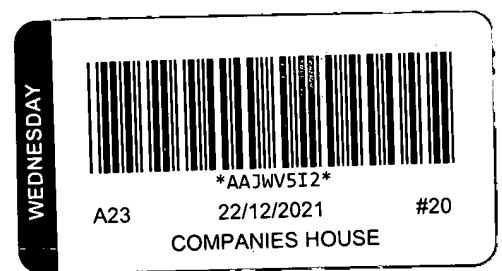


Company Registration No. 05018441 (England and Wales)

LEON RESTAURANTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR
THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020



LEON RESTAURANTS LIMITED

DIRECTORS AND ADVISERS

Directors

M Issa
Z V Issa
C V Burford

Secretary

I M Patel

Company number

05018441

Registered office

Waterside Head Office
Haslingden Road
Guide, Blackburn
Lancashire
BB1 2FA

Independent auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Business address

27 Copperfield Street
London
SE1 0EN

LEON RESTAURANTS LIMITED

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LEON RESTAURANTS LIMITED

STRATEGIC REPORT

FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

Purpose Values and Culture

LEON continues to be a pioneer in the rapidly evolving contemporary fast-food market, and we refer to our offering as "naturally fast food".

The group principally comprises Leon Restaurants Limited, the UK operating company, which is also the parent of Leon USA Inc, Leon Grocery Limited, and Leon Naturally Fast Food Plc, the issuer of a consumer bond which provides financing to the group.

Our mission is to make it easier for everyone to eat and live well. We are focused on creating and selling fast food that:

- ✓ Tastes great, naturally.
- ✓ Is remarkably good for you.
- ✓ Leaves you feeling good after you've eaten it.
- ✓ Is affordable, and
- ✓ Is kind to the planet.

We believe that our eat and live well mission must be true for our team members, as well as our customers.

We feed all our LEON family when they are at work, and we provide everyone with training in nutrition, cooking, and healthy eating.

We believe that everyone should be rewarded fairly and equally for the work they do. We do not use the lower bands of the National Minimum Wage for hourly paid team members but instead pay all team members at least the over 25's adult rate of the National Living Wage from the start, regardless of their age.

Our customers and staff must enjoy what we offer with the highest expectations of safety and responsibility with respect to the food we serve, and the physical environment in which it is served. Now more than ever, this is a fundamental principle underpinning everything we do.

Sustainability

As a naturally fast-food business, being kind to the planet is in our mission and is something we put importance on within the business, with customers and with our partners.

LEON is a founding member of the Sustainable Restaurant Association (SRA) which exists to help restaurants become more sustainable in the way they source their ingredients, engage with the local community, and manage their impact on the environment.

LEON RESTAURANTS LIMITED

STRATEGIC REPORT

FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

LEON continued to hold its 3-star rating in 2020, the highest possible rating. The award is based on the current practices in the business, for example reviewing the purchasing of ingredients, treatment of team and the community with respect, and careful management of the natural resources used by the business. The SRA also review LEON's business policies, continual improvement aims and sustainability initiatives.

Our ongoing commitment is across three areas:

1. **Food sourcing & coffee**
2. **Waste, energy & property**
3. **People**

We have continued to put importance on three key objectives within these, which we give more detail on below:

- A menu which is increasingly plant based.
- Reducing our use of plastic.
- Being powered by energy from 100% renewable sources and staying responsible with our energy use.

Food sourcing & coffee

We believe in natural ingredients that are good for you and sourcing them in a way that is good for the planet.

We have clearly defined food values, and our suppliers are required to comply with our detailed requirements. We source from farmers who meet high animal welfare standards, and we visit the farms which supply our meat and dairy produce. Our milk for example is sourced from a co-operative of organic farms in Wales. We serve only sustainably caught or sustainably farmed fish. We serve coffee that is organic, fair trade and that supports rainforests through the World Land Trust (WLT). To date LEON's partnership with WLT has enabled the purchase and permanent protection of 2,179 acres of land otherwise vulnerable to deforestation.

A menu which is increasingly plant based

One of our key objectives for the last three years has been to increase the amount of plant-based food we offer. Since we began in 2004, we have believed in the importance of plants and rely on natural herbs more than processing to flavour our meals.

Vegan products make up 37% of all day menu sales, a +5% increase on 2019. Vegan burgers nearly make-up half of all burger sales across LEON restaurants.

Waste, energy & property

Our strategy is to introduce packaging wherever possible made from materials that have an available recycling stream thereby increasing demand for recycled packaging products. We have joined an automatic bottle recycling trial in Central London, where participants are rewarded with "LEON credits". In partnership with waste management partner Veolia, we ensure that all our separated waste is recycled and any waste that cannot be properly separated is incinerated to generate energy.

Another key objective is to ensure we source our energy sustainably and use it responsibly. A majority of our restaurants (wherever we buy the electricity ourselves) are powered by a 100% renewable UK energy and we do not use gas, only electricity. We have as much as possible sought out energy efficient equipment, for example moving to LED lighting.

LEON RESTAURANTS LIMITED

STRATEGIC REPORT

FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

People

This third area of our sustainability commitment is people. This area of the business came under immense pressure during the pandemic. In response to this, training has become digitised with the launch of Attensi, a gamified training platform. This has driven team engagement with training content with over 85% of restaurant teams achieving over 80% completion. An online applicant tracking system, PeopleBank enabled improved external recruitment efforts. Continuing to look after team's well-being, an Employee Assistance Program has provided 24 hour mental health support to our team members.

Streamlined Energy and Carbon Reporting (SECR)

In line with the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 our greenhouse gas emissions (GHG) from energy use are set out below. The Directors are committed to complying with the new mandatory carbon reporting framework. Once a carbon footprint has been created, an organisation can begin identifying areas with the greatest potential for emission reductions.




Emissions Sources Included

This report includes UK energy use, and the associated GHG emissions, that relate to

- Activities for which the Group is responsible or consumption of fuel for the purpose of transport (Scope 1); and
- The purchase of electricity by the Group for its own use.

Methodology

The footprint is calculated in accordance with the GHG Protocol and Environmental Reporting Guidelines. DEFRA emission factors have been used for all emission sources as this provides the most comprehensive list of factors available. They allow an activity to be converted into carbon dioxide equivalent (CO₂e).

 Scope 1 Energy Consumption Scope 2 Energy Consumption	Energy Consumption (kWh)		
	Current Year	SECR Baseline	Variance
	2020	2019	%
	23,995	22,422	7%
 Scope 1 Scope 2 - Location Based (LB) Scope 2 - Market Based (MB) Total Carbon - LB (tCO₂) Total Carbon - MB (tCO₂)	Carbon Emissions (tCO ₂ e)		
	Current Year	SECR Baseline	Variance
	2020	2019	%
	6.0	5.8	4%
 Ratio 1 (tCO₂e/ Turnover £m)	Intensity Ratio		
	Current Year	SECR Baseline	Variance
	2020	2019	%
	32.6	24.6	33%

LEON RESTAURANTS LIMITED

STRATEGIC REPORT

FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

Overall carbon emissions have dropped by 35% on a market-based approach. Energy consumption in the financial period has been impacted by the challenging trading conditions due to covid-19 pandemic. The carbon emissions being generated from 100% renewable energy (221 tCO₂e) is far lower (-82%) than a location-based approach of standard grid supply.

Despite a difficult year, it remains a key objective to ensure we source our energy sustainably and use it responsibly.

Business Model and Strategy

Our long-term strategy is based on our mission to enable as many as possible to eat and live well. We will continue our UK expansion and to develop the brand in new markets and new formats.

Following a strategic review at the beginning of 2021, the Board decided to exit from USA market to focus on the UK. The impact of covid-19 was particularly felt in our US operations, where LEON was in its early years of developing the brand and customer base. There have been many learnings, and the Board still believe that the opportunity still exists to take LEON to the USA in the future.

On 17th April 2021 EG Group acquired 100% of Leon Restaurants Limited. Following the acquisition, EG Group intends to invest in the LEON brand and broaden the current foodservice offer across their extensive global site network. With plans to open around 20 LEON sites per year from 2022, EG Group also sees significant potential for LEON's non-restaurant products across its convenience retail proposition.

Our mission for people to eat well and live well continues to be boosted by Leon Grocery business. In partnership with Sainsbury's, we have launched a large range of fresh, frozen and ambient products into the UK grocery marketplace. This business operates as Leon Grocery Limited, a majority owned subsidiary of the Company at year end. On completion of the acquisition of Leon Restaurants Limited by EG Group, the 15% minority shareholding in Leon Grocery Limited was acquired by Leon Restaurants Limited.

On the 2nd February 2021, Leon USA Inc and its subsidiaries filed for Chapter 7 of the United States Bankruptcy code. Leon Restaurants Limited disposed of its shareholding in Leon USA Inc to a third party on 6th May 2021.

Review of the business including Key Performance Indicators (KPI's)

UK Market Conditions and trends impacting the business

The hospitality industry has been one of the hardest hit sectors by the covid-19 pandemic. Restrictions on trading have significantly impacted hospitality business turnover and LEON has not been immune from this. Throughout lockdown LEON kept open at least 12 restaurants. By April 2021, we had re-opened 38 of our 41 restaurants. Continued restrictions on trading and the uncertainty around the tiering system and unlocking of restrictions has made it more challenging for businesses to plan.

The Government has provided valuable support schemes targeted to the hospitality industry, such as the Eat Out to Help Out Scheme, reduced VAT rate, a business rates holiday for 2020/21 (extended to 30 June 2021) and a series of local government grants. The Group claimed £6.4m from the job retention scheme (furlough) with a number of restaurants being temporarily closed; and the restaurants that remained open, required less team to service the impacted sales because of Government advice and restrictions throughout the financial period.

The successful roll-out of the vaccine within the UK provides hope to a return of some sense of normality and the recovery of turnover to pre-pandemic levels.

LEON RESTAURANTS LIMITED

STRATEGIC REPORT

FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

Analysis of development and performance

Trading throughout 2020 was impacted by the pandemic. During the year we kept open 12 of our 41 UK owned restaurants, and by the end of the financial year we had 31 UK owned restaurants trading. On the 18 December 2020, the Company entered into a Company Voluntary Arrangement "CVA". The impact of the CVA was to reduce the committed fixed rent liability and move towards a turnover rent-based methodology for the next two financial periods. This enables the Board to plan for stabilisation and a return to growth in the UK home market.

The net liability position at the end of the financial period totalled £2,116,324 (2018: £13,197,114 net asset position).

2020 Key financial and other KPI's

Revenue for all Leon Sites was impacted by Covid-19 and government restrictions on trade. In the year there were 3 Leon owned openings (2019: 6), together with six (2019: 7) new franchise units. In the year there were four franchise closures. Of the three LEON owned openings, two were in the UK and one in Virginia, USA.

<i>Key performance indicator</i>	<i>2020</i>	<i>2019</i>	<i>Change</i>
Revenue from All Leon Sites ⁽¹⁾	£49.8m	£115.3m	-£65.5m
Owned Sites	50	47	+3
Franchise Sites	29	27	+2
Total Sites	79	74	+5
Total Revenue ⁽²⁾	£38.0m	£76.3m	-£38.3m
Adjusted EBITDA ⁽³⁾ (inc. USA)	(£6.2)m	£3.6m	-£9.4m
Adjusted UK EBITDA ⁽³⁾	(£4.1)m	£5.2m	-£9.3m

Notes:

⁽¹⁾ Revenue from all LEON sites represents the total sales from both owned and franchise sites.

⁽²⁾ Total revenue represents total revenue from owned sites plus grocery revenue, franchise royalty and licence income.

⁽³⁾ Adjusted EBITDA is UK restaurant operating profit adjusted for the add back of: depreciation, amortisation, exceptional items, preopening costs and top up of furlough salary (see reconciliation below).

LEON RESTAURANTS LIMITED

STRATEGIC REPORT

FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

Reconciliation from Statutory to adjusted measures and from Statutory to UK adjusted measures

	52 weeks ended 27 December 2020					52 weeks ended 29 December 2019				
	UK	US	Grocery	Consolidation adjustments	Total	UK	US	Grocery	Consolidation adjustments	Total
	£m					£m				
Turnover	33.5	0.8	3.7	-	38.0	74.4	1.2	0.7	-	76.3
<i>Reconciliation from operating loss to adjusted EBITDA</i>										
Operating loss	(12.0)	(5.4)	(0.0)	1.7	(15.7)	(5.0)	(2.2)	(0.1)	6.2	(1.1)
<i>Add back:</i>										
Exceptional administrative items ^(a)	3.7	2.7	0.1	(1.7)	4.8	6.5	-	-	(6.2)	0.3
Pre-opening ^(b)	0.1	0.1	-	-	0.2	0.4	0.5	-	-	0.9
Furlough Costs ^(c)	0.6	-	-	-	0.6	-	-	-	-	-
Depreciation and amortisation	3.5	0.4	-	-	3.9	3.3	0.2	-	-	3.5
Adjusted EBITDA	(4.1)	(2.2)	0.1	-	(6.2)	5.2	(1.5)	(0.1)	-	3.6

^(a) During the period, the business incurred exceptional administrative expenses as detailed in note 3 to the financial statements.

^(b) During the period, the business incurred pre-opening costs of £175k (52 Week period ended 29 December 2019: £899k).

^(c) During the period, the UK business incurred costs of £635k (2019 £nil) for topping up employment costs for the Government Job Retention Furlough scheme.

Key risks and uncertainties

The Company regularly assesses the significant risks faced and acts where appropriate to mitigate their potential impact.

The covid-19 pandemic has presented very significant risks and uncertainties. The successful vaccine rollout offers an exit from the Government restrictions and the return to normality. The CVA which was successful, addressed the risk around rent commitments, moving more towards lower fixed rent and turnover-based rent reflecting current trading.

In addition other risks and uncertainties are as follow:

- There is continuing uncertainty around the Brexit process and its potential impact on supply chain. We continue to work with all our suppliers closely to identify the products at most risk and working with them on a strategy to minimise disruption.
- Labour shortages and team availability to meet future growth plans, especially in London and the Southeast of England. Digitalisation of our restaurants will help to offset some risk, and demand for additional team. We are also reviewing our pay, benefits, and training to ensure that we keep and attract team to Leon.

LEON RESTAURANTS LIMITED

STRATEGIC REPORT

FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

Current trading and outlook

Trading continues to be affected by Government restrictions. The business has seen encouraging and consistent week on week growth in turnover in all restaurants. 38 out of 41 owned restaurants are fully trading, and we continue to carefully monitor re-opening the remaining three based on expectations of likely revenue.

In April 2021, EG Group acquired Leon Restaurants Limited. Following the acquisition, EG intends to invest in the LEON brand. With plans to open around 20 LEON sites per year from 2022. In June 2021, LEON unveiled plans for its first drive-thru restaurant in West Yorkshire. The prominent new 2,000 square foot drive-thru restaurant is the first of its kind for the brand and is set to open in autumn 2021. This will also be the first new opening since the acquisition by the EG Group.

LEON is proud of the steps we took to during this pandemic, including:

- launching 'FeedNHS', a platform to provide meals to hospitals, delivering up to 237,000 LEON meals, and with our hospitality partners, reaching nearly half million meals to hospitals between April 2020 and April 2021;
- keeping some restaurants open to support the NHS based on their proximity to hospitals; and
- offering 30% discount to all the NHS team.

Section 172(1) statement

This section describes how the directors have had regard to the matters set out in section 172(1) Companies Act 2006 in exercising their duty to promote the success of the Company for the benefit of all stakeholders.

The Board seeks to understand the respective interests of such stakeholder groups so that these may be properly considered in the Board's decisions. This is achieved through various methods, including: direct engagement by Board members; receiving reports and updates from the management team who engage with such groups; and discussions in Board meetings of relevant stakeholder interests with regard to proposed courses of action.

i. Employees

The Directors recognise that Leon employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining, and motivating employees. The Directors factor the implications of decisions on employees where relevant. Employees are kept informed of performance and strategy through regular presentations and updates from members of the management team.

ii. Customers

Our mission is to make it easier for everyone to eat and live well. We are focused on creating and selling fast food that tastes great, naturally, is remarkably good for you, leaves you feeling good after you've eaten it and is affordable. We regularly engage with our customers across several social media platforms and operate the LEON Club for customers who wish to engage further.

iii. Suppliers

Delivering our strategy requires strong mutually beneficial relationships with suppliers.

iv. Environment

As a naturally fast-food business, being kind to the planet is in our mission and is something we put importance on within the business, with customers and with our partners. Further details on this can be found in the Strategic Report.

LEON RESTAURANTS LIMITED

STRATEGIC REPORT

FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

Financial Risks

Foreign exchange risk

The group's principal focus is the UK restaurant and Grocery business. The foreign exchange risk has further reduced with the exiting of USA business.

Interest rate risk

The Group borrows at variable rates. The Group does not use interest rate swaps. Following the acquisition of the Group by EG Group in April 2021, all borrowings were repaid in full,

Credit risk

Trade receivables predominately arise from the group's grocery and franchising businesses. The board do not believe that there is a high risk, as the amounts are immaterial to the overall Group's operation.

Liquidity risk

Cash forecasts are produced frequently and regularly reviewed to manage day to day liquidity.

Future developments

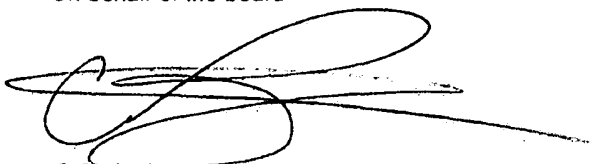
On April 2021 EG Group acquired 100% of Leon Restaurants Limited. Following the acquisition, EG Group intends to invest in the LEON brand and broaden the current food service offer across their extensive global site network. With plans to open around 20 LEON sites per year from 2022. EG Group also sees significant potential for LEON's non-restaurant products across its convenience retail proposition.

It is the Board's intention to continue development of the business, with a view to achieving the following:

- Helping more people live well and eat well.
- More Innovation in our naturally fast food category.
- Continuing UK expansion.
- Continuing the growth of our new retail business, Leon Grocery.

More than ever, we wish to thank all our LEON family teams for their dedication and hard work, especially during these exceptionally challenging times.

On behalf of the board



C Burford
Director

16 December 2021

LEON RESTAURANTS LIMITED

DIRECTORS' REPORT

FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

The directors present their report and audited consolidated financial statements for the 52 week period ended 27 December 2020 (2019 was a 52-week period).

Results and dividends

The consolidated statement of comprehensive income for the 52-week period is set out on page 15. The directors do not recommend payment of a dividend (2019: nil).

Future developments and financial risks of the company are included in the Strategic Report.

Directors

The directors of the company, who were in office during the period and up to the date of signing of the financial statements were:

A W Perring	(Resigned 5 January 2021)
J A Vincent	(Resigned 9 May 2021)
T J Smalley	(Resigned 9 May 2021)
S J B Skinner	(Resigned 9 May 2021)
N D Evans	(Resigned 9 May 2021)
B D Blum	(Resigned 9 May 2021)
F L Lambranhó	(Resigned 9 May 2021)
R Boscolo	(Resigned 9 May 2021)
C V Burford	(Appointed 5 January 2021)
M Issa	(Appointed 9 May 2021)
Z V Issa	(Appointed 9 May 2021)

Post balance sheet event

On 17th April 2021 EG Group agreed to acquire 100% of Leon Restaurants Limited. On the 9th May 2021 the transaction completed.

On completion, the loan facilities were fully repaid, and 15% minority shareholding in Leon Grocery Limited were acquired by Leon Restaurants Limited.

Following the acquisition, EG Group intends to invest in the LEON brand and broaden the current foodservice offer across their extensive global site network. With plans to open around 20 LEON sites per year from 2022, EG Group also sees significant potential for LEON's non-restaurant products across its convenience retail proposition.

On the 2nd February 2021, Leon USA Inc and its subsidiaries filed for Chapter 7 of the United States Bankruptcy code. Leon Restaurants Limited disposed of its shareholding in Leon USA Inc to a third party on 6th May 2021.

LEON RESTAURANTS LIMITED

DIRECTORS' REPORT

FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

Going concern

The Directors of the Group have considered the appropriateness of the basis of going concern to the financial statements following a detailed review of the risks, including the impact of the covid-19 pandemic and restrictions to trading which have impacted turnover and cash flows.

The Group has taken steps to respond to this unprecedented crisis, including reducing cost base, and utilising Government schemes, including furlough, deferring tax payments, business rates relief and local government grants. Leon Restaurants Limited underwent and completed a CVA, which was approved in December 2020. The result of which was to reduce the fixed rent cost commitment for a period of two years. The Group has been generating positive EBITDA every month since the end of February 2021.

Following the acquisition of Leon Restaurants Limited by the EG Group Limited on the 18th April 2021, which completed on 9 May 2021 the Group's loan facilities were repaid in full. As a result of this there are no banking covenant tests to be met.

The Group's current financing is through cash and an inter-company account with the EG Foodservice Limited. The Group has received a letter of financial support for the foreseeable future and confirmation that the inter-company balance between the Group and EG Foodservice Limited will not be recalled for at least 12 months from the date of signing these Financial Statements.

As at the end of the financial reporting month September 2021, the Leon Restaurants Group had consolidated cash of £3.5m.

The Directors have prepared a severe but plausible downside scenario which assumes a new lockdown or return to trading restrictions during the winter of 2021 and the lifting of these at the end of March 2022. In this scenario sales have been modelled at 60% lower than 2019 from November 2021 to March 2022, and then only recovering to 25% lower from April 2022 to June 2022. This scenario does not assume any further Government schemes during this period. Under the severe but plausible downside scenario, with forecast capital expenditure of £1.8m for the 14 months ending December to June 2022, the Company and the Group would have sufficient cash to continue as a going concern for at least 12 months from the date of signing these financial statements.

Accordingly, based on the above, the Directors consider the going concern assumption in the preparation of the Leon Restaurants Limited's financial statements to be appropriate as at the date of authorisation for issue of the December 2020 financial statements.

Employees

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee engagement statement

The group's policy is to consult and discuss with employees matters likely to affect their interests and their day-to-day wellbeing. We keep our family informed through our digital team engagement App, reports and via team meetings which seek to achieve a common awareness of the financial economic and other factors affecting our performance.

Statement of engagement with suppliers, customers, and others in a business relationship with the company

We recognise the importance of positive engagement with all stakeholders. We aim to maintain strong relationships with our key suppliers, and our landlords. We have the same positive dialogue and engagement with sector regulatory organisations.

Our Guest Happiness team are at the forefront of our customer engagement, and we also use social media to speak with our wider circle of friends.

LEON RESTAURANTS LIMITED

DIRECTORS' REPORT

FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

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

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

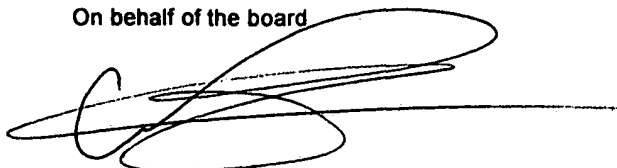
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements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

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

On behalf of the board



C Burford

Director

16th December 2021

LEON RESTAURANTS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LEON RESTAURANTS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Leon Restaurants Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 27 December 2020 and of the group's and company's loss and the group's cash flows for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Group and Company balance sheets as at 27 December 2020; the Consolidated statement of comprehensive income, the Consolidated cash flow statement, and the Group and company statements of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

LEON RESTAURANTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LEON RESTAURANTS LIMITED

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 27 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

LEON RESTAURANTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LEON RESTAURANTS LIMITED

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to taxation and employment laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Challenging assumptions and judgements made by management in determining significant accounting estimates or judgements, in particular in relation to the assessment of impairment of tangible fixed assets;
- Identifying and testing unusual journal entries, in particular journal entries posted with unusual account combinations, and testing all material consolidation journals.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Emma Jarvis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London

16 December 2021

LEON RESTAURANTS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

		52 Week period ended 27 December 2020	52 Week period ended 29 December 2019
	Note	£	£
Turnover	2	37,990,826	76,272,083
Cost of sales		(14,721,314)	(24,049,565)
Gross profit		23,269,512	52,222,518
Administrative expenses before exceptional items		(40,518,025)	(53,008,754)
Exceptional administrative expenses	3	(4,826,222)	(294,086)
Administrative expenses		(45,344,247)	(53,302,840)
Other operating income	4	6,359,648	-
Operating loss	3	(15,715,087)	(1,080,322)
Loss before interest and taxation		(15,715,087)	(1,080,322)
Interest receivable and similar income	7	2,072	4,600
Interest payable and similar expenses	8	(911,705)	(1,088,312)
Loss before taxation		(16,624,720)	(2,164,034)
Tax on loss	9	1,098,455	(201,974)
Loss for the financial period		(15,526,265)	(2,366,008)
Currency translation difference		212,827	94,395
Total comprehensive loss for the financial period		(15,313,438)	(2,271,613)
Loss attributable to:			
Owners of the parent		(15,522,406)	(2,348,514)
Non-controlling interests		(3,859)	(17,494)

The consolidated statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the consolidated statement of comprehensive income.

LEON RESTAURANTS LIMITED

GROUP AND COMPANY BALANCE SHEETS AS AT 27 DECEMBER 2020

	Note	Group		Company	
		27 December 2020	29 December 2019	27 December 2020	29 December 2019
		£	£	£	£
Fixed assets					
Intangible assets	11	64,570	51,724	64,570	51,724
Tangible assets	12	12,514,919	17,890,476	12,507,548	15,189,638
Investments	14	-	-	50,208	50,208
		12,579,489	17,942,200	12,622,326	15,291,570
Current assets					
Inventories	15	322,663	403,940	236,996	326,485
Debtors: amounts falling due within one year	16	1,551,998	3,032,893	1,591,470	3,180,912
Debtors: amounts falling due after more than one year	17	2,936,827	2,588,369	2,872,539	2,509,944
Cash at bank and in hand	18	8,562,411	15,868,500	7,986,119	15,388,37
		13,373,899	21,893,702	12,687,124	21,405,713
Creditors: amounts falling due within one year	19	(14,722,159)	(13,387,300)	(13,302,612)	(13,007,255)
Net current (liabilities) / assets		(1,348,260)	8,506,402	(615,488)	8,398,458
Total assets less current liabilities		11,231,229	26,448,602	12,006,838	23,690,028
Creditors: amounts falling due after more than one year	20	(13,347,553)	(13,251,488)	(13,347,553)	(13,251,488)
Net (liabilities) / assets		(2,116,324)	13,197,114	(1,340,715)	10,438,540
Capital and reserves					
Called up share capital	24	384,524	384,524	384,524	384,524
Share premium account	25	27,182,810	27,182,810	27,182,810	27,182,810
Profit and loss account	25	(29,969,527)	(14,447,121)	(28,908,049)	(17,128,794)
Other reserves		307,222	94,395	-	-
Equity attributable to owners of the parent		(2,094,971)	13,214,608	(1,340,715)	10,438,540
Non-Controlling Interest	28	(21,353)	(17,494)	-	-
Total shareholders' (deficit) / funds	26	(2,116,324)	13,197,114	(1,340,715)	10,438,540

The Company made a loss for the financial period of £11,779,255 (2019: loss £6,288,824).

The financial statements on pages 15 to 43 were approved by the Board of Directors on 16 December 2021 and signed on its behalf by

C V Burford

Director

16 December 2021

Company Registration No. 05018441

LEON RESTAURANTS LIMITED

GROUP AND COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

Group	Called up share capital	Share premium	Profit and loss account	Other reserves	Equity attributable to the owners of the parent	Non- controlling interest	Total equity
	£	£	£	£	£	£	£
Balance as at 31 December 2018	323,100	17,111,364	(12,098,607)	-	5,335,857	-	5,335,857
Loss for the financial period	-	-	(2,348,514)	-	(2,348,514)	(17,494)	(2,366,008)
Currency translation difference	-	-	-	94,395	94,395	-	94,395
Total comprehensive loss for the period	-	-	(2,348,514)	94,395	(2,254,119)	(17,494)	(2,271,613)
Shares issued	61,424	10,071,446	-	-	10,132,870	-	10,132,870
Total transactions with owners, recognised directly in equity	61,424	10,071,446	-	-	10,132,870	-	10,132,870
Balance as at 29 December 2019	384,524	27,182,810	(14,447,121)	94,395	13,214,608	(17,494)	13,197,114
Balance as at 30 December 2019	384,524	27,182,810	(14,447,121)	94,395	13,214,608	(17,494)	13,197,114
Loss for the financial period	-	-	(15,522,406)	-	(15,522,406)	(3,859)	(15,526,265)
Currency translation difference	-	-	-	212,827	212,827	-	212,827
Total comprehensive loss for the period	-	-	(15,522,406)	212,827	(15,309,579)	(3,859)	(15,313,438)
Total transactions with owners, recognised directly in equity	-	-	(15,522,406)	212,827	(15,309,579)	(3,859)	(15,313,438)
Balance as at 27 December 2020	384,524	27,182,810	(29,969,527)	307,222	(2,094,971)	(21,353)	(2,116,324)

Company	Called up share capital	Share premium	Profit and loss account	Other reserves	Equity attributable to the company	Non- controlling interest	Total equity
	£	£	£	£	£	£	£
Balance as at 31 December 2018	323,100	17,111,364	(10,839,970)	-	6,594,494	-	6,594,494
Loss for the financial period	-	-	(6,288,824)	-	(6,288,824)	-	(6,288,824)
Total comprehensive loss for the period	-	-	(6,288,824)	-	(6,288,824)	-	(6,288,824)
Shares issued	61,424	10,071,446	-	-	10,132,870	-	10,132,870
Total transactions with owners, recognised directly in equity	61,424	10,071,446	-	-	10,132,870	-	10,132,870
Balance as at 29 December 2019	384,524	27,182,810	(17,128,794)	-	10,438,540	-	10,438,540
Balance as at 30 December 2019	384,524	27,182,810	(17,128,794)	-	10,438,540	-	10,438,540
Loss for the financial period	-	-	(11,779,255)	-	(11,779,255)	-	(11,779,255)
Total comprehensive loss for the period	-	-	(11,779,255)	-	(11,779,255)	-	(11,779,255)
Total transactions with owners, recognised directly in equity	-	-	(11,779,255)	-	(11,779,255)	-	(11,779,255)
Balance as at 27 December 2020	384,524	27,182,810	(28,908,049)	-	(1,340,715)	-	(1,340,715)

LEON RESTAURANTS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

	Note	2020 £	2019 £
Net cash (outflow)/inflow from operating activities	22	(3,509,156)	2,721,440
Taxation paid		(1,545)	(1,974)
Net cash (used in)/ generated from operating activities		(3,510,701)	2,719,466
Cash flow from investing activities			
Purchase of intangible assets		(48,481)	(48,086)
Purchase of tangible assets		(3,078,273)	(6,340,386)
Proceeds from disposal of tangible assets		-	104,594
Interest received		2,072	4,600
Net cash used in investing activities		(3,124,682)	(6,279,278)
Cash flow from financing activities			
Issue of ordinary share capital		-	10,132,870
Proceeds from bank loan		-	-
Proceeds from other loan		247,299	-
Repayment of bank loans		-	-
Repayment of other short-term loans		(3,000)	(9,500)
Expenses paid in connection with issue of debt		-	-
Interest paid		(820,613)	(929,915)
Net cash (used in) / generated from financing activities		(576,314)	9,193,455
(Decrease) / increase in cash in the period		(7,211,697)	5,633,643
Cash at the beginning of the period		15,868,500	10,207,264
Effects of currency translation on cash		(94,392)	27,593
Cash at the end of the period		8,562,411	15,868,500

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

1 Accounting policies

General information

Leon Restaurants Limited is a pioneer in the rapidly evolving contemporary fast-food market. The Company is a private Company limited by shares and is incorporated in the United Kingdom and registered in England and Wales. The address of its registered office is 27 Copperfield Street, London, SE1 0EN.

Basis of preparation

The financial statements of Leon Restaurants Limited have been prepared in compliance with United Kingdom Accounting Standard, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom" ("FRS 102") and the Companies Act 2006. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented. The Company has adopted FRS 102 in these financial statements.

The financial statements consolidate the financial statements of Leon Restaurants Limited and all its subsidiary undertakings ('subsidiaries') detailed in Note 30.

These financial statements are prepared on a going concern basis, under the historical cost convention. The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent Company profit and loss account.

Going concern

The Directors of the Group have considered the appropriateness of the basis of going concern to the financial statements following a detailed review of the risks, including the impact of the covid-19 pandemic and restrictions to trading which have impacted turnover and cash flows.

The Group has taken steps to respond to this unprecedented crisis, including reducing cost base, and utilising Government schemes, including furlough, deferring tax payments, business rates relief and local government grants. Leon Restaurants Limited underwent and completed a CVA, which was approved in December 2020. The result of which was to reduce the fixed rent cost commitment for a period of two years. The Group has been generating positive EBITDA every month since the end of February 2021.

Following the acquisition of Leon Restaurants Limited by the EG Group Limited on the 18th April 2021, which completed on 9 May 2021 the Group's loan facilities were repaid in full. As a result of this there are no banking covenant tests to be met.

The Group's current financing is through cash and an inter-company account with the EG Foodservice Limited. The Group has received a letter of financial support for the foreseeable future and confirmation that the inter-company balance between the Group and EG Foodservice Limited will not be recalled for at least 12 months from the date of signing these Financial Statements.

As at the end of the financial reporting month September 2021, the Leon Restaurants Group had consolidated cash of £3.5m.

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

The Directors have prepared a severe but plausible downside scenario which assumes a new lockdown or return to trading restrictions during the winter of 2021 and the lifting of these at the end of March 2022. In this scenario sales have been modelled at 60% lower than 2019 from November 2021 to March 2022, and then only recovering to 25% lower from April 2022 to June 2022. This scenario does not assume any further Government schemes during this period. Under the severe but plausible downside scenario, with forecast capital expenditure of £1.8m for the 14 months ending December to June 2022, the Company and the Group would have sufficient cash to continue as a going concern for at least 12 months from the date of signing these financial statements.

Accordingly, based on the above, the Directors consider the going concern assumption in the preparation of the Leon Restaurants Limited's financial statements to be appropriate as at the date of authorisation for issue of the 2020 financial statements.

Turnover

- i. Restaurant turnover*
Turnover shown in the profit and loss account represents the value of goods and services provided net of discounts during the period, stated net of value added tax.
- ii. Franchise turnover*
Franchise turnover comprise of on-going royalty fees based on an agreed percentage and up-front signing fees.
- iii. Other royalties*
Other royalties comprise of on-going fees based on an agreed percentage for licenced products.
- iv. Wholesales of goods*
Turnover comprises invoiced supply of goods for the period (excluding Value Added Tax) in the United Kingdom. Sales are recognised at the point at which the Company has fulfilled its contractual obligations and the risks and rewards attached to the product have been transferred to the customer.

Foreign currency

Functional and presentation currency

The group financial statements are presented in pound sterling. The company's functional and presentation currency is the pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Translation

The trading results of group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings are translated at the exchange rates ruling at the year-end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income' and allocated to non-controlling interest as appropriate.

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

Intangible fixed assets and amortisation

Intangible assets are comprised of trademarks and are stated at historic cost and amortised on a straight-line basis over the useful economic life of that asset as follows:

Trademarks	up to 10 years
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Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic cost less any provision for impairment, less accumulated depreciation. Depreciation is provided on a straight-line basis at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold property	over the period of the lease
Restaurant and office equipment	over 5 years

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

Investments

Investments in subsidiaries are stated at cost less provision for impairment.

Inventories

Inventories are valued at the lower of cost and net releasable value after making allowance for obsolete and slow-moving inventory.

Defined contribution pension plan

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the 52 week (2019: 52 week) period they are payable. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Deferred taxation

Deferred taxation is recognised, without discounting, in respect of all timing differences. A Deferred tax asset is recognised to the extent that it is regarded as recoverable. Deferred tax assets and liabilities are calculated using the taxation rates that have been enacted or substantively enacted by the balance sheet date.

A net deferred tax asset is recognised only if it can be regarded as more than likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Share-based payments

Certain senior employees of the Company receive part of their remuneration in the form of share-based payment transactions, whereby they render services in exchange for shares. These are accounted for as equity settled share-based payment. The cost of equity settled transaction is measured by reference to the fair value at the grant date and is recognised as an expense over the vesting period.

The Company has a share-based payment scheme (called the Apple Tree Scheme) whereby certain employees are awarded annual "points" (based on individual performance) which may convert, at the discretion of the remuneration committee, to a cash payment related to the value of the business on exit. The employee must be in employment at the date of exit to benefit from this scheme. At the beginning of the year, there were 121 points awarded. At the end of 2019 there were 201 points awarded. Given that the scheme is discretionary on exit, no share-based payment charge has been accounted for in these financial statements.

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

Exceptional administrative costs

The Company classifies items of expenses as exceptional items, where the nature of the item, or its size, is likely to be material, non-recurring and unrelated to normal trading activities, so as to assist the user of the financial statements to better understand the Company's underlying trading position.

Government Grants

Government grants are accounted for under the accruals model. Grants of a revenue nature are recognised in Other Operating Income within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough'). The Company has not directly benefitted from any other forms of government assistance.

Financial instruments

The company has chosen to adopt the Section 11 and 12 of FRS 102 in respect of financial instruments.

i. Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii. Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Fees paid on the establishment of loan facilities are recognised as a transaction costs of the loan.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled, or expires.

Significant accounting judgements and estimation uncertainty

The Company makes estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, not always equal the related actual results.

Impairment

The Company considers whether its intangible and tangible assets are impaired. Where an indication of impairment is identified, the determination of recoverable value requires estimation of future cash flows based on appropriate assumptions. Each restaurant is considered a cash generative unit. The key estimates are the forecast revenue and margin for each restaurant.

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

2 Turnover

The total turnover of the group for the 52 week period (2019: 52 weeks) has been derived from its four revenue streams.

	2020	2019
Analysis by turnover category:	£	£
Restaurant revenue	33,105,808	72,798,807
Franchise income	1,070,686	2,483,074
Grocery revenue	3,697,125	708,991
Other royalties	117,207	281,211
Turnover	37,990,826	76,272,083

	2020	2019
Analysis by turnover geography:	£	£
United Kingdom	37,183,093	75,081,265
USA	807,733	1,190,818
Turnover	37,990,826	76,272,083

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

3 Operating loss

Operating loss is stated after charging/(crediting):

	2020 £	2019 £
Depreciation of tangible assets	3,848,939	3,488,987
Amortisation of intangible assets	35,635	23,169
Inventory recognised as an expense	12,826,211	22,209,898
Operating lease rentals	5,099,133	8,964,033
Exceptional administration expenses	4,826,222	294,086
Fees payable to the Company's auditors and its associates for the audit of the parent company and the group's consolidated financial statements:		
- as auditors	113,645	77,625
Fees payable to the company's auditors and its associates for other services:		
- audit of the company's subsidiaries	14,700	19,175
- for tax compliance service	20,000	19,950
- for tax advisory service	-	26,450
- for turnover certificates	-	3,000
(Profit) / loss on disposal of tangible fixed assets	-	(40,612)

For the period ended 27 December 2020, the exceptional administrative expenses incurred principally comprise impairment of US fixed assets (£2,786,000), UK fixed assets (£1,500,000) and legal and professional fees (£516,000) relating to the company voluntary agreement.

For the period ended 29 December 2019, the exceptional administrative expenses incurred principally comprised an HMRC review settlement estimate, along with associated professional advice fees (£260,000), and one-off exceptional financing fees (£34,000).

Audit fees for the subsidiaries are borne by the parent Company.

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

4 Other Operating Income

	2020 £	2019 £
Government grants received	6,359,648	-
	6,359,648	-

5 Employees

Group and company

Number of employees

The average monthly number of employees (including directors) during the 52-week (2019: 52-week) period was:

	2020 Number	2019 Number
Support office	80	78
Restaurant team	997	1,114
	1,077	1,192

Employment costs	2020 £	2019 £
Wages and salaries	20,010,715	24,844,990
Social security costs	1,646,040	1,934,127
Other pension costs	280,111	299,056
	21,936,866	27,078,173

The amount owed in relation to pension contributions as at 27 December 2020 was £49,646 (FY19: £52,436).

There are no other pension commitments not included in the balance sheet.

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

6 Directors' remuneration and key management compensation	2020	2019
Group and company	£	£
Remuneration for qualifying services	465,204	656,834
Company contributions to money purchase pension schemes	2,919	3,446
	468,123	660,280

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	264,026	365,668
Company contributions to money purchase pension scheme	1,314	1,188
	265,340	366,856

Post-employment benefits are accruing for three directors (2019: three) under a defined contribution scheme.

Key Management compensation

Key management comprises the Directors of the Company. The compensation paid or payable to key management for employee services is shown below:

	2020	2019
	£	£
Salaries and other short-term benefits	465,204	656,834
Post-employment benefits	2,919	3,446
	468,123	660,280

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

7 Interest receivable and similar income

	2020 £	2019 £
Bank interest received	2,072	4,600
Interest on Director's loan	-	-
	2,072	4,600

8 Interest payable and similar expenses

	2020 £	2019 £
Interest payable on bank borrowing	804,856	988,965
On other loans wholly repayable within five years	10,784	3,281
Amortisation of loan fees	96,065	96,066
	911,705	1,088,312

The issue costs associated with the bank loans and other loans are amortised over the life of the instruments in accordance with FRS 102.

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

9 Tax on loss	2020 £	2019 £
UK Corporation tax	-	-
Overseas tax	1,545	1,974
Total current tax	1,545	1,974
Deferred tax		
Origination and reversal of timing differences	(1,100,000)	200,000
Tax on loss	(1,098,455)	201,974

Factors affecting the tax (credit)/charge for the 52 week period

	2020 £	2019 £
Loss before taxation	(16,624,720)	(2,164,034)
Loss before taxation multiplied by standard rate of UK corporation tax of 19% (2019: 19.0%)	(3,158,697)	(411,166)
Effects of:		
Expenses not deductible for tax purposes	405,956	62,154
Adjustments in respect of prior period	-	-
Re-measurement of deferred tax	(1,100,000)	200,000
Timing differences on fixed assets	738,069	123,193
Overseas tax losses not recognised	977,355	385,215
Impact of overseas tax	1,545	1,974
Tax losses carried forward	1,037,317	-
Losses brought forward	-	(159,396)
Total tax (credit)/charge for the period	(1,098,455)	201,974

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. At the balance sheet date, the proposal to increase the rate to 25% had not been substantively enacted, substantive enactment occurred on 24 May 2021, therefore, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the deferred tax asset and reduce the tax charge by £570,000.

UK unrecognised tax losses as at December 2020 were £1,001,846. Overseas unrecognised tax losses as at December 2020 were £1,601,711 (2019: £624,356). The overseas tax losses will be unavailable as a result of the Chapter 7 bankruptcy in the USA.

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

10 Loss for the financial period

As permitted by section 408 Companies Act 2006, the holding Company's profit and loss account has not been included in these financial statements. The loss for the financial period is made up as follows:

	2020 £	2019 £
11 Intangible assets	(11,779,255)	(6,288,824)

Group and Company

Company's loss for the financial period

	Trademarks £	Total £
Cost		
At 30 December 2019	105,964	105,964
Additions	48,481	48,481
At 27 December 2020	154,445	154,445
Accumulated amortisation		
At 30 December 2019	54,240	54,240
Charge for the period	35,635	35,635
At 27 December 2020	89,875	89,875
Net book value		
At 27 December 2020	64,570	64,570
At 29 December 2019	51,724	51,724

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

12 Tangible assets

Group

	Leasehold property £	Restaurant and office equipment £	Total £
Cost			
At 30 December 2019	20,477,101	14,667,219	35,144,320
Additions	1,213,795	1,606,091	2,819,886
Impairment	(3,206,079)	(1,079,410)	(4,285,489)
Foreign Exchange Difference	(60,956)	(25,344)	(86,300)
At 27 December 2020	18,423,861	15,168,556	33,592,417
Accumulated depreciation			
At 30 December 2019	8,059,946	9,193,898	17,253,844
Charge for the period	1,529,839	2,319,100	3,848,939
Foreign Exchange Difference	(11,216)	(14,069)	(25,285)
At 27 December 2020	9,578,569	11,498,929	21,077,498
Net book value			
At 27 December 2020	8,845,292	3,669,627	12,514,919
At 29 December 2019	12,417,155	5,473,321	17,890,476

For the period ended 2020, there are no assets under construction within fixed asset additions (2019: £182,528). During 2019, the assets under construction, represented fit out and lease premiums of unopened sites. No depreciation charge is made until assets are completed and brought in to use.

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

12 Tangible assets (continued)

Company

	Leasehold property	Restaurant and office equipment	Total
	£	£	£
Cost			
At 30 December 2019	18,420,738	13,812,255	32,232,993
Additions	1,057,045	1,218,110	2,275,155
Impairment	(1,312,213)	(187,214)	(1,499,427)
At 27 December 2020	18,165,570	14,843,151	33,008,721
Accumulated depreciation			
At 30 December 2019	7,959,884	9,083,471	17,043,355
Charge for the period	1,360,395	2,097,423	3,457,818
At 27 December 2020	9,320,279	11,180,894	20,501,173
Net book value			
At 27 December 2020	8,845,291	3,662,257	12,507,548
At 29 December 2019	10,460,854	4,728,784	15,189,638

For the period ended 2020, there are no assets under construction within fixed asset additions (2019: £51,506). During 2019, the assets under construction, represented fit out and lease premiums of unopened sites. No depreciation charge is made until assets are completed and brought in to use.

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

13 Deferred tax asset

The elements of the deferred tax asset comprises:

Group and Company

	52 week period ended 27 December 2020	52 week period ended 29 December 2019
	£	£
Accelerated capital allowance	550,000	100,000
Unrelieved tax losses	1,150,000	500,000
Deferred tax asset	1,700,000	600,000

The movement on the deferred tax account during the financial period comprised:

	£	£
At 30 December 2019/ 31 December 2018	600,000	800,000
Recognised in the period	1,100,000	(200,000)
Deferred tax asset as at 27 December 2020/ 29 December 2019	1,700,000	600,000

14 Investments

Company	Shares in group undertakings £
Cost	
At 30 December 2019	50,208
At 27 December 2020	50,208
Net book value	
At 27 December 2020	50,208
At 29 December 2019	50,208

In the opinion of the directors, the carrying value of the investments is supported by their underlying net assets.

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

15 Inventories

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	322,663	403,940	236,996	326,485

There is no significant difference between the replacement cost of the stock and its carrying value.

16 Debtors: amounts falling due within one year

	Group 2020 £	2019 £	Company 2020 £	2019 £
Trade debtors	275,232	402,385	57,051	338,206
Amounts owed by group undertakings	-	-	423,671	368,430
Other debtors	292,097	507,595	268,563	503,992
Prepayments and accrued income	984,669	2,122,913	842,185	1,970,284
	1,551,998	3,032,893	1,591,470	3,180,912

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

17 Debtors: amounts falling due after more than one year

	Group 2020 £	2019 £	Company 2020 £	2019 £
Other debtors	1,236,827	1,988,369	1,172,539	1,909,944
Deferred tax	1,700,000	600,000	1,700,000	600,000
	2,936,827	2,588,369	2,872,539	2,509,944

Within the Group, other debtors includes rental deposits of £1,236,827 (2019: £1,988,369) which are receivable in more than one year.

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

18 Cash at bank and in hand	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Cash at bank and in hand	8,161,322	15,455,315	7,585,030	14,975,187
Restrictive cash at bank	401,089	413,185	401,089	413,185
	8,562,411	15,868,500	7,986,119	15,388,372

Within the Group and the Company, is a restrictive cash balance relating to security on two letters of credit.

19 Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Other loans	336,799	92,500	-	-
Trade creditors	4,344,599	4,834,783	3,375,521	4,522,240
Amounts owed to group undertakings	-	-	166,800	162,599
Taxation and social security	3,644,500	1,980,830	3,636,958	1,964,712
Other creditors	966,355	865,858	950,030	865,858
Accruals and deferred income	5,429,906	5,613,329	5,173,303	5,491,846
	14,722,159	13,387,300	13,302,612	13,007,255

The other loans are shown net of unamortised loan issue costs of £nil (2019: nil). Included within accruals and deferred income is an onerous lease provision totalling £nil (2019: £240,000).

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

20 Creditors: amounts falling due after more than one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans and overdrafts	13,347,553	13,251,488	13,347,553	13,251,488

Bank loans are shown net of unamortised issue costs of £152,447 (2019: £248,512).

21 Creditors – capital instruments

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Amounts repayable:				
In one year or less	336,799	92,500	-	-
In more than two years but not more than five years	13,500,000	13,500,000	13,500,000	13,500,000
	13,836,799	13,592,500	13,500,000	13,500,000
Unamortised loan issue expenses	(152,447)	(248,512)	(152,447)	(248,512)
	13,684,352	13,343,988	13,347,553	13,251,488

The issue costs associated with the loans are amortised over the life of the loans in accordance with FRS 102. Interest on the bank loans is between 5.26% and 6.38% above bank base rate. The bank loans are secured by a fixed and floating charge over the assets of the Company.

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

22 Notes to the cash flow statement

	2020 £	2019 £
Operating loss	(15,715,087)	(1,080,322)
Amortisation of intangible assets	35,635	23,169
Depreciation of tangible assets	3,848,939	3,488,987
Impairment provision	4,285,489	-
Profit on disposal of tangible assets	-	(40,612)
Decrease / (increase) in stocks	81,277	(110,736)
Decrease / (increase) in debtors	2,232,437	(461,168)
Increase in creditors within one year	1,722,154	902,122
Net cash (outflow)/inflow from operating activities	(3,509,156)	2,721,440

Analysis of changes in net debt

	30 December 2019 £	Cashflow £	Other non- cash changes £	27 December 2020 £
Net cash:				
Cash at bank and in hand	15,868,500	(7,211,697)	(94,392)	8,562,411
Debts falling due within one year	(92,500)	(244,299)	-	(336,799)
Debts falling due after one year	(13,251,488)	-	(96,065)	(13,347,553)
Net debt	2,524,512	(7,455,996)	(190,457)	(5,121,941)

Reconciliation of net cash flow to movement in net debt

	2020 £	2019 £
(Decrease)/ increase in cash in the 52-week period	(7,211,697)	5,633,643
Other non-cash movements	(190,457)	(68,473)
Cash outflow from decrease in debt	(244,299)	9,500
Movement in net debt	(7,646,453)	5,574,670
Opening net debt	2,524,512	(3,050,158)
Closing net debt	(5,121,941)	2,524,512

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

23 Financial instruments

The Company has the following financial instruments:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Financial assets that are measured at amortised cost				
- Trade debtors	275,232	402,385	57,051	338,206
- Amounts owed by group undertakings	-	-	423,671	368,430
- Other debtors – falling due within one year	292,097	507,595	268,563	503,992
- Other debtors – falling due more than one year	1,236,827	1,988,369	1,172,539	1,909,944
	1,804,156	2,898,349	1,921,824	3,120,572
Financial liabilities measured at amortised cost				
- Bank loans	(13,347,553)	(13,251,488)	(13,347,553)	(13,251,488)
- Other loans	(336,799)	(92,500)	-	-
- Trade creditors	(4,344,599)	(4,834,783)	(3,375,521)	(4,522,240)
- Amounts owed to group undertakings	-	-	(166,800)	(162,599)
- Other creditors	(966,355)	(865,858)	(950,030)	(865,858)
- Accruals	(5,429,906)	(5,613,329)	(5,173,303)	(5,491,846)
	(24,425,212)	(24,657,958)	(23,013,207)	(24,294,031)

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

24 Called up share capital

Group and company	2020 £	2019 £
Allotted, called-up and fully paid		
341,362 (2019: 341,362) Ordinary of £1 each	341,362	341,362
5,804 (2019: 5,804) Option shares £1 each	5,804	5,804
10,129 (2019: 10,129) Ordinary B of £1 each	10,129	10,129
1,244 (2019: 1,244) Ordinary E of £1 each	1,244	1,244
6,851 (2019: 6,851) L1 of £1 each	6,851	6,851
10,277 (2019: 10,277) L2 of £1 each	10,277	10,277
17,129 (2019: 17,129) L3 of £0.03 each	514	514
8,343 (2019: 8,343) Deferred shares	8,343	8,343
	384,524	384,524

The Ordinary shares carry full equity and dividend participation, with voting rights. The Option shares carry no voting rights, otherwise ranking pari passu with the Ordinary shares.

The Ordinary B shares carry equity and dividend participation above a threshold of £25 million equity value. The ordinary B shares were issued to management team members. If the employee leaves before a certain time, then these shares are converted into deferred shares. The Deferred shares have no equity participation.

The L shares were awarded to a Director of the Company. If the Director leaves before a certain time, then these shares are converted into deferred shares. The L1 shares carry equity and dividend participation above a threshold of £53.7 million equity value. The L2 shares, are subject to a financial performance target of £19 million EBITDA in December 2022. The L3 shares, are subject to a valuation target of £750 million within 10 years.

As equity settled incentives, an assessment of fair value at grant date has been made for the Ordinary B shares, Ordinary E shares and the L1, L2 and L3 shares. There has been no charge to the Profit and Loss account in respect of these shares (2019: £nil).

During 2019, the Company issued 53,900 Ordinary Shares as part of a rights issues which raised net proceeds of £10,132,870.

During 2019, 1,244 Ordinary E shares were issued to management team members. The Ordinary E shares carry equity and dividend participation above a threshold of £53.65 million equity value. If the employee leaves before a certain time, then these shares are converted into deferred shares.

During the 2019, 273 (2018: 2,870) of the Ordinary C shares were converted into Deferred shares. Ordinary C shares were issued to management team members. If the employee leaves before a certain time, then these shares are converted into deferred shares. The Deferred shares have no equity participation.

Option shares are shares which have no voting rights. Options to acquire 6,280 Ordinary Shares at £27.80 were issued on 25 May 2012 and were exercised on 20 October 2019. During 2019, 6,208 option shares were purchased from minority shareholders and redesignated as ordinary shares.

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

24 Called up share capital (continued)

The Company has a share based payment scheme (called the Apple Tree Scheme) whereby certain employees are awarded annual "points" (based on individual performance) which may convert, at the discretion of the remuneration committee, to a cash payment related to the value of the business on exit. The employee must be in employment at the date of exit to benefit from this scheme. At the beginning of the year, there were 201 points awarded. At the end of 2020 there were 238 points awarded.

Given that the scheme is discretionary on exit, no share based payment charge has been accounted for in these financial statements.

25 Statement of movements on reserves

Group	Share premium account £	Profit and loss account £
Balance at 30 December 2019	27,182,810	(14,447,121)
Loss for the financial period	-	(15,522,406)
Balance at 27 December 2020	27,182,810	(29,969,527)

Company	Share premium account £	Profit and loss account £
Balance at 30 December 2019	27,182,810	(17,128,794)
Loss for the financial period	-	(11,779,255)
Balance at 27 December 2020	27,182,810	(28,908,049)

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

26 Reconciliation of movements in shareholders' funds	2020	2019
Group	£	£
Loss for the financial period	(15,522,406)	(2,348,514)
Foreign exchange translation	212,827	94,395
Non-controlling interest	(3,859)	(17,494)
Issue of shares	-	10,132,870
Net (decrease) / increase to shareholders' funds	(15,313,438)	7,861,257
Opening shareholders' funds	13,197,114	5,335,857
Closing shareholders' funds	(2,116,324)	13,197,114

Company	2020	2019
	£	£
Loss for the financial period	(11,779,255)	(6,288,824)
Issue of shares	-	10,132,870
Net (decrease) / increase to shareholders' funds	(11,779,255)	3,844,046
Opening shareholders' funds	10,438,540	6,594,494
Closing shareholders' funds	(1,340,715)	10,438,540

27 Financial commitments

At 27 December 2020 and 29 December 2019, the group had aggregate commitments under non-cancellable operating leases as follows:

	2020	Land and buildings
Payment due	£	2019
		£
No later than one year	3,220,076	8,897,625
Later than one year and no later than five years	23,227,328	32,076,919
Later than five years	25,485,338	35,297,292
	51,932,742	76,271,836

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

28 Non-controlling interest

Group

The movement in non-controlling interest was as follows:

	£	£
Balance at 30 December 2019/ 31 December 2018	(17,494)	-
Total comprehensive expense attributable to non-controlling interest	(3,859)	(17,494)
Balance at 27 December 2020/ 29 December 2019	(21,353)	(17,494)

During 2019 Sainsbury's acquired a minority shareholding in Leon Grocery Limited at a nominal value.

29 Subsequent events

Acquisition of Leon Restaurants Limited

On 17th April 2021 EG Group agreed to acquire 100% of Leon Restaurants Limited. On the 9th May 2021 the transaction completed.

On completion, the loan facilities were fully repaid, and replaced by an intercompany loan with EG Foodservice Limited, and the 15% minority shareholding in Leon Grocery Limited was acquired by Leon Restaurants Limited.

Following the acquisition, EG Group intends to invest in the LEON brand and broaden the current foodservice offer across their extensive global site network. With plans to open around 20 LEON sites per year from 2022, EG Group also sees significant potential for LEON's non-restaurant products across its convenience retail proposition.

On the 2nd February 2021, Leon USA Inc and its subsidiaries filed for Chapter 7 of the United States Bankruptcy code. Leon Restaurants Limited disposed of its shareholding in Leon USA Inc to a third party on 6th May 2021.

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

30 Ultimate controlling party

In the opinion of the directors at the balance sheet date, there was no single controlling party, as no party owned over 50%.

Leon Restaurants Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 27 December 2020.

Following the acquisition by the EG Group, the Company's ultimate parent Company and ultimate controlling party is Optima Bidco (Jersey) Limited, a company registered in Jersey, Channel Islands. The Company's immediate controlling party is EG Foodservice Limited.

31 Principal subsidiaries

Name	Country	Address of the registered office	Nature of business	Interest
Leon Naturally Fast Food Plc	UK	27 Copperfield Street, London, SE1 0EN	Holder of consumer bond	100% ordinary shares
FeedBritain Limited	UK	27 Copperfield Street, London, SE1 0EN	Online Food Delivery	100% ordinary shares
Leon Grocery Limited	UK	27 Copperfield Street, London, SE1 0EN	Food & Beverage Products	85% ordinary shares
Leon USA Inc	USA (Delaware)	1209 Orange St, City of Wilmington, Delaware 19801	USA operating company	100% ordinary shares
Leon Meatballs LLC	USA (Delaware)	1209 Orange St, City of Wilmington, Delaware 19801	USA lease company	100% ordinary shares
Leon Mosaic LLC	USA (Delaware)	1209 Orange St, City of Wilmington, Delaware 19802	USA Lease company	100% ordinary shares
Leon Falafel LLC	USA (Delaware)	1209 Orange St, City of Wilmington, Delaware 19801	USA lease company	100% ordinary shares

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2020

32 Related party relationships and transactions

Group

During the period, Active Private Equity Advisory LLP, shareholder and a company in which N Evans and S Skinner are designated members, invoiced Leon Restaurants Limited £27,594 (2019: £57,828) for monitoring fees. At the period end, there was £27,000 outstanding in fees (2019: £15,288).

During the period, Spice Private Equity (Bermuda) Ltd, shareholder, invoiced Leon Restaurants Limited £nil (2019: £50,000) for monitoring fees for their board representation. At the period end, there was no outstanding balance (2019: £nil).

During the period, Brad Blum, shareholder, invoiced Leon Restaurants Limited £nil (2019: £20,000) for monitoring fees for their board representation. At the period end, there was £nil outstanding (2019: £5,000).

During the period, GP Investments Limited, shareholder, invoiced Leon Restaurants Limited £nil (2019: £16,688) for travel expenses. At the period end, there was £nil outstanding (2019: £5,815).

During the period the Company entered into one transaction with Peanut & Crumb Limited, who are a related party, by connection to a Company Director, for the provision of marketing films. The total invoiced during the period was £4,536 (2019: £45,269) and at period end there was no outstanding amount (2019: £nil).

The Company sold products purchased through Rosemary Water Limited, who are a related party, by connection to a Company Director. The total invoiced during the period was £2,817 (2019: £29,316) and at period end there was no outstanding amount (2019: £nil).

During 2017, the Company provided a loan to a Director of the Company for £150,000, with interest payable at the rate of 3.0% per annum (2019: 3.0%). At the end of 2020 the balance of the loan was £150,000 (2019: £150,000).

The retail business, Leon Grocery Limited, trades with Sainsbury's, who are a minority shareholder of Leon Grocery Limited. The total invoiced during the year £3,435,071 (2019: £643,000). At the period end the outstanding balance was £189,214 (2019: £39,000).

The Company is exempt under FRS 102 from disclosing related party transactions with entities that are part of the Leon Restaurants Limited Group.

33 Contingent liability

During the year, the company made government grant claims under the Coronavirus Job Retention Scheme of £6.4m. The Company engaged professional advisors who have reviewed these claims, and have identified a number of minor errors.

The Company is committed to making good the errors, however if the Company does not attempt to repay the employees within the required deadlines, then part of the claim may be deemed invalid, and the Company would be liable to repay up to £1,100,000.