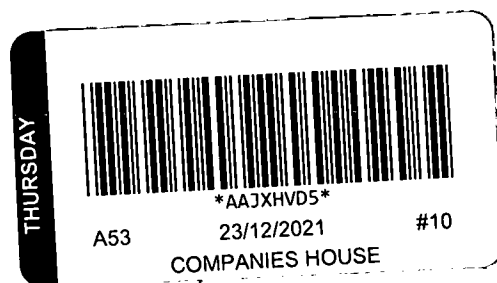


HAKKASAN LIMITED
REPORT AND FINANCIAL STATEMENTS FOR
THE YEAR ENDED
31 DECEMBER 2020



HAKKASAN LIMITED
COMPANY INFORMATION

| | |
|--------------------------|-----------------------------------------------------------------------------------------------|
| Directors | D S Silberstein J E Strauss N E Tepperberg |
| Secretary | S H Lugerner |
| Company number | 03488606 |
| Registered office | 3 rd Floor Elsley House 24 – 30 Great Titchfield Street London W1W 8BF |
| Auditor | BDO LLP 55 Baker Street London W1U 7EU |

HAKKASAN LIMITED

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HAKKASAN LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Our Group

The business summary below describes the operations of Hakkasan Limited ('Hakkasan') and its subsidiaries (together the 'Hakkasan Group') for the 2020 year. However, as noted below subsequent to the year end a reorganisation took place whereby Hakkasan disposed of its US operations to a related party. Subsequent to this, the Hakkasan US operations no longer form part of the Hakkasan Group (although they continue to be operated by the same ultimate shareholder).

Business Summary

At 31 December 2020, Hakkasan Group was a worldwide hospitality organisation with establishments across North America, Europe, Middle East, Asia and Africa. Originally founded in London in 2001, its namesake is taken from its Michelin star restaurant that set the high-level standard for the Group's collection of diverse brands.

The Group crafts remarkable experiences for our guests and instils pride and value to our colleagues, shareholders and communities through the Group's nightlife, daylife and restaurant venues.

The Group segments its business into the sale of goods (including food, beverage, and retail) and the rendering of services (admission fees, ticketing sales, catering & banquets, and management fees).

The Group's owned brand portfolio divides into nightlife / daylife and restaurants, with the latter split into the Asian Luxury Collection and the Social Dining Collection. Concepts included in the Group's owned brand portfolio includes:

| NIGHTLIFE AND DAYLIFE | RESTAURANTS | |
|-----------------------|--------------------------------------|---------------------------|
| | Asian Luxury | Social Dining |
| Hakkasan OMNIA | Hakkasan Yauatcha Sake no Hana | Herringbone Searsucker |

In addition to the owned brand portfolio, the Group operates a management service, creating white-label concepts and managing venues for partners and owns and operates an on-line ticket purchasing service, Venue Driver. Venue Driver acts as the sales agent for tickets and VIP table packages on behalf of venues who provide and/or promote entertainment events.

At 31 December 2020, our portfolio of owned and managed venues totalled 34 (31 December 2019 – 41).

The year ended 31 December 2020 was a period of restructuring within our owned brand portfolio and corporate offices. The Group streamlined the portfolio with the closure of certain underperforming venues during each respective period. No owned venues were in development nor opened during the year.

During the year, the Group re-evaluated its restaurant portfolio and chose to close two owned and one managed Hakkasan location; one owned Yauatcha location; one managed Sake No Hana location; and one managed Ling Ling location. Furthermore, the Group converted the Hakkasan Shanghai restaurant from an owned location to a managed partnership.

The nightlife and daylife portfolio saw the completion of a managed nightclub agreement in Las Vegas as well as the closure of an Omnia branded dayclub.

To offset to the sale and closure of certain managed venues, the Group is actively expanding its white-label management service through various nightlife, daylife and restaurant portfolio with development partners throughout the world. This expansion included the opening of a Yauatcha restaurant in February 2020. Additional venues are in the predevelopment phase and openings are planned for various dates throughout 2021 and 2022.

Following the disposal of the US business noted above, Hakkasan Group will continue to operate its restaurants in the UK and its global management contracts (outside of the US).

HAKKASAN LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020
COVID-19

Throughout 2020 and subsequent to year end, the Group has been negatively impacted by the effects of the world-wide COVID-19 pandemic. The Group is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation.

The impact of COVID-19 and measures to prevent its spread is affecting the Group's business in a number of ways. We temporarily closed all four of our UK owned portfolio venues from 17th to 20th March, whilst all of the US venues began temporarily closing from 13th March, with all venues closed by 17th March. Only five US venues were able to re-open later in the year (Searsucker San Diego, Herringbone La Jolla, Searsucker Las Vegas, Wet Republic and Level Up), but were subject to government mandates and only maintained limited and intermittent operations after re-opening.

For the licensed venue portfolio, we negotiated the deferral or reduction of management fees with certain owners in accordance with the various agreements. Venues have been closed or operations suspended consistent with government mandates or guidance.

The Group has experienced disruptions in the delivery of entertainment at nightlife and daylife venues, including the cancellation or deferral of certain entertainment events. As such, our on-line ticket purchasing service, Venue Driver, has experienced increased returns and customer requests for payment refunds which has resulted in reduced ticket surcharge revenue generated for on-line sales of entertainment tickets at both owned and managed nightlife and daylife venues.

The Group has taken a number of mitigation efforts in response to the pandemic. The USA subsidiary of the Group terminated approximately 90% of its employees and temporarily reduced base compensation for all remaining employees (who continue to receive company provided medical benefits). Employees were activated or rehired dependent on the timing of the phased reopening of our venues. We took additional mitigation actions such as reducing employer contributions to our post retirement plans and suspending non-contractual bonus payments.

In addition to the human capital reductions, the Group has taken action to negotiate rent abatements and deferments with several landlords. Planned capital expenditures have been delayed indefinitely, and non-essential contracts have been cancelled or amended where possible to yield additional savings going forward. Operational accounts payable have also been stretched in order to conserve cash.

We utilised our London kitchens across all sites for takeaway and delivery service via third party platforms and also launched a delivery only service for our Mexican-based Casa Calavera brand out of the Sake no Hana restaurant. In addition, various managed restaurant venues across globe have been offering delivery service to alleviate lost revenues which, in turn, impacted the Group's management fee revenue.

The impact of these disruptions and the extent of their adverse impact on our financial and operational results will be dictated by the length of time that such disruptions continue, which will, in turn, depend on the currently unforeseen duration of the impacts of COVID-19, and among other things the impact of governmental actions imposed in response to the pandemic and individuals' and companies' risk tolerance regarding health matters going forward.

Trading performance

The Group's core operations are based in London and Las Vegas:

Whilst the functional currency for the non-USA operations are in Pound Sterling (£), the presentational currency for the Group is US dollars (\$) as the majority of the Group's activities are located in the United States of America and its working capital is in US dollars.

Overall turnover for the year ended 31 December 2020 compared unfavourably to turnover for the twelve months ended 31 December 2019, noting:

- Restaurant revenue decreased due to COVID-19 and enforced closures seen globally from 17th March 2020.
- Nightlife venues also saw a reduction in overall sales, specifically the Omnia and Hakkasan nightclubs in Las Vegas and Omnia nightclub in San Diego whose beverage revenue (0%, -3% and -6%, respectively) and admission revenue (-18%,

HAKKASAN LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Trading performance (continued)

-27% and -20%, respectively) decreased over the comparative periods. However, the catering and banquet division experienced a significant increase in revenues (20%) which helped to offset the beverages and admission losses.

- Management fee revenue decreased significantly due to the global impact of Covid-19.

For changes in the Group's portfolio and other business updates following the financial year end, see the post balance sheet section at the end of this strategic report.

Balance sheet

The Group's resultant debt net of cash position is as follows:

| | 31 December 2020 \$'000 | 31 December 2019 \$'000 |
|------------|-------------------------------|-------------------------------|
| Cash | 29,881 | 41,269 |
| Borrowings | - | (114,331) |
| | <hr/> | <hr/> |
| Total | 29,811 | (73,062) |
| | <hr/> | <hr/> |

Shareholder loan waiver

During 2020, Hakkasan entered into a debt release agreement with its shareholder Aabar Investments PSJ ("Aabar"). Under this agreement, Hakkasan was released in full, from its borrowings due to Aabar, including all accrued interest. This release of debt has been accounted for as a capital contribution from the shareholder in these financial statements.

Key performance indicators

We use both financial and non-financial key performance indicators (KPIs) to measure our success in meeting our operating objectives. Our principal non-financial measure is focused on the monitoring of customer feedback both directly received and through social media. Our principal financial KPIs are shown below:

| | Year ended 31 December 2020 | Year ended 31 December 2019 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| Turnover (\$m) | 73.4 | 283.9 |
| <i>As the prime measure of our economic output, revenue growth is key to measuring shareholder return and the success of our expansion strategies</i> | | |
| Gross margin (\$m) | 59.9 | 238.9 |
| Gross margin (%) | 81.6% | 84.1% |

Gross margin provides an indication of the quality of turnover and is also a measure of value added by the Group

Given the uniquely challenging circumstances of operating during the Covid pandemic as outlined above, the directors are satisfied with the KPI's achieved throughout 2020.

HAKKASAN LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties

General economic factors and a highly competitive sector

The economic conditions both in the markets in which we operate, and the general economic conditions affecting the world's economies can adversely impact disposable income and consumer confidence. Our two principal locations are in Las Vegas and London and both of these markets are dependent on international as well as national consumers. We also operate in a highly competitive sector with new brands and concepts continually coming to market. To mitigate against these risks the Group emphasises the importance of ensuring a consistent, high quality experience for all our customers, listens carefully to feedback and is continually focused on ensuring our brand offering is in tune with developing trends. In addition, the expansion of our brands and geographical spread also acts as a natural hedge against these risks.

Liquidity risk

The Group monitors cash flow as part of its day-to-day control procedures and ensures that appropriate funding is available.

Impact of Brexit on labour costs and commodity costs

Wage inflation has been growing faster than revenue inflation, in addition the United Kingdom (UK) has seen the recent impact of Brexit adding to the labour shortages during the period. Furthermore, due to the volatility in the pound sterling, the cost of supplies paid in Euros has increased. The Group has not entered into any derivative transactions such as commodity swap contracts as the company does not consider that it presents a principal risk to the business model.

Credit risk

There is little to no credit risk in the Group's owned portfolio with the majority of customers paying by cash or credit card. Our credit risk consists primarily of current and future amounts due from managed venue development partners. Business or economic conditions or other significant events in the countries where these partners operate could affect the collectability of such receivables.

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in subsidiary companies' functional currencies (primarily US dollar or pound sterling) with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

Economic and market conditions in the jurisdictions in which we operate

Our business is sensitive to reductions in discretionary consumer spending and corporate spending on catering and banquets as well as business development with managed venue development partners. The susceptibility of leisure and business travel, especially travel by air, to global geopolitical events, such as terrorist attacks, other acts of violence, acts of war or hostility or outbreaks of infectious disease (including the recent coronavirus outbreak), could adversely affect our operating results. See further discussion of economic and market conditions within the COVID-19 section above.

The ability to expand into new and existing markets

Our growth to date has historically been derived from organic growth in our two principal locations of business in the USA and London as well as through expansion of management services throughout North America, the Middle East and Asia.

HAKKASAN LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties (continued)

The ability to expand into new and existing markets (continued)

Planned future growth in the Group's owned brand portfolio will come from the growth of activities beyond these principal locations which is dependent upon the ability to find appropriate locations; fund capital expenditures and pre-opening costs; and hire the appropriate staff, all of which can take time to achieve. The expansion into new overseas territories is also dependent on finding suitable local partners.

Labour shortages and increases in labour costs

Our success depends in part on our ability to attract and retain highly qualified and motivated individuals. In our principal markets, the competition for these individuals is intense with consequential impact on salaries.

Statement by the Directors in performance of their statutory duties in accordance with Section 172(1) of the Companies Act 2006

The Directors of the Group, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in Section 172 of the UK Companies Act 2006, which is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in so doing have regards (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the Group to maintain a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Group.

The Directors fulfil their duties through ongoing discussion and review of key activities and decisions of the Group and through a governance framework that delegates appropriate day-to-day decision making to management and employees of the Company.

The following paragraphs summarise how the Directors fulfil their duties:

The Directors are committed to developing and maintaining a governance framework that is appropriate to the business and supports effective decision making coupled with robust oversight of risks and internal controls.

We are a global hospitality company, crafting remarkable experiences for our guests and instilling pride and value to our colleagues, shareholders and communities. We act with integrity, we are respectful, we are passionate, we are collaborators, we are driven.

Engagement with employees

The Group continues to focus on building channels that ensure the Group is effectively listening and responding to employees. In doing so, the Group is able to identify opportunities to better meet employee needs, help them with their career progression and build the skills required to continue helping our business thrive. During the period, the Group focused on internal performance management and development to ensure employees have clear objectives and an understanding of their contribution to our overall business success and goals.

The Group strives to create a diverse and inclusive working environment where every employee feels welcome and are able to do their best work. We believe in the benefits of diversity and the importance of bringing a wide range of skills, experience and perspectives into our business. The directors continually work with executive management to promote the Group's values and to monitor attitudes and behaviors to ensure that they are consistent with our culture.

HAKKASAN LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Statement by the Directors in performance of their statutory duties in accordance with Section 172(1) of the Companies Act 2006 (continued)

Engagement with employees (continued)

The Group supports employee involvement in the local community as well as through the corporate giving program, Hakkasan Inspires. The philanthropy provides assistance to charitable organizations where the Hakkasan Group operates and is dedicated to supporting education, human services, community development, and animal welfare.

Engagement with suppliers, customers and partners in a business relationship with the Group

Suppliers

As a Group dependent on suppliers and white-label management partners to deliver for all of our stakeholders, we strive to manage these relationships as closely as possible to ensure they meet our standards. The Group is committed to ensuring the highest standards of food safety and quality across our operations and require both our suppliers and partners to operate to the same high standards.

Customers

The Group's namesake is taken from its Michelin star restaurant that set the high-level standard for its collection of diverse brands. The Group's "brand first" philosophy builds restaurant, nightlife and daylife venues into world-class hospitality brands, all with a focus on service, design, innovation and experience.

Our goal is to create memorable and one-of-a-kind experiences for our guests by allowing our dedicated and professional staff to curate a perfect social experience. With international locations in some of the world's most vibrant cities, each restaurant kitchen is led by a talented chef whose passion lies in creating uniquely rooted yet modern dishes. Likewise, the daylife and nightlife venues set a new standard of service and entertainment through unique spaces with varying décor, state-of-the-art sound and production and access to A-List talent and celebrities.

Partners

Our corporate culture places an emphasis on enabling white-label management partners to be successful and have pride in the Group's brand portfolio and the standards inherent in the concepts. We promote open and honest communication within the business and provide support to enable our colleagues to develop, grow and achieve their potential. The Group operates in a continually evolving and fast paced environment which demands the business stay one step ahead of current trends.

Engagement with our communities

Hakkasan Group Inspires launched in January 2019 as the philanthropic platform of the Group. The overall mission for Hakkasan Group Inspires is to build a more engaging, purpose driven company that invests in the success of our employees and communities. Hakkasan Group Inspires tracks impact based on four pillars of giving: Community Development, Education, Hunger Relief and Animal Welfare.

During the year ended 31 December 2020, the Group donated over \$676,000 (December 2019 - \$676,000) in sponsorships, donations, in-kind, fundraisers and employee giving within our communities. Group employees also contributed over 800 hours (December 2019 - 800 hours) of their time to non-profits in corporate based volunteer events.

Community development

The Group is dedicated to community empowerment and the enhancement of human welfare. By supporting organizations that seek to improve human needs, economic issues and environmental problems, we can positively impact the communities we operate in.

HAKKASAN LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Statement by the Directors in performance of their statutory duties in accordance with Section 172(1) of the Companies Act 2006 (continued)

Engagement with our communities (continued)

Education

We support education through advocacy organizations that assist in learning-based initiatives and make quality education easily accessible to all students.

Hunger relief

We strive to eradicate hunger and food insecurity by partnering with organizations that foster collective action towards this cause. Through program assistance, food bank support and sustainability encouragement, we offer resources to combat the condition and provide hunger relief.

Animal Welfare

We are passionate about offering assistance to programs that help protect and maintain the sanctity of animal welfare and improve quality of life.

Key decisions

For the purpose of this statement detailed descriptions of the decisions taken are limited to those of strategic importance. The Board believes that certain decisions taken during the year fall into this category and were made with full consideration of both internal and external stakeholders. These are:

- The decision to close certain underperforming owned venues and sell / terminate various management contracts during the year ended 31 December 2020 is entirely consistent with the Board's strategic goals and the Shareholder's objectives.
- The Group's focus on expanding its white-label management service in various emerging geographical markets opens up wider market capabilities for new and existing partners, which in turn provides additional value to those partners. It also provides development opportunities for employees and improves the efficiency of the Group as whole.
- The decision to further invest in capital improvements demonstrates our continued commitment to our customer's experience. The Board recognised that, as well as this being beneficial for our customers with a follow-on impact on renewals and upselling, there are also benefits for employees and the Shareholder.
- The decision to continue our investment in sales and marketing, including our new partnerships with third party delivery services to expand our customer base and allow patrons to dine from the comfort of their own home.
- Continually enhancing our internally developed company website (www.HakkasanGroup.com) launched in 2019, enables us to deliver future growth by giving new and existing customers an insight into our ability to deliver significant value to them and supports our position as a high growth exciting business to work for.

The Board recognises the decision for our overall high growth strategy delivers benefits for our wider stakeholder community as a whole by enriching customer's experiences and developing staff capabilities with the knock on positive impact to the communities in which they live. It also strengthens and grows our supplier relationships and delivers value for our shareholders.

HAKKASAN LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Post balance sheet events

The Company has evaluated subsequent events through the date on which the financial statements were issued.

On 27 April 2021, as part of a reorganisation related to the acquisition of the Hakkasan Group noted below, Hakkasan disposed of its investment in Hakkasan USA, Inc. This disposal took place with the investment in Hakkasan USA Inc being distributed to the shareholder, Aabar Investments PJS, via a dividend in specie.

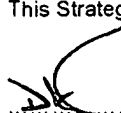
On 27 April 2021, Hakkasan Limited was acquired by TAO Group Operating LLC, a private limited liability company registered and formed in the United States of America. The Director regards Madison Square Garden Entertainment Corp, a publicly traded entity incorporated in the United States of America, as the Ultimate parent company from the 27 April 2021 acquisition. Financial statements for the group are available from 2 Pennsylvania Plaza, New York, 10121, United States of America.

Future developments

The Group's principal strategic initiatives during the year included: (i) the management and continuous reappraisal of the Group's operational and financial performance across its brand portfolio including through certain site closures; and (ii) the acceleration of the Group's evolution from a capital-intensive ownership model to an asset light management services model by leveraging the Group's brand portfolio to attract partner-funded management deals. Going forward, the Group intends to selectively fund development with an eye towards reducing up-front capital investment by focusing on brands that are less capital intensive and costly to operate. In addition, the Group intends to work with select landlords and partners on deal structures that will showcase existing brands, build equity in new brands, and spur growth while minimising costs.

Approval

This Strategic Report was approved on behalf of the Board on 21 December 2021


.....
Derek Silberstein
Director

HAKKASAN LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their report and the consolidated financial statements for Hakkasan Limited and its Group undertakings (together referred to as 'the Group') for the year ended 31 December 2020.

Principal activities

Hakkasan Limited operates restaurants in the UK, as well as operates a management service, creating white-label concepts and managing venues for partners. Through its subsidiaries, Hakkasan Limited also owns, manages, and operates nightlife, daylife and restaurants establishments across North America, Europe, Middle East, Asia and Africa.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

| | |
|-----------------|---------------------------|
| D S Silberstein | (Appointed 27 April 2021) |
| J E Strauss | (Appointed 27 April 2021) |
| N E Tepperberg | (Appointed 27 April 2021) |
| M Edelman | (Resigned 27 April 2021) |
| R Elwan | (Resigned 27 April 2021) |
| M Hurn | (Resigned 27 April 2021) |
| M Nijmeh | (Resigned 27 April 2021) |
| B Roos | (Resigned 27 April 2021) |

Financial risk management objectives and policies

Details of the financial risk management objectives and policies are set out in the strategic report.

Post balance sheet events

Details of post balance sheet events are set out in the Strategic Report and in note 34 to the financial statements.

Future developments

Information on future developments has been included in the strategic report as permitted by S414C (11).

Going concern

In consideration of the Group's current resources and review of financial forecasts and projections, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the approval of the Annual Report. Various sensitivity analyses have been performed to reflect possible downside scenarios.

The impact of the coronavirus (COVID-19) pandemic on the Group and the resultant global economic uncertainties have been considered by the Directors who have undertaken a re-assessment of the cashflow forecasts covering a period of at least 12 months from the date of approval of the financial statements.

During the year, all shareholder debt was waived and as at 31 December 2021 the Hakkasan Group had no debt or borrowings, and cash of \$29.9m. As noted in note 34, after the year end the Hakkasan Group also disposed of its US operations. Going forward, the Hakkasan Group profitability is significantly driven by its core London restaurants which have a long history of profitable trading and cash generation. Given the strength of recent trading following the lifting of lockdown restrictions, the Directors are confident that the Hakkasan business will continue to trade profitably to generate significant cash.

In addition to this, the Directors have received a letter of support from the parent company, Tao Group Operating LLC, which covers a period of at least 12 months from the date of signing these financial statements.

Based on the Group's debt free net cash position, the forecast future cash generation, and the support letter received the Directors believe that the Hakkasan Group will be able to meet all of its liabilities as they fall due for the foreseeable future, and these financial statements have therefore been prepared on a going concern basis.

HAKKASAN LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Employment of disabled persons

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability or perceptions of it.

The Group's human resource procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the Group, the human resource procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the Group. Retraining of employees who become disabled whilst employed by the Group is offered where appropriate.

Dividends

No dividends were paid by the Group during the year (year ended 31 December 2019 – \$Nil).

Employee involvement

The Group maintains a human resources intranet site that provides employees with information on matters of concern to them as employees, including the financial and economic factors affecting the performance of the Group. The intranet site includes functionality that enables employees to express views on matters that affect them anonymously and the Group also undertakes a biennial staff survey to canvas views on significant matters.

Statement of energy and carbon reporting

The UK government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019, when the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force.

Hakkasan Limited meet SECR qualification criteria in the UK. Hakkasan Limited have opted to use the Operational Control boundary definition to define their carbon footprint boundary. Included within that boundary are Scope 1 & 2 emissions, as well as Scope 3 emissions from gas, electricity, company fleet and grey fleet in the UK. The GHG Protocol Corporate Accounting & Reporting Standard and UK Government's GHG Conversion Factors for Company Reporting have been used as part of carbon emissions calculation.

The results show that Hakkasan Limited total energy use and total gross Greenhouse Gas (GHG) emissions amounted to 7,119,462 kWh and 1,471 tonnes of CO₂e respectively in the 2020 financial year in the UK. Hakkasan Limited have chosen 'Tonnes of CO₂e per million turnover' as an intensity metric as this is an appropriate metric for the business. The Company will compare their performance over time with this metric. Below is the energy consumption and GHG emissions summary table.

| Type of Emissions | Activity | kWh | tCO ₂ e | % of Total |
|-------------------------------------------------------------------|-----------------|--------------------|--------------------|------------------|
| Direct (Scope 1) | Natural Gas | 3,829,419.3 | 704.1 | 47.86% |
| | Company Fleet | 0.0 | 0.0 | 0.0% |
| | Subtotal | 3,829,419.3 | 704.1 | 47.86% |
| Indirect (Scope 2) | Electricity | 3,290,042.6 | 767.0 | 52.14% |
| | Subtotal | 3,290,042.6 | 767.0 | 52.14% |
| Indirect Other (Scope 3) | Grey Fleet | 0.0 | 0.0 | 0.0% |
| | Subtotal | 0.0 | 0.0 | 0.0% |
| Total Energy Use (kWh) | | | | 7,119,462 |
| Total (Location-based*) Gross Emissions (tCO₂e) | | | | 1,471 |
| Renewable Electricity (tCO₂e) | | | | 0 |
| Total (Market-based*) Gross Emissions (tCO₂e) | | | | 0 |
| Gross Turnover (m£) | | | | 25.6 |
| Tonnes of Gross CO₂e per m£ | | | | 57.7 |

HAKKASAN LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of energy and carbon reporting (continued)

Hakkasan Limited have invested significantly over the last 3 years in a number of projects such as refrigeration, heating and cooling systems across a number of sites.

Within their 2020 reporting period, Hakkasan Limited completed the following Energy efficiency measures:

- Internal Boiler replacements have increased boiler efficiency
- 3 x new Boilers (Yauatcha Soho)
- Cooling and heating upgrades
 - Guest Bathroom heating and cooling (Hanway)
 - Kitchen chiller replacements (Hanway)
 - Glycol refrigeration (Hanway)
 - Replaced air conditioning unit (Hakkasan Mayfair)
 - MEP survey for (all sites)
 - Refrigeration services review (all sites)
 - New kitchen extract system added (Soho)
 - New chiller for entire site (Soho)

The company undertaken energy efficiency measures across the portfolio which reduced energy usage. In the next five years:

- Actively working on energy management systems
- Evaluating the benefits of central lab
- Major kitchen refurbishments
- Replace inefficient equipment

**In SECR reporting there are two reporting approaches: 'location-based' and 'market-based'. Location based reporting is the mandatory method and uses grid average figures (a mix of renewable and non-renewable fuels). A market-based reporting approach can also be used when companies have entered into contractual agreements for renewable electricity (e.g. REGO's). Reporting on renewable energy and associated emissions is not a mandatory requirement under the SECR legislation but it is possible for organisations to use dual reporting if they wish to reflect their consumption of renewable energy. In this SECR a dual reporting approach has been used to take account for both location based and market based reporting.*

Auditor

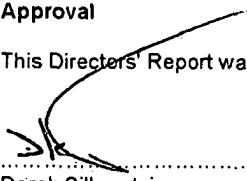
BDO LLP has indicated its willingness to continue in office and is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

Approval

This Directors' Report was approved on behalf of the Board on 21 December 2021


.....
Derek Silberstein
Director

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. The directors have elected under company law to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The group and company financial statements are required by law and international accounting standards in conformity with the requirements of the Companies Act 2006 to present fairly the financial position of the group and the company and the financial performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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

In preparing each of the group and company financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

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

HAKKASAN LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAKKASAN LIMITED FOR THE YEAR ENDED 31 DECEMBER 2020

Opinion on the financial statements

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 31 December 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Hakkasan Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Financial Position, Consolidated and Company Statements of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Directors' Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we

HAKKASAN LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAKKASAN LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020

identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

HAKKASAN LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAKKASAN LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020

Extent to which the audit was capable of detecting irregularities, including fraud

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

- We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group being contrary to applicable laws and regulations, including fraud. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, tax legislation, and the laws in relation to the Government's Job Retention Scheme.
- We assessed the susceptibility of the Group and Company's financial statements to material misstatement, including how fraud might occur by understanding where there was a susceptibility of fraud.
- We obtained an understanding of the procedures and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- Based on the understanding obtained we designed audit procedures to identify non-compliance with the laws and regulations, as noted above. This included enquiries of management, and reviewing relevant correspondence with regulators and authorities
- We tested manual journal entries, including those to revenue, focusing on journal entries containing characteristics of audit interest.
- We tested and challenged the key estimates and judgements made by management in preparing the financial statements for indications of bias or management override when presenting the results and financial position of the Group and Company.
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

DocuSigned by:
David Campbell
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David Campbell (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 22 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

HAKKASAN LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

| | | Year ended 31 December 2020 \$'000 | Year ended 31 December 2019 \$'000 |
|---------------------------------------------------|------|---------------------------------------------|---------------------------------------------|
| | Note | | |
| Revenue | 5 | 73,441 | 283,930 |
| Cost of sales | | (13,503) | (45,057) |
| Gross profit | | 59,938 | 238,873 |
| Other income / (expense) | | | |
| Sponsorship (expense) / income, net | | (50) | 1,393 |
| Reimbursed costs | | 338 | 2,377 |
| Other operating income | | 4,180 | 1,322 |
| Total other income | | 4,468 | 5,092 |
| Administrative expenses | | | |
| Depreciation on owned property and equipment | 13 | (23,257) | (28,053) |
| Loss on disposal of owned property and equipment | | (4,122) | (45) |
| Impairment of owned property and equipment | 13 | (3,628) | (2,000) |
| Amortisation of intangible assets | 14 | (1,342) | (2,133) |
| Impairment on intangible assets | 14 | (1,100) | - |
| Loss on disposal of intangible assets | | - | (1,907) |
| Impairment of other receivables (financed assets) | 18 | - | (1,518) |
| Depreciation on right-of-use assets | 26 | (19,796) | (12,030) |
| Foreign exchange loss | | (7,064) | (358) |
| Other administrative expenses | 7 | (75,568) | (220,419) |
| Total administrative expenses | | (135,877) | (269,314) |
| Operating loss | | (71,471) | (25,348) |
| Finance income | 10 | 53 | 2,467 |
| Finance costs | 11 | (8,125) | (13,710) |
| Loss before taxation | | (79,543) | (36,592) |
| Tax expense | 12 | (1,035) | (1,700) |
| Loss for the financial year | | (80,578) | (38,292) |

Notes 1 to 34 form part of the financial statements.

HAKKASAN LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)**
AT 31 DECEMBER 2020

| | Year ended 31 December 2020 \$'000 | Year ended 31 December 2019 \$'000 |
|--------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| Loss for the financial year | (80,578) | (38,292) |
| Other comprehensive loss | | |
| Exchange translation differences | (335) | (1,973) |
| Total comprehensive loss | (80,913) | (40,265) |
| Loss attributable to: | | |
| Owners of the parent company | (80,578) | (38,292) |
| Non-controlling interests | - | - |
| Total comprehensive loss attributable to: | | |
| Owners of the parent company | (80,913) | (40,265) |
| Non-controlling interests | - | - |

HAKKASAN LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2020

| | | 31 December 2020 | 31 December 2019 (as restated) |
|--------------------------------|------|---------------------|--------------------------------------|
| | Note | \$'000 | \$'000 |
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | | | |
| Owned assets | 13 | 64,919 | 94,565 |
| Right-of-use assets | 26 | 41,216 | 51,862 |
| Intangible assets | 14 | 36,800 | 39,242 |
| Contract assets | 15 | 2,455 | 500 |
| Refundable deposits | | 3,097 | 5,590 |
| Total non-current assets | | 148,487 | 191,759 |
| Current assets | | | |
| Cash | | 29,881 | 41,269 |
| Contract assets | 15 | 245 | 1,960 |
| Trade and other receivables | 18 | 7,934 | 20,777 |
| Inventories | 19 | 4,384 | 6,749 |
| Total current assets | | 42,444 | 70,755 |
| Total assets | | 190,931 | 262,514 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 20 | 12,611 | 21,747 |
| Contract liabilities | 15 | 331 | 1,282 |
| Borrowings | 23 | - | 86,377 |
| Lease liabilities | 26 | 11,654 | 13,459 |
| Income tax | | 3,013 | 2,863 |
| Provisions | 25 | 155 | 351 |
| Other current liabilities | 21 | 9,359 | 14,826 |
| Total current liabilities | | 37,123 | 140,905 |
| Non-current liabilities | | | |
| Contract liabilities | 15 | 4,709 | 4,500 |
| Borrowings | 24 | - | 27,954 |
| Lease liabilities | 26 | 49,757 | 53,712 |
| Other non-current liabilities | 22 | 140 | 135 |
| Total non-current liabilities | | 54,603 | 86,301 |
| Total liabilities | | 91,729 | 227,206 |
| Net assets | | 99,202 | 35,308 |

HAKKASAN LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AT 31 DECEMBER 2020

| | Note | 31 December 2020 \$'000 | 31 December 2019 (as restated) \$'000 |
|------------------------------------------------------------------|------|-------------------------------|------------------------------------------------|
| CAPITAL AND RESERVES | | | |
| Issued share capital | 27 | 149 | 149 |
| Capital redemption reserve | 27 | 1,011 | 1,011 |
| Capital contribution reserve | 27 | 784,589 | 639,782 |
| Foreign exchange reserve | 27 | 14,775 | 15,110 |
| Retained losses | | (701,348) | (620,770) |
| Total equity attributable to equity holders of the parent | | 99,176 | 35,282 |
| Non-controlling interests | 17 | 26 | 26 |
| Total equity | | 99,202 | 35,308 |

The financial statements were approved by the board of directors and authorised for issue on 21 December and are signed on its behalf by:



.....
Derek Silberstein
Director

HAKKASAN LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2020


| | | 31 December 2020 \$'000 | 31 December 2019 \$'000 |
|--------------------------------|------|-------------------------------|-------------------------------|
| | Note | | |
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | | | |
| Owned assets | 13 | 5,894 | 7,349 |
| Right-of-use assets | 26 | 12,919 | 14,829 |
| Intangible assets | 14 | - | 134 |
| Contract assets | 15 | 1,510 | 389 |
| Investments | 16 | 136,656 | 121,773 |
| Refundable deposits | | 556 | 1,085 |
| Total non-current assets | | 157,535 | 145,559 |
| Current assets | | | |
| Cash | | 27,863 | 27,320 |
| Contract assets | 15 | 151 | 1,707 |
| Trade and other receivables | 18 | 2,193 | 44,376 |
| Inventories | 19 | 1,327 | 1,587 |
| Total current assets | | 31,534 | 74,990 |
| Total assets | | 189,069 | 220,549 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 20 | 8,405 | 5,856 |
| Contract liabilities | 15 | 189 | 813 |
| Borrowings | 23 | - | 66,330 |
| Lease liabilities | 26 | 2,739 | 2,930 |
| Income tax | | 874 | 2,237 |
| Provisions | 25 | 145 | 340 |
| Other current liabilities | 21 | 4,245 | 3,256 |
| Total current liabilities | | 16,597 | 81,762 |
| Non-current liabilities | | | |
| Contract liabilities | 15 | 3,513 | 2,854 |
| Borrowings | 24 | - | 27,954 |
| Lease liabilities | 26 | 11,259 | 12,067 |
| Other non-current liabilities | 22 | 140 | 135 |
| Total non-current liabilities | | 14,912 | 43,010 |
| Total liabilities | | 31,509 | 124,772 |
| Net assets | | 157,560 | 95,777 |

HAKKASAN LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION (continued)
AT 31 DECEMBER 2020

| | Note | 31 December 2020 \$'000 | 31 December 2019 \$'000 |
|------------------------------------------------------------------|------|-------------------------------|-------------------------------|
| CAPITAL AND RESERVES | | | |
| Issued share capital | 27 | 149 | 149 |
| Capital redemption reserve | 27 | 1,011 | 1,011 |
| Capital contribution reserve | 27 | 784,589 | 639,344 |
| Foreign exchange reserve | 27 | (16,122) | (17,151) |
| Retained losses | 27 | (612,067) | (527,576) |
| Total equity attributable to equity holders of the parent | | 157,560 | 95,777 |

Hakkasan Limited has elected to take exemption under Section 408 of the Companies Act 2006 to not present the Company Statement of Comprehensive Income.

The financial statements were approved by the board of directors and authorised for issue on 21 December 2021 and are signed on its behalf by:



 Derek Silberstein
 Director

HAKKASAN LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

| | Note | Issued share capital \$'000 | Capital redemption reserve \$'000 | Capital contribution reserve \$'000 | Foreign exchange reserve \$'000 | Retained losses \$'000 | Total attributable to equity holders of parent \$'000 | Non- controlling interest \$'000 | Total equity \$'000 |
|-------------------------------------------------------|------|--------------------------------------|--------------------------------------------|----------------------------------------------|------------------------------------------|------------------------------|----------------------------------------------------------------------|-------------------------------------------|---------------------------|
| Balance at 1 January 2019 | | 149 | 1,011 | 639,782 | 21,072 | (583,329) | 78,685 | 26 | 78,711 |
| Prior period adjustment | 4 | - | - | - | (3,989) | 851 | (3,138) | - | (3,138) |
| As restated balance at 1 January 2019 | | 149 | 1,011 | 639,782 | 17,083 | (582,478) | 75,547 | 26 | 75,578 |
| Year ended 31 December 2019: | | | | | | | | | |
| Loss after income tax expense | | - | - | - | - | (38,292) | (38,292) | - | (38,292) |
| Other comprehensive loss | | - | - | - | (1,973) | - | (1,973) | - | (1,973) |
| Total comprehensive loss for the year | | - | - | - | (1,973) | (38,393) | (40,265) | - | (40,265) |
| As restated balance at 31 December 2019 | | 149 | 1,011 | 639,782 | 15,110 | (620,770) | 35,282 | 26 | 35,308 |
| Year ended 31 December 2020 | | | | | | | | | |
| Loss after income tax expense | | - | - | - | - | (80,578) | (80,578) | - | (80,578) |
| Other comprehensive loss | | - | - | - | (335) | - | (335) | - | (335) |
| Shareholder loan forgiveness | 24 | - | - | 144,807 | - | - | 144,807 | - | 144,807 |
| Total comprehensive loss/(profit) for the year | | - | - | 144,807 | (335) | (80,578) | 63,894 | - | 63,894 |
| Balance at 31 December 2020 | | 149 | 1,011 | 784,589 | 14,775 | (701,348) | 99,176 | 26 | 99,202 |

Notes 1 to 34 form part of the financial statements.

HAKKASAN LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

| | Issued share capital \$'000 | Capital redemption reserve \$'000 | Capital contribution reserve \$'000 | Foreign exchange reserve \$'000 | Retained losses \$'000 | Total equity \$'000 |
|---------------------------------------------------------|--------------------------------------|--------------------------------------------|----------------------------------------------|------------------------------------------|------------------------------|---------------------------|
| Balance at 1 January 2019 | 149 | 1,011 | 639,344 | (20,140) | (522,903) | 97,461 |
| Year ended 31 December 2019: | | | | | | |
| Loss after income tax expense | - | - | - | - | (4,673) | (4,673) |
| Other comprehensive income | - | - | - | 2,989 | - | 2,989 |
| Total comprehensive income (loss) for the year | - | - | - | 2,989 | (4,673) | (1,684) |
| Balance at 31 December 2019 | 149 | 1,011 | 639,344 | (17,151) | (527,576) | 95,777 |
| Year ended 31 December 2020 | | | | | | |
| Profit / (Loss) after income tax expense | - | - | - | - | (84,491) | (84,491) |
| Other comprehensive income | - | - | - | 1,029 | - | 1,029 |
| Shareholder loan forgiveness | - | - | 145,245 | - | - | 145,245 |
| Total comprehensive income / (loss) for the year | - | - | 145,245 | 1,029 | (84,491) | 61,783 |
| Balance at 31 December 2020 | 149 | 1,011 | 784,589 | (16,122) | (612,067) | 157,560 |

Notes 1 to 34 form part of the financial statements.

HAKKASAN LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

| | Note | Year ended 31 December 2020 \$'000 | Year ended 31 December 2019 \$'000 |
|----------------------------------------------------------------------------------------------------------|------|---------------------------------------------|---------------------------------------------|
| Cash flows from operating activities | | | |
| Loss after tax for the year | | (80,578) | (38,292) |
| <i>Adjustments to reconcile loss before tax to net cash generated by (used in) operating activities:</i> | | | |
| Depreciation on owned property and equipment | 13 | 23,257 | 28,053 |
| Loss on disposal of owned property and equipment | | 4,122 | 45 |
| Impairment of owned property and equipment | 13 | 3,628 | 2,000 |
| Depreciation of right-of-use assets | 26 | 19,796 | 12,030 |
| Impairment on intangible assets | 14 | 1,100 | - |
| Impairment of financed assets | | - | 1,518 |
| Impairment of stock | 19 | 373 | - |
| Amortisation of intangible assets | 14 | 1,342 | 2,133 |
| Loss on disposal of intangible assets | | - | 1,907 |
| Net finance costs | | 8,072 | 11,243 |
| Corporation tax expense | 12 | 1035 | 1,700 |
| Operating (loss)/profit before working capital changes | | (17,853) | 22,337 |
| <i>Working capital adjustments:</i> | | | |
| Change in inventories | | 1,992 | (42) |
| Change in trade and other receivables | | 12,653 | 3,043 |
| Change in refundable deposits | | 2,493 | 3,381 |
| Change in trade and other payables | | (15,342) | (340) |
| Change in provisions | | (196) | (882) |
| Cash (used in)/provided by operating activities | | (16,253) | 27,497 |
| Income tax payments | | (885) | (37) |
| Net cash (used in)/provided by operating activities | | (17,138) | 27,460 |
| Cash flows from investing activities | | | |
| Payments for property and equipment | 13 | (1,478) | (4,502) |
| Payments for intangible assets | 14 | - | (85) |
| Proceeds from sale of intangible assets | | - | 17,266 |
| Net cash (used in) / provided by investing activities | | (1,478) | 12,679 |

HAKKASAN LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

| | Note | Year ended 31 December 2020 \$'000 | Year ended 31 December 2019 \$'000 |
|------------------------------------------------------------|------|---------------------------------------------|---------------------------------------------|
| Cash flows from financing activities | | | |
| Payments of lease liabilities principal | 26 | (11,881) | (16,339) |
| Repayments of amounts advanced from shareholder | 32 | - | (15,131) |
| Amounts advanced from shareholder | 32 | 25,793 | - |
| Repayment of borrowings | 29 | - | (3,866) |
| Net cash provided by/(used in) financing activities | | <u>13,912</u> | <u>(35,336)</u> |
| Net (decrease) / increase in cash | | (4,704) | 4,803 |
| Cash at the beginning of the year | | 41,269 | 38,131 |
| Exchange losses on cash | | (6,684) | (1,665) |
| Cash at the end of the year | | <u>29,881</u> | <u>41,269</u> |

Notes 1 to 34 form part of the financial statements.

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 General information

Hakkasan Limited is a private Company limited by shares and is registered and incorporated in England and Wales. The registered office is 3rd Floor, Elsley House, 24 – 30 Great Titchfield Street, London, England, W1W 8BF. Hakkasan Limited is the parent company of the Group.

The Group's principal activities and nature of its operations are disclosed in the Directors' Report.

2 Significant accounting policies

Basis of preparation

These general purpose financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to companies reporting under IFRS.

Comparative figures have been represented, unless there is an exception to retrospective application required by IFRS 1 or the directors have taken advantage of any of the exemptions from retrospective application permitted by IFRS 1.

The functional currency of Hakkasan Limited and its subsidiaries are Pound Sterling (£), United Arab Emirates Dirham (AED) and Chinese Yuan (CNY), whereas the presentational currency for the Group is US dollars (\$) as the majority of the Group's activities are located in the United States of America and the funding of the Group is in US dollars. Monetary amounts in these financial statements are rounded to the nearest \$'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The following exemptions from the requirements of IFRS have been applied in the preparation of parent financial statements and, where relevant, equivalent disclosures have been made in the Group accounts, in accordance with FRS 101:

- Presentation of a Statement of Cash Flows and related notes;
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- Revenue disclosures, including:-
 - Disaggregated and total revenue from contracts with customers;
 - Description of when performance obligations are satisfied, significant payment terms, and the nature of goods and services to be transferred;
 - Significant judgements in determining the amount and timing of revenue recognition and the amount of capitalised costs to obtain or fulfil a contract;
 - Methods used to recognise revenue over time, determine transaction price and amounts allocated to performance obligations and determine amortisation of capitalised cost to obtain or fulfil a contract
 - Explanation of significant changes in contract assets and liabilities;
 - Aggregate transaction price allocated to unsatisfied performance obligations and when revenue is expected to be recognised;
- Financial instrument disclosures, including:-
 - Carrying amounts and fair values of financial instruments by category and information about the nature and extent of risks arising on financial instruments;
 - Income, expenses, gains and losses on financial instruments;
 - Details of credit losses, collateral, loan defaults or breaches;
 - Information about financial instruments that have been reclassified, derecognised, transferred or offset;
- Lessee maturity analysis of lease liabilities
- Comparative narrative information that continues to be relevant to the current period;
- Comparative period reconciliations for the number of shares outstanding and the carrying amounts of property, plant and equipment;
- Disclosure of key management personnel compensation;
- Related party disclosures for transactions with the parent or wholly owned members of the group; and
- Disclosure of the objectives, policies and processes for managing capital.

2 Significant accounting policies (continued)

New or amended Accounting Standards and Interpretations adopted

The Company and Group have adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are mandatory for the current reporting period.

The following Accounting Standards and Interpretations are most relevant to the Group and the Company:

Conceptual Framework

The IASB has issued a revised Conceptual Framework for Financial Reporting (Conceptual Framework). The revised version introduces a number of new aspects compared to the previous version issued in 2010, specifically including:

- concepts on measurement, including factors to be considered when selecting a measurement basis;
- concepts on presentation and disclosure, including when to classify income and expenses in other comprehensive income; and
- guidance on when assets and liabilities are removed from financial statements.

It also updates:

- the definitions of asset and liability; and
- the criteria for recognising assets and liabilities in financial statements

Finally it has clarified the guidance on prudence, stewardship, measurement uncertainty, and substance over form. The amendment is effective for periods beginning on or after 1 January 2020, there is no expected impact on the Group or Company.

Amendments to IAS 1 and IAS 8

In October 2018, the IASB issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves.

There are three new aspects of the proposed new definition that should be noted:

- the proposed definition now makes reference to 'obscuring' information that may influence the decisions of primary users of general purpose financial statements;
- the existing definition made reference to 'could influence' whereas the proposed definition makes reference to 'could reasonably be expected to influence'; and
- the existing definition referred to 'users' of the financial statements whereas the proposed definition refers to 'primary users' of the financial statements.

New Accounting Standards and Interpretations not yet mandatory or early adopted

There are a number of standards and interpretations issued by the IASB that are effective for financial statements after this reporting period. Of these new standards, amendments and interpretations, there are none that are expected to have a material impact on the financial statements.

Going concern

In consideration of the Group's current resources and review of financial forecasts and projections, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the approval of the Annual Report. Various sensitivity analyses have been performed to reflect possible downside scenarios.

The impact of the coronavirus (COVID-19) pandemic on the Group and the resultant global economic uncertainties have been considered by the Directors who have undertaken a re-assessment of the cashflow forecasts covering a period of at least 12 months from the date of approval of the financial statements.

During the year, all shareholder debt was waived and as at 31 December 2021 the Hakkasan Group had no debt or borrowings, and cash of \$29.9m. As noted in note 34, after the year end the Hakkasan Group also disposed of its US operations.

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

2 Significant accounting policies (continued)

Going concern (continued)

Going forward, the Hakkasan Group profitability is significantly driven by its core London restaurants which have a long history of profitable trading and cash generation. Given the strength of recent trading following the lifting of lockdown restrictions, the Directors are confident that the Hakkasan business will continue to trade profitably to generate significant cash.

In addition to this, the Directors have received a letter of support from the parent company, Tao Group Operating LLC, which covers a period of at least 12 months from the date of signing these financial statements.

Based on the Group's debt free net cash position, the forecast future cash generation, and the support letter received the Directors believe that the Hakkasan Group will be able to meet all of its liabilities as they fall due for the foreseeable future, and these financial statements have therefore been prepared on a going concern basis.

Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of Hakkasan Limited and entities controlled by Hakkasan Limited (its subsidiaries) made up to the year ending 31 December 2020. The consolidated financial statements of the Group have been prepared under the accounting principles of IFRS 10 Consolidated Financial Statements.

Subsidiaries

A subsidiary is an entity controlled by the Group, i.e. the Group is exposed, or has rights, to variable returns from its involvement with the entity and can affect those returns through its current ability to direct the entity's relevant activities (power over the investee).

The existence and effect of potential voting rights that the Group has the practical ability to exercise (i.e. substantive rights) are considered when assessing whether the Group controls another entity.

The Group's financial statements incorporate the results, cash flows, assets and liabilities of the company and all its directly and indirectly controlled subsidiaries. Subsidiaries are consolidated from the effective date of acquisition, which is the date on which the Group obtains control of the acquired business, until that control ceases. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The non-controlling interests in the net assets and net results of consolidated subsidiaries are shown separately in the consolidated statement of financial position, consolidated statement of profit or loss, and consolidated statement of comprehensive income.

Total comprehensive income (i.e. profit or loss and each component of other comprehensive income) is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Translation of financial statements of foreign entities

The assets and liabilities of foreign operations are translated into US dollars using exchange rates at the reporting date. The components of shareholders' equity are stated at historical value.

Average exchange rates for the period are used to translate income and expense items of foreign operations. However, if exchange rates fluctuate significantly, the exchange rates at the dates of the transactions are used.

All resulting exchange differences are recognised in other comprehensive income and accumulated in currency translation reserve, a separate component of equity.

Any goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and, as such, translated at the closing rate.

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

2 Significant accounting policies (continued)

Business combinations

The Group applies the acquisition method to account for all acquired businesses, whereby the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values (with few exceptions as required by IFRS 3 Business Combinations).

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group.

Acquisition-related costs (e.g. finder's fees, consulting fees, administrative costs, etc.) are recognised as expenses in the periods in which the costs are incurred and the services are received.

At acquisition date, non-controlling interests in the acquiree that represent ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement is made separately for each business combination. Other components of non-controlling interests are measured at their acquisition-date fair values, unless otherwise required by IFRS.

Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each arrangement with a customer, the Group: identifies whether the arrangement meets the definition of a contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each performance obligation to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts or any other contingent events such as sales or usage based royalties related to license of IP. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability. Whenever applicable, the Group applies the variable consideration allocation exception to recognise revenue for variable amount related to a distinct service that forms part of a single performance obligation.

Owned venues

Revenue from owned venue operations is the invoiced amount of goods and services, exclusive of service charges and Value Added Tax and other sales taxes, provided to customers during the period. Revenue is recognised at the point of service delivery to customers.

Managed venues

Revenue from managed venues is the consideration the Group receives for providing an integrated management service. Transaction consideration consists of fixed fee and variable consideration. Fixed fee revenue is recognised on a straight-line basis over the contract term, while the variable consideration is allocated entirely to a distinct annual service that forms the single performance obligation - the management service. The contract term starts when pre-opening development service begins and ends when a specified operating period, typically 10 years, has been reached. The Group generates revenue from its own venues, managed venues and licenced venues across North America, Europe, Middle East, Asia and Africa.

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

2 Significant accounting policies (continued)

Revenue recognition (continued)

Licensed venues

Revenue from licensed venues is related predominately to right to access license to the Group's trademarks and intellectual properties. Transaction consideration consists of upfront fees for pre-opening services and ongoing intellectual property related royalty fees.

Upfront fees associated with the pre-opening services will be deferred and recognised over the initial contract term, starting upon the opening date of the venue. Related costs will be capitalised and amortised over the same period.

Royalty fees are sales-based royalties on licenses of intellectual property, therefore, revenue is recognised at the later of when the subsequent sale or usage occurs and the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated is satisfied (or partially satisfied).

The Group's trade receivables are all related to the value of revenue receivable from contracts with customers.

The Group's contract liabilities balances are primarily related to advance payment for pre-opening development service made by customers upon signing a contract. The contract liabilities balance will typically be recognised in revenue within twelve to eighteen months.

The Group has taken the following practical expedients from IFRS 15:

- The Group need not adjust the promised amount of consideration for the effects of a significant financing component if the expectation is that, at contract inception, the period between when the Group transfers a promised service to a customer and when the customer pays for that service will be one year or less; and
- Recognising incremental costs of obtaining a contract as an expense when incurred if the amortisation period for the asset that would have otherwise been recognised would be one year or less.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other Income

This reflects revenue to the Group which is not deemed a sale of goods and rendering of services. It includes sponsorship income which is recognised when the event being sponsored takes place and reimbursable costs, to the extent that the Group acts as principal in the transaction and they are recoverable from the customers.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants received in the year were credited towards staff wage costs, and related to the UK job retention scheme during COVID-19. The grant is recognised over the period necessary to match with the related wage expense.

Foreign currency transactions

Foreign currency transactions are translated into US dollar currency units using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

2 Significant accounting policies (continued)

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Assets in the course of construction represent the direct costs associated with the construction of assets which have yet to open to the public. No depreciation is charged until the asset is ready for use and is subsequently transferred to the appropriate class of property and equipment or intangible asset.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property and equipment (excluding land) over their expected useful lives as follows:

| | |
|-------------------------|---------------------------------------------|
| Leasehold improvements | 10% or period of property lease, if shorter |
| Equipment and machinery | 3 to 5 years |
| Fixtures and fittings | 5 years |
| Computer equipment | 3 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

2 Significant accounting policies (continued)

Goodwill

Goodwill arising in a business combination is initially measured at its cost, being the excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree, over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Goodwill is allocated across multiple cash-generating units whereby the total amount allocated is not significant in comparison to the Groups total goodwill. Each venue in operation makes up its own cash generating unit.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Brand

Brands are recognised on business combinations if they are separable from the acquired entity or arise from other contractual or legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques and amortised over 10 years on a straight-line basis.

Management contracts

Management contracts are separately identified when the underlying income from an acquired entity arises from management contracts and the price paid for the acquired entity reflects the value of those contracts. The carrying value of such contracts is amortised based on the remaining useful lives at the date of acquisition on a straight-line basis.

Licenses

Licenses represent amounts paid for liquor and other trading related licenses and are deemed to have indefinite useful life. Licenses are reviewed for impairment at least annually.

Internally developed software

Internally developed software includes costs incurred to develop or obtain internal-use software for the Group's external website. The amounts are amortised over 3 years on a straight-line basis.

Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are Grouped together to form a cash-generating unit.

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

2 Significant accounting policies (continued)

Refundable deposits

Refundable deposits consist of cash amounts prepaid to various landlords as security deposits and are intended to cover damage to the premises beyond normal wear and tear for venue space lease rentals. Amounts are expected to be refunded to the Group at the end of the lease period.

Inventories

Inventories include raw materials and consumables which are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable. Inventories related to food and beverage sales are expensed in the same period revenue is recognised.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions are made for obsolete and slow moving items. A provision on beverage inventory at a permanently closed restaurant location of \$373k was recorded at 31 December 2020 (31 December 2019 - \$0).

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Financial Instruments

The Group applies the requirements of IFRS 9 to all financial instruments. Financial assets and financial liabilities are recognised when the party becomes party to the contractual provisions of the instrument.

Trade and other receivables

Trade receivables are initially measured at their transaction price. Group and other receivables are initially measured at fair value plus transaction costs.

Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method, less any allowance for expected credit losses.

Trade receivables are generally due for settlement within 30 days. The majority of trade receivables relate to customers making payments on credit cards, these debts are typically settled within 11 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. For trade receivables, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable.

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

2 Significant accounting policies (continued)

Trade and other receivables (continued)

The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on Groupings of historic credit loss experience by product type, customer type and location.

Cash

Cash includes cash on hand and deposits held at the bank.

Investments and other financial assets

Investments and other financial assets, other than investments in associates, are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

The Group have classified all investments in subsidiaries to be subsequently measured at amortised cost.

Financial assets at fair value through profit or loss

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

2 Significant accounting policies (continued)

Leases

The Group adheres to IFRS 16 which follows a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Under IFRS 16 a right-of-use asset and a lease liability are recognised for all leases except 'low-value' and 'short' term leases where lease payments are recognised on a straight-line basis over the lease term. At 31 December 2020 and 2019, the Company has no items of property and equipment leased under finance leases.

Initial measurement of the lease liability

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

The lease term is the non-cancellable period of the lease plus extension periods that the company is reasonably certain to exercise and termination periods that the company is reasonably certain not to exercise.

Lease payments include fixed payments, less any lease incentives receivable, variable lease payments dependent on an index or a rate (such as those linked to LIBOR) and any residual value guarantees. Variable lease payments are initially measured using the index or rate when the leased asset is available for use.

Subsequent measurement of the lease liability

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments.

Interest on the lease liability is recognised in profit or loss. Variable lease payments not included in the measurement of the lease as they are not dependent on an index or rate, are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

When the lease liability is re-measured due to changes arising from the original terms and conditions of the lease, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

Initial measurement of the right-of-use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

Subsequent measurement of the right-of-use asset

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Interest-bearing bank loans and bank overdrafts are initially measured at fair value, net of direct transaction costs and are subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption, are recognised in profit or loss over the term of the loan using an effective rate of interest.

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

2 Significant accounting policies (continued)

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

2 Significant accounting policies (continued)

Capital contribution

The capital contribution reserve represents debts and non-share equity instruments that have been forgiven by the providers.

Dividends

Dividends are recognised when declared during the financial year and when no longer at the discretion of the Company.

Value-Added Tax ('VAT') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

3 Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below:

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Revenue from management contracts and license of franchise rights

Revenue from managed and licensed venues is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control of the promised goods or services to the customer. When the transaction price includes a variable consideration, the Group has applied the variable consideration allocation exception to contracts of managed venues. The Group has also applied the royalty recognition constraint to sales-based royalty on licenses of intellectual property in contracts of licensed venues.

In situations where management contracts contain more than one performance obligation such as development of multiple entertainment venues, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices.

The Group's determination of the stand-alone selling price varies based on the type of venue, luxury level of brand name and geographic location of the venue. Generally, the stand-alone selling price for management services reflect the market prices.

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

3 Critical accounting judgements, estimates and assumptions (continued)

Customers' payments for managed and licensed venue are quarterly or annually in arrears except for the advance payment related to pre-opening development. The Group recognises deferred revenue (contract liability) if consideration has been received (or has become receivable) before the Group transfers the promised goods or services to the customer. Deferred revenue mainly results from the advance payments in contracts of managed and licensed venues.

Deferred tax assets

The Group has substantial tax losses available for carry forward against future trading profits. In view of the quantum of these losses compared to the assessment of the quantum of future profitability in the near future and restrictions which may be placed on the availability of those losses, no deferred tax asset has been recognised at this time.

Fair value measurement hierarchy

The Company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Estimation of useful lives of assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Leases

The Group has applied judgement in applying the following provisions in IFRS 16:

- Determining whether leases have similar characteristics to apply a single discount rate.

A single discount rate has been applied to all leases on the basis that all relate to real estate and although the term varies from lease to lease, adjustments to the lease term does not materially affect the value of the lease liability. The Group's incremental borrowing rate is 5.75 percent per annum, which reflects the fixed rate at which the Group could borrow an amount similar to the value of the right-of-use asset, in the same currency.

4 Prior Period Adjustment

In the financial statements for the year ending 31 December 2018, a foreign exchange consolidation adjustment was incorrectly posted to trade receivables. This incorrect posting was identified whilst preparing the accounts year ended 31 December 2020 and accordingly a restatement of the comparative has been posted.

The impact on the 2019 balance sheet for the restatement is as below. There was no impact on the 2019 income statement or cash flow statement as a result of this adjustment.

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

4 Prior Period Adjustment (continued)

Changes to the balance sheet:

| | As at 31 December 2019 | | |
|--------------------------|----------------------------------|----------------------|-----------------------|
| | As previously reported \$'000 | Adjustment \$'000 | As restated \$'000 |
| Current Assets | | | |
| Trade receivables | 23,915 | (3,138) | 20,777 |
| Net assets | <u>38,446</u> | <u>(3,138)</u> | <u>35,308</u> |
| Equity | | | |
| Retained losses | (621,621) | 851 | (620,770) |
| Foreign exchange reserve | 19,099 | (3,989) | 15,110 |
| Total equity | <u>38,446</u> | <u>(3,138)</u> | <u>35,308</u> |

5 Revenue

An analysis of the Group's revenue from contracts with customers is as follows:

Disaggregation of revenue by geographical region:

| | | |
|--------------------------|---------------|----------------|
| United States of America | 37,731 | 211,531 |
| United Kingdom | 34,908 | 56,342 |
| Rest of the World | 802 | 16,057 |
| | <u>73,441</u> | <u>283,930</u> |

Timing of revenue recognition – performance obligations satisfied:

| | | |
|--------------------|---------------|----------------|
| At a point in time | 69,255 | 270,936 |
| Over time | 4,186 | 12,994 |
| | <u>73,441</u> | <u>283,930</u> |

At 31 December 2020, the Group recognised \$2,700k as a contract asset representing the transaction price allocated to performance obligations satisfied but not yet billed to customers (31 December 2019 - \$2,460k). At 31 December 2020, the Group recognised \$5,040k as a contract liability representing the transaction price allocated to performance obligations that are unsatisfied (31 December 2019 - \$5,782k). This revenue is expected to be recognised within 1 to 10 years.

6 Share of profits of associates accounted for using the equity method

No share of profits of associates were accounted for using the equity method for the years ended 31 December 2020 and 2019, respectively.

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

7 Other administrative expenses

Other administrative expenses included the following:

| | Year ended 31 December 2020 \$'000 | Year ended 31 December 2019 \$'000 |
|---------------------------------------------------------|---------------------------------------------|---------------------------------------------|
| Salary and payroll related expenses | 40,964 | 95,895 |
| Sales and marketing | 10,861 | 64,371 |
| General and administrative | 18,703 | 51,758 |
| Fees payable to the Group's auditor and its associates: | | |
| Statutory audit of accounts | 356 | 457 |
| Taxation and other services | 33 | 211 |
| Lease charges: | | |
| Equipment rentals | 250 | 414 |
| Other lease related costs | 4,568 | 7,313 |
| Other administrative expenses | (168) | - |
| | <u>75,567</u> | <u>220,419</u> |

8 Employees

The average monthly number of persons (including Directors) employed during the year was:

| | Year ended 31 December 2020 No. | Year ended 31 December 2019 No. |
|----------------|------------------------------------------|------------------------------------------|
| Group | | |
| Operations | 1,388 | 2,345 |
| Administration | 156 | 234 |
| | <u>1,544</u> | <u>2,579</u> |
| Company | | |
| Operations | 501 | 609 |
| Administration | 50 | 38 |
| | <u>551</u> | <u>647</u> |

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

8 Employees (continued)

Their aggregate remuneration comprised of the following:

| | Year ended 31 December 2020 \$'000 | Year ended 31 December 2019 \$'000 |
|-----------------------|---------------------------------------------|---------------------------------------------|
| Group | | |
| Wages and salaries | 35,962 | 81,775 |
| Social security costs | 4,157 | 12,549 |
| Pension costs | 845 | 1,571 |
| | <u>40,964</u> | <u>95,895</u> |
| Company | | |
| Wages and salaries | 11,971 | 18,606 |
| Social security costs | 1,238 | 1,653 |
| Pension costs | 387 | 428 |
| | <u>13,596</u> | <u>20,687</u> |

9 Directors' remuneration

| | Year ended 31 December 2020 \$'000 | Year ended 31 December 2019 \$'000 |
|------------------------------------------|---------------------------------------------|---------------------------------------------|
| Group | | |
| Other key management emoluments | 2,668 | 2,382 |
| Key management personnel's pension costs | 11 | 30 |
| | <u>2,679</u> | <u>2,412</u> |

There were no payments to Company Directors during the year ended 31 December 2020 (31 December 2019 - \$nil).

10 Finance income

| | Year ended 31 December 2020 \$'000 | Year ended 31 December 2019 \$'000 |
|---------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|
| Bank interest income | 53 | 31 |
| Foreign exchange net gain arising on amounts owed under Shareholder loans | - | 2,436 |
| | <u>53</u> | <u>2,467</u> |

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

11 Finance costs

| | Year ended 31 December 2020 \$'000 | Year ended 31 December 2019 \$'000 |
|-------------------------------------------------|---------------------------------------------|---------------------------------------------|
| Interest expense on bank loans | - | 199 |
| Interest expense on Shareholder loans (note 32) | 4,683 | 9,563 |
| Interest expense on lease liabilities (note 26) | 3,442 | 3,937 |
| Other finance costs | - | 11 |
| | <u>8,125</u> | <u>13,710</u> |

12 Taxation

| | Year ended 31 December 2020 \$'000 | Year ended 31 December 2019 \$'000 |
|--------------------------------------------|---------------------------------------------|---------------------------------------------|
| UK corporation tax | - | 1,110 |
| Adjustment in respect of prior periods | (1,095) | 19 |
| Withholding tax | 22 | 502 |
| <i>Foreign tax:</i> | | |
| Current tax on foreign income for the year | 39 | 69 |
| Taxation on loss from ordinary activities | <u>(1,035)</u> | <u>1,700</u> |

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

12 Taxation (continued)

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19% (December 2019: 19%) applied to profit before tax. The differences are explained below:

| | Year ended 31 December 2020 \$'000 | Year ended 31 December 2019 \$'000 |
|--------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|
| Loss on ordinary activities before tax | (79,543) | (36,592) |
| Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% | (15,113) | (6,952) |
| <i>Effects of:</i> | | |
| Fixed asset differences | 188 | - |
| Expenses not deductible for tax purposes, other than goodwill impairment | 2,671 | 564 |
| Adjustments in current tax charge in respect of prior periods | (1,123) | - |
| Depreciation, amortisation and impairment in excess of tax allowances | - | 974 |
| Unrelieved tax losses carried forward | 318 | 4,692 |
| Unrelieved tax losses brought forward | - | (714) |
| Foreign tax credits | 39 | - |
| Transfer pricing adjustments | 369 | 2,364 |
| State taxes | - | 69 |
| Short term timing differences | - | 180 |
| Under provision for prior periods | - | 19 |
| Movement in withholding tax royalties | 22 | - |
| Non-taxable income | (2,977) | 504 |
| Remeasurement of deferred tax for changes in tax rates | (754) | - |
| Effect of rate difference on current tax overseas tax | 64 | - |
| Other permanent differences | (14) | - |
| Deferred tax not recognised | 15,275 | - |
| Total tax charge for the period | (1,035) | 1,700 |

At 31 December 2020, the Group had unrecognised deferred tax assets for losses of \$72.9m (December 2019: \$74.8m), tangible fixed assets of \$17.2m (December 2019: \$19.5m) and intangibles and goodwill of \$4.6m (December 2019: \$13.7m). The Company has unrecognised deferred tax assets for losses of \$5.7m (December 2019: \$3.3m) and tangible fixed assets of \$0.9m (December 2019: \$0.3m). The deferred tax assets remain unrecognised due to uncertainty that the Group will have sufficient taxable profits of the right type, in the right entities, to utilise these deferred tax assets in the near future.

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

13 Property and equipment – owned assets

| Group | Leasehold improvements \$'000 | Assets in the course of construction \$'000 | Equipment and machinery \$'000 | Fixtures and fittings \$'000 | Computer equipment \$'000 | Total \$'000 |
|------------------------|-------------------------------------|------------------------------------------------------|--------------------------------------|------------------------------------|---------------------------------|-----------------|
| <i>Cost</i> | | | | | | |
| At 1 January 2019 | 247,466 | 381 | 28,470 | 20,845 | 9,417 | 306,579 |
| Additions | 195 | 3,426 | 501 | 203 | 177 | 4,502 |
| Transfers | (995) | (3,090) | 2,823 | 636 | 626 | - |
| Disposals | (36) | - | (19) | (22) | (61) | (138) |
| Foreign exchange | 900 | 13 | 146 | 90 | 80 | 1,229 |
| At 31 December 2019 | 247,530 | 730 | 31,921 | 21,752 | 10,239 | 312,172 |
| <i>Depreciation</i> | | | | | | |
| At 1 January 2019 | 135,774 | - | 24,937 | 17,647 | 8,219 | 186,577 |
| Provision for the year | 22,075 | - | 3,295 | 1,951 | 732 | 28,053 |
| Impairments | 2,000 | - | - | - | - | 2,000 |
| Transfers | (750) | - | 508 | 180 | 62 | - |
| Disposals | (13) | - | (9) | (16) | (55) | (93) |
| Foreign exchange | 780 | - | 139 | 79 | 72 | 1,070 |
| At 31 December 2019 | 159,866 | - | 28,870 | 19,841 | 9,030 | 217,607 |
| <i>Carrying amount</i> | | | | | | |
| At 31 December 2019 | 87,664 | 730 | 3,051 | 1,911 | 1,209 | 94,565 |
| At 31 December 2018 | 111,692 | 381 | 3,533 | 3,198 | 1,198 | 120,002 |

During the year ended 31 December 2019, the Group recognised a non-cash impairment charge of \$2.0M relating to the carrying value of leasehold improvements at an owned restaurant, Herringbone Waikiki.

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

13 Property and equipment – owned assets (continued)

| Group | Leasehold improvements \$'000 | Assets in the course of construction \$'000 | Equipment and machinery \$'000 | Fixtures and fittings \$'000 | Computer equipment \$'000 | Total \$'000 |
|------------------------|----------------------------------|------------------------------------------------------|--------------------------------------|------------------------------------|---------------------------------|-----------------|
| <i>Cost</i> | | | | | | |
| At 1 January 2020 | 247,530 | 730 | 31,921 | 21,752 | 10,239 | 312,172 |
| Additions | 425 | 352 | 344 | 174 | 183 | 1,478 |
| Transfers | - | (541) | 25 | 458 | 58 | - |
| Disposals | (15,705) | - | (320) | (2,223) | (270) | (18,518) |
| Foreign exchange | 1,087 | - | 194 | 95 | 37 | 1,413 |
| At 31 December 2020 | 233,337 | 541 | 32,164 | 20,256 | 10,247 | 296,545 |
| <i>Depreciation</i> | | | | | | |
| At 1 January 2020 | 159,866 | - | 28,870 | 19,841 | 9,030 | 217,607 |
| Provision for the year | 20,869 | - | 962 | 793 | 633 | 23,257 |
| Impairments | 3,529 | - | 19 | 74 | 6 | 3,628 |
| Disposals | (11,795) | - | (164) | (2,140) | (244) | (14,343) |
| Foreign exchange | 1,084 | - | 182 | 109 | 102 | 1,477 |
| At 31 December 2020 | 173,553 | - | 29,869 | 18,677 | 9,527 | 231,626 |
| <i>Carrying amount</i> | | | | | | |
| At 31 December 2020 | 59,784 | 541 | 2,295 | 1,579 | 720 | 64,919 |
| At 31 December 2019 | 87,664 | 730 | 3,051 | 1,911 | 1,209 | 94,565 |

During the year ended 31 December 2020, the Group recognised a non-cash impairment charge of \$3.6M relating to the carrying value of leasehold improvements at two owned restaurants, Hakkasan New York and Hakkasan San Francisco.

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

13 Property and equipment – owned assets (continued)

| Company | Leasehold improvements \$'000 | Assets in the course of construction \$'000 | Property and machinery \$'000 | Fixtures and fittings \$'000 | Computer equipment \$'000 | Total \$'000 |
|------------------------|-------------------------------------|------------------------------------------------------|-------------------------------------|------------------------------------|---------------------------------|-----------------|
| <i>Cost</i> | | | | | | |
| At 1 January 2019 | 27,361 | 374 | 3,877 | 3,117 | 2,224 | 36,953 |
| Additions | 156 | 431 | 493 | 132 | 126 | 1,338 |
| Transfers | - | (491) | - | - | 491 | - |
| Foreign exchange | 964 | 13 | 137 | 110 | 78 | 1,302 |
| At 31 December 2019 | 28,481 | 327 | 4,507 | 3,359 | 2,919 | 39,593 |
| <i>Depreciation</i> | | | | | | |
| At 1 January 2019 | 20,491 | - | 3,501 | 2,664 | 1,693 | 28,349 |
| Provision for the year | 2,024 | - | 272 | 212 | 297 | 2,805 |
| Transfers | - | - | - | - | - | - |
| Foreign exchange | 788 | - | 131 | 101 | 70 | 1,090 |
| At 31 December 2019 | 23,303 | - | 3,904 | 2,977 | 2,060 | 32,244 |
| <i>Carrying amount</i> | | | | | | |
| At 31 December 2019 | 5,178 | 327 | 603 | 382 | 859 | 7,349 |
| At 31 December 2018 | 6,870 | 374 | 376 | 453 | 531 | 8,604 |

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

13 Property and equipment – owned assets (continued)

| Company | Leasehold improvements \$'000 | Assets in the course of construction \$'000 | Property and machinery \$'000 | Fixtures and fittings \$'000 | Computer equipment \$'000 | Total \$'000 |
|------------------------|-------------------------------------|------------------------------------------------------|-------------------------------------|------------------------------------|---------------------------------|-----------------|
| <i>Cost</i> | | | | | | |
| At 1 January 2020 | 28,481 | 327 | 4,507 | 3,359 | 2,919 | 39,593 |
| Additions | 1,486 | 212 | 1,325 | 666 | 1,754 | 5,443 |
| Transfers | - | - | - | - | - | - |
| Foreign exchange | (59) | - | (822) | (446) | (1,546) | (2,873) |
| At 31 December 2020 | 29,908 | 539 | 5,010 | 3,579 | 3,127 | 42,163 |
| <i>Depreciation</i> | | | | | | |
| At 1 January 2020 | 23,303 | - | 3,904 | 2,977 | 2,060 | 32,244 |
| Provision for the year | 2,033 | - | 270 | 185 | 399 | 2,887 |
| Transfers | - | - | - | - | - | - |
| Foreign exchange | 823 | - | 139 | 104 | 72 | 1,138 |
| At 31 December 2020 | 26,159 | - | 4,313 | 3,266 | 2,531 | 36,269 |
| <i>Carrying amount</i> | | | | | | |
| At 31 December 2020 | 3,749 | 539 | 697 | 313 | 596 | 5,894 |
| At 31 December 2019 | 5,178 | 327 | 603 | 382 | 859 | 7,349 |

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

14 Intangible assets

| Group | Brands and licenses \$'000 | Goodwill on consolidation \$'000 | Management contracts \$'000 | Internally developed software \$'000 | Total \$'000 |
|-----------------------------|----------------------------------|----------------------------------------|-----------------------------------|-----------------------------------------------|-----------------|
| <i>Cost</i> | | | | | |
| At 1 January 2019 | 4,530 | 33,643 | 44,020 | - | 82,193 |
| Additions | - | - | - | 85 | 85 |
| Disposals | - | - | (32,875) | - | (32,875) |
| At 31 December 2019 | 4,530 | 33,643 | 11,145 | 85 | 49,403 |
| <i>Amortisation</i> | | | | | |
| At 1 January 2019 | 3,590 | - | 18,140 | - | 21,730 |
| Provision for the year | 189 | - | 1,933 | 11 | 2,133 |
| Reclassification adjustment | (22) | - | 22 | - | - |
| Disposals | - | - | (13,702) | - | (13,702) |
| At 31 December 2019 | 3,757 | - | 6,393 | 11 | 10,161 |
| <i>Carrying amount</i> | | | | | |
| At 31 December 2019 | 773 | 33,643 | 4,752 | 74 | 39,242 |
| At 31 December 2018 | 940 | 33,643 | 25,880 | - | 60,463 |

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

14 Intangible assets (continued)

| Group | Brands and licenses \$'000 | Goodwill on consolidation \$'000 | Management contracts \$'000 | Internally developed software \$'000 | Total \$'000 |
|--------------------------|-------------------------------------------|-------------------------------------------------|--------------------------------------------|---------------------------------------------------------|-------------------------|
| <i>Cost</i> | | | | | |
| At 1 January 2020 | 4,530 | 33,643 | 11,145 | 85 | 49,403 |
| At 31 December 2020 | 4,530 | 33,643 | 11,145 | 85 | 49,403 |
| <i>Amortisation</i> | | | | | |
| At 1 January 2020 | 3,757 | - | 6,393 | 11 | 10,161 |
| Provision for the year | 189 | - | 1,111 | 42 | 1,342 |
| Provision for impairment | - | 1,100 | - | - | 1,100 |
| At 31 December 2020 | 3,946 | 1,100 | 7,504 | 53 | 12,603 |
| <i>Carrying amount</i> | | | | | |
| At 31 December 2020 | 584 | 32,543 | 3,641 | 32 | 36,800 |
| At 31 December 2019 | 773 | 33,643 | 4,752 | 74 | 39,242 |

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

14 Intangible assets (continued)

| Company | Licences \$'000 |
|------------------------|----------------------------|
| <i>Cost</i> | |
| At 1 January 2019 | 130 |
| Foreign exchange | 4 |
| At 31 December 2019 | <u>134</u> |
| <i>Carrying amount</i> | |
| At 31 December 2019 | <u>134</u> |
| At 31 December 2018 | <u>130</u> |
| <i>Cost</i> | |
| At 1 January 2020 | 134 |
| Impairment | (134) |
| At 31 December 2020 | <u>-</u> |
| <i>Carrying amount</i> | |
| At 31 December 2020 | <u>-</u> |
| At 31 December 2019 | <u>130</u> |

Impairment of £134,000 related to a historical balance held for an internal brand with no future expansion plans.

15 Contract balances: Liabilities and Assets

| | 31 December 2020 \$'000 | 31 December 2019 \$'000 |
|------------------------------------------|----------------------------------------|----------------------------------------|
| Contract liability reconciliation | | |
| Group | | |
| Opening balance | 5,782 | 1,765 |
| Payments received in advance | 2,270 | 4,526 |
| Credited to income statement | (3,234) | (596) |
| Foreign exchange | 222 | 87 |
| Closing balance | <u>5,040</u> | <u>5,782</u> |
| Representing: | | |
| Current liabilities | 331 | 1,282 |
| Non-current liabilities | 4,709 | 4,500 |
| | <u>5,040</u> | <u>5,782</u> |

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

15 Contract balances (continued)

| | 31 December 2020 \$'000 | 31 December 2019 \$'000 |
|------------------------------------------|----------------------------------------|----------------------------------------|
| Contract liability reconciliation | | |
| Company | | |
| Opening balance | 3,667 | 1,764 |
| Payments received in advance | 2,145 | 2,411 |
| Credited to income statement | (2,089) | (596) |
| Foreign exchange | (21) | 88 |
| Closing balance | <u>3,702</u> | <u>3,667</u> |
| Representing: | | |
| Current liabilities | 189 | 813 |
| Non-current liabilities | 3,513 | 2,854 |
| | <u>3,702</u> | <u>3,667</u> |
| | 31 December 2020 \$'000 | 31 December 2019 \$'000 |
| Contract asset reconciliation | | |
| Group | | |
| Opening balance | 2,460 | 1,186 |
| Additions | 1,131 | 1,309 |
| Charged to income statement | (678) | - |
| Transfers to trade receivables | (213) | (35) |
| Closing balance | <u>2,700</u> | <u>2,460</u> |
| Representing: | | |
| Current assets | 245 | 1,960 |
| Non-current assets | 2,455 | 500 |
| | <u>2,700</u> | <u>2,460</u> |
| Company | | |
| Opening balance | 2,096 | 1,125 |
| Additions | 665 | 1,006 |
| Charged to income statement | (958) | - |
| Transfers to trade receivables | (142) | (35) |
| Closing balance | <u>1,661</u> | <u>2,096</u> |
| Representing: | | |
| Current assets | 151 | 1,707 |
| Non-current assets | 1,510 | 389 |
| | <u>1,661</u> | <u>2,086</u> |

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

16 Investments

| Company | Group undertakings \$'000 |
|----------------------------------|----------------------------------|
| Balance at 31 December 2018 | 117,626 |
| Foreign exchange during the year | 4,147 |
| | <hr/> |
| Balance at 31 December 2019 | 121,773 |
| Additions | 83,033 |
| Impairments | (74,141) |
| Foreign exchange during the year | 5,991 |
| | <hr/> |
| Balance at 31 December 2020 | 136,656 |

An annual impairment assessment is performed on all investments to ensure an accurate valuation is recognised in the accounts. After a third party valuation was performed during the year, an impairment of \$74.1m was recognised in the financial statements.

Shares in subsidiary companies reflect the Company's interests in the ordinary share capital of the following entities at the reporting date:

| Name | Country of incorporation or registration | Proportion of voting rights and ordinary share capital held | | Nature of business |
|----------------------------------------------|---------------------------------------------------|----------------------------------------------------------------------|-------|---------------------|
| | | B/fwd | C/fwd | |
| <i>Subsidiary undertakings</i> | | | | |
| a) Sake no Hana Limited | England | 100 | 100 | Restaurant |
| a) Chrysan Limited* | England | 100 | 100 | Restaurant |
| a) Hakkasan Hong Kong Limited | China | 100 | 100 | Dormant |
| b) Hakkasan Restaurant LLC | UAE | 100 | 100 | Restaurant |
| c) Hakkasan USA Inc. | USA | 100 | 100 | Holding Company |
| c) TLG Acquisition LLC* | USA | 100 | 100 | Holding Company |
| d) Hakkasan Holdings LLC* | USA | 100 | 100 | Holding Company |
| d) Level Up 2, LLC* | USA | 100 | 100 | Management Contract |
| d) Yauatcha Waikiki LLC* | USA | 100 | 100 | Restaurant |
| d) Lion Bar LLC* | USA | 100 | 100 | Management Contract |
| d) Venue Driver LLC* | USA | 100 | 100 | Ticketing |
| d) NMP Holding LLC* | USA | 100 | 100 | Holding Company |
| d) Touch LLC* | USA | 100 | 100 | Nightclub |
| d) Gladiator Bar, LLC* | USA | 100 | 100 | Management contract |
| d) 58 th Street Venture LLC* | USA | 100 | 100 | Holding Company |
| d) 58 th Street Venture (IP) LLC* | USA | 60 | 60 | Holding Company |
| d) The Light Group LLC* | USA | 100 | 100 | Holding Company |
| d) Dancing Monkey LLC* | USA | 100 | 100 | Management Contract |
| d) Bijou LLC* | USA | 100 | 100 | Management Contract |
| d) City Lounge LLC* | USA | 100 | 100 | Management Contract |
| d) NLDL Holdings LLC* | USA | 100 | 100 | Holding Company |

HAKKASAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

| | | | | | |
|----|-----------------------------------------|-----|-----|-----|--------------------------|
| e) | Hakkasan Fabric-Stingaree Holding LLC* | USA | 100 | 100 | Holding Company |
| e) | 6 th and Island Investments* | USA | 100 | 100 | Nightclub |
| e) | H-FSD Holding LLC* | USA | 71 | 71 | Holding Company |
| e) | 7 th & C Investments LLC* | USA | 71 | 71 | Restaurant |
| e) | L J Eats LLC* | USA | 71 | 71 | Restaurant |
| e) | Hakkasan SF LLC* | USA | 100 | 100 | Restaurant |
| e) | Hakkasan NYC LLC* | USA | 100 | 100 | Restaurant |
| e) | Hakkasan LV LLC* | USA | 100 | 100 | Restaurant and nightclub |
| e) | Las Vegas Eats LLC* | USA | 71 | 71 | Restaurant |
| e) | Santa Monica Eats LLC* | USA | 71 | 71 | Restaurant |
| e) | Waikiki Eats LLC | USA | 71 | 71 | Restaurant |
| f) | Searsucker Austin LLC* | USA | 71 | 71 | Holding Company |
| f) | Searsucker Texas Holdings LLC* | USA | 71 | 71 | Holding Company |
| f) | Searsucker Beverage LLC* | USA | 71 | 71 | Restaurant |
| g) | DDD Holdings LLC* | USA | 100 | 100 | Holding Company |
| g) | HHH Holdings LLC* | USA | 100 | 100 | Holding Company |

*Indirectly held

The registered addresses of the undertakings are noted below:

- a) 3rd Floor Elsley House, 24-30 Great Titchfield Street, London, W1W 8BF United Kingdom
- b) Sheikh Zayed Road, P.O. Box 117609, Dubai, United Arab Emirates, OR Unit 53, The Boulevard, Emirates Towers, Dubai, United Arab Emirates
- c) 1209 Orange Street, Wilmington, Delaware, 19801
- d) 701 S Carson Street, Suite 200, Carson City, Nevada, 89701
- e) 6385 S. Rainbow Boulevard, Suite 800, Las Vegas, Nevada, 89118
- f) 160 Greentree Drive, Suite 101, Dover, Delaware, 19904
- g) 3500 South Dupont Highway, Dover, Delaware, 19901

Chrysan Limited has taken exemption from audit by virtue of S479A of the Companies Act 2006. The guarantee given by the Company under S479C is disclosed in note 30.

17 Non-controlling interest

Total non-controlling interest recognised at 31 December 2020 was \$26k (31 December 2019 - \$26k).

The non-controlling interest of all subsidiaries that are not wholly owned by the Group are considered to be individually immaterial.

18 Current assets – trade and other receivables

| | 31 December 2020 | 31 December 2019 (as restated) |
|----------------------------------|---------------------|--------------------------------------|
| | \$'000 | \$'000 |
| Group | | |
| Trade receivables | 1,686 | 9,627 |
| Receivables from related parties | - | 6 |
| Other receivables | 2,291 | 3,744 |
| Prepayments | 3,957 | 7,400 |
| | <u>7,934</u> | <u>20,777</u> |

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

18 Current assets – trade and other receivables (continued)

The Group's trade receivables are non-interest bearing and generally paid within 5 days (2019: 11 days). The Group holds no collateral with respect to these receivables. Allowance for expected credit losses from the sale of goods is disclosed in note 28. At 31 December 2020, trade receivables included \$497k (31 December 2019: \$6,663k) related to receivables for revenue from contracts with customers.

In the year ended 31 December 2018, a foreign exchange consolidation adjustment of \$3,138k was posted incorrectly to trade receivables. The 2019 comparative has been restated to correctly disclose this figure. For further details, please see Note 4.

| | 31 December 2020 \$'000 | 31 December 2019 \$'000 |
|-------------------------------------|-------------------------------|-------------------------------|
| Company | | |
| Trade receivables | 1,044 | 2,583 |
| Receivables from Group undertakings | - | 39,254 |
| Other receivables | 506 | 1,744 |
| Prepayments | 643 | 795 |
| | <u>2,193</u> | <u>44,376</u> |

At 31 December 2020, trade receivables included \$416k (31 December 2019: \$2,095k) related to receivables for revenue from contracts with customers.

19 Inventories

| | 31 December 2020 \$'000 | 31 December 2019 \$'000 |
|-------------------------------|-------------------------------|-------------------------------|
| Group | | |
| Raw materials and consumables | 4,384 | 6,749 |
| Company | | |
| Raw materials and consumables | 1,327 | 1,587 |

There was an inventory write-down in Hakkasan USA Inc. in the current period relating to closure of two restaurants, this amounted to \$373k (2019: \$nil). There is no significant difference between the replacement cost of raw materials and consumables and their carrying amounts.

20 Trade and other payables

| | 31 December 2020 \$'000 | 31 December 2019 \$'000 |
|------------------------------------|-------------------------------|-------------------------------|
| Group | | |
| Trade payables | 8,175 | 10,025 |
| Other taxation and social security | 1,002 | 3,603 |
| Other payables | 3,434 | 8,119 |
| | <u>12,611</u> | <u>21,747</u> |

HAKKASAN LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020****20 Trade and other payables (continued)**

| | 31 December 2020 \$'000 | 31 December 2019 \$'000 |
|------------------------------------|-------------------------------|-------------------------------|
| Company | | |
| Trade payables | 3,785 | 2,038 |
| Payables from Group undertakings | 2,996 | - |
| Other taxation and social security | 1,004 | 2,105 |
| Other payables | 620 | 1,713 |
| | <u>8,405</u> | <u>5,856</u> |

Trade payables include amount payable from trade purchases and related costs. Trade payables are non-interest-bearing and are normally settled within 16 days (2019: 39 days). The Group maintains financial risk management policies to guarantee the timely payment of trade payables. See note 28.

The amounts owed from Group undertakings are repayable on demand and do not bear interest.

21 Other current liabilities

| | 31 December 2020 \$'000 | 31 December 2019 \$'000 |
|----------------|-------------------------------|-------------------------------|
| Group | | |
| Accruals | 9,359 | 14,826 |
| | <u>9,359</u> | <u>14,826</u> |
| Company | | |
| Accruals | 4,245 | 3,256 |
| | <u>4,245</u> | <u>3,256</u> |

22 Other non-current liabilities

| | 31 December 2020 \$'000 | 31 December 2019 \$'000 |
|----------------|-------------------------------|-------------------------------|
| Group | | |
| Other payables | 140 | 135 |
| | <u>140</u> | <u>135</u> |
| Company | | |
| Other payables | 140 | 135 |
| | <u>140</u> | <u>135</u> |

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

23 Short term borrowings

| | 31 December 2020 \$'000 | 31 December 2019 \$'000 |
|-----------------------------|-------------------------------|-------------------------------|
| Group | | |
| Shareholder loans | - | 82,509 |
| Notes payable | - | 3,868 |
| Total short term borrowings | <u>-</u> | <u>86,377</u> |
| Company | | |
| Shareholder loans | <u>-</u> | <u>66,330</u> |

See note 24 for detailed commentary on the movement in borrowings.

24 Long term borrowings

| | 31 December 2020 \$'000 | 31 December 2019 \$'000 |
|-------------------|-------------------------------|-------------------------------|
| Group | | |
| Shareholder loans | <u>-</u> | <u>27,954</u> |
| Company | | |
| Shareholder loans | <u>-</u> | <u>27,954</u> |

Analysis of repayment:

| | 31 December 2020 \$'000 | 31 December 2019 \$'000 |
|---------------------------------------------|-------------------------------|-------------------------------|
| Group | | |
| Due in 1 year or less | - | 86,377 |
| Due after 1 year but not more than 2 years | - | 10,750 |
| Due after 2 years but not more than 5 years | - | 17,204 |
| Due after 5 years | - | - |
| Total borrowings | <u>-</u> | <u>114,331</u> |
| Company | | |
| Due in 1 year or less | - | 66,330 |
| Due after 1 year but not more than 2 years | - | 10,750 |
| Due after 2 years but not more than 5 years | - | 17,204 |
| Due after 5 years | - | - |
| Total borrowings | <u>-</u> | <u>94,284</u> |

Shareholder loans were comprised of five balances that on 13 April 2020 were amended to two balances; a \$88.4m loan which carried interest at 2.5% + 6-month LIBOR and \$22.1m loan which carried interest at 3% + 6-month LIBOR. On the 31 December 2020 Aabar Investment PJS forgave all the shareholder loans with Hakkasan Limited, resulting in no borrowings outstanding and an increase in capital contributions.

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

25 Provision for liabilities

| | 31 December 2020 \$'000 | 31 December 2019 \$'000 |
|---------------------------------|-------------------------------|-------------------------------|
| Group | | |
| Opening balance | 351 | 1,233 |
| Charged to comprehensive income | 10 | 11 |
| Utilised in the period | - | (131) |
| Provision released | (206) | (762) |
| Closing balance | <u>155</u> | <u>351</u> |
| Representing: | | |
| Current liabilities | 155 | 351 |
| Non-current liabilities | - | - |
| Total provision for liabilities | <u>155</u> | <u>351</u> |
| | 31 December 2020 \$'000 | 31 December 2019 \$'000 |
| Company | | |
| Opening balance | 340 | - |
| Charged to comprehensive income | 10 | 471 |
| Utilised in the period | - | (131) |
| Provision released | (205) | - |
| Closing balance | <u>145</u> | <u>340</u> |
| Representing: | | |
| Current liabilities | 145 | 340 |
| Non-current liabilities | - | - |
| Total provision for liabilities | <u>145</u> | <u>340</u> |

Provision for current liabilities includes dilapidation clauses whereby the Group or Company has responsibility for return certain property leases to the condition at inception of the lease.

26 Leases

| | 2020 \$'000 | 2019 \$'000 |
|----------------------------|----------------|----------------|
| Group | | |
| Right-of-use assets | | |
| Leased buildings | | |
| At 1 January 2020 | 51,862 | 61,989 |
| Additions in the year | 9,405 | - |
| Depreciation | (19,796) | (12,030) |
| Exchange differences | (255) | 1,903 |
| At 31 December 2020 | <u>41,216</u> | <u>51,862</u> |

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

26 Leases (continued)

| Company | 2020 \$'000 | 2019 \$'000 |
|----------------------------|------------------------|------------------------|
| Right-of-use assets | | |
| Leased buildings | | |
| At 1 January 2020 | 14,829 | 15,804 |
| Additions in the year | 5,187 | - |
| Depreciation | (6,253) | (2,919) |
| Exchange differences | (844) | 1,944 |
| At 31 December 2020 | <u>12,919</u> | <u>14,829</u> |

All right-of-use assets ('ROU') capitalised relate to property lease rentals.

| Group | 2020 \$'000 | 2019 \$'000 |
|--------------------------|------------------------|------------------------|
| Lease liabilities | | |
| Leased buildings | | |
| At 1 January 2020 | 67,171 | 77,570 |
| Interest expense | 3,442 | 3,937 |
| Lease payments | (11,881) | (16,339) |
| Exchange differences | 2,679 | 2,003 |
| At 31 December 2020 | <u>61,411</u> | <u>67,171</u> |

| Company | 2020 \$'000 | 2019 \$'000 |
|--------------------------|------------------------|------------------------|
| Lease liabilities | | |
| Leased buildings | | |
| At 1 January 2020 | 14,997 | 15,643 |
| Interest expense | 771 | 869 |
| Lease payments | (2,842) | (3,499) |
| Exchange differences | 1,072 | 1,984 |
| At 31 December 2020 | <u>13,998</u> | <u>14,997</u> |

Maturity analysis of lease liabilities

Lease liabilities are classified based on amounts that are expected to be settled within the next 12 months and settled more than 12 months after the reporting date as follows:

| Group | 2020 \$'000 | 2019 \$'000 |
|-------------------------------|------------------------|------------------------|
| Current lease liabilities | 11,654 | 13,459 |
| Non-current lease liabilities | 49,757 | 53,712 |

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

26 Leases (continued)

| Company | 2020 | 2019 |
|-------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Current lease liabilities | 2,739 | 2,930 |
| Non-current lease liabilities | 11,259 | 12,067 |

The maturity of the gross contractual undiscounted cash flows due on the Group's lease liabilities is set out below based on the period between 31 December 2020 and the contractual maturity date:

| | Group | Company |
|---------------------------------------------|---------------|----------------|
| | 2020 | 2020 |
| | \$'000 | \$'000 |
| Due in 1 year or less | 19,200 | 3,511 |
| Due after 1 year but not more than 2 years | 18,788 | 3,495 |
| Due after 2 years but not more than 5 years | 27,781 | 5,001 |
| Due after 5 years | 17,496 | 10,980 |
| Total undiscounted lease liability | 83,265 | 22,987 |

Lease terms

The Group has property lease rentals used for its operations in the United Kingdom, United States of America and China. Lease terms vary from 1 year to 14 years.

The Group has elected to account for lease and non-lease components together, for all asset classes. All property leases of the Group include non-lease components for common area maintenance activities provided by the lessor. As such, non-variable consideration in the lease contracts for both lease and non-lease components have been included in the Company's lease payments.

No variable lease payments dependent on an index or rate, purchase options, residual value guarantees or material lease incentives were noted in any of the Group's existing lease contracts.

The Group leases a number of low-value assets including IT equipment, kitchen equipment, telephones, and billboards for marketing purposes. All leases are for 1 year or less for at fixed monthly rental rates.

27 Capital and reserves

| | 31 December | 31 December |
|------------------------------------------|--------------------|--------------------|
| | 2020 | 2019 |
| Group and Company | \$'000 | \$'000 |
| Ordinary shares | | |
| <i>Authorised, issued and fully paid</i> | | |
| 100,000 ordinary shares of £1 each | 149 | 149 |

Ordinary shares have full voting rights and rank equally for dividends and return of capital on a winding up.

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

27 Capital and reserves (continued)

Reserves

Capital redemption reserve

The capital redemption reserve represents amounts transferred from share capital on the redemption of issued share capital.

Capital contribution reserve

Capital contribution reserve represents debt and a non-share equity instrument that have been forgiven by the providers. During the year ended 31 December 2020, the shareholder forgave \$145,245k in loans which was comprised of \$140,563k of principal and \$54,682 of accrued interest expense. The amount was recorded as a capital contribution.

Foreign exchange reserve

The foreign exchange reserve is the unrealised cumulative net gains and losses on the translation of the net assets and results of subsidiary undertakings which have a functional currency other than the US dollar.

Retained losses

The retained losses reserve reflects cumulative profits and losses, net of distributions to owners.

28 Financial instruments and financial risks

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives (Finance) under policies approved by the Board of Directors (the Board). These policies include identification and analysis of the risk exposure of the Company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Company's operating units. Finance reports to the Board on a regular basis.

Classification of financial assets and liabilities

All financial assets and liabilities of the Group and the Company are recognised at amortised cost.

Foreign currency risk

The Company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. If the United States dollar (USD or \$) strengthens in relation to the pound sterling (GBP or £), Chinese yuan (CNY) or United Arab Emirates Dirham (AED) currencies, our USD reported income from sources where revenue is denominated in the currencies of other countries will decrease.

While recent fluctuations in exchange rates have not been significant, potential changes in policy by governments or fluctuations in the economies of the United States, the United Kingdom, China or the United Arab Emirates (UAE) could cause variability in these exchange rates. The UK has seen the recent impact of Brexit adding to the labour shortages during the period. Furthermore, due to the volatility in the GBP, the costs of supplies paid in Euros (€) has increased.

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

28 Financial instruments and financial risks (continued)

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is where possible to allow Group entities to settle liabilities denominated in their functional currency (primarily USD or GBP) with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

Subsequent to the financial year end, there has been planned growth in our managed portfolio in markets outside of our core owned portfolio markets of the United States, the United Kingdom and China. This growth positively affects our diversification of foreign currency risk.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

| | Assets | | Liabilities | |
|-------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2020 \$'000 | 31 December 2019 \$'000 | 31 December 2020 \$'000 | 31 December 2019 \$'000 |
| USD | 10,379 | 33,013 | 43,894 | 95,000 |
| GBP | 33,138 | 37,734 | 25,678 | 124,101 |
| CNY | - | 2,392 | - | 4,901 |
| AED | 96 | 104 | (20) | - |
| Total | 43,613 | 73,243 | 69,552 | 224,002 |

At 31 December 2020, the Group had net financial liabilities denominated in foreign currencies of \$26 million (31 December 2019: \$88.8 million net financial liabilities).

Based on this exposure, had the USD strengthened by 1% against these foreign currencies with all other variables held constant, the Group's net loss for the year ended 31 December 2020 would have been \$1.1 million lower (year ended 31 December 2019: \$0.9 million lower). At 31 December 2020, equity would have been \$0.1 million lower (31 December 2019: \$0.9 million lower).

The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the respective periods and the spot rate at each reporting date. The actual foreign exchange differences recorded in other comprehensive income, on translation of foreign subsidiaries, for the year ended 31 December 2020 was a loss of \$335k (period ended 31 December 2019: loss of \$1,973k).

Price risk

The Group is not exposed to any significant price risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers.

28 Financial instruments and financial risks (continued)

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Trade receivables are generally due for settlement within 30 days. The majority of trade receivables relate to customers making payments on credit cards, these debts are typically settled within 5 days.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The general allowance is determined based on historical experience of the credit control function.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Expected credit losses

Given the nature of the business, the Group does not have any bad debt provisions and expected credit losses are nil.

Interest rate risk

The Group's main interest rate risk arises from notes payable and other long-term borrowings. Borrowings at variable rates, if obtained, expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value risk, but this generally does not have an impact upon our future earnings and cash flow for fixed-rate debt instruments.

Borrowings, including notes payable, were \$nil at 31 December 2020 (31 December 2019: \$114.3m). Borrowing amounts were forgiven by shareholders in the year and have been recognized as a capital contribution and notes payable repaid earlier than anticipated.

Liquidity risk

The Group's substantial indebtedness to the Shareholder and significant financial commitments, including the fixed component of our rent payments to third party lessors, could adversely affect our operations and financial results and impact our ability to satisfy our obligations.

Our owned portfolio is capital intensive and we must periodically invest significant capital to keep these locations well-maintained, modernized and refurbished to remain attractive and competitive.

Vigilant liquidity risk management requires the Company to maintain sufficient liquid assets (mainly cash) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecasted cash flows and matching the maturity profiles of financial assets and liabilities.

HAKKASAN LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020****28 Financial instruments and financial risks (continued)***Remaining contractual maturities*

The following tables detail the Company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

| Group | Weighted average interest rate % | 1 year or less \$'000 | Between 1 to 2 years \$'000 | Between 2 to 5 years \$'000 | Over 5 years \$'000 |
|-----------------------------------------|-------------------------------------------|-----------------------------|-----------------------------------|-----------------------------------|---------------------------|
| December 2020 | | | | | |
| Non-derivatives | | | | | |
| <i>Non-interest bearing</i> | | | | | |
| Trade payables | 0% | 8,175 | - | - | - |
| Other taxation and social security | 0% | 1,002 | - | - | - |
| Other payables | 0% | 3,434 | - | - | - |
| <i>Interest bearing – fixed rate</i> | | | | | |
| Lease liabilities | 5.75% | 21,256 | 15,212 | 17,854 | 9,870 |
| Total | | <u>33,867</u> | <u>15,212</u> | <u>17,854</u> | <u>9,870</u> |
| December 2019 | | | | | |
| Non-derivatives | | | | | |
| <i>Non-interest bearing</i> | | | | | |
| Trade payables | 0% | 10,025 | - | - | - |
| Other taxation and social security | 0% | 3,603 | - | - | - |
| Other payables | 0% | 8,118 | - | - | - |
| Shareholder loans | 0% | 8,800 | - | - | - |
| <i>Interest bearing – fixed rate</i> | | | | | |
| Shareholder loans | 7.21% | 63,369 | - | - | - |
| Notes payable | 5.10% | 3,868 | - | - | - |
| Lease liabilities | 5.75% | 13,459 | 13,564 | 30,415 | 9,733 |
| <i>Interest bearing – floating rate</i> | | | | | |
| Shareholder loans | LIBOR + 3% | 10,340 | 10,750 | 17,204 | - |
| Total | | <u>119,264</u> | <u>24,314</u> | <u>47,619</u> | <u>9,733</u> |

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

28 Financial instruments and financial risks (continued)

| Company | Weighted average interest rate % | 1 year or less \$'000 | Between 1 to 2 years \$'000 | Between 2 to 5 years \$'000 | Over 5 years \$'000 |
|-----------------------------------------|-------------------------------------------|-----------------------------|-----------------------------------|-----------------------------------|---------------------------|
| <u>December 2020</u> | | | | | |
| Non-derivatives | | | | | |
| <i>Non-interest bearing</i> | | | | | |
| Trade payables | 0% | 3,785 | - | - | - |
| Other taxation and social security | 0% | 1,004 | - | - | - |
| Other payables | 0% | 620 | - | - | - |
| | | | | | |
| <i>Interest bearing - fixed rate</i> | | | | | |
| Lease liabilities | 5.75% | 3,511 | 3,495 | 5,001 | 10,980 |
| | | | | | |
| Total | | 8,920 | 3,495 | 5,001 | 10,980 |
| <u>December 2019</u> | | | | | |
| Non-derivatives | | | | | |
| <i>Non-interest bearing</i> | | | | | |
| Trade payables | 0% | 2,038 | - | - | - |
| Other taxation and social security | 0% | 2,105 | - | - | - |
| Other payables | 0% | 1,713 | - | - | - |
| Shareholder loans | 0% | 8,800 | - | - | - |
| | | | | | |
| <i>Interest bearing – fixed rate</i> | | | | | |
| Shareholder loans | 7.21% | 47,190 | - | - | - |
| Lease liabilities | 5.75% | 2,930 | 2,538 | 5,332 | 4,197 |
| | | | | | |
| <i>Interest bearing – floating rate</i> | | | | | |
| Shareholder loans | LIBOR + 3% | 10,340 | 10,750 | 17,204 | - |
| | | | | | |
| Total | | 82,526 | 13,288 | 22,536 | 4,197 |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

28 Financial instruments and financial risks (continued)

The categories of financial assets and financial liabilities and their carrying amounts shown in the balance sheet are as follows:

| | 31 December 2020 \$'000 | 31 December 2019 \$'000 |
|------------------------|-------------------------------|-------------------------------|
| Group | | |
| <i>Carrying value</i> | | |
| Trade receivables | 1,686 | 12,765 |
| Other receivables | 6,248 | 11,150 |
| Refundable deposits | 3,097 | 5,590 |
| Cash | 29,881 | 41,269 |
| | <u>40,912</u> | <u>70,774</u> |
| Trade payables | 8,175 | 10,025 |
| Other payables | 13,933 | 11,721 |
| Borrowings | - | 114,331 |
| Lease liabilities | 61,411 | 67,171 |
| | <u>83,519</u> | <u>203,248</u> |
| | | |
| | 31 December 2020 | 31 December 2019 |
| Company | | |
| <i>Carrying amount</i> | | |
| Trade receivables | 1,044 | 2,583 |
| Other receivables | 1,149 | 40,998 |
| Refundable deposits | 554 | 1,085 |
| Cash | 27,863 | 27,320 |
| | <u>30,610</u> | <u>71,986</u> |
| Trade payables | 3,785 | 2,038 |
| Other payables | 9,005 | 3,818 |
| Borrowings | - | 94,284 |
| Equity instruments | 136,656 | 121,773 |
| Lease Liabilities | 18,216 | 14,997 |
| | <u>167,662</u> | <u>236,874</u> |

28 Financial instruments and financial risks (continued)

Fair value hierarchy

IFRS 7 requires all financial instruments carried at fair value to be analyzed as detailed below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); or
- Level 3: inputs for the asset or liability that are not based on observable market data.

The amounts disclosed for all of the above financial assets and financial liabilities approximate fair value in all material respects.

All financial instruments carried at fair value are Level 2. There were no transfers between levels during the financial year.

Estimation of fair values

The following summarises the methods and assumptions used in estimating the fair values of financial instruments reflected in the above table.

Trade and other receivables and trade and other payables

For trade and other receivables and trade and other payables with a remaining life of less than one year or which are receivable or payable on demand, the carrying amount is deemed to reflect the fair value due to their short-term nature. Receipts from customers and payments to suppliers on undisputed invoices are within allowable credit terms. Trade and other receivables are written off when deemed uncollectible.

Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. The carrying amount of these assets approximates their fair value.

Other payables and other receivables

For other payables and other receivables with a remaining life of less than one year, the carrying amount is deemed to reflect the fair value due to their short-term nature.

Borrowings

The fair value of non-current borrowings is estimated by discounting the future contractual cash flows at their effective interest rates. For variable rate borrowings these are discounted at the current market interest rates.

Lease liabilities

The carrying amount of current and non-current lease liabilities are estimated by discounting the future contractual cash flows at the Group's incremental borrowing rate.

HAKKASAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

29 Net debt reconciliation

Analysis of changes in net debt for the Group:

| | At 31 December 2019 \$'000 | Cash flows \$'000 | Other non-cash changes \$'000 | At 31 December 2020 \$'000 |
|-------------------|-------------------------------------|-------------------------|----------------------------------------|-------------------------------------|
| Cash | | | | |
| Cash | 41,274 | (5,736) | (5,652) | 29,881 |
| Overdrafts | (5) | 5 | 0 | 0 |
| | <u>41,269</u> | <u>(5,731)</u> | <u>(5,652)</u> | <u>29,881</u> |
| Borrowings | | | | |
| Due within 1 year | (86,377) | 0 | 86,377 | 0 |
| Due after 1 year | (27,954) | 0 | 27,954 | 0 |
| | <u>(114,331)</u> | <u>0</u> | <u>114,331</u> | <u>0</u> |
| Total | <u>(73,062)</u> | <u>(5,731)</u> | <u>108,679</u> | <u>29,881</u> |

30 Commitments and contingent liabilities

At 31 December 2020, there were no significant capital expenditures contracted for at the end of the reporting period but not recognised as liabilities (31 December 2019: \$nil).

31 Retirement benefits

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The charge to the statement of comprehensive income in respect of defined contribution schemes was \$845k (31 December 2019: \$1,571k).

At 31 December 2020 the amount of unpaid pension costs in the Group statement of financial position was \$182k (December 2019: \$174k). In the Company statement of financial position, the amount unpaid was \$162k (December 2019: \$160k).

32 Related party transactions

The following analysis shows the amounts due to the controlling parties at the opening and closing balance sheet dates and the transactions which took place during the year:

| | 31 December 2020 \$'000 | 31 December 2019 \$'000 |
|----------------------------------------|-------------------------------|-------------------------------|
| Group | | |
| Opening balance | 110,463 | 115,664 |
| Repaid during the period | - | (15,131) |
| Forgiven in the period | (145,246) | - |
| Ultimate controlling party advances | 30,100 | - |
| Transfer following change in ownership | - | - |
| Capitalised interest | 4,002 | 1,255 |
| Accrued interest | 681 | 8,308 |
| Foreign exchange adjustments | - | 367 |
| | <u>-</u> | <u>-</u> |

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33 Ultimate parent company and controlling party

The Directors regarded Aabar Investments PJS, a private joint stock Company registered and incorporated in Abu Dhabi, UAE, as the immediate parent company at the 31 December 2020. The next parent of Hakkasan Limited which produces financial statements for public use is the International Petroleum Investment Company PJSC. The financial statements are available from their website: <https://www.mubadala.com/en/investors>.

At 31 December 2020, the ultimate controlling party of the Group was Mubadala Investment Company Registered address: Al Sila Tower, Plaza Level - 2nd Floor on Al Maryah Island, Floors 16 and 22, Abu Dhabi, United Arab Emirates.

34 Post balance sheet events

The Company has evaluated subsequent events through the date on which the financial statements were issued.

On 27 April 2021, as part of a reorganisation related to the acquisition of the Hakkasan Group noted below, Hakkasan disposed of its investment in Hakkasan USA, Inc. This disposal took place with the investment in Hakkasan USA Inc being distributed to the shareholder, Aabar Investments PJS, via a dividend in specie.

On 27 April 2021, Hakkasan was acquired by TAO Group Operating LLC, a private limited liability company registered and formed in the United States of America. The Director regards Madison Square Garden Entertainment Corp, a publicly traded entity incorporated in the United States of America, as the Ultimate parent company from the 27 April 2021 acquisition. Financial statements for the group are available from 2 Pennsylvania Plaza, New York, 10121, United States of America.