16 October 2023

Revolution Bars Group plc (LSE: RBG)
Preliminary results for the 52 weeks ended 1 July 2023

Peach acquisition delivering against a challenging trading environment
Overall result in line with expectations

Revolution Bars Group plc ("the Group"), a leading UK operator of 67 premium bars and 22 gastro pubs, trading predominantly under the Revolution, Revolución de Cuba and Peach Pubs brands, today announces its preliminary results for the 52 weeks ended 1 July 2023.

We are pleased to report that Peach Pubs has performed well since acquiring the business in October 2022, with significant opportunity for expansion in the future. On a macroeconomic basis, late-night hospitality, in particular, is facing very challenging times impacted by the cost-of-living crisis which followed the period affected by trading restrictions under the pandemic. In addition, the working from home trend, especially on Fridays, historically our second largest night, has affected our sales. Against this backdrop, our initiatives to drive sales, support our guests, and manage costs are making progress.

Results to 1 July 2023

	FY23 *(IFRS 16)* *£m*	**FY22 *(IFRS 16)* *£m***	**FY23 *(IAS 17)* *£m***	**FY22 *(IAS 17)* *£m***
Total Sales	152.6	140.8	152.6	140.8
Adjusted[1] EBITDA	17.0	19.4	6.6	10.2
Operating (Loss)/Profit	(15.2)	7.4	(7.0)	4.8
(Net Bank Debt)/Net Cash	(21.6)	4.1	(21.6)	4.1

Key points

Despite the challenges faced in the year, we are proud to deliver the FY23 EBITDA expectation set in January 2023.

Total revenue for the year was up £11.8 million to £152.6 million. However, the Group faced continuous and varied external headwinds, particularly impacting bars, during FY23, all combining to deliver -8.7% like-for-like[2] ("LFL") sales in the full year FY23.

Peach Pubs, part of the Group for a year as of October 2023, has delivered +14.1% LFL sales in FY23 since acquisition, compared to 2019, demonstrating that the acquisition of Peach has already delivered much needed diversification of sales and guests. We have been very pleased with performance since acquisition, especially when the sun is shining, and guests are enjoying the high-quality outdoor spaces. We were very excited to open our first new Peach pub since acquisition in October 2023, with further significant opportunities to expand as capital becomes available.

Revolución de Cuba brand has performed well versus other bar brands under current conditions. Corporate bookings continue to be strong as we look forward to what should be a return to a normal Christmas trading period.

Revolution has been most impacted by the cost-of-living crisis with guests seeing a direct impact on their disposable income. We continue to implement tactical initiatives and monitor pricing carefully to support the return of this young and young professional guest base.

New market hall and competitive socialising concepts Founders & Co. and Playhouse continue to mature into exciting new brands. Founders & Co. in particular has experienced very strong performance as it has become a go-to destination in Swansea. There is excellent opportunity to expand this brand when funding allows.

We have delivered significant cost savings in the business, with energy usage now down 35% since 2017, seen significant reduction in consumable spend in our bars, and have recently implemented an enhanced labour management system to further increase efficiency.

LFL pre-booked party revenue for Christmas FY24 of +17.7% versus FY23 gives evidence of a potentially normal festive season, and our new CRM system, recently used in its first major campaign as students returned, is proving to be a significant asset driving sales.

FY24 has started with a continuation of the challenges as above with year-to-date LFLs at -5.5% compared to FY23, though pleasingly this has improved in the last three weeks to -3.5% as a result of the return of students and corporates in bars and continued strong performance in pubs. The Board remains confident in achieving FY24 expectations, which have been prepared on the assumption that the important Christmas trading period is not interrupted by train strikes.

[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:

"Peach Pubs has seen continued strong trading since acquisition, especially during periods of good weather. We are very excited to open our first new Peach Pub since the acquisition and see this brand as having significant expansion opportunities across the United Kingdom when we have the necessary available funds.

The Group now offers a well-rounded, diversified offering through our bars and pubs to navigate the ongoing challenges our guests face with the cost-of-living crisis. The macroeconomic challenges facing the industry impact on both our guests' available spending as well as profitability of the business. This is a key area of focus for our management teams, and we are pleased to see the impact of our sales-driving initiatives coming to fruition, alongside active cost management.

With pre-booked revenues at record-highs for the upcoming festive period, we look forward to our bars and pubs hosting our fabulous corporate guests, as well as anticipating improved walk-in custom following the challenges of industrial action on the railways in recent years.

We join UK Hospitality in calling for the crucial festive season to be protected and for an urgent resolution to the ongoing rail dispute. Not only do the strikes have a significant impact on sales and profitability, but most importantly they affect our colleagues' earning potential through lost shifts and tips which the teams rely on to see them through the quieter trading months of January and February.

I am immensely proud of the resilience and positive attitude our colleagues continue to show and look forward to entering our busiest trading period of the year, which we hope to be the first normal Christmas since 2019."

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Change of Name of Nominated Adviser and Broker
The Company also announces that its Nominated Adviser and Broker, finnCap Ltd, has now changed its name to Cavendish Capital Markets Ltd.

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 was delighted that the Group managed to complete the exciting acquisition of Peach Pubs in October 2022. I am immensely proud of the management team's ability in both managing the integration of Peach Pubs whilst at the same time having to operate in the most difficult of trading environments with a cost-of-living crisis, compounded by high inflation, train strikes and permanent change post COVID-19 of the office workforce working from home.

We have nearly completed our integration of the Pubs, with the only synergies still to be delivered being contracts and systems which will provide added benefits to our strong brand of pubs. We remain confident in delivering the £1.5 million of annual synergies we identified at the time of making the acquisition in FY25. This acquisition has already delivered much needed diversification of sales and guests to tackle the changing environment and consumer trends seen post-pandemic. When the sun shines, we now get to benefit from our guests flocking to the lovely outside spaces at our pubs.

Our Revolution brand has however been particularly impacted by the reduced footfall as a result of the well-publicised challenges faced by our young guest base. Revolución de Cuba has performed well, particularly in the second half of the year, as we see the results of the initial actions taken as a result of our review of the brand proposition. Given the fundamental changes in the market, management is undertaking key strategic brand proposition work on our main bar brands to ensure we remain our guests' first choice when they're able to enjoy out-of-home experiences. Christmas was, yet again, impacted by external factors, this time by train strikes after the two previous years of COVID-19 restrictions. Th train strikes particularly impacted our walk-in trade, whilst corporate party bookings remained strong. We are very excited by the current level of bookings made for Christmas 2023.

It is pleasing to see our guests' inclination to recommend Revolution bars through our feedback tracking, which has never been higher and gives us confidence that once our guests can afford to do so, we will see visit frequency improve.

Whilst performance and our brands remain a key focus, we of course maintain our focus on offering a rewarding workplace to our teams, ensuring we retain key partnerships with our wellbeing partners and continuing to drive progress in our Diversity & Inclusion, Wellbeing and Sustainability journeys.

Our business
At the end of the reporting period the Group operated 89 venues (2022: 69 not including Peach Pubs) consisting of the following brands: Revolution (47 bars), focused on young adults; Revolución de Cuba (18 bars), which attracts a broader age range; Peach Pubs (21 pubs), attracting a more affluent guest base, Playhouse (two bars), a competitive socialising offering; and Founders & Co. (one bar), an artisanal market place experience. After year-end we closed one Revolution bar and opened one new Peach Pub.

In FY23, we refurbished five bars in the first half of the year as well as converting a second bar into a Playhouse, and investing in sustainability, IT and other key investments. Our refurbishment strategy was paused in January 2023 whilst we manage the cost-of-living cost impacts on our guests and our business, and we intend to resume progress when appropriate.

Our results
Sales of £152.6 million (2022: £140.8 million) were 8.4% higher than the previous year as a result of the acquisition of Peach Pubs and the associated increased sales from pubs in the last eight months of the year. This offset the impact of the cost-of-living crisis and resulting lack of consumer confidence particularly felt by our young guest base in bars. The current year was significantly affected by macroeconomic factors outside of our control, with none of the last three years representing the true Christmas trading that the Group can deliver when not disrupted by external factors.

Our statutory loss before tax for the year of £(22.2) million (2022: profit before tax of £2.1 million) is significantly impacted by non-cash exceptional impairment charges. Adjusted[1] EBITDA, our preferred KPI, removes the impact of non-cash and non-recurring elements to show a true reflection of performance. Though this measure is also significantly influenced 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") of adjusted[1] EBITDA profit of £6.6 million (2022: profit of £10.2 million). The reduction in APM[3] adjusted[1] EBITDA is a direct result of heightened costs and the challenging sales environment.

During FY23, the Group refinanced its banking facilities resulting in full repayment of all existing Coronavirus Large Business Interruption Loan Scheme ("CLBILS") term loans, and the previous Revolving Credit Facility ("RCF") being replaced with a new £30.0 million RCF. This was utilised for repayment of existing debts and to fund the acquisition of Peach Pubs. As at 15 October 2023, the Group had net debt of £23.2 million.

Our Board

There have been no changes to the Board in the year. With COVID-19 firmly behind us, the Board has been able to return to in-person meetings and has continued its focus on strategy, performance improvement of the business, and Governance matters.

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 People
The Group is led by an experienced and committed Executive Management team with proven credentials who continue to navigate the challenging trading conditions the industry faces, supported by the Board. Our young, ambitious workforce create amazing experiences in all our bars and pubs, and I would like to extend my thanks to the whole team for continuing to demonstrate remarkable resilience and enthusiasm, and delivering excellent service to our guests.

Our Future
Year-to-date like-for-like[2] ("LFL") revenue, compared to FY23, has been -5.5%. However, in the past three weeks this has improved to -3.5% as a result of improved performance in Revolution bars following the return of students, continued positive momentum in Revolución de Cuba bars, and a continuation of the strong performance seen at Peach Pubs. We have confidence in the Peach Pub brand's ability to expand across the United Kingdom, when funding allows.

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, cost focus, and delivery of synergies will continue to drive performance and navigate us through the continued challenging environment.

I would like to take this opportunity to thank all our colleagues for their hard work, amazing attitudes, and delivery of fun and memorable experiences to our guests, as well as our stakeholders with particular thanks to the continued support of our suppliers.

Keith Edelman
Non-Executive Chairman

16 October 2023

[1] Adjusted performance measures exclude exceptional items, share-based payment charges and bar opening costs
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Chief Executive Officer's Statement

Business review
After a strong FY22, there has been a seismic shift from COVID-19 to the cost-of-living crisis now being the major factor impacting the UK Hospitality sector. With COVID-19 now largely behind us, we are trading in its wake caused by lockdowns and the changes in consumer behaviour which include working from home, which has especially impacted trade on a Friday afternoon and evening in our bars.

It is our young guest base who are the most impacted by the current high inflationary environment. Young people have seen the largest fall in real wages since the real value of take-home pay started to fall in May 2022; this has directly impacted their ability to spend on discretionary items such as nights out. When able to do so, we are pleased to see our guests still choosing us as their venue of choice, with their propensity to recommend our bars as a great place to go at record levels, however the strain on their budgets means they are less often able to do so.

The other major factor impacting our business during the last 12 months has been the continuation of industrial action on the railways preventing our guests from travelling to city centres. This targeted approach has continued to disrupt major events and key trading days across the UK, including payday weekends and the week before Christmas, and we hope to see this matter resolved before it impacts another Christmas trading period.

Clearly, these issues, that are beyond our control, have meant we have had to be agile and adapt to the changing environment. In October 2022 we purchased the Peach Pub Company, consisting of 21 gastropubs primarily located in the heart of England, in desirable market towns. The Peach guest brings an exciting and diverse new dynamic to the Group, typically being older and more affluent than the Group's traditional guests, and therefore more insulated from the cost-of-living crisis. Furthermore, the work-from-home dynamic benefits Peach where guests start their weekends early at the pubs rather than venturing into major cities or towns.

In January 2023, our logistics partner experienced major issues with the implementation of a new IT system which resulted in five months of severe disruption through our supply chain. This has both had an impact on product availability to our guests as well as being a major distraction for management teams in bar. This disruption with our logistics partner has caused a delay in delivering the full synergies from the Peach acquisition whilst management focus was on resolving those issues.

The year began with a record-breaking heatwave across the UK, including the hottest day in history for England. As a business with very little outdoor space, this clearly impacted trading at the time, whilst demonstrating the need to diversify our estate. The summer of 2022 also saw the return of restriction-free travel outside of the UK, providing our guests with the opportunity to experience holidays abroad for the first time in a number of years. Coupled with the return of major festivals and international artists performing delayed events, this impacted on summer trading due to our target market being a key consumer of both European holidays and music festivals.

Inflationary cost pressures have continued, driven by unprecedented increase in many areas, including the utilities market. These inflationary pressures have driven the cost-of-living crisis, disproportionately impacting our younger guests. We are pleased to see the recent fall in utility prices and resultant increases in consumer confidence.

We are pleased to see a strong return of our corporate guests, with pre-booked party revenue for the FY24 festive period now at record levels, up 17.7% versus FY23. Unfortunately, the above-mentioned industrial action had a major impact on walk-in trade during the festive period in FY23, without which we would have delivered a much stronger festive trading season.

Our Brand family
Revolution is aimed at 18 to 30-year-old guests. As demonstrated by the CGA Peach industry tracker, bars businesses across the UK have had a very difficult 12 months due to the impact on younger guests. The focus has therefore been on providing the very best value and guest experiences to tempt our guests in, with some strong improvements seen in recent months and significant brand proposition work is ongoing.

Revolución de Cuba is aimed at a slightly older target market who are further into their careers and have more disposable income and are therefore more protected from the cost-of-living crisis. Having seen a difficult six months leading up to the key festive trading period, I'm pleased to see this guest base has returned more strongly in the second half of the financial year. With a focus on live entertainment and delivering an authentic Cuban experience, we are now consistently tracking ahead of the wider bars market and have been since the turn of the year.

Peach Pubs, since acquisition in October 2022, has seen continued strong trading that has strengthened in recent months with the good weather throughout May and June. Whilst sales in this brand are buoyant, cost pressures are nonetheless impacting on profitability. We are currently focused on delivering our synergies targets to mitigate the impact of these inflationary pressures.

Founders & Co., our market hall concept, has performed extremely well over the last 12 months, having established itself as a destination in Swansea city centre. Two years on from opening, sales continue to grow as the site reaches maturity. We have refreshed the lineup of traders during in the year, and this has continued to strengthen our reputation as a go-to destination for both food and events.

Playhouse, our competitive socialising concept, now consists of two sites both of which were previous Revolution legacy locations. Whilst guest feedback is positive, footfall at these locations is lower than anticipated and therefore further refinement of the proposition is underway.

Acquisition of Peach

We were delighted to announce in October 2022 the completion of the acquisition of Peach Pubs, a collection of 21 award-winning gastropubs. We have been very pleased to see sales continue to strengthen since acquisition, and the brand helps to diversify and strengthen our portfolio.

Working closely with the Peach team in advance of the acquisition, we identified that Peach has a strong focus on its colleagues and guests and has great synergies with the wider Group both operationally and from a people perspective. The Group and Peach are focused on our people and the planet, and both are award-winning in these areas.

Our existing Executive Management team were already very experienced in running food-led pubs, and we were pleased to welcome Chris Stagg, the existing Operations Director of Peach, to the Group Management team. The Peach brand offers an exciting new avenue for growth, with good levels of new pub availability in affluent market towns located in aspirational counties.

The Peach Pubs brand trades well throughout the week and is mainly focused on daytime and early-evening trade which offers a great diversification for the Group, allowing it to be less reliant on weekend and late-night trading. The affluent guest base and locations also offer mitigation and balance against recent macroeconomic factors. Some of the pubs offer high-margin accommodation for guests with over 80 letting bedrooms, providing a new revenue stream for the Group. Peach's revenue mix is approximately 45:49 between Wet and Food, with c. 6% accommodation; after annualisation of the Peach brand we expect this to significantly increase food sales, taking the Group from a previous c. 14% food sales mix to 20%.

Following some of the hottest summers on record, the Group's existing brands have been negatively affected by the hot weather due to a lack of outdoor space and the impact on late-night trading. The Peach estate offers extensive, attractive outdoor spaces with a proven track record of increased sales during good weather. Furthermore, the post-pandemic impact of working from home has seen an impact on city centre trading on Fridays as commuters choose to stay home; Peach has benefitted from this change as guests now stay local on a Friday and visit their pubs for either lunch meetings or a post-work drink.

Peach Pubs has delivered +14.1% like-for-like sales in FY23 since acquisition, compared to 2019, clearly demonstrating the additional resilience and diversity that the acquisition has brought to the Group.

FY23 Group strategic priorities

Our focus is and has been on getting back to our value-creating workstreams to further develop the business under our ***strategic priorities***. In the year we have taken the opportunity to refine our focuses and strategy, identifying synergies between our previous strategic objectives and our new pillars for growth:

- *Maximising Revenue & Profit*:
    - Acquisition of Peach Pubs, 21 premium gastropubs, predominantly located in affluent towns and villages in Warwickshire, Oxfordshire, Bedfordshire, Hertfordshire and Surrey, providing diversification in the brand portfolio;
    - Five refurbishments were completed in FY23 H1, with these bars performing in line with expectations, and ahead of the main estate whilst meeting our ROI targets. The refurbishment programme has been paused until the macroeconomic trading environment improves;
    - Our new Customer Relationship Management ("CRM") platform is now live, with campaigns operational, allowing us to optimise the 3.6 million guest database, following a purge of inactive users, by gaining a complete view of the way our guests interact with and across our brands. This will allow real-time communication with them, integrating social media content and audience management features;
    - Monthly competitor price reviews established to ensure we are optimally priced and utilising dynamic pricing in the current ever-changing environment;
    - Spirits range tender has been completed, with a new range implemented in April, delivering cost savings in an inflationary environment as well as a fresh range for our guests; and
    - New draught product range fully rolled out across the Group, delivering improved margins.

- *Brand Awareness and ESG including Sustainability and EVP*:

- Our Net Zero target was assessed and approved by the Science Based Targets initiative in the year, becoming one of the first UK companies to have their net zero targets approved in this way;
- We were thrilled to win or be nominated for a variety of awards in the last year, including winning On-trade Company of the Year at the Footprint Drinks Sustainability Awards, and being a finalist for the EDIE Net Zero Strategy of the Year award;
- Installed cellar energy reduction equipment across 80% of the bars estate. This equipment has undergone extensive trials and produces an eight-month return on investment;
- Continued partnership with So Let's Talk, holding general wellbeing and health sessions for our colleagues. Supporting 21 of our colleagues through exciting apprenticeship journeys;
- Excellent success of our people: our first General Manager to complete the Women in Hospitality, Travel and Leisure ("WiHTL") Ethnic Future Leaders Programme was subsequently selected to join the WiHTL advisory board; and two internal promotions from our high-performance General Managers Programme to Area Manager and General Manager of our flagship bar;
- Instigated a trial of energy-efficient kitchen extract controls in our bar in Wigan, with a view to roll-out following a successful trial period; and
- Retained our B score in our FY23 Carbon Disclosure Project ("CDP") submission, which is in the Management band, demonstrating that we are taking coordinated action on climate issues.

- *Guest Experience*:
  - Revolución de Cuba brand proposition review completed in FY23 H1, and in FY23 H2 trials have been taking place on all guest-facing elements ahead of rollout in FY24. This covers all aspects of our guest experience, enabling us to further refine our guest offering to drive increased awareness and usage of the brand;
  - Head Bartender role created in all bars to drive product quality, average spend and speed of service, culminating in the first RBG Bartender of the Year competition held in June 2023; and
  - Entertainment and atmosphere creation remain core to the product offering. Whilst we remain competitive in this area, we have put extra investment into this with the creation of a dedicated role to ensure we are best in class in this important aspect of our business.

- *Cost Control*:
  - Utilities remain an area of real focus for the Group, with Peach remaining fixed until at least October 2023 and the remaining Group entering into a new three-year contract at the end of March 2023. We continue to drive down consumption with a decrease of 35% versus our 2017 baseline, which is a further improvement from the start of FY23, partially achieved through the new cellar cooling technology;
  - A new broker engaged to assist with our dynamic energy purchasing strategy. We are pleased to note wholesale energy costs reducing recently;
  - Integration of the newly acquired Peach Pubs is on track, and cost synergies are starting to be realised. It is expected that the larger Group will attract bigger buying power and secure further cost savings;
  - Synergies from the acquisition with Peach Pubs will be at least £1.5 million when fully delivered in FY25, taking proforma EBITDA to approximately £3.0 million. To date we have delivered £0.7 million in synergies from the acquisition of Peach through a reduction in people costs, food costs, and goods not for resale, with drink purchasing synergies now a major focus area having been delayed due to the previously mentioned issues with our logistics supplier; and
  - A full review of our non-consumable spend has been conducted, with new contracts being signed at reduced rates across many areas of spend despite the current inflationary environment, resulting in cost savings of c. £750,000.

- *Diversification of Sales*:
  - New revenue streams in the business through introduction of accommodation sales with Peach Pubs;
  - Vending machines continue to be rolled out across the Bars brands, delivering incremental revenue;
  - Third Party Account sales have been a real avenue of growth throughout the year with new partnerships struck with Virgin Experience Days, amongst others, showcasing our experiences through their websites and databases; and
  - Our two Playhouse bars are seeing up to 34% of their revenue coming from machine sales.

FY24 Group strategic priorities

With the current macroeconomic issues continuing, and the cost-of-living crisis still disproportionately affecting our younger guest base, we are focusing on tight cost control whilst providing great value and memorable experiences for our guests. Below are some of our key areas of focus for FY24:

- *Maximising Revenue & Profit*:
  - New CRM platform to be optimised in order to engage our different, and more diversified, guest profiles;
  - Deliver outstanding value to our guests to support them through the cost-of-living crisis, including the launch of our inflation-busting £2.99 main course meals across the Revolution brand, as well as strengthening the value in our Happy Hour cocktail promotions;

- Cocktail menus will be revamped to incorporate current trends of Rum and Tequila, as well as refreshing our No and Low alcohol options;
    - Further drive the adoption and usage of the Revolution App; and
    - Improve margins in the Peach pubs by fully delivering procurement synergies.

- *Brand Awareness and ESG including Sustainability and EVP*:
    - Create a culture of exceptional hospitality to delight our guests, in order to drive repeat visit and increased earnings for our teams through higher tips;
    - Drive down energy consumption across the Peach pubs estate through the implementation of technology and support structures that have delivered for the bars business in recent years; and
    - Continue striving towards our carbon reduction targets through decarbonisation of kitchens, cellar cooling, LEDs lighting, and expanding our Zero Heroes' work to include travel and food.

- *Guest Experience*:
    - Brand proposition rollout for the new elements within Revolución de Cuba to drive increased awareness and usage of the brand;
    - Brand proposition review to be undertaken on the Revolution brand to ensure we continue to be the destination of choice for young adults looking for a great night out;
    - Brand partnerships created to support our ambition of creating unforgettable in-bar experiences; and
    - Dedicated resource to drive our guest experience through best-in-class music and entertainment.

- *Cost Control*:
    - Rollout of an upgraded labour management system with dedicated training and support to deliver further optimisation in this area;
    - Review of all service providers to achieve "same-for-less" or "more-for-same" outcomes; and
    - Water consumption monitoring equipment is now on trial in seven bars, with good opportunities to reduce usage being highlighted. The trial continues, and if successful will be fully rolled out.

- *Diversification of Sales*:
    - Take our brands to new places to highlight them outside of our bricks and mortar locations; and
    - Further utilisation of unused spaces in bars to drive sales and bring in new guests.

Our People

The challenges faced by the business also impact our colleagues who are not immune from the cost-of-living crisis. We continue to support and identify ways to maximise colleague earnings and incentivise the continued amazing performance of our people. We are very pleased that our Peach teams are now integrated into the Group, creating one family to contribute towards our goals.

Despite the challenges faced by our teams, I was incredibly proud to find in the most recent Quality of Life employee survey that employee engagement is at record levels, seeing the highest ever participation rate and highest ever Employee Net Promoter Score. I am extremely proud of the fantastic service our teams continue to deliver and the amazing experiences they create for our guests.

Market outlook

Our young guests are, in the bars business, disproportionately impacted by the cost-of-living crisis, facing unprecedented challenges against their earnings and outgoings. We are pleased to see utility prices continuing to trend in the right direction which is of some comfort to both our guests and the business. Inflation has, hopefully, peaked, and is now starting to fall with consumer confidence starting to rise.

The continuing challenge with interest rates remaining high means we anticipate the macroeconomic climate to remain difficult for a further 12-to-18 months. We continue to monitor the situation carefully and mitigate our cost base wherever possible.

Furthermore, the continuing disruption on railways is unfortunately still impacting on our business and the wider Hospitality sector, over a year on from when this action first started. We hope to see this resolved and allow the first normal Christmas of trade since 2019, and are comforted by early signs of returning consumer confidence. Peach trade, albeit affected by a wet summer, has remained strong under market conditions, with the first new Peach Pub post-acquisition opening in October 2023.

Current Trading and Outlook

It has been a challenging start to the new financial year with the continued pressure on our guests, and whilst the wetter and colder summer, in comparison to recent years, has somewhat aided our bars business it has not helped the Peach Pubs business whose beautiful beer gardens weren't fully utilised. The Peach business has performed extremely well outside the periods of poorer weather.

The return of students has been strong for the Revolution brand over recent weeks with a high level of engagement in our promoted nights as well as sign-ups to the Revolution App. Revolución de Cuba continues to outperform the bars market, per the Coffer CGA Tracker, and has done since the start of 2023. Our Founders & Co. bar in Swansea continues to trade positively and provides another route for growth when the time is right. Our two Playhouse bars are experiencing the same challenges with the cost-of-living crisis as we see in the Revolution brand and we continue to review this concept. Peach Pubs continue to perform in line with expectations and well ahead of pre-COVID-19 levels, with excellent expansion opportunities available when funds allow.

Corporate Christmas booking are tracking well ahead of the same period last year, and this gives us confidence of a strong festive trading period whilst we remain mindful of the global political volatility and, nearer to home, potential industrial action by the railway unions to disrupt peoples' Christmas.

Rob Pitcher
Chief Executive Officer
16 October 2023

Financial Review

Introduction

- The "FY23" accounting period represents trading for the 52 weeks to 1 July 2023 ("the period"). The comparative period "FY22" represents trading for the 52 weeks to 2 July 2022 ("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 FY23 IFRS 16 statutory numbers, followed by APM[3] of FY23 under IAS 17, and the equivalent comparison from FY22. A reconciliation between statutory and APM[3] figures is provided in note 20.

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Operating (Loss)/Profit	(15.2)	7.4	(7.0)	4.8
(Loss)/Profit Before Tax	(22.2)	2.1	(9.1)	3.9
Non-cash Exceptionals	(18.6)	(0.6)	(6.1)	(0.2)
Cash Exceptionals	(1.6)	-	(1.6)	-
(Net Debt)/Net Cash	(21.6)	4.1	(21.6)	4.1

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 1 July 2023. Prior year comparatives relate to the 52 weeks ended 2 July 2022. There have been no significant 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 faced a challenging trading period in FY23 under the cost-of-living crisis which significantly affected consumer demand. A strategic decision was made to acquire Peach Pubs in October 2022 which has seen very positive results and contribution to sales and profit generation since. Because of this, the Group has seen an increase in revenue in the year to £152.6 million (2022: £140.8 million), 8.4% higher than the corresponding period. Despite Peach only being part of the Group for eight months of FY23, which didn't include its key summer trading months, we have been very pleased with the diverse complement of new guest offering that the brand brings to the Group.

The underlying result, as measured by our preferred APM[3] adjusted[1] EBITDA (see note 28), was £3.6 million lower, at a profit of £6.6 million (2022: profit of £10.2 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 (IFRS 16) was a profit of £17.0 million (2022: profit of £19.4 million). Despite the positive benefit of Peach in the last eight months of the year, sales were challenged under uncertain trading conditions, with other cost headwinds, which impacted on profitability.

Margins: Gross profit in the year amounted to £117.1 million (2022: £110.1 million) which amounted to a gross margin of 76.8%, down from 78.2% in the prior year but still above margins seen pre-COVID-19, with 75.8% seen in FY19. The reduction seen in the year is a result of higher participation of food in the Group following the acquisition of Peach, as well as the ongoing cost challenges faced across the UK, mitigated by active contract reviews and negotiations. Although discounting is kept under control, there is still the need for adaptation of marketing and deals to entice guests into our venues, which impacts on margin.

Payroll: Headcount increased from 2,827 in FY22 to 3,591 in FY23. Just over 600 of these new staff joined the Group as part of the Peach Pubs acquisition, meaning the underlying Group headcount saw a small increase. This increase in headcount is predominantly as a result of improved staffing levels at bars following recent challenging recruitment conditions, mitigated by a small restructuring at head office. The acquisition, increased headcount, and becoming an above-minimum wage employer in the previous year meant that total payroll costs for the year were £55.6 million compared to £51.4 million in FY22. This is a payroll to turnover ratio of 36.4% in FY23, compared to 36.5% in FY22, showing that payroll has maintained a similar rate since prior year. Although the Group percentage has remained consistent, there has actually been a net reduction seen in the bars business due to active cost management, with the Group result arising due to Peach's high-quality service model requiring heightened payroll costs.

The Group had an operating loss of £(15.2) million (2022: profit of £7.4 million). This was after charging non-cash exceptional items of £18.6 million (2022: £0.6 million) and cash exceptionals of £1.6 million (2022: £nil), 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 (loss)/profit 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 1 July 2023 IFRS 16 £m	**52 weeks ended 2 July 2022 IFRS 16 £m**	**52 weeks ended 1 July 2023 APM[3] IAS 17 £m**	**52 weeks ended 2 July 2022 APM[3] IAS 17 £m**
Pre-tax (Loss)/Profit	**(22.2)**	**2.1**	**(9.1)**	**3.9**
Add back Exceptional items	20.2	0.6	7.7	0.2
Add back (Credit)/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 (Loss)/Profit	**(2.1)**	**3.1**	**(1.5)**	**4.5**
Add back Depreciation	12.0	11.1	6.0	4.8
Add back Amortisation	0.0	0.0	0.0	0.0
Add back Finance costs	7.1	5.3	2.1	0.9
Adjusted[1] EBITDA	**17.0**	**19.4**	6.6	10.2

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 £20.2 million is £12.5 million higher than the APM[3] exceptionals of £7.7 million due to impairment charges under IFRS 16 on right-of-use assets.

The statutory exceptional charge of £20.2 million comprises £18.6 million (2022: £0.6 million) of non-cash exceptionals relating to right-of-use impairment charges of £12.6 million, and property, plant and equipment impairment charges of £6.0 million. Cash exceptionals of £1.6 million predominantly relate to legal and consultancy costs involved in the acquisition of Peach Pubs. A full analysis of exceptional items is given in note 3 to the financial statements.

(Credit)/Charge relating to long-term incentive schemes resulted from equity-settled share-based payment transactions; this was a credit of £117k (2022: charge of £77k) as a result of the lapse of previous schemes. 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 £7.1 million (2022: £5.3 million) comprised £1.9 million (2022: £0.9 million) of bank interest paid on borrowings and £5.2 million (2022: £4.4 million) of lease interest. Bank interest relates to the committed fees relating to the Company's committed revolving credit facility ("RCF") with NatWest, as well as the interest charged on the Coronavirus Large Business Interruption Loan Scheme ("CLBILS") loans until they were repaid in October 2022. An increase is seen in bank interest due to higher borrowings as a result of the acquisition of Peach Pubs, as well as rising interest rates.

Liquidity
In the prior year, 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 was drawn to within £5.0 million of total limits. A new deleveraging profile was agreed with the first reduction due in June 2022, which was extended to September 2022 in June 2022 to support the refinancing.

At the start of FY23, the Group held the £16.3 million RCF which was fully unutilised, with £14.8 million total outstanding in CLBILS term loans which continued to amortise. 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 the acquisition of Peach Pubs. 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.

In March 2023, an amendment was made to the facility to hold a £1.35 million Energy Guarantee for the purposes of signing a new energy contract. A further amendment was made in October 2023 such that all originally agreed reductions in total facility level be deferred to 30th June 2025, meaning at that date the £30.0 million facility will reduce by £5.0 million to a £25.0 million facility. All profitability-based covenants were waived until June 2025, and the minimum liquidity covenant was amended to link to management severe but plausible downside case forecasts. The requirement for a signed covenant certificate by the auditors was also waived for FY23 and FY24.

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 shown in the table below.

	Energy Guarantee	**RCF**	**Total Facility**
	£m	**£m**	**£m**
30 June 2023	1.35	28.65	30.0
31 December 2023	1.35	28.65	30.0
30 June 2024	1.35	28.65	30.0
31 December 2024	1.35	28.65	30.0

As at 15 October 2023 the Group has net debt of £23.2 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 (2022: £nil).

(Loss)/Earnings per share
Basic loss per share for the period was (9.7) pence (2022: earnings 0.9 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 0.7 pence (2022: earnings 1.3 pence).

Operating cash flow and net bank debt
The Group generated net cash flow from operating activities in the period of £9.7 million (2022: £25.8 million) as a direct result of cash generation from sales in the year, with a reduction seen since the prior year due to the impact of heightened costs.

After positive cash flow from operating activities, capital expenditure payments of £5.5 million, bank loan interest of £1.9 million, loan repayments of £25.8 million (offset by drawdowns of £36.0 million), acquisition of subsidiary costs of £13.9 million offset by cash acquired of £4.7 million, and £5.9 million of repayment of subsidiary borrowings contributed to a net cash outflow in the period of £15.4 million. This decreased net bank cash of £4.1 million as at 2 July 2022 to a net bank debt closing position of £(21.6) million as at 1 July 2023.

This is in comparison to 2022, where cash generated from trade was offset with capital expenditure payments of £8.3 million, bank loan interest of £0.9 million and loan repayments of £1.0 million, which all contributed to a net cash inflow in the period of £6.7 million improving the net bank cash position to £4.1 million.

Capital expenditure
The Group made capital investments of £5.5 million (2022: £8.3 million) during the period; this was incurred entirely on existing bars and pubs, comprising refurbishments and the conversion of one Revolution bar to a Playhouse, as well as sustainability, and IT projects and other key investments. Refurbishments were paused in January 2023 for cash preservation, with plans to restart the refurbishment programme as soon as reasonably possible.

In the prior year, capital expenditure related to 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.

Dividend
As notified previously, the Board has suspended payments of dividends. A condition of taking on the CLBILS facility was that the Company was unable to pay a dividend whilst the CLBILS remains outstanding; the CLBILS loans were repaid during the year, and therefore is no longer a condition. As a result of the CVA, the Company's subsidiary entity, Revolution Bars Limited, was unable to pay a dividend until cessation of the CVA period, which occurred in December 2022, so is therefore also no longer a condition. 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 a minimum liquidity covenant. The Directors have modelled both a management base case forecast scenario and a severe but plausible downside case scenario; please see note 1 for further details on the key assumptions. No forecast breach of the banking covenant arises under either forecast scenario, but under the severe but plausible downside case certain points of the year operate at a very tight headroom.

The constantly changing economic environment, including the cost-of-living crisis, increasing costs, and impacts on guest confidence, coupled with forecasting difficulties as a result of constantly changing economic impacts means that the Group cannot be assured that it will not breach the covenant, and that there is therefore a material uncertainty over the going concern of the Group and the Company. This uncertainty exists because of the unpredictability of the duration and extent of the current economic, 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.

An amendment to borrowings was agreed in October 2023 which waived all profitability-related covenants and amended the minimum liquidity covenant to link it to the management severe but plausible downside case forecast. 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 Group has a strong relationship with its banking partner, and monitors covenant compliance closely.

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 circumstances noted above indicate 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
16 October 2023

[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 Measures being measures reported on an IAS 17 basis.*

Revolution Bars Group plc
Consolidated Statement of Profit or Loss and other Comprehensive Income
for the 52 weeks ended 1 July 2023

	Note	52 weeks ended 1 July 2023 £'000	52 weeks ended 2 July 2022 £'000
Revenue	3	**152,551**	140,821
Cost of sales		**(35,419)**	(30,695)
Gross profit		**117,132**	110,126
Operating (expenses)/income:			
– operating expenses, excluding exceptional items	4	**(112,039)**	(102,721)
– exceptional items	4	**(20,244)**	(561)
– grant income		**-**	568
Total operating expenses		**(132,283)**	(102,714)
Operating (loss)/profit	5	**(15,151)**	7,412
Finance expense	6	**(7,056)**	(5,280)
(Loss)/profit before taxation		**(22,207)**	2,132
Income tax	7	**(27)**	-
(Loss)/profit and total comprehensive (expense)/income for the period		**(22,234)**	2,132
(Loss)/earnings per share:			
– basic (pence)	8	**(9.7)**	0.9
– diluted (pence)	8	**(9.3)**	0.9
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.

Revolution Bars Group plc
Consolidated Statement of Financial Position
at 1 July 2023

	Note	1 July 2023 £'000	2 July 2022 £'000
Assets			
Non-current assets			
Property, plant and equipment	10	**36,161**	**36,375**
Right-of-use assets	10	**67,706**	62,744
Intangible assets		**30**	28
Goodwill	9	**17,419**	-
		121,316	99,147
Current assets			
Inventories	11	**3,405**	3,487
Trade and other receivables	12	**11,448**	8,777
Cash and cash equivalents	13	**3,367**	18,815
		18,220	31,079
Total assets		**139,536**	130,226
Liabilities			
Current liabilities			
Trade and other payables	14	**(31,720)**	(30,618)
Lease liabilities	15	**(7,087)**	(5,437)
Provisions	17	**(871)**	(1,314)
Tax payable		**(27)**	-
		(39,705)	(37,369)
Net current liabilities		**(21,485)**	(6,290)
Non-current liabilities			
Lease liabilities	15	**(118,236)**	(99,545)
Interest-bearing loans and borrowings	16	**(25,000)**	(14,751)
Provisions	17	**(1,967)**	(1,582)
		(145,203)	(115,878)
Total liabilities		**(184,908)**	(153,247)
Net liabilities		**(45,372)**	(23,021)
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		**(91,041)**	(68,690)
Total equity		**(45,372)**	(23,021)

Revolution Bars Group plc
Consolidated Statement of Changes in Equity
for the 52 weeks ended 1 July 2023

	Share capital £'000	Share premium £'000	Reserves Merger reserve £'000	Reserves Accumulated losses £'000	Total equity £'000
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)**
Loss and total comprehensive expense for the period	-	-	-	(22,234)	(22,234)
Credit arising from long-term incentive plans	-	-	-	(117)	(117)
At 1 July 2023	**230**	**33,794**	**11,645**	**(91,041)**	**(45,372)**

Revolution Bars Group plc
Consolidated Statement of Cash Flow
at 1 July 2023

	Note	52 weeks ended 1 July 2023 £'000	52 weeks ended 2 July 2022 £'000
Cash flow from operating activities			
(Loss)/profit before tax		**(22,207)**	2,132
Adjustments for:			
Net finance expense	6	**7,056**	5,280
Depreciation of property, plant and equipment	5	**6,634**	5,630
Depreciation of right-of-use assets	5	**5,423**	5,437
Impairment of property, plant and equipment	5	**6,096**	261
Impairment of right-of-use assets	5	**12,642**	376
Lease modification	4	**(50)**	(76)
Acquisition costs	4	**1,499**	-
Amortisation of intangibles	5	**5**	3
Taxation charge	7	**27**	-
(Credit)/charges arising from long-term incentive plans		**(117)**	77
Operating cash flows before movement in working capital		**17,008**	19,120
Decrease/(increase) in inventories		**584**	(532)
Increase in trade and other receivables		**(543)**	(3,559)
(Decrease)/increase in trade and other payables		**(6,936)**	10,170
(Decrease)/increase in provisions		**(443)**	650
Net cash flow generated from operating activities		**9,670**	25,849
Cash flow from investing activities			
Cost of acquisition of subsidiaries, net of cash acquired	9	**(10,689)**	-
Purchase of intangible assets		**(7)**	(7)
Purchase of property, plant and equipment	10	**(5,533)**	(8,321)
Net cash flow used in investing activities		**(16,229)**	(8,328)
Cash flow from financing activities			
Interest paid	6	**(1,895)**	(917)
Principal element of lease payments	15	**(6,432)**	(4,544)
Interest element of lease payments	15	**(4,885)**	(4,363)
Repayment of subsidiary borrowings		**(5,926)**	-
Repayment of borrowings		**(25,751)**	(1,000)
Drawdown of borrowings		**36,000**	-
Net cash outflow used in financing activities		**(8,889)**	(10,824)
Net (decrease)/increase in cash and cash equivalents		**(15,448)**	6,697
Opening cash and cash equivalents		**18,815**	12,118
Closing cash and cash equivalents	13	**3,367**	18,815

Reconciliation of net bank (debt)/cash		
Net (decrease)/increase in cash and cash equivalents	**(15,448)**	6,697
Cash inflow from increase in borrowings	**(36,000)**	-
Cash outflow from repayment of borrowings	**25,751**	1,000
Opening net bank cash/(debt)	**4,064**	(3,633)
Closing net bank (debt)/cash	**(21,633)**	4,064

Notes to the consolidated financial information
for the 52 weeks ended 1 July 2023

1. General information

(a) General Information

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 1 July 2023 is a 52-week period; the period ended 2 July 2022 was a 52-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 1 July 2023 (prior period 52 weeks ended 2 July 2022).

References to 2023 or FY23 relate to the 52-week period ended 1 July 2023 and references to 2022 or FY22 relate to the 52-week period ended 2 July 2022 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

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, and associated impact on consumer confidence. 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 bank debt of £21.6 million (2022: net cash of £4.1 million). At the start of FY23, the Group held a £16.3 million Revolving Credit Facility ("RCF") which was fully unutilised, with £14.8 million total outstanding in CLBILS term loans which continued to amortise. 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 the acquisition of Peach Pubs. All outstanding CLBILS term loans were repaid on 13 October 2022, with just the RCF making up total facilities going forwards.

In March 2023, an amendment was made to the facility to hold a £1.35 million Energy Guarantee for the purposes of signing a new energy contract. A further amendment was made in October 2023 such that all originally agreed reductions in total facility level be deferred to 30th June 2025, meaning at that date the £30.0 million facility will reduce by £5.0 million to a £25.0 million facility. All profitability-based covenants were waived until June 2025, and the minimum liquidity covenant was amended to link to management severe but plausible downside case forecasts. The requirement for a signed covenant certificate by the auditors was also waived for FY23 and FY24.

In accordance with the updated amendments, the Group will therefore have committed funding facilities available during the going concern assessment period as shown in the table below.

	Energy Guarantee	**RCF**	**Total Facility**
	£m	**£m**	**£m**
30 June 2023	1.35	28.65	30.0
31 December 2023	1.35	28.65	30.0
30 June 2024	1.35	28.65	30.0
31 December 2024	1.35	28.65	30.0

Current Net debt and available liquidity

As at 15 October 2023, the Group's net bank debt position was £23.2 million and therefore the Group has available liquidity of £5.4 million.

Covenants

The facility's profitability-based covenants were waived in the year, with only a minimum liquidity covenant remaining that was amended to link to management severe but plausible downside case forecasts. The minimum liquidity covenant is built into long-term forecasting to allow Management to review and manage covenant compliance.

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-pandemic levels due to the impact of increased cost-of-living, with some price increases assumed to mitigate the earnings impact of these challenges.

The level of sales that the Group generates drives EBITDA and cash generation, which in turn drives compliance with the minimum liquidity covenant test. 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 rises in sales following a particularly tough FY23 impacted by ongoing cost pressures, mitigated by delivery of synergies post-acquisition. Under the base case forecast, liquidity is sufficient and there is no forecast breach of the minimum liquidity covenant.

Severe but plausible downside scenario

The Directors have also reviewed a severe but plausible downside case which takes the base case and assumes a sales decline from FY23 actual performance, with a small improvement at Christmas accounting for some rail strikes should they continue. Pub performance is assumed at a reduction, equivalent to no further synergies being delivered. Softer trading is then continued into FY25. No further Government assistance is assumed, and Capex is further reduced compared to the original Board-approved budget prepared May-June 2023. The severe but plausible downside case shows sufficient liquidity and no forecast breach of the minimum liquidity covenant, but at certain points of the year operates at a very tight headroom.

The material uncertainty caused by ongoing inflationary cost rises, the associated impact on consumer confidence, and forecasting difficulties as a result of the constantly changing economic environment means that the Group cannot be assured that it will not breach the minimum liquidity covenant. 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 Group has a strong relationship with its banking partner, and monitors covenant compliance closely.

Going concern statement

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.

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 noncash, 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;

- Consumer demand and Cost-of-living
- COVID-19
- Climate change and Sustainability
- Refurbishment and acquisition of bars and pubs
- Supplier concentration and inflationary cost rises
- Consumer demand and PR
- Health and safety
- National minimum/living wage
- Funding and Interest rates

3. Segmental reporting

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 1 July 2023 £'000	52 weeks ended 2 July 2022 £'000
Revenue	**152,551**	140,821
Cost of sales	**(35,419)**	(30,695)
Gross profit	**117,132**	110,126
Operating (expenses)/income:		
– operating expenses excluding exceptional items	**(112,039)**	(102,721)
– exceptional items	**(20,244)**	(561)
– grant income	**-**	568
Total operating expenses	**(132,283)**	(102,714)
Operating (loss)/profit	**(15,151)**	7,412

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

	52 weeks ended 1 July 2023 £'000	52 weeks ended 2 July 2022 £'000
Bar & Pub Revenue	**149,742**	139,581
Other Revenue	**2,809**	1,240
Revenue	**152,551**	140,821

4. Operating (expenses)/income

	52 weeks ended 1 July 2023 £'000	52 weeks ended 2 July 2022 £'000
Sales and distribution	**119,682**	91,696
Administrative expenses	**12,601**	11,586
Grant income	**-**	(568)
Total operating expenses	**132,283**	102,714

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 1 July 2023 £'000	52 weeks ended 2 July 2022 £'000
Administrative expenses/(income):		
– impairment of right-of-use assets	**12,642**	376
– impairment of property, plant and equipment	**6,096**	261
– lease modification	**(50)**	(76)
– acquisition costs	**1,499**	-

– business restructure	**57**	-
Total exceptional items	**20,244**	561

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 35 of the Group's bars and pubs (2022: nine) was written down, including right-of-use asset write-downs at 30 bars and pubs (2022: two).

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 exceptional administrative expenses.

Acquisition costs relate to the acquisition of Peach Pubs, and the business restructure predominantly relates to costs involved with the closure of bars and finalisation of the 2020 CVA.

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 1 July 2023 no new bars were opened (2022: two new bars opened).

5. Operating (loss)/profit

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

	52 weeks ended 1 July 2023 £'000	**52 weeks ended 2 July 2022 £'000**
Depreciation of property, plant and equipment	**6,634**	5,630
Depreciation of right-of-use assets	**5,423**	5,437
Impairment of property, plant and equipment	**6,096**	261
Impairment of right-of-use assets	**12,642**	376
Amortisation of intangibles	**5**	3
Auditors' remuneration:		
– audit fees payable to the Company's auditors for the audit of these financial statements	**167**	160
Fees payable to the Company's auditors for:		
– audit of financial statements of subsidiary companies	**233**	103

6. Finance expense

	52 weeks ended 1 July 2023 £'000	**52 weeks ended 2 July 2022 £'000**
Interest payable on bank loans and overdrafts	**1,895**	917
Interest on lease liabilities	**5,161**	4,363
Interest payable	**7,056**	**5,280**

7. Income Tax

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

	52 weeks ended 1 July 2023 £'000	**52 weeks ended 2 July 2022 £'000**
Analysis of credit in the period		
Current tax		
UK corporation tax on the (loss)/profit for the period	**27**	**-**
	27	**-**
Deferred tax – Profit and loss account		
Origination and reversal of timing differences	**-**	**-**
	-	**-**
Total deferred tax	**-**	**-**
Total tax charge	**27**	**-**

Factors affecting current tax credit for the period

(Loss)/profit before taxation	**(22,207)**	2,132
(Loss)/profit at standard rate of UK corporation tax (2023: 20.5%; 2022: 19.0%)	**(4,552)**	405
Effects of:		
– expenses not deductible for tax and other permanent differences	**987**	54
– adjustment in respect of prior periods	**27**	-
– changes in expected tax rates on deferred tax balances	**-**	145
– deferred tax not recognised	**3,565**	(604)
Total tax charge/(credit) for the period	**27**	-

At 2 July 2023, the Group has carried forward tax losses of £70.7 million (2022: £45.5 million) available to offset against future profits for which no deferred tax asset has been recognised (2022: 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%.

8. (Loss)/earnings per share

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

	52 weeks ended 1 July 2023	**52 weeks ended 2 July 2022**
(Loss)/profit for the period (£'000)	**(22,234)**	2,132
Weighted average number of shares – basic ('000)	**230,049**	230,049
Basic (loss)/earnings per Ordinary Share (pence)	**(9.7)**	0.9
Weighted average number of shares –diluted ('000)	**239,838**	235,139
Diluted (loss)/earnings per Ordinary Share (pence)	**(9.7)**	0.9

Diluted shares are calculated making an assumption of outstanding options expected to be awards. The associated diluted (loss)/earnings per Ordinary Share cannot be anti-dilutive and therefore is capped at the same value as basic (loss)/earnings per Ordinary Share. (Loss)/profit for the period was impacted by one-off exceptional costs. A calculation of adjusted earnings per Ordinary Share is set out below.

Adjusted earnings per share	**52 weeks ended 1 July 2023 £'000**	**52 weeks ended 2 July 2022 £'000**
(Loss)/profit on ordinary activities before taxation	**(22,207)**	2,132
Exceptional items, share-based payments and bar opening costs	**20,244**	944
Adjusted (loss)/profit on ordinary activities before taxation	**(1,963)**	3,076
Taxation (charge)/credit on ordinary activities	**(27)**	-
Taxation on exceptional items and bar opening costs	**3,584**	**(150)**
Adjusted profit on ordinary activities after taxation	**1,594**	2,926
Basic number of shares ('000)	**230,049**	230,049
Adjusted basic earnings per share (pence)	**0.7**	1.3
Diluted number of shares ('000)	**239,838**	235,139
Adjusted diluted earnings per share (pence)	**0.7**	1.2

Taxation on exceptional items and bar opening costs is calculated by applying the standard corporation tax rate of 19% against only taxable exceptional items.

9. Business combinations

In the 52-week period ended 1 July 2023, the Group has acquired 100% of the share capital of 12 companies, between them holding 21 pubs, which form The Peach Pub Company (Holdings) Limited group ("Peach"). Acquisition of these shares has led to the control and consolidation of these companies as of the date of acquisition, being 18 October 2022, leading to control from the date of acquisition. £1.5 million of acquisition costs were incurred which have been recognised as an expense in exceptional items.

As the acquisition occurred mid-accounting period, the Group has taken advantage of the IFRS 3 "Convenience Date", noting that no material changes in amounts were recognised between the date of acquisition and date of consolidation, being 30 October 2022 (the first date of the next period after acquisition).

Since acquisition to FY23-end, Peach has generated revenue of £22.6 million and a loss before tax of £(0.1) million. It is not practical to provide a proforma as if the acquisition had taken place at the start of the year due to the following:

- Peach has previously operated a 52-week period on the calendar year, where Revolution Bars Group plc operates a 52-week period from the end of June. There would be additional complexity in analysing the information from these variety of dates as well as the acquisition date;
- The acquisition occurred approximately three months into FY23, and is therefore not a significant proportion of the full-year trade. It is not expected that providing analysis as if acquired at the start of the year would provide a quantitively or qualitatively material impact for the readers;
- Peach was previously accounted for under FRS 102 UK GAAP, and Management has completed the IFRS conversion as at acquisition. The additional work to convert the balance sheet as at the start of the year is not expected to provide significantly different information to that as at acquisition;
- Due to the differing accounting frameworks, as well as differing management of the business pre-acquisition, there have also been a large number of accounting policy amendments to bring Peach in line with the Group. Rolling this to the start of the year is also not expected to provide meaningful information; and
- It is not believed the level of analysis from Management to produce the above analysis would provide truly meaningful information for the readers of the financial statements.

Subsidiaries acquired in the 52-week period ended 1 July 2023

	Principal activity	**Date of acquisition**	**Total share capital acquired**
The Peach Pub Company (Holdings) Limited	Management Company	18 October 2022	100%
The Peach Pub Company Limited	Pub Trading Company	18 October 2022	100%
The Peach Pub Properties Limited	Pub Trading Company	18 October 2022	100%
Pretty as Peach Limited	Pub Trading Company	18 October 2022	100%
Pure Peach Limited	Pub Trading Company	18 October 2022	100%
100% Peach Limited	Pub Trading Company	18 October 2022	100%
Peach Almanack Limited	Pub Trading Company	18 October 2022	100%
Giant Peach Pubs Limited	Pub Trading Company	18 October 2022	100%
Peach Paddy Club Limited	Pub Trading Company	18 October 2022	100%
Peach County Limited	Pub Trading Company	18 October 2022	100%
Peach Melba Limited	Pub Trading Company	18 October 2022	100%
Peach on the Water Limited	Pub Trading Company	18 October 2022	100%

Assets acquired and liabilities recognised at the date of acquisition

The amounts recognised in respect of identifiable assets and liabilities relating to the acquisition are as follows, as at the consolidation date of 30 October 2022. The acquisition disclosures have been combined as each acquisition is considered to be individually immaterial to the Group. Assets and liabilities have been valued at fair value on acquisition, with the 12-month period of review ending 17 October 2023.

	Book value of assets and liabilities acquired £'000	IFRS Conversion Adjustments £'000	Fair Value Adjustments on acquisition £'000	**Fair value of assets and liabilities acquired** £'000
Non-current assets				
Property, plant and equipment	9,145	-	(2,162)	6,983
Right-of-use assets	-	25,161	(3,342)	21,819
Goodwill	69	-	(69)	-
Current assets				
Inventories	368	-	189	557
Trade and other receivables	2,265	(5)	3,753	6,013
Cash and cash equivalents	4,738	-	-	4,738
Non-current liabilities				
Lease liabilities	-	(24,404)	-	(24,404)
Dilapidations provision	-	-	(372)	(372)

Current liabilities				
Trade and other payables	(6,693)	-	(4,966)	(11,659)
Loans	(5,755)	-	(82)	(5,837)
Lease liabilities	-	(1,048)	-	(1,048)
Tax payable	(280)	-	-	(280)
Net assets	**3,857**	**(296)**	**(7,051)**	**(3,490)**

The implementation of IFRS 16 gave rise to newly created right-of-use assets and lease liabilities; in line with IFRS 3, the right-of-use assets have been brought on at a value equal to lease liability, adjusted for any known market conditions. These leases relate to the standalone pub leases. Impairment reviews of both property, plant and equipment and right-of-use assets then gave rise to fair value adjustments to accordingly bring the values down. Trade and other receivables and Trade and other Payables above include £3.9 million of intercompany balances which net off.

Goodwill arising on acquisition

The Enterprise Value of £16.5 million was adjusted by a number of balance sheet adjustments resulting in an equity value at completion of £13.4 million plus £0.5 million of contingent consideration based on performance that is expected to be fully achieved but not yet paid.

The cashflow shows the £13.4 million payment, plus £0.5 million paid out in relation to another contingent consideration that is not expected to be realised and thus does not attribute to the investment figure, less cash received on acquisition of £4.7 million.

	Goodwill £'000
Consideration	13,929
Plus: Fair value of liabilities acquired	3,490
Goodwill arising on acquisition	**17,419**

The consideration shown within the table above relates to £13.4 million cash consideration for the purchase of the 100% share capital of The Peach Pub Company (Holdings) Limited and its subsidiaries, and £0.5 million of contingent consideration due dependent on the future performance of Peach, which is expected to be achieved fully.

Under IFRS, goodwill is not amortised and accordingly an impairment review must be conducted annually. The review is compared to the discounted cash flows based on forecasts for the brand. A long-term growth rate has been applied from July 2023 at 1.0 per cent, and the post-tax discount rate used was 11.6%; both assumptions are in line with those used for other areas of impairment review in the Group. The value-in-use ("VIU") was then assessed against goodwill and other relevant assets associated with the company including property, plant and equipment and right-of-use assets; the VIU was greater than goodwill and investment value and accordingly no impairment has been recognised. If the post-tax discount rate was increased by 1% this would reduce the VIU by £4.3 million. If the growth rate was reduced by 1% this would reduce the VIU by £3.0 million. If both were changed by 1% this would reduce the VIU by £6.7 million. In all sensitivity cases, the VIU still exceeds the carrying value of goodwill.

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 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
Acquired at 30 October 2022	226	2,103	4,463	191	6,983
Additions	-	1,701	2,732	1,100	5,533
At 1 July 2023	**1,652**	**90,479**	**69,029**	**11,033**	**172,193**
Accumulated depreciation and impairment					
At 3 July 2021	(1,216)	(56,740)	(51,033)	(8,422)	(117,411)
Charge for 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)
Charge for the period	-	(3,001)	(2,938)	(695)	(6,634)
Impairment charges	-	(4,649)	(1,214)	(233)	(6,096)
At 1 July 2023	**(1,216)**	**(67,030)**	**(57,855)**	**(9,931)**	**(136,032)**
Net book value					
At 1 July 2023	**436**	**23,449**	**11,174**	**1,102**	**36,161**
At 2 July 2022	210	27,295	8,131	739	36,375
At 3 July 2021	210	27,148	5,854	733	33,945

* 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	Bars & Pubs £'000	Vehicles £'000	Total £'000
Cost			
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
Reassessment/modification of assets previously recognised	1,208	-	1,208
Additions	21,819	-	21,819
At 1 July 2023	**132,809**	**418**	**133,227**
Accumulated depreciation and impairment			
At 3 July 2021	(41,318)	(325)	(41,643)
Charge for the period	(5,348)	(89)	(5,437)
Impairment charges	(376)	-	(376)
At 2 July 2022	(47,042)	(414)	(47,456)
Charge for the period	(5,423)	-	(5,423)
Impairment charges	(12,638)	(4)	(12,642)
At 1 July 2023	**(65,103)**	**(418)**	**(65,521)**
Net book value			
At 1 July 2023	**67,706**	**-**	**67,706**
At 2 July 2022	62,740	4	62,744
At 3 July 2021	63,951	93	64,044

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. As at year-end, there was no committed spend for projects.

The Group has determined that for the purposes of impairment testing, each bar and pub is a cash generating unit ("CGU"). The bars and pubs 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 1 July 2023, the Group impaired the property, plant and equipment of 35 CGUs (2022: nine CGUs) and the right-of-use assets of 30 CGUs (2022: two 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 a Board-approved forecast. 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 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 for bars based on historical refurbishment outcomes.

The Group has previously applied a lower annual earnings multiplier of seven to recognise the adverse trading impact of COVID-19. For the current reporting period the Group has applied an earnings multiplier of ten to reflect the reduced risk in the year.

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 FY24 is based on the last twelve months of 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 2023 at 1.0 per cent (2022: 1.0 per cent).
- Post-tax discount rate: 11.6 per cent (2022: 11.0 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 £1.6 million. A 0.1 per cent decrease in the long-term growth rate would result in additional impairments of £1.0 million. Applying the most recent performance to the signing date, which includes the impact of continued challenging trade over the summer, results in an increase in the impairment charge of approximately £2.2 million.

11. Inventories

	1 July 2023 £'000	2 July 2022 £'000
Goods held for resale	**2,437**	2,321
Sundry stocks	**968**	1,166
	3,405	3,487

Sundry stocks include items such as glasses, packaging, uniform and drinks decorations. Inventory is net of provision of £0.16 million (2022: £0.23 million). £nil was written down in the year as an expense (2022: £0.11 million).

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

	52 weeks ended 1 July 2023 £'000	52 weeks ended 2 July 2022 £'000
Cost of inventories	**35,419**	30,359

12. Trade and other receivables

	1 July 2023 £'000	2 July 2022 £'000
Amounts falling due within one year		
Trade receivables	**4,429**	3,707
Accrued rebate income	**721**	501
Prepayments	**5,809**	4,427
Other debtors	**489**	142
	11,448	8,777

13. Cash and cash equivalents

	1 July 2023 £'000	2 July 2022 £'000
Cash and cash equivalents	**3,367**	18,815

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

	1 July 2023 £'000	2 July 2022 £'000
Trade payables	**15,011**	11,801
Other payables	**1,339**	142
Accruals and deferred income	**11,261**	15,434
Other taxes and social security costs	**4,109**	3,241
	31,720	30,618

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.

15. Lease liabilities

	Bars & Pubs £'000	Vehicles £'000	Total £'000
At **2 July 2022**	104,976	6	104,982
Reassessment/modification of liabilities previously recognised	1,096	-	1,096
Modifications taken as a credit to administrative expenses	(50)	-	(50)
Additions	25,451	-	25,451
Lease liability payments	(11,311)	(6)	(11,317)
Finance costs	5,161	-	5,161
At 1 July 2023	**125,323**	**-**	**125,323**

Cash payments in the period comprise interest of £4.9 million and principal of £6.4 million. Reassessment and modification of liabilities previously recognised predominantly relates to the re-gear of six bars and pubs (2022: five bars) where either the length of the lease has been extended or the rental charge has been increased.

The expense relating to short-term, low-value and variable lease payments not included in the measurement of lease liabilities is £0.1 million (2022: £0.1 million). A number of bars and pubs have options to break the lease at an earlier point; Management consider each of these based on likelihood for the purposes of IFRS 16 calculations.

Lease liabilities are comprised of the following balance sheet amounts:

	1 July 2023 £'000	2 July 2022 £'000
Amounts due within one year	7,087	5,437
Amounts due after more than one year	118,236	99,545
	125,323	104,982

16. Interest-bearing loans and borrowings

	1 July 2023 £'000	2 July 2022 £'000
Revolving credit facility	25,000	-
Coronavirus Large Business Interruption Loan Scheme	-	14,751
	25,000	14,751

As at the date of the consolidated financial position, the Group had a revolving credit facility (the "Facility") of £30.0 million expiring June 2025, of which £25.0 million was drawn down. The facility is subject to interest charged at a margin plus SONIA, and a minimum liquidity covenant. Please see the going concern disclosure in note 1 for further information.

The Coronavirus Large Business Interruption Loan Scheme ("CLBILS") loans were repaid in October 2022 as part of the 10 October 2022 refinancing.

The Facility is 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 the Peach Pub subsidiaries, 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.

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 2 July 2022	1,314	1,582	2,896
Movement on provision	-	510	510
Release of provision	(443)	-	(443)
Utilisation of provision	-	(125)	(125)
At 1 July 2023	**871**	**1,967**	**2,838**

	1 July 2023 £'000	2 July 2022 £'000
Current	**871**	1,314
Non-current	**1,967**	1,582
	2,838	2,896

18. Dividends

	52 weeks ended 1 July 2023 £'000	52 weeks ended 2 July 2022 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the 52 weeks ended 1 July 2023 of nil per share (52 weeks ended 2 July 2022 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 £30.0 million expiring in June 2025. In October 2023, it was agreed with the bank that all previously agreed reductions in the facility would be deferred to 30 June 2025, meaning at that date a £5.0 million reduction is due. Furthermore, all profitability-based covenants were waived, and the minimum liquidity covenant was amended to link to management forecasts. Further details of the facility, their duration, amortisation profiles, future availability of committed funding and covenants are set out under the going concern section of note 1 to the financial statements.

Changes in leases

Revolution Putney was closed in FY23 and the lease was exited shortly after year-end. Revolution Clapham High Street was closed at the start of FY24 and an exit of the lease is expected shortly. A new Peach Pub, The Three Horseshoes, opened in October 2023.

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 1 July 2023 £'000	52 weeks ended 2 July 2022 £'000
Non-GAAP measures			
Revenue	**2**	**152,551**	140,821
Operating (loss)/profit	**5**	**(15,151)**	7,412
Exceptional items	**3**	**20,244**	561
(Credit)/charge arising from long-term incentive plans	**23**	**(117)**	77
Bar opening costs		**-**	306
Adjusted operating profit		**4,976**	8,356
Finance expense	**8**	**(7,056)**	(5,280)
Adjusted (loss)/profit before tax		**(2,080)**	3,076
Depreciation	**5**	**12,057**	11,067
Amortisation		**5**	3
Finance expense	**8**	**7,056**	5,280
Adjusted EBITDA		**17,038**	19,426

A comparison of statutory and APM exceptionals is provided below:

	52 weeks ended 1 July 2023 IFRS 16 £'000	52 weeks ended 1 July 2023 IAS 17 £'000
Administrative expenses/(income):		
– impairment of right-of-use assets	**12,642**	-
– impairment of property, plant and equipment	**6,096**	6,096
– lease modification	**(50)**	-
– acquisition costs	**1,499**	1,499
– business restructure	**57**	57
Total exceptional items	**20,244**	7,652

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 1 July 2023 IFRS 16 £'000	Reduction in depreciation £'000	Reduction in interest £'000	Onerous lease provision interest £'000	Rent charge £'000	IFRS 16 Exceptionals £'000	52 weeks ended 1 July 2023 IAS 17 £'000
Operating loss	**(15,151)**	**6,022**	**-**	**-**	**(10,424)**	**12,592**	**(6,961)**
Exceptional items	20,244	-	-	-	-	(12,592)	7,652
Credit arising from long-term incentive plans	(117)	-	-	-	-	-	(117)
Adjusted operating profit	**4,976**	**6,022**	**-**	**-**	**(10,424)**	**-**	**574**
Finance income	-	-	16	-	-	-	16
Finance expense	(7,056)	-	5,145	(211)	-	-	(2,122)
Adjusted loss before tax	**(2,080)**	**6,022**	**5,161**	**(211)**	**(10,424)**	**-**	**(1,532)**
Depreciation	12,057	(6,022)	-	-	-	-	6,035
Amortisation	5	-	-	-	-	-	5
Finance income	-	-	(16)	-	-	-	(16)
Finance expense	7,056	-	(5,145)	211	-	-	2,122
Adjusted EBITDA	**17,038**	**-**	**-**	**-**	**(10,424)**	**-**	**6,614**

	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	IFRS 16 Exceptionals £'000	52 weeks ended 2 July 2022 IAS 17 £'000
Operating profit	**7,412**	**6,218**	**-**	**-**	**(9,189)**	**328**	**4,769**
Exceptional items	561	-	-	-	-	(328)	233
Charge arising from long-term incentive plans	77	-	-	-	-	-	77
Bar opening costs	306	-	-	-	-	-	306
Adjusted operating profit	**8,356**	**6,218**	**-**	**-**	**(9,189)**	**-**	**5,385**
Finance expense	(5,280)	-	4,393	(30)	-	-	(917)
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**

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 significantly impacted by the change in impairment, gain on disposals recognised under IFRS 16, and the classification of certain cash closure exceptionals.