30 March 2023

**Tasty plc**

("Tasty" or the "Company")

**Final results for the 52 weeks ended 25 December 2022**

Tasty (AIM: TAST), the owner and operator of restaurants in the casual dining sector, announces its annual results for the 52 week period ended 25 December 2022.

**Key Highlights**

- Revenue £44.0m (2021: £34.9m); an increase of 26% year-on-year
- Adjusted EBITDA[1] (post IFRS 16) of £2.6m (2021: £8.0m)
- Loss after tax for the period of £6.4m (post IFRS 16) (2021: £1.2m profit)
- Group repaid and cancelled its unutilised Barclays Bank facility of £1.1m and is now debt free
- Cash at bank of £7.0m as at 25 December 2022 (2021: £11.0m)
- Currently trading from 52 of 54 restaurants
- Inflationary pressure on labour, food and utilities has impacted the business considerably but now beginning to stabilise
- Staff shortages remained a challenge in 2022 but are returning to more normal levels
- Despite staffing and inflationary challenges, like-for-like sales compared with pre Covid-19 levels were encouraging

[1] Adjusted for depreciation, amortisation and highlighted items including share-based payments and impairments. Adjusted EBITDA 2021 figure includes £1.9m of exceptional Government grant income

The report and accounts for the 52 week period ended 25 December 2022 will be available on the Company's website at https://dimt.co.uk/investor-relations/ shortly.

*Certain of the information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the UK version of the EU Market Abuse Regulation (596/2014). Upon publication of this announcement via a regulatory information service, this information is considered to be in the public domain.*

**For further information, please contact:**


| | |
|---|---|
| **Tasty plc** | Tel: 020 7637 1166 |
| Jonny Plant, Chief Executive | |
| **Cenkos Securities plc** (Nominated adviser and broker) | |
| Katy Birkin/George Lawson | Tel: 020 7397 8900 |

## Chairman’s statement

I am pleased to be reporting on the Group’s annual results for the 52 weeks period ended 25 December 2022 and the comparative 52 weeks period ended 26 December 2021.

The Group comprises 54 restaurants: six dim t and 48 Wildwood restaurants.

It was hard to predict the challenges that we faced in 2022 would immediately follow what had already been extraordinarily difficult years during the pandemic. The Group delivered strong sales growth, despite the severe impediments of transportation strikes, the World Cup, and bad weather all coinciding with the most important trading period of the year. We have estimated the adverse sales impact of all these factors to be in excess of £0.65m. As reported in our Interim Results, the energy crisis and unprecedented inflationary costs suppressed the results further, significantly increasing our running costs.

We reopened two Wildwood restaurants which were closed during the pandemic, and we are now trading from 52 restaurants out of a total estate of 54. We also converted Wildwood Loughton into a dim t in November 2022 with results which have exceeded expectations. Dim t has proved to be a robust brand over the last few years due to both a rise in popularity for Asian food and also an increased demand for takeaway and delivery of this cuisine. Given the initial solid performance of this converted unit we are currently considering other opportunities to rebrand within our estate. We have started a process to sell the two restaurants that remain closed, and we will also consider the sale or surrender of other underperforming sites.

Delivery and takeaway have remained strong throughout the year but there has been a marginal shift towards dine-in. The sales performance for the start of 2023 has been better than initially expected, but it is still challenging. We believe that this is partially due to customers drawing upon personal savings built up during the pandemic and a resilience to conservative menu price increases however, whether this resilience continues, remains to be seen in the coming months. The Board expects the Group’s profitability to continue to be impacted by both energy costs, which remain significantly higher than pre-pandemic levels, and also increasing food costs. The Group’s expansion plan of opening additional sites will be reviewed once inflation and the economy have stabilised.

The Group repaid and cancelled its outstanding Barclays Bank facility of £1.1m as it was unutilised, and it was considered prudent given the increasing interest rate charges. Based on the Bank of England base rate at the time of cancellation, there will be an annualised interest saving of approximately £57,000. The Group still has a £250,000 overdraft facility.

As with previous challenges, the Group is confident it has a structure that can navigate the current macroeconomic headwinds.

**Dividend**

The Board does not propose to recommend a dividend (2021: £nil).

**Future Trading**

Performance to date is ahead of management expectations although, at this stage, it is difficult to predict the full extent of the cost of living crisis and input cost inflation and shortages. When the current energy cap reduces at the end of March 2023, with advice from our newly appointed energy brokers, we are adopting a revised strategy to reduce our energy costs. We expect our customers to continue to enjoy eating out and relish the social occasion at Wildwood and dim t but we will continue to focus on managing our cost base and increasing efficiencies within the business. We are living in very unpredictable times, both politically and economically, and these no doubt will continue to be factors in the performance of the Group for the coming year.

Keith Lassman

**Chairman**
29 March 2023

## **Strategic report** for the 52 weeks ended 25 December 2022

**Business Review**

Tasty operates two concepts in the casual dining market: Wildwood and dim t.

**Wildwood**

Aimed at a broad market, our 'Pizza, Pasta, Grill' restaurant remains the Group's main focus. Our sites are primarily based on the high street. However, our estate comprises a number of leisure, retail and tourist locations that have historically traded well, highlighting the broad appeal of the offering. Located nationally, mainly outside of London, Wildwood is currently open for business from 46 of the 48 Wildwood branded restaurants.

**dim t**

Our pan-Asian restaurant now trades from six sites, serving a wide range of dishes, including dim sum, noodles, soup and curry. This includes dim t Loughton, which was converted from a Wildwood and re-opened in November 2022. The brand has fared particularly well over the last few years due to a rise in its popularity and increased demand for takeaway. Given the success of Loughton we believe there are some opportunities to grow this brand within our existing estate.

*Introduction*
Recent years have been characterised by continuing uncertainty, and it has been difficult to accurately predict the extent or duration of disruptions. Against this turmoil, we have been reassured by the enduring demand for eating out and our focus remains on offering a great dining experience with significant time spent improving food quality and customer experience. Other than December 2022, when sales were impacted negatively by the World Cup and transportation strikes, overall sales performance of the re-opened estate has been ahead of 2019, which has been used as a fair comparison as both 2020 and 2021 were impacted by the pandemic.

We are conscious that demand may be favourable due to the savings built up over the pandemic and the real impact of the cost-of-living crisis may still materialise, however year-to-date performance in 2023 has been slightly better than expected. There has been a discernible shift from the early weekday trade to the weekend and we have avoided aggressive discounting and promotions, maintaining a competitive advantage through pricing and a value proposition.

We previously reported that the pandemic negatively impacted our city centre sites due to fewer commuters, tourists and theatregoers. The London sites are now performing better with the return of tourists and the theatre shows, and there has also been an uplift in lunch trade as people slowly increase the frequency that they attend the office.

*Energy costs*
In 2022, our energy costs rose substantially in line with many in the hospitality industry and often resulted in four times more cost than the 2019 equivalent. When the current energy cap reduces at the end of March 2023 with advice from our newly appointed energy brokers, we are adopting a revised hedging strategy to reduce our energy costs. While we hope that pressures on energy costs have peaked, we expect prices to remain higher than pre-pandemic levels and estimate this to be at least double that of historical costs. We are working on unit level energy efficiency improvements and selective Monday closures to reduce costs.

*Offering*
We are constantly reviewing our menu and increasing the choice of options, including lunch and light options. With our newly appointed Head of Food and our central kitchen production we have significantly improved our food quality and consistency which is borne out by customer survey reports. With approximately three menu changes a year, we can adapt products to suit availability and changing tastes and we always review ways to offer vegan and gluten-free options. To ensure we are accessible to a broader consumer group, we have maintained a very low entry price point for both pizza and pasta for Wildwood and noodles for dim t - dishes which continue to be very popular with our customers.

*People*
We are pleased to report that as at 25 December 2022, we employed just under 1,100 people across the business, an increase of 100 from the previous year and a sign that the labour shortage seems to have stabilised. However, competition is still considerable for good-quality candidates, and we remain committed to ensuring the Group is a competitive, attractive and supportive environment in which to work.

Whilst we welcome the removal of the temporary increase of National Insurance of 1.25% introduced in November 2022, the increases in April 2023 of the National Living Wage and general inflationary wage pressures will inevitably result in higher labour costs, which will be impossible to absorb completely. We continue to be committed to improving labour efficiency through a focus on the trading day-parts, forecasting and scheduling.

A new recruitment system has been rolled out across the Group which will improve candidate selection and retention. We have undertaken a comprehensive review of our employee training and engagement which will both produce a better customer experience and also improve employee satisfaction and development. The full implementation of this project is expected to be completed in early Q2 2023.

We have strengthened our management structure and senior teams across all areas with particular investment in food, marketing and the learning and development team.

*Suppliers*
With the energy crisis impacting the whole economy we have seen inflationary increases across the board from food costs through to third party service providers. Thankfully, supply has been more consistent, although there have been some unplanned disruptions which have affected our major supply lines. However, Covid-19 taught us how to be agile and resourceful and we have suffered very little outages during the difficult periods.

*Property*
The Group has successfully regeared one lease and will continue to review current lease terms and also consider disposing of poorer performing sites. There are a few leases with termination provisions effective this year, which will allow us to either renegotiate terms or surrender the lease. The Group will consider expansion once the economy and energy market stabilise. Unfortunately, we expect some businesses will struggle to survive with their current estate, and there will be many opportunities to acquire good sites. There are some rolling restaurant refresh programmes which are ongoing but expansion and major refurbishments will not be considered until the second half of the year.

*Board Changes*
*As* previously announced, Mayuri Vachhani will be stepping down from her position as Chief Finance Officer and leave the Group on 31 March 2023, to pursue other opportunities. The Board would once again like to thank Mayuri for her hard work and the contribution she has made to the business over the last five years.

Wendy Dixon was appointed as an independent Non-executive Director in June 2022. She also holds the role of Chief Growth Officer for M&C Saatchi Group, and we are delighted to have her on our Board. In addition, Harald Samúelsson, who joined the Board in May 2021, is permanently relocating to Spain from 1 April 2023 and will revert to his previous position as an independent non-executive Director. Harald Samúelsson has over 20 years of experience in the UK restaurant industry.

**Current trading and outlook for the coming year**

Performance to date is ahead of management expectations, although at this stage, it is difficult to predict the full extent of the cost of living crisis and input cost inflation and shortages given the level of uncertainty that still exists in the industry and economy in general. We expect our customers to continue to show their loyalty towards our brands and we believe that our new marketing initiatives and websites will help grow a wider customer base.

**Financial review**

*Highlighted Items*
The Group recognises a number of charges in the financial statements which arise under accounting rules and have no cash impact. These charges include share-based payments and impairments to fixed assets. The above items are included under 'highlighted items' in the statement of comprehensive income and further detailed in Note 5. These items, due to their nature, will fluctuate significantly year-on-year and are, therefore, highlighted to give more detail on the Group's trading performance.

*Full year results and key performance indicators*
The Directors continue to use a number of performance metrics to manage the business but, as with most businesses, the focus on the income statement at the top level is on each of sales, EBITDA before highlighted items, and operating profit before highlighted items compared to the previous year. All key performance indicators that adjust for highlighted items do not constitute statutory or GAAP measures.

The table below shows key performance indicators both before and after IFRS 16:

| | Post IFRS 16 **52 weeks ended 25 December 2022 £'000** | Pre IFRS 16 **52 weeks ended 25 December 2022 £'000** | Post IFRS 16 52 weeks ended 26 December 2021 £'000 |
|---|---|---|---|
| *Non-financial* | | | |
| Sites at year end | **54** | **54** | 54 |
| Open sites | **52** | **52** | 50 |
| | | | |
| Sales | **44,027** | **44,027** | 34,909 |
| EBITDA before highlighted items | **2,621** | **(2,633)** | 7,991 |
| Depreciation of PP&E and amortisation | **(1,667)** | **(1,726)** | (1,300) |
| Depreciation of right-of-use assets (IFRS 16) | **(2,641)** | **-** | (2,579) |
| | | | |
| Operating (loss)/profit before highlighted items | **(1,687)** | **(4,359)** | 4,112 |

Sales were up 26% on the corresponding period which was impacted by restricted trading to £44.0m (2021: £34.9m) and EBITDA was £2.6m (2021: £8.0m). The EBITDA loss before highlighted items and IFRS 16 adjustments was £2.6m (2021: £3.9m profit).

Operating loss before highlighted items (see Note 5) was £1.7m (pre-IFRS 16 equivalent: £4.4m loss, 2021: £4.1m profit).

The impact of the implementation of IFRS 16 “Leases” from 2020 has resulted in both depreciation on Right-of-use (“ROU”) assets for leases and also the interest charge on lease liabilities being greater than the charge for rent that would have been reported pre-IFRS 16; the net impact on the reported loss for 2022 is £0.3m (2021: £0.9m). We have reviewed the impairment provision across the ROU assets and fixed assets and have made a net provision of £2.3m (2021: £0.6m).

After considering all of the non-trade adjustments, the Group reports a loss after tax for the period of £6.4m (2021: £1.2m profit after tax). Net cash inflow for the period before financing was £2.8m (2021: £7.3m inflow) and is driven by a net cash inflow from operating activities of £4.4m (2021: £7.8m).

As at 25 December 2022, the Group had an outstanding bank loan of £nil (2021: £1.25m) after repaying the Barclays Bank facility in full in June 2022. Cash at bank at the end of the period was £7.0m (2021: £11.0m). Net cash after outstanding bank loan at the balance sheet date was £7.0m (2021 – net cash £9.8m). Capital investment increased to £1.6m (2021: £0.5m).

**Principal risks and uncertainties**

The Directors have the primary responsibility for identifying the principal risks the business faces and for developing appropriate policies to manage those risks.

| Risks and uncertainties | Mitigation |
|---|---|
| **Covid-19**<br>New strain of Covid-19 impacting staff, restaurants and supply. | While the impact of Covid-19 does not appear to be impacting day to day business we continue to be vigilant and will follow guidelines where relevant.<br><br>Management became adept at managing cost and revenue through lockdowns and restrictions and are flexible at localised closures due to Covid-19 outbreaks and/or shortages of staff.<br><br>Outbreak protocols have been established for staff, restaurants, and suppliers and will be implemented where necessary. |
| **Cashflow and liquidity**<br>The impact of cost-of-living crisis and other trading conditions on cashflow and liquidity | Cash preservation has been a key focus over the last few years. The Group monitors cash balances and prepares regular forecasts which are reviewed by the Board. These forecasts include our best estimates and judgements based on currently available information and the current environment. In addition, management will apply sensitivities to assess the impact of actual results or events impacting on future cash flows.<br><br>The bank facility of £1.25m secured to strengthen the Group's balance sheet and provide additional working capital, was drawn down in full in January 2021 but remained unutilised and was repaid in full in June 2022. The Group also has an unutilised £250,000 overdraft facility. |
| **Utilities and Cost of Living Crisis** | The biggest challenge faced by the Group, and many other businesses, is the increase in utility prices. We have endeavoured to reduce usage by focusing on consumption and efficiency; however, this does not offset the increases over the last 12 months. We will work with our energy broker to fix contracts as appropriate and have recently agreed new gas and electricity contracts.<br><br>The impact of this and the cost-of-living crisis will impact the economy and while we have reviewed our menu prices to counteract the impact of some inflationary pressures, we have maintained our entry level of pizza and pasta at Wildwood and noodles at dim t. |
| **Market Conditions and "Brexit"**<br>Economic uncertainty and impact of the UK leaving the European Union ("Brexit") could reduce customer confidence / spending. | Brexit has impacted food and drink primarily in the form of cost inflation and shortages of certain products.<br><br>We work closely with our suppliers on assured supply and regularly re-tender prices. To minimise the impact of food cost increases we consider menu engineering and review recipes. |

| | |
|---|---|
| **Competition**<br>The casual dining market faces new competition on a regular basis. | To mitigate this risk, we continue to invest in and renew our offering whilst maintaining accessibility, staying committed to quality and the overall customer experience.<br><br>We constantly review marketing initiatives to ensure that we remain relevant to our consumers and ahead of the competition. We review performance and success whilst exploring new opportunities. |
| **People**<br>Loss of key staff and inability to hire the right people in a competitive labour market. | We have continued to focus on selection, induction, training and retention of our employees. The Group has made significant improvements in its selection process, onboarding training programmes and career development. New HR and recruitment systems have been established and proposed to provide consistent and swift support to all colleagues. We have also strengthened our teams.<br><br>The Group offers competitive remuneration and is reviewing its overall benefits package. |
| **Food standards and safety**<br>Failing to meet safety standards | The Group engages in regular internal and external compliance audits to ensure all sites are complying with regulations. Job-specific training that covers relevant regulations is provided to all staff on induction and whenever else necessary. Online reporting systems are utilised on a daily basis to gather relevant information on compliance.<br><br>The Group regularly reviews the latest Government guidelines and best practice regarding allergens. The Group's activities are subject to a wide range of laws and regulations, and we seek to comply with legislation and best practice at all times. |
| **Supply Chain**<br>A major failure of a key supplier or distributor could cause significant business interruption. | The Group monitors suppliers closely. In the event of a failure by a key supplier we have contingency plans in place to minimise disruption and where possible, we maintain buffer stock of high-risk products. |

On behalf of the Board.

Daniel Jonathan Plant
**Chief Executive Officer**

29 March 2023

**Report of the directors** for the 52 weeks ended 25 December 2022

The Directors present their report together with the audited financial statements for the 52 week period ended 25 December 2022 (comparative period 52 weeks to 26 December 2021).

Throughout the year, in performance of its duties, and in compliance with Section 172 of the Companies Act, the Board has had regard to the interests of the Group's key stakeholders (such as employees and customers) and taken account of the potential impact on these stakeholders of the decisions it has made. In order to comply with Section 172, the Board is required to include a statement setting out the way in which Directors have discharged these duties during the year. Details of how the Board had regard to the following S172 Matters are as follows:

| **S172 Matters** | **Specific examples** |
|---|---|
| 1. The likely consequences of any decision in the long term | • Our corporate governance framework as described in the 2022 annual report<br>• Communications with our shareholders through our website, circulars, AGM and post results investor meetings |
| 2. The interests of the Group's employees | • Employee engagement through newsletters, communication tools, surveys and career development opportunities including apprenticeship<br>• Established whistleblowing and safeguarding procedures |
| 3. The need to foster the Group's business relationships with suppliers, customers and others | • Building long-term relationships with suppliers<br>• Encouraging and responding to customer feedback through websites, social media and our feedback system |
| 4. The impact of the Group's operations on the community and the environment | • Local community involvement with the NHS<br>• Working with the local community<br>• Recycling where possible |
| 5. The desirability of the Group maintaining a reputation for high standards of business conduct | • Regular staff training and communication<br>• Restaurant visits and audit processes |
| 6. The need to act fairly between members of the Group | • Maintaining an open dialogue with our shareholders<br>• Stakeholder engagement |

**Results and dividends**

The consolidated statement of comprehensive income is set out below and shows the loss for the period.

The Directors do not recommend the payment of a dividend (2021 - £nil).

**Post balance sheet events**

Post balance sheet events are set out in Note 31.

**Future developments**

The outlook and future developments are set out in the Chairman's statement and the Strategic Report.

**Principal activities**

The Group's principal activity is the operation of restaurants.

**Directors**

The Directors of the Group during the period were as follows:

**Executive**

Daniel Jonathan Plant
Mayuri Vachhani *
Harald Samúelsson

**Non-Executive**

Keith Lassman
Wendy Dixon (appointed 22 June 2022)

*Mayuri Vachhani is stepping down from the Board and leaving the Company on 31 March 2023

**Directors' interest in shares**

| | **As at 25 December 2022** | | **As at 26 December 2021** | |
|---|---|---|---|---|
| **Director** | Ordinary shares of 0.1p each | % | Ordinary shares of 0.1p each | % |
| Daniel Jonathan Plant | 12,317,448 | 8.4% | 7,091,902 | 5.0% |
| Samuel Kaye (resigned 14 May 2021) | 20,882,197 | 14.3% | 20,882,197 | 14.8% |
| Keith Lassman | 1,421,983 | 1.0% | 1,421,983 | 1.0% |
| Mayuri Vachhani | - | - | - | - |
| Harald Samúelsson | - | - | - | - |
| Wendy Dixon | - | - | - | - |

**Share options**

| Director | Number | Exercise price | Grant date | Vesting period | Expiry date |
|---|---|---|---|---|---|
| Mayuri Vachhani | 750,000 | £0.03 | 17/10/2019 | 3 years | 17/10/2029 |

**B ordinary shares**

| Director | Number | Exercise price | Date | Vesting period | Expiry date |
|---|---|---|---|---|---|
| Daniel Jonathan Plant | | | | | |
| ‘B’ shares issued | 15,676,640 | £0.00 | 15/1/2021 | 1,2 4 years | 15/1/2026 |
| Conversion to ordinary shares | (5,225,546) | £0.00 | 27/06/2022 | | |
| ‘B’ shares balance | 10,451,094 | £0.00 | | 1,2 4 years | 15/1/2026 |

In January 2021, Daniel Jonathan Plant was awarded 15,676,640 ‘B’ shares in Tasty plc which can be converted to ordinary ‘A’ shares subject to achievement of hurdle rates relating to the Company's share price. Following achievement of the first hurdle on 27 June 2022, 5,225,546 ‘B’ shares converted to ordinary shares.

**Employees**

Applications from disabled persons are given full consideration providing the disability does not seriously affect the performance of their duties. Such persons, once employed, are given appropriate training and equal opportunities.

The Group takes a positive view toward employee communication and has established systems for ensuring employees are informed of developments and that they are consulted regularly.

**Environment**

Our recycling has dropped to an average of 35% (2021: 45%) due to producing less glass waste at points which made up the majority of our recycling weight previously. This was in part due to the bottle shortage and the period where we used canned drinks (weighing a lot less) and partly by moving more branches to draft beer. Our refuse provider has confirmed that none of our waste goes to landfill.

As part of our ongoing energy efficiency programme there has been a focus on energy saving. This includes a rigorous check list for branches which have been and may be required to close during the pandemic.

Our waste oil is collected and converted into bio diesel and biogas to ensure that none is wasted. A percentage of this is added to regular petrol and diesel reducing the carbon from burning 100% petrol or diesel. In the last 12 months we had 76 tonnes of used cooking oil collected and turned into bio diesel/gas, which saved 176 tonnes of carbon being released into the atmosphere. This equates to an average of 150 family cars worth of $CO_2$ being removed from the atmosphere on a monthly basis.

The Group continues to work with its delivery partners in converting all our delivery packaging to biodegradable and recyclable materials. We have stopped using plastic straws, committed to a policy recommended by the Humane League and are currently looking at ways to reduce our carbon footprint.

The Group presents its greenhouse gases ("GHG") emissions and energy use data under Streamlined Energy and Carbon Reporting ("SECR") for the 52-week period ended 25 December 2022:

| | tCO2e | tCO2e |
|---|---:|---:|
| | **52 weeks ended** | **52 weeks ended** |
| | **25 December 2022** | **26 December 2021** |
| | | |
| Scope 1 – Natural Gas | 987 | 1,061 |
| Scope 2 - Electricity | 1,461 | 1,431 |
| Scope 3 – Grey Fleet Mileage | 165 | 83 |
| | | |
| Total | 2,613 | 2,575 |

An energy intensity ratio of 0.134 (2021: 0.142) has been measured using the metric of tonnes $CO_2e$ per $m^2$ floor area ("$tCO_2e$").

The Group's total energy consumption for the 52-week period ended 25 December 2022 was 13,638,208 kWh (2021:12,872,041 kWh) the increase reflecting a greater number of our sites trading in 2022, with no Covid-19 related restrictions.

**Donations**

The Group made no charitable or political donations in the period (2021: none).

**Financial Instruments**

Details of the use of financial instruments and the principal risks faced by the Group are contained in Note 27 to the financial statements.

**Going concern**

At the time of approving the financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion the Directors have considered the financial position of the Group, together with its forecasts for the next 12 months and taking into account possible changes in trading performance.

The Group monitors cash balances and prepares regular forecasts, which are reviewed by the Board. These forecasts include our best estimates and judgements based on currently available information and the current environment. Judgement is particularly required as to the impact on trade of cost-of-living crisis and inflation.

Given the ability of the Group to manage costs, cash position and the unutilised overdraft, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The going concern basis of accounting has, therefore, been adopted in preparing the financial statements.

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved confirm that:

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

**Auditors**

Haysmacintyre LLP were appointed as the auditors and have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board.

Daniel Jonathan Plant
**Chief Executive Officer**
29 March 2023

## Statement of directors' responsibilities

The Directors are responsible for preparing the strategic report, the annual report and the 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 the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the AIM Rules for Companies issued by the London Stock Exchange.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the United Kingdom, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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 the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Website publication**

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website (www.dimt.co.uk) in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## Consolidated statement of comprehensive income

for the 52 weeks ended 25 December 2022

| | Note | 52 weeks ended 25 December 2022 £'000 | Restated 52 weeks ended 26 December 2021 £'000 |
|---|---|---|---|
| **Revenue** | 3 | **44,027** | 34,909 |
| Cost of sales | | **(44,123)** | (33,567) |
| **Gross (loss)/ profit** | | **(96)** | 1,342 |
| Other income | 3 | **414** | 4,208 |
| Operating expenses | | **(4,370)** | (1,902) |
| **Operating (loss)/ profit before highlighted items** | | **(1,687)** | 4,112 |
| Highlighted items | 5 | **(2,365)** | (464) |
| Operating (loss)/ profit | 4 | **(4,052)** | 3,648 |
| Finance income | 6 | **41** | - |
| Finance expense | 6 | **(2,421)** | (2,497) |
| (Loss)/ profit before income tax | | **(6,432)** | 1,151 |
| Income tax | 9 | **-** | - |
| **(Loss)/ profit and total comprehensive (loss)/ income for the period** | | **(6,432)** | 1,151 |
| **Earnings per share for (loss)/ profit attributable to the ordinary equity holders of the company** | | | |
| Basic earnings per share | 10 | **(4.40p)** | **0.82p** |
| Diluted earnings per share | 10 | **(4.03p)** | **0.72p** |

The notes below form part of these financial statements.

**Consolidated statement of changes in equity**
for the 52 weeks ended 25 December 2022

| | Share capital £'000 | Share premium £'000 | Merger reserve £'000 | Retained earnings £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Balance at 27 December 2020 (as previously stated)** | 6,061 | 24,251 | 992 | (30,708) | 596 |
| Prior year adjustment (See Note 13) | - | - | - | 2,456 | 2,456 |
| **Balance at 27 December 2020 (restated)** | 6,061 | 24,251 | 992 | (28,252) | 3,052 |
| Cost of placing of ordinary shares | - | 3 | - | - | 3 |
| Total comprehensive loss for the period (as restated – See Note 13) | - | - | - | 1,151 | 1,151 |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Share based payments | - | - | - | 120 | 120 |
| **Balance at 26 December 2021 (restated)** | 6,061 | 24,254 | 992 | (26,981) | 4,326 |
| Total comprehensive income for the period | - | - | - | (6,432) | (6,432) |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Share based payments | - | - | - | 58 | 58 |
| **Balance at 25 December 2022** | 6,061 | 24,254 | 992 | (33,355) | (2,048) |

The notes below form part of these financial statements.

**Company statement of changes in equity**
for the 52 weeks ended 25 December 2022

| | Share capital £'000 | Share premium £'000 | Retained profit £'000 | Total £'000 |
|---|---|---|---|---|
| **Balance at 27 December 2020** | 6,061 | 24,251 | (23,120) | 7,192 |
| Cost of placing of ordinary shares | - | 3 | - | 3 |
| Total comprehensive loss for the period | - | - | (145) | (145) |
| **Transactions with owners in their capacity as owners:** | | | | |
| Share based payments | - | - | 120 | 120 |
| **Balance at 26 December 2021** | 6,061 | 24,254 | (23,145) | 7,170 |
| Issue of ordinary shares | - | - | - | - |
| Total comprehensive loss for the period | - | - | (674) | (674) |
| **Transactions with owners in their capacity as owners:** | | | | |
| Share based payments | - | - | 58 | 58 |
| **Balance at 25 December 2022** | 6,061 | 24,254 | (23,761) | 6,554 |

The notes below form part of these financial statements.

## Consolidated balance sheet

At 25 December 2022

| | Note | 25 December 2022 £'000 | Restated 26 December 2021 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 12 | **25** | 28 |
| Property, plant and equipment | 13 | **17,694** | 18,026 |
| Right-of-use assets | 13 | **32,513** | 36,005 |
| Other non-current assets | 17 | **65** | 105 |
| | | **50,297** | 54,164 |
| **Current assets** | | | |
| Inventories | 16 | **2,191** | 2,103 |
| Trade and other receivables | 17 | **1,633** | 1,355 |
| Cash and cash equivalents | | **7,002** | 11,005 |
| | | **10,826** | 14,463 |
| **Total assets** | | **61,123** | 68,627 |
| **Current liabilities** | | | |
| Trade and other payables | 18 | **(12,393)** | (10,493) |
| Lease liabilities | 14 | **(1,953)** | (2,024) |
| Borrowings | 21 | **-** | (313) |
| | | **(14,346)** | (12,830) |
| **Non-current liabilities** | | | |
| Provisions | 19 | **(339)** | (297) |
| Lease liabilities | 14 | **(48,358)** | (50,157) |
| Long-term borrowings | 21 | **-** | (937) |
| Other Payables | 18 | **(128)** | (80) |
| | | **(48,825)** | (51,471) |
| **Total liabilities** | | **(63,171)** | (64,301) |
| **Total net (liabilities)/ assets** | | **(2,048)** | 4,326 |
| **Equity** | | | |
| Share capital | 22 | **6,061** | 6,061 |
| Share premium | 23 | **24,254** | 24,254 |
| Merger reserve | 23 | **992** | 992 |
| Retained deficit | 23 | **(33,355)** | (26,981) |
| **Total equity** | | **(2,048)** | 4,326 |

The financial statements were approved by the Board of Directors of the Company and authorised for issue on 29 March 2023 and signed on their behalf by Daniel Jonathan Plant.

The notes below form part of these financial statements.

**Company balance sheet**

At 25 December 2022

Company number: 5826464

| | Note | 25 December 2022 £'000 | 26 December 2021 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investments | 15 | **3,392** | 3,334 |
| Other non-current assets | 17 | **3,162** | 3,836 |
| Total net assets | | **6,554** | 7,170 |
| | | | |
| **Equity** | | | |
| Share capital | 22 | **6,061** | 6,061 |
| Share premium | 23 | **24,254** | 24,254 |
| Retained deficit | 23 | **(23,761)** | (23,145) |
| Total equity | | **6,554** | 7,170 |

The Parent Company, Tasty plc, has taken advantage of the exemption in s408 of the Companies Act 2006 not to publish its own income statement. The Parent Company made a loss of £0.7m (2021 – loss of £0.14m) for the period.

The Parent Company has not recognised leases under IFRS 16 in its balance sheet as management have concluded that the substance of the leases is held by the subsidiary, Took Us A Long Time Ltd ("TUALT") and recognised within its Company accounts.

The financial statements were approved by the board of directors of the Company and authorised for issue on 29 March 2023 and signed on their behalf by Daniel Jonathan Plant.

The notes below form part of these financial statements.

## Consolidated statement of cash flows

For the 52 weeks ended 25 December 2022

| | Note | 52 weeks ended 25 December 2022 £'000 | 52 weeks ended 26 December 2021 £'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Cash generated from operations | 29 | **4,444** | 7,826 |
| Net cash inflow from operating activities | | **4,444** | 7,826 |
| | | | |
| **Investing activities** | | | |
| Proceeds from sale of property, plant and equipment | | **-** | 3 |
| Purchase of property, plant and equipment | 13 | **(1,645)** | (544) |
| Interest received | | **41** | - |
| Net cash inflow from investing activities | | **(1,604)** | (541) |
| | | | |
| **Financing activities** | | | |
| Net proceeds from issues of ordinary shares | | **-** | 3 |
| Bank loan receipt | 30 | **-** | 1,250 |
| Bank loan repayment | 30 | **(1,250)** | - |
| Finance expense | 6 | **(2,421)** | (2,497) |
| Principal paid on lease liabilities | 30 | **(3,172)** | (3,064) |
| Net cash used in from financing activities | | **(6,843)** | (4,308) |
| | | | |
| Net increase in cash and cash equivalents | | **(4,003)** | 2,977 |
| Cash and cash equivalents brought forward | | **11,005** | 8,028 |
| Cash and cash equivalents as at the end of the period | | **7,002** | 11,005 |

The notes below form part of these financial statements.

**Company statement of cash flows**

For the 52 weeks ended 25 December 2022

| | Note | 52 weeks ended 25 December 2022 £'000 | 52 weeks ended 26 December 2021 £'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Cash generated from operations | | - | (3) |
| Net cash outflow from operating activities | | - | (3) |
| | | | |
| **Financing activities** | | | |
| Net proceeds from issues of ordinary shares | | - | 3 |
| Net cash flows used in financing activities | | - | 3 |
| | | | |
| Net increase in cash and cash equivalents | | - | - |
| Cash and cash equivalents brought forward | | - | - |
| | | | |
| Cash and cash equivalents as at the end of the period | | - | - |

The notes below form part of these financial statements.

**Notes**

forming part of the financial statements for the 52 weeks ended 25 December 2022

## 1 Accounting policies

Tasty plc ("Tasty") is a publicly listed company incorporated and domiciled in England and Wales. The Company's ordinary shares are quoted on AIM. Tasty's registered address is 32 Charlotte Street, London, WC1T 2NQ. The Group's principal activity is the operation of restaurants.

**(a) Statement of compliance**

These financial statements of the Group and Company have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the United Kingdom ("adopted IFRSs"). These financial statements have also been prepared in accordance with those parts of the Companies Act 2006 that are relevant to companies that prepare their financial statements in accordance with IFRS.

**(b) Basis of preparation**

The financial statements cover the 52-week period ended 25 December 2022, with a comparative period of the 52-week period ended 26 December 2021. The financial statements are presented in sterling, rounded to the nearest thousand and are prepared on the historical cost basis. The accounting policies of the Company are consistent with the policies adopted by the Group.

**(c) Going concern**

As at 25 December 2022, the Group had net liabilities of £2.0m (2021: net assets of £4.3m). The Group meets its day-to-day working capital requirements through the generation of operating cashflow, equity raise and bank finance. The Group's principal sources of funding are:

- Issues of ordinary share capital in the Company on AIM.
- Bank debt when required - The Group repaid and cancelled the outstanding Barclays Bank facility of £1.1m as it was unutilised, and it was considered prudent given the increasing interest rate charges. Based on the base rate at the time, there will be an annualised interest saving of approximately £57,000 which would be considerably more at today's rate. However, the Group has a modest £250,000 overdraft facility.

The pandemic led to high uncertainty and disruption in the economy and hospitality industry; the energy and cost-of-living crisis followed this. Throughout this period costs were controlled carefully, and cash outflows reduced. Over the last 12 months we have seen inflationary increases directly due to utility increases and shortages caused by the war in Ukraine. These increases appear to have stabilised.

The Group monitors cash balances and prepares regular forecasts, which are reviewed by the Board. These forecasts include our best estimates and judgements based on currently available information and current environment. Judgement is particularly required as to the impact on trade of cost-of-living crisis and inflation.

Given the ability of the Group to manage costs, cash position and the availability of the unutilised overdraft the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

**(d) Leases**

Group's accounting policies for leases are as follows:

***Lessee accounting***

IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset in exchange for consideration.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets, and
- Leases with a duration of 12 months or less.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

The Group's leases are held across Tasty plc or Took Us Long Time Ltd ("TUALT"). In determining where the assets and liabilities should be accounted for, we have reviewed which entity derives the benefit and rights to use the asset. In assessing this we have reviewed where the trade occurs, where staff are employed and where day to day activity is managed from. We have concluded that the substance of the lease is that it is held by TUALT and accordingly recognised the lease liabilities within the TUALT company financial statements.

The lease liabilities recognised in TUALT but in the name of Tasty plc totalled £41m at 25 December 2022 (£43m at 26 December 2021). Accordingly, this balance represents a contingent liability for the Company only.

***Lessor accounting***

Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

Based on an analysis of the Group's operating leases as at 25 December 2022 on the basis of the facts and circumstances that exist at that date, the Directors of the Group have assessed that the impact of this change has not had any impact on the amounts recognised in the Group's consolidated financial statements.

***Short-term leases and leases of low-value assets***

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognises these payments as an expense on a straight-line basis over the lease term. Currently the Group has no low value assets or short-term leases.

***Covid-19 related rent concessions***

IFRS 16 defines a lease modification as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. The Group has considered the Covid-19 related rent concessions and applied the lease modifications accounting.

**(e) Changes in accounting policies and disclosures**

**New standards, amendments to standards or interpretations adopted by the Group**

Amendments to accounting standards applied in the 52 weeks ended 25 December 2022 were as follows:

- Definition of Material – amendments to IAS 1 and IAS 8; and
- Revised Conceptual Framework for Financial Reporting; and

The application of these did not have a material impact on the Group's accounting treatment and has therefore not resulted in any material changes.

**New standards, amendments to standards or interpretations not yet adopted by the Group**

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial years beginning on or after 1 January 2022. No standards have been early adopted by the Group.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform Phase 2
- Amendment to IFRS 16 – Covid-19-Related Rent Concessions beyond 30 June 2021
- Annual Improvements to IFRS Standards 2018-2020 Cycle
- Amendment to IAS 37 – Onerous Contracts: Cost of Fulfilling a Contract
- Amendment to IAS 1 – Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 8 – Definition of Accounting Estimates

We are currently assessing the impact of these new accounting standards and amendments. The amendments are not expected to have any significant impact on the Group.

**(f) Basis of consolidation**

The consolidated financial statements consolidate the results of the Company and its subsidiary, Took Us A Long Time Limited. The accounting period of the subsidiary is coterminous with that of the Company.

The accounting policies of the subsidiary are consistent with those of the Group. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated.

**(g) Revenue**

The Group's revenue is derived from goods and services provided to the customers from dine-in, delivery and takeaway. Revenue is recognised at the point in time when control of the goods has transferred or service provided to the customer. Control passes to the customers at the point at which food and drinks are provided and the Group has a present right for payment.

**(h) Other income**

Included in Other income is rental income from operating leases. Rental income is recognised in the period to which it relates and rent free periods would be spread over the terms of the lease. The cost of these leases is included within the cost of sales.

The Group received Government grants in 2021 under the Coronavirus Job Retention Scheme ("CJRS") and "Retail and Hospitality Business Grants" schemes provided by the Government in response to Covid-19's impact on the business. In accordance with IAS 20, the Group recognised the salary expense and recognised the CJRS grant income in profit and loss as the Group became entitled to the grant. "Retail and Hospitality Business Grants" were recognised when there was reasonable assurance that the Group has met the conditions attaching to these grants.

**(i) Retirement benefits: Defined contribution schemes**

Contributions to defined contribution pension schemes are charged to the consolidated income statement in the period to which they relate.

**(j) Share based payments**

Certain employees (including Directors and senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (e.g. options, shares etc).

The cost of this is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model (e.g. binomial or Monte Carlo model).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

**(k) Borrowing costs**

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

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

**(l) Externally acquired intangible assets**

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within the cost of sales line in the consolidated income statement.

The significant intangibles recognised by the Group and their useful economic lives are as follows:

| Intangible asset | Useful economic life |
|---|---|
| Trademarks | 10 years |

**(m) Property, plant and equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses.

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, evenly over their expected useful lives and it is calculated at the following rates:

| | |
|---|---|
| Leasehold improvements | over the period of the lease |
| Fixtures, fittings and equipment | 10% per annum straight line |
| Computers | 20% per annum straight line |
| Electric Vehicle | 20% per annum straight line |
| Right-of-use assets | over the period of the lease |

Property, plant and equipment are reviewed for impairment in accordance with IAS 36 Impairment of Assets, when there are indications that the carrying value may not be recoverable. Impairment charges are recognised in the statement of comprehensive income. See note 2(d) for further details.

**(n) Non-current assets held for sale**

Non-current assets are classified as held for sale when the Board plans to sell the assets and no significant changes to this plan are expected. The assets must be available for immediate sale, an active programme to find a buyer must be underway and be expected to be concluded within 12 months with the asset being marketed at a reasonable price in relation to the fair value of the asset. There are currently no assets held for sale as at 25 December 2022.

Non-current assets classified as held for sale are measured at the lower of their carrying amount immediately prior to being classified as held for sale and fair value less costs of disposal. Following their classification as held for sale, non-current assets are not depreciated.

**(o) Provisions**

The Group has recognised provision for dilapidations for a number of sites, where the need to carry out the work has been identified but a full survey and commission has not been undertaken and therefore management has applied their judgment in determining the provision.

**(p) Loans and receivables**

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet. The Company's loans and receivables comprise only inter-Company receivables. Cash and cash equivalents include cash in hand and deposits held with banks. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from the company's subsidiary recognised based on a forward-looking expected credit loss model which uses the forecast results of the subsidiary as a key input. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

**(q) Apprenticeship funding and levy**

The payments made under the levy represent a prepayment for training services expected to be received and is recognised as an asset until the receipt of the service. When the training service is received, an appropriate expense is recognised. The apprenticeship grant income is deferred until apprentices receive training under the rule of the scheme and we are satisfied that we have fully complied with the scheme. We have applied an element of judgement until a full inspection is carried out.

**(r) Financial liabilities**

Financial liabilities include trade payables, and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost.

Bank borrowings were initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Interest expense includes initial transaction costs and any premium payable on redemption as well as any interest payable while the liability is outstanding.

**(s) Inventories**

***Raw materials and consumables***

Inventories are stated at the lower of cost and net realisable value. Cost comprises costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling price less costs incurred up to the point of sale.

***Crockery and utensils (Smallwares)***

Smallware inventories are held at cost which is determined by reference to the quantity in issue to each restaurant. Smallware inventory relates to small value items which have short life spans relating to kitchen and bar equipment. These items are recorded under inventory as they are utilised in providing food and beverage to customers.

**(t) Taxation**

Tax on the profit and loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

Deferred tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities recorded for reporting purposes and the amounts used for tax purposes.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

**(u) Goodwill**

Goodwill represents the difference between the fair value of consideration paid and the carrying value of the assets and liabilities acquired. Goodwill arose on acquisition of a group of leases.

Goodwill is stated as originally calculated less any accumulated provision for impairment. Goodwill is allocated to individual CGUs, where each CGU is a restaurant, and is subject to an impairment review at each reporting date.

**(v) Investments**

Investments in subsidiaries are included in the Company's Statement of Financial Position at cost less provision for impairment.

**(w) Share capital**

The Company's ordinary shares are classified as equity instruments.

**(x) Operating profit**

Operating profit is stated after all expenses, but before financial income or expenses. Highlighted items are items of income or expense which because of their nature and the events giving rise to them, are not directly related to the delivery of the Group's restaurant service to its patrons and merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

**(y) Earnings per share**

Basic earnings per share values are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

## 2 Critical accounting estimates and judgements

The preparation of the Group's financial statements requires management to make certain estimates, judgements and assumptions that affect the reported amount of assets and liabilities, and the disclosure of contingent liabilities at the statement of financial position date and amounts reported for revenues and expenses during the year.

However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liability affected in the future.

Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. 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 period are discussed below.

**(a) Share based payments (Note 26)**

The Group operates equity share-based remuneration schemes for employees. Employee services received and the corresponding increase in equity are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The fair value of share options is estimated by using valuation models, such as binomial or the Monte Carlo model on the date of grant based on certain assumptions. Those judgements, estimates and assumptions are described in Note 26 and include, among others, the dividend growth rate, expected volatility, expected life of the options (for options with market conditions) and number of options expected to vest.

**(b) Accruals (Note 18)**

In order to provide for all valid liabilities which exist at the balance sheet date, the Group is required to accrue for certain costs or expenses which have not been invoiced and therefore the amount of which cannot be known with certainty. Such accruals are based on management's best estimate and past experience. Delayed billing in some significant expense categories such as utility costs can lead to sizeable levels of accruals. The total value of accruals as at the balance sheet date is set out in note 18.

**(c) Impairment reviews (Note 13)**

In performing an impairment review in accordance with IAS 36 it has been necessary to make estimates and judgements regarding the future performance and cash flows generated by individual trading units which cannot be known with certainty. The Group views each restaurant as a separate cash generating unit ("CGU"). Where the circumstances surrounding a particular trading unit have changed then forecasting future performance becomes extremely judgemental and for these reasons the actual impairment required in the future may differ from the charge made in the financial statements. When assessing a CGU recoverable amount, the value in use calculation uses a discounted cash flow model which is sensitive to the discount rate and the growth rate used after taking into account potential sale value. The fair values were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs. The cashflow projections are influenced by factors which are inherently uncertain to forecast such as footfall and inflation and non-controllable costs such as rates and license costs.

All assets (ROU, fixed assets and goodwill) are reviewed for impairment in accordance with IAS 36 Impairment of Assets, when there are indications that the carrying value may not be recoverable. Impairment charges are recognised in the statement of comprehensive income.

All assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the recoverable amount is higher than the carrying amount of the CGU, no further assessment is required. Where the carrying value of an asset or a CGU exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to dispose of the asset), the asset is written down accordingly. In the absence of any information about the fair value of a CGU, the recoverable amount is deemed to be its value in use. Value in use is calculated using cash flows over the remaining life of the lease for the CGU discounted at 8% (2021: 6%), being the rate considered to reflect the risks associated with the CGUs. The discount rate is based on the Group's weighted average cost of capital ("WACC") and an allowance for risk which is used across all CGUs due to their similar characteristics.

The cost-of-living crisis has resulted in increased uncertainty in the performance across CGUs over the short-term future and the cashflow over the next 12 months may not always be indicative of the future cashflows. Historically a combination of past performance and future trading forecast is often used as a guide in estimating future cashflow, or comparison with similar sites. In assessing the current impairment provision there has been a greater reliance on longer term future forecasts as short-term forecasts are impacted by the "cost of living crisis" and inflation. The cashflow of each CGU has been determined based on management's judgement of performance, impact of the utility costs and expected recovery in future years and therefore each CGU's cashflow has been selected based on an individual criterion. Management's judgement has been applied in selecting this criterion due to the uncertainty arising from amongst other conditions, cost of living increases and utility cost pressures and therefore a 0.75% growth rate (2021 – 0.5%) has been applied. Included within the cashflow is management's estimate of the capital expenditure required to maintain performance of the sites in the future years. The carrying amount of Fixed Assets and ROU assets and the sensitivity of the carrying amounts to the assumptions and estimates are outlined in Note 13.

**(d) Goodwill impairment reviews (Note 12)**

The Group determines whether goodwill is impaired on an annual basis and this requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. This involves estimation of future cash flows and choosing a suitable discount rate. Full details are supplied in note 12, together with an analysis of the key assumptions.

**(e) Intercompany provision (Note 17)**

In carrying out a review of intercompany loan in accordance with IFRS 9 it has been necessary to make estimates and judgements regarding the repayment of the loan by its subsidiary to the Company. A sensitivity analysis has been performed on the repayment of loan value.

**(f) Crockery and utensils (Smallwares) inventory**

The cost of replenishing smallwares is expensed directly through the income statement. Smallwares is recognised at historic cost and tested for impairment on an annual basis.

**(g) Lease liabilities (Note 1(d))**

The calculation of lease liabilities requires the Group to determine an incremental borrowing rate ("IBR") to discount future minimum lease payments. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR rate of 4.6% therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. As at 25 December 2022, a sensitivity analysis has been conducted on the lease liabilities which shows that increasing the IBR rate by 1% will decrease the lease liability by £3.0m and decrease the right-of-use asset pre-impairment by £2.6m.

**(h) Provision**

A dilapidation provision is made for a number of sites, where the need to carry out the work has been identified but a full survey and commission has not been undertaken and therefore management has applied their judgment in determining the provision. In arriving at the dilapidation provision for these sites management have reviewed the leases and have used their judgement and experience gained from years of working in hospitality and property industry.

The apprenticeship grant income is deferred until apprentices receive training under the rule of the scheme and we are satisfied that we have fully complied with the scheme. We have applied an element of judgement until a full inspection is carried out.

**(i) Lease recognition**

The Group's leases are held across Tasty plc or Took Us Long Time Ltd ("TUALT"). In determining where the assets and liabilities should be accounted for, we have reviewed which entity derives the benefit and rights to use the asset. In assessing this we have reviewed where the trade occurs, where staff are employed and where day to day activity is managed from. We have adjudged that the substance of the lease is that it is held by TUALT and accordingly recognised the lease liabilities within the TUALT company accounts.

## 3 Revenue, other income and segmental analysis

The Group's activities, comprehensive income, assets and liabilities are wholly attributable to one operating segment (operating restaurants) and arises solely in the one geographical segment (United Kingdom) that the Group is located and operates in. All the Group's revenue is recognised at a point in time being when control of the goods has transferred to the customer.

An analysis of the Group's total revenue is as follows:

| | **52 weeks ended 25 December 2022 £'000** | 52 weeks ended 26 December 2021 £'000 |
|---|---|---|
| Sale of goods and services: dine-in | **39,004** | 26,319 |
| Sale of goods and services: delivery and takeaway | **5,023** | 8,590 |
| | **44,027** | 34,909 |

An analysis of the Group's other income is as follows:

| | **52 weeks ended 25 December 2022 £'000** | 52 weeks ended 26 December 2021 £'000 |
|---|---|---|
| Sub-let site rental income | **362** | 295 |
| Coronavirus Job Retention Scheme (CJRS) and Business Grants | **-** | 3,913 |
| Other | **52** | - |
| | **414** | 4,208 |

In the period to 26 December 2021, the Group received Government grants in relation to the Coronavirus Job Retention Scheme ("CJRS") and Covid-19 Business Grants, provided by the Government in response to Covid-19's impact on the business. These were recognised in accordance with IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) when the group was entitled to, or there was reasonable assurance that the Group has met the conditions attaching to these grants.

No such grants were available in the 52 weeks ended 25 December 2022.

## 4 Operating loss

| This has been arrived at after charging | **52 weeks ended 25 December 2022 £'000** | Restated 52 weeks ended 26 December 2021 £'000 |
|---|---|---|
| Staff costs | **19,240** | 15,257 |
| Share based payments | **58** | 120 |
| Pre-opening costs | **51** | - |
| Amortisation of intangible assets | **3** | 3 |
| Depreciation of right-of-use assets (IFRS16) | **2,641** | 2,579 |
| Depreciation property, plant and equipment | **1,664** | 1,297 |
| Dilapidations provision charge | **42** | - |
| Dilapidations provision utilisation | **-** | (38) |
| Restructure and consultancy | **14** | 7 |
| Impairment/ (Impairment reversal) of property, plant and equipment | **180** | (2,346) |
| Impairment of right-of-use assets | **2,153** | 2,943 |
| Loss/(profit) on disposal of property, plant and equipment | **154** | (3) |
| **Auditor remuneration:** | | |
| Audit fee - Parent Company | **11** | 10 |
| - Group financial statements | **46** | 45 |
| - Subsidiary undertaking | **11** | 10 |
| Audit related assurance services | **-** | 3 |
| Taxation advisory services | **-** | 2 |
| Other advisory services | **5** | - |

## 5 Highlighted items – charged to operating expenses

| | **52 weeks ended 25 December 2022 £'000** | Restated 52 weeks ended 26 December 2021 £'000 |
|---|---|---|
| (Loss)/profit on disposal of property, plant and equipment | **(154)** | 3 |
| Restructure and consultancy | **(14)** | (7) |
| (Impairment)/Release of impairment of property, plant and equipment | **(180)** | 2,346 |

| | | |
|---|---|---|
| Impairment of right-of-use assets | **(2,153)** | (2,943) |
| Share based payments | **(58)** | (120) |
| Pre-opening costs | **(51)** | - |
| Gain on lease modifications | **245** | 257 |
| | **(2,365)** | (464) |

The above items have been highlighted to give more detail on items that are included in the consolidated statement of comprehensive income and which when adjusted shows a profit or loss that reflects the ongoing trade of the business.

## 6 Finance income and expense

| | **52 weeks ended 25 December 2022 £'000** | 52 weeks ended 26 December 2021 £'000 |
|---|---|---|
| Interest receivable | **41** | - |
| Finance income | **41** | - |
| | | |
| Interest payable | **30** | 59 |
| Finance expense (IFRS 16) | **2,391** | 2,438 |
| Finance expense | **2,421** | 2,497 |

## 7 Employees

| Staff costs (including Directors) consist of: | **52 weeks ended 25 December 2022 £'000** | 52 weeks ended 26 December 2021 £'000 |
|---|---|---|
| Wages and salaries | **17,464** | 13,933 |
| Social security costs | **1,489** | 1,101 |
| Other pension costs | **287** | 223 |
| Equity settled share-based payment expense | **58** | 120 |
| | **19,298** | 15,377 |

The average number of persons, including Directors, employed by the Group during the period was 1,020 of which 998 were restaurant staff and 22 were head-office (2021: 821 of which 805 were restaurant staff and 16 were head-office staff).

No staff are employed by the Company (2021: no staff).

Of the total staff costs £17.8m was classified as cost of sales (2021: £14.3m) and £1.5m as operating expenses (2021: £1.1m). Redundancy costs of £0.014m (2021: £0.007m) have been included as a cost of Restructure and Consultancy in Note 4.

## 8 Directors and key management personnel remuneration

Key management personnel identified as the Directors are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, and represent the Directors of the Group. The remuneration of the Directors for the period ended 25 December 2022 is as follows:

| | Emoluments £'000 | Bonus £'000 | Share based payments £'000 | Pensions £'000 | Benefits £'000 | Social security costs £'000 | 2022 Total £'000 |
|---|---|---|---|---|---|---|---|
| J Plant | **150** | - | **48** | - | - | **19** | **217** |
| K Lassman | **40** | - | - | - | - | **4** | **44** |
| M Vachhani | **150** | - | **3** | **6** | **2** | **19** | **180** |
| Harald Samúelsson | **80** | - | - | **2** | - | **9** | **91** |
| Wendy Dixon (appointed 22 June 2022) | **18** | - | - | - | - | **1** | **19** |
| Total | **438** | - | **51** | **8** | **2** | **52** | **551** |

| | Emoluments £'000 | Bonus £'000 | Share based payments £'000 | Pensions £'000 | Benefits £'000 | Social security costs £'000 | 2021 Total £'000 |
|---|---|---|---|---|---|---|---|
| J Plant | **135** | - | **101** | - | - | **17** | **253** |
| S Kaye (resigned 14 May 2021) | **12** | - | - | - | - | **1** | **13** |
| A Kaye (resigned 15 September 2020) | - | - | - | - | - | - | - |
| K Lassman | **36** | - | - | - | - | **4** | **40** |
| M Vachhani | **135** | - | **4** | **5** | **2** | **17** | **163** |
| Harald Samúelsson (appointed 19 May 2021) | **33** | - | - | **1** | - | **3** | **37** |
| Total | **351** | - | **105** | **6** | **2** | **42** | **506** |

**Company**

The Company paid no director emoluments during the year (2021 – none).

## 9 Income tax expense

| | 52 weeks ended 25 December 2022 £'000 | 52 weeks ended 26 December 2021 £'000 |
|---|---|---|
| **UK Corporation tax** | | |
| Adjustment in respect to previous years | **-** | - |
| Total current tax | **-** | - |
| | | |
| **Deferred tax** | | |
| Origination and reversal of temporary differences | **-** | - |
| Total deferred tax | **-** | - |
| Total income tax credit | **-** | - |

The tax charge for the period is lower than the standard rate of (2021 – lower than) corporation tax in the UK. The differences are explained below:

| | 52 weeks ended 25 December 2022 £'000 | Restated 52 weeks ended 26 December 2021 £'000 |
|---|---|---|
| (Loss)/profit before tax | **(6,432)** | 1,151 |
| | | |
| Tax on (loss)/profit at the ordinary rate of corporation tax in UK of 19% (2021 – 19%) | **(1,222)** | 219 |
| | | |
| Effects of | | |
| Fixed assets differences | **335** | - |
| Expenses not deductible for tax | **102** | 22 |
| Remeasurement of deferred tax for changes in tax rates | **-** | (1,055) |
| Movement in deferred tax not recognised | **791** | 820 |
| Adjustment in respect of previous years | **-** | - |
| Other movements | **(6)** | (6) |
| Total tax charge | **-** | - |

**Factors affecting future tax charges**

In March 2021 it was announced the UK corporation tax rate would increase to 25% in April 2023. This plan was substantively enacted in May 2021 and the disclosed but unrecognised deferred tax disclosed in Note 20 is calculated at the future tax rate of 25%.

## 10 Earnings per share

| | 25 December 2022 Pence | Restated 26 December 2021 Pence |
|---|---|---|

| | | |
|---|---|---|
| Basic (loss)/ profit per ordinary share | **(4.40p)** | 0.82 |
| Diluted (loss)/ profit per ordinary share | **(4.03p)** | 0.72 |

| | **2022 Number '000** | 2021 Number '000 |
|---|---|---|
| (Loss)/ profit per share has been calculated using the numbers shown below: | | |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share | **146,315** | 141,090 |
| Adjustments for calculation of diluted earnings per share: | | |
| Ordinary B shares | **10,451** | 14,815 |
| Options | **2,975** | 3,265 |
| Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share | **159,741** | 159,170 |

| | **2022 £'000** | 2021 £'000 |
|---|---|---|
| (Loss)/ profit for the financial period | **(6,432)** | 1,151 |

The weighted average number of ordinary shares outstanding is increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## 11 Dividend

No final dividend has been proposed by the Directors (2021 – £nil).

## 12 Intangibles

| | **Trademarks £'000** | **Total £'000** |
|---|---|---|
| At 27 December 2020 | 26 | 26 |
| Additions | 5 | 5 |
| Amortisation of trademarks | (3) | (3) |
| At 26 December 2021 | 28 | 28 |
| Additions | - | - |
| Amortisation of trademarks | (3) | (3) |

| | | |
|---|---|---|
| At 25 December 2022 | 25 | 25 |

## 13 Property, plant and equipment and right-of-use assets

| | Leasehold improvements £'000 | Furniture and fixtures computer equipment & vehicle £'000 | Total fixed assets £'000 | Right-of-use assets £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| **At 27 December 2020** | **37,176** | **9,892** | **47,068** | **53,446** | **100,514** |
| Additions | 145 | 399 | 544 | 951 | 1,495 |
| Lease modifications | - | - | - | (830) | (830) |
| **At 26 December 2021** | **37,321** | **10,291** | **47,612** | **53,567** | **101,179** |
| Additions | 709 | 936 | 1,645 | - | 1,645 |
| Lease modifications | - | - | - | 1,301 | 1301 |
| Disposals | (181) | (334) | (515) | (50) | (565) |
| **At 25 December 2022** | **37,849** | **10,893** | **48,742** | **54,818** | **103,560** |
| **Depreciation** | | | | | |
| **At 27 December 2020 (as previously stated)** | **23,834** | **7,662** | **31,496** | **13,635** | **45,131** |
| Prior year adjustment (see below) | (729) | (132) | (861) | (1,595) | (2,456) |
| **At 27 December 2020 (as restated)** | **23,105** | **7,530** | **30,635** | **12,040** | **42,675** |
| Provided for the period | 743 | 554 | 1,297 | 3,142 | 4,439 |
| Impairment / (reversal of impairment) | 157 | 100 | 257 | (257) | - |
| Prior year adjustment (see below) | (1,948) | (655) | (2,603) | 2,637 | 34 |
| **At 26 December 2021 (as restated)** | **22,057** | **7,529** | **29,586** | **17,562** | **47,148** |
| Provided for the period | 981 | 683 | 1,664 | 2,641 | 4,305 |
| Impairment | 232 | (52) | 180 | 2,153 | 2,333 |
| Disposals | (75) | (307) | (382) | (51) | (433) |
| **At 25 December 2022** | **23,195** | **7,853** | **31,048** | **22,305** | **53,353** |
| **Net book value** | | | | | |
| **At 25 December 2022** | **14,654** | **3,040** | **17,694** | **32,513** | **50,207** |

| | | | | | |
|---|---|---|---|---|---|
| At 26 December 2021<br>(as restated) | 15,264 | 2,762 | 18,026 | 36,005 | 54,031 |

During the 52 weeks ended 25 December 2022, the Group recognised an impairment charge of £2.3m (2021: restated impairment charge of £0.6m) due to impairment of ROU assets £2.1m (2021: £2.9m) and impairment of fixed assets £0.2m (2021: release of £2.3m). The impairment movement is due to the reassessment by each individual CGU following a change in performance and/or change in assets. The impairment calculation is sensitive to changes in the assumptions and estimates used in the underlying forecasts of future performance and cash flows.

A 1% decrease in the discount rate would reduce the net impairment charge by £1.2m, an increase of 1% would increase the impairment charge by £1.2m and a 1% increase in the growth rate would reduce the impairment charge by £1.1m.

The total carrying value of the CGUs that have been impaired in the period is £15.6m (2021: £15.4m). These have been impaired to their value in use of £8.9m (2021: £9.2m). The total carrying value of the CGUs that have been released in the period is £16.4m (2021: £11.3m).

The key judgements and estimates in the inputs in calculating the impairments are outlined in note 2(c).

**Company**

The Company holds no property, plant and equipment.

**Prior year adjustment**

During the preparation of the interim accounts, management identified a calculation error within the impairment workings for the prior year, whereby the depreciation that would have been charged had there been no impairment was not being correctly considered as per IAS 36. At this stage £1.9m was adjusted against 2021 reserves. However, on further review of the complex adjustment it was identified that the adjustment needed to be recognised in both 2020 and 2021. This resulted in an impairment release of £2.46m in 2020 and an impairment charge of £0.6m in 2021. The cumulative impact of this was £1.9m in line with the adjustment identified in the interim.

In addition, a related prior year adjustment arising from the same issue has been recognised in 2021, whereby the depreciation charge on ROU assets should have been reduced for the impairment to allow depreciation to run to the end of the life of the lease.

| **Restated balance sheet at 27 December 2020** | **At 27 December 2020 (as restated)** | **Adjustment** | **At 27 December 2020 (as previously stated)** |
|---|---|---|---|
| | **£'000** | **£'000** | **£'000** |
| **Non-current assets** | | | |
| Intangible assets | 26 | - | 26 |
| Property, plant and equipment | 16,433 | 861 | 15,572 |

| | | | |
|---|---|---|---|
| Right-of-use assets | 41,406 | 1,595 | 39,811 |
| Other non-current assets | 129 | - | 129 |
| | 57,994 | 2,456 | 55,538 |
| **Current assets** | | | |
| Inventories | 1,822 | - | 1,822 |
| Trade and other receivables | 1,363 | - | 1,363 |
| Cash and cash equivalents | 8,028 | - | 8,028 |
| | 11,213 | - | 11,213 |
| Total assets | 69,207 | 2,456 | 66,751 |
| **Current liabilities** | | | |
| Trade and other payables | (10,617) | - | (10,617) |
| Lease liabilities | (2,904) | - | (2,904) |
| | (13,521) | - | (13,521) |
| **Non-current liabilities** | | | |
| Provisions | (335) | - | (335) |
| Lease liabilities | (52,219) | - | (52,219) |
| Other Payables | (80) | - | (80) |
| | (52,634) | - | (52,634) |
| **Total liabilities** | (66,155) | - | (66,155) |
| **Total net assets** | **3,052** | **2,456** | **596** |
| **Equity** | | | |
| Share capital | 6,061 | - | 6,061 |
| Share premium | 24,251 | - | 24,251 |
| Merger reserve | 992 | - | 992 |
| Retained deficit | (28,252) | 2,456 | (30,708) |
| **Total equity** | **3,052** | **2,456** | **596** |

**Impact on Income Statement for the 52 weeks ended 26 December 2021**

| | **52 weeks Ended 26 December (as restated)** | **Adjustment** | **52 weeks Ended 26 December (as previously stated)** |
|---|---|---|---|
| | **2021** | **2021** | **2021** |
| | **£'000** | **£'000** | **£'000** |
| Cost of sales – Depreciation release | (33,567) | 563 | (34,130) |
| Operating expenses – Impairment charge | (1,902) | (597) | (1,305) |
| Highlighted items (included within Operating expenses) | (464) | (597) | 133 |

| | | | |
|---|---|---|---|
| **Profit and total comprehensive income for the period** | **1,151** | **(34)** | **1,185** |
| | | | |
| **Earnings per share for profit attributable to the ordinary equity holders of the company** | | | |
| Basic earnings per share | **0.82p** | **(0.02p)** | **0.84p** |
| Diluted earnings per share | **0.72p** | **(0.02p)** | **0.74p** |

**Impact on the Balance Sheet as at 26 December 2021**

| | At 26 December 2021 (as restated) | Adjustment | At 26 December 2021 (as previously stated) |
|---|---|---|---|
| | **2021** | **2021** | **2021** |
| | **£'000** | **£'000** | **£'000** |
| **Non-current assets** | | | |
| Property, plant and equipment | 18,026 | 3,464 | 14,562 |
| Right-of-use assets | 36,005 | (1,042) | 37,047 |
| | | | |
| **Equity** | | | |
| Retained deficit | (26,981) | 2,422 | (29,403) |
| **Total equity** | **4,326** | **2,422** | **1,904** |

## 14 Leases

| | **25 December 2022 £'000** | 26 December 2021 £'000 |
|---|---|---|
| **Current** | | |
| Lease liabilities | **1,953** | 2,024 |
| | **1,953** | 2,024 |
| **Non-current** | | |
| Lease liabilities | **48,358** | 50,157 |
| | **48,358** | 50,157 |
| | **50,311** | 52,181 |
| Due within one year | **1,953** | 2,024 |
| Due two to five years | **11,386** | 12,371 |
| Due over five years | **36,972** | 37,786 |
| | **50,311** | 52,181 |

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate of 4.5% and the Bank of England (BoE) base rate at the time of any lease modification or a new lease. The average rate used for modification in 2022 was 5.9% (2021: 4.6%). The lease liabilities as at 25 December 2022 were £50.3m (2021: £52.1m).

The right-of-use assets all relate to property leases. The right-of-use assets as at 25 December 2022 were £32.5m (2021: £36.0m). During the period ended 25 December 2022 the Group made a provision for impairment of the right-of-use assets against a number of sites totalling £2.2m (2021: restated impairment of £2.9m).

## 15 Investments

| | **£'000** |
|---|---|
| **Company** | |
| At 27 December 2020 | 3,214 |
| Share based payment in respect of subsidiary | 120 |
| At 26 December 2021 | 3,334 |
| Share based payment in respect of subsidiary | 58 |
| **At 25 December 2022** | **3,392** |

The Company's investments are wholly related to a 100% ordinary shareholding in Took Us a Long Time Limited (2021: 100% holding), a company registered in England and Wales with registered offices at 32 Charlotte Street, London W1T 2NQ. Took Us a Long Time Limited is primarily engaged with the operation of restaurants.

## 16 Inventories

| | 25 December 2022 £'000 | 26 December 2021 £'000 |
|---|---|---|
| Raw materials and consumables | **922** | 855 |
| Smallware inventories | **1,269** | 1,248 |
| | **2,191** | 2,103 |

In the Directors' opinion there is no material difference between the replacement cost of inventories and the amounts stated above. Raw material and consumable inventory purchased and recognised as an expense in the period was £12.0m (2021: £8.6m).

## 17 Trade and other receivables

| | 25 December 2022 £'000 | 26 December 2021 £'000 |
|---|---|---|
| Trade receivables | **121** | 211 |
| Prepayments and other receivables | **1,577** | 1,249 |
| Total trade and other receivables | **1,698** | 1,460 |
| Less non-current portion (Deposits) | **(65)** | (105) |
| | **1,633** | 1,355 |
| **Company** | | |
| Amounts due from subsidiary | 3,162 | 3,836 |
| Total trade and other receivables | 3,162 | 3,836 |
| Classified as non-current | **3,162** | 3,836 |

There has been an increase in the credit risk of this loan since it was advanced due to the deterioration in the market and the resulting impact on the performance of the trading company. The Company has previously made loans to the trading subsidiary of £28.2m (2021: £28.2m).

The Directors of the Company consider this loan to be classed as Stage 2 under the General Approach set out in IFRS 9. The Company has made provisions of £25.0m (2021: £24.4m) which represents the lifetime expected credit losses. In assessing the lifetime expected credit losses consideration has been given to a number of factors including internal forecasts of EBITDA, cashflow and the consolidated net asset value of the Group at the balance sheet date.

## 18 Trade and other payables

| | 25 December 2022 £'000 | 26 December 2021 £'000 |
|---|---|---|

| | | |
|---|---|---|
| Trade payables | **5,142** | 3,952 |
| Taxations and social security | **1,638** | 1,506 |
| Accruals and deferred income | **3,499** | 3,314 |
| Other payables | **2,242** | 1,801 |
| Total trade and other payables | **12,521** | 10,573 |
| Less non-current portion (Deposits) | **(128)** | (80) |
| | **12,393** | 10,493 |

Included within trade payables are £nil (2021: £0.01m) due to related parties (note 28).

## 19 Provisions

| | **25 December 2022 £'000** | 26 December 2021 £'000 |
|---|---|---|
| At 26 December 2021 | **297** | 335 |
| Dilapidations provision utilisation in the period | **-** | (38) |
| Dilapidations provision charge in the period | **42** | - |
| At 25 December 2022 | **339** | 297 |

The Group has historically recognised a provision of £0.3m for dilapidations for a number of sites, where the need to carry out restoration work has been identified but a full survey and commission has not been undertaken and therefore management has applied their judgment in determining the provision.

## 20 Deferred tax

| | **25 December 2022 £’000** | 26 December 2021 £’000 |
|---|---|---|
| At the beginning of the period | **-** | - |
| Profit and loss credit/(charge) | **-** | - |
| | **-** | - |
| Accelerated capital allowances | - | - |
| Tax losses carried forward | - | - |
| At the end of the period | - | - |

Due to the uncertainty of future profits, a deferred tax asset of £5.3m (2021: £4.6m) is not recognised in these financial statements.

## 21 Borrowings

| | 25 December 2022 £'000 | 26 December 2021 £'000 |
|---|---|---|
| **Current** | | |
| Secured bank borrowings | - | 313 |
| | - | 313 |
| **Non-current** | | |
| Secured bank borrowings | - | 937 |
| | - | 937 |
| Total | - | 1,250 |

| | | |
|---|---|---|
| **Maturity of secured bank borrowings** | | |
| Due within one year | - | 369 |
| Due In more than one year but less than two years | - | 455 |
| Due In more than two years but less than five years | - | 542 |
| | - | 1,366 |
| Future interest payments | - | (116) |
| Total | - | 1,250 |

The bank loan was repaid in June 2022. While held it attracted interest at a margin of 4.5% over the Bank of England base rate. The borrowing was secured by legal charges over assets of the group.

## 22 Share capital

| Called up and fully paid: | Number Ordinary A | Number Ordinary B | Number Deferred | £'000 |
|---|---|---|---|---|
| Ordinary shares at 0.1 pence | 59,795,496 | - | - | 60 |
| Deferred shares at 9.9 pence (as a result of sub-division | - | - | 59,795,496 | 5,920 |
| Ordinary shares issued at 0.1 pence | 81,294,262 | - | - | 81 |
| Ordinary B shares at 0.00001 pence | - | 15,676,640 | - | 0 |
| **At 26 December 2021** | **141,089,758** | **15,676,640** | **59,795,496** | **6,061** |
| Ordinary B shares at 0.00001 pence converted to ordinary A shares | 5,225,546 | (5,225,546) | - | 0 |
| **At 25 December 2022** | **146,315,304** | **10,451,094** | **59,795,496** | **6,061** |

**Share Capital Reorganisation**

In January 2021 Daniel Jonathan Plant was awarded 15,676,640 'B' shares in Tasty plc, which can be converted to 'A' shares subject to achievement of hurdle rates. Following achievement of the first hurdle on 27 June 2022, 5,225,546 'B' shares converted to ordinary shares.

## 23 Reserves

Share capital comprises of the nominal value of the issued shares.

Share premium reserve is the amount subscribed in excess of the nominal value of shares net of issue costs.

Cumulative gains and losses recognised in the income statement are shown in the Retained deficit reserves, together with other items taken direct to equity.

The merger reserve arose in 2006 on the creation of the Group.

## 24 Leases

**Operating leases where the Group is the lessor**

The total future values of minimum operating lease receipts are shown below. The receipts are from sub-tenants on contractual sub-leases.

| | **25 December 2022 £'000** | 26 December 2021 £'000 |
|---|---|---|
| Within one year: receipts | **290** | 290 |
| Within two to five years: receipts | **1,158** | 1,158 |
| Over five years: receipts | **1,555** | 1,845 |
| | **3,003** | 3,293 |

## 25 Pensions

The Group made contributions of £8,000 (2021: £6,000) to the personal pension plan of the Directors. During the year the Group made contributions to employee pensions of £0.3m (2021: £0.2m). As at 25 December 2022, contributions of £120,000 due in respect of the current reporting period had not been paid over to the schemes (2021: £99,000).

## 26 Share based payments

| | **Weighted average exercise price (pence)** | **Number '000** |
|---|---|---|
| At 27 December 2020 | 4.1 | 3,780 |
| Lapsed | 4.4 | (515) |

| | | |
|---|---|---|
| Cancelled | - | - |
| Issued | 0.0 | 15,677 |
| At 26 December 2021 | 0.7 | 18,942 |
| Exercised | 0.0 | (5,225) |
| Lapsed | 4.4 | (290) |
| Cancelled | - | - |
| Issued | - | - |
| **At 25 December 2022** | **0.9** | **13,427** |

The exercise price of options outstanding at the end of the period ranged between 0p and 4p (2021: 0p and 4p) and their weighted average remaining contractual life was 3.1 years (2021: 3.9 years).

Of the total number of options outstanding at the end of period 2.97 million have vested and are exercisable at the end of the period (2021: none)

The market price of the Company's ordinary shares as at 25 December 2022 was 3.8p and the range during the financial year was from 3.3p to 6.3p (as at 26 December 2021 was 4.9p and the range during the financial year was from 2.9p to 7.9p).

No option was exercised or granted in 2022 (2021: £nil). Shares of 5.2m 'B' shares converted to 'A' ordinary shares (2021 £nil) and no further 'B' shares granted (2021: 15.7m).

On 29 July 2019 options of 3.5m were granted at a grant price of 4.4p reflecting the opening share price. The options vest over three years and expire in 10 years and no other conditions are attached. A charge of £60,000 was recognised over the three years based on a volatility of 63.5% and risk rate of 0.5% using the Binomial method. The volatility is weighted on a four year basis and the risk free rate is based on risk free rate on the mid point between the vesting date and expiry.

On 17 October 2019 options of 1m were granted at a grant price of 3.3p reflecting the opening share price. The options vest over three years and expire in 10 years and no other conditions are attached. A charge of £12,000 was recognised over the three years based on a volatility of 61.6% and risk rate of 0.5% using the Binomial method. The volatility is weighted on a four year basis and the risk free rate is based on risk free rate on the mid point between the vesting date and expiry.

In January 2021 Daniel Jonathan Plant was awarded 15.7m 'B' shares in Tasty plc which can be converted to 'A' shares subject to achievement of certain hurdle rates. These 'B' shares were issued at nominal value of 0.00001 pence. Following achievement of the first hurdle on 27 June 2022, 5,225,546 'B' shares converted to 'A' ordinary shares.

A charge of £181,000 will be recognised over the four years based on a volatility of 85% and risk rate of -0.05% using the Monte Carlo method. The volatility is weighted on a four year basis and the risk free rate is based on yield on a 4-year zero coupon government security at the grant date.

The 13.4m share outstanding as at 25 December 2022 comprise of the options issued in July 2019, October 2019 and January 2021. There are no other outstanding options.

## 27 Financial instruments

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Liquidity risk

The Group does not have any material exposure to currency risk or other market price risk.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

**Principal financial instruments**

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- loans and borrowings
- trade receivables
- cash and cash equivalents
- trade and other payables

The Group's financial instruments apart from cash and cash equivalents are measured on an amortised cost basis. Due to the short-term nature of trade receivables and trade/ other payables, the carrying value approximates their fair value.

| **Financial assets** | **25 December 2022 £'000** | 26 December 2021 £'000 |
|---|---|---|
| Cash and cash equivalents | **7,002** | 11,005 |
| Trade and other receivables | **186** | 316 |
| Total financial assets | **7,188** | 11,321 |

| **Financial liabilities (amortised cost)** | | |
|---|---|---|
| Trade and other payables | **7,384** | 5,753 |
| Loans and borrowings | **-** | 1,250 |
| Finance leases | **50,311** | 52,181 |
| Total financial liabilities | **57,695** | 59,184 |

| **Company - Financial assets (amortised cost)** | **25 December 2022** | 26 December 2021 |
|---|---|---|

| | **£'000** | £'000 |
|---|---|---|
| Intercompany loan | **3,162** | 3,836 |

**General objectives, policies and processes**

The Board has overall responsibility for the determination of the Group's risk management objectives and policies.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

**Credit risk**

The Group's assets and liabilities are wholly attributable to one operating segment (operating restaurants) and arises solely in one geographical segment (United Kingdom).

Credit risk is the risk of the financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from rebates from suppliers, sub-letting income and trade receivables.

Trade and other receivables are disclosed in note 17 and represent the maximum credit exposure for the Group.

The following table sets out the ageing of trade receivables:

| **Ageing of receivables** | **25 December 2022 £'000** | 26 December 2021 £'000 |
|---|---|---|
| <30 days | **75** | 60 |
| 31-60 days | **11** | 15 |
| 61-120 days | **17** | 33 |
| >120 days | **127** | 194 |
| Provision for doubtful debt | **(109)** | (91) |
| | **121** | 211 |

The Group's principal financial assets are cash and trade receivables. There is minimal credit risk associated with the Group's cash balances. Cash balances are all held with recognised financial institutions. Trade receivables arise in respect of rebates from a major supplier and therefore they are largely offset by trade payables. As such the net amounts receivable form an insignificant part of the Group's business model and therefore the credit risk associated with them is also insignificant to the Group as a whole. Accordingly, the Company does not consider there to be any risk arising from concentration of receivables due from any counterparty.

The Company's principal financial assets are intercompany receivables. These balances arise due to the funds flow from the listed Company to the trading subsidiary and are repayable on demand. The credit risk arising from these assets are linked to the underlying trading performance of the trading subsidiary. See note 17 for further details on intercompany debt.

**Liquidity risk**

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the Group seeks to maintain cash balances to meet its expected cash requirements as determined by regular cash flow forecasts prepared by management.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

| | Up to 3 months | Between 3 and 12 months | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Trade & other payables | 7,256 | 24 | - | - | 104 |
| Finance leases | 645 | 1,214 | 3,134 | 9,617 | 35,701 |
| **As at 25 December 2022** | **7,901** | **1,238** | **3,134** | **9,617** | **35,805** |

| | Up to 3 months | Between 3 and 12 months | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Trade & other payables | 5,673 | 24 | - | - | 56 |
| Loan and other borrowings | 134 | 235 | 455 | 542 | - |
| Finance leases | 760 | 1,263 | 2,976 | 9,395 | 37,787 |
| **As at 26 December 2021** | **6,567** | **1,522** | **3,431** | **9,937** | **37,843** |

Non-current other payables are sub-let site rent deposits.

**Interest rate risk**

The Group seeks to minimise interest costs by regularly reviewing cash balances.

Interest rate risk arises from the Group's use of interest-bearing loans linked to LIBOR. The Group is exposed to cash flow interest rate risk from long term borrowings at variable rate. The Board considers the exposure to the interest rate risk to be acceptable.

Surplus funds are invested in interest bearing, instant access bank accounts.

**Loans and borrowings**

During the year the Group had a loan facility with Barclays Bank Plc.

**Capital disclosures**

The Group's capital is made up of ordinary share capital, deferred share capital, share premium, merger reserve and retained deficit totalling £2.0m (2021: Retained earnings £4.3m).

The Group's objective when maintaining capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Group is not subject to any externally imposed capital requirements. There have been no changes in the Group's objectives for maintaining capital nor what it manages in its capital structure.

The Group manages its capital structure and makes adjustments to it in the light of strategic plans. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

## 28 Related party transactions

The Directors are considered to be the key management personnel. Details of directors' remuneration are shown in Note 8.

The Group pays fees, rent and associated insurance to a number of companies considered related parties by virtue of the interests held by the Directors in such companies. The Group also reimburses expenses incurred by such companies on behalf of the Group. Following changes to the Board in 2021, the entities below are no longer considered to be related parties.

| | **52 weeks ended 25 December 2022 £'000** | 52 weeks ended 26 December 2021 £'000 |
|---|---|---|
| Rent, insurance and legal services charged to the group: | | |
| - Kropifko Properties Ltd | **-** | (32) |
| - KLP Partnership | **-** | (28) |
| - ECH Properties Ltd | **-** | (25) |
| - Proper Proper T Ltd | **-** | (33) |
| | | |
| Balance due to related parties: | **-** | 11 |

The rent paid to related parties is considered to be a reasonable reflection of the market rate for the properties.

## 29 Reconciliation of (loss)/profit before tax to net cash inflow from operating activities

| | **52 weeks ended 25 December 2022 £'000** | Restated 52 weeks ended 26 December 2021 £'000 |
|---|---|---|
| **Group** | | |
| (Loss)/ profit before tax | **(6,432)** | 1,151 |
| Finance income | **(41)** | - |
| Finance expense | **30** | 59 |
| Finance expense (IFRS 16) | **2,391** | 2,438 |
| Share based payment charge | **58** | 120 |
| Depreciation of right-of-use assets (IFRS 16) | **2,641** | 2,579 |
| Depreciation of property plant and equipment | **1,664** | 1,297 |

| | | |
|---|---|---|
| Impairment of property, plant and equipment | **180** | (2,346) |
| Impairment of Right-of-use assets | **2,153** | 2,943 |
| Profit from sale of property plant and equipment | **154** | (3) |
| Amortisation of intangible assets | **3** | 3 |
| Dilapidations provision charge | **42** | - |
| Dilapidations provision utilisation | **-** | (38) |
| Other non cash | **(21)** | - |
| Decrease / (increase) in inventories | **(88)** | (282) |
| Decrease / (increase) in trade and other receivables | **(238)** | 32 |
| (Decrease)/ Increase in trade and other payables | **1,948** | (127) |
| | **4,444** | 7,826 |

| | **52 weeks ended 25 December 2022 £'000** | 52 weeks ended 26 December 2021 £'000 |
|---|---|---|
| **Company** | | |
| Loss before tax | **(674)** | (145) |
| Decrease in trade and other receivables | **674** | 142 |
| | **-** | (3) |

## 30 Reconciliation of financing activity

| | **Lease liabilities Due within 1 year £'000** | **Lease liabilities Due after 1 year £'000** | **Bank Loan Due within 1 year £'000** | **Bank Loan Due after 1 year £'000** | **Total £'000** |
|---|---|---|---|---|---|
| **Net debt as at 28 December 2020** | **2,904** | **52,219** | **-** | **-** | **55,123** |
| Cashflow | (3,064) | - | 313 | 937 | (1,814) |
| Addition / (decrease) to lease liability | 2,184 | (2,062) | - | - | 122 |
| **Net debt as at 26 December 2021** | **2,024** | **50,157** | **313** | **937** | **53,431** |
| Cashflow | (3,172) | - | (313) | (937) | (4,422) |
| Addition / (decrease) to lease liability | 3,101 | (1,799) | - | - | 1,302 |

| | | | | | |
|---|---|---|---|---|---|
| **Net debt as at 25 December 2022** | **1,953** | **48,358** | **-** | **-** | **50,311** |

## 31 Post Balance Sheet Events

There are none to report.