AZZURRIGROUP

Zizzi ASK ITALIAN COCO DI MAMA

AZZURRI GROUP HOLDINGS UK LIMITED ANNUAL REPORT & ACCOUNTS 2022

CONTENTS

The Azzurri Group operates leading brands in the casual dining & food to go sectors

THE AZZURRI GROUP

- Employs over 4,500 team members
- Serves over 14 million meals annually
- Estate of over 200 restaurants and shops
- 3 restaurants in the Republic of Ireland

Azzurri's core brands **ASK Italian** and **Zizzi** are highly complimentary, appealing to a broad customer base, both providing a memorable dining experience and offering great value for money. A constant focus on proposition refinement, menu development and restaurant design keeps the brands in a leading position in a highly competitive market.

The Group also comprises **Coco di Mama**, a quick service Italian food-to-go business operating 15 stores in London specialising in coffee and pasta and has emerged from the pandemic with a nationwide delivery presence.

Brand reviews are included on pages 13 to 21.

OVERVIEW

2022 Highlights

FINANCIAL SUMMARY

£235.9m

Total Revenue an increase of £119m on last year

£25.0m

EBITDA an increase of £19.6m on last year (page 22)

£18.4m

Investment in Capex

£36.4m

of Liquidity at year end
including undrawn RCF facility of £10m (page 23)

BUSINESS HIGHLIGHTS

Implementing our Serving Better Manifesto

- Launch of our ESG Roadmap "Recipe for a better future"

Continued Digital Evolution

- Improved restaurant productivity through ongoing digital investment and our proprietary order at table technology
- Launch of ASK Perks & Coco Coffee Club loyalty schemes

Proposition evolution and customer engagement

- Rollout of kitchen infrastructure investments (page 14) to over 40 Zizzi locations
- Developed the latest ASK proposition with new community store in Horsham

Expanding into new channels & markets

- Zizzi retail range launched in 1200 Tesco stores nationwide
- Over 190 Coco di mama points of sale nationwide including franchise partnerships, travel & retail

Restarting Capital investment programme

- 2 new Zizzi openings & 22 transformations

Azzurri's brands

Zizzi

Restaurants	**134**
Employees	**3,000**
Spend per head	**£19**

We take our passion for simple, delicious Italian food and add a constant stream of fresh inspiration to give each dish a Zizzi twist. Restaurants are individually designed using local themes to inspire original touches, and unique artwork to create a distinctive feel. It's these touches combined with warm, charismatic service that makes dining at Zizzi feel that little bit special.

ASK ITALIAN

Restaurants	**65**
Employees	**1,400**
Spend per head	**£20**

Everything we do here – from classic dishes to showstopping signatures, warm service to quintessentially Italian interiors – is so that you can enjoy eating together as much as the Italians do.

COCO DI MAMA

Shops	**15**
Delivery Kitchens	**130**
Employees	**60**
Spend per head	**£5**

London's leading quick service Italian. As well as a range of salads, sandwiches and soups we are famous for fast pasta and artisanal coffee served with a flourish by efficient and energetic teams. The brand is now available nationally for delivery.

Our Purpose

Our purpose is simple: to build better food businesses that sustain happy, healthy lives.

We plan to achieve this through:

RUNNING GREAT BUSINESSES

Drive growth in profits from existing restaurants and shops through:

- Continual innovation and evolution of the proposition
- Constantly evolving award-winning store design
- Ongoing menu innovation
- Improved operational focus on "the basics" to deliver quality and value to our customers

INNOVATION & EXPANSION

- Grow core businesses through the roll-out of new restaurants
- Develop new brands employing Group expertise and infrastructure
- Explore new markets, both locally and internationally
- Embracing multi-channel (Delivery & Retail) and harnessing their upside at incremental margin

LEADING PLATFORM

- Proven ability to continue to grow sector leading brands across a range of site types
- Demonstrated an ability to develop young brands at pace
- Developing and incubating new concepts
- Comprehensive group shared services providing full capability for each brand, irrespective of size
- Proven ability to operate successfully across different markets (e.g. fast casual & food to go)

AZZURRI'S STRENGTHS

- Brands
- Quality
- Service
- Value
- People & culture
- Responsible business ownership
- Trading record
- Digital capability
- Growth potential

Chairman's Statement

"We end the year with the businesses in a strong place from a brand, operational and team perspective."

The Azzurri Group has rebounded strongly following the well published challenges Covid created for the hospitality sector.

Revenue for the year was £235.9m (2021: £116.9m) which represents an increase of 101.8% on the prior year. The comparison between the two periods is complicated by the impacts of the pandemic and various Government restrictions in place across the hospitality sector during the prior year. The increased sales helped to increase operating profit (2022: £5.7m, 2021: -£28.7m), EBITDA (2022: £25m, 2021: £5.4m) and profit/ (loss) before tax (2022: £2.7m, 2021: (£42.3m)).

The group restarted its capital investment programme this year with 2 new Zizzi sites opening in Leicester Foss Park & Lancaster with both sites exceeding expectations & demonstrating the strong customer appetite for our brands. We also restarted our refurbishment programme this year, with 22 refurbished restaurants being well received by our customers.

The Group has successfully managed to grow its existing revenue channels this year whilst also expanding into new channels. In March Zizzi began selling a range of 10 frozen meal products through 1,200 Tesco stores across the UK. Whilst Coco has expanded into new revenue channels this year including third party delivery kitchens, travel hubs and establishing a successful retail partnership, which sees Coco product sold in 30 Sainsbury's across London. Coco now have over 190 points of sale nationwide.

The group remains deeply committed to our vision, to 'serve better' with food businesses that nourish the individual needs of our people, our customers and our planet. To deliver this vision we have rewarded our teams with the largest pay rise in company history and have supported this with further investments in training & development. We have also developed our ESG roadmap "Recipe for a Better Future" which sets ambitious goals, focusing on a positive social and environmental impact.

The last year saw a continued evolution in our digital journey. Our market leading order & pay at table product is now used by 1 in 4 of our customers saving on average 10 minutes per transaction. We have rolled out new kitchen management systems that aggregates orders for dining in and delivery and prioritises them according to cooking time which is helping to improve productivity in our kitchens.

We have continued to evolve how we engage with customers with the launch of the ASK Perks programme which rewards customers each month with a variety of perks & have also launched our new Club Coco which has digitalised Coco's coffee loyalty scheme.

We end the year with the businesses in a strong place from a brand, operational and team perspective. The group continues to perform well on customer metrics and revenue is continuing to grow. Cost pressures look set to continue into next year with rising inflation & wholesale energy prices whilst menu innovation and cost mitigation plans are in place to offset this. We start the year with a good level of confidence for the year ahead & as always I would like to thank all of the staff for their continued hard work throughout the last 12 months.

Harvey Smyth
Chairman

BUSINESS
REVIEW

AZZURRIGROUP

- Purchasing & Supply Chain
- Digital & Technology
- Responsible Business
- Quality & Safety

Purchasing & Supply Chain

Purchasing & Supply Chain is a cornerstone of the Azzurri Group's commercial and growth strategy. We strive to source excellent products and services for our portfolio of restaurants and stores at the most competitive prices and deliver them in the most efficient, reliable manner. It is a function that is critical to the financial success of the business, and champions commerciality, sustainability and customer-centricity.

The day-to-day supply chain was under severe pressure in the winter of 2021 and through Christmas and New Year. This was an industry-wide challenge due to the macro-economic pressures of Brexit, continued Covid (Omicron) manufacturing disruption, shortages of workforce and hauliers, as well as global harvest pinch-points. As a result, the Azzurri supply chain team entered a firefighting mode, with focus shifting to keeping restaurants as stocked as possible with food and drink. By spring 2022, this had stabilised through the diversification of the supply chain, meticulous day-to-day KPI management and macro-level improvements across the industry.

In January we completed a consolidation to one centralised food & drink distribution partner: Best Food Logistics. In doing so, Azzurri secured cost efficiencies, a more frequent level of deliveries across ambient, fresh and frozen (now 3 times a week) into all restaurants and removed over 1,000,000 annual food miles from our supply chain.

Digital & Technology

The Azzurri Digital & Technology teams exist to provide the UK's leading digitally optimised hospitality dining platform, underpinning the growth & success of our amazing brands.

Our sector is experiencing digitisation at a faster pace than ever. Our expectation is that this pace, far from slowing, will continue to accelerate over the coming years. Whilst acknowledging that this change will continue to be disruptive, it provides us with a compelling opportunity to build better businesses through the thoughtful use of sector leading technology that is specifically optimised to customers & our businesses' needs, creating a platform for future growth & acquisition. With this in mind, we have and will continue to significantly accelerate investments in our technology and digital capability, transforming today's businesses whilst building the foundations for Azzurri's continued success.

Our customers expect seamless digital experiences and CRM programmes that authentically connect them with our brands, giving them access to exclusive benefits that they can't get anywhere else and keeps them coming back for more.

Our market leading proprietary order & pay at table product is being used by 1 in 4 of our customers, saving 10 minutes per transaction and driving significant increases in our brand NPS. Over the coming year, we will continue development of the unified commerce platform that underpins Order & Pay at table, adding new channels to enable consistent, personalised ordering experiences for all our customers, however they choose to order from us.

Our CRM programmes have gone from strength to strength over the last year, with customer database size and CRM driven visit frequency growing across all 3 brands. Highlights include the continued development of our ASK Perks programme, which rewards our ASK Italian customers with an ever-changing variety of monthly perks, and the launch of Club Coco, digitising Coco's coffee loyalty scheme and enabling us to understand our Coco di Mama customers better than ever before.

In a competitive labour market, team satisfaction & productivity are more critical than ever. To support this, we have invested heavily in our teams, deploying technology that enables them to spend more time focussing on their passion – making great food and providing great customer experiences.

New digital kitchen management systems are driving productivity & team satisfaction across Zizzi's back of house teams, and new front of house tablets are enabling the ongoing digitisation of restaurant processes & customer service. Over the coming year, we will continue the rollout of kitchen management systems and introduce new all in one ordering & payment handheld devices, that will replace paper ordering and drive better and more efficient customer & team experiences.

Modern and high-performance network infrastructure underpin all effective digital transformations and alongside our customer and team investments, we are making the biggest investment in networks in our history. Throughout the year, we have modernised the network infrastructure across all our sites and connected over 50% of sites to new, enterprise ready, full fibre broadband. Our full fibre rollout will be completed over the first half of next year, establishing best in class foundations for years to come.

Accurate and highly available data is a crucial resource to support our brands build better businesses. New modern, cloud-based data lake & data warehouse infrastructure has been built over the last year alongside the introduction of new business intelligence & reporting tools, transforming access to critical data across the group and helping us move faster from data to insight. Over the coming year, we will continue to integrate additional data sources as well as rolling out new BI tools for our restaurant & store teams that help them easily understand holistic performance at the click of a button.

We are incredibly proud of the progress we have made over the last year but refuse to be complacent. With a compelling roadmap of further transformation in place for the upcoming year, we will continue to invest & innovate, ensuring the Azzurri Group continues to provide the UK's leading digitally optimised hospitality dining platform for all of its brands.

Responsible Business

To understand what challenges and opportunities are most relevant to our business we carried out a robust materiality assessment of environment, social and governance issues (ESG) during the year. This assessment served as the basis of forming our "Recipe for a Better Future" - our ESG roadmap. This roadmap sets ambitious goals for our business, including our brands. The goals are designed to ensure all of our brands are consistent in their commitment to positive social and environmental impact. We are also aligned with leading international standards, industry best practices and keep ourselves accountable through annual reporting.

Our "Recipe for a Better Future" is an essential part of both Azzurri and brand operations. It provides a structure for impact but allows enough flexibility for the brands to take steps in line with their unique ambitions. For instance, Coco di Mama has analysed the carbon footprint of all its product range and is working with the University of Cambridge to launch carbon labels at its stores. ASK Italian has spearheaded our sustainable design and construction efforts, achieving our group's first SKA gold rating and setting the bar for future sustainable fit outs and restaurant openings. Zizzi keeps leading the way for health and nutrition, ranking top 3 for children's food service in the UK as rated by the Soil Association's 2021 Out For Lunch League Table.

Our Responsible Business team supported all brands and complemented this proactive work by conducting ESG risk assessments, leading on ESG reporting and ensuring that digital platforms and other systems used at group level are capable of delivering results in line with our ESG ambitions.

Quality & Safety

The Quality & Safety team advise on matters of health and food safety, including regulatory compliance, and whilst Covid restrictions eased and the sector began its post-pandemic recovery, we implemented two major pieces of food labelling legislation: Natasha's Law allergen labelling and, in England, menu calorie labelling. Recognised as the biggest change in food safety legislation for years, The UK Food Information Amendment, known as 'Natasha's Law', requires all food businesses to provide full ingredients labelling on food that has been pre-packed for direct sale (PPDS). The new legislation which came into force in October 2021 is designed to better protect those with allergies and give them greater confidence in the food they purchase out-of-home. Utilising Food Alert's Assure65 software solutions, Coco di Mama are fully compliant with this landmark legislation on allergen labelling for pre-packaged foods.

Dietary health and sustainability are growing priorities for the UK Government and the introduction of mandatory calorie labels followed in quick succession coming into effect from April 2022. The new Calorie Labelling (Out of Home Sector) (England) regulation, which forms part of the government's strategy to tackle obesity, aims to ensure people can make more informed choices when it comes to eating food out or ordering takeaways. Our customers can find calorie information displayed on menus, online menus, third party apps and food delivery platforms across all of Azzurri Group's brands.

An estimated two million people are living with a diagnosed food allergy and six hundred thousand people with Coeliac Disease. We are acutely aware of our responsibilities and work hard to embed the management of food hypersensitivity in a strong food safety culture. As such, the allergy process was reviewed in December 2021 and changes implemented in the Zizzi and ASK Italian brands. We already followed industry best practice by proactively asking customers about allergies but now allocate a designated 'Allergen Manager' to take full ownership and responsibility from order through to serving. We have also leveraged technology with full allergen filtering now available on our Order and Pay at table product.

We know that transparency around allergens is a key issue for our customers and improving food safety and clarity of information available remains high on the Group's agenda for the upcoming year with plans and investment in place to ensure accurate and traceable product data is integrated across our key systems.

In June 2022 we saw the publication of the first comprehensive assessment of food standards in the UK. The joint Food Standards Agency (FSA) and Food Standards Scotland (FSS) report – Our Food 2021 stated that 97% of food businesses in England, Wales and Northern Ireland, and 94% in Scotland, received a satisfactory or higher rating under the Food Hygiene Rating schemes, and in England, Wales and Northern Ireland three quarters of food business received the highest rating. Food Safety is a key element of our agenda and the Group surpasses this average with 99.5% of restaurants and stores receiving the equivalent rating.

Zizzi

131

Restaurants across the UK

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Restaurants in Republic of Ireland

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A resilient Zizzi, well positioned for the future

Zizzi remains, at the end of a challenging year, a strong and profitable business.

Over the year we have made real progress - opening 2 highly successful new restaurants; recommenced our refurbishment programme, transforming 7 restaurants with our latest 'Project Zed' look and feel; and completed over 40 'Project Zed' kitchen upgrades.

At the same time, we have built up and refined our Zizzi delivery proposition; step changed our retail business via launching a full frozen meal range with Tesco; and alongside our first above the line advertisement campaign, seen a return to Zizzi's pre-covid dominance of the Italian set on key brand scores such as NPS and Brand Advantage.

All of this has been achieved despite the well-publicised challenging operating conditions – with the sector faced with supply chain and labour shortages; the Omicron variant impacting our key Christmas trading period; and the first real inflationary environment in more than a decade.

Zizzi's 'Project Zed'

Zizzi's ability to face into and navigate the challenges of the past year has been largely supported by our 'Project Zed' initiatives and investments.

In November we launched our 'Project Zed' menu and our 'Project Zed' kitchen upgrade programme.

Our Zed menu is a facsimile of our existing menu but designed to reduce preparation requirements and improve cook times, while protecting the quality we are famous for. This menu, combined with our 'Project Zed' kitchen infrastructure; the introduction of fast cook equipment and digital screens to relay and organise orders for our teams, has enabled us to simplify our kitchen processes and speed up and increase our production capacity, with each dish able to be cooked fresh for the customer in under 4 minutes.

This reduction in complexity means our teams can progress their skills and development faster and now be fully trained for our kitchens in 4 weeks rather than a typical 12 weeks. For our customers, food can now reach the customers table from point of order in an average of 12 minutes, driving our customer metrics and food scores.

Our new kitchen infrastructure has also enabled us to remove some 3m paper tickets from use across our estate and some 100k single use plastic bags used for kitchen preparation.

At present, we have just under 50 sites with upgraded kitchens and we are seeing benefits in reduced training requirements, better team retention and satisfaction, reduced customer complaints and greater operational efficiency and capacity.

Investing in our proposition fuelling growth

Alongside our 'Project Zed' kitchen investments, we also celebrated the opening of two new Zizzi restaurants in the final quarter of the year – Zizzi Lancaster and Zizzi Fosse Park.

Both restaurants are trading strongly and well ahead of expectations. They demonstrate both our confidence in our pipeline and ability to open Zizzi's in new locations and the strong appetite of the consumer for the Zizzi brand.

This year also saw us build on the success of our Westfield White City model store and recommence our refurbishment programme with 7 transformations in the new Zed format – transforming our restaurants in The Strand London, Trafford Centre Manchester, Dorchester, Basingstoke, Edinburgh Queensferry, Bristol Cabott Circus and Sheffield.

These designs incorporate an updated logo and branding, new stand-out shopfront design; evolved Zizzi signature design icons such as our trees and artwork, new soft furnishings and the latest scenting, music and lighting technology, all ensuring a perfect dining experience for all occasions. Our refurbished restaurants are demonstrating a pleasing step forward in both commercial performance and customer experience.

Additionally in November, ensuring that every restaurant had the benefit of a refreshed customer look and feel, we invested in a new look uniform for our team with a more laid back cool vibe – and also a new branded set of small-wares – helping to spot-light some of our famous dishes like our Casareccia Pollo Picante pasta, and innovative new dishes such as our popular Vegan Rainbow Lasagne and our King Prawn Spiedini starter.

Finally, to ensure every customer visit starts with a moment of generosity, we served up over 3m portions of our complimentary and moreish pasta crisps, presented to customers as they are seated.

Reaching more & more of our customers

This year we have focused on building the reach and awareness of the Zizzi brand, through a focus on more audience relevant content and value add campaigns and messages, reducing the requirement for the use of deeper and more open promotional offers.

Our 'Bring Different to the table' campaign, was Zizzi's first above the line brand campaign, airing on ITV Hub and commercial radio over the key periods of November and December.

This campaign was successful in raising awareness among our target audiences, and in driving home the distinctiveness of the Zizzi proposition, with overall spontaneous awareness stepping forwards, alongside prompted awareness and consideration among our key audiences – particularly 16–34 year olds, in regions where the campaign aired.

Audience surveys also confirmed the campaign helped highlight clear differentiation with our direct competitors, cementing key attributes of Zizzi – fun, food with a twist and great service in our audience's minds.

At the same time, social media remains a key channel for us – we have continued to invest in compelling campaigns and moments across the different platforms. We have continued to grow our ambassador and influencer campaigns, encouraging digital influencers to share their Zizzi experience with their audience. Pleasingly, we have seen increases in interaction and loyalty across the platforms that are most important to us, including seeing a 20% growth in the number of Zizzi Instagram followers, and our Instagram reach topping 1.7m views.

This focus on telling our brand story through owned and borrowed channel, combined with a greater focus on driving 'value added' messages on our own CRM, has seen our data base grow by some 14% while our web search statistics also demonstrate significant steps forwards.

Expanding the Zizzi retail proposition

The growth of our retail proposition has also contributed successfully to our increasing reach and strengthening of the Zizzi profile.

Building on the success of our 2020 frozen retail launch with Sainsbury's, where we have been able to demonstrate compelling commercials and consumer metrics, in March we launched with Tesco across 1200 Tesco main and convenience stores.

For Tesco we extended our range to include 10 frozen meal products – 3 Rustica pizzas, a garlic bread, 4 pastas and 2 desserts - adding a further 3 vegan products in May '22.

To support the launch of this exciting expansion, and alongside a marketing drive on our own channels and some great in-store support from our partner Tesco, we harnessed our cadre of social media ambassadors and influencers, headlined by Dani Dyer to get the word out. This approach enabled us to generate a reach of 7.4m views across social media, alongside great coverage in both trade and consumer press.

The consumer reaction to the Zizzi retail range in Tesco has been very positive, and we have seen the rate of sale of the meal range far exceed our expectations, with Tesco selling nearly 1m Zizzi retail products to customers since the launch.

Investing in our People

This year, more than ever, we have appreciated the dedication and hard work of our restaurant, field and central teams. We understand our success hinges on our people, and we have continued to invest in our teams with a focus on providing training and development opportunities across our business and through our Zizzi Viagio programme. This bespoke training and development programme provides clear pathways for team members to progress to senior chef or management positions.

At the same time, we launched our Senior Leadership Cohort programme designed to support leaders of the future with the right development and learning opportunities that enable them to thrive.

This focus on internal development has seen us improve internal stability and we are pleased to see that nearly 70% of management vacancies were filled internally. Additionally, our teams have fed back to us directly through our annual staff survey – Have Your Say - where we saw a record level of participation, and clear steps forward in the positive engagement ratings by key team populations.

Our work with the Mental Health Foundation

At Zizzi we believe getting around a table with friends lifts us up, puts a smile on our faces, and generally makes us feel a bit readier to take on whatever comes our way. That's why we're proud to partner with the Mental Health Foundation, whose mission is to help all of us understand, protect and sustain good mental health.

Alongside raising money for the foundation through our restaurant payment journey, we have supported the MHF both at Christmas with our Merry Moments campaign and in May during their signature Mental Health Awareness week where Zizzi's social channels hosted a series of very popular and well received conversations exploring the topic of 'loneliness'. We were delighted to be able to work with several of our key brand ambassadors including Curtis and AJ to make this series a success for the MHF.

Via our 'pennies' mechanic, where customers have a choice to donate to the Mental Health Foundation when they pay their bill, we have also raised over £100,000 for the foundation over the last 12 months.

Looking ahead

Zizzi has demonstrated resilience in the face of unprecedented macro challenges. The success of our retail product, our refurbishments and our new restaurant openings all underline the strength of our brand. With a pipeline of great new sites, a restaurant and kitchen refurbishment programme in their early stages, the opportunity to grow our retail presence further, and a strong and stable senior team, we are looking forward to a highly successful year ahead.

ASK ITALIAN

65

Restaurants

Building back & setting up the future

Strong summer trading kicked off the year with customers keen to eat out after Covid restrictions were lifted. Whilst demand softened on the run up to the key Christmas period due to the Omicron variant, the persistent focus on strong operational controls and processes enables us to navigate this difficult period. The people team and supply chain team provided innovative solutions to mitigate the impact of staff and stock shortages caused by the structural changes to the labour market and ongoing impacts of Covid.

ASK returned to a full programme of restaurant refurbishments which delivered strong sales growth by attracting new customers. Re-starting normal menu innovation cycles provided a boost to spend per head and net promoter scores. Alongside, team engagement activities such as roadshows, competitions and company days out were re-established to preserve the incredibly strong employee culture built pre Covid.

Acknowledging the changed post pandemic world and the need to remain relevant, research was undertaken to understand the needs of both customer and teams. The resulting renovation of the brand purpose, vision and values provides an exciting and progressive platform for growth.

Attracting talent & sustaining our culture

The supply of hospitality workers depleted post Brexit and Covid, impacted our teams and the day-to-day running of our restaurants. The resulting fierce competition for people required a change to our recruitment structure and process to provide a personal, engaging yet short process to ensure ASK recruited the best talent. In addition, pay was lifted to stay a competitive employer on the high street and retain current team.

We got all of our restaurant managers together for the first time since before Covid at our Autumn roadshow. It was an opportunity for them to reconnect with each other and the head office teams, to celebrate successes and to hear about the new vision and upcoming technology. Our 10 year anniversary lunch at Theo Randall's restaurant allowed the board to thank long standing team members and in January, for the first time in ASK's history, we closed the restaurants on one evening to allow all team members to have a Christmas party so we could say thanks and reward them for their hard work.

Responding to the humanitarian crisis caused by the invasion of Ukraine, we moved our charity partner to Choose Love who support those who have been displaced. Our summer team day 'Make a Splash!' provided all team members the chance to have fun whilst fundraising for the charity.

Encouraging visits through transformations & ASK Perks

The business returned to a full programme of refurbishments, updating tired sites with the successful Primo design look and increasing their appeal in their locality. These sites have a similar positive sales swing and ROI as pre Covid, helping to drive forward the overall businesses performance.

We held our stance on promotions, keeping discounts low and targeted to strategically important partners and customer groups to drive full priced spend. On our owned platform we are pleased with the strong performance of the ASK Perks programme which provides those on our database with a different added value offer every month. Whilst customers loved the free Aperol Spritz, Gelato Sundae and a bespoke ASK Italian tote bag, it was November's free Baileys Tiramisu that was the outstanding performer. The Perks programme drove email engagement, visits and has encouraged over 120,000 sign ups to our database.

Our CRM programme has been strengthened with improved customer segmentation to drive visit frequency year on year, alongside new automated birthday and lapsed customer journeys.

Whilst Christmas was subdued due to the Omicron variant, Valentines and Mother's Day outstanding performances were driven by bespoke menus and operational focus on capacity management.

Menus – A showstopping Autumn & a Spring calorie focus

The Autumn menu introduced showstopping dishes across all parts of the menu. Very popular in the starter section was the 'Trio of Arancini' with three different flavoured crispy rice balls; beetroot & goats cheese, pumpkin & mozzarella and spinach & ricotta; providing the customer with a moment of delight when cut open. The Beef Brisket pappardelle is unique in the market and provides the ultimate upgrade for Fettucine Bolognese lovers who shared their love of it on their own channels. In the dessert section the Profiterole Grande inspired by Monte Bianco has impact when it arrives at the table and then a pouring cascade of milk and white chocolate sauce creates a wow moment

Reflecting customers trends, a new 'make this Vegan' concept was introduced across the menu with the vegan version of our popular 'Chicken Lecca Lecca' goujons which uses a trademarked protein called 'THIS Isn't Chicken', being well received.

With government legislation on calories starting in April 2022, our Spring menu focused on elevating our lighter dishes and carefully reengineering some core dishes to bring them under key calorie thresholds.

Technological Progression

We have continued to develop and take advantage of the new Booking and Order & Pay at table platforms launched last year. Over 500k customers have used our website to book tables with us across the year with developments enabling customers to reserve outside tables.

Pronto Order & Pay is now being used by 1 in 4 of our customers, saving them time and driving improved NPS. Integration of full allergen data to Pronto Order & Pay has allowed us to deliver a market leading digital ordering experience for customers with dietary preferences discount offers with fewer tailored offers only available through clubs and closed schemes. Our own ASK Perks loyalty scheme provides a different gift every month for our subscribers when they dine. Our first gift, a bottle of our Le Ferre Extra Virgin Olive Oil was accompanied with olive oil cake recipes, which was appreciated by over 4,000 of our subscribers. In June subscribers enjoyed a glass of Aperol Spritz on us and in July, gelato sundaes proved a very popular gift.

Streamlining Out of Restaurant

As dine in custom returned and our kitchens grew busier, we streamlined our delivery processes to ensure we maximised the delivery revenue stream. We revised our kitchen set ups and created dedicated delivery access points that benefit both delivery drivers and dine in customers.

We also invested in upgrading our packaging design that adds quality and freshness cues for the customer at the point of delivery. Bag seals and bespoke offers provide reassurance and show delivery customers that they are as valued as those who dine in.

Purposely Fit for the Future

ASK Italian's purpose, vision and values were revised at the start of the year, using customer research into eating out needs post pandemic and team interviews to ensure the direction resonated with our largely Gen Z workforce.

The evolved positioning provided the direction for a new model site in Horsham which builds upon the strong foundations of the previous Primo work, yet is more distinctive and relevant to today's customer.

Horsham opened at the end of the financial year and welcomed customers with a stunning entrance framed with lemon trees and neon heart hands. Inside customers enjoyed new zoned areas, beautiful pergolas and foliage as well as a mural of Lerici, Horsham's unofficial Italian counterpart created by local artist Sam Flylightly. The transformation is as impressive in its responsibility to the planet, reusing and upcycling where possible and championing sustainable materials such as cork, resulted in a SKA Sustainable Fit out Gold award.

Horsham's new menu features Italian fondue, 'Luganica sausage & 'Nduja Tagliatelle' and mini desserts alongside new cocktails such as the 'Lemon Drop Spritz' featuring local Horsham Gin.

New kitchen equipment helped chefs produce great food in peak trading periods and a delivery superstation delineates dine in and delivery customers. Our waiting teams now have bespoke tablets, facilitating ordering, payment and allergy management.

ASK Italian Horsham sets a truly exciting footprint to fuel further growth for the brand for 2022 and beyond. With the macro environment remaining challenging it is those businesses that focus on marginal gains and continue evolving to overcome challenges that will win through. ASK Italian is one of those businesses.

COCO
DI MAMA

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Shops

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Delivery Kitchens

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Omni-channel Nationwide Brand Transformation

This has been a year of both recovery and transformation for the Coco di Mama business, with a significant re-positioning of the brand. We have successfully re-opened and navigated our 15 London food to go stores 'mothership' through the challenge of office workers and commuters establishing new working routines in the wake of the pandemic. In parallel, we have actively been developing the brand into several new channels demonstrating its broad customer appeal and versatility. These new channels include nationwide delivery kitchens with both the Azzurri restaurant brands and third parties, securing travel sector trials and establishing a successful retail partnership.

Emboldened by the success of Coco's licensed delivery kitchen rollout in 2021, we now have >190 points of sale nationwide including 143 delivery kitchen locations and can claim to be the UK's leading pasta delivery brand with 1 in 4 nationwide brand awareness.

We have therefore further pivoted the brand's strategy from a London centric 'food to go' business, to launching several new Coco di Mama channels with different partners, with the aim of scaling those that prove most successful in the year ahead.

London Stores "Mothership Recovery"

Trading performance in our London stores remains suppressed relative to pre-pandemic levels as office workers are typically working 3-4 days a week on average, a reduction of ~20-30% on pre-pandemic volumes with Mondays and Fridays notably softer than midweek.

The first half of the year was characterised by the ebb and flow of pandemic restrictions lifting, as office worker confidence began to slowly return albeit impacted by the Omicrom variant spike in the winter. The second half of the year has been about establishing trading rhythms as the government VAT and business rates pandemic support receded, whilst new and unforeseen headwinds emerged such as inflationary pressures exacerbated by the Ukraine war, rail and tube strikes and the cost of living crisis.

Despite these structural challenges, we have successfully re-opened the stores business in line with the pace of the office worker recovery, returned the stores to a trading profit and laid the foundations for a more efficient operating model of the future.

Optimising the stores operating model & digitalisation

Whilst the London office worker recovery continues, we have developed significant improvements to the operational model to enhance profit margins.

We have centralised production of our daily prepared fresh grab and go baguettes and salads to two production kitchens, as opposed to production in each individual store previously. This has notably improved product consistency, enhanced the working conditions for fewer, higher skilled and better paid kitchen team members, and driven margin efficiencies through reduced production wastage and labour hours synergy.

Furthermore, as we exit the year we have successfully trialed self-order customer kiosks which is significantly increasing average transaction values through automated upsell and customer ownership of the order journey, and proving further labour efficiencies by reducing the number of till team members deployed.

We have also developed and enhanced our digital capability by launching Club Coco loyalty, as we transition our regular coffee customers from paper stamp cards to an in-house developed platform allowing us to own our customer data and monitor frequency.

And we have innovated a cost-effective labelling solution to meet new legislation requirements for allergen and calorie disclosure on both menu boards and products prepared for direct sale.

As we continue to nurture the flagship London stores business back to economic health, the small, high quality 'mothership' estate will serve as the centre of excellence and innovation hub from which to develop other channel opportunities and lend credibility to partnerships.

Re-positioning the brand to new Consumer behaviours

As new consumer behaviours emerge post-pandemic, we have re-positioned the brand to adapt for a broader customer range and occasions, always with our 'spirit of generosity' at the heart of our proposition.

The full store format offers premium, fresh hot and cold food to go across all day parts, served at speed, complimented by our Allpress air-roasted specialty coffee. Our iconic pasta pots feature 6 Great Taste Award winning sauces including Spicy Pollo and Gorgonzola & Ham Hock Carbonara that offer value for money recipes that are not easy to replicate at home, sitting alongside our Classics including Slow Cooked Bolognese and Lasagnes.

Our daily freshly prepared grab and go fridge range features our generous Italian sourdough baguettes and premium deli focaccias, alongside a range of wholesome salads such as Chicken Caesar. And our breakfast offering includes our popular hot bacon or sausage baguettes, and customisable porridge and egg pots. For a sweet treat, our counter display has fresh pastries and cakes with an Italian inspired twist including our famous bomboloni.

We have also established a robust ESG 'spirit of generosity' roadmap linked to the Azzurri purpose of building better food businesses that sustain happy, healthy lives. We have made headway on several initiatives including improving recycling in stores through better waste segregation and offering homeless people an opportunity to forge a career in hospitality in partnership with Change Please, a social enterprise that trains and coaches homeless people in both vocational barista and life skills.

Established Delivery Kitchen model driving incremental profitability

With the UK 'out of restaurant' delivery market firmly established, Coco has refined its Licence Delivery Kitchen proposition across 143 nationwide locations, with advanced trials underway with third parties to develop growth opportunities into further UK delivery zones where Azzurri does not have restaurant brand presence, particularly targeting students and residential zones around major cities. The small and simple operating footprint of a Coco delivery kitchen model is ideally suited to compliment existing food & kitchen operations in restaurants or hotels and drives incremental profitability and high returns from existing assets and resource for Coco's partners. We have invested in Coco's Delivery team to ensure that we offer our partners high support and transfer brand know-how as we rollout to further UK locations in the year ahead.

Reinforcing the brands position as the UK's leading pasta delivery brand, Coco di Mama was featured on several high profile aggregator media campaigns including Just Eat and Deliveroo TV and On Demand campaigns.

We also continue to innovate the delivery kitchen menu for the 'at home' customer and to further simplify the operating model for partners. Enhancements include the optimising of the supply chain to minimise wastage and delivery frequency to partner locations, permitting different cook processes depending on the kitchen volumes and developing our iconic 'bomboloni' mini doughnut product of which we sold 1.4m last year – almost as much as our pasta pots!

Travel channels

To compliment the stores 'mothership' and delivery kitchen rollout, we have further developed channels to bring Coco di Mama products to new customer occasions and varied locations and prove the economic models ahead of scaling.

These new developing channels include the travel sector where Coco's fast, hot and cold premium fresh menu range across all day parts resonates strongly with food to go customers short on time and looking for a value for money and wholesome occasion. In roadside travel we have a licensed pasta counter with Roadchef on the M6 Norton Canes motorway services which shares labour with another concept to create operating efficiencies. This small format pasta counter proposition is being further developed into a low cost, customer facing 'light kitchen' with self-order kiosks that we will further expand in high footfall travel locations, additionally benefitting from delivery revenue.

And in rail, we have secured our first mainline rail store in partnership with Network Rail which will open at Liverpool Street, London station in Autumn 22. This 7 day a week trading store in the heart of the UK's 5th busiest rail station, will be fully digital and trade late into the evenings and weekends to service passengers needs across all dayparts.

Retail partnerships

We have also successfully developed a strategic retail partnership with Sainsbury's by selling 8 premium fresh grab and go lines across 30 London stores, bringing Coco's products to new customers in the fast growing grocery 'food to go' occasion. Our generous, daily prepared fresh baguettes and salads are amongst the best selling products in Sainsbury's grab and go range in the London stores. Building on this success, we are exploring other routes to market for Coco di Mama branded grocery ranges, such as developing retail pasta and sauces for 'at home' consumption.

Looking ahead

We ended the year on a high point, winning three QSR Media awards for Brand Transformation, Team of the Year, Sustainability and two new Great Taste Awards for our pasta sauces. We look to the year ahead with the London stores 'mothership' capitalising on the return of office workers, making demonstrable progress against our ESG 'spirit of generosity' roadmap and with several channel opportunities to accelerate, including scaling delivery kitchens and opening Coco di Mama's first regional stores beyond the brand's London heartland.

Azzurri Group Holdings UK Limited

The reported statutory results cover the period from the 28 June 2021 to 26 June 2022.

	28 June 2021 to 26 June 2022	14 July 2020 to 27 June 2021	
	£m	£m	% Change
Operating Profit/ (Loss)	5.7	(28.7)	119.9% increase
Depreciation, amortisation and other adjustments	19.3	23.4	17.5% decrease
Exceptional items	0.0	10.9	100% decrease
Loss before taxation	(4.2)	(42.3)	90.1% increase
Adjusted EBITDA	25.0	5.4	363.0% increase

Adjusted EBITDA relates to adjustments for share-based payment expenses of £1.1m and one-off non-recurring costs totaling £2.2m (2021: £4.8m), relating to private equity costs £1.2m, contract & lease legal fees £0.6m & pricing strategy £0.4m.

EBIT Pre-Exceptional items is defined as Operating Profit excluding Exceptional Items.

Financial Review

Formation of the Group

On the 17 July 2020 the Group was formed following the acquisition of the trade and assets, brand and employees of ASK, Zizzi & Coco Di Mama ("the transaction"). The Group acquired the assets through a competitive pre pack administration process for £116.3m including fees. The Group acquired 221 restaurants and stores.

Performance Summary

Total sales for the year increased £119.0m on last year as the UK recovers from the Covid 19 pandemic.

Adjusted EBITDA in the year to 26 June 2022 is £25m which is an increase of £19.6m the prior year. Profit before tax increased to £2.7m (2021: 42.3m loss). Adjusted EBITDA in the year is in spite of the continued impact of Covid & in particular the Omicron variant.

Market Update

The Covid pandemic has potentially impacted the hospitality sector more than any other. The total number of restaurants fell by 9.7% during the pandemic & there are now 19.4% fewer 'casual dining restaurants', with a number of long established, multi site restaurant chains closing a significant proportion of their estate.

The Group monitors macroeconomic measures, sector indicators and its own business performance routinely in order to assess the validity of its business plans.

Cash Flow

Net cash inflow from operations for the year was £27.4m (2021: £4.3m). During the period the key components of cash flow were:

- Net investment in new restaurants and the maintenance of the estate totalling £18.4m;
- Interest paid totalling £2.2m

Financing

The Group's financing structure, implemented on acquisition in July 2020, comprises three main components:

- External senior bank debt;
- Shareholder debt; and
- Shareholder equity.

The Group's external senior debt is syndicated to a number of participating financial institutions with maturity dates of July 2025. The Group has a Revolving Credit Facility of £10.0m.

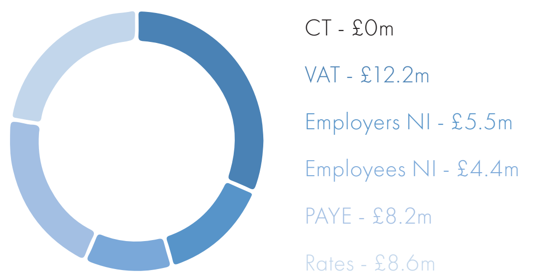
These external facilities are subject to certain financial and non-financial covenants. The financial covenants require the maintenance of a minimum ratio of Net Debt to EBITDA and maintain a minimum liquidity at the end of each period. Liquidity is defined as cash in the business plus the revolving credit facility. The Group has met these covenants with adequate headroom throughout the period.

Taxation

The Group did not pay any corporation tax. The is a result of utilising carried forward trading losses and two key continuing features of its business:

- Ongoing significant investment in capital expenditure across the estate, which qualifies for capital allowances that are designed to encourage such investment; and
- Interest payments on the external debt and shareholder loans, a proportion of which is deductible for tax purposes.

The Group's contribution to the UK Exchequer was £38.9m during the financial year (2021: £11.5m). This is a significant increase on the prior year, largely due to the reopening of restaurants following the COVID-19 pandemic.



Azzurri received £1.2m of local restriction business grants. This has helped to further mitigate losses during the omnicron outbreak this year.

GOVERNANCE

Board of Directors

Stephen Holmes
Chief Executive Officer

- CEO of the Group since its inception in 2020, Previously had been CEO of Azzurri group since 2015.
- Prior to Azzurri, within Gondola Group, Steve was the CEO of ASK Italian & Zizzi since 2014 and managing director of ASK Italian since 2012.
- Joined Pizza Express in December 2001, following senior roles in casual dining brands.

Lindsay Dunsmuir
Chief Financial Officer

- CFO of the Group since its inception in 2020. Joined as CFO of the Azzurri Group in June 2018.
- Previously CFO of Maplin Electronics and Ben Sherman.
- Has a law degree from Edinburgh University and is a member of the Institute of Chartered Accountants of Scotland.

Kieran Pitcher
Commercial & Property Director

- Commercial & Property Director of the Group since its inception in 2020, previously Group Property Director of Azzurri Group since 2015.
- Joined Gondola in June 2007 as Group Property Director.
- Previously Property Director at The Restaurant Group and Laurel Pub Company.

Harvey Smyth
Chairman

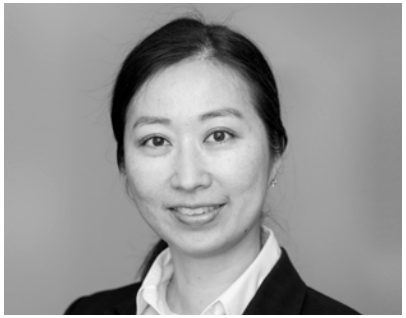
- Chairman of the Group since its inception in 2020. Previously appointed as Chairman in 2015.
- Chairman of Napaqaro group. A leading restaurant group in France
- Previously CEO of Gondola Group and deputy CEO at Pret a Manger.

Paolo De Bona
Non-Executive Director

- Appointed Non-Executive Director of the Group in March 2021. Mr. De Bona is a Principal at TowerBrook. Previously, Mr. De Bona was an Analyst in the Corporate and Investment Banking department at Citigroup in London, focusing on Telecom, Media and Technology companies.
- Mr. De Bona holds a M.Sc. in Finance from Bocconi University.

Joseph Knoll
Non-Executive Director

- Mr. Knoll is a Managing Director of TowerBrook.
- Mr. Knoll was a Director of York Capital where he helped build the European distressed and event-driven credit business.
- Mr. Knoll holds a BS from Yeshiva University.



Jamaria Kong
Non-Executive Director

- Ms. Kong is a Senior Principal at TowerBrook.
- Ms. Kong was formerly the Managing Partner at Hewlett Packard Enterprise's advisory and consulting services.
- Ms. Kong earned her B.Sc. in Business Information Technology and M.Com. in International Business from the University of New South Wales.

These are the Directors of the wider group board, not of Azzurri Group Holdings UK Limited.

Strategic Report for the 52 week period ended 26 June 2022

The Directors present their strategic report for Azzurri Group Holdings UK Limited ("the Company") and its subsidiaries (together "the Group") for the 52 week period ended 26 June 2022 ("the period"). The comparative period in these financial statements is for the period from the 14 July 2020 to 27 June 2021.

Introduction

During the period, the Parent Company operated as an intermediate holding company. The principal activity of the Group is to operate restaurants and stores.

On 17th July, Towerbrook acquired the trade & assets, brand, license to occupy and employees of ASK, Zizzi and Coco Di Mama through a competitive process for £116.3m consideration including fees.. The leases were subsequently re-assigned to the relevant trading entity for the restaurants and stores.

The Group operates three brands: Zizzi and ASK Italian which operates restaurants in the Italian casual dining sector and Coco di Mama which operates stores in the food to go sector.

The Group trades primarily in the United Kingdom, but also has a presence in the Republic of Ireland, where three Zizzi restaurants are trading.

Results and performance of the group

The results of the Group for the period are set out on page 35 and show a profit on ordinary activities before taxation of £2.7m (2021: £42.3m loss). Refer to the Group's financial review on page 22.

Key performance indicators

The Group measures performance using many key performance indicators, which are received regularly in a timely manner. The principal measures are set out below.

EBITDA

This measure serves as a proxy for cash generated which is key to investment and future growth. The Group uses adjusted EBITDA which is defined as profit before interest, tax, depreciation and amortisation and excludes exceptional items and items of a one-off non-recurring nature and pre-opening losses. This is a non-GAAP measure. Adjusted EBITDA for the year is £25.0m (2021: £5.4m)

CASH

This measures liquidity within the business. The total amount of cash held at the end of the period is £26.4m (2021: £19.8m).

NUMBER OF EMPLOYEES

Indicator for overall performance and staffing levels. The average number of employees during the financial year is 4,951.

Other performance indicators

NEW SITES OPENED

The number of new sites opened during the year is an indicator of the growth of the business.

SITES REFURBISHED

The number of sites which get refurbished each year directly impacts like-for-like sales. The Group aims to constantly invest in the refurbishment of its estate and aims to achieve a refurbishment cycle of six years.

RETURN ON INVESTMENT

New site openings and refurbishments are monitored to ensure that the budgeted/required level of return is achieved. This is presented periodically to the Board.

BRAND STRENGTH

This is monitored in a myriad of ways, looking at TripAdvisor scores, surveys and questionnaires and the level of customer complaints.

STAFF METRICS

A variety of staff metrics are monitored including team stability, vacancies and internal development.

Principal risks and uncertainties

The Board of Directors ("the Board") has the primary responsibility for identifying the principal risks which the business faces and for developing appropriate policies to manage those risks. To assist with this process, an annual Risk Review is presented to the Board.

The implications of Brexit have been considered on the principal risks noted in the Directors Report. We note the potential risk on the economic conditions, particularly the impact of inflation and the reduced purchasing power of sterling as well as the uncertainty created around the cost of living crisis.

These are the principal risks affecting the Group operations, but this is not an exhaustive list. The comprehensive risk register ensures the Board is appraised of all risks, and contingent actions to mitigate them.

By order of the Board

LINDSAY DUNSMUIR
COMPANY SECRETARY

21 October 2022

Strategic Report for the 52 week period ended 26 June 2022

Risks and uncertainties	Mitigation
UK Market conditions: Uncertainty in the economic climate and the drop in consumer confidence.	Regular monitoring of performance and future consideration of growth plans to ensure appropriate investment. Ensuring that appropriate headroom is maintained on all borrowing facilities.
Competition: The casual dining sector is highly competitive and sees new concepts enter the market.	Constant innovation of our proposition to remain ahead of the competition. Monitoring of performance and reviewing new opportunities.
Brand damage: Associated with failures in food safety.	Focus on quality and safety at a restaurant level, with regular health and safety to ensure that brand standards are upheld and regularly reviewed. The Group seeks to comply with legislation and best practice at all times.
Employees: Loss of key staff.	Monitoring of staff turnover rates and a clear focus on succession planning, providing a clear career path, investing in training and ensuring the Group remains an employer of choice.
Supply chain: Failure of key suppliers to deliver on agreed terms.	The Group closely monitors suppliers against service level agreements and has contingent arrangements in place where necessary.
Covid 19: Uncertainty of potential further lockdowns.	Increased sales from delivery business prior to Covid, Close monitoring of the group's liquidity position
Fraud, error or security breaches: Breakdown of internal controls, major IT failure or cyber security breaches.	Establishment of disaster recovery procedures for major events. Internal controls are in place with an external consultant who performs site visits, and loss prevention processes are implemented across the Group.
Inflation: Cost pressures from increasing inflation	Regular reviews of costs to the Group and taking action where necessary whilst maintaining quality.

Contents
Overview
Business review
Governance
Financial statements

The Directors present their annual report for the Company and the Group together with their audited consolidated financial statements for 52 week period ended 26 June 2022. The comparative period is for the period from 14 July 2020 to 27 June 2021. The basis of preparation of the financial statements is set out in note 2.

Results and dividends

The results of the Group for the period are set out on page 22.

The Directors do not recommend the payment of a dividend.

Directors

The Directors of the Company during the period and up to the date of signing the financial statements, unless otherwise stated, are:

- Stephen Holmes
- Lindsay Dunsmuir
- Paolo De Bona

A brief summary of the experience of each Director is provided on page 25.

Charitable and political donations

The Group made no charitable or political donations in the period.

Going concern

The Group's financial performance and position is described in the Financial review on pages 22 and 23. The Directors have reviewed cash flow forecasts for a 12 month period from the date of signing the accounts, which indicate the Group will be able to meet all its liabilities when they fall due for the foreseeable future, despite having net liabilities as at 26 June 2022. Projected covenant compliance and liquidity is also monitored and management have considered the mitigating actions available to ensure that sufficient headroom on each covenant is maintained for the foreseeable future. The Group also has an additional revolving credit facility and the maturity dates for all of the Group's banking arrangements are July 2025.

Having made an assessment of both liquidity and covenant compliance, the Directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Refer to note 2.3 for further detail on the accounting policy.

Our people

TRAINING AND DEVELOPMENT

Our people truly are our greatest asset and as such we are committed to providing an engaging, inspiring, honest and open environment for our team members.

We believe our industry offers great careers and we invest a lot of time and resources to nurture talent and give people the opportunity to progress their careers with us. For both front and back of house staff, we provide relevant training and an exciting career development path for those who want to progress within the business. We prioritise internal development and promotion over external recruitment, aiming for at least 70% of positions to be filled by internal candidates. Some of our most popular training and development opportunities include ASK's Italian Journey and Avanti Leadership Programme and Zizzi Viaggio. In both businesses, there are clear development paths, with staff working their way up from kitchen porter to head chef, waiter to general and on to operational managers.

LOOKING AFTER OUR PEOPLE

We fundamentally believe in treating our people with respect whilst looking after their welfare. Robust policies and practices are in place to ensure that everyone is well compensated including a well operated 'Tronc policy', which means tips are democratically distributed amongst our restaurant teams only. Nothing is retained by the Group.

The Group also provides its employees with a comprehensive benefits system including healthcare access and negotiated discounts. We do not believe in zero hours contracts, and wherever possible, provide workplace flexibility to support family responsibilities.

EQUALITY AND DIVERSITY

We celebrate diversity of our workforce – it's great for our business and we believe in treating everyone equally, regardless of race, gender or any other marker of difference.

We are committed to ensuring that there is no unconscious bias that restricts the opportunity for career progression with Azzurri. We are working closely with our teams to ensure that our kitchens are set up to welcome female chefs, that all potential barriers are removed, and we are exploring how we can support females in these roles.

We have in place Flexible Working policies but are reviewing these to identify any further actions we can take to encourage career development and progression amongst our female employees.

The Group's policy is to encourage the employment of disabled people where reasonably practical. Full and fair consideration is given to employment applications from disabled persons having regard to their aptitude and abilities.

Streamlined energy & Carbon reporting regulations ("SECR")

As required under the SECR regulations the following information relates to the energy consumed in our operations.

Greenhouse gas emissions

Azzurri Group Holdings UK Limited is a 'quoted company' under the SECR and must report its greenhouse gas emissions from scope 1 and scope 2 electricity, Gas and transport annually:

Scope	Description	Specific Fuels	Year to 26 June 2022 (tCO_2e)
Scope 1	Combustion of fuel on site and transportation	On site: Natural Gas, Wood fuel, Transport: Petrol, Diesel	4,382
Scope 2	Purchased Energy	Electricity – Location based	7,020
Scope 3	Supply chain Emissions	None - Voluntary	0
Total		**Location Based**	**11,402**
Intensity Ratio	**tCO_2e /£1m Turnover**	**Location based**	**48.3**
Energy usage	Total Kwh consumed	Electricity, Natural Gas, Wood fuel, Petrol, Diesel	55,177,266

Methodologies used in calculations if disclosures

The government's guidance document entitled *"Environmental Reporting guidelines: Including streamlined energy and carbon reporting guidance"* has been used as a guide to information that is required to be included in this report.

Information on energy efficiency actions during the year

The group recognises the impact that greenhouse gas emissions are having on climate change and are committed to reducing greenhouse gases where ever practical to do so.

Azzurri Group Holdings UK Limited has continued to reduce its impact on the environment by reducing its carbon footprint. There are a number of ongoing environmental programmes that work to do this, which include the following:

- Created a new role as head of ESG in the business to review existing carbon output and to challenge how we can operate more sustainably
- Azzurri manages waste & recycling at 124 ASK & Zizzi restaurants. All of these have some on-site recycling segregation, including 109 sites segregating food waste. Overall diversion from landfill for these sites is greater than 99.5%
- Used cooking oil is collected from all ASK and Zizzi restaurants and recycled into biodiesel
- ASK and Zizzi are members of the SRA (Sustainable Restaurant Association) to further assist them in their sustainability journey

The group is a founding member of the Hospitality Zero Carbon forum and is collaborating with industry peers to set out a strategic roadmap in order to deliver this ambition. Zero Carbon members are also moving to record Scope 3 emissions as we as setting the goal of achieving net zero carbon on Scope 1, 2 & 3.

Operations outside the UK

We operate three Zizzi restaurants in Ireland, with the intention of opening further restaurants in future periods.

Financial risk management

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk, cash flow risk, interest rate risk and price risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by management under guidance of the Board. The Group identifies, evaluates and addresses financial risks in close co-operation with the Group's operating units.

(A) FOREIGN EXCHANGE RISK

The Group operates primarily in the UK and is not susceptible to foreign exchange risk in the normal course of trading.

Foreign exchange risk may however arise from commercial transactions, as the Group purchases certain goods from European suppliers.

(B) CREDIT RISK

The Group has no significant concentrations of credit risk. The nature of its operations results in a large and diverse customer base and a significant proportion of cash sales. The Group has policies that limit the amount of credit exposure to any financial institution.

(C) LIQUIDITY RISK

The Group manages its exposure to liquidity risk through a naturally low level of debtors, maintaining a diversity of funding sources and the spreading of debt repayments over a range of maturities.

(D) PRICE RISK

The Group is exposed to the variability in the price of commodities used in the running of our restaurants; this includes exposure to price fluctuations in ingredients purchased. The Group mitigates this risk by entering into price negotiations with suppliers to fix and reduce costs where possible.

Statement of directors' responsibilities in respect of annual report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' indemnities

Qualifying third party indemnity provisions for the benefit of Directors, as defined by the Companies Act 2006, have been in force during the period and at the date of approval of the annual report.

Provision of information to auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

- (1) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006.

Directors' Report

Guarantees under section 479 of the companies act 2006

The following subsidiaries will take advantage of the exemption from audit of their individual financial statements, under section 479A of the Companies Act 2006:

- Azzurri Bidco Limited
- Azzurri Central Limited
- ASK & Zizzi Restaurants Limited
- POD restaurants Limited

As a condition of the above exemption, the Group has guaranteed the year end liabilities of the relevant subsidiaries until they are settled in full.

The Directors acknowledge their responsibilities for:

- Ensuring that the Company keeps adequate accounting records which comply with section 366 of the Companies Act 2006, and
- Preparing financial statements which give a true and fair view of the state of the affairs of the Company at 26 June 2022 and of its profit and loss for the year then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the Company.

S172 Statement

The Directors have exercised their duties under the Companies Act 2006 throughout the period, including under Section 172, the duty to promote the success of the Company whilst having regard for the factors in 172(1) (a) to (f).

These and other factors are taken into consideration by the Directors when making decisions in their role as the Board of Azzurri Group Holdings UK limited. The factors listed under S172 are integral to most of the significant decisions taken during the period.

The Directors of Azzurri Group Holdings Limited are actively committed to sustainable growth & development in order to promote the success of the group, and for the benefit of all its shareholders. Key strategic decisions are underpinned by the Principle of S172 factors.

The Group seeks to serve its customers' and their best interests first, collaborate with its suppliers, to ensure a sustainable and fair supply of goods & services, invests in its employees to promote long term success and retention and supports the communities and environments in which it operates.

The Board is satisfied that the information provided by management and others via reporting, performance updates, key performance measures, independent advice and industry and economic updates is of the appropriate quality to allow the Board to have due regard for each of the factors.

Indepedent auditors

KPMG LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

LINDSAY DUNSMUIR

COMPANY SECRETARY
Registered Office

Third Floor
Capital House
25 Chapel Street
London
NW1 5DH

21 October 2022

Corporate Governance Report

The Group is committed to high standards of corporate governance appropriate for a large, private company and the Board is accountable to all of the Group's shareholders, including minority shareholdings held by management and employees, for good corporate governance.

The Board

The Board considers that it is of an appropriate size for the requirements of the business, and that it has the appropriate balance of skills, knowledge and experience.

The Board comprises a chairman, three Non-Executive Directors who represent the shareholders' interests and three Executive Directors, who are responsible for the day-to-day running of the Company and Group.

The Board's role is to provide leadership to, and to set the strategic direction of, the Group. The Board monitors operational performance and is also responsible for establishing Group policies and internal controls to assess and manage risk.

The Board meets regularly throughout the year and, in addition to the routine reporting of financial and operational issues, reviews the performance of each of the brands in detail. There is a schedule of matters reserved for the Board and certain matters are delegated to the Board's committees and the Executive Directors. The schedule of reserved matters includes approval of annual budgets, strategic plans, senior management appointments, dividend policy and capital structure, major contracts and major capital expenditure. Items delegated to the Executive Directors include the approval of capital or other expenditure below the limits required for Board sign off, disposal of low value assets and approval of minor contracts or less senior appointments.

The Board is scheduled to meet between eight and twelve times each financial period.

The executive responsibility for overseeing the day-to-day management of the Group is delegated to Stephen Holmes, the Chief Executive Officer, together with his executive team.

There is a clear division of responsibility between the Non- Executive Chairman and the Executive Directors.

The Chairman is responsible for:

- The leadership of the Board, ensuring its effectiveness and setting its agenda; and
- Facilitation of the effective contribution of Non-Executive Directors, and ensuring constructive relations between them and the Executive Directors

The Executive Directors are responsible for:

- Setting the strategic direction of the Group
- Preparing annual budgets and medium-term projections for the Group and monitoring performance against plans and budgets
- Overseeing the day-to-day management of the Group
- Effective communication with shareholders; and
- Preparing the annual financial statements

The Company Secretary acts as secretary to the Board and its committees. He is responsible for ensuring that the Directors receive appropriate information prior to meetings, and for ensuring that governance requirements are considered and implemented.

The Remuneration Committee has undertaken a review of the effectiveness of the Executive Directors during the year, reporting to the Chairman. Executive Directors are included in the annual performance evaluation of all senior management, which includes a review of performance against a range of specific objectives.

Relations with shareholders

The Group is committed to maintaining effective communication with all of its shareholders in order to maintain a clear understanding of its objectives and its performance against those objectives.

The three Non-Executive Directors are appointed by the largest shareholders of the Group, Towerbrook LLP.

Remuneration committee

This committee comprises the Chairman, the Chief Executive and two of the Non-Executive Directors and is chaired by Joseph Knoll.

The Remuneration Committee is responsible for the following key areas:

- Determining the participation of Directors and employees in the Azzurri Equity Plan and Azzurri Investment Plan
- Agreeing the framework for the remuneration of the Executive Directors and other senior Executives and determining the total individual remuneration packages of each person, including pension arrangements. The Chief Executive is not present when his own remuneration package is determined
- Determining specific incentives for the Executive Directors and senior management to encourage enhanced performance by being rewarded in a fair manner for their individual contributions to the success of the Group
- Ensuring that contractual terms on termination and any payments made are fair to the individual and to the Group (and that failure is not rewarded);
- Evaluating the performance of the Executive Directors against objectives set

Audit committee

This committee comprises the Chairman, the Chief Financial Officer and two of the Non-Executive Directors and is chaired by Paolo De Bona. Relevant senior management are invited to attend Audit Committee meetings as required.

The Audit Committee is responsible for all matters relating to the regulatory and accounting requirements that may affect the Group, together with the financial reporting and internal control procedures adopted by the Group. In addition, the Committee is responsible for ensuring that an objective and professional relationship is maintained with the external auditors.

Key areas for which the Committee is responsible include:

- Reviewing the Group's financial statements prior to approval on behalf of the Board and reviewing the external auditor's reports thereon
- Establishing procedures to ensure that the Group monitors and evaluates risks appropriately
- Reviewing internal controls and establishing an internal audit plan to monitor the effectiveness of those controls
- Considering the consistency of accounting policies across the Group and the accounting for any significant or unusual transactions where different approaches are possible; and
- Assessing the effectiveness, independence and objectivity of the external auditors

Taxation policy

In line with its overall approach to corporate governance, Azzurri is committed to suitably strong governance in relation to all of its tax affairs.

The Group has published its tax strategy on the Azzurri Group website in June 2022. It seeks to:

- Structure its affairs in a tax efficient way, as would be expected in order to ensure commercial effectiveness, but using a straightforward and transparent approach without use of any aggressive tax planning strategies
- Ensure that it pays all taxes which are due (and to do so promptly)
- Maintain adequate systems, processes and adequately experienced staff in order to achieve the above; and
- Maintain a transparent and constructive relationship with HMRC

Azzurri's tax affairs are relatively straightforward, given that it is UK domiciled and that it operates in a sector which does not have inherent complexity – i.e. consumer-facing, with no long-term or complicated sales streams and relatively predictable cost structures.

In managing its affairs, the Group's aim is to limit tax related uncertainty. Our approach is to discuss significant transactions openly with the tax authorities in 'real time', as far as is commercially practicable. Where there is uncertainty in relation to a material tax issue, we will seek to obtain tax authority agreement or clearance in advance where practicable.

Independent auditor's report to the members of Azzurri Group Holdings UK Limited

Opinion

We have audited the financial statements of Azzurri Group Holdings UK Limited ("the company") for the period ended 26 June 2022 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Balance Sheet, Company Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 26 June 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

GOING CONCERN

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet targets, recent revisions to guidance, our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the underlying transactions are high in volume and low in value.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included entries to revenue and cash where the opposite entry was posted to an unusual or unexpected other accounts and material consolidation adjustments.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

STRATEGIC REPORT DIRECTORS' REPORT

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006, we are required 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.
- We have nothing to report in these respects.

DIRECTOR'S RESPONSIBILITIES

As explained more fully in their statement set out on page 30, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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.

WILLIAM SMITH (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Gateway House
Tollgate
Chandlers Ford
SO53 3TG

21 October 2022

FINANCIAL STATEMENTS

Consolidated Profit and Loss Account and Other Comprehensive Income for the 52 weeks ended 26 June 2022

	Note	2022 £m	2021 £m
Turnover	3	235.9	116.9
Cost of sales		(206.5)	(144.8)
Gross profit / (loss)		29.4	(27.9)
Administrative expenses		(24.9)	(25.0)
Exceptional costs	5	–	(10.9)
Other operating income		1.2	35.1
Operating profit / (loss)	4	5.7	(28.7)
Loss on disposal of tangible assets		(0.4)	(2.5)
Profit / (loss) before interest and taxation		5.3	(31.2)
Net finance costs	10	(9.5)	(11.1)
Loss before taxation		(4.2)	(42.3)
Tax on loss	11	6.9	3.5
Profit / (loss) for the financial period		2.7	(38.8)
Total comprehensive expense:			
Profit / (loss) for the financial period		2.7	(38.8)
Foreign exchange differences on translation of foreign operations		(0.2)	(0.1)
Total comprehensive income/(expense) for the period		2.5	(38.9)

The notes on pages 42 to 67 form part of these financial statements. The results above all relate to continuing operations.

As permitted by Section 408 of the Companies Act 2006, a profit and loss account for Azzurri Group Holdings UK Limited has not been presented in these Financial Statements. For the period ended 27 June 2021 the Company generated £0.0m loss.

Consolidated Balance Sheet
As at 26 June 2022

	Note	2022 £m	2021 £m
Fixed assets			
Intangible assets	12	**48.1**	**51.8**
Tangible assets	13	**67.6**	**61.2**
		115.7	**113.0**
Current assets			
Inventories	14	**2.0**	**1.9**
Debtors	15	**14.1**	**10.0**
Cash at bank and in hand	16	**26.4**	**19.8**
		42.5	**31.7**
Creditors: amounts falling due within one year	17	**(37.0)**	**(28.0)**
Net current assets		**5.5**	**3.7**
Total assets less current liabilities		**121.2**	**116.7**
Creditors: amounts falling due after more than one year	18	**(154.7)**	**(146.9)**
Provisions for liabilities			
Deferred tax provisions	22	**(1.8)**	**(8.7)**
Net Liabilities		**(35.3)**	**(38.9)**
Capital and reserves			
Translation Reserve	24	**(0.3)**	**(0.1)**
Other Reserves	24	**1.1**	**–**
Accumulated Losses	24	**(36.1)**	**(38.8)**
Share Capital	24	**–**	**–**
Total equity attributable to the parent's shareholders		**(35.3)**	**(38.9)**

The notes on pages 42 to 67 form part of these financial statements.

These financial statements were approved and authorised for issue by the board on 21 October 2022 and were signed on its behalf by:

S J Holmes

STEPHEN HOLMES
Director

LINDSAY DUNSMUIR
Director

Consolidated Statement of Changes in Equity
For the 52 weeks ended 26 June 2022

	Share Capital £m	Translation Reserve £m	Other Reserves £m	Accumulated Losses £m	Total equity £m
At 14 July 2020	–	–	–	–	–
Loss for the year	–	–	–	**(38.8)**	**(38.8)**
Other comprehensive expense	–	**(0.1)**	–	–	**(0.1)**
Total comprehensive expense for the year	–	**(0.1)**	–	**(38.8)**	**(38.9)**
At 26 June 2022	–	**(0.1)**	–	**(38.8)**	**(38.9)**

	Share Capital £m	Translation Reserve £m	Other Reserves £m	Accumulated Losses £m	Total equity £m
At 27 June 2021	–	**(0.1)**	–	**(38.8)**	**(38.9)**
Profit for the year	–	–	–	**2.7**	**2.7**
Foreign exchange gain/(loss)	–	**(0.2)**	–	–	**(0.2)**
Share based payment charge	–	–	**1.1**	–	**1.1**
Total comprehensive expense for the year	–	**(0.2)**	**1.1**	**2.7**	**3.6**
At 26 June 2022	–	**(0.3)**	**1.1**	**(36.1)**	**(35.3)**

The notes on pages 42 to 67 form part of these financial statements.

Consolidated Statement of Cash Flows
For the 52 weeks ended 26 June 2022

	Note	2022 £m	2021 £m
Net cash inflow from operating activities	25	**27.4**	**4.3**
Taxation paid		–	–
Net cash generated from operating activities		**27.4**	**4.3**
Cash flow from investing activities			
Purchase of tangible fixed assets		**(18.4)**	**(1.1)**
Purchase of subsidaries		–	**(121.7)**
Net cash used in investing activities		**(18.4)**	**(122.8)**
Net cash outflow before financing		**9.0**	**(118.5)**
Cash flows from financing activities			
Issue of bank debt & Shareholder debt		–	**138.4**
Interest paid		**(2.2)**	
Net cash generated from financing activities		**(2.2)**	**138.4**
Effect of changes in exchange rates on cash and cash equivalents		**(0.2)**	**(0.1)**
Net cash increase in cash and cash equivalents	25	**6.6**	**19.8**
Cash and cash equivalents at the beginning of the period		**19.8**	–
Cash and cash equivalents at the end of the period		**26.4**	**19.8**

The notes on pages 42 to 67 form part of these financial statements.

Notes to the Financial Statements
For the 52 weeks ended 26 June 2022

1. General Information

The principal activity of Azzurri Group Holdings UK Limited ("Azzurri" and the "Company") and its subsidiaries (together, the "Group") is operating restaurants and food to go stores.

The consolidated financial information presented is in respect of the underlying business of Azzurri Central Limited (including the ASK Italian, Zizzi, Coco di Mama & POD businesses), together with the Group holding companies described in note 33 for the period from 28 June 2021 to 26 June 2022.

The Company is a private company limited by shares and is domiciled and registered in the United Kingdom. The registered number is 12740843 and the registered address is Third Floor, Capital House, 25 Chapel Street, London, NW1 5DH.

The company was incorporated on 14 July 2020 with the name Bulstrode Midco U.K Limited. The group started trading on 17 July 2020 when TowerBrook Capital Partners completed the transaction. The company name was subsequently changed to Azzurri Group Holdings UK Limited.

2. Accounting Policies

2.1 STATEMENT OF COMPLIANCE

The Group and Parent Company financial statements of Azzurri Group Holdings UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

2.2 BASIS OF PREPARATION

The financial information has been prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. The most significant accounting policies, which have been applied consistently throughout the period, are described below.

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

2.3 GOING CONCERN

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons. The Group's financial performance and position is described in the Financial Review on pages 22 to 25. The Directors have prepared cashflow forecasts for a 12 month period from the signing date of the accounts, which indicate the Group will be able to meet all its liabilities when they fall due for the foreseeable future, despite having net liabilities at 26 June 2022.

The "Base Case Scenario" reviewed by the Directors is based on the Group's FY23 budget for the financial period ending 2nd July 2023 (the "FY23 Budget") and longer-term projections up to and including January 2024. The Base Case Scenario assumes that the number of people eating in its restaurants ("dine in covers") continue to be materially lower than levels seen in the pre-Pandemic period due to a combination of reduced consumer demand in the forecast period and a change in the Group's breadth and depth of discounting offered to customers from pre-pandemic levels. The Base Case Scenario includes investments in the refurbishment of existing sites and the opening of new sites with an associated sales uplift from these investments. The Base Case Scenario also assume year-on-year increases in food cost of mid-single digits and increases in the National Living Wage in April 2023 of high single-digits.

The group also has external debt of £154.7m split across three tranches; all have a repayment date of 16th July 2025. The Group's senior debt facility was £105.0m at 26 June 2022. This facility has two covenant tests; one based on a quarterly comparison between EBITDA & net debt (the "Leverage Covenant") and the other requires a minimum liquidity at the beginning of each four-week accounting cycle (the "Liquidity Covenant"). Under the terms of the Group's banking arrangements, the Group will operate under the Liquidity Covenant until September 2023 and then the Leverage Covenant from September 2023. The Base Case Scenario produces significant cashflow & EBITDA to satisfy both of the covenants for the next 12 months. At 26 June 2022, the Group had £26.4m of cash in the bank and an undrawn £10m revolving credit facility ("RCF").

The senior debt and RCF facilities are subject to fluctuations in the Bank of England base rate. The Base Case Scenario assumes Bank of England base rates consistent with current market expectations for the forecast period.

The Directors believe that the Base Case Scenario is reasonable and will allow the Group to meet all its liabilities when they fall due for the foreseeable future from existing cash reserves and cash generated through its operations.

However, the Directors have also modelled a plausible downside scenario (the "Downside Scenario") that includes reductions in the number of dine-in covers due to further declines in consumer confidence and lower than anticipated disposable incomes of consumers.

The Downside Scenario also assumes further inflationary pressures on the cost of food and labour and an increase in utility costs beyond the announced government support currently due to end in March 2023. The Downside Scenario also includes mitigating actions to preserve EBITDA and maximise net debt over the course of the next financial year before the leverage covenant test is first applied in September 2023. The mitigating actions are within the control of the Group and include reducing capital investment, increasing pricing and supply chain efficiencies.

Post year end the Group remains in a strong financial position with considerable financial resources. Cash balances as at 18th September were £21.0m which was in line with the Group's FY23 Budget and the Group's RCF facility of £10.0m remains undrawn.

The Directors believe the Group is well placed to manage its business risks successfully and meet all its financial obligations for at least 12 months from the date of signing these financial statements. As such the Group have continued to adopt the going concern basis in preparing the financial statements.

2.4 EXEMPTION FOR QUALIFYING ENTITIES UNDER FRS 102

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied.

The Parent Company has taken advantage of the following exemptions:

(i) No separate parent company Cash Flow Statement with related notes is included; and

(ii) Key Management Personnel compensation has not been included a second time.

(iii) Certain disclosures required by FRS 102.26 Share Based Payments; and,

(iv) Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

2.5 BASIS OF CONSOLIDATION

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings.

A subsidiary is an entity controlled by the Group.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and

liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess

of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

All transactions and balances between the Group's businesses have been eliminated in the preparation of the consolidated financial information. All subsidiaries have co-terminous year ends and follow uniform accounting policies.

2.6 FOREIGN CURRENCY

The Group's financial statements are presented in pound sterling and rounded to millions, apart from note 32. The Company's functional and presentation currency is the pound sterling.

Transactions denominated in foreign currencies are recorded at the spot rate applicable at the date of the transaction. Monetary assets and liabilities expressed in foreign currencies held at the balance sheet date are translated at the closing rate. The resulting exchange gain or loss is dealt with in the profit and loss account.

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. Exchange adjustments arising from the translation of the profits or losses at average rates are recognised in other comprehensive income.

2.7 TURNOVER

Turnover represents net invoiced sales of food and beverages, and excludes value added tax. Turnover is recognised when the goods have been provided.

GIFT CARDS

Gift card revenue is recognised when the gift cards are redeemed in the restaurants.

ROYALTY INCOME AND FRANCHISE FEES

The performance obligation is the license to trade in the market using the group's intellectual property. Revenues are allocated to the license and this is recognised over the period of the agreement.

2.8 ALLOCATION OF COSTS

Cost of sales includes all direct costs incurred in restaurants. Administrative expenses include central and area management, administration and head office costs, together with goodwill and intangible asset amortisation.

2.9 PENSION COSTS

Contributions to defined contribution personal pension schemes are charged to the profit and loss account in the year in which they become payable.

2.10 PRE-OPENING COSTS

Pre-opening costs, which comprise site operating costs, are expensed as incurred.

2.11 DEFERRED TAXATION

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date which are due to transactions or events which have occurred at that date and which will result in an obligation to pay more, or a right to pay less, tax in the future.

Resultant deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the deferred tax assets resulting from the underlying timing differences can be recovered against.

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2.12 BUSINESS COMBINATIONS AND GOODWILL

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

On acquisition of a business, control is transferred to the entity and the fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill.

Goodwill represents the difference between the fair value of the purchase consideration and the fair value of the separable net assets acquired. Goodwill on the acquisition of a business is capitalised and amortised over its useful economic life. The useful economic life applied by the Group is 20 years for the ASK and Zizzi acquisitions and ten years for the Coco di Mama acquisition.

On acquisition, goodwill is allocated to cash generating units ('CGUs') that are expected to benefit from the combination.

Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

2.13 INTANGIBLE ASSETS

Brand Values

Brand Values are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method, to allocate the depreciable amount of the assets to the residual values of their estimated useful lives, over the following number of years:

ASK Italian brand	20 years
Zizzi Brand	20 years
Coco di Mama brand	10 years

Amortisation is charged to administrative expenses in the profit and loss account.

Intangible assets are assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

2.14 TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the purchase price of the asset, together with incidental expenses incurred. Depreciation is provided at the following annual rates in order to write down to estimated residual values the cost of each asset over its estimated useful economic life on a straight-line basis.

Assets under construction comprise tangible fixed assets acquired for restaurants under construction, including costs directly attributable to bringing the asset into use. Assets are transferred to short leaseholds, plant and fixtures when the restaurant opens. No depreciation is provided on assets under construction as these assets have not been brought into working condition for intended use.

Short leasehold properties are depreciated over the length of the lease except where the anticipated renewal or extension of the lease is sufficiently certain so that a longer estimated useful life is appropriate. The maximum depreciation period for short-term leasehold properties is 30 years.

Depreciation is provided on the following basis: Plant and machinery 20% per annum

Fixtures and fittings	10% per annum
IT equipment	20% per annum

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in loss/profit on disposal of fixed assets in the income statement.

The carrying values of tangible fixed assets are reviewed for impairment at each balance sheet date and in periods where events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

2.15 INVENTORIES

Raw materials and consumables are valued at the lower of cost and net realisable value. Cost is based on the purchase cost on a first in, first out basis.

2.16 CASH AND LIQUID RESOURCES

Liquid resources are defined as current asset investments, given that they are readily convertible into known amounts of cash without curtailing or disrupting the business. Liquid resources comprise term deposits of less than one year (other than cash).

2.17 REBATES RECEIVABLE FROM SUPPLIERS

Where a rebate agreement with a supplier covers more than one year the rebates are recognised in the financial statements in the period in which they are earned.

2.18 DEBT FINANCE

All borrowings are initially stated at the fair value of consideration received after deduction of issue costs. The issue costs and interest payable on borrowings are charged to the profit and loss account over the term of the borrowing, or over a shorter period where it is more likely than not that the lender will require earlier repayment or where the borrower intends or is required to redeem early.

2.19 OPERATING LEASES

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

The benefit of lease incentives is taken to the profit and loss account to reduce the lease expense on a straight-line basis over the lease term. The Group continues to credit these lease incentives to the profit and loss account over the period to the first review date.

2.20 INTEREST RECEIVABLE AND INTEREST PAYABLE

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

using the Monte Carlo valuation model.

Cash settled schemes, the fair value of a share plan is recognized as an expense at each reporting date. The scheme is valued using the Monte Carlo model.

2.21 SHARE BASED PAYMENTS

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group. Azzurri operates both an equity settled scheme & a cash settled scheme.

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The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Share-based payment transactions in which the entity receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the entity's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment.

The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss. As the Company is part of a group share-based payment plan, it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The basis of such allocation is disclosed in note 21. The schemes are valued using the Monte Carlo model.

2.22 FINANCIAL INSTRUMENTS

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Classification of financial instruments issued by the Group and the Company In accordance with FRS 102.22, financial instruments issued by the Group and the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the entity to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the entity; and
- where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments. To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

(i) Financial assets

Basic financial assets, including trade and other debtors 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate.

The impairment loss is recognised in profit or loss. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The impairment reversal is recognised in profit or loss.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and preference shares that are classed as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction where the debt instrument is measured at the present value of future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on 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. 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 amortised over the period of the facility to which it relates.

2.23 INVESTMENTS

Investments are held at cost less accumulated impairment losses.

In the Group and Company financial statements, investments in subsidiary undertakings are stated at cost less any impairment. Impairment reviews are performed by the Directors when there has been an indication of potential impairment.

2.24 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

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

Business Combinations

The group has recognised assets and liabilities on acquisition of the Azzurri group using the purchase method of accounting. Under the purchase method of accounting assets are recognised at fair value. In order to measure fair value of certain assets the group has formed assumptions as to projected financial information, royalty rates, discount rates and depreciation rates. The value of goodwill, acquired intangible assets and PPE were sensitive to small movements in some of the assumptions applied. The group has applied its judgement, and in some cases employed specialist valuations experts, in determining the key assumptions which form the overall estimates. Given the high degree of sensitivity to some these assumptions a small change in any of these key assumptions may have given rise to materially different asset values from those that were recognised, including resulting in materially larger goodwill or negative goodwill.

Impairment of intangible assets and goodwill

The Group considers whether intangible assets and goodwill are impaired. Where an indication of impairment is identified the estimation of the recoverable value requires estimation of the recoverable value of the cash generating unit.

This requires an estimation of future cash flows and also a selection of appropriate discount rates in order to calculate the net present value of those cash flows. A discount rate of 13.0% was used in evaluating the cash flows relating to the intangible assets of the Group. The group has applied its judgement, in determining the key assumptions which form the overall estimates.

Given the high degree of sensitivity to some these assumptions a small change in any of these key assumptions may have given rise to different impairment value.

Impairment of tangible fixed assets

The Group considers whether individual fixed assets are impaired by considering the
profitability of the individual restaurant to which the assets relate.

This requires estimation about the future cash flows of that particular restaurant, being the designated cash generating unit. The group has applied its judgement, in determining the key assumptions which form the overall estimates.

Given the high degree of sensitivity to some these assumptions a small change in any of these key assumptions may have given rise to different impairment value.

Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of asset and liabilities, using rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probably that future taxable profits will be available against which the asset can be utilised.

3. Turnover

An analysis of turnover by class of business is as follows:	2022 £m	2021 £m
Restaurants	229.1	116.9
Quick service	6.8	–
	235.9	116.9

Analysis of turnover by country of origin and destination:	2022 £m	2021 £m
United Kingdom	233.0	115.8
Republic of Ireland	2.9	1.1
	235.9	116.9

4. Operating profit

The operating profit is stated after charging/(crediting):	2021 £m	2021 £m
Depreciation of tangible fixed assets (note 13)	10.3	11.5
Impairment of tangible fixed assets (note 13)	1.9	3.1
Profit / Loss on disposal of tangible fixed assets (note 13)	(0.4)	2.5
Amortisation of intangible assets, including goodwill (note 12)	3.7	3.4
Impairment of intangible fixed assets (note 12)	–	0.6
Exchange differences	–	0.1
Operating lease rentals	17.9	17.1
Defined contribution pension cost	1.5	1.5
Rental income	(0.2)	–

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5. Exceptional Items

	2022 £m	2021 £m
Payments to maintain supplier relationships	–	(8.1)
Lease assignment fees	–	(1.0)
Corporate transactions	–	(1.1)
Redundancy costs	–	(0.7)
	–	(10.9)

6. Other Operating Income

	2022 £m	2021 £m
Furlough Income	-	26.3
Business grants	1.2	8.8
	1.2	35.1

Income was received from HMRC in the period in relation to the various furlough schemes available to the group. Business grants relate to Local Restrictions Support Grants (LRSG) provided by local governments in the year based on rateable values of the restaurants.

7. Auditors' Remuneration

During the period the Group incurred costs relating to services provided by the Group's auditors:

	2022 £m	2021 £m
Fees payable to the Group's auditors and their associates for the audit of the Group's annual financial statements	(0.3)	(0.4)
	(0.3)	(0.4)

There were no other fees payable to the Group's auditors in the period.

8. Employees

Staff costs, including directors' remuneration, were as follows:	**Group 26 June 2022 £m**	**Group 27 June 2021 £m**
Wages and salaries	**(81.7)**	**(70.6)**
Social security	**(5.9)**	**(5.2)**
Other pension costs	**(1.5)**	**(1.5)**
Share based payment (see note 21)	**(1.2)**	**0.0**
	(90.3)	**(77.3)**

The average monthly number of employees, including the Directors, during the period was as follows:

	2022 No.	**2021 No.**
Restaurants and distribution	**4,753**	**4,672**
Administration	**198**	**245**
	4,951	**4,917**

The Company has no employees other than the Directors. The Directors remuneration is born by subsidiary companies.

9. Directors' Remuneration

Total Directors' remuneration was as follows:	**2022 £'000**	**2021 £'000**
Aggregate emoluments	**1,016.2**	**502.1**

Included within the emoluments above are pension contributions of £39,238 paid into the individual pension plans of one Directors.

9. Directors' Remuneration CONTINUED

Highest Paid Directors

Emoluments in respect of the highest paid Director were as follows:	**2022 £'000**	**2021 £'000**
Aggregate emoluments	**620.4**	**284.0**
Pension contributions	**2.1**	**1.3**
	622.5	**285.3**

Paolo De Bona, who represents Towerbrook Capital Partners, received no remuneration from the Group in respect of their services as Directors or in respect of any services to the Group.

No Director waived any emoluments in the period. The Group does not operate a defined benefit pension scheme.

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10. Net Finance Costs

	2022 £m	2021 £m
Finance costs		
Bank loans – Senior facilities	(9.5)	(11.0)
Foreign exchange loss	–	(0.1)
Other interest	–	–
Net finance cost	(9.5)	(11.1)

Interest on the senior facilities rolls up into the principal balance each interest period and does not fall due until the maturity or repayment of the respective loan.

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11. Tax On Loss

	2022 £m	2021 £m
Corporation tax		
Current tax on losses for the year	–	–
Adjustments in respect of prior periods	–	–
Total current tax	–	–
Deferred tax		
Origination and reversal of timing differences	(1.0)	(6.5)
Adjustment in respect of prior year	(2.4)	–
Recognition of previously unrecognised timing differences	(1.6)	–
Effect of rate change	(1.9)	3.0
Total deferred tax	(6.9)	(3.5)
Tax charge/ (credit)	(6.9)	(3.5)

Tax credit for the year is higher than the standard rate of corporation tax in the UK of 19%.

The differences are explained below:	2022 £m	2021 £m
Loss before taxation	(4.2)	(42.3)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19%	(0.8)	(8.0)
Effects of:		
Expenses non-deductible for tax purposes	(0.5)	1.2
Amortisation of goodwill non-deductible	0.3	0.3
Effect of rate change	(1.9)	3.0
Adjustment in respect of prior year	(2.4)	–
Recognition of previously unrecognised timing differences	(1.6)	–
Total tax credit/ (credit)	(6.9)	(3.5)

Closing deferred tax balances have therefore been valued at 19%.

12. Intangible Assets

	Brands £m	Goodwill £m	Total £m
Cost			
At 27 June 2021	**41.3**	**14.5**	**55.8**
Additions	–	–	–
At 26 June 2022	**41.3**	**14.5**	**55.8**
Accumulated amortisation			
At 27 June 2021	**2.0**	**1.4**	**3.4**
Charge for the period	**2.2**	**1.5**	**3.7**
At 26 June 2022	**4.2**	**2.9**	**7.1**
Impairment			
At 27 June 2021	0.6	–	0.6
Charge for the period	–	–	–
At 26 June 2022	**0.6**	–	**0.6**
Net book value			
At 26 June 2022	**36.5**	**11.6**	**48.1**
At 27 June 2021	**38.7**	**13.1**	**51.8**

ASK and Zizzi brand values are being amortised over 20 years. The Directors believe that the period is appropriate based on a review of the expected future cash flows of the Group, the fact that the ASK Italian and Zizzi businesses are long-standing operations and that the Group continues to have growth opportunities in the long-term future. The brand value relating to the Coco di Mama acquisition is amortised over 10 years, which the Directors believe is an appropriate period for the business.

Goodwill relating to the Azzurri acquisition is being amortised over 10 years which the Directors believe to be appropriate based on the reasons mentioned above.

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13. Tangible Fixed Assets

Group	Assets under construction £m	Short-term leasehold property £m	Plant, fixtures and IT equipment £m	Total £m
Cost or valuation				
At 27 June 2021	1.0	32.5	42.2	75.7
Additions	3.6	0.7	14.7	19.0
Transfer between classes	–	–	–	–
Disposals	–	(0.3)	(0.3)	(0.6)
Cost at 26 June 2022	4.6	32.9	56.6	94.1
Accumulated depreciation				
At 27 June 2021	–	(3.3)	(11.2)	(14.5)
Depreciation charge for the period	–	(1.3)	(9.0)	(10.3)
Impairment charge	–	(1.1)	(0.8)	(1.9)
Disposal Deprecation	–	0.1	0.1	0.2
Accumulated depreciation at 26 June 2022	–	(5.6)	(20.9)	(26.5)
Net book value at 26 June 2022	4.6	27.3	35.7	67.6
Net book value at 27 June 2021	1.0	29.2	31.0	61.2

There were no assets owned through finance leases.

Impairment tests were performed due to the external indicator of the ongoing impact of the global pandemic on the hospitality sector. The impairment arose due to changing working patterns and the impact this has on restaurant performance. Working from home, either fully or partially has had an impact on specific city centre restaurants.

The Company has no tangible fixed assets.

14. Inventories

Group	26 June 2022 £m	27 June 2021 £m
Food and drink	2.0	1.9
	2.0	1.9

The difference between purchase price or production cost of inventories and their replacement cost is not material. The Company holds no inventories.

15. Debtors

	26 June 2022 £m	27 June 2021 £m
Cash in transit	3.1	2.9
Trade debtors	2.6	2.7
Prepayments and accrued income	8.3	4.4
Amounts owed by Group undertakings	0.1	(0.0)
	14.1	10.0

Cash in transit reflect card payment receivables. All the debtors stated above are due within one year.
Amounts owed by Group undertaking are unsecured, interest-free and are repayable on demand.

16. Cash at bank in hand

Group	26 June 2022 £m	27 June 2021 £m
Cash at bank and in hand	26.4	19.8
Less: bank overdrafts	–	–
	26.4	19.8

The Company holds no cash.

17. Creditors: Amounts falling due within one year

	26 June 2022 £m	27 June 2021 £m
Trade creditors	3.5	2.5
Other creditors	2.3	1.7
Accruals and deferred income	23.1	21.6
Accrued bank interest	1.6	2.2
Corporate tax	0.1	–
Other taxation and social security	6.4	–
	37.0	28.0

The Company has no creditors falling due within one year.

18. Creditors: Amounts falling due after more than one year

	26 June 2022 £m	27 June 2021 £m
Bank loans and overdrafts	154.7	146.9
Total creditors falling due after more than one year	154.7	146.9

19. Loans and borrowings

	26 June 2022 £m	27 June 2021 £m
Bank loans	154.7	146.9
	154.7	146.9

SENIOR DEBT

On 17 July 2020, the Group entered into borrowing arrangements to finance the transaction. The loans were syndicated to a range of institutions and carry 8% PIK interest. After March 2022 the Senior A facility will incur interest at LIBOR plus 3.75%, payable in arrears at time periods of one, three or six months as agreed in advance.

	Principal loan amount at 26 June 2022 £m	Principal loan amount at 17 July 2020 £m	PIK Interest Rate	Maturity Date
Senior A facility	105.5	95.5	3.75% + LIBOR	July 2025
Senior B facility	31.6	27.5	8% PIK	July 2025
Senior C facility	17.6	15.3	8% PIK	July 2025

The Group has a revolving facility of £10m of which £0m, was drawn at 26 June 2022, however £0.1m has been designated to cover outstanding letters of credit. The utilised portion of each facility incurs interest at LIBOR plus 2.75%, while the unused facility incurs commitment fees of 1.1%. The facility has a final maturity date of July 2025.

20. Financial Instruments

	Notes	Group 26 June 2022 £m	Group 27 June 2021 £m
Financial assets that are debt instruments measured at amortised cost			
Trade debtors	15	**2.6**	**2.7**
Amounts owed by Group undertaking	15	**0.1**	–
		2.7	**2.7**
Financial liabilities that are debt instruments measured at amortised cost			
Bank loans - senior facilities	17, 18, 19	**(154.7)**	**(146.9)**
Trade creditors	17	**(3.5)**	**(2.5)**
Accruals and deferred income	17	**(23.1)**	**(21.6)**
Other creditors	17	**(2.3)**	**(1.7)**
		(183.6)	**(172.7)**

There is no material difference between the fair value and amortised cost of any of the financial instruments.

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21. Share Based Payments

GROUP

The Group has share based payment schemes in place, the Management Incentive Plan (MIP) and Long Term Incentive Plan (LTIP). The Group had formed the employee share scheme in 2021 which was designed to remunerate the employees of the Group with shares in the company.

The MIP was deemed to be equity settled, therefore the fair value of amounts payable to the employees is recongised as an expense in the employing company with a corresponding increase in equity to represent the contribution received. The LTIP was deemed to be cash settled, therefore the fair value of amounts payable to the employees is recongised as an expense in the employing company with a corresponding liability to recognise the services rendered by the employees. The fair value of the shares have been measured using the Monte Carlo valuation model. The model was chosen as it considers a wide range of possibilities which helps to reduce uncertainty.

	Method of settlement accounting	Number of instruments	Vesting conditions
Management Incentive Plan (MIP)	Equity	**175,000**	**Return only upon an exit event**
Long Term Incentive Plan (LTIP)	Cash	**3,060**	**Return only upon an exit event**

	MIP		LTIP	
	Weighted average exercise price (£)	**Number of shares**	**Weighted average exercise price (£)**	**Number of options**
Outstanding at the beginning of the year	**24.1**	**171,000**	**57.6**	**2,659**
Forfeited during the year		**(2,000)**		**(364)**
Granted during the year	**17.4**	**6,000**	**57.6**	**765**
Outstanding at the end of the year		**175,000**		**3,060**

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21. Share Based Payments CONTINUED

The total expenses recognised for the year and the total liabilities recognised at the end of the year arising from share-based payments are as follows:

	26 June 2022	27 June 2021
Share-based payment (expense)/ income	(1.1)	0.0

The Company is a member of a group share-based payment plan, and it recognises and measures its sharebased payment expense on the basis of a reasonable allocation of the expense recognised for the group. The basis for reasonable allocation is based on the number of employees in the scheme.

22. Other Provisions

Group	Deferred Tax £m	Total £m
At 27 June 2021	(8.7)	(8.7)
Charged to profit or loss	6.9	6.9
At 26 June 2022	(1.8)	(1.8)

The Company had no provisions for liabilities at 26 June 2022.

23. Deferred Tax Assets and Liabilities

Group	Assets £m	Liabilities £m	Net £m
At 27 June 2021	4.4	(13.1)	(8.7)
Origination and reversal of timing differences	(0.8)	1.8	1.0
Effect of change in rate	1.9	–	1.9
Adjustment in respect of prior periods	1.6	2.4	4.0
Tax assets / (liabilities)	7.1	(8.9)	(1.8)
Net tax liabilities			(1.8)

The Company had deferred tax assets or liabilities at 26 June 2022.

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24. Share Capital

	26 June 2022 £'000	27 June 2021 £'000
Allotted, called up and fully paid		
75,001 Ordinary shares at £0.01 each	0.75	0.75
	0.75	0.75

Ordinary A shares carry the voting rights and the right to receive notice of meetings and rights to appoint Directors. The shares were issued at par value on 17 July 2020 for cash consideration.

Translation Reserve	Group £m
Opening translation reserve at 27 June 2021	(0.1)
Foreign exchange gain/(loss) for the period	(0.2)
Closing translation reserve at 26 June 2022	(0.3)

Other Reserves	Group £m	Company £m
Opening balance at 27 June 2021	–	0.2
Equity-settled share based payment transactions	1.1	0.9
Closing other reserves at 26 June 2022	1.1	1.1

Accumulated Losses	Group £m	Company £m
Opening balance at 27 June 2021	(38.8)	–
Loss for the financial period	2.7	–
Closing Accumulated Losses at 26 June 2022	(36.1)	–

25. Notes to the Cash Flow Statement

A) RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS	26 June 2022 £m	27 June 2021 £m
Loss for the financial period	2.7	(38.8)
Adjustments for:		
Tax on loss	(6.9)	(3.5)
Net finance cost	9.5	11.1
Profit/(Loss) before interest and taxation	5.3	(31.2)
Depreciation of tangible fixed assets	10.3	11.5
Impairment of tangible fixed assets	1.9	3.1
Amortisation of intangible fixed assets	3.7	3.4
Impairment of intangible fixed assets	–	0.6
Loss on disposal of assets	0.4	2.5
Decrease/(Increase) in inventories	(0.1)	(0.3)
Decrease/(Increase) in debtors	(4.1)	(6.7)
Increase in creditors	10.0	21.4
Net cash generated from operating activities	27.4	4.3

B) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT	26 June 2022 £m	27 June 2021 £m
Increase in cash (note 16)	6.6	19.8
Bank fees paid	–	0.0
Issue of debt	–	(138.4)
Repayment of debt	2.2	0.0
Change in net debt resulting from cash flows	8.8	(118.6)
Other non-cash changes	(10.0)	(8.5)
Net debt at beginning of period	(127.1)	0.0
Net debt at end of period	(128.3)	(127.1)

25. Notes to the Cash Flow Statement (CONTINUED)

C) ANALYSIS OF CHANGES IN NET DEBT	At 27 June 2021 £m	Cash flow movements £m	Non-cash flow movements £m	26 June 2022 £m
Cash at bank and in hand	**19.8**	**6.6**	–	**26.4**
Bank loans - senior facility (non-current)	**(146.9)**	**2.2**	**(10.0)**	**(154.7)**
Net debt at end of period	**(127.1)**	**8.8**	**(8.5)**	**(128.3)**

Other non-cash changes comprise of movements in accrued capitalised interest.

26. Commitments under Operating Leases

At the end of the financial period, the Group had future minimum lease payments under non-cancellable operating leases as follows:	Group 26 June 2022 £m	Group 27 June 2021 £m
Not later than 1 year	**16.5**	**15.4**
Later than 1 year and not later than 5 years	**62.0**	**59.8**
Later than 5 years	**114.6**	**119.1**
	193.1	**194.3**

27. Contingent Liabilities

On 17 July 2020, certain Company subsidiaries (the "Original Obligors") became guarantors to a Senior Facilities Agreement between Azzurri Bidco Limited and Coöperatieve Rabobank U.A. trading as Rabobank London. The facilities were drawn on the 17 July 2020 to fund the acquisition of Azzurri Central Limited, at which point the acquired subsidiaries became "Additional Obligors" to the agreement. Subsequently, new subsidiaries of the Azzurri Group have been included to become "Additional Obligors" to the agreement.
The amounts outstanding at the balance sheet dates for these loans were £154.7m including accrued interest. Each Guarantor irrevocably and unconditionally jointly and severally:

a. Guarantees to each Finance Party punctual performance by each other Obligor of all that Obligor's obligations under the Finance Documents

b. Undertakes with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and

c. Agrees with each Finance Party that if any obligations guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of an Obligor not paying any amount which would, but for such enforecability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due.

28. Guarantees Under Section 479 of the Companies Act 2006

For the Group's subsidiaries, Azzurri Bidco Limited (Registered number: 12741616), Azzurri Central Limited (Registered number:12457130), POD Restaurants Limited (Registered number: 12226594) and Ask & Zizzi Restaurants Limited (Registered number: 12525366), advantage has been taken of the audit exemption available for non-dormant subsidiaries conferred by section 479A of the Companies Act 2006.
As a condition of the above exemption, the Azzurri Group Holdings UK Limited (Registered number 12740843): has guaranteed all outstanding liabilities as at 26 June 2022 of the relevant subsidiaries until they are settled in full. No liability is expected to arise under the guarantee.

29. Related Party Transactions

No separate disclosure has been made of transactions and balances between companies in the Group that has been eliminated in the preparation of these financial statements. All other transactions and balances with related parties of the Group have been detailed below.

TRANSACTIONS WITH TOWERBROOK
Monitoring fees of £0.5m due to TowerBrook Capital Partners were incurred during the financial period.

LOAN WITH BULSTRODE B.V.
£85.7m of the total Loan facility and £0.9m of interest accrued is with Bulstrode B.V, a nominee company which holds TowerBrook's shares in the Group.

30. Business Combinations

On 17 July 2020 the Group acquired 100% of the ordinary share capital of Azzurri Bidco Limited, Azzurri Central Limited, Ask Italian Restaurants Limited, Zizzi Restaurants Limited, Coco Di Mama Limited, POD Restaurants Limited, ASK & Zizzi Restaurants Limited and Azzurri Restaurants Ireland Limited for cash consideration of £111.1m. These were "off the shelf' entities previously named Bulstrode Bidco U.K. Limited, De Facto 2251, De Facto 2246, De Facto 2247, De Facto 2248, De Facto 2250 and De Facto 2256 respectively.

The results of the Group relate entirely to the acquired entities. The following amounts of assets and liabilities were recognised at the acquisition date:

	Note	Book Value	Adjustment	Fair value recognised on acquisition £m
Assets				
Property, plant and equipment	(i)	111.8	(37.2)	74.6
Brand values	(ii)	–	41.3	41.3
Cash		0.2	–	0.2
Inventories		1.7	–	1.7
Trade debtors		0.2		0.2
Liabilities			–	
Trade payables		(1.1)	–	(1.1)
Other payables		(2.9)	–	(2.9)
Deferred tax	(iii)	–	(12.2)	(12.2)
Total identifiable net assets at fair value		109.9	(8.1)	101.8
Costs directly attributable to the business combination				
Goodwill arising on acquisition				(5.2)
				14.5
Purchase consideration transferred				111.1

Other payables consists of the first monthly payroll as well as holiday accrued at the time of transfer of assets.

Adjustments on acquisition made in respect of the following:
(i) Step down in value of properties based on an independent valuation.
(ii) Recognition of Ask Italian, Zizzi and Coco Di Mama's brand on acquisition.
(iii) Recognition of additional deferred tax liability due to the acquisition.

31. Post Balance Sheet Events

There were no post balance sheet events.

32. Ultimate Parent Undertakings

TowerBrook's shares in the Group are held in the name of a nominee company, Bulstrode BV. Bulstrode BV's ultimate parent company is TowerBrook Capital Partners L.P.
Accordingly, at 26 June 2022, the Directors consider the Company's ultimate controlling party to be TowerBrook Capital Partners L.P.
These accounts represent the smallest group in which the company's results are consolidated. The largest group of accounts are consolidated up to Bulstrode B.V.

33. Principal Subsidiary Undertakings

The subsidiary undertakings of the Group for the period ended 26 June 2022 were as follows:

Name	Country	Class of Shares	Holding	Principal Activity
Azzurri Group Holdings UK Limited	UK	Ordinary	100%	Holding company
Azzurri Bidco Limited	UK	Ordinary	100%	Holding company
Azzurri Central Limited	UK	Ordinary	100%	Management services
Ask Italian Restaurants Limited	UK	Ordinary	100%	Restaurant operations
Zizzi Restaurants Limited	UK	Ordinary	100%	Restaurant operations
Coco Di Mama Limited	UK	Ordinary	100%	Restaurant operations
POD Restaurants Limited	UK	Ordinary	100%	Restaurant operations
ASK & Zizzi Restaurants Limited	UK	Ordinary	100%	Dormant company
Azzurri Restaurants Ireland Limited	Ireland	Ordinary	100%	Restaurant operations

The registered addresses for all UK companies are Third Floor, Capital House, 25 Chapel Street, London, NW1 5DH.
Azzurri Restaurants Ireland Limited's registered address is 25-28 North Wall Quay, Dublin 1.

Company Balance Sheet
As at 26 June 2022

	Note	2022 £000's	2021 £000's
Fixed assets			
Investments		187.9	187.9
		–	187.9
Current assets			
Intercompany Debtors		886.7	–
Creditors: amounts falling due within one year		–	–
Net current assets / (liabilities)		1,074.6	–
Total assets less current liabilities		1,074.6	187.9
Net Assets		1,074.6	187.9
Capital and reserves			
Called up share capital	24	0.8	0.8
Accumulated Losses	24	–	0.0
Share based payment reserve	24	1,073.8	187.1
Total equity		1,074.6	187.9

The notes on pages 42 to 67 form part of these financial statements.

These financial statements were approved and authorised for issue by the board on 21 October 2022 and were signed on its behalf by:

STEPHEN HOLMES
Director

LINDSAY DUNSMUIR
Director

Company Statement of Changes in Equity
For the 52 weeks ended 26 June 2022

	Share Capital £'000s	Accumulated Losses £'000s	Other Reserves £'000s	Total equity £'000s
At 27 June 2021	0.8	–	187.1	187.9
Other comprehensive expense **Total comprehensive expense for the period**	**0.8**	–	**187.1**	**187.9**
Transactions with owners Equity-settled share-based payment transactions	–	–	**886.7**	**886.7**
At 26 June 2022	**0.8**	–	**1,073.8**	**1,074.6**

The notes on pages 42 to 67 form part of these financial statements.

Corporate Directory

DIRECTORS
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Lindsay Dunsmuir
Paolo De Bona

COMPANY SECRETARY
Lindsay Dunsmuir

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