YOUNG & CO.'S BREWERY, P.L.C.

PRELIMINARY RESULTS FOR THE 52 WEEKS ENDED 28 MARCH 2022

BACK TO PROFITABLE TRADING

Financial Highlights

	2022 £m	2021 £m
Revenue	**309.0**	88.0
Adjusted operating profit / (loss) (1) (2)	**51.4**	(33.2)
Adjusted profit / (loss) before tax(1) (2)	**41.8**	(43.2)
Adjusted EBITDA(1) (2)	**82.5**	(1.3)
Net debt	**(173.8)**	(248.7)
Net debt to EBITDA(3)	**2.1**	n/a
Operating profit / (loss) (1)	**51.7**	(34.5)
Profit / (loss) before tax from continuing operations	**42.1**	(44.5)
Profit / (loss) before tax from discontinuing operations	**9.8**	(0.7)
Net assets	**699.7**	645.4
Net cash generated from operations	**107.0**	(23.0)
Adjusted basic earnings / (loss) per share(1) (2)	**56.26p**	(66.63)p
Basic earnings / (loss) per share(1)	**58.83p**	(68.23)p
Dividend per share (interim and recommended final)	**18.81p**	-
Net assets per share(4)	**£11.97**	£11.04

(1) The results exclude the impact of 56 sites which formed a majority of the Ram Pub Company and are disclosed as a discontinued operation in the current period. Prior period comparatives have been restated for the application of IFRS 5 to re-present financial information in relation to the discontinued operation (see notes 1 and 7).
(2) Reference to an "adjusted" item means that item has been adjusted to exclude a non-underlying credit of £0.3 million (2021: non-underlying costs of £1.3 million) (see note 3 for adjusting items and note 10 for earnings/(loss) per share).
(3) Net debt to EBITDA has been calculated based on the last 12 months' actual adjusted EBITDA (see notes 4 for adjusted EBITDA and 15 for net debt).
(4) Net assets per share are the group's net assets divided by the shares in issue at the period end.
(5) During the financial year, our pubs were fully open for 36 weeks, open with varying degrees of Covid related restrictions for 14 weeks and closed for two weeks.

PERFORMANCE HIGHLIGHTS

- Total revenue for the period from continuing operations was £309.0 million, up 251.1% against the prior year.
- Despite battling against varying levels of restrictions and Christmas trade being significantly impacted by the Omicron variant, managed house sales were up 2.9% on the two-year (2020) comparative.
- During the year, we invested £73.7 million, including £24.7 million in our existing managed estate and £36.8 million adding nine new pubs, including the acquisition of six pubs and hotels from the Lucky Onion group in February.
- In June, we completed the sale of 56 tenanted businesses for £53.0 million. Our group strategy is now entirely focused on the development of well invested, premium managed pubs and hotels in the south of England.
- Net debt has reduced by £74.9 million to £173.8 million and, with adjusted EBITDA of £82.5 million, net debt to EBITDA is conservative at 2.1 times; Including cash balances this leaves us with £134.0 million of headroom on our committed bank facilities for future investment.
- We are pleased to recommend the reintroduction of a final dividend of 10.26 pence, resulting in a total dividend for the year of 18.81 pence, this compares to 20.78p in respect of the year to 1 April 2019.
- Sales since the period end have performed extremely well, with managed house revenue for the last 13 weeks, against the pre-pandemic levels of 2019, up 17.0% and for the last 5 weeks versus a year ago up 38.5%.

Patrick Dardis, Chief Executive of Young's, commented:

"I would like to thank the teams across the business who have worked so hard to deliver these great results, in another year of extraordinary circumstances. It has been a huge privilege to lead the group for the past six years, culminating in a year when Young's celebrated its 190th birthday. I owe enormous thanks to all my colleagues for their support, contribution and dedication that has made Young's the business it is today."

"We have found ourselves navigating challenges at nearly every turn, whether it be storms, floods and tube strikes, or the unwelcome arrival of the Omicron variant which hampered our Christmas trading. I am delighted to announce a strong set of results that marks a return to normalised profitability with unrestricted trading towards the end of the year."

"After a quiet period on the acquisition front last year, we have made some exciting investments. The most significant of these was the acquisition of six pub and hotel assets from the Lucky Onion group in Cheltenham and the Cotswolds in February 2022. These predominantly freehold premium pubs and hotels perfectly complement our existing businesses in the area."

"It's been a great start to the new financial year, for the last 13 weeks revenue was up 17.0% versus pre-pandemic levels of 2019 and up 38.5% for the last 5 weeks against 2021. The Easter sunshine was a real boost, with some record weeks. We are looking forward to the extended Jubilee weekend where we hope to break more records. Young's are firmly back in business, with the firepower to deliver further growth."

"Having announced my intention to step down as Chief Executive after six years in the role, I am pleased to hand over the reins to my successor, Simon Dodd and the rest of the executive team, at the coming AGM in July. Simon was recruited three years ago with succession planning in mind, his excellent leadership skills, vision and operational experience will be great assets to Young's."

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PRELIMINARY RESULTS FOR THE 52 WEEKS ENDED 28 MARCH 2022

CHIEF EXECUTIVE'S STATEMENT

With this, my final year as Chief Executive, I am delighted to announce a strong set of results that reflect a return to normalised profitability with unrestricted trading. In a period where our pubs remained closed for the first two weeks, followed by varying restrictions until 'freedom day' in July, we found ourselves navigating challenges at nearly every turn. Despite the storms, floods and tube strikes, or the unwelcome arrival of the Omicron variant which hampered our Christmas trading, our total revenue was up by 251.1% to £309.0 million (2021: £88.0 million), with managed house sales ahead of the two-year comparative by 2.9%. Total group adjusted operating profit from continuing operations was £51.4 million (2021: adjusted operating loss from continuing operations of £33.2 million), with operating profit from continuing operations of £51.7 million (2021: operating loss from continuing operations of £34.5 million).

GREAT TEAM EFFORT

I would like to thank the teams across the business who have worked so hard to deliver these great results in another year of extraordinary circumstances. It has been a huge privilege to lead the group for the past six years, culminating in a year when Young's celebrated its 190th birthday. I owe enormous thanks to all my colleagues for their support, contribution and dedication that has made Young's the business it is today.

STRONG FINANCIAL POSITION

During the period we were able to move on from measures introduced to steer us through the covid-19 pandemic. In May 2021, we began by repaying the £30.0 million borrowed under the Bank of England's Covid Corporate Financing Facility and then didn't need to extend the £20.0 million bilateral revolving credit facility with NatWest that matured in November. This marked an important step away from temporary finance support measures.

The sale of most of the tenanted estate to Punch Pubs & Co for £53.0 million was a defining moment in our strategy to focus on operating predominantly freehold, individual, differentiated and premium managed pubs and pubs with rooms. The sale left us with seven tenanted pubs, three of which we have now sold. One of the remaining pubs, the Grand Junction Arms (Harlesden) now operates as a managed pub following a major investment. This significant strategic move gave us cash to further strengthen our balance sheet and extra capacity both to invest in our existing estate and capitalise on attractive acquisition opportunities that present themselves.

KEY ACQUISITIONS IN THE YEAR

After a quiet period on the acquisition front last year, we made some exciting investments. The most significant of these was the acquisition of six pub and hotel assets from the Lucky Onion group in Cheltenham and the Cotswolds during February 2022. These predominantly freehold premium pubs and hotels perfectly complement our existing businesses in the area. We also completed on three other single site acquisitions: the Bull (Ditchling, Sussex), Pheasant (Lambourn, Berkshire) and White Horse (Hascombe, Surrey).

INVESTING IN OUR ESTATE AND OUR NEW HEAD OFFICE

With our focus on returning to normalised trade there was a reluctance to close pubs for major projects. However, maintaining a premium and well-invested pub estate through continued investment is fundamental to our success, and we spent £30.4 million on our existing business and new head office. It has been a long-term strategic opportunity to maximise the potential of certain assets within our tenanted estate, and two standout examples were at the Grand Junction Arms (Harlesden) and Ship Inn (East Grinstead) following their transfer to our managed operation.

In line with our strategic objective to increase further our freehold mix, we have been busy this year building our new head office, Copper House, on the same site as the refurbished Spread Eagle hotel, back in the heart of Wandsworth. It is great to return to our spiritual home, directly opposite our old brewery site where the story began in 1831.

OUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) STRATEGY

Young's is a company with a long heritage, and we are committed to building a business which nurtures and develops our people, respects the environment, and makes a lasting and positive contribution to the communities we operate in. We recognise that operating sustainably is fundamental to delivering long-term value for all our stakeholders and for the future success of Young's. Within our annual report, we have included our first sustainability report, detailing the many things we have achieved so far and the steps we are taking to embrace a more structured approach to sustainability going forward.

CURRENT TRADING AND OUTLOOK

It's been a great start to the new financial year, for the last 13 weeks revenue was up 17.0% versus pre-pandemic levels of 2019 and up 38.5% for the last 5 weeks against 2021. Our well invested gardens were perfectly primed to capitalise on the welcome sunshine over the Easter bank holiday, with some record takes. We look forward to the extended Jubilee weekend where we expect to break even more records.

Young's is well placed to manage the impact of the current inflationary environment on our cost base, with the ability to flex our menus, our utilities hedged until March 2024 and having recently renegotiated a large proportion of our drinks contracts. However we are mindful of the potential impact that this inflationary environment could have on consumer sentiment and ultimately consumer spending.

In April, we launched our exciting new beer range including a number of first-to-market products demonstrating that Young's continues to be at the forefront of product innovation. Our investment programme continues at pace, with the transformational scheme at the Phoenix in Victoria due to complete later this month. Also in May, we completed the freehold purchase of the Bedford Arms hotel in Buckinghamshire, extending the Young's business into another new territory.

Having announced my intention to step down as Chief Executive after six years in the role I am pleased to hand over the reins to my successor, Simon Dodd, and the rest of the executive team, at the coming AGM in July. Simon was recruited three years ago with succession planning in mind, his excellent leadership skills, vision and operational experience will be great assets to Young's. It's been 20 wonderful years at Young's and I am leaving behind a fantastic business in a strong financial position ready for the next chapter. I am confident in Young's proven strategy to deliver profitable returns for our shareholders.

BUSINESS AND FINANCIAL REVIEW

MANAGED HOUSES

In what has been another extraordinary year, once again we began the period with the UK economy in a full lockdown due to the pandemic, and all our pubs closed to the public. It was good to see all our pubs and beer gardens full again from mid-July, as restrictions were relaxed, removing limits on social contact and allowing for larger events. The quintessential pubs' firm place in the heart of English culture was more important than ever this year and we were in the perfect position to capitalise as people looked to make up for lost time. Despite the setback of Omicron significantly curtailing sales during the Christmas period, trading was ahead of expectations with total managed house revenue up by 253.7% to £307.7 million (2021: £87.0 million).

Initially, our focus was firmly on how we could safely welcome back as many customers as possible when restrictions eased in April. There was a real feel-good factor for both our customers and teams, with the pent-up demand evident as bookings for our gardens, huts and external spaces flooded in ahead of re-opening. The sense of excitement and anticipation triggered several weeks of frantic trade, despite restrictions allowing only outdoor trading and the irony that on day one we were greeted with snowfall. This did not hold us back as incredible customer support meant total revenue was just 13% lower than the whole estate in 2019 for the first six weeks, despite a quarter of our estate remaining closed. It was not until 17 May, when the restrictions on trading inside were finally lifted, that our remaining pubs reopened.

With the UK holiday market capitalising on domestic travel, our pubs and hotels in typical 'staycation' locations exceeded expectations, although the wet and dull weather through July and August somewhat curtailed our progress. The warm and sunny weather in September was welcome, helping us celebrate 190 years of Young's – an event marked at every Young's pub, from Cambridge to Devon. In London, our famous dray horses took to the streets for 'The Great Greenwich Tour', starting at the Richard the First and ending at one of our newest pubs on the banks of the River Thames, Enderby House. As the year progressed, we started to see more people return to the office, at least for part of the week, and for our pubs in the City of London trade was back to 80% of pre-pandemic levels by the end of September.

As expectations were building for a bumper December with encouraging numbers of bookings in the diary, the arrival of covid-19's fast-spreading Omicron variant saw widespread cancellations, wasted turkey dinners, and people return to home-working as they sheltered away to protect their own family holidays. This continued through to New Year with celebrations more muted than we would expect to see. The spread of Omicron also affected our teams as we battled staffing challenges that rivalled the 'pingdemic' from earlier in the year. What relatively few bookings we had in the Christmas period had now become harder to operate as managing rotas across the business became a daily challenge.

Sales in the final quarter bounced back strongly. The mild weather in January and February was punctuated once or twice by severe storms that hit the UK, but these early months of the year marked the start of events season beginning with Burn's Night where pubs held unique Scottish themed events. In February, it was the return of the Six Nations rugby, with Guinness supporting us with events in almost every pub alongside a number of selective one-off special events hosted by England rugby legends such as Will Greenwood and Danny Care.

In March, having completed the acquisition of the pubs and hotels from the Lucky Onion group just a couple of weeks prior, we experienced our first Cheltenham Festival racing week. The newly acquired No. 38 The Park, the last stop before you reach the racecourse, ensured racegoers didn't go thirsty with a specially erected outside bar serving premium drinks for the four-day festival.

There is no doubt that food sales were the big winner in the period, even if you disregard the benefit received from a reduced rate of VAT when compared to drink sales. In the early months, table service was a requirement and customers saw the return to the pub as a chance to treat themselves to the dining out experience that had been lacking for most of the last year. Our Young's app played a pivotal role in the customer journey, accounting for 40% of food and drinks sales in the early part of our year. While the app is less important now that normal bar service has resumed, it still proves a very useful tool, offering customers the ability to independently browse menus, order food and drink direct to their table and pay the bill.

The continued investment in our covered and heated gardens proved vital in winter as well as for the restricted first few months. Ahead of re-opening we had expanded our Burger Shack offering – focusing on innovation – updating the menu with the addition of monthly and seasonal special burgers. These ranged from a 'Lambslide' for spring to the 'Dirty Vegan' for January in partnership with Matt Pritchard, a notorious vegan chef. The strong trend for dining out and meeting up with friends continued throughout the year as food sales ended the period 20.3% ahead of two-year prior comparative.

It has been quite a year for the Guinea which celebrated a position of 7th in Estrella Damm's top 50 Gastro pubs in the UK, finishing as the highest ranked London pub on the list. A local Mayfair institution dating back to 1423, we opened our restaurant, the Guinea Grill, in 1953. The food has grown from a long legacy of impeccably sourced British steaks and other produce such that it now often requires a reservation months in advance. Indicating the importance of seizing opportunities when they present themselves, this year we were able to increase the trading space, at least in the short term, doubling our covers whilst maintaining the all-important true Guinea experience.

For our drinks sales, the initial restrictions on vertical drinking and the need for people to be sat at a table, limited pub capacities. Following months of lockdown, customers were keen to treat themselves, driving further premiumisation across most categories and we saw significant volume growth compared to two years prior in our Champagne and sparkling wine, up by 53.9%, and cocktails up by 85.6%. In the first half of the period the 'sit down' environment encouraged the restaurant feel which resulted in a drop to the mix of draft sales as people traded into wines. However, following the return to more normalised trading in the second half, volumes and mix of draught sales bounced back with Guinness leading the way, its volumes were ahead of the comparative period by 11.5%. In total, drink sales finished the period 3.7% behind the two-year prior comparative.

Our success has not been without its challenges. There have been well documented issues in the supply chain, whilst chef recruitment remains difficult for the whole of the industry. We have looked to combat this by offering a comprehensive and unique career pathway for all skill levels in the kitchen to match the scheme for our front of house teams. Inspirational chef experiences that offer the opportunity to learn all there is to know about our local British seasonal ingredients is just another way that we look to train and retain our people.

In response to the ongoing challenges with recruitment and agency costs, this year we launched the Ram Agency which aims to give employees the power to pick their working hours. This in-house agency brings together people with the skills we need across the group, in a range of roles, from chefs to front and back of house team members. Members of the agency can choose the shifts they want and create their own working rota to give themselves the flexibility to achieve their goals. With the aim of filling shifts with people who know the Young's way of working, and trained to Young's standards, this will reduce our reliance on agency staff going forward.

The performance of hotels was largely dependent on their geography. Our 'staycation' hotels revelled with the regular influx of domestic visitors as overseas travel remained challenging, whereas city hotels felt the negative impact of the pandemic more acutely as business travel and London tourism took longer to return. This was reflected in the overall hotel stats for the year, with total occupancy at 56.9% despite a respectable average room rate of £97.61, resulting in a RevPAR of £55.50.

It has been a year where we have had to combat varying trading restrictions alongside the other challenges that we have faced set against the backdrop of increasing costs. Despite these factors, and supported by the VAT reduction, our managed house profitability returned to more normalised levels, with an adjusted operating profit of £72.1 million (2021: adjusted operating loss of £18.6 million).

INVESTMENT

Our investment impact in the year goes back to last winter's lockdown when we were busy actively adding more stretch tents and huts, ensuring the additional covers in our external spaces were tradeable all year round. When we came out of lockdown last spring, we were ready to capitalise on the pent-up demand as trade bounced back strongly. However, in the interest of ensuring we returned to profitable trade and conserving cash, we delayed the majority of our major projects until January 2022.

During the year, we spent £24.7 million on our existing estate including exciting schemes at the King's Head (Winchmore Hill) and Chequers (Walton-on-the-Hill), both designed to offer a more premium environment all year round. With beautiful interiors featuring open fires, wood-paneled dining rooms, traditional snug areas, bright, elegant garden spaces, and accompanying stunning gardens these two investments are going to be firm favourites with their local communities. Elsewhere we have carried out smaller refurbishments of much-loved pubs across the estate, including the Castle (Islington), Orange Tree (Richmond), and the Alma (Wandsworth). We also remain on site at the Phoenix (Victoria) which will open later this month following an extensive scheme creating 34 additional covers on a new mezzanine terrace.

In the last couple of years, we have transferred a number of pubs from our tenanted division, all with their own unique style and opportunity to managed houses, and this year was no different. Firstly, the Grand Junction Arms (Harlesden) opened in January following a complete refurbishment. This sleeping giant features canal-side huts and seating for more than 500 people in its three-tiered garden, fully equipped with outside bar and Burger Shack. Similarly, the Ship Inn (East Grinstead) is home to a new Burger Shack with 200 covers across a multitude of outside spaces that include two covered 'boat cabins'. Meanwhile, investment at the Spread Eagle (Wandsworth) has been ongoing throughout the year, restoring this previous tenancy to its former glory with traditional features that include stylish etched glass, heritage colours and brass fittings whilst adding a modern twist to this classic Victorian pub with 21 boutique bedrooms. Finally, we have just completed a light touch update to the Royal Oak (Bethnal Green) after trading throughout the post-covid period.

On the acquisition front, soon after last period end we completed the freehold acquisition of the former Greenwich Union pub next door to our own Richard the First (Greenwich). We then designed a scheme and obtained the necessary permissions to bring the two businesses together, later re-opening as a bigger, better pub just ahead of the Easter weekend. In line with our strategic objective to add premium freehold pubs, we were also able to purchase the freehold of existing managed house, the Lamb (Bloomsbury), which is located between Holborn and Russell Square tube stations.

During the period we have invested a further £36.8 million in the acquisition of nine new pubs and hotels. In December, we purchased The Bull (Ditchling) in East Sussex, which dates back to the 16th century and has six bedrooms. The following month we acquired the Pheasant Inn, popular with the local racing community in Lambourn, featuring 14 bedrooms. Then in March purchased the freehold of the White Horse (Hascombe), an attractive 16th century village pub sitting in the Surrey Hills Area of Outstanding Natural Beauty.

The most significant acquisition was made in February when we purchased six pub and hotel assets from the Lucky Onion group. The acquisition included three properties in Cheltenham, and three other Cotswolds pubs thereby expanding our presence in the area, whilst also adding 73 hotel rooms to the estate. Five out of the six properties are freehold. Included in the group are No. 38 The Park, a boutique 13-bedroom hotel set in a Georgian townhouse in Cheltenham, the George - a 46-bedroom hotel also located in the Gloucestershire town - and the Wheatsheaf, a 17th century coaching inn in Northleach, which features 14 premium bedrooms.

Finally, this spring saw the completion of a long-awaited project; the relocation of our company head office back to the centre of Wandsworth. Our new base, Copper House, adjoins the fabulous Spread Eagle hotel and will be instrumental in bringing our teams back together as we set off on the next phase of our journey.

The only disposal within the managed house division was the Waverley (Bognor Regis), where in March, we exited the lease following the decision not to renew. We finished the period with 219 managed pubs and hotels (2021: 210).

TENANTED BUSINESS

The disposal of 56 of our tenanted pubs in July, for a total cash consideration of £53.0 million to Punch Pubs & Co cemented our move away from operating a tenanted model. In the period, we also disposed of the Grove House (Camberwell) and Lord Wargrave (Marylebone), agreed an early exit from our lease at the Prince William Henry (Blackfriars) and transferred the Grand Junction Arms to our managed house division, leaving us with just three tenancies.

Continuing business revenue was £1.0 million (2021: £0.7 million) and an adjusted operating profit of £0.4 million (2021: £0.0 million). Due to the small nature of the continuing business, this will be the final period in which we report on the tenanted division separately.

OTHER KEY AREAS

PROPERTY

Our balance sheet strength is underpinned by our predominantly freehold estate in many highly desirable locations. 182 of our 222 pubs are freehold or are long leaseholds with peppercorn rents. Our total estate, including freehold and fixtures and fittings on leaseholds, is now valued at £808.0 million (2021: £773.7 million). The carrying value of property leases, including long leaseholds, is separately recognised as right-of-use assets in note 12. We have continued to add value through major developments to improve our existing pub values and hand-picked acquisitions, primarily focussing on freehold assets.

Each year we revalue our pub estate to reflect current market values. Despite our return to profitable trade, the ongoing implication of covid-19 on our estate had to be considered on an individual basis as some pubs continue to build back to pre-pandemic levels. Savills, an independent and leading commercial property adviser, has revalued all our freehold properties. The valuation method used several inputs and the sustainable level of trade of each pub remained key.

In accordance with International Financial Reporting Standards, individual increases in value have been reflected in the revaluation reserve on the balance sheet (except to the extent that they had previously been revalued downwards) and individual falls in value below depreciated cost have been accounted for through the income statement. None of these adjustments have a cash impact.

Continued optimism in the pub property market has remained throughout the year and has been reflected by increased activity and property prices; as a result we have seen a net upward revaluation movement of £29.5 million. This is comprised of an upward movement of £28.7 million (2021: £9.0 million upward movement) reflected in the revaluation reserve and an upward movement of £0.8 million (2021: £1.8 million upward movement) recognised as an adjusting item in the income statement.

TREASURY AND GOING CONCERN

At 28 March 2022, the group had cash in bank of £34.0 million and committed borrowing facilities of £235.0 million, of which £135.0 million was drawn down. The drawn facilities are all fully interest rate hedged. In addition to these committed facilities, we have a £10.0 million overdraft with HSBC. Net debt including lease liabilities was £173.8 million.

We have returned to delivering strong positive cash flows. Our operating cash flow was £107.0 million (2021: cash outflow £23.0 million), with our predominantly freehold estate and premium business back to unrestricted trading. Young's has returned to being conservatively financed. We have moved away from all financing measures introduced to steer us through the covid uncertainty which, combined with the strong positive cash flow, result in a net debt to adjusted EBITDA of 2.1 times.

Whilst the group's entire pub estate is trading well, it remains prudent to recognise a degree of uncertainty ahead due to any potential on-going impact of covid-19 and to acknowledge the impact of the current cost inflation that could influence future profitability. As part of the directors' consideration of the appropriateness of adopting the going concern basis, the group has modelled several scenarios for the going concern period. The key judgements applied are the extent of any potential future disruption to trading as a result of covid-19, and the inflationary cost pressures that the hospitality industry is currently facing. The base case model assumes we continue to trade as now, with no restrictions and a confident market with trade continuing to build in line with Young's growth strategy. The general reduction in trade scenario looks at a decline of 20% in sales and 24% in profit across the period. This aims to capture the return of certain restrictions such as table service only or a recommendation to work from home and any potential slowdown in consumer spending influenced by the current cost of living crisis. The cost inflation scenario includes an average 15% increase in the food cost base for the period with no retail price increases. Utility pricing has been held at the base case rates given the group has forward bought utilities to March 2024. We have assumed capital expenditure levels will continue at historical levels and no structural changes to the business will be needed in any of the scenarios modelled. Further details are set out in note 1 of the attached financial statements.

Based on these forecasts and sensitivities, coupled with the current debt levels and the ongoing debt structure in place, the board has a reasonable expectation that the group is able to manage its business risks and to continue in operational existence until at least 27 June 2023. Accordingly, the board continues to adopt the going concern basis in preparing the consolidated financial statements.

RETIREMENT BENEFITS

We have a defined benefit pension scheme which has been closed to new entrants since 2003. During the year our pension deficit of £6.1 million has moved into a net surplus of £12.2 million. This has been largely driven by a movement in the discount rate contributing to a £21.9 million decrease in liabilities. We have continued our commitment with another year of special contributions, totalling £1.2 million, and remain fully committed to ensuring the pension scheme is adequately funded.

ADJUSTING ITEMS

Total adjusting items from continuing operations were in a credit position of £0.3 million in the period, the majority of which relate to the estate management of our properties. We agreed an early termination of the lease at the Prince William Henry and recognised £2.2 million profit on disposal. During the period, we also exited one managed house lease – the Waverley (Bognor Regis), and sold two tenanted pubs, the Grove House (Camberwell) and the Lord Wargrave (Marylebone) for a net gain of £0.2 million. As previously mentioned, there was a net upward movement in property revaluation for the period of £0.8 million.

Following the transfer of the Grand Junction Arms (Harlesden) to our managed house division in September, compensation cost of £0.2 million were agreed to terminate the lease agreement early.

The most significant cost relates to our acquisition of nine pubs where purchase costs of £2.7 million were incurred relating to property taxes and associated professional and legal fees.

TAX

A tax charge of £17.5 million (2021: £6.9 million tax credit) was recognised for the year. The effective tax rate was 33.7% (2021: negative 15.2%) compared to the statutory rate of 19.0% with the difference primarily driven by the re-measurement of deferred tax liabilities as a result of the increase in the future substantively enacted tax rates from 19.0% to 25.0%. Further detail can be found in note 8.

The group's tax strategy for the accounting period ended 28 March 2022 has been published on the Young's website in accordance with UK tax law.

SHAREHOLDER RETURNS

Having started life in 1831, Young's is a long-standing business, and we are determined to maintain our long-term, sustainable growth story.

Our top-line trading performance has flowed through to strong profit conversion and cash generation. Our adjusted earnings per share was at 56.26 pence, compared to an adjusted loss per share of 66.63 pence in the prior period. On an unadjusted basis, the profit per share increased to 58.83 pence. As a result, we are pleased to recommend a final dividend of 10.26 pence and, if approved by shareholders, this will give a total dividend for the year of 18.81 pence (2021: nil).

Patrick Dardis
Chief Executive
18 May 2022

GROUP INCOME STATEMENT

For the 52 weeks ended 28 March 2022

	Notes	2022 £m	Restated 2021 £m
Continuing operations			
Revenue	5	**309.0**	88.0
Other income	6	**5.0**	4.7
Operating costs before adjusting items		**(262.6)**	(125.9)
Adjusted operating profit/(loss)		**51.4**	(33.2)
Adjusting items	3	**0.3**	(1.3)
Operating profit/(loss)		**51.7**	(34.5)
Finance costs		**(9.5)**	(9.8)
Finance charge for pension obligations	13	**(0.1)**	(0.2)
Profit/(loss) before tax		**42.1**	(44.5)
Income tax (expense)/credit	8	**(17.2)**	6.9
Profit/(loss) for the period from continuing operations		**24.9**	(37.6)
Profit/(loss) for the period from discontinued operations[1]	7	**9.5**	(0.7)
Profit/(loss) for the period attributable to shareholders of the parent company		**34.4**	(38.3)

[1] A gain on disposal of £9.0 million was recognised and has been recorded within adjusting items (see note 3).

		Pence	Pence
Earnings/(loss) per 12.5p ordinary share			
Basic	10	**58.83**	(68.23)
Diluted	10	**58.80**	(68.23)
Earnings/(loss) per 12.5p ordinary share for continuing operations			
Basic	10	**42.58**	(66.98)
Diluted	10	**42.56**	(66.98)

Prior period comparatives have been restated for the application of IFRS 5 to re-present financial information in relation to discontinued operations (see note 7).

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the 52 weeks ended 28 March 2022

	Notes	**2022 £m**	Restated 2021 £m
Profit/(loss) for the period		**34.4**	(38.3)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Unrealised gain on revaluation of property	11	**28.7**	9.0
Remeasurement of retirement benefit schemes	13	**17.2**	0.9
Tax on above components of other comprehensive income	8	**(25.3)**	(4.0)
Items that will be reclassified subsequently to profit or loss:			
Net movement of interest rate swaps - cash flow hedge		**5.2**	2.5
Tax on fair value movement of interest rate swaps	8	**(1.1)**	(0.5)
		24.7	7.9
Total comprehensive income/(loss) attributable to shareholders of the parent company		**59.1**	(30.4)
Total comprehensive income/(loss) attributable to shareholders of the parent company from continuing operations		**49.6**	(30.9)
Total comprehensive income attributable to shareholders of the parent company from discontinued operations[1]		**9.5**	0.5

[1] A gain on disposal of £9.0 million was recognised and has been recorded within adjusting items (see note 3).

BALANCE SHEETS

At 28 March 2022

		Group		Company	
	Notes	**2022 £m**	2021 £m	**2022 £m**	2021 £m
Non-current assets					
Goodwill		**32.5**	32.5	**31.0**	31.0
Property and equipment	11	**808.0**	773.7	**803.5**	769.1
Right-of-use assets	12	**147.0**	158.0	**139.4**	149.2
Investment in subsidiaries		**-**	-	**14.3**	14.3
Deferred tax assets		**4.1**	8.6	**4.1**	8.6
Derivative financial instruments		**2.2**	**-**	**2.2**	-
Retirement benefit schemes	13	**14.3**	**-**	**14.3**	-
		1,008.1	972.8	**1,008.8**	972.2
Current assets					
Inventories		**4.7**	2.6	**4.7**	2.6
Trade and other receivables		**8.9**	10.4	**9.7**	11.3
Income tax receivable		**6.2**	5.8	**6.3**	6.0
Cash		**34.0**	4.7	**34.0**	4.7
		53.8	23.5	**54.7**	24.6
Asset held for sale		**-**	1.2	**-**	1.2
Total assets		**1,061.9**	997.5	**1,063.5**	998.0
Current liabilities					
Borrowings		**(30.0)**	(29.8)	**(30.0)**	(29.8)
Lease liabilities	14	**(4.9)**	(4.9)	**(4.1)**	(4.1)
Derivative financial instruments		**(0.3)**	(1.8)	**(0.3)**	(1.8)
Trade and other payables		**(43.7)**	(15.8)	**(55.8)**	(27.5)
		(78.9)	(52.3)	**(90.2)**	(63.2)
Non-current liabilities					
Borrowings		**(103.8)**	(143.4)	**(103.8)**	(143.4)
Lease liabilities	14	**(69.1)**	(75.3)	**(63.6)**	(69.1)
Derivative financial instruments		**-**	(1.4)	**-**	(1.4)
Deferred tax liabilities		**(108.3)**	(73.6)	**(108.1)**	(73.4)
Retirement benefit schemes	13	**(2.1)**	(6.1)	**(2.1)**	(6.1)
		(283.3)	(299.8)	**(277.6)**	(293.4)
Total liabilities		**(362.2)**	(352.1)	**(367.8)**	(356.6)
Net assets		**699.7**	645.4	**695.7**	641.4
Capital and reserves					
Share capital		**7.3**	7.3	**7.3**	7.3
Share premium		**7.7**	7.6	**7.7**	7.6
Capital redemption reserve		**1.8**	1.8	**1.8**	1.8
Hedging reserve		**1.7**	(2.4)	**1.7**	(2.4)
Revaluation reserve		**249.4**	253.6	**240.2**	244.4
Retained earnings		**431.8**	377.5	**437.0**	382.7
Total equity		**699.7**	645.4	**695.7**	641.4

STATEMENTS OF CASH FLOW

For the 52 weeks ended 28 March 2022

		Group		Company	
	Note	**2022 £m**	2021 £m	**2022 £m**	2021 £m
Operating activities					
Net cash generated from operations	15	**107.0**	(23.0)	**106.3**	(23.9)
Tax paid		**(5.1)**	-	**(5.1)**	-
Net cash flows from/(used in) operating activities		**101.9**	(23.0)	**101.2**	(23.9)
Investing activities					
Proceeds from disposal of property and equipment[1]		**59.7**	0.4	**59.7**	0.4
Purchase of property and equipment	11	**(36.9)**	(19.1)	**(36.9)**	(19.1)
Business combinations, net of cash acquired		**(36.9)**	-	**(36.9)**	-
Net cash used in investing activities		**(14.1)**	(18.7)	**(14.1)**	(18.7)
Financing activities					
Interest paid		**(9.7)**	(9.8)	**(9.5)**	(9.4)
Issued equity, net of transaction costs		**0.1**	84.9	**0.1**	84.9
Equity dividends paid		**(5.0)**	-	**(5.0)**	-
Payment of principal portion of lease liabilities		**(4.1)**	(4.3)	**(3.6)**	(3.8)
Repayment of borrowings[2]		**(39.8)**	(115.5)	**(39.8)**	(115.5)
Proceeds from borrowings		**-**	90.0	**-**	90.0
Net cash flows (used in)/from financing activities		**(58.5)**	45.3	**(57.8)**	46.2
Net increase in cash		**29.3**	3.6	**29.3**	3.6
Cash at the beginning of the period		**4.7**	1.1	**4.7**	1.1
Cash at the end of the period		**34.0**	4.7	**34.0**	4.7

[1] £53.0 million related to the sale of the Ram Pub Company (see note 7). The remaining balance related to other disposals of tenanted sites.

[2] In the current period, the group repaid the £30.0 million Covid Corporate Financing Facility debt (net of £0.2 million fees) and the £10.0 million Revolving Credit Facility debt. During the prior period, repayments of borrowings related to £65.5 million of Revolving Credit Facility debt and £50.0 million of syndicated facility with RBS and Barclays.

GROUP STATEMENT OF CHANGES IN EQUITY

At 28 March 2022

	Notes	Share capital[1] £m	Capital redemption reserve £m	Hedging reserve £m	Revaluation reserve £m	Retained earnings £m	Total equity £m
At 30 March 2020		**13.6**	**1.8**	**(4.4)**	**248.4**	**331.4**	**590.8**
Total comprehensive income							
Loss for the period		-	-	-	-	(38.3)	(38.3)
Other comprehensive income							
Unrealised gain on revaluation of property	11	-	-	-	9.0	-	9.0
Remeasurement of retirement benefit schemes	13	-	-	-	-	0.9	0.9
Net movement of interest rate swaps – cash flow hedge		-	-	2.5	-	-	2.5
Tax on above components of other comprehensive income	8	-	-	(0.5)	(3.8)	(0.2)	(4.5)
		-	-	2.0	5.2	0.7	7.9
Total comprehensive loss		-	-	2.0	5.2	(37.6)	(30.4)
Transactions with owners recorded directly in equity							
Share capital issued[2]		1.3	-	-	-	83.6	84.9
Share based payments		-	-	-	-	(0.1)	(0.1)
Movement in shares held by The Ram Brewery Trust II		-	-	-	-	0.2	0.2
		1.3	-	-	-	83.7	85.0
At 29 March 2021		**14.9**	**1.8**	**(2.4)**	**253.6**	**377.5**	**645.4**
Total comprehensive income							
Profit for the period		-	-	-	-	34.4	34.4
Other comprehensive income							
Unrealised gain on revaluation of property	11	-	-	-	28.7	-	28.7
Remeasurement of retirement benefit schemes	13	-	-	-	-	17.2	17.2
Net movement of interest rate swaps – cash flow hedge		-	-	5.2	-	-	5.2
Tax on above components of other comprehensive income	8	-	-	(1.1)	(22.8)	(2.5)	(26.4)
		-	-	4.1	5.9	14.7	24.7
Total comprehensive income		-	-	4.1	5.9	49.1	59.1
Transactions with owners recorded directly in equity							
Share capital issued		0.1	-	-	-	-	0.1
Dividends paid on equity shares		-	-	-	-	(5.0)	(5.0)
Revaluation reserve realised on disposal of properties		-	-	-	(10.1)	10.1	-
Share based payments		-	-	-	-	0.1	0.1
		0.1	-	-	(10.1)	5.2	(4.8)
At 28 March 2022		**15.0**	**1.8**	**1.7**	**249.4**	**431.8**	**699.7**

1 Total share capital comprises the nominal value of the share capital issued and fully paid of £7.3 million (2021: £7.3 million) and the share premium account of £7.7 million (2021: £7.6 million). Share capital issued in the period comprises the nominal value of £nil million (2021: £1.2 million) and share premium of £0.1 million (2021: £0.1 million).

2 During the prior period the group raised equity, generating proceeds of £84.8 million, net of transaction costs. A cash box structure was used in such a way that merger relief was available under Companies Act 2006, section 612, and thus no share premium was recorded. As the redemption of the cash box entity's preference shares was in the form of cash, the transaction was treated as qualifying consideration and the premium was therefore considered to be a realised profit.

NOTES TO THE FINANCIAL STATEMENTS
For the 52 weeks ended 28 March 2022

1. General information
This preliminary announcement was approved by the board on 18 May 2022. The financial statements in it are not the group's statutory financial statements. The statutory financial statements for the period ended 29 March 2021 have been delivered to the Registrar of Companies. The auditor has reported on those financial statements and on the statutory financial statements for the period ended 28 March 2022, which are expected to be delivered to the Registrar of Companies shortly. The report for the 2022 accounts was (i) unqualified, (ii) did not contain any matter to which the auditor drew attention by way of emphasis without modifying its opinion and (iii) did not contain a statement under s.498(2) or (3) of the Companies Act 2006. EY's report for the accounts of 2021 was (i) unqualified, (ii) contained a material uncertainty in respect of going concern to which the auditor drew attention by way of emphasis without modifying its opinion and (iii) did not contain a statement under s.498(2) or (3) of the Companies Act 2006.

The current period and prior period relate to the 52 weeks ended 28 March 2022 and the 52 weeks ended 29 March 2021 respectively.

The financial statements are presented in pounds sterling, which is the functional currency of the parent company, and all values are rounded to the nearest hundred thousand (£0.1 million) except where otherwise indicated.

This preliminary announcement has been agreed with the company's auditor for release.

The group and parent company financial statements have been prepared in accordance with UK adopted international accounting standards and the requirements of the Companies Act 2006. The accounting policies used have been consistently applied and are described in full in the statutory financial statements for the period ended 28 March 2022. The financial statements will also be available on the group's website, www.youngs.co.uk.

NEW ACCOUNTING STANDARDS AND ACCOUNTING POLICIES

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations

In the current period the group disposed of the majority of pubs previously traded under the Ram Pub Company as tenanted pubs and were disclosed separately in the segmental reporting note. Management has considered the sale and has concluded that the sale meets the definition of a discontinued operation.

A discontinued operation is a component of the entity that has been disposed of, or is classified as held for sale, and that represents a separate major line of business and is part of a single co-ordinated plan to dispose of such a line of business. The results of discontinued operations are presented separately in the income statement.

The sale was completed in one transaction to one buyer and all related assets and liabilities together met the definition of a disposal group.

As a result of the above, the financial statements for the current period prior comparative periods have been restated in accordance with the standard to re-present discontinued operations in the income statement and instead display the impact as a separate income statement line showing the post-tax profit of discontinued operations. Further detailed analysis of that single amount into revenue, expenses and cash flows is disclosed in note 7.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

The group will no longer be disclosing the segmental reporting note due to the majority of the Ram Pub Company pubs' disposal.

Amendments to accounting standards
Other amendments to accounting standards applied from 30 March 2021 were as follows:
- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39 and IFRS 7; and
- IFRS 16 (amended) – covid-19 related rent concessions beyond 30 June 2021.

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.

Going concern

At 28 March 2022, the group had cash in bank of £34.0 million and committed borrowing facilities of £235.0 million, of which £135.0 million was drawn down. The group expects, by 27 June 2023 (the 'going concern' period), to have available facilities of £235.0 million, with the plan to renegotiate the £30.0 million term loan that is due March 2023. In addition to these committed facilities, we have a £10.0 million overdraft with HSBC, which is not committed, and is therefore not assumed to continue for the purpose of this assessment.

Aligned to the government's hospitality reopening plan, all the group's pubs were operating under severe restrictions until 19 July 2021 when all restrictions were finally lifted. The group is very pleased with trading levels across the year and the quick return to positive trading cash flow, including through the disrupted Omicron period. Cash reserves have been further supported during the period through the sale of the Ram Pub Company for total cash proceeds of £53.0 million.

Whilst the group's entire pub estate is trading well, it remains prudent to recognise a degree of uncertainty ahead due to any potential ongoing impact of covid-19 and to acknowledge the impact of the current cost inflation that could influence future profitability. The directors also acknowledge the current Russia/Ukraine situation and the potential indirect impact this could have on Young's with respect to any further increase in food and energy inflation, and possible reductions in consumer spending. At this point in time the directors consider that the sales and inflation assumptions used in the going concern scenarios are appropriate.

As part of the directors' consideration of the appropriateness of adopting the going concern basis, the group has modelled several scenarios for the going concern period. The key judgements applied are the extent of any potential future disruption to trading as a result of covid-19, and the inflationary cost pressures that the hospitality industry is currently facing. The base case model assumes we continue to trade as now, no restrictions and a confident market with trade continuing to build in line with Young's growth strategy. The general reduction in trade scenario looks at a decline of 20% in sales and 24% in profit across the period. This aims to capture the return of possible restrictions such as table service only, or a recommendation to work from home, and any potential slowdown in consumer spending influenced by the current cost of living crisis. The cost inflation scenario includes an average 15% increase in the food cost base for the period with no retail price increases, utility pricing has been held at the base case rates given the group has forward bought utilities to March 2024. We have assumed capital expenditure levels will continue at historical levels and no structural changes to the business will be needed in any of the scenarios modelled.

In the base case; general reduction in trade; and cost inflation scenarios there continues to be significant headroom on our debt facilities, and all banking covenants are fully complied with throughout the going concern period.

The reverse stress test focused on the decline in sales and profit that Young's would be able to absorb before breaching any financial covenants or indeed any liquidity issues (the former being the main stress point given the debt headroom). Such a scenario, and the sequence of events that could lead to it, such as full closure of the pub estate for the summer and Christmas periods, is considered to be remote. There would need to be a sales reduction of c.50% and profit reduction of c.60% between May 2022 and March 2023 compared to the base case a reduction far in excess of those experienced historically (with the exception of the restricted covid-19 period), before there is a breach of financial covenants in the period and is calculated before reflecting any mitigating actions such as reduced capital expenditure or suspension of dividends.

Young's has also considered the impact of climate change on going concern and has determined that there is no impact on the business during the going concern period. Aligned with our developing ESG strategy this will continue to feature in future assessments, as we determine the potential wider impact on our asset base, capex spend and cost of compliance.

Based on these forecasts and sensitivities, coupled with the current debt levels and the ongoing debt structure in place, the board has a reasonable expectation that the group is able to manage its business risks and to continue in operational existence until at least 27 June 2023. Accordingly, the board continues to adopt the going concern basis in preparing the consolidated financial statements.

2. Segmental reporting

The group is organised into the reporting segments referred to below. These segments are based on the different resources and risks involved in the running of the group. The executive board of the group internally reviews each reporting segment's operating profit or loss before adjusting items for the purpose of deciding on the allocation of resources and assessing performance.

The group historically has two operating segments: managed houses and tenanted houses. The managed house segment operates pubs. Revenue is derived from sales of drink, food and accommodation. The tenanted house segment consists of pubs owned or leased by the company and leased or subleased to third parties. Revenue is derived from rents payable by, and sales of drink made to, tenants. Unallocated relates to head office income and costs and unlicensed properties. During the period, most of the pubs within the tenanted house segment have been disposed of and classified as a discontinued operation. Segmental reporting is in respect of continuing operations only. For discontinued operations see note 7.

Total segment revenue is derived externally with no intersegment revenues between the segments in either period. The group's revenue is derived entirely from the UK.

Income statement	**Managed houses**	**Tenanted houses**	**Segments total**	**Unallocated**	**Total**
2022	**£m**	**£m**	**£m**	**£m**	**£m**
Sales of goods	**295.4**	**0.5**	**295.9**	**-**	**295.9**
Accommodation sales	**12.3**	**-**	**12.3**	**-**	**12.3**
Total revenue from contracts with customers from continuing operations	**307.7**	**0.5**	**308.2**	**-**	**308.2**
Rental income	**-**	**0.5**	**0.5**	**0.3**	**0.8**
Total revenue recognised from continuing operations	**307.7**	**1.0**	**308.7**	**0.3**	**309.0**
Adjusted operating profit/(loss) from continuing operations	**72.1**	**0.4**	**72.5**	**(21.1)**	**51.4**
Adjusting items	(0.4)	2.2	1.8	(1.5)	**0.3**
Operating profit/(loss) from continuing operations	**71.7**	**2.6**	**74.3**	**(22.6)**	**51.7**
Restated 2021					
Sales of goods	84.5	0.3	84.8	-	84.8
Accommodation sales	2.5	-	2.5	-	2.5
Total revenue from contracts with customers from continuing operations	87.0	0.3	87.3	-	87.3
Rental income	-	0.4	0.4	0.3	0.7
Total revenue recognised from continuing operations	87.0	0.7	87.7	0.3	88.0
Adjusted operating loss from continuing operations	(18.6)	-	(18.6)	(14.6)	(33.2)
Adjusting items	(0.6)	(0.2)	(0.8)	(0.5)	(1.3)
Operating loss from continuing operations	(19.2)	(0.2)	(19.4)	(15.1)	(34.5)

3. Adjusting items

The table below shows adjusting items from continuing operations. For discontinued operations see note 7.

During the period the cash flow impact of adjusting items was £3.8 million (2021: £2.0 million).

	2022 £m	2021 £m
Amounts included in operating profit:		
Upward movement on the revaluation of properties (note 11)[1]	**5.5**	2.9
Downward movement on the revaluation of properties (note 11)[1]	**(4.7)**	(1.3)
Purchase costs[2]	**(2.7)**	-
Net profit/(loss) on disposal of properties[3]	**2.4**	(0.5)
Tenant compensation[4]	**(0.2)**	(0.5)
Group reorganisation[5]	**-**	(1.4)
Covid restructuring[6]	**-**	(0.5)
	0.3	(1.3)
Tax on adjusting items:		
Tax attributable to adjusting items	**(0.6)**	0.2
Impact of change in corporation tax rate[7]	**(6.9)**	-
	(7.5)	0.2
Total adjusting items after tax	**(7.2)**	(1.1)

1 The movement on the revaluation of properties is a non-cash item that relates to the revaluation exercise that was completed at the period end date. The revaluation was conducted at an individual pub level and identified an upward movement of £5.5 million (2021: £2.9 million) representing reversals of previous impairments recognised in the income statement, and a downward movement of £4.7 million (2021: £1.3 million), representing downward movements in excess of amounts recognised in equity. These resulted in a net upward movement of £0.8 million (2021: an upward movement of £1.6 million) which has been recognised in the income statement. The upward movement for the period ended 28 March 2022 was split between land and buildings of £0.8 million (2021: £1.6 million upward) and fixtures and fittings of £nil (2021: £nil). See note 11 for information on the revaluation of properties.

2 Costs related to the purchase of the Bull (Ditchling), Pheasant Inn (Lambourn), the White Horse (Hascombe), the freehold of the Lamb (Bloomsbury) and the Lucky Onion group, a group of six sites acquired on 21 February 2022. This also included lease extensions of Cherry Tree (Dulwich), East Hill (Wandsworth) and Riverside House (Wandsworth). These included legal and professional fees and stamp duty land tax (note 8).

3 The profit on disposal of properties related to the difference between cash, less disposal costs, received from the sale of the Grove House (Camberwell) and Lord Wargrave (Marylebone) and the carrying value of their assets, including goodwill, at the dates of disposal, and the surrender premium related to the lease of Prince William Henry (Southwark). In the prior period, the carrying value of the Grove House was previously derecognised from property and equipment and instead classified as an asset held for sale. Proceeds of £1.2 million were recognised in respect of the sale of the Grove House in the current period. During the prior period the loss on disposal of properties related to the difference between cash, less disposal costs, received from the sale of the Horse Pond Inn (Castle Cary), the lease expiry of the Black Cat (Catford), the Surprise (Chelsea) and the Greyhound (Hendon) and the carrying value of their assets, including goodwill, at the dates of disposal.

4 Tenant compensation of £0.2 million was paid to previous tenants of the Grand Junction Arms (Harlesden) to terminate their lease agreement early. During the prior period, tenant compensation of £0.5 million was paid to previous tenants of the Royal Oak (Bethnal Green) and an unlicensed property (Wandsworth) to terminate their lease agreements early.

5 During the prior period the group reorganisation costs of £1.4 million related to the stamp duty land tax and associated legal and professional fees incurred on the transfer of the business and assets of Spring Pub Company Limited, a group of five sites acquired on 12 March 2020, to Young's. The cost was foreseen at the time of the acquisition in March 2020, but did not crystalise until the transfer happened in September 2020.

6 During the prior period covid restructuring costs of £0.5 million related to a reorganisation of the group's head office functions. These were largely made up of severance costs.

7 An increase in the corporation tax rate from 19% to 25%, with effect from 1 April 2023, was announced in the March 2021 Budget, and substantively enacted on 24 May 2021. This has resulted in an increase in the deferred tax liabilities and assets of the group, to the extent they are not expected to reverse prior to 1 April 2023, with a net charge of £6.9 million associated with the rate change. This has been recognised as an exceptional item in the tax charge for the period as it is unrelated to the underlying trading activities of the group.

4. Other financial measures

The table below shows how adjusted group EBITDA, operating profit and profit before tax have been arrived at. They exclude adjusting items which due to their material or non-recurring nature distort the group's performance. These alternative performance measures have been provided to help investors assess the group's underlying performance. Details of the adjusting items can be seen in note 3.

All the results below are from continuing operations.

	2022			Restated 2021		
	Unadjusted £m	**Adjusting items £m**	**Adjusted £m**	Unadjusted £m	Adjusting items £m	Adjusted £m
EBITDA	**82.0**	**0.5**	**82.5**	(4.2)	2.9	(1.3)
Depreciation and net movement on the revaluation of properties	**(30.3)**	**(0.8)**	**(31.1)**	(30.3)	(1.6)	(31.9)
Operating profit/(loss)	**51.7**	**(0.3)**	**51.4**	(34.5)	1.3	(33.2)
Net finance costs	**(9.5)**	**-**	**(9.5)**	(9.8)	-	(9.8)
Finance charge for pension obligations	**(0.1)**	**-**	**(0.1)**	(0.2)	-	(0.2)
Profit/(loss) before tax	**42.1**	**(0.3)**	**41.8**	(44.5)	1.3	(43.2)

5. Revenue

The recognition of revenue from continuing operations under each of the group's material revenue streams is as follows:

	2022 £m	Restated 2021 £m
Sales of goods	**295.9**	84.9
Accommodation sales	**12.3**	2.5
Total revenue from contracts with customers	**308.2**	87.4
Rental income	**0.8**	0.6
Total revenue recognised	**309.0**	88.0

6. Government grants and assistance

During the period, the group was eligible for a number of government grant schemes which were introduced to mitigate the impact of covid-19. The impact of each scheme on the income statement for the period ended 28 March 2022 was as follows:

Government grant scheme	**Income statement line impacted**	**2022 £m**	2021 £m
Eat Out to Help Out	Revenue	**-**	2.4
Government grant income	Other income	**5.0**	4.7
Coronavirus Job Retention Scheme ('CJRS')	Operating costs before adjusting items	**2.6**	43.3
Covid Corporate Financing Facility ('CCFF')	Finance costs	**-**	0.1
Total government grants received		**7.6**	50.5

All government grants received were in respect of continuing operations.

At 29 March 2021, £29.8 million was recognised within current borrowings in the balance sheet representing the fair value of the Covid Corporate Financing Facility, with a further £0.2 million recognised within trade and other payables as deferred income, representing the favourable conditions granted by the Government. The CCFF was repaid in full in May 2021.

In respect of the Coronavirus Job Retention Scheme, £nil remained outstanding at 28 March 2022 (2021: £4.6 million). In respect of government grant income, £0.1 million remained outstanding at 28 March 2022 (2021: £1.3 million). Both these amounts have been recognised within trade and other receivables.

In addition, during the period, the group continued to take advantage of the business rate holiday, saving £3.7 million (2021: £15.6 million), further business rate relief under the expanded retail discount, saving £2.0 million (2021: £0.7 million) and reduced 5% VAT on eligible sales until 30 September 2021, followed by 12.5% VAT up until the year end date of 28 March 2022. The reduced rate subsequently ended on the 31 March 2022.

7. Discontinued operations

On 2 July 2021, the board made the decision to sell most of its tenanted estate, the Ram Pub Company. At this date, 56 of the 63 pubs in Ram Pub Company were classified as a disposal group held for sale and as a discontinued operation. On 9 August 2021, the sites were disposed of for a total consideration of £53.0 million. The sale was consistent with the group's strategy to increase value for shareholders through focussing solely on operating premium, individual, differentiated and predominantly freehold managed pubs and hotels.

Total revenue generated from the Ram Pub Company in the period was £3.6 million, of which £1.0 million related to continuing operations and the remaining £2.6 million related to discontinued operations. The results from discontinued operations for the period are presented below:

	2022	2021
	£m	£m
Revenue from sales of goods	**2.1**	2.0
Rental income	**0.5**	0.6
Total revenue	**2.6**	2.6
Operating costs	**(1.8)**	(3.5)
Adjusted operating profit/(loss)	**0.8**	(0.9)
Adjusting items[1]	**9.0**	0.2
Profit/(loss) before tax from discontinued operations	**9.8**	(0.7)
Income tax expense	**(0.3)**	-
Profit/(loss) after tax from discontinued operations	**9.5**	(0.7)

[1] Adjusting items related to the difference between cash less disposal costs received from the sale of the 56 sites and the carrying value of their assets, at the date of disposal. During the previous 52 week period to 29 March 2021, the adjusting items related to the net upward movement on the revaluation of properties in excess of amounts recognised in equity. See note 3.

The major class of asset disposed of as part of the discontinued operation was property and equipment with a fair value of £43.4 million. Deferred tax liabilities of £1.5 million were also de-recognised. No other assets or liabilities were disposed of as part of the disposal group. A realised property gain in the revaluation reserve of £8.9 million was transferred to retained earnings on disposal.

The net cash flows incurred in respect of the discontinued operations were as follows:

	2022	2021
	£m	£m
Operating	**0.1**	(5.0)
Investing	**52.5**	(0.7)
Financing	**(0.1)**	(0.2)
Net cash inflow/(outflow)	**52.5**	(5.9)

For basic, diluted and the effect of adjusting items on earnings/(loss) per share on discontinued operations see note 10(d).

For tax charged on discontinued operations see note 8.

8. Taxation

The major components of income tax expense/(credit) for the periods ended 28 March 2022 and 29 March 2021 are:

Tax charged/(credited) in the group income statement	**2022 £m**	2021 £m
Current income tax		
Current tax expense/(credit)	**4.8**	(5.8)
Adjustment in respect of current income tax of prior periods	**(0.1)**	-
	4.7	(5.8)
Deferred tax		
Relating to origin and reversal of temporary differences	**6.7**	(1.6)
Adjustment in respect of deferred tax of prior periods	**(0.8)**	0.5
Change in corporation tax rate	**6.9**	-
	12.8	(1.1)
Income tax charged/(credited) in the income statement[1]	**17.5**	(6.9)

[1] During the period, income tax charged related to £17.2 million from continuing operations and £0.3 million from discontinued operations.

Deferred tax in the group income statement	**2022 £m**	2021 £m
Property revaluation and disposals	**2.3**	(0.1)
Capital allowances	**2.4**	(0.2)
Retirement benefit schemes	**0.2**	0.2
Trade losses	**1.0**	(1.0)
Change in corporation tax rate	**6.9**	-
Deferred tax charged/(credited) in the income statement	**12.8**	(1.1)

Deferred tax in the group statement of other comprehensive income		
Property revaluation and disposals	**4.8**	3.8
Retirement benefit schemes	**3.3**	0.2
Interest rate swaps – cash flow hedge	**1.0**	0.5
Change in corporation tax rate	**17.3**	-
Deferred tax charged to other comprehensive income	**26.4**	4.5

The table below shows the tax credit from discontinued operations.

Tax credited in the group income statement	**2022 £m**	2021 £m
Deferred tax		
Rolled over gains on disposal of properties	**(1.8)**	-
Reversal of temporary differences on revaluations	**1.5**	-
Tax credited in the income statement	**(0.3)**	-

9. Dividends on equity shares

	2022 Pence per share	2021 Pence per share	**2022 £m**	2021 £m
Final dividend (previous period)	**-**	-	**-**	-
Interim dividend (current period)	**8.55**	-	**5.0**	-
	8.55	-	**5.0**	-

The table above sets out dividends paid. In addition, the board is proposing a final dividend in respect of the period ended 28 March 2022 of 10.26 pence per share at a cost of £6.0 million. If approved, it is expected to be paid on 7 July 2022 to shareholders who are on the register of members at the close of business on 10 June 2022.

10. Earnings/(loss) per ordinary share

(a) Weighted average number of shares	2022 Number	2021 Number
Basic weighted average number of ordinary shares in issue	**58,476,259**	56,132,368
Dilutive potential ordinary shares from outstanding employee share options	**30,877**	-
Diluted weighted average number of shares	**58,507,136**	56,132,368

(b) Earnings/(loss) attributable to the shareholders of the parent	£m	£m
Profit/(loss) for the period	**34.4**	(38.3)
Adjusting items	**(9.3)**	1.1
Tax attributable to above adjustments	**7.8**	(0.2)
Adjusted earnings/(loss) after tax	**32.9**	(37.4)

Basic earnings/(loss) per share	Pence	Pence
Basic	**58.83**	(68.23)
Effect of adjusting items	**(2.57)**	1.60
Adjusted basic earnings/(loss) per share	**56.26**	(66.63)

Diluted earnings/(loss) per share	Pence	Pence
Diluted	**58.80**	(68.23)
Effect of adjusting items	**(2.57)**	1.60
Adjusted diluted earnings/(loss) per share	**56.23**	(66.63)

(c) Earnings/(loss) from continuing operations	£m	£m
Profit/(loss) for the period	**24.9**	(37.6)
Adjusting items	**(0.3)**	1.3
Tax attributable to above adjustments	**7.5**	(0.2)
Adjusted earnings/(loss) after tax	**32.1**	(36.5)

Basic earnings/(loss) per share	Pence	Pence
Basic	**42.58**	(66.98)
Effect of adjusting items	**12.31**	1.96
Adjusted basic earnings/(loss) per share	**54.89**	(65.02)

Diluted earnings/(loss) per share	Pence	Pence
Diluted	**42.56**	(66.98)
Effect of adjusting items	**12.31**	1.96
Adjusted diluted earnings/(loss) per share	**54.87**	(65.02)

(d) Earnings/(loss) per ordinary share for discontinued operations

	£m	£m
Profit/(loss) for the period	**9.5**	(0.7)
Adjusting items	**(9.0)**	(0.2)
Tax attributable to above adjustments	**0.3**	-
Adjusted earnings/(loss) after tax	**0.8**	(0.9)

Basic earnings/(loss) per share

	Pence	Pence
Basic	**16.25**	(1.25)
Effect of adjusting items	**(14.88)**	(0.36)
Adjusted basic earnings/(loss) per share	**1.37**	(1.61)

Diluted earnings/(loss) per share

	Pence	Pence
Diluted	**16.24**	(1.25)
Effect of adjusting items	**(14.88)**	(0.36)
Adjusted diluted earnings/(loss) per share	**1.36**	(1.61)

The basic earnings/(loss) per share figure is calculated by dividing the net profit/(loss) for the period attributable to equity shareholders of the parent by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share have been calculated on a similar basis taking into account 30,877 dilutive potential shares under the SAYE scheme. During the prior period, there were 61 potential dilutive shares, which were not included in the calculation of diluted earnings per share, as they were antidilutive in the period due to the group being loss making.

Adjusted earnings per share are presented to eliminate the effect of the adjusting items and the tax attributable to those items on basic and diluted earnings per share.

11. Property and equipment

	Group			Company		
Cost or valuation	Land & buildings £m	Fixtures, fittings & equipment £m	Total £m	Land & buildings £m	Fixtures, fittings & equipment £m	Total £m
At 30 March 2020	**714.1**	**160.7**	**874.8**	**698.8**	**154.5**	**853.3**
Additions	3.9	15.2	19.1	3.9	15.2	19.1
Transfers from subsidiary companies	-	-	-	14.7	0.1	14.8
Disposals	-	(0.2)	(0.2)	-	(0.2)	(0.2)
Transfer out to asset held for sale	(0.9)	(0.4)	(1.3)	(0.9)	(0.4)	(1.3)
Fully depreciated assets	(7.7)	(19.1)	(26.8)	(7.4)	(19.1)	(26.5)
Revaluation[1]						
- upward movement in valuation	14.5	-	14.5	14.5	-	14.5
- downward movement in valuation	(6.0)	-	(6.0)	(6.0)	-	(6.0)
At 29 March 2021	**717.9**	**156.2**	**874.1**	**717.6**	**150.1**	**867.7**
Additions	11.5	25.4	36.9	11.5	25.3	36.8
Business combinations	35.3	1.5	36.8	35.3	1.5	36.8
Disposals[2]	(44.2)	(10.8)	(55.0)	(44.2)	(10.8)	(55.0)
Fully depreciated assets	(0.5)	(18.3)	(18.8)	(0.5)	(18.2)	(18.7)
Revaluation[1]						
- upward movement in valuation	40.3	-	40.3	40.3	-	40.3
- downward movement in valuation	(10.7)	-	(10.7)	(10.7)	-	(10.7)
At 28 March 2022	**749.6**	**154.0**	**903.6**	**749.3**	**147.9**	**897.2**
Depreciation and impairment						
At 30 March 2020	**32.0**	**71.7**	**103.7**	**31.3**	**70.5**	**101.8**
Depreciation charge	1.7	24.4	26.1	1.6	24.3	25.9
Disposals	-	(0.2)	(0.2)	-	(0.2)	(0.2)
Transfer out to asset held for sale	-	(0.1)	(0.1)	-	(0.1)	(0.1)
Fully depreciated assets	(7.7)	(19.1)	(26.8)	(7.4)	(19.1)	(26.5)
Revaluation[1]						
- upward movement in valuation	(3.9)	-	(3.9)	(3.9)	-	(3.9)
- downward movement in valuation	1.6	-	1.6	1.6	-	1.6
At 29 March 2021	**23.7**	**76.7**	**100.4**	**23.2**	**75.4**	**98.6**
Depreciation charge	1.6	22.8	24.4	1.5	22.7	24.2
Disposals[2]	(5.2)	(5.3)	(10.5)	(5.2)	(5.3)	(10.5)
Fully depreciated assets	(0.5)	(18.3)	(18.8)	(0.5)	(18.2)	(18.7)
Revaluation[1]						-
- upward movement in valuation	(4.6)	-	(4.6)	(4.6)	-	(4.6)
- downward movement in valuation	4.7	-	4.7	4.7	-	4.7
At 28 March 2022	**19.7**	**75.9**	**95.6**	**19.1**	**74.6**	**93.7**
Net book value						
At 30 March 2020	682.1	89.0	771.1	667.5	84.0	751.5
At 29 March 2021	694.2	79.5	773.7	694.4	74.7	769.1
At 28 March 2022	**729.9**	**78.1**	**808.0**	**730.2**	**73.3**	**803.5**

[1] The group's net book value uplift during the period was £29.5 million (2021: £10.8 million). This uplift was recognised either in the revaluation reserve or the income statement, as appropriate.

[2] During the period, the majority of the disposals related to the sale of 56 tenanted pubs (see note 7).

The impact of the property revaluation exercise was as follows:

	Group		Company	
	2022	2021	**2022**	2021
	£m	£m	**£m**	£m
Income statement				
Revaluation loss charged as impairment	**(4.7)**	(1.6)	**(4.7)**	(1.6)
Reversal of past impairment	**5.5**	3.4	**5.5**	3.4
Net uplift recognised in the income statement	**0.8**	1.8	**0.8**	1.8
Revaluation reserve				
Unrealised revaluation surplus	**39.5**	15.0	**39.5**	15.0
Reversal of past surplus	**(10.8)**	(6.0)	**(10.8)**	(6.0)
Net uplift recognised in the revaluation reserve	**28.7**	9.0	**28.7**	9.0
Net revaluation increase in property	**29.5**	10.8	**29.5**	10.8

12. Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Group				Company			
	Property	**Motor vehicles**	**Other assets**	**Total**	**Property**	**Motor vehicles**	**Other assets**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
As at 30 March 2020	**163.0**	**0.3**	**0.1**	**163.4**	**136.5**	**0.3**	**0.1**	**136.9**
Additions	2.1	0.1	**-**	**2.2**	18.3	0.1	**-**	**18.4**
Lease amendments	0.1	**-**	(0.1)	**-**	0.3	-	(0.1)	**0.2**
Depreciation	(7.4)	(0.2)	**-**	**(7.6)**	(6.2)	(0.1)	-	**(6.3)**
As at 29 March 2021	**157.8**	**0.2**	**-**	**158.0**	**148.9**	**0.3**	**-**	**149.2**
Additions	1.0	0.2	**-**	**1.2**	1.0	0.2	-	**1.2**
Lease amendments	0.1	**-**	**-**	**0.1**	0.3	**-**	**-**	**0.3**
Depreciation	(6.9)	(0.2)	**-**	**(7.1)**	(6.0)	(0.1)	-	**(6.1)**
Disposals	(5.2)	**-**	**-**	**(5.2)**	(5.2)	-	-	**(5.2)**
As at 28 March 2022	**146.8**	**0.2**	**-**	**147.0**	**139.0**	**0.4**	**-**	**139.4**

13. Retirement benefit schemes

Movement within the schemes in the period

(a) Changes in the present value of the schemes are as follows:

	Group and company					
	2022			2021		
	Pension scheme £m	**Health care scheme £m**	**Total £m**	Pension scheme £m	Health care scheme £m	Total £m
Opening deficit	**(2.2)**	**(3.9)**	**(6.1)**	(4.6)	(3.6)	(8.2)
Current service cost	**(0.4)**	**-**	**(0.4)**	(0.2)	-	(0.2)
Contributions	**1.4**	**0.2**	**1.6**	1.4	0.2	1.6
Other finance charges	**-**	**(0.1)**	**(0.1)**	(0.1)	(0.1)	(0.2)
Remeasurement through other comprehensive income	**15.5**	**1.7**	**17.2**	1.3	(0.4)	0.9
Closing surplus/(deficit)	**14.3**	**(2.1)**	**12.2**	(2.2)	(3.9)	(6.1)

14. Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group £m	**Company £m**
As at 30 March 2020	82.3	64.6
Additions	2.2	12.2
Lease amendments	-	0.2
Accretions of interest	2.6	2.3
Payments	(6.9)	(6.1)
	80.2	73.2
Current	4.9	4.1
Non-current	75.3	69.1
As at 29 March 2021	80.2	73.2
Additions	**1.2**	**1.2**
Lease amendments	**0.1**	**0.3**
Accretions of interest	**2.5**	**2.3**
Payments	**(6.6)**	**(5.9)**
Lease Disposals	**(3.4)**	**(3.4)**
As at 28 March 2022	**74.0**	**67.7**
Current	**4.9**	**4.1**
Non-current	**69.1**	**63.6**

15. Net cash generated from operations and analysis of net debt

	Group		Company	
		Restated		Restated
	2022	2021	**2022**	2021
	£m	£m	**£m**	£m
Profit/(loss) before tax from continuing operations	**42.1**	(44.5)	**42.0**	(44.4)
Profit/(loss) before tax from discontinued operations	**9.8**	(0.7)	**9.8**	(0.7)
Profit/(loss) before tax	**51.9**	(45.2)	**51.8**	(45.1)
Net finance cost	**9.5**	9.9	**9.6**	9.5
Finance charge for pension obligations	**0.1**	0.2	**0.1**	0.2
Operating profit/(loss)	**61.5**	(35.1)	**61.5**	(35.4)
Depreciation of property and equipment	**24.4**	26.1	**24.2**	25.9
Depreciation of right-of-use assets	**7.1**	7.6	**6.1**	6.3
Movement on revaluation of properties	**(0.8)**	(1.8)	**(0.8)**	(1.8)
Net (profit)/loss on disposal of property	**(11.4)**	0.5	**(11.4)**	0.5
Difference between pension service cost and cash contributions paid	**(1.2)**	(1.4)	**(1.2)**	(1.4)
Share based payments	**(0.1)**	(0.1)	**(0.1)**	(0.1)
Movements in working capital				
- Inventories	**(2.0)**	0.7	**(2.0)**	0.6
- Receivables	**1.5**	(1.2)	**1.6**	(1.5)
- Payables	**28.0**	(18.3)	**28.4**	(17.0)
Net cash generated from operations	**107.0**	(23.0)	**106.3**	(23.9)

Analysis of net debt

	Group		Company	
	2022	2021	**2022**	2021
	£m	£m	**£m**	£m
Cash	**34.0**	4.7	**34.0**	4.7
Current borrowings and loan capital	**(30.0)**	(29.8)	**(30.0)**	(29.8)
Current lease liability	**(4.9)**	(4.9)	**(4.1)**	(4.1)
Non-current borrowings and loan capital	**(103.8)**	(143.4)	**(103.8)**	(143.4)
Non-current lease liability	**(69.1)**	(75.3)	**(63.6)**	(69.1)
Net debt	**(173.8)**	(248.7)	**(167.5)**	(241.7)

16. Post balance sheet events

There were two post balance sheet events: the exchange of contracts and completion of the Bedford Arms (Rickmansworth), and the extension of the £50 million syndicated facility with the Royal Bank of Scotland and HSBC by one year (the first year of a two-year option to extend) to 19 May 2026.