2024, as well as exploring new ways to help our customers to make healthy and sustainable choices. We have integrated nutrition and health into our broader activity around sustainable food and drink, as we recognise that as well as contributing to environmental goals, sustainable diets also bring health benefits. Our Healthy & Sustainable Food and Drink Forum meets every 6 weeks to share learnings and insights across our divisions.

We continue to develop our vegan and plant-based menus to support flexible diet choices. Our vegan menu in Wagamama is certified by the Vegan Society and our food development teams across our brands work closely with plant-based suppliers to develop dishes that will delight our customers. Wagamama launched its first vegan menu in 2017 and has continually innovated its plant-based offering. This remains a huge focus for Wagamama, and 50% of dishes on the Wagamama menu have been vegan or vegetarian since October 2021.

Our communities

During 2023 we continued to support our colleagues with their fundraising efforts and community activities. We partnered with several charities across the Group, predominantly focusing on supporting individuals' mental health, supporting families with food and warm hubs, and on education.

The Group continues to support Only A Pavement Away, an industry charity committed to supporting people facing homelessness, prison leavers and veterans who are struggling to get into work or find housing.

In 2023 Wagamama continued their partnership with Young Minds, who are dedicated to supporting young people's mental health, donating £40,000 in 2023. Wagamama also donated £25,000 to the Bread & Butter Thing, a charity who provide local families with central food hubs; the donation enabled 1 million meals for families in need. Wagamama local teams and restaurants also support community charities at a local level, including Ekho and World Heart Beat.

During the reporting year, Leisure and Concessions continued their relationship with Mind, which was chosen by our colleagues. Mind offers online and face-to-face mental health support and education. A year-long programme of activities was completed throughout the UK, within many of the airports and local restaurants. In addition, the partnership with Pennies continues to flourish. The total raised via local events and Pennies was approximately £72,000. Concessions have a long-standing 10-year relationship with School Club Zambia, raising £23,000 in 2023 to support new schools and education for Zambian children.

In 2023, our pubs division have continued to focus on community support and fundraising activities, and were involved with over 40 charities and local community organisations, including the Burnt Chef project, Cardiac Risk in the Young, Mountain Rescue for England and Wales, and various charities supporting children, cancer organisations, animal charities and mental health organisations. In total throughout 2023 the Brunning & Price team raised over £90,000 (including company matching at £42k).

Care for our colleagues

Our people

We believe that a great customer experience is key to our business success and therefore our most important asset is our people. As of December 2023 we employed approximately 14,800 people. Our teams are passionate about the food and drink they serve and support each other to ensure the best customer service in all of our restaurants and pubs, taking huge pride in their work. We truly embrace diversity and employ colleagues of many different nationalities.

Our Colleague Engagement Steering Group, which was previously chaired by one of our Non-Executive Directors, is now chaired by our Group People Director, and focuses on engagement-related initiatives across the divisions. A Group-wide team engagement survey was again completed in 2023 with more than 75% of our team submitting their feedback. Our team continue to be hugely positive, with year-on-year improvements across the majority of categories and all divisions. Our team felt supported with their mental health, and over two thirds felt they had opportunities to succeed and grow, and that we were committed to our social and environmental agenda. Across the Group on average over 74% of our team felt proud to work for us, and that they were supported by their manager and colleagues. It is very important to us that our team members have a voice and feel involved when they work with us. Therefore, they were invited to support each of the programmes put into place following the engagement survey results during 2023, driving even stronger engagement levels, which have been evidenced by high levels of team retention.

Colleague support

In 2023 we focused on supporting our colleagues with their mental and physical wellbeing. We focused on providing honest, supportive and consistent communication to all colleagues and continued to enhance our app-based communication and engagement tools, ensuring all colleagues were able to receive and share both personal and Company updates. We saw very high levels of usage across our teams. Health and wellness were our core focus, ensuring we nurtured our colleagues and gave them the support they needed, particularly in areas of physical, financial, and mental health. These platforms are also utilised to promote internal and external activities, run competitions, and drive positive engagement across our colleague community. In recognition of their work, in 2023 Brunning & Price were awarded the Team Wellbeing Award at the British Institute of Innkeeping National Innovation in Training Awards.

Financial wellbeing has remained a key priority to help educate our teams on ways to navigate the cost-of-living crisis. Across all divisions our teams received regular support. Cost-of-living support guides were introduced in our Pubs and Leisure businesses, with monthly podcasts from various providers accessible to our team, covering fuel support, mortgages/rent, food cost savings and pensions/investments. We re-communicated our salary finance benefit, which offers early access to earned wages.

Our employee assistance provision continued to be offered via an app to ensure the information was accessible 24/7 and that, wherever requested, face-to-face counselling is available for all our team. Mental health training is available to senior managers in our restaurants and pubs.

To increase retention levels and improve colleague satisfaction, additional benefits and rewards programmes have been introduced. We previously extended our discount policies for all employees in the Group, regardless of division, with 30% food and drink discounts for all colleagues, and an additional allowance for shift meals. Across each Division, bespoke reward and recognition initiatives have been appreciated, with online discount and rewards portals enhanced in 2023. Recognition platforms were used extensively in Leisure & Concessions offering a combination of online and offline recognition, for example thank you messages, awards, vouchers and thank you cards. Our pubs division, Brunning & Price, introduced a new team discounts, recognition and rewards platform during 2023, awarding almost £30,000 of rewards across the year.

As cost-of-living pressures increased in the UK we implemented various support schemes for our teams and their families. Ensuring we feed and nourish our teams whilst in work is a priority. In Wagamama shift food allowances for our teams ranged from £14 to £24 per day. Concessions offer our teams breakfast and lunch/dinner when

working a 6-8 hour shift in an airport. Brunning & Price offer a free shift meal of choice. Within Wagamama employee discounts continued at 50%.

Building our team

During 2023 we invested in a variety of media models to drive Brand awareness, attraction levels and applications. We invested in our careers websites, ensuring all possible new team members were fully aware of our business and positive culture.

Ensuring we are fully transparent on "working life" in our businesses has been a priority, allowing our team to advise on content for our media and careers websites, sharing their stories of growth, teamwork, inclusiveness and pride clearly contributed to the high level of application. Our levels of engagement, retention and growth are constantly improving upon a strong foundational level. Retaining and growing our team is critical to our business success, and this has been evident in 2023 performance.

Our team development

In 2023 we continued to enhance our learning and development. We focused on our on-the-job learning to help support the development of our colleagues, complemented with e-learning, increased face-to-face delivery, and virtual learning, all delivered by our dedicated brand and Group learning and development teams.

All new managers in our restaurants are enrolled on the manager in training and leadership programmes. This gives a structured pathway to be successful leaders with us. The programme ranges from 4-12 weeks training, which covers all aspects of operational management, focusing heavily on leadership skills, and underpinned with the culture, behaviours and values of each division.

Development of our internal talent continues to be high on our agenda through multiple development programmes. Each division has developed internal career paths to ensure we give each of our team the opportunity to grow into leadership roles; we aim to achieve over 50% internal appointments across our management vacancies, in some roles achieving in excess of 75% internal appointments.

Apprenticeship programmes and investing in our employees' development are at the very heart of our learning programmes, which benefits our wider team member population. With a higher proportion of younger people joining hospitality (in 2023 a significant proportion of our new team were 16-21 year olds) our entry-level programmes are critical so that our colleagues can continue their education with TRG. We work alongside various external companies who support young people with the transition into employment. All of our internal development programmes are aligned with our apprenticeship programme, providing a flexible and personalised approach to development and progression across the Group. We offer a suite of apprenticeships across all roles, ensuring that from entry level through to Director we are supporting progression, with chef-led team development our main priority. For example, within Wagamama we offer 11 programmes, supporting development in current and potential roles, this encompasses both back and front of house roles, and degree-level apprenticeships for Manager and Support Office leadership.

We continue to evolve our apprenticeship programme to align with the needs of our colleagues, offering bespoke schemes for those looking to progress in hospitality but also for those who wish to learn a skill independent of their role or career path, such as. Project leadership, Marketing, HR qualification (CIPD)with the aim of progressing to our Head Office/ support roles.

Foster a representative, diverse and inclusive environment

Our employment commitments

The Restaurant Group is committed to being a fair and inclusive employer. Employment with the Group offers everyone equal rights and career development and promotion prospects, and our recent colleague engagement survey confirmed a huge majority of our colleagues felt they had equal opportunities regardless of age, race, gender, sexual orientation, disability or religion, with over 80% of respondents across all our divisions agreeing with this statement. We ensure as far as possible that the diversity of our teams reflects the diversity of the customers we serve. We continue our commitment to improve our Equality, Diversity and Inclusion (EDI) with focus on a number of key areas, including development programmes for our management/leadership teams in

anti-racism and gender identity. We focus our team to ensure all are respectful and understand that discrimination is not tolerated. Within each Division we have built teams of EDI ambassadors chosen from our colleague base. Within Wagamama and Concessions divisions we continue to provide a year-long events calendar, in 2023 achieving over 30 events and celebrations. These events celebrate all aspects of our diverse team, religious events, ethnicity and gender, creating an environment of acknowledgement, education and celebration.

In 2023, having reviewed the Group's position on diversity, the Colleague Engagement Steering Group aligned reporting methods more closely across the divisions to allow more consistent monitoring of diversity issues across the Group. A core set of internal diversity metrics was produced, focusing on ethnicity, gender and disability.

TRG will continue to ensure all of our employees understand they have a voice and will be heard, not only in shaping our people programmes, but also in the event of any serious occurrences of unethical behaviour, discrimination, harassment or health and safety concerns. We have Safe Sanctuary schemes across our Group which are embedded through our induction, development and cultural programmes.

We are committed to paying our colleagues fairly and equitably for the roles they are doing. Our most recent Equity Pay Audit shows that we have a high level of consistency in pay, with men and women being paid fairly and equitably remunerated when performing the same role. Our audit also showed that men tend to dominate the higher-paid roles, driving our gender pay gap. We are taking action to address this, including through initiatives such as the "women of Wagamama" group within Wagamama, and flexible working to give teams more flexibility to fit work around other life commitments and improve female representation in back of house roles. To support our female team, and protect the time spent during the important first few months with their newborn, during 2023 Wagamama enhanced their maternity policy to offer 26 weeks' full pay after 6 months employment.

The Group pays all of its colleagues at least the National Minimum Wage appropriate to their age. Tips are not included in this rate, and all gratuities are additional to their hourly rate and are paid directly to colleagues. Cash tips are self-declared, and only tips paid by credit card have tax deducted by the Company. In addition, no administration fee is charged by the Company.

If a colleague makes us aware of any disability, or becomes disabled during their employment with us, then our policy is to offer assistance and explore ways of overcoming any difficulties they may have at work and make the necessary adjustments to help them wherever possible.

Our commitment to equality and human rights is discussed in the induction for all colleagues and covered in our online policies and employee handbook. Our policies include a Human Rights policy, an Equality and Diversity Policy, a Family Friendly Policy, a Whistleblowing Policy, and a Harassment and Bullying Policy. The various management skills courses offered cover the responsibilities of the management team in upholding these policies to ensure a safe and respectful working environment.

Anti-bribery and corruption

It is our policy to conduct all our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships. All colleagues must declare all hospitality or gifts given or received over a certain minimum value, and all expense claims relating to hospitality, gifts, or payments to third parties must be submitted in accordance with our expenses policy, and the reason recorded for that expenditure. Anyone offered, or asked to make, a bribe or who suspects any bribery or corruption has occurred is obliged to notify the Company Secretary without delay. So far as we are aware, there were no incidences of bribery or corruption during 2023.

Climate-related Financial Disclosures (CFD)

Introduction

Alongside the work we are doing to reduce the impact we have on the environment and society (see environmental and social report from page 17), we recognise the need to consider implications for our business from climate-related issues. The climate-related financial disclosures outlined below comply with the requirements of the Companies Act 2006, as amended by the Companies (Strategic Report) (Climate-Related Financial Disclosure) Regulations 2022.

i) Governance arrangements in relation to assessing and managing climate-related risks and opportunities

Our Board has ultimate responsibility for strategy and risk management and monitors how we are responding to climate-related risks and opportunities identified through our risk management process. This continues to be the case under our new ownership. Our CEO is the executive sponsor of our Preserving the Future ESG programme.

The Board delegates some of its responsibility in relation to climate-related risks and opportunities to the following Board Committees and management committees/groups:

- The Audit Committee has been delegated responsibility for the regular review of our principal risks and for our risk management procedures
- The Remuneration Committee is responsible for reviewing and setting remuneration policy, including how ESG factors are included in performance targets
- The management Risk Committee, which is chaired by the CFO and includes all of the functional directors and the Head of ESG Programme, is responsible for the Company's risk management processes, monitoring and assessing the effectiveness of the risk management systems and reporting on risk management to the designated Board Committee. The Climate risk and opportunities register was initially developed during 2022 and is a standing item on the quarterly Risk Committee agenda
- The Preserving the Future SteerCo, which includes our CEO, CFO, Divisional CEOs/MDs and functional directors, is responsible for the delivery of our sustainability and climate change agenda and meets quarterly to review progress and provide direction. In 2023 the SteerCo met four times
- Dedicated Preserving the Future workstreams aligned to our existing functions are in place to support delivery of our Preserving the Future strategy and targets and meet monthly

ii) a description of how the company identifies, assesses, and manages climate-related risks and opportunities

Climate-related risks and opportunities (short, medium and longer-term), including those related to existing and emerging regulatory requirements are identified and refreshed quarterly by our ESG function through horizon scanning activity with reference to external sources and in consultation with the business, including through the Preserving the Future Programme workstreams (which include representatives from all of our operating divisions). Understanding of these risks is further developed through scenario analysis (see page 27). Climate-related risks are discussed at the company's quarterly Risk Committee meetings as part of the group's risk management process.

The risk management process identifies the gross risk, likelihood of occurrence, mitigating controls and potential financial impact on the group. Each risk is assigned a business owner who is responsible for monitoring the risk and undertaking mitigating actions where appropriate. Where required, specific action points are agreed at Risk Committee meetings.

The Risk Committee receives the functional and divisional risk registers, including the climate-related risks and opportunities register, and material from all registers feeds into the consolidated view of the Group's key risks as disclosed on page 14.

iii) a description of how processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management process in the company

The processes for identifying, assessing, and managing climate-related risks are fully integrated into the organisation's overall risk management, and feed into the principal risks as described above. For example, the climate-related risk of higher sourcing costs for ingredients caused by extreme weather events feeds into the Supply Chain Inflation principal risk.

iv) a description of

(i) the principal climate-related risks and opportunities arising in connection with the operations of the company, and

(ii) the time periods by reference to which those risks and opportunities are assessed

Please see below and in table on next page

v) a description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy

The key climate-related risks and opportunities we have identified, and the time periods by reference to which those are assessed, are outlined in the table below, along with mitigating actions in place or being considered. We also include the assessment of the potential financial impact in the short, medium and long term under the two different climate scenarios we have considered under section (f): a "below 2-degrees" scenario in which there are higher transition risks, and a "3-degrees+" scenario in which there is rapid warming, with higher physical climate-related risks.

Time horizons used and rationale:

Short	0-3 years to align with period considered in budgeting cycle
Medium	3-7 years to capture transition risks and opportunities
Long	7 years+ (to 2040) to capture physical risks and opportunities and align to our longer-term liabilities and net zero target of 2040

Financial Impacts: ranges used are aligned with those used in our group risk management process.

High	Material impact on profitability at Group level
High-medium	Moderate impact on profitability at Group level, or material impact on specific areas of the business
Low-medium	Limited impact on profitability at Group level or moderate impact on specific areas of the business
Low	Very limited impact on profitability at Group level or limited impact on specific areas of the business

Impacts on business model and strategy

As set out below, climate change will present both risks and opportunities to our business in the short, medium and longer term, in the form of physical and transition risks and opportunities. Climate-related risks and opportunities feed into the development of our Preserving the Future Programme, which is a strategic priority for the group.

As part of the Group's annual budget and three-year planning process, climate-related issues are considered and, if appropriate, their impact is built into our financial plans. As part of the 2023 budget process, the Group anticipated elevated levels of commodity inflation, due in part to the extreme weather experienced in 2022 having an adverse impact on crop yields and leading to higher commodity prices. The 2024 budgeting process has seen inflation levels moderate, but management remain cognisant of climate-related issues when assessing specific factors. These include consideration of longer lead times on certain products which still see higher price levels.

Risks and opportunities

Risk/ opportunity type & description	Example mitigating actions being taken/considered as part of strategy development	Potential financial impact (pre mitigation)			
		Scenario	Short term	Medium term	Long term
Climate Physical Risk (acute or chronic): **Higher sourcing costs and supply issues for ingredients caused by increase in extreme weather events**, environmental degradation impacting harvests, and transportation disruption.	• Dual sourcing of key ingredients to improve resilience. • Maintaining a large UK stock holding to mitigate international supply disruption. • Purchasing team track and budget for impact of low yield harvests. • Investigating vertical farming supply options (fresh produce), and regenerative agriculture into supply chain (noodles, wheat). See also mitigating factors included against supply chain inflation risk	1.5-2°C	HM	H	H
		3°C+	HM	H	H
Climate Physical Risk (acute): **Increased climate change-related extreme weather events in the UK** (for example heatwaves, floods, storms) causing reduced footfall, site closures and impacting staff travel and wellbeing. Potential for reduced revenue and increased cost of repairs.	• Maintaining a portfolio of brands that are differently impacted by weather events such as heatwaves. • Proactive maintenance, including fit for summer/fit for winter programmes. • Flood risk assessed on all sites, and new site criteria for Pubs and Wagamama considers flood risk; all sites maintain business continuity plans. • Experience via summer menu launches and franchise operations of adapting brand menus to suit warmer conditions.	1.5-2°C	L	HM	HM
		3°C+	L	HM	H
Climate Transition Risk: **Increased fit out and running cost for sites**. To decarbonise our sites, we need to transition from gas to electric, supply upgrades are often needed (with demand likely to rise) and electricity is more expensive than gas in UK.	• Electric kitchens as default for new Wagamama sites from 2024 (where grid capacity permits) with heat reclamation tech to reduce running costs; exploring feasibility of electrification of existing estate as part of refurb programme (Wagamama, Pubs). • Landlords contribute to cost of supply upgrades where possible. • Monitoring government plans to "rebalance" gas/electric costs, and upgrade grid. • Concessions airport sites typically already electric rather than gas.	1.5-2°C	LM	HM	LM
		3°C+	LM	LM	LM
Climate Transition Risk: **Reputational/Market risk of failing to meet sustainability commitments and decarbonise in line with net zero trajectory** and stakeholder expectations (e.g. customers, colleagues, large landlords, etc.)	• 2040 target aligned with hospitality sector & adjacent sectors (BRC, NFU), and developing plans to ensure decarbonisation built into business strategy. • Education and support for suppliers on data collection and decarbonisation. • Introducing lower carbon products e.g. regeneratively farmed ingredients.	1.5-2°C	LM	LM	LM
		3°C+	L	LM	HM

	• Wagamama 50% plant-based menu and marketing initiatives, and improved sustainability of packaging.				
Climate Transition Risk (Policy): **Introduction of policy measures targeting product carbon emissions and wider environmental impacts.** For example, carbon tax on high emission inputs, transport or products (e.g. fertilizer, shipping, beef, plastic), or food waste measures requiring implementation, potentially resulting in cost increases.	• Dedicated supply chain ESG resource to understand Scope 3 emissions profile and identify opportunities for carbon reduction. • Working with suppliers to reduce emissions of ingredients. • Developing plant-rich and lower carbon options on our menus; climate training for chefs. • Carbon tax cost may be passed on to customers to encourage purchase of lower emission meals.	1.5-2°C	LM	HM	H
		3°C+	L	LM	LM
Opportunity to attract more climate and nature-aware customers in response to changing customer preferences (for example toward plant-based and locally sourced menu items).	• See actions above re reputational/ market risk	1.5-2°C	LM	HM	HM
		3°C+	L	LM	LM
Opportunity to attract and retain employees who want to work for a company that is taking positive action on climate and other ESG issues.	• Increasing employee communications and engagement activity re sustainability across all divisions.	1.5-2°C	LM	HM	HM
		3°C+	L	LM	LM
Opportunity to reduce emissions and costs through investment in energy efficient equipment, energy saving and waste reduction measures.	• See also actions above re risk of increased fit out and running cost for sites • Piloting and rolling out proven technology to reduce energy usage. • Working with Sustainable Restaurant Association on food waste reduction initiatives. • Targets built into waste services provider contract for increased recycling rates.	1.5-2°C	L	L	LM
		3°C+	L	L	L

vi) an analysis of the resilience of the business model and strategy of the company, taking into consideration different climate-related scenarios

To improve our understanding of the potential climate-related risks and opportunities under different scenarios we have worked with an external specialist to undertake a refresh of the qualitative scenario analysis completed in 2022, following a change in the shape of the group due to the sale of our Leisure division. This work has informed the further development of our climate risk register, and will feed into our future strategy development and business planning.

Approach to qualitative scenario analysis

Our scenario analysis refresh qualitatively considered one transition scenario and one physical scenario, over three time horizons described on page 26, to 2040. Exploring the potential impacts under a "below 2-degrees"

transition scenario in which there is rapid decarbonisation, and a "3-degrees+" physical scenario in which there is rapid warming, enables us to 'stress test' our business operations and strategy.

The refresh exercise considered our three operating segments: Wagamama, Pubs, and Concessions (including Barburrito), in addition to our supply chain. TRG colleagues from each of these areas were engaged in sessions to review and assess the potential material impacts (risks and opportunities), and the strategic response options available for their respective business areas under each scenario.

For each risk and opportunity identified, the likelihood of occurrence, and the potential level of financial impact were assessed at Group level, for each of the scenarios and time horizons. The respective scoring was guided with reference to criteria defined in the Group risk management process (see financial impacts defined on page 14). Assessment of financial impact qualitatively considered the potential impact on financial performance (revenue, expenditure), and the resulting financial position for the Group. This enabled us to assess the resilience of TRG under the two pathways explored.

Scenario assumptions

Assumptions for each scenario were defined with reference to two Network of Central Banks and Supervisors for Greening the Financial System (NGFS) scenarios, an authoritative third-party source that is widely used and may facilitate comparability. The scenarios include a 2-degree or lower scenario and are sufficiently varied to cover a range of future outcomes, in line with CFD guidance.

Scenario assumptions overview

Scenario	**Below 2-degrees scenario** Global warming is limited to 1.5-2°C above pre-industrial levels by 2100.	**3-degrees+ (current policies) scenario** Global warming rises to 3-4°C above pre-industrial levels by 2100.
Primary source	**NGFS Net Zero 2050 Scenario** Phase IV release, November 2023 *Net Zero 2050 is an ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation, reaching net zero CO_2 emissions around 2050. The UK reaches net zero for all GHGs by 2050.*	**NGFS Current Policies Scenario** Phase IV release, November 2023 *Current Policies assumes that only currently implemented policies are preserved, leading to high physical risks. Emissions rise until 2080, leading to 3°C of warming and severe physical risks. This includes irreversible changes, such as higher sea level rise.*
Potential impacts	Higher level of transition risks • Immediate policy reaction; stringent measures introduced • Fast technology change • Severe weather events increase, but rate of change starts to slow in long term • Behaviour change, including partial shifts towards lower-emission diets; increased awareness and support for climate action	Higher level of physical risks • Current policies only; no further strengthening • Slow technology change • Increasingly severe weather events, accelerating in long term vs transition scenario • Some behaviour change, in response to physical impacts of climate change
Common assumptions	TRG business operations and business model remain broadly unchanged, except for implementation of the business's strategic priorities. TRG suppliers, customer base and workforce remain steady and broadly unchanged, except for growth associated with meeting strategic priorities.	

Summary results of scenario analysis

Our refresh exercise assessed the potential material impacts (risks and opportunities) to the business under the transition and physical scenarios. The potential impacts for each scenario and time horizon are summarised on page 28, alongside current and future mitigation actions.

Below 2-degrees: transition scenario

In this scenario, the most significant impacts would be seen in our financial performance through increased capital and operating expenditure. This relates to higher sourcing costs in our supply chain (due to physical impacts and transition impacts, such as carbon pricing); increased costs in response to extreme weather impacts in the UK; electricity supply upgrades and running costs associated with electrification. As a result of supportive

policy measures and the actions taken by TRG to decarbonise, the reputational/market risk is less pronounced than in the physical scenario.

The impact of opportunities is greater within this scenario. In the long-term, potential increases in operational expenditure may see a return on investment, with a reduction in ongoing energy costs achieved via efficiencies from electrification upgrades. This is supported by rapid technological advancements. Under this scenario there is also an opportunity for Wagamama to benefit from growth in the plant-based market, with increased revenue, market share and enhanced brand value.

3-degrees+ (current policies): physical scenario

In the physical scenario, the most significant impacts would be seen in our financial performance due to a combination of increased expenditure and reduced revenue. Higher costs relate to sourcing in our supply chain (due to increased disruption to food production from physical impacts), and energy costs for increased cooling and refrigeration requirements. Reduced revenue is caused by inclement weather impacting delivery trade for Wagamama, and different extreme weather events impacting footfall across Wagamama and Pubs.

Our analysis also identified water as an emerging risk in the long term, with drought conditions likely to impact water availability for our suppliers, impacting supply cost and availability.

Opportunities are less pronounced within this scenario. While less significant compared with the transition scenario, Wagamama may benefit from increased customer support in response to policy inaction, with moderate increase in revenue and brand value.

Assessment of resilience

The analysis highlighted that the risks and opportunities identified are more likely to impact in the short to medium term in the transition scenario, which overall presents a greater financial risk to TRG. In the physical scenario, the risks presented from the physical impacts of climate change are more likely to materially impact in the long term. The exercise indicated that transition risks are reduced following the sale of the Leisure division. In addition, the diversity and flexibility of our brands and operational locations across our portfolio provides some mitigation against isolated risks.

Our review of the strategic response options available to us indicates that the business is well-positioned to respond. The exercise has provided an understanding of the following areas to monitor and impressed upon us the need to ensure that we proactively strengthen our position:

- Higher sourcing costs/supply issues for ingredients: continue to explore options to enhance supply resilience and lower costs.
- Increased fit out and running cost for sites: advance planning and gradual phasing of site electrification.

The outputs facilitated an update to our climate risk and opportunities register. As we continue our work to enhance our resilience to climate change, this will enable us to explore new risk mitigation and opportunity-realisation strategies under the governance of our group risk management process.

Driving forward our ESG agenda is of strategic and financial importance to TRG and our business resilience. Whilst taking action to reduce our emissions and achieve efficiencies requires investment, it presents opportunities to enhance our long-term value – reducing operational costs by optimising energy usage, managing exposure to climate-related policy and regulation, and enhancing supply-chain resilience to ensure product availability and security of supply.

vii) a description of the targets used by the company to manage climate-related risks and to realise climate- related opportunities and of performance against those targets; and

viii) the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based.

The table below sets out the key targets and KPIs used to manage climate-related risks and realise climate-related opportunities.

Risk / Opportunity	Target / Goal	KPI	2023 result
Higher sourcing costs/ supply issues due to climate-related extreme weather (chronic or acute)	All key ingredients to be dual sourced	% of key ingredients (as defined by the business) dual sourced	100% of key ingredients (as defined by the business) dual sourced
Increased climate change-related extreme weather events in the UK	Business continuity plans in place for all sites and reviewed/ refreshed annually	Divisions with BCPs refreshed within last 12 months (to cover all sites within the division)	BCP refresh completed for Head Office, Concessions & Leisure sites in 2023; B&P and Wagamama in progress with completion April/May 2024
Increased fit out and running cost for sites (energy efficiency measures, supply upgrades, etc.)	New Wagamama sites to incorporate energy efficiency technology from 2024	% of Wagamama new site openings incorporating energy efficiency technologies	N/A - new target
Reputational/Market risks of failing to meet sustainability commitments Policy risks re introduction of measures targeting carbon emissions (e.g. carbon taxes) Opportunity to attract climate conscious customers and employees	Net zero by 2040 with residual emissions offset	tCO2e Scope 1,2, and 3	N/A – 2040 target; baseline pending finalised FLAG guidance
	Maintain renewable electricity across directly contracted supplies	% of electricity from renewable sources (REGO backed) for sites where we hold the supply contract	>99% of electricity from renewable sources for sites* where we hold the electricity supply contract
	Reduction in group energy usage vs prior year	% reduction in group energy consumption vs prior year (like for like sites with AMRs)	Reduction vs prior year achieved
	Electric kitchens in Wagamama new site openings where grid capacity allows	% of Wagamama new site openings with electric kitchens	N/A - new target
	Maintain 50% plant-based menu in Wagamama	% of Wagamama menu items that are vegan or vegetarian	50% target maintained during 2023

* Not 100% due to sites pending transfer to renewable electricity supply contract

Greenhouse gas emissions and energy usage

As a large UK unquoted company, The Restaurant Group is required under the Streamlined Energy and Carbon Reporting (SECR) regulations to report annually on its scope 1 and 2 greenhouse gas emissions , and its business travel emissions under scope 3, where the company is responsible for purchasing the fuel. We are also disclosing our Scope 3 footprint.

We report both location and market-based footprints to illustrate the benefits of renewable purchasing. A location-based method involves using an average emission factor that relates to the grid on which energy consumption occurs, so does not take into account any renewable purchasing that exceeds the grid average. A market-based method reflects emissions from energy that companies have purposefully chosen, for example renewable energy.

Greenhouse Gas emissions

Scope	Emission Sources	Further detail	Unit	Location Based 2022	Location Based 2023	Market Based* 2022 (restated*)	Market Based* 2023
Scope 1 (Combustion / facility operation)	Natural Gas, LPG, FGAS	Gas combustion in sites where TRG holds gas supply contract, FGAS	tCO2e	15,633	12,002	15,633	12,002
		Landlord recharged sites**	tCO2e	1,327	1,113	1,327	1,113
		Discontinued operations	tCOe2	n/a	4,045	n/a	4,045
Total Scope 1			tCO2e	**16,960**	**17,160**	16,960	17,160
Scope 2 (Purchased electricity)	Electricity	Sites where TRG holds electricity supply contract	tCO2e	16,377	11,302	420	239
		Landlord recharged sites**	tCO2e	3,185	3,694	1,183	714
		Discontinued operations	tCO2e	n/a	5,114		292
Total Scope 2			tCO2e	19,562	20,110	1,602	1,244
Scope 1 and 2 total			**tCO2e**	**36,522**	**37,270**	**18,563**	**18,404**
Scope 1 and 2 intensity metric		All operations	tCO2e/ £1m turnover	41	40	21	20
		Continuing operations		n/a	34	n/a	17
Scope 3 mandatory emissions reporting Emissions from business travel in rental car or employee-owned vehicles where company is responsible for purchasing the fuel			tCO2e	696	608		

*We previously reported market-based scope 1 figures for RGGO-backed biogas, but have now aligned with draft GHG Protocol land use and removals guidance, which treats RGGO-backed gas as normal gas supply in market based reporting (i.e. uses location based emissions).
**Previously included within Scope 3; now reclassified as Scope 1 and 2, using an operational control approach

Energy Consumption used to calculate emissions above:

		2022 (restated)*	2023
Combustion (Scope 1)	kWh	96,679,230	96,314,816
Electricity/heat/steam/cooling (Scope 2)	kWh	101,157,480	97,117,100
Scope 3 transport (as above)	kWh	2,791,936	2,515,181
Total Energy Consumption	kWh	200,628,646	195,947,097

*restated to include landlord recharged sites and scope 3 transport (previously not required as a public company)

Scope 3 (continuing operations)

		2023
Scope 3 upstream All relevant categories: purchased goods and services, capital goods, fuel and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting	tCO2e	199,204
Scope 3 downstream All material categories, including downstream transportation and distribution, and franchises	tCO2e	5,967

Scope 3 emissions

We have worked with an external carbon accounting partner to produce our Scope 3 inventory in accordance with the GHG Protocol. In 2023 we moved to a new provider, whose methodology incorporates a spend-based screen. At present, the inventory calculation predominantly uses industry average carbon factors applied to a

combination of volume-based and spend-based data to calculate emissions. In our 2023 data we have started to include some supplier-specific emissions within both the purchased goods and services and the upstream transport and distribution categories. We plan to replace industry average carbon calculations with supplier specific emissions as we work proactively with our suppliers to help them provide these. There is currently no standard methodology for requesting carbon emissions data from suppliers, but we are using the survey built into our carbon accounting provider's platform, which aligns with industry best practice.

As is the case across the industry, our ability to track Scope 3 emissions is still very limited due to the complexity of measurement, particularly within agricultural supply chains. As the GHG Protocol Land Use and Removals guidance is not yet finalised, we continue to work closely with our carbon accounting partner to align with best practice where data is available. Activity to improve the quality of our Scope 3 inventory and datasets is ongoing, as this is an important enabler of our decarbonisation programme. This year we have included downstream categories for the first time, and have improved the data quality within several of our upstream categories.

Greenhouse gas reporting methodology

- Our methodology has been based on the Greenhouse Gas Protocol.
- The period of our report is 2 January 2023 to 31 December 2023.
- We have reported on all the measured emissions sources required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations.
- This includes emissions under Scope 1 and 2 and Scope 3 business travel emissions, where the company is responsible for purchasing the fuel.
- Emissions relating to energy recharged by landlords for sites where we do not have the energy supply contract were previously estimated under the Scope 3 Upstream Leased Assets category. We have now recategorized these emissions as Scope 1 and 2, using an operational control approach.
- Conversion factors for UK electricity (location-based methodology), gas and other emissions are those published by HM Government, or where available, supplier-specific emissions for use in market-based calculations, using guidance from the GHG Protocol
- Our energy efficiency action is referred to throughout the report.
- The location-based method reflects the average emissions intensity of the grid on which the energy consumption occurs (using grid-average emission factor data).
- The market-based method reflects emissions from the energy that has been purchased from the supplier, for example renewable energy.

By order of the Board

Mark Chambers

Chief Financial Officer

29 August 2024

Corporate Governance report

Introduction/background

As of 29 August 2024, the Board consisted of five Directors, comprising two Executive Directors – the Chief Executive Officer and the Chief Financial Officer – and three Non-Executive Directors representing the Company's only shareholder, Rock BidCo Ltd, a vehicle indirectly owned by the Apollo Funds and managed by affiliates of Apollo Global Management, Inc.

The current members of the Board are:

- Andy Hornby (CEO)
- Mark Chambers (CFO)
- Eugenia Gandoy
- Chris Harwood
- Alex van Hoek

For most of the reporting year, until the acquisition of the Group by Apollo, the Company had a premium listing on the London Stock Exchange and consequently adhered to the provisions of the UK Corporate Governance Code. Since delisting on 22 December 2023, the Company has reviewed its governance arrangements and the Board has decided, as of 8 February 2024, to follow the Wates Corporate Governance Principles for Large Private Companies. In addition, the Company has aimed to report in line with the Walker Guidelines for private equity companies, with the relevant disclosures to be found throughout this Annual Report.

The role of the Board

The Board's role is to set and oversee the strategic direction of the Group as well as the business operating model that aims to deliver those strategic priorities. It looks to ensure the necessary resources are in place to achieve these priorities and reviews management's performance in terms of their delivery. The Board is also responsible for providing strong values-based leadership to the Company and for effective corporate governance, setting the Company's ethical standards and ensuring the business meets its obligations to all stakeholders.

The Board has a formal Schedule of Matters Reserved solely for its consideration, which includes the following:

- responsibility for the long-term, sustainable success of the Company and Group;
- approval of the annual budget and business plan;
- approval of the Group's year-end reports;
- all new site openings and approval of significant capital expenditure;
- significant disposals of assets;
- acquisitions and disposals of businesses; and
- approval of key Group policies.

A Delegation of Authority Matrix, reviewed and approved by the Board, sets out the extent to which matters are delegated as well as the authority levels within senior management at which specific decisions can be taken or expenditure authorised.

Board Committees

During the reporting year, the Board was supported by three Board Committees, with only the Company's Non-Executive Directors as members: the Audit Committee, the Nomination Committee and the Remuneration Committee. As of December 2023, the Board has decided to retain an Audit Committee and a Remuneration Committee, to ensure ongoing effective oversight in these areas. Both committees operate under agreed Terms of Reference, which have been reviewed and amended under the new structure. The Audit Committee remains responsible for overseeing financial reporting and announcements, risk management and internal controls, and reports up to the full Board on these matters. The Remuneration Committee's remit is to review and make recommendations on remuneration matters for the Executive Directors. Current membership of the Committees is as follows:

Audit

- Eugenia Gandoy
- Chris Harwood
- Alex van Hoek

Remuneration

- Eugenia Gandoy
- Chris Harwood
- Alex van Hoek

Board and Committee meetings

The Board and its Committees hold regular, scheduled meetings throughout the year to review the Company's financial and operational performance and other matters. When issues requiring the attention of the Board or one of its Committees arise outside the regular schedule, additional meetings are arranged as necessary, or decisions made by means of a written resolution. Comprehensive papers are provided to the Directors ahead of Board or Committee meetings through a secure online portal.

During 2023, the Board met on six occasions for scheduled meetings, and 22 times in total (including in ad-hoc committee form), with the latter number primarily reflecting the additional meetings required to consider issues relating to the corporate events that took place during the year, namely the disposal of the Leisure Division and the cash acquisition of the remaining Group, including the final approval of both transactions.

As part of its review of this Annual Report, the Audit Committee considered management papers on going concern, impairment, exceptionals and the disposal of the Leisure business.

Independent advice

All Directors have access to the advice and services of the Company Secretary and are entitled to take independent professional advice if necessary, at the expense of the Company.

Conflicts of interest and independence

The Board reviews potential conflicts of interest where necessary at each meeting and a record is kept by the Company Secretary of any potential or actual issues that may arise. Directors have continuing obligations to update the Board on any changes to these conflicts or matters which may impinge upon their independence, and also provide annual confirmations of their interests and other appointments as part of the year-end process.

Directors' and Officers' liability ('D&O') insurance

The Company maintains D&O insurance to cover the cost of defending civil and criminal proceedings brought against an individual acting in their capacity as a Director or Officer of the Company (including those who served as Directors or Officers during 2023).

Environment and sustainability

The Board acknowledges its responsibility to minimise the Company's impact on the environment and supports and promotes efforts to reduce the Company's energy consumption and carbon emissions, water usage and waste. The Board receives regular ESG updates from the Preserving the Future programme, whose steering committee is chaired by the CEO. Our CFD disclosures as well as details of our environmental policies and practices, and our commitment to sustainable and ethical sourcing, are contained in the Environmental and Social report from page 17.

Risk management

The Board has ultimate responsibility for ensuring that business risks are effectively identified and appropriately mitigated. The Board has delegated regular review of the risk management procedures to the Audit Committee and collectively reviews the overall risk environment on an annual basis, which includes the principal risks and mitigation plans as set out on page 14. The day-to-day management of business risks is the responsibility of the

senior management team and individual divisions, as overseen by the Senior Management Risk Committee. For the report of the Risk Committee and a description of the Group's Key Risks, see from page 14.

Remuneration

Decisions on remuneration are taken by the Remuneration Committee, or by the Board on the advice of the Committee. No Director is involved in any decisions on their own remuneration.

Senior management diversity

As at the year-end, the gender make-up of the Group was as follows:

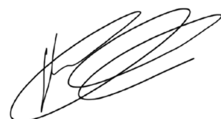
	Female	Male	Total
Board	1	3	4
Senior management*	2	2	4
All employees	7,346	7,843	15,189

*Senior management defined as direct reports to the CEO, excluding the CFO

Stakeholders and Board decision-making

The Board is required to act in the way it considers would be most likely to promote the success of the Company for the benefit of its members as a whole, and in so doing, have regard to the interests of certain stakeholders and the other matters set out in section 172 of the Companies Act 2006. For information on the Board's decision-making and consideration of stakeholder interests, see the section 172 Statement on page 12.

By order of the Board



Mark Chambers

Chief Financial Officer

29 August 2024

Directors' report

The Directors' report comprises these pages and the other sections and pages of the Annual Report and Accounts cross-referred to below, which are incorporated by reference. As permitted by legislation, certain disclosures normally included in the Directors' report have instead been integrated into the Strategic report (from page 5), as set out below.

The Company

The Restaurant Group Limited is a private limited company, registered in Scotland under company number SC030343 and with its registered office at 1 George Square, Glasgow G2 1AL. Until the acquisition of the Company by Rock BidCo Limited, The Restaurant Group plc was listed on the London Stock Exchange, under its former name. Its shares were delisted on 22 December 2023, and its re-registration as a private company was effective on 2 January 2024.

Directors

The current Directors of the Company are:

- Mark Chambers (appointed 15 September 2023)
- Eugenia Gandoy (appointed 21 December 2023)
- Chris Harwood (appointed 24 January 2024)
- Alex van Hoek (appointed 21 December 2023)
- Andy Hornby (appointed 1 August 2019)

The following individuals also acted as Directors during the financial year:

- Graham Clemett (until 21 December 2023)
- Kirk Davis (until 15 September 2023)
- Alison Digges (until 2 January 2023)
- Alex Gersh (until 30 June 2023)
- Ken Hanna (until 21 December 2023)
- Helen Keays (from 1 June 2023 until 21 December 2023)
- Zoe Morgan (until 21 December 2023)
- Loraine Woodhouse (until 21 December 2023)

Any shares held by the Directors were sold as part of the acquisition of the Company.

Indemnity provisions

The Company maintains Directors' and Officers' liability insurance. Details of the D&O insurance maintained by the Company can be found on page 36. Deeds have been executed indemnifying each Director of the Company as a supplement to the D&O insurance cover. The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the 2023 financial year and remain in force for the current Executive Directors and for past Directors of the Company.

Corporate governance arrangements

For most of the financial year, while listed on the London Stock Exchange, the Company followed the provisions of the UK Corporate Governance Code. Following the acquisition of the Group, the Company has since adopted the Wates Principles in place of the code. For further details, please see the Corporate Governance report from page 35.

Dividend

The Directors have not recommended a dividend payment for the 2023 financial year.

Political donations

The Company did not make any political donations during the year.

Financial instruments and Risk

The Group's policy on the use of financial instruments is set out in Note 1 to the financial statements. The Group's financial instruments, financial risk management, key terms and debt covenants are set out in Note 22 to the financial statements.

Post-balance sheet events

On 28 May 2024, the Group acquired the remaining 80% equity interest in the US Wagamama joint venture (Wagamama USA LLC) from its joint venture partner (CVC Ramen LLC). As a result of this transaction, the Group now owns 100% of Wagamama USA LLC.

Likely future developments

The development of the business is set out in the Business review in the Strategic report from page 5.

R&D activities

The Group does not expend material sums on research and development activities.

Overseas branches

The Company does not operate any registered branches outside the UK.

Employee participation and engagement

The action taken during the year in relation to employee participation and engagement, including in terms of monitoring culture and values, is included in the Environmental and Social report from page 17, as well as in the section 172 statement on page 12.

Employment of disabled persons

The Company's policy towards disabled employees is included in the Environmental and Social report on page 25.

Engagement with suppliers and customers

Details of the Company's approach to suppliers, customers and other business partners are included in the Business review from page 6 and in the Environmental and Social report from page 17, while the Company's section 172 Statement on page 12, sets out how the Directors have taken into account the needs of business partners and other stakeholders in decision-making.

Energy Use and Emissions

The disclosures concerning energy use and greenhouse gas emissions are included in the Environmental and Social report from page 17.

Going concern

The Directors have adopted the going concern basis in preparing the Annual Report and Accounts after assessing the Group's principal risks. The principal risks and uncertainties are disclosed in the Risk Committee report. These have been considered by Directors in forming their opinion. The Directors have reviewed financial projections to 31 August 2025 (the review period) calculated on a "base case", "stress case" and "reverse stress case" and concluded that the Group has sufficient liquidity and covenant headroom for the going concern period. For more detail, see Note 1(c).

Disclosure to Auditor

In the case of each of the persons who are Directors at the time the report is approved, the following applies:

- as far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- the Director has taken all of the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

By order of the Board

Mark Chambers

Chief Financial Officer

29 August 2024

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards ("IFRSs"), and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

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 the Company and of the profit or loss of the Group and the Company for that period. In preparing these financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- provide additional disclosures when compliance with the specific requirements in IFRSs and in respect of the parent company financial statements, FRS 101, is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and performance
- in respect of the Group financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- in respect of the parent company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and/or the Group will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Company and the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report and financial statements that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

The Directors confirm, to the best of their knowledge:

- that the consolidated financial statements, prepared in accordance with UK-adopted international accounting standards give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole
- that the Annual Report, including the Strategic report, includes a true and fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

- that they consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary to assess the Company's position, performance, business model and strategy

For and on behalf of the Board

Mark Chambers

Chief Financial Officer

29 August 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE RESTAURANT GROUP LIMITED

Opinion

We have audited the group and parent financial statements of The Restaurant Group Limited ('the company') for the year ended 31 December 2023 which comprise Group Consolidated Income Statement, the Group Consolidated Balance Sheet, the Group Consolidated Statement of Changes in Equity, the Group Consolidated Cash Flow Statement, the Parent Balance Sheet, the Parent Statement of Changes in Equity, the Group related notes 1 to 25 and the Parent related notes 1 to 6, including material accounting policy information. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 other entities of public interest, 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- confirming our understanding of the Group's going concern assessment process and Management's related Board papers;
- assessing and challenging the appropriateness of the duration of the going concern review period to end of August 2025 and considered whether there are any known events or conditions that will occur in the short-term following the going concern period which would impact our considerations;
- validating the covenants and terms of the new debt facilities included in the model to executed debt agreements and reperformed the calculation of the net debt covenants against the terms of these agreements;
- challenging whether the cashflow forecasts and assumptions included within the base,

- stress cases and reverse stress are appropriate by comparing them to internal Board approved budget and external sources such as industry benchmarks. The most significant assumptions for the forecasts are the growth rates applied to each of the divisions, and the food and utilities inflationary rates;
- assessing the consistency of the base case cash flows with the cash flow forecasts used within our impairment assessment;
- further challenging the cashflow forecasts with reference to historical trends, granular weekly sales and qualitative detail on the expectation for each business unit and assessing that the downside sensitivity has been appropriately applied within the stress case. We have considered the extent to which any evidence or market forecasts which may contradict the assumptions used in managements forecast;
- reperforming the reverse stress test scenario and challenging the likelihood of occurrence as remote;
- challenging the integrity of the model used by re-performing calculations and testing the formulas being applied throughout;
- challenging management on their mitigating actions which include the ability to reduce capital expenditure plans and make pro-forma adjustments to EBITDA as per the financing agreements. Management also identified further mitigating actions in the form of price increases and cost reductions. We challenged whether these are wholly within their control. As part of this we have challenged the time needed for these to have an impact and also the point in time in which these might need to be activated;
- reviewing the latest available weekly sales report to the end of August 2024 to compare actual results against the forecast prepared;
- considering any events after the going concern period which may impact our conclusion, noting no material events;
- enquiring for any climate change commitments in the going concern period and challenging whether any associated cash outflows should be included within the forecasts; and
- assessing the appropriateness of the going concern disclosures in describing the risks associated with the Group's ability to continue as a going concern for the review period to the end of August 2025.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 31 August 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

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 contained within the annual report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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 41 and 42, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

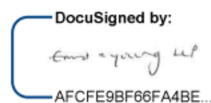
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are Companies Act 2006, Health & Safety and food hygiene laws, Minimum Wage regulations and UK Tax legislation . .
- We understood how The Restaurant Group Limited is complying with those frameworks by making enquires of management and those responsible for legal and compliance procedures, including the Company Secretary. We corroborated our enquires through our review of board minutes, papers provided to the Audit and Risk Committees and correspondence received from regulatory bodies.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management within various part of the business to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perception of analysts. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from material fraud or error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved a review of board minutes to identify noncompliance with laws and regulations, a review of the reporting to the Audit Committee on compliance and regulations, enquires of the Company Secretary and management, and journal entry review.

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

Use of our report

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



Julie Carlyle (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
30 August 2024

The Restaurant Group Limited
Consolidated income statement

	Note	52 weeks ended 31 December 2023 Total £m	52 weeks ended 1 January 2023 Total* £m
Continuing operations			
Revenue		824.0	717.3
Cost of sales before exceptional items*		(697.8)	(615.0)
Exceptional cost of sales	5	(23.9)	(56.7)
Gross profit		**102.3**	45.6
Administrative expenses before exceptional items		(49.3)	(40.8)
Exceptional administrative items	5	(23.2)	-
Operating profit		**29.8**	4.8
Finance costs before exceptional items	6	(41.4)	(39.0)
Exceptional finance costs	5	(8.7)	(7.0)
Finance income before exceptional items	6	0.7	0.2
Exceptional finance income	5	-	11.9
Loss before tax	3	**(19.6)**	(29.1)
Tax on loss before exceptional items*	7	(10.9)	(5.5)
Exceptional tax on loss	5	5.0	11.1
Loss from continuing operations		**(25.5)**	(23.5)
Discontinued operations			
Profit/(loss) after tax from discontinued operations	8	**5.3**	(45.7)
Loss for the year		**(20.2)**	(69.2)
Other comprehensive income			
Foreign exchange differences arising on consolidation		-	(0.4)
Total comprehensive loss		**(20.2)**	(69.6)

*Restated - refer to Note 2.

The Restaurant Group Limited
Consolidated balance sheet

	Note	At 31 December 2023 £m	At 1 January 2023* £m	At 2 January 2022* £m
Non-current assets				
Intangible assets	9	596.0	604.1	599.9
Right of use assets*	10	213.6	241.0	293.5
Property, plant and equipment	11	258.6	257.7	285.1
Trade and other receivables	13	4.2	8.2	4.7
Investments		0.6	-	-
Derivative financial instruments	21	-	15.4	2.1
		1,073.0	1,126.4	1,185.3
Current assets				
Inventory		7.0	6.5	6.0
Trade and other receivables	13	15.7	18.3	13.9
Prepayments		4.4	8.0	6.1
Cash and cash equivalents		15.5	27.7	146.5
Corporation tax asset		0.5	-	-
		43.1	60.5	172.5
Total assets		1,116.1	1,186.9	1,357.8
Current liabilities				
Bank overdrafts		(9.6)	-	-
Trade and other payables	14	(147.2)	(160.7)	(128.3)
Provisions*	15	(5.5)	(4.0)	(3.1)
Lease liabilities	16	(50.6)	(55.0)	(73.1)
		(212.9)	(219.7)	(204.5)
Net current liabilities		(169.8)	(159.2)	(32.0)
Non current liabilities				
Borrowings	21	(226.5)	(213.4)	(318.1)
Deferred tax liabilities	17	(53.4)	(25.8)	(43.6)
Provisions	15	(14.1)	(13.1)	(12.7)
Lease liabilities	16	(251.3)	(341.0)	(337.3)
		(545.3)	(593.3)	(711.7)
Total liabilities		(758.2)	(813.0)	(916.2)
Net assets		357.9	373.9	441.6
Equity				
Share capital	18	219.5	215.2	215.2
Share premium		0.3	-	394.1
Other reserves		1.2	1.6	0.1
Retained earnings*		136.9	157.1	(167.8)
Total equity		357.9	373.9	441.6

*Restated - refer to Note 2

The financial statements of The Restaurant Group Limited (company registration number: SC030343) on pages 47 to 86 were approved by the Board of Directors and authorised for issue on 29 August 2024 and were signed on its behalf by:

Mark Chambers (CFO)

The Restaurant Group Limited
Consolidated statement of changes in equity

	Note	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	**Total £m**
Balance at 2 January 2022		215.2	394.1	0.1	(167.8)	441.6
Loss for the year		-	-	-	(69.2)	(69.2)
Other comprehensive (loss) for the year		-	-	(0.4)	-	(0.4)
Total comprehensive (loss) for the year (restated)*		-	-	(0.4)	(69.2)	(69.6)
Transactions with owners of the Company						
Cancellation of share premium		-	(394.1)	-	394.1	-
Share-based payments		-	-	2.4	-	2.4
Deferred tax on share-based payments taken directly to other reserves	*17*	-	-	(0.5)	-	(0.5)
Balance at 1 January 2023		**215.2**	**-**	**1.6**	**157.1**	**373.9**
Loss for the year		-	-	-	(20.2)	**(20.2)**
Other comprehensive income		-	-	-	-	-
Total comprehensive income/(loss)		**-**	**-**	**-**	**(20.2)**	**(20.2)**
Transactions with owners of the Company						
Share-based payments		-	-	2.6	-	**2.6**
Current tax on share-based payments taken directly to other reserves	*17*	-	-	0.5	-	**0.5**
Foreign exchange gain on translation				(0.3)		**(0.3)**
Issue of new shares upon exercise of share options	*18*	4.3	0.3	(3.2)	-	**1.4**
At 31 December 2023		**219.5**	**0.3**	**1.2**	**136.9**	**357.9**

*Restated - refer to Note 2

The Restaurant Group Limited
Consolidated cash flow statement

	Note	52 weeks ended 31 December 2023 £m	52 weeks ended 1 January 2023* £m
Operating activities			
Cash generated from operations	*20*	96.6	140.2
Net interest (paid)/received		(44.8)	(21.3)
Corporation tax (paid)/repayment		(0.7)	-
Net cash flows from operating activities		51.1	118.9
Investing activities			
Purchase of property, plant and equipment		(44.2)	(54.2)
Proceeds from disposal of property, plant and equipment		5.7	0.8
Purchase of intangible assets	*9*	(4.8)	(5.4)
Purchase of a joint venture		(0.6)	-
Payment on disposal of subsidiary	*8*	(7.5)	-
Purchase of subsidiary, net of cash acquired		-	(6.3)
Net cash flows used in investing activities		(51.4)	(65.1)
Financing activities			
Net proceeds from issue of ordinary share capital	*18*	1.4	-
Repayment of obligations under leases	*16*	(44.7)	(59.8)
Repayment of borrowings	*21*	(358.0)	(110.0)
Drawdown of borrowings	*21*	364.5	-
Upfront loan facility fee paid		-	(1.4)
Cash received from/(paid for) derivative financial instruments		15.3	(1.4)
Net cash flows used in financing activities		(21.5)	(172.6)
Net decrease in cash and cash equivalents		(21.8)	(118.8)
Cash and cash equivalents at the beginning of the year	*21*	27.7	146.5
Cash and cash equivalents at the end of the year	*21*	5.9	27.7

*Restated - refer to Note 2

The Restaurant Group Limited
Notes to the consolidated accounts
52 weeks ended 31 December 2023

1 Accounting policies for the consolidated accounts

The Restaurant Group Limited (the 'Company') is a private company incorporated and registered in Scotland. The consolidated financial statements of the Group for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the 'Group'). The principal activity of the Group during the period continued to be the operation of pubs and restaurants.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with UK Adopted International Financial Reporting Standards (IFRS) and as applied in accordance with the provisions of the Companies Act 2006.

(b) Change in ownership

On 12 October 2023, the ultimate parent company announced that the Board had reached an agreement on the terms and conditions of a recommended all cash acquisition for the entire issued, and to be issued, ordinary share capital of the TRG group of companies to Apollo Global Management Inc and from 22 December 2023 Company's shares were no longer traded publicly. The Group re-registered from a public company to a private limited company on 2 January 2024.

(b) Change in presentation of consolidated income statement

The Company has revised the income statement presentation format from a three column format, separating trading results and exceptional items, to a single-column format. This change simplifies the presentation and is consistent with IAS 1 requirements, enhancing users' understanding of the financial statements. The new format provides a consolidated view of our financial performance without affecting the recognition and measurement of reported amounts. Exceptional items are disclosed within the notes, detailing their nature and financial impact.

(c) Going concern basis

The Directors have adopted the going concern basis in preparing the Annual Report and Accounts after assessing the Group's principal risks including macroeconomic headwinds and the challenges to cost of living. In conducting their review, the Directors have concluded that the Group, and Company, has sufficient liquidity and covenant headroom for the going concern review period to 31 August 2025.

Following the acquisition by Apollo the Group's facilities consist of a £300m Term loan, £50m acquisition fund and an £80m RCF which is committed until 2030. The Group has substantial liquidity with £81.7m in cash and cash equivalents, or available facilities at the balance sheet date. Further details of the Group's debt facilities and covenants are in Note 21 to the Accounts.

Despite strong 2023 results of over 11% like for like growth, Directors are cautious about sustained customer spending due to cost-of-living concerns, although interest rate outlook is improving. In preparing the 'base case' forecast for the period of going concern to 31 August 2025, the Directors have assumed that sales growth will flatten in certain divisions from current levels and have included the impact of inflation specifically the increased wage inflation as a result of the increased minimum wage outlook. In this forecast, available liquidity does not drop below £33m and Senior Secured Net Leverage does not exceed 3.2x against a covenant of 6.05x which equates to £39.1m of covenant EBITDA headroom.

While the Directors believe that the Base Case scenario above is reasonable, they also acknowledge that the wider-economic climate could impact consumer spending more severely than forecasted. Therefore, the Board has reviewed a 'stress case' scenario where sales volumes have been further reduced by 5% across all divisions and have also considered a "reverse stress" to identify the level of sales reduction required that would result in either a covenant breach or no-cash headroom. While our stress scenario shows adequate headroom in both cash liquidity and financial covenants, the analysis reveals that the liquidity headroom is greater than the covenant headroom and therefore prompting a deeper exploration of covenant resilience through a reverse stress scenario. In the reverse stress, pre-mitigating actions, the level of sales volume decline compared to the base case is 8.8%.

The mitigating actions, which are completely within managements control, includes the ability to increase selling prices whilst acknowledging potential impact on volume, conduct a far more extensive central cost reduction program and further refinement to capital expenditure plans. The level of sales volume decline compared to the base case increases above 8.8% if any of these mitigating actions are implemented. Therefore, the Directors believe the reverse stress scenario is remote given the Group's historical resilience during past downturns, with sales declines of less than 2% in 2009 and 1% in 2010, alongside the Bank of England's positive growth forecast of 0.2% in 2024 and 0.9% in 2025, current trading, and the ability of management to implement short-notice mitigations if necessary.

Consequentially, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the period to 31 August 2025, being at least the next twelve months from the date of approval of the 2023 annual financial statements. On this basis, the Directors continue to adopt the going concern basis of preparation.

(d) Basis of preparation

The financial year runs to a Sunday within seven days of 31 December each year which will be a 52 or 53 week period. The year ended 31 December 2023 was a 52 week period, with the comparative year to 1 January 2023 being a 52 week period.

The consolidated financial statements are presented in pounds sterling and all values are rounded to the nearest hundred thousand except when otherwise indicated. They have been prepared on the historical cost basis, with the exception of derivative financial assets which are held at fair value. The consolidated financial statements prepared in accordance with UK Adopted International Accounting Standards (IFRS) and in accordance with the provisions of the Companies Act 2006, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Significant judgements and estimates are disclosed in (y), below.

Risk management

The Group's risk assessment process identified a number of material risks to the business together with mitigating plans established to manage the risk in accordance with our risk appetite. See Strategic Report. Climate related risks were included as an integral element of individual risks identified, where appropriate. In preparing the financial statements, the Directors considered the impact of climate change, particularly in the context of the risks identified in the Group's UK-CFD disclosure in the Strategic Report. The Directors do not consider that there is a material impact on the financial statements from climate change in the current period. In particular, climate change was considered in respect to the following areas:

- The carrying value and useful economic lives of property, plant and equipment;
- Estimations of cash flows used in impairment assessments of non-current assets; and
- Going concern assessment, including capital expenditure forecasts.

As the Group's risk assessment process is iterative and the impact of any risk can change over time, the Group will continue to assess whether climate change has had or will have a material impact on the business, its operations, and the preparation of financial statements.

Material accounting policies

At the date of authorisation of these financial statements, there is expected to be no material impact to the Group's financial statements from IFRSs, IFRICs or other standards or interpretations that have been issued but which are not yet effective.

New standards and interpretations not yet adopted

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and had not yet been adopted by the UK Endorsement Board:

- Non-current Liabilities with Covenant (Amendments to IAS 1) (effective date 1 January 2024)
- Classification of liabilities as Current or Non-Current (Amendments to IAS 1) (effective date 1 January 2024)
- Lease Liability in Sale and Leaseback (Amendments to IFRS 16) (effective date 1 January 2024)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) (effective date 1 January 2024)
- Lack of exchangeability (Amendments to IAS 21) (effective date 1 January 2025)
- Presentation and disclosure in financial statements (IFRS 18) (effective date 1 January 2027)

The impact of IFRS 18 is currently being assessed by the Directors. It is not expected that the adoption of the other new standards listed above will have a material impact on the financial statements of the Group in future years, and the Group will adopt the new and revised IFRSs as and when they become effective.

Changes in accounting policies

During the year, the Group has adopted the following new standards and interpretations. These have not had a material impact on the financial statements.

- IFRS 17 Insurance Contracts (effective date 1 January 2023)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (effective date 1 January 2023)
- Definition of Accounting Estimates (Amendments to IAS 8) (effective date 1 January 2023)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (effective date 1 January 2023)
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) (effective date 1 January 2023).

(e) Basis of consolidation

i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company possess power over the investee, has exposure to variable returns from its involvement with the entity and has the ability to use its power over the investee to affect its returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

ii) Transactions eliminated on consolidation

Intragroup balances and any gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

(f) Foreign currency - transactions and balances

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the balance sheet. Transactions in foreign currencies are translated into sterling at the rate of exchange at the date of the transaction. The resulting exchange differences are recognised in the consolidated income statement. Exchange differences arising from the retranslation of the net equity in associates is recognised in Other Comprehensive Income.

(g) Property, plant and equipment and intangible assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and net impairment losses (see accounting policy m). Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

Pre-opening costs

Pre-opening costs are deferred until the site opens. On opening of the site, an analysis is performed on all costs held on the balance sheet for the site and split into capital and non-capital expenditure. All non-capital expenditure is recognised in the income statement from the date of opening. Capital expenditure is held in property, plant and equipment and depreciated over the useful economic life.

For sites which have incurred depreciation on an associated right of use asset, where the site is under construction, the depreciation charge is capitalised up the date of opening, unless abnormal wastage is deemed to have arisen at which point the related costs are recognised within the income statement during the period abnormal wastage occurred.

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that enhanced future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line basis to the residual value over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Freehold land	Indefinite
Freehold buildings	50 years
Leasehold improvements	Term of lease or 50 years, whichever is lower
Fixtures and equipment	3-10 years
Computer equipment	3-5 years

The estimated useful lives and residual values applied are reviewed at each reporting date with any changes in estimates being applied prospectively.

Intangible assets – Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents amounts arising on acquisition of subsidiaries. In respect of business acquisitions that have occurred since 1 January 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.
Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to groups of CGUs encompassing all sites operating under that brand, including any additional new sites. Goodwill is not subject to amortisation but is formally tested for impairment at least annually or when an impairment trigger has arisen (see accounting policy m).

Intangible assets – Trademarks

Trademarks are recognised at fair value less any accumulated impairment losses. Trademarks are allocated to groups of CGUs defined by the original acquisition group. Trademarks assessed to have an indefinite useful economic life are formally tested for impairment at least annually or when an impairment trigger has arisen (see accounting policy m).

Intangible assets – Franchise agreements

Franchise agreements are stated at fair value less any accumulated amortisation and accumulated impairment losses. Franchise agreements are amortised to the income statement using the straight-line method over 15 years, which is the shorter of their estimated useful lives and periods of contractual rights.

Software and IT development

Software and IT development are stated at cost less any accumulated amortisation and accumulated impairment losses. Software and IT development are amortised to the income statement using the straight-line method over three to five years.

For implementation costs in a cloud service contract which are distinct from the related software, the costs are recognised as an expense as incurred (as the service is received) unless it gives rise to a separate intangible asset. The costs of services provided by the cloud vendor, which are not distinct from access to the software are recognised as an expense over the period of access to the software.

(h) Leases

i) Right of use assets

Right of use assets are initially measured at the value of the corresponding lease liability and subsequently adjusted for depreciation and for any remeasurement of the lease liability. Right of use assets are assessed for impairment where required by IAS 36.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful economic life of the right of use asset or the end of the lease term.

ii) Lease liabilities

Lease liabilities under IFRS 16 are initially recorded at the present value of future lease payments (discounted using the Group's incremental borrowing rate, which we estimate with reference to our debt facilities and observed bond yields).

Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable and variable payments.

Lease liabilities may be recalculated in some situations as stipulated by IFRS 16, including where the terms of a lease are modified, which can also result in a separate lease being recognised. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. Such changes to the amount of the lease liability will be also reflected in the corresponding right of use asset, except where a reduction in the asset would result in a negative outcome, in which case the asset's value is reduced to nil and the residual credit recorded in profit or loss.

In determining the lease term and assessing the length of the non-cancellable period of a lease, an entity shall apply the definition of a contract and determine the period for which the contract is enforceable. A lease is no longer enforceable when the lessee and lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

iii) Short-term leases and leases of low-value assets

The Group has elected not to recognise right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Group as lessor

The Group has a number of contractual headlease agreements in place with its landlords, giving the Group the option to sub-lease these properties to licensees. Where the sublease transfers substantially all the risks and rewards of ownership of the underlying asset, the head lease right of use asset has been derecognised and a net investment in the sublease will be recognised. Where the sublease does not transfer substantially all the risks and rewards of ownership of the underlying asset, the headlease has been recognised as a right of use asset and liability on the consolidated balance sheet, while any subleases are recognised as operating leases. This operating lease recognition is based on the substance of the transaction, as the sublease has a shorter tenure than the headlease and once the sublease ends, the use and benefit of the property returns to the Group.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(i)Financial assets

- Classification

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets and non-current assets. The Group's loans and receivables comprise 'cash and cash equivalents' and 'other receivables' in the balance sheet.

Other receivables are amounts due from suppliers or sub tenants in the ordinary course of business. Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment less expected credit loss.

Fair value through profit and loss

Financial assets classified as fair value through profit and loss relate to an interest rate cap derivative instruments that the Group entered into during 2021 and 2022 and held until December 2023.

Recognition and measurement

Loans and receivables

Loans and receivables are recognised when the Group becomes party to the contractual provisions of the instrument and are subsequently carried at amortised cost using the effective interest rate method, less provisions for impairment. Impairment of financial assets is based on management's estimate of future cash inflows.

Fair value through profit and loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement.

(j) Financial liabilities - Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. The effective interest rate is calculated upon initial recognition of a financial liability and discounts contractual cash flows through the life of the related financial instrument. In calculating the contractual cash flows management has used external estimates of the future SONIA rate and management forecasts of Group performance used within the going concern assessment.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. This is also applicable to fees for amendments to the loan facilities. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

An exchange of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. In a non-substantial modification, the liability is restated based on the net present value of the revised cash flows discounted at the original effective interest rate.

(k) Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is determined in accordance with the weighted average inventory costing model, including applicable commercial discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(l)Cash and cash equivalents

Cash and cash equivalents comprise bank balances, cash balances on hand and in restaurants, and cash-in-transit for credit card transactions made within 72 working hours, providing there is no risk of cash return.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates.

(m) Impairment

The Group formally determines whether the carrying amount of property, plant and equipment and right of use assets ('RoUA') are impaired by considering indicators of impairment annually. Impairment for tangible assets is tested on the basis of each individual cash generating unit (CGU) – an individual restaurant or pub site or multiple sites that are in close proximity, such as airports where trading is interdependent. For intangible assets, the testing is performed at the level of the relevant group of CGUs that benefit from the goodwill or other intangible asset. An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. This requires the Group to determine the lowest level of assets which generate largely independent cash flows and to determine their recoverable amount, based on estimating the value-in- use or the fair value less cost of disposal of these assets or CGUs; and compare these to their carrying value. Impairment losses for property, plant and equipment and right of use assets are recognised in the income statement.

Impairment losses recognised in prior periods for property, plant and equipment and RoUA shall be reversed where there is an indication that the impairment no longer exists. Where an impairment reversal is recognised, the carrying amount of the asset will be increased to its recoverable amount with the increase being recognised in the income statement. This increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

For goodwill and assets that have an indefinite useful economic life, the recoverable amount is estimated annually. Goodwill impairment losses are recognised in the income statement and are not subsequently reversed. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination.

(n) Share-based payment transactions

The Group operates a number of share-based payment schemes. These schemes allow Group employees to acquire shares of the Company and all options are equity-settled. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The Black-Scholes model is used to measure the fair value of the options granted. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

(o) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

Provisions for dilapidations are recognised on a lease by lease basis and are based on the Group's discounted best estimate of the likely committed cash outflows.

Within the Group's Concessions business, dilapidations provisions are recognised upon inception of the lease along with the corresponding right-of-use asset. The provision unwinds over the period of the lease, whilst the related asset is depreciated on a straight line basis over the life of the lease. Management assessed the policy in relation to Concessions as set out in Note 2.

(p) Onerous property costs

The Group has a number of site related contractual commitments that are onerous and not included in the scope of IFRS 16. Where these exist, typically for closed site or loss- making trading sites, the Group provides for its estimate of the minimum cost of exiting the contracted commitments, such as service charges and dilapidations obligations where these are included in the contracts with landlords.

Estimates have been made with respect to the amounts of future expenditures for site closure costs, which are reviewed semi-annually and are based on readily available information at the reporting date as well as management's historical experience of similar transactions.

(q) Deferred and current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Pensions

The Group makes contributions for eligible workers into defined contribution pension plans and these contributions are charged to the income statement as they are accrued. The Group does not operate any defined benefit plans.

(s) Revenue

Revenue represents sales from restaurants, pubs and concession sites, including food and beverages and both dine-in and delivery sales (excluding value added tax and voluntary gratuities left by customers for the benefit of employees), and is recognised at the point of completion of a transaction with a customer. Commission payable on delivery is recognised in cost of sales.

Where the Group operates a concession unit under a franchise agreement, it acts as principal in this trading arrangement. All revenue from franchise arrangements is recognised by the Group at the point of sale, and licensing fees are recognised in cost of sales as the goods are sold. Where the Group acts as a franchisor in a trading relationship, licencing fees are recognised in cost of sales based on the turnover of the franchise site. Royalty revenue is accrued in line with reported sales performance once revenue can be reliably measured.

(t)Other income – rental income

Rental income is derived from sites where the Group is the lessor. Rental income is recognised in the income statement as earned. Provisions are made for any expected credit losses. Where any lease incentives are provided to the lessee (such as rent-free periods), such incentives are accounted for as a reduction in lease income over the lease term.

(u) Expenses

- Commercial discounts

Commercial discounts represent a reduction in cost of goods and services in accordance with negotiated supplier contracts, the majority of which are based on purchase volumes. Commercial discounts are recognised in the period in which they are earned and to the extent that any variable targets have been achieved in that financial period.

- Exceptional items

In order to illustrate the trading performance of the Group, presentation has been made of performance measures excluding those exceptional items which it is considered would distort the comparability of the Group's results. Exceptional items are defined as those items that, by virtue of their unusual nature or size, warrant separate additional disclosure in the financial statements in order to fully understand the performance of the Group.

The Group's income statement provides a reconciliation of the adjusted profitability measures, excluding exceptional items to the equivalent unadjusted IFRS measures. Exceptional items are then further detailed in Note 5.

- Borrowing costs

Debt is stated net of borrowing costs which are spread over the term of the loan. All other borrowings costs are recognised in the income statement in the period in which they are incurred.

(v) Associates

An Associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and opiating policy decisions of the investee but is not control or joint control over those policies.

(w) Dividends

In accordance with IAS 10 "Events after the Balance Sheet Date", dividends declared after the balance sheet date are not recognised as a liability at that balance sheet date, and are recognised in the financial statements when they have received approval by shareholders.

(x) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- Represents a separate major line of business or geographic area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- Is subsidiary acquired exclusively with a view of resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

(y) Critical accounting judgements and estimates

In applying the Group's accounting policies, as described above, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised, and to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making these critical judgements and estimates, actual outcomes could be different. The most significant of these are below:

Estimates

Estimates and underlying assumptions are reviewed by management on an ongoing basis, with revisions recognised in the period in which the estimates are revised, and in any future period affected. The areas that may have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

i) **Impairment of non-current assets**

As disclosed in Note 12, the impairment reviews of non-current assets require several estimates to determine the value-in-use of each CGU. The key estimates are in relation to the discount rate, the calculation of the future cash flows and the longer term growth rate. These have been disclosed with sensitivities in Note 12.

Given the uncertainties arising due to the current cost-of-living crisis impacting customer demand in the trading environment, the range of possible cashflow outcomes is wider than normal as disclosed in the sensitivity analysis. The future cash flows have been forecast taking into account using the 'base case' and 'stress case' scenarios as outlined in the Going Concern section of this note and in the Financial Review.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the CGU's recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimated future cash flows used to determine the asset's recoverable amount since the last impairment loss was recognised. In addition, judgemental risk factors are applied to the cashflows so as to take account of the higher risk volatility associated with improved trading expectations. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the consolidated income statement. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's carrying amount, less any residual value, on a straight-line basis over its remaining useful economic life.

ii) Forecast business cashflows

For purposes of the going concern assessment and as an input into the impairment assessment, the Group make estimates of likely future cash flows which are based on assumptions given the uncertainties involved. The assumptions include the cost of labour and supplies and working capital movements. These assumptions are made by management based on recent performance, external forecasts and management's knowledge and expertise of the cashflow drivers.

iii) Provisions for onerous property costs

As disclosed in Note 15, the Group has made a provision for the minimum contracted property-related costs of onerous sites. These include sites which are vacant; sublet for periods shorter than the related headlease term, or for below the headlease rental value; and loss-making sites. The Group measures these provisions using the expected value method.

The Group recognises a provision for the contractual length of time required to meet the obligations before landlords retake possession of these sites

iv) Lease discount rate

The Group is required to make an assessment to ensure the discount rate assumptions appropriately reflect current market assessments of the incremental borrowing rate, to value the lease liabilities and right of use assets disclosed.

Critical accounting judgements

The following critical judgement, that the Directors made in the process of applying the Group's accounting policies, has the most significant effect on the amounts recorded in the financial statements.

i) Lease term

IFRS 16 defines lease term as the non-cancellable period of a lease together with options to renew or break a lease, if the lessee is reasonably certain to exercise that option. The assessment of lease term is a significant judgement. Where leases include an option to extend or reduce the lease term, the group makes a lease-by-lease assessment as to whether it is reasonably certain that the option will be exercised. This assessment considers the length of the time before any renewal or break option is exercisable, plus current and forecast site trading.

ii) Indefinite useful economic life of trademarks

When trademarks are acquired, the Company is required to assess the useful economic life of that trademark. The Group has assessed that the wagamama trademark has an indefinite useful economic life and does not amortise this asset.

This assessment is based on an annual review of the current strength of the trademark using a set of agreed criteria which include LFL sales growth versus the market, Net Promoter Score (NPS), staff retention and investment in the brand. All of these indicate that the brand remains relevant and demonstrates Wagamama's relative strength in the market. In addition, the Group has committed to invest to maintain the brand's market-leading position, and following the refinancing, have the required funding to deliver on that commitment.

2 Restatement of comparatives

In 2023, the Directors reassessed the Group's dilapidations costs, in relation to its Concessions business, due to the nature of lease agreements and the routine site restoration costs incurred by the Group at the end of related lease terms. The Group has identified that the related lease agreements for the Concessions include strip-out requirement clauses and the characteristics of the concessions business and the average length of leases mean that management can consider expected outflow and reliable estimate amounts and, therefore, the provision should have been established at the start of the lease agreement. This has resulted in a prior year adjustment.

As a consequence, the prior period comparatives have been restated to reflect the retrospective application of this accounting error as follows:

Balance sheet at 2 January 2022		As originally disclosed £m	Adjustment £m	As restated £m
Right-of-use asset	*10*	289.4	4.1	293.5
Non-current provisions		(3.2)	(9.5)	(12.7)
Retained earnings		(162.4)	(5.4)	(167.8)

Balance sheet at 1 January 2023		As originally disclosed £m	Adjustment £m	As restated £m
Right-of-use asset	*10*	237.6	3.4	241.0
Current provisions	*15*	(2.3)	(1.7)	(4.0)
Non-current provisions	*15*	(5.3)	(7.8)	(13.1)
Retained earnings		163.2	(6.1)	157.1

Income statement for the 53 weeks ended 1 January 2023	As originally disclosed £m	Adjustment £m	As restated £m
Cost of sales	(883.5)	(0.7)	(884.2)

3 Profit for the year

	Continuing operations 2023 £m	Discontinued operations 2023 £m	Continuing operations 2022 £m	Discontinued operations 2022 £m
Profit for the year after exceptional items has been arrived at after charging/(crediting):				
Amortisation (Note 9)	3.6	-	2.4	-
Depreciation on right of use asset (Note 10)*	36.7	3.0	32.2	4.9
Depreciation on property, plant and equipment (Note 11)	26.0	1.8	30.3	5.4
(Gain)/loss on sale of property, plant and equipment	-	(1.5)	1.9	-
Net impairment of property, plant and equipment and software (Note 11)	(0.8)	2.2	20.6	25.4
Impairment of right of use asset (Note 10)	14.8	4.1	23.2	37.2
Impairment of goodwill (Note 9)	9.2	-	7.5	-
Purchases of food, beverages and consumables	176.8	29.5	142.2	42.3
Staff costs (Note 4)	318.2	43.5	280.4	56.4
Variable rents	18.3	0.7	26.5	2.3
Rental income	(0.2)	-	(0.2)	-
Net rental costs	18.1	0.7	26.3	2.3

	2023 £m	2022 £m
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the Group's annual accounts	0.9	0.5
Fees payable to the Company's auditor for the audit of the Subsidiaries' annual accounts	0.1	0.1
Total audit fees	1.0	0.6
Audit-related assurance services	-	0.1
Other assurance services	0.1	-
Total non-audit fees	0.1	0.1
Total auditor's remuneration	1.1	0.7
Non audit: Audit Ratio	0.1	0.1

During the period, all auditor's remuneration was expensed as administration costs.

*Restated - refer to Note 2.

4 Staff costs

a) Average staff numbers during the year (including Directors)	2023	2022
Restaurant staff	17,130	16,290
Administration staff	412	418
	17,542	16,708

b) Staff costs (including Directors) comprise*:	2023 £m	2022 £m
Wages and salaries	290.7	255.0
Social security costs	21.5	19.8
Share-based payments	1.7	1.5
Pension costs and salary supplements	3.8	4.1
	317.7	280.4

C) Exceptional Items:	2023 £m	2022 £m
Severance pay	0.5	-
	0.5	-

d) Directors' remuneration

The directors' emoluments were as follows:	2023 £m	2022 £m
Aggregate emoluments	3.0	1.8
Aggregate amounts (excluding shares) receivable under long-term incentive schemes	2.9	-
Aggregate amount of compensation for loss of office	0.4	-
Salary supplements	-	0.1
	6.3	1.9
Charge in respect of share-based payments	0.7	0.4
	7.0	2.3

There are no post-employment benefits accruing for any of the directors (2022: none) under a defined benefit scheme. No directors (2022: none) were members of defined contribution schemes.

Two directors (2022: none) exercised share options in the parent's shares during the year.

Two directors received shares under a long-term incentive scheme (2022: two)

The highest paid director's emoluments were as follows:	2023 £m	2022 £m
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive plans	3.3	0.8
Salary supplements	-	-
	3.3	0.8
Charge in respect of share-based payments	0.3	0.2
	3.6	1.0

d) Discontinued operations	2023 £m	2022 £m
Staff costs from discontinued operations	43.5	56.4

5 Exceptional items

	Continuing operations 2023 £m	Continuing operations 2022 £m
Included within cost of sales:		
- Net impairment reversals relating to property, plant and equipment	(0.8)	20.6
- Net impairment charges relating to right of use assets	14.8	23.2
- Impairment charges relating to joint venture	0.8	-
- Impairment charges relating goodwill	9.2	7.5
- Estate restructuring	(0.1)	5.4
	23.9	56.7
Included within administration costs:		
- Professional fees for various corporate activities	22.8	-
- Business Transformation	0.4	-
	23.2	-
Included within interest payable/receivable :		
- Refinancing costs	8.6	7.0
- Loss/(Gain) made on derivative financial instruments at fair value through income statement	0.1	(11.9)
	8.7	(4.9)
Exceptional items before tax	55.8	51.8
Effect of tax rate changes	-	(5.2)
Tax effect of exceptional Items	(5.0)	(11.1)
Net exceptional items for the year from continuing operations	50.8	35.5
Net exceptional items for the year from discontinued operations (Note 8)	(3.3)	65.7

Impairment of assets
Net impairment charge have been recorded against certain assets to reflect forecast results at our trading sites over the forecast period.

This charge comprises the following adjustments:
- A net impairment reversal in relation to property, plant and equipment of £0.4m
- A net impairment charge in relation to right of use assets of £14.6m
- An impairment of goodwill of £9.2m

The impairment charge includes a reversal of £6.4m of impairment from the prior year due to a revision in allocation of prior impairments to Cash Generating Units. Further details on the impairment of non-current assets are given in Note 12.

Estate restructuring
The Group has assessed the sites it regards as having onerous obligations for closed and closing sites based on the current forecast projections and has increased the provision accordingly. This provision for onerous sites relates to service charges and dilapidations and relates to a specific programme of restructuring. Business rates and the costs to exit for onerous sites are treated as an exceptional item and expensed as incurred.

Professional fees for various corporate activities
During the year, the Group incurred material one-off costs relating to corporate refinancing and restructuring activity. Since these costs are material, one-off and unrelated to underlying or ongoing trading, they are presented as exceptional items. See Note 8 and Note 22 for further details.

Business transformation
As part of the ongoing transformation activity to deliver synergies across the group a project has been undertaken to implement a common finance platform. In FY23, costs of £0.4m were incurred as the finance platform was extended to cover the Wagamama operations from March 2023.

Refinancing Costs
In December 2023, the Group refinanced its debt facilities resulting in the write off of unamortised deal fees (£4.2m) and the payment of an early exit charges (£4.4m).

Loss made on derivative financial instruments at fair value through income statement
During the year, the revaluation of derivatives resulted in fair value gains of £3.9m recognised at the half year. Upon repayment of the Group's borrowings in December 2023, all derivative financial instruments held by the Group were sold crystalising a loss on disposal of £4.0m.

Discontinued operations
Details of exceptional items arising from discontinued operations are set out in Note 8 to the financial statements. The total comprises net charges of £11.9m and a profit on disposal of £15.2m.

6 Finance costs & Income

	2023 £m	2022 £m
Bank interest payable	**26.5**	20.9
Unwinding of discount on lease liabilities	**14.1**	14.6
Amortisation of facility fees	**0.7**	3.5
Other interest payable	**0.1**	-
Trading finance costs	**41.4**	39.0
Loss on derivative financial instrument	**0.1**	-
Exceptional refinancing cost (Note 5)	**8.6**	7.0
Total finance costs	**50.1**	**46.0**
Unwinding of discounts on investments in subleases	**(0.2)**	-
Other interest receivable	**(0.5)**	(0.2)
Trading finance income	**(0.7)**	**(0.2)**
Gain on derivative financial instrument	-	(11.9)
Total finance income	**(0.7)**	**(12.1)**
Net finance costs from continuing operations	**49.4**	**33.9**
Net finance costs relating to discontinued operations	(2.4)	3.2
Total net finance costs	**47.0**	37.1

7 Tax

a) The tax charge/(credit) comprises:	Total 2023 £m	Total 2022 £m
Current tax		
UK corporation tax	0.7	-
Adjustments in respect of previous years	-	-
	0.7	-
Deferred tax		
Current year	6.8	(10.9)
Adjustments in respect of previous years	0.3	(1.2)
Effect of future taxes at higher rates	0.3	(6.2)
	7.4	(18.3)
Total tax charge/(credit) for the year	8.1	(18.3)
Comprising:		
Continuing operations - underlying	10.9	5.5
Continuing operations - exceptional items	(5.0)	(11.1)
Discontinued operations	2.2	(12.7)
Total tax charge/(credit) for the year	8.1	**(18.3)**

b) Factors affecting the tax charge for the year

The tax charged for the year varies from the standard UK corporation tax rate of 23.52% (2022: 19%) due to the following factors:

	Total 2023 £m	Total 2022 £m
Loss before tax	(12.1)	87.5
Loss before tax multiplied by the standard UK corporation tax rate of 23.52% (2022: 19%)	(2.8)	16.6
Effects of:		
Adjustment in respect of previous years	0.3	(1.2)
Expenses not deductible for tax purposes	6.6	1.2
Income not taxable	(3.5)	-
Effect of tax rate changes	0.3	(6.2)
Depreciation/impairment on non-qualifying assets	2.1	3.3
Share options	(0.7)	1.0
Tax reliefs and incentives	-	(1.1)
Amounts not recognized	3.6	-
Impairment on goodwill	2.2	1.4
Total tax (credit)/charge for the year	8.1	**(18.3)**

In the current period, the main items impacting the tax charge were exceptional costs as follows:

(i) £17.2m of non-tax deductible costs associated with the acquisition of the group by Apollo Global Management Inc
(ii) £5.5m of non-tax deductible costs relating to the restructuring of the group's estates portfolio
(iii) £2.6m of non-tax deductible costs in respect of other corporate transactions including the sale of the group's Leisure business

In addition, the deferred tax asset of £3.9m previously recognised in respect of the corporate interest restriction has been derecognised in full in the current period as it is not expected to unwind in the foreseeable future.

Other tax impacting items include disallowable depreciation of £9.0m relating to non-qualifying assets and the impairment of goodwill of £9.2m.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15% (referred to as the Pillar Two rules). The legislation implements a domestic top-up tax and a multinational top-up tax and will apply to the TRG group from the financial year ending 31 December 2024 onwards. As the TRG group is primarily UK-based with minor overseas operations, the incremental tax arising under the Pillar Two rules is not expected to be material. TRG has applied the exception under IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes. Following the acquisition of the TRG group by Apollo Global Management in December 2023, the highest level of consolidation will be at Rock BidCo Limited level such that the group entities in scope for the Pillar Two rules will comprise those within this set of consolidated financial statements and Rock Bidco Limited.

8 Discontinued operations

In October 2023, the Group entered into a transaction to dispose of its Leisure business comprising of 75 trading sites (principally comprising of the brands Frankie & Benny's and Chiquito) and associated restaurant and management team employees. As part of the transaction, TRG paid a cash contribution of £7.5m to the acquirer.

i) Results of discontinued operations	Note	2023 £m	2022 £m
Revenue		114.8	165.8
Cost of sales		(104.6)	(148.6)
Exceptional cost of sales		(11.1)	(64.0)
Gross profit		**(0.9)**	**(46.8)**
Administration costs		(3.6)	(6.7)
Exceptional administration costs		(0.7)	(1.7)
Operating loss		(5.2)	(55.2)
Interest payable		(2.6)	(3.3)
Interest receivable		0.1	0.1
Loss before tax from discontinued trading operations		(7.7)	(58.4)
Tax on loss from trading activities	7	(4.5)	0.6
Exceptional tax on loss	7	2.3	12.1
Loss for the year from discontinued trading operations		(9.9)	(45.7)
Profit on sale of discontinued operation		15.2	-
Profit/(loss) after tax from discontinued operations		**5.3**	**(45.7)**
Reconciliations of Exceptionals:			
- Net impairment reversals relating to property, plant and equipment		(2.2)	(25.4)
- Net impairment charges relating to right of use assets		(4.1)	(37.2)
- Estate restructuring		(4.8)	(1.4)
		(11.1)	**(64.0)**
- Professional fees for various corporate activities		(0.8)	(1.7)
		(11.9)	(65.7)
Profit on sale of discontinued operation (Note 8 above):		15.2	-
Net exceptional items for the year from discontinued operations	5	3.3	(65.7)

ii) Cash flows from (used in) discontinued operations	2023 £m	2022 £m
Net cash flows from operating activities	8.3	23.1
Net cash flows from investing activities	0.3	(16.7)
Net cash flows from financing activities	(7.2)	(6.6)
Net cash flows from the year	1.4	(0.2)

iii) Effect of disposal on the financial position of the Group	Note	2023 £m
Intangible assets	9	0.1
Property, plant and equipment	11	11.5
Right of use assets	10	19.5
Provisions	15	3.1
Deferred tax asset	17	20.1
Lease liabilities	16	(77.9)
Inventories		0.9
Book value of net assets sold		**(22.7)**
Disposal contribution paid to acquirer		7.5
Profit on disposal		(15.2)

9 Intangible assets

	Goodwill	Trademarks and licences	Franchise agreements	Software and IT development	Total
	£m	£m	£m	£m	£m
Cost					
At 2 January 2022	342.6	236.0	21.9	7.8	608.3
Additions	9.4	-	-	5.3	14.7
Disposals	-	-	-	(0.6)	(0.6)
At 1 January 2023	352.0	236.0	21.9	12.5	622.4
Accumulated amortisation and impairment					
At 2 January 2022	-	-	4.4	4.0	8.4
Charged during the year	-	-	1.5	0.9	2.4
Impairment	7.5	-	-	-	7.5
At 1 January 2023	7.5	-	5.9	4.9	18.3
Cost					
At 1 January 2023	352.0	236.0	21.9	12.5	**622.4**
Additions	-	-	-	4.8	**4.8**
Disposals	-	-	-	(0.1)	**(0.1)**
Disposal to BTG (Note 8)	-	-	-	(0.5)	**(0.5)**
At 31 December 2023	352.0	236.0	21.9	16.7	626.6
Accumulated amortisation and impairment					
At 1 January 2023	7.5	-	5.9	4.9	**18.3**
Charged during the year	-	-	1.6	2.0	**3.6**
Impairment (Note 12)	9.2	-	-	-	**9.2**
Disposals	-	-	-	(0.1)	**(0.1)**
Disposal to BTG (Note 8)	-	-	-	(0.4)	**(0.4)**
At 31 December 2023	16.7	-	7.5	6.4	**30.6**
Net book value as at 1 January 2023	344.5	236.0	16.0	7.6	604.1
Net book value as at 31 December 2023	335.3	236.0	14.4	10.3	**596.0**

The recoverable amount of the goodwill and trademark CGUs is £936.0m as at 31 December 2023 (£1,233.4m as at 1 January 2023). The recoverable amount has been based on value in use estimates using forecasts approved by the Board. The projected cash flows have been discounted using a rate based on the Group's pre-tax weighted average cost of capital of 11.2% (2022: 10.8%) that reflects the risk of these assets. Cash flows are extrapolated in perpetuity with an annual growth rate of 0-3% (2022: 0-3%).

The carrying amount of goodwill and indefinite life intangible assets allocated to groups of CGUs is presented below along with the group of CGU's recoverable amounts.

	Trademarks & licences	Goodwill	Total intangibles	Recoverable amount
	£m	£m	£m	£m
Wagamama	236.0	315.5	551.5	778.7
Brunning & Price	-	15.2	15.2	139.2
Blubeckers	-	4.6	4.6	24.5
Barburrito	-	-	-	(5.3)
Ribble Valley Inns	-	-	-	(1.0)
	236.0	**335.3**	**571.3**	**936.1**

The Group has conducted a sensitivity analysis taking into consideration the impact on key impairment test assumptions arising from a range of possible trading and economic scenarios as outlined in the stress case scenario at Note 1(c) as well as risk weightings applied to cash flows, discount rates used and terminal growth rates as outlined in Note 12.

The Company has assessed that the Wagamama trademark of £236.0m (2022: £236.0m) has an indefinite useful life, and therefore is not amortising this asset. If the trademark was amortised on a straight line basis over a period of 25 years, an additional £9.4m (2022: £9.4m) of amortisation would be recognised.

10 Right of use assets

Set out below are the right of use assets recognised in the Group's balance sheet and movements therein during the year. All assets relate to access to and use of property and there is, therefore, no analysis of assets into different classes of use.

	2023	2022*
	£m	£m
Right of use assets at beginning of year*	**241.0**	**293.5**
Arising on business combination	-	**8.5**
Additions	10.1	11.0
Disposals	(1.4)	(0.5)
Disposals to BTG (Note 8)	(19.5)	-
Depreciation	(39.7)	(37.1)
Remeasurements	42.0	26.0
Impairment on continuing operations (Note 12)	(14.8)	(60.4)
Impairment on discontinued operations	(4.1)	-
Right of use assets at reporting date	**213.6**	**241.0**

When indicators of impairment exist, right of use assets are assessed for impairment. As described in Note 12, all non-current assets were assessed at the end of 2023.

*Restated - refer to Note 2.

11 Property, plant and equipment

	Land and buildings £m	Fixtures and equipment £m	Total £m
Cost			
At 2 January 2022	548.7	171.8	720.5
Arising on business combination	-	0.3	0.3
Additions	19.2	37.5	56.7
Disposals	(2.2)	(2.1)	(4.3)
At 1 January 2023	565.7	207.5	773.2
Accumulated depreciation and impairment			
At 2 January 2022	313.3	122.1	435.4
Provided during the year	11.0	24.7	35.7
Impairment (Note 12)	13.0	37.0	50.0
Impairment reversals	(1.5)	(2.5)	(4.0)
Disposals	(1.0)	(0.6)	(1.6)
At 1 January 2023	334.8	180.7	515.5
Cost			
At 1 January 2023	565.7	207.5	**773.2**
Additions	12.9	32.7	**45.6**
Disposals	(27.8)	(13.7)	**(41.5)**
Disposal to BTG (Note 8)	(139.4)	(93.6)	**(233.0)**
At 31 December 2023	411.4	132.9	**544.3**
Accumulated depreciation and impairment			
At 1 January 2023	334.8	180.7	**515.5**
Provided during the year	11.1	16.7	**27.8**
Impairment (Note 12)	13.1	3.3	**16.4**
Impairment reversals	(11.5)	(3.5)	**(15.0)**
Disposals	(23.9)	(13.6)	**(37.5)**
Disposal to BTG (Note 8)	(134.0)	(87.5)	**(221.5)**
At 31 December 2023	189.6	96.1	**285.7**
Net book value as At 1 January 2023	230.9	26.8	**257.7**
Net book value as At 31 December 2023	221.8	36.8	**258.6**

The Group has carried out impairment testing of property, plant and equipment as described in Note 12.

The difference between the purchase of property plant and equipment in the cash flow statement and the additions to property plant and equipment in Note 11 relates entirely to fixed asset accruals.

	2023	2022
Net book value of land and buildings:	£m	£m
Freehold	100.0	107.8
Long leasehold (leasehold improvements)	1.3	2.2
Short leasehold (leasehold improvements)	120.5	120.9
	221.8	230.9

12 Impairment reviews

According to IAS 36, an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. However, irrespective of said impairment indicators, goodwill acquired in a business combination needs to be assessed annually for impairment.

Approach and assumptions

Our approach to impairment reviews is unchanged from that applied in previous periods and relies primarily upon “value in use” tests, although for freehold sites an independent estimate of market value by site has also been obtained as at 31 December 2023 from Savills, and, where this is higher than the value in use, we rely on freehold values in our impairment reviews.

Discount rates used in the value in use calculations are estimated with reference to our Group weighted average cost of capital. For 2023, we have applied the pre-tax discount rate of 11.2% to all assets (2022: 10.8%). The higher discount rate used in 2023 reflects the move from the group being listed to privately owned, as well as increasing interest rates in the UK amid a tough macroeconomic environment. This is however partially offset by a change in the financing structure of the Group to have a greater proportion of lease liabilities which are discounted at a lower rate than debt and equity.

For the current period, value in use estimates have been prepared on the basis of the forecast described in Note 1(c), above, under the heading “Going concern basis”. The most significant assumptions and estimates relate to revenue forecast on site-by-site cash flows. These use sales growth and terminal values ranging from 0%-3% across divisions. The impairment indicator giving rise to the charge for the year relates to the economic downturn arising from the current cost-of-living crisis, which has resulted in a reduced budgeted forecast from 2024 to 2026, predominantly in Barburrito and Pubs. The indicators for the impairment reversals relate to sites which are expected to deliver LFL sales growth from 2024 to 2026, with Concessions in particular benefiting from strong growth as passenger numbers continue to improve.

Results of impairment review

Impairment has been recorded in a number of specific CGUs, as well as impairment reversals. A net impairment charge of £20.3m (2022: £106.4m) has been recognised, of which £1.4m (2022: £46.0m) was recorded against Property, Plant & Equipment (“PPE”) and a further £18.9m (2022: £60.4m) against Right of Use Assets (excluding goodwill). This is a gross impairment charge of £35.3m (2022: £116.2m), offset by impairment reversals of £15.0m (2022: £9.8m).

A further charge of £9.2m (2022: £7.5m) was recorded as impairment to the Goodwill predominantly in relation to Barburrito Group Limited (2022: Pubs acquired through Blubeckers Limited and Ribble Valley Inns Limited).
Additionally, there was an impairment charge of £0.8m relating to the investment in Wagamama US.

Sensitivity to further impairment charges

The key assumptions used in the recoverable amount estimates are the discount rates applied and the forecast cash flows. The Group has conducted a sensitivity analysis taking into consideration the impact on key impairment test assumptions arising from a range of possible trading and economic scenarios as well as discount rates used.

The resulting sensitivities to fluctuations in the key assumptions have been summarised as follows:

Property, plant and equipment and right-of-use asset impairment:

Sensitivity	Change applied	Decrease in Net Impairment Expense	Increase in Net Impairment Expense
Sales forecast	+/- 1%	£(11.20)m	£8.40m
Inflation forecast	+/- 1%	£(9.20)m	£8.10m
Discount rate	+/- 1%	£(2.10)m	£1.80m
Terminal growth rate	+/- 1%	£(1.00)m	£0.70m
Freehold Valuation	+/- 5%	£(1.00)m	£2.10m

Goodwill impairment:

Sensitivity	Change applied	Increase in Net Impairment Expense
Sales forecast	- 1%	£7.80m
Inflation forecast	- 1%	£7.40m
Discount rate	- 1%	£4.70m
Terminal growth rate	- 1%	£25.80m
Freehold Valuation	- 5%	£0.10m

13 Trade and other receivables

	2023	2022
Amounts falling due within one year:	**£m**	£m
Net investment in subleases	0.4	0.6
Trade and other receivables	15.3	17.7
	15.7	18.3
Amounts falling due after one year: Net investment in subleases	2.3	5.5
Long term receivables	1.9	2.7
	4.2	8.2

The Group applies a simplified approach to expected credit losses, recognising a loss allowance based on historic losses and economic factors relating to specific customers. For more information relating to the expected credit loss on net investments in subleases, refer to Note 22.

The £1.9m (2022: £2.7m) in long term receivables relates to a $2.5m USD loan arrangement the Group has with a US based restaurant business. The loan has an annual interest rate of LIBOR +10% and a maturity within FY 2024.

14 Trade and other payables

	2023	2022
	£m	£m
Amounts falling due within one year:		
Trade payables	41.5	32.8
Other tax and social security	32.4	31.9
Other payables	13.3	19.4
Accruals	60.0	76.6
	147.2	160.7

Contingent liabilities

The Group has assigned a number of leases to third parties that were originally completed prior to 1 January 1996 and are therefore unaffected by the Landlord and Tenant (Covenants) Act 1995 and also a number of leases completed after this date that were the subject of an Authorised Guarantee Agreement. Consequently, should the current tenant default, the landlord has a right of recourse to The Restaurant Group Limited, or its subsidiaries, for future rental payments. As and when any liability arises, the Group will take whatever steps necessary to mitigate the costs. The Group has assessed the risk of this happening as remote.

15 Provisions

	2023	2022*
	£m	£m
Property cost provisions	0.5	7.0
Dilapidations provisions	10.6	10.1
Non-perimeter sites provisions	8.5	-
Balance at the end of the year	19.6	17.1
Analysed as:		
Amount due for settlement within one year	5.5	4.0
Amount due for settlement after one year	14.1	13.1
	19.6	17.1

	Property cost provisions	Dilapidations provisions	Non-perimeter sites provisions	Total
	£m	£m	£m	£m
At 1 January 2023*	7.0	10.1	-	17.1
Arising during the year	1.9	(1.0)	8.5	9.4
Disposal	(4.8)	-	-	(4.8)
Transfers	(2.0)	2.0	-	-
Amounts utilised	(1.6)	(0.5)	-	(2.1)
At 31 December 2023	**0.5**	**10.6**	**8.5**	19.6

*Restated- refer to Note 2

Property cost provisions

A provision is made for property-related costs for the period that a sublet or assignment of the lease is not expected to be possible. The amount and timing of the cash outflows are subject to uncertainty. The average period over which the provision is expected to be utilised is 4.9 years which is a key assumption in the valuation of the provision. An increase of one year in the expected period over which a sublet or assignment is not expected to be possible would result in an increase in the provision of £84k, whilst a decrease would result in a reduction on the provision of £57k. Included within the amounts disposed within the year, are £3.1m of provisions relating to the discontinued operations.

Dilapidations provision

Dilapidations includes a best estimate of the liability in respect of a constructive obligation to meet certain lease payments of a restaurant operated by an associate, the liability for which is considered probable on the closure of that restaurant, most likely within a year. See Note 2 for discussion of the prior year adjustment relating to dilapidations provisions within the Concessions division and Note 1(o) on the differing accounting policies for dilapidations between the divisions.

Non-perimeter sites provision

Following the sale of TRG UK Limited, the Group is liable for the lease payments and certain other costs associated with the disposed company's non-trading sites.

The Group have recognised a net liability for its contractual obligations set out within the SPA to the acquirers of TRG UK for those costs associated with the non-trading sites that the Group expects to reimburse. This provision comprises the net of costs expected to be incurred by the Group as a result of its indemnification obligations to the acquiring entity less the expected proceeds from the successful sale of disposed non-trading freehold sites (£8.5m). It is expected that the net liability will be settled within FY2024.

16 Lease liabilities

The Group is both a lessee and lessor of property.

(a) Group as lessee

Set out below are the movements in the carrying amount of lease liabilities during the period. All leases relate to access to and use of property.

	2023	2022
	£m	£m
At 1 January 2023	**396.0**	410.4
Arising on business combination	-	8.5
Additions	**10.0**	11.0
Unwinding of discount on lease liabilities	**16.7**	17.7
Cash payments made	**(61.4)**	(59.8)
Liabilities extinguished in disposals	**(8.1)**	(5.7)
Liabilities extinguished on disposal to Big Table Group (Note 8)	**(77.9)**	-
Remeasurements	**26.6**	13.9
At 31 December 2023	**301.9**	396.0
Analysed as:		
Amount due for settlement within one year	**50.6**	55.0
Amount due for settlement after one year	**251.3**	341.0
	301.9	396.0

The Group leases various buildings which are used for the purpose of operating pubs and restaurants. The leases are non- cancellable operating leases with varying terms and renewal rights, and include variable payments that are not fixed in amount but based upon a percentage of sales.

The total value of expense relating to low value leases in 2023 and 2022 was immaterial.

In addition to the unwinding of discount on lease liabilities noted in the above table and depreciation on right of use assets, the Group is exposed to leases where future cash outflows are not reflected in the lease liabilities because the agreements are based on variable lease payments in the form of turnover rent.

The costs incurred by the Group in respect of short leases was immaterial in both the current period and the prior period.

As at 31 December 2023, the Group was not committed to any leases with future cash outflows which had not yet commenced (2022: none).

Sensitivity to changes in assumptions

Termination Options

Some leases contain termination options exercisable by the Group before the end of the non-cancellable period. These extension and termination options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension or termination options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the termination options, would result in a decrease in cash outflows of £2.8m.

Discount Rate

Lease liabilities under IFRS 16 are initially recorded at the present value of future lease payments discounted using the Group's incremental borrowing rate, which we estimate with reference to our debt facilities and observed bond yields, calculated on a lease by lease basis. Lease liabilities are subsequently unwound using the same discount rate and included in finance expense in the Group income statement. Increasing the discount rate by 1% would lead to an increased interest expense of £4.1m, while decreasing by 1% would lead to a decrease of £4.1m.

(b) Group as lessor

All income relates to fixed rental receipts. Movements in the net investment in lease assets included income of £0.02m (2022: £0.6m) and an expected credit loss reversal of £nil (2022: £0.1m).

Finance leases

Undiscounted lease receipts relating to finance leases for future years are set out in the table below. The total in the table for Finance Leases is greater than the balance sheet amount due to the effects of discounting and provisions for expected credit losses. There is no undiscounted unguaranteed residual value within the amounts recognised.

	2023 £m	2022 £m
Amounts receivable in the next year	0.4	1.2
Amounts receivable in 1-2 years	0.3	1.1
Amounts receivable in 2-3 years	0.3	1.0
Amounts receivable in 3-4 years	0.3	0.9
Amounts receivable in 4-5 years	0.3	0.9
Amounts receivable after 5 years from the balance sheet date	2.2	7.5
Total	3.8	**12.6**

Operating leases

	2023 £m	2022 £m
Amounts receivable in the next year	0.1	0.1
Amounts receivable in 1-2 years	0.1	0.1
Amounts receivable in 2-3 years	-	-
Amounts receivable in 3-4 years	-	-
Amounts receivable in 4-5 years	-	-
Amounts receivable after 5 years from the balance sheet date	0.7	0.2
Total	0.9	**0.4**

17 Deferred taxation

	Capital allowances	Intangible assets	Share options	Losses*	Corporate interest restriction	Other temporary differences - trading	Deferred gains	2023 Total	2022 Total
Total continuing operations	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
As at 1 January 2023	(4.4)	65.1	(0.4)	(27.3)	(3.9)	(6.2)	2.9	25.8	43.6
Moved to discontinued operations	15.8	-	0.3	2.3	-	4.5	(0.5)	22.4	-
As at 1 January 2023 (continuing)	11.4	65.1	(0.1)	(25.0)	(3.9)	(1.7)	2.4	48.2	43.6
Movement in deferred tax balances (net of exceptional credit)	1.0	(0.8)	-	0.3	3.9	0.2	-	4.6	(17.1)
Adjustments in respect of previous years	0.4	(0.5)	-	0.3	-	0.4	-	0.6	(1.2)
Deferred tax taken directly to the income statement (Note 7)	**1.4**	**(1.3)**	**-**	**0.6**	**3.9**	**0.6**	**-**	**5.2**	**(18.3)**
Tax on share-based payments	-	-	-	-	-	-	-	-	0.5
Deferred tax taken through equity	-	-	-	-	-	-	-	-	0.5
Total continuing operations	**12.8**	**63.8**	**(0.1)**	**(24.4)**	**-**	**(1.1)**	**2.4**	**53.4**	25.8
Discontinued operations									
Moved from continuing operations	**(15.8)**	**-**	**(0.3)**	**(2.3)**	**-**	**(4.5)**	**0.5**	**(22.4)**	-
Movement in deferred tax balances (net of exceptional credit)	1.9	-	0.3	1.0	-	(0.7)	-	**2.5**	-
Adjustments in respect of previous years	(0.1)	-	-	(0.2)	-	-	-	**(0.3)**	-
Deferred tax taken directly to the income statement (Note 7)	1.8	-	0.3	0.8	-	(0.7)	-	**2.2**	-
Deferred tax (assets) extinguished on disposal to BTG (Note 8)	**14.0**	**-**	**-**	**1.4**	**-**	**5.2**	**(0.5)**	**20.1**	-
Total discontinued operations	**-**	**-**	**-**	**(0.1)**	**-**	**-**	**-**	**(0.1)**	-
As at 31 December 2023	**12.8**	**63.8**	**(0.1)**	**(24.5)**	**-**	**(1.1)**	**2.4**	**53.3**	**25.8**

	2023	2022
	£m	£m
Deferred tax liability consists of:		
Capital allowances in advance of depreciation	12.8	(4.4)
Intangible assets	63.8	65.1
Share options	(0.1)	(0.4)
Tax losses	(24.4)	(27.3)
Other temporary differences	1.3	(7.2)
	53.4	25.8

	2023	2022
There are unrecognised deferred tax assets at the period end as follows:		
Tax losses	0.4	0.4
Corporate interest restriction	3.9	-
	4.3	0.4

18 Share capital and reserves

Share capital	Number	£m
Authorised, issued and fully paid		
At 1 January 2023	**765,062,398**	215.2
Shares issued in the year	**15,298,002**	4.3
At 31 December 2023	**780,360,400**	219.5

The shares have a par value of 28.125p each (2022: 28.125p). During the year, 15,298,002 ordinary shares were issued for consideration of £1.4m, resulting in £0.3m of share premium.

The Group has no treasury shares.

Share premium

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued/redeemed at a premium.

Other reserves

Other reserves represent the Group's share-based payment transactions, foreign currency translation reserve and shares held by the employee benefit trust.

19 Share-based payment schemes

The Group operated two share-based payment schemes.

A charge has been recorded in the income statement of the Group in respect of share-based payments of £2.6m (2022: £2.4m).

The other reserves account in the balance sheet reflects the credit to equity made in respect of the charge for share-based payments made through the income statement and the purchase of shares in the market by the EBT in order to satisfy the vesting of existing and future share awards under the Restricted Share Plan (RSP).

Restricted Share Plan

The Group operated a Restricted Share Plan, which granted nil-cost options with a three-year vesting period to executive Directors and certain other senior employees, subject to specified underpin conditions. As a result of the acquisition of the Group in December 2023 (see Note 23), vesting of the outstanding options granted under the plan was accelerated for all participants on a pro-rata basis. All those options were exercised on completion of the transaction.

Year ended 31 December 2023

Period during which options were granted	Type of award	Fair value	Outstanding at the beginning of the year	Granted	Exercised	Lapsed	Outstanding at the end of the year	Exercisable at the end of the year
2020	Restricted Share Plan	54.0p	5,730,973	-	(5,712,984)	(17,989)	-	-
2021	Restricted Share Plan	127.0p	2,001,310	-	(1,894,391)	(106,919)	-	-
2022	Restricted Share Plan	66.0p	3,463,591	-	(2,150,572)	(1,313,019)	-	-
2023	Restricted Share Plan	65p	-	6,549,323	(1,994,608)	(4,554,715)	-	-

Year ended 1 January 2023

Period during which options were granted	Type of award	Fair value	Outstanding at the beginning of the year	Granted	Exercised	Lapsed	Outstanding at the end of the year	Exercisable at the end of the year
2020	Restricted Share Plan	54.0p	6,643,375	-	-	(912,402)	5,730,973	-
2021	Restricted Share Plan	127.0p	2,174,660	-	-	(173,350)	2,001,310	-
2022	Restricted Share Plan	66.0p	-	3,563,223	-	(99,632)	3,463,591	-

Owing to the terms of the instruments, their fair value is estimated to match the market value of shares at the date of grant.

Vesting of share options under the Restricted Share Plan was dependent on continuing employment as set out in the scheme rules, although in exceptional circumstances, employees were permitted to exercise options before the normal vesting date.

Save As You Earn

Under the Save As You Earn (SAYE) scheme, the Board granted options over shares in The Restaurant Group plc to UK-based employees of the Group. Options were granted with a fixed exercise price equal to 80% of the average market price of the shares for the five days prior to invitation. Employees paid a fixed amount from their salary into a savings account each month for the three-year savings period. At the end of the savings period, employees had six months in which to exercise their options the extent of savings in place at acquisition date. If employees decided not to exercise their options, they could withdraw the funds saved, and the options expired. Exercise of options was subject to continued employment within the Group, subject to standard good leaver provisions. In exceptional circumstances, employees were permitted to exercise these options before the end of the three-year savings period. Options were valued using the Black Scholes pricing model.

The acquisition by Apollo resulted in the SAYE share option maturity dates all being revised to December 2023, with participants having a further six months to exercise if they chose not to exercise on completion of the transaction. Due to the acquisition, the exercisable period was reduced to 20 days after Completion. If the employees elected to Exercise at Court Sanction, they were entitled to a one off compensation cash payment funded by Rock Bidco. Of the revised outstanding balance, the majority of participants opted to exercise their options on completion of the acquisition, resulting in a £1.9m cash payment. The remaining options will be exercised during the six-month exercise window, at which point any unexercised options will lapse. If elected to exercise the options, employees are entitled to a once off cash payment funded by Apollo.

Year ended 31 December 2023

Period during which options were granted	Exercise price	Outstanding at the beginning of the year	Granted	Forfeited	Exercised	Lapsed	Outstanding at the end of the year	Exercisable at the end of the year
2018	239.5p	3,120	-	(3,120)	-	-	-	-
2019	112.7p	169,720	-	(144,859)	-	(20,988)	3,873	3,873
2020	52.0p	1,786,210	-	(71,723)	(1,020,436)	(574,693)	119,358	119,358
2021	88.0p	506,881	-	(33,950)	-	(297,867)	175,064	175,064
2022	30.0p	11,785,801	-	(5,795,409)	(3,013,632)	(1,868,705)	1,108,055	1,108,055
2023	38.6p	-	4,030,936	(3,044,014)	(83,942)	(139,217)	763,763	763,763
Total number		**14,251,732**	**4,030,936**	**(9,093,075)**	**(4,118,010)**	**(2,901,470)**	**2,170,113**	**2,170,113**
Weighted average exercise price		**35.9**	**38.6**	**34.7**	**35.6**	**41.3**	**39.1**	**39.1**

Year ended 1 January 2023

Period during which options were granted	Exercise price	Outstanding at the beginning of the year	Granted	Forfeited	Exercised	Lapsed	Outstanding at the end of the year	Exercisable at the end of the year
2018	239.5p	42,298	-	-	-	(33,977)	8,321	8,321
2019	112.7p	240,469	-	(516)	-	(69,589)	170,364	159,714
2020	52.0p	5,683,825	-	(187,542)	(15,798)	(3,336,675)	2,143,810	-
2021	88.0p	1,505,077	-	(12,107)	-	(954,592)	538,378	-
2022	30.0p	-	12,064,015	-	-	-	12,064,015	-
Total number		**7,471,669**	**12,064,015**	**(200,165)**	**(15,798)**	**(4,394,833)**	**14,924,888**	**168,035**
Weighted average exercise price		**62.3**	**30.0**	**54.3**	**52.0**	**62.2**	**36.3**	**119.0**

The weighted average remaining contractual life for the shares outstanding at the end of the period is 6 months as any outstanding options that are not exercised by 20 June 2024, will lapse (2022: 2.58 years).

Assumptions used in valuation of share-based payments granted in the year ended 31 December 2023:

Scheme	**2023 RSP**	**2023 SAYE**	**2022 RSP**	**2022 SAYE**
Grant date	11/05/2023	23/10/2023	21/04/2022	24/10/2022
Share price at grant date	33.0p	48.3p	66.0p	37.5p
Exercise price	N/A	38.6p	N/A	30.0p
No. of options originally granted	6,549,323	4,030,936	3,563,223	12,064,015
Minimum vesting period	3 years	3 years	3 years	3 years
Expected volatility [1]	N/A	0.0%	N/A	57.6%
Contractual life	3 years	3 years	3 years	3 years
Risk free rate	N/A	5.19%	N/A	3.11%
Expected dividend yield	N/A	0.00%	N/A	0.00%
Expected forfeitures	15.0%	39.0%	16.9%	38.6%
Fair value per option	64.8p	0.80p	66.0p	0.17p

[1] Expected volatility is the measure of the amount by which the share price is expected to fluctuate during a period. Due to the entity delisting in the 2023 financial period, the share price in the 2023 year and going forward is fixed, and is not expected to fluctuate. As such, expected volatility is calculated up to date of delisting.

Employee Benefit Trust

An employee benefit trust (EBT) was established in 2007 in order to satisfy the exercise or vesting of existing and future share awards under the former Long-Term Incentive Plan, which preceded the Restricted Share Plan. However, after the Apollo acquisition, there were no shares held as at 31 December 2023.

20 Reconciliation of loss before tax to cash generated from operations

	2023 £m	2022 £m
Loss before tax from continuing operations	(19.6)	(87.4)
Profit before tax from discontinued operations	7.5	-
Loss before tax	(12.1)	(87.4)
Net interest payable	42.4	42.0
Exceptional/non-cash items	(32.2)	117.5
Share-based payments	2.6	2.4
Depreciation, amortisation and impairment	100.6	75.2
Increase in inventory	(1.4)	(0.5)
(Increase)/decrease in receivables and prepayments	10.9	(6.3)
(Decrease)/increase in creditors	(13.6)	7.6
Payment against provisions	(0.6)	(1.7)
Payment of exceptional costs	-	(8.6)
Cash generated from operations	96.6	140.2

Of the cash and cash equivalents at 1 January 2023, £40.0m was maintained in support of minimum liquidity requirements under borrowing covenants. No such covenant requirements exist at 31 December 2023.

Reconciliation of net cash from operating activities to free cash flow	2023 £m	2022 £m
Net cash flows from operating activities	51.7	118.9
Payment on exceptionals	-	-
Payment of obligations under leases	(44.7)	1.9
Refurbishment and maintenance expenditure	(44.2)	(36.6)
Payment against provisions	(0.6)	8.3
Free cash flow	(37.8)	92.5

21 Financial instruments and derivatives

Financial assets
The financial assets of the Group, which are classified at amortised cost, and those at fair value through profit and loss, comprise:

	2023	2022
	£m	£m
Cash and cash equivalents	5.9	27.7
Other receivables	19.9	26.5
Financial assets at amortised cost	25.8	54.2
Derivative financial instrument	-	15.4
Financial assets at fair value through profit and loss	-	15.4
Total financial assets	25.8	69.6

Cash and cash equivalents are comprised of cash at bank and cash floats held on site. The cash and cash equivalents balance includes £14.3m (2022: £11.6m) of credit card receipts that were cleared post year end.

Cash and cash equivalents also include £0.6m (2022: £0.4m) held on account in respect of deposits paid by tenants under the terms of their rental agreement.

During the prior period and current period until December 2023, the Group entered into derivatives in the form of interest rate caps which are measured at fair value through the profit and loss. The interest rate caps had an effective date of November 2022 to November 2026 - covering a value of £125.0m to November 2025 and £100.0m to November 2026. The strike price of the interest rate cap was 0.75%. Net gains of £3.9m were recognised in the current period in relation to the movement in the fair value of the interest rate cap. In December 2023, all interest rate caps were disposed resulting in a loss on disposal of £4.0m (see Note 5). Additionally, the Group has outstanding import guarantees and standby credits totalling £4.2m as at 31 December 2023.

Financial liabilities
The financial liabilities of the Group, all of which are classified as other financial liabilities at amortised cost, comprise:

	2023	2022
	£m	£m
Trade and other payables	147.2	160.7
Lease liabilities	50.6	55.0
Short-term financial liabilities	197.8	215.7
Long-term borrowings - at floating interest rates[1]	226.5	220.0
Bank fees	-	(6.6)
Lease liabilities	251.3	341.0
Long-term financial liabilities	477.8	554.4
Total financial liabilities	675.6	770.1

[1] In December 2023, the Group refinanced it borrowing facilities following its acquisition by Apollo. As a result, the previously held term loan was fully repaid and replaced with a 7-year term loan of £226.5m from the immediate parent undertaking (Rock Bidco Limited). Interest is payable at floating interest rates which fluctuate and are dependent on SONIA. There are no covenant requirements associated with these borrowings.

At 1 January 2023 and up to the point of refinancing, total financial liabilities attracting interest were £220.0m. Interest was payable at floating interest rates which fluctuated and dependent on SONIA and the Group's net debt to EBITDA leverage. The average rate of interest charged during the current period on these borrowing facilities to the point of refinancing was 11.40% (2022: 7.29%).

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while looking to maximise returns to shareholders. The capital structure of the Group consists of equity (comprising issued share capital, other reserves and retained earnings), borrowings and cash and cash equivalents. The Group monitors its capital structure on a regular basis through cash flow projections and consideration of the cost of financing its capital.

Under the previous finance arrangement, the Group was subject to externally imposed capital requirements in respect of the Term Loan and Revolving Credit Facility. The Group was required to maintain a net debt to EBITDA ratio below set covenant levels and a minimum liquidity requirement of £40.0m. There are no such requirements under the revised financing arrangements.

Secured liabilities and assets pledged as security

At 31 December 2023, no assets are pledged by the Group as security on the its borrowings from Rock Bidco Limited, the immediate parent undertaking.

Under the previous facilities, the Group has pledged certain assets in order to fulfil the collateral requirements of the Term Loan and Revolving Credit Facility.

At 1 January 2023, the Term Loan and Revolving Credit Facility were secured by a fixed charge over the shares and intellectual property of TRG (Holdings) Limited, The Restaurant Group (UK) Limited, Blubeckers Limited, Brunning and Price Limited, TRG Concessions Limited, and Wagamama Limited, as well as a floating charge on all present and future assets, property, business, undertaking and uncalled capital.

The maturity profile of anticipated gross future cash flows, including interest, relating to the Group's non-derivative financial liabilities, on an undiscounted basis, are set out below:

At 31 December 2023	Trade and other payables excluding tax	Floating rate loan	Lease liability debt	**Total**
	£m	£m	£m	£m
Within one year	147.2	-	51.2	**198.4**
Within one to two years	-	-	48.5	**48.5**
Within two to three years	-	-	40.5	**40.5**
Within three to four years	-	-	35.0	**35.0**
Within four to five years	-	-	31.8	**31.8**
After five years	-	226.5	331.4	**557.9**
	147.2	226.5	538.4	912.1

At 1 January 2023	Trade and other payables excluding tax	Floating rate loan	Lease liability debt	**Total**
	£m	£m	£m	£m
Within one year	160.7	27.7	57.4	**245.8**
Within one to two years	-	46.4	53.3	**99.7**
Within two to three years	-	42.5	48.2	**90.7**
Within three to four years	-	21.1	42.3	**63.4**
Within four to five years	-	19.4	37.7	**57.1**
After five years	-	184.8	223.5	**408.3**
	160.7	341.9	462.4	**965.0**

Fair value of financial assets and liabilities

Financial assets at fair value

There were no transfers between Levels 1, 2 and 3 fair value measurements during the current or prior period.

The interest rates caps held at 1 January 2023 were valued using Level 2 measurement. The Group has no other financial assets or liabilities that require measurement using Level 2 or Level 3 measurement techniques as defined by IFRS 13.

Long-term borrowings

	At 31 December 2023			At 1 January 2023		
	Drawn	Available facility	Total facility	Drawn	Available facility	Total facility
	£m	£m	£m	£m	£m	£m
Term loan	226.5	-	226.5	220.0	-	220.0
Revolving credit facilities	-	-	-	-	111.5	111.5
Total banking facilities	226.5	-	226.5	220.0	111.5	331.5
Unamortised loan fees	-			(6.6)		
Long-term borrowings	226.5			213.4		
Cash and cash equivalents	(5.9)	5.9		(27.7)	27.7	
Pre-lease liability net debt	220.6			185.7		
Lease liabilities	301.9			396.0		
Net debt	522.5			581.7		
Cash headroom		5.9			139.2	

At 31 December 2023, the Group's borrowings contained no covenant requirements.

At 1 January 2023, the Group had covenants over both the term loan and the revolving credit facilities (RCF). Both facilities required a minimum liquidity level of £40m which is measured as the total of cash and undrawn facilities. On the term loan, the covenant required total net debt to be no more than 5.0x EBITDA, gradually reducing to 4.0x by March 2025 until the end of the facility. On the RCF, the Group was required to maintain total net debt to EBITDA below 5.25x from March 2023, gradually reducing to 4.25x by March 2025 until the end of the facility. In addition, the ratio of RCF debt to EBITDA could be no more than 1.5x, when the RCF is drawn.

At 1 January 2023, the available revolving credit facilities were reduced from the total facility by £8.5m of letters of credit issued to external suppliers.

Net Debt

	Cash and cash equivalents	Bank loans falling due after one year	Lease liabilities	Total
	£m	£m	£m	£m
Balance as at 2 January 2022	**146.5**	**(318.1)**	**(410.4)**	**(582.0)**
Net repayments of borrowings	(110.0)	110.0	-	-
Upfront loan facility fee paid	(1.4)	1.4	-	-
Repayment of obligations under leases - principal	(42.1)	-	42.1	-
Repayment of obligations under leases - interest	(17.7)	-	17.7	-
Non-cash movements in the year	-	(6.7)	(45.4)	**(52.1)**
Net cash inflow	52.4	-	-	**52.4**
Balance as at 1 January 2023	**27.7**	**(213.4)**	**(396.0)**	**(581.7)**
Net repayments of borrowings	(358.0)	358.0	-	-
Proceeds from new borrowings	364.5	(364.5)	-	-
Upfront loan facility fee paid	-	-	-	-
Repayment of obligations under leases - principal	(44.7)	-	44.7	-
Repayment of obligations under leases - interest	(16.7)	-	16.7	-
Non-cash movements in the year	-	(6.6)	32.7	**26.1**
Net cash inflow	33.1	-	-	**33.1**
Balance as at 31 December 2023	**5.9**	**(226.5)**	**(301.9)**	**(522.5)**

The non-cash movements in lease liabilities are in relation to the de-recognition and remeasurement of lease liabilities, while the non-cash movement in bank loans are in relation to amortisation of prepaid facility costs.

22 Financial risk management

The Group finances its operations through equity and borrowings.

During 2023, management paid rigorous attention to treasury management requirements and continued to:

- ensure sufficient committed loan facilities were in place to support anticipated business requirements;
- ensure the Group's debt was supported by anticipated cash flows and that covenants were complied with; and
- manage interest rate exposure with a combination of floating rate debt and interest rate swaps when deemed appropriate.

The Board closely monitored the Group's treasury strategy and the management of treasury risk.

Further details on the business risk factors that are considered to affect the Group are included in the Risk Committee Report and more specific financial risk management (including sensitivity to increases in interest rates) are included in the Directors' Report.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Group. Counterparties for cash balances are large established financial institutions. The Group is exposed to credit related losses in the event of non-performance by the financial institutions but does not expect them to fail to meet their obligations.

As a retail business with trading receipts settled either by cash or credit and debit cards, there is very limited exposure from customer transactions. The Group is exposed to credit risk in respect of commercial discounts receivable. The Directors make regular assessments of the recoverability of commercial discount receivables based on their knowledge of the customer, historic payments and relevant macroeconomic factors. An appropriate provision will be made if it is considered the amounts will not be recovered, either partially or in full. This is consistent with the previous period. Receivables that are neither past due nor impaired are expected to be fully recoverable.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represent the Group's maximum exposure to credit.

Subleases

The credit risk in relation to net investment in subleases is subject to the Group's policy and procedures relating to credit risk. As at 31 December 2023, the Group has five live subleases with a rent receivable balance of £3.9m
(2022: £0.5m).

£nil sublease receivables were written off during the reporting period (2022: £0.7m).

The impairment analysis is performed at each reporting date. The credit quality of each tenant is assessed individually to estimate the probability of default for the expected credit loss calculation. The assessment is based on forward looking information of each tenant such as individual financial performance as well as wider economic conditions and monitoring the days past due with respect to outstanding rent. The exposure at default is considered to be the carrying value of the outstanding rent for the remainder of the sublease agreement.

Franchisees

The credit risk in relation to franchisee debtors is subject to the Group's policy and procedures relating to credit risk. As at 31 December 2023, the Group has 15 franchisee debtors in relation to Wagamama, with a receivable balance of £0.9 million. The impairment analysis is performed at each reporting date for franchisees also. The Expected Credit Loss ('ECL') relating to franchisees as at 31 December 2023 was £0.3m.

	Stage 1 £m		Stage 2 £m		Stage 3 £m		Total £m	
	Gross carrying amount	Expected credit loss	Gross carrying amount	Expected credit loss	Gross carrying amount	Expected credit loss	Gross carrying amount	Expected credit loss
As at 1 January 2023	**2.6**	**-**	**5.6**	**3.0**	**3.4**	**2.5**	**11.6**	**5.5**
Transfers to stage 1	2.4	-	(2.4)	-	-	-	-	-
Transfers to stage 2	(1.7)	-	3.2	-	(1.5)	-	-	-
Transfers to stage 3	-	-	(1.1)	-	1.1	-	-	-
Receipts	(1.0)	-	(0.3)	-	-	-	(1.3)	-
Additions	2.7	-	-	-	-	-	2.7	-
Recoveries	-	-	-	-	-	-	-	-
Charge for the year	0.1	-	0.1	(3.0)	-	(2.5)	0.2	(5.5)
Write offs	(2.4)	-	(5.1)	-	(3.0)	-	(10.5)	-
As at 31 December 2023	**2.7**	**- -**	**-**	**- -**	**-**	**- -**	**2.7**	**-**

(b) Liquidity risk

The Group has built an appropriate mechanism to manage liquidity risk of the short, medium and long-term funding and liquidity management requirements. Liquidity risk is managed through the maintenance of adequate cash reserves and borrowing facilities by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group's Term Loan with Rock Bidco Limited matures in December 2030 (as set in Note 21).

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations and has been controlled historically through the use of fixed and floating rate debt.

In the prior and current period until December 2023, to manage the risk of interest rate changes on borrowings, the Group entered into interest rate caps. The interest rate caps have an effective date of November 2022 to November 2026, for a value of £125.0m to November 2025 and £100.0m to November 2026. In December 2023, all interest rate cap financial derivatives were disposed.

As a result, a 1% rise or fall in interest rate will have a £2.3m impact (2022: £2.7m) on interest expense (as set out above).

Foreign Currency Movement

During the year, there was no foreign currency gain/ loss (2022: £0.4m loss) on translation of foreign subsidiaries.

23 Ultimate parent undertaking

At 1 January 2023, The Restaurant Group Limited (formerly The Restaurant Group plc), which is registered in Scotland, 1 George Square, Glasgow G2 1AL (Registration No. SC30343) was the ultimate parent undertaking.

Following the acquisition of The Restaurant Group Limited on 21 December 2023, the ultimate parent is the Apollo Global Management private equity fund, which is registered in the US.

24 Related party transactions

As disclosed in Note 21, in December 2023 the Group entered into a 7-year £226.5m term loan from its immediate parent undertaking, Rock Bidco Limited. There were no other related party transactions with the new ultimate parent entity (see Note 23) in the 52 weeks ended 31 December

There were no other related party transactions in the 52 weeks ended 31 December 2023 other than those relating to key management personnel.

Remuneration in respect of key management personnel, defined as the Directors for this purpose, is disclosed in Note 4.

25 Subsequent Events

On 28 May 2024, the Group acquired the remaining 80% equity interest in the US Wagamama joint venture (Wagamama USA LLC) from its joint venture partner (CVC Ramen LLC). As a result of this transaction, the Group now owns 100% of Wagamama USA LLC.

There are no other subsequent events which would have a material impact on the financial statements at the balance sheet date.

Company balance sheet

	Note	At 31 December 2023 £m	At 1 January 2023 £m
Non-current assets			
Investments in subsidiary undertakings	3	**128.2**	125.6
Loans to subsidiary undertakings	4	**826.4**	739.8
Derivatives measured at fair value through profit & loss		**-**	15.4
Right of use assets	6	**-**	-
		954.6	880.8
Current assets			
Receivables			
Other debtors		**3.2**	-
Cash and cash equivalents		-	11.3
		3.2	11.3
Total assets		**957.8**	892.1
Current liabilities			
Bank overdraft		**(9.6)**	-
Lease liability	6	**-**	(0.3)
Amounts falling due within one year to Group undertakings	4	**(4.6)**	(0.4)
Accruals		**(3.8)**	(6.0)
		(18.0)	(6.7)
Net current (liabilities)/assets		**(14.8)**	4.6
Total assets less current liabilities		**939.8**	885.4
Long-term borrowings	5	**(226.5)**	(213.4)
Lease liability	6	**-**	(1.1)
Net assets		**713.3**	670.9
Capital and reserves			
Called up share capital		**219.5**	215.2
Share premium account		**0.3**	-
Other reserves		**5.1**	2.5
Profit and loss account		**488.4**	453.2
Shareholders' funds		**713.3**	670.9

The Company's loss for the year was £35.2m (2022: loss of £6.3m).

The financial statements of The Restaurant Group Limited (company registration number SC030343) on pages 87 to 92 were approved by the Board of Directors and authorised for issue on 29 August 2024 and were signed on its behalf by:

Mark Chambers
Chief Financial Officer

Statement of Changes in Equity

	Share capital £m	Share premium £m	Other reserves £m	Profit and loss account £m	Total £m
Balance at 2 January 2022	**215.2**	**394.1**	**0.1**	**65.4**	**674.8**
Cancellation of share premium	-	(394.1)	-	394.1	-
Employee share-based payment schemes	-	-	2.4	-	2.4
Total comprehensive income	-	-	-	(6.3)	(6.3)
Balance at 1 January 2023	**215.2**	**-**	**2.5**	**453.2**	**670.9**
Balance at 1 January 2023	**215.2**	**-**	**2.5**	**453.2**	**670.9**
Issue of new shares upon exercise of share options	4.3	0.3	(3.2)	-	1.4
Employee share-based payment schemes	-	-	2.6	-	2.6
Total comprehensive loss	-	-	-	35.2	35.2
Balance at 31 December 2023	**219.5**	**0.3**	**1.9**	**488.4**	**710.1**

Other reserves represent the Company's share-based payment transactions and the shares held by the Employee Benefit Trust.

On 8 December 2022, under a special resolution confirmed by an Order of the Count of Session, Scotland, the Company's share premium balance was cancelled. The balance was subsequently transferred to retained earnings.

The Restaurant Group Limited

Notes to the Company accounts

52 weeks ended 31 December 2023

1 Accounting policies and basis of preparation

Basis of preparation

The Company accounts have been prepared under the historical cost convention and in accordance with UK Accounting Standards. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. As permitted under FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, business combinations, financial instruments, fair values, presentation of a cash flow statement and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements. The financial statements are presented in sterling, rounded to the nearest hundred thousand.

Going concern basis

The financial statements have been prepared on a going concern basis. For further details of the basis of this going concern assessment, please refer to Note 1 of the consolidated financial statements.

Investments

Investments are valued at cost less any provision for impairment.

Derivatives

The Company enters into derivative transactions to manage its exposure to interest rate risks. Derivatives are recognised initially at fair value on the date the contract is entered into and subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately. A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Financial liabilities - Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. This is also applicable to fees for amendments to the loan facilities. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Share-based payment transactions

The Group operates a share option programme which allows employees of the Group to acquire shares in the Company. The fair value of options granted is recognised as an employee expense in the company in which the employees are employed with a corresponding increase in capital contribution. The Company recognises an increase in the investment held by the Company in the subsidiary in which the employees are employed.

The fair value of the options is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The Black-Scholes valuation model is used to measure the fair value of the options granted, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to market based conditions not achieving the threshold for vesting. Refer to Note 19 in the consolidated financial statements for further details.

Inter-Group receivables

Intra-Group receivables are recognised initially at fair value, and subsequently at amortised cost using the effective interest rate method, less an allowance for any uncollectable amounts. The Company assesses for doubtful debts (impairment) using the expected credit losses model as required by IFRS 9. For intra-Group receivables, the Company applies the simplified approach which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances, cash balances on hand and in restaurants, and cash-in-transit for credit card transactions made within 72 working hours, providing there is no risk of cash return.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and six months, depending on the immediate cash requirements of the Company, and earn interest at the respective short term deposit rates.

Leases

i) Right of use assets

Right of use assets are initially measured at the value of the corresponding lease liability and subsequently adjusted for depreciation and for any remeasurement of the lease liability. Right of use assets are assessed for impairment where required by IAS 36.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term.

ii) Lease liabilities

Lease liabilities under IFRS 16 are initially recorded at the present value of future lease payments (discounted using the Group's incremental borrowing rate, which we estimate with reference to our debt facilities and observed bond yields).

Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable and variable payments.

Lease liabilities may be recalculated in some situations as stipulated by IFRS 16, including where the terms of a lease are modified, which can also result in a separate lease being recognised. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. Such changes to the amount of the lease liability will be also reflected in the corresponding right of use asset, except where a reduction in the asset would result in a negative outcome, in which case the asset's value is reduced to nil and the residual credit recorded in profit or loss.

In determining the lease term and assessing the length of the non-cancellable period of a lease, an entity shall apply the definition of a contract and determine the period for which the contract is enforceable. A lease is no longer enforceable when the lessee and lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

Impairment

The Company formally determines whether the carrying amount of right of use assets ('RoUA') are impaired by considering indicators of impairment annually. Impairment for tangible assets is tested on the basis of each individual cash generating unit (CGU) – an individual restaurant or pub site.

For intangible assets including investments, the testing is performed at the level of the relevant group of CGUs that benefit from the intangible asset or investment. An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. This requires the Company to determine the lowest level of assets which generate largely independent cash flows and to determine their recoverable amount, based on estimating the value-in-use or the fair value less cost of disposal of these assets or CGUs; and compare these to their carrying value. Impairment losses for property, plant and equipment are recognised in the income statement.

Impairment losses recognised in prior periods for property, plant and equipment and RoUA shall be reversed where there is an indication that the impairment no longer exists. Where an impairment reversal is recognised, the carrying amount of the asset will be increased to its recoverable amount with the increase being recognised in the income statement. This increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

(o) Onerous property costs

The Company has a number of site related contractual commitments that are onerous and not included in the scope of IFRS 16. Where these exist, typically for closed sites, the Company provides for its estimate of the minimum cost of exiting the contracted commitments, such as rates, services and dilapidations where these are included in the contracts with landlords.

Estimates have been made with respect to the time to exit, sublet or cover the fixed cost base, along with other associated exit costs as well as an evaluation of the cost of void period prior to sublet and the value of lease incentive which may be required to be paid as part of the sublet process. The amounts of future expenditures for site closure costs are reviewed throughout the year and are based on readily available information at the reporting date as well as management's historical experience of similar transactions.

Critical accounting judgements and estimates

i)Impairment of non-current assets

Impairment reviews are conducted in line with the Group process as disclosed in Note 14 of the Group financial statements.

The impairment reviews of investments require several estimates to determine the value-in-use including forecasts as described in Note 1 of the Group financial statements. The key estimates are in relation to the calculation of the future cash flows and discount rate. A reduction in sales of 5% has no impact on the impairment outcome. A 1% increase in the discount rate applied has no impact on the impairment outcome.

ii) Forecast business cash flows

For purposes of the going concern assessment and as an input into the impairment assessment, the Group make estimates of likely future cash flows which are based on assumptions given the uncertainties involved. The assumptions include the extent of government restrictions and support, the recovery of the revenues through and beyond the pandemic, cost of labour and supplies and working capital movements. These assumptions are made by management based on recent performance, external forecasts and management's knowledge and expertise of the cash flow drivers.

2 Profit attributable to members of the Company

As permitted by section 408 of the Companies Act 2006, a separate profit and loss account has not been presented for the Company.

Remuneration of the auditor is borne by a subsidiary undertaking (refer to Note 3 in the consolidated financial statements).
During the year, the Company made a loss of £0.1m (2022: gain of £11.9m) relating to derivatives held at fair value through the profit and loss (refer to Note 21 in the consolidated financial statements).

All costs of employees and Directors are borne by a subsidiary undertaking. At 31 December 2023, the Company employed five persons, being the directors (1 January 2023: six persons). Refer to Note 4 in the consolidated financial statements for further details of remuneration paid for services.

3 Investment in subsidiary undertakings

	Shares £m	Share Based Payment £m	Total £m
Cost and Net Book Value			
At 1 January 2023	91.8	33.8	**125.6**
Share-based payment schemes		2.6	**2.6**
At 31 December 2023	**91.8**	**36.4**	**128.2**

The Company's subsidiaries are listed below:

	Registered Number	Country of Incorporation	Status	Proportion of voting rights and shares held at 31 December 2023
Holding company				
TRG (Holdings) Limited*	05556066	England and Wales	Holding	100%
Wagamama				
Wagamama (Holdings) Limited (formerly Mabel Bidco Limited)*	07556525	England and Wales	Holding	100%
Wagamama Limited*	02605751	England and Wales	Trading	100%
Wagamama International (Franchising) Limited*	03881186	England and Wales	Trading	100%
Wagamama CPU Limited*	10439358	England and Wales	Trading	100%
Ramen USA Limited*	05175554	England and Wales	Holding	100%
Wagamama USA Holdings Inc		USA	Holding	100%
Wagamama Inc		USA	Trading	100%
Wagamama NY 1011 3rd LLC		USA	Holding	100%
Wagamama NY 53 3rd LLC		USA	Holding	100%
Pubs				
Brunning and Price Limited*	01543132	England and Wales	Trading	100%
Blubeckers Limited*	01994330	England and Wales	Trading	100%
Ribble Valley Inns Limited*	04991522	England and Wales	Trading	100%
Concessions & Barburrito				
TRG Concessions Limited*	12061348	England and Wales	Trading	100%
TRG Leisure Limited*	01337324	England and Wales	Trading	100%
Barburrito Group Limited*	12883632	England and Wales	Trading	100%
Dormant				
Mabel Topco Limited*	07556481	England and Wales	Dormant	100%
Mabel Midco Limited*	07556491	England and Wales	Dormant	100%
Mabel Mezzco Limited*	07556501	England and Wales	Dormant	100%
Wagamama Group Limited*	03237591	England and Wales	Dormant	100%
D.P.P. Restaurants Limited*	04273322	England and Wales	Dormant	100%
Food & Fuel Limited*	05637266	England and Wales	In Liquidation	100%
Chiquito Limited*	01854767	England and Wales	In Liquidation	100%

The Company's operating subsidiaries are registered in England, Wales and the USA, and operate restaurants in the United Kingdom and the USA. TRG (Holdings) Limited is directly owned, all other investments are indirectly owned.

The Restaurant Group Limited has guaranteed the liabilities of the subsidiaries listed below under section 479A and C of the companies Act 2006. As such, subsidiaries listed above with and asterisk will take advantage of the audit exemption set out within section 479A for the year ended 31 December 2023.

4 Loans to subsidiary undertakings

On 22 November 2022, the Company was assigned £128.0m of receivable benefit from Mable Midco Limited in return for the extinguishment of its loan due from TRG (Holdings) Limited for the same amount. Following the assignment, the Company holds a receivable from TRG (Holdings) Limited of £597.3m. Interest is payable at a rate of 8% plus SONIA per annum with interest accruing quarterly on to the balance outstanding.

An expected credit loss provision of £4.6m (2022: £4.1m) was recognised in relation to the amounts due from subsidiary undertakings.

5 Long term Borrowings

At 31 December 2023, total Company borrowing facilities consist of a £226.5m loan with the immediate parent company, Rock Bidco Limited expiring in December 2030, following the refinancing which occurred subsequent to the Apollo acquisition.

In the prior year, the Company borrowing facilities consisted of a £120m Revolving Credit Facility ('RCF') expiring in March 2027, and a £220m Term Loan which matures in April 2028. The RCF had £111.5m of committed borrowing facilities in excess of gross borrowings and was committed until March 2027.

At 1 January 2023, the interest rate on the Term Loan is 6.5% above SONIA. A margin ratchet linked to the leverage ratio is in place which ranges from 6.5% to 7.25% for the Term Loan, and 2.5% to 4% for the RCF. A commitment fee of 0.35% of the RCF margin applies for undrawn amounts of the RCF. The maturity dates on the Group's debt facilities are as follows: April 2028 for the Term Loan; and March 2027 for the RCF.

In the prior and current year, in order to manage the risk of interest rate changes on borrowings, the Group entered into interest rate caps. The caps have effective dates of 17 November 2022 to 17 November 2026, for a value of £125.0m to November 2025 and £100.0m to November 2026. The strike price of the interest rate cap is 0.8% and a total premium of £3.1m was paid. The derivatives were disposed in December 2023 upon the Group's refinancing. The interest rate cap is measured at fair value through the profit and loss.

6 The Company as a lessee

Set out below are the movements in the carrying amount of lease liabilities and right of use assets during the period. All leases relate to access to and use of property.

	Right of use asset		Lease liability	
	2023	2022	2023	2022
	£m	£m	£m	£m
Brought forward	-	-	(1.4)	(1.5)
Additions	-	-	-	-
Unwinding of discount on lease liabilities	-	-	-	(0.1)
Cash payments made	-	-	-	0.4
Extinguished in disposals	-	-	-	-
Remeasurements	-	-	-	(0.2)
Disposal	-	-	1.4	-
Impairment	-	-	-	-
Carried forward	-	-	-	(1.4)
Analysed as:				
Amount due for settlement within one year			-	(0.3)
Amount due for settlement after one year			-	(1.1)
			-	(1.4)

The total value of expense relating to short term leases in 2022 totalled £nil (2021: £nil).