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18 October 2022

Revolution Bars Group plc (LSE: RBG)
Preliminary results for the 52 weeks ended 2 July 2022

A strong return to more normalised, profitable trading with careful cost management

Revolution Bars Group plc ("the Group"), a leading UK operator of 69 premium bars, trading predominantly under the Revolution and Revolución de Cuba brands, today announces its preliminary results for the 52 weeks ended 2 July 2022.

After restrictions were lifted on 19 July 2021 in England, two weeks into FY22, the Group enjoyed strong trading, which was slower to return in Wales, Northern Ireland and Scotland where restrictions continued for longer. The important festive trade of 2021 and early 2022 was disrupted by Omicron, but post-Omicron trade was buoyant.

Results to 2 July 2022

	FY22 *(IFRS 16)* *£m*	**FY21** *(IFRS 16)* *£m*	**FY22 APM[3]** *(IAS17)* *£m*	**FY21 APM[3]** *(IAS17)* *£m*
Total Sales	£140.8	£39.4	£140.8	£39.4
Operating Profit/(Loss)	£7.4	£(21.2)	£4.8	£(21.6)
Adjusted[1] EBITDA	£19.4	£(3.9)	£10.2	£(12.0)
Profit/(Loss) Before Tax	£2.1	£(26.3)	£3.9	£(22.8)
Net Cash/(Net Bank Debt)*	£4.1	£(3.6)	£4.1	£(3.6)

* "Net cash"/net bank debt is cash in bank less all drawings on the Revolving Credit Facility ("RCF") and Coronavirus Large Business Interruption Loan Scheme ("CLBILS") term loan

Key points

Strong rebound in profits, sales and cash post-COVID-19

- Return to profitability, reporting profit before tax of £2.1 million (2021: loss before tax of £26.3 million);
- Full year like-for-like[2] ("LFL") sales of 1.3% have been delivered in our 56 English bars after 19 July 2021, when restrictions were fully lifted in England;
- The Group experienced softer trading in the final quarter, reflecting reduced consumer confidence, which reduced the positive LFL[2] sales seen up to November down to 0.3%; and
- The Group was pleased to finish FY22 with net cash of £4.1 million following an increase in operational cash generation; this is in comparison to FY21 which ended with a net bank debt position of (£3.6 million).

Sales by Quarter

		Q1	Q2	Q3	Q4	Full year
		Jul-Sep 21	Oct-Dec 21	Jan-Mar 22	Apr-Jun 22	Jul 21–Jun 22
		Since "Freedom Day"	COVID-affected Christmas			
English LFL[2] sales	Like-for-like[2] (Quarter)	21.2%	-9.5%	0.5%	-1.9%	
	Like-for-like[2] (YTD)	21.2%	3.2%	2.3%	1.3%	**1.3%**
Group LFL[2] sales	Like-for-like[2] (Quarter)	17.2%	-10.1%	0.3%	-1.6%	
	Like-for-like[2] (YTD)	17.2%	1.3%	1.0%	0.3%	**0.3%**

Investing in our brands, people and propositions

- Capex of £8.3 million was spent in line with expectations in FY22 across the 19 refurbishments, two new sites, new concepts, and other planned capital expenditure;
  - Delivered the most ambitious refurbishment programme ever, delivering 19 refurbishments in FY22. Four further refurbishments have been completed in FY23 to date, with up to 18 planned across the year;
  - Expansion resumed with two new leases, the first in four years, resulting in the opening of our two new exciting Revolution bars in Preston and Exeter;
  - We are pleased with current performance of the new and refurbished sites, and confident they will achieve the two-year payback target we set for refurbishments and four-year for new sites;
- Two new concepts provide estate flexibility and diversification: Founders & Co. enjoyed its first full year of trading, with Playhouse opening in November 2021. Both have been welcomed by their local communities, are performing well;
- In the year, we have continued our exciting sustainability journey through the removal of passion fruit garnishes from our cocktail menu, energy reductions, recycling advances, investment in our Reading de Cuba sustainability flagship site, Zero Heroes in all our sites, and many other exciting initiatives;
- The Group became an above-minimum wage paying employer in November 2021, helping us to attract and retain the best talent in the industry; and
- Continued progress made with our award-winning Inclusion & Diversity, wellbeing and sustainability programmes.

Managing headwinds with a forensic focus

- Mitigating inflationary increases, such as employment, food, transportation and energy, wherever possible with forensic and relentless focus on costs;
- Energy costs are largely fixed until April 2023, significantly protecting us from current cost pressures. Our team are actively engaging with brokers to secure best available pricing from the spring onwards;
- We have seen pleasing reductions in energy usage which will aid our cost focus through our continued strong sustainability agenda; and
- We are mindful of the potential for economic uncertainty and the impact on guest confidence, but are confident of the resilience of our guest base.

Acquisition of The Peach Pub Company (Holdings) Limited and its subsidiaries ("Peach") for £16.5 million (see separate announcement)

- The Group is thrilled to announce that it has completed the acquisition of the entire issued share capital of Peach, the operator of a collection of 21 award-winning, premium food-led pubs;
- Peach offers greater exposure to daytime and weekday trading, providing a natural balance to existing Group portfolio which performs strongly in the evening and at weekends. Furthermore, Peach pubs are located outside of city centres / larger town centres and have benefited from working from home dynamics;
- Trading in Peach's current financial period (since 3 January 2022) has been strong with LFL[2] sales exceeding +10% compared to 2019; and

- Peach creates a more balanced and diversified business with scale and compelling growth potential across multiple trading segments of drinks, food and accommodation.

Current trading and Outlook

- The first two periods of FY23 were challenging with footfall disrupted by train and tube strikes, heatwaves, resurgence in festivals and events, and people going abroad for their first holidays in three years. LFL[2] sales in the first 11 weeks were -10.0% with city bars bearing the brunt of transport strikes;
- The next two weeks improved to LFL[2] sales of -4.5%, aided by the return of students and gradual end of summer holidays, giving first quarter LFL[2] sales of -9.1%, showing trading was still impacted by continued disruption of footfall into cities due to the ongoing train strikes;
- For FY23 and beyond, our focus continues on investment in the business: refurbishments, new sites, acquisitions and the roll-out of our new concepts are all key workstreams to ensure the continued growth of the business;
- Continued focus on building a strong pipeline of future properties;
- Well prepared and looking forward to the first restriction-free festive season for three years. Christmas bookings are tracking well ahead of this time last year with strong growth in recent weeks;
- The acquisition of Peach has redirected our capital, and thus we won't be opening the previously announced six new sites in FY23;
- We expect the acquisition of Peach to add a part-year contribution of c. £1 million of APM[3] adjusted[1] EBITDA to the business;
- Whilst the macro consumer environment remains challenging, we are pleased to have retained a strong balance sheet with net cash of £0.7 million as at 17 October 2022 which will underpin the Group;
- Following the acquisition, the Group will target a net bank debt figure of 1 x APM[3] adjusted[1] EBITDA;
- Taking into account the contribution from Peach for the rest of the financial period, we now expect the FY23 outturn to be APM[3] adjusted[1] EBITDA c. £10 million; and
- In FY24 we expect an increased contribution from Peach post-synergies, although this is expected to be somewhat tempered by increased energy costs for the Group as a whole as we come out of the March-23 energy cap.

[1] Adjusted performance measures exclude exceptional items, share-based payment charges and bar opening costs
[2] Like-for-like (LFL) sales are same site sales defined as sales at only those venues that traded in the same week in both the current year and most recent non-COVID-19 affected comparative period
[3] APM refers to Alternative Performance Measure being measures reported on an IAS 17 basis

Rob Pitcher, Chief Executive Officer, said:

"We are hugely encouraged by the performance in FY22, seeing what trade and performance can look like under normal trading conditions with our better-invested estate. The new sites and the significant number of refurbishments delivered in the year put the Group in an exciting position for growth in the future. That we have been in a position to restart our growth strategy is a testament to the hard work of our people and the positive growth we have seen in the last year.

Like all hospitality businesses, we are facing significant challenges and urge the Government to deliver the promised reform of the business rates and support all high street businesses through these extraordinary times with an immediate 50% business rates cut for all business no matter of size. Additionally, a cut in the headline rate of VAT to help lower the cost impact would assist in reducing further price rises, without which price rises are inevitable, further feeding inflationary pressures.

We remain focused on delivering great value and providing good times for our guests and are very mindful of the pressures they are experiencing. Having said that, our young adult guest base are somewhat protected from the ongoing cost pressures and continue to prioritise experiences and their freedom.

I am incredibly proud of what our people have achieved over recent years; we have made great progress with advancements of our brand offerings, our "Inclusion Revolution", sustainability agenda, guest journey, and wellbeing and support of our colleagues. We have created exciting work streams which focus on value-creation and developing the Group for the future.

Looking forwards, we are focused on navigating the current macro-economic situation, developing our business, and putting in place further building blocks for continued growth."

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

Chairman's Statement

I am pleased that our business has now returned to normal trading without restrictions, despite the impact from COVID-19 in the first half of the year. We hope and plan for a period of exciting trading over the winter months, celebrating large parties with our corporate guests, whilst remaining cautious of the upcoming festive period where the Government has found it necessary in the last few years to restrict trading and damage guest confidence.

We recognise the potential for uncertainty in guest confidence as we enter a period of economic uncertainty, characterised by recession and an inflationary environment, but are confident of the resilience of our guest base. During the year, we have delivered two new Revolution bars, completed 19 refurbishments across the estate, and launched our second exciting new concept.

The two new bars, in Preston and Exeter, have had excellent guest reception and feedback and are trading in line with expectations, which are set to achieve a four-year payback.

On 18 October we were also very excited to announce the acquisition of The Peach Pub Company (Holdings) Limited and its subsidiaries ("Peach"), the operator of a collection of 21 award-winning pubs. Peach offers an exciting addition to the Group portfolio and provides a more balanced and diversified business with scale and compelling growth potential across multiple trading segments of drinks, food and accommodation. We look forward to seeing where this new venture takes us.

Our refurbished Revolution sites are demonstrating a new, edgy design which is social media friendly and gives our guests the opportunity to showcase their experience, encouraging return visits. Our refurbished bars are also performing well and are in line with a two-year payback period. Our guest proposition review is being finalised on Revolución de Cuba to take it into its next exciting stage and enhance the guest journey.

We are pleased with the performance of both new concepts, Founders & Co. and Playhouse, both of which have received excellent guest feedback. Founders & Co. has created a friendly community feel which is enjoyed by guests of all ages and has enabled the Group to diversify sales towards daytime and food from the more traditional patterns. Playhouse, a competitive socialising offering, has seen great success with corporate and group bookings, offering an immersive experience for our guests.

We have continued to build on the progress made with Inclusion & Diversity, Wellbeing, Sustainability and developing the guest journey. Management are now aligning their focus to continue driving these important strategies forwards, whilst driving new workstreams to grow and build business performance.

Our business

At the end of the reporting period, the Group operated 69* premium bars with a strong presence throughout the UK for its two high-quality retail brands: Revolution (49 bars), focused on young adults; and Revolución de Cuba (18 bars), which attracts a broader age range. Most of the Group's sales are derived from food and drink with some late-night admission receipts driven by entertainment completing the sales mix. The FY22 portfolio also includes one Founders & Co. venue in Swansea and one Playhouse venue in Northampton, providing a new diversification of sales through increased food offerings and game machine sales.

We were excited to return to our pre-COVID-19 strategy of expansion and refurbishment of the estate, and in the year spent £8.3 million of capital expenditure across two brand new Revolution bars, 19 refurbishments, converting a bar into Playhouse, sustainability, IT and other key investments. In FY23 we plan on refurbishing up to a further 18 bars, meaning up to 57% of the like-for-like estate will have been refurbished across FY22 and FY23.

To date, four bars have been refurbished in FY23. The bars opened and refurbished in FY22 are performing well, and we look forward to extending our expansion plans over the coming years.

Our results
Sales of £140.8 million (2021: £39.4 million) were 257.4% higher than the previous year due to a return to much more normal trading, albeit with some impact from COVID-19 at the start of the period and during festive trading. In comparison, the previous year was significantly impacted by lockdowns and restrictions. Our statutory profit before tax for the year of £2.1 million (2021: loss before tax of (£26.3) million) reflects very positive trading and careful cost management, compared to the prior period which was significantly impacted by the restrictions on trading. Adjusted[1] EBITDA, our preferred KPI, is significantly impacted by IFRS 16 and thus the Directors believe that business progress is best measured by the directly comparable IAS 17 Alternative Performance Measures[3] ("APM") measure of adjusted[1] EBITDA which was a profit of £10.2 million (2021: loss of (£12.0) million). The positive movement in APM[3] adjusted[1] EBITDA reflects a strong period of cash generative sales from excellent business progress and pent-up demand.

No further debt drawdowns were required in FY22 due to the positive trading, whereas in FY21 a total of £20.0 million of Coronavirus Large Business Interruption Loan Scheme ("CLBILS") term loans were obtained, as well as £34.0 million from the net proceeds of the two equity fundraisings. The business remains in a strong cash position, meaning it is ready to take advantage of any potential good-value acquisition opportunities in addition to the organic expansion and refurbishment of the estate. As at 17 October 2022, the Group had net cash of £0.7 million.

Our Board
There have been no changes to the Board in the year. With COVID-19 firmly behind us, the Board have been able to return to in-person meetings where applicable, and have continued their focus on Governance matters, strategy, and performance improvement of the business. The Board and Executive Management group continue to work closely together, with the Board providing challenge, a sounding board and support to Management decisions.

Our team members
At the end of the reporting period, the Group employed around 2,800 people, all of whom strive to provide the outstanding guest experience that is at the heart of our strategy. Recruitment needs have risen since the start of FY22, when we were able to finish our use of the Coronavirus Job Retention Scheme early and bring all our people back, as well as staffing our brand-new bars. Our teams continue to demonstrate amazing commitment to the business, making sure our bars are the place where everyone wants to be. I thank all of our people and teams for their hard work, great attitudes, and continued efforts as we move into the next exciting stage of expansion and growth for the business.

Our Future
Like-for-like[2] ("LFL") revenue generated in the first 11 weeks of FY23 was -10.0%, reflecting the challenging trading conditions faced. A combination of rail and tube strikes, heatwaves, festivals and events, and people going abroad for their holidays have all contributed to reduced footfall in our bars.

However, LFL[2] revenue from next two weeks improved to -4.5%, reflecting the positive sales increase from the return of students in September. Our young and resilient guest base are somewhat protected from the ongoing cost pressures on the economy; summer trading is one of our quieter times of the year and we are therefore pleased to see sales improve after the summer period.

The Financial Review provides information on liquidity and going concern, and also the full going concern disclosures, which include references to material uncertainty, can be found in note 1.

I am confident that the strong leadership and new workstreams will continue to drive improved performance and expansion and look forward to a future of positive trading.

I would like to take this opportunity to thank all our colleagues for their hard work during a very difficult year interrupted by COVID-19, as well as our stakeholders with particular thanks to the continued support of our suppliers.

Keith Edelman
Non-Executive Chairman
18 October 2022

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[3] APM refers to Alternative Performance Measure being measures reported on an IAS 17 basis
** As well as our 21 recently acquired Peach pubs*

Chief Executive Officer's Statement

Business review
After the excitement of "Freedom Day" in the summer of 2021, we were delighted to experience pent-up demand and staycations having a very positive impact on performance once able to trade normally, with the devolved nations gradually relaxing restrictions through late summer and into the autumn. The Group also benefitted from many of our young guests enjoying delayed celebrations during the first half of the year.

After an excellent start to the year, it was extremely disappointing to find COVID-19 so severely affecting festive trading. Government guidance and restrictions regarding "Plan B" derailed festive trading, where Corporate guests were discouraged from fulfilling their large group bookings. This continued into our second half of the year with restrictions still in place; restrictions were, once again, slower to release across Wales, Scotland and Northern Ireland where approximately 15% of the Group's business is generated.

Similarly to the summer of 2021, we were pleased to see pent-up demand return in spring 2022 following the release of "Plan B" restrictions. Many of our postponed Christmas parties enjoyed a belated celebration in these months, and we were delighted to welcome our Corporate guests back. Positive trading conditions continued, with our young guest base ready to party, and a good run of bank holidays.

The advent of summer 2022 brought with it much tougher trading conditions with our guests attending many postponed festivals and large-scale stadium concerts, as well as restriction-free summer holidays abroad returning for the first time since 2019. Trade was impacted by our guests attending two years' worth of gigs and events, that had been postponed and then crammed into the summer of 2022.

During this time, the growing media coverage on the war in Ukraine and the resultant cost-of-living crisis has continued to build into the everyday lives of the general public and has driven consumer confidence to an all-time low. Whilst the Group's young guest base is somewhat sheltered from the full impact of this crisis, due to still living at home or in shared accommodation, they are, however, not completely immune and we are seeing a level of caution from them at this uncertain time. We continue to review internal costs and pricing carefully to navigate the current economic backdrop.

We launched our first new concept, Founders & Co. at the very end of FY21, and saw it celebrate its first birthday in week 52 of FY22. The site has created a strong community feel for people of all ages and backgrounds and is performing well. The sales mix is 50:50 food and drink (with the Group taking a proportion of food sales from our independent traders as rent), with 97% of sales also achieved before 11pm, meaning the brand is introducing a new demographic and trading pattern to the Group. Our second new concept, Playhouse, launched towards the end of FY22 H1, is delivering on our low-cost/high-margin model, helped by strong game machine sales making up 21% of total sales. We are very excited to launch our second Playhouse site in FY23 H1.

We are thrilled to announce that in October 2022 we completed the acquisition of The Peach Pub Company (Holdings) Limited and its subsidiaries ("Peach"), a collection of 21 award-winning countryside pubs. After working closely with Peach over the last several months, we feel Peach has a strong focus on its colleagues and guests and has great synergies both operationally and from a People perspective. We are very excited to get under the skin of this complimentary new offering and enjoy the Christmas trade together.

Our focus is and has been on getting back to our value-creating workstreams to further develop the business under our strategic priorities. The ***strategic priorities*** set for FY22 made great progress with some of the highlights set out below:

- *Investing in our team*:
  - Became an above-minimum wage paying employer to enable us to retain and attract the best talent in the industry;
  - appointed a dedicated Pay, Reward & Operational Support Manager, reflecting the importance in providing best-in-class support to our bars and our teams;

    - Inclusion & Diversity ("I&D") champions recruited from across the entire workforce to set up a new I&D advisory Board; establishment of our "Inclusion Revolution" Strategy, with data driven insight through our partnership and research with "Wiser";
    - identified the key elements of our Wellbeing Strategy. Nominated Area Wellbeing Champions to drive insight and inform actions in wellbeing focus groups across the business. Trained 71 Mental Health First Aiders at management level in the Group as well as support centre colleagues;
    - launched the "Rev U" training academy, including new career pathways for all operational roles. We also launched our first ever high potential programme for our General Managers, and our Area Manager Development programme, management level apprenticeships, and implemented a mentoring programme;
    - our April 2022 Employee Engagement Survey saw us achieve record results, despite the last couple of years being some of the most challenging for the business. We saw our highest ever participation rate of 87%, highest ever engagement score of 65%, and highest ever Employee Net Promoter Score ("Employee NPS") score of 41.5; and
    - new employee benefits offered to our people included an enhanced pension scheme, life assurance, enhanced parental leave, amongst other exciting changes. Introduction of long service awards to demonstrate our commitment back to our wonderful people and to celebrate their long-standing contributions to the Group.

- *Investing in our brands and guest experience:*
    - "Feed It Back" guest experience feedback platform driving continuous improvement in our guest opinion scores and Net Promoter Scores. The Group now holds a sector-leading position on these measures of guest satisfaction;
    - continued investment in our digital capabilities through a newly created digital marketing function, which has seen early wins through email campaigns, affiliate marketing and website migration. This is just the start of an exciting digital journey for the Group;
    - building on the success seen in in the prior year, the Revolution App now has 1.2 million registered users, up from one million six months ago and 230,000 in February 2020;
    - we have begun exciting brand proposition work for Revolución de Cuba, which is ongoing, as we look to further refine the brand offering in order to deliver the next stage of growth; and
    - the Revolution brand has had a very exciting year, picking up "Bar Brand of the Year" from the Pub & Bar Magazine in June 2022. An exciting, "Instagrammable" and TikTok style is reflected in all new refurbishments.

- *Investing in our estate:*
    - Opened our first new sites since 2018, with the welcoming of Revolution Exeter and Revolution Preston. We are pleased with their reception, and both are trading in line with expectations;
    - first full year of trade for our first new concept, Founders & Co., which brings a new, diverse range of custom to the Group and has a fantastic community feel for all ages, with strong food and pre-11pm sales;
    - the second new concept, Playhouse, launched late FY22 H1, and we are excited to see the machines proving very popular with our guests, with 21% of sales coming from them. Food sales are up 42% compared to the previous Revolution bar at the site. We have received excellent guest feedback, and our marketing and design review has been completed ahead of the launch of our second Playhouse venue in FY23 H1;
    - our largest ever refurbishment programme saw 19 site refurbishments delivered in the year, and we are on target to see a two-year payback from these sites;
    - energy consumption is down 32% since 2017, whilst our carbon footprint has reduced by 19% since our 2019/20 baseline due to energy efficiencies including increased use of renewable sources, the effects of making our cocktail menu carbon neutral, and other projects including LED lighting; and
    - our Zero Hero engagement at sites continues to show improved results with out-of-hours energy waste at 3% at the last quarter, which meets our target and is down from 10% at the start of the year. Recycling increased by 7% in the year also, to 63%. Supply chain engagement has begun with questionnaires completed for all tier 1 suppliers, and tier 2 is midway through completion. We have already seen benefits here at a supply chain level by reducing the number of deliveries from our largest supplier, Matthew Clark.

Group strategic objectives
We have taken the opportunity in the year to refine our focus and strategy, identifying great synergies between our previous strategic objectives and new key pillars:

- Maximising Revenue & Profit
- Brand Awareness and ESG including Sustainability and EVP
- Guest Experience
- Cost Control
- Diversification of Sales

These five pillars are not a directional shift from the previous strategy, but a refinement coming out of the pandemic to ensure we are aligned with growth plans and to drive our long-term decision-making. Prior to COVID-19, the Group expected to start planning for estate expansion towards the end of FY20; whilst the disruption caused by COVID-19 set back our timescales for expansion, we have opened two new bars in FY22, as well as introducing two new concepts since June 2021. We continue to build an exciting pipeline of properties to continue expansion, alongside the exciting new acquisition of Peach.

Strategic priorities for FY23
During FY22 we were able to launch our enhanced refurbishment programme, open two new Revolution bars, and opened our second new concept. The fact that we are in a position to restart our growth strategy is a testament to the hard work and positive growth we have seen in the last year.

It is a very exciting time for the Group as we get back to our core methodology of continuous improvement across the business that is driven through multiple workstreams.

With these exciting plans and focus for FY23, we are committed to the following strategic priorities in FY23:

- *Maximising Revenue & Profit:*
    - A strong pipeline of new properties to deliver continued growth, including a second Founders & Co. site;
    - up to 18 sites earmarked for refurbishment in FY23, including our second Playhouse site; this will be our second largest ever refurbishment programme after FY22;
    - we continue to explore potential value-creating acquisition opportunities as and when they arise; and
    - implementation of a new draft product range across the Group in order to drive margin maximisation and sales.

- *Brand Awareness and ESG including Sustainability and EVP:*
    - Further driving Diversity, Inclusion and Belonging through strengthening our relationship with subject matter expert René Carayol, maximising outputs from our internally appointed Inclusion Board and working with external partners like Be Inclusive and WiHTL to ensure enhanced awareness and knowledge amongst our RBG family, in order to ultimately deliver our “Inclusion Revolution” Strategy;
    - further driving our Sustainability, Health and Wellbeing agenda across the entire business with the ambition to be known as the most progressive late-night hospitality business in the industry, whilst putting our peoples’ wellbeing at the heart of our decision making. To achieve this will we continue to work with external partners “So Let’s Talk” to build a culture of openness and understanding, as well as hosting insight-driven employee voice groups to ensure robust priorities for delivery that really make a difference to our people, focusing on the financial, physical and mental wellbeing of all;
    - continued delivery of high-quality training and coaching across the business via our “Rev U” platform, including the talent development of our Head Bartenders, Senior Kitchen Managers and expert core, training more Mental Health First Aiders than ever before, as well as rolling out our mentoring programme across the entire business;
    - ensure and drive retention of our talented teams by acting on feedback, ensuring a voice through our employee listening groups, and designing best-in-class reward and recognition initiatives alongside ensuring an inclusive culture for all; and
    - proud to win the On-Trade Company of the Year award at the Footprint Drinks Sustainability Awards in September 2022, and be shortlisted in the British Business Excellence Awards for Employer of the Year.

- *Guest Experience:*
    - We aim to surprise and delight by creating memorable experiences for our guests using the art of true hospitality to add value to their experiences;
    - refinement of our guest journey, from the first interaction, which is often digital, to their time in our bars, and through to excellent aftercare to ensure peak happiness is sustained and a repeat visit is driven;
    - enhancing our “Atmosphere programme” to replicate the success seen in our late-night atmosphere creation to other parts of the day and week to drive guest satisfaction; and
    - guest proposition review to be conducted on Revolución de Cuba brand to enhance guest experience, following the success of the Revolution guest proposition review 12 months ago.

- *Cost Control:*
    - Developing our vending proposition, with an initial introduction of this seen in the new concept, Playhouse, to maximise spend per head with minimal additional costs, positively impacting margin;
    - creation of our sustainability blueprint bar at Reading Revolución de Cuba, where we are delivering a market-leading sustainability blueprint to assess how low we can go with energy consumption; and
    - sustainable, energy-saving cellar equipment rolled out to at least 50% of our sites. B-Corp gap analysis is to be undertaken, with water usage monitoring rolled out across the estate, as well as a carbon impact review on our food menus. We see all of this as the “right way” of mitigating cost inflation.

- *Diversification of Sales:*

- Evolution of our “project event space” workstream to deliver increased utilisation of our spaces outside of peak trading, as well as driving dwell time and spend per head;
- expansion and diversification of our product offerings, looking at merchandising and gifting, expansion of our Playhouse food offering, “Slice Shop”, and vending opportunities; and
- roll-out to weddings, festivals and events of our “Daiq Shack” portable bar, bringing the Revolución de Cuba party straight to our guests.

Market outlook
Entering the new financial year, free from COVID-19 restrictions, we look towards the winter months and festive trading period as the most important in the year. Unfortunately, we must also look at this time with a degree of caution having seen the sector shut down the last couple of years. With the uncertainty in the political landscape, we cannot predict what the “Government of the day” may choose to do during this time.

We have so far found that our young guest base are prioritising experiences and their freedom, where they are somewhat more resilient to the cost-of-living crisis. Conversely, the business is feeling the effects of inflation. This is a key area of focus for Management, and an area where we are mitigating hard, but utility costs, people costs, and other inflationary pressures are rising at an alarming rate which cannot be entirely mitigated nor passed through to our guests via price increases.

The UK Government must recognise the urgent need to introduce business rates reform; UKHospitality estimates the Hospitality industry overpays £2.4bn each year; following the pandemic, which hit the Hospitality industry particularly hard, there is undue pressure and expense on heavily indebted businesses who are trying to rebuild. UK high streets are seeing the effects of this outdated and inefficient system, causing serious unjust imbalances in the rates businesses are paying. We recognise an online sales tax could be hard to implement, but just because something is difficult doesn’t mean it shouldn’t happen, and we would welcome any reform which alleviates the very serious cost imbalance between “bricks and mortar” retail and “clicks and picks” retail.

To help break the inflationary cycle that the nation is currently in we would urge the Government to cut the headline rate of VAT as a catalyst to prevent for further retail price increases being passed on to the consumer during the difficult winter months, as businesses try to recover some of the increased costs they are being exposed to in the form of energy, people, and other inflationary costs.

Following the opening of two new bars in FY22, the property market continues to be favourable. Strong cash generation and recent fundraisings have created a strong balance sheet in order to take advantage of this.

Winter is likely to be a challenging few months for the sector; the Group is poised to take advantage of any potential further competition being removed from the market which supports our long-term prospects.

Current Trading
The first two periods of FY23 were challenging with footfall disrupted by train and tube strikes, heatwaves, resurgence in festivals and events, and people going abroad for their first holidays in three years. We were pleased to see the return of students in September provide a positive impact on our sales performance; however, the national rail strikes continue to have a meaningful negative impact on some of our peak trading days with the rail unions targeting Saturdays to create peak disruption for travel between cities across the nation.

We are starting to see strong momentum building in the level of corporate bookings, with larger functions returning with more regularity and our Christmas bookings are well ahead of the same time last year. The festive trading period is an extremely important one for the Group and we are very much looking forward to our first restriction-free Christmas for three years.

Both of our new concepts, Founders & Co. and Playhouse, are trading well and are receiving strong guest sentiment which has given us the belief to open a second site for both concepts. These are planned to open during the course of this financial year.

Our two new Revolution bars, Exeter and Preston, opened at the very end of FY22. It was great to welcome our new guests and colleagues who worked very hard to open these bars to our launch parties in July 2022, and guest reception and feedback has been excellent. Both sites are performing well, and we will take this success and learnings forwards into our new openings in FY23.

We recognise the impact strikes, weather, events and holidays and cost pressures has had on summer trading and are pleased to see an improvement in trade as we enter autumn, with the return of university students. We continue to monitor performance very carefully, and are hopeful of a very positive Christmas, celebrating with our corporate guests, parties and walk-in guests.

I am incredibly proud of what our people have achieved over recent years; we have made great progress with advancements of our brand offerings, our “Inclusion Revolution”, sustainability agenda, guest journey and wellbeing and support of our people. We have created exciting workstreams which focus on value-creation and developing the Group for the future.

Rob Pitcher
Chief Executive Officer
18 October 2022

Financial Review

Introduction

- The "FY22" accounting period represents trading for the 52 weeks to 2 July 2022 ("the period"). The comparative period "FY21" represents trading for the 53 weeks to 3 July 2021 ("the prior period");
- the Group continues to offer comparative Alternative Performance Measures[3] ("APM") of the numbers converted to IAS 17 following the implementation of IFRS 16 in FY20. APM[3] for the current period are given equal prominence in this review because, in the opinion of the Directors, these provide a better guide to the underlying performance of the business;
- the results information therefore gives FY22 IFRS 16 statutory numbers, followed by APM[3] of FY22 under IAS 17, and the equivalent comparison from FY21. A reconciliation between statutory and APM[3] figures is provided in note 27;
- when considering the results for the period, it should be noted that the Group experienced a period of pent-up demand during Q1 followed by tough Christmas trading impacted by the move to "Plan B" including the return to the "Work from Home" instruction, implementation of Vaccine Passports for late night bars and Government messaging which encouraged the limiting of social interactions resulting in a significant impact on Christmas trade, all of which we are now pleased to see removed; and
- comparatively, when considering the results for the prior period, it should be noted that trade was restricted, including two lockdown periods where the Government enforced the closure of pubs, bars and restaurants in November and January until mid-March, as well as varying rules in the tier systems significantly impacting Christmas trade, and ongoing social distancing restrictions for the remainder of the year.

	FY22 *(IFRS 16)* *£m*	**FY21 *(IFRS 16)* *£m***	**FY22 APM[3] *(IAS17)* *£m***	**FY21 APM[3] *(IAS17)* *£m***
Total Sales	£140.8	£39.4	£140.8	£39.4
Operating Profit/(Loss)	£7.4	£(21.2)	£4.8	£(21.6)
Adjusted[1] EBITDA	£19.4	£(3.9)	£10.2	£(12.0)
Profit/(Loss) Before Tax	£2.1	£(26.3)	£3.9	£(22.8)
Non-cash Exceptionals	£(0.6)	£(3.2)	£(0.2)	£(0.5)
Cash Exceptionals	-	£(2.2)	-	£(2.7)
Net Cash/(Net Debt)	£4.1	£(3.6)	£4.1	£(3.6)

Presentation of results

Consistent with previous reporting periods, the Group operates a weekly accounting calendar and as each accounting period refers only to complete accounting weeks, the period under review reflects the results of the 52 weeks to 2 July 2022. Prior year comparatives relate to the 53 weeks ended 3 July 2021. There have been no changes to accounting policies following the implementation of IFRS 16 in FY20. The Directors believe that adjusted[1] EBITDA provides a better representation of underlying performance as it excludes the effect of exceptional items and share-based payment charge/credits (non-cash), none of which directly relate to the underlying performance of the Group. The adjusted[1] EBITDA represents IFRS 16 and therefore excludes any rental costs. APM[3] adjusted[1] EBITDA represents IAS 17 and is therefore after deducting the IAS 17 rental charge.

Results

The Group is very pleased to have seen a positive upturn in trading since social distancing restrictions were lifted on 19 July 2021; this is in comparison to FY21 where much of the year was severely impacted by ongoing COVID-19 lockdowns, tiers and social distancing restrictions. The Group has therefore seen a significant increase in revenue in the year to £140.8 million (2021: £39.4 million), 257.4% higher than the corresponding period, which shows the level of disruption that lockdowns and restrictions caused in FY21 and strong recovery in FY22.

The underlying result, as measured by our preferred APM[3] adjusted[1] EBITDA (see note 27), was £22.2 million higher, at a profit of £10.2 million (2021: loss of (£12.0) million). This is our preferred metric because it shows the underlying cash available, in a normal trading period, for investment, loan servicing and repayment, and for distributing to shareholders in the form of dividends. Adjusted[1] EBITDA was a profit of £19.4 million (2021: loss of (£3.9) million).

Margins: Gross profit in the year amounted to £110.1 million (2021: £28.1 million) which amounted to a gross margin of 78.2%, up from 71.3% in the prior year and above margins seen pre-COVID-19, with 75.8% seen in FY19. The increase in margin was in part due to a change in the mix of products sold, with guests now able to enjoy late-night trading at higher full price volumes. This late-night trading, together with lower discounting, particularly in our cocktail menu, better trading agreements, the reduction in the VAT rate on food and non-alcoholic drink, and an improvement in the sales mix with higher-margin items also contributed to this improved margin.

Payroll: Headcount increased from 2,495 at the start of FY22 to 2,827 at the end of FY22, as we continued to recruit to normal staffing levels upon the release of restrictions. Pleasingly, the Group ended its use of the Coronavirus Job Retention Scheme ("CJRS") before the scheme's end date of 30 September 2021 as the bars returned to normality. Our increased turnover, the decreased furlough claims, increased headcount, and becoming an above-minimum wage employer meant that total payroll costs for the year were £51.4 million compared to £22.1 million in FY21. This is a payroll to turnover ratio of 36.5% in FY22, compared to 31.0% in FY19 (our last pre-COVID-19 year), showing the impact of minimum wage requirements and a challenging period of trading over Christmas.

Government Support: The Group took advantage of all applicable Government support throughout the period. The Group has recognised £0.6 million of grant funding received under the Restart Grant scheme. This income has been recognised within Grant Income within operating profit. The two-thirds reduction in business rates for the English Hospitality industry, capped at £2.0 million, expired at the end of March 2022. This reduction resulted in an overall £2.0 million saving for the Group in FY22, a further £0.7 million in rates savings relating to the devolved nations has also been recognised in FY22 as well as a further £0.1 million from additional schemes.

The Group achieved an operating profit of £7.4 million (2021: loss of (£21.2) million). This was after charging non-cash exceptional items of £0.6 million (2021: £3.2 million) and nil cash exceptionals (2021: £2.2 million), which are detailed further below.

Underlying profitability

The Board's preferred profit measures are APM[3] adjusted[1] EBITDA and APM[3] adjusted[1] pre-tax profit/(loss) as shown in the tables below. The APM[3] adjusted[1] measures exclude exceptional items, pre-opening costs and charges arising from long-term incentive plans.

	52 weeks ended 2 July 2022 IFRS 16 £m	**53 weeks ended 3 July 2021 IFRS 16 £m**	**52 weeks ended 2 July 2022 APM[3] IAS 17 £m**	**53 weeks ended 3 July 2021 APM[3] IAS 17 £m**
Pre-tax profit/(loss)	**2.1**	**(26.3)**	**3.9**	**(22.8)**
Add back Exceptional items	0.6	5.4	0.2	3.2
Add back Charge arising from long-term incentive plans	0.1	0.1	0.1	0.1
Add back Pre-opening costs	0.3	-	0.3	-
Adjusted[1] pre-tax profit/(loss)	**3.1**	**(20.8)**	**4.5**	**(19.5)**
Add back Depreciation	11.1	11.8	4.9	6.3
Add back Amortisation	0.0	0.0	0.0	0.0
Add back Finance costs	5.3	5.1	0.9	1.2
Adjusted[1] EBITDA	**19.4**	**(3.9)**	10.2	(12.0)

Exceptional items, pre-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 statutory exceptional position of £0.6 million is £0.4 million higher than the APM[3] exceptionals of £0.2 million due to impairment incurred on IFRS 16 right-of-use assets.

The statutory exceptional charge of £0.6 million comprises £0.6 million (2021: £3.2 million) of non-cash exceptionals relating to right-of-use impairment charges of £0.4 million, property, plant and equipment impairment charges of £0.3 million offset by a modification of lease credit of £0.1 million. There are no cash exceptionals in FY22, whereas FY21 included £2.2 million of cash exceptionals relating to property restructure costs including legal and professional expenditure incurred in the CVA and various landlord deals, as well as the cost of exiting sites. A full analysis of exceptional items is given in note 3 to the financial statements.

Charge relating to long-term incentive schemes resulted from equity-settled share-based payment transactions; this was a charge of £77k (2021: £64k). No awards vested in either the current period or prior period.

Pre-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.

Finance costs
Finance costs of £5.3 million (2021: £5.1 million) comprised £0.9 million (2021: £1.1 million) of bank interest paid on borrowings and £4.4 million (2021: £4.0 million) of lease interest. Bank interest relates to the committed fees relating to undrawn elements on the Company's committed revolving credit facility with NatWest ("RCF"), as well as the interest charged on the Coronavirus Large Business Interruption Loan Scheme ("CLBILS") loans. A reduction was seen here due to lower borrowing values in the year.

Liquidity
In the prior year, the Group received a £16.5 million CLBILS loan from NatWest in the form of a three-year term loan which was used to pay down the RCF. A further £3.5 million CLBILS term loan was approved in April 2021.

Two equity fundraisings were also completed in the prior year, raising total net proceeds of £34.0 million. These net proceeds were used to repay all remaining outstanding loan draw downs on the RCF, with some funds ringfenced for an enhanced refurbishment programme and expansion opportunities.

On 11 November 2021, the RCF was extended to 30 June 2023, and interest was increased by 1.2% with a further up-to 1% chargeable if the RCF is drawn to within £5.0 million of total limits. A new deleveraging method was also agreed based on overperformance compared to the severe but plausible downside case, due in June 2022, which was extended to September 2022 in June 2022 to support the refinancing.

As at the balance sheet date of 2 July 2022, the Group held the £16.3 million RCF Facility which was fully unutilised, with £14.8 million total outstanding in CLBILS term loans which continue to amortise. Gross bank debt was therefore £14.8 million, and the total net cash position was £4.1 million.

The total facility was refinanced on 10 October 2022, through which a new RCF was committed at a total facility level of £30.0 million expiring October 2025. The RCF was sought with the purposes of repaying all other indebtedness, general working capital requirements, and for future acquisitions. Therefore, all outstanding CLBILS term loans were repaid on 13 October 2022, with just the RCF making up total facilities going forwards. Interest is charged on the utilised RCF at a margin determined by leveraging plus SONIA, with unutilised RCF values having interest charged at 40% of margin.

The RCF will amortise by £1.0 million on 30 June 2023, £2.0 million on 30 June 2024 and £2.0 million on 30 June 2025. In accordance with these arrangements and subject to compliance with financial covenants, the Group will therefore have committed funding facilities available during the going concern assessment period as follows:

	RCF **£m**
31 December 2022	30.0
30 June 2023	29.0
31 December 2023	29.0
30 June 2024	27.0

As at 17 October 2022 the Group has net cash of £0.7 million.

Taxation
There is no tax payable in respect of the current period due to brought-forward losses. Accordingly, the charge in the current year is £nil (2021: £nil).

Earnings per share
Basic earnings per share for the period was 0.9 pence (2021: loss (21.2) pence). Adjusting for exceptional items, non-recurring bar opening costs and charges arising from long-term incentive plans resulted in a basic adjusted[1] earnings per share for the period of 1.3 pence (2021: loss of (18.9) pence).

Operating cash flow and net bank debt
The Group generated net cash flow from operating activities in the period of £25.9 million (2021: utilised (£2.3) million) as a direct result of positive trade in the year, whereas the prior year had significant cash strains during periods of closure.

After positive cash flow from operating activities, capital expenditure payments of £8.3 million, bank loan interest £0.9 million and loan repayments of £1.0 million all contributed to a net cash inflow in the period of £6.7 million improving the net bank cash position to £4.1 million. This is in comparison to 2021, where capital expenditure payments of £2.0 million, lease surrender payments of £1.7 million, bank loan interest £1.1 million and loan repayments of £52.7 million offset with proceeds from fundraising of £34.0 million and drawdown of borrowings of £44.0 million all contributed to a net cash inflow in the period of £9.6 million decreasing net bank debt to a closing position of (£3.6) million.

Capital expenditure
The Group made capital investments of £8.3 million (2021: £2.0 million) during the period consisting of two new Revolution bars, converting an existing Revolution bar into a new concept, Playhouse, refurbishments across 19 bars, sustainability, and IT projects and other key investments. In the prior year, capital expenditure related entirely to existing bars. Capital expenditure is expected to remain high in FY23 with up to 18 refurbishments, as we continue to use the funding provided in the FY21 equity fundraisings.

Dividend
As notified previously, the Board has suspended payments of dividends. Furthermore, (a) a condition of taking on the CLBILS facility is that the Company is unable to pay a dividend whilst the CLBILS remains outstanding and (b) as a result of the CVA referred to above, the Company’s subsidiary entity, Revolution Bars Limited, is unable to pay a dividend for a period of three years until 13 November 2023. A restriction on the Group’s principal trading subsidiary being unable to make a dividend payment to its parent company may significantly impact the Company’s ability to make a dividend payment until after 13 November 2023. There was no dividend paid or declared in either the current or prior period.

Going concern
Under the terms of its banking facilities with NatWest, the Company has covenants over interest cover, net leverage, and fixed charge cover. The Directors have modelled both a management base case forecast scenario and a downside case scenario; please see note 1 for further details on the key assumptions. No forecast breach of the banking covenants arises under either forecast scenario.

The material uncertainty caused by COVID-19, guest confidence, and higher input costs, coupled with forecasting difficulties as a result of constantly changing economic impacts means that the Group cannot be assured that it will not breach covenants. A breach of covenant would require the bank to grant a waiver or for the Group to renegotiate its banking facilities or raise funds from other sources, none of which is entirely within the Group’s control. A breach of the covenant would also result in the reclassification of non-current borrowings to current borrowings. The Directors have assessed, however, that given a strong underlying business, particularly when allowed to trade without restriction or significant economic disturbance, the Group’s existing relationships with its main creditors, its success in recent years in obtaining covenant waivers and renegotiating its banking facilities and recent equity fundraisings, that a request for a waiver of a covenant breach or renegotiation of the banking facilities would be successful.

Despite a return to normal trading in England since July 2021, the severe disruption to the Group’s trade prior to that since March 2020 caused by COVID-19, and the resultant and frequently changing operating restrictions imposed by the UK Government and the devolved authorities, as well as the cost-of-living narrative and economic impacts of this, means that there is a material uncertainty over the going concern of the Group. This uncertainty exists because of the unpredictability of the nature, extent and duration of COVID-19, and the possibility of further restrictions or lockdowns imposed by the Government, as well as significant inflationary cost pressures, and how this will impact the Group’s operational performance and in particular the level of sales and EBITDA generated that will in turn determine the Group’s covenant compliance.

Notwithstanding the material uncertainty, after due consideration the Directors have a reasonable expectation that the Group and the Company have sufficient resources to continue in operational existence for the period of 12 months from the date of approval of these financial statements. Accordingly, the financial statements continue to be prepared on the going concern basis. However, the impact of possible COVID-19 restrictions and further cost impacts on our trading indicates the existence of a material uncertainty which may cast significant doubt over the ability of the Group and Company to continue as a going concern. The financial statements do not contain the adjustments that would arise if the Group (and the Company) were unable to continue as a going concern.

A more comprehensive disclosure on going concern including the banking facilities, liquidity and the detailed assumptions behind both forecast scenarios is given in note 1 to the financial statements.

Danielle Davies
Chief Financial Officer
18 October 2022

[1] Adjusted performance measures exclude exceptional items and share-based payment charges and bar opening costs
[2] Like-for-like (LFL) sales are same site sales defined as sales at only those venues that traded in the same week in both the current year and most recent non-COVID-19 affected comparative period
[3] APM refers to Alternative Performance Measure being measures reported on an IAS 17 basis

Consolidated statement of profit or loss and other comprehensive income

for the 52 weeks ended 2 July 2022

	Note	**52 weeks ended 2 July 2022 £'000**	53 weeks ended 3 July 2021 £'000
Revenue	3	**140,821**	39,417
Cost of sales		**(30,695)**	(11,352)
Gross profit		**110,126**	28,065
Operating expenses:			
– operating expenses, excluding exceptional items	3	**(102,721)**	(47,217)
– exceptional items	4	**(561)**	(5,361)
– grant income	5	**568**	3,357
Total operating expenses		**(102,714)**	(49,221)
Operating profit/(loss)	6	**7,412**	(21,156)
Finance expense	7	**(5,280)**	(5,140)
Profit/(loss) before taxation		**2,132**	(26,296)
Income tax	8	**-**	-
Profit/(loss) and total comprehensive income/(expense) for the period		**2,132**	(26,296)
Profit/(loss) per share:			
– basic (pence)	9	**0.9**	(21.2)
– diluted (pence)	9	**0.9**	(21.2)
Dividend declared per share (pence)		**-**	-

There were no items of other comprehensive income and therefore a separate statement of other comprehensive income is not presented.

Consolidated statement of financial position

at 2 July 2022

	Note	**2 July 2022 £'000**	3 July 2021 £'000
Assets			
Non-current assets			
Property, plant and equipment	10	**36,375**	33,945
Right-of-use assets	10	**62,744**	64,044
Intangible assets		**28**	24
		99,147	98,013
Current assets			
Inventories	11	**3,487**	2,956
Trade and other receivables	12	**8,777**	5,218
Cash and cash equivalents	13	**18,815**	12,118
		31,079	20,292
Total assets		**130,226**	118,305
Liabilities			
Current liabilities			
Trade and other payables	14	**(30,618)**	(20,361)
Provisions	17	**(1,314)**	(842)
Lease liabilities	15	**(5,437)**	(5,143)

		(37,369)	(26,346)
Net current liabilities		**(6,290)**	(6,054)
Non-current liabilities			
Lease liabilities	15	**(99,545)**	(100,034)
Interest-bearing loans and borrowings	16	**(14,751)**	(15,751)
Provisions	17	**(1,582)**	(1,404)
		(115,878)	(117,189)
Total liabilities		**(153,247)**	(143,535)
Net liabilities		**(23,021)**	(25,230)
Equity attributable to equity holders of the parent			
Share capital		**230**	230
Share premium		**33,794**	33,794
Merger reserve		**11,645**	11,645
Accumulated losses		**(68,690)**	(70,899)
Total equity		**(23,021)**	(25,230)

Consolidated statement of changes in equity

for the 52 weeks ended 2 July 2022

			Reserves		
	Share capital £'000	Share premium £'000	Merger reserve £'000	Accumulated losses £'000	Total equity £'000
At 27 June 2020	50	-	11,645	(44,667)	(32,972)
Loss and total comprehensive expense for the period	-	-	-	(26,296)	(26,296)
Fundraising	180	33,794	-	-	33,974
Charge arising from long-term incentive plans	-	-	-	64	64
At 3 July 2021	**230**	**33,794**	**11,645**	**(70,899)**	**(25,230)**
Profit and total comprehensive income for the period	-	-	-	2,132	2,132
Charge arising from long-term incentive plans	-	-	-	77	77
At 2 July 2022	**230**	**33,794**	**11,645**	**(68,690)**	**(23,021)**

Consolidated statement of cash flow

for the 52 weeks ended 2 July 2022

	Note	**52 weeks ended 2 July 2022 £'000**	53 weeks ended 3 July 2021 £'000
Cash flow from operating activities			
Profit/(loss) before tax		**2,132**	(26,296)
Adjustments for:			
Net finance expense	7	5,280	5,140
Exceptional gain on disposal	4	-	(8,388)
Depreciation of property, plant and equipment	10	5,630	6,045
Depreciation of right-of-use assets	10	5,437	5,770
Impairment of property, plant and equipment	4	261	3,273
Impairment of right-of-use assets	4	376	8,315
Lease modification	4	(76)	(28)
Amortisation of intangibles		3	1
Charges arising from long-term incentive plans		77	64
Operating cash flows before movement in working capital		**19,120**	(6,104)
(Increase)/decrease in inventories		(532)	637

Increase in trade and other receivables		(3,559)	(2,908)
Increase in trade and other payables		10,170	4,859
Increase in provisions		650	1,228
Net cash flow generated from/(used in) operating activities		**25,849**	(2,288)
Cash flow from investing activities			
Purchase of intangible assets		**(7)**	(5)
Purchase of property, plant and equipment	10	**(8,321)**	(2,038)
Net cash flow used in investing activities		**(8,328)**	(2,043)
Cash flow from financing activities			
Net proceeds from equity fundraising		**-**	33,974
Interest paid	7	**(917)**	(1,133)
Lease surrender premiums paid		**-**	(1,700)
Principal element of lease payments	15	**(4,544)**	(4,438)
Interest element of lease payments	15	**(4,363)**	(4,007)
Repayment of borrowings		**(1,000)**	(52,749)
Drawdown of borrowings		**-**	44,000
Net cash outflow (used in)/generated from financing activities		**(10,824)**	13,947
Net increase in cash and cash equivalents		**6,697**	9,616
Opening cash and cash equivalents		12,118	2,502
Closing cash and cash equivalents	13	**18,815**	12,118

Reconciliation of net bank debt		
Net increase in cash and cash equivalents	**6,697**	**9,616**
Cash inflow from increase in borrowings	**-**	**(44,000)**
Cash outflow from repayment of borrowings	**1,000**	**52,749**
Opening net bank debt	**(3,633)**	(21,998)
Closing net bank cash/(debt)	**4,064**	(3,633)

Notes to the consolidated financial information

for the 52 weeks ended 2 July 2022

1. General information

(a) Basis of preparation

The accounting period runs to the Saturday falling nearest to 30 June each year and therefore normally comprises a 52-week period but with a 53-week period arising approximately at five-year intervals. The period ended 2 July 2022 is a 52-week period; the period ended 3 July 2021 was a 53-week period.

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IFRS") and with the requirements of the Companies Act 2006 applicable to companies reporting under those standards, and they apply to the financial statements of the Group for the 52 weeks ended 2 July 2022 (prior period 53 weeks ended 3 July 2021).

References to 2022 or FY22 relate to the 52-week period ended 2 July 2022 and references to 2021 or FY21 relate to the 53-week period ended 3 July 2021 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

The Directors have adopted the going concern basis in preparing these financial statements after careful assessment of identified principal risks and, in particular, the possible adverse impact on financial performance, specifically on revenue and cash flows, as a result of ongoing inflationary cost rises, as well as potential future restrictions imposed by the UK Government and the devolved authorities in response to COVID-19. The going concern status of the Company and subsidiaries is intrinsically linked to that of the Group.

Liquidity
At the end of the reporting period, the Group had net cash of £4.1 million (2021: net debt of (£3.6) million). In FY21, the Group took out three separate Coronavirus Large Business Interruption Loan Scheme ("CLBILS") term loans to a sum of £20.0 million, of which £14.8 million (2021: £15.8 million) was still outstanding as at year-end. The Group maintained a £16.3 million Revolving Credit Facility ("RCF") of which no amounts were drawn down as at year-end.

In FY21, the Group completed two equity fundraisings to support liquidity. The first completed on 27 July 2020 for gross £15.0 million, net £14.1 million, and all funds were fully received by 3 August 2020 and used to repay the remaining outstanding balance of the RCF. A second equity fundraising was completed on 15 June 2021 for gross £21.0 million, net £19.9 million, and all funds were fully received by 17 June 2021. The second fundraising was also used to strengthen the Group's balance sheet via deleveraging, whilst retaining sufficient funds to allow the Group to start an enhanced refurbishment programme of its bars, and also be in a position to take advantage of any good acquisition and expansion opportunities.

The RCF was reduced from £21.0 million in June 2021, to £17.3 million following £3.7 million of amortisation, and amortised a further £1.0 million to £16.3 million at the end of June 2022. The RCF was due to expire 30 June 2023; the Group has, however, undergone a refinancing of all facilities, completing in October 2022.

Following the refinancing on 10 October 2022, a new RCF was committed at a total facility level of £30.0 million expiring October 2025. The RCF was sought with the purposes of repaying all other indebtedness, general working capital requirements, and for the acquisition of The Peach Pub Company (Holdings) Limited and its subsidiaries ("Peach"). Therefore, all outstanding CLBILS term loans were repaid on 13 October 2022, with just the RCF making up total facilities going forwards. Interest is charged on the utilised RCF at a margin determined by leveraging plus SONIA, with unutilised RCF values having interest charged at 40% of margin. The new RCF is secured via a cross guarantee against certain properties within the business across the trading subsidiaries.

The RCF will amortise by £1.0 million on 30 June 2023, £2.0 million on 30 June 2024 and £2.0 million on 30 June 2025. In accordance with these arrangements and subject to compliance with financial covenants, the Group will therefore have committed funding facilities available during the going concern assessment period as follows:

	RCF **£m**
31 December 2022	30.0
30 June 2023	29.0
31 December 2023	29.0
30 June 2024	27.0

Current Net debt and available liquidity
As at 17 October 2022, the Group's net cash position was £0.7 million and therefore the Group has available liquidity of £30.7 million. However, consideration of £16.0 million is due after this point towards the acquisition of Peach, and a further £0.5 million of deferred payment is due on the acquisition at a later date contingent upon the future performance of the business. This is tested at each of September 2023, March 2024 and September 2024. If the hurdle has not been passed by the third of these dates, then the deferred consideration will not be paid.

Covenants
The new facilities are subject to covenants including: interest cover, net leverage and fixed charge cover. Management are also required to provide typical financial information at quarterly and annual periods to the bank, as is to be expected. Covenants are built into long-term forecasting to allow Management to review and manage covenant compliance; covenant compliance certificates will be issued as required under the agreement, with an annual certificate reviewed by the Company auditors.

Significant judgements and base case
The financing arrangements referred to in this going concern section are expected to provide a sufficient platform for the business to meet the challenging trading conditions that face the UK Hospitality industry this year, including softened guest confidence, higher input and energy costs, as well as potentially reduced Christmas footfall compared to pre-COVID-19 levels due to the impact of increased cost-of-living, with some price increases assumed to mitigate the earnings impact of these challenges. During FY22 the Group was subject to restrictions or reduced consumer confidence from Government messaging during the first two weeks and over the winter months, which severely impacted performance during those periods. Although the Group is hopeful of the continued normality in trading, it is not clear what level of trade may be possible should the UK Government impose further restrictions.
Both base and severe but plausible downside scenarios were considered with the inclusion of the newly acquired business, Peach, with appropriate sensitivities applied.

The level of sales that the Group generates drives EBITDA and cash generation, which in turn drives compliance with the covenant tests. In reaching their assessment that the financing arrangements are expected to be sufficient for the business, the Directors have reviewed a base case forecast scenario which assumes a continued impact of the cost-of-living crisis on the business with reduced performance from that previously expected. Under the base case forecast, liquidity is sufficient and there is no forecast breach of the banking covenants.

Severe but plausible downside scenario
The Directors have also reviewed a severe but plausible downside case which takes the base case and assumes a further significant reduction in Christmas trading, as well as reduced volumes of sales following the first quarter. Softer trading is then continued into FY24. No further Government assistance is assumed, and Capex is reduced with postponed refurbishments and new-site openings, compared to the original Board-approved budget prepared May-June 2022. This remains an area of flexibility should it be required, whereby the programme, if necessary, could be adjusted to enhance liquidity in the business through deferred or reduced refurbishments or new openings. The severe but plausible downside case shows sufficient liquidity and no forecast breach of the banking covenants.

Whilst there are currently no indications that further lockdowns and restrictions would occur, and indeed the new Prime Minister committed to this position in the leadership campaign, the Directors note the unprecedented decisions that have previously been taken and could again be imposed by the UK Government. However, the Directors also believe that if severe operating restrictions or lockdowns occurred above those already assumed the financial effects could potentially be mitigated wholly or partially by a number of factors that are not reflected in the severe but plausible downside case, but which are not all wholly within the control of the Directors, including reintroduction of the Coronavirus Job Retention Scheme, further rent mitigation, receipt of local authority grants as these are made available but which have not been included in the Group's forecasts, and any extension to business rates relief.

The material uncertainty caused by COVID-19, guest confidence, and higher input costs, coupled with forecasting difficulties as a result of the constantly changing economic environment means that the Group cannot be assured that it will not breach covenants. A breach of covenant would require the bank to grant a waiver or for the Group to renegotiate its banking facilities or raise funds from other sources, none of which is entirely within the Group's control. A breach of the covenant would also result in the reclassification of non-current borrowings to current borrowings.

The Directors have assessed, however, that given a strong underlying business, particularly when allowed to trade without restriction or significant economic disturbance, the Group's existing relationships with its main creditors, its success in recent years in obtaining covenant waivers and renegotiating its banking facilities and recent equity fundraisings, that a request for a waiver of a covenant breach or renegotiation of the banking facilities would be more than likely.

Going concern statement
Despite a return to normal trading in England since July 2021, the severe disruption to the Group's trade in the last few years caused by COVID-19 and the potential for changing operating restrictions imposed by the UK Government and the devolved authorities, as well as the continued cost-of-living narrative and economic effects including the impact on consumer confidence, means that a material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as a going concern. These factors impact the Group's operational performance and in particular the level of sales and EBITDA generated that will in turn determine the Group's covenant compliance.
Notwithstanding the material uncertainty, after due consideration the Directors have a reasonable expectation that the Group and the Company have sufficient resources to continue in operational existence for the period of 12 months from the date of approval of these financial statements. Accordingly, the financial statements continue to be prepared on the going concern basis. The financial statements do not contain the adjustments that would arise if the Group (and the Company) were unable to continue as a going concern.

2. Significant accounting policies

Leases
Where the Company is a lessee, a right-of-use asset and lease liability are both recognised at the outset of the lease. Each lease liability is initially measured at the present value of the remaining lease payment obligations taking account of the likelihood of lease extension or break options being exercised. Each lease liability is subsequently adjusted to reflect imputed interest, payments made to the lessor and any modifications to the lease. The right-of-use asset is initially measured at cost, which comprises the amount of the lease liability, plus lease payments made at or before the commencement date adjusted by the amount of any prepaid or accrued lease payments, less any incentives received to enter in to the lease, plus any initial direct costs incurred by the Group to execute the lease, and less any onerous lease provision. The right-of-use asset is depreciated in accordance with the Group's accounting policy on property, plant and equipment. The amount charged to the income statement comprises the depreciation of the right-of-use asset and the imputed interest on the lease liability.
The Company has utilised the practical expedient to not assess whether rent waivers agreed as a result of COVID-19 are lease modifications.

Items impacting Alternative Performance Measures

Exceptional items
Items that are unusual or infrequent in nature and material in size are disclosed separately in the income statement. The separate reporting of these items helps provide a more accurate indication of the Group's underlying business performance, which the Directors believe would otherwise be distorted. Exceptional items typically include impairments of property, plant and equipment and right-of-use assets, significant contract termination costs and costs associated with major one-off projects.

Share based payments
Charges relating to share-based payment arrangements, while not treated as an exceptional item, are adjusted for when arriving at adjusted EBITDA on the basis that such amounts are non-cash, can be material and often fluctuate significantly from period to period, dependent on factors unrelated to the Group's underlying trading performance.

Bar opening costs
Bar opening costs relate to costs incurred in getting new bars fully operation and primarily include costs incurred before the opening and preparing for launch, even if the bars do not open in the period. Although not treated as an exceptional item, these are adjusted for when arriving at adjusted EBITDA on the basis that such amounts are non-cash, can be material and often fluctuate significantly from period to period, dependent on factors unrelated to the Group's underlying trading performance.

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;

- COVID-19
- Climate change and Sustainability
- Supply chain and supplier concentration
- Refurbishment and acquisition of bars
- Consumer demand and PR
- Health and safety
- National minimum/living wage
- Funding

3. 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 Chief Operating Decision Maker ("CODM") in its decision making and reporting structure.

The Group's internal management reporting is focused predominantly on revenue and APM IAS 17 adjusted EBITDA, as these are the principal performance measures and drives the 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 its activities in the United Kingdom. All 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 2 July 2022 £'000	**53 weeks ended 3 July 2021 £'000**
Revenue	**140,821**	39,417
Cost of sales	**(30,695)**	(11,352)
Gross profit	**110,126**	28,065
Operating expenses:		
– operating expenses excluding exceptional items	**(102,721)**	(47,217)
– exceptional items	**(561)**	(5,361)
– grant income	**568**	3,357
Total operating expenses	**(102,714)**	(49,221)
Operating profit/(loss)	**7,412**	(21,156)

Bar Revenue relates to food, drink and admission sales from the Group's bars. Other Revenue includes photobooth income, as well as other smaller revenue streams including rental, commission, gaming and online revenue.

	52 weeks ended 2 July 2022 £'000	**53 weeks ended 3 July 2021 £'000**
Bar Revenue	**139,581**	39,180
Other Revenue	**1,240**	237
Revenue	**140,821**	39,417

4. Operating expenses

	52 weeks ended 2 July 2022 £'000	**53 weeks ended 3 July 2021 £'000**
Sales and distribution	**91,696**	43,639
Administrative expenses	**11,586**	8,939
Total operating expenses	**103,282**	52,578

The Group also received grant income of £0.6 million (2021: £3.4 million) which is included in operating expenses; please see note 5 for further information.

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/(credits) comprised the following:

	52 weeks ended 2 July 2022 £'000	**53 weeks ended 3 July 2021 £'000**
Administrative expenses:		
– impairment of right-of-use assets	**376**	8,315
– impairment of property, plant and equipment	**261**	3,273
– lease modification	**(76)**	(28)
– gain on disposal	**-**	(8,388)
– property restructure	**-**	2,189
Total exceptional items	**561**	5,361

Following implementation of IFRS 16, impairment reviews now also include right-of-use assets relating to leases. The net book value of property, plant and equipment at nine of the Group's bars (2021: 30) was written down, including right-of-use asset write-downs at two bars (2021: 31). All bars had been subject to impairment previously (2021: four not subject to impairment previously). The Directors considered that trading at these bars is unlikely to recover in the foreseeable future to a level that would justify their current book value.

A credit for lease modification was recognised where the respective IFRS 16 creditors had reduced following a reduction in rental amount or length of lease. Where a lease modification reduces the scope of a lease, the gain is netted against the related right-of-use asset. Where the right-of-use asset is fully impaired, the gain is taken as a credit to administrative expenses.

In the prior period two loss-making leases were surrendered and a further six sites returned to their landlords through a Company Voluntary Arrangement ("CVA") undertaken by the Group's wholly owned subsidiary entity, Revolution Bars Limited. The Property Restructure costs predominantly comprise the associated CVA professional fees, alongside other legal and professional costs incurred through landlord negotiations and the relevant closure costs of the affected sites.

Exceptional gains on disposal occurred in respect of these prior year lease surrenders as a result of extinguishing IFRS 16 lease liabilities, and is net of surrender premiums paid and payable to landlords and other relevant exit costs; this net position is classified as an exceptional gain on disposal.

	52 weeks ended 2 July 2022 £'000	53 weeks ended 3 July 2021 £'000
Gross gain on disposal	**-**	(9,686)
Surrender premiums paid in period	**-**	450
Related surrender costs paid in period	**-**	71
Impairment on exited properties	**-**	777
Total exceptional gain on disposal	**-**	(8,388)

Bar opening costs relate to costs incurred in getting new bars fully operation and primarily include costs incurred before the opening and preparing for launch, even if the bars do not open in the period. In the 52-week period ended 2 July 2022 two new bars were opened (2021: none opened).

	52 weeks ended 2 July 2022 £'000	53 weeks ended 3 July 2021 £'000
Bar opening costs	**306**	-

5. Grant income

	52 weeks ended 2 July 2022 £'000	53 weeks ended 3 July 2021 £'000
Local authority grants	**568**	3,357

The Government have provided various Local Authority grants to support the hospitality industry, particularly for periods of closure or severe restrictions. There have been various rules around claiming these, with the values predominantly based on the rateable value of the properties. This income has been recognised as Other Income within operating profit.

6. Operating profit/(loss)

Group operating profit/(loss) is stated after charging:

	52 weeks ended 2 July 2022 £'000	53 weeks ended 3 July 2021 £'000
Depreciation of property, plant and equipment	**5,630**	6,045
Depreciation of right-of-use assets	**5,437**	5,770
Impairment of property, plant and equipment	**261**	3,273
Impairment of right-of-use assets	**376**	8,315
Amortisation of intangibles	**3**	1
Auditors' remuneration:		
– audit fees payable to the Company's auditors for the audit of these financial statements	**160**	155
Fees payable to the Company's auditors for:		
– audit of financial statements of subsidiary companies	**103**	85

7. Finance expense

	52 weeks ended 2 July 2022 £'000	53 weeks ended 3 July 2021 £'000
Interest payable on bank loans and overdrafts	**917**	1,133

Interest on lease liabilities	**4,363**	4,007
Interest payable	**5,280**	**5,140**

8. Income tax

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

	52 weeks ended 2 July 2022 £'000	**53 weeks ended 3 July 2021 £'000**
Analysis of credit in the period		
Current tax		
UK corporation tax on the profit/(loss) for the period	**-**	**-**
	-	**-**
Deferred tax – Profit and loss account		
Origination and reversal of timing differences	**-**	**-**
	-	**-**
Deferred tax - Reserves		
Tax impact of change in accounting policy	**-**	**-**
Total deferred tax	**-**	**-**
Total tax credit	**-**	**-**

Factors affecting current tax credit for the period		
Profit/(loss) before taxation	**2,132**	**(26,296)**
Loss at standard rate of UK corporation tax (2022: 19.0%; 2021: 19.0%)	**405**	**(4,996)**
Effects of:		
– expenses not deductible for tax and other permanent differences	**54**	**386**
– adjustment in respect of prior periods	**-**	**(4)**
– changes in expected tax rates on deferred tax balances	**145**	**(5,635)**
– deferred tax not recognised	**(604)**	**10,249**
Total tax charge/(credit) for the period	**-**	**-**

At 2 July 2022, the Group has carried forward tax losses of £45.5 million (2021: £23.6 million) available to offset against future profits for which no deferred tax asset has been recognised (2021: no deferred tax asset recognised).

The Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19% for the years starting 1 April 2020 and 2021. The Group has recognised deferred tax in relation to UK companies at 19% accordingly.

In the March 2021 Budget, it was announced that from 1 April 2023 the Corporation Tax Rate for non-ring fenced profits will be increased to 25% applying to profits over £250,000. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a margin relief providing a gradual increase in the effective Corporation Tax rate, and a small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay Corporation Tax at 19%.

9. Earnings per share

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

	52 weeks ended 2 July 2022	53 weeks ended 3 July 2021
Profit/(loss) for the period (£'000)	**2,132**	(26,296)
Weighted average number of shares – basic ('000)	**230,049**	124,075
Basic earnings per Ordinary Share (pence)	**0.9**	(21.2)
Weighted average number of shares –diluted ('000)	**235,139**	124,075
Diluted earnings per Ordinary Share (pence)	**0.9**	(21.2)

Diluted shares are calculated making an assumption of outstanding options expected to be awards. Profit/(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 earnings per share	**52 weeks ended 2 July 2022 £'000**	**53 weeks ended 3 July 2021 £'000**
Profit/(loss) on ordinary activities before taxation	**2,132**	(26,296)
Exceptional items, share-based payments and bar opening costs	**944**	5,425
Adjusted profit/(loss) on ordinary activities before taxation	**3,076**	(20,871)
Taxation (charge)/credit on ordinary activities	**-**	-
Taxation on exceptional items and bar opening costs	**(150)**	(2,600)
Adjusted profit/(loss) on ordinary activities after taxation	**2,926**	(23,471)
Basic number of shares ('000)	**230,049**	124,075
Adjusted basic earnings per share (pence)	**1.3**	(18.9)
Diluted number of shares ('000)	**235,139**	124,075
Adjusted diluted earnings per share (pence)	**1.2**	(18.9)

Taxation on exceptional items and bar opening costs is calculated by applying the standard corporation tax rate of 19% against only taxable exceptional items.
On 27 July 2020 an additional 75,017,495 of shares were issued as part of the Group's admission to AIM and Fundraising, and on 15 June 2021 an additional 105,001,866 of shares were issued as a further Fundraising, taking the total issued share capital to 230,048,520. The shares have been weighted accordingly in the prior year based on date of issue.

10. Property, plant and equipment and right-of-use assets

Property, plant and equipment	Freehold land and buildings £'000	Short leasehold premises £'000	Fixtures and fittings £'000	IT equipment and office furniture £'000	Total £'000
At 27 June 2020	1,426	82,740	56,246	8,891	149,303
Additions	-	1,133	641	264	2,038
Transfers	-	15	-	-	15
At 3 July 2021	1,426	83,888	56,887	9,155	151,356
Additions	-	3,846	3,881	594	8,321
Asset reclassification*	-	(1,059)	1,066	(7)	-
At 2 July 2022	**1,426**	**86,675**	**61,834**	**9,742**	**159,677**
Accumulated depreciation and impairment					
At 27 June 2020	(1,216)	(50,752)	(48,280)	(7,833)	(108,081)
Provided in the period	-	(3,238)	(2,282)	(525)	(6,045)
Impairment charges	-	(2,750)	(465)	(58)	(3,273)
Transfers	-	-	(6)	(6)	(12)
At 3 July 2021	(1,216)	(56,740)	(51,033)	(8,422)	(117,411)
Provided in the period	-	(2,626)	(2,436)	(568)	(5,630)
Impairment charges	-	(162)	(78)	(21)	(261)
Asset reclassification*	-	148	(156)	8	-
At 2 July 2022	**(1,216)**	**(59,380)**	**(53,703)**	**(9,003)**	**(123,302)**
Net book value					
At 2 July 2022	**210**	**27,295**	**8,131**	**739**	**36,375**
At 3 July 2021	210	27,148	5,854	733	33,945
At 27 June 2020	210	31,988	7,966	1,058	41,222

* The above Asset reclassifications reflect a reclassification to cost and accumulated depreciation, with a net impact to net book value of nil. This is to align opening cost and accumulated depreciation to the consolidated Group basis.

Right-of-use assets	Short leasehold premises £'000	Vehicles £'000	Total £'000
Cost			

At 27 June 2020	97,035	435	97,470
Reassessment/modification of assets previously recognised	8,234	-	8,234
Additions	-	-	-
Disposals	-	(17)	(17)
At 3 July 2021	105,269	418	105,687
Reassessment/modification of assets previously recognised	1,171	-	1,171
Additions	3,342	-	3,342
At 2 July 2022	**109,782**	**418**	**110,200**
Accumulated depreciation and impairment			
At 27 June 2020	(26,601)	(180)	(26,781)
Provided in the period	(5,625)	(145)	(5,770)
Impairment charges	(9,092)	-	(9,092)
At 3 July 2021	(41,318)	(325)	(41,643)
Provided in the period	(5,348)	(89)	(5,437)
Impairment charges	(376)	-	(376)
At 2 July 2022	**(47,042)**	**(414)**	**(47,456)**
Net book value			
At 2 July 2022	**62,740**	**4**	**62,744**
At 3 July 2021	63,951	**93**	**64,044**
At 27 June 2020	70,434	255	70,689

Please see note 15 for details of lease liabilities.

Depreciation and impairment of property, plant and equipment and right-of-use assets 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 derived from the forecast cash flows generated to the end of the lease term discounted at the Group's weighted average cost of capital.

During the 52 weeks ended 2 July 2022, the Group impaired the property, plant and equipment of nine CGUs (2021: 30 CGUs) and the right-of-use assets of two CGUs (2021: 31 CGUs), either partially or in full, based on the value in use of the CGU being lower than the prevailing 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 of each reporting period, a filter test is used to identify whether the carrying value of a CGU 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 CGU. If this test indicates a potential impairment, a more detailed value in use review is undertaken 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 cash flows assume a 5-year refurb cycle, with an increase in revenue factored after refurbishments based on historical refurbishment outcomes.

The Group has continued to apply a lower multiplier against earnings of seven to recognise the adverse trading impact of COVID-19, raising the prospect of more widespread CGU impairments that may only be revealed by detailed value in use reviews.

The key assumptions in the value in use calculations are typically the cash flows contained within the Group's trading forecasts, the long-term growth rate and the risk-adjusted post-tax discount. The Budget for FY23 is based on the last twelve months of trading prior to COVID-19, being the last twelve months of normal trade, and then accordingly adjusted. Standard agreed long-term assumptions are then applied at revenue and cost levels to the end of the lease term. This is deemed the most suitable basis at the year-end for considering whether the assets were impaired at the balance sheet date and, therefore, management has adopted these assumptions in all of the detailed value in use reviews.

- The long-term growth rate has been applied from July 2022 at 1.0 per cent (2021: 1.0 per cent).
- Post-tax discount rate: 11.0 per cent (2021: 9.0 per cent) based on the Group's weighted average cost of capital.

Sensitivity analysis has been performed on each of the long-term growth rate and post-tax discount rate assumptions with other variables held constant. Increasing the post-tax discount rate by 1 per cent would result in additional impairments of £0.1 million. A 0.1 per cent decrease in the long-term growth rate would result in additional impairments of £0.1 million. Applying the most recent performance to the signing date, which therefore includes the impact of recent cost challenges, as well as latest trading amounting to a 3% reduction in site EBITDA, results in an increase in the impairment charge of approximately £0.5 million.

11. Inventories

	2 July 2022 £'000	3 July 2021 £'000
Goods held for resale	**2,321**	1,996
Sundry stocks	**1,166**	960
	3,487	2,956

Sundry stocks include items such as glasses, packaging, uniform and drinks decorations. Inventory is net of provision of £0.23 million (2021: £0.54 million). £0.11 million was written-down in the year as an expense (2021: £0.50 million).

The cost of inventories is recognised as an expense in cost of sales as follows:

	52 weeks ended 2 July 2022 £'000	53 weeks ended 3 July 2021 £'000
Cost of inventories	**30,359**	**11,352**

12. Trade and other receivables

	2 July 2022 £'000	3 July 2021 £'000
Amounts falling due within one year		
Trade receivables	**3,707**	1,896
Accrued rebate income	**501**	720
Prepayments	**4,427**	2,469
Other debtors	**142**	133
	8,777	5,218

13. Cash and cash equivalents

	3 July 2021 £'000	27 June 2020 £'000
Cash and cash equivalents	**18,815**	12,118

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

14. Trade and other payables

	2 July 2022 £'000	3 July 2021 £'000
Trade payables	**11,801**	7,526
Other payables	**142**	122
Accruals and deferred income	**15,434**	10,197
Other taxes and social security costs	**3,241**	2,516
	30,618	20,361

Trade and other payables are non-interest bearing and are normally settled 30 days after the month of invoice. Trade payables are denominated in Sterling. The Directors consider that the carrying value of trade and other payables approximates to their fair value. The value of trade payables and accruals is substantially higher at 2 July 2022; this is as a result of the Group's return to trading.

15. Lease liabilities

	Short leasehold properties £'000	Vehicles £'000	Total £'000
At 3 July 2021	105,079	98	105,177
Reassessment/modification of liabilities previously recognised	1,171	-	1,171
Modifications taken as a credit to administrative expenses (note 3)	(76)	-	(76)
Additions	3,483	-	3,483
Lease liability payments	(8,813)	(94)	(8,907)
Lease concessions	(229)	-	(229)
Finance costs	4,361	2	4,363
At 2 July 2022	**104,976**	**6**	**104,982**

Cash payments in the period comprise interest of £4.4 million and principal of £4.6 million. Reassessment and modification of liabilities previously recognised predominantly relates to the re-gear of five bars (2021: 29 bars) where either the length of the lease has been extended or the rental charge has been increased.

Lease liabilities are comprised of the following balance sheet amounts:

	2 July 2022 £'000	**3 July 2021 £'000**
Amounts due within one year	5,437	5,143
Amounts due after more than one year	99,545	100,034
	104,982	105,177

16. Interest-bearing loans and borrowings

	2 July 2022 £'000	**3 July 2021 £'000**
Revolving credit facility	-	-
Coronavirus Large Business Interruption Loan Scheme	14,751	15,751
	14,751	15,751

As at the date of the consolidated financial position, the Group had an undrawn revolving credit facility (the "Facility") of £16.3 million expiring June 2023. A refinancing was completed on 10 October 2022; please refer to Going Concern in note 1 for further information.

In the prior year, the Group received a total of £20.0 million of Coronavirus Large Business Interruption Loan Scheme ("CLBILS") loans, of which £14.8 million was outstanding at year-end. The CLBILS is a three-year term loan, partially expiring in July 2023 and May 2024.

The Facility and the CLBILS are secured and supported by debentures over the assets of Revolution Bars Group plc, Revolución De Cuba Limited, Revolution Bars Limited, Revolution Bars (Number Two) Limited and Inventive Service Company Limited, and an unlimited guarantee.

All borrowings are held in Sterling. There is no material difference between the fair value and book value of the Group interest-bearing borrowings. For more information on the Group's exposure to interest rate risk, see note 23.

17. Provisions

The dilapidations provision relates to a provision for dilapidations due at the end of leases. The Group provides for unavoidable costs associated with lease terminations and expires against all leasehold properties across the entire estate, built up over the period until exit. Other provisions include provisions for various COVID-19 related items, which are uncertain of timing and therefore classified as less than one year. Dilapidations provisions are expected to be utilised over the next 5-15 years as leases come to an end.

	Other provisions £,000	Dilapidations provision £'000	Total provisions £'000
At 3 July 2021	**842**	**1,404**	**2,246**
Movement on provision	472	218	**690**
Utilisation of provision	-	(40)	**(40)**
At 2 July 2022	**1,314**	**1,582**	**2,896**

	2 July 2022 £'000	3 July 2021 £'000
Current	**1,314**	842
Non-current	**1,582**	1,404
	2,896	2,246

18. Dividends

	52 weeks ended 2 July 2022 £'000	53 weeks ended 3 June 2021 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the 52 weeks ended 2 July 2022 of nil per share (53 weeks ended 3 July 2021 of nil per share)	**-**	**-**
	-	**-**

19. Post-balance sheet events

Changes to committed borrowing facilities
As at the date of the consolidated financial position the Group had a revolving credit facility ("RCF") of £16.3 million expiring in June 2023, and £14.8 million remaining across three Coronavirus Large Business Interruption Loan Scheme ("CLBILS") term loans expiring across 2023 and 2024. On 10 October 2022 the RCF was increased to £30.0 million and extended to October 2025, and the CLBILS loans were fully repaid. Interest is charged on the utilised RCF at a margin determined by leveraging plus SONIA, with unutilised RCF values having interest charged at 40% of margin. The RCF is due to amortise by £1.0 million on 30 June 2023, £2.0 million on 30 June 2024 and £2.0 million on 30 June 2025. Further details of the Facilities, their duration, amortisation profiles, future availability of committed funding and financial covenant are set out under the going concern section of note 1 to the financial statements.

Acquisition of Peach Pub Group
The Group announced that on 18 October 2022 it has completed the acquisition of the entire issued share capital of The Peach Pub Company (Holdings) Limited and its subsidiaries ("Peach"), the operator of a collection of 21 award-winning, premium food-led pubs for a cash consideration of £16.5 million on a debt and cash-free basis. £0.5 million of this is due as a deferred consideration contingent upon the future performance of the business. This is tested at each of September 2023, March 2024 and September 2024. If the hurdle has not been passed by the third of these dates, then the deferred consideration will not be paid.

The acquisition will create a more balanced and diversified business with scale and compelling growth potential across multiple trading segments of drinks, food and accommodation.

20. Alternative Performance Measures - Adjusted EBITDA – Non-IFRS 16 Basis

The Board's preferred profit measures are Alternative Performance Measures ("APM") adjusted EBITDA and APM adjusted pre-tax loss, as shown in the tables below. The APM adjusted measures exclude exceptional items, bar opening costs and charges/credits arising from long term incentive plans. Non-GAAP measures are presented below which encompasses adjusted EBITDA on an IFRS 16 basis:

	Note	52 weeks ended 2 July 2022 £'000	53 weeks ended 3 July 2021 £'000
Non-GAAP measures			
Revenue	**2**	**140,821**	39,417

Operating profit/(loss)	**5**	**7,412**	(21,156)
Exceptional items	**3**	**561**	5,361
Charge arising from long-term incentive plans	**22**	**77**	64
Bar opening costs		**306**	-
Adjusted operating profit/(loss)		**8,356**	(15,731)
Finance expense	**8**	**(5,280)**	(5,140)
Adjusted profit/(loss) before tax		**3,076**	(20,871)
Depreciation	**5**	**11,067**	11,815
Amortisation		**3**	1
Finance expense	**8**	**5,280**	5,140
Adjusted EBITDA		**19,426**	(3,915)

The below table reconciles from the statutory non-GAAP adjusted EBITDA to the APM formats, which translates to a pre-IFRS 16 basis by inputting the rental charge and other relevant adjustments.

	52 weeks ended 2 July 2022 IFRS 16 £'000	**Reduction in depreciation £'000**	**Reduction in interest £'000**	**Onerous lease provision interest £'000**	**Rent charge £'000**	**52 weeks ended 2 July 2022 IAS 17 £'000**
Adjusted profit before tax	**3,076**	6,218	4,393	(30)	(9,189)	**4,468**
Depreciation	**11,067**	(6,218)	-	-	-	**4,849**
Amortisation	**3**	**-**	-	-	-	**3**
Finance expense	**5,280**	**-**	(4,393)	30	-	**917**
Adjusted EBITDA	**19,426**	**-**	**-**	**-**	**(9,189)**	**10,237**

	53 weeks ended 3 July 2021 IFRS 16 £'000	**Reduction in depreciation £'000**	**Reduction in interest £'000**	**Onerous lease provision interest £'000**	**Rent charge £'000**	**53 weeks ended 3 July 2021 IAS 17 £'000**
Adjusted loss before tax	**(20,871)**	5,497	4,007	(37)	(8,124)	**(19,528)**
Depreciation	**11,815**	(5,497)	-	-	-	**6,318**
Amortisation	**1**	**-**	-	-	-	**1**
Finance expense	**5,140**	**-**	(4,007)	37	-	**1,170**
Adjusted EBITDA	**(3,915)**	**-**	**-**	**-**	**(8,124)**	**(12,039)**

The APM profit measures have been prepared using the reported results for the current period and replacing the accounting entries related to IFRS 16 Leases with an estimate of the accounting entries that would have arisen when applying IAS 17 Leases. The effective tax rate has been assumed to be unaltered by this change. Impairment assumptions have been re-geared for an IAS 17 perspective, and the onerous lease provision movement has been included.

The APM profit measures see a large reduction in depreciation due to the non-inclusion of IFRS 16 depreciation on the right-of-use assets, and similarly non-inclusion of the finance expense of interest on lease liabilities. The operating loss is impacted by the inclusion of rent expenditure from the income statement and inclusion of the onerous lease provision. Exceptionals are significant impacted by the change in impairment, gain on disposals recognised under IFRS 16, and the classification of certain cash closure exceptionals.