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

**INTERIM RESULTS FOR THE 26 WEEKS ENDED 30 SEPTEMBER 2024**

***STRONG PROFIT PERFORMANCE SUPPORTED BY CITY PUBS INTEGRATION***

| | **2024 £m** | 2023 £m | **% change** |
|---|---|---|---|
| **Revenue** | **250.0** | 196.5 | **+27.2** |
| **Adjusted operating profit[1]** | **38.1** | 31.0 | **+22.9** |
| **Adjusted EBITDA[1]** | **59.0** | 47.9 | **+23.2** |
| **Adjusted profit before tax[1]** | **28.3** | 28.0 | **+1.1** |
| **Profit before tax** | **25.3** | 24.5 | **+3.3** |
| **Net debt** | **255.8** | 110.8 | **+130.9** |
| **Net debt to EBITDA[1 2]** | **2.6x** | 1.3x | **-1.3x** |
| **Net debt (including leases)** | **346.5** | 184.0 | **+88.3** |
| **Net debt to EBITDA (including leases)[1 2]** | **3.4x** | 2.1x | **-1.3x** |
| **Adjusted basic earnings per share[1]** | **36.72p** | 36.08p | **+1.8** |
| **Basic earnings per share** | **32.21p** | 29.75p | **+8.3** |
| **Interim dividend per share[3]** | **11.53p** | 10.88p | **+6.0** |
| **Net assets per share[4]** | **£12.67** | £12.50 | **+1.4** |

*This interim period includes a full half year contribution from the City Pub Group acquisition.*

1 Reference to an 'adjusted' item means that item has been adjusted to exclude non-underlying items (see note 2 for adjusted items and note 5 for earnings per share).

2 Net debt to adjusted EBITDA has been calculated based on the last 12 months' actual adjusted EBITDA of £98.2 million and £103.3 million including leases (see note 7 for net debt).

3 The interim dividend, in respect of the period ended 30 September 2024, is expected to be paid on 6 December 2024 (see note 6).

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

**HIGHLIGHTS**

- Total revenue for the period up 27.2% to £250.0 million, and adjusted EBITDA up 23.2% to £59.0 million with managed house EBITDA for the period up 25.1% to £73.8 million.

- Like-for-like revenue growth of 4.4% (5.2% excluding Easter impact) set against the challenging early spring and summer weather, supported by an excellent EURO 24.

- Adjusted operating profit up £7.1 million to £38.1 million, driven by a sector leading margin of 15.2%, despite continued National Living Wage increases of almost 10%, utility costs and quarter one dual running costs from the City Pub Group acquisition.

- £21.7 million of investment in the period, £19.4 million invested in our existing Young's estate, with a further £2.3 million invested in the City Pub Group estate. The value of our freehold estate as at 1 April 2024 was £1.0 billion.

- Healthy cash generation alongside the planned selective disposal of six pubs has reduced the year end net debt position by £12.0 million to £255.8 million (£346.5 million including leases), with net debt to EBITDA at 2.6 times (3.4 times including leases), in line with our target post the City Pub Group acquisition.

- Interim dividend of 11.53 pence per share, an increase of 6.0%, reflecting our progressive dividend policy.

- Like-for-like managed house revenue for the last eight weeks was ahead of last year by 6.0%; and accelerating to 9.2% in the last three weeks, demonstrating the benefit of the Autumn Internationals.

- Successful integration of City Pub Group into the Young's estate, head office synergies have already been realised, and further food and drink margin benefits progressing in line with the acquisition plan.

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

"We've achieved a huge amount as a business in the last six months, reflected in another strong set of results. The City Pub Group integration has gone well, with the pub teams welcomed into the Young's family and all operational control brought together under one leadership team. Our teams have done a fantastic job, and I'm looking forward to seeing our pubs thrive together"

"I am very pleased with our performance and the progress we have made during the period, which has been achieved despite some challenges. The weather was frustrating yet again, with a wet spring and limited periods of prolonged sunshine during the summer months, however EURO24 and England's successful run to the final, provided a welcome boost to drink sales with our pubs performing exceptionally well on match days"

"The new Government's budget will result in significant increased costs for our industry in the near term through rises in National Minimum Wage and Employer's NI payments. We expect the cost impact to be approximately £11 million on an annualised basis from next April. We will work to see how we can mitigate these headwinds without passing on all the cost to our loyal customers. We would like to see certainty and delivery of real business rate reform which will benefit all hospitality businesses"

"Given the quality of our estate and on-going strategy, we remain confident in our ability to deliver long-term growth, including achieving the planned synergies from the City Pub Group acquisition."

**For further information, please contact:**


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|---|---|
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## INTERIM STATEMENT

I am very pleased with the performance of our business during the first half of the year. EURO24, and particularly England's successful run to the final, provided a welcome boost to drink sales with our pubs performing exceptionally well on match days. As always, the weather played its part, with spring generally wet, very limited periods of prolonged sunshine during the summer months and September unseasonably rainy and cold compared to last year's brief heatwave. Also, the early Easter meant both Easter bank holiday weekends fell in the prior year.

Overall, we delivered a strong performance for the period, with total revenue up 27.2% to £250.0 million (2023: £196.5 million), driven by a like-for-like performance of 4.4% (5.2% if you exclude the Easter weekend impact), underpinned by continued investment in our existing estate and the full period's revenue from the City Pub Group. These results are a testament to the quality and dedication of our people, and the value added by recent and consistent investment. It demonstrates that our strategy of running premium, individual and differentiated pubs continues to deliver.

Since acquiring the City Pub Group in March, our primary focus has been on integrating the pubs into the Young's estate. Although it is still early days, the integration is complete, bringing all operational control under one Young's structure. When the deal was announced, we outlined several synergies and operational benefits that we aimed to achieve. We have delivered the planned £6.1 million annual overhead synergies, now operating with a single head office and common IT systems. Purchasing synergies are also progressing well, with new beer supply agreements introduced at the end of September on conclusion of the existing contracts and harmonisation on food purchasing underway. Naturally the full operational benefits will take longer to achieve, however we are approaching these in a planned way, ensuring we preserve what's great and learn from the City Pubs, combined with leveraging our best-in-class operating practices, booking platforms and digital technology.

As expected, the integration of the City Pub Group has had a minor negative effect on margins during this period. The purchasing synergies will not commence until the second half of the year, and operating profit for the first quarter has been impacted by £1.7 million due to maintaining the two head office structures. Despite this one-off short-term acquisition impact, the adjusted operating margin of 15.2% remains one of the highest in our sector.

The City Pub Group acquisition was the largest in our history and it was important that we prioritised its integration into Young's ahead of investments and further acquisitions. However, we are committed to maintaining a premium, well-invested estate, which is core to our continued strong performance, and our strong financial position enabled us to invest £21.7 million during the period across our existing Young's estate plus several targeted City Pub investments.

Our achievements this period are fundamentally due to our teams. That's why it's so important for us to have the best possible people working throughout the group. We focus on providing high-quality training programmes and development opportunities to give our people the chance to flourish and further their careers within Young's, and I am extremely proud of the fact that during this period 42% of our operations managers, 86% of general managers and 57% of chefs have been developed and promoted internally.

I would like to take this opportunity to welcome Ian Dyson, who joined the board as a non-executive director on 2 September 2024, with a strong track record in consumer facing industries and PLC experience.

In line with our progressive dividend policy and strong financial performance, the board has decided to raise the interim dividend by 6.0% to 11.53 pence per share (2023: 10.88 pence per share). This is expected to be paid on 6 December 2024 to shareholders on the register at close of business on 22 November 2024.

## BUSINESS REVIEW

Total managed house revenue, supported by the City Pub Group acquisition, was up 27.3%, and 4.4% on a like-for-like basis (5.2% excluding the Easter weekend impact) compared to the same period last year. Young's now has a total managed estate of 278 pubs, this includes 55 pubs with rooms and a total room count of 1,051. This translates to a combined revenue mix of 63% for drink, food at 29% and accommodation growing to 7%.

Pub-level synergies from acquiring the City Pub Group will be realised in line with our plan as we enter the second half of this fiscal year. The combined estate has been navigating significant cost pressures, notably the National Living Wage, which rose by another 9.7% year-on-year, and utilities. The Ram Agency, which offers team members the flexibility to select shifts that suit their needs, while helping us reduce dependency on agency staff and manage our cost base, has continued to help mitigate some of these cost challenges. The Ram Agency now accounts for almost 10% of total employees, covering on average across the period 2,880 shifts and 23,812 hours per month. We have yet to implement this across the former City Pubs estate but will do so to support profit growth in the next fiscal year.

Despite on-going headwinds, total pub EBITDA was up 25.1% to £73.8 million (2023: £59.0 million), Young's pubs delivering £62.1 million and City pubs achieving £11.7 million. On a like-for-like basis, pub EBITDA was up 3.5% to £60.1 million. The total adjusted operating profit for our managed estate was £53.7 million, ahead of last year by £10.9 million, driven by both our like-for-like estate, individual pub acquisitions and the City Pub acquisition.

The poor spring weather combined with the lack of an Easter weekend in the period, meant that the year got off to a much slower start than the prior year. This was further compounded by very few prolonged periods of warm sunshine during the summer months. However, EURO24 and England's magnificent journey through to the final added a welcome boost, driving footfall during the key games with our pubs performing exceptionally well. During the key match days Young's like-for-like pubs sold over 850,000 pints, delivering an additional £2.8 million in revenue for the seven England matches, with Estrella, Peroni and Guinness being the drinks of choice. The prior period investment in our pubs was also vitally important in delivering true like-for-like volume growth, with schemes at the Guinea (Mayfair), reopening of the Defector's Weld (Shepherd's Bush) and in particular the Leather Bottle (Earlsfield), which was able to reopen in time to capitalise on EURO24, performing extremely well.

Our Young's rooms revenue continues to deliver a solid performance with like-for-like growth of 2.7%. This builds on last year's strong performance following the launch of our new rooms strategy, 'Young's Rooms', which celebrates the enjoyment and unique experience of staying in a pub. During the period we continued our investment in pubs with rooms, starting schemes at The Windmill (Clapham), Brewers Inn (Wandsworth) and Coach and Horses (Kew), which was crucial to support future growth, but with an effective 17-week closure period, naturally impacted like-for-like performance during the period. Our like-for-like occupancy, which includes the closure periods, dropped marginally by -0.9%, however with an increase of £4.81 to average room rates, overall RevPAR increased by £2.68 to £88.89. Including City Pubs revenue moves the total rooms growth during the period to 37.1%, reflecting the additional 240 rooms from the City Pubs acquisition.

England's journey to the final of EURO24 boosted drink sales and helped deliver 2.8% like-for-like volume growth across the period with total like-for-like drink sales up 5.3% (6.1% excluding Easter impact). We continue to look at ways to invigorate the category, introducing new exciting beers, and have added Deya, Jubel and several seasonal local beers to our range so far this year. However, once again, it is Guinness growth that leads the way, demonstrating that it is genuinely a drink for any occasion and any season, with total volume in the Young's pubs up 29.7%. Compared to the same period last year, total drink sales were up 28.0%, reflecting the added benefit of the City Pub acquisition.

Our Spritz summer cocktail menus this year introduced several new drinks to the Young's bar including Allora Spritz, an aperitivo inspired by Procida, Italy's island of lemons and the hugely popular, modern classic, Hugo Spritz. We also elevated our range of low and alcohol-free drinks to offer customers greater choice for different summer drinking occasions with the Elderflower Elixir, a popular choice containing less than one unit of alcohol and the Pentire 0.0 Coastal Breeze complementing our already very popular, Amalfi Spritz.

Our food sales continue to grow, up 2.9% on a like-for-like basis (3.8% excluding Easter impact) and up 22.8% in total including City Pubs. Our overall food strategy remains unchanged, and within this we have a number of pubs that continue to shine. Both the Oyster Shed and Smiths of Smithfield have retained their one rosette and The Alma, which has seen a 570% increase in its Sunday roasts sales, was nominated by Pierre Koffman as the best Sunday roast in London. Our Executive Chef team continue to support our pubs, helping to mitigate food inflation as far as possible by taking a proactive approach to using seasonal and locally-sourced British ingredients. We are hopeful that as we progress through the rest of the year, we will continue to see this ease, with recent food costs flat compared with this time last year.

With a commitment to give back to our communities, we are in the second year of our Wooden Spoon partnership and have already raised £175k of our £200k target. Fundraising for Natasha's Allergy Research Foundation, Dogs for Good, School of Hard Knocks, Maddy's Mark and Pass the Plate is well underway, including endurance walks, dog pageants, rugby player hosted dinners, sustainable fashion swap shops or supplier supported supper clubs.

Following the completion of the City Pub Group acquisition in March, it has naturally been a quieter period for investment. Nevertheless, during the period we have invested £19.4 million in our existing estate and an additional £2.3 million in City Pubs. In July, we reopened the Red Lion (Radlett) after a major scheme that included a complete redesign and refurbishment of the bar area and full rooms refresh, creating a pub with rooms that the local area can be proud of. Another major scheme that was completed during the period was the Albert (Kingston), closed for 8 weeks before reopening showcasing a traditional pub feel, unique touches and a new outside terrace.

Elsewhere, we are on site with major schemes at the Hope and Anchor (Brixton), Libertine (Bournemouth), Brewers Inn (Wandsworth) and Coach and Horses (Kew). Of the City Pubs, we have invested in the Roundhouse (Wandsworth), Phene (Chelsea), Market House (Reading) and are currently on-site at the Pontcanna Inn (Cardiff). These investments start the process of ensuring that City Pubs are elevated to the very highest standard. Consistent with our goal to reduce debt and focus on future growth, we disposed of six non-core pubs during the period for total proceeds of £5.8 million.

## FINANCE

At the period end, our debt reduced by £12.0 million to £255.8 million from £267.8 million at the year-end, driven by continued strong cash generation of the combined business and the planned disposal of 6 pubs. Our net debt including lease liabilities sits at £346.5 million (1 April 2024: £359.6 million). Based on the last twelve months' adjusted EBITDA of £98.2 million (£103.3 million including lease liabilities), our net debt to EBITDA ratio has reduced to 2.6 times (1 April 2024: 3.2 times). Our net debt to EBITDA ratio including lease liabilities has reduced to 3.4 times (1 April 2024: 3.9 times). Our drawn down net debt of £258.9 million (including amortised fees) provides us with debt headroom of £76.1 million.

The adjusting items of £3.0 million (2023: £3.5 million) relate to £2.9 million restructuring costs as part of the City Pub Group acquisition, fees related to the acquisition of £0.9 million, and City Pub Group related integration costs of £0.3 million. This was offset by a gain on disposal of properties of £1.1 million.

The methodology and assumptions prescribed for the purposes of IAS 19 Pensions accounting mean that the balance sheet surplus or deficit are inherently volatile and will vary greatly according to investment market conditions at each accounting date. In the interim period the net pension scheme surplus has increased to £1.1 million (1 April 2024: £0.1 million).

Our adjusted earnings per share is up 1.8% to 36.72 pence (2023: 36.08 pence), reflecting the strength of our top-line trading performance. On an unadjusted basis, earnings per share is 32.21 pence, up 8.3% (2023: 29.75 pence).

## CURRENT TRADING AND OUTLOOK

Recent trading has been strong, with like-for-like trading in the last eight weeks up by 6.0% and accelerating to 9.2% in the last three weeks. We've welcomed back the rugby Autumn Internationals, boosting sales in our south-west London heartland. Christmas bookings are already looking strong, with confirmed bookings up 33% on this time last year, and a real focus on maximising the benefit of City Pubs across the festive period.

Since the period end, we have opened the Tellers Arms, a former bank which has been transformed into a beautiful pub with a rooftop terrace and nine boutique bedrooms right in the heart of Farnham. In the first seven days of opening it took just over £73k. Later this year we will also open Tattenham Corner, overlooking Epsom racecourse, which has been closed since its acquisition last year. The continued investment in our existing estate will also see us complete several major schemes over the next month, including the Hope and Anchor (Brixton), Libertine (Bournemouth) and the rooms refresh at The Windmill (Clapham).

In the second half of the year, we will see further benefit from the City Pub Group acquisition, with the new beer range contributing to improved margins, new food menus and improved operational rigour ensuring we are on track to achieve our planned synergy benefits in full. We will also continue with our targeted investment programme across the entire combined estate, balancing our focus on reducing debt levels and our long-term winning strategy of operating a premium, individual and well invested estate.

The good start to the second half of the year and our future plans provide confidence in our winning strategy. However, the macroeconomic environment together with the latest government budget and the impact this could have on consumer sentiment remains unpredictable. Yet again, we are very conscious of the significant impact new underground rail strikes could have on trade in the lead up to Christmas, a key time of year for the hospitality sector. Despite this we remain focused on delivering the benefits from the City Pub Group acquisition and building on our premium position within the pub and bedrooms sector and are confident in our winning strategy of operating premium, individual and well-invested managed pubs and bedrooms.

**Simon Dodd**
**Chief Executive**
**14 November 2024**

## Group income statement

For the 26 weeks ended 30 September 2024

| | Notes | **Unaudited 26 weeks to 30 Sep 2024 £m** | Unaudited 26 weeks to 2 Oct 2023 £m | *Audited 52 weeks to 1 Apr 2024 £m* |
|---|---|---|---|---|
| **Revenue** | 3 | **250.0** | 196.5 | *388.8* |
| Operating costs before adjusting items | | **(211.9)** | (165.5) | *(331.5)* |
| **Adjusted operating profit** | | **38.1** | 31.0 | *57.3* |
| Adjusting items | 2 | **(3.0)** | (3.5) | *(28.7)* |
| **Operating profit** | | **35.1** | 27.5 | *28.6* |
| Finance income | | **0.1** | - | - |
| Finance costs | | **(9.9)** | (3.1) | *(8.1)* |
| Finance income for pension obligations | 11 | **-** | 0.1 | *0.2* |
| **Profit before tax** | | **25.3** | 24.5 | *20.7* |
| Income tax expense | 4 | **(5.0)** | (7.1) | *(9.6)* |
| **Profit after tax for the period** | | **20.3** | 17.4 | *11.1* |
| **Attributable to:** | | | | |
| Owners of the parent | | **20.0** | 17.4 | *11.1* |
| Non-controlling interests | | **0.3** | - | - |
| | | **20.3** | 17.4 | *11.1* |

| | | **Pence** | Pence | *Pence* |
|---|---|---|---|---|
| **Earnings per 12.5p ordinary share** | | | | |
| Basic | 5 | **32.21** | 29.75 | *18.89* |
| Diluted | 5 | **32.20** | 29.74 | *18.88* |

## Group statement of comprehensive income

For the 26 weeks ended 30 September 2024

| | Notes | **Unaudited 26 weeks to 30 Sep 2024 £m** | Unaudited 26 weeks to 2 Oct 2023 £m | *Audited 52 weeks to 1 Apr 2024 £m* |
|---|---|---|---|---|
| **Profit for the period** | | **20.3** | 17.4 | *11.1* |
| **Other comprehensive income** | | | | |
| ***Items that will not be reclassified subsequently to profit or loss:*** | | | | |
| Unrealised gain on revaluation of property | | **-** | - | *22.9* |
| Remeasurement of retirement benefit schemes | 11 | **-** | (6.5) | *(5.3)* |
| Tax on above components of other comprehensive income | | **-** | 1.6 | *(6.1)* |
| ***Items that will be reclassified subsequently to profit or loss:*** | | | | |
| Fair value movement of interest rate swaps | | **(2.1)** | 0.2 | *(2.1)* |
| Tax on fair value movement of interest rate swaps | | **0.5** | - | *0.5* |
| | | **(1.6)** | (4.7) | *9.9* |
| **Total comprehensive income for the period** | | **18.7** | 12.7 | *21.0* |
| **Attributable to:** | | | | |
| Owners of the parent | | **18.4** | 12.7 | *21.0* |
| Non-controlling interests | | **0.3** | - | *-* |
| | | **18.7** | 12.7 | *21.0* |

All of the results above are from continuing operations.

**Group balance sheet**
At 30 September 2024

| | Notes | **Unaudited at 30 Sep 2024 £m** | Unaudited at 2 Oct 2023 £m | *Audited at 1 Apr 2024 £m* |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Goodwill | 9 | **76.3** | 30.7 | *77.4* |
| Property and equipment | 8 | **1,044.0** | 865.1 | *1,036.9* |
| Investment properties | | **4.3** | - | *4.3* |
| Right-of-use assets | 9 | **174.2** | 144.1 | *183.2* |
| Derivative financial instruments | | **-** | 2.2 | *2.9* |
| Retirement benefit schemes | 11 | **2.6** | - | *1.8* |
| | | **1,301.4** | 1,042.1 | *1,306.5* |
| **Current assets** | | | | |
| Inventories | | **6.6** | 5.4 | *6.5* |
| Trade and other receivables | | **16.1** | 9.9 | *15.9* |
| Income tax receivable | | **-** | - | *5.0* |
| Derivative financial instruments | | **2.0** | 3.0 | *0.2* |
| Cash | | **0.1** | 0.8 | *16.9* |
| | | **24.8** | 19.1 | *44.5* |
| Asset held for sale | 10 | **0.6** | 3.1 | *2.2* |
| | | **25.4** | 22.2 | *46.7* |
| **Total assets** | | **1,326.8** | 1,064.3 | *1,353.2* |
| | | | | |
| **Current liabilities** | | | | |
| Borrowings | | **(43.0)** | (20.0) | *(71.5)* |
| Lease liabilities | 9 | **(6.6)** | (4.7) | *(6.8)* |
| Trade and other payables | | **(61.6)** | (42.4) | *(69.7)* |
| Income tax payable | | **(1.7)** | (0.5) | *-* |
| | | **(112.9)** | (67.6) | *(148.0)* |
| **Non-current liabilities** | | | | |
| Borrowings | | **(212.9)** | (91.6) | *(213.2)* |
| Lease liabilities | 9 | **(84.1)** | (68.5) | *(85.0)* |
| Derivative financial instruments | | **(0.9)** | - | *(0.2)* |
| Deferred tax liabilities | | **(127.7)** | (103.5) | *(129.9)* |
| Retirement benefit schemes | 11 | **(1.5)** | (2.0) | *(1.7)* |
| | | **(427.1)** | (265.6) | *(430.0)* |
| **Total liabilities** | | **(540.0)** | (333.2) | *(578.0)* |
| **Net assets** | | **786.8** | 731.1 | *775.2* |
| | | | | |
| **Capital and reserves** | | | | |
| Share capital | 12 | **7.8** | 7.3 | *7.8* |
| Share premium | 12 | **7.8** | 7.8 | *7.8* |
| Other reserves | | **38.0** | 1.8 | *38.0* |
| Hedging reserve | | **0.8** | 4.2 | *2.4* |
| Revaluation reserve | | **277.6** | 260.9 | *277.6* |
| Retained earnings | | **451.5** | 449.1 | *438.0* |
| | | **783.5** | 731.1 | *771.6* |
| Non-controlling interests | | **3.3** | **-** | *3.6* |
| **Total equity** | | **786.8** | 731.1 | *775.2* |

## Group statement of changes in equity
For the 26 weeks ended 30 September 2024

| | Notes | Share capital and premium £m | Other reserves £m | Hedging reserve £m | Revaluation reserve £m | Retained earnings £m | Non-controlling interest £m | Total equity £m |
|---|---|---|---|---|---|---|---|---|
| **At 1 April 2024** | | **15.6** | **38.0** | **2.4** | **277.6** | **438.0** | **3.6** | **775.2** |
| **Total comprehensive income** | | | | | | | | |
| Profit for the 26-week period | | - | - | - | - | 20.0 | 0.3 | 20.3 |
| **Other comprehensive income** | | | | | | | | |
| Remeasurement of retirement benefit schemes | 11 | - | - | - | - | - | - | - |
| Net movement of interest rate swaps - cash flow hedge | | - | - | (2.1) | - | - | - | (2.1) |
| Tax on above components of other comprehensive income | | - | - | 0.5 | | - | - | 0.5 |
| **Total comprehensive income** | | - | - | (1.6) | - | 20.0 | 0.3 | 18.7 |
| **Transactions with owners recorded directly in equity** | | | | | | | | |
| Dividends paid on equity shares | | - | - | - | - | (6.8) | - | (6.8) |
| Share based payments | | - | - | - | - | 0.3 | - | 0.3 |
| Disposal of non-controlling interests | | - | - | - | - | - | (0.6) | (0.6) |
| | | - | - | - | - | (6.5) | (0.6) | (7.1) |
| **At 30 September 2024** | | **15.6** | **38.0** | **0.8** | **277.6** | **451.5** | **3.3** | **786.8** |
| | | | | | | | | |
| **At 3 April 2023** | | **15.1** | **1.8** | **4.0** | **260.9** | **442.4** | **-** | **724.2** |
| **Total comprehensive income** | | | | | | | - | |
| Profit for the 26-week period | | - | - | - | - | 17.4 | - | 17.4 |
| **Other comprehensive income** | | | | | | | | |
| Remeasurement of retirement benefit schemes | 11 | - | - | - | - | (6.5) | - | (6.5) |
| Fair value movement of interest rate swaps | | - | - | 0.2 | - | - | - | 0.2 |
| Tax on above components of other comprehensive income | | - | - | - | - | 1.6 | - | 1.6 |
| **Total comprehensive income** | | - | - | 0.2 | - | 12.5 | - | 12.7 |
| **Transactions with owners recorded directly in equity** | | | | | | | | |
| Dividends paid on equity shares | | - | - | - | - | (6.0) | - | (6.0) |
| Share based payments | | - | - | - | - | 0.2 | - | 0.2 |
| | | - | - | - | - | (5.8) | - | (5.8) |
| **At 2 October 2023** | | **15.1** | **1.8** | **4.2** | **260.9** | **449.1** | **-** | **731.1** |

## Group statement of cash flow

For the 26 weeks ended 30 September 2024

| | Notes | **Unaudited 26 weeks to 30 Sep 2024 £m** | Unaudited 26 weeks to 2 Oct 2023 £m | *Audited 52 weeks to 1 Apr 2024 £m* |
|---|---|---|---|---|
| **Operating activities** | | | | |
| Net cash generated from operations | 7 | **45.2** | 41.3 | *86.0* |
| Tax received/(paid) | | **0.9** | (7.0) | *(12.6)* |
| **Net cash flow from operating activities** | | **46.1** | 34.3 | *73.4* |
| | | | | |
| **Investing activities** | | | | |
| Proceeds from disposal of property and equipment[1] | | **3.9** | - | *3.3* |
| Purchases of property and equipment | 8 | **(21.7)** | (23.8) | *(48.5)* |
| Business combinations, net of cash acquired | 8 | **-** | (15.3) | *(144.5)* |
| Direct costs incurred in acquisition of leases | | **(0.2)** | (0.4) | *(9.9)* |
| Proceeds from disposal of subsidiary[2] | | **2.3** | - | *-* |
| **Net cash used in investing activities** | | **(15.7)** | (39.5) | *(199.6)* |
| | | | | |
| **Financing activities** | | | | |
| Issued equity, net of transaction costs | 12 | **-** | - | *-* |
| Interest paid | | **(5.7)** | (2.8) | *(7.5)* |
| Equity dividends paid | 6 | **(6.8)** | (6.0) | *(12.4)* |
| Payments of principal portion of lease liabilities | | **(3.0)** | (3.3) | *(6.1)* |
| Repayments of borrowings[3] | | **(28.5)** | (2.1) | *(41.1)* |
| Transaction costs incurred on borrowings | | **(3.2)** | - | *(2.0)* |
| Proceeds from borrowings[4] | | **-** | 9.5 | *201.5* |
| **Net cash flow (used in)/from financing activities** | | **(47.2)** | (4.7) | *132.4* |
| | | | | |
| (Decrease)/increase in cash | | **(16.8)** | (9.9) | *6.2* |
| Cash at the beginning of the period | | **16.9** | 10.7 | *10.7* |
| **Cash at the end of the period** | | **0.1** | 0.8 | *16.9* |

[1] During the current period to 30 September 2024, £3.9 million related to the sale of the Plough (Beddington), Clock House (East Dulwich), Angel & Greyhound (Oxford) and an unlicensed property (Greenford). During the prior 52-week period to 1 April 2024, £3.3 million related to the sale of the Salt Room (Islington).

[2] During the current period to 30 September 2024, the group sold its 53% shareholding in The Pioneer (City) Pub Company Limited, for a total consideration of £2.3 million.

[3] During the current period to 30 September 2024, the group paid down £28.5 million Revolving Credit Facility debt. During the prior 52-week period to 1 April 2024, the group repaid their £20.0 million term loan with Barclays and HSBC, and the City Pub Group's £21.1 million term loan.

[4] During the prior 52-week period to 1 April 2024, the group entered into a new £110.0 million term loan with HSBC, NatWest, and Barclays. The group also drew down £91.5 million on the Revolving Credit Facility.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTS

This interim report was approved by the board on 13 November 2024. The interim financial statements are unaudited and are not the group's statutory accounts as defined in s.434 of the Companies Act 2006.

The accounting policies used in the preparation of the consolidated interim financial statements are in accordance with the recognition and measurement criteria of UK-adopted International Accounting Standards. These standards are applied from 2 April 2024 with no changes to the accounting policies set out in the statutory accounts of Young & Co.'s Brewery, P.L.C. for the period ended 1 April 2024 (UK-adopted International Accounting Standards). The financial statements have not been prepared (and are not required to be prepared) in accordance with IAS 34: Interim Financial Reporting, with the exception of note 4, taxation, where the tax charge for the half year to 30 September 2024 has been calculated using an estimate of the full year effective tax rate, in line with the principles of IAS 34. The accounting policies have been applied consistently throughout the group for the purposes of preparation of this financial information.

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

Statutory accounts for the period ended 1 April 2024 have been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain any reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report. Further, that report did not contain a statement under s.498(2) or (3) of the Companies Act 2006.

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

#### Going concern

At 30 September 2024, the group had cash in bank of £0.1 million and committed borrowing facilities of £335.0 million, of which £258.9 million was drawn down, net of arrangement fees totalling £3.1 million. The group expects, by 24 November 2025 (the 'going concern' period), to have available facilities of £315.0 million, with one tranche of debt, the £20.0 million term loan, maturing during November 2025. In addition to these committed facilities, the group has a £10.0 million overdraft facility with HSBC, which is not committed, and is therefore not assumed to continue for the purpose of this assessment.

As part of the directors' consideration of the appropriateness of adopting the going concern basis, the group has modelled a base case and two sensitised scenarios for the going concern period. The base case is the board approved forecast to March 2025 as well as the board approved strategic plan covering April to November 2025. The key judgements applied are the extent of any influence on trade due to economic uncertainty and its impact on consumers spending or indeed other one-off demand shocks, and the cost pressures that the hospitality industry is continuing to face.

The base case model assumes the group continues to trade as now whilst reflecting the inflationary environment that currently exists across the going concern period. The general reduction in trade scenario looks at a decline of 15% in sales and 19% in EBITDA across the period. The cost inflation scenario includes an average 5% increase in the food cost base and 10% increase in general pub operating costs for the period with no retail price increases. The group has assumed capital expenditure levels will continue at historical levels and no structural changes to the business will be needed in any of the scenarios modelled.

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

The group has also performed a reverse stress test case. The test focused on the decline in sales and profit that the group would be able to absorb before breaching any financial covenants or indeed any liquidity issues. There would need to be a sales reduction of c.40% and profit reduction of c.60% between November 2024 and November 2025 compared to the base case, a reduction far in excess of those experienced historically (with the exception of the restricted covid-19 period), before there is a breach of financial covenants in the period and is calculated before reflecting any mitigating actions such as reduced capital expenditure.

Based on these forecasts and sensitivities, coupled with the current debt levels and the ongoing debt structure in place, the board is confident that the group can manage its business risks and therefore continue in operational existence for the foreseeable future. For this reason, the group continues to adopt the going concern basis in preparing its financial statements.

## 2. ADJUSTING ITEMS AND OTHER FINANCIAL MEASURES

During the period the cash flow impact of adjusting items was £2.1 million (for the period ended 2 October 2023: £1.4 million).

| | **26 weeks to 30 Sep 2024 £m** | 26 weeks to 2 Oct 2023 £m | *52 weeks to 1 Apr 2024 £m* |
|---|---|---|---|
| **Amounts included in operating profit** | | | |
| Gain on disposal of subsidiary[1] | **0.7** | - | - |
| Net profit on disposal of properties[2] | **0.4** | - | *(1.3)* |
| Restructuring costs[3] | **(2.9)** | - | *(0.1)* |
| Purchase costs – City Pub Group[4] | **(0.9)** | - | *(6.2)* |
| Integration costs – City Pub Group[5] | **(0.3)** | - | - |
| Impairment loss[6] | **-** | (2.1) | (5.5) |
| Purchase costs[7] | **-** | (0.8) | *(2.2)* |
| Tenant compensation[8] | **-** | (0.6) | *(0.6)* |
| Upward movement on the revaluation of properties (note 8)[9] | **-** | - | *2.9* |
| Downward movement on the revaluation of properties (note 8)[9] | **-** | - | *(15.7)* |
| | **(3.0)** | (3.5) | *(28.7)* |
| Tax attributable to above adjusting items | **0.2** | (0.2) | *2.8* |
| Impact of change in corporation tax rate | **-** | - | - |
| | **0.2** | (0.2) | *2.8* |
| **Total adjusting items after tax** | **(2.8)** | (3.7) | *(25.9)* |

1 The gain on disposal of a subsidiary relates to the difference between the consideration received and the assets and liabilities disposed of as part of the disposal of the 53% shareholding in The Pioneer (City) Pub Company Limited. It also includes the derecognition of the non-controlling interest in this subsidiary at the date of disposal.

2 The net profit on disposal of properties related to the difference between cash, less disposal costs, received from the Plough (Beddington), Clock House (East Dulwich), Angel & Greyhound (Oxford) and an unlicensed property (Greenford), and the carrying value of their assets, at the date of disposal. The net profit on disposal of properties also included the loss on reclassification of one property to asset held for sale (note 10).

During the previous 52-week period to 1 April 2024, the profit on disposal of properties related to the difference between cash, less disposal costs, received from the sale of the Salt Room (Islington) and the carrying value of its assets, including goodwill, at the date of disposal. In addition, the loss on disposal of properties related to the difference between the value of right-of-use assets and lease liabilities of the old leases of the Guinea Grill (Mayfair), Wheatsheaf (Esher), Coat & Badge (Putney) and the Fellow (King's Cross), which were replaced with new leases. The net profit on disposal of properties also included the loss on reclassification of two properties to asset held for sale (note 10).

3 Restructuring costs related to severance costs paid to employees of City Pub Group. During the previous 52-week period to 1 April 2024, restructuring costs related to severance costs paid to employees of one of the acquired business combinations.

4 During the current period and the previous 52-week period to the 1 April 2024, purchase costs related to professional fees and stamp duty land tax arising on the acquisition of City Pub Group. See note 8.

5 Integration costs related to the integration of City Pub Group, to align with the rest of the group's operations to achieve common synergies.

6 During the previous 52-week period to 1 April 2024, impairment losses were recognised in relation to goodwill and right-of-use assets (£1.7 million and £3.8 million respectively). See note 8.

7 During the previous 52-week period to 1 April 2024, costs related to the purchase of the Libertine (Westbourne), White Hart (Ford), White Lion (Tenterden), Huntsman (Brockenhurst), Ship Inn (Noss Mayo) and the Tattenham Corner (Epsom). These included legal and professional fees and stamp duty land tax.

8 During the previous 52-week period to 1 April 2024, tenant compensation was paid to the tenants of the Clapham North (Clapham) and the King's Head Theatre (Islington) and related to the termination of their leases.

9 The net downward movement on the revaluation of properties in the previous 52-week period to 1 April 2024 related to net downward movements in excess of amounts recognised in equity. See note 9 in the statutory accounts for the period ended 1 April 2024 for further details.

### Other financial measures

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

| | **26 weeks to 30 Sep 2024 £m** | 26 weeks to 2 Oct 2023 £m | *52 weeks to 1 Apr 2024 £m* |
|---|---|---|---|
| **Profit before tax** | **25.3** | 24.5 | *20.7* |
| Adjusting items | **3.0** | 3.5 | *28.7* |
| **Adjusted profit before tax** | **28.3** | 28.0 | 49.4 |
| Finance income | **(0.1)** | - | - |
| Finance costs | **9.9** | 3.1 | *8.1* |
| Finance income for pension obligations | **-** | (0.1) | *(0.2)* |
| **Adjusted operating profit** | **38.1** | 31.0 | *57.3* |
| Depreciation | **20.9** | 16.9 | *34.9* |
| **Adjusted EBITDA** | **59.0** | 47.9 | *92.2* |

During the period, £53.7 million of adjusted operating profit related to managed houses (in the period ended 2 October 2023: £42.8 million). Adjusted operating loss of £15.6 million mainly related to head office costs and was unallocated (in the period ended 2 October 2023: £11.8 million).

During the period, £73.8 million of adjusted EBITDA related to managed houses (in the period ended 2 October 2023: £59.0 million). Adjusted negative EBITDA of £14.8 million mainly related to head office costs and was unallocated (in the period ended 2 October 2023: £11.1 million).

## 3. REVENUE

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

| | **26 weeks to 30 Sep 2024 £m** | 26 weeks to 2 Oct 2023 £m | *52 weeks to 1 Apr 2024 £m* |
|---|---|---|---|
| Drink sales | **158.6** | 123.9 | *242.9* |
| Food sales | **72.8** | 59.3 | *120.1* |
| Accommodation sales | **17.3** | 12.6 | *23.7* |
| **Total revenue from contracts with customers** | **248.7** | 195.8 | *386.7* |
| Other income[1] | **1.3** | 0.7 | *2.1* |
| **Total revenue recognised** | **250.0** | 196.5 | *388.8* |

[1] Other income includes rental income and room hire.

## 4. TAXATION

The taxation charge for the 26 weeks ended 30 September 2024 results in an effective tax rate of 19.87% (52 weeks ended 1 April 2024: 46.6%).

| Tax charged in the group income statement | **26 weeks to 30 Sep 2024 £m** | 26 weeks to 2 Oct 2023 £m | *52 weeks to 1 Apr 2024 £m* |
|---|---|---|---|
| Current tax | | | |
| Corporation tax expense | **5.8** | 6.5 | *8.4* |
| Adjustment in respect of current tax of prior periods | **-** | - | *(1.4)* |
| | **5.8** | 6.5 | *7.0* |
| Deferred tax | | | |
| Origination and reversal of temporary differences | **(0.8)** | 0.6 | *1.5* |
| Adjustment in respect of prior periods | **-** | - | *1.1* |
| | **(0.8)** | 0.6 | *2.6* |
| **Tax charge in the income statement** | **5.0** | 7.1 | *9.6* |

The effective half year current tax rate of 23.01% is down from the 33.82% in the prior 52-week period to 1 April 2024. This is below the statutory rate of 25% (52 weeks ended 1 April 2024: 25%), largely due to the temporary differences arising from the capital allowances 'full expensing' at 100% of eligible expenditure and special rate allowance at 50% of eligible expenditure. It is lower than the prior 52-week period due to utilisation of tax losses brought forward by the entities in the City Pub Group in the 26 weeks ended 30 September 2024.

## 5. EARNINGS PER ORDINARY SHARE

### (a) Weighted average number of shares

| | **26 weeks to 30 Sep 2024 Number** | 26 weeks to 2 Oct 2023 Number | *52 weeks to 1 Apr 2024 Number* |
|---|---|---|---|
| Basic weighted average number of ordinary shares in issue | **62,096,842** | 58,484,602 | *58,762,467* |
| Dilutive potential ordinary shares from outstanding employee share options | **9,875** | 20,236 | *36,547* |
| **Diluted weighted average number of shares** | **62,106,717** | 58,504,838 | *58,799,014* |

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

| | **26 weeks to 30 Sep 2024 £m** | 26 weeks to 2 Oct 2023 £m | *52 weeks to 1 Apr 2024 £m* |
|---|---|---|---|
| Profit for the period | **20.0** | 17.4 | *11.1* |
| Adjusting items | **3.0** | 3.5 | *28.7* |
| Tax attributable to adjusting items | **(0.2)** | 0.2 | *(2.8)* |
| **Adjusted earnings after tax** | **22.8** | 21.1 | *37.0* |

### Basic earnings per share

| | **Pence** | Pence | *Pence* |
|---|---|---|---|
| Basic | **32.21** | 29.75 | *18.89* |
| Effect of adjusting items | **4.51** | 6.33 | *44.08* |
| **Adjusted basic** | **36.72** | 36.08 | *62.97* |

### Diluted earnings per share

| | **Pence** | Pence | *Pence* |
|---|---|---|---|
| Diluted | **32.20** | 29.74 | *18.88* |
| Effect of adjusting items | **4.51** | 6.33 | *44.05* |
| **Adjusted diluted** | **36.71** | 36.07 | *62.93* |

The basic earnings per share figure is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share have been calculated on a similar basis taking into account 9,875 (2023: 20,236) dilutive potential shares under the group's SAYE and LTIP schemes.

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

## 6. DIVIDENDS ON EQUITY SHARES

| | **26 weeks to 30 Sep 2024 Pence** | 26 weeks to 2 Oct 2023 Pence | *52 weeks to 1 Apr 2024 Pence* |
|---|---|---|---|
| Final dividend paid (previous period) | **10.88** | 10.26 | *10.26* |
| Interim dividend paid (current period) | **-** | - | *10.88* |
| | **10.88** | 10.26 | *21.14* |

The table above sets out dividends that have been paid. The final dividend in respect of the period ended 1 April 2024, at a cost of £6.8 million (for the period ended 3 April 2023: £6.0 million) was paid during the period. The interim dividend, in respect of the period ended 30 September 2024, at a cost of £7.2 million (for the period ended 2 October 2023: £6.4 million), is expected to be paid on 6 December 2024 to shareholders on the register at the close of business on 22 November 2024.

## 7. NET CASH GENERATED FROM OPERATIONS AND ANALYSIS OF NET DEBT

| | **26 weeks to 30 Sep 2024 £m** | 26 weeks to 2 Oct 2023 £m | *52 weeks to 1 Apr 2024 £m* |
|---|---|---|---|
| **Profit before tax** | **25.3** | 24.5 | *20.7* |
| Net finance cost | **9.8** | 3.1 | *8.1* |
| Finance charge for pension obligations | **-** | (0.1) | *(0.2)* |
| **Operating profit** | **35.1** | 27.5 | *28.6* |
| Depreciation of property and equipment | **16.4** | 13.3 | *27.6* |
| Depreciation of right-of-use assets | **4.5** | 3.6 | *7.3* |
| Impairment of goodwill and right-of-use assets | **-** | 2.1 | *5.5* |
| Movement on the revaluation of properties | **-** | - | *12.8* |
| Net profit on disposal of property | **(0.4)** | - | *1.3* |
| Net profit on disposal of subsidiary | **(0.7)** | - | *-* |
| Difference between pension service cost and cash contributions paid | **(1.1)** | (0.7) | *(1.4)* |
| Share based payments | **(0.3)** | (0.2) | *(0.7)* |
| Movements in working capital | | | |
| - Inventories | **(0.1)** | - | *0.1* |
| - Receivables | **(0.1)** | (0.4) | *0.5* |
| - Payables | **(8.1)** | (3.9) | *4.4* |
| **Net cash generated from operations** | **45.2** | 41.3 | *86.0* |

### Analysis of group net debt

| | **At 30 Sep 2024 £m** | At 2 Oct 2023 £m | *At 1 Apr 2024 £m* |
|---|---|---|---|
| Cash | **0.1** | 0.8 | *16.9* |
| Current borrowings and loan capital | **(43.0)** | (20.0) | *(71.5)* |
| Current lease liabilities | **(6.6)** | (4.7) | *(6.8)* |
| Non-current borrowings and loan capital | **(212.9)** | (91.6) | *(213.2)* |
| Non-current lease liabilities | **(84.1)** | (68.5) | *(85.0)* |
| **Net debt** | **(346.5)** | (184.0) | *(359.6)* |

### 8. PROPERTY AND EQUIPMENT

| Cost or valuation | Land & buildings £m | Fixtures, fittings & equipment £m | Total £m |
|---|---|---|---|
| At 3 April 2023 | 784.1 | 162.2 | 946.3 |
| Additions | 8.3 | 40.2 | 48.5 |
| Business combinations | 146.3 | 22.7 | 169.0 |
| Disposals | (3.0) | (0.4) | (3.4) |
| Transfer out to asset held for sale | (2.5) | (0.5) | (3.0) |
| Fully depreciated assets | (2.3) | (21.9) | (24.2) |
| Revaluation | | | |
| - effect of upward movement in property valuation | 42.8 | - | 42.8 |
| - effect of downward movement in property valuation | (20.4) | - | (20.4) |
| At 1 April 2024 | 953.3 | 202.3 | 1,155.6 |
| Additions | 4.6 | 17.1 | 21.7 |
| Disposals | (0.9) | (0.4) | (1.3) |
| Transfer from right-of-use assets[1] | 3.2 | 0.4 | 3.6 |
| Transfer out to asset held for sale | (2.6) | (0.1) | (2.7) |
| Fully depreciated assets | (0.3) | (10.6) | (10.9) |
| **At 30 September 2024** | **957.3** | **208.7** | **1,166.0** |

| Depreciation and impairment | Land & buildings £m | Fixtures, fittings & equipment £m | Total £m |
|---|---|---|---|
| At 3 April 2023 | 28.0 | 75.8 | 103.8 |
| Depreciation charge | 1.6 | 26.0 | 27.6 |
| Disposals | - | (0.1) | (0.1) |
| Transfer out to asset held for sale | (0.5) | (0.2) | (0.7) |
| Fully depreciated assets | (2.3) | (21.9) | (24.2) |
| Revaluation | | | |
| - effect of upward movement in property valuation | (3.4) | - | (3.4) |
| - effect of downward movement in property valuation | 15.7 | - | 15.7 |
| At 1 April 2024 | 39.1 | 79.6 | 118.7 |
| Depreciation charge | 0.9 | 15.5 | 16.4 |
| Transfer out to asset held for sale | - | (0.2) | (0.2) |
| Disposals | (2.0) | - | (2.0) |
| Fully depreciated assets | (0.3) | (10.6) | (10.9) |
| **At 30 September 2024** | **37.7** | **84.3** | **122.0** |

| Net book value | Land & buildings £m | Fixtures, fittings & equipment £m | Total £m |
|---|---|---|---|
| At 3 April 2023 | 756.1 | 86.4 | 842.5 |
| At 1 April 2024 | 914.2 | 122.7 | 1,036.9 |
| **At 30 September 2024** | **919.6** | **124.4** | **1,044.0** |

[1] During the current period the group acquired the freehold interest in the Stag (Belsize Park), which was acquired as a leasehold during the prior period.

## Business combinations

### The City Pub Group

In the prior period to 1 April 2024, the group acquired the entire issued share capital of the City Pub Group, a premium pub and hotel operator. The total consideration was £158.0 million, of which £121.3 million was paid in cash and £36.7 million was settled in shares. The final fair value of the identifiable assets and liabilities recognised on acquisition were £115.0 million. Goodwill of £46.6 million was recognised on the acquisition. The group incurred £6.2 million of costs associated with the acquisition, which were recorded within adjusting items (note 2). In the current period to 30 September 2024, the group incurred £0.9 million of additional costs associated with the acquisition, which were recorded within adjusting items (note 2).

### Crooked Billet

In the prior period to 1 April 2024, the group acquired the entire issued share capital of Crooked Billet Limited, a subsidiary company which owns and operates the Crooked Billet (Clapton) for a total cash consideration of £7.3 million. The final fair value of the identifiable assets and liabilities recognised on acquisition were £7.3 million. No goodwill was recognised on the acquisition as the fair value of the net assets acquired was equal to the cash consideration exchanged. The group incurred £0.7 million of costs associated with the acquisition, which were recorded within adjusting items (note 2).

### Other business combinations

In the prior period to 1 April 2024, the group acquired the Libertine (Westbourne), White Hart (Ford), White Lion (Tenterden), Huntsman (Brockenhurst), Ship Inn (Noss Mayo) and the Tattenham Corner (Epsom), which formed business combinations for a total cash consideration of £25.8 million, which was settled during the prior period. Each pub was purchased individually and did not form part of a group acquisition. The final aggregated fair value of the identifiable assets and liabilities of the acquired businesses were property and equipment of £25.8 million. The group incurred £1.5 million of costs associated with the acquisitions, which were recorded within adjusting items (see note 2).

### Other acquisitions

During the period the group acquired an unlicensed property (Wandsworth) as an asset acquisition for a total cash consideration of £0.4 million.

### Revaluation of property and equipment

The values of the group's freehold land, buildings and fixtures and fittings were reviewed in light of current market factors by management and by Savills, who perform a desktop review based upon information provided by the group, pursuant to the group's accounting policy. The group considers that the valuation reached at 1 April 2024 still represents the best estimate of the fair value of the estate at 30 September 2024.

Details of the methodology used in determining the group's property values are discussed in the group's audited accounts for the 52 weeks ended 1 April 2024. The key inputs are EBITDA, a multiplier and, in some cases, underlying property values. A sensitivity analysis has been conducted on the property estate to give an indication of the impact of movements in the most sensitive assumption, EBITDA. The analysis considers this single change with the other assumptions unchanged. In practice, changes in one assumption may be accompanied by changes in another. Changes in market values may also occur at the same time as any changes in assumptions. This information should not be taken as a projection of likely future valuation movements. Decreasing or increasing the EBITDA used in the revaluation by 10% would decrease/increase the valuation by £78.0 million and £81.6 million respectively.

## 9. LEASE LIABILITIES, RIGHT-OF-USE ASSETS AND GOODWILL

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

| | Right-of-use assets £m | Lease liabilities £m |
|---|---|---|
| **As at 3 April 2023** | **142.9** | **71.7** |
| Additions | 23.8 | 13.9 |
| Business combinations | 33.5 | 16.7 |
| Lease amendments | 1.4 | 1.4 |
| Depreciation expense | (7.3) | - |
| Accretion of interest | - | 2.8 |
| Payments | - | (8.9) |
| Impairments | (3.8) | - |
| Lease terminations | (7.3) | (5.8) |
| **As at 1 April 2024** | **183.2** | **91.8** |
| Additions | 0.4 | 0.4 |
| Lease amendments | 2.1 | 2.0 |
| Depreciation expense | (4.5) | - |
| Accretion of interest | - | 2.1 |
| Payments | - | (5.1) |
| Disposals | (7.0) | (0.5) |
| **As at 30 September 2024** | **174.2** | **90.7** |

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

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

Lease amendments in both the current and prior period largely represent upwards market rent reviews.

### Impairment considerations

The group tests goodwill annually for impairment or more frequently if there are indicators that goodwill may have been impaired. There will be an impairment if the recoverable amount is lower than carrying value. Recoverable amount is the higher of value in use or fair value less costs to sell. The value in use is calculated using the budget approved by the board. At 30 September 2024, no impairment has been recognised in respect of the current period (1 April 2024: £1.7 million).

At the start of the period, in light of the recent acquisition of the City Pub Group, management reviewed its grouping of CGUs for the purposes of assessing the impairment of goodwill. Based on the result of this review, management has determined that the group now has one group of CGUs, being total managed houses, which aligns with the operating segments identified by management. The key factors considered in management’s conclusion include the groupwide synergies created as a result of the City Pub Group acquisition, alongside the group internally reporting and planning resources based on the results of the combined businesses. Before initiating the change in CGU grouping, in accordance with IAS 36, management performed a value in use impairment test on the pre-existing groups of CGUs and determined there to be no impairment of goodwill within any of the groups.

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

## 10. ASSET HELD FOR SALE

| | **Unaudited at 30 Sep 2024 £m** | Unaudited at 2 Oct 2023 £m | *Audited at 1 Apr 2024 £m* |
|---|---|---|---|
| Goodwill | **-** | 0.1 | *-* |
| Property and equipment | **0.6** | 3.0 | *2.2* |
| Property held for sale | **0.6** | 3.1 | *2.2* |

At 30 September 2024 one property was classified as held for sale based on its fit with the remaining group's estate. Sale is expected within 12 months from the reporting date. On reclassifying the property as held for sale a charge of £0.1 million was recognised within adjusting items (see note 2).

## 11. RETIREMENT BENEFIT SCHEMES

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

| | **26 weeks to 30 Sep 2024 £m** | 26 weeks to 2 Oct 2023 £m | *52 weeks to 1 Apr 2024 £m* |
|---|---|---|---|
| **Changes in the present value of the retirement benefit schemes are as follows:** | | | |
| Opening surplus | **0.1** | 3.7 | *3.7* |
| Current service cost | **(0.1)** | (0.1) | *(0.1)* |
| Contributions | **1.1** | 0.8 | *1.6* |
| Finance income for pension obligations | **-** | 0.1 | *0.2* |
| Remeasurement through other comprehensive income | **0.8** | (6.5) | *(4.7)* |
| | **1.9** | (2.0) | *0.7* |
| IFRIC 14 adjustment | **(0.8)** | - | *(0.6)* |
| **Closing surplus/(deficit)** | **1.1** | (2.0) | *0.1* |

As at 1 April 2024, the group determined that the accounting surplus should be recognised after deducting withholding tax, which would be levied prior to the future refunding of any surplus and would be payable by the Trustees of the Scheme. The pension surplus has therefore been presented on a net basis at 30 September 2024 and at 1 April 2024.

## 12. SHARE CAPITAL

Total share capital comprises the nominal value of the share capital issued and fully paid of £7.8 million (2024: £7.8 million) and the share premium account of £7.8 million (2024: £7.8 million). Share capital issued in the period comprises a nominal value of £nil (2024: £0.5 million) and a share premium of £nil (2024: £nil).

## 13. POST BALANCE SHEET EVENTS

Subsequent to the period end the group sold the Tavern (Cheltenham), which was classified as held for sale at 30 September 2024, for a total cash consideration of £0.6 million.