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

PRELIMINARY RESULTS FOR THE 53 WEEKS ENDED 3 APRIL 2023

A STRONG PERFORMANCE AND WELL POSITIONED FOR FUTURE GROWTH

Financial Highlights

	2023 53 weeks £m	2022 52 weeks £m	Change %
Revenue	**368.9**	309.0	+19.4
Adjusted operating profit(1)	**52.4**	51.4	+1.9
Adjusted profit before tax(1)	**45.2**	41.8	+8.1
Adjusted EBITDA(1)	**85.5**	82.5	+3.6
Net debt	**165.2**	173.8	-4.9
Net debt to adjusted EBITDA	**1.9x**	2.1x	+0.2x
Operating profit	**43.4**	51.7	-16.1
Profit before tax	**36.2**	42.1	-14.0
Net assets	**724.2**	699.7	+3.5
Net cash generated from operations	**83.8**	107.0	-21.7
Adjusted basic earnings per share(1)	**64.29p**	56.26p	+14.3
Basic earnings per share	**50.78p**	58.83p	-13.7
Dividend per share (interim and recommended final)	**20.52p**	18.81p	+9.1
Net assets per share(2)	**£12.38**	£11.97	+3.4

All of the results above are from continuing operations.

(1) Reference to an "adjusted" item means that item has been adjusted to exclude a non-underlying cost of £9.0 million (2022: non-underlying credit of £0.3 million). The main adjusting item relates to a £7.0 million impairment on property valuations. The total value of the estate increased by £8.2 million, with an increase of £15.2 million taken through revaluation reserves and an impairment of £7.0 million through the income statement (see note 3 for adjusting items and note 9 for earnings per share).

(2) Net assets per share are the group's net assets divided by the shares in issue at the period end.

PERFORMANCE HIGHLIGHTS

- Total revenue for the period was £368.9 million, up 19.4% against the prior year. Managed pub like-for-like revenue up by 12.9% on a 52-week basis.
- Despite facing considerable cost headwinds and prior year covid one-offs, which included the reduced VAT rate (£12.3 million) and business rates relief (£6.0 million), adjusted profit before tax was up 8.1% to £45.2 million, and adjusted operating profit up 1.9% to £52.4 million.
- Our strong financial position, driven by healthy operating free cashflow has enabled us to continue to invest significantly, with total investment of £58.4 million, £24.0 million on acquisition investment, including six new pubs and £34.4 million across pubs in our existing estate.
- Net debt (including lease liabilities) has reduced by £8.6 million to £165.2 million and, with our adjusted EBITDA of £85.5 million, net debt to EBITDA is conservative at 1.9 times. Including cash balances this leaves us with £110.7 million of headroom on our committed bank facilities for future flexibility and ongoing investment.
- We are pleased to recommend a final dividend of 10.26 pence, resulting in a total dividend for the year of 20.52 pence, up by 9.1%.
- Sales since the period end performed well, managed pub like-for-like sales for the last seven weeks up by 4.8%.

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

"I am honoured and privileged to lead such a great company with its wonderful heritage. Young's is a business that places investment in its people and pubs at the heart of its decision making. These results are testament to the hard work of our teams over the past few years."

"The positive trading momentum of the first half continued throughout the period, with unwavering customer demand for our outstanding pubs and the unrivalled Young's experience. The negative impact of the rail strikes did not stand in the way of us achieving numerous record weeks, as sales were boosted by glorious summer sunshine and the first ever winter FIFA World Cup."

"We were pleased to see a further increase in people visiting our City and Central London pubs alongside positive Christmas trading. Our performance last year was even more impressive given the cost headwinds facing the industry and we are encouraged that some of these pressures are starting to ease."

"It's been a good start to the new financial year with sunny weather over Easter and the early May bank holiday. There is also huge excitement for the Rugby World Cup later this year. We are confident our premium, well-invested predominantly freehold pub estate, alongside our healthy balance sheet, will continue to deliver superior returns for our shareholders."

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PRELIMINARY RESULTS FOR THE 53 WEEKS ENDED 3 APRIL 2023

CHIEF EXECUTIVE'S STATEMENT

I am very pleased to announce such a positive set of results. We have built on the momentum of the resumption of normal trading and the strong start we made in the first half of this financial year. The past few years have been tough for our industry as a whole and these results are a testament to the quality and dedication of our people, and the value added by recent and consistent investment. It demonstrates that our strategy of running premium, individual and differentiated pubs continues to deliver.

Despite the ongoing challenges and prior year comparatives supported by reduced VAT rates, total revenue was up by 19.4% to £368.9 million (2022: £309.0 million) for the 53-week period, underpinned by our managed pub like-for-like performance, up by 12.9% on a 52-week basis, alongside the continued investment in our existing estate and strategically selected acquisitions.

We have not been immune to the increasing cost of food, consumables, and the rise in the National Living Wage, however, our foresight to fix utility rates until March 2024 has minimised the full impact of higher energy prices. Despite these headwinds, our adjusted operating profit was £52.4 million (2022: £51.4 million), with adjusted profit before tax up by 8.1% to £45.2 million (2022: £41.8 million). Total profit before tax was £36.2 million (2022: £42.1 million) down largely due to a small movement in our property revaluation. Our adjusted operating margin remained resilient at 14.2%, down as expected from the prior period margin of 16.6%, which was heavily bolstered by government covid support through business rate reductions, lower VAT rates and grants. Our business remains highly profitable and over the coming months, as inflation is predicted to soften, we are confident that margins will improve.

Our strong financial position, driven by healthy operating free cashflow, has enabled us to continue to invest significantly, with total investment of £58.4 million in the period (2022: £73.7 million), whilst still reducing our net debt position. At the period end, we remain conservatively financed, with net debt (including lease liabilities) of £165.2 million, being 1.9 times our adjusted EBITDA.

It has been another active year on the acquisition front as we added six new pubs: the Bedford Arms (Chenies), Carpenter's Arms (Tonbridge), Half Moon (Windlesham), Merlin's Cave (Chalfont St Giles), Wild Duck (near Cirencester) and the award-winning Griffin Inn (Fletching) in East Sussex. Across our existing estate, we invested £34.4 million with notable projects at the Bull (Streatham), Hare & Hounds (East Sheen), Crown (Bow) and the Elgin (Notting Hill). We continue to explore opportunities to maximise our trading areas through underutilised space, with two beautiful examples at Hort's Townhouse, where we added 19 boutique bedrooms in central Bristol, and the new roof terrace at the Marquess of Anglesey (Covent Garden), which is due to open next month.

We continue to have one eye on the future, ensuring we have a steady pipeline of new openings. In the second half of the year, we transferred two of the remaining tenancies back into our managed estate, Bishop's Vaults (Bishopsgate) and the Clapham North (Clapham). The latter was completed just days before the period end, closing immediately for an investment and will reopen later this summer. Elsewhere, exciting projects are due to get underway at the Constitution (Camden), Wild Duck purchased earlier this year, and the old bank site in Farnham, Surrey, acquired back in 2018.

OUR GREAT PUBS OPERATED BY THE BEST PEOPLE

Our success as a business is dependent on having great pubs with the best people to operate them. I continue to be impressed by the quality of the teams we have in place. We focus on providing high-quality training programmes and development opportunities to give our people the chance to flourish and further their careers within Young's. Across our pubs, 73% of general manager appointments have been internal promotions. In September, I was pleased to welcome Mark Loughborough to the board following his promotion to Retail Director, having been a valued member of the Young's team for 11 years in a number of senior roles. I look forward to seeing many more of our valued team throughout the business progressing their careers in the months and years to come.

OUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) STRATEGY

As a group, we are passionate about building a sustainable company, committed to driving a positive Environmental, Social, and Governance agenda. During the year, taking advice from our partners at Savills Earth, we have grouped our properties based on age, condition, servicing and heritage status, which will 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. The Ram Agency, our own internal recruitment platform which caters for the desire to work flexibly, continues to grow and our digital career pathway, which was launched in May, has increased employee engagement and enabled management to identify key talent for succession planning. The board and leadership team fully support our evolving sustainability strategy and we will continue to find ways to reduce our carbon footprint and improve the wellbeing of both our teams and our customers.

CURRENT TRADING AND OUTLOOK

Since the period end, trading has been positive with managed like-for-like sales up by 4.8% despite the unseasonably cooler and wetter start to spring, as we were able to capitalise on the well-timed Easter and bank holiday sunshine. While the additional bank holiday for the Coronation gave us minimal upside, it was fantastic to see our customers and pubs celebrating with local events, highlighting the important role our pubs play in their communities.

Last month we completed on the freehold purchase of the Stag (Belsize Park), located close to Hampstead Heath in North London, adding further to our presence in the capital.

We find ourselves living in challenging times, including headwinds from high inflation and the resumption of train strikes, but there is plenty for us to be excited about in the period ahead. This autumn, the Rugby World Cup provides a fantastic opportunity given our rugby heritage and we are hopeful that further rail strike disruption will be limited. The investments and acquisitions made in the last two years, alongside our future pipeline, provide tremendous growth potential. The business is completely aligned to take Young's forward, and we are confident in our ability to deliver superior returns for our shareholders.

BUSINESS REVIEW

This year has been a historic one, with many notable events that have shaped our nation. Over two additional bank holidays, customers gathered in our pubs to raise a glass and celebrate the Queen's Jubilee. A few months later, they joined together to pay their respects on the day of the Queen’s funeral. Our pubs play a pivotal role in their communities, providing a unique and welcoming environment, helping to bring people together in all kinds of circumstances.

Total managed house revenue was up 19.6% for the 53 weeks to £368.0 million (2022: £307.7 million), and up 12.9% on a like-for-like basis over 52 weeks (VAT adjusted like-for-like sales up 17.6% on a 52-week basis). Trading initially peaked during the summer months as our exceptional gardens and outdoor spaces helped us capitalise on the prolonged periods of hot weather when temperatures reached record levels. Later in the year, the build up to the festive period was supported by the first winter FIFA World Cup. This provided additional opportunities for external areas to boost revenues, as customers gathered to support the home nations. The negative effect from rail strikes in the Christmas period did not stand in our way of achieving record festive bookings, which were also significantly ahead of the same period in 2019. Unfortunately, the industrial action wasn’t only focused on December, with the estimated £3.7 million impact on revenue felt throughout the past year.

Overall, the return to normal trading has been extremely positive for our business. Central London and City areas continue to bounce back as workers and tourists return to the capital. While working patterns have changed, with fewer people commuting into the office full-time, the condensed working week has resulted in increased sales for our pubs in the capital across Tuesday to Thursday.

We continue to embrace some of the behavioural changes that were accelerated by the pandemic. Technology is an important part of this, as it helps to drive bookings and planned events. The Young’s On Tap app still plays a key role in our pub gardens, and we see this as an important tool to help manage payroll costs and drive top-line growth. To constantly improve the quality of our database and connect better with our customers, we need to increase the number of channels through which we communicate with them. This will allow us to tailor and target our communications more effectively, using both traditional and social media channels.

CELEBRATING THE PUB WITH A NEW EXCITING RANGE OF DRINKS

The return to a normal pub environment has also given us the opportunity to drive our core business, with drink sales ahead of last period by 21.5%, and up by 17.0% on a like-for-like basis over 52 weeks. In April we launched our new draught beer and cider range bringing fresh and exciting products to our bars through several strategic partnerships. We had huge success evolving the range with Pravha, our new entry level lager, as well as adding Beavertown Young Sun, Brooklyn Pilsner and most recently Asahi Super Dry, to ensure our bars remain relevant and offer choice to our customers while maintaining our drive for premiumisation. Meanwhile, popularity and success among our established brands continues to grow, with Guinness volume up 30.9%, now very much seen as a drink for all seasons, having risen into the list of our top three best sellers.

Our ‘Summer Infusion’ campaign generated great interest and delivered volume growth across our spirit and alcohol-free categories. Premium spirits were paired with high-quality mixers and elevated garnishes, giving our customers an alternative to a regular spirit serve. Ahead of Christmas, to capitalise on the continued growing market trend of cocktails, we relaunched our ‘Cocktail Collective’, an innovative new menu including the very popular ‘Gingerbread Martini’, winner of our cocktail competition.

We continue to review our wine lists regularly, introducing new and interesting wines each year, offering greater premium options for those customers who wish to trade up. In April, we introduced Nyetimber, widely regarded as England’s finest sparkling wine, replacing our grand marque Champagne, helping drive 9.0% growth in the premium sparkling category. Elsewhere, we extended our range of rosé wine giving customers increased choice and the premium option capitalising on its ‘gin-like’ renaissance, with sales up this year by more than 20%.

In recent years, there has been a growing trend of people abstaining from alcohol, not just in January. In fact, one in three visits to the pub now involves no alcohol. This trend is driven by several factors, including people wanting to moderate their alcohol intake. To help meet this trend we have been launching new and exciting drinks in our Lo/No category. Last year we launched our first alcohol-free draught lager, Estrella Free Damm. We also moved most of our mixers to low-sugar options and created several alcohol-free cocktails. While the category still represents a very small proportion of our sales, we are committed to meeting the needs of our customers who are looking for healthier and more mindful drinking options.

FOOD-LED EVENTS ENHANCING THE PUB EXPERIENCE

Food sales continue to be an important part of our business, and as a mix of sales have increased to 33% compared to pre-pandemic (2019: 30%), as the pub environment evolves into an all-round destination. Encouragingly, total food sales grew by 9.1% (53 weeks) against the tough prior year comparatives due to the lower VAT rate, and were up by 1.7% on a like-for-like 52-week basis (VAT adjusted like-for-like sales up 12.2% on 52-week basis).

One of the key successes to maintaining the high standards of our food offer has been ensuring that our classics remain classic. To help maintain that consistency we launched the ‘Young’s Digital Recipe Book’, a tool to showcase premium quality and inspire our teams, highlighting the best-in-class produce available. Updated every quarter, it contains more than 150 recipes aimed at helping with the challenges posed by rising food inflation and seasonality to achieve stronger margins. The quarterly chef forums, held in our new training and development kitchen located at Copper House (Wandsworth), allow us to engage with all head chefs from across the business and provides an important opportunity to communicate our premium food vision.

At Young’s we also take great pride in our food, offering distinctive dishes and unique food-led experiences that capture the customers’ imagination. During the year we hosted a collection of ‘Food for Thought’ dinners, showcasing the best of underutilised British produce such as unfamiliar species and foraged ingredients. The Oyster Shed (Bank) was recognised with its first AA rosette for culinary excellence, and its head chef, Natalie Coleman, picked up the award for ‘Pub chef of the year’ at the Great British Pub Awards.

STRONG ROOMS PERFORMANCE IN A BUOYANT MARKET

Total accommodation revenue was up 78.0% for the 53-week period, in part reflecting the slower opening up of the hotel market in the prior year as well as the growth in our number of bedrooms through recent investment and acquisitions. On a like-for-like basis over 52 weeks, accommodation revenue was up by 46.1%, despite the prior period benefitting from reduced VAT rates. While our like-for-like occupancy increased to 72.0% (2022: 60.1%), the growth in average room rates to £105.95 (2022: £98.65) demonstrated a demand for our premium room offer and the positives of returning business travel, particularly in our London pubs with rooms. Resulting like-for-like RevPAR was £76.29 compared with £59.25 last year.

MANAGING OUR COSTS

Like so many businesses, the high inflationary environment has negatively impacted operating margins this period, though we have worked hard to mitigate this. While our drink costs are largely fixed, based on contractual agreements, food prices fluctuate from month to month and our executive chefs work tirelessly with their pubs to combat the sharpest rises in food costs. The central consolidation of food suppliers we undertook earlier this year, into a one-stop shop model, has helped alleviate cost increases and reduce our carbon footprint.

Recruitment remains a challenge for the whole industry, compounded by significant wage inflation driven by some of the highest increases to the National Living Wage since its introduction. Investment in our people has never been so important. Through training and development and access to the Young’s career pathway, we are able to provide our teams with the necessary skills to help them reach their career goals. The Ram Agency, now with more than 350 active employees, plays an important role, firstly by giving team members added flexibility to choose shifts that suit their requirements, but also helping us manage our cost base, reducing the reliance on agency staff. The in-house agency brings together people with the necessary skills across a range of roles, from general managers to chefs, front and back of house team members, trained in the Young's way of working.

The energy crisis has affected almost all businesses and although we have fixed our utility rates until March 2024, the big rises in energy costs meant that we still spent an additional £5.5 million in the year, an increase of 82% on last year. The cost headwinds we faced this period have been compounded by government support in the prior year, where in addition to the lower VAT rate (£12.3 million), we benefitted from business rates relief, which resulted in an additional cost of £6.0 million this period. Despite these headwinds, total managed house adjusted operating profit was up 1.7% to £73.3 million (2022: £72.1 million).

INVESTMENT

During the year, we spent £34.4 million on our existing estate to ensure that our pubs remain premium, individual and well-invested. The focus on restoring our pubs has seen us complete investments in a total of 34 pubs, with standout schemes at the Crown (Bow), Coborn (Mile End), Crown (Lee), Bull (Streatham), Brook Green and Hammersmith Ram (both in Hammersmith), Halfway House (Earlsfield) and the East Hill (Wandsworth).

The final quarter of the year was a key period of investment, we were onsite with six major projects, where exciting schemes looked to capitalise on previously underutilised space within pubs to provide fantastic growth potential for the upcoming years. In Bristol, having been closed for most of the year, the upper parts of Hort’s Townhouse were transformed to create a stunning 19 bedroom 'pub with rooms'. At the Hare & Hounds (East Sheen), extensive work to the large garden has created more than 200 covers in the various huts and pergolas. Finally, in Central London, we are currently onsite at the Marquess of Anglesey (Covent Garden), where the full repositioning will include a stunning new roof terrace, allowing customers the opportunity to escape the densely populated streets below. This project is due to complete and reopen next month in time for peak summer trade.

On the acquisition front, we added six new pubs in the period. All our new additions are individual and unique businesses located in affluent commuter towns that present Young's with the opportunity to gain a foothold in a previously unrepresented geography. In total we added 40 bedrooms, with 18 bedrooms at the characterful Bedford Arms (Chenies), 9 bedrooms at the Carpenter's Arms (Tonbridge) and 13 bedrooms at the Griffin Inn (Fletching) in East Sussex. After acquiring both the Merlin's Cave (Chalfont St Giles) and the Half Moon (Windlesham) we went onsite to complete investment schemes to take these pubs to the next level. Their locations in picturesque village settings make these businesses perfect Young's pubs and they will both play an important part in our future. Our acquisition of the Wild Duck (near Cirencester), adds further to the 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 with rooms in the heart of the Cotswolds.

During the period we transferred two of the remaining tenanted pubs to our managed estate. In the heart of the City, we invested and opened Bishop's Vaults (Bishopsgate) with a premium wine bar located in the vaults. In March, we took back the Clapham North, which immediately closed and will reopen later this summer after a major investment.

Following the disposal of the Bridge Hotel (Greenford) in March 2023, we finished the period with a total of 227 pubs (2022: 222), including 39 pubs providing a total of 793 bedrooms.

OTHER KEY AREAS

PROPERTY

Our balance sheet strength is underpinned by our predominantly freehold estate in many highly desirable locations. 187 of our 227 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 £842.5 million (2022: £808.0 million). The carrying value of property leases, including long leaseholds, is separately recognised as right-of-use assets in note 11. We have continued to add value through major developments to improve our existing pubs and strategic acquisitions, primarily focussing on freehold assets.

Each year we revalue our pub estate to reflect current market values. 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.

Despite our return to profitable trade, the impact of the last few years has been considerable for individual pubs as they continue to build back to pre-pandemic levels. Pub property market sentiment has remained positive, reflected by the level of activity and property prices; as a result, we have seen a net upward revaluation movement of £8.2 million. This is comprised of an upward movement of £15.2 million (2022: £28.7 million upward movement) reflected in the revaluation reserve and a downward movement of £7.0 million (2022: £0.8 million upward movement) recognised as an adjusting item in the income statement.

TREASURY AND GOING CONCERN

At 3 April 2023, the group had cash in bank of £10.7 million and committed borrowing facilities of £205.0 million having elected not to renew the £30.0 million facility with NatWest in March 2023 given the current headroom. The £105.0 million of drawn facilities are all fully interest rate hedged, and in addition to these we maintain a £10.0 million overdraft with HSBC.

We are highly cash generative and despite another year of significant investment, our net debt including lease liabilities has fallen to £165.2 million (2022: £173.8 million), with net debt to adjusted EBITDA ratio conservative at 1.9 times (2022: 2.1 times).

Whilst our pubs continue to trade extremely well, it remains prudent to recognise a small degree of uncertainty ahead due to any potential slowdown in consumer spending influenced by the ongoing cost of living increases 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, ending 1 July 2024. The base case model assumes we continue to trade as now whilst reflecting the inflationary environment that currently exists, 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 25% in profit across the period. This aims to capture the potential slowdown in consumer spending influenced by the ongoing 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. 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.

The impact of climate change on going concern has been considered and 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.

While the group expects to have available facilities of £205.0 million during the going concern period, the plan to renegotiate the £20.0 million term loan, due May 2024, falls within this period. However, given that those negotiations have yet to take place, for going concern purposes, the group has assumed that available facilities will be £185.0 million at the end of the going concern period. 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 revised debt structure, the board is confident that the group is able to manage its business risks and to continue in operational existence. Accordingly, the board continues to adopt the going concern basis in preparing the consolidated financial statements. Further details are set out in note 1 of the attached 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 scheme surplus has decreased by £8.5 million to £3.7 million, driven by a decrease in the return on the scheme's assets and an increase in the discount rate applied. 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 were £9.0 million in the period (2022: credit of £0.3 million), and as previously mentioned, the majority relates to the net downward movement in property revaluation for the period of £7.0 million. Purchase costs relating to the six acquisitions were £1.1 million and there was an additional £0.6 million of tenant compensation for Bishop's Vaults (Bishopsgate) and an unlicensed property (Ealing). The remaining £0.3 million relates to restructuring costs following a reorganisation at Copper House, our corporate head office.

TAX

A tax charge of £6.5 million (2022: £17.5 million charge) was recognised for the year. The effective tax rate was 18.0% (2022: 33.7%) compared to the statutory rate of 19.0% with the difference primarily driven by the remeasurement of deferred tax assets 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 7.

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 64.29 pence (2022: 56.26 pence). On an unadjusted basis, the earnings per share was 50.78 pence (2022: 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 20.52 pence (2022: 18.81 pence).

Simon Dodd
Chief Executive
24 May 2023

GROUP INCOME STATEMENT

For the 53 weeks ended 3 April 2023

	Notes	**2023 53 weeks £m**	2022 52 weeks £m
Continuing operations			
Revenue	5	**368.9**	309.0
Other income	6	**-**	5.0
Operating costs before adjusting items		**(316.5)**	(262.6)
Adjusted operating profit		**52.4**	51.4
Adjusting items	3	**(9.0)**	0.3
Operating profit		**43.4**	51.7
Finance income		**0.1**	-
Finance costs		**(7.6)**	(9.5)
Finance income/(charge) for pension obligations	12	**0.3**	(0.1)
Profit before tax from continuing operations		**36.2**	42.1
Income tax expense	7	**(6.5)**	(17.2)
Profit for the period from continuing operations		**29.7**	24.9
Profit for the period from discontinued operations		**-**	9.5
Profit for the period attributable to shareholders of the parent company		**29.7**	34.4

		Pence	Pence
Earnings per 12.5p ordinary share			
Basic	9	**50.78**	58.83
Diluted	9	**50.74**	58.80
Earnings per 12.5p ordinary share for continuing operations			
Basic	9	**50.78**	42.58
Diluted	9	**50.74**	42.56

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the 53 weeks ended 3 April 2023

	Notes	**2023 53 weeks £m**	2022 52 weeks £m
Profit for the period		**29.7**	34.4
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Unrealised gain on revaluation of property	10	**15.2**	28.7
Remeasurement of retirement benefit schemes	12	**(10.1)**	17.2
Tax on above components of other comprehensive income	7	**(1.2)**	(25.3)
Items that will be reclassified subsequently to profit or loss:			
Fair value movement of interest rate swaps		**3.1**	5.2
Tax on fair value movement of interest rate swaps		**(0.8)**	(1.1)
		6.2	24.7
Total comprehensive income attributable to shareholders of the parent company		**35.9**	59.1
Total comprehensive income attributable to shareholders of the parent company from continuing operations		**35.9**	49.6
Total comprehensive income attributable to shareholders of the parent company from discontinued operations		**-**	9.5

GROUP BALANCE SHEET

At 3 April 2023

		Group		
			Restated	Restated
		2023	2022	2021
	Notes	**£m**	£m	£m
Non-current assets				
Goodwill		**32.5**	32.5	32.5
Property and equipment	10	**842.5**	808.0	773.7
Right-of-use assets	11	**142.9**	147.0	158.0
Derivative financial instruments		**2.3**	2.2	-
Retirement benefit schemes	12	**5.4**	14.3	-
		1,025.6	1,004.0	964.2
Current assets				
Inventories		**5.4**	4.7	2.6
Trade and other receivables		**9.5**	8.9	10.4
Income tax receivable		**-**	6.2	5.8
Derivative financial instruments		**2.7**	-	-
Cash		**10.7**	34.0	4.7
		28.3	53.8	23.5
Asset held for sale		**-**	-	1.2
Total assets		**1,053.9**	1,057.8	988.9
Current liabilities				
Borrowings		**-**	(30.0)	(29.8)
Lease liabilities	13	**(4.8)**	(4.9)	(4.9)
Income tax payable		**(0.9)**	-	-
Derivative financial instruments		**-**	(0.3)	(1.8)
Trade and other payables		**(46.6)**	(43.7)	(15.8)
		(52.3)	(78.9)	(52.3)
Non-current liabilities				
Borrowings		**(104.2)**	(103.8)	(143.4)
Lease liabilities	13	**(66.9)**	(69.1)	(75.3)
Derivative financial instruments		**-**	-	(1.4)
Deferred tax liabilities		**(104.6)**	(104.2)	(65.0)
Retirement benefit schemes	12	**(1.7)**	(2.1)	(6.1)
		(277.4)	(279.2)	(291.2)
Total liabilities		**(329.7)**	(358.1)	(343.5)
Net assets		**724.2**	699.7	645.4
Capital and reserves				
Share capital		**7.3**	7.3	7.3
Share premium		**7.8**	7.7	7.6
Capital redemption reserve		**1.8**	1.8	1.8
Hedging reserve		**4.0**	1.7	(2.4)
Revaluation reserve		**260.9**	249.4	253.6
Retained earnings		**442.4**	431.8	377.5
Total equity		**724.2**	699.7	645.4

COMPANY BALANCE SHEET

At 3 April 2023

	Notes	Company 2023 £m	Restated 2022 £m	Restated 2021 £m
Non-current assets				
Goodwill		**31.0**	31.0	31.0
Property and equipment	10	**838.5**	803.5	769.1
Right-of-use assets	11	**135.8**	139.4	149.2
Investments in subsidiaries		**14.3**	14.3	14.3
Derivative financial instruments		**2.3**	2.2	-
Retirement benefit schemes	12	**5.4**	14.3	-
		1,027.3	1,004.7	963.6
Current assets				
Inventories		**5.4**	4.7	2.6
Trade and other receivables		**9.5**	9.7	11.3
Income tax receivable		**-**	6.3	6.0
Derivative financial instruments		**2.7**	-	-
Cash		**10.7**	34.0	4.7
		28.3	54.7	24.6
Asset held for sale		**-**	-	1.2
Total assets		**1,055.6**	1,059.4	989.4
Current liabilities				
Borrowings		**-**	(30.0)	(29.8)
Lease liabilities	13	**(4.0)**	(4.1)	(4.1)
Income tax payable		**(0.8)**	-	-
Derivative financial instruments		**-**	(0.3)	(1.8)
Trade and other payables		**(56.2)**	(55.8)	(27.5)
		(61.0)	(90.2)	(63.2)
Non-current liabilities				
Borrowings		**(104.2)**	(103.8)	(143.4)
Lease liabilities	13	**(61.9)**	(63.6)	(69.1)
Derivative financial instruments		**-**	-	(1.4)
Deferred tax liabilities		**(104.4)**	(104.0)	(64.8)
Retirement benefit schemes	12	**(1.7)**	(2.1)	(6.1)
		(272.2)	(273.5)	(284.8)
Total liabilities		**(333.2)**	(363.7)	(348.0)
Net assets		**722.4**	695.7	641.4
Capital and reserves				
Share capital		**7.3**	7.3	7.3
Share premium		**7.8**	7.7	7.6
Capital redemption reserve		**1.8**	1.8	1.8
Hedging reserve		**4.0**	1.7	(2.4)
Revaluation reserve		**252.0**	240.2	244.4
Retained earnings		**449.5**	437.0	382.7
Total equity		**722.4**	695.7	641.4

STATEMENTS OF CASH FLOW

For the 53 weeks ended 3 April 2023

		Group		Company	
		2023	2022	**2023**	2022
		53 weeks	52 weeks	**53 weeks**	53 weeks
	Note	**£m**	£m	**£m**	£m
Operating activities					
Net cash generated from operations	14	**83.8**	107.0	**82.6**	106.3
Tax paid		**(0.9)**	(5.1)	**(0.9)**	(5.1)
Net cash flows from operating activities		**82.9**	101.9	**81.7**	101.2
Investing activities					
Proceeds from disposal of property and equipment[1]		**6.1**	59.7	**6.1**	59.7
Purchase of property and equipment	10	**(40.2)**	(36.9)	**(40.2)**	(36.9)
Business combinations, net of cash acquired		**(18.2)**	(36.9)	**(18.2)**	(36.9)
Net cash used in investing activities		**(52.3)**	(14.1)	**(52.3)**	(14.1)
Financing activities					
Interest paid		**(6.9)**	(9.7)	**(6.6)**	(9.5)
Issued equity, net of transaction costs		**0.1**	0.1	**0.1**	0.1
Equity dividends paid		**(12.0)**	(5.0)	**(12.0)**	(5.0)
Payment of principal portion of lease liabilities		**(5.1)**	(4.1)	**(4.2)**	(3.6)
Repayment of borrowings[2]		**(30.0)**	(39.8)	**(30.0)**	(39.8)
Net cash flows used in financing activities		**(53.9)**	(58.5)	**(52.7)**	(57.8)
Net increase in cash		**(23.3)**	29.3	**(23.3)**	29.3
Cash at the beginning of the period		**34.0**	4.7	**34.0**	4.7
Cash at the end of the period		**10.7**	34.0	**10.7**	34.0

[1] During the current period to 3 April 2023, £6.1 million related to the sale of the Bridge Hotel (Greenford). During the prior period to 28 March 2022, £53.0 million related to the sale of 56 tenanted pubs. The remaining balance relates to other disposals of tenanted sites.

[2] During the current period to 3 April 2023 the group repaid the £30.0 million bilateral term loan with NatWest. During the prior period to 28 March 2022 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.

GROUP STATEMENT OF CHANGES IN EQUITY

At 3 April 2023

	Notes	Share capital[1] £m	Capital redemption reserve £m	Hedging reserve £m	Revaluation reserve £m	Retained earnings £m	Total equity £m
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	10	-	-	-	28.7	-	28.7
Remeasurement of retirement benefit schemes	12	-	-	-	-	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		-	-	(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**
Total comprehensive income							
Profit for the period		-	-	-	-	29.7	29.7
Other comprehensive income							
Unrealised gain on revaluation of property	10	-	-	-	15.2	-	15.2
Remeasurement of retirement benefit schemes	12	-	-	-	-	(10.1)	(10.1)
Net movement of interest rate swaps - cash flow hedge		-	-	3.1	-	-	3.1
Tax on above components of other comprehensive income		-	-	(0.8)	(3.7)	2.5	(2.0)
		-	-	2.3	11.5	(7.6)	6.2
Total comprehensive income		-	-	2.3	11.5	22.1	35.9
Transactions with owners recorded directly in equity							
Share capital issued		0.1	-	-	-	-	0.1
Dividends paid on equity shares		-	-	-	-	(12.0)	(12.0)
Share based payments		-	-	-	-	0.5	0.5
		0.1	-	-	-	(11.5)	(11.4)
At 3 April 2023		**15.1**	**1.8**	**4.0**	**260.9**	**442.4**	**724.2**

1 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 the nominal value of £nil million (2022: £nil million) and share premium of £0.1 million (2022: £0.1 million).

NOTES TO THE FINANCIAL STATEMENTS

For the 53 weeks ended 3 April 2023

1. General information

This preliminary announcement was approved by the board on 24 May 2023. The financial statements in it are not the group's statutory financial statements. The statutory financial statements for the period ended 28 March 2022 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 3 April 2023, which are expected to be delivered to the Registrar of Companies shortly. The report for the 2023 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 2022 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 53 weeks ended 3 April 2023 and the 52 weeks ended 28 March 2022 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 3 April 2023. The financial statements will also be available on the group's website, www.youngs.co.uk.

Restatement of prior periods

In accordance with the requirements of *IAS 1 Presentation of Financial Statements* and *IAS 12 Income Taxes*, management have restated the deferred tax assets as at 28 March 2022 and 29 March 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 impact on the group balance sheet at 29 March 2021 is a reduction in the deferred tax asset of £8.6 million to £nil and a decrease in the deferred tax liability of £8.6 million to £65.0 million. This reduces the non-current asset subtotal by £8.6 million to £964.2 million and the non-current liability subtotal by £8.6 million to £291.2 million. The total assets are reduced by £8.6 million to £988.9 million and the total liabilities are reduced by £8.6 million to £343.5 million. The overall impact on net assets in both prior periods is £nil. There is no impact to the income statement or cash flow statement in either prior period as a result of this adjustment.

The impact on the company 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 £104.0 million. This reduces the non-current asset subtotal by £4.1 million to £1,004.7 million and the non-current liability subtotal by £4.1 million to £273.5 million. The total assets are reduced by £4.1 million to £1,059.4 million and the total liabilities are reduced by £4.1 million to £363.7 million.

The impact on the company balance sheet at 29 March 2021 is a reduction in the deferred tax asset of £8.6 million to £nil million and a decrease in the deferred tax liability of £8.6 million to £64.8 million. This reduces the non-current asset subtotal by £8.6 million to £963.6 million and the non-current liability subtotal by £8.6 million to £284.8 million. The total assets are reduced by £8.6 million to £989.4 million and the total liabilities are reduced by £8.6 million to £348.0 million. The overall impact on net assets in both prior periods is £nil. There is no impact to the income statement or cash flow statement in either prior period as a result of this adjustment.

Amendments to accounting standards

Amendments to accounting standards applied for the first time during the period were as follows:

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

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 3 April 2023, the group had cash in bank of £10.7 million and committed borrowing facilities of £205.0 million, of which £105.0 million was drawn down. The group expects, by 1 July 2024 (the 'going concern' period), to have available facilities of £205.0 million, with the plan to renegotiate the £20.0 million term loan that is due May 2024. However, given that those negotiations have yet to take place, for going concern purposes the group has assumed that available facilities will be £185.0 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. The base case is the board approved budget to March 2024 as well as the board approved strategic plan covering April to June 2024. The key judgements applied are the extent of any influence on trade because of the economic downturn and its impact on consumers, and the inflationary cost pressures that the hospitality industry is continuing to face.

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 ongoing 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). Consequentially there would need to be a sales reduction of c.40% and profit reduction of c.60% between April 2023 and 2024 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, 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 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 financial statements.

2. Segmental reporting

The group historically had 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 consisted of pubs owned or leased by the company and leased or subleased to third parties. Revenue was derived from rents payable by, and sales of drink made to, tenants. Unallocated related to head office income and costs, and unlicensed properties. During the prior period, most of the pubs within the tenanted house segment were disposed of and classified as a discontinued operation.

Since the disposal of the majority of the tenanted house segment, in line with the requirements of IFRS 8 Operating Segments, the group is organised into one reporting segment, that of operating managed houses. This is in line with the internal reporting to the executive board of the group for the purpose of deciding on the allocation of resources and assessing performance. On this basis, the group now reports on one operating segment, with the remaining tenanted houses grouped together with the unallocated segment and reported as 'all other segments'. In line with this approach, prior period comparatives for tenanted houses and unallocated have been grouped together under 'all other segments'.

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

Income statement **2023**	**Managed houses 53 weeks £m**	**All other segments 53 weeks £m**	**Total 53 weeks £m**
Drink sales	**229.1**	**0.3**	**229.4**
Food sales	**115.5**	**-**	**115.5**
Accommodation sales	**21.9**	**-**	**21.9**
Total revenue from contracts with customers from continuing operations	**366.5**	**0.3**	**366.8**
Other income	**1.5**	**0.6**	**2.1**
Total revenue recognised from continuing operations	**368.0**	**0.9**	**368.9**
Adjusted operating profit/(loss) from continuing operations	**73.3**	**(20.9)**	**52.4**
Adjusting items	**(8.5)**	**(0.5)**	**(9.0)**
Operating profit/(loss) from continuing operations	**64.8**	**(21.4)**	**43.4**

2022	Managed houses 52 weeks £m	All other segments 52 weeks £m	Total 52 weeks £m
Drink sales	188.5	0.5	189.0
Food sales	105.9	-	105.9
Accommodation sales	12.3	-	12.3
Total revenue from contracts with customers from continuing operations	306.7	0.5	307.2
income	1.0	0.8	1.8
Total revenue recognised from continuing operations	307.7	1.3	309.0
Adjusted operating profit/(loss) from continuing operations	72.1	(20.7)	51.4
Adjusting items	(0.4)	0.7	0.3
Operating profit/(loss) from continuing operations	71.7	(20.0)	51.7

3. Adjusting items

The table below shows adjusting items from continuing operations.

During the period, the cash flow impact of adjusting items was £3.9 million (2022: £3.8 million), of which £3.0 million related to investing activities and £0.9 million related to operating activities (2022: £3.6 million and £0.2 million respectively).

	2023 53 weeks £m	2022 52 weeks £m
Amounts included in operating profit:		
Upward movement on the revaluation of properties (note 10)[1]	**4.8**	5.5
Downward movement on the revaluation of properties (note 10)[1]	**(11.8)**	(4.7)
Purchase costs[2]	**(1.1)**	(2.7)
Tenant compensation[3]	**(0.6)**	(0.2)
Restructuring costs[4]	**(0.3)**	-
Net profit on disposal of properties[5]	**-**	2.4
	(9.0)	0.3
Tax on adjusting items:		
Tax attributable to adjusting items	**1.2**	(0.6)
Impact of change in corporation tax rate[6]	**(0.1)**	(6.9)
	1.1	(7.5)
Total adjusting items after tax	**(7.9)**	(7.2)

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 £4.8 million (2022: £5.5 million) representing reversals of previous impairments recognised in the income statement, and a downward movement of £11.8 million (2022: £4.7 million), representing downward movements in excess of amounts recognised in equity. These resulted in a net downward movement of £7.0 million (2022: an upward movement of £0.8 million) which has been recognised in the income statement. The downward movement for the period ended 3 April 2023 was split between land and buildings of £7.0 million (2022: £0.8 million upward) and fixtures and fittings of £nil (2022: £nil). See note 10 for information on the revaluation of properties.

2 Costs related to professional fees and stamp duty land tax arising on the purchase of the Bedford Arms (Chenies), Merlin's Cave (Chalfont St Giles), Half Moon (Windlesham), Griffin Inn (Fletching) and the Carpenter's Arms (Tonbridge). In the prior period, the 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). The prior period costs included legal and professional fees and stamp duty land tax (note 7).

3 Tenant compensation of £0.6 million was paid to the previous tenants of an unlicensed property (Ealing) and the Bishop's Vaults (Bishopsgate) to terminate their lease agreements early. During the prior period, tenant compensation of £0.2 million was paid to previous tenants of the Grand Junction Arms (Harlesden) to terminate their lease agreement early.

4 Restructuring costs of £0.3 million related to a one-off reorganisation of the group's head office functions. These were largely made up of severance costs.

5 During the current period, the group disposed of the Bridge Hotel (Greenford) and no profit or loss was recognised on the disposal. In the prior period, 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).

6 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 at the balance sheet date, with a net charge of £0.1 million (2022: £6.9 million) associated with the rate change. The £0.1 million is equal to the net of a £0.4 million adjustment in respect of deferred tax of prior periods, and a £0.3 million credit in respect of deferred tax measured at a higher rate. 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 do not form part of the group's underlying operations. 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.

	2023 53 weeks			2022 52 weeks		
	Unadjusted £m	**Adjusting items £m**	**Adjusted £m**	Unadjusted £m	Adjusting items £m	Adjusted £m
EBITDA	**83.5**	**2.0**	**85.5**	82.0	0.5	82.5
Depreciation and net movement on the revaluation of properties	**(40.1)**	**7.0**	**(33.1)**	(30.3)	(0.8)	(31.1)
Operating profit	**43.4**	**9.0**	**52.4**	51.7	(0.3)	51.4
Finance income	**0.1**	**-**	**0.1**	-	-	-
Finance costs	**(7.6)**	**-**	**(7.6)**	(9.5)	-	(9.5)
Finance charge for pension obligations	**0.3**	**-**	**0.3**	(0.1)	-	(0.1)
Profit before tax	**36.2**	**9.0**	**45.2**	42.1	(0.3)	41.8

During the period, £105.2 million (2022: £102.2 million) of adjusted EBITDA related to managed houses and £0.5 million (2022: £0.6 million) related to tenanted houses. Adjusted negative EBITDA of £20.2 million (2022: negative £20.3 million) related to head office costs and was unallocated.

5. Revenue

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

	2023 53 weeks £m	2022 52 weeks £m
Drink sales	**229.4**	189.0
Food sales	**115.5**	105.9
Accommodation sales	**21.9**	12.3
Total revenue from contracts with customers	**366.8**	307.2
Other income	**2.1**	1.8
Total revenue recognised	**368.9**	309.0

6. 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**	**2023 53 weeks £m**	2022 52 weeks £m
Government grant income	Other income	**-**	5.0
Coronavirus Job Retention Scheme ('CJRS')	Operating costs before adjusting items	**-**	2.2
Total government grants received		**-**	7.2

All government grants received were in respect of 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 £2.0 million, and reduced 5% VAT on eligible sales until 30 September 2021, followed by 12.5% VAT up until 31 March 2022.

Cash flows from grants received were included in cash flows from operations.

7. Taxation

The major components of income tax expense for the periods ended 3 April 2023 and 28 March 2022 are:

Tax charged in the group income statement	**2023 53 weeks £m**	2022 52 weeks £m
Current income tax		
Current tax expense	**7.3**	4.8
Adjustment in respect of current income tax of prior periods	**0.9**	(0.1)
	8.2	4.7
Deferred tax		
Relating to origin and reversal of temporary differences	**(0.3)**	6.7
Adjustment in respect of deferred tax of prior periods	**(1.1)**	(0.8)
Deferred tax measured at higher rate	**(0.3)**	-
Change in corporation tax rate	**-**	6.9
	(1.7)	12.8
Income tax charged in the income statement[1]	**6.5**	17.5

[1] During the current period, all income tax charged relates to continuing operations. During the prior 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	**2023 53 weeks £m**	2022 52 weeks £m
Property revaluation and disposals	**(1.8)**	2.3
Capital allowances	**(0.5)**	2.4
Retirement benefit schemes	**0.4**	0.2
Share based payments	**0.1**	-
Trade losses	**-**	1.0
Adjustment in respect of deferred tax of prior periods	**0.4**	-
Deferred tax measured at higher rate	**(0.3)**	-
Change in corporation tax rate	**-**	6.9
Deferred tax (credited)/charged in the income statement	**(1.7)**	12.8
Deferred tax in the group statement of other comprehensive income		
Property revaluation and disposals	**3.7**	4.8
Retirement benefit schemes	**(2.5)**	3.3
Interest rate swaps - cash flow hedge	**0.8**	1.0
Change in corporation tax rate	**-**	17.3
Deferred tax charged to other comprehensive income	**2.0**	26.4

8. Dividends on equity shares

	2023 53 weeks Pence per share	2022 52 weeks Pence per share	**2023 53 weeks £m**	2022 52 weeks £m
Final dividend (previous period)	**10.26**	-	**6.0**	-
Interim dividend (current period)	**10.26**	8.55	**6.0**	5.0
	20.52	8.55	**12.0**	5.0

The table above sets out dividends paid. In addition, the board is proposing a final dividend in respect of the period ended 3 April 2023 of 10.26 pence per share at a cost of £6.0 million. If approved, it is expected to be paid on 13 July 2023 to shareholders who are on the register of members at the close of business on 9 June 2023.

9. Earnings per ordinary share

(a) Weighted average number of shares	**2023 53 weeks Number**	2022 52 weeks Number
Basic weighted average number of ordinary shares in issue	**58,483,336**	58,476,259
Dilutive potential ordinary shares from outstanding employee share options	**51,928**	30,877
Diluted weighted average number of shares	**58,535,264**	58,507,136

(b) Earnings attributable to the shareholders of the parent company

	£m	£m
Profit for the period	**29.7**	34.4
Adjusting items	**9.0**	(9.3)
Tax attributable to above adjustments	**(1.1)**	7.8
Adjusted earnings after tax	**37.6**	32.9

Basic earnings per share

	Pence	Pence
Basic	**50.78**	58.83
Effect of adjusting items	**13.51**	(2.57)
Adjusted basic earnings per share	**64.29**	56.26

Diluted earnings per share

	Pence	Pence
Diluted	**50.74**	58.80
Effect of adjusting items	**13.49**	(2.57)
Adjusted diluted earnings per share	**64.23**	56.23

(c) Earnings from continuing operations

	£m	£m
Profit for the period	**29.7**	24.9
Adjusting items	**9.0**	(0.3)
Tax attributable to above adjustments	**(1.1)**	7.5
Adjusted earnings after tax	**37.6**	32.1

Basic earnings per share

	Pence	Pence
Basic	**50.78**	42.58
Effect of adjusting items	**13.51**	12.31
Adjusted basic earnings per share	**64.29**	54.89

Diluted earnings per share

	Pence	Pence
Diluted	**50.74**	42.56
Effect of adjusting items	**13.49**	12.31
Adjusted diluted earnings per share	**64.23**	54.87

The basic earnings per share figure is calculated by dividing the net profit 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 51,928 (2022: 30,877) dilutive potential shares under the SAYE and LTIP schemes.

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.

10. 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 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[1]	(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[2]						
- 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**
Additions	9.5	30.7	40.2	9.5	30.7	40.2
Business combinations	15.8	2.4	18.2	15.8	2.4	18.2
Disposals	(6.1)	(0.7)	(6.8)	(6.1)	(0.7)	(6.8)
Fully depreciated assets	(0.2)	(24.2)	(24.4)	(0.2)	(24.2)	(24.4)
Revaluation[2]						
- upward movement in valuation	37.7	-	37.7	37.7	-	37.7
- downward movement in valuation	(22.2)	-	(22.2)	(21.9)	-	(21.9)
At 3 April 2023	**784.1**	**162.2**	**946.3**	**784.1**	**156.1**	**940.2**
Depreciation and impairment						
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[1]	(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[2]						
- 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**
Depreciation charge	1.7	24.5	26.2	1.6	24.4	26.0
Disposals	(0.5)	(0.4)	(0.9)	(0.5)	(0.4)	(0.9)
Fully depreciated assets	(0.2)	(24.2)	(24.4)	(0.2)	(24.2)	(24.4)
Revaluation[2]						
- upward movement in valuation	(4.8)	-	(4.8)	(4.8)	-	(4.8)
- downward movement in valuation	12.1	-	12.1	12.1	-	12.1
At 3 April 2023	**28.0**	**75.8**	**103.8**	**27.3**	**74.4**	**101.7**
Net book value						
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
At 3 April 2023	**756.1**	**86.4**	**842.5**	**756.8**	**81.7**	**838.5**

[1] During the prior period, the majority of the disposals related to the sale of 56 tenanted pubs.

[2] The group's net book value uplift during the period was £8.2 million (2022: £29.5 million). This uplift was recognised either in the revaluation reserve or the income statement, as appropriate.

The impact of the property revaluation exercise was as follows:

	Group		Company	
	2023 53 weeks £m	2022 52 weeks £m	**2023 53 weeks £m**	2022 52 weeks £m
Income statement				
Revaluation loss charged as impairment	**(11.8)**	(4.7)	**(11.8)**	(4.7)
Reversal of past impairment	**4.8**	5.5	**4.8**	5.5
Net (impairment)/uplift recognised in the income statement	**(7.0)**	0.8	**(7.0)**	0.8
Revaluation reserve				
Unrealised revaluation surplus	**37.4**	39.5	**37.4**	39.5
Reversal of past surplus	**(22.2)**	(10.8)	**(21.9)**	(10.8)
Net uplift recognised in the revaluation reserve	**15.2**	28.7	**15.5**	28.7
Net revaluation increase in property	**8.2**	29.5	**8.5**	29.5

11. 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 £m	**Motor vehicles £m**	**Other assets £m**	**Total £m**	**Property £m**	**Motor vehicles £m**	**Other assets £m**	**Total £m**
At 29 March 2021	**157.8**	**0.2**	**-**	**158.0**	**148.9**	**0.3**	**-**	**149.2**
Additions	0.8	0.2	-	**1.0**	0.8	0.2	-	**1.0**
Business combinations	0.2	-	-	**0.2**	0.2	-	-	**0.2**
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)**
At 28 March 2022	**146.8**	**0.2**	**-**	**147.0**	**139.0**	**0.4**	**-**	**139.4**
Additions	-	0.4	-	**0.4**	-	0.4	-	**0.4**
Lease amendments	2.4	-	-	**2.4**	2.0	-	-	**2.0**
Depreciation	(6.7)	(0.2)	-	**(6.9)**	(5.8)	(0.2)	-	**(6.0)**
At 3 April 2023	**142.5**	**0.4**	**-**	**142.9**	**135.2**	**0.6**	**-**	**135.8**

12. Retirement benefit schemes

Movement within the schemes in the period

Changes in the present value of the schemes are as follows:

	Group and Company					
		2023			2022	
	Pension scheme £m	**Health care scheme £m**	**Total £m**	Pension scheme £m	Health care scheme £m	Total £m
Opening surplus/(deficit)	**14.3**	**(2.1)**	**12.2**	(2.2)	(3.9)	(6.1)
Current service cost	**(0.3)**	**-**	**(0.3)**	(0.4)	-	(0.4)
Contributions	**1.4**	**0.2**	**1.6**	1.4	0.2	1.6
Other finance income/(charge)	**0.4**	**(0.1)**	**0.3**	-	(0.1)	(0.1)
Remeasurement through other comprehensive income	**(10.4)**	**0.3**	**(10.1)**	15.5	1.7	17.2
Closing surplus/(deficit)	**5.4**	**(1.7)**	**3.7**	14.3	(2.1)	12.2

13. Lease liabilities

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

	Group £m	Company £m
At 29 March 2021	**80.2**	**73.2**
Additions	1.0	1.0
Business combinations	0.2	0.2
Lease amendments	0.1	0.3
Accretions of interest	2.5	2.3
Payments	(6.6)	(5.9)
Lease disposals	(3.4)	(3.4)
At 28 March 2022	**74.0**	**67.7**
Current	4.9	4.1
Non-current	69.1	63.6
Additions	0.4	0.4
Lease amendments	2.4	2.0
Accretions of interest	2.5	2.4
Payments	(7.6)	(6.6)
At 3 April 2023	**71.7**	**65.9**
Current	4.8	4.0
Non-current	66.9	61.9

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

	Group		Company	
	2023 53 weeks £m	2022 52 weeks £m	**2023 53 weeks £m**	2022 52 weeks £m
Profit before tax from continuing operations	**36.2**	42.1	**38.2**	42.0
Profit before tax from discontinued operations	**-**	9.8	**-**	9.8
Profit before tax	**36.2**	51.9	**38.2**	51.8
Net finance cost	**7.5**	9.5	**7.3**	9.6
Finance charge for pension obligations	**(0.3)**	0.1	**(0.3)**	0.1
Operating profit	**43.4**	61.5	**45.2**	61.5
Depreciation of property and equipment (note 10)	**26.2**	24.4	**26.0**	24.2
Depreciation of right-of-use assets (note 11)	**6.9**	7.1	**6.0**	6.1
Movement on revaluation of properties (note 10)	**7.0**	(0.8)	**7.0**	(0.8)
Net profit on disposal of property	**-**	(11.4)	**-**	(11.4)
Difference between pension service cost and cash contributions paid	**(1.3)**	(1.2)	**(1.3)**	(1.2)
Share based payments	**(0.5)**	(0.1)	**(0.5)**	(0.1)
Movements in working capital				
- Inventories	**(0.7)**	(2.0)	**(0.7)**	(2.0)
- Receivables	**(0.6)**	1.5	**0.2**	1.6
- Payables	**3.4**	28.0	**0.7**	28.4
Net cash generated from operations	**83.8**	107.0	**82.6**	106.3

Analysis of net debt	Group		Company	
	2023 £m	2022 £m	**2023 £m**	2022 £m
Cash	**10.7**	34.0	**10.7**	34.0
Current borrowings and loan capital	**-**	(30.0)	**-**	(30.0)
Current lease liability	**(4.8)**	(4.9)	**(4.0)**	(4.1)
Non-current borrowings and loan capital	**(104.2)**	(103.8)	**(104.2)**	(103.8)
Non-current lease liability	**(66.9)**	(69.1)	**(61.9)**	(63.6)
Net debt	**(165.2)**	(173.8)	**(159.4)**	(167.5)

15. Post balance sheet events

There were two post balance sheet events: the exchange of contracts and completion of the Stag (Belsize Park) for a total cash consideration of £3.3 million, and the final extension of the £50.0 million syndicated facility with NatWest and HSBC by a further year (the second year of a two-year option to extend) to 19 May 2027.