

AZZURRIGROUP

Zizzi

ASK
ITALIAN

COCO
DI MAMA

**AZZURRI GROUP HOLDINGS UK LIMITED
ANNUAL REPORT & ACCOUNTS 2023**

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

THE AZZURRI GROUP

- Employs over 5,600 team members
- Serves over 13 million meals annually
- Estate of over 200 restaurants and shops
- 3 restaurants in the Republic of Ireland

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

The group also owns **Coco di Mama**, a quick service Italian food-to-go business operating 16 stores in London specialising in coffee and pasta and has emerged from the pandemic with a nationwide delivery presence.

Brand reviews are included on pages 14 to 25.

OVERVIEW

2023 Highlights

FINANCIAL SUMMARY

£257.8m

Total revenue an increase of £21.9m on 2022

£14.3m

EBITDA generated in the period. Excluding the 2022 VAT benefit, 2023 EBITDA is a 21% increase on 2022 (page 26)

£22.2m

Increased investment in Capex (2022: £18.4m)

£14.7m

of liquidity at year end including undrawn RCF of £10m

BUSINESS HIGHLIGHTS

Improved Business Performance

- Continued investment in quality and proposition
- Significant mitigation of inflation through menu innovation and strength of procurement

Record Capital Investment

- Record year of investment in our people, sites and technology
- 23 transformations
- 4 new Zizzi openings and 2 new CDM openings

Development of new channels

- Ongoing development of our retail channels
- Deepening our omnichannel credentials in CDM

Accelerated Digital Investment

- Continued development of Azzurri owned technology platform including launch of Zillionaire's loyalty programme and development of digital menu and order management platform

Successful rollout and deployment of

- Digital kitchen management system in Zizzi
- Handheld order and payment devices in ASK and Zizzi
- Digital kiosks in CDM stores

Azzurri's brands

Zizzi

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COCO
DI MAMA

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Restaurants	133
Employees	3,700
Spend per head	£20
Delivery Mix	15%

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

Restaurants	65
Employees	1,700
Spend per head	£20
Delivery Mix	10%

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

Shops	16
Delivery Kitchens	132
Employees	170
Spend per head	£6

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

Our Purpose

**Our purpose is simple:
to build better food businesses that sustain happy, healthy lives.
Our investment philosophy supports this through:**

INVESTING IN GREAT BUSINESSES

Drive growth in profits from existing restaurants and shops through:

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

INNOVATION & EXPANSION

- Grow core businesses through the roll-out of new restaurants
- Develop new brands and employing Group expertise and infrastructure adding value to the businesses we own
- Explore new markets, both locally and internationally
- Embracing omni-channel (delivery kitchens and retail) and harnessing their upside at incremental margin
- Leading digital technology innovation

LEADING PLATFORM

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

AZZURRI'S STRENGTHS

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

Chairman's Statement

Contents

Overview

Business review

Governance

Financial statements

The last 12 months have been very busy for the Azzurri Group and the brands we invest in with an enormous level of positive change, resilience and innovation being demonstrated across the portfolio. Like-for-like revenue growth, new openings and EBITDA growth (on a VAT adjusted basis) delivered across Ask Italian, Zizzi and Coco di Mama and this has been complemented by the acquisition of the Mexican, fast casual operator, Boojum in June 2023. The acquisition was made by the group's parent company. This has been supported by a record level of investment into our brands with £22.2m of capital investment being made this year.

The resulting strong trading performance by our brands saw both year-on-year volume and Spend per Head increases contributing to an 9.3% increase in revenues to £258m for the year and Ask Italian and Zizzi taking market share.

Menu innovation has been at the forefront of the improvement in business performance. Our food and procurement teams have both worked incredibly hard to combat the impact of inflation whilst continuing to improve on the quality and breadth of the offer we provide to our customers. As a result, we end the year with our food and labour margin structures being highly competitive and having returned to pre-Covid levels. At the same time, we believe we offer our customers best in class experiences at competitive prices as evidenced by customer feedback and brand metrics being at an all-time high.

We continue to invest in our estate. A cornerstone of the success of our brands has been the continued reinvestment in sites and the evolution of the brand and proposition. This year we opened six new restaurants across our brands (four in Zizzi and two in Coco di Mama) and transformed 23 sites and we continue to believe that the record level of investment will benefit our brands in the years ahead.

A record amount has been invested in continuing to develop our proprietary technology platform, offering our brands the ability to offer customers an improved experience. The year has seen continued investment in our Pay & Order at Table technology in Ask and Zizzi and the launch of our Zillionaires Loyalty Club in Zizzi. The launch of Zillionaires has been an exciting development this year. The launch, supported by Big Zuu has now seen membership exceed over half a million members which is significantly ahead of our expectations and leaves us well placed for the year ahead.

June 2023 saw the acquisition of a majority interest in Boojum. Boojum is a fast casual operator that has 14 sites across Northern Ireland and the Republic of Ireland with a significant delivery business. It has a product offering focused on quality Mexican food with generous portion sizes at an accessible price point, which appeals to its target customer base of students and young professionals. The acquisition marks a significant landmark in the development of the Azzurri strategy of investing in growth businesses that fit with our acquisition criteria of multi-channel with an established footprint where Azzurri can support the continued growth of these businesses through the resources of our platform. We're very excited about the plans to bring the Boojum brand to Great Britain (GB) in the coming months with the first site in GB secured and scheduled to open in early 2024.

I'm delighted to welcome Kerry Taylor to the Azzurri board as a Non-Executive Director. Kerry joins with a wealth of experience in developing consumer facing brands and we're delighted to be able to benefit from her knowledge and insight as we continue to build our brands.

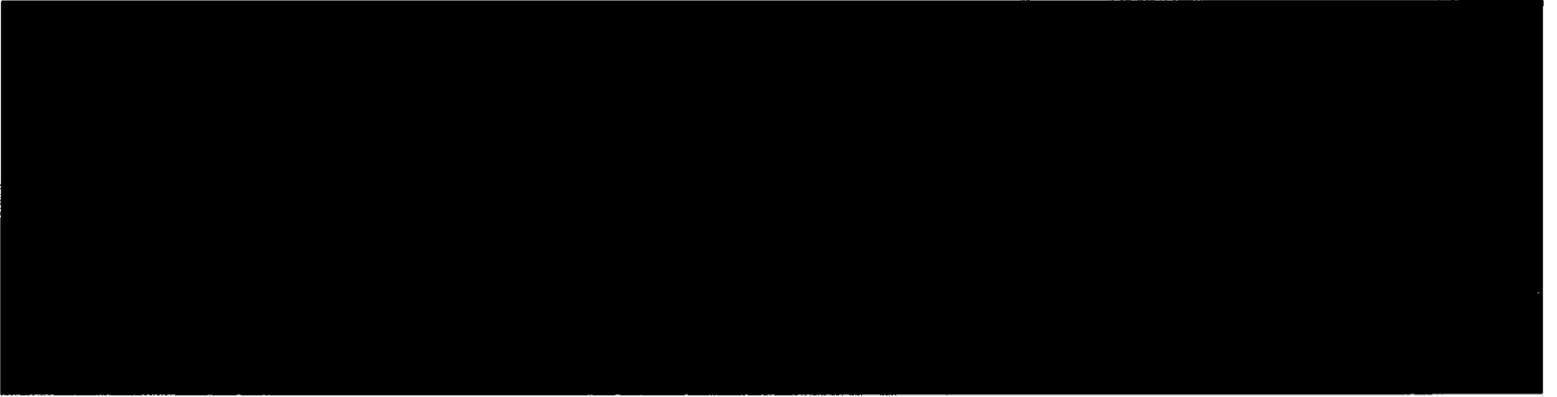
The macro environment remains a very challenging one for consumer facing brands. The UK consumer has proven to be more resilient than many had feared in the last 12 months. Although confidence levels

in UK consumers appear to be rising and cost of living pressures dissipating slightly, we remain cautious about the coming 12 months whilst we will continue to invest in our brands and innovate in our customer proposition and experience. As the wider economic environment improves, both Azzurri and its brands are well placed to take advantage of the opportunities that will arise.

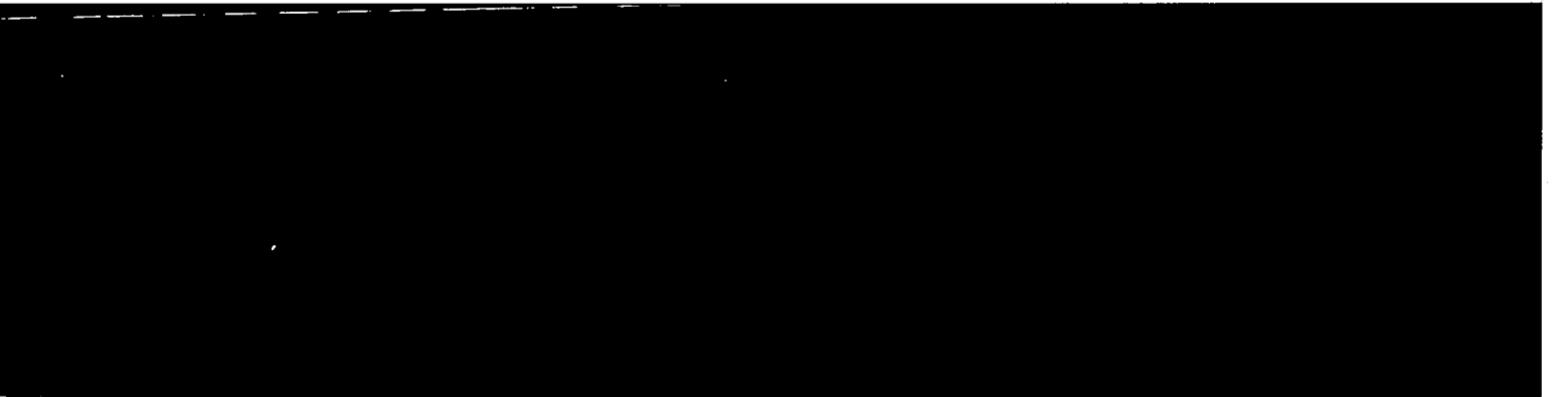
The year has seen an enormous amount of positive change and innovation for our businesses, which our management and restaurant teams have delivered brilliantly and for which they deserve a huge amount of thanks and credit. We look forward to building on this during the year ahead. Our plans for the brands are underpinned by the increasingly developed and sophisticated resources sitting within the Azzurri investment platform. Ask Italian and Zizzi are market leaders in their sector and in great shape. Coco di Mama has successfully emerged from Covid with a significantly re-shaped business and is poised for further growth whilst we are very excited about supporting Boojum in bringing its unique offer to Great Britain.

Harvey Smyth

Chairman



AZZURRI
PLATFORM SERVICES



Purchasing & Supply Chain

Purchasing & Supply Chain (PSC) is a key pillar of the Azzurri platform. We strive to source excellent products and services for our portfolio of restaurants and stores at the most competitive prices and deliver them in the most efficient, reliable manner. It is a function that is critical to the financial success of our businesses, and champions commerciality, sustainability and customer-centricity.

Early 2023 marked an overall easing of the supply chain disruptions initially brought on by the macro-economic pressures of Brexit and COVID.

As a result, all our businesses saw a pronounced improvement in food and drink availability within restaurants. However, stark energy, food and labour inflation remained a significant challenge. The PSC team quickly shifted focus to more value-driven commercial and strategic projects – cost increase mitigation being a critical priority. We undertook a root-and-branch analysis of all food and drink spend, initiating multiple product tenders, strategic contract negotiations, menu changes and improved efficiencies while carefully safeguarding product quality. This granular, detail-focused approach resulted in limiting net food and drink inflation to just 1.8% across the full financial year, versus over 15% food inflation in the UK market.

Alongside our core UK businesses, we also established much stronger supply routes between the GB mainland and our Zizzi restaurants in the Republic of Ireland, enabling distribution of a wider range of products with greater commercial efficiencies.

Sustainability remains a key foundation of Azzurri's purpose and values. PSC led successful tenders for our out-of-restaurant food packaging range, resulting in the removal of 48 tonnes of plastic and 65 tonnes of cardboard packaging annually. All key Azzurri brands takeaway packaging items are now widely recyclable.

From a logistical perspective, we successfully undertook a milestone project to reduce the overall number of site deliveries from ASK and Zizzi's centralized distribution partner Best Food. The finished project resulted in greater commercial efficiencies, and a total annual reduction of 3,600 deliveries (75,000 food miles) with no detrimental impact on food wastage. Similarly, we streamlined Coco di Mama's logistics platforms, resulting in 66,000 fewer food miles in our supply chain due to the implementation of a more efficient delivery schedule.

Digital & Technology

The Azzurri Digital & Technology teams exist to provide the UK's leading digitally optimised hospitality platform, underpinning the growth & success of our amazing brands. Technology continues to provide us with a compelling opportunity to build better businesses through the thoughtful use of technology that is specifically optimised to customers & our businesses' needs, creating a platform for future growth & acquisition.

This year, our biggest investment was the build, regional trial and national launch of the Zizzi Zillionaires' Club. The scheme is helping us understand our customers better than ever before and provide personalised rewards that grow customers spend, frequency and loyalty. Building the platform in house enabled us to closely tailor & evolve the scheme to our customers' needs, resulting in performance significantly above our expectations. Over the coming year we will continue to iterate the platform in Zizzi as well as understand the opportunity to leverage it at ASK Italian.

The introduction of OpenR, a new hospitality data orchestration platform, is enabling us to harmonise menu, pricing & venue management across Delivery, Brand Websites and Order & Pay from one place. The platform is already delivering efficiencies, sales growth and operational improvements whilst providing a platform for future proposition & pricing experimentation and optimisation.

Over the coming year we will be integrating our Point of Sale, Inventory Management, Kiosk and Digital display systems into the platform, ensuring the right product, pricing & venue information is in the right place, at the right time, at the click of a button.

This has been another year of significant investment in our restaurant & store infrastructure with aging hardware and networks replaced and upgraded to enable more stable performance and better service for our customers.

All in one payment and ordering handheld devices have been rolled out across our ASK Italian & Zizzi sites, driving improved customer service and faster ordering & payment. Our in house developed payment app on the devices delivers a unified payment experience whether customers pay by Speedy Order, Pronto Order & Pay or through our teams, considerably growing tips and integrating directly into our Point-of-Sale systems.

Self-service kiosks have been successfully rolled out across Coco di Mama, winning the Digital Initiative of the year at the 2023 QSR awards.

Kitchen Management Systems, that replace paper tickets with digital screens that intelligently route dishes to the right kitchen section at the right time continue to be rolled out across Zizzi and trialled in ASK, driving improved productivity in our kitchens, greater employee satisfaction and improved back of house staff retention.

Our investment in network infrastructure and superfast fibre internet connectivity, affectionately known as Project Bolt is now complete across all three brands. Stability & speed is already significantly improved and combined with cutting edge SD WAN infrastructure, we now have a robust platform for the growth in digital ordering and future digital transformation across all our sites.

Our data modernisation programme has continued at pace with our new cloud-based data lake and data warehouses now fully in place. We are increasingly leveraging Qlik, our new BI tool, to unlock easy access to data, reporting & insights.

This financial year has been another year of considerable progress in our digital transformation with the resulting return on investment now coming through across our brands. Over the coming year we will continue to leverage the investments we have already made to drive sales & profit growth across the group. Alongside a compelling roadmap of further transformation in place for the upcoming year, we will ensure the Azzurri Group continues to provide the UK's leading digitally optimised hospitality platform for all of its brands.

Responsible Business

Our purpose at Azzurri is simple: to build better food businesses that sustain happy, healthy lives. It's our responsibility to unite all our efforts of the businesses in the group so that we can nourish the needs of our people, our customers, our partners, and our planet. In late 2022, we launched our Recipe for a Better Future, our roadmap to making a positive impact on our people and reducing our environmental footprint. As part of this effort, we have devised new and ambitious goals that see us commit to becoming a net zero business by 2040, reduce our resource use, engage our teams, connect with our communities, and challenge ourselves to offer low carbon dishes across our brands.

Our Recipe for a Better Future goals are embedded in the work that our businesses carry out. We have put in place strong governance so that our progress is reviewed bi-annually by the Azzurri Board and all businesses have quarterly meetings to review their own progress. Collaboration is key with Azzurri Central teams working closely with each business to achieve these objectives, share knowledge and facilitate progress. Thanks to this collaborative spirit, in the past year we have rolled out a new sustainable design and construction process ensuring that all new restaurant openings and fit outs are built to the SKA Gold rating criteria.

The SKA rating is an environmental assessment method, benchmark and standard for non-domestic fit outs owned and managed by RICS. SKA comprises more than a hundred 'good practice' measures covering energy and CO2 emissions, waste, water, materials, pollution, wellbeing and transport. On average a SKA site emits 22% less carbon emissions than a non-SKA project.

We have also pitched our businesses against one another in a quarterly energy reduction competition. Combatting a challenging energy environment by sharing knowledge across our brands helped us reduce our group's energy intensity, and achieved a 3% drop in annual energy use. We have used the opportunity created by our energy challenge to update our training resources and started investing in our own environmental dashboard linked to our new IT infrastructure.

We did not limit ourselves to just challenging the portfolio businesses, we have also challenged our supply chain partners. As we already are a zero-to-landfill group, we have challenged our waste partners to go further. Together with Bio Collectors and ADM Mills we have implemented a closed-loop system turning our restaurants' food waste into energy, contributing to powering up to 11,000 homes each year. We then went the extra mile to ensure that the by-product of this process could be turned into compost for our wheat farms, closing the loop on our food waste story.

We have also made significant steps forward on our people strategy. The Azzurri Central team specifically entered a number of new partnerships to foster better connections between our teams, our communities, and overall wellbeing. In the past financial year we have dedicated more time to volunteering with London Youth, opened the doors to more apprentices and work experience students, and trained three new Mental Health First Aiders.

These are just some of our achievements, we're proudly sharing our impact and progress against all Recipe for a Better Future goals annually in our Sustainable Dining Report that is publicly available and accessible through our website.

Quality & Safety

Maintaining high standards of safety and hygiene remains a top priority for Azzurri Group's brands. Following the implementation of two major pieces of food labelling legislation: Natasha's Law allergen labelling in 2021 and, in England, menu calorie labelling in 2022, the regulatory landscape has stabilised and the Quality & Safety team have been able to focus on supporting the brands in all day to day matters related to health and food safety.

The brand's ongoing menu innovation and the growth of Zizzi's retail proposition of frozen meals has required significant focus on our supplier food safety assurance programme. In addition to the annual review of our existing food and drink suppliers, our technical team have approved 25 new suppliers and 360 new food and drink products. We have also supported ASK on their mission to put local community at the heart of their restaurants, ensuring each local gin on their menu is produced in legal, safe and hygienic conditions and conforms to relevant regulations.

The external health and food safety audit programme, combined with internal visits from the Quality & Safety team, saw over 500 inspections completed, each generating actions to close out and drive improvement in safety and standards. The Food Hygiene Rating System, which is run by local authorities, provides benchmarking

criteria for hygiene standards of food businesses and establishments, following a 0-5 number rating. It is recognised as the national indicator of hygiene standards. Standards are high and ASK, for a period of time, became one of only a few operators to achieve the top food hygiene score in every one of their restaurants. 93% of all Azzurri Group's restaurants and stores now hold the highest rating of 5 (or PASS in Scotland), an increase of 3% on last year.

Everybody deserves food they can trust. For people with a potentially life-threatening food hypersensitivity, that trust becomes even more important. We want all of our restaurants and stores to be a safe choice for the hypersensitive customer and we remain committed to improving safety in this crucial area. The brands already follow industry best practice in their management of food hypersensitivity but they continue to review their processes, seeking opportunities to make improvements. We know that transparency around allergens is a key issue for our customers and we will continue to leverage technology in the upcoming year to ensure accurate and traceable product data is integrated across our key systems.



Zizzi

130

Restaurants
across the UK

3

Restaurants in
Republic of Ireland

A year of real progress

The past year has been a period of significant progress for Zizzi, showcasing our innovation and resilience in the face of challenging market conditions which has led to us being able to consistently trade ahead of the market.

Supporting this performance, we opened 4 new restaurants bringing Zizzi to 133 restaurants across the UK and ROI in addition to refurbishing another 13 others with our latest look and feel. This year has also seen the important launch of our Zillionaires Club – with membership ahead of target since its launch in October – and the consolidation of our retail frozen meal range across Tesco's and Sainsbury's.

This combination of innovation, strategic investment, and an unwavering focus on our purpose of creating dining experiences that inspire, unite and fulfil has culminated in improved performance and a stronger Zizzi business.

Leading menu innovation

Zizzi has traded strongly with Like for Like sales growth and consistently surpassing market performance. At the core of this success is our commitment to innovation and continuous improvement, and our passion for delivering great value for money to our customers.

This has been most clearly expressed through our menu, and this year saw the introduction of our new premium Fresh Pasta section – launching our unique Creste Di Gallo (Cockerel Crest in Italian) fresh egg pasta shapes in dishes such as the hugely popular Hot Salmon Carbonara.

We also expanded and elevated our pizza section introducing our new 1/2 and 1/2 Rustica pizzas – rustica pizzas topped with different base sauces and ingredients on each half of the pizza – like our now hugely popular Sticky Pig.

Additionally, we refreshed our drinks and dessert ranges, further enhancing the overall dining experience and driving interest in these categories – who couldn't resist a Triple Chocolate Sundae for dessert, or a White Peach Spritz as that perfect Summer evening cocktail?

Through these initiatives, we have attracted customers to our more premium dishes, while importantly also improving customer food and value for money scores.

Launching loyalty and membership

Zizzi continues to invest in leading technology to elevate both our teams' and customers' experience – at the forefront of this approach is the launch of our Zillionaires' Club in October 2022.

The Zillionaires' Club web app is proprietary technology, reaffirming Zizzi as the leading digital innovator in the casual dining space – following our development of our Speedy Order and Pay technology (with which the Zillionaires' Club is deeply integrated).

The platform offers Zillionaires the chance to earn credits (Z's) each time they visit a Zizzi. Z's can be exchanged for 'perkz' from the menu including food and drink. With each visit, they have the chance to earn a greater number of Z's, and after their fourth visit, customers qualify for a surprise perk including free food and money off.

The launch of the Zillionaires' Club came after a successful trial in our Scottish restaurants where the scheme was very well received by customers and teams – and demonstrated both great value to the customer, alongside a marked increase in the frequency and recency of customer visits.

Furthermore, membership has grown rapidly over 9 months since its launch. To launch and drive awareness of the Zillionaires' Club, and to create

sustained and broad awareness, we utilised our cohort of Black Card scheme members - a network of super-fans and key influencers, who leverage their own digital audiences to promote Zizzi initiatives – with a campaign led by Big Zuu, the four time BAFTA award winning celebrity chef and TV personality.

Our launch campaign was a great success – with Big Zuu talking all things Zillionaires' on C4's Sunday Brunch Boxing Day Special, and the launch generating over 20 national press stories, and an organic reach on social media of 250k impressions.

Alongside our customer facing Zillionaires' Club technology, we have also invested in the continued roll out of waiter handheld devices and our digital kitchen management system.

Our digital kitchen management system manages the orders coming into our kitchens for our teams, and enables us to produce greater volumes of food at peak times, at a higher quality and with less stress for our teams. Our waiter handheld devices enable our teams to provide a more personalised service to customers and reduce waiting times, while enhancing order accuracy. Our handhelds are integrated to our Speedy Order and Pay technology, and our Zillionaires' platform.

The synergies of these exciting technological investments enable us to enhance our customer service and operational efficiency – positioning Zizzi as the digital leader in our sector.

Purpose and values at our core

Throughout the year, we have remained dedicated to our purpose of creating dining experiences that inspire, unite, and fulfil.

We are proud to have continued our partnership with the Mental Health Foundation, exemplified through our "In Conversation With" series of social media videos. These events provide a platform for celebrities to discuss their own mental health, fostering open and honest conversations. By addressing mental health illness prevention, and supporting a cause that is close to our teams' hearts we hope to make an impact.

This year also saw us continue in our efforts to tread more lightly on the planet – with the adoption of the SKA Gold building standard for our transformation in Leeds the Light – reflecting the high use of recycled and recyclable components within the design, it's energy efficiency and the environmental consideration of our project planning. We will utilise this standard as our baseline for all future transformations.

As ever, at the core of our success is a deeply held belief in the value of our teams and employees – and we have continued to focus on recruiting some 80% of internal leadership vacancies from within – accepting over 75 attendees to our Viaggio (The Journey) leadership development courses through the year.

Underpinning all of our efforts has been the relaunch of our Zizzi Values through a series of thought provoking and well received workshops – where mixed teams of our leadership put our company values and the behaviours that support them into the words that meant the most to them, enabling them to share them with their colleagues and direct reports.

Respectively, we have seen the strongest results yet in our annual 'Have Your Say' employee survey – which allows our team to voice their opinions, concerns, and suggestions – leading to valuable insights and actionable improvements. We are pleased that the survey results – made up of over 3000 responses – resulted in a record high Employee Net Promoter Score and Engagement score, while the externally managed survey benchmarked Zizzi as performing ahead of other similar size and sector employers.

This year the survey was complimented by a series of Listening Forums, informal gatherings of restaurant General Managers and Board Directors where we candidly discuss how we can together improve the business performance and culture of Zizzi.

These forums have enabled experienced General Managers to directly impact the strategy and direction of the business – supporting not only the commercial results of Zizzi with great ideas, but also fostering a more supportive work environment and sense of shared purpose for all those involved.

Expansive Omni-Channel

Zizzi has successfully embraced an omni-channel approach to cater to the evolving needs and preferences of our customers. In supermarkets, our frozen pizza and ready meal retail offer, has performed exceptionally well, with volumes and profits ahead of the prior year in like for like retailers.

Alongside our important listings in Tesco's (1300 stores) and J Sainsbury's (350 stores), we are delighted to have recently partnered with Waitrose, a prestigious retailer, to offer a selection of our ready meals and garlic breads across their entire supermarket estate (+320 stores).

Alongside our retail and in-restaurant business, our home delivery business has also performed well over the year. We launched a new suite of fully recyclable branded take away packaging – designed to ensure food stays in peak quality during travel – and we have invested in our in-restaurant delivery infrastructure to better support home delivery orders and delivery driver communication; introducing bespoke heated cabinet facilities and packing stations in higher revenue sites; and also refining our menu proposition to meet the demands of the ever evolving market – with the redesign of our Rustica pizza for out of restaurant customers, so that it arrives hotter and in premium condition, and without changing the quality or quantity of ingredients. This innovation has led to a increase in our customer ratings across our delivery

partners, a reduction in missing items from customer orders and an increase in revenues.

12 months of focus on our purpose

After a successful 12 months, confidence levels remain high. Zizzi will need to navigate the continuing cost of living crisis and well publicised headline inflation; but by thoughtfully adapting to the changing market dynamics, investing in market leading infrastructure and refurbishments, focusing on ensuring every dish on our menu is loved by our customers, and ensuring that our team is highly engaged in our mission, we look forward to an exciting and buoyant year ahead.

ASK
ITALIAN

65

Restaurants

Bringing our evolved positioning to life

Building on strong foundations, ASK Italian's evolved positioning is more distinctive and relevant to today's customers needs. At the start of the financial year, our restaurant in Horsham, Sussex re-opened its doors as a model site showcasing the evolved positioning to the town's residents. Customers were welcomed with a stunning entrance framed with lemon trees and neon heart hands. Inside they enjoyed new zoned areas, beautiful pergolas and foliage as well as a mural of Lerici, Horsham's unofficial Italian counterpart created by local artist Sam Flylightly. The transformation was as impressive in its responsibility to the planet, reusing and upcycling where possible and championing sustainable materials such as cork, resulting in a SKA Sustainable Fit out Gold award.

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

New kitchen equipment helped chefs produce great food in peak trading periods and a delivery superstation delineated dine in and delivery customers, improving the experience for both. Waiting teams were provided with bespoke tablets, facilitating ordering, payment and allergy management to smooth the customer journey.

The model site delighted the residents of Horsham with the exterior and interiors being seen as more welcoming and instagramable and the whole experience, delivered through food, service and environment, as enhanced.

Menu innovation

Autumn marked the start of the rollout of the Horsham innovation across the estate with new Italian signatures, mini desserts and premium soft drinks becoming available across all our restaurants, driving positive reviews.

The highlight of the Spring menu was the onboarding of a local gin for each restaurant, creating community connections and facilitating the creation of a premium local gin cocktail range. Supported by bespoke collateral and social advertising, this initiative has impressed customers, team members and local businesses alike. Spring also saw the rollout of bespoke smallwares including mini plates decorated with lemons, 'olive' sides plates and ASK monogrammed pasta bowls to elevate the food experience for customers.

With high food inflation it has been an important year for careful cost management, though the focus was on protecting the quality of the end product at all times, whether through recipe engineering, menu consolidation or supplier negotiations.

Encouraging visits & creating buzz

The refurbishment programme stepped forward this year as tired sites were revitalised with the new and successful Horsham design with the immediate impact of the upgraded shopfronts attracting new & lapsed customers.

CRM and social campaigns highlighting bespoke menus and food innovation for Christmas, Valentines and Mother's day ensured ASK attracted more than its fair share of customers. Together with a strong operational focus on capacity management and great service, outstanding performances were secured for these key red letter day periods.

Local Gin events were held across the country to celebrate the introduction of the local gins. The distillers ran tasting sessions which were followed by a local gin cocktail & dinner. Popular, ticketed and pre-paid these events were enjoyed by all involved and generated plenty of positive local buzz.

Our modern milestones campaign, celebrating non-traditional milestones was covered by Grazia and built on ASK's reputation as a place for celebrations both big and small. We capitalised on Beyonce's tour and Lemonade album by offering a bespoke sparkly version of our house lemonade for free when Beyonce was on her UK tour.

We are pleased with the strong performance of the ASK Perks programme which provides those on our database with a different added value offer every month from a free Aperol Spritz to Gelato Sundae to bespoke ASK Italian tote bag.

Attracting talent & sustaining our culture

The UK's labour shortage requires businesses to do more to attract the best talent. Ensuring our revised brand positioning aligned with the values of our largely Gen Z workforce was therefore essential and now provides a competitive advantage when recruiting.

In addition, the personal, engaging yet short recruitment process and a lift in pay has helped to ensure ASK recruited the best talent and has high retention levels.

At our Autumn roadshow, our restaurant managers celebrated the success of the Horsham model site and were excited by the fast track roll out plans. Workshops in sustainability ensured their engagement in our plans for the future and leadership training enhanced our managers' skills.

Our 10 year anniversary lunch at Theo Randall's restaurant allowed the board to thank long standing team members and in January, we closed the restaurants to allow all team members to have a Christmas party so we could reward them for their hard work.

Our annual summer team day this year featured an 'It's a Knockout' style competition providing all team members the chance to have fun whilst fundraising for charities and causes in the vicinity of their restaurants.

Technical progression

Investments this year included kitchen equipment to improve speed and consistency of food preparation and the introduction of handheld order and payment devices so front of house team members can send orders to the bar and kitchen whilst still engaging with customers.

On top of previous years digitalisation of the allergen journey, we have upgraded the provision of allergen information to our customers ensuring we cater safely for those with allergens outside the fourteen designated by Food Law.

Maximising the potential of our digital booking system supported the operational focus on capacity management in periods of high demands and helped set new records for the red letter days in the year.

Delivering brilliantly for the Out of Restaurant customer

As restaurant quality food has settled into a sizeable part of the delivery market, our focus has been on responding to the specific needs of these customers. At the point of purchase we have made the brand selection easier and food choices more appealing for customers. Investing in upgrading our packaging suite

has ensure the food is hot and of high quality at the point of delivery. Understanding the occasion better has led to the introduction of bespoke delivery food innovation.

At restaurant level we have installed bespoke delivery areas and driven operational standards to ensure a quality experience for drivers and delivery customers alike whilst minimising the impact on dine in customers.

ASK for better

Our 'ASK for Better' plan outlines our sustainability direction, activities and goals. Taking pride of place on our website, it shares with our customers and team members our commitment to work together to be a better business, strengthen our communities and care for the planet for generations to come.

As part of the model site journey the processes and materials used to refurbish tired restaurants was fully reviewed. The efforts in Horsham were rewarded with an SKA Sustainable Fit out Gold award and the same principles now underpin all ASK Italians transformations.

Our restaurant teams have driven a reduction in scope 1 emissions this year with their focus on minimising electricity and gas usage.

Our partnership with Footsteps early in the year allowed us to identify the carbon footprint savings of our vegan swaps. Many vegan alternatives to popular dishes showed a 50% saving in carbon

footprint and we added this information to the main menu in Autumn.

Our kids menu is the first to have all menu items evaluated and our May menu print identified the 'low' or 'very low' carbon dishes allowing for an informed customer choice. With 58% of dishes being 'low' or 'very low' carbon there is plenty of choice for those customers actively trying to reduce their footprint when eating out.

In November we switched to support The Trussell Trust Food Bank Charity at a national level but will start onboarding individual food banks so we can connect the donations given in a specific restaurant to their local community foodbank.

In addition, in the latter part of the year we created the 'ASK for Better' fund which will support other charities and causes local to our restaurants. Our summer team day was the first fundraising initiative and team members and suppliers gave generously. Our restaurant managers will now identify causes that are important to them, their team and their communities and pitch for money from the 'ASK for Better' fund to support them.

ASK – Strong and impressive at 30 years old

At 30 years old ASK Italian is impressive not only in terms of its business performance but also in its progress towards its vision. The model store in Horsham delivered a truly exciting footprint to fuel further growth

for the brand and as core elements have started to land across the restaurants we have started to see the impact of that investment. Alongside running a strong resilient business, giving customers a great experience and treating teams well, ASK has made significant steps on its sustainability journey and started to deepen connections with its local communities.

COCO
DI MAMA

16
SHOPS

132
DELIVERY KITCHENS

This past year Coco di Mama has continued its strategic transformation shift from a London centric 'Food to Go' led business towards being the leading nationwide omnichannel Italian one. In terms of channels, we have developed further presence in the travel sector through both roadside and rail partnerships, consolidated our position as the UK's leading pasta delivery brand through Azzurri's restaurants, expanded our retail partnership with Sainsbury's and opened our first regional store trial in Reading with a view to informing a future rollout beyond London. Taking the brand into new channels, in different locations and targeting new customer missions has been accompanied by ongoing innovation as we attract a broader customer base, with our 'spirit of generosity' at the heart of everything we do.

London stores 'Mothership' recovery continues

Our 14 like-for-like London based stores have navigated another challenging year in the wake of the pandemic as the office worker routine recovery continues, including significant trading disruption from the ongoing rail and London Underground industrial action. In the second half of the year, notwithstanding the strike impacts, trading rhythm became relatively stable for the first time in over three years as London City office workers established a more settled 2-3 days per week working in the office on average.

This has affirmed our long term strategy for the London stores to be a small, high quality, well located (adjacent to high office density locations) and profitable estate that acts as the 'showroom' for the brand by being a centre of excellence for operations and brand standards, and the innovation hub for brand development.

The London stores typically trade over the 5 weekdays with midweek Tuesday to Thursday experiencing notably higher volumes than the Monday and Friday. Where we have had the opportunity, on a store by store basis we have re-negotiated leases to match the current market conditions and office worker density, and where office worker density has recovered insufficiently we have exited the lease such as our Southbank store. Therefore, the growth opportunity for new Coco stores in London will be focused on high quality, 7 day a week locations. To this end, we have opened a new London store in the heart of Canary Wharf which has the attraction of meaningful office worker density, a new corporate catering catchment to target, a proven rich aggregator delivery zone, and 7 days a week trading to capture leisure, retail and residential customers.

Digital and brand innovation, with sustainability a core part of our agenda

This year we have continued to innovate across our

stores. We have completed the rollout of self-order kiosks across the estate which has demonstrably improved average transaction value through automated upsell and allowing customers to control their own order journey, and aided in maintaining a lean and efficient operational headcount with fewer till team members required. This in turn has allowed us to re-invest in fewer, but higher skilled and paid operations teams. The kiosk rollout has been accompanied by upgrading the stores estate to new superfast fibre broadband for both customer wifi and store operations to benefit from.

We have invested in new turbo ovens which expands our menu range capability starting with a new hot panini category that has been successfully trialled and is now in rollout.

We've also continued our ESG "spirit of generosity" roadmap. We have made headway on several initiatives including both calories disclosure and carbon footprint labelling trial to offer our customers a more informed choice, continued our long standing charity partnership with The Felix Project which is a London based food distribution charity fighting food waste and hunger, and offering homeless people an opportunity to forge a career in hospitality in partnership with Change Please, a social enterprise that trains and coaches homeless people in both vocational barista and life skills.

Growth in the catering channel in London stores

Corporate catering and aggregator delivery is a fast growing and an increasingly significant part of the London stores model. This year we have successfully grown our own Coco Delivers catering channel whilst developing meaningful partnerships with specialist office catering platforms such as Just Eat for Business and Feedi.

Travel channel opportunities

Coco di Mama's fast, hot and cold, premium, fresh, all day menu range with specialty coffee lends itself well to high footfall travel locations. This year we have further developed our presence in roadside, opened our first mainline rail store location and continue to explore airport locations. Prominent presence in travel locations with a high level of transient footfall will take the brand to a new customer audience, supporting Coco's growing brand awareness with 1 in 4 of the UK population aware of the Coco di Mama brand when prompted, which rises in the target under 35 years old and London demographics.

On the roadside, we have developed 2 licence partnerships. Firstly, we now have 3 motorway locations with Roadchef and with Motor Fuel Group (MFG) we have 2 petrol filling station locations in trial. These are small counter format,

simple operating model versions of Coco di Mama with the core menu range available offering great value for money to the travel consumer, but typically at the more premium end of the occasion acting as driver of spend for our partners.

In Roadchef, we operate from Norton Canes services on the M6 and 2 locations at Tibshelf services on the M1. The menu range includes our award-winning iconic pasta pots, and a range of freshly prepared grab and go baguettes and salads sold not only from the Coco counter but also the WH Smith and Spar retail food to go fridges.

And with MFG we have 2 locations in trial near Romford and Brighton. In anticipation of electric vehicle (EV) charging growing significantly over the next 5 years, customer dwell time at petrol stations is forecast to increase changing the customer mission. Coco's wholesome, generous, all-day proposition is well positioned to meet the elevated food and beverage expectation demands of the EV driver. Additionally, MFG's petrol stations are a route to new delivery zone locations for Coco with the delivery sales being 100% incremental to the petrol station operator.

With both roadside partners we will review and assess the trials performance with the ambition to rollout to further locations in the next year.

For rail locations, we have developed our partnership with Network Rail which is the major landlord for

the majority of UK mainline stations, culminating in June with the opening of our first company run rail store in Liverpool Street station. This is the UK's 5th busiest mainline rail location and we are located in a redeveloped part of the station concourse adjacent to the footfall anchors of Boots and M&S. In comparison to the core London City estate, this location trades 7 days a week and late into the evenings to capture the busy commuter and leisure footfall opportunity. Our strategy is to prove this location is successful for both Coco di Mama and Network Rail, and then explore additional London and regional rail locations developing a strategic partnership.

And in airports, we continue to explore opportunities with the ambition of securing a flagship travel location in a major UK airside terminal.

Successful retail trial

This year we expanded our retail partnership footprint with Sainsburys to 45 stores in London. This innovative partnership involves Coco producing and delivering freshly prepared baguettes and salads from one of our central production kitchens directly onto Coco branded shelves in the supermarkets ahead of peak lunchtime trade. This innovative 'trial' has disrupted the supermarket food to go category by offering a more premium and fresh offering, enticing customers to trade up from the traditional supermarket sandwich range. Our learnings from this trial have given us confidence to further explore how to scale the food to go retail category range and consider other Coco branded categories for the retail channel in the future.

Delivery kitchens consolidation

We continue to operate across over 132 Coco di Mama Delivery Kitchens nationwide in partnership with Zizzi and ASK Italian restaurants, whilst developing partnerships with other operators (including MFG) to allow Coco to access new delivery zones elsewhere in the UK. Our focus this year has been to consolidate Coco's position as the UK's leading pasta delivery brand working with our 3 aggregator delivery partners, improving profitability for our partners through optimising and expanding menu range, and becoming increasingly smart with how we adopt promotion and paid placement strategy through segmentation.

Regional store trial

In March, Coco di Mama opened it's first regional store in the centre of Reading, a 7 day a week, leisure and retail led location that sits alongside Coco's traditional office worker customer base and target delivery kitchen students. Customer research indicates a positive sentiment from the Reading customer base with the opportunity to raise the brand's awareness to attract new customers to trial the brand for the first time and build Coco into their repertoire of high street brands.

Looking ahead

We ended the year once again winning 2 QSR Media awards for Digital and Sustainability initiatives. From a brand perspective, we have an exciting innovation roadmap in both London and regional stores with a new model store refurbishment encompassing a new customer journey, store design and elevated, broader menu range to be launched in the Autumn in London. And in addition to Reading, we plan to open our second regional store at the turn of the calendar year to further build on Coco's regional store rollout ambition.

The foundations of a scalable omnichannel business have been laid, and in the coming year we will focus on the continued growth these opportunities present.

Financial Review

Azzurri Group Holdings UK Limited

The reported statutory results cover the 53-week period to 02 July 2023 and comparatives for the 52-week period from the 28 June 2021 to 26 June 2022.

	27 June 2022 to 02 July 2023	28 June 2021 to 26 June 2022	
	£m	£m	% Change
Operating profit/(loss)	(3.5)	5.7	161% decrease
Depreciation, amortisation and other adjustments	17.8	19.3	8% decrease
Adjusted EBITDA	14.3	25.0	43% decrease
VAT adjustment	0.0	(13.2)	-
VAT Adjusted EBITDA	14.3	11.8	21% increase

Adjusted EBITDA relates to adjustments for share-based payment expenses of £1.1m and one-off non-recurring costs totalling £1.2m (2022: £2.2m), relating to private equity costs £0.3m, contract & lease legal fees £0.1m and legal fees £0.8m.

In 2021 the UK Government introduced a temporary reduced VAT rate of 5% until 30 September 2021, increasing to 12.5% until 31 March 2022. This resulted in a sales and EBITDA benefit to the Group of £13.2m.

Financial Review

Performance Summary

Total sales for the year increased £21.9m on last year.

VAT adjusted EBITDA in the year to 02 July 2023 is £14.3m which is an increase of £2.5m the prior year. In 2021 the UK Government introduced a temporary reduced VAT rate of 5% until 30 September 2021, increasing to 12.5% until 31 March 2022 which then returned to 20%. This resulted in a sales and EBITDA benefit to the Group of £13.2m in the period ended 26 June 2022.

Market Update

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

Cash Flow

Net cash inflow from operations for the year was £8.1m (2022: £27.4m). During the period the key components of cash flow were:

- Net investment in new restaurants and the maintenance of the estate totalling £22.2m (2022: £18.4m);
- Interest paid totalling £7.6m (2022: £2.2m).

Financing

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

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

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

These external facilities are subject to certain financial and non-financial covenants. The financial covenants require the maintenance of a minimum ratio of Net Debt to EBITDA and maintain a minimum liquidity at the end of each period. The Group has met these covenants with adequate headroom throughout the period.

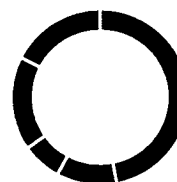
Taxation

The Group did not pay any corporation tax in the 53-week period to 02 July 2023.

This is a result of utilising carried forward trading losses and two key continuing features of its business:

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

The Group's contribution to the UK Exchequer was £61.1m during the financial year (2022: £38.9m). The driver of the year on year increase is VAT as 2022 benefited from a temporary reduced VAT rate.



CT - £0m
VAT - £28.7m
Employers NI - £6.7m
Employees NI - £4.5m
PAYE - £10.5m
Rates - £10.7m



GOVERNANCE



Board of Directors

Stephen Holmes Chief Executive Officer

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

Lindsay Dunsmuir Chief Financial Officer

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

Kieran Pitcher Commercial & Property Director

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

Harvey Smyth Chairman

- Chairman of the Group since its inception in 2020. Previously appointed as Chairman in 2015.
- Chairman of Buffalo Grill and Popeyes in France.
- Previously CEO of Gandola Group and deputy CEO at Pret a Manger.

Kerry Taylor Non-Executive Director

- Appointed Non-Executive Director of the group in May 2023
- Formerly Chief Marketing Officer for LIV Golf and MD and EVP of youth and entertainment brands for Paramount International Media Networks (MTV, Comedy Central, BET & Paramount).
- Prior to this Kerry had various roles at Viacom, including CMO, and oversaw brands including MTV internationally, Nickelodeon, and led the brand transformation at Channel 5

Paolo De Bona Non-Executive Director

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

Joseph Knoll Non-Executive Director

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

Jamaria Kong Non-Executive Director

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

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

Azzurri Group Holdings UK Limited Annual Report & Accounts 2023

Strategic Report for the 53 week period ended 02 July 2023

The Directors present their strategic report for Azzurri Group Holdings UK Limited ("the Company") and its subsidiaries (together "the Group") for the 53 week period ended 02 July 2023 ("the period"). The comparative period in these financial statements is for the 52-week period from the 28 June 2021 to 26 June 2022.

Introduction

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

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

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

Results and performance of the group

The results of the Group for the period are set out on page 41 and show an operating loss of £3.5m (2022: £5.7m profit).

Key performance indicators

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

EBITDA

This measure serves as a proxy for cash generated which is key to investment and future growth. The Group uses adjusted EBITDA which is defined as profit before interest, tax, depreciation and amortisation and excludes exceptional items and items of a one-off non-recurring nature and pre-opening losses. This is a non-GAAP measure. VAT adjusted EBITDA for the year is £14.3m (2022: £11.8m)

CASH

This measures liquidity within the business. The total amount of cash held at the end of the period is £4.7m (2022: £26.4m).

NUMBER OF EMPLOYEES

Indicator for overall performance and staffing levels. The average number of employees during the financial year is 5,693 (2022: 4,951).

Other performance indicators

LIKE-FOR-LIKE SALES GROWTH

The Group measures the year-on-year underlying performance of the existing estate. There is no accounting standard or consistent definition for "like-for-like sales". Group like-for-like sales growth is defined as comparing the performance of all mature sites in the current period with the same sites in the comparable period in the previous year.

NEW SITES OPENED

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

SITES REFURBISHED

The number of sites which get refurbished each year directly impacts like-for-like sales.

The Group aims to constantly invest in the refurbishment of its estate and aims to achieve a refurbishment cycle of six years.

RETURN ON INVESTMENT

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

BRAND STRENGTH

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

STAFF METRICS

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

Principal risks and uncertainties

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

There continues to be a heightened level of macroeconomic uncertainty relating to cost and wage inflation, as well as energy supply issues, leading to rising prices, which are continuing to

impact our customers' disposable income which may impact their spending habits. This has also resulted in increased operational costs for the Group and the Group's suppliers. These risk factors continue to influence our business and are therefore key components of our UK market conditions, competition and supply chain principal risks.

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

By order of the board



LINDSAY DUNSMUIR
COMPANY SECRETARY

06 February 2024

Strategic Report for the 53 week period ended 02 July 2023

Risks and uncertainties	Mitigation
UK Market conditions: Uncertain macroeconomic conditions that may drive inflationary pressures and fluctuations in commodity prices. These macroeconomic conditions may impact consumer confidence.	Regular monitoring of performance and future consideration of growth plans to ensure appropriate investment. Ensuring that appropriate headroom is maintained on all borrowing facilities.
Competition: The casual dining sector is highly competitive and sees new concepts enter the market which may have a negative impact on our market share resulting in lower profitability and business performance.	Constant innovation of our proposition to remain ahead of the competition. Monitoring of performance and reviewing new opportunities.
Brand damage: Failures in food safety standards or regulatory standards may have an adverse reputational, financial and legal impact.	Focus on quality and safety at a restaurant level, with enforced health and safety procedures to ensure that brand standards are upheld and regularly reviewed. The Group seeks to comply with legislation and best practice at all times.
Employees: Loss of key staff and failure to attract, retain and develop our workforce would impact business performance.	Monitoring of employee turnover rates and a clear focus on the wellbeing, succession planning, providing a clear career path, investing in training and ensuring the Group remains an employer of choice.
Supply chain: Failure of key suppliers to deliver on agreed terms and failure to ensure that procedures are sourced responsibly may result in supply chain disruption, regulatory breaches, and have an adverse reputational impact.	The Group closely monitors suppliers against service level agreements and has contingent arrangements in place where necessary. We have policies and agreements with suppliers which clearly articulate the expected standards related to human rights and modern slavery.
UK epidemic: Failure to respond to future UK epidemics and their impact on the economy may impact our supply chain, workforce and customers.	Increased sales from delivery business prior to Covid. Close monitoring of the group's liquidity position.
Fraud, error or security breaches: Breakdown of internal controls, major IT failure or cyber security breaches resulting in failure to comply with legal or regulatory requirements.	Establishment of disaster recovery procedures for major events. Internal controls and loss prevention processes are implemented across the Group.
Inflation: Cost pressures from increasing inflation.	Regular reviews of costs to the Group and taking action where necessary whilst maintaining quality.

Directors' Report

The Directors present their annual report for the Company and the Group together with their audited consolidated financial statements for 53 week period ended 02 July 2023. The comparative period is the 52-week period from 28 June 2021 to 26 June 2022. The basis of preparation of the financial statements is set out in note 2.

Results and dividends

The results of the Group for the period are set out on page 41.

The Directors do not recommend the payment of a dividend.

Directors

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

- Stephen Holmes
- Lindsay Dunsmuir
- Paolo De Bona

A brief summary of the experience of each Director is provided on page 29.

Charitable and political donations

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

Going concern

The Group's financial performance and position is described in the Financial review on pages 26 and 27. The Directors have reviewed cash flow forecasts for a 12 month period from the date of signing the accounts, which indicate the Group will be able to meet all its liabilities when they fall due for the foreseeable future.

Past year end, the Group has amended the leverage covenant associated with the Senior A facility and extended the term of all loans and the Revolving Credit Facility for an additional year. The covenant amendments result in increased headroom on the leverage covenant (refer to note 29 for further information). Projected covenant compliance and liquidity are monitored regularly and management have considered the mitigating actions available to ensure sufficient covenant headroom for the foreseeable future. The maturity dates for all of the Group's banking arrangements are July 2026.

Having made an assessment of both liquidity and covenant compliance, the Directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements. Refer to note 2.3 for further detail on the accounting policy.

Our people

TRAINING AND DEVELOPMENT

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

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

LOOKING AFTER OUR PEOPLE

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

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

EQUALITY AND DIVERSITY

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

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

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

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

Directors' Report

Streamlined energy & Carbon reporting regulations ("SECR")

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

Greenhouse gas emissions

Scope	Description	Specific Fuels	2023	2022
Scope 1	Combustion of fuel on site and transportation	On site: Natural Gas, Wood fuel, Transport: Petrol, Diesel	5,218	4,876
Scope 2	Purchased Energy	Electricity - Location based	7,046	6,637
Scope 3	Supply chain Emissions	None - Voluntary		
Total		Location Based	12,264	11,513
Intensity Ratio	tCO ₂ e / £1m Turnover	Location based	47.9	48.8

Energy usage	Total Kwh consumed	Electricity, Natural Gas, Wood fuel, Petrol, Diesel	62,551,383	61,029,104
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Methodologies used in calculations if disclosures

The government's guidance document entitled "Environmental Reporting guidelines: Including streamlined energy and carbon reporting guidance" has been used as a guide to information that is required to be included in this report. Where accurate information from Azzurri sites could not be obtained, estimations were made to represent the energy consumption and associated carbon emissions. These estimations were calculated using average kWh usage obtained from sites with available information.

Energy efficiency actions during the year

The Group recognises the impact that greenhouse gas emissions are having on climate change and remains committed to reducing greenhouse gases wherever practical to do so. The Group has committed to achieving net zero emissions by 2040 as founding member of the Zero Carbon Forum. As part of this commitment, the Group has engaged in several initiatives to tackle its emissions:

- The Group released its net zero roadmap and first carbon footprint for Scope 1, 2 and 3. This information has been made available through the Group's annual Sustainable Dining Report published in late 2022. The net zero roadmap includes ambitions to reduce both operational emissions as well as collaborations with suppliers and partners to achieve reductions across the value chain.
- The Group has worked with external consultants and industry coalitions to improve data gathering for more accurate carbon footprint calculations. Using information obtained from these calculations, the Group led initiatives with all its brands to reduce energy consumption through behavioural interventions. Zizzi and Ask Italian both ran energy reduction campaigns across their estates, bringing renewed awareness to the topic as well as incentivising energy reduction and introducing new training and learning material.
- Alongside behavioural change interventions, the Group invested in integrating electricity data into its own BI dashboard, creating the foundations of its first environmental management dashboard. This dashboard is being further developed and expanded to include more datapoints and analytical functions.
- The Group has also analysed its kitchen equipment as part of a kitchen decarbonisation project. The results of this review have led to the selection of new and more efficient equipment for future openings.
- The Group has also implemented a sustainable design and construction policy whereby new restaurant openings are to be developed in line with SKA Gold rating criteria. The SKA assessment has been developed by RICS to identify actions that can be taken to reduce the overall environmental and carbon impact of restaurant fit outs.

Overall, despite absolute emissions increasing in FY23, the Group has successfully decreased energy intensity based on revenue. This indicates that the Group has a strong understanding of what is under its operational control and the initiatives kicked off in FY23 to manage emissions have yielded positive results. Further information on emissions and future plans will be published in the Group's annual Sustainable Dining Report.

Directors' Report

Operations outside the UK

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

Financial risk management

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

(A) FOREIGN EXCHANGE RISK

The Group operates primarily in the UK and is not susceptible to foreign exchange risk in the normal course of trading. Foreign exchange risk may however arise from commercial transactions, as the Group purchases certain goods from European suppliers.

(B) CREDIT RISK

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

(C) LIQUIDITY RISK

The Group manages its exposure to liquidity risk through a naturally low level of debtors, maintaining

a diversity of funding sources and the spreading of debt repayments over a range of maturities.

(D) PRICE RISK

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

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

The directors are responsible for preparing the annual report and the Group financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year.

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the group's profit or loss for that period.

In preparing the Group and parent company financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

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

Directors' indemnities

A qualifying third-party indemnity provision, as defined in section 234 of the Companies Act 2006, is in force to the extent permitted by law for the benefit of each of the Directors in respect of liabilities incurred as a result of their office. In respect of those liabilities for which Directors may not be indemnified, the Company maintained a Directors' and Officers' liability insurance policy throughout the financial year.

Provision of information to auditors

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

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

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

Directors' Report

Guarantees under section 479 of the companies Act 2006

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

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

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

The Directors acknowledge their responsibilities for:

- Ensuring that the Company keeps adequate accounting records which comply with section 366 of the Companies Act 2006, and
- Preparing financial statements which give a true and fair view of the state of the affairs of the Company at 02 July 2023 and of its profit and loss for the year then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the Company.

S172 Statement

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

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

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

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

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

Independent auditors

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

By order of the Board



LINDSAY DUNSMUIR
COMPANY SECRETARY
Registered Office

Third Floor
Capital House
25 Chapel Street
London
NW1 5DH

06 February 2024

Corporate Governance Report

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

The Board

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

The Board comprises a chairman, four Non-Executive Directors who represent the shareholders' interests and three Executive

Directors, who are responsible for the day-to-day running of the Company and Group.

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

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

of capital or other expenditure below the limits required for Board approval, disposal of low value assets and approval of minor contracts or less senior appointments.

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

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

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

The Chairman is responsible for:

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

The Executive Directors are responsible for:

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

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

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

Relations with shareholders

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

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

Remuneration committee

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

The Remuneration Committee is responsible for the following key areas:

- Determining the participation of Directors and employees in the Azzurri Equity Plan and Azzurri Investment Plan

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

Audit committee

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

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

Corporate Governance Report

Key areas for which the Committee is responsible include:

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

Taxation policy

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

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

- Ensure that it pays all taxes which are due and to do so promptly
 - Maintain adequate systems, processes and adequately experienced staff in order to achieve the above; and
 - Maintain a transparent and constructive relationship with HMRC
- Azzurri's tax affairs are relatively straightforward, given that it is UK domiciled and that it operates in a sector which does not have inherent complexity – i.e. consumer-facing, with no long-term or complicated sales streams and relatively predictable cost structures.
- In managing its affairs, the Group's aim is to limit tax related uncertainty. Our approach is to discuss significant transactions openly with the tax authorities in 'real time', as far as is commercially practicable. Where there is uncertainty in relation to a material tax issue, we will seek to obtain tax authority agreement or clearance in advance where practicable.

- Structure its affairs in a tax efficient way, as would be expected in order to ensure commercial effectiveness, but using a straightforward and transparent approach without use of any aggressive tax planning strategies

Independent Auditor's Report to the Members of Azzurri Group Holdings UK Limited

Opinion

We have audited the financial statements of Azzurri Group Holdings UK Limited ("the Company") for the year ended 2 July 2023 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Balance Sheet, Company Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- Give a true and fair view of the state of the Group's and of the parent Company's affairs as at 2 July 2023 and of the Group's loss for the year then ended;
- Have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

GOING CONCERN

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

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

Our conclusions based on this work:

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time

they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT

Identifying and responding to risks of material misstatement due to fraud

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

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

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

As required by auditing standards, and taking into account possible pressures to meet targets, recent revisions to guidance, our overall knowledge of the control environment, we

perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the underlying transactions are high in volume and low in value.

We did not identify any additional fraud risks.

We performed procedures including:

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

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

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

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

Independent Auditor's Report to the Members of Azzurri Group Holdings UK Limited

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

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

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

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have

properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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

STRATEGIC REPORT AND DIRECTORS' REPORT

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

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

- We have not identified material misstatements in the strategic report and the directors' report;
- In our opinion the information given in those reports for the financial year is consistent with the financial statements; and

- In our opinion those reports have been prepared in accordance with the Companies Act 2006.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

We have nothing to report in these respects.

DIRECTORS' RESPONSIBILITIES

As explained more fully in their statement set out on page 34, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to

liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES

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

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

Will Smith

WILLIAM SMITH (Senior Statutory Auditor)
for and on behalf of **KPMG LLP**,
Statutory Auditor
Chartered Accountants

Gateway House
Tollgate
Chandlers Ford
SO53 3TG

06 February 2024



FINANCIAL STATEMENTS



Consolidated Statement of Comprehensive Income for the period ended 02 July 2023

	Note	2023 £m	2022 £m
Turnover	3	257.8	235.9
Cost of sales		(236.5)	(206.5)
Gross profit		21.3	29.4
Administrative expenses		(24.8)	(24.9)
Other operating income	5	0.0	1.2
Operating profit / (loss)	4	(3.5)	5.7
Loss on disposal of tangible assets		(0.9)	(0.4)
Profit / (loss) before interest and taxation		(4.4)	5.3
Net finance costs	9	(12.0)	(9.5)
Loss before taxation		(16.4)	(4.2)
Tax on loss	10	2.9	6.9
Profit / (loss) for the financial period		(13.5)	2.7
Total comprehensive expense:			
Profit / (loss) for the financial period		(13.5)	2.7
Foreign exchange differences on translation of foreign operations		(0.0)	(0.2)
Total comprehensive income / (expense) for the period		(13.5)	2.5

The notes on pages 45 to 67 form part of these financial statements. The results above all relate to continuing operations.

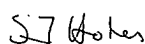
As permitted by Section 408 of the Companies Act 2006, a profit and loss account for Azzurri Group Holdings UK Limited has not been presented in these Financial Statements. For the period ended 02 July 2023 the Company generated £0.0m loss.

Consolidated Balance Sheet as at 02 July 2023

	Note	02 July 2023 £m	26 June 2022 £m
Fixed assets			
Intangible assets	11	46.3	48.1
Tangible assets	12	74.9	67.6
		121.2	115.7
Current assets			
Inventories	13	2.2	2.0
Debtors	14	23.1	14.1
Cash at bank and in hand	15	4.7	26.4
		30.0	42.5
Creditors: amounts falling due within one year	16	(40.9)	(37.0)
Net current liabilities		(10.9)	5.5
Total assets less current liabilities		110.3	121.2
Creditors: amounts falling due after more than one year	17	(159.1)	(154.7)
Provisions for liabilities			
Deferred tax asset/(liability)	21	1.1	(1.8)
Net liabilities		(47.7)	(35.3)
Capital and reserves			
Translation Reserve	23	(0.3)	(0.3)
Other Reserves	23	2.2	1.1
Accumulated losses	23	(49.6)	(36.1)
Share Capital	23	—	—
Total equity		(47.7)	(35.3)

The notes on pages 45 to 67 form part of these financial statements.

These financial statements were approved and authorised for issue by the board on 06 February 2024 and were signed on its behalf by:



STEPHEN HOLMES
Director



LINDSAY DUNSMUIR
Director

Consolidated Statement of Changes in Equity for the period ended 02 July 2023

	Share Capital £m	Translation Reserve £m	Equity Share Based Payments Reserve £m	Accumulated Losses £m	Total equity £m
At 26 June 2022	—	(0.3)	1.1	(36.1)	(35.3)
Loss for the period	—	—	—	(13.5)	(13.5)
Foreign exchange gain / (loss)	—	—	—	—	—
Share based payment charge	—	—	1.1	—	1.1
Total comprehensive expense for the period	—	—	1.1	(13.5)	(12.4)
At 02 July 2023	—	(0.3)	2.2	(49.6)	(47.7)

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

The notes on pages 45 to 67 form part of these financial statements.

Consolidated Statement of Cash Flows for the period ended 02 July 2023

	Notes	02 July 2023 £m	26 June 2022 £m
Net cash inflow from operating activities	24	8.1	27.4
Taxation paid		0.0	0.0
Net cash generated from operating activities		8.1	27.4
Cash flow from investing activities			
Purchase of tangible and intangible assets		(22.2)	(18.4)
Purchase of subsidiaries		0.0	0.0
Net cash used in investing activities		(22.2)	(18.4)
Net cash inflow before financing		(14.1)	9.0
Cash flows from financing activities			
Interest paid		(7.6)	(2.2)
(Repayment) / Issue of bank debt		0.0	0.0
Net cash generated from financing activities		—	0.0
Effect of changes in exchange rates on cash and cash equivalents		(0.0)	(0.2)
Net cash (decrease) / increase in cash and cash equivalents	24	(21.7)	6.6
Cash and cash equivalents at the beginning of the period		26.4	19.8
Cash and cash equivalents at the end of the period		4.7	26.4

The notes on pages 45 to 67 form part of these financial statements.

Notes to the Financial Statements for the 53 week period ended 02 July 2023

1. General Information

The principal activity of Azzurri Group Holdings UK Limited ("Azzurri" and the "Company") and its subsidiaries (together, the "Group") is operating restaurants and food to go stores. The consolidated financial information presented is in respect of the underlying business of Azzurri Central Limited (including the ASK Italian, Zizzi & Coco di Mama businesses), together with the Group holding companies described in note 31 for the period from 27 June 2022 to 02 July 2023.

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

2. Accounting Policies

2.1 STATEMENT OF COMPLIANCE

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

2.2 BASIS OF PREPARATION

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

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

2.3 GOING CONCERN

The financial statements have been prepared on a Going Concern basis which the Directors consider to be appropriate. The Group's financial performance and position is described in the Financial Review on pages 26 and 27. The Directors have prepared cashflow forecasts for a 12 month period from the signing date of

the accounts, which indicates the Group will be able to meet all its liabilities when they fall due for the foreseeable future.

The Group has external debt of £159.1m (2022: £154.7m) split across three tranches, all have a repayment date of July 2026. The Group's senior A debt facility was £105.5m at 02 July 2023. The senior A facility has a covenant ratio test based on a quarterly comparison between EBITDA and net debt (the "Leverage Covenant"). Post year end, the Group has amended the leverage covenant associated with the Senior A facility and extended the term of the loan for an additional year. The covenant amendments result in increased headroom on the leverage covenant (refer to note 29 for further information). At 02 July 2023, the Group had £4.7m of cash in the bank and an undrawn £10m revolving credit facility ("RCF"). The RCF is available as a resource to manage the Group's working capital cycle.

The "Base Case Scenario" reviewed by the Directors is based on the Group's FY24 budget for the financial period ending 30th June 2024 (the "FY24 Budget") and longer-term projections up to and including March 2025. The Base Case Scenario produces significant EBITDA to satisfy the covenant tests for the next 12 months. The Base Case Scenario assumes that the number of people eating in its restaurants ("dine in covers") continues to be materially lower than levels seen in the pre-pandemic period and spend per head remains in line with current trends. The Base Case Scenario includes investments in the refurbishment of existing sites and the opening of new sites with an associated sales uplift from these investments. The Base Case Scenario also assumes year-on-year increases in food costs of mid-single digits and increases in the National Living Wage in April 2024 of high single-digits.

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

The Directors have also modelled a plausible downside scenario (the "Downside Scenario"). The Downside Scenario assumes a sales decline which is deeper than we have seen at any point in the post-pandemic trading period, as well as further inflationary pressures on the cost base. The Downside Scenario includes mitigating actions to preserve EBITDA and maximise liquidity over

the course of the next financial year. The mitigating actions are within the control of the Group and include reducing capital investment and discretionary cost savings.

The Directors have also considered a reverse stress scenario to determine the level by which sales would need to decline from the base case scenario to result in a breach of the leverage covenant. The Directors consider this level of sales decline over a sustained period as remote with reference to current trading.

Post year end the Group remains in a strong financial position and has performed in line with the Group's FY24 Budget. At the end of quarter 1, the Group had cash of £6.5m and the RCF facility was undrawn presenting an additional £10m of liquidity headroom.

The Directors believe the Group is well placed to manage its business risks successfully and meet all its financial obligations for at least 12 months from the date of signing these financial statements.

As such the Group have continued to adopt the going concern basis in preparing the financial statements.

2.4 EXEMPTION FOR QUALIFYING ENTITIES UNDER FRS 102

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

The Parent Company has taken advantage of the following exemptions:

- (i) No separate parent company Cash Flow Statement with related notes is included; and
- (ii) Key Management Personnel compensation has not been included a second time.
- (iii) Certain disclosures required by FRS 102.26 Share Based Payments; and,
- (iv) Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

2.5 BASIS OF CONSOLIDATION

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings. A subsidiary is an entity controlled by the Group. All transactions and balances between the Group's businesses have been eliminated in the preparation of the consolidated financial information. All subsidiaries have co-terminus year ends and follow uniform accounting policies.

2.6 FOREIGN CURRENCY

The Group's financial statements are presented in pound sterling and rounded to millions, apart from note 23. The Company's functional and presentation currency is the pound sterling.

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

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

2.7 TURNOVER

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

GIFT CARDS

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

ROYALTY INCOME AND FRANCHISE FEES

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

2.8 ALLOCATION OF COSTS

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

2.9 PENSION COSTS

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

2.10 PRE-OPENING COSTS

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

2.11 DEFERRED TAXATION

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

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

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

2.12 INTANGIBLE ASSETS**BRAND VALUES**

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

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

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

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

OTHER INTANGIBLE ASSETS

Intangible assets, such as software are measured initially at acquisition cost or costs incurred to develop the asset.

Amortisation is calculated using the straight-line method, to allocate the depreciable amount of the assets to the residual values of their estimated useful lives, over five years.

Research costs are expensed as incurred. Development expenditure incurred on an individual project is capitalised only if specific criteria are met.

2.13 TANGIBLE FIXED ASSETS

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

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

Short leasehold properties are depreciated over the length of the lease except where the anticipated renewal or extension of the

lease is sufficiently certain so that a longer estimated useful life is appropriate. The maximum depreciation period for short-term leasehold properties is 30 years.

Depreciation is provided on the following basis:	
Plant and machinery	20% per annum
Fixtures and fittings	10% per annum
IT equipment	20% per annum

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in loss / profit on disposal of fixed assets in the income statement. The carrying values of tangible fixed assets are reviewed for impairment at each balance sheet date and in periods where events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

2.14 INVENTORIES

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

2.15 CASH AND LIQUID RESOURCES

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

2.16 REBATES RECEIVABLE FROM SUPPLIERS

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

2.17 DEBT FINANCE

All borrowings are initially stated at the fair value of consideration received after deduction of issue costs. The issue costs and interest payable on borrowings are charged to the profit and loss account

over the term of the borrowing, or over a shorter period where it is more likely than not that the lender will require earlier repayment or where the borrower intends or is required to redeem early.

2.18 OPERATING LEASES

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

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

2.19 INTEREST RECEIVABLE AND INTEREST PAYABLE

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

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

2.20 SHARE BASED PAYMENTS

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

Azzurri operates both an equity settled scheme & a cash settled scheme.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense

is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and nonmarket performance conditions at the vesting date.

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

The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss. As the Company is part of a group share-based payment plan, it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The basis of such allocation is disclosed in note 20. The schemes are valued using the Monte Carlo model.

2.20 FINANCIAL INSTRUMENTS

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

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

- they include no contractual obligations upon the entity to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the entity; and
- where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a

fixed amount of cash or other financial assets for a fixed number of its own equity instruments. To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Where the instrument classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

(i) Financial assets

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

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

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

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

(ii) Financial liabilities

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

Fees paid on establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred

until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is amortised over the period of the facility to which it relates.

2.21 INVESTMENTS

Investments are held at cost less accumulated impairment losses.

In the Group and Company financial statements, investments in subsidiary undertakings are stated at cost less any impairment.

Impairment reviews are performed by the Directors where there has been an indication of potential impairment.

2.22 CRITICAL ACCOUNTING JUDGEMENTS AND UNCERTAINTY ESTIMATION

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Impairment of intangible assets and goodwill

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

This requires an estimation of future cash flows and also a selection of appropriate discount rates in order to calculate the net present value of those cash flows. A discount rate of 10.5% was used in evaluating the cash flows relating to the intangible assets of the Group. The group has applied its judgement, in determining the key assumptions which form the overall estimates.

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

Impairment of tangible fixed assets

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

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

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

Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation

purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of asset and liabilities, using rates enacted or substantively enacted at the balance sheet date.

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

Notes to the financial statements

3. Turnover

An analysis of turnover by class of business is as follows:

	2023 £m	2022 £m
Restaurants	248.3	229.1
Quick service	9.5	6.8
	257.8	235.9

Analysis of turnover by country of origin and destination:

	2023 £m	2022 £m
United Kingdom	253.8	233.0
Republic of Ireland	4.0	2.9
	257.8	235.9

4. Operating profit

The operating profit is stated after charging / (crediting):

	2023 £m	2022 £m
Depreciation of tangible fixed assets (note 12)	9.1	10.3
Impairment of tangible fixed assets (note 12)	2.5	1.9
Loss on disposal of tangible fixed assets (note 12)	0.9	(0.4)
Amortisation of intangible assets, including goodwill (note 11)	4.2	3.7
Operating lease rentals	23.2	17.9
Defined contribution pension cost	1.6	1.5
Rental income	(0.3)	(0.2)

Notes to the financial statements

5. Other Operating Income

	2023 £m	2022 £m
Business grants	—	1.2
	—	1.2

Business grants relate to Local Restrictions Support Grants (LRSG) provided by local governments in the prior year based on rateable values of the restaurants.

6. Auditors' Remuneration

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

	2023 £m	2022 £m
Fees payable to the Group's auditors and their associates for the audit of the Group's annual financial statements	(0.4)	(0.3)
Fees payable to the Company's auditors and their associates for other services	—	—
	(0.4)	(0.3)

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

Notes to the financial statements

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 02 July 2023 £m	Group 26 June 2022 £m
Wages and salaries	(89.9)	(81.7)
Social security	(6.5)	(5.9)
Other pension costs	(1.6)	(1.5)
Share based payment (see note 20)	(1.1)	(1.1)
	(99.1)	(90.2)

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

	2023 No.	2022 No.
Restaurants and distribution	5,506	4,753
Administration	187	198
	5,693	4,951

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

Notes to the financial statements

8. Directors' Remuneration

Total Directors' remuneration was as follows:

	2023	2022
	£'000	£'000
Aggregate emoluments	683.2	1,016.2

Included within the emoluments above are pension contributions of £40,473 (2022: £39,238) paid into the individual pension plans of two Directors.

HIGHEST PAID DIRECTOR

Total Directors' remuneration was as follows:

	2023	2022
	£'000	£'000
Aggregate emoluments	406.0	620.4
Pension contributions	1.3	2.1
	407.3	622.5

Paolo De Bono, who represents Towerbrook Capital Partners, received no remuneration from the Group in respect of his services as Director or in respect of any services to the Group.

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

Notes to the financial statements

9. Net Finance Costs

	2023 £m	2022 £m
Finance costs		
Senior A facility	7.5	5.6
Senior B facility	2.8	2.4
Senior C facility	1.6	1.4
Revolving credit facility	0.1	0.1
Net finance cost	12.0	9.5

Notes to the financial statements

10. Tax On Loss.

	2023 £m	2022 £m
Corporation tax		
Current tax on losses for the year	—	—
Adjustments in respect of prior periods	—	—
Total current tax	—	—
Deferred tax		
Origination and reversal of timing differences	(4.5)	(1.0)
Adjustment in respect of prior periods	1.6	(2.4)
Recognition of previously unrecognised timing differences	—	(1.6)
Effect of corporation tax rate change	—	(1.9)
Total deferred tax	(2.9)	(6.9)
Tax charge / (credit)	(2.9)	(6.9)

Tax credit for the year is lower than the standard rate of corporation tax in the UK of 25%.

The differences are explained below:

	2023 £m	2022 £m
Loss before taxation	(16.4)	(4.2)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 20.5%	(3.4)	(0.8)
Effects of:		
Expenses non-deductible for tax purposes	—	(0.5)
Amortisation of goodwill non-deductible	0.3	0.3
Effect of corporation tax rate change	(0.8)	(1.9)
Adjustment in respect of prior year	1.6	(2.4)
Recognition of previously unrecognised timing differences	—	(1.6)
Super-deduction	(0.6)	—
Total tax credit / (credit)	(2.9)	(6.9)

The Closing deferred tax balances have been valued at 25%.

Notes to the financial statements

11. Intangible Assets

	Brands £m	Goodwill £m	Other intangible assets £m	Total £m
Cost				
At 26 June 2022	41.3	14.5	0.0	55.8
Additions	0.0	0.0	2.4	2.4
At 02 July 2023	41.3	14.5	2.4	58.2
Accumulated amortisation				
At 26 June 2022	(4.2)	(2.9)	0.0	(7.1)
Charge for the year	(2.2)	(1.5)	(0.5)	(4.2)
At 02 July 2023	(6.4)	(4.4)	(0.5)	(11.3)
Impairment				
At 26 June 2022	(0.6)	0.0	0.0	(0.6)
Charge for the year	0.0	0.0	0.0	0.0
At 02 July 2023	(0.6)	0.0	0.0	(0.6)
Net book value				
At 02 July 2023	34.3	10.1	1.9	46.3
At 26 June 2022	36.5	11.6	0.0	48.1

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

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

Notes to the financial statements

12. Tangible Fixed Assets

	Assets under construction £m	Short-term leasehold property £m	Plant, fixtures and IT equipment £m	Total £m
Cost or valuation				
At 26 June 2022	4.6	32.9	56.6	94.1
Additions	3.0	0.3	16.5	19.8
Disposals	0.0	(2.5)	(2.7)	(5.2)
Cost at 02 July 2023	7.6	30.7	70.4	108.7
Accumulated depreciation				
At 26 June 2022	0.0	(5.6)	(20.9)	(26.5)
Depreciation charge for the period	0.0	(1.6)	(7.5)	(9.1)
Impairment charge	0.0	(1.3)	(1.2)	(2.5)
Disposal Depreciation	0.0	2.0	2.3	4.3
Accumulated depreciation at 02 July 2023	0.0	(6.5)	(27.3)	(33.9)
Net book value				
Net book value at 02 July 2023	7.6	24.2	43.1	74.9
Net book value at 26 June 2022	4.6	27.3	35.7	67.6

There were no assets owned through finance leases.

Impairment tests were performed and the charge in the period relate to the impact of reduced trading in certain sites. In the period impairment reversals have been recognised reflecting improvements in leisure and city centre restaurants outlook.

The Company has no tangible fixed assets.

Notes to the financial statements

13. Inventories

	02 July 2023	26 June 2022
	£m	£m
Food and drink	2.2	2.0
	2.2	2.0

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

14. Debtors

	02 July 2023	26 June 2022
	£m	£m
Trade debtors	3.2	2.6
Cash in transit	3.9	3.1
Prepayments and accrued income	12.4	8.3
Amounts owed by entities under common control	3.6	0.1
	23.1	14.1

Cash in transit reflect card payment receivables. All the debtors stated above are due within one year.
Amounts owed by Group undertakings are unsecured, interest-free and are repayable on demand.
Parent company debtors are intercompany debtors which eliminate on consolidation.

Notes to the financial statements

15. Cash at bank in hand

	02 July 2023	26 June 2022
	£m	£m
Cash at bank and in hand	4.7	26.4
	4.7	26.4

The Company holds no cash.

16. Creditors: Amounts falling due within one year

	02 July 2023	26 June 2022
	£m	£m
Trade creditors	6.9	3.5
Other creditors	2.0	2.3
Accrued bank interest	1.5	1.6
Accruals and deferred income	22.8	23.1
Corporation tax	0.1	0.1
Other taxation and social security	7.6	6.4
	40.9	37.0

The Company has no creditors falling due within one year.

Notes to the financial statements

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

	02 July 2023 £m	26 June 2022 £m
Senior A facility	105.5	105.5
Senior B facility	34.5	31.6
Senior C facility	19.1	17.6
Total creditors falling due after more than one year	159.1	154.7

The Group's external senior debt is syndicated to a number of participating financial institutions with maturity dates of July 2025. Post year end the debt maturity has been extended to July 2026. £89.9m of the total loan facility is due to Bulstrode B.V.

18. Loans and borrowings

	02 July 2023 £m	26 June 2022 £m
Bank and shareholder loans	159.1	154.7
Revolving credit facility	—	—
	159.1	154.7

SENIOR DEBT

	Principal loan amount at 02 July 2023 £m	Principal loan amount at 17 July 2020 £m	Interest Rate	Maturity Date
Senior A facility	105.5	95.5	3.75% + SONIA	July 2025
Senior B facility	31.6	27.5	8% PIK	July 2025
Senior C facility	17.6	15.3	8% PIK	July 2025

The Group has a revolving facility of £10m of which £0m, was drawn at 02 July 2023, however £0.1m has been designated to cover outstanding letters of credit. The utilised portion of each facility incurs interest at SONIA plus 3.75%, while the unused facility incurs commitment fees of 1.1%. The facility has a final maturity date of July 2025. Post year end the debt maturity has been extended to July 2026. £89.9m of the total loan facility is due to Bulstrode B.V.

Notes to the financial statements**19. Financial Instruments**

		Group	Group
	Notes	02 July 2023	26 June 2022
		£m	£m
Financial assets at amortised cost			
Trade debtors	14	3.2	2.6
Amounts owed by Group undertakings	14	3.6	0.1
		6.8	2.7
Financial liabilities at amortised cost			
Bank loans - senior facilities	17, 18	(159.1)	(154.7)
Trade creditors	16	(6.9)	(3.5)
Accruals and deferred income	16	(22.8)	(23.1)
Other creditors	16	(2.0)	(2.3)
		(190.8)	(183.6)

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

Notes to the financial statements

20. Share Based Payments

GROUP

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

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

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

	MIP		LTIP	
	Weighted average exercise price (£)	Number of shares	Weighted average exercise price (£)	Number of options
Outstanding at the beginning of the year	24.1	175,000	57.6	3,060
Forfeited during the year	—	—	—	—
Exercised during the year	—	—	—	—
Granted during the year	—	—	—	—
Expired during the year	—	—	—	—
Outstanding at the end of the year	—	175,000	—	3,060
Exercisable at the end of the year	—	—	—	—

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

	02 July 2023	26 June 2022
Share-based payment (expense) / income	(1.1)	(1.1)

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

Notes to the financial statements

21. Deferred Tax Asset/(Liability)

Group	Deferred Tax		Total
	£m		£m
At 26 June 2022	(1.8)		(1.8)
Credit to profit and loss account	2.9		2.9
At 02 July 2023	1.1		1.1

The Company had no provisions for liabilities at 02 July 2023.

22. Deferred Tax Assets and Liabilities

Group	Assets	Liabilities	Net
	£m	£m	£m
At 26 June 2022	7.1	(8.9)	(1.8)
Adjustment in respect of prior periods	(1.0)	(0.6)	(1.6)
Origination and reversal of timing differences	8.4	(3.9)	4.5
Tax assets / (liabilities)	14.5	(13.4)	1.1
Net tax assets			1.1

The Company had no deferred tax assets or liabilities at 02 July 2023.

Notes to the financial statements

23. Share Capital

	02 July 2023 £'000	26 June 2022 £'000
Allotted, called up and fully paid		
75,001 Ordinary shares at £0.01 each	0.75	0.75
	0.75	0.75

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

Translation Reserve

	Group 02 July 2023 £m
Opening balance at 26 June 2022	(0.3)
Foreign exchange loss for the period	0.0
Closing translation reserve at 02 July 2023	(0.3)

Other Reserves

	Group 02 July 2023 £m	Company 02 July 2023 £m
Opening balance at 26 June 2022	1.1	1.1
Equity-settled share based payment transactions	1.1	1.1
Closing other reserves at 02 July 2023	2.2	2.2

Accumulated Losses

	Group £m
Opening balance at 26 June 2022	(36.1)
Loss for the financial period	(13.5)
Closing Accumulated Losses at 02 July 2023	(49.6)

Notes to the financial statements

24. Notes to the Cash Flow Statement

A) RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS	02 July 2023	26 June 2022
	£m	£m
Loss for the financial period	(13.5)	2.7
Adjustments for:		
Tax on loss	(2.9)	(6.9)
Net finance cost	12.0	9.5
(Loss) / Profit before interest and taxation	(4.4)	5.3
Depreciation of tangible fixed assets	9.1	10.3
Impairment of tangible fixed assets	2.5	1.9
Amortisation of intangible fixed assets	4.2	3.7
Loss on disposal of assets	0.9	0.4
Increase in inventories	(0.2)	(0.1)
Increase in debtors	(8.4)	(4.1)
Increase in creditors	4.4	10.0
	8.1	27.4

B) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT	02 July 2023	26 June 2022
	£m	£m
(Decrease) / Increase in cash (note 15)	(21.7)	6.6
Interest payments	7.6	2.2
Change in net debt resulting from cash flows	(14.1)	8.8
Other non-cash changes	(12.0)	(10.0)
Net debt at beginning of period	(128.3)	(127.1)
Net debt at end of period	(154.4)	(128.3)

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

Notes to the financial statements

24. Notes to the Cash Flow Statement (CONTINUED)

C) ANALYSIS OF CHANGES IN NET DEBT

	At 26 June 2022 £m	Cash flow movements £m	Non-cash flow movements £m	At 02 July 2023 £m
Cash at bank and in hand	26.4	(21.7)	0.0	4.7
Bank and shareholder loans	(154.7)	7.6	(12.0)	(159.1)
Net debt at end of period	(128.3)	(14.1)	(12.0)	(154.4)

25. Commitments under Operating Leases

At the end of the financial period, the Group had future minimum lease payments under non-cancellable operating leases as follows:

	02 July 2023 £m	26 June 2022 £m
Not later than 1 year	21.9	16.5
Later than 1 year and not later than 5 years	81.5	62.0
Later than 5 years	137.4	114.6
	240.8	193.1

26. Contingent Liabilities

On 17 July 2020, certain Company subsidiaries (the "Original Obligors") became guarantors to a Senior Facilities Agreement between Azzurri Bidco Limited and Coöperatieve Rabobank U.A. trading as Rabobank London. The facilities were drawn on the 17 July 2020 to fund the acquisition of Azzurri Central Limited, at which point the acquired subsidiaries became "Additional Obligors" to the agreement. Subsequently, new subsidiaries of the Azzurri Group have been included to become "Additional Obligors" to the agreement. The amounts outstanding at the balance sheet dates for these loans were £159.1m including accrued interest. Each Guarantor irrevocably and unconditionally jointly and severally:

- a. Guarantees to each Finance Party punctual performance by each other Obligor of all that Obligor's obligations under the Finance Documents
- b. Undertakes with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- c. Agrees with each Finance Party that if any obligations guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of an Obligor not paying any amount which would, but for such enforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due.

27. Guarantees Under Section 479 of the Companies Act 2006

For the Group's subsidiaries, Azzurri Bidco Limited (Registered number: 12741616), Azzurri Central Limited (Registered number: 12457130), POD Restaurants Limited (Registered number: 12226594) and Ask & Zizzi Restaurants Limited (Registered number: 12525366), advantage has been taken of the audit exemption available for non-dormant subsidiaries conferred by section 479A of the Companies Act 2006.

As a condition of the above exemption, the Azzurri Group Holdings UK Limited (Registered number 12740843): has guaranteed all outstanding liabilities as at 02 July 2023 of the relevant subsidiaries until they are settled in full. No liability is expected to arise under the guarantee.

28. Related Party Transactions

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

TRANSACTIONS WITH TOWERBROOK

Monitoring fees of £0.2m due to TowerBrook Capital Partners were incurred during the financial period and £0.2m remains outstanding at the balance sheet date.

LOAN WITH BULSTRODE B.V.

£89.9m (2022: £85.7m) of the total Loan facility and £0.8m (2022: £0.9m) of interest accrued is with Bulstrode B.V, a nominee company which holds Towerbrook's shares in the Group.

LOAN WITH OTHER GROUP COMPANIES

£3.6m was loaned to a Group companies which do not eliminate on consolidation.

29. Post Balance Sheet Events

The Groups covenants associated with the Senior A facility were agreed prior to the Covid-19 pandemic and assumed uninterrupted trading through to July 2025. The impact of the pandemic on the global economy has meant the Group's leverage covenant has become outdated. As a result, post year end, the Group has amended its leverage covenant associated with the Senior A facility to increase the Group's headroom and extended the term of the Group's banking arrangements for an additional year which will now mature in July 2026. The Senior A facility will incur interest at SONIA plus 4.25%. There are no changes the interest associated with facilities B and C.

30. Ultimate Parent Undertakings

Towerbrook's shares in the Group are held in the name of a nominee company, Bulstrode BV. Bulstrode BV's ultimate parent company is Towerbrook Capital Partners L.P. Accordingly, as at 02 July 2023, the Directors consider the Company's ultimate controlling party to be Towerbrook Capital Partners L.P. These accounts represent the smallest group in which the company's results are consolidated. The largest group of accounts are consolidated up to Bulstrode B.V.

31. Principal Subsidiary Undertakings

The subsidiary undertakings of the Group for the period ended 02 July 2023 were as follows:

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

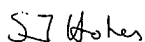
The registered addresses for all UK companies are Third Floor, Capital House, 25 Chapel Street, London, NW1 5DH.
Azzurri Restaurants Ireland Limited's registered address is 25-28 North Wall Quay, Dublin 1.

Company Balance Sheet as at 02 July 2023

	Note	2023 £k	2022 £k
Fixed assets			
Investments		187.9	187.9
		187.9	187.9
Current assets			
Debtors	14	1,960.5	886.7
Creditors: amounts falling due within one year	16	—	—
Net current assets / (liabilities)		1,960.5	886.7
Total assets less current liabilities		2,148.4	1,074.6
Net Assets		2,148.4	1,074.6
Capital and reserves			
Called up share capital	23	0.8	0.8
Accumulated losses	23	—	—
Other reserves	23	2,147.6	1,073.8
Total equity		2,148.4	1,074.6

The notes on pages 45 to 67 form part of these financial statements.

These financial statements were approved and authorised for issue by the board on 06 February 2024 and were signed on its behalf by:



STEPHEN HOLMES
Director



LINDSAY DUNSMUIR
Director

Azzurri Group Holdings UK Limited
Registered number 12740843

**Company Statement of Changes in Equity
for the period ended 02 July 2023**

	Share Capital £k	Accumulated Losses £k	Equity Share Based Payments Reserve £k	Total equity £k
At 26 June 2022	0.8	—	1,073.8	1,074.6
Loss for the period	—	—	—	—
Other comprehensive expense	—	—	—	—
Total comprehensive expense for the period	0.8	—	1,073.8	1,074.6
Transactions with owners	—	—	1,073.8	1,073.8
Equity-settled share-based payment transactions	—	—	—	—
At 02 July 2023	0.8	—	2,147.6	2,148.4

The notes on pages 45 to 67 form part of these financial statements.

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Stephen Holmes
Lindsay Dunsmuir
Paolo De Bono

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Lindsay Dunsmuir

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