THE CITY PUB GROUP

Annual Report & Accounts 2022

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About the Group

The City Pub Company (East) PLC ("CPCE") and The City Pub Company (West) PLC ("CPCW") were founded by Clive Watson, David Bruce and John Roberts, who joined the board in December 2011.

On 1 November 2017, The City Pub Group plc (as consolidated "the Group") was formed through the all share merger of CPCE and CPCW by way of a scheme of arrangement of CPCW, as further described in the Group's Admission Document for the IPO that the Group completed in November 2017, when the shares were admitted to trading on AIM. As such the results of the Group are presented as if the Group always existed. At the same time, CPCE changed its name to The City Pub Group plc.

The City Pub Group owns and operates an estate of premium pubs across southern England and Wales. The Group's pub estate comprises 43 trading predominately free houses located largely in London, Cathedral cities and market towns, each of which is focused on appealing specifically to its local market. The Group's portfolio consists of predominantly freehold, managed pubs, offering a wide range of high quality drinks and food tailored to each of its pubs' customers.

The City Pub Group leverages its sector contacts and experience to ensure it is well placed to acquire, and to have opportunities to consider the acquisition of, either freehold or leasehold pubs. Following acquisition, it aims to improve profitability through targeted investment in each pub, incentivisation of its key employees, introducing its flexible retail strategy, dedicated marketing and utilising its centralised buying power.

The Directors have considerable experience of acquiring pubs, expanding pub portfolios and creating premium pub companies. This includes leading the Capital Pub Company from start up through to flotation on AIM and its subsequent acquisition by Greene King for £93 million.

Go online to find out more
www.citypubcompany.com

COMPANY HIGHLIGHTS

FINANCIAL

Revenue up 63% to

£57.8m

(2021: £35.4 million)

Adjusted EBITDA* of

£8.0m

(2021: £3.8 million)

Reported profit/(loss) of

£1.0m

(2021: £(2.9) million)

Adjusted profit before tax** of

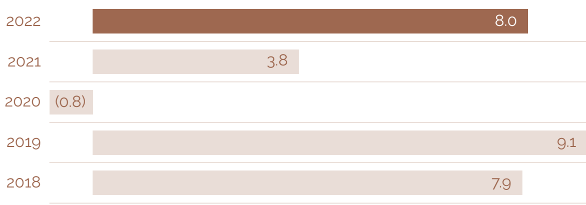
£3.8m

(2021: £1.0million)

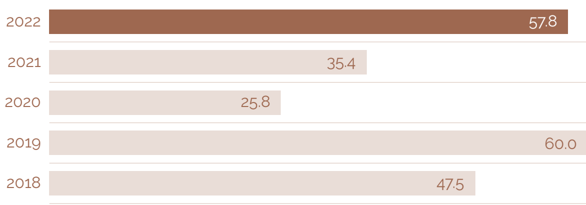
* Pre-IFRS16 Adjusted earnings before exceptional items, share option charge, interest, taxation, depreciation and amortisation.

** Pre-IFRS16 Adjusted profit/(loss) before tax is the profit/(loss) before tax, share option charge and exceptional items.

Adjusted EBITDA (£m)



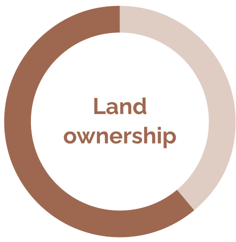
Revenue (£m)



OPERATIONAL

Leasehold

39%



61%

Freehold

43

trading sites

Key Metrics

	2022				2021			
	Revenue £m	**Operating profit £m**	**EBITDA £m**	**Profit before tax £m**	Revenue £m	Operating profit £m	EBITDA £m	Loss before tax £m
Reported	**57.8**	**1.4**	**6.6**	**0.2**	35.4	(3.0)	1.9	(3.1)
Share option charge	**–**	**1.1**	**1.1**	**1.1**	–	0.7	0.7	0.7
Exceptional items	**–**	**2.4**	**2.4**	**2.4**	–	3.3	3.3	3.3
Adjusted	**57.8**	**4.9**	**10.1**	**3.7**	35.4	1.0	5.9	0.9

	Post IFRS 16 52 weeks to 25.12.22 £m	Pre IFRS 16 52 weeks to 25.12.22 £m	Post IFRS 16 52 weeks to 26.12.21 £m	Pre IFRS 16 52 weeks to 26.12.21 £m	Change Pre IFRS 16 %
Revenue	57.8	57.8	35.4	35.4	63%
Adjusted EBITDA	10.1	8.0	5.9	3.8	111%
Adjusted Profit before tax	3.7	3.8	0.9	1.0	280%

The difference between the Adjusted EBITDA Pre and Post IFRS 16 is caused by the removal of rent and gains on lease disposals, totalling £2.06m, which are credited to administrative expenses under IFRS 16. This is then off-set by additional depreciation of £1.54m and interest charged of £0.64m, when comparing Adjusted Profit before tax, which result in a lower Adjusted Profit before tax under IFRS 16 of £3.7m against £3.8m profit Pre IFRS 16.

AT A GLANCE

A premium, wet-led offer and flexible approach that appeals to a broad customer base

What we do

Established in 2011, The City Pub Group is a managed pub business operating in London and the South of England and Wales. It has a collection of 43 unbranded predominately free-house pubs clustered around affluent Cathedral cities. Its premium, wet-led offer and flexible approach give it broad customer appeal across residents, workers, students, shoppers and tourists.

Product offering

The Directors believe that in the premium managed pub sector, liquor sales such as craft ales, craft spirits and independent coffee brands offer higher growth potential, higher margins and higher predictability over sales than traditional beers, lagers and spirits. Food menus are developed to offer high quality, freshly prepared food, providing good value for money and offering a wide range of choice. Increasingly, more healthy and vegan options are being offered in our pubs to broaden the appeal to a wider range of customers.

Co-founded by Clive Watson, David Bruce and John Roberts as The City Pub Company East and The City Pub Company West

2011

2012

First four pubs to start trading

The Cork, Bath,
The Mill, Cambridge,
St Aldates Tavern, Oxford,
Cambridge Brew House, Cambridge

Pubs added to portfolio

Alfie's, Winchester,
Bath Brew House, Bath,
The Lighthouse, London,
The Phene, London,
The Georgian Townhouse, Norwich,
The Roundhouse, London

2013

2014

Pubs added to portfolio

Daly's Wine Bar, London,
Temple Brew House, London,
The Lion and Lobster, Brighton, (Sold 2022)
St Andrews Brew House, Norwich,
The Nell Gwynne, London

Pubs added to portfolio

The Old Bicycle Shop, Cambridge,
The George Street Social, Oxford,
The Walrus, Brighton, (Sold 2022)
Prince Street Social, Bristol, (Sold 2022)
King Street Brew House, Bristol,
The Cock & Bottle, London

2015

2016

Pubs added to portfolio

The Cat & Mutton, London,
Inn on the Beach, Hayling Island, (Sold 2022)
The Punt Yard, Cambridge, (Sold 2021)
The Petersfield, Cambridge,
The Althorp, London,
London Road Brew House, Southampton, (Sold 2022)
The Westgate, Winchester

The Group has five key target markets:

2017

Pubs added to portfolio

Three Crowns, London,
Waterman, Cambridge,
Grapes, Oxford, (Non-trading)
Red Lion, Cambridge,
Old Fire House, Exeter,
Aragon House, London
IPO in November 2017

2018

Pubs added to portfolio

Belle Vue, London,
Tell Your Friends, London, (Sold 2021)
The Market House, Reading,
Pontcanna Inn, Cardiff,
Old Ticket Office, Cambridge,
Bow Street Tavern, London,
The Bicycle Shed, Oxford, (Sold 2022)
Tivoli, Cambridge (Opened 2022),
Jam Tree, Clapham (renamed The Yard), (Sold 2023)
Jam Tree, Chelsea (renamed The Lost Hours),
The Travellers Friend, London, (Sold 2022),
Brighton Beach Club, Brighton, (Sold 2022),
Chapel 1877, Cardiff, (Non-trading)

2019

Pubs added to portfolio

Pride of Paddington, London,
Hoste, Burnham Market,
Turks Head, Exeter,
The Bath Cider House, Bath,
The Oyster House Mumbles,
The Island, Kensal Green (Sold 2021)

2020

Disposal of a cottage near
to the **Hoste**, Burnham Market

2021

Disposal of **The Island** in Kensal Green,
Punt Yard in Cambridge and
Tell Your Friends in Parsons Green

2022

Pubs added to portfolio

Purchased Potters, Newport,
Disposal of **London Road Brew House**, **Inn on the Beach**, **The Walrus**, **The Lion and Lobster**, **Travellers Friend** and **Brighton Beach Club**

2023

Pubs added to portfolio

The Bridge, Barnes,
Disposal of **The Yard,** Clapham

CHAIRMAN'S STATEMENT

A strengthened base for improving returns

I am pleased to report that we have made good progress throughout the year consolidating, strengthening and improving the Group.

This year, sales have returned to pre-COVID-19 levels, the pub estate is fully refurbished, there have been significant improvements at the operating level and net debt has been maintained at a low level.

Sales performance of our pubs in 2022 was encouraging. We put a lot of effort in making sure we optimised our capacity at site level and we believe there is further organic growth from the existing pub estate. The Company continues to be primarily focused on organic growth rather than acquiring additional pubs, however should an outstanding opportunity arise we have the flexibility to act quickly and decisively. Despite the impact of Omicron, like for like gross sales for FY2022 were up by 3%, improving to 7.8% in Q4. 2023 is trading 13% ahead of 2022 on a like for like basis.

2022 was a challenging year with inflationary headwinds, especially on energy and food, and the shortage of labour throughout the year creating challenges relating to opening times and operational effectiveness when the pubs were busy.

For the year ended 25 December 2022 revenue rose 63% to £57.8m (2021:35.4m) reflecting a year without disruption from the pandemic. Pre IFRS 16 adjusted EBIDTA was up 111% to £8m (2021:£3.8m), adjusted profit before tax was up 280% to £3.8m (2021:£1m) and reported profit/(loss) at £1.1m (2021:(£2.9m)).

The Company's portfolio is 61% freehold and these pubs account for over 90% of our investment. This gives us strong asset backing and helps protect our margins as we do not have large rent liabilities.

Trading Estate

The Group currently operates 43 trading pubs which has increased by three since reporting the interim results in September 2022: the Bath Cider House opened in October 2022, Potters in Newport was acquired in November 2022, and the Bridge, Barnes, SW London was purchased in January 2023 this year. These follow the three openings in the first half of 2022:

- **Oyster House, Mumbles** – May 2022
- **Tivoli, Cambridge** – May 2022
- **Damson & Wilde, Bury St Edmunds** – June 2022

A number of sites also completed their refurbishments programmes (with dates completed):

- **The Althorp, Wandsworth, SW London** – November 2022
- **Roundhouse, Wandsworth, SW London** – November 2022

We have net debt of circa £4m resulting in a very strong balance sheet positioning us optimally to acquire assets at the right time and the right price.

- **Belle Vue, Clapham, SW London** – February 2023
- **Lighthouse, Battersea, SW London** – February 2023
- **Pride of Paddington, Paddington, West London** – February 2023
- **Cliftonville, Cromer, Norfolk** – April 2023

This completes the refurbishment program although we are looking to get planning approval to create outside covered trading spaces and if successful, a further 2 sites will benefit from a combined investment of c£250k.

Disposals

A small number of our pubs for various differing reasons have not fully recovered from COVID-19 and we have worked hard at disposing of these units. As a result of a review of the estate, the following leases have been fully disposed of:

- **Prince Street Social, Bristol** – July 2022
- **Bicycle Shed, Oxford** – November 2022
- **The Yard** – March 2023

The operating loss of these pubs throughout 2022 amounted to circa £500k and their disposal has helped us to improve our operating margins and profitability going forwards.

In April 2022, we rationalised the estate by selling off 6 sites primarily on the South Coast for net proceeds of £16.1m This disposal significantly reduced our bank debt leaving the Company in a very strong financial position to take advantage of growth opportunities which closer align with the Company's strategy.

Mosaic Investment

Following the acquisition of a further 13% share in Mosaic Investments in April 2023, we now have a stake of 48% at an additional cost of c£2.2m. We will now integrate the Mosaic estate into our own estate over the course of the next two to three months. Mosaic estate comprises of 9 pubs situated in London and Birmingham, of which 7 are freehold. We welcome the Mosaic employees to our Group. There are many cultural similarities between the two companies and we anticipate a smooth, effective and efficient integration process. This is a great step forward for the Group – now with 52 operational sites located in great cities or fantastic destination locations.

Financial Highlights

Summary for the Period ended 25 December 2022:

- Revenue up 63% to £57.8m (2021:35.4m)
- Pre IFRS 16 adjusted EBIDTA up 111% to £8m (2021:£3.8m)
- Adjusted profit (loss) before Tax up 280% to £3.8 (2021:£1m)
- Reported profit/(loss) at £1.1m (2021 (£2.9m))

Key Metrics

	Post IFRS 16 52 weeks to 25.12.22 £m	Pre IFRS 16 52 weeks to 25.12.22 £m	Post IFRS 16 52 weeks to 26.12.21 £m	Pre IFRS 16 52 weeks to 26.12.21 £m	Change Pre IFRS 16 %
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Adjusted EBITDA*	10.0	8.0	5.9	3.8	111%
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** Pre-IFRS16 Adjusted profit/(loss) before tax is the profit/(loss) before tax, share option charge and exceptional items.

CHAIRMAN'S STATEMENT cont'd

Despite unprecedented challenges faced by the industry, including inflation, staff shortages, Omicron at the start of 2022, transport strikes and weakening consumer confidence, the Board is pleased with the trading performance for the last year. To be in such a position with sales today above pre COVID-19 levels is a reflection of the determination, innovation, loyalty and resilience of our people to provide true hospitality to our customers.

Bank Facilities

As of today's date, net debt is £8m, a modest increase on the position at the end of the first half mainly as a result of acquiring a controlling interest in Mosaic Pub Co at a cost of circa £2.2m. The Group is conservatively financed and has undrawn credit facilities of £23m. We are operating comfortably within our banking covenants, and we will be renewing our bank facilities on a longer term basis in the near future.

The Group's estate value based primarily on an independent valuation of the estate in Mar 2022 is c.£160m with NAV of circa 150p per share.

Environmental, Social and Governance (ESG)

The Company's ESG committee, established in 2021 and chaired by Emma Fox, an independent Non-Executive Director, is tasked with developing the Group's ESG strategy to ensure that we operate as a responsible and sustainable business, primed to play a positive role in society. Following a significant and thorough review of operational practices and wider supply chain ESG policies, the Group established a robust data collection process across all aspects of ESG, from carbon emissions and energy use through to social impact, and is in the process of defining short and long-term targets to further improve best practice and efficiencies in achieving Net-Zero target and creating positive social impact. We are taking our responsibilities seriously and want to make a positive impact, not just because it is the right thing to do for our business but also because we believe it results in a competitive advantage for us.

Share Buybacks

The Board commenced a share buyback programme in September 2022 and has to date bought c.1m shares (representing 0.95% of the issued share capital) at a cost of c. £0.83m. With the continued discount between our current share price and NAV per share of around 45%, the Board believes it should keep open the option of further share buybacks to deliver value, but is also conscious of maintaining prudent gearing levels. The Board believes share buybacks are an efficient way of creating shareholder value, rather than dividends and as a result, no dividends are proposed on the back of these results.

Industry Issues

The hospitality industry is facing many challenges hampering its ability to move on from COVID-19. Generally, the pressures from these issues are beginning to abate with energy prices, whilst still much higher than before the start of the Ukrainian conflict, significantly reduced since we last reported in September 2022. With around 35% of our energy hedged over the next two years, the Company will benefit from these falling prices. In addition, the Company as a whole is focused on reducing energy usage as much as possible through installing energy saving equipment and encouraging best practice, especially in the pubs.

Food inflation has spiralled over the least 12 months eroding our food margins. We have tried to curtail price rises to remain competitive and deliver good value to our customers because we believe food is an integral part of our retail offer.

Labour cost have continually risen over recent years, with the minimum wage again increasing by 10% in April of this year. Staff shortages have been alleviated to a certain extent and we have benefitted from our weekly staff bonus which has been key in retaining and attracting staff. Hospitality needs constant access to a flexible, vibrant diverse workforce and we continue to urge and call upon the Government to grant 2- year work visas to Europeans. This access would enable businesses like ours to grow with more confidence in the future.

Our estate has now been re-valued, as of April 2023, for business rates purposes with the quantum payable remaining about the same. However, the Group firmly believes that business rates should be more focused on what the businesses generate in terms of sales, and not where it's located. Pubs are important part of the community and should not be taxed unfairly just because they provide a service to our loyal local customers in our cities.

Outlook

Overall, the Board is pleased with the progress the business has made in the last 12 months. The Group has weathered the storm and it is for the first time in 3 years that we are able to adopt a more ambitious approach. Like for like sales for FY2023 to date are up by 13%.

The Group remains in a very strong financial position – its bank borrowings are historically low and because of the freehold nature of the estate, its operational gearing remains low too.

Following significant change over the last three years, Head Office has been revitalised with an enthusiastic and ambitious team who will drive future growth. The Mosaic acquisition gives us further scale with more than 50 sites trading, the highest number the Group has ever had.

The platform has been created for expansion when the time is right. The pub estate is now fully refurbished – the focus can now be on primarily organic growth as we continue to increase our optimisation of capacity. There are a number of further acquisition opportunities which we are evaluating and should they meet our strict criteria, price expectations and maintenance of a strong balance sheet, we will continue growing our estate.

I would like to thank everyone – our pub employees, our head office team, our customers, our shareholders, Barclays Bank, our advisors and everyone else who has played their part in helping City Pub Group become a premium pub retailer with ambition and a positive approach to the future. I would also like to thank my Board of Directors who have been incredibly supportive in very challenging circumstances in which the whole pub industry has been facing.

If we can achieve the organic growth and acquire new pubs at the right price, I am confident of strong progress in both the short and medium term. For the first time in 3 years, I am confident about crystallising enhancement of shareholder value. The Company is now in the best shape it's ever been in.

Clive Watson
Executive Chairman
17 April 2023

OUR BUSINESS MODEL

Our approach

City Pub Group stands out from the crowd with its unique and premium offer. This is embedded in its culture and influences everything from site selection, food and menu design to the quality of its employees.

Importantly its portfolio is built up of unbranded, wet-led pubs in high footfall areas that appeal to a broad range of customers. Each pub is centred on a high calibre level of staff that offers a relaxed, enthusiastic charming environment. The Group has a solid track record of identifying, acquiring, refurbishing and repositioning pubs to drive higher returns. Its approach is highly differentiated and combines the flexibility of the managed pub model with the entrepreneurialism of the tenanted model. This differentiated approach has been honed over management's 100 collective years of pub retail experience.

OUR KEY STRENGTHS

Premium operator creating individual identity for each pub
The Group's pub estate and flexible retail strategy addresses the trend away from branded pubs and towards premium individualised pubs, each of which have a product range appropriate for their local market.

The group is asset backed
The company has purchased two new properties, of which one is a leasehold and the other a freehold. A 2022 independent valuation valued 17 properties at £98m. The Directors believe a conservative value of the full estate is £160m.

Experienced management team, motivated staff and strong culture
The management team of the Group has over 100 years' experience in the pub industry with an excellent reputation, extensive contact base and proven skill in identifying attractive sites for an attractive price. Staff are incentivised to focus on customer service and are represented at board meetings, giving a high retention rate among key staff and a strong sense of culture.

Scalable platform with pipeline of potential acquisitions
The centralised infrastructure platform, comprising systems and processes as well as head office staff, enables a smooth change of ownership for the pubs which are currently in the acquisition pipeline, as well as those identified through the Group's appraisal of both individual sites and portfolios of pubs across southern England and Wales.

Impressive financial performance and growth
The Group has returned to strong sales and positive EBITDA, with steadily increasing operating margins over the last few years. Supplier agreements are expected to further improve operating margins going forward.

Management strength and track record provides confidence in the deliverability of a premium hyper-local strategy of refurbishing and repositioning wet-led pubs across UK cathedral cities.

Premium offering

Liquor-led pubs with high quality food offering

Quick to adapt to consumer habits for food and drink

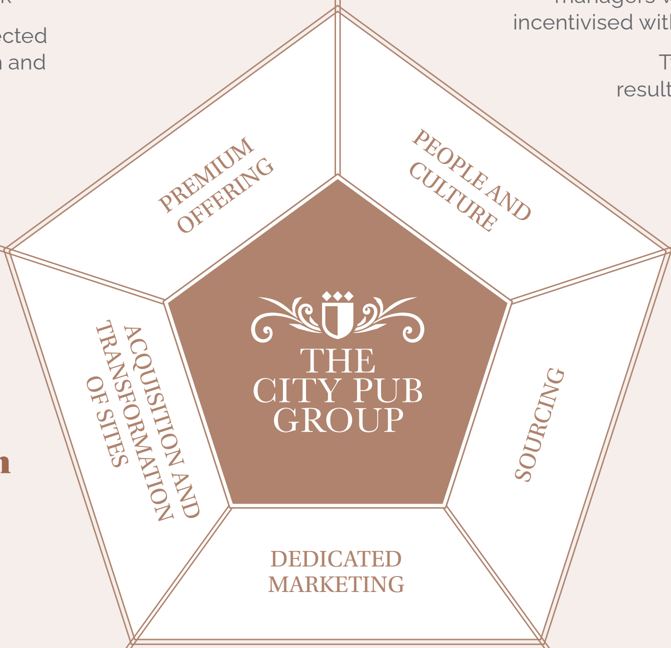
Micro-breweries in selected sites add differentiation and choice variety

People and culture

Quality staff are key to the Company's strategy

Track record of hiring exceptional managers who are well trained and incentivised with targeted programmes

Typically hire from within resulting in low staff turnover



Acquisition and transformation of sites

Extensive network in the industry enables privileged access to new sites

Seamless integration of acquired pubs

Need for refurbishment decided on a case-by-case basis

Sourcing

Central buying power

Benefiting from attractive long term agreements with suppliers due to its scale

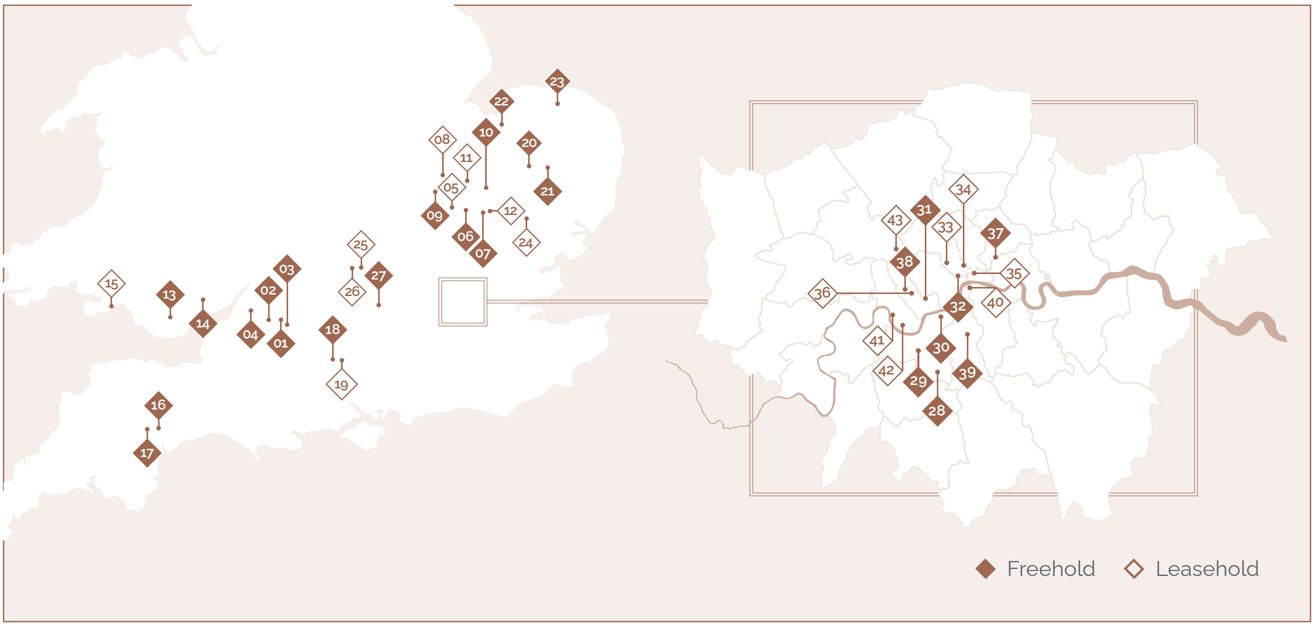
Dedicated marketing

Marketing is predominately reputation-based supported by strong online reviews

Pub Estate

The Group has a portfolio of 43 trading pubs in England and Wales as shown on the map below.

26 of the pubs in the portfolio are freehold (61%) and 17 are leasehold (39%).



Bath

- 01 The Cork
- 02 The Bath Brew House
- 03 Bath Cider House

Bristol

- 04 King Street Brew House

Cambridge

- 05 The Mill
- 06 Old Bicycle Shop
- 07
- 08
- 09 Red Lion
- 10 The Tivoli
- 11 Waterman
- 12 OTO

Wales

- 13 The Pontcanna Inn
- 14 Potters
- 15 The Oyster House

Exeter

- 16 Old Firehouse
- 17 The Turks Head

Hampshire

- 18 The Westgate
- 19 Alfie's

Norfolk

- 20 the georgian townhouse
- 21 St. Andrews Brew House
- 22 The Hoste Arms
- 23 The Cliftonville

Suffolk

- 24 D&W

Oxford

- 25 George Street Social
- 26 St Aldates Tavern

Reading

- 27 Market House

London

- 28 The Althorp
- 29
- 30 Lighthouse
- 31 The Phene SW3
- 32 the Nell Gwynne

London cont'd

- 33 Daly's*
- 34 Temple Brew House*
- 35 The Three Crowns
- 36 the Cock & Bottle
- 37 Cat + Mutton Est. 1729
- 38 Aragon House
- 39 The Belle Vue
- 40
- 41 King's House Chelsea
- 42 The Bridge
- 43 POP

* Daly's Wine Bar and Temple Brew House operate under a single lease.

OUR STRATEGY

The Group intends to continue to acquire new sites. The Group has extensive relationships with property agents specialising in the licenced trade industry and many of these relationships have been in existence for a number of years.

Acquisition strategy

The Group's acquisition strategy is broken down into five areas.

1

Acquisition of existing pubs

Central to the Group's acquisition strategy is buying existing pubs which are already trading well and are typically sold by private sellers. The main change is to transfer the pub's supply contracts onto the Group's centralised platform, quickly improving operating margins. The Group prides itself on the way it works with the existing employees in these pubs and, over a period of time, aims to integrate these employees into the Group's entrepreneurial culture.

2

Acquisition of trading pubs which require redirection

The Group also seeks to acquire existing pubs that require modest refurbishment and improved retailing standards. Typically, the Group will target an investment of circa £250,000 to tailor the décor to the pub's local market and improve the liquor and food offerings, as well as help the existing staff to adopt an entrepreneurial approach in managing the pub.

3

Closed down pubs requiring extensive refurbishment

The Group also looks to acquire sites that are either underperforming or have been closed down and which provide the opportunity for the Group to substantially refurbish and improve the product offer to better serve the tastes of the Group's target consumers.

4

Unlicensed premises

The Group is able to target sites which are currently unlicensed but which present the opportunity to be transformed into premium trading pubs.

The Group typically targets pubs and sites which produce, or are expected to produce, higher EBITDA per pub than the industry average. The Directors believe that by focusing on sites expected to produce a higher EBITDA, head office costs as a percentage of sales are reduced and this performance also enables the attraction and retention of top performing pub managers.

Refurbishment Strategy

The Group's strategy is to enhance existing sites rather than redesign to a set formula. The Directors believe that an operation comprising individual quality outlets which are unbranded will trade better over the longer term. When refurbishing a pub, the Group adopts a timeless design style which is one of high quality but is not fashionable or contemporary. A typical refurbishment is undertaken in a style which the Directors believe is long lasting. With regular maintenance the estate is kept in a high standard, this helps to ensure that future refurbishment costs are reduced and closures of pubs for major refurbishments are minimised.

Acquisition Pipeline

The Group is continually appraising both individual sites and portfolios of pubs across southern England and Wales and develops a pipeline of potential acquisitions out of the large number of opportunities presented. All acquisitions are subject to approval by the Board and a key consideration, when seeking board approval, is to recommend pubs and sites in areas which are not highly competitive.

The Group has a low annual rent charge compared to its turnover which was circa 3.3% as at 25 December 2022 (2021: 3.4%), based on normalised trading levels. The Group intends to keep it around this level or lower.

Our strategy is to enhance existing sites rather than redesign to a set formula. Our Directors believe that an operation comprising individual quality outlets which are unbranded will trade better over the longer term.

OUR RELATIONSHIPS

Our people

Recruitment and retention of high quality staff is key to the Group's strategy, both at head office and across the estate. The Group's staff are well-trained and appropriately incentivised, given their respective roles, with the focus on attracting the most suitable employees to support the growth of the Group and maintain high levels of consumer satisfaction.

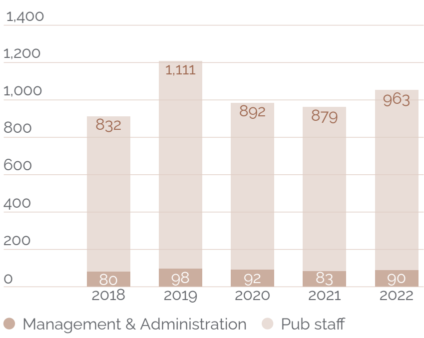
People and Culture

The Group's localised strategy requires a certain standard and quality in its staff. The inherent ability to be engaging, intelligent and motivated are key attributes. The strategy to focus within Cathedral cities means finding the right type of staff should be easier especially as universities are central to all these cities. Finding the right people is followed by training programmes and a highly rewarding incentives package that we feel is unique in the industry. Putting its staff at the heart of the business is also reflected, with two employee representatives included at every board meeting.

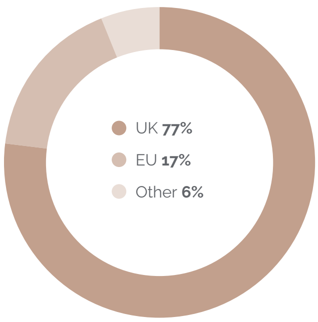
Operation Structure and Staffing

Growth, accompanied with the clustering strategy, means many General Managers are "homegrown". This has allowed for progression to Operations Manager in some cases. Each pub has a General Manager and most have a Head Chef on-site. The average full time equivalent (FTE) staff per pub ranges from 15-25 depending on size and offer (higher for those with accommodation and greater food offer). The operational structure is highly devolved fostering a more entrepreneurial spirit that is rarely seen in larger groups.

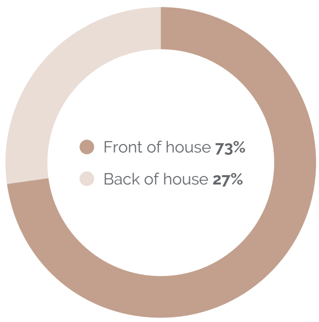
Number of staff



Staff by region



Staff by task



There is an aim for the pub to become a central part of the local community by incorporating local suppliers, local staff and providing several reasons for people to visit.

Staff training and incentives

Training

The overarching aim is to offer customers exceptional experiences, while striving to offer employees sufficient development possibilities to build a career within the Group.

Incentives

The City Pub Group has developed a comprehensive incentives policy. Importantly, bonuses are based on both quantitative and qualitative targets that are paid out weekly, monthly, as well as annually.

Selective trainings offered to employees:

Management

Conflict Resolution
Customer Experience Academy
Deputy Manager Development Days
Employment Law Training
Fully Funded Online Short Courses
Hospitality Supervisor & Manager Apprenticeships
Management Development Programme
Mental Wellbeing Training
Rising Stars Programme for Supervisors & Assistant Managers
Short Management Masterclasses
P&L Training for Managers
Senior Culinary Chef Apprenticeships

Administrative

Anti-Modern Slavery Training
Disability Awareness
Diversity, Inclusion & Equity
Emergency First Aid At Work Training
Fire Marshal Training
Food Safety Levels 1, 2, & 3
Food Safety & Health & Safety Coaching Visits
Health & Safety Level 2
Operational Systems Training
Personal License Holder Training
Regional Inductions
Social Media & Marketing

Food & Beverage

Brewery Visits
Cellar Management & Pint Perfection
Level 2 & 3 Front of House & Chef Apprenticeships
Licensing & Social Responsibility
New Menu Cook-Offs
Supplier Training, Tastings, & Visits
WSET Levels 1 & 2

The Group has five key target markets:

Our aim is to offer customers exceptional experiences, while striving to offer employees sufficient development possibilities to build a career within the Company

Our customers

While value for money is a major component, there is a key focus on a premium offer across the entire estate. Aligned with keeping the values of the pub intact, there is an aim for the pub to become a central part of the local community by incorporating local suppliers, local staff and providing several reasons for people to visit often.

Adapting and Driving Consumer Preference

Shifts in consumer preferences and behaviours combined with the changing profile of the high street, have blurred the lines between pubs, restaurants, cafés and coffee shops. Customers are now able to have a breakfast in a pub or dinner in a coffee shop. Menus are developed individually for each pub and offer good value across a wide range of choice. Increasingly, healthier and vegan options are being offered in each pub to broaden the appeal to a wider range of customers.

Our suppliers

The Group adopts a long-term approach with its suppliers and has maintained relationships with its major suppliers since inception. This includes contractors, professional advisers, designers and property agents, as well as food and drink suppliers.

Over 70% of our drink products have now been signed up on a three year fixed price deal, assisting margin improvement mitigating against inflation risk in this area.

The Group has centralised its food purchasing function and significantly reduced the number of its suppliers. This has resulted in an improvement in its purchasing terms and will enable greater economies of scale to be achieved as the pub estate grows.

Together we can empower our people and protect our planet

Clive Watson
Executive Chairman

> **We recognise that the Environmental, Social and Governance (ESG) agenda has become increasingly important for our stakeholders. In response, we have built-upon our ESG framework to help achieve our vision, offering independent, safe and supportive spaces that leave a positive impact.**

Throughout 2022, we made great progress in beginning to deliver on our recently developed ESG strategy to ensure that we operate as a more responsible business, primed to play a positive role in society. We have built on our robust data collection processes to improve our understanding of the impact of our operations on the environment and the communities in which we operate. In 2022, we took the first steps to widen our data collection processes to our wider value chain, engaging with our suppliers on the topic of ESG. We are taking our responsibilities seriously and want to get ESG right. This period we have reported against the recommendations of the TCFD for the second time and prepared standalone ESG and TCFD Reports to communicate our ESG journey to our stakeholders. In the summer of 2022 we submitted a Climate Change submission under the Carbon Disclosure Project (CDP) for the first time.

Our ESG Strategy

Our aim is to empower our customers, benefit our people, enrich our local communities and protect our planet. Our approach is localised, independent and responsible – adding value by being different and unique. Creating safe and supportive spaces for people and for the planet is central to achieving our goals.

Throughout the period, we continued to work with a third party specialist to support us in further developing our ESG strategy, measuring our impact and enhancing our reporting. We are committed to reporting against clear and measurable targets as part of our ESG Strategy with the aim of reducing our carbon emissions, waste, and water, improving health and safety, learning and development, diversity and supporting our local communities. We aim to continue to develop these targets further over time, taking into consideration feedback from stakeholders and industry best practice. Details of the progress we have made against our targets can be found on pages 2 to 9.

In developing the City Pub Group ESG Strategy, we have considered a range of different ESG disclosures and reporting frameworks to ensure best practice across the Group.

As a plc, we comply with the Energy Savings Opportunity Scheme (ESOS), a mandatory energy assessment scheme which the Group must perform every four years. This along with our Streamlined Energy and Carbon Reporting (SECR) Report (page 3) enables the Group to assess and report our energy usage, associated emissions, energy efficiency action, and energy performance.

In 2022, we have continued to voluntarily report on our progress against the Task Force on Climate-Related Financial Disclosures (TCFD) having made our first TCFD disclosures in 2021. This period, we also published our second ESG Report outlining the Group's ESG programme and our progress to date. Our ESG Report has been prepared in accordance with the Global Reporting Initiative, an in depth ESG reporting framework that enables organisations to report on their environmental, social, economic and governance performance.

To enhance our ESG strategy, and our efforts to operate as a transparent business, we will continue to submit a Carbon Disclosure Project (CDP) "Climate" response annually to report further on our environmental impact management.

CORPORATE SOCIAL RESPONSIBILITY / ESG cont'd

ESG Governance

We operate a robust governance framework throughout the Group, outlining the relationships between our stakeholders, the Board and senior management in shaping our strategy. We have continued to embedded ESG into our existing governance processes and responsibility for managing ESG performance is held by various individuals across multiple governance forums at Board, executive and management level.

The City Pub Group Board has overall responsibility for the Group's ESG programme. Given the importance of ESG to our stakeholders, the Board established a specific ESG Committee to ensure ESG issues are dedicated appropriate attention. The ESG Committee is chaired by Emma Fox, Independent Non-Executive Director of City Pub Group and Chief Executive of Berry Bros & Rudd, and includes Neil Griffiths, Independent Non-Executive Director of City Pub Group, former CEO of Punch Taverns Plc, and Clive Watson, Co-Founder and Executive Chairman of City Pub Group.

The ESG Committee is responsible for developing the Group's ESG strategy, overseeing initiatives and ensuring compliance with current and emerging ESG regulation. The Committee meets quarterly, reporting on performance of ESG initiatives across the Group. An update is provided to the Board once a year.

Following feedback from our stakeholders on the importance of ESG, we have completed a thorough review of our current operations, assessing our impact across energy use and carbon emissions, waste, water, biodiversity, health and safety, learning and development, diversity, our people, customers and local communities. In 2022, we built on these processes by widening the scope of our data collection processes across the group and expanding our material issues to assess the impact of our supply chain.

In order to reduce our impact in these areas, we have set appropriate targets and introduced processes to monitor our progress in achieving these targets.

Environmental

Protecting the Planet

The Group aims to act sustainably, minimising waste, reducing our environmental impact, and ensuring that our operations are continuously monitored for improvements. For this, we have implemented an environmental policy, committing to operating in the most responsible and sustainable way.

Greenhouse Gas Emissions

Reducing our carbon footprint is important to City Pub Group and in 2022 we took the first steps on this journey by establishing our baseline year, using 2022 as our first period where operations were not impacted by COVID-19. As a result we have now aligned our Scope 3 data collection with our annual SECR (Scope 1 and 2) reporting.

We followed the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard to calculate the emissions associated with our value chain. Scope 3 reporting has 15 reporting categories under the GHG protocol, eight of which apply to City Pub Group. We have established yearly targets to enhance our data collection processes and improving the granularity of our data and therefore the accuracy of our reporting.

This period we introduced processes to improve the accuracy of our Scope 3 data. This included introducing new online expense management system to improve the accuracy of Category 6: Business Travel and a supplier engagement survey to begin improving the accuracy of Category 1: Purchased Goods and Services. We also run employee commuting survey for the second year to collect data for Category 7:Employee Commuting.

This process enables us to understand and evaluate the full impact of our operations on the environment and develop our road map to net-zero emissions by 2040. Our 2022 Scope 1 and 2 emissions represent 25% of our total group emissions, with our Scope 3 emissions representing the remaining 75%.

Scope 1, 2 and 3 Emissions

Emissions Scope	Gross Emissions (tCO_2e)	Percentage of Total Emissions	Target
Scope 1	1,677	12%	**Net-Zero by at least 2040**
Scope 2	1,786	13%	
Scope 3	10,348	75%	
Total	**13,810**	**100%**	

Details of our full carbon balance sheet can be found in our TCFD Report and ESG Report on our website.

Streamlined Energy and Carbon Reporting

This report summarises our energy usage, associated emissions, energy efficiency actions and energy performance under the government policy Streamlined Energy & Carbon Reporting (SECR), as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Total Consumption (kWh) figures for reportable energy supplies are as follows:

Utility and Scope	**2022 Consumption (kWh)**	2021 Consumption (kWh)
Grid-Supplied Electricity (Scope 2)	**9,227,687**	6,698,843
Gaseous and other fuels (Scope 1)	**8,565,280**	11,655,306
Transportation (Scope 1)	**1,007**	0
Transportation (Scope 2)	**6,644**	9,511
Transportation (Scope 3)	**162,961**	520,625
Total	**17,963,579**	18,884,284

The total emission (tCO_2e) figures for reportable energy supplies are as follows:

Utility and Scope	**2022 Consumption (tCO_2e) Location Based**	**2022 Consumption (tCO_2e) Market Based**	2021 Consumption (tCO_2e) Location Based	2021 Consumption (tCO_2e) Market Based
Grid-Supplied Electricity (Scope 2)	**1,784.45**	**37.23**	1,422.37	1,422.37
Gaseous and other fuels (Scope 1)	**1,655.63**	**1,655.63**	2,207.54	2,207.54
Transportation (Scope 1)	**0.24**	**0.24**	0.00	0.00
Transportation (Scope 2)	**1.28**	**1.28**	2.02	2.02
Transportation (Scope 3)	**37.59**	**37.59**	120.71	120.71
Refrigerants (Scope 1)	**21.19**	**21.19**	0.00	0.00
Total	**3,500.39**	**1,753.17**	3,752.63	3,752.63

An intensity metric of tCO_2e per £100,000 T/O and tCO_2e per Employee has been applied for our annual total emissions.

Intensity Metric	**2022 Intensity Metric**	2021 Intensity Metric
tCO_2e/£100,000 T/O	6.09	10.60
tCO2e per Employee	3.43	4.45

SECR Methodology

Scope 1 and 2 consumption and CO2e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance. The following Emission Factor Databases consistent with the 2019 UK Government environmental reporting guidance have been used, utilising the current published kWh gross calorific value (CV) and kgCO2e emissions factors relevant for reporting period 01/01/2022 – 31/12/2022:

Database 2022, Version 1.0.

Estimations undertaken to cover missing billing periods for properties directly invoiced to City Pub Group plc were calculated on a kWh/day pro-rata basis at meter level. These estimations equated to 6.05% of reported consumption.

Intensity metrics have been calculated utilising the 2022 reportable figures for the following metrics, and tCO2e for both individual sources and total emissions were then divided by this figure to determine the tCO2e per metric:

	2022	2021
Total turnover (£100,000)	**576**	(354)
Employees	**1,021**	(843)

Energy Efficiency

We are committed to year-on-year improvements in our operational energy efficiency. To demonstrate this commitment we have established an energy savings project, where we continue to launch a range of initiatives to help us achieve our goals and reduce our energy usage.

We have installed Technik2 Cellar Manager, Cellar Manager Plus technology across the Group to boost efficiency and reduce energy consumption in our Pubs. In 2022 we installed 4 additional units of Technik2 Cellar Manager, a device that monitors the conditions of cellars and automatically controls the heating system, keeping beverages at an optimum 12°C, and saving 30% of the main cellar cooling energy, completing the roll out of this technology to the estate. Remote optimisers for beer line cooling have also been installed to manage our usage. In 2022 we completed the roll out of Fridge Manager Technology across the Group which uses motion sensors to automatically switch fridge's off when not being used. The completion of this project will result in an estimated payback of £226,000 and 480,575 kwh energy reduction over 5 months.

CORPORATE SOCIAL RESPONSIBILITY / ESG cont'd

Many of our sites are fitted with LED lighting, timers and motion sensors for lighting, and fridge and freezer seals are periodically inspected and replaced. Outdated windows are being upgraded to secondary glazing across the Group. In 2022 secondary glazing was installed at six sites totalling 131 windows, with installations to the front windows at the Market House and Pride of Paddington planned for 2023, equating to 160 windows in total. PIR sensors have been installed on lighting for the "back of house" areas, as well as the implementation of energy efficient hotel bedroom heating controllers at recently refurbished Pride of Paddington. 100% renewable electricity has been sourced across the whole estate as of 31st December 2022.

Following a monitoring survey at three sites, Voltage Optimisers will be rolled out in Q1 of 2023, with the reaming estate surveyed for feasibility in 2023. First installation was completed at Aragon House in March 2023 and results are encouraging.

We have worked to reduce our reliance on gas for cooking at our Pubs by replacing old hobs with Induction hobs, which are up to 50% more energy efficient than gas or other electric ceramic models.

Behavioural changes are an important factor for City Pub Group to meet our reduction targets. By encouraging employees to "turn stuff off", we are aiming to reduce our energy usage by 10%. Weekly energy communication including energy usage, energy saving tips, social initiatives, and we hold monthly ESG Teams calls with managers introduced as part of a campaign to promote behavioural change relating to energy usage. Carbon Reduction Engagement workshops with our ESG consultants at Inspired ESG were held online for senior and site management I March and April 2023. We have enhanced our communication of our energy saving project across the Group, producing posters educating employees on best practice at all sites. Energy Consumption readings are now monitored on a real time basis and energy consumption is reviewed against our targeted consumption reduction. We have initiated an employee engagement process, to educate our workforce on how they can support us on our journey to net zero. We look forward to rolling these sessions out across the Group.

Sustainable Development

We refurbish our sites with the environment in mind. Where possible, we minimise building materials by repurposing as much original material as possible. Waterless urinals have been installed, ensuring the building is as energy efficient as possible. Multiple electric vehicle charging points have been installed to three of our pubs with rooms with two more charging points planned for instalment at the Cliftonville Hotel in 2023.

We provide blankets and hot water bottles to our customers in our outdoor areas instead of installing additional heaters. Moving forward we will promote sustainable travel by also installing staff and public cycle racks where possible across the Group.

Water

Reducing our water usage is crucial to City Pub Group. We have started installing water saving and recording measures to begin this journey. In 2022, we installed five Limpet Readers totalling 25 across the estate and accounting for roughly 60% of our estate. We plan to roll this out to 90% of our estate in 2023. We have introduced waterless urinals to 12 of our sites to significantly reduce water consumption and waste.

We also have a Water Filtration system at 8 of our pubs. This enables us to bottle our own filtered water instead of stocking mineral water and reduces our waste as bottles are reused on site. We donate 25-50% of the selling price of this water to various local and international charities.

Regular Audits are conducted at all sites, where all water taps and seals are checked for leaks to ensure there is no waste. We have hung posters in all our kitchens to educate staff on water usage and the importance of ensuring taps are turned off and the process for reporting leaks.

Reducing Waste

The Group is committed to reducing our waste production by 5% each year. A range of initiatives have been introduced across the Group in order to reduce the amount of waste we produce.

We have improved our recycling methods by separating cardboard and glass and introduced balers across several sites to streamline our waste directly to be recycled.

Packaging waste has been reviewed throughout our operations. We return delivery crates to our dry goods supplier Elite and have replaced single use 50ml shampoo and conditioners to refillable bottles in our hotels rooms.

We have worked to reuse equipment where possible reduce waste, for example, in some of our Pubs we serve our pizzas on the trays on which they are cooked. Our Executive Group Chef considers portion size when selecting new menu items to reduce food waste, as well as increasing the number of vegan and vegetarian options which also aids in a wider carbon reduction for the environment.

Biodiversity

We have assessed our sites and determined our operations have a low impact on biodiversity. Within many of our sites, we have beer gardens, housed with vegetation that offer a natural and green environment for many species to inhabit.

When redeveloping buildings, we consider the local wildlife before commencing with construction. Our Tivoli project introduced a "Living Roof" on the river frontage has supported local biodiversity and we continuously assess our sites for potential future projects.

For our more rural sites we continue to provide safe havens for wildlife by maintaining our outdoor spaces and implementing herb gardens.

Social

We aim to keep the values of each pub across our estate intact, enabling each pub to become a central part of the local community by incorporating local suppliers, local staff and providing several reasons for our loyal customers to visit often.

Benefiting our People

At City Pub Group, we put our staff at the heart of our business, ensuring they are always heard and looked after throughout the company. Three employee representatives are included at each Board meeting to ensure employee concerns and improvements in staff welfare can be discussed.

We promote inclusive and fair remuneration and reward schemes across our pubs. Selected staff are awarded share options in the business after six months service by which time the company recognises the efforts of individuals to contribute to the overall success of the business.

City Pub Group operate an Employee Assistance Programme (EAP) run the Hospitality Action. The EAP is available 24 hours a day and provides a range of specialist, independent and confidential support services and resources on topics including COVID-19, anxiety, addiction, home and family life, domestic abuse, bereavement, financial uncertainty, employee rights, and general wellbeing.

CORPORATE SOCIAL RESPONSIBILITY / ESG cont'd

In April 2022, we introduced "Wagestream" enabling employees to access their pay within 24 hours of completing a shift, as opposed to having to wait for their traditional pay packets.

Engagement
We held a range of initiatives throughout the period to enhance the engagement of our employees. During December 2022, to reward our employees for going above and beyond during extremely busy period we provided staff with a top-up of their contracted hourly rate for hours worked between 40 to 60 per week.

We have continued our "Bounty Hunter" refer a friend scheme throughout 2022. This schemes allows employees to receive up to £1,000 worth of rewards for each successful referral. Our employees were also entered into a £1,000 prize draw for every 25 hours worked over the Christmas period.

During the period, City Pub Group improved weekly communication via video blogs from the central teams, highlighting energy saving initiatives, staff opportunities, employee benefits and more.

Diversity and Inclusion
We seek to build a more diverse and inclusive workplace at Board, Executive, site management and employee level. We provide flexible working arrangements to support our staff to ensure employees to help facilitate family commitments or advance educational studies. Our Head of Office Team members now have the flexibility to work from home to allow for relocation outside of London.

As of 2022 we have a female CFO and NED, as well as two female Heads of Department and one female Director. We aim to develop our strategy to improve our gender, racial, LGBTQ+, age and disability diversity of our company in 2023.

Learning and Development
We encourage an atmosphere of constant learning and upskilling by offering our employees access to training and development programmes. Our operational structure is highly devolved, fostering a more entrepreneurial spirit that is rarely seen in larger groups. This enables employees to be innovative and develop throughout their careers with City Pub Group.

Our model of nearby pubs creating local clusters gives staff learning opportunities through sharing knowledge and expertise. These local clusters help to foster our culture of collaboration and support across the Group and internal promotion within clusters is encouraged so that employees have genuine career prospects.

We provide wide range of apprenticeship qualifications with our partners at HIT Training and encourage career progression through career pathways. Currently, 83% of our Ops Managers/Directors have been promoted from within. At City Pub Group, 8 employees are currently enrolled on Apprenticeship scheme and 8 employees (ranging from Supervisor to GM) are set to enter into our Management Development Programme in 2023.

Our Customers
We pride ourselves in creating inclusive environments whereby people from all walks of life enjoy their leisure time at our pubs and feel safe and supported. As part of this, we ensure all of our spaces have rooms that are adapted for people with disabilities.

We put considerable efforts behind making sure our customers are well cared for and safe in our venues. Our staff are trained in safeguarding practices to ensure our customers' comfort and well-being. Many enhanced health and safety measures which were introduced during the COVID-19 pandemic that have remained to prioritise the safety of our customers.

We encourage responsible drinking practices across all our pubs, including training on serving alcohol responsibly and offering better availability of low and non-alcoholic drinks products.

We stay updated on changing customer preferences and behaviours in this industry. Menus are diversified across our pubs and offer good value across a wide range of choice. Following the importance of ESG, and ensuring we reduce our impact on the environment, we have introduced healthier, vegetarian and vegan options in each pub to broaden the appeal to a wider range of customers and support them in making more sustainable life choices.

Enriching the Local Community

We aim to act responsibly and improve the local communities in which we operate across the Group. City Pub Group is built on a firm belief in the importance of independence, and our focus has always been on creating the perfect experience for each local community we serve.

Across the Group, we partner with numerous local organisations. Our City Club App is used to communicate local events, charities and companies to our customers in the surrounding communities.

Additionally, City Pub Group are committed to enhancing our position in the local community. Our efforts are committed to City Pub Group developing as a local community hub by partnering with local organisations to provide a free space for local community activities. An example of this is at the Cock & Bottle, where we became a collection point for donations towards Ukraine and delivered this to the social club in Holland Park.

Loneliness has been a prevalent issue in many of our local communities over the past few years, therefore we aim to hold social events where people are encouraged to attend, mingle and meet new people from their community.

Our employees are also passionate about improving the local communities in which they work. We work with our staff to identify specific partnerships opportunities that benefit the community and make donations to charities our employees are passionate about. Our Pubs are also encouraged to work with local charities with sites such as Cock & Bottle raising money for The UK Youth Charity,and Petersfield raising money for the Landlark Foundation.

We have partnered with Something to Look Forward To in East Anglia, which offers restaurant meals to those going through cancer treatment and their families to bring a ray of normality to their lives. We aim to continue these programmes during 2023.

For our full ESG report please refer to our website:

www.citypubcompany.com

BUSINESS REVIEW

Financial performance

	2022				2021			
	Revenue £m	**Operating profit £m**	**EBITDA £m**	**Profit before tax £m**	Revenue £m	Operating loss £m	EBITDA £m	Loss before tax £m
Reported	**57.8**	**1.4**	**6.6**	**0.2**	35.4	(3.0)	1.9	(3.1)
Share option charge	**–**	**1.1**	**1.1**	**1.1**	–	0.7	0.7	0.7
Exceptional items	**–**	**2.4**	**2.4**	**2.4**	–	3.3	3.3	3.3
Adjusted	**57.8**	**4.9**	**10.1**	**3.7**	35.4	1.0	5.9	0.9

Financial Position and Performance

The results reported with the financial statements are for the 52 weeks ended 25 December 2022, compared with the 52 weeks ended 26 December 2021. All commentary is for the statutory periods, except for the like for like information.

The Group has a strong financial position as a cash generative business with a high quality, mainly freehold asset base. The bank debt at period end was £8m (2021: £25m). Net debt was £3.5m (2021: £12.2m).

Group revenue increased by some 63% compared to the prior period due to the country coming out of lockdown in April 2021. Our adjusted operating profit before separately disclosed share options and exceptional items was £4.9 million (2021: £1.0 million).

Adjusted EBITDA was much improved at £10.1 million (2021: £5.9 million).

Finance Costs

Net finance costs (pre IFRS16) before separately disclosed exceptional items were slightly higher than prior period but rounded to £0.4 million (2021: £0.4 million).

Cash Flow and Net Debt

The Group generated cash from operating activities of £9.2 million (2021: £10.0 million). In line with our acquisition strategy, we invested £10.3 million across a number of our sites (2021: £5.5 million).

Sources of Finance

The Group have long term facilities of £35 million available, plus an accordion option of an additional £15 million until July 2024. The Group had drawn down £8 million of these facilities at the period end. Our undrawn committed facilities at 25 December 2022 were £27 million with a further £4 million of cash held on the statement of financial position at period end.

Separately Disclosed Items (non-GAAP)

Separately disclosed exceptional items before tax of £2.4 million (2021: £3.3 million) comprised £0.6 million impairment provision for a number of sites, £1.2 million of other non-recurring costs and 0.6m of pre-opening costs. Before separately disclosed exceptional items and share option charge, adjusted profit before tax was therefore £3.7 million (2021: £0.9 million). Tax has been provided for at a rate of 19.0% (2021: 19.0%) on adjusted profit. A full analysis of the tax charge for the period is set out in note 7.

Review of the Business

The purpose of the business review is to show how the Company assesses and manages risk, and adopts appropriate policies and targets. Further details of the Company's business and future developments are also set out in the Chairman's statement.

KPIs

Legislation requires the Board to disclose Key Performance Indicators (KPIs) relevant to the Company. The KPIs are revenue, adjusted EBITDA and customer reviews. Comments regarding the trading performance of the sites can be found in the Chairman's Statement.

We review our performance by looking at our current period actuals against both budget and prior period figures.

Going Concern Statement

Please see the Directors report for the Going Concern statement.

On behalf of the Board

Holly Elliott
Chief Financial Officer
17 April 2023

DIRECTORS' DUTIES – S172 COMPANIES ACT 2006

Directors' duties to promote the long-term success of the company

The directors behave and carry out their activities to promote long-term success for the benefit of the company's shareholders, employees, clients, suppliers and stakeholders. They focus on the company passing on a stronger, better and more sustainable business to those who follow while maintaining intergenerational fairness.

They engage with shareholders, employees, clients, suppliers and stakeholders to reflect their insights and views when making decisions on strategy; delivering operational effectiveness; making plans; driving initiatives; and committing to deliver outcomes that enhance social value. The directors maintain effective contact with shareholders and welcomes contact from investors. The directors adopt a long-term approach with its suppliers and has maintained relationships with its major suppliers since inception. This includes contractors, professional advisers, designers and property agents, as well as food and drink suppliers.

The culture and values promoted by the directors creates a focus across the Group on observing and maintaining the highest standards of business conduct in promoting the long-term success of the company.

The narratives in the corporate governance report and directors' report highlight how the directors have observed these principles and engaged with shareholders, employees, clients, suppliers and stakeholders in decision-making and in promoting the long-term success of the company.

As we emerge from the pandemic Environmental, Social and Governance (ESG) agenda has become increasingly important for all businesses. Our ESG committee, chaired by Emma Fox, continues to highlight the importance of initiatives. We have launched a significant and thorough review to ensure that we emerge as a more responsible business, primed to play a positive role in the industry's recovery. We are taking our responsibilities seriously and want to make a positive impact, not just because it is the right thing to do for our business but also because we believe it results in a competitive advantage for us.

Further explanation of these duties can be found in the ESG report, which can be found on our website:

www.citypubcompany.com/investors

PRINCIPAL RISKS AND UNCERTAINTIES

Aligning Risk with Corporate Strategy

Risk Management Overview

The City Pub Group is not alone in facing a range of risks and uncertainties in the course of its business. Our aim is to identify and manage these risks effectively so that we can deliver on our strategy and maximise shareholder returns.

In the course of its normal business, the Group continually assesses and takes action to mitigate the various risks encountered that could impact the achievement of its objectives. As detailed in the Corporate Governance Report, there are systems and processes in place to enable the Board to monitor and control the Group's management of risk. The Audit Committee reviews the effectiveness of this process and seeks to ensure that management's response is adapted appropriately to the changing environment.

External Risks

There are a number of external risks over which the Board has no direct control, which are discussed at Board and Audit Committee meetings to ensure that the business can respond effectively to changes in the external environment.

- A decline in the UK economy would reduce consumer disposable income and could see a reduction in revenues across the industry, or a polarisation between cost leaders and premium operators.
- The war in Ukraine, has seen the unsettling of the global economy, leading to significantly higher energy prices and rising food costs.
- The threat of terrorism in the UK has an impact on the way in which we operate and the safety of our customers and employees is of paramount importance. A prolonged terrorist campaign could ultimately reduce consumer spending habits.

The following sets out what the Board considers to be the principal risks which affect the Group at present, although it is not intended to be a comprehensive analysis of all the risks that the business may face.

Risk Trend Key

▲ Risk increasing

◆ Risk unchanged

▼ Risk decreasing

Regulatory and Compliance Risks

Description	Impact	Risk Mitigation & Monitoring	Change
Legislative Changes The City Pub Group operates in a highly regulated sector where government legislation impacts much of the way we do business and therefore the business model.	Any significant changes in policy could lead to a sudden change or the long-term decline of the business.	• We carefully monitor legislative developments and review sales trends and consumer habits to gauge their impact on our business. • We participate in industry initiatives aimed at the responsible promotion and retailing of alcohol.	▲
The annual stepped increases to the National Living Wage ("NLW") presents a challenge to the way in which staff costs are controlled.	Similar changes in future could reduce profitability in our managed pubs.	• We have taken steps to mitigate the impact of the NLW legislation through review of our staff hours and pricing strategies and we are in a unique competitive position as we already pay many of our employees above the NLW. We are also closely monitoring the potential wider wage inflation impact.	
Health and Safety and Food Safety The health and safety of the Group's employees and customers is a key concern to us. We are required to comply with health and safety legislation, including fire safety, food hygiene and allergens.	Operating a large number of managed houses increases the complexity of ensuring the highest health and safety standards are adhered to.	• A Health and Safety Committee oversees the operation of the Group's health and safety policies and procedures, and regularly updates its policies and training programme to ensure all risks are identified and properly assessed and that relevant regulation is adhered to. • We use Food Alert a food and H&S consultancy to provide audit advice and risk assessment management. They audit each site twice a year. • We report and investigate all accidents and near misses and are looking to appoint dedicated safety champions throughout the business. • In a number of Pubs, we have introduced automatic fire suppression systems in our kitchens to reduce fire risk. • All staff receive food hygiene and allergen awareness training as standard and regular kitchen audits/checks ensure they comply with the standards expected of them. Quality assurance checks on our core suppliers ensure hygiene standards have been adhered to before produce reaches our kitchens.	◆

Operational and People Risks

Description	Impact	Risk Mitigation & Monitoring	Change
Business Continuity and Crisis Management Our Managed pubs represent our key revenue stream.	The impact of a major disaster affecting a number of pubs over a period of time could be significant.	• We have well-documented disaster recovery plans which are rehearsed regularly throughout the business to ensure that normalisation can occur as swiftly as possible after a serious incident and that any damage is contained.	◆
Information Technology The Group is increasingly reliant on its information systems to operate.	Trading would be affected by any significant or prolonged failure of these systems.	• To minimise this risk the IT function has a range of facilities and controls in place to ensure that in the event of an issue normal operation would be restored quickly. • These include a formal IT Recovery Plan, online replication of systems and data to a third-party recovery facility, and external support for hardware and software	▲
Data Security The data held by the Group is a key business asset and personal data protection is key. Deliberate acts of cyber-crime are on the increase, targeting all markets and heightening risk exposure.	Any significant loss of data could lead to a considerable interruption for the business and reputational damage, as well as fines under GDPR.	• The IT systems in place follow appropriate data protection guidelines to ensure the risk of both personal and Company data loss is minimal. • Our network is protected by firewalls and anti-virus protection systems. Threats to our data security by viruses, hacking or breach of access controls are constantly monitored.	
Recruitment & Staff Retention The Group has a business model built upon recruiting and keeping the best people to support its strategy.	There is a risk that if a number of key employees were to leave at the same time it may risk the delivery of the Group's strategy.	• The Group performs detailed succession planning to ensure that key roles are considered to ensure appropriate cover is available. • The Group culture and remuneration packages are attractive. Policy is set up to ensure the key members of our staff are appropriately remunerated to reduce the likelihood they are attracted to other competitor businesses.	▲
There is a risk that recruitment will become increasingly competitive and that staffing shortages within the hospitality industry could drive wage inflation.	If we cannot recruit the best people, we risk falling levels of quality which could impact our reputation. If we become reliant on agency staff, profit margins are reduced.	• We have established a strategy which will ensure we continue to attract and retain highly trained, quality staff and have invested in internal development as part of our Chefs Development programme. • We have taken steps to ensure that we will be prepared for the impact of a potential reduction in qualified hospitality workers in the wake of Brexit and that we will remain the employer of choice.	

PRINCIPAL RISKS AND UNCERTAINTIES cont'd

Economic and Market Risks

Description	Impact	Risk Mitigation & Monitoring	Change
Economic Uncertainty and Cost Inflation Market uncertainty and increasing demand leads to cost pressures in several areas, most significantly food and drink production, utilities and staff costs.	The weaker pound sterling gives risk to increasing food costs, particularly from the Eurozone and reduces profitability.	• Key suppliers undergo a rigorous procurement process to ensure that we get the best deal. • We seek to maintain good relations with suppliers. • Monthly reviews of Key Performance Indicators ("KPIs") indicate areas where costs could rise significantly.	▲
Loss of Company Values or a Failure to Adhere to Them CPG is a company based on a strong set of values which are key to its success and future.	Should these be undermined or not adhered to, the Company's unique position and long-term future would be jeopardised.	• The Group has a culture which ensures that management are encouraged to take business decisions for the long-term benefit of the Group. • This culture also promotes a long term and collaborative approach that does not lead to excessive risk taking and the reward system encourages appropriate behaviour.	◆
Consumer Demand Shifts The Group's success is attributable to its ability to anticipate and react to consumer demand.	The way in which the Group responds to market changes is critical to its on-going strategy and has a direct impact on all operational activity.	• Management monitor and research consumer trends and run trials of new technologies, brands and products. • We gather consumer feedback through surveys, customer complaints and online and social media reviews. • We analyse retail pricing and market share data to ensure we are competitive but still premium. • The Board approves all significant new acquisition decisions and therefore controls key changes to the Group.	◆

Financial risks

Description	Impact	Risk Mitigation & Monitoring	Change
Funding Requirements We expect the Group to be able to access suitable financial facilities to meet the ongoing requirements of the business and our longer term strategic objectives.	If we are unable to meet the funding requirements of the Group, we risk reduced revenue and lower profitability than our growth plans.	• The Group agreed a £35m revolving credit facility (RCF) with Barclays and an accordion option of £15m, which is in place until July 2024.	◆
Covenant Risks We expect to be able to meet our banking covenants under a range of cautious liquidity scenarios. The Coronavirus has resulted in the closure of all our pubs, which effects our ability to meet the banking covenants.	If we are unable to meet the covenant requirements of the Group's RCF this might affect our ability to grow the business and might damage our reputation and ongoing creditworthiness.	• The Group prepares long term business plans and forecast to ensure that financial covenants can be met and monitored on a regular basis. Our forecast models closely tracks future covenant headroom of bank debt through all considered acquisitions. • Barclays have agreed to waive the existing financial covenant tests until the end of June 2022. • Barclays have agreed to replace the existing financial covenants with a Minimum Liquidity Test in the sum of £8m and a Minimum EBITDA Test up to June 2022. From July 2022, the financial covenant tests as currently documented recommenced. • We are comfortably within all of our covenants.	◆

Risk of Not Complying with Plc Rules/Corporate Matters

Description	Impact	Risk Mitigation & Monitoring	Change
Corporate Matters ESOS (Energy Savings Opportunity Scheme). Packaging Regulations.	We need to meet our reporting deadlines and also understand how we are able to be more energy efficient which is good for the environment and will save us money.	• External company is employed as our lead assessor and energy auditor. • Advisor appointed to help with collecting of data and the reporting of our obligations.	◆

On behalf of the Board

Holly Elliott
Chief Financial Officer
17 April 2023

BOARD OF DIRECTORS

Executive Directors

Clive Watson ACA (62)
Executive Chairman

Clive qualified as a Chartered Accountant with Price Waterhouse in London in 1986 then joined the investment bank Manufacturers Hanover Limited where he spent three years. He joined Regent Inns PLC as Finance Director and Company Secretary in 1990. Clive left Regent Inns PLC in February 1998 and co-founded Tup Inns Limited, where he was responsible for financial and commercial matters as well as acquisitions, before becoming Chief Executive and Finance Director of Tom Hoskins PLC, an AIM listed company. Clive was a founding director of The Capital Pub Company PLC in 2000 and remained on the board until the company's sale to Greene King in 2011. Clive was appointed as Chief Executive of The City Pub Company (East) PLC in December 2011 before becoming Chairman in September 2014 and served throughout the period.

Rupert Clark (51)
Managing Director
(Appointed COO January 2023)

Rupert has over 20 years' experience in the running of high-volume food and liquor-led pubs, both in and outside London. Rupert was previously Operations Manager of The Capital Pub Company PLC and was with Capital for four years. After the sale of Capital to Greene King in 2011 Rupert stayed on to ensure the smooth integration of pubs into the Greene King estate. Prior to Capital, Rupert worked as Operations Manager at The Food and Drink Group, repositioning their City bars, and at Fullers first developing The Fine Line brand and then their un-branded bars and gastro pubs. Rupert was appointed as Joint-Chief Executive of The City Pub Company (East) PLC in April 2013 becoming sole Chief Executive in September 2014 and served throughout the period.

Holly Elliott ACMA (50)
Chief Financial Officer

Holly joined the Board as Chief Financial Officer on 29 November 2021 from Honest Burgers where she was interim CFO. Before that, Holly was Group Finance Director of Five Guys, the fast-food chain operating in the UK, France, Spain and Germany, for four years, and previously spent 12 years at Caffè Nero in a number of roles including Finance Director.

Toby Smith (52)
Chief Operating Officer
(resigned January 2023)

Toby served throughout the period, but resigned from the Board with effect from 27 January 2023.

Non-Executive Directors

Richard Prickett FCA (71)
Senior Independent Non-Executive Director

Richard has considerable public markets experience, gained through numerous non-executive director roles including acting as Independent Non-Executive Director for Regent Inns Plc and the Capital Pub Company. Richard currently serves as a Non-Executive Director to Pioneer (City) Pub Company. Richard qualified as a chartered accountant in 1973 with Coopers & Lybrand and has many years' experience in corporate finance. Richard is Chairman of both the Remuneration Committee and the Audit & Risk Committee, and sits on the Nominations Committee. Richard was appointed as a Non-Executive Director of the Company on 25 October 2017 and served throughout the period.

Emma Fox (55)
Independent Non-Executive Director

Emma is an exceptionally experienced director with over 30 years of experience in the retail, leisure, and drinks sectors. Emma is currently CEO of Berry Bros & Rudd, the oldest wine and spirit merchant in the UK. She was appointed as CEO in 2020, having served an Independent Non-Executive Director since 2017, to help guide the business through its next phase of growth. Emma joined Berry Bros & Rudd from The Original Factory Shop where she also held the role of CEO. Previously, Emma held several senior management and divisional board roles at large retailers including Commercial Director at Halfords, Chief Marketing Officer at Walmart Canada and Commercial and Logistics Director roles at ASDA. Emma also has extensive hospitality and leisure experience having worked with Hollywood Bowl as Marketing Director, Bass Brewers and as a Non-Executive Director at Punch Taverns Plc. Emma was appointed as a Non-Executive Director of the Company on 11 March 2021. Emma is chair of the ESG Committee and sits on the Audit Committee, Nomination Committee and Remuneration Committee.

Neil Griffiths (61)
Independent Non-Executive Director

Neil was appointed as a Non-Executive Director of the Group on 17 January 2018. Neil qualified as a Chartered Surveyor in 1987 and has over 30 years of experience in retail, leisure and property sectors. Neil worked at Punch Taverns plc from 2001 to 2017 holding a number of senior management roles including Chief Operating Officer, Chief Strategy Officer and Group Property Director. Neil joined Punch from Time Warner where he was International Property Director for their cinema division. Prior to that he held a number of Senior Management and Divisional Board roles at Bass Plc including Head of Property and Commercial Development Director. Neil is a Trustee Director for the Prince of Wales initiative "Pub is the Hub". He is a former Council member of the British Beer & Pub Association having sat on panels and committees for both the BBPA and Royal Institution of Chartered surveyors. Neil is Chairman of the Nominations Committee and sits on the Audit, ESG & Risk and Remuneration Committees.

Company Secretary

Christopher Merriman ACCA (33)
Appointed Company Secretary January 2023

Chris has been with the company since 2013 and is a qualified accountant.

James Dudgeon (75)
Company Secretary (resigned January 2023)

James has been Company Secretary since 2011. He was previously Company Secretary of the Capital Pub Company. He has an accounting background.

CORPORATE GOVERNANCE REPORT

for the 52 week period ended 25 December 2022

The Directors recognise the importance of sound corporate governance and they comply with the Quoted Companies Alliance Corporate Governance Code/QCA Guidelines.

Following the resignation of Toby Smith, the Board comprises six Directors of which three are executives and three are non-executives, reflecting a blend of different experience and backgrounds. The Board considers Richard Prickett, Neil Griffiths and Emma Fox of the non-executive directors to be independent in terms of the QCA Guidelines.

The Board meet regularly to review, formulate and approve the Group's strategy, budgets, and corporate actions and oversee the Group's progress towards its goals. In accordance with the best practice, the Group has established Audit and Risk, Remuneration and Nomination committees with formally delegated duties and responsibilities and with written terms of reference. From time to time separate committees may be set up by the Board to consider specific issues when the need arises.

Board of Directors

The Board has overall responsibility for the Group's system of internal control and reviewing its effectiveness. Key elements of the system of internal control include clearly defined levels of responsibility and delegation, together with well-structured reporting lines up to the Board; the preparation of comprehensive budgets for each pub and head office, approved by the Board; a review of period results against budget, together with commentary on significant variances and updates of both profit and cash flow expectations for the period; Board authorisation of all major purchases and disposals and regular reporting of legal and accounting developments to the Board.

The Executive Chairman together with the Independent Non-Executive Directors are responsible for overseeing the overall direction and strategy of the company, while the COO and CFO are responsible for the day-to-day management and operations.

Clive Watson as Executive Chairman, is more involved in strategic decision-making. His ability to provide closer oversight of the executive team is seen as a great benefit to the Board. His extensive experience of founding, growing and operating both EIS and listed businesses of this size is hugely valuable to the Board.

Clive as the Executive Chair does not sit on the Audit, Nominations or Remuneration Committees. The Committees are management-free with Members and Chairs being exclusively Independent Non-Executive Directors.

As Executive Chairman, Clive is a member of the ESG and Investment committee, however both are Chaired by Independent Non-Executive Directors.

The Board is now made up of 6 individuals. Executive Chair, COO and CFO plus 3 Independent Non-Executive Directors with Richard Prickett as the Senior Independent Director.

The Independent Non-Executive Directors consider the benefits of the existing structure outweigh any potential risks to the Group's integrity and enhances the effectiveness of the Board.

Details of the current Directors, their roles and their backgrounds are on pages 28 and 29.

Audit and Risk Committee

The Audit and Risk Committee assists the Board in discharging its responsibilities, within agreed terms of reference, with regard to corporate governance, financial reporting and external and internal audits and controls, including, amongst other things, reviewing the Group's annual financial statements, reviewing and monitoring the extent of the non-audit services undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Group's internal controls and risk management systems.

The Audit and Risk Committee considered the proposed impairment of property and right of use asset for the Annual Report. The Committee was satisfied with the approach presented by the management and the judgements made for those properties at risk of impairment.

The Committee considered the appropriateness of the going concern assessment and the associated judgements around material uncertainties. The Committee reviewed the scenarios and mitigation available to the Group and are satisfied the disclosures are appropriate.

The ultimate responsibility for reviewing and approving the annual report and accounts and the half yearly reports remains with the Board. Membership of the Audit and Risk Committee compromises Neil Griffiths, Emma Fox and Richard Prickett and it is chaired by Richard Prickett. The Audit and Risk Committee will meet formally not less than twice every year and otherwise as required.

The Audit Committee have reviewed the independence and effectiveness of Haysmacintyre LLP, the Group's external auditor, and are satisfied in both respects. Haysmacintyre LLP have signified their willingness to continue in office and a resolution to reappoint Haysmacintyre LLP as auditor will be proposed at the AGM.

Remuneration Committee
The Remuneration Committee is responsible, within agreed terms of reference, for establishing a formal and transparent procedure for developing policy on executive remuneration and to set the remuneration packages of individual Executive Directors. This includes agreeing with the Board the framework for remuneration of the Executive Directors, the company secretary and such other members of the executive management of the Group as it is designated to consider. It is furthermore responsible for determining the total individual remuneration packages of each Executive Director including, where appropriate, bonuses, incentive payments and share options. No Director may be involved in any decision as to their own remuneration. Each Executive Director has a notice period of no less than 12 months.

The membership of the Remuneration Committee comprises Neil Griffiths, Emma Fox and Richard Prickett and the committee is chaired by Richard Prickett. The Remuneration Committee will meet not less than twice a year and at such other times as the chairman of the committee shall require.

Nomination Committee
The Nomination Committee has responsibility for reviewing the structure, size and composition of the Board and recommending to the Board any changes required for succession planning and for identifying and nominating (for approval of the Board) candidates to fill vacancies as and when they arise. The Nomination Committee is also responsible for reviewing the results of the Board performance evaluation process and making recommendations to the Board concerning suitable candidates for the role of senior independent director and the membership of the Board's committees and the re-election of Directors at the annual general meeting. The membership of the Nomination Committee comprises Neil Griffiths, and Richard Prickett and the committee is chaired by Neil Griffiths. The Nomination Committee will meet not less than once a year and at such other times as the chairman of the committee shall require.

ESG Committee
The Environmental, Social and Governance (ESG) committee is chaired by Emma Fox. We have launched a significant and thorough review to ensure that we emerge as a more responsible business, primed to play a positive role in the industry's recovery. We are taking our responsibilities seriously, want to get it right as we understand that those that succeed in this area will have competitive advantage.

Share Incentive Arrangements
The Directors believe that the success of the Group will depend to a significant degree on the future performance of the management team. The Directors also recognise the importance of ensuring that all employees are well motivated and identify closely with the success of the Group. The Directors regard equity participation to be an important aspect of the Group's ability to attract, retain and incentivise its key staff. The Group currently provides, and intends to continue to provide, key senior management team members with an equity incentive in the Group.

The Existing Share Option Schemes consist of the CSOP Share Option Scheme, Joint Shared Ownership Plan (JSOP) and Long Term Incentive Plan (LTIP). After CPCE and CPCW became ineligible to grant any further EMI options, each company adopted a tax advantaged Company Share Option Plan (CSOP) in 2016 and made further option grants under those plans over the respective company's shares. These CSOP options ordinarily become exercisable shortly after the third anniversary of their grant date.

Options granted under the CSOP Share Option Scheme will become exercisable following the third anniversary of their date of grant. The Company may also grant further options under the CSOP Share Option Scheme. CSOP awarded to Holly Elliott are subject to performance hurdles.

In order to incentivise the key senior management team following Admission, and to better align their interests with those of shareholders, the Company introduced a JSOP and has granted awards under the JSOP during 2018.

The Company has granted share options, JSOP and LTIPs over 9,534,169 Ordinary Shares representing 9.0 per cent of the Enlarged Share Capital. Taking this into account, an additional 85,174 Ordinary Shares remain available for reward under the various schemes at the period end.

LTIPs are awarded to reward long term performance and value creation. The aim is to aid retention and align the interests of the Executive Team and key employees with shareholders in the long term. The Remuneration Committee is responsible for setting the performance target criteria on an ongoing basis. This includes consideration of the Group's operating structure. The Executive Team and key employees are eligible to receive rewards under the long term incentive plan at the discretion of the Remuneration Committee.

Attendance 2022	Board	Audit	Remuneration	Nomination	ESG	Investment
Director						
Clive Watson	4 (4)	*	*	*	4 (4)	2 (2)
Toby Smith**	4 (4)					2 (2)
Rupert Clark	4 (4)					2 (2)
Holly Elliott	4 (4)	*				2 (2)
Richard Prickett	3 (4)	4 (4)	2 (2)	2 (2)		
Neil Griffiths	4 (4)	4 (4)	2 (2)	2 (2)	4 (4)	2 (2)
Emma Fox	4 (4)	4 (4)	2 (2)	2 (2)	4 (4)	

* These Directors are not members of the Committees but are invited to attend meetings.
** Toby Smith resigned from the Board with effect from 27 January 2023.

CORPORATE GOVERNANCE REPORT cont'd

for the 52 week period ended 26 December 2022

Senior Bonus Scheme

The Group has adopted a senior bonus scheme which provides for payment of discretionary annual performance based bonuses to senior key employees and executive directors of the Company. Bonus targets are set in relation to the profit of the Group. No pay out would be made if the minimum threshold on the bonus target schedules is not achieved. The targets have been selected to incentivise the senior key employees and executive directors to deliver performance in line with the Group strategy.

Directors' Emoluments

Directors' emoluments for the period were as follows:

Single Total Figure of Remuneration Table

The following table shows a breakdown of the remuneration of individual Directors who served in all or part of the period:

	Salary/Fees		Taxable Benefits		Pension/Other		Compensation for loss of office		Total	
	2022 £000	2021 £000	**2022 £000**	2021 £000	**2022 £000**	2021 £000	**2022 £000**	2021 £000	**2022 £000**	2021 £000
Clive Watson	**180**	153	**5**	5	**18**	20	**–**	–	**203**	178
Rupert Clark	**180**	153	**9**	9	**19**	21	**–**	–	**208**	183
Tarquin Williams	**23**	135	**1**	2	**15**	23	**144**	–	**183**	160
Toby Smith	**280**	253	**2**	10	**–**	–	**–**	–	**282**	263
Holly Elliott	**220**	18	**–**	–	**3**	–	**–**	–	**223**	18
Richard Prickett	**55**	48	**–**	–	**–**	–	**–**	–	**55**	48
John Roberts*	**–**	33	**–**	–	**–**	34	**–**	–	**–**	67
Neil Griffiths	**48**	42	**–**	–	**–**	–	**–**	–	**48**	42
Emma Fox	**48**	30	**–**	–	**–**	–	**–**	–	**48**	30
Total	**1,034**	865	**17**	26	**98**	98	**144**	–	**1,250**	989

* John Roberts provides brewery consultancy services to the Group in relation to our seven microbreweries. The fees for these consultancy services are included within the Other column.

Directors Interests

As at 25 December 2022 the Directors of the Company held the following number of shares:

The Directors share interest represents 4.5% of the ordinary shares in circulation.

	2022	2021
Directors Share Interests		
Rupert Clark		
Ordinary 1p shares	**608,039**	608,039
Neil Griffiths		
Ordinary 1p shares	**89,156**	54,632
Richard Prickett		
Ordinary 1p shares	**144,130**	74,130
Clive Watson		
Ordinary 1p shares	**3,673,156**	3,348,156
Holly Elliott		
Ordinary 1p shares	**62,548**	3,747
Emma Fox		
Ordinary 1p shares	**30,159**	–
Toby Smith		
Ordinary 1p shares	**60,000**	–

Director's Share Options

Director	Scheme	As at 26 December 2021	Exercised	Relinquished	Granted	As at 25 December 2022	Exercise price	Date of grant	Exercisable from	Expiry date
Rupert Clark	CSOP	30,000	–	–	–	30,000	£1.00	May-16	May-19	May-26
	LTIP	200,000	–	–	–	200,000	£2.05	Jun-20	May-23	Jun-30
	LTIP	400,000	–	–	–	400,000	Nil	May-21	May-24	May-31
	LTIP	–	–	–	200,000	200,000	Nil	Jun-22	Jun-25	Jun-32
Total		630,000	–	–	200,000	830,000				
Clive Watson	CSOP	22,500	–	–	–	22,500	£1.00	May-16	May-19	May-26
	CSOP	22,500	–	–	–	22,500	£1.00	May-16	May-19	May-26
	LTIP	1,000,000	–	–	–	1,000,000	Nil	Jun-20	May-23	Jun-30
	LTIP	400,000	–	–	–	400,000	Nil	May-21	May-24	May-31
	LTIP	–	–	–	200,000	200,000	Nil	Jun-22	Jun-25	Jun-32
Total		1,445,000	–	–	200,000	1,645,000				
Holly Elliott	LTIP	400,000	–	–	–	400,000	Nil	Dec-21	Dec-24	Dec-31
	LTIP	–	–	–	200,000	200,000	Nil	Jun-22	Jun-25	Jun-32
	CSOP	–	–	–	33,333	33,333	£0.90	Jun-22	Jun-25	Jun-32
Total		400,000	–	–	233,333	633,333				
Toby Smith	CSOP	25,000	–	–	–	25,000	£1.20	Feb-21	Feb-24	Feb-31
	LTIP	1,000,000	–	–	–	1,000,000	Nil	Dec-21	Dec-24	Dec-31
	LTIP	–	–	–	200,000	200,000	Nil	Jun-22	Jun-25	Jun-32
Total		1,025,000	–	–	200,000	1,225,000				
TOTAL		3,500,000	–	–	833,333	4,333,333				

LTIP

The Company granted 1,000,000 nil cost options over ordinary shares of 1p each ("Ordinary Shares") to certain Directors and employees of the Company (the "Options") during the period ended 25 December 2022, with none of these options subsequently being relinquished.

The Options have been granted under the Company's 2022 Long Term Incentive Plan, are exercisable in 2025 following release of the Company's audited accounts for the period ended 31 December 2024, and are subject to performance conditions relating to the Company's profitability.

The Corporate Governance Report was approved by the Board and signed on its behalf.

Richard Prickett
Independent Non-Executive Director,
17 April 2023

DIRECTORS' REPORT

for the 52 week period ended 25 December 2022

The Directors present their Report and the consolidated financial statements of the Group for the 52 week period ended 25 December 2022.

Results and Dividends

The statement of comprehensive income is set out on page 41 and shows the result for the period. The Directors do not recommend the payment of a dividend this period due to the Coronavirus pandemic.

Strategic Report

Information in respect of the Business Review, Future Outlook of the Business and Principal Risks and Uncertainties are not shown in the Directors' Report because they are presented in the Strategic Report in accordance with s414c(ii) of the Companies Act 2006.

Directors

The Directors who served during the period were as follows:

Clive Watson
Rupert Clark
Toby Smith – resigned 27 January 2023
Holly Elliott
Richard Prickett
Neil Griffiths
Emma Fox

Going Concern

The Group has a £35m revolving credit facility (RCF) with Barclays Bank plc with an accordion option of another £15m. This facility matures in July 2024. The Group is operating comfortably within their banking covenants and we will be renewing our bank facilities on a longer term basis in the near future. At period end we had £8m of debt, and £4m of net debt, with £27m undrawn on our RCF and £15m of accordion.

Barclays replaced The City Pub Group plc's RCF's existing financial covenants with a Minimum Liquidity Test plus an additional Minimum EBITDA Test to be tested on a monthly basis. After June 2022 the original financial covenants recommenced. The Group has been operating within the covenants comfortably and the forecasts for the business show substantial headroom.

The Group continues to be EBITDA and cashflow generative, with funding only required for new acquisitions.

Although there are cost pressures with wage inflation, rising energy prices and upward pressure on commodities, we continue to lock in procurement contracts, optimise staffing and implement energy reducing initiatives. Energy prices have softened into 2023 and by flexibly trading we've avoided being impacted by spiking prices over 2022.

When making our assessment of going concern, we have assumed that trading reverts to pre COVID-19 levels.

Based on the current financial projections extended to a period of 12 months from approval date of the financial statements and having considered the facilities available, together with potential sensitivities to changes in levels of trade the Board is confident that the Group have adequate resources to continue in operational existence for the foreseeable future, while also meeting its loan covenant requirements as they presently stand. For this reason, the Board consider it appropriate for the Group to adopt the going concern basis in preparing its financial statements.

Purchase of Own Shares

During the period the Group purchased 128,365 (2021: none) of its own shares as part of the new Share Buyback Programme announced in October 2022. These shares are held in Treasury.

Other share capital movements are disclosed in Note 24.

Financial Risk Management Objectives and Policies

The Group's operations expose it to financial risks that include market risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous periods.

Market Risk – Cash Flow Interest Rate Risk

The Group had outstanding borrowing at period end of £8 million as disclosed in note 20. These were loans that had been taken out with Barclays to facilitate the purchase of public houses.

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At 25 December 2022 the Group had £8 million of borrowings. The exposure to interest rates for the Group's cash at bank and short-term deposits is considered immaterial.

Liquidity Risk

The Group actively maintains cash and banking facilities that are designed to ensure it has sufficient available funds for operations and planned expansions.

Capital Risk Management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to shareholders through optimising the debt and equity balance.

The Group monitors cash balances and prepare regular forecasts, which are reviewed by the board. In order to maintain or adjust the capital structure, the Group may, in the future, return capital to shareholders, issue new shares or sell assets to reduce debt.

Employment Policy

The Group's policies respect the individual regardless of gender, race or religion. Where reasonable and practical under the existing legislation, all persons, including disabled persons, have been treated fairly and consistently in matters relating to employment, training and career development. The Group takes a positive view of employee communication and has established systems for employee consultation and communication of developments. The Group has also commenced operating an employee share scheme as a means of further encouraging the employees in the Group's performance.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and the profit and loss of the Group for that period. In preparing those financial statements, the Directors are required to:

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

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

So far as each of the Directors is aware, there is no relevant audit information that has not been disclosed to the Group's auditors and each of the Directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the Group's auditors have been made aware of that information.

Relations with Shareholders

The Group maintains effective contact with Shareholders and welcomes contact from investors as mentioned in the Chairman's Statement. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

S172 Statement

The Directors behave and carry out their activities to promote the long-term success of the Group. More detail is shown in the Strategic Report.

Political Donations

The Group made no political donations during the period.

Charitable Donations

The Group made charitable donations of £2,800 (2021: £11,500) during the period.

Post Balance Sheet Events

Post balance sheet events requiring adjustment or disclosure are explained within note 30 to the financial statements.

Auditors

Haysmacintyre LLP have signified their willingness to continue in office as auditors, a resolution reappointing them will be submitted to the Annual General Meeting.

On behalf of the Board

Holly Elliott
Chief Financial Officer
17 April 2023

INDEPENDENT AUDITOR'S REPORT

to the members of The City Pub Group Plc

Opinion

We have audited the financial statements of The City Pub Group Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the 52 week period ended 25 December 2022 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Financial Position, Consolidated and Company Statements of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 25 December 2022 and of the Group's profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the United Kingdom; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included but was not limited to:

- The review of management's going concern assessment which incorporate scrutiny of working capital projections for a period of at least twelve months from the date of approval of the financial statements;
- The review and consideration of the appropriateness of sensitivity analysis of trading performance and cash flow forecasts prepared by management;
- Review and consideration of compliance with bank loan covenants during the period ended 25 December 2022 and as prospectively forecast;
- Challenging and assessing the underlying assumptions of the cash flow forecasts and considering whether the period of the forecast is appropriate; and
- The review of post balance sheet trading performance and cash flow to assess the reasonableness of management's forecasting.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

An overview of the scope of our audit

For the 52 week period ended 25 December 2022, the Group undertook all its trading activities through the Parent Company, with all its subsidiaries remaining dormant for the same period, retaining only residual assets and liabilities. The scope of our work was therefore the audit of the Parent Company and its subsidiaries. The scope of the audit and our audit strategy was developed by using our audit planning process to obtain and update our understanding of the Group, its activities, its internal control environment, and likely future developments. Our audit testing was informed by this understanding of the Group and accordingly was designed to focus on areas where we assessed there to be the most significant risks of material misstatement.

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

Key audit matters

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

Key Audit Matter	How our scope addressed this matter
Impairment of property, plant and equipment and goodwill For the period ended 25 December 2022, management assessed for indicators of impairment in each of the cash-generating units (CGU's) which is each of its operating sites. This included the allocation of goodwill and right of use asset values to freehold and leasehold property in full. The process for measuring and recognising impairment under International Accounting Standard (IAS) 36 'Impairment of Assets' is complex and highly judgemental. Significant management judgement and estimation uncertainty is involved in this area. Given the value of the intangible assets and tangible fixed assets and the impact on trade due to difficult economic conditions cased by the war in Ukraine and continual train strikes which has distorted establish trading patterns and therefore gives rise to increased prevalence of impairment indicators, we consider this to be a significant risk and a key audit matter.	Our audit work included, but was not restricted to, the following: • The assessment of Management's impairment review process and the consideration and challenge of Managements' assumptions. • The review of each cash generating unit for indicators of impairment and assessment of whether all sites showing risk indicators were considered in the impairment assessment. • The verification of the arithmetic accuracy and integrity of the value in use model prepared by management. • The review and assessment of cash flows as forecast by Management and as used in their calculations of the value in use of the assets. • The assessment and challenge of assumptions used in the impairment calculation with reference to data such as historic results, market trends and future expectations. • The assessment of the appropriateness of the growth and discount rates used by Management and the challenge of Management of those that fell outside of our expectations. • The assessment of whether disclosures made in the financial statement relating to impairments are appropriate.
Fraud in revenue recognition Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. We are required to consider and respond to the risks of improper revenue recognition.	We have undertaken the following procedures to test the appropriateness of revenue recognition: • Reconciliation of cash receipts to income recognised in the financial statements. • Assessment of the appropriateness of the Group's accounting policies in respect of revenue recognition. • Review of revenue cut off around the balance sheet date to ensure income has been recorded in the correct period. • Interrogation of revenue recording systems to ensure they are working as documented. • Review of presentation and classification of non-revenue income. • Review of a selection of journal entries for indication of materially misstated revenue.

INDEPENDENT AUDITOR'S REPORT cont'd

to the members of The City Pub Group Plc

Our application of materiality

The materiality for the Group financial statements as a whole was set at £594,000. This was determined as being 1% of revenue. Revenue has been selected as a benchmark because it is a Key Performance Indicator of the Group and stakeholders are principally interested in the underlying trading performance of the Group.

We have determined Parent Company materiality to be the same level as the Group because it undertakes all the Group's trading activities following a hive up of activities from its subsidiaries in the period ended 29 December 2019.

On the basis of our risk assessment and review of the Group's control environment, performance materiality was set at 75% of materiality, being £446,000.

The reporting threshold to the audit committee was set as 5% of materiality, being £30,000. If, in our opinion in differences below this level warranted reporting on qualitative grounds, these would also be reported.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements for the company and trade regulations, such as AIM rules, minimum wage regulation and food standards requirements and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

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

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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

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

Use of our report

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

Christopher Cork
(Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP,
Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

17 April 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the 52 week period ended 25 December 2022 (2021: for the 52 week period ended 26 December 2021)

	Notes	2022 £'000	2021 £'000
Revenue	4	**57,793**	35,364
Cost of sales		**(14,063)**	(8,273)
Gross profit		**43,730**	27,091
Other operating income	4a	**239**	5,084
Administrative expenses		**(42,542)**	(35,126)
Operating profit/(loss)	5	**1,427**	(2,951)

Reconciliation to adjusted EBITDA*			
Operating profit/(loss)		**1,427**	(2,951)
Depreciation	5	**5,174**	4,881
Share option charge	28	**1,042**	703
Exceptional items	8	**2,439**	3,288
* **Adjusted earnings before exceptional items, share option charge, interest, taxation and depreciation**		**10,082**	5,921

	Notes	2022 £'000	2021 £'000
Share of losses of associates and joint ventures	15	**(157)**	(78)
Other financial items	15	**–**	943
Finance costs	6	**(1,054)**	(1,041)
Profit/(loss) before tax		**216**	(3,127)
Tax credit	7	**735**	259
Profit/(loss) for the period		**951**	(2,868)
Earnings per share			
Basic earnings per share (p)	10	**0.92**	(2.76)
Diluted earnings per share (p)	10	**0.89**	n/a

All activities comprise continuing operations.

The notes form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 52 week period ended 25 December 2022 (2021: for the 52 week period ended 26 December 2021)

	Notes	2022 £'000	2021 £'000
Profit/(loss) for the period		**951**	(2,868)
Other Comprehensive income			
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income	14	**(494)**	18
Income tax relating to these items		**123**	(3)
Other comprehensive income for the period, net of tax		**(371)**	15
Total comprehensive income for the period		**580**	(2,853)

All of the total comprehensive income for the period is attributable to the owners of The City Pub Group plc and all arise from continuing operations.

The notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 25 December 2022 (2021: as at 26 December 2021)

	Notes	**2022 £'000**	2021 £'000
Assets			
Non-current			
Intangible assets	11	**2,450**	2,250
Property, plant and equipment	12	**99,065**	107,367
Right-of-use assets	13	**17,565**	17,875
Deferred tax assets	23	**1,843**	1,018
Financial assets at fair value through OCI	14	**386**	254
Investments in associates & joint ventures	15	**6,004**	4,248
Total non-current assets		**127,313**	133,012
Current			
Inventories	17	**1,152**	1,048
Trade and other receivables	18	**3,659**	3,331
Cash and cash equivalents		**4,121**	12,510
Total current assets		**8,932**	16,889
Total assets		**136,245**	149,901
Liabilities			
Current liabilities			
Trade and other payables	19	**(13,931)**	(12,214)
Financial liabilities – lease liabilities	13	**(1,915)**	(1,912)
Total current liabilities		**(15,846)**	(14,126)
Non-current			
Borrowings	20	**(7,657)**	(24,750)
Financial liabilities – lease liabilities	13	**(16,674)**	(16,473)
Deferred tax liabilities	23	**(2,445)**	(2,464)
Total non-current liabilities		**(26,776)**	(43,687)
Total liabilities		**(42,622)**	(57,813)
Net assets		**93,623**	92,088
Equity			
Share capital	24	**31,276**	31,276
Share premium	24	**59,475**	59,475
Own shares	24	**(3,359)**	(3,272)
Other reserve	25	**2,855**	2,184
Retained earnings	24	**3,376**	2,425
Total equity		**93,623**	92,088

The notes form part of these financial statements.

Approved by the Board and authorised for issue on 17 April 2023.

Chairman

Holly Elliott
Chief Financial Officer

Company No. 07814568

COMPANY STATEMENT OF FINANCIAL POSITION

as at 25 December 2022 (2021: as at 26 December 2021)

	Notes	**2022 £'000**	2021 £'000
Assets			
Non-current			
Intangible assets	11	**2,450**	2,250
Property, plant and equipment	12	**99,065**	107,367
Right-of-use assets	13	**17,565**	17,875
Deferred tax assets	23	**1,723**	1,018
Financial assets at fair value through OCI	14	**71**	71
Investments in associates & joint ventures	15	**6,004**	4,248
Investments in subsidiaries	16	**801**	801
Total non-current assets		**127,679**	133,630
Current			
Inventories	17	**1,152**	1,048
Trade and other receivables	18	**4,045**	3,496
Cash and cash equivalents		**4,121**	12,510
Total current assets		**9,318**	17,054
Total assets		**136,997**	150,684
Liabilities			
Current liabilities			
Trade and other payables	19	**(14,732)**	(13,015)
Financial liabilities – lease liabilities	13	**(1,915)**	(1,912)
Total current liabilities		**(16,647)**	(14,927)
Non-current			
Borrowings	20	**(7,657)**	(24,750)
Financial liabilities – lease liabilities	13	**(16,674)**	(16,473)
Deferred tax liabilities	23	**(2,445)**	(2,461)
Total non-current liabilities		**(26,776)**	(43,684)
Total liabilities		**(43,423)**	(58,611)
Net assets		**93,574**	92,073
Equity			
Share capital	24	**31,276**	31,276
Share premium	24	**59,475**	59,475
Own shares	24	**(3,359)**	(3,272)
Share-based payment reserve	24	**3,119**	2,077
Retained earnings	24	**3,063**	2,517
Total equity		**93,574**	92,073

The profit for the financial period of the Parent Company, The City Pub Group plc was £546,000 (2021: loss £2,868,000). The notes form part of these financial statements. Approved by the Board and authorised for issue on 17 April 2023.

Chairman

Holly Elliott
Chief Financial Officer

Company No. 07814568

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 52 week period ended 25 December 2022

	Notes	Share capital	Share premium	Own Shares (note 24)	Other Reserves (note 25)	Retained earnings	Total
Balance at 27 December 2020		31,275	59,303	(3,272)	1,466	5,293	94,065
Employee share-based compensation	28	–	–	–	703	–	703
Issue of new shares	24	1	172	–	–	–	173
Transactions with owners		1	172	–	703	–	876
Loss for the period		–	–	–	–	(2,868)	(2,868)
Other comprehensive income		–	–	–	15	–	15
Total comprehensive income for the period		–	–	–	15	(2,868)	(2,853)
Balance at 26 December 2021		31,276	59,475	(3,272)	2,184	2,425	92,088
Employee share-based compensation	28	–	–	–	1,042	–	1,042
Purchase of own shares	24	–	–	(87)	–	–	(87)
Transactions with owners		–	–	(87)	1,042	–	955
Profit for the period		–	–	–	–	951	951
Other comprehensive income		–	–	–	(371)	–	(371)
Total comprehensive income for the period		–	–	–	(371)	951	580
Balance at 25 December 2022		**31,276**	**59,475**	**(3,359)**	**2,855**	**3,376**	**93,623**

The notes form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the 52 week period ended 25 December 2022

	Notes	Share capital	Share premium	Own shares (note 24)	Other Reserves (note 25)	Retained earnings	Total
Balance at 27 December 2020		31,275	59,303	(3,272)	1,374	5,385	94,065
Employee share-based compensation	28	–	–	–	703	–	703
Issue of new shares	24	1	172	–	–	–	173
Transactions with owners		1	172	–	703	–	876
Loss for the period		–	–	–	–	(2,868)	(2,868)
Total comprehensive income for the period		–	–	–	–	(2,868)	(2,868)
Balance at 26 December 2021		31,276	59,475	(3,272)	2,077	2,517	92,073
Employee share-based compensation	28	–	–	–	1,042	–	1,042
Purchase of own shares	24	–	–	(87)	–	–	(87)
Transactions with owners		–	–	(87)	1,042	–	955
Profit for the period		–	–	–	–	546	546
Total comprehensive income for the period		–	–	–	–	546	546
Balance at 25 December 2022		**31,276**	**59,475**	**(3,359)**	**3,119**	**3,403**	**93,574**

The notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the 52 week period ended 25 December 2022 (2021: for the 52 week period ended 26 December 2021)

	Notes	**2022 £'000**	2021 £'000
Cash flows from operating activities			
Profit/(loss) for the period		**951**	(2,868)
Taxation	7	**(735)**	(259)
Finance costs	6	**1,054**	1,041
Result from equity accounted investment	15	**157**	78
Other financial items	15	**–**	(943)
Operating profit/(loss)		**1,427**	(2,951)
Adjustments for:			
Depreciation	5	**5,174**	4,881
(Gain)/loss on disposal of property, plant & equipment		**(58)**	125
Share-based payment charge	28	**1,042**	703
Impairment	12	**627**	3,690
Change in inventories		**(104)**	(345)
Change in trade and other receivables		**(668)**	(571)
Change in trade and other payables		**1,723**	3,800
Cash generated from operations		**9,163**	9,332
Tax (paid) received		**53**	651
Net cash generated from operating activities		**9,216**	9,983
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(10,262)**	(5,493)
Acquisition of new property sites		**(2,045)**	(1,600)
Purchase of investments and associates	14&15	**(2,539)**	(2,309)
Proceeds from disposal of property, plant and equipment		**16,977**	2,163
Net cash generated from/used in investing activities		**2,131**	(7,239)
Cash flows from financing activities			
Proceeds from issue of share capital	24	**–**	73
Purchase of own shares		**(87)**	–
Repayment of borrowings		**(17,169)**	(91)
Principal element of lease payments		**(1,362)**	(1,416)
Interest paid (includes implied interest under IFRS16)	6	**(1,118)**	(1,131)
Net cash used in financing activities		**(19,736)**	(2,565)
Net change in cash and cash equivalents		**(8,389)**	179
Cash and cash equivalents at the start of the period		**12,510**	12,331
Cash and cash equivalents at the end of the period		**4,121**	12,510

The notes form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

for the 52 week period ended 25 December 2022 (2021: for the 52 week period ended 26 December 2021)

	Notes	**2022 £'000**	2021 £'000
Cash flows from operating activities			
Profit/(loss) for the period		**546**	(2,868)
Taxation		**(735)**	(259)
Finance costs		**1,054**	1,041
Result from equity accounted investment	15	**157**	78
Other financial items	15	**–**	(943)
Operating profit/(loss)		**1,022**	(2,951)
Adjustments for:			
Depreciation	5	**5,174**	4,881
(Gain)/loss on disposal of property, plant and equipment		**(58)**	125
Share-based payment charge	28	**1,042**	703
Impairment		**627**	3,690
Change in inventories		**(104)**	(345)
Change in trade and other receivables		**(889)**	(735)
Change in trade and other payables		**1,723**	3,800
Cash generated from operations		**8,537**	9,168
Tax paid		**53**	651
Net cash generated from operating activities		**8,590**	9,819
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(10,262)**	(5,493)
Acquisition of new property sites		**(2,045)**	(1,600)
Purchase of investments and associates	14&15	**(1,913)**	(2,145)
Proceeds from disposal of property, plant and equipment		**16,977**	2,163
Net cash generated from/used in investing activities		**2,757**	(7,075)
Cash flows from financing activities			
Proceeds from issue of share capital		**–**	73
Purchase of own shares		**(87)**	–
Repayment of borrowings		**(17,169)**	(91)
Principal element of lease payments		**(1,362)**	(1,416)
Interest paid		**(1,118)**	(1,131)
Net cash used in financing activities		**(19,736)**	(2,565)
Net change in cash and cash equivalents		**(8,389)**	179
Cash and cash equivalents at the start of the period		**12,510**	12,331
Cash and cash equivalents at the end of the period		**4,121**	12,510

The notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 25 December 2022 (2021: for the 52 week period ended 26 December 2021)

1 Company information

The financial statements of The City Pub Group plc (as consolidated "the Group") for the 52 week period ended 25 December 2022 were authorised for issue in accordance with a resolution of the directors on 17 April 2023. The Company is a public limited company incorporated and domiciled in the UK. The Company number is 07814568 and the registered office is located at Essel House 2nd Floor, 29 Foley Street, London, England, W1W 7TH.

The Group's principal activity is the management and operation of public houses. Information on the Company's ultimate controlling party and other related party relationships is provided in Note 29. Judgements made by the directors in the application of these accounting policies have been discussed in note 3.

Exemption from audit

For the period ended 25 December 2022 the subsidiaries (see note 16) are exempt from audit under section 480 of the Companies Act 2006.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared on an accruals basis and under the historical cost convention, unless otherwise stated. There is no material difference between the fair value of financial assets and liabilities and their carrying amount.

The Company undertook a common control combination before listing on AIM. These consolidated financial statements have been prepared using the predecessor value method, which is described in 2.4 below.

The financial statements are presented in Great British Pounds and all values are rounded to the nearest thousand pounds except when otherwise indicated.

As permitted by section 408 of the Companies Act 2006, no separate income statement is presented in respect of the Parent Company.

2.2 Statement of Compliance

The financial statements of the Company and Group are prepared in accordance with applicable International Accounting Standards in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards as adopted by the United Kingdom ("Adopted IFRS").

2.3 New and Revised Standards

IFRS applied for the first time in the current financial statements

The Group has applied the following Standards and Amendments for the first time for their annual reporting period commencing 27 December 2021:

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

The Amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

IFRS in issue but not applied in the current financial statements

The following IFRS and IFRIC Interpretations have been issued but have not been applied by the Group in preparing these financial statements, as they are not as yet effective. The Group intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early.

- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28.

The Directors are currently evaluating the impact of the adoption of all other standards, amendments and interpretations but do not expect them to have a material impact on the Group operation or results.

2.4 **Predecessor value method**

During the period ended 31 December 2017 the Company undertook a common control combination, through the issue of new Ordinary Shares, B-Ordinary Shares and Convertible Preference Shares in exchange for 100% of the Ordinary Shares, B Ordinary Shares and Convertible Preference Shares of The City Pub Company (West) Limited an entity under common control. The Directors considered the business combination to be a common control combination, as the combining entities were ultimately controlled by the same parties both before and after the combination and the common control was not transitory. As a common control combination, the transaction was outside the scope of IFRS 3 ("Business Combinations") and the Directors therefore considered the nature of the transaction, which was eligible for Merger Relief under the Companies Act, and decided that the predecessor value method would be most appropriate for preparing those and subsequent Group financial statements.

The predecessor value method involves accounting for the assets and liabilities of the acquired business using existing carrying values rather than at fair values, as a result no goodwill arose on the combination. The use of the predecessor value method gave rise to an "other reserve", which represents the share premium of the subsidiary entity on consolidation.

The financial results of subsidiaries are included in the consolidated financial information from the date that control commences until the date that control ceases. The consolidated financial information presents the results of the companies within the same group. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial information.

2.5 **Going concern**

The Group has a £35m revolving credit facility (RCF) with Barclays Bank plc with an accordion option of another £15m. This facility matures in July 2024. The Group is operating comfortably within their banking covenants and we will be renewing our bank facilities on a longer term basis in the near future. At period end we had £8m of debt, and £4m of net debt, with £27m undrawn on our RCF and £15m of accordion.

Barclays replaced The City Pub Group plc's RCF's existing financial covenants with a Minimum Liquidity Test plus an additional Minimum EBITDA Test to be tested on a monthly basis. After June 2022 the original financial covenants recommenced. The Group has been operating within the covenants comfortably and the forecasts for the business show substantial headroom.

The Group continues to be EBITDA and cashflow generative, with funding only required for new acquisitions.

Although there are cost pressures with wage inflation, rising energy prices and upward pressure on commodities, we continue to lock in procurement contracts, optimise staffing and implement energy reducing initiatives. Energy prices have softened into 2023 and by flexibly trading we've avoided being impacted by spiking prices over 2022.

When making our assessment of going concern, we have assumed that trading reverts to pre COVID-19 levels.

Based on the current financial projections extended to 12 months from the date of approval of the financial statements and having considered the facilities available, together with potential sensitivities to changes in levels of trade based on current economic factors e.g. energy costs and inflation the Board is confident that the Group have adequate resources to continue in operational existence for the foreseeable future, while also meeting its loan covenant requirements as they presently stand. For this reason, the Board consider it appropriate for the Group to adopt the going concern basis in preparing its financial statements.

2.6 **Revenue**

Revenue represents external sales (excluding taxes) of goods and services net of discounts. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration receivable net of trade discounts and VAT.

Revenue principally consists of drink, food and accommodation sales, which are recognised at the point at which goods and services are provided and rental income which is recognised on a straight line basis over the lease term. Revenue for bedroom accommodation is recognised at the point the services are rendered. Loyalty card revenue is immaterial and therefore no change in accounting policy is considered necessary.

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 25 December 2022 (2021: for the 52 week period ended 26 December 2021)

2 Significant accounting policies continued

2.7 Cost of sales

Costs considered to be directly related to revenue are accounted for as cost of sales. Costs of goods sold are determined on the basis of the cost of purchase, adjusted for movements of inventories. Cost of services rendered is recognised at the time the revenue is recognised.

2.8 Operating profit

Operating profit is revenue less operating costs. Revenue is as detailed above and as shown in note 4. Operating costs are all costs excluding finance costs, costs associated with the disposal of properties and the tax charge.

2.9 Exceptional items

The Group has identified certain measures that it believes will assist the understanding of the performance of the business. These APMs are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for, or superior to, IFRS measures, provide stakeholders with additional useful information on the underlying trends, performance and position of the Group and are consistent with how business performance is measured internally.

The Group's APMs are: like for like revenue growth/(decline), Adjusted EBITDA (Pre-IFRS) and net cash/(debt).

The Directors use Adjusted EBITDA as a primary KPI in managing the business. This measure excludes exceptional items, share option expenses and site pre-opening costs and applies pre-IFRS 16 treatment of leases. The Directors believe this measure gives a more relevant indication of underlying trading performance of the Group.

The Group presents as exceptional items those significant items of income and expense which, because of their size, nature and infrequency of the events giving rise to them merit separate presentation to allow Shareholders to understand better the elements of financial performance in the period, so as to facilitate comparison with prior periods to assess trends in financial performance more readily. These items are primarily pre-opening costs (including acquisition costs) and non-recurring costs, which are not expected to recur at a particular site.

2.10 Finance income and expense

Finance income is recognised as interest accrues (using the effective interest method) on funds invested outside the Group. Finance expense includes the cost of borrowing from third parties and is recognised on an effective interest rate basis, resulting from the financial liability being recognised on an amortised cost basis, including commitment fees. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

2.11 Taxation and deferred taxation

The income tax expense or income for the period is the tax payable on the current period's taxable income. This is based on the national income tax rate enacted or substantively enacted with any adjustment relating to tax payable in previous periods and changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applicable when the asset or liability crystallises based on current tax rates and laws that have been enacted or substantively enacted by the reporting date. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of temporary differences can be deducted. The carrying amount of deferred tax assets are reviewed at each reporting date.

2.12 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets
For the purpose of subsequent measurement the Group classifies its financial assets into the following categories: those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through the income statement (FVPL)) and those to be held at amortised cost.

Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

Management determines the classification of financial assets at initial recognition. The Group's policy with regard to financial risk management is set out in note 21. Generally, the Group does not acquire financial assets for the purpose of selling in the short term.

The Group's business model is primarily that of "hold to collect" (where assets are held in order to collect contractual cash flows).

Financial assets held at amortised cost
This classification applies to the Group's trade & other receivables which are held under a hold to collect business model and which have cash flows that meet the solely payments of principal and interest (SPPI) criteria. At initial recognition, trade and other receivables that do not have a significant financing component, are recognised at their transaction price. Other financial assets are initially recognised at fair value plus related transaction costs; they are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition or modification of a financial asset held at amortised cost is recognised in the income statement.

Financial assets at fair value through other comprehensive income (FVOCI)
The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group has opted to classify financial assets which are investments in equity instruments as financial assets at fair value through other comprehensive income.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets
A forward-looking expected credit loss (ECL) review is required for: debt instruments measured at amortised cost or held at fair value through other comprehensive income; loan commitments and financial guarantees not measured at fair value through profit or loss; lease receivables and trade receivables that give rise to an unconditional right to consideration.

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the "expected credit loss (ECL) model". This replaces IAS 39's "incurred loss model". The Group's instruments within the scope of the new requirements included trade and other receivables.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

As permitted by IFRS 9, the Group applies the "simplified approach" to trade and other receivable balances and the "general approach" to all other financial assets. The simplified approach in accounting for trade and other receivables records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses. The general approach incorporates a review for any significant increase in counterparty credit risk since inception. The ECL reviews include assumptions about the risk of default and expected loss rates.

The nature of the Group's trade and other receivables are such that the expected credit loss is immaterial in the current and prior period, therefore no additional disclosures are considered necessary within the credit risk section of note 21.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and other short term highly liquid deposits with original maturities of three months or less.

Classification and subsequent measurement of financial liabilities
The Group's financial liabilities include trade and certain other payables. Financial liabilities are measured subsequently at amortised cost using the effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 25 December 2022 (2021: for the 52 week period ended 26 December 2021)

2 Significant accounting policies continued

Trade and other payables
Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period, which are unpaid.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Classification of Shares as Debt or Equity
When shares are issued, any component that creates a financial liability of the Group is presented as a liability in the statement of financial position; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the Income Statement. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature.

The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' equity, net of transaction costs.

The carrying amount of the equity component is not remeasured in subsequent periods. The Group's ordinary shares are classified as equity instruments. For the purposes of the disclosures given in note 24, the Group considers its capital to comprise its ordinary share capital, share premium and accumulated retained earnings. There have been no changes to what the Group considers to be capital since the prior period.

Share repurchases
Where shares are repurchased wholly out of the proceeds of a fresh issue of shares made for that purpose, no amount needs to be transferred to a capital redemption reserve as there is no reduction in capital as a result of the purchase and issue of shares.

2.13 Business combinations and goodwill
Other than the group re-organisation that took place prior to Listing, business combinations, which include sites that are operating as a going concern at acquisition and where substantive processes are acquired, are accounted for under IFRS 3 using the purchase method. Any excess of the consideration of the business combination over the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the statement of financial position as goodwill and is not amortised. To the extent that the net fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised immediately in the profit or loss.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 11 for a description of impairment testing procedures.

2.14 Property, plant and equipment
Property, plant and equipment, other than freehold land, are stated at cost or deemed cost less accumulated depreciation and any impairment in value. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, with effect from the first full period of ownership, as follows:

Freehold properties	To residual value over fifty years straight line
Leasehold properties	Straight line over the length of the lease
Fixtures, fittings and equipment	Between four and ten years straight line
Computer equipment	Between two and five years straight line

No depreciation is charged on freehold land. Where there is no depreciation on historic freehold buildings as a result of a high residual value/long useful lives, the freehold building is subject to an impairment review. Residual values and useful lives are reviewed every period and adjusted if appropriate at each financial period end.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

2.15 Investments in subsidiaries
The Company recognises its investments in subsidiaries at cost, less any provisions for impairment. Income is recognised from these investments only in relation to distributions receivable basis from post-acquisition profits. Distributions received in excess of post-acquisition profits are deducted from the cost of the investment.

2.16 Investments in associates and joint ventures

Investments in associates are accounted for using the equity method, unless associates are held indirectly through a venture capital organization (or similar entity), in which case they are measured at fair value through profit or loss.

The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment. When an investment in an associate is held indirectly via an investment manager it is measured at fair value through profit or loss.

Investments in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

2.17 Impairment of goodwill, property, plant and equipment and investments in subsidiaries

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.18 Inventories

Inventories are counted independently and stated at the lower of cost and net realisable value. Cost is calculated using the First In First Out method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

2.19 Leases

For any new contracts entered into on or after 30 December 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 25 December 2022 (2021: for the 52 week period ended 26 December 2021)

2 Significant accounting policies continued

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Where the Group is exposed to potential future increases in variable lease payments based on an index or rate, these are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Subsequent to initial measurement, lease payments are allocated between principal, which reduces the liability, and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group also assesses the right-of-use asset for impairment when such indicators exist.

The Group has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The right-of-use assets and lease liabilities have been disclosed separately on the face of the Statement of Financial Position, within Non-current assets and across Current & Non-current liabilities respectively.

2.20 **Share-based employee remuneration**

The Company operates equity-settled share-based remuneration plans for its employees. None of the Company's plans are cash-settled.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions). The fair value is determined by using the Black-Scholes method.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to share-based payments reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

2.21 **Investment in own shares (JSOP)**

Shares held in the City Pub Group Joint Share Ownership Plan ("JSOP") are shown as a deduction in arriving at equity funds on consolidation. Assets, liabilities and reserves of the JSOP are included in the statutory headings to which they relate. Purchases and sales of own shares increase or decrease the book value of "Own shares" in the statement of financial position. At each period end the Group assess and recognises the value of "Own shares" held with reference to the expected cash proceeds and accounts for any difference as a reserves transfer.

2.22 **Government grants**

The Group has received Government grants for the first time during the period ended 27 December 2020, mainly in relation to the Coronavirus Job Retention Scheme provided by the Government in response to COVID-19's impact on our business. The Group has elected to account for these grants as other operating income, rather than to off-set the Government grants within administrative expenses, so that the gross impact is disclosed on the face of the Statement of Comprehensive Income. These are recognised on an accruals basis and there were no unfulfilled conditions attached to the grants.

2.23 **Treasury shares**

Where the Company purchases the Company's own equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the owners of The City Pub Group plc, as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transactions costs and the related income tax effects, is included in equity attributable to the owners of The City Pub Group plc.

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 25 December 2022 (2021: for the 52 week period ended 26 December 2021)

3 Significant judgements and estimates

The judgements, which are considered to be significant, are as follows:

Acquisitions
Judgement is required when determining if an acquisition is a business combination or a purchase of an asset. Each acquisition is assessed individually to determine which is the most appropriate classification.

Performance review
Judgement is used to determine those items that should be separately disclosed to allow a better understanding of the underlying trading performance of the Group. The judgement includes assessment of whether an item is of a nature that is not consistent with normal trading activities or of a sufficient size or infrequency.

Structure
Judgement is required when accounting for hive ups that are operationally enacted and that determines when control has passed. See note 16.

The estimates, which are considered to be significant, are as follows:

Impairment
The Group determines whether goodwill is impaired on an annual basis and this requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. This involves estimation of future cash flows, choosing a suitable discount rate and growth rate. Full details are supplied in note 11, together with an analysis of the key assumptions. Goodwill as at 25 December 2022 was £2,450,000 (2021: £2,250,000).

The determination of any impairment of property, plant & equipment (including the right of use assets) also requires estimation of fair value and value in use. As with goodwill, this requires estimation of future cash flows and selection of a suitable discount rate, together with assessment of the market values of properties (if applicable). Goodwill was allocated to the carrying value of property, plant & equipment for the purposes of the impairment review, with further details around key assumptions provided in note 11 (such assumptions are also relevant to the carrying value of property, plant & equipment are detailed in note 12). As at 25 December 2022, the carrying value of property, plant and equipment and right of use assets were £99,065,000 (2021: £107,367,000) and £17,565,000 (2021: £17,875,000) respectively. The pre-tax weighted average cost of capital, used as the discount rate, was 10% (2021: 10%).

The calculation of lease liabilities requires the Group to determine an incremental borrowing rate ("IBR") to discount future minimum lease payments. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The IBR used to discount the future minimum lease payments, during the period ended 25 December 2022, ranged from 3.0% to 3.7% (2021: 3.0% to 3.7%).

Share-based payment
The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Group has made estimates as to the volatility of its own shares, the probable life of options granted and the time of exercise of those options. Expectations around employee retention and meeting of performance criteria have also been considered. The model used by the Group is the Black-Scholes valuation model and the inputs are detailed in note 28.

Deferred tax asset
The assessment of the probability of future taxable profits on which deferred tax assets can be utilised is based on the Group's latest approved budget forecasts, which is adjustment for significant non-taxable income and expenditure. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in respect of the period for which future profits can be confidently foreseen.

Useful economic lives of property, plant and equipment
The depreciation charge is dependent on the assumptions used regarding the useful economic lives of assets.

4 Segmental analysis

The Group focuses its internal management reporting predominantly on revenue, adjusted EBITDA (being earnings before exceptional items, share option charge, interest, taxation and depreciation) and operating profit.

The Chief Operating Decision Maker ("CODM") receives information on each pub and each pub is considered to be an individual operating segment. In line with IFRS 8, each operating segment has the same characteristics and therefore the pubs are aggregated to form the reportable segment below.

Revenue, and all the Group's activities, arise wholly from the sale of goods and services within the United Kingdom. All the Group's non-current assets are located in the United Kingdom.

Revenue arises wholly from the sale of goods and services within the United Kingdom.

	2022 £'000	2021 £'000
Revenue	**57,793**	35,364
Cost of sales	**(14,063)**	(8,273)
Gross profit	**43,730**	27,091
Other operating income before adjusting items (note 4(a))	**239**	4,084
Operating expenses:		
Operating expenses before adjusting items	**(33,887)**	(25,254)
Adjusted non-GAAP EBITDA	**10,082**	5,921
Depreciation	**(5,174)**	(4,881)
Share option charge	**(1,042)**	(703)
Exceptional items – operating expenses	**(2,439)**	(4,288)
Total operating expenses	**(42,542)**	(35,126)
Exceptional items – other operating income (note 4(a))	**–**	1,000
Operating profit/(loss)	**1,427**	(2,951)

(a) Other operating income

During 2020 the Group received Government grants for the first time, mainly in relation to the Furlough Scheme provided by the Government in response to COVID-19's impact on our business. Further analysis of other operating income is set out below.

	2022 £'000	2021 £'000
Coronavirus Job Retention Scheme	**–**	2,972
Other government grants	**239**	1,112
Insurance claim (exceptional item note 8)	**–**	1,000
Total other operating income	**239**	5,084

5 Profit/(loss) on ordinary activities before taxation

The profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):

	2022 £'000	2021 £'000
Costs of inventories recognised as an expense	**14,063**	5,502
Staff costs (note 26)	**21,461**	18,691
Depreciation	**5,174**	4,881
Fees payable to the company's auditor for the audit of the company's financial statements	**72**	65
Exceptional items – non-GAAP (note 8)	**2,439**	3,288
Operating leases – land and buildings	**(97)**	(266)

Rent concessions relating to COVID-19 of £nil (2021: £178,000) have been recognised within this balance for 2022.

6 Interest payable and similar charges

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for the 52 week period ended 25 December 2022 (2021: for the 52 week period ended 26 December 2021)

	2022 £'000	2021 £'000
On bank loans and overdrafts	**481**	475
Interest and finance charges for lease liabilities	**637**	656
Interest expense capitalised within property, plant & equipment	**(64)**	(90)
Total finance cost	**1,054**	1,041

During the period £64,000 of interest was capitalised (2021: £90,000).

7 Tax charge on profit/(loss) on ordinary activities

(a) Analysis of tax charge for the period

The tax charge for the Group is based on the profit/(loss) for the period and represents:

	2022 £'000	2021 £'000
Current income tax:		
Current income tax charge	**–**	–
Adjustments in respect of previous period	**(14)**	(24)
Total current income tax	**(14)**	(24)
Deferred tax:		
Origination and reversal of temporary differences (note 23)	**(16)**	280
Adjustment to deferred tax asset on tax losses (note 23)	**(705)**	(515)
Total deferred tax	**(721)**	(235)
Total tax	**(735)**	(259)

(b) Factors affecting total tax for the period

The tax assessed for the period differs from the standard rate of corporation tax in the United Kingdom 19.00% (2021: 19.00%). The differences are explained as follows:

	2022 £'000	2021 £'000
Profit/(loss) on ordinary activities before tax	**216**	(3,127)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19.00% (2021: 19.00%)	**41**	(594)
Effect of:		
Temporary differences	**(317)**	265
Items not deductible for tax purposes	**400**	95
Adjustment in respect of previous periods	**(274)**	(24)
Previously unrecognised tax losses	**(474)**	–
Change in corporation tax rate	**(111)**	–
Share options tax deduction	**–**	(1)
Total tax credit	**(735)**	(259)

The deferred tax asset included in the balance sheet of £1,843,000 (2021: £1,018,000) relates principally to the carry forward of tax losses. The Directors have recognised a deferred tax asset in respect of carried forward trading tax losses as, based on current estimates, the Group is forecast to make sufficient trading profit over the next 3 years, against which these losses can be offset. In March 2021 a change to the future corporation tax rate was substantively enacted to increase from 19% to 25% from 1 April 2023. Accordingly, the rate used to calculate the deferred tax balances at 25 December 2022 is 25% (2021: 25%) as the timing of the release of this asset is materially expected to be after this date.

8 Exceptional items (non-GAAP)

	2022 £'000	2021 £'000
Pre opening costs	**575**	37
Impairment of pub sites	**627**	3,690
Insurance claim	**–**	(1,000)
Site disposals	**962**	–
Other non recurring items	**275**	561
	2,439	3,288

The non-GAAP Exceptional items for both financial periods presented are included within administrative expenditure in the Statement of Comprehensive Income.

9 Dividends

Dividends paid during the reporting period

The Board did not declare a dividend as the Directors believe share buybacks are an efficient way of creating shareholder value (2021: £nil).

Dividends not recognised at the end of the reporting period

Since the period end, the Directors are not proposing a dividend and have continued with the share buyback programme post period end (2021: nil).

10 Earnings/(loss) per share

	2022 £'000	2021 £'000
Earnings/(loss) for the period attributable to Shareholders	**951**	(2,868)
Earnings/(loss) per share:		
Basic earnings/loss per share (p)	**0.92**	(2.76)
Diluted earnings per share (p)	**0.89**	n/a

Weighted average number of shares:	Number of shares	Number of shares
Weighted average shares for basic EPS	**103,845,560**	103,795,354
Effect of share options in issue	**3,524,886**	n/a
Weighted average shares for diluted earnings per share	**107,370,446**	n/a

Own shares held by the City Pub Group plc Joint Share Ownership Plan ("JSOP") or held in Treasury, which have waived their entitlement to receive dividends, are treated as cancelled for the purpose of this calculation.

For the 52 week period ended 26 December 2021, the Group recorded a loss. As a result, share options in issue for this period are considered to be antidliutive and therefore no diluted loss per share has been presented.

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for the 52 week period ended 25 December 2022 (2021: for the 52 week period ended 26 December 2021)

11 Goodwill

Group and Company	2022 £'000	2021 £'000
Cost brought forward	**4,246**	4,196
Additions	**200**	50
Disposal	**(1,224)**	–
At end of period	**3,222**	4,246
Amortisation/impairment brought forward	**(1,996)**	(914)
Impairment provided during the period	**–**	(1,082)
Disposal	**1,224**	–
At end of period	**(772)**	(1,996)
Net book value at end of period	**2,450**	2,250
Net book value at start of period	**2,250**	3,282

The carrying value of goodwill included within the Group and Company statement of financial position is £2,450,000 (2021: £2,250,000), which is allocated to the cash-generating unit ("CGU") of groupings of public houses as follows:

	2022 £'000	2021 £'000
Freehold	**1,574**	1,374
Leasehold	**876**	876
	2,450	2,250

The CGU recoverable amount has been determined as the higher of its fair value less costs to sell and value in use based on an internal discounted cash flow evaluation. During the period ended 25 December 2022 impairments have been made against one site, as described further in note 12, with no in reductions to goodwill.

The fair value less costs to sell is calculated based on the market value of the associated property.

For the 52 week period ended 25 December 2022, the cash-generating unit recoverable amount was determined based on value-in-use calculations, using cash flow projections based on one year budgets, extrapolated into perpetuity for freehold properties and for the length of the lease for leasehold properties, with key assumptions for both CGU's being the long-term growth rate of 2% and pre-tax discount rate of 10%. Cash flows for the businesses are based on management forecasts, which are approved by the Board and reflect management's expectations of sales growth, operating costs and margin based on past experience and anticipated changes in the local market places.

Sensitivity to changes in key assumptions: impairment testing is dependent on management's estimates and judgements, in particular in relation to the forecasting of future cash flows, the long-term growth rate and the discount rate applied to the cash flows.

Lowering the discount rate by 1% from 10% to 9% would have the effect of reducing the impairment charge by £10k to £617k. An increase in the discount rate to 11% would result in the impairment charge increasing by £10k to £637k.

Lowering the long term growth rate used from 2% to 1% would result in an increase in the impairment charge of £6k to £633k. A higher growth rate of 3% would result in the impairment charge reducing by £7k to £620k.

The assumptions and outlined changes in impairment charge noted in the above sensitivities are relevant to the combined carrying value of goodwill and property plant & equipment, and are stated before any allocation between the two asset classes.

12 Property, plant and equipment

Group and Company	Freehold & leasehold property £'000	Fixtures fittings and computers £'000	Total £'000
Cost			
At 27 December 2020	**96,782**	**31,464**	**128,246**
Additions	1,405	4,178	5,583
Acquisitions	1,600	50	1,650
Disposals	(3,175)	(745)	(3,920)
At 26 December 2021	**96,612**	**34,947**	**131,559**
Additions	1,527	8,799	10,326
Acquisitions	1,395	450	1,845
Disposals	(17,705)	(3,785)	(21,490)
At 25 December 2022	**81,829**	**40,411**	**122,240**
Depreciation			
At 27 December 2020	**5,374**	**14,299**	**19,673**
Provided during the period	587	2,703	3,290
Impairment	967	1,582	2,549
Disposals	(921)	(399)	(1,320)
At 26 December 2021	**6,007**	**18,185**	**24,192**
Provided during the period	735	2,896	3,631
Impairment	189	47	236
Disposals	(2,107)	(2,777)	(4,884)
At 25 December 2022	**4,824**	**18,351**	**23,175**
Net book value			
At 25 December 2022	**77,005**	**22,060**	**99,065**
At 26 December 2021	90,605	16,762	107,367
At 27 December 2020	91,408	17,165	108,573

During the period ended 25 December 2022 the group made a provision for impairment against one site totalling £627,000, split £189,000 against freehold & leasehold property, £47,000 against fixtures and fittings and £391,000 against right of use assets. During the period ended 26 December 2021 the group made a provision for impairment against a number of sites totalling £3,690,000, split £1,082,000 against goodwill, £967,000 against freehold & leasehold property, £1,582,000 against fixtures and fittings and £59,000 against right of use assets.

The assumptions and sensitivities relating to the Group's impairment review laid out in note 11 are also relevant to this note.

During the period ended 25 December 2022 the group capitalised £64,000 (2021: £90,000) of interest within the Freehold & Leasehold property asset.

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 25 December 2022 (2021: for the 52 week period ended 26 December 2021)

13 Leases

Group and Company

This note provides information for leases where the Group is a lessee. The Group enters into property leases for certain of its pub sites. The lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

(i) amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

Group and Company	2022 £'000	2021 £'000
Right-of-use assets		
Net book value at start of period	**17,875**	19,565
Additions	**3,568**	1,192
Disposals	**(1,944)**	(1,232)
Impairment	**(391)**	(59)
Depreciation	**(1,543)**	(1,591)
Total	**17,565**	17,875
Lease liabilities – see note 20		
Current	**1,915**	1,912
Non-current	**16,674**	16,473
Total	**18,589**	18,385

Additions to the right-of-use assets during the 2022 financial period were £3,568,000 (2021: £1,192,000). Following the publication on the amendment to IFRS 16 in relation to rent concessions, the Group has applied the practical expedient in all cases where relevant conditions were met. These concessions totalled a credit to the income statement for the period of £nil (2021: £178,000). Changes in leases which do not fulfil the criteria of the practical expedient have been treated as additions or disposals in line with normal IFRS 16 accounting.

Details of the maturity analysis of the leases is provided in note 21 and reconciliation of the lease liabilities from prior period is provided within note 20.

The assumptions and sensitivities relating to the Group's impairment review laid out in note 11 are also relevant to this note. The impairment review resulted in the impairment of the right-of-use assets relating to one site.

(ii) amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

Group and Company	2022 £'000	2021 £'000
Depreciation charge		
Leasehold Properties	**1,543**	1,591
Interest expense (included in finance cost)	**637**	656

The total cash outflow for leases in 2022 was £1,999,000 (2021: £2,071,000), see note 20.

14 Financial assets at fair value through other comprehensive income

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
At start of period	**254**	1,309	**71**	1,309
Additions	**626**	916	**–**	751
Transfer to Associates (note 15)	**–**	(1,239)	**–**	(1,239)
Disposals/repayments	**–**	(750)	**–**	(750)
Revaluations	**(494)**	18	**–**	–
At end of period	**386**	254	**71**	71

During the period the group made additional smaller strategic equity investments, which have been designated as fair value through other comprehensive income. Investments, totalling £627,000 (2021: £165,000), were made through a subsidiary company rather than being held directly by the parent company.

The Company acquired an initial 14% stake in the Mosaic Companies in September 2020 for £1.2m. During the period ended 26 December 2021 the group increased its stake to 24% in certain companies within the Mosaic Pub and Dining Group, through the acquisition of existing shares in The Galaxy (City) Pub Company Limited, The Pioneer (City) Pub Company Limited and The Sovereign (City) Pub Company Limited (the "Mosaic Companies") for a total cash consideration of approximately £1.2m. This additional investment resulted in the Mosaic companies becoming Associate investments and therefore the original stake acquired in the prior period was transferred to Associates – see note 15.

15 Investments in associates and joint ventures

Associates – Group and Company	2022 £'000	2021 £'000
Aggregate carrying amount of associated at the start of the period	**4,248**	–
Additions in the period	**1,763**	2,144
Transfer from financial assets at fair value through other comprehensive income (note 14)	**–**	1,239
Revaluations through profit and loss	**–**	943
Aggregate amounts of the group's share of:		
Loss from associates	**(114)**	(78)
Total comprehensive income	**(114)**	(78)
Aggregate carrying amount of associates at the end of the period	**5,897**	4,248

The Group has recognised its share of the Associate's operating losses during the period since ownership.

As noted in note 15, during the prior period the Group's interest in the Mosaic Companies exceeded 20% and is therefore deemed to give rise to the power to the Group to exert significant influence. As such, the Directors consider the Mosaic Companies to have become associates and the investment has been reclassified as such. During the period ended 25 December 2022 the Group participated in additional fund raisings, totalling £1,738,000, resulting in a stake of 35.9% at the period end.

The Mosaic Companies own nine prominent pubs, predominantly in London and Birmingham, of which seven are freehold.

The City Pub Group and Mosaic jointly negotiate their major liquor supply deals (draught beer, spirits, wines, soft drinks) and the Company's investment will help to cement this relationship. It is the intention of both the Company and Mosaic to assist each other in advancements in technology, especially in areas such as the City Club app.

Clive Watson is an investment consultant to Mosaic. Richard Prickett, Non-Executive Director of the City Pub Group, is a Non-Executive Director of The Pioneer (City) Pub Company Limited.

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for the 52 week period ended 25 December 2022 (2021: for the 52 week period ended 26 December 2021)

15 Investments in associates and joint ventures continued

All of the investments in associates were equity accounted for during the year ended 25 December 2022 and relate to companies incorporated within the United Kingdom. The investments at cost in each Associate, as at 25 December 2022, is as follows: The Galaxy (City) Pub Company Limited £1,683,400; The Pioneer (City) Pub Company Limited £1,683,300; The Sovereign (City) Pub Company Limited £1,683,300, Barts Pub Ltd £683,000; and Bupp Ltd £163,000.

For the majority of the prior period, the Group held its interest in Mosaic through an independently managed investment fund and therefore, in reflection in the Group's assessment of its valuation and in accordance with IAS 28, it has been measured at a fair value through profit and loss. Prior to the period end, the Group took direct control of the investment, meaning that prospectively the investment in Mosaic will be accounted for in accordance with the equity method. The Group's share of Mosaic's profits and losses for the period after it took direct ownership is not considered material.

During the period ended 25 December 2022 the Group invested £150,000 in a joint venture.

Joint Ventures – Group and Company	2022 £'000	2021 £'000
Additions in the period	**150**	–
Aggregate amounts of the group's share of:		
Loss from continuing operations	**(43)**	–
Total comprehensive income	**(43)**	–
Aggregate carrying amount of joint ventures at the end of the period	**107**	–
Aggregate carrying amount of associates and joint ventures at the end of the period	**6,004**	4,248

16 Investments in subsidiaries

Company	2022 £'000	2021 £'000
At start of period	**801**	1,067
Write-down of investment	**–**	(266)
At end of period	**801**	801

The investment in Flamequire was written down in the prior period as an application to strike off the entity was made in December 2021, which was concluded in March 2022.

The Company had the following subsidiary undertakings as at 25 December 2022:

Name of subsidiary	Class of share held	Country of incorporation	Proportion held	Nature of business
The City Pub Company (West) Limited	Ordinary	England and Wales	100%	Dormant
BNB Leisure Limited	Ordinary	England and Wales	100%	Dormant
Gresham Collective Ltd	Ordinary	England and Wales	100%	Dormant
Randall & Zacharia Limited	Ordinary	England and Wales	100%	Dormant

The above companies all had the same registered office as the parent company, being Essel House, 2nd Floor, 29 Foley Street, London, W1W 7TH.

17 Inventories

Group and Company	2022 £'000	2021 £'000
Finished goods and goods for resale	**1,152**	1,048

There were no inventory write offs during the period ended 25 December 2022 nor in the period ended 26 December 2021.

18 Trade and other receivables

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Trade receivables	**163**	674	**163**	674
Government grant receivables	**–**	–	**–**	–
Corporation tax receivables	**130**	170	**130**	170
Other receivables	**1,688**	1,216	**1,688**	1,216
Amounts due from group undertakings	**–**	–	**386**	165
Prepayments and accrued income	**1,678**	1,271	**1,678**	1,271
	3,659	3,331	**4,045**	3,496

Rent deposits are included within other receivables, greater than one year. They are at £319,000 (2021: £319,000). In addition the other receivables in 2021 include £300k of deferred consideration relating to the disposal of The Island, Kensal Rise, which is payable over 4 years. The Group held no collateral against these receivables at the balance sheet dates. The Directors consider that the carrying value of receivables are recoverable in full and that any expected credit losses are immaterial.

19 Current trade and other payables

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Trade payables	**5,870**	4,188	**5,870**	4,188
Corporation taxation	**–**	–	**–**	–
Other taxation and social security	**2,664**	1,498	**2,664**	1,498
Amounts due to group undertakings	**–**	–	**801**	801
Accruals	**3,072**	5,062	**3,072**	5,062
Other payables	**2,325**	1,466	**2,325**	1,466
	13,931	12,214	**14,732**	13,015

Included within Other taxation and social security is £nil (2021: £nil), which is due to be repaid greater than one year.

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for the 52 week period ended 25 December 2022 (2021: for the 52 week period ended 26 December 2021)

20 Borrowings and lease liabilities

Group and Company	2022 £'000	2021 £'000
Current borrowings and financial liabilities:		
Lease liabilities	**1,915**	1,912
Non-current borrowings and financial liabilities:		
Bank loans	**7,657**	24,750
Lease liabilities	**16,674**	16,473
	24,331	41,223

At 25 December 2022 a revolving credit facility of £35,000,000 with £7,657,000 drawn (2021: £35,000,000 with £24,750,000 drawn) was outstanding, net of capitalised arrangement fees, Barclays Bank PLC had a fixed charge over certain freehold property as security in respect of this loan. Interest was charged at LIBOR plus a margin, which varied dependent on the ratio of net debt to EBITDA. During the prior period the revolving credit facility was extended for an additional 2 years to July 2024.

Reconciliation of liabilities arising from financing activities
The changes in the Group's and Company's liabilities arising from financing activities can be classified as follows:

	Long-term Borrowings £'000	Short-term Borrowings £'000	Total £'000
At 26 December 2021	24,750	–	24,750
Cash flows:			
Repayment	(17,000)	–	(17,000)
Non-cash items:			
Amortisation of loan arrangement fees	(93)	–	(93)
At 25 December 2022	**7,657**	**–**	**7,657**

	Long-term Borrowings £'000	Short-term Borrowings £'000	Total £'000
At 27 December 2020	24,801	–	24,801
Cash flows:			
Repayment	–	–	–
Non-cash items:			
Amortisation of loan arrangement fees	(51)	–	(51)
At 26 December 2021	**24,750**	**–**	**24,750**

The changes in the Group's and Company's liabilities arising from leases can be classified as follows:

	Long-term Lease liabilities £'000	Short-term Lease liabilities £'000	Total £'000
At 26 December 2021	16,473	1,912	18,385
Cash flows:			
Repayments	–	(1,999)	(1,999)
Accrued interest	–	637	637
Non-cash items:			
Additions	3,568	–	3,568
Disposals	(2,002)	–	(2,002)
Reclassification	(1,365)	1,365	–
At 25 December 2022	**16,674**	**1,915**	**18,589**

	Long-term Lease liabilities £'000	Short-term Lease liabilities £'000	Total £'000
At 27 December 2020	17,750	2,103	19,853
Cash flows:			
Repayments	–	(2,071)	(2,071)
Accrued interest	–	656	656
Non-cash items:			
Additions	1,192	–	1,192
Disposals	(1,245)	–	(1,245)
Reclassification	(1,224)	1,224	–
At 26 December 2021	**16,473**	**1,912**	**18,385**

21 Financial instruments and risk management

Financial instruments by category:

	Group 2022 £'000	Group 2021 £'000	**Company 2022 £'000**	Company 2021 £'000
Financial assets – loans and receivables				
Trade and other receivables	**1,851**	1,890	**1,851**	1,890
Amounts owed by group undertakings	**–**	–	**386**	165
Cash and cash equivalents	**4,121**	12,510	**4,121**	12,510
	5,972	14,400	**6,358**	14,565

Prepayments are excluded, as this analysis is required only for financial instruments

	Group 2022 £'000	Group 2021 £'000	**Company 2022 £'000**	Company 2021 £'000
Non-current				
Borrowings	**7,657**	24,750	**7,657**	24,750
Lease liabilities	**16,674**	16,473	**16,674**	16,473
	24,331	41,223	**24,331**	41,223
Current				
Current borrowings	**–**	–	**–**	–
Lease liabilities	**1,915**	1,912	**1,915**	1,912
Trade and other payables	**8,195**	5,654	**8,195**	5,654
Amounts due to group undertakings	**–**	–	**801**	801
	10,110	7,566	**10,911**	8,367

Statutory liabilities and deferred income are excluded from the trade payables balance, as this analysis is required only for financial instruments.

There is no material difference between the book value and the fair value of the financial assets and financial liabilities disclosed above.

The Group's operations expose it to financial risks that include market risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous periods.

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21 Financial instruments and risk management continued

Group and Company

Cash at bank and short-term deposits	2022 £'000	2021 £'000
A1	**4,091**	12,210
Not rated	**30**	300
	4,121	12,510

A1 rating means that the risk of default for the investors and the policy holder is deemed to be very low.

Not rated balances relate to petty cash amounts.

Market risk – cash flow interest rate risk

The Group had outstanding borrowing of £8,000,000 at period end (2021: £25,000,000) as disclosed in note 20. These were loans taken out with Barclays to facilitate the purchase of public houses.

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At 25 December 2022, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The exposure to interest rates for the Group's cash at bank and short-term deposits is considered immaterial.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% on borrowings in the period. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate on borrowings for each period. All other variables are held constant.

	Profit for the period		Equity	
	+2% (2021: +1%) £'000	-2% (2021: –1%) £'000	+2% (2021: +1%) £'000	-2% (2021: –1%) £'000
25 December 2022	**(160)**	**160**	**(160)**	**160**
26 December 2021	(250)	250	(250)	250

Credit risk

The risk of financial loss due to a counter party's failure to honour its obligations arises principally in relation to transactions where the Group provides goods and services on deferred payment terms and deposits surplus cash.

Group policies are aimed at minimising losses and deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Individual customers are subject to credit limits to control debt exposure. Credit insurance is taken out where appropriate for wholesale customers and goods may also be sold on a cash with order basis.

Cash deposits with financial institutions for short periods are only permitted with financial institutions approved by the Board. There are no significant concentrations of credit risk within the Group. The maximum credit risk exposure relating to financial assets is represented by their carrying value as at the financial period end.

Liquidity risk
The Group actively maintains cash and banking facilities that are designed to ensure it has sufficient available funds for operations and planned expansions. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the period end date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
As at 25 December 2022:				
Borrowings	**–**	**–**	**7,657**	**–**
Lease liabilities	**1,915**	**1,930**	**5,498**	**14,833**
Trade and other payables	**8,195**	**–**	**–**	**–**
As at 26 December 2021:				
Borrowings	–	–	24,750	–
Lease liabilities	1,912	1,912	5,613	14,312
Trade and other payables	5,654	–	–	–

Company	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
As at 25 December 2022:				
Borrowings	**–**	**–**	**7,657**	**–**
Lease liabilities	**1,915**	**1,930**	**5,498**	**14,833**
Trade and other payables	**8,996**	**–**	**–**	**–**
As at 26 December 2021:				
Borrowings	–	–	24,750	–
Lease liabilities	1,912	1,912	5,613	14,312
Trade and other payables	6,455	–	–	–

Capital risk management
The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to shareholders through optimising the debt and equity balance.

The Group monitors cash balances and prepare regular forecasts, which are reviewed by the board. In order to maintain or adjust the capital structure, the Group may, in the future, return capital to shareholders, issue new shares or sell assets to reduce debt.

22 Fair value measurements of financial instruments
Financial assets and financial liabilities measured at fair value are required to be grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3: unobservable inputs for the asset or liability.

During the period ended 25 December 2022 the Group acquired investments in other companies, which have been recognised at fair value in the prior period and at the current reporting date.

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23 Deferred tax

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Provision for deferred tax liabilities				
Accelerated capital allowances	**1,308**	1,324	**1,308**	1,324
Arising on revaluations	**–**	3	**–**	–
Arising on acquisition	**1,137**	1,137	**1,137**	1,137
	2,445	2,464	**2,445**	2,461
Provision at the start of the period	**2,464**	2,181	**2,461**	2,181
Deferred tax charge through OCI	**(3)**	3	**–**	–
Deferred tax charge through profit or loss	**(16)**	280	**(16)**	280
Provision at the end of the period	**2,445**	2,464	**2,445**	2,461

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Deferred tax asset				
Arising on tax losses carried forward	**1,723**	1,018	**1,723**	1,018
Arising on revaluations	**120**	–	**–**	–
	1,843	1,018	**1,723**	1,018
Deferred tax asset at the start of the period	**1,018**	503	**1,018**	503
Deferred tax credit through OCI	**120**	–	**–**	–
Deferred tax credit through profit or loss	**705**	515	**705**	515
Deferred tax asset at the end of the period	**1,843**	1,018	**1,723**	1,018

24 Share capital

	2022 £'000	2021 £'000
Allotted called up and fully paid		
105,793,430 Ordinary shares of 1 pence each (2021: 105,793,430)	**1,058**	1,058
3,021,770,759 Deferred shares of 1 pence each (2021: 3,021,770,759)	**30,218**	30,218
Total	**31,276**	31,276

There were no shares issued during the period ended 25 December 2022.

In the prior period the following share issues took place. In May 2021 the Group issued 22,500 £0.01 shares at a price of £1.00 per share in relation to the exercise of share options. The premium on the shares issued was credited to the share premium account.

In September 2021 the Group issued 86,505 £0.01 shares at a price of £1.156 per share in relation to the acquisition of The Cliftonville Hotel in Cromer, Norfolk. The premium on the shares issued was credited to the share premium account.

The ordinary shareholders are entitled to be paid a dividend out of any surplus profits and to participate in surplus assets on winding up in proportion to the nominal value of each class of share. All equity shares in the Company carry one vote per share.

The deferred shareholders are not entitled to be paid a dividend out of any surplus profits and only participate in surplus assets on winding up after certain conditions. The deferred shares do not entitle the holder to vote at a General Meeting.

The ordinary share capital account represents the amount subscribed for shares at nominal value.

	£0.01 Ordinary shares Number	£0.50 Ordinary shares Number	Deferred shares Number
At 27 December 2020	–	105,684,425	3,021,770,759
Issue of new ordinary shares on exercise of share options	–	22,500	–
Issue of new ordinary shares	–	86,505	–
At 26 December 2021 and 25 December 2022	**–**	**105,793,430**	**3,021,770,759**

Own shares held – JSOP

The Group announced the establishment of a Joint Share Ownership Plan ("JSOP") in January 2018, as detailed in the Company's AIM Admission Document, to be used as part of the remuneration arrangements for employees. This resulted in the purchase of the Group's own shares and the creation of an Employee Benefit Trust.

The JSOP purchases shares in the Company to satisfy the Company's obligations under its JSOP performance share plan. No shares (2021: no shares) in the Company were purchased during the period at a cost of £nil (2021: £nil).

At 25 December 2022 the JSOP held 1,925,000 ordinary shares in The City Pub Group plc (2021: 1,925,000).

At 25 December 2022 awards over 675,000 (2021: 675,000) ordinary shares The City Pub Group plc, made under the terms of the performance share plan, were outstanding.

Own shares held – Treasury shares

During the period ended 25 December 2022 the Group announced the launch of a share buyback programme of its ordinary shares of 1p each ("Ordinary Shares") up to an initial maximum value of £2 million worth of Ordinary Shares from the date of the announcement, on 5 October 2022, with the option to extend the Share Buyback Programme by an additional £1 million. The purchased Ordinary Shares will be held in Treasury. As at 25 December 2022 the Group held 128,365 shares in Treasury (2021: nil).

Group	JSOP £'000	Treasury £'000	Total £'000
Balance at 27 December 2020 and 26 December 2021	(3,272)	–	(3,272)
Additions in the period	–	(87)	(87)
Balance at 25 December 2022	**(3,272)**	**(87)**	**(3,359)**

Nature and purpose of reserves

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Own shares (JSOP) represents shares in the Company purchased by the Group's Employee Benefit Trust as part of a Joint Share Ownership Plan ("JSOP").

Own shares (Treasury) represents shares in the Company purchased as part of the Group's share buyback programme.

The other reserve has arisen from using the predecessor value method to combine the results of the Company and its subsidiary The City Pub Company (West) Limited, which was acquired through a share for share exchange as part of the reorganisation of two entities under common control prior to the Company's Listing on AIM. The reserve represents the share premium that exists within The City Pub Company (West) Limited.

Share-based payments reserve is used to recognise the grant date fair value of options issued to employees but not exercised.

Retained earnings include all results as disclosed in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 25 December 2022 (2021: for the 52 week period ended 26 December 2021)

25 Other reserves

Group	Other reserve £'000	Share-payment based reserve £'000	Revaluation reserve £'000	Total £'000
Balance at 27 December 2020	92	1,374	–	1,466
Employee share-based compensation	–	703	–	703
Transactions with owners	–	703	–	703
Revaluation – gross	–	–	18	18
Deferred tax on revaluation	–	–	(3)	(3)
Total comprehensive income for the period	–	–	15	15
Balance at 26 December 2021	92	2,077	15	2,184
Employee share-based compensation	–	1,042	–	1,042
Transactions with owners	–	1,042	–	1,042
Revaluation – gross	–	–	(494)	(494)
Deferred tax on revaluation	–	–	123	123
Total comprehensive income for the period	–	–	(371)	(371)
Balance at 25 December 2022	**92**	**3,119**	**(356)**	**2,855**

26 Staff costs

Number of employees

The average monthly numbers of employees (including salaried Directors) during the period was:

	2022	2021
Management and Administration	**90**	83
Operation of Public Houses	**963**	879
	1,053	962

Employment costs (including Directors)

	2022 £'000	2021 £'000
Wages and salaries	**18,803**	16,701
Pension costs	**364**	336
Social security costs	**1,450**	951
Share based payments charge	**844**	703
	21,461	18,691

27 Directors' remuneration

Single total figure of remuneration table

The following table shows a breakdown of the remuneration of individual Directors who served in all or part of the period (the Company consider that the Directors are their key management personnel):

	Salary/Fees		Taxable Benefits		Pension/Other		Compensation for loss of office		Total	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Clive Watson	**180**	153	**5**	5	**18**	20	**–**	–	**203**	178
Rupert Clark	**180**	153	**9**	9	**19**	21	**–**	–	**208**	183
Tarquin Williams	**23**	135	**1**	2	**15**	23	**144**	–	**183**	160
Toby Smith	**280**	253	**2**	10	**–**	–	**–**	–	**282**	263
Holly Elliott	**220**	18	**–**	–	**3**	–	**–**	–	**223**	18
Richard Prickett	**55**	48	**–**	–	**–**	–	**–**	–	**55**	48
John Roberts*	**–**	33	**–**	–	**–**	34	**–**	–	**–**	67
Neil Griffiths	**48**	42	**–**	–	**–**	–	**–**	–	**48**	42
Emma Fox	**48**	30	**–**	–	**–**	–	**–**	–	**48**	30
Total	**1,034**	865	**17**	26	**55**	98	**144**	–	**1,250**	989

* John Roberts provides brewery consultancy services to the Group in relation to our seven microbreweries. The fees for these consultancy services are included within the Other column.

Emoluments in respect of the Directors are as follows:

	2022 £'000	2021 £'000
Remuneration for qualifying services	**1,250**	989

The highest paid Director in the period received remuneration of £282,000; (2021: £263,000). Four directors had equity settled share options in issue at the period end (2021: Four). Additional information on Directors' remuneration is given within the Corporate Governance Report.

28 Share-based payments

The Group provides share-based payments to employees, which are all equity settled, in the form of a Company Share Ownership Plan (CSOP), started in 2016, a Joint Share Ownership Plan ("JSOP") started in 2018 and the Group's Long Term Incentive Plan ("LTIP") started in 2020. The Company uses the Black-Scholes valuation model to value these types of share-based payment plan and the resulting value is amortised through the consolidated income statement over the vesting period of the share-based payments.

In prior periods the Group also operated an equity settled share option plan known as the Enterprise Management Incentive Share Option Plan. The Group was required to reflect the effects of share-based payment transactions in profit or loss and in its statement of financial position. For the purposes of calculating the fair value of share options granted, the Black Scholes Pricing Model was used by the Group. Fair values have been calculated on the date of grant. A key input into the model is the share price, on the date of grant of the options. The share price has been estimated based on the most recent subscription for shares. In the prior period a transfer was made between the share-based payment reserve and the retained earnings in respect of the EMI share options that were all exercised during the prior period.

During the period ended 25 December 2022 953,892 options were granted under the CSOP scheme (2021: 175,000 options granted), 1,000,000 options were granted under the Group's Long Term Incentive Plan (2021: 2,950,000 options granted); and no awards were made under the JSOP scheme (2021: no awards). A share-based payment charge of £1,042,000 (2021: £703,000) has been reflected in the consolidated statement of comprehensive income.

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28 Share-based payments continued

The fair value of options granted in the current period and the assumptions used in the calculation are shown below:

Period of grant	2022 – CSOP	2022 – LTIP
Exercise price (£)	0.90	–
Number of awards granted	953,892	1,000,000
Performance based criteria (see Directors options for criteria)	No	Yes
Vesting period (years)	3	3
Expected Life (years)	7	4
Contractual life (years)	10	10
Risk free rate	2.216%	2.239%
Expected dividend yield	1.40%	1.00%
Volatility	30%	27%
Fair value (£)	0.31	0.93

The volatility assumption above has been calculated based on the historical volatility of the Company's share price, over the relevant period.

Movements in share-based payments are summarised in the table below:

	2022 Number of Awards	2022 Weighted average exercise price £	2021 Number of Awards	2021 Weighted average exercise price £
Outstanding at start of period	7,960,000	0.44	6,980,000	0.90
Granted	1,953,892	0.44	3,125,000	0.07
Exercised	–	–	(22,500)	1.00
Expired	(379,723)	0.94	(2,122,500)	1.73
Outstanding at end of period	9,534,169	0.41	7,960,000	0.44
Exercisable at end of period	1,132,500	1.70	1,165,000	1.68

The weighted average remaining contractual life of options outstanding at the end of the period is 7.82 years (2021: 8.42 years).

Previous issues of CSOPs in both 2016 and 2018 had a vesting period of 3 years, an expected life of 7 years and a contractual life of 10 years. The exercise price for the 2016 CSOPs was £1.00 and the exercise price for the 2018 CSOPs was £1.70. The JSOP has an exercise price of £2.05 and contractual life of 10 years.

At the end of the period there were 9,534,169 outstanding options (2021: 7,960,000). The breakdown of these is as follows:

345,000 – 2016 CSOP; 112,500 – 2018 CSOP; 675,000 – JSOP; 1,900,000 – 2020 LTIP; 2,035,000 – 2020 CSOP; 25,000 – 2021 CSOP; 2,550,000 – 2021 LTIP; 891,669 – 2022 CSOP; and 1,000,000 – 2022 LTIP.

29 Ultimate controlling party and related party transactions

The Directors consider there to be no ultimate controlling party. The following related party transactions took place during the period:

£5,000 (2021: £3,500) was paid to Helen Watson, who is related to Clive Watson. At the period end Helen Watson was owed £nil (2021: £nil).

During the period ended 25 December 2022 the Group acquired an additional 12% in the Mosaic entities for a total cash consideration of approximately £1.7m, on an arm's length basis, giving a total investment of £4.2m at the year end. As at 25 December 2022 the Group had an investment in an Associate, being a 36% in certain companies within the Mosaic Pub and Dining Group, through the acquisition of existing shares in The Galaxy (City) Pub Company Limited, The Pioneer (City) Pub Company Limited and The Sovereign (City) Pub Company Limited (the "Mosaic Companies"). There were no transactions between the Group and the Mosaic entities. Clive Watson is an investment consultant to Mosaic. Richard Prickett, Non-Executive Director of the City Pub Group, is a Non-Executive Director of The Pioneer (City) Pub Company Limited, a company which forms part of the Mosaic Pub and Dining Group. James Watson, CEO of Mosaic, is related to Clive Watson.

Remuneration of Key Management Personnel
The Company consider that the Directors are their key management personnel and further detail of their remuneration is disclosed in note 27.

No key personnel other than the directors have been identified in relation to the periods ended 25 December 2022 and 26 December 2021.

30 Post balance sheet events

Pub acquisitions
The Group acquired a new pub, The Bridge located in Barnes. The purchase completed post period end on 9 January 2023 and the consideration was not material.

Pub disposals
The Group disposed of The Yard surrendering the lease and the sale completed on 24 March 2023 and the proceeds were not material.

Barts Pub Limited Investment
We increased our investment in Barts Pub Limited by £851,000 in March 2023. Our total stake in Barts Pub Limited is now 99% for a total investment of £1.6m. Barts Pub Limited ceased trading during 2022, and therefore will not be accounted as a business combination.

Share Buyback Programme
The share buyback programme was announced during the period and continued post period end. The purchased Ordinary Shares will be held in Treasury. As at 17 April 2023, the Group held 1,028,212 shares in Treasury (2021: nil).

Mosaic Investment
We also recently announced that we increased our investment in Mosaic Pub and Dining (Tranche one of companies) by £2.2m in April 2023. Our total stake in Mosaic is now 48%.

31 Capital commitments

At the period end the Group and Company has no capital commitments.

32 Business combinations

During the period the Group acquired Potters in Newport through a business combination, the fair values of the assets and liabilities acquired, and the nature of the consideration, are outlined within the table below. The acquisition, which was a trade and assets deal, was part of the Group's continuing strategy to expand its pub portfolio via selective quality acquisitions.

Group & Company	£'000
Provisional fair value:	
Property, plant and equipment acquired	1,845
Goodwill	200
Total	**2,045**
Satisfied by:	
Cash	2,045
Shares	–
Total	**2,045**

All other pub acquisitions have been accounted for as property acquisitions.

DIRECTORS, OFFICERS AND COMPANY INFORMATION

Directors	Clive Watson ACA – Executive Chairman Rupert Clark – Chief Operating Officer Holly Elliott – Chief Financial Officer Richard Prickett FCA – Non Executive Director Emma Fox – Non Executive Director Neil Griffiths – Non Executive Director
Secretary and Registered Office	Christopher Merriman Essel House 2nd Floor 29 Foley Street London W1W 7TH
Nominated Adviser and Corporate Broker	Liberum Capital Limited 25 Ropemaker Street London EC2Y 9LY
Auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
Solicitors	Addleshaw Goddard LLP Exchange Tower 19 Canning Street Edinburgh EH3 8EH
Bankers	Barclays Bank PLC Exchange Tower 2 Harbour Exchange Square London E14 9GE
Registrars	Equiniti Limited Aspect House Spencer Road Lancing BN99 6DA
Company registration number:	07814568

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The City Pub Group plc
Essel House
2nd Floor,
29 Foley Street,
London, W1W 7TH

0207 559 5106

citypubcompany.com