1 October 2019 (Strictly private and confidential – insider information)

Revolution Bars Group plc (LSE: RBG)
Preliminary results for the 52 weeks ended 29 June 2019

Revolution Bars Group plc ("the Group"), a leading UK operator of 77 premium bars, trading under the Revolution and Revolución de Cuba brands, today announces its results for the 52 weeks ended 29 June 2019.

Key points on 2019

- Considerable progress made in 2019 - a year of transition with business stabilised
- Full year results in line with market expectations
- Workstreams initiated in FY19 starting to drive performance improvements
- Like-for-like** sales for the period at -3.5% mask an improving trend with H1 at -4.0%, H2 at -2.9% and Q4 at -1.8%
- Five new bars were committed to open in the period (all H1); two Revolution bars trading strongly reaffirming relevance of brand, three Revolución de Cuba bars encouraging but take longer to reach maturity

Financial

- Sales of £151.4 million (2018: £141.9 million), +6.7%
- Adjusted* EBITDA £11.1 million (2018: £15.0 million)
- Adjusted profit before tax* of £3.0 million (2018: £8.0 million)
- Adjusted* earnings per share of 3.4 pence (2018: 13.0 pence)
- Loss before tax of £5.6 million (2018: loss £3.6 million)
- Loss per share 10.4 pence (2018: Loss 5.7 pence)
- Net cash flow from operating activities £10.6 million (2018: £10.2 million)

Current Trading and Future Prospects

- Moving from a year of stabilisation into a year of consolidation
- Strategy now focused on building on the improvements gained, investing in the existing estate and reducing bank borrowings
- Annual cost savings of £1.5 million announced at interims implemented and expected to be fully realised in FY20
- At the end of FY19, like-for-like** sales growth was achieved in five of the last seven weeks and in FY20 Q1, like-for-like** sales are up 0.7% and after adjusting for refurbishment closure days are up 1.2%
- Six bars already refurbished during Q1 including flagship Revolución de Cuba Manchester and showing encouraging sales uplifts in their first few weeks of trading. Nine further refurbishments planned in FY20
- Pre-booked Christmas sales strong increasing 15% (like-for-like : 8%) on same time last year

Rob Pitcher, Chief Executive Officer, said:

"A return to positive like-for-like sales in Q1 of the current year reflects the hard work by the team in stabilising the business. We will invest in our team, our brand experience and our estate to continue to improve performance. Our progress demonstrates that our business is delighting our guests, and is both profitable and cash generative. We will utilise surplus cash to reduce debt to such an extent whereby any return to expansion of the estate will be self-funding."

The information contained within this announcement is deemed to constitute inside information under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

**Adjusted performance measures exclude exceptional items, share-based payment (credits)/charges and bar opening costs (see reconciliation table on page 10 of the Financial Review)*
***Like-for-like (LFL) sales are defined as total retail sales from bars that have traded throughout both the current and prior reporting periods.*

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A presentation for analysts will be held today and the presentation will be made available on the Group's corporate website at www.revolutionbarsgroup.com.

Chairman's Statement

I am pleased to report that over recent months the business has recorded a steady improvement in performance and as the many work-streams initiated during the last year take root we can expect further improvements to sales trends as the year progresses.

The Board is certain that focusing management and investment on the existing estate to improve the underlying strength of the business and to use surplus cash generated to reduce debt remains the right strategy.

Our business

The Group operates 77 premium bars with a strong presence throughout the UK for its two high-quality retail brands: Revolution, focused on young adults; and Revolución de Cuba, which attracts a broader age range. Most of the Group's sales are derived from drink and food with some late night admission receipts driven by entertainment completing the sales mix.

Following the appointment of Rob Pitcher as CEO in June 2018 and the subsequent strategic decision to suspend rolling-out new bars, our strategy to revitalise the Group and its brands has been focused on investing in our existing estate to improve performance through sales growth and better cash generation and in turn delivering stronger returns. During the reporting period, there were eight bar refurbishments costing £1.4 million, but in the new reporting period 15 refurbishments are planned, six of which have already been completed.

However, we were committed to opening five new bars in the period, of which three were Revolución de Cubas and two were Revolutions, resulting in the Group trading from 79 bars at the period end (60 Revolution and 19 Revolución de Cuba). The two new Revolution bars are trading ahead of expectations and are delivering excellent returns demonstrating consumers continued endorsement of this brand. The three new Revolución de Cuba bars are, as expected, continuing to establish themselves in their local markets and we are happy with their progress. In common with most operators we have continued to manage our estate and since the end of the reporting period have closed two under-performing bars.

Our results

Sales of £151.4 million (2018: £141.9 million) were 6.7% higher than the previous period, driven by new bar openings. Like-for-like** sales were -3.5%, adjusted EBITDA*, our preferred KPI, of £11.1 million (2018: £15.0 million) was in line with guidance given at our interim announcement.

After exceptional items of £7.1 million (2018: £11.1 million), bar opening costs of £1.5 million (2018: £2.0 million) and a credit from long term incentive plans of £0.1 million (2018: credit £1.6 million), the operating loss was £4.7 million (2018: loss £3.0 million).

Exceptional items include non-cash charges of £7.1 million for asset impairments and onerous lease provisions (2018: £7.8 million). There are no cash exceptional items in the period, compared with prior year cash exceptional items of £3.3 million primarily for fees and expenses related to corporate acquisition activity.

Our Board

Rob Pitcher took up his appointment as CEO immediately prior to the start of the reporting period and has focused his efforts on the Group's trading turnaround and in particular understanding the difficulties faced by the Revolution brand, stabilising performance and planning and coordinating the activities to return the Group to sales and profit growth. A number of work-streams that are now in place to drive change and deliver better performance, are gaining traction as evidenced by the improving like-for-like** sales trend during the period.

Michael Shallow, the Company's Senior Non-Executive Director, retired from the Board at the Annual General Meeting on 26 November 2018. I would like to thank Michael for his contribution as the Senior Non-Executive Director and for leading the Audit Committee from the time of the Company's IPO. Also on 26 November 2018, Jemima Bird, an existing Non-Executive Director, was appointed Senior Non-Executive Director and William Tuffy joined the Company and the Board as a Non-Executive Director and Chair of the Audit Committee.

Our dividend

The Group remains a highly cash generative and profitable business. However, as indicated in March 2019, until there is a recovery in the Group's underlying sales performance, dividends are suspended in order to prioritise both investment in the existing estate and a reduction in bank borrowings. The Board intends to resume payment of dividends at the earliest opportunity.

Our people

The Group employs over 3,300 people who strive to provide the outstanding customer experience that is at the heart of our strategy. Team members are the lifeblood of our business and therefore, we have maintained our focus

on team member training and development to continuously improve individual capabilities and trading performance. I would like to recognise the commitment and the substantial effort of all our employees and thank them for their contribution to the Group's performance. Together with a clear strategic plan, it is their continued dedication and commitment to the business that will enable us to succeed

Corporate activity
At the time of last year's report, we noted a possible acquisition of Deltic Limited. However, shortly after the report was issued and after a period of due diligence on the Deltic business, the Board decided that it was not in the interests of shareholders to further pursue a combination of the businesses.

Our future
Our like-for-like** sales trend has shown significant improvement over the past few months due to both the sales driving initiatives put in place gaining further traction and to the softer trading comparatives associated with the combination of 2018's sustained period of hot weather and the FIFA World Cup. Pleasingly, these trends have strengthened further into the new financial period and like-for-like** sales in the first quarter are now positive at 0.7%. Given our increased focus on the existing estate, there have been more closure days for refurbishment activity during the first quarter compared to last year, and excluding those days gives underlying first quarter like-for-like** sales of +1.2%.

Christmas is a crucial trading period for both our brands and we invest substantial resources into pre-selling parties. We have grown our Christmas business for six consecutive years on a like-for-like basis and we expect this year to continue that trend; early evidence is encouraging.

As the many work-streams initiated during the last financial year take root, we can expect further improvements to sales trends as the year progresses. However, we are mindful of the uncertain economic and political backdrop. The Board is certain that focusing management and investment on the existing estate to improve the underlying strength of the business and to use surplus cash to reduce debt remains the right strategy. We are profitable, cash generative and are focused on further reducing debt to less than one times adjusted EBITDA, at which time we expect to be able to recommence expansion on a self- funded basis.

I am confident that the changes in operational personnel and the actions and work-streams initiated in the last twelve months under Rob Pitcher's guidance will drive improved performance and a better business.

Keith Edelman
Chairman
1 October 2019

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Chief Executive Officer's statement

Introduction
Considerable progress, in challenging market conditions, has been made over the last 12 months.

As we transition into the next phase of our turnaround, we will seek to consolidate our improved performance through investment in our people, our guest experience and by revitalising the Revolution brand and the business as whole. I am pleased to report that we are seeing positive momentum across the business and have now been trading in positive like-for-like** sales and ahead of the market tracker for high street bars in two of the last three months.

Together with the operational actions and initiatives designed to deliver improved performance, we are determined to reduce our bank borrowings to the extent that any expansion will be largely self-financing.

I am pleased with how the business and our people have responded to the challenge set with the team fully engaged with our journey.

Our performance is set against a very challenging macro-economic and politically uncertain trading environment for the whole sector and specifically the 'high street' which has suffered with both the ongoing, widely publicised, cost headwinds and the impact of closures in the casual dining sector. Whilst we are cognisant of the challenges this trading environment presents, we have remained focused on the delivery of our three-year turnaround plan. Having stabilised the business, we are now transitioning into a year of consolidation ahead of returning to expansion in financial year 2021.

The first half performance was hampered by the extended period of record-breaking hot weather experienced across the United Kingdom, and the extended run of the English national football team at the FIFA World Cup. During the second half we suffered from lower consumer confidence related to the political uncertainty caused by Brexit. Since this time, we have seen a steady and improving trend in our sales performance.

Against this backdrop we have worked to bring stability to our operational management team and to rectify the underinvestment in both our existing estate and the Revolution brand customer proposition. I'm pleased to report that, across the reporting period, the team is much more settled, and the new Revolution brand proposition coupled with our refocus on site refurbishments are delivering a turnaround in the brands like-for-like** sales performance.

Like-for-like** sales for the Group ended the year down 3.5% which masks an improving trend with our first half, propped up by a strong festive period, down 4% and the second half improving to -2.9%. The second half improvement was largely driven by a much better fourth quarter of -1.8% with growth achieved in five of the last seven weeks of the year. That momentum has continued into the new financial year and after thirteen weeks, growth stands at 0.7% and adjusting for the impact of additional closure days for refurbishments further improves to 1.2%. In FY19, the Revolution brand was the weaker of our two brands with sales for the full year down 4.6% with the first half down 5.7% and the second half down 3.4% but with the first thirteen weeks of the new financial year improving to -0.6%. Revolución de Cuba continues to perform more strongly with sales for the full year broadly similar to the prior year having had a difficult third quarter. However, since then we have seen the brand returning to its historically strong performance with the first thirteen weeks of this new financial year up 3.8%. Revolución de Cuba remains well positioned, well invested and is loved by its guests.

Over the last three months our like-for-like** sales have consistently outperformed the 'Bars & High Street Bars' cohort in the CGA industry sales tracker for the first time in over eighteen months as we start to recover market share.

Our strategy

Our Group strategy remains unchanged with our three pillars, which are:

- Build guest loyalty
- Drive sustained profit improvement
- Develop our estate

These three pillars are still the guiding principles of the Group and are very much driving our long-term decision-making processes. As part of our three-year plan we have spent the past nine months and will spend the coming twelve months focused on the first two of these pillars ahead of returning to expanding our estate again

Stabilisation

The process to stabilise the company began a year ago with a full review of the Revolution brand's customer proposition which provided the views of over 3,500 individual guests and 2,500 team members. The main conclusions were;

- Revolution is not delivering against our guests' value equation of price, quality and experience
- Slow speed of service is a frustration for current guests and a barrier for lapsed guests
- Food and drink menus lack innovation and have not kept pace with guest preferences
- The estate is varied and may benefit from segmentation
- Our guests associate Revolution with 'fun' and are craving memorable experiences and events

This allowed us to form a deep understanding of what our guests were seeking from the Revolution brand and led to the creation of thirty different work-streams aimed at restoring the brand and Group performance.

A highlight of a tough first half was the delivery of our sixth consecutive record festive trading period. Both our sales and operations teams performed excellently delivering the important festive party season with pre-booked sales up 11.7% and like-for-like** sales in growth by 2.6% for the four weeks up to 31 December. This year, our early bookings are once again impressive and with nine weeks to go before the start of the Christmas party season pre-booked sales are 7.5% up on a like-for-like basis.

During the first half we opened five new bars, three Revolución de Cuba's and two Revolutions. Trading at both Revolution bars has exceeded our expectations and they are delivering excellent returns on investment whilst trading at the three Revolución de Cuba bars is taking longer to build but as anticipated.

In March, we announced a review of our strategic priorities with further emphasis on stabilisation and building a firm foundation for the Group's long term future. We announced decisive action to cease new openings and to suspend dividends in favour of increasing investment into refurbishing our core estate, repaying bank debt and delivering the workstreams to revitalise the Revolution brand. Significant progress has been made against these strategic priorities in the course of the second half of FY19.

Investing in our estate
During the year we invested £1.4 million refurbishing eight bars. These comprised six Revolution bars and two Revolución de Cuba bars. Post refurbishment, these bars have seen an overall sales uplift relative to the estate of 5.6% sufficient to repay the investment within 26 months.

Since the start of the new financial year, the Group has invested a further £1.1 million refurbishing six more bars (four Revolution and two Revolución de Cuba). We are very encouraged by the response from guests and the early sales performances.

Revitalising the Revolution brand
Our extensive guest research and feedback from our team members guided us towards creating thirty workstreams designed to improve the trading performance of both brands but with a particular focus on revitalising the Revolution brand.

Several workstreams are focused on generating sales growth including an ambition to re-establish our market leading position for Friday and Saturday evening entertainment. The creation of 'Saturday X' and 'Love Revolution Saturdays' entertainment packages is helping us achieve this and has been rolled out to 24 Revolution bars. 'Saturday X' is our full-scale production night and is driving average weekly uplifts of £2,000 in our larger bars with 'Love Revolution Saturdays' delivering average weekly uplifts of £1,200 per bar. We will extend this successful programme of entertainment in the coming months to further bars and we will continue to develop new and interesting content to further innovate to ensure a memorable and fun experience for our guests.

The demand for memorable experiences and events is growing and therefore we have further developed our 'Project Event Space' offering. Over the past six months, this has seen just over 12,000 guests attending various events held across the 28 bars currently taking part in this workstream. These new and exciting innovations provide additional reasons to visit our premises and are attracting first time guests to Revolution developing our customer base and driving repeat visits. In the coming months we will extend these events to more bars including Revolución de Cuba bars.

Delivering on our guest's value equation was a key learning from the customer research and we have deployed a number of promotional and core pricing changes to provide better value for money which has seen our overall retail selling price in Revolution reduce by c. 1%, whilst improving our drinks quality and range. Whilst volumes declined for the year at 3.1% we have seen an improving run rate since these changes were implemented in the Spring. The same approach has been taken on the Revolution food menu which has seen a more drastic 5% reduction in average selling price across the year translating into a 19% upswing in the volume of meals sold. The increase in footfall this brings also benefits drink sales associated with the food sales.

Food delivery is a way of life for the young professional and we have partnered with Deliveroo across 74 bars where the Deliveroo service is available. Sales penetration by bar varies greatly but we expect to deliver £0.5 million of food sales through this new channel in FY20 and we anticipate this will continue to grow.

As we revitalise the Revolution brand we continue to build guest loyalty and sentiment. This has increased over the last twelve months with our average star rating across all online review platforms (as measured by Reputation.com) moving from 4.1 in the year to June 2018 to 4.3 for the year to June 2019. That momentum has continued and currently the brand scores 4.4 stars. Our response rate to these reviews has also moved from 36% to over 97% between June 2018 and June 2019. What is also pleasing is that across the same time frame the volume of guest reviews received is up by 46% from 31,000 to 45,000 which is providing ever increasing amounts of feedback in order to assess our performance.

Engaging our guests through digital platforms is increasingly important for our business and we continue to gain traction through our social channels with followers of Revolution across Facebook and Instagram up by 9% year on year with a total reach for the year of over 17 million and engagement with these posts at 1.2 million. Our new Revolution website was launched during the second half of the year with some very strong results such as booking enquires up 44% and average page dwell time up 12% as guests engage with more relevant content. On 2 September 2019, we launched the Revolution App and in four weeks achieved over 60,000 registered downloads and reached number nine in the rankings of 'free food and drink apps' on the app store.

Driving profit improvement from our existing bars is one of our key strategic pillars. Labour is one of our largest costs and managing this efficiently is vital to our success. We continue to strive for optimisation via our labour management system. During the reporting period the average hourly rate of pay increased by 4.2% following the statutory increases in the National Living and National Minimum Wage with a further 1.0% increase in employers' pension contributions applied from April 2020. The increase in total venue labour costs at like-for-like bars was limited to 0.5% due to improvements in deployment and removal of duplicated or unnecessary tasks at sites mitigating £1.6 million of cost increases.

At the half year we announced a series of cost reduction measures to deliver £1.5 million per annum of savings to help further mitigate the cost headwinds facing the business all of which are now in place and we expect to achieve the full benefits in FY20.

As a result of daily monitoring of energy consumption at site level and targeted investment in energy saving initiatives, we achieved savings in consumption of over £250,000 although this was more than offset by increases in tariffs and related taxes. LED lighting was rolled-out to a further 33 bars during the year (41 bars now with LED) and since the start of the new financial year we have added a further eight bars with plans for around ten more over the remainder of FY20.

Our Team

In the face of a difficult trading environment and with an ever-increasing demand for improvement being required of them to deliver the turnaround in performance, our 3,300-strong team has risen to the challenge. They have dug deep and stuck to the task at hand in delivering increasing sales through delighting our guests and creating fun memorable experiences for them every day, as evidenced by our improving customer ratings. I strongly believe that investing in the training and development of our teams is vital to the long-term success of the Group and I am delighted that during the reporting period we provided additional development training to over 1,800 of our team and promoted 164 people further along our management development pathway.

One of the key differentiators that makes Revolution Bars Group such a great place to be is our 3,300 strong team.

Current Trading and Outlook

In the first thirteen weeks of this financial year like-for-like** sales increased by 0.7% and if adjusted for the rise in number of closure days resulting from our refurbishment programme it is 1.2%.

We have now transitioned from a year of stabilisation into a year of consolidation. We are totally focused on ensuring our brands drive like-for-like** sales and profit growth. We will create and deliver shareholder value through building a stronger platform for growth by strengthening our balance sheet.

Our key priorities for the year ahead are to;

- Invest in our team
- Invest in our brand & guest experience
- Invest in our estate

We plan to focus on our team engagement by developing strategies around team welfare, diversity and inclusion that mirror our customer base. We will also further innovate and develop our experience-led events including launching our Revolución de Cuba external events business. We will further build on our strong competitive socialising heritage, whilst also adding enhancements to our new App with the introduction of loyalty rewards and

order and pay at table. We will invest in our estate with the twin objectives of driving like-for-like** sales whilst creating a more sustainable business and lessening our impact on the environment.

I am excited to be leading the team into the next phase of our journey.

Rob Pitcher

Chief Executive Officer

1 October 2019

**Adjusted performance measures exclude exceptional items, share-based payment (credits)/charges and bar opening costs (see reconciliation table on page 10 of the Financial Review)*

***Like-for-like (LFL) sales are defined as total retail sales from bars that have traded throughout both the current and prior reporting periods.*

Financial review

Financial Review

Summary

- Revenue for the period was £151.4 million (2018: £141.9 million), a 6.7% increase compared with the prior period
- The underlying result, as measured by adjusted EBITDA*, was £3.9 million lower at £11.1 million (2018: £15.0 million)
- The Group incurred an operating loss of £4.7 million (2018: loss £3.0 million) after charging non-cash exceptional items of £7.1 million (2018: £11.1 million – included £7.9 million on non-cash items and £3.2 million of cash items)
- The Group generated net cash flow from operating activities in the period of £10.6 million, £0.4 million more than in the prior period (2018: £10.2 million)
- Net debt at period end was £14.9 million (2018: £11.5 million) after capital investments of £11.6 million

Results

Revenue for the period was £151.4 million (2018: £141.9 million), up 6.7% compared with the prior period. The revenue increase comprised part-period contributions from five new bars opened during the period and the annualisation of six new bars opened in the prior period, offset by a reduction in sales from established like-for-like** bars of 3.5%.

The underlying result, as measured by adjusted EBITDA*, was £3.9 million lower at £11.1 million (2018: £15.0 million). This reflects an adjusted EBITDA* margin of 7.3% of revenue compared with 10.6% in the prior period. The reduction in EBITDA margin is predominantly the result of the reduction in like-for-like** sales whilst costs pressures have continued unabated, primarily due to minimum wage and employer pension increases, additional energy taxes and transitional relief for general rates increases relating to the 2017 revaluation now being full exhausted and the absence of any rate refunds from rating appeals.

Of the six bars opened in the prior period, one Revolución de Cuba and three Revolution bars opened in the first half followed by two Revolución de Cuba bars in the second half. These bars have performed in line with expectations, achieving incremental revenue in the period of £6.7 million and incremental adjusted EBITDA* of £1.0 million. For the full year, these six bars produced £1.9 million adjusted EBITDA in the year at a net margin of 13.9%. This is equivalent to a return on capital of 19.1%, which is expected to improve further as the Revolución de Cuba bars mature in both sales growth and EBITDA conversion.

Five bars opened in the current period, all in the first half. Three Revolución de Cuba bars opened in Southampton, Bristol and Huddersfield, and two Revolution bars opened at Glasgow Mitchell Street and Durham. At the interim, the Board took the decision to suspend further openings of bars and to focus on investment in the existing estate. These five bars achieved total revenue in the period of £7.3 million and adjusted EBITDA* of £0.5 million equating to a net margin of 6.8%. The three Revolución de Cuba bars have started slowly but are expected to continue to grow their market share over the next 12 months consistent with the trading profile seen in many of the other brand openings to date. The two Revolutions have traded strongly from opening. This Group of openings is projected to achieve a return of 12.6% in their first twelve months but the Board is confident that returns will improve significantly over time.

The increase in pay rates for venue staff amounted to £1.7 million at like-for-like bars, nearly all of which was mitigated by reductions in hours worked as a result of our focus on staff scheduling efficiencies. The amount expended on general rates net of rebates at like-for-like bars was £0.7 million higher, in part due to having received rebates of £0.4 million in the prior year and in part to the unwind of transitional relief relating to the 2017 rateable value revaluation. Energy tariffs and related taxes increased by £0.3 million but were offset by consumption savings as a result of investment and management focus on energy saving initiatives.

Central costs of £7.7 million (2018: £7.6 million) represent 5.1% of revenue compared to 5.4 % in the prior period and equates to £97,000 per bar (2018: £103,000).

The Group therefore incurred an operating loss of £4.7 million (2018: loss of £3.0 million) after charging non-cash exceptional items of £7.1 million (2018: £11.1 million – included £7.9 million of non-cash items and £3.2 million of cash items). The Group reported a pre-tax loss for the period of £5.6 million (2018: loss £3.6 million) impacted by the exceptional costs detailed above and after bar opening costs of £1.5 million (2018: £2.0 million) and a credit arising from long-term incentive plans of £0.1 million (2018: credit £1.5 million).

Underlying profitability

The Board's preferred profit measure is adjusted pre-tax profit, which excludes exceptional items, bar opening costs and credits/charges arising from long term incentive plans. On this basis, adjusted pre-tax profit was below the prior period at £3.0 million (2018: £8.0 million).

	Number of bars	2019 £m	2018 £m
Adjusted EBITDA*			
Bars opened pre-July 2017	68	**16.4**	21.8
Bars opened in prior period	6	**1.9**	0.8
Bars opened in current period	5	**0.5**	-
Adjusted EBITDA from bars	79	**18.8**	22.6
Central support costs		**(7.7)**	(7.6)
Adjusted EBITDA		**11.1**	15.0

	2019 £m	2018 £m
Reported pre-tax loss	**(5.6)**	**(3.6)**
Add back Exceptional items	7.1	11.1
Add back Bar opening costs	1.5	2.0
Add back Credit arising from long-term incentive plans	(0.1)	(1.5)
Adjusted pre-tax profit	**3.0**	**8.0**
Add back Finance costs	0.9	0.5
Add back Depreciation	7.2	6.5
Adjusted EBITDA	**11.1**	**15.0**

Exceptional items, bar opening costs and accounting for long term incentive plans

Exceptional items, by virtue of their size, incidence or nature, are disclosed separately in order to allow a better understanding of the underlying trading performance of the Group. The charge for the period comprises £7.1 million all of which are non-cash items relating to fixed assets impairment charges and an increase in the provision for onerous leases. In the prior reporting period, non-cash exceptionals for these same items amounted to £7.9 million and also included £3.2 million of cash costs associated with the takeover and merger approaches received from the Stonegate Pub Company Limited and the Deltic Group Limited, the resignations of the Chief Executive Officer ("CEO") and Chief Operating Officer ("COO") and the recruitment of a replacement CEO and additional resourcing to support the review of accounting policies. There were no cash exceptional items in the current period. A full analysis of Exceptional items is given in note 3 to the financial statements.

Bar opening costs refer to one-off costs incurred in getting new bars fully operational and primarily include costs incurred before opening and in preparing for launch. The most significant element of these costs relates to property overheads incurred between signing the lease and opening for trading. Whilst five bars were opened in the reporting period, the total charge also includes £0.2 million costs written-off in respect of other pipeline sites that were aborted following the decision to suspend the opening programme and focus investment on the existing estate and debt reduction.

Credit relating to long term incentive schemes resulted from the expiry of tranche 1 of both the IPO and 2016 LTIP awards under which there were no vestings.

The Board believes that the performance measures, adjusted EBITDA*, adjusted operating profit* and adjusted pre-tax profit*, give a clearer indication of the underlying performance of the business as they exclude exceptional items, one-off bar opening costs that are a function of the timing of the new bar development program rather than the underlying trade, and non-cash charges relating to long-term incentive schemes which tend to reflect changes in the management team rather than being a measure of performance.

Finance costs

Finance costs of £0.9 million (2018: £0.6 million) relate to borrowings under the Group's committed revolving credit facility (the "Facility") and also include commitment fees relating to any undrawn element of the Facility, the amortisation of arrangement fees over the life of the Facility and notional interest charged at a risk free rate on the onerous lease provision balance. The increased cost reflects higher average bank debt levels during the year as a result of the accelerated expansion of new bar openings over the last two years.

The Group has had in place throughout the period the Facility, which provides £25 million committed to December 2021. However, given the Group's current priorities of focusing management resource and investment on the

existing estate and reducing debt over the next twelve months, the Facility has been reduced to £21.5 million as at the date of this report saving unnecessary commitment fees. Further reductions have been agreed consistent with the expected reduction in debt levels over time but allowing for both cash flow seasonality and headroom against unforeseen short term trading issues with a minimum facility of £18.0 million at any point. At the end of the period, loans of £17.5 million (2018: £15.5 million) were outstanding.

Taxation
There is no tax payable in respect of the current period. The credit of £0.4 million (2018: credit £0.7 million) comprises a net deferred tax credit of £0.3 million arising from timing differences (2018: credit £0.2 million) alongside a £0.1 million credit relating to tax relief arising from exceptional items from previous periods and high levels of capital expenditure.

(Loss)/earnings per share
Basic loss per share for the period was 10.4 pence (2018: loss 5.7 pence). Adjusting for exceptional items, non-recurring opening costs and credits arising from long term incentive plans resulted in adjusted earnings per share for the period of 3.4 pence (2018: 13.0 pence).

Operating cash flow and net debt
The Group generated net cash flow from operating activities in the period of £10.6 million, £0.4 million more than in the prior period (2018: £10.2 million). This was mainly attributable to lower corporation tax payments £0.2 million credit (2018: £0.6 million charge). After deducting capital investments £11.6 million (2018: £14.3 million), dividends £1.7 million (relating to the payment of FY18 dividends) (2018: £2.5 million) and interest £0.9 million (2018: £0.5 million), there was a net cash outflow in the period of £3.4 million (2018: £7.1 million) resulting in net debt increasing from £11.5 million to a closing position of £14.9 million. The decision to suspend new bar openings and dividends will lead to a more significant proportion of the Group's net cash flow from operating activities being available to reduce net debt during FY20.

Capital expenditure and returns on invested capital
The Group invested £11.6 million (2018: £14.3 million) in total during the period of which £6.6 million (2018: £9.8 million) related to new bars and £4.1 million (2018: £3.8 million) related to developing and maintaining the existing estate. A further £0.9 million was spent on computers, IT systems and app development (2018: £0.6 million). Given the suspension of new bar openings as detailed in the FY19 interim results, there was no expenditure in the current reporting period relating to FY20 openings.

The six bars opened in the prior period generated adjusted EBITDA* in the current period of £1.9 million. The capital development cost for these six bars was £9.4 million producing a return on capital of 20.2% during the current reporting period (adjusted EBITDA* divided by capital cost). Five bars opened in the current period at a capital cost of £7.6 million. These bars are not all yet trading maturely but are expected to at least achieve a 20% return in the FY20 reporting period.

Dividend
As notified in the interim announcement, the Board has suspended payments of dividends until there has been a sustained recovery in the Group's underlying sales performance and debt has been materially reduced from current levels. The final dividend in the previous year was 3.3 pence per share.

Leasing
The new accounting standard on leasing arrangements (IFRS 16) will be adopted by the Group with effect from 30 June 2019 using the modified retrospective approach. As explained in the 'New standards and interpretations not yet adopted' section of the Annual Report, this will impact on the stated values of assets and liabilities as reported on the Group's Balance Sheet and will most likely result in an increase in both the Group's adjusted EBITDA and finance charges. Had IFRS 16 applied to the current reporting period, the Group's adjusted profit before tax would have been £0.1 million lower than reported in these statements.

As at the reporting date, the Group has non-cancellable operating lease commitments of £181.8 million. None of this relates to short-term or low value leases. For the lease commitments, the Group expects to recognise right-of-use assets of approximately £85.5 million on 30 June 2019, and lease liabilities of £122.7 million (after adjustments for prepayments and accrued lease payments recognised as at 29 June 2019). Overall, the net assets will be approximately £23.5 million lower, and net current assets will be approximately £7.3 million lower due to the presentation of a portion of the liability as a current liability.

The Group expects that for the reporting period ending 27 June 2020, Adjusted profit before tax will be approximately £1.0 million higher and that net profit after tax will increase by approximately £1.0 million as a result of adopting the new rules. Adjusted EBITDA, the directors preferred measure for the underlying business performance, is expected to increase by approximately £11.7 million, as operating lease payments were previously included in EBITDA, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure.

Operating cash flows will increase and financing cash flows decrease by approximately £11.7 million (netting off to £nil) as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities. Therefore, there is no change in the Group's cash flows as a result of adopting IFRS 16.

Bank covenants will continue to be measured under the previous accounting rules until such time as a new Facility or revised covenants are formally agreed with the bank to take account of the impact of IFRS 16.

Mike Foster
Chief Financial Officer
1 October 2019

**Adjusted performance measures exclude exceptional items, share-based payment (credits)/charges and bar opening costs (see reconciliation table on page 10 of the Financial Review)*

***Like-for-like (LFL) sales are defined as total retail sales from bars that have traded throughout both the current and prior reporting periods.*

Consolidated statement of profit or loss and other comprehensive income

for the 52 weeks ended 29 June 2019

	Note	52 weeks ended 29 June 2019 £'000	52 weeks ended 30 June 2018 £'000
Revenue	2	**151,404**	141,939
Cost of sales		**(36,643)**	(33,751)
Gross profit		**114,761**	108,188
Operating expenses:			
– operating expenses, excluding exceptional items	3	**(112,350)**	(100,120)
– exceptional items	3	**(7,127)**	(11,087)
Total operating expenses	3	**(119,477)**	(111,207)
Operating loss	4	**(4,716)**	(3,019)
Finance expense		**(858)**	(555)
Loss before taxation		**(5,574)**	(3,574)
Income tax	5	**352**	730
Loss and total comprehensive expense for the period		**(5,222)**	(2,844)
Loss per share:			
– basic and diluted (pence)		**(10.4)**	(5.7)
Dividend declared per share (pence)		**-**	4.95

Non-GAAP measures			
Revenue		**151,404**	141,939
Operating loss		**(4,716)**	(3,019)
Exceptional items	3	**7,127**	11,087
Credit arising from share-based payments	10	**(64)**	(1,566)
Bar opening costs	3	**1,484**	2,029
Adjusted operating profit		**3,831**	8,531
Finance expense		**(858)**	(555)
Adjusted profit before tax		**2,973**	7,976
Depreciation		**7,230**	6,477
Amortisation		**-**	-
Finance expense		**858**	555
Adjusted EBITDA		**11,061**	15,008

Consolidated statement of financial position

at 29 June 2019

	Note	29 June 2019 £'000	30 June 2018 £'000
Assets			
Non-current assets			
Property, plant and equipment	7	**59,325**	60,195
Intangible assets		**9**	-
		59,334	60,195
Current assets			
Inventories		**4,086**	3,892
Trade and other receivables		**12,276**	11,474
Tax receivable		**51**	265
Cash and cash equivalents	8	**2,627**	4,025
		19,040	19,656
Total assets		**78,374**	79,851
Liabilities			
Current liabilities			
Trade and other payables		**(24,901)**	(22,891)
Provisions	9	**(1,269)**	(1,065)
		(26,170)	(23,956)
Net current liabilities		**(7,130)**	**(4,300)**
Non-current liabilities			
Interest-bearing loans and borrowings		**(17,500)**	(15,500)
Deferred tax liability		**(413)**	(690)
Provisions	9	**(9,687)**	(8,912)
Rent free creditor		**(3,184)**	(2,433)
		(30,784)	(27,535)
Total liabilities		**(56,954)**	(51,491)
Net assets		**21,420**	28,360
Equity attributable to equity holders of the parent			
Share capital		**50**	50
Merger reserve		**11,645**	11,645
Retained earnings		**9,725**	16,665
Total equity		**21,420**	28,360

Consolidated statement of changes in equity

for the 52 weeks ended 29 June 2019

		Reserves		
	Share capital £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
At 2 July 2017	50	11,645	23,550	35,245
Loss and total comprehensive expense for the period	-	-	(2,844)	(2,844)
Credit arising from long-term incentive plans	-	-	(1,566)	(1,566)
Dividends paid	-	-	(2,475)	(2,475)
At 30 June 2018	**50**	**11,645**	**16,665**	**28,360**
Loss and total comprehensive expense for the period	-	-	(5,222)	(5,222)
Credit arising from share-based payments (note 10)	-	-	(68)	(68)
Dividends paid (note 11)	-	-	(1,650)	(1,650)
At 29 June 2019	**50**	**11,645**	**9,725**	**21,420**

Consolidated statement of cash flow

for the 52 weeks ended 29 June 2019

	52 weeks ended 29 June 2019 £'000	52 weeks ended 30 June 2018 £'000
Cash flow from operating activities		
Loss before tax	**(5,574)**	(3,574)
Adjustments for:		
Net finance expense	**858**	555
Depreciation of property, plant and equipment	**7,230**	6,477
Impairment of property, plant and equipment	**5,215**	860
Amortisation of intangibles	**-**	-
Tax credit/(charge)	**352**	(48)
Credits arising from share-based payments	**(68)**	(1,566)
Operating cash flows before movement in working capital	**8,013**	2,704
Increase in inventories	**(193)**	(572)
Increase in trade and other receivables	**(802)**	(920)
Increase in trade and other payables	**2,375**	3,323
Increase in provisions	**979**	6,234
	10,372	10,769
Tax received/(paid)	**214**	(565)
Net cash flow generated from operating activities	**10,586**	10,204
Cash flow from investing activities		
Purchase of intangible assets	**(9)**	-
Purchase of property, plant and equipment	**(11,575)**	(14,276)
Net cash flow used in investing activities	**(11,584)**	(14,276)
Cash flow from financing activities		
Equity dividends paid	**(1,650)**	(2,475)
Interest paid	**(750)**	(478)
Drawdown of borrowings	**2,000**	8,000
Net cash (outflow)/inflow generated from financing activities	**(400)**	5,047
Net (decrease)/increase in cash and cash equivalents	**(1,398)**	975
Opening cash and cash equivalents	**4,025**	3,050
Closing cash and cash equivalents	**2,627**	4,025

1. General information

(a) Basis of preparation

The accounting period runs to the Saturday which falls nearest to 30 June each year and therefore normally comprises a 52-week period but with a 53-week period arising at approximately five-year intervals. The period ended 29 June 2019 is a 52-week period; the period ended 30 June 2018 was also a 52-week period. The consolidated financial statements have been prepared under the historical cost convention in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. References to 2019 relate to the 52-week period ended 29 June 2019 and references to 2018 relate to the 52-week period ended 30 June 2018 unless otherwise stated. The consolidated financial statements are presented in Pounds Sterling with values rounded to the nearest thousand, except where otherwise indicated. These policies have been applied consistently unless otherwise stated.

(b) Going Concern

As at the end of the reporting period, the Group had a £25 million revolving credit facility committed to 31 December 2021. The facility provides liquidity to cover normal monthly and seasonal cash outflows, a safety net for the business to ride out short-term downturns in trade, and has facilitated the Group's expansion into new trading sites. At the end of the reporting period, drawings under the revolving credit facility stood at £17.5 million. In its interim results announced on 1 March 2019, the Group advised that in view of disappointing trading performance it would focus both its management and financial resources on the existing estate and reduce debt to more comfortable levels and therefore with immediate effect would curtail new bar openings and suspend dividend payments. Given the Group's current priorities and an expectation that debt will reduce over the next eighteen months, by which time the Group will need to refinance the existing facility, the Group has agreed to reduce the revolving credit facility to £21.5 million as at the date of this report saving unnecessary bank commitment fees. Further reductions in the facility have been agreed consistent with the expected reduction in debt levels over time but continuing to allow for both seasonality of cash flow and headroom against unforeseen trading issues. The facility does not reduce below £18.0 million at any point.

The Group continues to be very cash generative pre expansionary capital expenditure, has ample headroom on its facility to cover working capital and seasonal cash flow needs and can potentially cover a significant reduction in trading performance relative to the current sales trend. The Directors have reviewed the Group's trading forecast, which demonstrate that the Group has adequate financial resources to continue in operational existence for at least 12 months from the date of approval of the financial statements and to remain compliant with the terms of the revolving credit facility and the financial covenants (tested quarterly) attached to it. For this reason, the Directors continue to adopt the going concern basis in preparing the consolidated financial information.

2. Segmental information

The Group's continuing operating businesses are organised and managed as reportable business segments according to the information used by the Group's CODM in its decision making and reporting structure.

The Group's internal management reporting is focused predominantly on revenue and adjusted EBITDA, as these are the principal drivers of the Group's business and its allocation of resources. The CODM receives information by trading venue, each of which is considered to be an operating segment. All operating segments have similar characteristics and, in accordance with IFRS 8, are aggregated to form an 'Ongoing business' reportable segment. Within the ongoing business, assets and liabilities cannot be allocated to individual operating segments and are not used by the CODM for making operating and resource allocation decisions.

The Group performs all of its activities in the United Kingdom. All of the Group's non-current assets are located in the United Kingdom. Revenue is earned from the sale of drink and food with a small amount of admission income.

	52 weeks ended 29 June 2019 £'000	52 weeks ended 30 June 2018 £'000
Revenue	**151,404**	141,939
Cost of sales	**(36,643)**	(33,751)
Gross profit	**114,761**	108,188
Operating expenses:		
– operating expenses excluding exceptional items	**(112,350)**	(100,120)
– exceptional items	**(7,127)**	(11,087)
Total operating expenses	**(119,477)**	(111,207)
Operating loss	**(4,716)**	(3,019)

3. Operating expenses

	52 weeks ended 29 June 2019 £'000	52 weeks ended 30 June 2018 £'000
Administrative expenses	**12,974**	14,256
Sales and distribution	**106,503**	96,951
Total operating expenses	**119,477**	111,207

Exceptional items

Exceptional items, by virtue of their size, incidence or nature, are disclosed separately in order to allow a better understanding of the underlying trading performance of the Group. Exceptional charges comprised the following:

	52 weeks ended 29 June 2019 £'000	52 weeks ended 30 June 2018 £'000
Administrative expenses:		
– impairment of property, plant and equipment	**5,215**	860
– movement on onerous lease provisions	**1,912**	6,987
– professional fees for aborted corporate transaction	**-**	1,707
– termination of Directors' contracts	**-**	948
– other exceptional fees (see below)	**-**	585
Total exceptional items	**7,127**	11,087

As a result of the annual impairment testing of property, plant and equipment, the net book value of assets at 26 of the Group's bars (2018: 4) was written down either partially or in full.

Following a robust analysis of the performance of the Group's bars, 11 leases (2018: 7) were identified as requiring either a new or additional onerous lease provision based on projected trading contributions and rental commitments. The adjustment will reduce rental charges against future reporting periods; it has no impact on the Group's cash flows.

Exceptional items in the prior period also comprised the following items:

- Professional fees for aborted merger and acquisition activities related to the Board recommended offer from Stonegate Pub Company Limited and the merger proposals from the Deltic Group Limited;
- Termination of Director's contracts including compensation payments and legal costs associated with the resignations of the Chief Executive Officer ("CEO") and Chief Operating Officer and also fees and expenses relating to the recruitment of the replacement CEO; and
- Other exceptional fees relate to work undertaken in connection with accounting reviews and restatements
-

	52 weeks ended 29 June 2019 £'000	52 weeks ended 30 June 2018 £'000
Bar opening costs	**1,484**	2,029

Bar opening costs relate to costs incurred in getting new bars fully operational and primarily include costs incurred before opening and preparing for launch, even if the bars do not open in the period. The most substantial parts of the cost are for rent and rates incurred between the start of the lease and opening. In the 52 weeks ended 29 June 2019, five new bars were opened (2018: six).

4. Group operating loss

Group operating loss is stated after charging:

	52 weeks ended 29 June 2019 £'000	52 weeks ended 30 June 2018 £'000
Depreciation of property, plant and equipment	**7,230**	6,477
Impairment of property, plant and equipment	**5,215**	860
Impairment of intangibles	**-**	-
Rent payable under operating leases:		
– leasehold premises	**11,323**	10,975
– other	**241**	482
Auditors' remuneration:		
– audit fees payable to the Company's auditor for the audit of these financial statements	**124**	**150**
Fees payable to the Company's auditor for:		
– audit of financial statements of subsidiary	**35**	**35**
– forensic audit	**-**	120
– interim review	**21**	30

The forensic audit charge in the prior period was for work performed by PwC prior to its appointment as external auditor. This non-audit work related to an investigation into the Group's accounting for supplier rebates and short-life assets that was undertaken between July 2017 and September 2017. This work was completed before PwC was invited to participate in the tender process for appointing the Group's auditor and only after it had confirmed that this work had not created a conflict of interest.

5. Taxation

The major components of the Group's tax credit for each period are:

	52 weeks ended 29 June 2019 £'000	52 weeks ended 30 June 2018 £'000
Analysis of credit in the period		
Current tax		
UK corporation tax on the loss for the period	**-**	-
Adjustment in respect of prior periods	**(74)**	(495)
Deferred tax		
Origination and reversal of timing differences	**(278)**	(235)
Total tax	**(352)**	(730)
Factors affecting current tax credit for the period		
Loss before taxation	**(5,574)**	(3,574)
Loss at standard rate of UK corporation tax (2019: 19.0%; 2018: 19.0%)	**(1,059)**	(679)
Effects of:		
– expenses not deductible for tax and other permanent differences	**706**	563
– adjustment in respect of prior periods	**(32)**	(812)
– adjustments in respect of changes in tax rates on deferred tax balances	**33**	198
Total tax credit for the period	**(352)**	(730)

At 29 June 2019, the Group has carried forward tax losses of £2.8 million which are available to offset against future losses. There are no unprovided temporary differences and unused tax credits.

The UK rate of corporation tax, currently 19%, will reduce to 17% on 1 April 2020 under provisions contained in the Finance Act 2016. The Group has recognised deferred tax in relation to UK companies at either 19% or 17% depending on the period in which the deferred tax asset or liability is expected to reverse.

6. Loss per share

The calculation of loss per Ordinary Share is based on the results for the period, as set out below.

	52 weeks ended 29 June 2019	52 weeks ended 30 June 2018
Loss for the period (£'000)	**(5,222)**	(2,844)
Weighted average number of shares – basic and diluted ('000)	**50,029**	50,029
Basic loss per Ordinary Share (pence)	**(10.4)**	(5.7)

Loss for the period was impacted by one-off exceptional costs and bar opening costs. A calculation of adjusted earnings per Ordinary Share is set out below.

Adjusted EPS	**52 weeks ended 29 June 2019 £'000**	52 weeks ended 30 June 2018 £'000
Loss on ordinary activities before taxation	**(5,574)**	(3,574)
Exceptional items, share-based payments and bar opening costs	**8,547**	11,550
Adjusted profit on ordinary activities before taxation	**2,973**	7,976
Taxation credit on ordinary activities	**352**	730
Taxation on exceptional items and bar opening costs	**(1,636)**	**(2,200)**
Adjusted profit on ordinary activities after taxation	**1,689**	6,506
Basic and diluted number of shares ('000)	**50,029**	50,029
Adjusted basic and diluted earnings per share (pence)	**3.4**	13.0

7. Property, plant and equipment

Group	Freehold land and buildings £'000	Short leasehold premises £'000	Fixtures and fittings £'000	IT equipment and office furniture £'000	Total £'000
Cost					
At 1 July 2017	1,426	64,773	46,251	6,886	119,336
Additions	—	9,946	3,511	722	14,179
At 30 June 2018	1,426	74,719	49,762	7,608	133,515
Additions	-	6,149	4,817	609	11,575
At 29 June 2019	**1,426**	**80,868**	**54,579**	**8,217**	**145,090**
Accumulated depreciation					
At 1 July 2017	(1,216)	(23,303)	(36,003)	(5,461)	(65,983)
Provided in the period	—	(3,479)	(2,292)	(706)	(6,477)
Impairment charges	—	(676)	(184)	—	(860)
At 30 June 2018	(1,216)	(27,458)	(38,479)	(6,167)	(73,320)
Provided in the period	-	(3,977)	(2,491)	(762)	(7,230)
Impairment charges	-	(3,755)	(1,433)	(27)	(5,215)
At 29 June 2019	**(1,216)**	**(35,190)**	**(42,403)**	**(6,956)**	**(85,765)**
Net book value					
At 29 June 2019	**210**	**45,678**	**12,176**	**1,261**	**59,325**
At 30 June 2018	210	47,261	11,283	1,441	60,195
At 1 July 2017	210	41,470	10,248	1,425	53,353

Depreciation and impairment of property, plant and equipment are recognised in operating expenses in the consolidated statement of profit or loss and other comprehensive income.

The Group has determined that for the purposes of impairment testing, each bar is a cash generating unit ("CGU"). The bars are tested for impairment in accordance with IAS 36 "Impairment of Assets" when a triggering event is identified. The recoverable amounts for CGUs are predominantly based on value in use, which is calculated from the cash flows expected to be generated to the end of the lease term discounted at the Group's weighted average cost of capital.

In the 52 weeks ended 29 June 2019, the Group impaired the assets of 26 CGUs, either partially or in full, based on the value in use of the CGU determined by discounted cash flow projections being lower than the net book value. When an impairment loss is recognised, the asset's adjusted carrying value is depreciated over its remaining useful economic life.

Impairment testing methodology
At the end each reporting period, a filter test, based on annual run rate of EBITDA, is used to identify whether any asset is potentially impaired. This test compares a multiple of run rate EBITDA, adjusted for an allocation of central overheads, to the carrying value of the asset. The applied multiple is based on the shorter of the remaining lease term or eight years. If this test indicates a potential impairment, a more detailed value in use review is performed using cash flows based on Board-approved forecasts covering a three-year period. These forecasts combine management's understanding of historical performance and knowledge of local market environments and competitive conditions to set realistic views for future growth rates. Cash flows beyond this three-year period are extrapolated using a long-term growth rate to the end of the lease term.

The key assumptions in the value in use calculations are the cash flows contained within the budgets, the long-term growth rate and the risk-adjusted pre-tax discount rate as follows:

- Long-term growth rate: 2.0 per cent (2018: 2.0 per cent)
- Pre-tax discount rate: 11.7 per cent (2018: 11.7 per cent)

The long-term growth rate has been determined with reference to forecast 10-year Bond Yields from the Bank of England, which management believes is the most appropriate indicator available. The pre-tax discount rate is based on the Group's weighted average cost of capital.

A sensitivity analysis has been performed on each of these key assumptions with other variables held constant.

Increasing the pre-tax discount rate by 1 per cent would result in additional impairments of £254,000. A 0.1 per cent decrease in the long-term growth rate would result in additional impairments of £190,000.

8. Cash and cash equivalents

	29 June 2019 £'000	30 June 2018 £'000
Cash and cash equivalents	**2,627**	4,025

Cash and cash equivalents consist entirely of cash at bank and on hand, including cash floats held at bars. Balances are denominated in Sterling. The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

9. Provisions

	29 June 2019 £'000	30 June 2018 £'000
Onerous lease provision	10,556	9,977
Dilapidations provision	400	-
	10,956	9,977
Current	1,269	1,065
Non-current	9,687	8,912
	10,956	9,977

	Onerous lease provision £'000	**Dilapidations provision £'000**	**Total £'000**
At 1 July 2018	9,977	-	9,977
Creation of provision	1,911	400	2,311
Utilisation of provision	(1,441)	-	(1,441)
Interest charged in period	108	-	109
At 29 June 2019	10,556	400	10,956

The onerous lease provision is expected to be utilised over the remaining periods of the leases for which provision has been made.

The calculation of the provision is most sensitive to changes in the assumptions used to forecast trading cash flows and a risk-free discount rate of 0.8%. Management considers that it is reasonably possible that the risk free discount rate could change by +/- 0.5 per cent which would result in a change in the corresponding liability of +/- £283,000. Similarly, a 0.5 per cent reduction in the long-term growth rate assumption would increase the provision recorded by £239,000.

The Group provides for unavoidable costs associated with lease terminations and expiries; dilapidation costs are provided for against all leasehold properties across the entire estate.

10. Share-based payments
The table below summarises the amounts recognised in the income statement during the year:

	52 weeks ended 29 June 2019 £'000	52 weeks ended 30 June 2018 £'000
IPO LTIP AWARD		
- Tranche 1	**(88)**	(849)
- Tranche 2	**5**	(411)
- Tranche 3	**4**	(267)
	(79)	(1,527)
2016 LTIP AWARD		
- Tranche 1	**(66)**	(1)
- Tranche 2	**(1)**	-
- Tranche 3	**1**	-
	(66)	(1)
2017 LTIP Award	**8**	(80)
2018 LTIP Award	**13**	42
2019 LTIP Award	**60**	-
	(64)	(1,566)

Tranche 1 of the IPO LTIP and 2016 LTIP expired in the year, resulting in the proportion of prior year charges relating to EPS performances being reversed.

11. Dividends
A final dividend of 3.3p per share totalling £1,650,000 was declared in relation to the 52 weeks ended 30 June 2018, and was paid in December 2018.

The Directors are not recommending a final dividend in respect of the 52 weeks ended 29 June 2019. There was no interim dividend during the period, and thus the total dividend for the 52 weeks ended 29 June 2019 is nil pence per share (2018: 4.95 pence per share).

12. Key Risks
The directors believe that the principal risks and uncertainties faced by the business are as set out below. Occurrence of any of these risks or a combination of them may significantly impact the achievement of the Group's strategic goals;

- Dependence on key sites
- Acquisition of new sites
- Consumer demand
- Discounting
- Health and safety
- Leasehold rent increases
- Supplier concentration
- National minimum/living wage legislation

The Group's Board notes the extreme uncertainty surrounding Brexit and in particular the short term disruption that a "no deal" Brexit may bring, the implications of which cannot be planned or fully covered because there are many unknowns and factors beyond the Group's ability to control them. The Group's supplies of food and drink are sourced through wholesalers who have provided assurances that they have taken all reasonable steps to safeguard supplies. However, Brexit may have short-term impacts on consumer prosperity and disposable income, which may adversely affect demand for the Group's services.

The financial information set out in the preliminary statement of annual results has been extracted from the Group's financial statements which have been approved by a resolution of the Board and agreed with the Company's auditor.

The financial information set out above does not constitute the company's statutory accounts for the 52 week periods ended 29 June 2019 or 30 June 2018. Statutory accounts for the 52 weeks ended 30 June 2018 have been delivered to the Registrar of Companies, and those for 2019 will be delivered following the Company's Annual General Meeting. The auditor reported on those consolidated accounts; their report was (I) unqualified, (ii) did not draw attention to any matters by way of emphasis and (iii) did not contain a statement under section s.498 (2) or (3) of the Companies Act 2006.