

REVOLUTION

BARS GROUP PLC

REVOLUTION *Revolución de Cuba*
FROM BARS + CANTINAS

WIND ST.
FOUNDERS CO. PLAYHOUSE

INTERIM RESULTS 2023

26 WEEKS ENDED 31 DECEMBER 2022

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HEADLINES

CEO ROB PITCHER

HEADLINES

Multitude of external factors impacting consumer confidence and costs in H1

- Overall, **FY23 H1 LFL sales compared to 2019 were (9.4)%**, impacted by a hot summer, postponed events and holidays, industrial action, and the cost-of-living crisis fuelled by the war in Ukraine
- **Peach Pubs LFL sales have delivered +9.9% in H1** since acquisition compared to 2019
- Despite train strikes targeting peak Christmas trading, Corporate guests returned, setting a new LFL record of **+10.3% pre-booked revenue** compared to 2019
- **Group LFL sales of +17.3% for the five weeks to 31 December**, compared to the Omicron affected 2021 period
- FY23 H2 Group LFL sales have been (6.8)% to date, an **improvement of +2.6%pts on the first half of the year**
- The Group had **£18.5 million net debt** at the end of FY23 H1 following the Peach acquisition, compared to net cash of £4.1 million at the end of FY22

Strong corporate Christmas but with strikes affecting walk-in guests, suppressed H1 results



TRADING ENVIRONMENT

Navigating through macroeconomic headwinds to come out stronger

Turnaround since 2018

- **Well invested estate** following accelerated investment programme (24 refurbishments in last 18 months)
- **Exited under-performing bars** through lease surrenders, CVA, and refurbishment to new brands
- **Diversified offering** from original two brands to five through acquisition and in-house innovation
- Guest proposition deep dives for both original brands to create **fun and memorable experiences**
- **Stronger management team** in place with bar, pub and gastro-pub experience
- **Much stronger business** compared to pre pandemic with our People, Practices, ESG and Guest metrics all at record levels

Challenging Environment

- **Hospitality has been hammered** by nearly three years of COVID restrictions and a multitude of external factors
- **Cost-of-living crisis** with high inflation resulting in lower discretionary spending. Rising costs a bigger threat than under COVID with government support withdrawn
- **Industrial strike action** on the railways affecting travel plans into city centres since June 2022
- **Working from home** having impact on footfall and traditional weekday post work nights out in city centres
- **Britain's number of licensed premises had an 11% drop** since March 2020, and a 4.5% drop in 2022 and forecast to fall below 100,000

Looking Forward

- **Diversification of the business** giving more daytime, early-evening and outdoors trading space providing a natural hedge to our original brands
- **Record Christmas pre-booked revenue**, reflecting a return of Corporate guest confidence. Expectation that walk-in trade this Christmas will return
- **New CRM platform** has recently been implemented allowing us to optimise the 3.7 million guest database
- **New revenue streams** with accommodation, photobooth income, amusement & vending machine sales
- **Investment in our sustainability programme** has mitigated some of the utilities cost pressures
- **Consumer confidence recovering** from low, energy prices heading in the right direction

PEACH ACQUISITION

More balanced and diversified business with scale and compelling growth potential



Trading

- **LFL sales at +9.9% in H1** since acquisition versus 2019
- **Excellent Christmas trading** in 5 weeks to 31 December 2022, with LFL sales of +7.5% v 2021 and +10.1% v 2019, demonstrating the additional resilience and diversity the acquisition has brought to the Group
- **Revenue of £6.3m and PBT of £0.4m** in H1 since acquisition

Diversification

- Peach's greater exposure to daytime and weekday trading provides a **natural balance to existing Group portfolio**
- Peach pubs are located outside of city centres / larger town centres and have **benefited from working from home dynamics**
- Peach estate has **large well invested outdoor spaces** catering for warm weather in the summer which seems to be getting longer and hotter

Synergies

- **Entire Peach operations team has remained** with the business ensuring continuing smooth operation
- Departure of the Peach founders, as well as many of the same suppliers improving buying power, and aligning buying processes, is **delivering synergies**
- Synergies will be at least £1.5m when fully delivered in FY25 taking **proforma EBITDA to c.£3m**

Robust Model

- **Differentiated guest offering and locations** in affluent towns and villages to mitigate the impact of macroeconomic factors
- **Compelling growth potential** with further opportunities in leasehold food-led pub market. Good level of acquisition prospects
- **High margin guest accommodation** with over 80 letting bedrooms achieving strong occupancy
- **Best of British** seasonal menus delivering on market trends for provenance

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FINANCIAL REVIEW

CFO DANIELLE DAVIES

FY23 H1 REVIEW – INCOME STATEMENT

Adjusted** EBITDA profit of £5.1m (IAS 17)

Summary Income Statement

	IFRS 16*			IAS 17		
	FY23 H1 £m	FY22 H1 £m	FY20 H1 £m	FY23 H1 £m	FY22 H1 £m	FY20 H1 £m
Venues at end of period	90	67	76	90	67	76
Sales	76.0	74.1	81.2	76.0	74.1	81.2
Gross profit	58.6	57.8	61.8	58.6	57.8	61.8
Gross profit %	77.1%	78.0%	76.1%	77.1%	78.0%	76.1%
Adjusted** EBITDA	9.8	12.2	12.8	5.1	7.6	7.6
Adjusted** EBITDA %	12.9%	16.5%	15.7%	6.7%	10.2%	9.4%
Adjusted** PBT	1.2	4.3	2.9	1.4	3.8	3.5
Adjusted** PBT %	1.6%	5.8%	3.6%	1.8%	5.1%	4.3%
Adjusted** EPS	0.7p	1.9p	4.4p	0.4p	1.6p	4.5p

* The Group adopted IFRS 16 in FY20 which changes the accounting treatment of leases

** Adjusted measures exclude exceptional items, share-based charges/(credits) and bar opening costs

- **Sales** of £76.0m were +£1.9m higher than FY22
 - Sales were £7.9m lower in first 5 months as FY22 benefited from pent-up demand and VAT rate cut but FY23 saw the impacts of the cost-of-living crisis, industrial action and hot weather
 - Christmas in FY23 improved by £3.5m compared to FY22 (Omicron, government restrictions) and our sales team delivered record pre-booked sales but train strikes had a significant impact on walk-in trade
 - Peach Pubs contributed £6.3m of sales post acquisition
- **Margin** has reduced slightly in FY23 as cost-of-living impacts late night trading and higher food mix (lower margin) from Peach acquisition
- **Adjusted** EBITDA (IAS 17)** profit of £5.1m reflecting impact of challenging macroeconomic environment

FY23 H1 REVIEW – CASH

Cash utilised for acquisition

Net Bank Debt

	FY23 H1 £m	FY22 H1 £m	FY20 H1 £m
Net bank cash/(debt) b/f	4.1	(3.6)	(14.9)
Adjusted* EBITDA (IFRS 16)	9.8	12.2	12.8
Rent charges (IFRS 16)	(4.8)	(4.6)	(5.2)
Adjusted* EBITDA (IAS 17)	5.1	7.6	7.6
Cash Exceptional items (IAS 17)	(1.5)	-	-
Capex - existing estate	(3.5)	(1.7)	(2.9)
Working capital movement	(5.6)	3.0	2.6
Cash (used)/generated - existing business	(5.5)	8.9	7.3
Acquisition - Peach Equity Consideration	(13.9)	-	-
Acquisition - Peach acquired Cash	4.7	-	-
Acquisition - Repayment of Peach Borrowings	(5.9)	-	-
Capex - expansion	(1.2)	-	-
Capex - accelerated refurbishments	-	(0.7)	-
Interest paid	(0.8)	(0.4)	(0.4)
Lease surrender premiums paid	-	-	(0.4)
Net cash flow	(22.6)	7.8	6.5
Net bank (debt)/cash c/f	(18.5)	4.2	(8.4)

- **Net bank debt b/f** – net bank cash had improved to positive £4.1m following two equity fundraises and positive trading
- **Exceptional items** – FY23 H1 incurred cash exceptional items relating to the acquisition of Peach
- **Capex - existing estate & accelerated refurbishments** – five refurbishments completed in FY23 H1, and the balance is maintenance and IT capex
- **Acquisition** – relating to £13.4m equity value paid for Peach, £0.5m Escrow payment, £4.7m cash acquired and the agreed repayment of borrowings on acquisition
- **Net cash outflow** of £22.6m due mainly to acquisition of Peach
- **Net bank debt c/f** of (£18.5)m at end of FY23 H1

Net bank (debt)/cash breakdown	FY23 H1 £m	FY22 H1 £m	FY21 H1 £m	FY20 H1 £m
Closing drawdown facilities	(23.0)	(15.3)	(25.6)	(11.5)
Closing cash & cash equivalents	4.5	19.4	4.6	3.1
Closing net bank (debt)/cash	(18.5)	4.2	(21.0)	(8.4)

- **Covenants** – have been reset to reflect current trading and market conditions

ESTATE INVESTMENT

Following Peach acquisition, investment focussed on existing estate in short term

Existing Estate Investment

- Delivered our most ambitious refurbishment programme ever, delivering 24 refurbishments post COVID
- Pleasing performance to date with the majority of refurbished venues on track for achieving the 2 year payback target



Revolution Exeter & Preston

- Both opened in June 2022 with excellent guest feedback. Striking social media designs gives our guests the opportunity to showcase their experience, encouraging return visits
- Encouragingly, Preston is trading in line with expectations while we are confident Exeter will reach maturity after initially not benefitting fully from students return due to timing of opening



Founders & Co. Swansea

- Delivered three record sales weeks over the festive period
- Increased daytime (97% pre 11pm) and food offering (50:50 mix) delivered by independent traders



Playhouse Northampton & N-U-L

- Second Playhouse site trading well after opening in November 2022 in Newcastle-under-Lyme
- Low-cost, high margin model helped by strong machine sales of up to 28%



COST PRESSURES & MITIGATION

Forensic and relentless focus on costs

Cost Pressures

- Ukraine conflict has **driven utility costs up** fuelling the cost-of-living crisis, which is embedded in the consumer psyche. **Our guest base is not immune to this**
- Recent news of **reduction of energy prices** should result in increased consumer confidence
- Utilities are a relentless focus for the Group, with our fixed prices expiring at the end of March 2023. Advisers have been appointed to assist our **energy purchasing strategy**
- We continue to **drive down energy consumption** with a reduction of 34.6% since 2017, a further 2.6% improvement so far in FY23, largely through new cellar cooling technology
- **10% increase in National Minimum Wage increase** will cost £2.4m per annum

Cost Control & Mitigation

- **Enhanced buying power** with better than anticipated synergies
- Established **monthly competitor price reviews** to ensure we are optimally priced in the current dynamic environment
- **Spirits tender completed**, new range being launched in April, delivering cost savings
- **New draught product range fully rolled out** across the Group, delivering +0.8%pt margin improvement and driving 0.9%pt mix
- **Full review of non-consumable spend** has been conducted, with new contracts being signed at reduced rates across many areas
- **Water consumption monitoring equipment** is now on trial

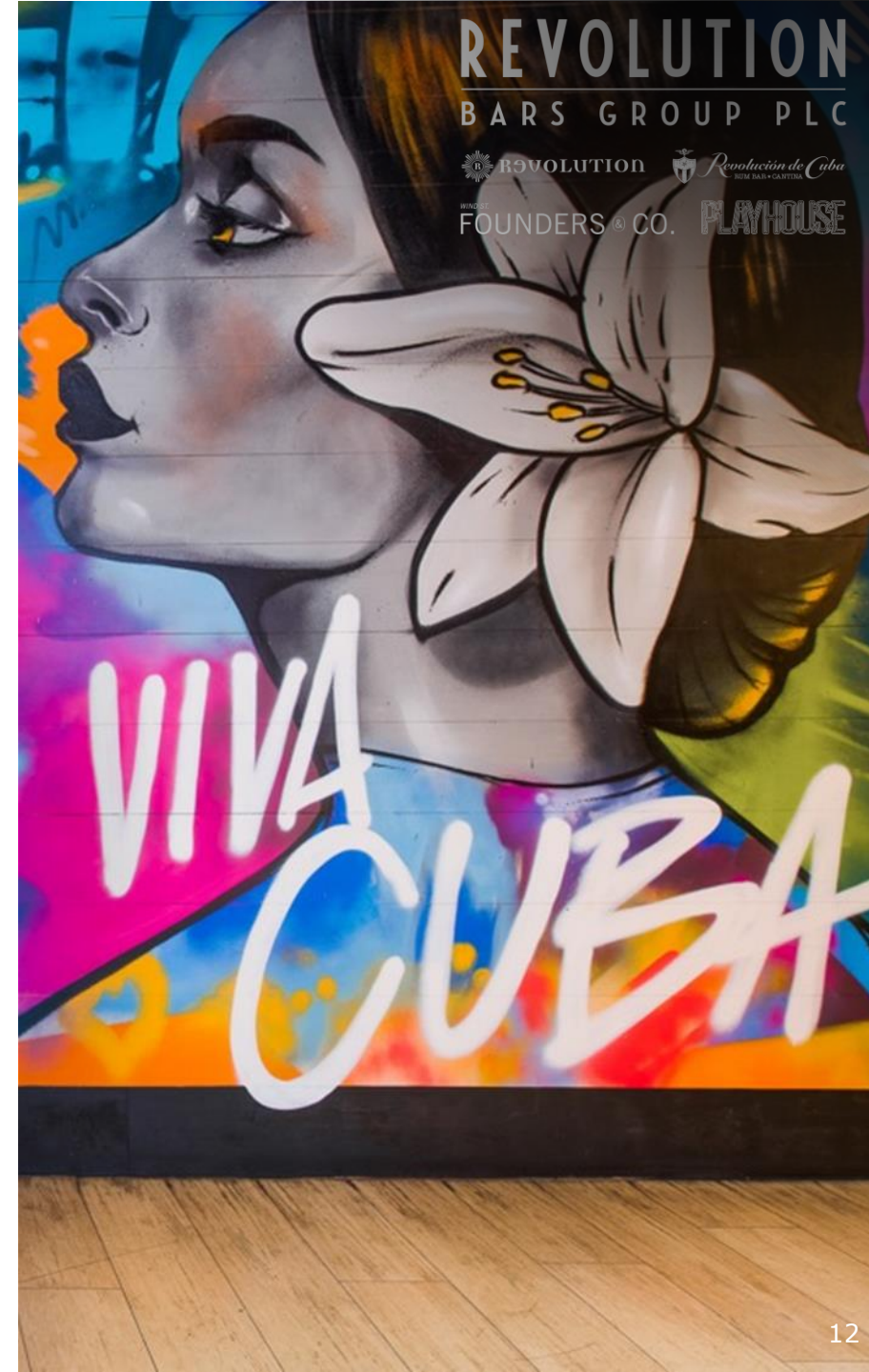


FINANCIAL SUMMARY

Delivering on strategy in a challenging macro environment

- **Strong corporate Christmas** but with strikes affecting walk-in guests, suppressed H1 results
- **Peach Pubs continues to demonstrate strong, resilient trade** in difficult conditions and Management are very pleased with the acquisition
- **Investment in estate continued in FY23 H1** with a pause in H2 until trading environment improves
- Both new brands, **Founders & Co.** and **Playhouse** are performing **well** and continue to develop.
- **Adjusted* EBITDA** (IAS 17) of £5.1m in H1 reflecting impact of challenging macroeconomic environment
- The Group had **net debt of £23.1 million** as at 6 March 2023, with £6.9 million headroom available on the facilities

* Adjusted measures exclude exceptional items, share-based charges/(credits)



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What's your Flavour STRATEGY UPDATE

CEO ROB PITCHER

The PLACE where EVERYONE wants to be

GROUP STRATEGIC OBJECTIVES

Develop the business through our strategic priorities

Strategic Pillars

Maximising Revenue & Profit

Diversification of Sales

Guest Experience

Cost Mitigation

Brand Awareness, ESG & EVP



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REVOLUTION & REVOLUCIÓN DE CUBA

The place where everyone wants to be

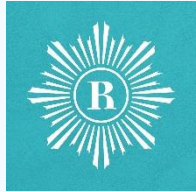
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REVOLUTION Revolution de Cuba

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Interim Results – 26 weeks
ended 31 December 2022



- **Well invested estate** with c. 40% of the bars refurbished in the last 18 months
- **Industry leading guest metrics** with Guest NPS at 78% and feed it back guest opinion score of 90%
- **Customer relationship marketing (CRM)** launching in March 2023 to monetise the 900,000 registered App users and our 3.7 million database contacts
- **Affiliate marketing** being developed to utilise our brand recognition and expand our reach
- **Hyperlocal collaborations** with small independent businesses to provide a platform for growth whilst driving ticket sales and new guests into our brand
- **Developing new revenue streams** through maximising photobooths, gaming, food delivery, branded merchandise (online, vending), and brunch

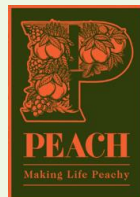


- **“Home of the Fiesta”** – creating spectacular showstopping entertainment with outstanding live music and the sights, sounds, smells and taste of Havana
- **Delivering authenticity** through our special rum menus to bring new and unique cocktails to our guests
- **Amigos corporate loyalty programme** relaunched to capitalise on the gradual return to the office
- **Disruptive PR campaigns** such as “Spreading the Cuban Love” Bus and our new cocktail masterclass launch
- Developing the **best bartenders on the high street** with our Head Cantinero programme with annual cocktail competitions and updated training programme

Flip the familiar into a Fiesta

DIVERSIFICATION OF SALES

More balanced and diversified business with scale and growth potential



5 months in...

- **Excellent Christmas trading** period with integration on track and £0.5m of annual cost synergies realised to date
- **High margin accommodation** with over 80 guest letting bedrooms providing a new revenue stream
- **Peach guest base** is somewhat insulated from the impacts of the current macroeconomic environment

Next up...

- Deliver on the **next phase of synergies**
- See the benefits of the **outstanding outdoors spaces** to capitalise on summer trade typically missed by the rest of our brand portfolio
- Continue to exploit post pandemic impact of working from home with **guests staying local**
- Leverage the wider Group skillset of **delivering pre-booked revenue** performance



WIND ST.
FOUNDERS & CO.



- **Fresh independent trader offering** - #1 pizza brand in Swansea, launching breakfast menu
- Continue developing **community links** – first Small Business Awards with mentoring for the winner
- **Strengthening our position** as the pre and post venue for the new Swansea arena



PLAYHOUSE



- **Recently launched pre-paid charge card** – to give greater pre-booked opportunity
- **Open up daytime trading** through developing a birthday party focused range of packages
- **Gaming promotions** using charge card data will target quieter sessions

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SUMMARY

SUMMARY & OUTLOOK

- **Challenging trading environment** from the start of summer with heatwaves, resurgence of festivals and holidays abroad while rail strikes continue to impact alongside the cost-of-living crisis and working from home headwinds
- **Guest measures remain very strong** across the brand portfolio building expectation of a strong recovery once the cost-of-living crisis abates and guests disposable income restored
- **Good opportunities for growth** though the implementation of new CRM platform, affiliate marketing, experience led live music, industry leading ESG delivery and a talented team
- **Better invested larger and more diversified estate** with 24 refurbishments delivered since August 2021, 2 new openings, 2 new brand concepts and a significant acquisition taking Group estate to 90 premium pubs and bars
- Early indications show that the **trading environment should improve** with consumer confidence having bottomed out and energy prices heading in the right direction
- The Board has continued to review the impact of cost inflation, energy costs and sales performance, and **remains confident of achieving Adjusted* EBITDA in line with market expectations for FY23**
- FY23 H2 Group LFL sales have been (6.8)% to date, an improvement of +2.6%pts on the first half of the year and we anticipate **some sales recovery in FY24**

Well invested estate, great guest metrics, focus on cost control, positive impact of Peach and supportive bank means we are ready to capitalise on an improved trading environment

* Adjusted measures exclude exceptional items, share-based charges/(credits)



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APPENDICES

APPENDIX 1

Reconciliation of Adjusted** EBITDA to (Loss)/Profit Before Tax

Reconciliation of Adjusted** EBITDA to (Loss)/Profit Before Tax

	IFRS 16*			IAS 17		
	FY23 H1 £m	FY22 H1 £m	FY20 H1 £m	FY23 H1 £m	FY22 H1 £m	FY20 H1 £m
Adjusted** EBITDA	9.8	12.2	12.8	5.1	7.6	12.8
Depreciation	(5.4)	(5.6)	(7.3)	(2.8)	(3.4)	(7.3)
Exceptional items	(1.5)	-	(4.4)	(1.5)	(0.1)	(4.4)
Charge arising from LTIP	0.2	-	(0.1)	0.2	-	(0.1)
Operating Profit	3.1	6.6	1.0	0.9	4.1	1.0
Finance expense	(3.2)	(2.3)	(2.6)	(0.8)	(0.4)	(2.6)
(LBT) / PBT	(0.1)	4.3	(1.6)	0.0	3.7	(1.6)
Adjusted** PBT	1.2	4.3	2.9	1.4	3.8	2.9

* The Group adopted IFRS 16 in FY20. IFRS 16 changes the accounting treatment of leases

** Adjusted measures exclude exceptional items, share-based charges/(credits) and bar opening costs

- IFRS 16 includes depreciation of right-of-use assets
- Exceptional items – detailed in Appendix 2
- IFRS 16 includes financing element of lease liabilities

APPENDIX 2

Exceptional Items

Exceptional Items

	IFRS 16*			IAS 17		
	FY23 H1 £m	FY22 H1 £m	FY20 H1 £m	FY23 H1 £m	FY22 H1 £m	FY19 £m
Impairment of right-of-use assets	-	-	3.0	-	-	-
Impairment of property, plant and equipment	-	0.1	1.8	-	0.2	8.5
Lease modification	(0.0)	(0.1)	-	-	-	-
Gain on Disposal	-	-	(0.6)	-	-	-
Movement on Onerous Lease Provision	-	-	-	-	(0.0)	(1.1)
Exceptional Items - Non-Cash	(0.0)	(0.0)	4.2	-	0.1	7.4
Property Restructure	0.0	-	0.2	0.0	-	-
Peach Acquisition	1.5	-	-	1.5	-	-
Exceptional Items - Cash	1.5	-	0.2	1.5	-	-
Total Exceptional Items	1.5	(0.0)	4.4	1.5	0.1	7.4

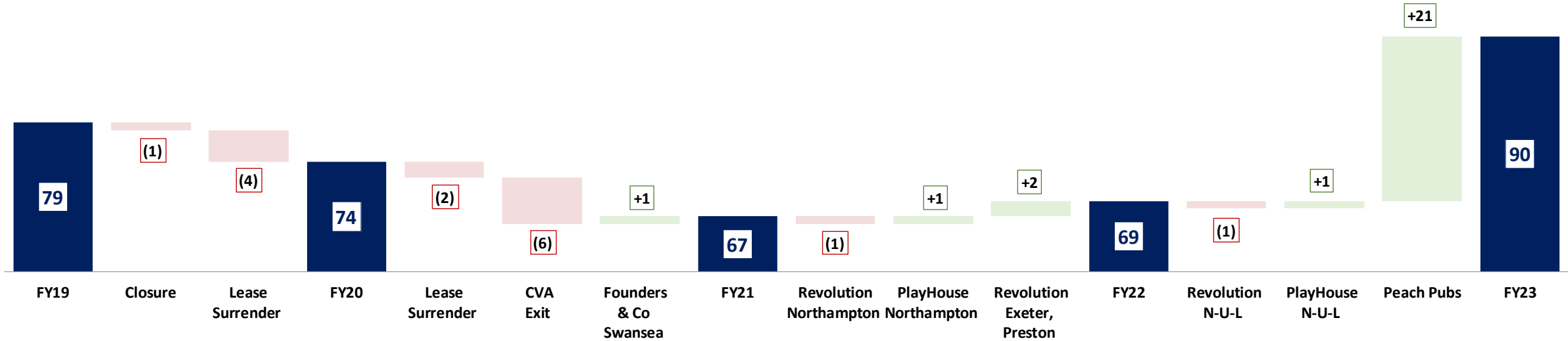
* The Group adopted IFRS 16 in FY20. IFRS 16 changes the accounting treatment of leases

- **Impairment** reviews are conducted annually at year-end
- Exceptional **lease modifications** occur under IFRS 16 where an asset is fully impaired, so the re-gear credit is taken to the P&L
- Under IAS 17 only, movements against **onerous lease provision** are still recognised
- **Peach acquisition** costs of £1.5m relate to legal and professional costs incurred during the acquisition of Peach

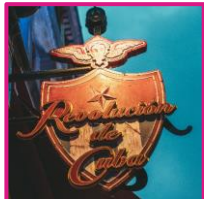
APPENDIX 3

Current Trading Estate

Revolution Bars Group Trading Estate



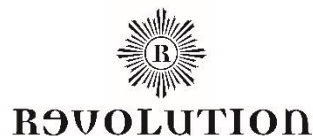
- Acquisition of Peach in October 2022 increased the Estate to 90 bars, a 30% increase in size
- Playhouse Newcastle-under-Lyme opened in late October 2022, taking over the Revolution venue



Trading Estate	RBG	REV	RDC	F&Co	PH	Peach
FY19	79	60	19	-	-	-
Founders & Co. Swansea	-	(1)	-	1	-	-
Lease Surrenders	(6)	(5)	(1)	-	-	-
CVA Exits	(6)	(6)	-	-	-	-
FY21	67	48	18	1	-	-
Playhouse Northampton	-	(1)	-	-	1	-
New openings	2	2	-	-	-	-
FY22	69	49	18	1	1	-
Playhouse N-U-L	-	(1)	-	-	1	-
Acquisition	21	-	-	-	-	21
FY23	90	48	18	1	2	21

APPENDIX 4

Greater balance and diversifies trading patterns and income



Locations

Predominantly food-led individual gastro pubs in market towns in the heart of England

Exciting high street party venue, serving fresh food, expertly mixed cocktails and big weekend entertainment

Authentic Cuban bar experience where you can bring your amigos for live music, rum-focused cocktails and great tapas

Eclectic food hall offering 4 independent kitchens with a coffee shop, barbers, vintage clothing and community events

Place to thrill, chill and fill, bringing a mix of next-level gaming experiences, pizza by the slice and an innovative drinks range

Drink

High quality premium pub drinks

Wide range of premium cocktails and vodka focused drinks

Rum-led cocktails and Cuban inspired drinks

Stocked with local drinks, created and curated by the finest homegrown South Wales talent

ails on tap and self-service drink dispensers let you keep on gaming

Food

Seasonal menus, ethically sourced ingredients, authentic produce

Signature pizzas and burgers, supported by delicious grazing dishes

Cuban and Latin American inspired tapas focused food menu

Ever-changing array of local food vendors – anything from pizza, burgers, Indian, Japanese, poutine, Mexican

New York-inspired giant pizza slice, prepared with 24hr dough freshly made in house (including the metre pizza)

Entertainment

Catering for events in beautiful spaces
Over 80 beautifully furnished rooms across 8 pubs

Delivering the party spirit since 1996, the best place to celebrate any occasion with our amazing DJs

Authentic live Latin music and dance productions, supported by exciting dancers and entertainment

Pub quizzes, learn-to-paint, life drawing, baby groups, dogs, creative writing... new events added and enjoyed regularly

All the classic arcade games here, with the showcase being the huge 10-person raceway