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

INTERIM RESULTS FOR THE 26 WEEKS ENDED 26 SEPTEMBER 2022

ENCOURAGING RESULTS AS OUR TRADING MOMENTUM CONTINUED THROUGHOUT THE PERIOD REFLECTING A WELCOME RETURN TO A NORMAL PUB ENVIRONMENT

	2022 £m	2021 £m	**% change**
Revenue[1]	**186.5**	149.6	**+24.7**
Adjusted operating profit[1 3]	**29.0**	27.1	**+7.0**
Adjusted profit before tax[1 3]	**25.0**	21.8	**+14.7**
Adjusted EBITDA[1 3]	**45.0**	42.7	**+5.4**
Net debt	**168.1**	140.3	**-19.8**
Net debt to EBITDA[1 2]	**2.0x**	3.6x	**-1.6x**
Operating profit[1]	**27.9**	27.5	**+1.5**
Profit before tax[1]	**23.9**	22.2	**+7.7**
Net cash generated from operations	**48.5**	71.4	**-32.1**
Adjusted basic earnings per share[1 3]	**34.54p**	28.22p	**+22.4**
Basic earnings per share[1]	**32.66p**	17.96p	**+81.8**
Interim dividend per share	**10.26p**	8.55p	**+20.0**
Net assets per share	**£12.11**	£11.16	**+8.5**

1 The prior period results exclude trading from 56 sites which formed a majority of the Ram Pub Company segment (sold in August 2021) and were disclosed in last period's interim results as discontinued operations (see note 5).

2 Net debt (including lease liabilities) to EBITDA has been calculated based on the last 12 months' actual adjusted EBITDA of £84.8 million (see note 2 for adjusted EBITDA and note 9 for net debt).

3 Reference to an "adjusted" item means that item has been adjusted to exclude non-underlying items (see note 2 for adjusting items and note 7 for earnings per share).

PERFORMANCE HIGHLIGHTS

- Total revenue for the period was £186.5 million, with an adjusted EBITDA of £45.0 million; managed house EBITDA for the period was £55.5 million up £3.3 million against last year

- Like-for-like revenue was ahead of same period in 2019 by 6.2%, and up by 20.4% against last year

- Adjusted operating profit up 7.0% to £29.0 million, delivering a margin of 15.5%, down from last year's 18.1% which benefited significantly from the reduced 5% VAT rate (£8.2 million) and lower utility costs (£1.9 million on a like-for-like basis)

- Investment of £28.7 million in the period, including four freehold acquisitions and £14.5 million invested in our existing estate, with a further two acquisitions since the end of the period

- Healthy cash generation reduced the year-end net debt by £5.7 million to £168.1 million

- Interim dividend of 10.26 pence per share, an increase of 20.0% (1.71 pence) against the last interim dividend

- Since the period end, managed house revenue for the last 13 weeks was ahead of last year by 6.6%; on a like-for-like basis up 2.0% on last year and ahead of 2019 comparatives by 5.5%

- A balance sheet that supports our strategy, with the financial capacity for continued capital investment

Simon Dodd, Chief Executive of Young's, commented:

"I am very pleased with the performance of the business and the hard work of our teams in the first half of the year. This has been the first time in three years we have been able to report on a period without any covid related trading restrictions, with the business returning to normality.

Recent trading has been robust despite all the economic uncertainty, and we continue to see our pubs in Central London and the City bounce back as workers and tourists return, like-for-like sales since the end of the period were up against last year by 22.0% and 11.1% respectively.

We have continued to reinvest the funds generated by the sale last year of our tenanted estate, with the welcome addition of four fantastic freehold pubs combined with the two recent acquisitions, the Carpenters Arms (Tonbridge) and the Griffin Inn (Fletching), both wonderful freehold pubs with rooms.

Bookings are already strong for our first full trading Christmas in three years, which follows closely after the football World Cup. Although we are conscious of the current macroeconomic conditions, we have fixed contracts for both drinks and utilities, and, whilst not immune to the external cost pressures across our supply chain, we are taking steps to mitigate as far as possible.

Our strategy of operating premium, individual and well-invested managed pubs is unchanged, and we are confident that it will continue to deliver superior returns for our shareholders."

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INTERIM STATEMENT

I am pleased to report a strong set of results, with our positive trading momentum continuing throughout the first half of the financial year.

For the 26 weeks our total revenue was up 24.7% to £186.5 million (2021: £149.6 million), with adjusted profit before tax up 14.7% to £25.0 million (2021: £21.8 million), reflecting a welcome return to a normal pub trading environment. Managed like-for-like sales were ahead of last year by 20.4% and 6.2% higher than the same period in 2019.

We have continued to invest the proceeds from the sale of our tenanted businesses last year, with total capital investment of £28.7 million in the period, including the addition of four freehold acquisitions. Three of these acquisitions, the Bedford Arms Hotel (Rickmansworth), Merlin's Cave (Chalfont St Giles) and the Half Moon (Windlesham) have created the opportunity to introduce Young's to new trading regions. In September we purchased our fourth pub, when we exercised our option to acquire the Wild Duck (Ewen) from the Lucky Onion Group, in addition to the six businesses we purchased from them in February, further strengthening our established position in the Cotswolds.

The valuable role our pubs play in their communities, once again proved vital in recent months by providing such a unique environment, bringing people together whatever the occasion. In this historic summer, we both enjoyed and endured prolonged periods of hot weather, something that our exceptional gardens and outdoor spaces were perfectly placed to capitalise on. The two additional bank holidays for the Queen's jubilee and funeral marked poignant moments of national celebration and mourning, yet for both, the pub was the perfect setting to raise a glass or two to honour our late sovereign. Despite the effect of the rail strikes, which inevitably had an adverse impact on our trade, the positive performance of our great pubs after two extremely challenging years has been hugely encouraging.

I am both honoured and delighted to take over the reins as CEO of Young's and to have the opportunity to continue to grow such a wonderful and unique business. Once again, I would like to thank Patrick for his guidance since I joined and for his enormous contribution to the company over the past 20 years. In September, we also welcomed Mark Loughborough to the board, following his promotion to Retail Director. Mark has been with Young's for 11 years in a number of senior roles, most recently as Senior Director of Operations. His promotion underlines our commitment to a succession plan that places value on fostering internal development.

The board has decided to raise the interim dividend by 20.0% to 10.26 pence per share (2021: 8.55 pence per share), and this is expected to be paid on 2 December 2022 to shareholders on the register at close of business on 18 November 2022.

BUSINESS REVIEW

Total managed house revenue for the period was £186.1 million (2021: £148.9 million), up 25.0% compared with the gradual unwinding of restrictions last year. We ended the period with 223 managed houses, including 37 hotels, which is up from 219 at the end of the last period. Adjusted operating profit attributable to our managed houses was up 7.8% to £40.0 million (2021: £37.1 million). Operating profit growth against prior year has been challenged by significant headwinds, such as the return to a normalised VAT rate (£8.2 million) and increased utility costs (£1.9 million on a like-for-like basis).

Drink sales were the main beneficiary from the softer comparatives in the early months of last year, with total drink sales up 30.5%, or 28.0% on a like-for-like basis. In April, we launched our new draft range, introducing Brooklyn

Pilsner and Pravha, as well as two exciting new ales from Beavertown: Young Sun – their new keg pale ale – and Rocket Ram, a seasonal special cask ale. As spring made way to summer, our exceptional gardens, riverside pubs and well-invested estate offered the perfect relief from the scorching temperatures. The timely return of Aspall as our premium draft cider, helped drive growth in the total cider category, with sales up 61.9%. Draught lager was the other standout category, up by 29.6% against last year.

Food sales in the period were set against some strong prior year comparatives that were boosted by last year's VAT benefit. Despite this, our food sales were up 7.0% in total, equating to 1.5% on a like-for-like basis, and up by 8.8% compared to 2019. Our focus on fresh, seasonal and locally sourced British ingredients with dynamic menus tailored to the individual pub, underscored by our core classics, continues to pay dividends. Against the backdrop of well documented cost pressures, we have taken steps to consolidate and tease out efficiencies in our supply chain. Alongside this, our executive chef team created the Young's Recipe Book, full of inspiring dishes for our chefs to draw upon to ensure our food remains consistent, authentic and premium.

Over the course of the last 18 months, we have added a further 132 bedrooms to our estate, ending the period with a total room stock of 820. This recent investment coincided with a timely increase in hotel demand during the period, with strong occupancies and average room rates enjoyed across all geographies. The trend for holidaying in the UK remained positive, alongside a pickup in foreign travel towards the end of the period. Despite no longer benefitting from the reduced VAT rates of last year, total hotel sales were up 109.1% with like-for-like sales up by 72.7%. RevPAR was up to £77.11 compared with £59.48 last year.

Despite the impact of rail strikes and extra bank holidays, Central London and City areas continued to bounce back with returning workers and tourists, with sales returning to 2019 levels and growing by 81.4% and 46.5% respectively on the comparative period last year. Our more food orientated pubs and hotels in the Home Counties and West Country have understandably seen sales drop back compared to last period, a reflection of last year's lower VAT rates, but in a testament to how far these businesses have moved forward, like-for-like sales were 7.4% and 12.2% ahead of 2019 respectively.

At the start of the financial year, we introduced Young's to the Chilterns, with the purchase of the Bedford Arms Hotel (Rickmansworth). This impressive 18th century pub with 18 rooms boasts period features throughout, a characterful front terrace and a wonderful garden. Our second acquisition, Merlin's Cave, in the nearby affluent commuter town of Chalfont St Giles, opened in August following significant investment. The pub has an outstanding garden bordering the River Misbourne, combined with a picturesque setting on the village green. We later purchased the Half Moon in Windlesham, which was held by its previous stewards for 113 years and is a fine example of a characterful country pub, complete with a large south facing garden. Our acquisition of the Wild Duck, near Cirencester, adds further to our future growth pipeline. In recent years, this impressive site has been closed as part of a monumental back-to-brick renovation and, following our extensive investment, will reopen as another premium Young's pub in the heart of the Cotswolds.

Core to Young's strategy has been growth through acquisition while maintaining the highest degrees of investment within our existing estate. During the period, we invested £5.2 million completing major projects at the Coborn (Bow), Crown (Bow), East Hill (Wandsworth), Halfway House (Earlsfield) and the Phoenix (Victoria), together with some smaller projects at the Blue Boar (Chipping Norton), Dunstan House (Burnham-on-Sea) and the Orange Tree (Richmond). Alongside these projects we also invested £7.2 million for the ongoing maintenance of our pub estate.

INVESTMENT AND FINANCE

The adjusted earnings per share has risen by 22.4% to 34.54 pence largely due to the impact of the change in corporation tax rate in the prior period.

At the period end, our net debt reduced to £168.1 million from £173.8 million at the year-end, with a positive net cash flow from operations of £48.5 million. During the prior interim period our net cash flow from operations was £71.4 million due to the large movement in working capital following the reopening of our pubs after a period of lockdown. Our net debt excluding lease liabilities sits at £96.0 million. Based on the last twelve month's adjusted EBITDA of £86.9 million, our net debt (including lease liabilities) to EBITDA ratio has now reduced to 2.0 times (March 2022: 2.1 times). Our cash balance of £39.0 million and drawn down debt of £135.0 million provides us with debt headroom of £139.0 million.

Period adjusting items were a cost totalling £1.1 million compared with profit of £0.4 million last interim period. We incurred purchase costs of £0.8 million relating to the four acquisitions made in the period as well as tenant compensation of £0.3 million for the termination of a lease at an unlicensed property, that formed part of our existing freehold interest at the Village Inn (Ealing).

The methodology and assumptions prescribed for the purposes of IAS 19 Pensions accounting mean that the balance sheet surplus or deficit are inherently volatile and will vary greatly according to investment market conditions at each accounting date. In recent months, the uncertainty and market turbulence due to the economic climate has led to an increase in the discount rate used to 5.6% (March 2022: 2.8%), as well as a decrease in corporate bond yields, the rate at which our pension liabilities are discounted. This has resulted in the net surplus position of our retirement benefit schemes to reduce by £12.0 million to £0.2 million since the year-end.

ESG

As a group, we are committed to operating sustainably and to continuously find ways to reduce our carbon footprint. Our managed pubs are at the heart of their communities in which we operate, bringing people together and giving us the opportunity to improve the wellbeing of both our teams and our customers.

As a founding member of the Zero Carbon Forum, a group which has created a "Roadmap for Hospitality to Net Zero" we have aligned ourselves with the industry's roadmap to become net zero across scope 1, 2 and 3 emissions by 2040. We actively participate in their action groups, sharing ideas, collaborating, and collectively working towards a net zero future. Taking advice from our partners at Savills Earth, we have grouped our properties based on age, condition, servicing, and heritage status to guide our net zero implementation plans. In May, we launched the "Save While You Sleep" initiative in partnership with the Zero Carbon Forum, to guide and encourage energy saving opportunities through operational best practice.

We are passionate about seasonal, premium and sustainable British produce. In September, we launched our "Food for Thought" dinner series in partnership with Plymouth Gin, further building on our support of the Ocean Conservation Trust. Menus were based around invasive, underutilised and abundant foodstuffs from the UK to encourage diners to be mindful about their food choices, and include ingredients such as goat, seaweed, Dorset snails and wood pigeon.

Further information about our ESG initiatives and our evolving sustainability strategy will be provided in our 2023 Annual Report.

CURRENT TRADING AND OUTLOOK

Recent trading continues to show robust performance despite all the economic uncertainty, with total sales for the last 13 weeks up by 6.6% and up by 2.0% on a like-for-like basis. Against our comparatives in 2019, managed like-for-like sales were up by 5.5%.

We are looking to the rest of the year with positivity. London continues to return to more normal levels of trade with the City up by 11.1% on last year. Christmas bookings are looking strong, and we are excited by the prospect of our first full trading Christmas for three years on the back of the football World Cup, which begins in November. Our enhanced outdoor spaces, with comfortable heated areas, positions us perfectly for a prosperous Christmas and New Year.

Since the period end, we have completed two individual freehold acquisitions, adding the Carpenters Arms (Tonbridge) in Kent and the award-winning Griffin Inn (Fletching), in Sussex. These two premium pubs with rooms perfectly complement our existing estate and further extend Young's into new territories. We also reached an agreement with our tenants of Boisdales (Bishopsgate) for the early termination of the lease. Following a minor investment this will add to our City presence and provide additional trade in the lead up to Christmas. We continue to invest in our existing estate to ensure our pubs remain premium, individual and differentiated with projects recently completed at the Brook Green Hotel (Hammersmith), Bull (Streatham), and the Hammersmith Ram (Hammersmith).

However, during these uncertain times, we remain mindful of the potential impact that macroeconomic factors may have on consumer sentiment. We are also conscious of the impact further rail strikes could have on trade in the buildup to the festive period, an important time of year for the hospitality sector. We are hopeful that a suitable resolution for both sides can be reached in a timely manner. The steps we took last year to protect our business by forward purchasing our energy through to the end of March 2024 has limited the impact from utility cost increases. We are not immune to the external cost pressures across our supply chain, but we are taking steps to mitigate, as far as possible, the impact of the current inflationary environment on our cost base. Following the recent appointment of the new Prime Minister, we now hope for a period of stability and will closely monitor for any future policy changes from the UK Government.

Young's is a long-term business having traded for over 191 years. Our well invested pub estate with an asset value of £824.1 million, underpins the significant recovery potential post covid which includes unlocking further value from our recent investments. The business is cash generative with a robust balance sheet. We have a long track record of delivering results and our differentiated offering has helped us face the most demanding market conditions in the past. We remain focused on maintaining our premium position within the pub sector and are confident in our winning strategy of operating premium, individual and well-invested managed pubs, crucial to our continuing success and the delivery of superior returns for our shareholders.

Simon Dodd
Chief Executive
9 November 2022

Group income statement
For the 26 weeks ended 26 September 2022

	Notes	**Unaudited 26 weeks to 26 Sep 2022 £m**	Unaudited 26 weeks to 27 Sep 2021 £m	*Audited 52 weeks to 28 Mar 2022 £m*
Continuing operations				
Revenue	3	**186.5**	149.6	*309.0*
Other income	4	**-**	3.8	*5.0*
Operating costs before adjusting items		**(157.5)**	(126.3)	*(262.6)*
Adjusted operating profit		**29.0**	27.1	*51.4*
Adjusting items	2	**(1.1)**	0.4	*0.3*
Operating profit		**27.9**	27.5	*51.7*
Finance costs		**(4.2)**	(5.2)	*(9.5)*
Finance credit/(charge) for pension obligations	12	**0.2**	(0.1)	*(0.1)*
Profit before tax from continuing operations		**23.9**	22.2	*42.1*
Income tax expense	6	**(4.8)**	(11.7)	*(17.2)*
Profit after tax for the period from continuing operations		**19.1**	10.5	*24.9*
Discontinued operations[1]				
Profit after tax for the period from discontinued operations	5	**-**	9.5	*9.5*
Profit for the period attributable to shareholders of the parent company		**19.1**	20.0	*34.4*

[1] Discontinued operations during the 52 week period ended 28 March 2022 related to the sale of 56 tenanted pubs.

		Pence	Pence	*Pence*
Earnings per 12.5p ordinary share				
Basic	7	**32.66**	34.20	*58.83*
Diluted	7	**32.64**	34.20	*58.80*
Earnings per 12.5p ordinary share for continuing operations				
Basic	7	**32.66**	17.96	*42.58*
Diluted	7	**32.64**	17.95	*42.56*

Group statement of comprehensive income

For the 26 weeks ended 26 September 2022

	Notes	**Unaudited 26 weeks to 26 Sep 2022 £m**	Unaudited 26 weeks to 27 Sep 2021 £m	*Audited 52 weeks to 28 Mar 2022 £m*
Profit for the period		**19.1**	20.0	*34.4*
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Unrealised gain on revaluation of property		**-**	-	*28.7*
Remeasurement of retirement benefit schemes	12	**(12.8)**	1.1	*17.2*
Tax on above components of other comprehensive income	6	**3.2**	(14.9)	*(25.3)*
Items that will be reclassified subsequently to profit or loss:				
Fair value movement of interest rate swaps		**6.2**	1.2	*5.2*
Tax on fair value movement of interest rate swaps	6	**(1.5)**	(0.1)	*(1.1)*
		(4.9)	(12.7)	*24.7*
Total comprehensive income attributable to shareholders of the parent company		**14.2**	7.3	*59.1*
Total comprehensive income/(loss) attributable to shareholders of the parent company from continuing operations		**14.2**	(2.2)	*49.6*
Total comprehensive income attributable to shareholders of the parent company from discontinued operations		**-**	9.5	*9.5*

Group balance sheet
At 26 September 2022

	Notes	**Unaudited at 26 Sep 2022 £m**	Restated unaudited at 27 Sep 2021 £m	*Restated audited at 28 Mar 2022 £m*
Non-current assets				
Goodwill	11	**32.5**	32.5	*32.5*
Property and equipment	10	**824.1**	732.7	*808.0*
Right-of-use assets	11	**145.0**	149.0	*147.0*
Derivative financial instruments		**5.4**	-	*2.2*
Retirement benefit schemes	12	**1.8**	-	*14.3*
		1,008.8	914.2	*1,004.0*
Current assets				
Inventories		**5.4**	4.3	*4.7*
Trade and other receivables		**7.7**	3.9	*8.9*
Income tax receivable		**6.0**	6.5	*6.2*
Derivative financial instruments		**2.6**	-	-
Cash		**39.0**	68.2	*34.0*
		60.7	82.9	*53.8*
Total assets		**1,069.5**	997.1	*1,057.8*
Current liabilities				
Borrowings		**(30.0)**	-	*(30.0)*
Lease liabilities	11	**(5.2)**	(4.9)	*(4.9)*
Derivative financial instruments		**-**	(1.6)	*(0.3)*
Trade and other payables		**(48.6)**	(39.3)	*(43.7)*
		(83.8)	(45.8)	*(78.9)*
Non-current liabilities				
Borrowings		**(104.0)**	(133.7)	*(103.8)*
Lease liabilities	11	**(67.9)**	(69.9)	*(69.1)*
Derivative financial instruments		**-**	(0.4)	-
Deferred tax liabilities		**(104.1)**	(90.0)	*(104.2)*
Retirement benefit schemes	12	**(1.6)**	(4.5)	*(2.1)*
		(277.6)	(298.5)	*(279.2)*
Total liabilities		**(361.4)**	(344.3)	*(358.1)*
Net assets		**708.1**	652.8	*699.7*
Capital and reserves				
Share capital	13	**7.3**	7.3	*7.3*
Share premium	13	**7.8**	7.7	*7.7*
Capital redemption reserve		**1.8**	1.8	*1.8*
Hedging reserve		**6.4**	(1.3)	*1.7*
Revaluation reserve		**249.4**	228.2	*249.4*
Retained earnings		**435.4**	409.1	*431.8*
Total equity		**708.1**	652.8	*699.7*

Prior period comparatives have been restated (see note 1).

Group statement of changes in equity
For the 26 weeks ended 26 September 2022

	Notes	Share capital and premium £m	Capital redemption reserve £m	Hedging reserve £m	Revaluation reserve £m	Retained earnings £m	Total equity £m
At 28 March 2022		**15.0**	**1.8**	**1.7**	**249.4**	**431.8**	**699.7**
Total comprehensive income							
Profit for the 26 week period		-	-	-	-	19.1	19.1
Other comprehensive income							
Remeasurement of retirement benefit schemes	12	-	-	-	-	(12.8)	(12.8)
Fair value movement of interest rate swaps		-	-	6.2	-	-	6.2
Tax on above components of other comprehensive income	6	-	-	(1.5)	-	3.2	1.7
Total comprehensive income		-	-	4.7	-	9.5	14.2
Transactions with owners recorded directly in equity							
Issued equity	13	0.1	-	-	-	-	0.1
Dividends paid on equity shares		-	-	-	-	(6.0)	(6.0)
Share based payments		-	-	-	-	0.1	0.1
		0.1	-	-	-	(5.9)	(5.8)
At 26 September 2022		**15.1**	**1.8**	**6.4**	**249.4**	**435.4**	**708.1**
At 29 March 2021		**14.9**	**1.8**	**(2.4)**	**253.6**	**377.5**	**645.4**
Total comprehensive income							
Profit for the 26 week period		-	-	-	-	20.0	20.0
Other comprehensive income							
Remeasurement of retirement benefit schemes	12	-	-	-	-	1.1	1.1
Fair value movement of interest rate swaps		-	-	1.2	-	-	1.2
Tax on above components of other comprehensive income	6	-	-	(0.1)	(16.5)	1.6	(15.0)
Total comprehensive income		-	-	1.1	(16.5)	22.7	7.3
Transactions with owners recorded directly in equity							
Issued equity	13	0.1	-	-	-	-	0.1
Revaluation reserve realised on disposal of properties		-	-	-	(8.9)	8.9	-
		0.1	-	-	(8.9)	8.9	0.1
At 27 September 2021		**15.0**	**1.8**	**(1.3)**	**228.2**	**409.1**	**652.8**

Group statement of cash flow

For the 26 weeks ended 26 September 2022

	Notes	**Unaudited 26 weeks to 26 Sep 2022 £m**	Unaudited 26 weeks to 27 Sep 2021 £m	*Audited 52 weeks to 28 Mar 2022 £m*
Operating activities				
Net cash generated from operations	9	**48.5**	71.4	*107.0*
Tax paid		**(3.0)**	(2.9)	*(5.1)*
Net cash flow from operating activities		**45.5**	68.5	*101.9*
Investing activities				
Proceeds from disposal of property and equipment[1]		**-**	54.4	*59.7*
Purchases of property and equipment	10	**(18.9)**	(13.1)	*(36.9)*
Business combinations, net of cash acquired	10	**(9.8)**	-	*(36.9)*
Net cash used in investing activities		**(28.7)**	41.3	*(14.1)*
Financing activities				
Issued equity, net of transaction costs	13	**0.1**	0.1	*(9.7)*
Interest paid		**(2.4)**	(4.5)	*0.1*
Equity dividends paid		**(6.0)**	-	*(5.0)*
Payments of principal portion of lease liabilities		**(3.5)**	(1.9)	*(4.1)*
Repayments of borrowings[2]		**-**	(40.0)	*(39.8)*
Net cash flow used in financing activities		**(11.8)**	(46.3)	*(58.5)*
Increase in cash		**5.0**	63.5	*29.3*
Cash at the beginning of the period		**34.0**	4.7	*4.7*
Cash at the end of the period		**39.0**	68.2	*34.0*

[1] During the prior 52 week period to 28 March 2022 £53.0 million related to the sale of 56 tenanted pubs (see note 5). The remaining balance related to other disposals of tenanted sites.

[2] During the prior 52 week period to 28 March 2022 the group repaid £30.0 million of Covid Corporate Financing Facility and £10.0 million Revolving Credit Facility.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTS

This interim report was approved by the board on 9 November 2022. The interim financial statements are unaudited and are not the group's statutory accounts as defined in s.434 of the Companies Act 2006.

The accounting policies used in the preparation of the consolidated interim financial statements are in accordance with the recognition and measurement criteria of international accounting standards in conformity with the requirements of the Companies Act 2006 (UK-adopted International Accounting Standards). These standards are applied from 29 March 2022 with no changes to the accounting policies set out in the statutory accounts of Young & Co.'s Brewery, P.L.C. for the period ended 28 March 2022 (IFRS), except for those noted below. The financial statements have not been prepared (and are not required to be prepared) in accordance with IAS 34: 'Interim Financial Reporting', with the exception of note 6, taxation, where the tax charge for the half year to 26 September 2022 has been calculated using an estimate of the full year effective tax rate, in line with the principles of IAS 34. The accounting policies have been applied consistently throughout the group for the purposes of preparation of this financial information.

The interim report is presented in pounds sterling and all values are shown in millions of pounds (£m) rounded to the nearest £0.1 million, except where otherwise indicated.

Statutory accounts for the period ended 28 March 2022 have been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain any reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report. Further, that report did not contain a statement under s.498(2) or (3) of the Companies Act 2006.

This interim report has been prepared in accordance with the AIM Rules issued by the London Stock Exchange.

Restatement of prior periods

In accordance with the requirements of IAS 12: Income Taxes, management has restated the deferred tax assets as at 28 March 2022 and 27 September 2021 to be presented net against the deferred tax liabilities. The impact on the group balance sheet at 28 March 2022 is a reduction in the deferred tax asset of £4.1 million to £nil and a decrease in the deferred tax liability of £4.1 million to £104.2 million. This reduces the non-current asset subtotal by £4.1 million to £1,004.0 million and the non-current liability subtotal by £4.1 million to £279.2 million. The total assets are reduced by £4.1 million to £1,057.8 million and the total liabilities are reduced by £4.1 million to £358.1 million. The overall impact on net assets is £nil. The impact on the unaudited group balance sheet at 27 September 2021 is a reduction in the deferred tax asset of £6.3 million to £nil and a decrease in the deferred tax liability of £6.3 million to £90.0 million. This reduces the non-current asset subtotal by £6.3 million to £914.2 million and the non-current liability subtotal by £6.3 million to £298.5 million. The total assets are reduced by £6.3 million to £997.1 million and the total liabilities are reduced by £6.3 million to £344.3 million. The overall impact on net assets is £nil. There is no impact to the income statement or cash flow statement in any period presented as a result of this adjustment.

NEW ACCOUNTING STANDARDS AND ACCOUNTING POLICIES

Other standards

The directors have adopted the following Standards, Amendments and Interpretations listed below for the first time during the period. The adoption of these amendments has not had a material impact on the interim financial statements of the group:

1. Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use – effective 1 January 2022;
2. Amendments to IAS 37 – Onerous Contracts – Costs of Fulfilling a Contract – effective 1 January 2022;
3. Amendments to IFRS 3 – Reference to the Conceptual Framework – effective 1 January 2022.

GOING CONCERN

At 26 September 2022, the group had cash in bank of £39.0 million and committed borrowing facilities of £235.0 million, of which £135.0 million was drawn down. No board decision has been made on whether to replace the £30.0 million term loan that is due for renewal at the end of March 2023. On this basis, for going concern purposes, the group has assumed that available facilities will be £205.0 million at the end of the going concern period. In addition to these committed facilities, the group has a £10.0 million overdraft with HSBC, which is not committed, and is therefore not assumed to continue for the purpose of this assessment.

As part of the directors' consideration of the appropriateness of adopting the going concern basis, the group has modelled a base case and three sensitised scenarios for the going concern period, which is defined as the 12-month period from the date of approval of these financial statements to 27 November 2023.

The base case is the board approved forecast to March 2023 as well as the board approved strategic plan covering April to November 2023, updated to reflect current cost inflation. The key judgements applied are the extent of any influence on trade because of the current economic downturn and its impact on consumers, and the inflationary cost pressures that the hospitality industry is currently facing. The base case model assumes the group continues to trade as now whilst reflecting the inflationary environment that currently exists across the going concern period. The general reduction in trade scenario looks at a decline of 20% in sales and 25% in profit across the period. This aims to capture the potential slowdown in consumer spending influenced by the current cost of living crisis. The cost inflation scenario includes an average 8% increase in the food cost base and 10% increase in general pub operating costs 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. The group has 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 the group's 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 the group 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). There would need to be a sales reduction of c.45% and profit reduction of c.55% between December 2022 and October 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.

The group 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 the group's developing ESG strategy this will continue to feature in future assessments, as the group determines the potential wider impact on the asset base, capital expenditure 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 is confident that the group is able to manage its business risks and therefore continue in operational existence for the foreseeable future. For this reason, the group continues to adopt the going concern basis in preparing its interim financial statements.

2. ADJUSTING ITEMS AND OTHER FINANCIAL MEASURES

The table shows adjusting items from continuing operations.

During the period the cash flow impact of adjusting items was £1.1 million (for the period ended 27 September 2021: £1.8 million).

	26 weeks to 26 Sep 2022 £m	26 weeks to 27 Sep 2021 £m	*52 weeks to 28 Mar 2022 £m*
Amounts included in operating profit			
Purchase costs[1]	**(0.8)**	(0.1)	*(2.7)*
Tenant compensation[2]	**(0.3)**	(0.2)	*(0.2)*
Net profit on disposal of properties[3]	**-**	0.7	*2.4*
Upward movement on the revaluation of properties (note 10)[4]	**-**	-	*5.5*
Downward movement on the revaluation of properties (note 10)[4]	**-**	-	*(4.7)*
	(1.1)	0.4	*0.3*
Tax attributable to above adjusting items	**-**	(0.3)	*(0.6)*
Impact of change in corporation tax rate[5]	**-**	(6.1)	*(6.9)*
	-	(6.4)	*(7.5)*
Total adjusting items after tax	**(1.1)**	(6.0)	*(7.2)*

During the prior period tenant compensation and purchase costs related to managed houses. Net profit on disposal of properties related to tenanted houses. For adjusting items from discontinued operations see note 5.

[1] Purchase costs related to professional fees and stamp duty land tax arising on the acquisition of the Bedford Arms (Rickmansworth), Merlin's Cave (Chalfont St Giles) and the Half Moon (Windlesham). During the previous 52 week period to 28 March 2022, 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 the Cherry Tree (Dulwich), East Hill (Wandsworth) and Riverside House (Wandsworth). These included legal and professional fees and stamp duty land tax.

[2] Tenant compensation was paid to the tenants of an unlicensed property (Ealing) to terminate their lease agreement early. During the previous 52 week period to 28 March 2022, tenant compensation of £0.2 million was paid to previous tenants of the Grand Junction Arms (Harlesden) to terminate their lease agreement early.

[3] During the previous 52 week period to 28 March 2022, the profit on disposal of properties related to the difference between cash, less disposal costs, received from the sale of the Lord Wargrave (Marylebone) and Grove House (Camberwell) 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).

[4] The net upward movement on the revaluation of properties in the previous 52 week period to 28 March 2022 related to net upward movements in excess of amounts recognised in equity. See note 11(1) in the statutory accounts for the period ended 28 March 2022 for further details.

[5] 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 £6.1 million associated with the rate change. This was recognised as an adjusting item in the tax charge for the 52 week period to 28 March 2022 as it was unrelated to the underlying trading activities of the group.

Other financial measures

The table below shows how adjusted EBITDA, adjusted operating profit and profit before tax have been arrived at. These alternative performance measures have been provided as the board believes that they give useful additional measures of the group’s underlying performance and are the measures that the board uses to assess the group’s performance. Other financial measures in the prior periods exclude discontinued operations.

	26 weeks to 26 Sep 2022 £m	26 weeks to 27 Sep 2021 £m	*52 weeks to 28 Mar 2022 £m*
Profit before tax	**23.9**	22.2	*42.1*
Adjusting items	**1.1**	(0.4)	*(0.3)*
Adjusted profit before tax	**25.0**	21.8	*41.8*
Net finance costs	**4.2**	5.2	*9.5*
Finance (credit)/charge for pension obligations	**(0.2)**	0.1	*0.1*
Adjusted operating profit	**29.0**	27.1	*51.4*
Depreciation and amortisation	**16.0**	15.6	*31.1*
Adjusted EBITDA	**45.0**	42.7	*82.5*

During the period, £40.0 million of adjusted operating profit related to managed houses (in the period ended 27 September 2021: £37.1 million). Adjusted operating loss of £11.0 million mainly related to head office costs and was unallocated (in the period ended 27 September 2021: £10.0 million).

During the period, £55.5 million of adjusted EBITDA related to managed houses (in the period ended 27 September 2021: £52.2 million). Adjusted negative EBITDA of £10.5 million mainly related to head office costs and was unallocated (in the period ended 27 September 2021: £9.5 million).

3. REVENUE

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

	26 weeks to 26 Sep 2022 £m	26 weeks to 27 Sep 2021 £m	*52 weeks to 28 Mar 2022 £m*
Sales of goods	**174.7**	143.6	*295.9*
Accommodation sales	**11.5**	5.5	*12.3*
Total revenue from contracts with customers	**186.2**	149.1	*308.2*
Rental income	**0.3**	0.5	*0.8*
Total revenue recognised	**186.5**	149.6	*309.0*

During the period, £186.1 million of revenue related to managed houses and £0.4 million was unallocated (in the prior period ended 27 September 2021: £148.9 million and £0.7 million respectively). Unallocated income related to tenanted income and rental income derived from unlicensed properties.

4. GOVERNMENT GRANTS AND ASSISTANCE

During the prior 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 was as follows:

Government grant scheme	Income statement line impacted	**26 weeks to 26 Sep 2022 £m**	26 weeks to 27 Sep 2021 £m	*52 weeks to 28 Mar 2022 £m*
Government grant income	Other income	**-**	3.8	*5.0*
Coronavirus Job Retention Scheme ('CJRS')	Operating costs before adjusting items	**-**	2.6	*2.2*
Total government grants		**-**	6.4	*7.2*

The table above shows government grants related to continuing operations.

During the prior period, the group continued to take advantage of the business rate holiday, saving £3.7 million, further business rate relief under the expanded retail discount, saving £0.7 million and reduced 5% VAT on eligible sales.

There were no such amounts relevant to the 26 week period to 26 September 2022.

5. DISCONTINUED OPERATIONS

On 2 July 2021, the board made the decision to sell most of its tenanted estate, and the 56 sites were classified as a discontinued operation. The disposal for a total consideration of £53.0 million occurred during the prior 52 week period to 28 March 2022 and was consistent with the group's strategy to target growth through investment on higher turnover managed pubs and hotels.

With the 56 out of 63 tenanted estate sites being classified as discontinued operations, the Ram Pub Company segment is no longer presented in a segmental reporting note. Total revenue generated from the Ram Pub Company in the prior period was £3.2 million, of which £0.6 million related to continuing operations and the remaining £2.6 million related to discontinued operations. The results from discontinued operations are presented below:

	26 weeks to 26 Sep 2022 £m	26 weeks to 27 Sep 2021 £m	*52 weeks to 28 Mar 2022 £m*
Revenue	**-**	2.1	*2.1*
Rental income	**-**	0.5	*0.5*
Total revenue	**-**	2.6	*2.6*
Operating costs	**-**	(1.8)	*(1.8)*
Adjusted operating profit	**-**	0.8	*0.8*
Adjusting items[1]	**-**	9.0	*9.0*
Profit before tax	**-**	9.8	*9.8*
Income tax expense	**-**	(0.3)	*(0.3)*
Profit after tax from discontinued operations	**-**	9.5	*9.5*

[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 28 March 2022, the adjusting items related to the net upward movement on the revaluation of properties in excess of amounts recognised in equity. See note 11(1) in the statutory accounts for the period ended 28 March 2022 for further details.

Earnings per ordinary share for discontinued operations

	26 weeks to 26 Sep 2022 Number	26 weeks to 27 Sep 2021 Number	*52 weeks to 28 Mar 2022 Number*
Basic weighted average number of ordinary shares in issue	**58,482,021**	58,475,877	*58,476,259*
Dilutive potential ordinary shares from outstanding employee share options	**26,920**	4,890	*30,877*
Diluted weighted average number of shares	**58,508,941**	58,480,767	*58,507,136*

	Pence	Pence	*Pence*
Basic	**-**	16.25	*16.25*
Effect of adjusting items	**-**	(14.88)	*(14.88)*
Adjusted basic	**-**	1.37	*1.37*

	Pence	Pence	*Pence*
Diluted	**-**	16.24	*16.24*
Effect of adjusting items	**-**	(14.87)	*(14.88)*
Adjusted diluted	**-**	1.37	*1.36*

The table below shows tax charged on discontinued operations.

Tax charged in the group income statement	**26 weeks to 26 Sep 2022 £m**	26 weeks to 27 Sep 2021 £m	*52 weeks to 28 Mar 2022 £m*
Deferred tax			
Rolled over gains on disposal of properties	**-**	1.8	*1.8*
Reversal of temporary differences on revaluations	**-**	(1.5)	*(1.5)*
Tax charge in the income statement	**-**	0.3	*0.3*

The net cash flows incurred are as follows:

	26 weeks to 26 Sep 2022 £m	26 weeks to 27 Sep 2021 £m	*52 weeks to 28 Mar 2022 £m*
Operating	**-**	0.1	*0.1*
Investing	**-**	52.5	*52.5*
Financing	**-**	(0.1)	*(0.1)*
Net cash inflow	**-**	52.5	52.5

6. TAXATION

The taxation charge for the 26 weeks ended 26 September 2022 results in an effective tax rate of 18.5% (52 weeks ended 28 March 2022: 33.7%).

Tax charged in the group income statement	**26 weeks to 26 Sep 2022 £m**	26 weeks to 27 Sep 2021 £m	*52 weeks to 28 Mar 2022 £m*
Current tax			
Corporation tax expense	**3.1**	2.1	*4.8*
Adjustment in respect of current tax of prior periods	**-**	-	*(0.1)*
	3.1	2.1	*4.7*
Deferred tax			
Origination and reversal of temporary differences	**1.7**	3.5	*6.7*
Change in corporation tax rate	**-**	6.1	*6.9*
Adjustment in respect of prior periods	**-**	-	*(0.8)*
	1.7	9.6	*12.8*
Tax charge in the income statement	**4.8**	11.7	*17.5*
Deferred tax in the group income statement			
Property revaluation and disposals	**0.2**	-	*2.3*
Capital allowances	**1.2**	1.9	*2.4*
Retirement benefit schemes	**0.2**	0.1	*0.2*
Trade losses	**-**	0.6	*1.0*
Capital losses	**-**	0.8	-
Share based payments	**0.1**	0.1	-
Change in corporation tax rate	**-**	6.1	*6.9*
Tax charge in the income statement	**1.7**	9.6	*12.8*
Deferred tax in the group statement of comprehensive income			
Interest rate swaps – cash flow hedge	**1.5**	0.2	*1.0*
Retirement benefit schemes	**(3.2)**	0.2	*3.3*
Property revaluation and disposals	**-**	0.2	*4.8*
Capital losses	**-**	(0.2)	-
Change in corporation tax rate	**-**	14.6	*17.3*
Tax (credit)/charge in other comprehensive income	**(1.7)**	15.0	*26.4*

The income tax charge for the 52 weeks ended 28 March 2022 related to £17.2 million from continuing operations and £0.3 million from discontinued operations.

The 2021 Budget announced an increase in the corporation tax rate from 19% to 25% with effect from 1 April 2023. This was substantively enacted on 24 May 2021. Accordingly, the deferred tax assets and liabilities at the balance sheet date were calculated at the substantively enacted rate of 25% at the prior period end, to the extent they were not expected to reverse before 1 April 2023. This amount was recognised as an adjusting item in the prior period (see note 2).

The effective full year current tax rate of 12.6% is up from 8.7% in the prior 52 week period to 28 March 2022. This is below the standard rate, due largely to the temporary differences arising from the introduction, with effect from 1 April 2021, of the capital allowances "super deduction" at 130% of eligible expenditure and special rate allowance at 50% of eligible expenditure, substantively enacted on 24 May 2021. The effective tax rate in the prior period was also impacted by losses brought forward from the prior year, utilised in the period.

7. EARNINGS PER ORDINARY SHARE

(a) Weighted average number of shares

	26 weeks to 26 Sep 2022 Number	26 weeks to 27 Sep 2021 Number	*52 weeks to 28 Mar 2022 Number*
Basic weighted average number of ordinary shares in issue	**58,482,021**	58,475,877	*58,476,259*
Dilutive potential ordinary shares from outstanding employee share options	**26,920**	4,890	*30,877*
Diluted weighted average number of shares	**58,508,941**	58,480,767	*58,507,136*

(b) Earnings attributable to shareholders of the parent company

	26 weeks to 26 Sep 2022 £m	26 weeks to 27 Sep 2021 £m	*52 weeks to 28 Mar 2022 £m*
Profit for the period	**19.1**	20.0	*34.4*
Adjusting items	**1.1**	(9.4)	*(9.3)*
Tax attributable to adjusting items	**-**	6.7	*7.8*
Adjusted earnings after tax	**20.2**	17.3	*32.9*

Basic earnings per share

	Pence	Pence	*Pence*
Basic	**32.66**	34.20	*58.83*
Effect of adjusting items	**1.88**	(4.62)	*(2.57)*
Adjusted basic	**34.54**	29.58	*56.26*

Diluted earnings per share

	Pence	Pence	*Pence*
Diluted	**32.64**	34.20	*58.80*
Effect of adjusting items	**1.88**	(4.62)	*(2.57)*
Adjusted diluted	**34.52**	29.58	*56.23*

(c) Earnings from continuing operations

	£m	£m	*£m*
Profit for the period	**19.1**	10.5	*24.9*
Adjusting items	**1.1**	(0.4)	*(0.3)*
Tax attributable to adjusting items	**-**	6.4	*7.5*
Adjusted earnings after tax	**20.2**	16.5	*32.1*

Basic earnings per share

	Pence	Pence	*Pence*
Basic	**32.66**	17.96	*42.58*
Effect of adjusting items	**1.88**	10.26	*12.31*
Adjusted basic	**34.54**	28.22	*54.89*

Diluted earnings per share

	Pence	Pence	*Pence*
Diluted	**32.64**	17.95	*42.56*
Effect of adjusting items	**1.88**	10.26	*12.31*
Adjusted diluted	**34.52**	28.21	*54.87*

The basic earnings per share figure is calculated by dividing the net profit for the period 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 26,920 (2021: 4,890) dilutive potential shares under the group's SAYE and LTIP schemes.

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

For basic, diluted and the effect of adjusting items on earnings per share on discontinued operations see note 5.

8. DIVIDENDS ON EQUITY SHARES

	26 weeks to 26 Sep 2022 Pence	26 weeks to 27 Sep 2021 Pence	*52 weeks to 28 Mar 2022 Pence*
Final dividend (previous period)	**10.26**	-	*-*
Interim dividend (current period)	**-**	-	*8.55*
	10.26	-	*8.55*

The table above sets out dividends that have been paid. The final dividend in respect of the period ended 28 March 2022, at a cost of £6.0 million (for the period ended 26 March 2021: £nil) was paid during the period. The interim dividend, in respect of the period ended 26 September 2022, at a cost of £6.0 million (for the period ended 27 September 2021: £5.0 million), is expected to be paid on 2 December 2022 to shareholders on the register at the close of business on 18 November 2022.

9. NET CASH GENERATED FROM OPERATIONS AND ANALYSIS OF NET DEBT

	26 weeks to 26 Sep 2022 £m	26 weeks to 27 Sep 2021 £m	*52 weeks to 28 Mar 2022 £m*
Profit before tax from continuing operations	**23.9**	22.2	*42.1*
Profit before tax from discontinued operations	**-**	9.8	*9.8*
Finance costs	**4.2**	5.2	*9.5*
Finance (credit)/charge for pension obligations	**(0.2)**	0.1	*0.1*
Operating profit	**27.9**	37.3	*61.5*
Depreciation of property and equipment	**12.6**	12.4	*24.4*
Depreciation of right-of-use assets	**3.4**	3.6	*7.1*
Movement on the revaluation of properties	**-**	-	*(0.8)*
Net profit on disposal of properties	**-**	(9.6)	*(11.4)*
Difference between pension service cost and cash contributions paid	**(0.6)**	(0.6)	*(1.2)*
Share based payments	**-**	-	*(0.1)*
Movements in working capital			
- Inventories	**(0.7)**	(1.7)	*(2.0)*
- Receivables	**1.1**	6.5	*1.5*
- Payables	**4.8**	23.5	*28.0*
Net cash generated from operations	**48.5**	71.4	*107.0*

Analysis of group net debt

	At 26 Sep 2022 £m	At 27 Sep 2021 £m	*At 28 Mar 2022 £m*
Cash	**39.0**	68.2	*34.0*
Current borrowings and loan capital	**(30.0)**	-	*(30.0)*
Current lease liabilities	**(5.2)**	(4.9)	*(4.9)*
Non-current borrowings and loan capital	**(104.0)**	(133.7)	*(103.8)*
Non-current lease liabilities	**(67.9)**	(69.9)	*(69.1)*
Net debt	**(168.1)**	(140.3)	*(173.8)*

10. PROPERTY AND EQUIPMENT

Cost or valuation	Land & buildings £m	Fixtures, fittings & equipment £m	Total £m
At 29 March 2021	717.9	156.2	874.1
Additions	11.5	25.4	36.9
Business combinations	35.3	1.5	36.8
Disposals[1]	(44.2)	(10.8)	(55.0)
Fully depreciated assets	(0.5)	(18.3)	(18.8)
Revaluation			
- effect of upward movement in property valuation	40.3	-	40.3
- effect of downward movement in property valuation	(10.7)	-	(10.7)
At 28 March 2022	749.6	154.0	903.6
Additions	5.3	13.6	18.9
Business combinations	8.6	1.2	9.8
Fully depreciated assets	-	(10.3)	(10.3)
At 26 September 2022	**763.5**	**158.5**	**922.0**
Depreciation and impairment			
At 29 March 2021	23.7	76.7	100.4
Depreciation charge	1.6	22.8	24.4
Disposals[1]	(5.2)	(5.3)	(10.5)
Fully depreciated assets	(0.5)	(18.3)	(18.8)
Revaluation			
- effect of downward movement in property valuation	(4.6)	-	(4.6)
- effect of upward movement in property valuation	4.7	-	4.7
At 28 March 2022	19.7	75.9	95.6
Depreciation charge	0.8	11.8	12.6
Fully depreciated assets	-	(10.3)	(10.3)
At 26 September 2022	**20.5**	**77.4**	**97.9**
Net book value			
At 29 March 2021	694.2	79.5	773.7
At 28 March 2022	729.9	78.1	808.0
At 26 September 2022	**743.0**	**81.1**	**824.1**

[1] During the prior period, the majority of the disposals related to the sale of 56 tenanted pubs (see note 5).

Business combinations

During the period, the group acquired the Bedford Arms (Rickmansworth), Merlin's Cave (Chalfont St Giles) and the Half Moon (Windlesham), which formed business combinations for a total cash consideration of £9.8 million, which was settled during the period. When assets are acquired, management determines whether the assets form a business combination. Business combinations must involve the acquisition of a business, which generally have three elements: input, process and output. The final aggregated fair value of the identifiable assets and liabilities of the acquired businesses were property and equipment of £9.8 million. The group incurred £0.8 million of costs associated with the acquisitions, which have been recorded within adjusting items (see note 2). In the prior period to 27 September 2021, the group made no business acquisitions.

Other acquisitions

During the period the group also acquired the Wild Duck (Ewen) as an asset acquisition for a total cash consideration of £2.7 million. In the prior period to 27 September 2021, the group acquired the Greenwich Union (Greenwich) for a total cash consideration of £1.5 million.

Revaluation of property and equipment

The values of the group's freehold land, buildings and fixtures and fittings were reviewed in light of current market factors by management and by Savills, who perform a desktop review based upon information provided by the group, pursuant to the group's accounting policy. The group considers that the valuation reached at 28 March 2022 still represents the best estimate of the fair value of the estate at 26 September 2022.

Details of the methodology used in determining the group's property values are discussed in the group's audited accounts for the 52 weeks ended 28 March 2022. The key inputs are EBITDA, a multiplier and, in some cases, underlying property values. A sensitivity analysis has been conducted on the property estate to give an indication of the impact of movements in the most sensitive assumption, EBITDA. The analysis considers this single change with the other assumptions unchanged. In practice, changes in one assumption may be accompanied by changes in another. Changes in market values may also occur at the same time as any changes in assumptions. This information should not be taken as a projection of likely future valuation movements. Decreasing or increasing the EBITDA used in the revaluation by 10% would decrease/increase the valuation by £54.7 million.

11. LEASE LIABILITIES, RIGHT-OF-USE ASSETS AND GOODWILL

Set out below are the carrying amounts of the group's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets £m	Lease liabilities £m
As at 29 March 2021	**158.0**	**80.2**
Additions	1.2	1.2
Lease amendments	(5.1)	(3.3)
Depreciation expense	(7.1)	-
Accretion of interest	-	2.5
Payments	-	(6.6)
As at 28 March 2022	**147.0**	**74.0**
Additions	0.2	0.2
Lease amendments	1.2	1.2
Depreciation expense	(3.4)	-
Accretion of interest	-	1.2
Payments	-	(3.5)
As at 26 September 2022	**145.0**	**73.1**

Right-of-use assets predominantly relate to leasehold properties, along with motor vehicles and IT equipment.

The depreciation charge is recognised within operating costs in the income statement.

Lease amendments in the current period largely represent upwards market rent reviews. In the prior period, lease amendments included £0.7 million of rent holidays treated as lease modifications which were offset against £0.7 million of rent amendments.

During the prior 52 week period to 28 March 2022 lease amendments included the amounts disposed of in relation to the sale of 56 tenanted pubs (see note 5) and lease modifications in respect of changes to lease terms and lease terminations.

Impairment considerations

The group tests goodwill annually for impairment or more frequently if there are indicators that goodwill may have been impaired. There will be an impairment if the recoverable amount is lower than carrying value. Recoverable amount is the higher of value in use or fair value less costs to sell. The value in use is calculated based upon, in management's view, the most likely recovery from the impact of covid-19 in year one, followed by a return to full trade in year two.

At 28 March 2022, for all cash generating units except Smiths of Smithfield Limited, cash flows assumed a 1.4% growth (2021: 1.4%) from a base of expected FY24 EBITDA, derived from the board approved FY23 budget and the anticipated impact of a return to normalised trading for some sites. For Smiths of Smithfield Limited growth rates are higher over a five-year period to reflect the arrival of Crossrail in 2022 and the opening of the Museum of London in 2025, and then revert back to a long-term growth rate of 1.4% thereafter. The pre-tax discount rate applied to all cash flow projections was 9.2% (2021: 8.8%).

The group monitors the latest government legislation in relation to climate related matters. At the current time, no legislation has been passed that will significantly impact the group's impairment review. The group will adjust the key assumptions used in value-in-use calculations and sensitivity to changes in assumptions should a change be required.

At 28 March 2022, management performed a sensitivity analysis on the impairment test. The impairment calculation is most sensitive to the pre-tax discount rate and EBITDA assumptions. Given the uncertainty surrounding future trade levels following the impact of covid-19, several scenarios were modelled. The model included a number of assumptions, including the recovery from covid-19 and EBITDA forecasts, and assumptions over the long-term growth of Smiths of Smithfield Limited.

For Smiths of Smithfield Limited, the headroom would be eliminated as a result of increasing the pre-tax discount rate to 10.4% or reducing EBITDA by 11.9% from forecast levels. For the Geronimo Group Limited, Redcomb Pubs Limited, Spring Pub Company Limited and 580 Limited, management considered the impact of an increase in either the pre-tax discount rate by 1% or a reduction of EBITDA by 10% from forecasted levels to be a reasonable change in assumptions. With the exception of the Spring Pub Company Limited, the models are not sensitive to these changes in variables. Specifically, increasing the pre-tax discount rate to 9.9% or reducing EBITDA by 6.7% would result in the elimination of headroom in Spring Pub Company Limited. Although not considered probable, if trade continued at the current year level with no future growth rate, no impairment would be recognised apart from for Spring Pub Company Limited and Smiths of Smithfield Limited.

12. RETIREMENT BENEFIT SCHEMES

The table below summarises the movement in the retirement benefit schemes in the period.

	26 weeks to 26 Sep 2022 £m	26 weeks to 27 Sep 2021 £m	*52 weeks to 28 Mar 2022 £m*
Changes in the present value of the retirement benefit schemes are as follows:			
Opening surplus/(deficit)	**12.2**	(6.1)	*(6.1)*
Current service cost	**(0.1)**	(0.2)	*(0.4)*
Contributions	**0.7**	0.8	*1.6*
Finance credit/(charge) for pension obligations	**0.2**	(0.1)	*(0.1)*
Remeasurement through other comprehensive income	**(12.8)**	1.1	*17.2*
Closing surplus/(deficit)	**0.2**	(4.5)	*12.2*

The £12.8 million remeasurement through other comprehensive income is largely driven by the actual return in assets being less than expected. This was partially offset by a reduction in liabilities due to changes in market conditions with a decrease in RPI inflation to 3.30% (28 March 2022: 3.60%) and an increase to the discount rate to 5.60% (28 March 2022: 2.80%).

13. SHARE CAPITAL

Total share capital comprises the nominal value of the share capital issued and fully paid of £7.3 million (2022: £7.3 million) and the share premium account of £7.8 million (2022: £7.7 million). Share capital issued in the period comprises a nominal value of £nil (2022: £nil) and a share premium of £0.1 million (2022: £0.1 million).

The shares issued in the period related to the deferred annual bonus scheme.

14. POST BALANCE SHEET EVENTS

Subsequent to the period end the group acquired the trade and assets of the Carpenters Arms (Tonbridge) and the Griffin Inn (Fletching) for a total cash consideration of £8.4 million.