TASTY PLC
Report and financial statements
53 weeks ended 31 December 2023

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Directors and information

Directors
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Harald Samúelsson (Non-Executive Director)
Wendy Dixon (Non-Executive Director)

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Chairman’s statement

I am pleased to be reporting on the Group’s annual results for the 53 week period ended 31 December 2023 and the comparative 52 week period ended 25 December 2022.

Post year-end, the Board took considered action to reshape the Group’s estate and correct the trading decline and the projected EBITDA loss trajectory. The Board believes that the decisions taken have placed the Group on a firm footing to enable growth in the future. In arriving at the best course of action to take, the Board evaluated the Group's strategic and restructuring options, given its performance both during 2023 and since the beginning of the calendar year, and assessed what was in the best interests of shareholders and creditors as a whole. This culminated in the post year-end Court and creditor sanctioned restructuring plan (the “Restructuring Plan”).

Under the Restructuring Plan, 1 dim t, 10 Wildwood, 2 non-trading and 3 sub-let sites have closed and the liabilities compromised (by way of a compromise with the Group’s creditors binding secured creditors, unsecured creditors and compromising members’ rights), further site leases have been renegotiated and a £750,000 convertible loan was injected into the Group. The Board is confident that these corrective steps will position the Group for a positive future with a profitable estate and the right cost base for future growth and expansion. Further details of the Restructuring Plan are set out below in the Strategic Report. As at the period end, the Group comprised 53 restaurants: 6 dim t and 47 Wildwood restaurants. Despite the Group delivering 4.1% like for like sales growth, the continuing increased utility, food and labour costs hampered the Group’s performance. Footfall continued to be affected by the work from home culture post Covid, transportation strikes and bad weather occurring during important trading periods of the year, as well as the pressure on consumer spend as living costs continue to increase.

Delivery and takeaway weakened during the year, without a corresponding move towards a dine-in experience. Performance for the start of 2024 was disappointing with year to date like for like sales only 0.2% positive.

The Board expects the Group’s performance to continue to be impacted by energy costs, labour costs and increasing food costs, pressure on consumer spend as well as the negative impact on sales of events including the Euros 2024, the Olympics and the upcoming General Election. However, an uplift is expected towards the end of the year when a new Government will be in place and the Group will have a reached a period of stability post restructuring plan with the all the benefits of the smaller, more profitable estate the cost efficiencies will be apparent.

We regret that we had to make the difficult decision to make redundancies as a result of the Restructuring Plan. It is especially upsetting to lose loyal and dedicated employees at every level but we believe this action will protect the long-term security of the Group and the remaining employees. We wish everyone who we were unable to retain, good luck for the future and we are extremely grateful for all their hard work and support over the years.

Dividend

The Board does not propose to recommend a dividend (2022: £nil).

Chairman's statement

Outlook

The Board believes that the Restructuring Plan will allow the Group to stabilise towards the end of the year, with a significant improvement in EBITDA performance expected over the next two years through site rationalisation and other tangible cost savings. We are hopeful that the Restructuring Plan will allow the Group to meet new opportunities in the sector in 2025 beyond its existing operations, including exploring new concepts, attracting new audiences and considering potential partnerships.

Keith Lassman

Keith Lassman

Chairman
27 June 2024

Strategic report for the 53 weeks ended 31 December 2023

Business Review

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

Wildwood

Aimed at a broad market, our 'Pizza, Pasta, Grill' restaurant remains the Group's main focus. Our sites are primarily based on the high street. However, our estate comprises a number of leisure, retail and tourist locations that have historically traded well, highlighting the broad appeal of the offering. Located nationally, mainly outside of London, Wildwood is currently trading from 33 branded restaurants.

dim t

Our pan-Asian restaurant now trades from 4 sites, serving a wide range of dishes, including dim sum, noodles, soup and curry.

Introduction

The hospitality industry continues to navigate a landscape marked with significant challenges and uncertainty. Customer numbers continue to be affected by rail strikes, a continuation of working from home culture post Covid and cost of living crisis. Despite these struggles, sales revenue growth in 2023 was positive. Summer traded particularly well as people enjoyed "staycations" and Christmas performance surpassed management expectations. A competitively priced Christmas set menu proved popular and like for like sales improved.

There has been a continuation of shift from the early weekday trade to the weekend. Using our extensive customer database we have been able to strategically target specific sites on these quieter days and have avoided blanket aggressive discounting and promotions.

Delivery and takeaway have slowed as customers look to cut back on non-essential spend and without a corresponding shift to a dine-in experience. We believe value, well-targeted promotions and quality of product and service are the focus to improve demand.

Energy costs

Seasonal prices shifted from high volatility in 2022 to relative stability in 2023. With the energy price cap falling in 2023 we entered a fixed price contract for both electricity and gas at the start of September 2023 and ending in June 2024 and have reset the new contracts at a further reduced rate.

Offering

We are constantly reviewing our menu and increasing the choice of options, including set price two and three course menus. The Head of Food and our central kitchen production have significantly improved our food quality and consistency, and this is evident by the customer feedback surveys. With approximately three menu changes a year, we can adapt products to suit availability and changing tastes and we always review ways to offer vegan and gluten-free a greater choice. To ensure we are accessible to a broader consumer group, we have maintained a very low entry price point for both pizza and pasta for Wildwood and noodles for dim t - dishes which continue to be very popular with our customers.

People

The business continues to concentrate on creating an environment to retain the best talent. The training and development of our kitchen and front of house teams is a key part of our people strategy.

A new recruitment system has been rolled out across the Group which has improved candidate selection and retention. We have undertaken a comprehensive review of our employee training and engagement which will both produce a better customer experience and improve employee satisfaction and development. The full implementation of this project is now complete and we expect to see the benefits in terms of enhanced customer service and improvements in staff retention.

Increases in April 2024 of the National Living Wage and general inflationary wage pressures will inevitably result in higher labour costs, which will be impossible to absorb completely. We continue to be committed to improving labour efficiency through a focus on the trading day-parts, forecasting and scheduling, and where possible, simplifying the menu.

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

We regret that we had to make the difficult decision to make a number of redundancies as a result of the necessary Restructuring Plan. It is especially upsetting to lose loyal and dedicated employees at every level, but we believe this action will protect the long-term security of the Group and the remaining employees. We wish everyone who we were unable to retain, good luck for the future and we are extremely grateful for all their hard work and support over the years.

Suppliers

Supply has been relatively consistent with minor disruptions and prices have been generally stable. We are thankful to suppliers that continue to work with us and have supported us through our restructuring.

Property

The Group has successfully sold and surrendered two underperforming restaurants and compromised 23 other leases in the tail of the estate. The Group is currently trading out of 37 units with 7 of those leases compromised through the Restructuring Plan. The Group will consider expansion or other opportunities over the next few months. There are restaurant refresh programmes as well as some overdue capital expenditure which will be considered in the second half of the year.

Events since the year end

Following a period of external challenges which have impacted the Group's business and trading performance, the Board concluded that it was in the best interests of the Group, to enter a restructuring plan under 26A of the Company's Act 2006 to return the business to profitability and secure its long-term future. The Restructuring Plan was sanctioned by the High Court on 4 June 2024.

In order to fund the Restructuring Plan and provide additional working capital, the Group entered a loan agreement with a secured creditor for £750,000. The loan is required to be discharged by 31 December 2024, or later if agreed by both the Group and the lender, by either:

- Payment, purchase, redemption or discharge in any other form agreed in writing between the Group and the Lender (including, subject to shareholder approval, conversion of the loan into equity); or if not
- Payment in cash in an amount equal to £2.6m

The Group has entered into a side agreement in relation to the loan to enable conversion of the principal amount of the loan to ordinary shares of £0.001 each in the capital of the Company at a conversion price of £0.0146, subject to and conditional on shareholder approval.

The Group has received irrevocable undertakings to vote in favour of the necessary share allotment authority resolutions in relation to the conversion, representing approximately 35 per cent of the current issued share capital of the Company.

On 9 April 2024 the Group closed nine trading sites, three sub-lets and two non-trading sites with a further two trading sites closing in May 2024. An additional seven sites are trading on a new flexible basis under significantly reduced rent terms.

The Group has entered a Time to Pay arrangement with HMRC in relation to PAYE and VAT arrears of £2.1m which are expected to be paid in full by April 2025. HMRC is excluded from the Restructuring Plan and continues to be paid in the normal course of business.

In accordance with the terms of the Restructuring Plan payments to local authorities in respect of business rates and council tax were not paid in April and May 2024.

Under the Restructuring Plan, the sum of £525,000 will be paid to compromise creditors in three equal tranches in August 2024, March 2025 and June 2025. Based on the current claim values this will result in a dividend of 4.17p/£ to Plan Creditors. In addition, such creditors will benefit from the participation in the Restructuring Plan Surplus Fund which will also allow them to share in the upside of the Group achieving its EBITDA in 2024.

Current trading and outlook

Performance for the year to-date is behind management expectations, due largely to the cost of living crisis and the initial impact of the Restructuring Plan. However, the outlook post restructuring is positive. With underlying labour issues easing, inflation tailing off and the expected positive impact of the Restructuring Plan, as previously announced, the Group should see an uplift in profitability towards the end of the year.

The rationalisation of loss-making restaurants and a reduced central overhead will enable significant EBITDA and efficiency improvements between 2024 to 2025 to counter the disruption caused by the restructuring in the first half of 2024.

Financial review

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

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

Strategic report for the 53 weeks ended 31 December 2023

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

	Post IFRS 16 **53 weeks ended 31 December 2023**	Pre IFRS 16 **53 weeks ended 31 December 2023**	Post IFRS 16 52 weeks ended 25 December 2022
Non-financial			
Sites at year end	**53**	**53**	54
Open sites	**51**	**51**	52
Financial	**£'000**	**£'000**	£'000
Sales	**46,910**	**46,910**	44,027
EBITDA before highlighted items	**4,377**	**(922)**	2,621
Depreciation of PP&E and amortisation	**(1,589)**	**(1,658)**	(1,667)
Depreciation of right-of-use assets (IFRS 16)	**(2,524)**	**-**	(2,641)
Operating profit/(loss) before highlighted items	**264**	**(2,580)**	(1,687)

Sales were £46.9m, up 6.5% on the corresponding period which was impacted by restricted trading (2022: £44.0m) and EBITDA before highlighted items was £4.4m (2022: £2.6m). The EBITDA loss before highlighted items and IFRS 16 adjustments was £0.9m (2022: £2.6m loss).

Operating profit before highlighted items (see Note 5) was £0.3m (pre-IFRS 16 equivalent: £2.6m loss, 2022: £4.4m loss).

The impact of the implementation of IFRS 16 "Leases" from 2020 has resulted in both depreciation on Right-of-use ("ROU") assets for leases and also the interest charge on lease liabilities being greater than the charge for rent that would have been reported pre-IFRS 16; the net impact on the reported loss for 2023 is £0.5m (2022: £0.3m). We have reviewed the impairment provision across the ROU assets and fixed assets and have made a net provision of £12.3m (2022: £2.3m).

After considering all of the non-trade adjustments, the Group reports a loss after tax for the period of £14.5m (2022: £6.4m loss after tax). Net cash inflow for the period before financing was £2.4m (2022: £2.8m inflow) and is driven by a net cash inflow from operating activities of £2.5m (2022: £4.4m).

As at 31 December 2023, the Group had no outstanding bank loan (2022: nil) after repaying the Barclays Bank facility in full in June 2022. Cash at bank at the end of the period was £4.2m (2022: £7.0m). Capital investment decreased to £0.3m (2022: £1.6m). Prior year capital investment included Loughton dim t new opening of £0.5m, mini refurbishments of £0.4m and capital expenditure catch up post Covid.

Principal risks and uncertainties

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

Risks and uncertainties	Mitigation
Cashflow and liquidity The impact of cost-of-living crisis and other trading conditions on cashflow and liquidity	Cash preservation has been a key focus over the last few years. The Group monitors cash balances and prepares regular forecasts which are reviewed by the Board. These forecasts include our best estimates and judgements based on currently available information and the current environment. In addition, management will apply sensitivities to assess the impact of actual results or events impacting on future cash flows. The Group also has an unutilised £250,000 overdraft facility. Post year end the Group received a loan of £750,000 to fund the Restructuring Plan and provide working capital.
Utilities and Cost of Living Crisis	The biggest challenge faced by the Group, and many other businesses, has been the increase in utility prices. We continue to work with our energy broker to mitigate costs by focusing on reducing consumption and increasing efficiency. The Group's energy contracts have been fixed to September 2025 benefitting from an approximate 10% reduction on the previous contract. The increased energy prices and the cost-of-living crisis have impacted the economy and we have reviewed our menu prices to mitigate some inflationary pressures.
Market Conditions and "Brexit" Economic uncertainty and impact of the UK leaving the European Union ("Brexit") could reduce customer confidence / spending.	Brexit has impacted food and drink primarily in the form of cost inflation and shortages of certain products. We work closely with our suppliers on assured supply and regularly re-tender prices. To minimise the impact of food cost increases we consider menu engineering and review recipes.
Competition The casual dining market faces new competition on a regular basis.	To mitigate this risk, we continue to invest in and renew our offering whilst maintaining accessibility, staying committed to quality and the overall customer experience. We constantly review marketing initiatives to ensure that we remain relevant to our consumers and ahead of the competition. We review performance and success whilst exploring new opportunities.

Strategic report for the 53 weeks ended 31 December 2023

People Loss of key staff and inability to hire the right people in a competitive labour market.	We have continued to focus on selection, induction, training and retention of our employees. The Group has made significant improvements in its selection process, onboarding training programmes and career development and as a consequence staff retention (outside of the necessary redundancies made as a result of the Restructuring Plan) is the highest since pre Covid. New HR and recruitment systems have been established and proposed to provide consistent and swift support to all colleagues. We have also strengthened our teams. The Group offers competitive remuneration and is reviewing its overall benefits package.
Food standards and safety Failing to meet safety standards	The Group engages in regular internal and external compliance audits to ensure all sites are complying with regulations. Job-specific training that covers relevant regulations is provided to all staff on induction and whenever else necessary. Online reporting systems are utilised on a daily basis to gather relevant information on compliance. The Group regularly reviews the latest Government guidelines and best practice regarding allergens. The Group's activities are subject to a wide range of laws and regulations, and we seek to comply with legislation and best practice at all times.
Supply Chain A major failure of a key supplier or distributor could cause significant business interruption.	The Group monitors suppliers closely. In the event of a failure by a key supplier we have contingency plans in place to minimise disruption and where possible, we maintain buffer stock of high-risk products.

On behalf of the Board.

Daniel Jonathan Plant
Chief Executive Officer

27 June 2024

Report of the directors for the 53 weeks ended 31 December 2023

The Directors present their report together with the audited financial statements for the 53 week period ended 31 December 2023 (comparative period 52 weeks to 25 December 2022).

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

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

Report of the directors for the 53 weeks ended 31 December 2023

Results and dividends

The consolidated statement of comprehensive income is set out on page 43 and shows the loss for the period.

The Directors do not recommend the payment of a dividend (2022 - £nil).

Post balance sheet events

Post balance sheet events are set out in Note 30.

Future developments

The outlook and future developments are set out in the Chairman's statement on page 3 and the Strategic Report on page 5.

Principal activities

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

Directors

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

Executive

Daniel Jonathan Plant
Mayuri Vachhani (resigned 31 March 2023)

Non-Executive

Keith Lassman
Wendy Dixon
Harald Samúelsson

Report of the directors for the 53 weeks ended 31 December 2023

Directors' interest in shares

Director	As at 31 December 2023 Ordinary shares of 0.1p each	%	As at 25 December 2022 Ordinary shares of 0.1p each	%
Daniel Jonathan Plant	12,317,448	8.4%	12,317,448	8.4%
Keith Lassman	1,421,983	1.0%	1,421,983	1.0%
Mayuri Vachhani (resigned 31 March 2023)	-	-	-	-
Harald Samúelsson	-	-	-	-
Wendy Dixon	-	-	-	-

B ordinary shares

Director	Number	Exercise price	Date	Vesting period	Expiry date
Daniel Jonathan Plant					
'B' shares issued	15,676,640	£0.00	15/01/2021	1,2 4 years	15/01/2026
Conversion to ordinary shares	(5,225,546)	£0.00	27/06/2022		
'B' shares balance	10,451,094	£0.00		1,2 4 years	15/01/2026

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

Employees

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

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

Environment

Our recycling has increased to an average of 40% (2022: 35%) in sites where we manage the waste, we do not have data for sites whose landlords manage the refuse. We have further increased the amount of recycling and hope to achieve 45% in the next 6 months. Our refuse provider has confirmed that none of our waste goes to landfill.

A full review of further energy saving measures is being undertaken as part of the new ESOS requirements for 2024.

As a result of Tasty PLC recycling, all cooking oil created from the Group's locations during 2023 that our cooking oil partner Olleco has collected and recycled 83,670L of used oil, creating a total of 178,301Kg of CO2 savings. The oil is sent to the UK's largest processing site solely dedicated to producing biodiesel from used cooking oil. Cutting edge technology enables the production of EN14214 EU specification biodiesel that is ISCC certified, resulting in the biodiesel giving more than a 86% Greenhouse carbon saving compared to regular fossil diesel.

The carbon saving we achieved in 2023 equates to the equivalent of removing 2,855 average family cars from the roads.

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

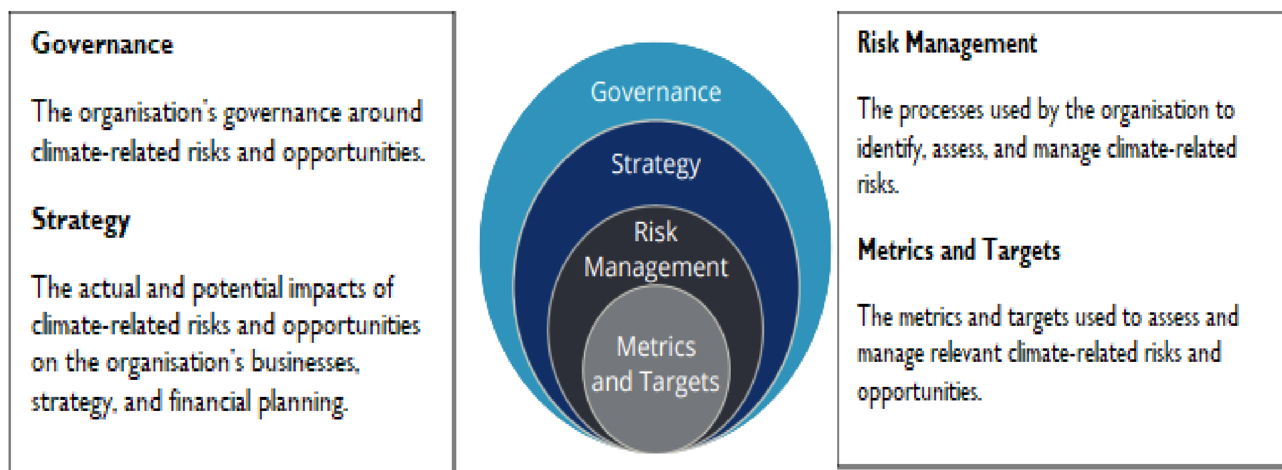
Task Force on Climate-Related Financial Disclosure (TCFD)

2023 is the first time the Group is reporting under the Companies (Strategic Report) (Climate-Related Financial Disclosure) Regulations (2022), which are aligned with the Taskforce on Climate-Related Financial Disclosures (TCFD). TCFD is a strategic document that is widely accepted as a leading framework for disclosing upon the financial opportunities and risks that are presented by climate change.

The Group has been operating in unpredictable times, with legacy impacts of the pandemic, Brexit, and the continuing underperformance of a substantial core of the portfolio reducing profitability and draining cash from the business. To re-size the business, the Group entered into a restructuring plan in April 2024, which was sanctioned by the High Court on 4 June 2024. The Restructuring Plan has enabled the business to remove 18 underperforming restaurants, 2 non trading restaurants and 3 sub-let properties, securing employment for c700 employees and enabling the business to return to profit.

The report details the Group's climate-related disclosures, against four key areas are Governance, Strategy, Risk Management and Metrics and Targets. These areas are outlined in the diagram below. This report is a key part of strategic decision making as the Group are putting governance in place to formalise the management of climate-related risks and opportunities.

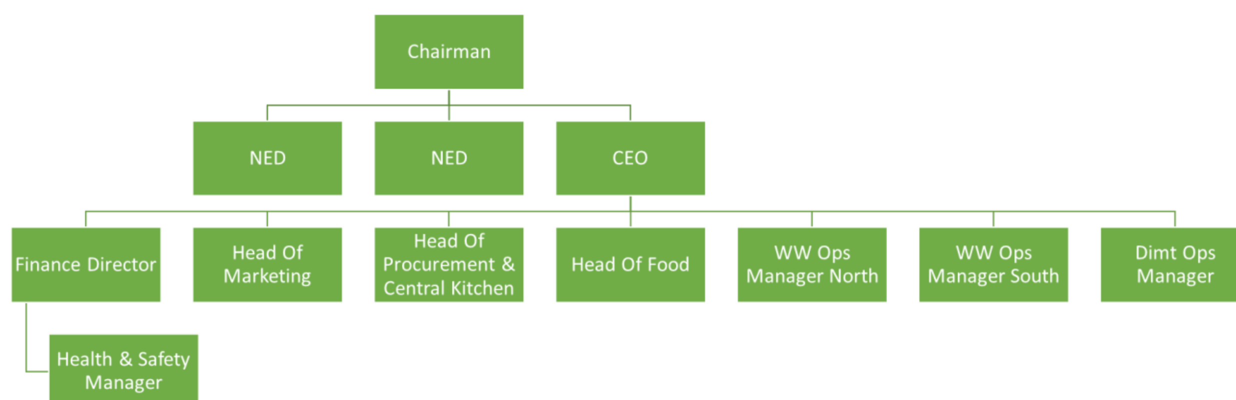
Report of the directors for the 53 weeks ended 31 December 2023



By reporting against these 4 key areas and exploring the 11 recommendations that are underlying within TCFD, the Group has improved the quality and nuance in which it can make strategic decision making at Board level that integrates sustainability and climate change into its long-term strategy. The Group understands that climate change may affect the business in the short, medium, and long term; however, this report sets the baseline for incremental innovation in business strategy that mitigates and responds to these opportunities and risks responsibly.

Below outlines the Group's current position within the four key pillars of the TCFD report.

Governance



The organisation chart above depicts the top-level structure of the Group.

The Group is in the preliminary stages of developing our governance approach to climate-related issues. The strategy will be led by Board members and senior management; however, we are aware that our employees are stereotypically younger people, who also believe in the importance of climate-

related strategy within their workplace. The Group is committed to developing a Sustainability committee with top-level representation and frequent channels of communication that are outlined below.

At managerial-restaurant level we will be creating a plan for energy reduction based upon the results of ESOS reporting that we expect to be submitted in 2024. This process will look to employ energy saving opportunities highlighted as a result of audit and desk top analysis of energy consumption and reduce emissions in Scopes 1 and 2. The Group are currently in the reporting stage of this process, to be completed by August 6th. Tasty Plc are working with our energy brokers, MyEnergy, to assess operational changes within a control group of restaurants and their consumption of energy at peak times. Results of this, in addition to the ESOS report, will lay the groundwork for planning of a larger roll out in the next financial year.

Disclosure Requirement	Current	Future and Plans for 2024
Describe the organisation's governance on climate-related risks and opportunities	The Board meets monthly and discusses financial and non-financial matters which include sales, consumer spending habits and the cost of goods. This includes analysis of contemporary and forecasted trends. The Group recognises that business risks identified are influenced by the impact of climate change. Consumer behaviour can be impacted by periods of abnormal, severe, or unseasonal weather conditions, such as exceptionally hot weather or heavy snowfall. The Group is aware of the risk of cost inflation on raw materials and utilities as they can be affected by many factors including environmental; therefore, supply and pricing are impacted by extreme weather conditions across the world. Opportunities arise from a varied supply chain and the Group is geographically spread to minimise impact in a single area. The company	The Group will establish clear roles within a new Sustainability Committee, will meet on a quarterly basis to begin with, with a view to increasing the cadence of meetings once roles are formulated. The Group understands that Climate-related risks are cross-departmental and will ensure this is considered when creating the sustainability committee. The Sustainability Committee will include a director. It will be the Director's responsibility to give feedback on the risk and opportunities – as well as operational suggestions- to the board at the monthly board meetings. The Sustainability Committee will ensure that any climate-related risks and opportunities are identified and monitored. The Group is aware that

	has a large network of suppliers available at short notice- through previous tenders and corporate relationships. This process is led by the Head of Supply Chain.	measurement of carbon emissions is a developing process, it will look towards the Greenhouse Gas Protocol, UK Hospitality, Sustainable Restaurants Association and external consultants for guidance and support. Throughout 2024 and beyond, the Groups climate risks and opportunities will be part of the agenda at the monthly Board meetings. This will include legislative responsibility, internal reporting requirements such as Annual Reports, SECR and TCFD. The Annual Report will return to its usual cadence as of the next financial year. Reporting will be filed at the end of March and the shareholders' AGM will be organised in the proceeding weeks with suitable notice.
Describe management's role in assessing and managing climate- related risks and opportunities	Finance, Operations, Head of Food, Head of Procurement and Directors currently hold weekly operational meetings, during which they analyse key financial and non-financial KPIs. These meetings routinely assess the influence of weather and climate conditions on trading activities. With support from our energy broker MyEnergy, the group are in the reporting phase of the Energy Saving Opportunity Scheme (ESOS) process. We expect the report to be finalised in Q3 of 2024.	Issues uncovered within the weekly KPI meeting - including operational suggestions - will be raised in the quarterly Sustainability Committee meeting. It will be the role of the Sustainability Committee to review these issues and prioritise actions. The Director responsible will be tasked with informing and leading discussion with the Board. These can be raised at the next monthly Board meeting where appropriate.

		The Group understands that KPI's may have to be redrawn with recommendations from the sustainability committee to ensure sustainability metrics are considered in weekly meetings. We will develop further metrics alongside the ones outlined in the 'Metrics and Targets' section. Upon finalisation of our ESOS report, we will formulate an energy reduction plan at the restaurant level. We currently are assessing peak time consumption rates within a small sample of restaurants. Results from this study and the ESOS report will lay the groundwork for a larger roll out of behavioural change policy making which will intend to drive down consumption and cost of energy. This program will also look to engage employees within the restaurants and ensure a holistic company approach to achieving progress in climate-related issues.

Strategy

The Group uses three timeframes to gauge the proximity of risk. They are defined as follow:

- Short-term (S): within 2 years
- Medium-term (M): 2 to 10 years
- Long-term (L): 10 years +

When exploring risks and opportunities, the Group is aware that risks can be separated into two categories, Physical Risks and Transitional Risks. Physical Risks are those that impact directly on the facilities, operational viability, supply chain and infrastructure of the Group. They can be described as acute events including flooding or storms; or chronic risks which describe the impact of long-term changes in climates such as rising sea levels or increased global temperatures.

Transitional risks are those that occur during the shift from current business-as-usual towards a low-carbon economy. These risks are usually external through policymaking, technological changes, and

changes of norms within the market. These may affect the Group positively or negatively and at varying degrees of severity.

After assessing the 11 recommendations under the 4 pillars of TCFD, the Group has identified 4 key climate-related risks and opportunities to financial performance to assess. They are energy efficiency (opportunity), flooding (risk), supply chain disruption (risk) and low emission products (opportunity). This is not an exhaustive list, and the Group is aware that continuous re-evaluation of climate-related risks and opportunities is imperative to the overall strategy and financial performance of the Group.

Disclosure Requirements	
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Key Opportunities: 1. Energy Efficiency – Electricity (S) (M) (L) The Group currently consumes 7,32,807 kWh across its estate. This results in a considerable cost to the company of £2.3m of electricity in financial year 2023. Through a mixture of behavioural change practices and technological interventions the group will look to reduce energy consumption and cost in the coming financial year. The Group will explore measures such as buying renewable energy contracts, transitioning to energy efficient lightbulbs across the estate and peak-time consumption management through behavioural change – to maximise energy efficiency. The Group will again complete an SECR report next year to monitor progress and set new goals for the following year. We are currently working with energy broker MyEnergy to support us in this area. 2. Low emission products. (S) (M) (L) With an ever-growing climate-conscious customer base, improving the Group's climate-related credentials may enhance the reputation of the business and improve sales performance. Customers are seeking more sustainable menu choices and companies which have proven environmental credentials. To mitigate this, we will continue to offer a diverse menu to include plant-based options and continue our commitment to sourcing Red Tractor accredited meat where possible. We will continue our development towards measuring our impact as a business. Now the restructuring is complete, we can identify ways in which to develop our climate strategy. The Group understands the need to measure our impact to support our decision-making process. Therefore, we will begin to explore our Category 1 emissions within Scope 3 where possible and develop the relationships with our suppliers to maximise accuracy in this reporting.

Key Risks:

1. Flooding (S) (M) (L)

Flooding was identified as an acute physical risk from extreme weather conditions. All sites were researched to assess the current flood risk level based on location from environment government data available.

All 39 locations were reviewed including the Group's Head Office and Central Kitchen. The information for UK locations came from the gov.uk check for long-term flood risk and for Wales Natural resources. Wales. The risks are recorded as Very Low, Low, Medium and High Risk. A flood risk plan for all sites will be prepared with emphasis on the sites with a medium to high-risk potential. This process will be repeated periodically as information about flood risk develops

Flood Risk	Very Low	Low	Medium	High
Surface Water	25	6	4	4
River & Sea	36	2	1	0
Reservoirs	34	0	5	0
Groundwater	36	0	3	0

2. Supply Chain Disruption (S) (M) (L)

Severe weather can affect the supply chain. Suppliers may be unable to grow certain produce in certain areas and supply shortages may occur. Contingencies are in place to source alternative products from secondary suppliers at short notice, but this is often at a greater cost. Flexibility in menu engineering is an alternative option for dealing with supply chain issues. Furthermore, trading patterns may become more volatile as global weather events disrupt global supply and demand. The Group's geographically spread portfolio assists in mitigating this risk.

Additionally, extreme weather such as snow, flooding or hurricanes may disrupt restaurant operations. Severe weather can affect distribution, guests, and staff from accessing certain locations. (S) (M) (L)

Describe the impact of climate-related risks and opportunities on the organisation's business.

The Board considers Climate Change to be a principal risk and therefore takes it into consideration when making key business and strategic decisions, where relevant. As detailed above, specific consideration is given to current and potential future flood risk in any new site evaluation as well as improving the day-to-day operations though improving energy efficiency.

All identified risks with potential cost implication, as per the section above, are considered in the Group's financial planning, with sensitivity scenarios prepared, where considered relevant.

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 degree or lower scenario	The Group, with support from external consultants will look to align to 1.5-degree scenario outlined within the Paris Agreement. The Group understands this requires effective and efficient changes to the current status quo and will explore strategies to support this whilst maintaining sound financial performance. The Group also understands that this requires international coordination and as a result will study our supply chain's responsibility through further exploration of our Scope 3 emissions in the coming year. A 2-degree increase in global temperatures has the potential to affect extreme conditions including heatwaves, droughts, floods, and wildfires. In addition, the health impact from air pollution and heat stress increases demand on cooling, which may have a knock-on impact on energy prices, staff and customer availability and supply chains. Again, the group will continue to develop climate-related goals in line with best practice and support from governmental institutions, external consultants, and technological advancements where appropriate.

Risk Management

Disclosure Requirement	Current	Future and Plans for 2024
Describe the organisation's processes for identifying and assessing climate-related risks **Describe the organisation's processes for managing climate- related risks**	The Group currently works with externally- appointed sustainability consultants, to identify, assess and manage climate- related risks and opportunities. This includes work on our mandated reporting such as ESOS and SECR and our energy broker to improve visibility on progress in Scope 1 and 2. Through this work we have identified the 4 key risks and opportunities explained above. Risks and opportunities are identified at board level through discussions with operational heads, non-executive directors, and feedback from within the company. It is the responsibility of the board to ensure that the Group's regulatory responsibilities are upheld, and shareholders receive suitable information through our internal reporting structures.	The Group will appoint a Sustainability Committee, which will meet on a quarterly basis and includes representatives from management teams across the business and a director. This ensures that identified risks and opportunities are effectively communicated to the Board. They will discuss, plan, and implement strategy when approved by the board. The Sustainability Committee will continue to work with our externally appointed sustainability advisors on climate-related matters as we improve our reporting capacity and carbon literacy in this area.

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	The Board considers Climate Change to be a principal risk and as a result, Climate Change is considered in key strategic decisions, where relevant. The key areas of risk and opportunity have been identified in this report's disclosure. The Group will maintain vigilance on further external risks through continuous weekly operational meetings, monthly board meetings and through external consultation.	The Sustainability Committee will include a director, who will report identified risks and opportunities to the Board on a quarterly basis. The board will then consider these proposals within monthly meetings and act where appropriate to align with the financial goals and strategy of the company.

Metrics and Targets

Identifying, measuring, and reporting on climate-based metrics are imperative to track our progress to create realistic but challenging climate goals. Within Scope 1 and 2 our SECR reporting, including intensity metrics, will identify improvements and challenges each year.

The Group is aware that as with most businesses within hospitality, the majority of our emissions lie within Scope 3 – therefore the group has and will continue to improve our measurement and tracking capability across Scope 3 in the coming year.

It is likely Scope 3 reporting will become mandatory in the short-to-mid-term therefore the Group will be proactive in setting up the internal capacity required ahead of such time.

Disclosure Requirement	
Disclose the metrics used by the organization to assess climate- related risks and opportunities in line with its strategy and risk management process	Scope 1 and 2: Direct CO2 emissions are measured within our SECR report. Fluctuating energy prices of the past year have highlighted the importance of reducing our consumption which we will look to do through behavioural change and material operational changes. We will continue to collaborate with our energy broker My Energy to reduce consumption and therefore costs to the business of Scope 1 and 2. We also monitor our business mileage and will look improve our reporting around fuels in the following year. Scope 3: We are working with Biffa to monitor and track disposal methods across different waste types. We will continue to progress this relationship in the coming year focusing on food waste and recycling proportions. Used

	cooking oil is collected and recycled through our supplier Olleco, minimising the impact of waste oil. As stated above the Group will look to expand its capacity in Scope 3 measurement in the following year. This will help us create a climate-driven strategy in appropriate areas that improves our resilience as a business, cuts costs where available and strengthens the Group's brand.
Disclose Scope 1, Scope 2 and, if appropriate, Scope 2 greenhouse gas ("GHG") emissions and the related risks	Please refer to the Streamlined Energy and Carbon Reporting ("SECR") statement in the Corporate Governance Section. Key Information: Scope 1 emissions: 1,558.52 tCO2e Scope 2 emissions: 1,477.02 tCO2e Total: 3191.28 tCO2e Intensity ratio tCO2e/m2: 0.164
Describe the targets used by the organization to manage climate- relates risks and opportunities and performance against targets	It will be the responsibility of the sustainability committee to set realistic targets for our climate-related risks and opportunities. We are aware of the possible positive and negative outcomes posed by the issues that we have identified. The Group will continue to develop its business strategy in line with sound financial planning and scenario sensitivity where appropriate. Furthermore, a development in our measurement capacity will increase the validity of our target setting and resultant performance against the targets set by the board and sustainability committee. We will look to specialist practitioners and industry bodies such as UKHospitality and Zero Carbon Forum for guidance and support in target setting and measurement.

Report of the directors for the 53 weeks ended 31 December 2023

The Group presents its greenhouse gases ("GHG") emissions and energy use data under Streamlined Energy and Carbon Reporting ("SECR") for the 53-week period ended 31 December 2023:

	tCO2e	tCO2e
	53 weeks ended	**52 weeks ended**
	31 December 2023	**25 December 2022**
Scope 1 – Natural Gas	1,558	987
Scope 2 – Electricity	1,477	1,461
Scope 3 – Grey Fleet Mileage	156	165
Total	3,191	2,613

An energy intensity ratio of 0.164 (2022: 0.134) has been measured using the metric of tonnes CO_2e per m^2 floor area ("tCO_2e").

The Group's total energy consumption for the 53-week period ended 31 December 2023 was 16,294,993 kWh (2022: 13,638,208 kWh).

Donations

The Group made no charitable or political donations in the period (2022: none).

Financial Instruments

Details of the use of financial instruments and the principal risks faced by the Group are contained in Note 26 to the financial statements.

Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion the Directors have prepared cash flow forecasts to the end of December 2025 to include the positive impact of the Restructuring Plan. The cash flow forecasts have included, amongst other things, sensitivity analysis to model the effect of changing economic assumptions in relation to cost increases and the associated cost of living crisis. The Group's energy contracts have been fixed to September 2025 benefitting from an approximate 10% reduction, food costs have been somewhat mitigated through menu changes and the Bank of England has forecasted inflation to fall further in 2024. Nevertheless, the Directors expect the trading environment to remain challenging throughout 2024 which could present material uncertainty.

The £750,000 loan is intended to be converted to equity at the earliest opportunity contingent with shareholder approval. The Group has received irrevocable undertakings to vote in favour of the necessary share allotment authority resolutions in relation to the conversion, representing approximately 35 per cent of the current issued share capital of the Company. Given the terms of the loan, the Directors are very confident that the shareholders will approve the conversion at the General Meeting to be convened shortly.

The going concern basis of accounting has, therefore, been adopted in preparing the financial statements. However, it is recognised that there is uncertainty as to how the Group would repay the loan note if it were not converted to equity and in relation to the challenging trading environment. This uncertainty represents a material uncertainty that may cast doubt on the Group's ability to continue as a going concern. The Board’s assessment of going concern can be found in note 1(c) to the financial statements.

Disclosure of information to auditors

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

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

Auditors

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

On behalf of the Board.

Daniel Jonathan Plant
Chief Executive Officer
27 June 2024

Corporate Governance for the 53 weeks ended 31 December 2023

The Directors recognise the importance of sound corporate governance and intend to comply with the Corporate Governance Guidelines, to the extent appropriate for a company of its nature and size.

Changes to corporate governance regime

The Group adopted the Quoted Companies Alliance (QCA) Corporate Governance Code ("Code") following the changes to the AIM Rules for Companies implemented in September 2018. We will provide annual updates on our compliance with the Code. Set out below is how we comply with the Code:

Principle 1: Establish a strategy and business model which promotes long-term value for shareholders

The Group owns and operates mid-priced pan-Asian and "pizza, pasta, grill" restaurants throughout the UK. Our objectives are to provide an excellent customer experience and thereby nurture and develop our brands through our branches to promote long term value for our shareholders.

The Group is constantly strengthening its operating model and over the last few years has increased the delivery offering and avenues of delivery. The challenge over the last year has been to manage the cost pressures.

Principle 2: Seek to understand and meet shareholder needs and expectations

An open dialogue with shareholders is important to the Group. At both the Group's AGM and separate meetings with institutional shareholders following the publication of the Group's year-end and half-yearly results, the Group seeks to engage with shareholders to better understand their concerns and objectives. Feedback following these meetings is reviewed and analysed by the Board.

The AGM is led by the Chairman, Keith Lassman, and the full Board attends. Individual investor meetings are generally attended by the CEO and the FD.

The results of the AGM are announced to the market and uploaded to the Group's website (www. dimt.co.uk/investor-relations).

The point of contact for shareholder liaison is:

Daniel Jonathan Plant, Chief Executive Officer Tel: 020 7637 1166

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long- term success.

The Group recognises the importance of good relations with stakeholders, both internal and external and we strive to improve and develop this. Feedback on how we perform as a Group and how we can improve is the key to its success.

Customers

We have invested in systems which gives us access to customer feedback on a daily basis and allow us to harness the opinions of thousands of customers each month. Using this information, we learn about our customers and what they enjoy about our restaurants, food and their dining out experience. We will continue to leverage this improved knowledge to test menu development, promotional activity and continue to build loyalty to the brands.

Consumer tastes and habits are continually changing and the ability to keep pace with the demands of the consumer is integral to long term growth. The Group has invested in increasing the level of feedback received from customers using several channels, including mini wi-fi surveys in-store, a detailed customer feedback system and technology to collate online opinions. The Group has increased social media and marketing engagement and continually reviews ways of improving customer engagement. Offering new menu items on our menu is a key focus as well as adapting to trends.

Employees

We are sad that we have had to make the difficult decision to make a large number of our teams redundant as a result of the necessary Restructuring Plan we have undertaken. It is especially upsetting to lose loyal and dedicated employees at every level but we believe this action will protect the long-term security of the Group and the remaining employees. We wish everyone who we were unable to hold on to, good luck for the future and we are extremely grateful for all their hard work and support over the years.

We are still overcoming the long-term effects of the pandemic and we are working with an increasingly younger talent pool coupled with noticeable shifts identified in the needs and expectations of both current and prospective employees. We remain fully committed and invested in updating our core processes and this has been at the forefront of our people strategy.

Retention of employees is still very much an industry-wide challenge, with transient workers who are generally prepared to readily move jobs. However, despite pay being a highly sensitive factor, we have seen a large return of previous employees and a significant contingent of loyal committed employees remaining with the business who are happy with the career and development opportunities we offer.

Our Manager and Christmas Roadshows include team building exercises and celebrations in order to bring together the wider team away from their individual sites and ensure greater engagement and understanding of our new menus and the Christmas offer.

We constantly strive to look after the mental health and wellbeing of our colleagues. Our approach is to put people first by engaging more frequently with the teams and efficiently monitoring and tracking time off and annual leave. We have also rolled out a new internal communication platform which allows our colleagues to properly disconnect when not at work.

Training and development

2023 saw the foundations of our ambitious people strategy being laid, along with a companywide training needs analysis which enabled us to unpick, understand and plan our way forward. 2024 will now see us building from those solid foundations.

The focus of 2024 is to review, refresh and relaunch our Vision & values, strengthen our internal brand and develop our team. With a continual drive to support and empower our management team to be able to offer solid internal training and progression, by means of their own professional development and by building further on our library of resources.

Key 'spotlight' areas in 2024 will be bolstering our service offer with pre-emptive training, creating internal project development groups, maintaining our small cohort People roadshows and installing a chef training program across all ranks.

Diversity

We continue to work to create and maintain a caring and open environment. Our recruitment practices are designed to be bias-free and to attract as wide an applicant base as possible.

For our Gender Pay Gap ("GPG") figures for 2023, we reported on a smaller number of "full-pay relevant employees" ("FPE") at 899 employees of the 1,041 "relevant employees" ("RE"). The FPE accounted for 86%.

Our mean GPG is 13.73% which shows a slight improvement on our 2022 figure of 14.30%.

We are delighted that we have almost achieved a 49:51 female/male split of the FPE. Of our management teams, including restaurant and central, 50% are female.

We are focused on offering flexible working and contracts to attract a broader and more diverse workforce. We are not complacent, and rigorous pay review, reward and recruitment processes are in place to ensure we are doing all we can to eliminate any gender pay gaps.

In addition, we continue to have the privilege of having a highly diverse workforce. This allows us to make sure we can attract the most talented employees regardless of background. This includes applications from disabled persons which are given full consideration providing the disability does not seriously affect the performance of their duties. Such persons, once employed, are given appropriate training and equal opportunities.

As well as equality and diversity training being a mandatory course for all general managers on our e-learning platform, we are also rolling out face-to-face training on these important topics.

Communication

We believe having open two-way communication lines between leadership and the team, is key to our success. We have implemented communication structures that allow us to consult with our team and effect change more effectively and efficiently within our restaurants. This also increases the availability of feedback to the leadership team. In addition, weekly newsletters are shared with all restaurants which allows us to update on all changes, share best practice, celebrate success, advertise internal vacancies and highlight learning and development opportunities for our managers and teams.

Modern day slavery

As part of our Company mission to "Do the Right Thing for our People, Customers and Suppliers" we oppose modern slavery in all its forms and will try to prevent it by any means that we can. We expect anyone who has any suspicions of modern slavery in our business or our supply chain to raise their concerns with us without delay.

We are committed to conducting our business activities with integrity and holding ourselves to a high ethical standard. To this end we have implemented an Anti-Slavery policy which will be reviewed annually. Our policy is available on the Wildwood website: https://wildwoodrestaurants.co.uk/terms/. This policy aims to minimise the risk of modern-day slavery within our restaurants or our extensive supply chain.

Suppliers

We have built up a close relationship with most of our suppliers over several years and have a good understanding of our mutual business needs. Over the last 12 months we have seen inflationary increases as a directly result of utility increases and shortages caused by the war in Ukraine. These increases seem to have stabilised for now.

Corporate Governance for the 53 weeks ended 31 December 2023

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

Audit, risk and internal control financial and non-financial controls

The Board has overall accountability for ensuring that risk is effectively managed across the Group and the Audit Committee has responsibility for reviewing the effectiveness of the Group's risk processes. The Board has overall responsibility for the Group's policies and procedures and for ensuring that they are in line with regulations and are sufficiently robust to ensure appropriate internal controls are maintained, while also providing a suitable framework within which the Group's function can operate.

The Group, in common with all businesses, could be affected by risks and uncertainties that may have a material effect on its business operations and achieving its strategic objectives including its business model, future performance, solvency or liquidity. Similarly, the risk management process and systems of internal control are designed to manage rather than eliminate the risk of failures to achieve the Group's objectives. Where possible, the Group seeks to mitigate these risks through these internal controls, but this can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Group has established internal financial controls, the effectiveness of which is regularly reviewed by the executive Board and the Audit Committee, in light of an ongoing assessment of significant risks facing the Group.

The Directors utilise a large number of detailed performance indicators to manage the business.

- The Board is responsible for reviewing and approving overall Group strategy, approving budgets, plans and capital expenditure, and for determining the financial structure of the Group including treasury, tax and dividend policy (if applicable). Weekly and monthly results and variances from plans and forecasts are reviewed by the Board.

- The Audit Committee assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper financial controls. The Board liaises with the Group's auditors in respect of both the half-yearly and year-end results and has a committee call once a year.

- Procedures are in place for budgeting and planning, for monitoring and reporting to the Board business performance against those weekly and monthly budgets and plans, and for forecasting expected performance over the remainder of the financial period. These cover profits, cash flows, capital expenditure and balance sheets. Weekly and monthly results are reported against budget and compared with prior periods, and forecasts for the current financial year are regularly revised in light of actual performance. Both weekly and daily figures are circulated to the Board.

The Group also has in place other internal controls which are appropriate for the size, complexity and risk profile of the Group. The principal elements of the Group's internal control system include:

- close management of the day-to-day activities of the Group by the Executive Directors;

- a structure with defined levels of responsibility, which promotes decision-making and rapid implementation while minimising risks;

- central control over key areas such as capital expenditure authorisation and banking facilities; and

- whilst there is no dedicated control manager there are clearly defined roles, responsibilities and practices to ensure that compliance is adhered to.

The Group continues to review its system of internal controls to ensure compliance with best practice, while also having regard to its size and the resources available. They also investigate any significant breaches of control and recommend how to prevent such breaches in future. As part of the Group's review a number of non-financial controls covering areas such as regulatory compliance, business integrity, health and safety, risk management, business continuity and corporate social responsibility (including ethical trading, supplier standards, environmental concerns and employment diversity) have been assessed. The key elements of those non-financial controls are set out below.

Standards and policies

The Board is committed to maintaining appropriate standards for all the Group’s business activities and ensuring that these standards are set out in written policies.

Approval process

All material contracts are required to be reviewed and signed by a Director of the Group and, where necessary, legal advice is obtained.

Re-assessment

The Group has business continuity plans to address key risks that have an immediate impact. Risks facing the business are re-assessed, and potential mitigating actions are considered and implemented to help protect against those risks.

Code of Conduct

Our Code of Conduct includes guidance on anything that is considered inappropriate; (including business integrity, anti-bribery, gifts, bullying, discrimination and racism) they are sent to everyone in the Group and are visible in all workplaces.

Principle 5: Maintaining the Board as a well-functioning, balanced team led by the Chair

The Board comprises a Non-Executive Chairman, Keith Lassman, an Executive Director, Jonny Plant, and two Non-Executive Directors, Wendy Dixon and Harald Samúelsson. From 1 April 2023, Harald Samúelsson has reverted to his previous position as an independent non-executive Director.

All Directors are encouraged to use their independent judgement and challenge all matters, whether strategic or operational. Generally, regular board meetings are held monthly, with supplementary board meetings, for example, for approvals. In 2023 we had 14 regular board calls/meetings, and in 2024 we plan to continue monthly meetings. The Board meetings were attended by the full Board. The Board is fully committed to Tasty plc and each member will contribute hours as required. The Board meetings shown below include regular meetings and not special meetings.

Attendance by directors	Board meetings 2023
Keith Lassman	14
Daniel Jonathan Plant	14
Mayuri Vachhani (resigned 31 March 2023)	4
Harald Samúelsson	11
Wendy Dixon	10
Gordon Browne (as observer)	8

The Group has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of its directors' other commitments and interests, and changes to these commitments and interests are reported to and, where appropriate, disclosed to and agreed with the rest of the Board.

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in the food and beverage sector. All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports weekly and monthly on its headline performance against its agreed budget. The Board reviews the weekly and monthly updates on performance, and any significant variances are examined at each meeting.

The Board ensures that they are kept up to date of industry developments, changes and new legislation through news updates and training where necessary.

The Company's Articles of Association require that one-third of the Directors must retire and, if desired, may stand for re-election by shareholders annually in rotation; and that any new Directors appointed during the year must stand for election at the AGM immediately following their appointment.

Independent advice

All Directors are able to take independent professional advice in respect of their duties at the Group's expense. In addition, the Directors have direct access to the advice and services of the Group's legal and accounting advisers, and the Nominated Adviser. Advice is also extended to experts on complex legal matters.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

Due to the relatively small size of the Group and the Board, there is no formal process to assess the performance of each Board member. However, on an ongoing basis through regular meetings there is an opportunity to discuss development and training needs. Also, as part of this ongoing process the following is reviewed:

- their contribution is relevant and effective;
- that they are committed; and
- where relevant, they have maintained their independence.

Principle 8: Promote a culture that is based on ethical values and behaviours

The Board aims to lead by example and do what is in the best interests of the Group. The culture of the Group is to go the extra mile for customers, suppliers, shareholders and people. In order to grow our customer base, it is vital that all our employees act in a way that reflects the values of the business. Examples of this are:

- supporting local communities events;
- supporting NHS local hospitals and armed forces; and
- group participation in many charitable events.

We have stopped using plastic straws and committed to a policy recommended by the Humane League.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

Board programme

The Board meets monthly, and prior to the meeting sets an agenda, agreed by all members for discussion at the meeting. Additional meetings are convened should the need arise. Board packs are provided in advance of each meeting to allow time for review beforehand and subsequent discussion at the meeting. Minutes are taken at the meeting to record discussions, actions and resolutions.

Roles of the Board, Chairman and Chief Executive Officer

The Board, which from 1 April 2023, comprises a Non-executive Chairman, one Executive Director and two Non-executive Directors, is responsible for the long-term success of the Group. The Board is responsible for overall Group strategy; approval of major investments; approval of the annual and interim results; annual budgets and Board structure. It monitors the exposure to key business risks and reviews the strategic direction of the Group's branches, their annual budgets and their performance in relation to those budgets. There is a clear division of responsibility at the head of the Group. The Chairman is responsible for running the business of the Board and for implementing and monitoring corporate governance structures and processes. The Chief Executive Officer is responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Group through the team.

All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports weekly and monthly on its headline performance against its agreed budget, and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting. The Chief Executive officer has weekly meetings and conference calls with the area managers and department heads.

Board committees

The Board is supported by the Audit and Remuneration Committees. Each committee has access to such resources, information and advice as it deems necessary, at the cost of the Group, to enable the committee to discharge its duties.

Corporate Governance for the 53 weeks ended 31 December 2023

The Audit and Remuneration Committees comprise two of the Non-executive Directors and are chaired by the Chairman. Other Directors are invited to attend as appropriate and only if they do not have a conflict of interest. The Audit and Remuneration Committees' members meet as required.

The Audit Committee receives, and reviews reports from management and the auditors relating to the annual and interim accounts and the accounting and internal control systems used by the Group. The Group last tendered the audit in 2019 and Haysmacintyre LLP were appointed to replace the previous auditors. The external auditors may perform certain non-audit services for the Group. Any such non-audit services require pre-approval by the Audit Committee and are only permitted to the extent allowed by relevant laws and regulations. Full details of the auditor's remuneration are shown in note 4 to the Financial Statements.

The Audit Committee has primary responsibility for ensuring that the financial performance of the Group is properly measured and reported on. The Audit Committee receives, and reviews reports from the Group's management and auditor relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee meets once a year or more at appropriate intervals in the financial reporting and audit cycle and otherwise as required. The Audit Committee has unrestricted access to the Group's auditor. The principal areas of focus during the year included the following items:

- review of the Annual Report and financial statements.
- approval of the management representation letter.
- review of the auditors' fees and engagement letter. The Audit Committee met with the external auditors to review their Audit Plan, their report and significant findings arising during the audit.

The Remuneration Committee's principal responsibility is to review the scale and structure of the Executive Directors remuneration and the terms of their service contracts. The Audit Committee receives, and reviews reports from management and the auditors relating to the annual and interim accounts and the accounting and internal control systems used by the Group.

The Remuneration Committee intends that its policy and practice should align with and support the implementation of the Group's strategy and effective risk management for the long term. The policy is intended to motivate the right behaviours and to ensure that any risk created by the remuneration structure is acceptable to the Remuneration Committee and within the risk appetite of the Board and its strategy.

The Remuneration Committee considers the expectation of shareholders when setting pay structure and incentive policies. The Committee also considers whether the remuneration package should consist of fixed and variable pay elements.

Principle 10: Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Group communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the Annual General Meeting ("AGM") and one-to-one meetings with significant existing or potential new shareholders.

The Board receives regular updates on the views of shareholders through briefings and reports from the Group's brokers. The Group meets with institutional investors following the half-yearly and year-end results.

Where a significant proportion of votes (e.g. 20% of independent votes) have been cast against a resolution at any general meeting, the Group will on a timely basis, include an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.

For all historical annual reports and other governance-related material including notices of all general meetings over the last five years please refer to our website https://dimt.co.uk/investor-relations/profile/.

Executive Directors' Remuneration report

The Group's remuneration policy is designed to provide competitive rewards for its Executive Directors, taking into account the performance of the Group and the individual Executives, together with comparisons to pay conditions in the sector in which the Group operates. The committee seeks to establish a basic salary for each Executive determined by individual responsibilities and performance, taking into account comparable salaries for similar positions in companies of a similar size and sector.

Basic Salary

Basic salaries are reviewed on an annual basis or following a significant change in responsibilities. The Remuneration Committee seeks to establish a basic salary for each Executive by reference to individual responsibilities and performance, considering comparable salaries for similar positions in companies of a similar size and sector.

Incentive Shares

These are designed to reflect the Group's share price performance, aligning participants interests with those of shareholders. Further details of the scheme are set out on page 75.

Benefits

The Executive Director(s) are entitled to a range of benefits, including contributions to individual personal pension plans, private medical insurance and reviewing life assurance.

Service Contracts and Notice Periods

The Executive Director(s) are employed on rolling contracts subject to three or six months' notice. Service contracts do not provide explicitly for termination payments, but the Group may make payments in lieu of notice, being basic salary and other relevant emoluments for the notice period.

Non-Executive Directors

All Non-executive Directors have a letter of appointment subject to three months' notice. In the event of termination of their appointment they are not entitled to any compensation. Non-executive Directors' fees are determined by the Executive Directors having regard to the needs of the Group and comparative fees paid in the sector in which the Group operates. They are not eligible for pensions or other benefits.

Directors' Emoluments

The remuneration of each Director is set on page 64.

Statement of directors' responsibilities

The Directors are responsible for preparing the strategic report, the annual report and the financial statements in accordance with applicable law and regulations.

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

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

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

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

Website publication

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

Independent auditors' report to the members of Tasty plc

Opinion

We have audited the financial statements of Tasty plc (the 'parent company') and its subsidiaries (the 'group') for the 53-week period ended 31 December 2023 which comprise:

Group	Company
• the Consolidated Statement of Comprehensive Income;	• the Company Statement of Changes in Equity;
• the Consolidated Statement of Changes in Equity;	• the Company Balance Sheet;
• the Consolidated Balance Sheet;	• the Company Statement of Cash flows;
• the Consolidated Statement of Cash flows;	• and related notes to the financial statements
• and related notes to the financial statements	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Financial Reporting Standards (IFRSs).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's loss for the period then ended;
- have been properly prepared in accordance with UK adopted IFRSs; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group 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 as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1(c) in the financial statements, which indicates that the ability of the group and company to continue as a going concern is subject to a material uncertainty in relation to the conversion of the convertible loan note, which is conditional on shareholder approval and achieving the required level of future trade to meet its cash generation targets following the Restructuring Plan. As stated in note 1(c), this represents a material uncertainty that may cast significant doubt on the group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Our evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included an assessment of the inherent risks to the Group's business model and how such risks may impact the ability of the group to continue operations over the going concern assessment period, together with a review of the Group's cash flow forecasts and planned

responses to these inherent risks. There is uncertainty due to ongoing cost rises and the associated "cost of living crisis", which is impacting demand in the hospitality industry. There is a risk that this could impact the demand for the Group's services and therefore the forecast sales may not be met. Following the restructure a number of sites have already closed however there is less certainty on when further sites will close. Furthermore, the conversion of the convertible loan note issued post year end is contingent on the approval of a majority of the voting shareholders and therefore there is a risk that this is not be approved which would significantly impact the cash reserves of the group. The directors have concluded that the combination of the matters set out in note 1(c) represent a material uncertainty which could cast significant doubt over the going concern status of the Group due to the convertible loan note and the future trade following the Restructuring Plan and we agree that this is adequately disclosed in the Strategic Report and the accounting policies.

Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting also included:

- We reviewed and assessed management's assessment of the group's ability to remain a going concern;
- Reviewing and understanding the cash flow forecasts for the period to end of December 2025 which are the central element of management's going concern assessment;
- Assessing and challenging the inputs in and judgements made in the preparation of the cash flow forecasts for the period to end of December 2025;
- Performing stress tests including sensitivity analysis to model the effect of changing assumptions made or amending key data used in management's cash flow forecasts and considering the impact on the group's ability to adopt the going concern basis

We concur with management that, the uncertainty around the future trade and the reliance of the loan note converting into equity constitutes a material uncertainty.

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

An overview of the scope of our audit

As the Group comprises a parent holding company and one trading subsidiary the scope of our work was the audit of the financial statements of the Group and its trading subsidiary. The scope of the audit and our audit strategy was developed by using our audit planning process to obtain and update our understanding of the Group, its activities, its internal control environment, current and where relevant to our audit, likely future developments.

Our audit testing was informed by this understanding of the Group and accordingly was designed to focus on areas where we assessed there to be the most significant risks of material misstatement.

Audit work to respond to the assessed risks was performed directly by the audit engagement team who performed full scope audit procedures on the Parent Company and the Group as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the

financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How we addressed the key audit matter in the audit
Revenue recognition - The risk of incorrect or inappropriate treatment and recognition (principally the risk of overstatement) of food and beverage revenue and other income streams under IFRS. The majority of the Group's revenue transactions are noncomplex, with no judgement applied over the amount recorded. However, we consider there to be increased risks relating to fraud in revenue recognition in respect of the risk of management override of controls and journals to revenue. There is an elevated risk of errors in the recognition of cut off of revenue as the recognition of income around the year end may be more susceptible to override or error.	We performed perform specific tests to consider whether revenue has been recorded in the correct period and is free from misstatement. • Evaluated the processes and controls relating to the recognition of revenue and related balance sheet accounts; • We completed a cash reconciliation test, as well as test a test in total between the till system and the accounting system; • As part of this review, we considered the operating effectiveness of the relevant accounting systems; • We reviewed a sample of the weekly reconciliations of till system to bank receipts/credit card receipts to consider the accuracy of information included within the respective accounting systems; • Our review also included an assessment of the appropriateness of the recognition of trade receivables, accrued income and the completeness of deferred income; • We applied data analytics techniques to visualise and group the Group's entire revenue population to identify how the Group's revenue is posted and to identify revenue transactions that fell outside of expectations of the standard revenue recognition cycles for further analysis;. • We performed specific testing on revenue recognised around the year end ("cut off" testing) to assess the risk that revenue had been recognised in the wrong periods, this testing included a review of revenue from takeaway orders which was considered to be a higher risk.
Risk of Impairment of property, plant and equipment and other assets - IAS 36 ensures that the assets of an entity are carried at no more than their recoverable	• We obtained and reviewed management's calculations of the net present value ("NPV") of each restaurant site which management consider to represent cash generating units

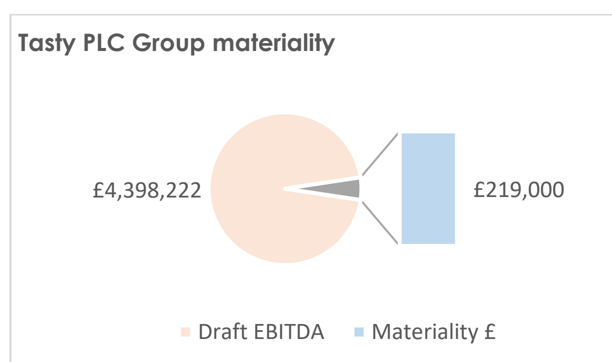
Key audit matter	How we addressed the key audit matter in the audit

amount and sets out indicators of impairment which should be considered in the preparation of financial statements.
 	
Continued economic uncertainty in the UK due to high levels of cost inflation, increasing interest rates and the broader 'cost of living crisis' combine to pose a risk of reduced demand for the group's products.
 	
Simultaneously the group is not immune to cost pressures and faces increasing costs for its inputs, particularly wages and salaries, food prices and energy costs.
 	
There is then, a risk that indicators of impairment exist as some sites may not have performed as expected and thus their carrying value cannot be supported or justified.
 	
This could lead to an impairment charge that has not been recognized by management
	("CGUs"). Management use these calculations for determining whether individual sites are impaired;
	
	• We critically assessed the methodology used by management to calculate the NPV by site and considered alternative models
	
	• We recalculated the NPV for each site and in total using our own model but management's inputs to test the integrity and arithmetical accuracy of management's calculations.
	
	• We reviewed the calculations and assessed whether these correctly identified the value in use of each site;
	
	• We assessed and challenged the estimates and judgements made and assumptions used, the key inputs being:
	  ○ Forecast future results for each site
	  ○ Discount rate
	  ○ Future cashflow forecast, including capital spend
	  ○ Growth rate
	  ○ Lease length
	
	• We selected for further investigation, those sites where the surplus of the calculated NPV over carrying value was most sensitive to the risk of forecasts not being achieved
	
	• We obtained evidence to support the assumptions used and performed sensitivity analysis on the growth rate and discount rate;
	
	• We compared the capital spend to that in previous years. We considered the allocation of impairment between each class of fixed asset;
	
	• We reviewed the financial statement disclosures and considered the appropriateness of the disclosed sensitivities that are included.

Our application of materiality

The scope and focus of our audit were influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

The materiality for the Group financial statements as a whole was set at £219,000 (25 December 2022 – £214,000). This was determined as being 5% of draft EBITDA.



EBITDA was selected as a benchmark because it is a Key Performance Indicator of the Group and stakeholders are principally interested in the underlying performance of the group.

Materiality was reassessed during the audit and it was considered reasonable to maintain materiality as £219,000.

The materiality for the Parent Company accounts was set at £109,000 (25 December 2022 – £123,000). This was determined as being 2% of gross assets.

On the basis of our risk assessment, our experience of prior year audits and review of the Group's control environment, performance materiality was set at 70% of materiality, being £153,000 (25 December 2022 – 75% of materiality being £161,000).

The reporting threshold to the audit committee was set as 5% of materiality, being £11,000 (25 December 2022 – £10,700). If, in our opinion in differences below this level warranted reporting on qualitative grounds, these would also be reported.

Other information

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Independent auditors' report to the members of Tasty plc

Opinions on other matters prescribed by the Companies Act 2006
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.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
• adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
• the parent company financial statements are not in agreement with the accounting records and returns; or
• certain disclosures of directors' remuneration specified by law are not made; or
• we have not received all the information and explanations we require for our audit.

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

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

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

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. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements in respect of employment law, including but not limited to minimum wage regulation, and foods standards requirements. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate manual journal entries to revenue and the risk of management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- The evaluation of management's controls designed to prevent and detect irregularities;
- The identification and review of manual journals, in particular journal entries which shared key risk characteristics; and
- The review and challenge of assumptions, estimates and judgements made by management in their recognition of accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

Laura Mott

Laura Mott (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
10 Queen Street Place
London EC4R 1AG
27 June 2024

Consolidated statement of comprehensive income

for the 53 weeks ended 31 December 2023

	Note	53 weeks ended 31 December 2023 £'000	52 weeks ended 25 December 2022 £'000
Revenue	3	**46,910**	44,027
Cost of sales		**(44,754)**	(44,123)
Gross profit/ (loss)		**2,156**	(96)
Other income	3	**374**	414
Operating expenses		**(14,840)**	(4,370)
Operating profit/ (loss) before highlighted items		**264**	(1,687)
Highlighted items	5	**(12,574)**	(2,365)
Operating loss	4	**(12,310)**	(4,052)
Finance income	6	**140**	41
Finance expense	6	**(2,303)**	(2,421)
Loss before income tax		**(14,473)**	(6,432)
Income tax	9	**-**	-
Loss and total comprehensive loss for the period		**(14,473)**	(6,432)
Earnings per share for loss attributable to the ordinary equity holders of the company			
Basic earnings per share	10	**(9.89p)**	**(4.40p)**
Diluted earnings per share	10	**(8.89p)**	**(4.03p)**

The notes on pages 50 to 83 form part of these financial statements.

Consolidated statement of changes in equity

for the 53 weeks ended 31 December 2023

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
Balance at 26 December 2021	6,061	24,254	992	(26,981)	4,326
Total comprehensive loss for the period	-	-	-	(6,432)	(6,432)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	58	58
Balance at 25 December 2022	6,061	24,254	992	(33,355)	(2,048)
Total comprehensive loss for the period	-	-	-	(14,473)	(14,473)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	11	11
Balance at 31 December 2023	6,061	24,254	992	(47,817)	(16,510)

The notes on pages 50 to 83 form part of these financial statements.

Company statement of changes in equity

for the 53 weeks ended 31 December 2023

	Share capital £'000	Share premium £'000	Retained profit £'000	Total £'000
Balance at 26 December 2021	6,061	24,254	(23,145)	7,170
Total comprehensive loss for the period	-	-	(674)	(674)
Transactions with owners in their capacity as owners:				
Share based payments	-	-	58	58
Balance at 25 December 2022	6,061	24,254	(23,761)	6,554
Total comprehensive loss for the period	-	-	(1,176)	(1,176)
Transactions with owners in their capacity as owners:				
Share based payments	-	-	11	11
Balance at 31 December 2023	6,061	24,254	(24,926)	5,389

The notes on pages 50 to 83 form part of these financial statements.

Consolidated balance sheet

At 31 December 2023

	Note	31 December 2023 £'000	25 December 2022 £'000
Non-current assets			
Intangible assets	12	**31**	25
Property, plant and equipment	13	**12,248**	17,694
Right-of-use assets	13	**23,289**	32,513
Other non-current assets	17	**65**	65
		35,633	50,297
Current assets			
Inventories	16	**1,921**	2,191
Trade and other receivables	17	**1,541**	1,633
Cash and cash equivalents		**4,177**	7,002
		7,639	10,826
Total assets		**43,272**	61,123
Current liabilities			
Trade and other payables	18	**(10,403)**	(12,393)
Lease liabilities	14	**(2,186)**	(1,953)
		(12,589)	(14,346)
Non-current liabilities			
Provisions	19	**(342)**	(339)
Lease liabilities	14	**(46,745)**	(48,358)
Other Payables	18	**(106)**	(128)
		(47,193)	(48,825)
Total liabilities		**(59,782)**	(63,171)
Total net (liabilities)/ assets		**(16,510)**	(2,048)
Equity			
Share capital	22	**6,061**	6,061
Share premium	23	**24,254**	24,254
Merger reserve	23	**992**	992
Retained deficit	23	**(47,817)**	(33,355)
Total equity		**(16,510)**	(2,048)

The financial statements were approved by the Board of Directors of the Company and authorised for issue on 27 June 2024 and signed on their behalf by Daniel Jonathan Plant.

The notes on pages 50 to 83 form part of these financial statements.

Company balance sheet

At 31 December 2023

Company number: 5826464

	Note	31 December 2023 £'000	25 December 2022 £'000
Non-current assets			
Investments	15	**3,403**	3,392
Other non-current assets	17	**1,986**	3,162
Total net assets		**5,389**	6,554
Equity			
Share capital	22	**6,061**	6,061
Share premium	23	**24,254**	24,254
Retained deficit	23	**(24,926)**	(23,761)
Total equity		**5,389**	6,554

The Parent Company, Tasty plc, has taken advantage of the exemption in s408 of the Companies Act 2006 not to publish its own income statement. The Parent Company made a loss of £1.2m (2022 – loss of £0.7m) for the period.

The Parent Company has not recognised leases under IFRS 16 in its balance sheet as management have concluded that the substance of the leases is held by the subsidiary, Took Us A Long Time Ltd ("TUALT") and recognised within its Company accounts (page 45).

The financial statements were approved by the board of directors of the Company and authorised for issue on 27 June 2024 and signed on their behalf by Daniel Jonathan Plant.

The notes on pages 50 to 83 form part of these financial statements.

Consolidated statement of cash flows

For the 53 weeks ended 31 December 2023

	Note	53 weeks ended 31 December 2023 £'000	52 weeks ended 25 December 2022 £'000
Operating activities			
Cash generated from operations	28	**2,532**	4,444
Net cash inflow from operating activities		**2,532**	4,444
Investing activities			
Costs due to sale of property, plant and equipment		**(50)**	-
Purchase of intangible assets		**(9)**	-
Purchase of property, plant and equipment	13	**(250)**	(1,645)
Interest received		**140**	41
Net cash outflow from investing activities		**(169)**	(1,604)
Financing activities			
Bank loan repayment	31	**-**	(1,250)
Finance expense	6	**(2,303)**	(2,421)
Principal paid on lease liabilities	31	**(2,885)**	(3,172)
Net cash used in financing activities		**(5,188)**	(6,843)
Net increase in cash and cash equivalents		**(2,825)**	(4,003)
Cash and cash equivalents brought forward		**7,002**	11,055
Cash and cash equivalents as at the end of the period		**4,177**	7,002

The notes on pages 50 to 83 form part of these financial statements.

Company statement of cash flows

For the 53 weeks ended 31 December 2023

	Note	53 weeks ended 31 December 2023 £'000	52 weeks ended 25 December 2022 £'000
Operating activities			
Cash generated from operations		-	-
Net cash outflow from operating activities		-	-
Financing activities			
Net proceeds from issues of ordinary shares		-	-
Net cash flows used in financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents brought forward		-	-
Cash and cash equivalents as at the end of the period		-	-

The notes on pages 50 to 83 form part of these financial statements.

Notes

forming part of the financial statements for the 53 weeks ended 31 December 2023

1 Accounting policies

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

(a) Statement of compliance

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

(b) Basis of preparation

The financial statements cover the 53-week period ended 31 December 2023, with a comparative period of the 52-week period ended 25 December 2022. The financial statements are presented in sterling, rounded to the nearest thousand and are prepared on the historical cost basis. The accounting policies of the Company are consistent with the policies adopted by the Group.

(c) Going concern

As at 31 December 2023, the Group had net liabilities of £16.5m (2022: net liabilities of £2.0m). The Group meets its day-to-day working capital requirements through the generation of operating cashflow, equity raises and bank finance. The Group's principal sources of funding are:

- Issues of ordinary share capital in the Company on AIM.
- Bank debt when required - the Group has a modest £250,000 overdraft facility.

At the time of approving the financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion the Directors have prepared cash flow forecasts to the end of December 2025 to include the positive impact of the Restructuring Plan. The cash flow forecasts have included, amongst other things, sensitivity analysis to model the effect of changing economic assumptions in relation to cost increases and the associated cost of living crisis. The Group's energy contracts have been fixed to September 2025 benefitting from an approximate 10% reduction, food costs have been somewhat mitigated through menu changes and the Bank of England has forecasted inflation to fall further in 2024. Nevertheless, the Directors expect the trading environment to remain challenging for the remainder of 2024 which could present material uncertainty.

The £750,000 loan is intended to be converted to equity at the earliest opportunity contingent on shareholder approval. The Group has received irrevocable undertakings to vote in favour of the necessary share allotment authority resolutions in relation to the conversion, representing approximately 35 per cent of the current issued share capital of the Company. Given the terms of the loan, the Directors are very confident shareholders will approve the conversion at a General Meeting to be convened shortly. However, it is recognised that there is uncertainty as to how the Group would repay the loan note if it were not converted to equity and in relation to the challenging trading environment. This uncertainty represents a material uncertainty that may cast doubt on the Group's ability to continue as a going concern.

Notes

forming part of the financial statements for the 53 weeks ended 31 December 2023

1 Accounting policies (continued)

(d) Leases

Group's accounting policies for leases are as follows:

Lessee accounting

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

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

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

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

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

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

The lease liabilities recognised in TUALT but in the name of Tasty plc totalled £39m at 31 December 2023 (25 December 2022: £41m). Accordingly, this balance represents a contingent liability for the Company only.

Lessor accounting

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

Based on an analysis of the Group's operating leases as at 31 December 2023 on the basis of the facts and circumstances that exist at that date, the Directors of the Group have assessed that the impact of this change has not had any impact on the amounts recognised in the Group's consolidated financial statements.

1 Accounting policies (continued)

Short-term leases and leases of low-value assets

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

Covid-19 related rent concessions

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

(e) Changes in accounting policies and disclosures

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

Amendments to accounting standards applied in the 53 weeks ended 31 December 2023 were as follows:

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

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

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

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

- IFRS 7 and IAS 7: Supplier Finance Arrangements (effective for periods commencing on or after 1 January 2024)
- IAS 1: Non-current liabilities with covenants (effective for periods commencing on or after 1 January 2024)

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

Notes

forming part of the financial statements for the 53 weeks ended 31 December 2023

1 Accounting policies (continued)

(f) Basis of consolidation

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

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

(g) Revenue

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

(h) Other income

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

(i) Retirement benefits: Defined contribution schemes

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

(j) Share based payments

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

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

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

Notes

forming part of the financial statements for the 53 weeks ended 31 December 2023

1 Accounting policies (continued)

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

(k) Borrowing costs

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

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

(l) Externally acquired intangible assets

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

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

Intangible asset	Useful economic life
Trademarks	10 years

(m) Property, plant and equipment

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

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

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

1 Accounting policies (continued)

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

(n) Non-current assets held for sale

Non-current assets are classified as held for sale when the Board plans to sell the assets and no significant changes to this plan are expected. The assets must be available for immediate sale, an active programme to find a buyer must be underway and be expected to be concluded within 12 months with the asset being marketed at a reasonable price in relation to the fair value of the asset. There are currently no assets held for sale as at 31 December 2023.

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

(o) Provisions

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

(p) Loans and receivables

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

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

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

1 Accounting policies (continued)

recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

(q) Apprenticeship funding and levy

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

(r) Financial liabilities

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

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

(s) Inventories

Raw materials and consumables

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

Crockery and utensils (Smallwares)

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

(t) Taxation

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

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

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

1 Accounting policies (continued)

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

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

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

(u) Goodwill

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

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

(v) Investments

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

(w) Share capital

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

(x) Operating profit

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

(y) Earnings per share

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

2 Critical accounting estimates and judgements

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

However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liability affected in the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

(a) Share based payments (Note 25)

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

(b) Accruals (Note 18)

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

(c) Impairment reviews (Note 13)

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

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

All assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the recoverable amount is higher than the carrying amount of the CGU, no further assessment is required. Where the carrying value of an asset or a CGU exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to dispose of the asset), the asset is written down accordingly. In the absence of any information about the fair value of a CGU, the recoverable amount is deemed to be its value in use. Value in use is calculated using cash flows over the remaining life of the lease for the CGU discounted at 9.75% (2022: 8%), being the rate considered to reflect the risks associated with the CGUs. The discount rate is based on the Group's weighted average cost of capital ("WACC") and an allowance for risk which is used across all CGUs due to their similar characteristics. The discount rate in 2023 has increased in line with the Bank of England base rate. The lease length used in the value in use calculations is management's best estimate of the expected life at the impairment review date.

The cost-of-living crisis has resulted in increased uncertainty in the performance across CGUs over the short-term future and the cashflow over the next 12 months may not always be indicative of the future cashflows. Historically a combination of past performance and future trading forecast is often used as a guide in estimating future cashflow, or comparison with similar sites. In assessing the current impairment provision there has been a greater reliance on longer term future forecasts as short-term forecasts are impacted by the "cost of living crisis" and inflation. The cashflow of each CGU has been determined based on management's judgement of performance, impact of the utility costs and expected recovery in future years and therefore each CGU's cashflow has been selected based on an individual criterion. Management's judgement has been applied in selecting this criterion due to the uncertainty arising from amongst other conditions, cost of living increases and utility cost pressures and therefore a 2.0% growth rate (2022 – 0.75%) has been applied. Included within the cashflow is management's estimate of the capital expenditure required to maintain performance of the sites in the future years. The carrying amount of Fixed Assets and ROU assets and the sensitivity of the carrying amounts to the assumptions and estimates are outlined in Note 13.

(d) Goodwill impairment reviews (Note 12)

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

(e) Intercompany provision (Note 17)

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

(f) Crockery and utensils (Smallwares) inventory

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

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

The calculation of lease liabilities requires the Group to determine an incremental borrowing rate ("IBR") to discount future minimum lease payments. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR rate of 4.6% therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. As at 31 December 2023, a sensitivity analysis has been conducted on the lease liabilities which shows that increasing the IBR rate by 1% will decrease the lease liability by £2.8m and decrease the right-of-use asset pre-impairment by £2.2m.

(h) Provision

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

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

(i) Lease recognition

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

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forming part of the financial statements for the 53 weeks ended 31 December 2023

3 Revenue, other income and segmental analysis

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

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

	53 weeks ended 31 December 2023 £'000	52 weeks ended 25 December 2022 £'000
Sale of goods and services: dine-in	**42,342**	39,004
Sale of goods and services: delivery and takeaway	**4,568**	5,023
	46,910	44,027

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

	53 weeks ended 31 December 2023 £'000	52 weeks ended 25 December 2022 £'000
Sub-let site rental income	**328**	362
Other	**46**	52
	374	414

Notes

forming part of the financial statements for the 53 weeks ended 31 December 2023

4 Operating loss

This has been arrived at after charging	**53 weeks ended 31 December 2023 £'000**	52 weeks ended 25 December 2022 £'000
Staff costs	**20,275**	19,240
Share based payments	**11**	58
Pre-opening costs	**48**	51
Amortisation of intangible assets	**3**	3
Depreciation of right-of-use assets (IFRS16)	**2,524**	2,641
Depreciation property, plant and equipment	**1,589**	1,664
Dilapidations provision charge	**3**	42
Restructure and consultancy	**69**	14
Impairment of property, plant and equipment	**4,086**	180
Impairment of right-of-use assets	**8,192**	2,153
Loss on disposal of property, plant and equipment	**84**	154
Auditor remuneration:		
Audit fee - Parent Company	**13**	11
- Group financial statements	**59**	46
- Subsidiary undertaking	**13**	11
Audit related assurance services	**-**	-
Taxation advisory services	**-**	-
Other advisory services	**-**	5

5 Highlighted items – charged to operating expenses

	53 weeks ended 31 December 2023 £'000	52 weeks ended 25 December 2022 £'000
Loss on disposal of property, plant and equipment	**(84)**	(154)
Restructure and consultancy	**(69)**	(14)
Impairment of property, plant and equipment	**(4,086)**	(180)
Impairment of right-of-use assets	**(8,192)**	(2,153)
Share based payments	**(11)**	(58)
Pre-opening costs	**(48)**	(51)
(Loss)/gain on lease modifications/disposals	**(84)**	245
	(12,574)	(2,365)

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

Notes

forming part of the financial statements for the 53 weeks ended 31 December 2023

6 Finance income and expense

	53 weeks ended 31 December 2023 £'000	52 weeks ended 25 December 2022 £'000
Interest receivable	**140**	41
Finance income	**140**	41
Interest payable	**-**	30
Finance expense (IFRS 16)	**2,303**	2,391
Finance expense	**2,303**	2,421

7 Employees

Staff costs (including Directors) consist of:	**53 weeks ended 31 December 2023 £'000**	52 weeks ended 25 December 2022 £'000
Wages and salaries	**18,489**	17,464
Social security costs	**1,468**	1,489
Other pension costs	**318**	287
Equity settled share-based payment expense	**11**	58
	20,286	19,298

The average number of persons, including Directors, employed by the Group during the period was 1,035 of which 1,011 were restaurant staff and 25 were head-office (2022: 1,020 of which 998 were restaurant staff and 22 were head-office staff).

No staff are employed by the Company (2022: no staff).

Of the total staff costs £18.7m was classified as cost of sales (2022: £17.8m) and £1.6m as operating expenses (2022: £1.5m). Redundancy costs of £0.06m (2022: £0.014m) have been included as a cost of Restructure and Consultancy in Note 4.

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forming part of the financial statements for the 53 weeks ended 31 December 2023

8 Directors and key management personnel remuneration

Key management personnel identified as the Directors are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, and represent the Directors of the Group listed on page 2. The remuneration of the Directors for the period ended 31 December 2023 is as follows:

	Emoluments £'000	Bonus £'000	Share based payments £'000	Pensions £'000	Benefits £'000	Social security costs £'000	Other Payments	2023 Total £'000
Directors								
J Plant	**160**	-	**16**	-	-	**21**	-	**197**
K Lassman	**40**	-	-	-	-	**4**	-	**44**
M Vachhani (resigned 31 March 2023)	**49**	-	-	**3**	**2**	**9**	**30**	**93**
Harald Samúelsson	**46**	-	-	-	-	**5**	-	**51**
Wendy Dixon (appointed 22 June 2022)	**35**	-	-	-	-	**4**	-	**39**
Key Management								
Gordon Browne (appointed 04 May 2023)	**79**	-	-	-	-	**10**	-	**89**
Total	**409**	-	**16**	**3**	**2**	**53**	**30**	**513**

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

Company

The Company paid no director emoluments during the year (2022 – none).

Notes

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9 Income tax expense

	53 weeks ended 31 December 2023 £'000	52 weeks ended 25 December 2022 £'000
UK Corporation tax		
Adjustment in respect to previous years	**-**	-
Total current tax	**-**	-
Deferred tax		
Origination and reversal of temporary differences	**-**	-
Total deferred tax	**-**	-
Total income tax credit	**-**	-

The tax charge for the period is lower than the standard rate of (2022 – lower than) corporation tax in the UK. The differences are explained below:

	53 weeks ended 31 December 2023 £'000	52 weeks ended 25 December 2022 £'000
Loss before tax	**(14,473)**	(6,432)
Tax on (loss)/profit at the ordinary rate of corporation tax in UK of 25% (2022 – 19%)	**(3,397)**	(1,222)
Effects of		
Fixed assets differences	**732**	335
Expenses not deductible for tax	**36**	102
Remeasurement of deferred tax for changes in tax rates	**(171)**	-
Movement in deferred tax not recognised	**2,806**	791
Adjustment in respect of previous years	**-**	-
Other movements	**(6)**	(6)
Total tax charge	**-**	-

Factors affecting future tax charges

The corporation tax rate has increased from 19% to 25% from 1 April 2023 for companies with taxable profits in excess of £250,000.

Notes

forming part of the financial statements for the 53 weeks ended 31 December 2023

10 Earnings per share

	31 December 2023 Pence	25 December 2022 Pence
Basic loss per ordinary share	**(9.89p)**	(4.40p)
Diluted loss per ordinary share	**(8.89p)**	(4.03p)

	2023 Number '000	2022 Number '000
Loss per share has been calculated using the numbers shown below:		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**146,315**	146,315
Adjustments for calculation of diluted earnings per share:		
Ordinary B shares	**10,451**	10,451
Options	**6,085**	2,975
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**162,851**	159,741

	2023 £'000	2022 £'000
Loss for the financial period	**(14,473)**	(6,432)

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

11 Dividend

No final dividend has been proposed by the Directors (2022 – £nil).

Notes

forming part of the financial statements for the 53 weeks ended 31 December 2023

12 Intangibles

	Trademarks £'000	Total £'000
At 26 December 2021	28	28
Additions	-	-
Amortisation of trademarks	(3)	(3)
At 25 December 2022	25	25
Additions	9	9
Amortisation of trademarks	(3)	(3)
At 31 December 2023	31	31

Notes

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

	Leasehold improvements £'000	Furniture and fixtures computer equipment & vehicle £'000	Total fixed assets £'000	Right-of-use assets £'000	Total £'000
Cost					
At 26 December 2021	**37,321**	**10,291**	**47,612**	**53,567**	**101,179**
Additions	709	936	1,645	-	1,645
Lease modifications	-	-	-	1,301	1,301
Disposals	(181)	(334)	(515)	(50)	(565)
At 25 December 2022	**37,849**	**10,893**	**48,742**	**54,818**	**103,560**
Additions	(14)	264	250	1,173	1,423
Lease modifications	-	-	-	333	333
Disposals	(521)	(193)	(714)	(405)	(1,119)
At 31 December 2023	**37,314**	**10,964**	**48,278**	**55,919**	**104,197**
Depreciation					
At 26 December 2021	**22,057**	**7,529**	**29,586**	**17,562**	**47,148**
Provided for the period	981	683	1,664	2,641	4,305
Impairment / (reversal of impairment)	232	(52)	180	2,153	2,333
Disposal	(75)	(307)	(382)	(51)	(433)
At 25 December 2022	**23,195**	**7,853**	**31,048**	**22,305**	**53,353**
Provided for the period	871	718	1,589	2,524	4,113
Impairment	3,518	568	4,086	8,192	12,278
Disposals	(526)	(167)	(693)	(391)	(1,084)
At 31 December 2023	**27,058**	**8,972**	**36,030**	**32,630**	**68,660**
Net book value					
At 31 December 2023	**10,256**	**1,992**	**12,248**	**23,289**	**35,537**
At 25 December 2022	14,654	3,040	17,694	32,513	50,207

During the 53 weeks ended 31 December 2023, the Group recognised an impairment charge of £12.3m (2022: impairment charge of £2.3m) due to impairment of ROU assets £8.2m (2022: £2.2m) and impairment of fixed assets £4.1m (2022: impairment charge of £0.2m). The impairment movement is due to the reassessment by each individual CGU following a change in performance and/or change in assets. The impairment calculation is sensitive to changes in the assumptions and estimates used in the underlying forecasts of future performance and cash flows.

A 1% decrease in the discount rate would reduce the net impairment charge by £0.6m, an increase of 1% would increase the impairment charge by £0.6m and a 1% increase in the growth rate would reduce the impairment charge by £0.5m.

The total carrying value of the CGUs that have been impaired in the period is £30.8m (2022: £15.6m). These have been impaired to their value in use of £16.4m (2022: £8.9m). The total carrying value of the CGUs that have been released in the period is £15.5m (2022: £16.4m).

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

Company

The Company holds no property, plant and equipment.

14 Leases

	31 December 2023 £'000	25 December 2022 £'000
Current		
Lease liabilities	**2,186**	1,953
	2,186	1,953
Non-current		
Lease liabilities	**46,745**	48,358
	46,745	48,358
	48,931	50,311

	31 December 2023 £'000	25 December 2022 £'000
Due within one year	**2,186**	1,953
Due two to five years	**17,122**	11,386
Due over five years	**29,623**	36,972
	48,931	50,311

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate of 4.5% and the Bank of England (BoE) base rate at the time of any lease modification or a new lease. The average rate used for modification in 2023 was 4.67% (2022: 4.66%). The lease liabilities as at 31 December 2023 were £48.9m (2022: £50.3m).

The right-of-use assets all relate to property leases. The right-of-use assets as at 31 December 2023 were £23.3m (2022: £32.8m). During the period ended 31 December 2023 the Group made a provision for impairment of the right-of-use assets against a number of sites totalling £8.2m (2022: impairment of £2.2m).

15 Investments

	£'000
Company	
At 26 December 2021	3,334
Share based payment in respect of subsidiary	58
At 25 December 2022	3,392
Share based payment in respect of subsidiary	11
At 31 December 2023	**3,403**

The Company's investments are wholly related to a 100% ordinary shareholding in Took Us a Long Time Limited (2022: 100% holding), a company registered in England and Wales with registered offices at 32 Charlotte Street, London W1T 2NQ. Took Us a Long Time Limited is primarily engaged with the operation of restaurants.

16 Inventories

	31 December 2023 £'000	25 December 2022 £'000
Raw materials and consumables	**697**	922
Smallware inventories	**1,224**	1,269
	1,921	2,191

In the Directors' opinion there is no material difference between the replacement cost of inventories and the amounts stated above. Raw material and consumable inventory purchased and recognised as an expense in the period was £12.0m (2022: £12.0m).

17 Trade and other receivables

	31 December 2023 £'000	25 December 2022 £'000
Trade receivables	**149**	121
Prepayments and other receivables	**1,457**	1,577
Total trade and other receivables	**1,606**	1,698
Less non-current portion (Deposits)	**(65)**	(65)
	1,541	1,633
Company		
Amounts due from subsidiary	**1,986**	3,162
Total trade and other receivables	**1,986**	3,162
Classified as non-current	**1,986**	3,162

There has been an increase in the credit risk of this loan since it was advanced due to the deterioration in the market and the resulting impact on the performance of the trading company. The Company has previously made loans to the trading subsidiary of £28.1m (2022: £28.2m).

The Directors of the Company consider this loan to be classed as Stage 2 under the General Approach set out in IFRS 9. The Company has made provisions of £26.1m (2022: £25.0m) which represents the lifetime expected credit losses. In assessing the lifetime expected credit losses consideration has been given to a number of factors including internal forecasts of EBITDA, cashflow and the consolidated net asset value of the Group at the balance sheet date.

18 Trade and other payables

	31 December 2023 £'000	25 December 2022 £'000
Trade payables	**4,359**	5,142
Taxations and social security	**1,947**	1,638
Accruals and deferred income	**3,648**	3,499
Other payables	**555**	2,242
Total trade and other payables	**10,509**	12,521
Less non-current portion (Deposits)	**(106)**	(128)
	10,403	12,393

Included within trade payables are £nil (2022: £nil) due to related parties (note 28).

19 Provisions

	31 December 2023 £'000	25 December 2022 £'000
At the beginning of the period	**339**	297
Dilapidations provision charge in the period	**3**	42
At the end of the period	**342**	339

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

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20 Deferred tax

	31 December 2023 £'000	25 December 2022 £'000
At the beginning of the period	**-**	-
Profit and loss credit/(charge)	**-**	-
	-	-
Accelerated capital allowances	-	-
Tax losses carried forward	-	-
At the end of the period	-	-

Due to the uncertainty of future profits, a deferred tax asset of £8.4m (2022: £5.3m) is not recognised in these financial statements.

21 Share capital

Called up and fully paid:	**Number Ordinary A**	**Number Ordinary B**	**Number Deferred**	**£'000**
Ordinary shares at 0.1 pence	59,795,496	-	-	60
Deferred shares at 9.9 pence (as a result of sub-division	-	-	59,795,496	5,920
Ordinary shares issued at 0.1 pence	81,294,262	-	-	81
Ordinary B shares at 0.00001 pence	-	15,676,640	-	0
At 26 December 2021	**141,089,758**	**15,676,640**	**59,795,496**	**6,061**
Ordinary B shares at 0.00001 pence converted to ordinary A shares	5,225,546	(5,225,546)	-	0
At 25 December 2022	**146,315,304**	**10,451,094**	**59,795,496**	**6,061**
At 31 December 2023	**146,315,304**	**10,451,094**	**59,795,496**	**6,061**

Share Capital

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

22 Reserves

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

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

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

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

23 Leases

Operating leases where the Group is the lessor

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

	31 December 2023 £'000	25 December 2022 £'000
Within one year: receipts	**290**	290
Within two to five years: receipts	**1,131**	1,158
Over five years: receipts	**1,293**	1,555
	2,714	3,003

24 Pensions

The Group made contributions of £3,000 (2022: £6,000) to the personal pension plan of the Directors. During the year the Group made contributions to employee pensions of £0.3m (2022: £0.3m). As at 31 December 2023, contributions of £134,000 due in respect of the current reporting period had not been paid over to the schemes (2022: £120,000).

25 Share based payments

	Weighted average exercise price (pence)	Number '000
At 26 December 2021	0.7	18,942
Exercised	0.0	(5,225)
Lapsed	4.4	(290)
Cancelled	-	-
Issued	-	-
At 25 December 2022	0.9	13,427
Exercised	-	-
Lapsed	3.10	(1,065)
Cancelled	-	
Issued	2.75	4,175
At 31 December 2023	**1.23**	**16,536**

The exercise price of options outstanding at the end of the period ranged between 0p and 4p (2022: 0p and 4p) and their weighted average remaining contractual life was 1.41 years (2022: 3.1 years).

Of the total number of options outstanding at the end of period none have vested and are exercisable at the end of the period (2022: 2.97m)

The market price of the Company's ordinary shares as at 31 December 2023 was 1.2p and the range during the financial year was from 0.03p to 3.75p (as at 25 December 2022 was 3.8p and the range during the financial year was from 3.3p to 6.3p).

On 20 June 2023 options of 4.175m were granted at a grant price of 2.75p per share reflecting the opening share price. The options vest over three years and expire in 10 years and no other conditions are attached. A charge of £45,000 was recognised over the three years based on a volatility of 61.3% and risk rate of 4.36% using the Binomial method. The volatility is weighted on a four year basis and the risk free rate is based on risk free rate on the mid point between the vesting date and expiry.

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

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

In January 2021 Daniel Jonathan Plant was awarded 15.7m 'B' shares in Tasty plc which can be converted to 'A' shares subject to achievement of certain hurdle rates. These 'B' shares were issued

at nominal value of 0.00001 pence. Following achievement of the first hurdle on 27 June 2022, 5,225,546 ‘B’ shares converted to ‘A’ ordinary shares.

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

The 16.8m share outstanding as at 25 December 2022 comprise of the options issued in July 2019, October 2019, January 2021 and June 2023. There are no other outstanding options.

26 Financial instruments

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

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

- Credit risk
- Interest rate risk
- Liquidity risk

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

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

Principal financial instruments

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

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

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

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Financial assets	31 December 2023 £'000	25 December 2022 £'000
Cash and cash equivalents	**4,177**	7,002
Trade and other receivables	**214**	186
Total financial assets	**4,391**	7,188

Financial liabilities (amortised cost)		
Trade and other payables	**4,914**	7,384
Finance leases	**48,931**	50,311
Total financial liabilities	**53,845**	57,695

Company - Financial assets (amortised cost)	31 December 2023 £'000	25 December 2022 £'000
Intercompany loan	**1,986**	3,162

General objectives, policies and processes

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

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

Credit risk

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

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

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

Notes

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The following table sets out the ageing of trade receivables:

Ageing of receivables	**31 December 2023 £'000**	25 December 2022 £'000
<30 days	**145**	75
31-60 days	**7**	11
61-120 days	**15**	17
>120 days	**2**	127
Provision for doubtful debt	**(20)**	(109)
	149	121

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

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

Liquidity risk

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

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

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	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000	£'000
Trade & other payables	4,808	49	-	-	57
Finance leases	404	1,404	3,332	10,240	33,552
As at 31 December 2023	**5,212**	**1,453**	**3,332**	**10,240**	**33,609**

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

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

Interest rate risk

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

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

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

Loans and borrowings

The Group had no outstanding bank loan during the period.

Capital disclosures

The Group's capital is made up of ordinary share capital, deferred share capital, share premium, merger reserve and retained deficit totalling £16.5m (2022: Retained deficit £2.0m).

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

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

27 Related party transactions

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

The Group pays fees, rent and associated insurance to a number of companies considered related parties by virtue of the interests held by a significant shareholder in such companies.

	53 weeks ended 31 December 2023 £'000	52 weeks ended 25 December 2022 £'000
Rent, insurance and legal services charged to the group:		
- Kropifko Properties Ltd	**(114)**	(197)
- KLP Partnership	**(156)**	(157)
- ECH Properties Ltd	**(81)**	(81)
- Proper Proper T Ltd	**(106)**	(106)
Balance due to related parties:	**147**	145

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

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28 Reconciliation of loss before tax to net cash inflow from operating activities

	53 weeks ended 31 December 2023 £'000	52 weeks ended 25 December 2022 £'000
Group		
Loss before tax	**(14,473)**	(6,432)
Finance income	**(140)**	(41)
Finance expense	**-**	30
Finance expense (IFRS 16)	**2,303**	2,391
Share based payment charge	**11**	58
Depreciation of right-of-use assets (IFRS 16)	**2,524**	2,641
Depreciation of property plant and equipment	**1,589**	1,664
Impairment of property, plant and equipment	**4,086**	180
Impairment of Right-of-use assets	**8,192**	2,153
Loss on disposal of property plant and equipment	**84**	154
Amortisation of intangible assets	**3**	3
Dilapidations provision charge	**3**	42
Other non cash	**-**	(21)
Decrease / (increase) in inventories	**270**	(88)
Decrease / (increase) in trade and other receivables	**92**	(238)
(Decrease)/ Increase in trade and other payables	**(2,012)**	1,948
	2,532	4,444

	53 weeks ended 31 December 2023 £'000	52 weeks ended 25 December 2022 £'000
Company		
Loss before tax	**(1,176)**	(674)
Decrease in trade and other receivables	**1,176**	674
	-	-

Notes

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29 Reconciliation of financing activity

	Lease liabilities	Lease liabilities	Bank Loan	Bank Loan	Total
	Due within 1 year £'000	**Due after 1 year £'000**	**Due within 1 year £'000**	**Due after 1 year £'000**	**£'000**
Net debt as at 26 December 2021	**2,024**	**50,157**	**313**	**937**	**53,431**
Cashflow	(3,172)	-	(313)	(937)	(4,422)
Addition / (decrease) to lease liability	3,101	(1,799)	-	-	1,302
Net debt as at 25 December 2022	**1,953**	**48,358**	**-**	**-**	**50,311**
Cashflow	(2,885)	-	-	-	(2,885)
Addition / (decrease) to lease liability	3,118	(1,613)	-	-	1,505
Net debt as at 31 December 2023	**2,186**	**46,745**	**-**	**-**	**48,931**

30 Post Balance Sheet Events

Following a period of external challenges which have impacted the Group's business and trading performance, the Board concluded, in the best interest of the Group, to enter into a restructuring plan under 26A of the Company's Act 2006 to return the business to profitability and secure its long-term future. The Restructuring Plan was sanctioned by the High Court on 4 June 2024.

On 9 April 2024 the Group closed nine trading sites, three sub-lets and two non-trading sites with a further two trading sites closed in May 2024 and one site lease assigned in June 2024. An additional seven sites are trading on a short-term basis under different rent terms.

In order to fund the Restructuring Plan and provide additional working capital the Group entered a loan agreement with a secured creditor for £750,000. The loan is required to be discharged by 31 December 2024, or later if agreed by the Group and the lender, by either:

- Payment, purchase, redemption or discharge in any other form agreed in writing between the Company and the lender (including, subject to shareholder approval, conversion of the loan into equity); or if not
- Payment in cash in an amount equal to £2.6m

The Company has entered into a side agreement in relation to the loan to enable conversion of the principal amount of the loan to ordinary shares of £0.001 each in the capital of the Company at a conversion price of £0.0146, subject to and conditional on shareholder approval.

The Company has received irrevocable undertakings to vote in favour of the necessary share allotment authority resolutions in relation to the conversion, representing approximately 35 per cent of the current issued share capital of the Company.