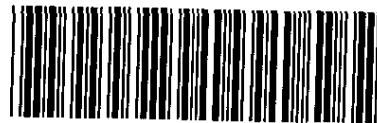


Company Number: 04163938

**AZUMI LIMITED**

**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 26 DECEMBER 2021**

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**AZUMI LIMITED**

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**COMPANY INFORMATION**

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**Executive Directors**

R Becker  
A Waney  
K Tevfik Akdag  
F Faik Sahenk  
JS Waney  
S Koch  
D Mokhtarzadeh  
S Mokhtarzadeh  
JD Waney  
E Umur  
JF Casanova

**Company secretary**

Cornhill Secretaries Limited

**Registered Office**

5 Market Yard Mews, 194-204 Bermondsey Street, London, SE1 3TQ

**Auditors**

BDO LLP  
55 Baker Street, London, W1U 7EU

**Company Number**

04163938

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**AZUMI LIMITED**

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**CONTENTS**

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Strategic Report	1 – 4
Report of the Directors	5 – 7
Statement of Directors' Responsibilities	8
Independent Auditors' Report	9 – 12
Consolidated Statement of Comprehensive Income	13
Consolidated Statement of Financial Position	14 - 15
Company Statement of Financial Position	16 – 17
Consolidated Statement of Changes in Equity	18 – 19
Company Statement of Changes in Equity	20
Consolidated Statement of Cash Flows	21
Notes to the Financial Statements	22 – 61

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## AZUMI LIMITED

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### STRATEGIC REPORT

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#### Principal Activities and Development of the Group

The principal activity of the Group during the period continued to be operating high class restaurants and at the reporting date the Group had ownership stakes in twenty-one operating restaurants (2020: twenty operating restaurants) in locations across Europe, Asia, north America and the Middle East. Of the restaurant owning companies included in the Group financial statements, eighteen (2020: eighteen) were controlled by the Group and are consolidated, and three (2020: two) were not controlled by the Group and are accounted for as associated undertakings.

The Group utilises a 52 or 53 week reporting period ending on the Sunday closest to the last day of December. The period ended 26 December 2021 (fiscal year 2021) and the comparative period, ended 27 December 2020 (fiscal year 2020), were both periods of 52 weeks.

#### Review of Business

At the reporting date, the Group owned or had controlling stakes in seven restaurants in London, two in Florida, two in Dubai, and individual restaurants in New York, Boston, Las Vegas, Abu Dhabi, Hong Kong, Rome and Madrid, following its opening in December 2021. The Group also had investments in restaurants in Istanbul, Bangkok and Riyadh.

During the course of the year the Group operated five seasonal restaurants under management contracts across Europe and Asia. In January 22, the Group commenced operating, under a management contract its first full year restaurant in Istanbul.

The results for the Group as set out on page 13 reflect the continuing impact of the Covid-19 Pandemic but show that turnover increased to £121.3m from £86.8m representing an increase of 39.7%.

Operating profit increased from £3.60m to £30.6m.

The Group increased net assets by £23.3m to £82.4m. Group cash balances increased by £20.4m to £44.7m.

The Company increased net assets by £8.7m to £66.2m.

The directors are satisfied with the performance of the Company and Group particularly in the light of the challenges presented by the Covid-19 Pandemic and are confident the prospects for the future remain good.

#### Financial Key Performance Indicators

The size and nature of the Company and Group's business requires the use of an array of Key Performance Indicators ('KPIs') both financial and strategic to measure performance in relation to our business objectives. With regards to the day-to-day operation of the restaurants, the financial KPIs on the revenue side include covers, average spend per head and like for like sales growth, and on the cost side gross profit, payroll and cost margins. For the Group as a whole revenue and Earnings before Interest Tax Depreciation Amortisation Impairment and Rent ('EBITDAR') are the primary financial KPIs and are shown below.

	2021 £'000	2020 £'000	2019 £'000
Revenue	£121,269	£86,849	£163,532
Revenue growth (year on year)	39.6%	(46.9)%	14.3%
EBITDAR	£45,423	£19,312	£44,495
EBITDAR growth (year on year)	135.2%	(56.6)%	26.0%

**STRATEGIC REPORT (CONTINUED)**

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**Principal Risks and Uncertainties**

The directors consider that the principal risk to businesses operating in the restaurant industry is competition from other restaurants. This risk is mitigated by the strong brands that the Group have developed and the continuing attention of management to the quality of the food and service offerings across the brands.

The Group is dependent on attracting and retaining the best people with the right capabilities across the entirety of the Group. Efforts are made on a continual basis by the Group with regard to compensation including incentives offered, training provided and employee engagement in general to ensure that the Group is able to operate effectively.

The Group is exposed to the general economic climate in the locations where the restaurants operate. This risk is mitigated by the geographical spread of the business.

Increases in the prices of raw materials can adversely impact the Group's profitability and the current situation in Ukraine will bring greater uncertainty in global prices of grain, energy and other commodities. This risk is managed by maintaining strong relationships with the Group's key suppliers to ensure continuity of supply within the framework of competitive pricing together with menu development.

At all times the Group aims to ensure that it retains a sufficient level of cash reserves to ensure that the Group has sufficient liquidity to operate. The Group monitors the performance of loss-making restaurants and acts accordingly.

The operating nature of a restaurant means that the Group has a relatively low exposure to credit risk as payments are generally received immediately making the management of liquidity and cash flow risk straightforward. Where amounts are owed by associated undertakings the trading performance and amounts due are monitored closely.

**Covid-19**

As for all hospitality and leisure businesses, the COVID-19 outbreak continued to adversely impact businesses throughout 2021. Whilst most restrictions have now been lifted across the locations in which the Group operates uncertainty remains with how the pandemic will impact the Group's operations for the foreseeable future. Nevertheless, the directors believe the Group is in a strong position to meet any challenges that may be presented.

Prior to the Pandemic the Group was highly profitable and cash generative. Whilst the impact from the Pandemic was significant on the reported results of 2020, the measures to conserve cash implemented at the time led to cash balances increasing year on year. With the re-opening and successful operation of restaurants during the course of 2021 profitability and, most importantly, cash generation have improved substantially, resulting in the Group having significant cash reserves at the end of 2021.

The Group has started the new financial year extremely well. Revenues of most restaurants that were open prior to the pandemic have been higher than their pre-pandemic levels in the first quarter of 2022.

Accordingly, the directors are confident that the Group can continue to trade as a going concern for the foreseeable future.

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## **AZUMI LIMITED**

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### **STRATEGIC REPORT (CONTINUED)**

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#### **Future Business**

The Group continues to seek opportunities to further expand its restaurant business by opening new restaurants under sole ownership, by majority or minority ownership with business partners and via Joint Venture arrangements. The Group also has a number of opportunities to operate some of its brands, particularly for seasonal restaurants, under management contracts. The pipeline of potential opportunities is strong.

#### **Directors' statement of compliance with duty to promote the success of the Group**

The board of directors consider that they have fulfilled their individual and collective duty under section 172(1) of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of stakeholders as a whole.

Key decisions during the period included responding to government restrictions and their impact on trading, the reopening of restaurants when permitted and deciding to refinance the Group's loan facility with HSBC, which concluded after the year end. The Directors made these decisions after appropriate consideration, for the benefit of the Group as a whole and with due regard for all stakeholders of the business. The directors consider that the following Groups are key stakeholders:

#### **Shareholders**

The Group's board of directors includes non-executive director representatives for all of the shareholder groups ensuring the fair treatment of all shareholders in accordance with the articles of association and other shareholder agreements. The Chief Executive Officer and Chief Financial Officer regularly update all shareholders in the business.

#### **Employees**

Staff engagement is critical to the success of The Group. In addition to regular engagement with employees to discuss any issues and our focussed development & training programmes, the Group has bonus and incentive schemes in place for staff appropriate to their positions and roles. The incentive and bonus schemes are appraisal driven with the balance of the assessment based on maintenance of quality standards rather than financial measures.

#### **Customers**

Our customers are vital to the success of the business. Communication with our customers is through email, social media and our websites. Customer views of food and service quality across our restaurants is measured by reviewing customer feedback and by regular inspections of the Group's restaurants.

#### **Provider of debt capital**

Whilst the Group is highly cash generative access to capital is important to the long-term success of the business. The Chief Financial Officer is responsible for managing the relationship with the Group's lender. The Directors receive regular updates on the Group's liquidity position and compliance with the covenants on the lending facility.

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## AZUMI LIMITED

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### STRATEGIC REPORT (CONTINUED)

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#### **The Environment**

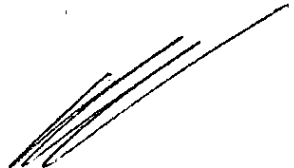
Furthermore, the Group is conscious of its environmental impact and has a number of programmes underway to reduce carbon emissions such as upgrading equipment for more energy and/or water efficient models, replacing halogen lighting with LED and replacing gas heaters with electric alternatives. We are also actively reducing the use of items such as cling film in favour of re-useable containers and have used biodegradable and recyclable take-away containers and straws for some time.

#### **Suppliers**

The group engages with its suppliers on appropriate terms and pays invoices promptly. Naturally, quality and value play an important role in choosing which suppliers to use but the Group also place significant weight on suppliers' qualitative credentials such as sustainable sourcing. The Group regularly conducts sustainable seafood audits.

This statutory strategic report was approved by the board of directors and signed on their behalf:

S KOCH



Director

Date:

5<sup>th</sup> May 2022.

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## **AZUMI LIMITED**

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### **REPORT OF THE DIRECTORS**

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The directors present their report and the audited Company and consolidated Group financial statements of Azumi Limited for the period ended 26 December 2021. The consolidated financial statements report the results of the Group as a whole, which includes Azumi Limited, its subsidiary undertakings and its share of associated undertakings. The consolidated financial statements have been prepared under International accounting standards and in conformity with the requirements of the Companies Act 2006.

Please refer to the Company Information and Strategic Report on pages 1 to 4 for the names of the directors who served during the period, the activities and the likely future developments of the Company and Group and a discussion of the principal risks and uncertainties. Please refer to note 4 of the financial statements for further disclosure of the financial risks for the Company and Group.

#### **Results and Dividends**

The Group made a profit for the period of £24.8m (2020: £0.9m) and the Company a profit for the period of £8.7m (2020: £2.3m). During the period no dividends were paid nor proposed (2020: £nil).

#### **Going Concern**

The financial statements have been prepared on a going concern basis. In adopting this basis the Directors have considered the current financial state of the business and the future trading prospects of the Group.

At the time of signing this report the Directors have performed a detailed review of the Group's projected cash flows and covenant compliance for a period of at least 12 months from the date of approving these financial statements.

The projected cashflows derive from a conservative trading plan which assumes a gradual recovery from the impact of the Pandemic. In February 2022, the Group refinanced its borrowing facility, renewing a loan principal of US\$25m repayable over a five-year period to February 2027.

#### **Events After the Balance Sheet Date**

On 8 February the Company refinanced its facility with HSBC Bank plc. Of the US\$25.5m outstanding on that date, US\$0.5m was repaid on 9 February 2022 with the remaining balance to be repaid in equal instalments of US\$2.5m each six months until June 2026 and the final instalment paid in February 2027.

#### **Employee Engagement**

Azumi Limited is committed to our employee's ongoing enrichment in their careers with us. Through regular weekly human resources visits to our restaurants, monthly global human resources calls with our operations teams, and employee forums, we can identify and introduce impactful development programs throughout the Group that promotes employees engagement and the betterment of the business. Some of these programs include, but are not limited to, English as a second language classes, Culinary Trips, Wine Education, Wine Certification, Mental Health and Wellness training, Leadership Development Courses, Continued Education Courses and Global Cross-training.



## AZUMI LIMITED

### REPORT OF THE DIRECTORS (CONTINUED)

#### Streamlined Energy and Carbon Reporting

Azumi Ltd is a UK incorporated business under the Streamlined Energy & Carbon Reporting (SECR) regulations and are mandated to include energy consumption, emissions and intensity metrics from Scope 1 and 2 annually. Figures from the previous reporting period are included for comparison.

#### Methodology

The reporting period covers 01 January 2021 to 31 December 2021. All measured emissions from activities which the group has financial control over in the UK are included as required under the government policy Streamlined Energy & Carbon Reporting (SECR), as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Scope 1 and 2 consumption and CO<sub>2</sub>e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance, utilising the current published kWh gross calorific value and KgCO<sub>2</sub>e emissions factors relevant for the reporting year.

			2021	2020 <sup>1</sup>
Scope	Description	Specific fuels	tCO <sub>2</sub> e	tCO <sub>2</sub> e
Scope 1	Direct emissions (combustion of natural gas and transportation fuels)	Gaseous and other fuels	158.15	169.57
Scope 2	Indirect emissions (purchased electricity)	Grid-Supplied Electricity	742.41	798.64
Total		Location Based	900.56	968.21
Intensity Metric	tCO <sub>2</sub> e/'000 covers	Location Based	2.02	2.56
Energy Usage	Total kWh consumed	Electricity, Natural Gas, Gas Oil	4,351,340	4,342,413

Scope 1 direct emissions (combustion of natural gas) for the year 2021 are 158.15 tCO<sub>2</sub>e, resulting from the direct combustion of 854,853 kWh of fuel. This represents a carbon reduction of -6.73% from last year.

Scope 2 indirect emissions (purchased electricity) for the year 2021 are 742.41 tCO<sub>2</sub>e, resulting from the consumption of 3,496,486 kWh of electricity purchased and consumed in day-to-day business operations. This represents a carbon decrease of -7.04% from last year.

Our operations have an intensity metric of 2.02 tCO<sub>2</sub>e per '000 covers for the year 2021. This represents a reduction in operational carbon intensity of -21.09% from last year.

<sup>1</sup> Prior year figures have been restated following further clarity on energy usage and resulting carbon emissions calculated.

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**AZUMI LIMITED**

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**REPORT OF THE DIRECTORS (CONTINUED)**

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**Directors' Indemnity Arrangements**

The Company maintains appropriate directors' and officers' insurance. The directors also have the benefit of the indemnity provisions in the Company's Articles of Association. These provisions which are qualifying third party indemnity provisions as defined by S.232 of the Companies Act 2006, were in force throughout the period and are currently in force.

**Statement of Disclosure of Information to Auditors**

Each of the persons who are directors at the time when this report is approved has confirmed that:

- (a) so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) each director has taken all the steps that ought to have been taken as a director, including making appropriate enquiries of fellow directors and of the Company's auditors for that purpose, in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

**Auditors**

The auditors, BDO LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the annual general meeting.

This report of the directors was approved by the board of directors and signed on their behalf:

S KOCH 

**Director**

Date:

5<sup>th</sup> May 2022.

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## AZUMI LIMITED

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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The directors are responsible for preparing the annual 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. Under that law the directors prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law, and the Company financial statements in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice). The financial statements must, in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice, present fairly the financial position and performance of the Group and Company; such references in the UK Companies Act 2006 to such 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.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the Group financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- state whether the Parent Company financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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## **AZUMI LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AZUMI LIMITED**

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#### **Opinion**

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 26 December 2021 and of the Group's profit for the period 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 United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Azumi Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the 52 weeks ended 26 December 2021 which comprise Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Changes in Equity and the 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 the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

#### **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.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AZUMI LIMITED (CONTINUED)**

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**Other information**

The directors are responsible for the other information. The other information comprises the information included in the 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 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 period 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.

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## AZUMI LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AZUMI LIMITED (CONTINUED)

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#### **Responsibilities of Directors**

As explained more fully in the statement of Directors' responsibilities, 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.

#### **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 obtained an understanding of the legal and regulatory framework applicable to the Group and Parent Company and the industry in which it operates and considered the significant laws and regulations to be those relating to the industry, financial reporting framework and tax legislation.
- We held discussions with management and the Board to consider any known or suspected instances of non-compliance with laws and regulations or fraud identified by them.
- 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 local and group Management, review of Board minutes, and reviews of relevant correspondence.
- We tested journal entries, focusing on journal entries containing characteristics of audit interest such as manual journals and journals relating to revenue.
- 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 Parent Company.
- We 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.

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## AZUMI LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AZUMI LIMITED (CONTINUED)


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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](http://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:  
  
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Ed Green-Wilkinson, *Senior Statutory Auditor*  
For and on behalf of BDO LLP, *Statutory Auditor*  
London, UK

Date: 06 May 2022

BDO LLP is a Limited Liability Partnership registered in England and Wales (with registered number OC305127).

**AZUMI LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Period ended 26 Dec 2021 £'000	Period ended 27 Dec 2020 £'000
<b>Revenue</b>	6	121,269	86,849
Cost of sales	7	(31,854)	(23,199)
<b>Gross Profit</b>		<u>89,415</u>	<u>63,650</u>
Other income	8	19,223	9,781
Administrative expenses	7	(77,990)	(69,831)
<b>Operating profit</b>		<u>30,648</u>	<u>3,600</u>
Finance income	8	107	106
Finance costs	11	(2,739)	(2,392)
Share of profits less losses of associated entities	18	(71)	(149)
<b>Profit before income tax</b>		<u>27,945</u>	<u>1,165</u>
Income tax expense	12	(3,170)	(308)
<b>Profit for the period</b>		<u><u>24,775</u></u>	<u><u>857</u></u>
<b>Profit attributable to:</b>			
Owners of the parent		23,091	806
Non-controlling interests	24	1,684	51
<b>Other comprehensive income</b>			
Profit for the period		24,775	857
<b>Items that may be reclassified subsequently to profit or loss</b>			
Currency translation differences:			
Owners of the parent		(1,711)	1,088
Non-controlling interests	24	(8)	155
<b>Total comprehensive income for the period</b>		<u><u>23,056</u></u>	<u><u>2,100</u></u>
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the parent		21,380	1,894
Non-controlling interests		1,676	206



**AZUMI LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	26 Dec 2021 £'000	27 Dec 2020 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Right-of-use assets	14	45,521	32,950
Property plant and equipment	15	35,483	32,717
Other intangible assets	16	49,385	49,211
Investments in associated entities	18	2,231	2,479
Trade and other receivables	20	303	304
Deferred tax asset	26	401	293
<b>Total non-current assets</b>		<u>133,324</u>	<u>117,954</u>
<b>Current Assets</b>			
Inventories	19	4,348	3,318
Trade and other receivables	20	10,082	9,561
Current tax assets		1,949	184
Cash and cash equivalents	21	44,744	24,366
<b>Total current assets</b>		<u>61,123</u>	<u>37,429</u>
<b>Total Assets</b>		<u><u>194,447</u></u>	<u><u>155,383</u></u>
<b>Equity and liabilities</b>			
<b>Capital and reserves attributable to owners of the company</b>			
Ordinary shares	22	133	133
Share premium	22	1,080	1,080
Retained reserves		66,802	43,711
Foreign currency translation reserve		3,838	5,549
<b>Equity attributable to owners of the company</b>		<u>71,853</u>	<u>50,473</u>
Non-controlling interest	24	10,341	8,665
<b>Total Equity</b>		<u><u>82,194</u></u>	<u><u>59,138</u></u>

**AZUMI LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

		26 Dec 2021 £'000	27 Dec 2020 £'000
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	25	351	21,102
Deferred tax liabilities	26	1,651	1,656
Trade and other payables	27	11,847	6,711
Lease liabilities	28	44,879	31,523
<b>Total non-current liabilities</b>		<u>58,728</u>	<u>60,992</u>
<b>Current Liabilities</b>			
Borrowings	25	19,047	5,231
Trade and other payables	27	27,731	24,781
Lease liabilities	28	5,997	4,596
Current tax liabilities		750	645
<b>Total current liabilities</b>		<u>53,525</u>	<u>35,253</u>
<b>Total liabilities</b>		<u>112,253</u>	<u>96,245</u>
<b>Total equity and liabilities</b>		<u><u>194,447</u></u>	<u><u>155,383</u></u>

The financial statements were approved and authorised for issue by the Board and signed on its behalf by:

  
S KOCH

Director

Date:

5<sup>th</sup> May 2022.

Company number: 04163938

**AZUMI LIMITED**

**COMPANY STATEMENT OF FINANCIAL POSITION**

		26 Dec 2021 £'000	27 Dec 2020 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Right-of-use assets	14	3,235	3,952
Property plant and equipment	15	544	661
Other intangible assets	16	86	-
Investments in subsidiaries and associated entities	17	71,620	72,979
Deferred tax asset	26	401	293
<b>Total non-current assets</b>		<u>75,886</u>	<u>77,885</u>
<b>Current Assets</b>			
Inventories	19	301	277
Trade and other receivables	20	22,596	15,100
Current tax assets		348	-
Cash and cash equivalents	21	1,917	4,808
<b>Total current assets</b>		<u>25,162</u>	<u>20,185</u>
<b>Total Assets</b>		<u><u>101,048</u></u>	<u><u>98,070</u></u>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Ordinary shares	22	133	133
Share premium	22	1,080	1,080
Retained reserves		64,973	56,275
<b>Total Equity</b>		<u><u>66,186</u></u>	<u><u>57,488</u></u>

**AZUMI LIMITED**

**COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)**

		26 Dec 2021 £'000	27 Dec 2020 £'000
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	25	-	19,057
Lease liabilities	28	2,777	3,532
<b>Total non-current liabilities</b>		<u>2,777</u>	<u>22,589</u>
<b>Current Liabilities</b>			
Borrowings	25	19,047	5,231
Trade and other payables	27	12,283	11,802
Lease liabilities	28	755	617
Current tax liabilities		-	343
<b>Total current liabilities</b>		<u>32,085</u>	<u>17,993</u>
<b>Total liabilities</b>		<u>34,862</u>	<u>40,582</u>
<b>Total equity and liabilities</b>		<u>101,048</u>	<u>98,070</u>

The parent company made a profit of £8,698,000 (2020: £2,312,000) for the financial period.

The financial statements were approved and authorised for issue by the Board and signed on its behalf by:

  
S KOCH

Director

Date:

5th May 2022.

Company number: 04163938

AZUMI LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital £'000	Share Premium £'000	Foreign Currency Translation Reserve £'000	Retained Reserves £'000	Total £'000	Non - Controlling Interest £'000	Total Equity £'000
<b>Balance at 30 December 2019</b>		133	1,080	4,461	42,905	48,579	8,459	57,038
<b>Comprehensive income</b>					806	806	51	857
Profit for the period		-	-	-	-	-	-	-
<b>Other comprehensive income</b>				1,088	-	1,088	155	1,243
Currency translation differences		-	-	-	-	-	-	-
Share of other comprehensive income of associated entities		-	-	1,088	806	1,894	206	2,100
<b>Total comprehensive income</b>								
Transactions with owners	13, 24	-	-	-	-	-	-	-
Dividends		133	1,080	5,549	43,711	50,473	8,665	59,138
<b>Balance at 27 December 2020</b>								

**AZUMI LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

	Note	Share Capital £'000	Share Premium £'000	Foreign Currency Translation Reserve £'000	Retained Reserves £'000	Total £'000	Non – Controlling Interest £'000	Total Equity £'000
<b>Balance at 28 December 2020</b>		133	1,080	5,549	43,711	50,473	8,665	59,138
<b>Comprehensive income</b>								
Profit for the period		-	-	-	23,091	23,091	1,684	24,775
<b>Other comprehensive income</b>								
Currency translation differences		-	-	(1,711)	-	(1,711)	(8)	(1,719)
Share of other comprehensive income of associated entities		-	-	-	-	-	-	-
<b>Total comprehensive income</b>		-	-	(1,711)	23,091	21,380	1,676	23,056
<b>Transactions with owners</b>								
Dividends	13, 24	-	-	-	-	-	-	-
<b>Balance at 26 December 2021</b>		133	1,080	3,838	66,802	71,853	10,341	82,194

**AZUMI LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY**

	Note	Share Capital £'000	Share Premium £'000	Retained Reserves £'000	Total £'000
<b>Balance at 30 December 2019</b>		133	1,080	53,963	55,176
<b>Comprehensive income</b>					
Profit for the period		-	-	2,312	2,312
<b>Total comprehensive income</b>		-	-	2,312	2,312
<b>Transactions with owners</b>					
Dividends	13	-	-	-	-
<b>Balance at 27 December 2020</b>		133	1,080	56,275	57,488
<b>Comprehensive income</b>					
Profit for the period		-	-	8,698	8,698
<b>Total comprehensive income</b>		-	-	8,698	8,698
<b>Transactions with owners</b>					
Dividends	13	-	-	-	-
<b>Balance at 26 December 2021</b>		133	1,080	64,973	66,186

**AZUMI LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	Period ended 26 Dec 2021 £'000	Period ended 27 Dec 2020 £'000
<b>Cash flows from operating activities</b>			
Profit before tax		27,945	1,165
<b>Adjustments for:</b>			
Depreciation and impairment of fixed assets	14,15,16	13,091	14,860
Loss on disposal		-	97
Foreign exchange (gains)/losses on operating activities		(1,992)	3,009
Share of profits less losses of associates	18	71	149
Finance costs	11	2,739	2,392
Finance income	8	(107)	(106)
<b>Cash flows from operations before working capital changes</b>		41,747	21,566
<b>Changes in working capital</b>			
(Increase)/decrease in inventories		(1,030)	757
(Increase)/decrease in trade and other receivables		(520)	303
Increase/(decrease) in trade and other payables		8,086	(840)
<b>Cash generated from operations</b>		48,283	21,786
Interest paid	11	(136)	(146)
Income tax paid		(4,943)	(1,067)
<b>Net cash generated from operating activities</b>		43,204	20,573
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	15	(9,221)	(1,718)
Acquisition of intangible assets	16	(178)	-
Proceeds on disposal of property, plant and equipment	15	299	-
Loans repaid by associated entities	18	145	-
Finance income	8	107	106
<b>Net cash used in investing activities</b>		(8,848)	(1,612)
<b>Cash flows from financing activities</b>			
Bank borrowing proceeds	25	-	2,045
Bank borrowing repayments	25	(6,802)	(5,911)
Bank borrowing interest paid	11	(430)	(783)
Right-of-use lease liability repayments	28	(7,038)	(6,701)
Foreign exchange gains on bank borrowing		(133)	(584)
<b>Net cash used in financing activities</b>		(14,403)	(11,934)
<b>Net increase in cash and cash equivalents</b>		19,953	7,027
Cash and cash equivalents at beginning of the year	21	24,366	17,962
Exchange gains/(losses) on cash and cash equivalents		425	(623)
<b>Cash and cash equivalents at end of year</b>	21	44,744	24,366



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## AZUMI LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS

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#### 1. General Information

These consolidated financial statements are presented in United Kingdom Pounds (or British Pounds or "GBP" or "£"). They comprise the financial statements of the Company and its subsidiaries (together 'the Group') and the Group's interests in associated entities drawn up for the period ended 26 December 2021. All financial information presented has been rounded to the nearest thousand Pounds.

The continuing activities of Azumi Limited ('the Company') and its subsidiaries are the development and operation of restaurants in major cities in the United Kingdom, the USA, Europe, the Middle East and Asia. At the balance sheet date the Company operated one restaurant, its subsidiaries operated seventeen restaurants and a further three restaurants were operated by associated undertakings.

The Company is a limited liability company incorporated and domiciled in the United Kingdom. The principal place of business is 5 Raphael Street, London, SW7 1DL and the registered office is located at 5 Market Yard Mews, 194-204 Bermondsey Street, London, SE1 3TQ.

#### 2. Summary of Significant Accounting Policies

##### 2.1. Basis of Preparation

The financial statements are prepared under the historical cost convention and are presented in British Pounds as this is the currency of the primary economic environment in which the Company operates.

The Group financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (IFRS).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies selected for use by the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

The directors have taken advantage of the exemption under the UK Companies Act 2006 s.408 of presenting a Company statement of comprehensive income. The profit after taxation for the period ended 26 December 2021 is presented in the Company's statement of changes in equity.

The Company financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework'. As permitted by FRS 101, the Company has taken advantage of the disclosure exemption in relation to presentation of a cash flow statement.

##### 2.2. Going Concern

The financial statements have been prepared on a going concern basis. In adopting this basis the Directors have considered the current financial state of the business and the future trading prospects of the Group.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**2. Summary of Significant Accounting Policies (continued)**

**2.2. Going Concern (continued)**

Prior to the Pandemic the Group was highly profitable and cash generative. Whilst the impact from the Pandemic was significant on the reported results of 2020, the measures to conserve cash implemented at the time led to cash balances increasing year on year. With the re-opening and successful operation of restaurants during the course of 2021 profitability and, most importantly, cash generation have improved substantially, resulting in the Group having significant cash reserves at the end of 2021.

At the time of signing this report the Directors have performed a detailed review of the Group's projected cash flows and covenant compliance for a period of at least 12 months from the date of approving the financial statements

The projected cashflows derive from a conservative trading plan which assumes a gradual recovery from the impact of the Pandemic. In February 2022, the Group refinanced its borrowing facility, renewing a loan principal of US\$25m repayable over a five-year period to February 2027.

The Group has started the new financial year extremely well. Revenues of most restaurants that were open prior to the pandemic have been higher than their pre-pandemic levels in the first quarter of 2022.

**2.3. Consolidation**

The financial statements comprise those of the Company, its subsidiaries and the results of its associated entities. Subsidiaries which are directly or indirectly controlled by the Group are consolidated. Control is achieved where the Company has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities, which generally accompanies a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The acquisition method of accounting is used by the Group when it undertakes a business combination. Where investments have been made at incorporation of the subsidiary, no goodwill arises. Where an entity is already consolidated as a subsidiary undertaking and there is a further purchase of shares from the non-controlling interest, the difference between the amount paid and the fair value of the assets and liabilities acquired from the non-controlling interest is recognised directly in equity within the consolidated statement of changes in equity. Where an associated entity becomes a subsidiary undertaking, the difference between the amount paid and the fair value of the assets and liabilities acquired is recognised as goodwill.

The consolidated financial statements are based on the financial statements of the individual companies (including associated entities) drawn up using the standard Group accounting policies. Accounting policies applied by individual subsidiaries and associates have been revised where necessary to ensure consistency with Group policies for consolidation purposes. All companies in the Group have balance sheet dates of 26 or 31 December 2021.

All significant intra-Group transactions and balances between Group entities are eliminated on consolidation. The Group applies a policy of treating equity transactions with a non-controlling interest as transactions between owners when control is not lost of the subsidiary, and transactions are therefore recognised directly in equity.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**2. Summary of Significant Accounting Policies (continued)**

**2.4. Foreign Currency Translation**

The Group has determined that British Pounds is its presentational currency.

The Company has determined that British Pounds is its functional currency, as this is the currency of the economic environment in which the Company predominantly operates.

Transactions in currencies other than British Pounds are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on exchange are included in profit or loss. No Group entity has an operational currency of a hyper-inflationary economy.

In the case of foreign entities the financial statements of the Group's overseas operations are translated as follows on consolidation: assets and liabilities, at exchange rates ruling on the balance sheet date, income and expense items at the average rate of exchange for the period and equity at exchange rates ruling on the dates of the transactions. Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely within the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity. Foreign currency gains and losses are reported on a net basis.

**2.5. Revenue Recognition**

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 contract with a customer, the Group: identifies the 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 distinct good or service 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.

Restaurant sales revenue is recognised once the restaurant customer has been provided with the service and are recognised net of sales taxes and tips received. Deposits paid in advance and vouchers purchased are recorded as deferred income and recognised once the service is provided.

Service fees represent service fees from associated entities in return for the provision of know-how and the use of brands and trademarks owned by the Company and are recognised in accordance with the delivery of the ongoing operating services under the terms of the contract.

**2.6. Government Grants**

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**2. Summary of Significant Accounting Policies (continued)**

**2.7. Taxation**

Income tax expense represents the sum of the current tax and deferred tax.

The charge for current tax is based on the result for the period adjusted for items which are non-assessable or disallowed. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the balance sheet date.

Current and deferred tax is recognised in the income statement unless the item to which the tax relates was recognised outside the income statement being other comprehensive income or equity. The tax associated with such an item is also recognised in other comprehensive income or equity respectively.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised and is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

**2.8. Investments in Associated Entities**

Investments in associates are those over which the Group has significant influence. These are accounted for using the equity method of accounting. Significant influence is considered to be participation in the financial and operating policy decisions of the investee and is usually evidenced when the Group owns between 20% and 50% of that Company's voting rights.

Investments in associates are initially recorded at cost and the carrying amount is increased or decreased to recognise the Group's share of the profits or losses of the associate after acquisition. At the date of acquisition any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate is recognised as goodwill. The carrying amount of these investments is reduced to recognise any impairment of the value of the individual investment. If the Group's share of losses exceeds its interest in an associate the carrying value of that investment is reduced to nil and the recognition of any further losses is discontinued unless the Group has an obligation to make further funding contributions to that associate.

Where a Group entity has transactions with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associated entity. Accounting policies of associated entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**2. Summary of Significant Accounting Policies (continued)**

**2.9. Property, Plant and Equipment**

Property, plant and equipment is stated in the statement of financial position at historic purchase cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated to write off the cost of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their useful economic lives as follows:

Leasehold Property and Improvements	Over the period of the lease or the expected useful economic life
Plant and Equipment	25% straight-line per annum
Fixtures and Fittings	25% straight-line per annum

Depreciation is included within administrative expenses within the Statement of Comprehensive Income. Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Comprehensive Income on the date of retirement or disposal.

Assets under construction relate to new restaurants that have not started to trade and therefore no depreciation is charged on these assets. These assets will be transferred to the relevant other asset categories when the restaurants start to trade and will be depreciated in line with Group policy.

**2.10. Right-of-use Assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

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## AZUMI LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 2. Summary of Significant Accounting Policies (continued)

##### 2.11. Intangible Assets

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is assessed annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Other intangible assets include a trademark which is measured at cost and amortised on a straight-line basis over its estimated useful life considered by the directors to be five years. Amortisation is included within administrative expenses within the consolidated statement of comprehensive income.

##### 2.12. Impairment of Non-Financial Assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. If there is a reversal of impairment, the reversal cannot exceed the carrying amount that would have been recognised had the impairment not been made and is reversed to profit or loss.

##### 2.13. Financial Assets

Financial instruments, other than derivative financial instruments, are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value, which generally equates to acquisition cost, which includes transaction costs for financial instruments not subsequently measured at fair value. These are subsequently re-measured at amortised cost using the effective interest method.

##### 2.14. Impairment of Financial Assets

All of the financial assets owned by the Group are carried at amortised cost. The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or Group of financial assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be estimated reliably.

As an initial step the Group assesses whether there is objective evidence of impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced to the present value of estimated future cash flows and the amount of the loss is recognised in the consolidated income statement.

If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**2. Summary of Significant Accounting Policies (continued)**

**2.15. Financial Liabilities**

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. None of the Group's financial liabilities are classified as at fair value through profit and loss and are classified as other financial liabilities. Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, within finance costs in the income statement.

**2.16. Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises the cost of food and beverages and, where applicable, those overheads that have been incurred in bringing the inventories to their present location and condition, excluding borrowing costs. Cost is calculated using the first-in, first-out ('FIFO') method. Net realisable value represents the estimated selling price.

**2.17. Trade Receivables**

Trade receivables are amounts due from credit card issuers where customers used a credit card to pay for the services performed. Trade receivables are stated at their amortised cost less any allowance for expected credit losses.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade and other receivables have been grouped based on days overdue.

**2.18. Share Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of taxation, from the proceeds.

**2.19. Trade Payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**2. Summary of Significant Accounting Policies (continued)**

**2.20. Borrowings and Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in net profit or loss in the period in which they are incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and are amortised as a finance cost using the effective interest method over the life of the loan.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

**2.21. Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**2.22. Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation.

**2.23. Dividend Distributions**

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**2. Summary of Significant Accounting Policies (continued)**

**2.24. Long-term incentive scheme**

The Company and Group operates a long-term incentive scheme for certain employees. Employees may receive a share of profits spread over a five year period. Payment of each tranche is dependent on the applicable employee remaining with the Company or Group for the specified period. The Company and Group recognises the long-term incentive scheme expenses over the vesting period.

**3. Adoption of New and Revised International Financial Reporting Standards**

The Group has adopted all new and amended IFRS's effective as of 1 January 2021. New standards that have been adopted in the annual financial statements for the period ended 26 December 2021, but have not had a significant effect on the Group are:

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16);
- Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

**New and revised IFRSs in issue but not yet effective**

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for periods beginning on or after 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

In response to feedback and enquiries from stakeholders, in December 2020, the IFRS Interpretations Committee (IFRIC) issued a Tentative Agenda Decision, analysing the applicability of the amendments to three scenarios. However, given the comments received and concerns raised on some aspects of the amendments, in April 2021, IFRIC decided not to finalise the agenda decision and referred the matter to the IASB. In its June 2021 meeting, the IASB tentatively decided to amend the requirements of IAS 1 with respect to the classification of liabilities subject to conditions and disclosure of information about such conditions and to defer the

## AZUMI LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 3. Adoption of New and Revised International Financial Reporting Standards (continued)

effective date of the 2020 amendment by at least one year.

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities.

##### *Other*

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

#### 4. Financial Risk Management

##### 4.1. Management of capital

Management view the following as the capital of the Company and Group:

	Period ended 26 Dec 2021 £'000	Period ended 27 Dec 2020 £'000
<b>The Company</b>		
Bank loan - non-current	-	19,057
Bank loan - current	19,047	5,231
Lease liabilities - non-current	2,777	3,532
Lease liabilities - current	755	617
Ordinary shares	133	133
Share premium	1,080	1,080
Retained reserves	64,973	56,275
	<u>88,765</u>	<u>85,925</u>
	Period ended 26 Dec 2021 £'000	Period ended 27 Dec 2020 £'000
<b>The Group</b>		
Bank loan - non-current	351	21,102
Bank loan - current	19,047	5,231
Lease liabilities - non-current	44,879	31,523
Lease liabilities - current	5,997	4,596
Ordinary shares	133	133
Share premium	1,080	1,080
Foreign currency translation reserve	3,838	5,549
Retained reserves	66,802	43,711
Non-controlling interest	10,341	8,665
	<u>152,468</u>	<u>121,590</u>

Management consider capital on a Group basis and aim to ensure that the Group has sufficient funds to support its expansion by funding its associated entities with a combination of share capital and longer term loans. Where the subsidiary entities are developing and operating new restaurant sites they may require funds from the Group to be able to support the development costs and the initial working capital requirements.

Details of the bank loan are given in note 25 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4.2. Financial risk management**

**4.2.1.** Management consider financial risk management on a Group basis. Management consider that the Group has the following risks:

- Liquidity risk
- Foreign currency risk
- Credit risk

**4.2.2. Liquidity risk management**

The Group is exposed to liquidity risk which is the risk that the Group will have insufficient cash resources to meet its obligations as they fall due. Management manage liquidity risk by monitoring forecast cash flows, especially in relation to new entities with a requirement for funding, and ensuring that the current profitable restaurant operations are generating sufficient free cash to support the new entities. The following are the undiscounted contractual maturities of financial liabilities of the Group:

<b>The Group – at 26 December 2021</b>	<b>Due in under 3 months £'000</b>	<b>Due between 3 months and 1 year £'000</b>	<b>Due between 1 and 2 years £'000</b>	<b>Due between 2 and 5 years £'000</b>	<b>Due in over 5 years £'000</b>	<b>Total £'000</b>
<u>Non-derivative financial liabilities</u>						
Trade and other payables	20,227	7,384	11,847	-	-	39,458
Borrowings	19,047	-	351	-	-	19,398
Right-of-use lease liabilities	1,905	5,996	8,406	22,058	25,300	63,665
<b>Total</b>	<b>41,179</b>	<b>13,380</b>	<b>20,604</b>	<b>22,058</b>	<b>25,300</b>	<b>122,521</b>

<b>The Group – at 27 December 2020</b>	<b>Due in under 3 months £'000</b>	<b>Due between 3 months and 1 year £'000</b>	<b>Due between 1 and 2 years £'000</b>	<b>Due between 2 and 5 years £'000</b>	<b>Due in over 5 years £'000</b>	<b>Total £'000</b>
<u>Non-derivative financial liabilities</u>						
Trade and other payables	15,010	7,471	6,711	-	-	29,192
Borrowings	298	5,770	21,662	85	-	27,815
Right-of-use lease liabilities	1,869	4,961	4,664	22,786	14,559	48,839
<b>Total</b>	<b>17,177</b>	<b>18,202</b>	<b>33,037</b>	<b>22,871</b>	<b>14,559</b>	<b>105,846</b>

**4.2.3. Foreign currency risk management**

Foreign currency risk is the risk that assets and liabilities denominated in foreign currencies will fluctuate in their functional currency value due to movements in foreign exchange rates. The Group is exposed to this risk due to:

- movements in the value of foreign currency bank accounts;
- movements in the net assets of the non-GBP denominated subsidiaries;
- loans are provided to associated entities in foreign currencies; and
- the equity accounted share of the profits of the associated entities (including dividends remitted to the parent Company in local currency).

**AZUMI LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4.2 Financial Risk Management (continued)**

**4.2.3. Foreign currency risk management (continued)**

Management consider foreign exchange risk on a Group basis rather than on an entity by entity basis. Management consider the future economic prospects of each location in which it invests to ensure that it is confident that a premier restaurant will be successful in that location. Once management have made the initial investment they do not hedge the currency risk as they have expressed confidence in the prospects of that location. Management accept that foreign exchange rates will fluctuate but only expect to be subject to risk in respect of loans advanced for a limited period until the new restaurant has generated sufficient cash flow to repay its borrowings from the Group. Once a restaurant is successful, management consider that the associated entity will generate revenues, incur costs and pay income taxes in the local currency and so the foreign exchange risk for the Group only relates to retained profits.

Financial assets and liabilities held in currencies other than GBP are as follows:

<b>The Group – at 26 December 2021</b>	<b>In USD</b>	<b>In HKD</b>	<b>In AED</b>	<b>In EUR</b>	<b>In THB</b>	<b>In TKL</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Financial assets</b>							
Financial assets of subsidiaries (including bank accounts)	19,759	3,528	18,399	1,193	-	-	42,879
Loan balances with associated entities	-	-	-	-	35	1,115	1,150
Group share of net assets of associated entities	-	605	-	-	521	-	1,126
<b>Total financial assets</b>	<b>19,759</b>	<b>4,133</b>	<b>18,399</b>	<b>1,193</b>	<b>556</b>	<b>1,115</b>	<b>45,155</b>
<b>Financial liabilities</b>							
Bank loan	19,398	-	-	-	-	-	19,398
Financial liabilities of subsidiaries	17,040	742	5,523	3,248	-	-	26,553
Amounts owed to Group undertakings	-	319	-	-	110	7	436
<b>Total financial liabilities</b>	<b>36,438</b>	<b>1,061</b>	<b>5,523</b>	<b>3,248</b>	<b>110</b>	<b>7</b>	<b>46,387</b>
<b>Total exposure</b>	<b>(16,679)</b>	<b>3,072</b>	<b>12,876</b>	<b>(2,055)</b>	<b>446</b>	<b>1,108</b>	<b>(1,232)</b>

Based on the amounts in the table above, at 26 December 2021 a 10% strengthening of the British Pound against all other currencies would result in a translation gain of £112,000 with a corresponding impact on shareholders' equity. A 10% weakening of the British Pound against all other currencies would result in a translation loss of £137,000 with a corresponding impact on shareholders' equity. This sensitivity analysis is considered to be representative of the Group's position throughout the year.

**AZUMI LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4.2 Financial Risk Management (continued)**

**4.2.3 Foreign currency risk management (continued)**

The Group – at 27 December 2020	In USD	In HKD	In AED	In EUR	In THB	In TKL	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Financial assets</u>							
Financial assets of subsidiaries (including bank accounts)	5,971	2,134	10,147	1,158	-	-	19,410
Loan balances with associated entities	-	-	-	-	16	1,512	1,528
Group share of net assets of associated entities	-	603	-	-	592	-	1,195
<b>Total financial assets</b>	<b>5,971</b>	<b>2,737</b>	<b>10,147</b>	<b>1,158</b>	<b>608</b>	<b>1,512</b>	<b>22,133</b>
<u>Financial liabilities</u>							
Bank loan	26,333	-	-	-	-	-	26,333
Financial liabilities of subsidiaries	12,815	674	7,416	1,910	-	-	22,815
Amounts owed to Group undertakings	-	319	-	-	82	18	419
<b>Total financial liabilities</b>	<b>39,148</b>	<b>993</b>	<b>7,416</b>	<b>1,910</b>	<b>82</b>	<b>18</b>	<b>49,567</b>
<b>Total exposure</b>	<b>(33,177)</b>	<b>1,744</b>	<b>2,731</b>	<b>(752)</b>	<b>526</b>	<b>1,494</b>	<b>(27,434)</b>

Based on the amounts in the table above, at 27 December 2020 a 10% strengthening of the British Pound against all other currencies would result in a translation gain of £2,308,000 with a corresponding impact on shareholders' equity. A 10% weakening of the British Pound against all other currencies would result in a translation loss of £2,821,000 with a corresponding impact on shareholders' equity. This sensitivity analysis is considered to be representative of the Group's position throughout the year.

**4.2.4. Credit risk management**

Credit risk is the risk that assets will be impaired due to the credit risk of the debtor. Management consider credit risk on a Group basis. The Group is primarily exposed to this risk due to:

- cash balances held with banks; and
- loans to and investments in associated entities.

The nature of the restaurant trade means that there are few significant debtors as customers pay for their meal at the same time that the restaurant provides the service. Management mitigate the exposure of cash balances by ensuring that bank accounts are held with large international banks with a sound credit rating. At the balance sheet dates the maximum exposure is disclosed in the statement of financial position. At 26 December 2021, the Group had exposure to nine banks (2020: nine banks) with a maximum exposure to any one bank of £24,575,000 (2020: £15,996,000).

The loans to associated entities are disclosed individually in note 30 and the maximum exposure is the amount of each individual asset. Management have considered the collectability of these assets at the balance sheet dates and consider that no loans are past due or that an allowance for impairment would be required this year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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**5. Critical Accounting Estimates and Judgments**

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:

*Estimation of useful lives of assets (note 15 and 16)*

The Group 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.

*Goodwill and other indefinite life intangible assets (note 16)*

The Group assesses annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment. The recoverable amounts of cash-generating units, being the Group's restaurants, have been determined on a basis of fair value less costs to sell, being a multiple of EBITDA less current fair value of net assets. Where EBITDA multiples are low due to the impact of Covid, a discounted cash flow model has been used to assess the value in use using a discount rate of 7%. These forecasts have modelled a slow return to pre-Covid trading levels.

*Impairment of property, plant and equipment and right-of-use assets (notes 14 and 15) and impairment of parent company investments and group debtors*

The Group assesses impairment of property, plant and equipment and right-of-use assets at each balance sheet 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. Where a discounted cash flow model is used to derive value in use, a discount rate of 7% is applied. It is noted that in assessing company investments and debtors due from subsidiaries a 2% increase in the discount rate would result in an indication of impairment of £0.8m or a 10% decrease in forecast cash flows would result in an indication of impairment of £1.1m.

*Taxation (note 12)*

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made. Deferred tax assets are recognised to the extent that the directors are confident that they will be utilised against future taxable profits.

*Other*

The Group operates restaurants where there is no material risk in respect of non-collection of amounts receivable other than in respect of investments in associated entities during the set up and early operation of new restaurants. Should any of these restaurants fail to operate profitably then the investments may prove to be impaired.

**AZUMI LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**6. Revenue**

The Group generates revenue from two sources, the operation of its own restaurants in the Company and subsidiary entities and the receipt of service fees from associated entities in return for the provision of know-how and the use of brands and trademarks owned by the Company.

In the period ended 26 December 2021 the Group generated 29.7% (2020: 32.3%) of restaurant sales within the United Kingdom, with 30.3% (2020: 24.8%) being generated in its subsidiaries in the United States of America, 21.7% (2020: 21.9%) being generated in its subsidiaries in Dubai, 7.1% (2020: 8.5%) being generated in its subsidiary in Hong Kong, 6.0% (2020: 6.8%) being generated in its subsidiary in Abu Dhabi, 5.1% (2020: 5.7%) being generated in its subsidiary in Rome, and 0.1% (2020: nil) being generated in its subsidiary in Madrid. Of the service fees, 100% (2020: 100%) was earned from associated entities operating outside of the United Kingdom.

	Period ended 26 Dec 2021 £'000	Period ended 27 Dec 2020 £'000
Restaurant Sales	121,062	86,394
Service Fees	207	455
	<u>121,269</u>	<u>86,849</u>

**7. Expenses by Category**

Included within cost of sales and administrative expenses are the following:

	Period ended 26 Dec 2021 £'000	Period ended 27 Dec 2020 £'000
Depreciation of property, plant and equipment	6,022	6,071
Impairment of property, plant and equipment	-	1,096
Depreciation of right-of-use assets	7,051	6,337
Impairment of right-of-use assets	-	1,356
Amortisation of intangible assets	4	-
Impairment of intangible assets	14	-
Loss on disposal of assets	-	97
Cost of inventories of food and beverages recognised as an expense in the period	31,854	23,199
Salaries and other employment costs	38,873	33,612
Operating lease rentals	1,657	755
Auditors' remuneration – audit of Group accounts and subsidiaries	121	115
Other fees paid to auditor of the Company and its subsidiaries:		
Taxation compliance services	46	44
Other non-audit services	47	45
Other costs	24,155	20,303
	<u>109,844</u>	<u>93,030</u>

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**AZUMI LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**8. Finance and Other Income**

**Other income**

	Period ended 26 Dec 2021	Period ended 27 Dec 2020
	£'000	£'000
Furlough and Paycheck Protection Programme income	9,699	9,227
Other income	9,524	554
	<u>19,223</u>	<u>9,781</u>

Other income represents one off fees in relation to the provision of licences and set-up fees within new territories.

**Finance income**

	Period ended 26 Dec 2021	Period ended 27 Dec 2020
	£'000	£'000
Bank interest	41	20
Dividend income	66	86
	<u>107</u>	<u>106</u>

**9. Employee Benefit Expenses**

**The Group**

	Period ended 26 Dec 2021	Period ended 27 Dec 2020
	£'000	£'000
Wages and salaries	37,783	32,769
Social security contributions	579	430
Pensions	511	413
	<u>38,873</u>	<u>33,612</u>

All of the employee benefit expenses are disclosed within administrative expenses within the consolidated statement of comprehensive income. The Company operates a performance related profit sharing scheme, details of which are given in note 23.

The average number of persons employed by the Group during the period was:

	Period ended 26 Dec 2021	Period ended 27 Dec 2020
	Number	Number
Average number of employees	<u>1,724</u>	<u>1,766</u>



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**AZUMI LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**10. Directors' Remuneration**

The following emoluments were paid by the Company and other Group companies in respect of the services of directors of the Company:

<b>The Group</b>	<b>Period ended</b>	<b>Period ended</b>
	<b>26 Dec 2021</b>	<b>27 Dec 2020</b>
	<b>£'000</b>	<b>£'000</b>
Directors' emoluments	889	570
	<u>889</u>	<u>570</u>

The emoluments paid by the Company and other Group companies in respect of services provided by the highest paid director of the Company were as follows:

<b>The Group</b>	<b>Period ended</b>	<b>Period ended</b>
	<b>26 Dec 2021</b>	<b>27 Dec 2020</b>
	<b>£'000</b>	<b>£'000</b>
Directors' emoluments	576	339
	<u>576</u>	<u>339</u>

All of the directors' emoluments are disclosed within administrative expenses within the Consolidated Statement of Comprehensive Income. The Company/Group pay the statutory minimum pension contributions on behalf of the directors and the amount was £1,000 (2020: £1,000).

**11. Finance Costs**

<b>The Group</b>	<b>Period ended</b>	<b>Period ended</b>
	<b>26 Dec 2021</b>	<b>27 Dec 2020</b>
	<b>£'000</b>	<b>£'000</b>
Bank loan interest	430	783
Lease liability interest	2,173	1,463
Other interest paid	136	146
	<u>2,739</u>	<u>2,392</u>

**AZUMI LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**12. Income Tax Expense**

**12.1. Analysis of tax expense in the period**

The Group	Period ended 26 Dec 2021 £'000	Period ended 27 Dec 2020 £'000
Current tax:		
Domestic	2,779	1,447
Foreign	161	(277)
Adjustment for prior periods	343	(44)
Total current tax	<u>3,283</u>	<u>1,126</u>
Deferred tax:		
Relating to the origination and reversal of temporary differences (note 26)	(113)	(818)
Total deferred tax	<u>(113)</u>	<u>(818)</u>
Total tax expense	<u><u>3,170</u></u>	<u><u>308</u></u>

**12.2. Factors affecting the tax charge for the period**

The tax charge for the period is lower (2020: higher) than the standard effective rate of corporation tax for the period ended 26 December 2021 of 19% (2020: 19%). The differences are explained below:

The Group	Period ended 26 Dec 2021 £'000	Period ended 27 Dec 2020 £'000
Profit on ordinary activities before tax	27,945	1,165
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19.00%)	5,310	221
Income and expenses not deductible for tax purposes	(779)	(786)
Overseas tax in excess of/(lower than) standard rate	83	(281)
Unutilised tax losses	472	1,286
Capital allowances (in excess of)/less than depreciation	(339)	207
Overseas income not taxable	(1,920)	(295)
Adjustments to tax charge in respect of prior periods	343	(44)
Total tax expense for the period	<u><u>3,170</u></u>	<u><u>308</u></u>

The main rate of UK corporation tax has been 19% since 1 April 2017 (previously 20%, since 1 April 2015). On 3 March 2021, it was announced that the UK corporation tax rate would increase to 25% from 1 April 2023, which was enacted in May 2021. The deferred tax balance mentioned included in these financial statements has been calculated with reference to the rate of 25%, being the prevailing rate as at 26 December 2021.

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**AZUMI LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**13. Dividends**

<b>The Company</b>	<b>Period ended 26 Dec 2021 £'000</b>	<b>Period ended 27 Dec 2020 £'000</b>
Interim dividend paid on each ordinary share of £Nil (2020: £Nil)	-	-
	<u>          </u>	<u>          </u>

**14. Right-of-use assets**

<b>The Company</b>	<b>Land and buildings £'000</b>
<b>Cost</b>	
At 28 December 2020	5,016
At 26 December 2021	<u>5,016</u>
<b>Depreciation</b>	
At 28 December 2020	1,064
Charge for the period	717
At 26 December 2021	<u>1,781</u>
<b>Net book value</b>	
At 26 December 2021	<u>3,235</u>
	<u>          </u>
<b>The Company</b>	<b>Land and buildings £'000</b>
<b>Cost</b>	
At 30 December 2019	1,759
Additions	3,257
At 27 December 2020	<u>5,016</u>
<b>Depreciation</b>	
At 30 December 2019	667
Charge for the period	397
At 27 December 2020	<u>1,064</u>
<b>Net book value</b>	
At 27 December 2020	<u>3,952</u>
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**AZUMI LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**14. Right-of-use assets (continued)**

<b>The Group</b>	<b>Land and buildings £'000</b>
<b>Cost</b>	
At 28 December 2020	47,283
Additions	19,622
	<u>66,905</u>
At 26 December 2021	66,905
<b>Depreciation</b>	
At 28 December 2020	14,333
Charge for the period	7,051
	<u>21,384</u>
At 26 December 2021	21,384
<b>Net book value</b>	
At 26 December 2021	<u><u>45,521</u></u>
<b>The Group</b>	<b>Land and buildings £'000</b>
<b>Cost</b>	
At 30 December 2019	41,843
Additions	5,440
	<u>47,283</u>
At 27 December 2020	47,283
<b>Depreciation</b>	
At 30 December 2019	6,640
Charge for the period	6,337
Impairment	1,356
	<u>14,333</u>
At 27 December 2020	14,333
<b>Net book value</b>	
At 27 December 2020	<u><u>32,950</u></u>

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**AZUMI LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**15. Property, Plant and Equipment**

**The Company**

	<b>Leasehold Property and Improvements £'000</b>	<b>Plant and Equipment £'000</b>	<b>Fixtures and Fittings £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 28 December 2020	1,189	1,249	1,453	3,891
Additions	-	38	62	100
	<u>1,189</u>	<u>1,287</u>	<u>1,515</u>	<u>3,991</u>
At 26 December 2021	1,189	1,287	1,515	3,991
<b>Depreciation</b>				
At 28 December 2020	817	1,161	1,252	3,230
Charge for the period	56	59	102	217
	<u>873</u>	<u>1,220</u>	<u>1,354</u>	<u>3,447</u>
At 26 December 2021	873	1,220	1,354	3,447
<b>Net book value</b>				
At 26 December 2021	<u>316</u>	<u>67</u>	<u>161</u>	<u>544</u>

	<b>Leasehold Property and Improvements £'000</b>	<b>Plant and Equipment £'000</b>	<b>Fixtures and Fittings £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 30 December 2019	868	1,249	1,371	3,488
Additions	321	-	82	403
	<u>1,189</u>	<u>1,249</u>	<u>1,453</u>	<u>3,891</u>
At 27 December 2020	1,189	1,249	1,453	3,891
<b>Depreciation</b>				
At 30 December 2019	767	1,094	1,127	2,988
Charge for the year	50	67	125	242
	<u>817</u>	<u>1,161</u>	<u>1,252</u>	<u>3,230</u>
At 27 December 2020	817	1,161	1,252	3,230
<b>Net book value</b>				
At 27 December 2020	<u>372</u>	<u>88</u>	<u>201</u>	<u>661</u>

**AZUMI LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**15. Property, Plant and Equipment (continued)**

<b>The Group</b>	<b>Leasehold Property and Improvements £'000</b>	<b>Plant and Equipment £'000</b>	<b>Fixtures and Fittings £'000</b>	<b>Assets under Construction £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 28 December 2020	56,771	15,635	15,465	187	88,058
Additions	5,394	1,906	1,921	-	9,221
Disposals	-	(112)	(25)	(186)	(323)
Foreign exchange movements	180	(24)	(105)	(1)	50
At 26 December 2021	62,345	17,405	17,256	-	97,006
<b>Depreciation</b>					
At 28 December 2020	31,111	12,847	11,383	-	55,341
Charge for the period	3,268	1,502	1,252	-	6,022
Disposals	-	(22)	(2)	-	(24)
Foreign exchange movements	181	33	(30)	-	184
At 26 December 2021	34,560	14,360	12,603	-	61,523
<b>Net book value</b>					
At 26 December 2021	27,785	3,045	4,653	-	35,483

	<b>Leasehold Property and Improvements £'000</b>	<b>Plant and Equipment £'000</b>	<b>Fixtures and Fittings £'000</b>	<b>Assets under Construction £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 30 December 2019	60,009	16,579	15,382	162	92,132
Additions	639	391	656	32	1,718
Disposals	(2,556)	(1,101)	(440)	-	(4,097)
Foreign exchange movements	(1,321)	(234)	(133)	(7)	(1,695)
At 27 December 2020	56,771	15,635	15,465	187	88,058
<b>Depreciation</b>					
At 30 December 2019	30,431	12,552	10,490	-	53,473
Charge for the year	3,585	1,152	1,334	-	6,071
Disposals	(2,556)	(1,101)	(440)	-	(4,097)
Impairment	489	463	144	-	1,096
Foreign exchange movements	(838)	(219)	(145)	-	(1,202)
At 27 December 2020	31,111	12,847	11,383	-	55,341
<b>Net book value</b>					
At 27 December 2020	25,660	2,788	4,082	187	32,717

**AZUMI LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**16. Other Intangible Assets**

<b>The Company</b>	<b>Trademark £'000</b>
<b>Cost</b>	
At 28 December 2020	214
Additions	90
	<u>304</u>
At 26 December 2021	304
<b>Amortisation</b>	
At 28 December 2020	214
Charge for the year	4
	<u>218</u>
At 26 December 2021	218
<b>Net book value</b>	
At 26 December 2021	<u><u>86</u></u>

<b>The Company</b>	<b>Trademark £'000</b>
<b>Cost</b>	
At 30 December 2019 and at 27 December 2020	214
<b>Amortisation</b>	
At 30 December 2019 and at 27 December 2020	214
<b>Net book value</b>	
At 27 December 2020	<u><u>-</u></u>

<b>The Group</b>	<b>Development costs £'000</b>	<b>Trademark £'000</b>	<b>Goodwill £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 28 December 2020	350	1,286	47,789	49,425
Additions	87	91	-	178
Foreign exchange movements	5	9	-	14
	<u>442</u>	<u>1,386</u>	<u>47,789</u>	<u>49,617</u>
At 26 December 2021	442	1,386	47,789	49,617
<b>Amortisation</b>				
At 28 December 2020	-	214	-	214
Charge for the year	-	4	-	4
Impairment	14	-	-	14
	<u>14</u>	<u>218</u>	<u>-</u>	<u>232</u>
At 26 December 2021	14	218	-	232
<b>Net book value</b>				
At 26 December 2021	<u><u>428</u></u>	<u><u>1,168</u></u>	<u><u>47,789</u></u>	<u><u>49,385</u></u>

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**AZUMI LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**16. Other Intangible Assets (continued)**

	Development costs £'000	Trademark £'000	Goodwill £'000	Total £'000
<b>Cost</b>				
At 30 December 2019	363	1,418	47,789	49,570
Disposals	-	(97)	-	(97)
Foreign exchange movements	(13)	(35)	-	(48)
	<u>350</u>	<u>1,286</u>	<u>47,789</u>	<u>49,425</u>
<b>At 27 December 2020</b>				
<b>Depreciation</b>				
At 30 December 2019	-	214	-	214
	<u>-</u>	<u>214</u>	<u>-</u>	<u>214</u>
<b>At 27 December 2020</b>				
	<u>-</u>	<u>214</u>	<u>-</u>	<u>214</u>
<b>Net book value</b>				
At 27 December 2020	<u>350</u>	<u>1,072</u>	<u>47,789</u>	<u>49,211</u>

The Goodwill arose as a result of the value of the businesses being greater than their net assets due to the favourable trading activities and strength of the brands.

The carrying amount of goodwill is allocated to the following cash generating units (CGUs):

- Zuma Hong Kong: £15,698,000 (2020: £15,698,000)
- Zuma Dubai: £25,591,000 (2020: £25,591,000)
- Oblix: £6,500,000 (2020: £6,500,000)

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount of the Goodwill has been based on value in use. The value in use assessment has been completed using forecast cash flows based on a slow return to full pre-covid trading levels. A discount rate of 7% is used and forecasts modelled to December 2023 after which long term growth rates of 2% year on year have been applied to December 2030.

There are two reasonably determinable influencers of the value in use of the operations of Zuma Club LLC (t.a. Zuma Dubai), Time Result Investments Ltd (t.a. Zuma HK) and Wildfire Entertainment Limited (t.a. Oblix):

- 1) a change in the subsidiaries' discounted future cashflows; and
- 2) a change in the discount rate applied.

Discounted future cashflows would need to drop by over 62% for Zuma Dubai, 8% for Zuma HK and 40% for Oblix before there would be an impairment charge.

The discount rate applied would need to increase by over 417% for Zuma Dubai, 51% for Zuma HK and 168% for Oblix before there would be an impairment charge.



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**AZUMI LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**17. Investments in Subsidiaries and Associated Entities - Company**

All subsidiary undertakings of the Group have been included in these consolidated financial statements, the subsidiaries at 26 December 2021 are:

<b>Name</b>	<b>Country of incorporation</b>	<b>Registered address</b>	<b>Ownership %</b>	<b>Voting rights %</b>	<b>Principal activity</b>
Robata Restaurants Limited	United Kingdom	5 Market Yard Mews, 194-204 Bermondsey Street, London, United Kingdom, SE1 3TQ	100	100	Restaurateur
Roka Aldwych Limited	United Kingdom	5 Market Yard Mews, 194-204 Bermondsey Street, London, United Kingdom, SE1 3TQ	100	100	Restaurateur <sup>1</sup>
Roka Mayfair Limited	United Kingdom	5 Market Yard Mews, 194-204 Bermondsey Street, London, United Kingdom, SE1 3TQ	100	100	Restaurateur <sup>1</sup>
Roka Limited	United Arab Emirates	PO Box 9275, C/o Al Tamimi & Company, Advocates and Legal Consultants, 20th Floor Maze Tower, Sheikh Zayed Road, Dubai, United Arab Emirates	95	95	Holding Company <sup>1</sup>
Zuma Japanese Restaurants Inc.	USA	The Corporation Trust Company, Corporation Trust Center 1209 Orange St., Wilmington, DE 19801	100	100	Holding Company
Zuma Japanese Restaurant Miami LLC	USA	CT Corporation System, 1200 South Pine Island Road, Plantation, FL 33324	80	80	Restaurateur <sup>2</sup>
Zuma Las Vegas LLC	USA	United Corporate Services, Inc., 874 WALKER RD STE C, Dover, DE 19904	90	90	Restaurateur <sup>2</sup>
Azumi LLC	USA	Corporation Service Company, 84 State St., Boston, MA 02109	100	100	Restaurateur <sup>2</sup>
Zuma USA LLC	USA	VCorp Services, LLC, 1013 Centre Road, Suite 403-B, Wilmington, DE 19805	90	90	Holding Company
Zuma NYC LLC	USA	VCorp Services, LLC, 1013 Centre Road, Suite 403-B, Wilmington, DE 19805	90	90	Restaurateur <sup>3</sup>
Zuma Restaurant Ltd	United Arab Emirates	RWV1 (FB), R1, The Galleria, Abu Dhabi Global Market, Al Maryah Island, Abu Dhabi, United Arab Emirates	90	90	Restaurateur

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**AZUMI LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**17. Investments in Subsidiaries and Associated Entities – Company (continued)**

<b>Name</b>	<b>Country of incorporation</b>	<b>Registered address</b>	<b>Ownership %</b>	<b>Voting rights %</b>	<b>Principal activity</b>
Zuma Club L.L.C.	United Arab Emirates	Unit P/FR-01, Level POD, Gate Village Building 6, Dubai International Financial Centre, P O Box 506620, Dubai, United Arab Emirates	90	90	Restaurateur
Zuma (Rome) S.R.L	Italy	Via Fontanella Borghese 48, 00186 Roma, Italy	100	100	Restaurateur
Time Result Investments Limited	British Virgin Islands	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, BVI	100	100	Restaurateur
Taddeo Trading Limited	British Virgin Islands	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, BVI	100	100	Holding Company <sup>4,5</sup>
Inko Nito UK Limited	United Kingdom	5 Market Yard Mews, 194-204 Bermondsey Street, London, United Kingdom, SE1 3TQ	100	100	Holding Company
Inko Nito Broadwick Street Limited	United Kingdom	5 Market Yard Mews, 194-204 Bermondsey Street, London, United Kingdom, SE1 3TQ	100	100	Restaurateur <sup>6</sup>
Inko Nito Inc	USA	National Registered Agents, Inc., 1209 Orange Street, Wilmington, DE 19801	100	100	Holding Company
Inko Nito Garey St. LLC	USA	National Registered Agents, Inc., 818 West Seventh Street, Suite 930, Los Angeles, CA 90017	100	100	Restaurateur <sup>7</sup>
Beach-Chu Inc	USA	National Registered Agents, Inc., 1209 Orange Street, Wilmington, DE 19801	100	100	Holding Company
Beach-Chu Hallandale LLC	USA	NRAI Services, Inc., 1200 South Pine Island Road, Plantation, FL 33324	100	100	Restaurateur <sup>8</sup>
Beach-Chu Las Olas LLC	USA	NRAI Services, Inc., 1200 South Pine Island Road, Plantation, FL 33324	100	100	Restaurateur <sup>8</sup>

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**AZUMI LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**17. Investments in Subsidiaries and Associated Entities – Company (continued)**

<b>Name</b>	<b>Country of incorporation</b>	<b>Registered address</b>	<b>Ownership %</b>	<b>Voting rights %</b>	<b>Principal activity</b>
Wildfire Entertainment Limited	United Kingdom	5 Market Yard Mews, 194-204 Bermondsey Street, London, United Kingdom, SE1 3TQ	100	100	Restaurateur
Roka Restaurant LLC	United Arab Emirates	PO Box 333638, Bur Dubai Business Bay Shop no. B2, Dubai, United Arab Emirates	49	95	Restaurateur <sup>9</sup>
Azumi Management Services Limited	United Kingdom	5 Market Yard Mews, 194-204 Bermondsey Street, London, United Kingdom, SE1 3TQ	100	100	Management services
Zuma Holdings USA LLC	USA	United Corporate Services, Inc., 874 WALKER RD STE C, Dover, DE 19904	100	100	Dormant
Robata Holdings USA LLC	USA	United Corporate Services, Inc., 874 WALKER RD STE C, Dover, DE 19904	80	80	Dormant
Azumi Madrid SL	Spain	Calle Velázquez 75 CP 28006, Madrid	100	100	Restaurateur
Azumi Cannes SAS	France	8 Rue Francois Villon, 75015, Paris	100	100	Restaurateur

<sup>1</sup> Roka Aldwych Limited, Roka Mayfair Limited and Roka Limited are subsidiaries of Robata Restaurants Limited.

<sup>2</sup> Zuma Japanese Restaurant Miami LLC, Zuma Las Vegas LLC and Azumi LLC are subsidiaries of Zuma Japanese Restaurants Inc.

<sup>3</sup> Zuma NYC LLC is a subsidiary of Zuma USA LLC.

<sup>4</sup> Taddeo Trading Limited holds the investment in Zuma Bangkok Limited.

<sup>5</sup> Taddeo Trading Limited is a joint venture between Azumi Limited and Time Result Investments Limited.

<sup>6</sup> Inko Nito Broadwick Street Limited is a subsidiary of Inko Nito UK Limited.

<sup>7</sup> Inko Nito Garey St. LLC is a subsidiary of Inko Nito Inc.

<sup>8</sup> Beach-Chu Hallandale LLC and Beach-Chu Las Olas LLC are subsidiaries of Beach-Chu Inc. Beach-Chu Las Olas LLC was dissolved on 21 June 2021.

<sup>9</sup> Roka Restaurant LLC is a subsidiary of Roka Limited.

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**AZUMI LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**17. Investments in Subsidiaries and Associated Entities – Company (continued)****Movement on investments in subsidiaries and associated entities**

	26 Dec 2021 £'000	27 Dec 2020 £'000
Opening balance	72,979	72,979
New investments made	3	-
Debt investments repaid	(1,171)	-
Foreign exchange movements	(191)	-
Closing balance	<u>71,620</u>	<u>72,979</u>

Investments made by the Company at the balance sheet date comprise investments in share capital and long-term financing for subsidiary and associated entities. Of the investments totalling £71,620,000 (2020: £72,979,000), an amount of £7,647,000 (2020: £9,009,000) was long term loans and £63,973,000 (2020: £63,970,000) was equity investments.

Azumi Limited has a majority shareholding in the following UK subsidiaries. The following UK subsidiaries were entitled to, and have opted to take, exemption from the requirement to have an audit of its financial statements for the period ended 26 December 2021 under section 479A of the Companies Act 2006 (UK) relating to subsidiary companies.

- Robata Restaurants Limited (Registration number: 04821373)
- Roka Aldwych Limited (Registration number: 08658887)
- Roka Mayfair Limited (Registration number: 08518885)
- Inko Nito UK Limited (Registration number: 10932004)
- Inko Nito Broadwick Street Limited (Registration number: 10932378)
- Wildfire Entertainment Limited (Registration number: 07913507)
- Azumi Management Services Limited (Registration number: 11061253)

## AZUMI LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 18. Investments in Associated Entities - Group

Details of the Group's associated entities at 26 December 2021, all of which are accounted for under the equity method, are:

	Country of incorporation	Ownership %	Voting rights %	Principal activity
Taraneete International Limited <sup>1</sup>	Hong Kong	45.6	45.6	Restaurateur
Zuma Turizm Ve Gida Pazalama Ticar A.S.	Turkey	40	40	Restaurateur
Zuma Bangkok Limited <sup>2</sup>	Thailand	49	65	Restaurateur
Azumi Saudi Limited	Saudi Arabia	50	50	Restaurateur

<sup>1</sup> The Group owns its interest in Taraneete International Limited within its subsidiary undertaking Robata Restaurants Limited.

<sup>2</sup> Zuma Bangkok Limited is treated as an associate due to all major decisions requiring agreement from both joint venture parties.

The following table shows the assets, liabilities and equity of the associated entities at the balance sheet date; all associated entities have the 31 December 2021 as balance sheet dates.

	Assets £'000	Liabilities £'000	Equity £'000	Revenue £'000	Profit/(loss) before tax £'000
Taraneete International Limited	1,413	(5)	(1,408)	-	-
Zuma Turizm Ve Gida Pazalama Ticar A.S.	1,048	(3,191)	2,143	3,437	(1,000)
Zuma Bangkok Limited	1,118	(1,158)	40	758	(109)
Azumi Saudi Limited	1,387	(3,340)	1,953	2,644	(1,927)

Movement on interests in associates can be summarised as follows:

	26 Dec 2021 £'000	27 Dec 2020 £'000
Opening balance	2,479	2,646
Loans repaid by associated entities	(145)	-
Share of (loss)/profit for the period	(71)	(149)
Foreign exchange movement	(32)	(18)
Closing balance	2,231	2,479

The unrecognised share of the losses of associated undertakings for the period ended 26 December 2021 was £400,000 (2020: £447,000). The cumulative unrecognised share of the losses of associated undertakings at the balance sheet date was £2,864,000 (2020: £2,464,000).

**AZUMI LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**19. Inventories**

<b>The Company</b>	<b>26 Dec 2021 £'000</b>	<b>27 Dec 2020 £'000</b>
Food and drinks	301	277
	<u>301</u>	<u>277</u>
<b>The Group</b>	<b>26 Dec 2021 £'000</b>	<b>27 Dec 2020 £'000</b>
Food and drinks	4,348	3,318
	<u>4,348</u>	<u>3,318</u>

**20. Trade and Other Receivables**

**Amounts falling due in less than one year**

<b>The Company</b>	<b>26 Dec 2021 £'000</b>	<b>27 Dec 2020 £'000</b>
Trade receivables	310	21
Receivables due from subsidiary entities (note 30.3)	20,158	13,410
Receivables due from associated entities (note 30.3)	196	226
Other receivables	1,536	1,199
Prepayments	396	244
	<u>22,596</u>	<u>15,100</u>
<b>The Group</b>	<b>26 Dec 2021 £'000</b>	<b>27 Dec 2020 £'000</b>
Trade receivables	1,407	847
Receivables due from associated entities (note 30.4)	703	244
Other receivables	6,621	6,188
Prepayments	1,351	2,282
	<u>10,082</u>	<u>9,561</u>

**Amounts falling due in greater than one year**

<b>The Group</b>	<b>26 Dec 2021 £'000</b>	<b>27 Dec 2020 £'000</b>
Other receivables	303	304
	<u>303</u>	<u>304</u>

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**AZUMI LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**21. Cash and Cash Equivalents**

<b>The Company</b>	<b>26 Dec 2021 £'000</b>	<b>27 Dec 2020 £'000</b>
Cash on hand and held in banks	<u>1,917</u>	<u>4,808</u>

<b>The Group</b>	<b>26 Dec 2021 £'000</b>	<b>27 Dec 2020 £'000</b>
Cash on hand and held in banks	<u>44,744</u>	<u>24,366</u>

**22. Share Capital and Share Premium**

<b>The Company</b>	<b>26 Dec 2021 £'000</b>	<b>27 Dec 2020 £'000</b>
Share capital		
Authorised, allotted, called up and fully paid: 1,333,350 ordinary par value shares of 10p each	<u>133</u>	<u>133</u>
Share premium account	<u>1,080</u>	<u>1,080</u>

**23. Long-term incentive plan**

The Company and Group operates a long-term incentive plan for certain employees. Employees may receive a share of profits spread over a five-year period. The Grant is approved annually in April of each year based on performance by the Group during the preceding financial year and the first payment is to be made at the end of that month. Therefore, for the purposes of calculating the annual expense, the start date is taken to be end of April when the first payment is due.

The long-term incentive plan meets the recognition criteria of IFRS 2 "Share-based payments". The future payments are made out of cash, so they are to be accounted for as "cash settled share-based payments". The Standard requires that the future payment be estimated based on the probability of the criteria being met, adjusted by the number of staff who will be entitled to receive the payment. The estimated future payment is then apportioned on a straight-line basis from the date of the declaration to the date of the estimated payment.

The long-term incentive plan is measured at the fair value of the liability at each period end. The amount included within trade and other payables (note 27) at 26 December 2021 was £1,752,000 (2020: £1,539,000).

**AZUMI LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**24. Non-Controlling Interests**

	26 Dec 2021 £'000	27 Dec 2020 £'000
Opening balance	8,665	8,459
Net exchange adjustments	(8)	155
	<u>8,657</u>	<u>8,614</u>
Non-controlling share of comprehensive income for the period	1,684	51
Dividends paid to the non-controlling interest during the period	-	-
	<u>-</u>	<u>-</u>
Closing balance	<u>10,341</u>	<u>8,665</u>

Details of significant non-controlling interests:

	Country of incorporation	NCI ownership %	NCI voting rights %	Principal activity
Zuma USA LLC and subsidiaries	USA	10	10	Holding Company and Restaurants

**Reconciliation of non-controlling interest**

	Zuma USA LLC 26 Dec 2021 £'000	27 Dec 2020 £'000
Opening balance	6,320	6,624
Share of profit/(loss) for the year	34	(438)
Other comprehensive (loss)/income	(12)	134
	<u>6,342</u>	<u>6,320</u>

**Results for year**

	Zuma USA LLC 26 Dec 2021 £'000	27 Dec 2020 £'000
Assets	14,822	9,924
Liabilities	(16,678)	(12,107)
Profit/(loss) for the year	342	(4,381)
Cashflow inflow/(outflow)	<u>6,015</u>	<u>(754)</u>



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**AZUMI LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**25. Borrowings**

<b>The Group</b>	<b>26 Dec 2021</b>	<b>27 Dec 2020</b>
	<b>£'000</b>	<b>£'000</b>
Due in less than one year	19,047	5,231
Due in greater than one year	351	21,102
	<u>19,398</u>	<u>26,333</u>
	<u><u>19,398</u></u>	<u><u>26,333</u></u>
 <b>The Company</b>	 <b>26 Dec 2021</b>	 <b>27 Dec 2020</b>
	<b>£'000</b>	<b>£'000</b>
Due in less than one year	19,047	5,231
Due in greater than one year	-	19,057
	<u>19,047</u>	<u>24,288</u>
	<u><u>19,047</u></u>	<u><u>24,288</u></u>

Borrowings relate to a facility for US \$57,000,000 entered into by the Company with HSBC Bank plc. The Company has provided as security for the bank loan its investments in Zuma Restaurant Ltd, Time Result Investments Limited, Zuma Club LLC, Zuma Japanese Restaurants Inc., Zuma Japanese Restaurant Miami LLC, Robata Restaurants Limited, Roka Aldwych Limited, Roka Mayfair Limited, Wildfire Entertainment Limited, Azumi LLC, Inko Nito Inc, Inko Nito Garey St. LLC, Beach-Chu Inc, Beach-Chu Hallandale LLC and Beach-Chu Las Olas LLC.

Repayment of the loan is due in six-monthly payments of \$3,500,000 each and a final payment of \$25,500,000 due on 9 February 2022. Interest accrues at USD LIBOR 1m plus a margin and is payable in monthly instalments in arrears.

The Group has complied with the covenants and restrictions imposed by the facility during the financial year and to the date of this report.

During the current and prior year, the group's US subsidiaries received funding on the Paycheck Protection Programme. The amount expected to be forgiven has been recognised as other income with a balance of £nil (2020: £2,045,000) remaining as borrowings expected to the repayable.

**26. Deferred Taxation**

A deferred taxation liability has been recognised in respect of the temporary timing difference between depreciation charged in the financial statements and the capital allowances claimed in the United Kingdom domiciled subsidiary entities.

A deferred taxation asset has been recognised for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases in a USA domiciled subsidiary entity.

Movements in the deferred taxation liability are all charged through the statement of comprehensive income.

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**AZUMI LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**26. Deferred Taxation (continued)**

<b>The Group - liability</b>	<b>26 Dec 2021 £'000</b>	<b>27 Dec 2020 £'000</b>
Opening balance	(1,656)	(1,328)
Deferred taxation charged to the statement of comprehensive income in the period:		
Due to changes in the temporary difference	5	(328)
Closing balance	<u>(1,651)</u>	<u>(1,656)</u>
<b>The Group - assets</b>	<b>26 Dec 2021 £'000</b>	<b>27 Dec 2020 £'000</b>
Opening balance	293	783
Deferred taxation credited to the statement of comprehensive income in the period:		
Due to changes in the temporary difference	108	(490)
Closing balance	<u>401</u>	<u>293</u>
<b>The Company - liabilities</b>	<b>26 Dec 2021 £'000</b>	<b>27 Dec 2020 £'000</b>
Opening balance	-	-
Deferred taxation credited to the statement of comprehensive income in the period:		
Due to changes in the temporary difference	-	-
Closing balance	<u>-</u>	<u>-</u>
<b>The Company - assets</b>	<b>26 Dec 2021 £'000</b>	<b>27 Dec 2020 £'000</b>
Opening balance	293	243
Deferred taxation credited to the statement of comprehensive income in the period:		
Due to changes in the temporary difference	108	50
Closing balance	<u>401</u>	<u>293</u>

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**AZUMI LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**26. Deferred Taxation (continued)**

The major deferred tax liabilities and assets recognised by the Group and Company are:

<b>Deferred tax liabilities - Group</b>	<b>26 Dec 2021 £'000</b>	<b>27 Dec 2020 £'000</b>
Accelerated capital allowances	1,651	1,656
	<u>1,651</u>	<u>1,656</u>
<b>Deferred tax assets - Group</b>	<b>26 Dec 2021 £'000</b>	<b>27 Dec 2020 £'000</b>
Long-term incentive plan accrual	401	293
	<u>401</u>	<u>293</u>
<b>Deferred tax liabilities – Company</b>	<b>26 Dec 2021 £'000</b>	<b>27 Dec 2020 £'000</b>
Accelerated capital allowances	-	-
	<u>-</u>	<u>-</u>
<b>Deferred tax assets – Company</b>	<b>26 Dec 2021 £'000</b>	<b>27 Dec 2020 £'000</b>
Long-term incentive plan accrual	401	293
	<u>401</u>	<u>293</u>

**27. Trade and Other Payables**

Amounts falling due in less than one year

<b>The Company</b>	<b>26 Dec 2021 £'000</b>	<b>27 Dec 2020 £'000</b>
Trade payables	880	357
Payables due to subsidiary entities (note 30.3)	6,511	5,833
Payables due to associated entities	19	-
Other taxation and social security	1,209	854
Other payables	1,047	2,628
Long-term incentive plan (note 23)	1,752	1,539
Accrued expenses	865	591
	<u>12,283</u>	<u>11,802</u>

**AZUMI LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**27. Trade and Other Payables (continued)**

<b>The Group</b>	<b>26 Dec 2021</b>	<b>27 Dec 2020</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	7,450	6,492
Payables due to associated entities (note 30.4)	437	420
Other taxation and social security	3,171	2,998
Other payables	4,026	6,812
Long-term incentive plan (note 23)	1,752	1,539
Accrued expenses	10,895	6,520
	<u>27,731</u>	<u>24,781</u>

Amounts falling due in greater than one year

<b>The Group</b>	<b>26 Dec 2021</b>	<b>27 Dec 2020</b>
	<b>£'000</b>	<b>£'000</b>
Other payables	11,847	6,711
	<u>11,847</u>	<u>6,711</u>

The Company had no amounts falling due in greater than one year at either of the balance sheet dates.

**28. Lease liabilities**

<b>The Company</b>	<b>26 Dec 2021</b>	<b>27 Dec 2020</b>
	<b>£'000</b>	<b>£'000</b>
Due in less than one year	755	617
Due in greater than one year	2,777	3,532
	<u>3,532</u>	<u>4,149</u>

<b>The Group</b>	<b>26 Dec 2021</b>	<b>27 Dec 2020</b>
	<b>£'000</b>	<b>£'000</b>
Due in less than one year	5,997	4,596
Due in greater than one year	44,879	31,523
	<u>50,876</u>	<u>36,119</u>

**29. Ultimate Controlling Party**

The Company has no ultimate controlling party.

## AZUMI LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 30. Related Parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in the Group sections of this note. All trading balances do not bear interest and have no fixed term for repayment.

Included in 'Investments in Subsidiary and Associated Entities' (note 17) are loan balances totalling £7,828,000 (2020: £9,009,000). Included within the balance is \$9m (2020: \$9m) due from Zuma USA, LLC, being an unsecured note payable agreement (the note). The note carries interest at 8% per annum plus 10% on the principal amount that has not been paid by the due date. The remaining balances are repayable on demand.

#### 30.1. Transactions between the Company and other related parties

During the period the Company received service fees from subsidiary and associated undertakings:

	Period ended 26 Dec 2021 £'000	Period ended 27 Dec 2020 £'000
Zuma Restaurant Ltd	398	291
Zuma Turizm Ve Gida Pazalama Ticar A.S.	33	-
Zuma NYC LLC	215	95
Zuma Japanese Restaurant Miami LLC	756	357
Robata Restaurants Limited	394	161
Roka Aldwych Limited	79	76
Roka Mayfair Limited	300	203
Zuma (Rome) S.R.L.	202	148
Zuma Las Vegas LLC	460	184
Inko Nito Broadwick Street Limited	69	25
Inko Nito Garey St LLC	-	15
Beach-Chu Hallandale LLC	193	72
Beach-Chu Las Olas LLC	-	13
Time Result Investments Limited	345	265
Zuma Club L.L.C.	1,257	917
Wildfire Entertainment Limited	189	106
Roka Restaurant LLC	320	76
	<u>5,210</u>	<u>3,004</u>

#### 30.2. Transactions between the Group and other related parties

During the period the Group received service fees from associated undertakings:

	Period ended 26 Dec 2021 £'000	Period ended 27 Dec 2020 £'000
Zuma Turizm Ve Gida Pazalama Ticar A.S.	33	-
Zuma Bangkok Limited	18	31
Azumi Saudi Limited	81	-
	<u>132</u>	<u>31</u>

**AZUMI LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**30. Related Parties (continued)**

**30.3. Balances between the Company and other related parties**

At the balance sheet date, the Company had the following trading balances outstanding with related parties:

	26 Dec 2021 £'000	27 Dec 2020 £'000
<b>Receivable balances from subsidiaries</b>		
Zuma Restaurant Ltd	153	153
Zuma USA LLC	4,212	61
Zuma NYC LLC	-	2,883
Zuma Japanese Restaurants Inc.	1,505	622
Robata Restaurants Limited	-	107
Roka Aldwych Limited	-	29
Zuma (Rome) S.R.L.	1,164	816
Zuma Las Vegas LLC	923	85
Inko Nito UK Limited	169	169
Inko Nito Broadwick Street Limited	2,491	2,514
Inko Nito Inc	139	26
Inko Nito Garey St LLC	-	111
Beach-Chu Inc	2,134	2,096
Beach-Chu Hallandale LLC	420	607
Beach-Chu Las Olas LLC	-	-
Time Result Investments Limited	83	74
Zuma Club L.L.C.	-	501
Wildfire Entertainment Limited	134	332
Roka Restaurant LLC	979	972
Azumi Madrid SL	5,652	-
Azumi L.L.C.	-	1,252
	<u>20,158</u>	<u>13,410</u>
<b>Receivable balances from associated undertakings</b>		
Zuma Turizm Ve Gida Pazalama Ticar A.S.	-	226
Azumi Saudi Limited	196	-
	<u>196</u>	<u>226</u>
<b>Payable balances to subsidiaries</b>		
Zuma Restaurant Ltd	177	400
Zuma NYC LLC	-	51
Zuma Japanese Restaurants Inc.	360	39
Robata Restaurants Limited	1,773	827
Roka Aldwych Limited	266	-
Roka Mayfair Limited	681	261
Zuma Las Vegas LLC	-	187
Taddeo Trading Limited	61	61
Zuma Club L.L.C.	3,193	4,007
	<u>6,511</u>	<u>5,833</u>

**AZUMI LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**30. Related Parties (continued)**

**30.3. Balances between the Company and other related parties (continued)**

**Non-current**

	26 Dec 2021 £'000	27 Dec 2020 £'000
<b>Receivable balances including debt investments</b>		
Zuma Turizm Ve Gida Pazalama Ticar A.S.	1,105	1,284
Zuma NYC LLC	6,542	6,700
Zuma (Rome) S.R.L.	-	1,025
	<u>7,647</u>	<u>9,009</u>

**30.4. Balances between the Group and other related parties**

At the balance sheet date, the Group had the following trading balances outstanding with related parties:

	26 Dec 2021 £'000	27 Dec 2020 £'000
<b>Receivable balances</b>		
Zuma Turizm Ve Gida Pazalama Ticar A.S.	10	228
Zuma Bangkok Limited	35	16
Azumi Saudi Limited	658	-
	<u>703</u>	<u>244</u>
<b>Payable balances</b>		
Zuma Turizm Ve Gida Pazalama Ticar A.S.	8	19
Taraneete International Limited	319	319
Zuma Bangkok Limited	110	82
	<u>437</u>	<u>420</u>

**Non-current**

	26 Dec 2021 £'000	27 Dec 2020 £'000
<b>Receivable balances including debt investments</b>		
Zuma Turizm Ve Gida Pazalama Ticar A.S.	1,105	1,284
	<u>1,105</u>	<u>1,284</u>

At the period end, the Group and Company was owed £135,000 (2020: £54,000) by director S Koch.

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**AZUMI LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**30. Related Parties (continued)****30.5. Compensation of key management personnel**

The aggregate remuneration of Company management and other members of key management personnel, whether paid by the Company or other Group entities, during the period was:

	26 Dec 2021 £'000	27 Dec 2020 £'000
Remuneration and long-term incentive scheme	<u>889</u>	<u>570</u>

The remuneration of Company management and other members of key management personnel is determined by the board of directors after consideration of the performance of those individuals against targets and the general performance of the Group.

**31. Commitments**

The Group has capital commitments relating to the restaurants under development totalling £nil (2020: £nil) as at the balance sheet date.

Entities of the Group in the process of developing may require funding from the Company and Group before they become self-funding.

**32. Post balance sheet events**

On 8 February the Company refinanced its facility with HSBC Bank plc. Of the US\$25.5m outstanding on that date, US\$0.5m was repaid on 9 February 2022 with the remaining balance to be repaid in equal instalments of US\$2.5m each six months until June 2026 and the final instalment paid in February 2027.