RNS Number : 1369X
Brighton Pier Group PLC (The)
24 April 2023

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The Brighton Pier Group PLC

(the "Company" or the "Group")

Final results

(for the 18 months to 25 December 2022)

The Brighton Pier Group PLC (the 'Group') owns and trades Brighton Palace Pier, as well as eight premium bars nationwide, eight indoor mini-golf sites and Lightwater Valley Family Adventure Park.

The change of year end from June to December means these results cover an 18 month period and reflect the first uninterrupted trading period post pandemic. The change of year end date will enable more meaningful comparison of the Group's financial performance going forwards, as it ensures that the typically busy summer trading months are aggregated within a single reporting period.

Overall, the business rebounded strongly, benefitting from pent-up consumer demand and government assistance, this enabled the Group to repay £9.1 million of debt (44% of borrowings) and enter the current more challenging market in a good financial position.

Trading in 2023 is in line with market expectations and we are well placed to take advantage of any upturn.

Financial results	**18 months ended 25 December 2022** **£m** **(unless otherwise stated)**	12 months ended 27 June 2021 restated £m (unless otherwise stated)
Revenue	**58.9**	13.5
Profit before taxation	**7.6**	4.2
Profit after taxation	**6.4**	4.2
Basic earnings per share	**17.1p**	11.3p
Diluted earnings per share	**16.9p**	11.3p
Group EBITDA excluding highlighted items	**13.9**	5.1
Group EBITDA including highlighted items	**13.8**	4.7
Adjusted basic earnings per share	**16.4p**	5.6p
Adjusted diluted earnings per share	**16.2p**	5.6p

Commenting on the results, Anne Ackord, Chief Executive Officer, said:

"Like many in our industry, we have had to absorb higher costs relating to wages, energy prices and other inputs. Nevertheless, our businesses remain profitable, well managed and backed by a strong balance sheet and asset base.

We are confident in the ability of our management teams to operate successfully in our markets, but we remain mindful of the continuing pressures from the wider economic environment in which we trade."

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Chairman's statement

This report covers the 18 months ending 25 December 2022, this being the first financial reporting period following the Group's change from a June to a December year-end (unless otherwise stated, comparisons to 2021 financial performance are for the 12 months ended 27 June 2021). The change of year end date will enable more meaningful comparison of the Group's financial performance going forwards, as it ensures that the typically busy summer trading months are aggregated within a single reporting period. The current period was the first in which the Group was able to operate largely unhindered by the trading restrictions introduced as a response to the COVID-19 pandemic. I am pleased to report total Group revenue of £58.9 million (2021: £13.5 million), EBITDA of £13.8 million (2021: £4.7 million) and earnings per share of 17.1 pence (2021: 11.3 pence).

The Group's diverse offering enabled it to capitalise on the surge in demand for leisure experiences following the final removal of the COVID-19 restrictions. In 2021, Brighton Palace Pier was the most visited free to enter attraction in the UK with over 4.2 million visitors, demonstrating the continued appeal and resilience of this iconic structure. The strong demand enjoyed by all four of the Group's divisions, coupled with targeted Government support through business and VAT relief, saw Group revenue of £15.9 million in the 13-week period to the end of September 2021, an all-time high.

The economic backdrop experienced throughout much of 2022 has painted a different picture for the Group, with rising inflation leading to steep cost increases in all areas of the business. The Group has sought to pass these on wherever possible, however many of the indirect input increases were necessarily absorbed by the Group, constraining earnings in the latter 6 months of the period.

The Group successfully completed the full integration of Lightwater Valley Family Adventure Park (which was acquired on 17 June 2021) in the first few months of this period. Ahead of the Park's re-opening in Easter 2022, the Group enhanced its offering through the introduction of new attractions and catering options, as well as the installation of a new EPOS system across the Park. For the 18 months ending 25 December 2022, Lightwater Valley delivered revenue of £8.1 million and EBITDA of £1.9 million. The economic downturn has been felt most acutely in Lightwater Valley, with admissions in summer 2022 down on the previous year. This resulted in lower revenues, despite the improved spend-per-head derived from the investment in the new catering operations.

The Group utilised the strong earnings in the period to lower its gearing, repaying £9.1 million of debt in the 18 months to 25 December 2022 and reducing debt by 44%. At the end of March 2023, the Group made a final £0.5 million repayment against its Coronavirus Business Interruption Loans (totalling £5.0 million), which were taken out during the pandemic. On 19 April 2023, the Group extended the term on its £10.9 million loan facility by 12 months to 5 December 2024, and over the coming months it is looking to re-structure this debt. The intention will be to replace the £10.9 million term loan and £1.0 million revolving credit facility with a larger revolving credit facility and a reduced term loan. These new facilities will enable the Group to reduce its interest costs.

Looking forward, challenges to trading are expected to continue, with the economic downturn set to persist in 2023 and inflation still at elevated levels. The resulting cost increases will impact margins across all four of the Group's divisions. However, in spite of these difficulties, the businesses remain profitable, tightly managed and are backed by a strong balance sheet and asset base.

Directorate

The death of Senior Independent Non-Executive Director James (Jim) Fallon was a great sadness to all of the Board. Jim was instrumental in leading the IPO of the Company to AIM in 2013 and he continued to make an outstanding contribution throughout his tenure. Our thoughts are with his family and friends.

The Group is currently in the process of recruiting for the position of Senior Independent Non-Executive Director; further details will be shared in due course.

Dividend

The Board does not propose to pay any dividend in respect of the 2022 reporting period (2021: nil).

Luke Johnson

Non-Executive Chairman 21 April 2023

Our business model

The Brighton Pier Group PLC (the 'Group') owns and trades Brighton Palace Pier, as well as eight premium bars nationwide, eight indoor mini-golf sites and Lightwater Valley Adventure Park.

The Group operates as four separate divisions under the leadership of Anne Ackord, the Group's Chief Executive Officer.

Brighton Palace Pier offers a wide range of attractions including two arcades (with over 300 machines) and eighteen funfair rides, together with a variety of on-site hospitality and catering facilities. The attractions, product offering and layout of the Pier are focused on creating a family-friendly atmosphere that aims to draw a wide demographic of visitors. The Pier is free to enter, with revenue generated from the pay-as-you-go purchase of products from the fairground rides, arcades, hospitality facilities and retail catering kiosks. According to Visit Britain, it was the most popular free attraction in the UK in 2021, with over 4.2 million visitors.

The Golf division (which trades as Paradise Island Adventure Golf) operates eight indoor mini-golf sites at high footfall retail and leisure centres. The business capitalises on the increasing convergence between retail and leisure, offering an accessible and traditional activity for the whole family. The sites are located in various towns and cities across the UK, each one offering two unique 18-hole mini-golf courses.

The bars trade under a variety of popular concepts including Embargo República, Lola Lo, Le Fez, Lowlander and Coalition. The Group's Bars division targets a customer base of sophisticated students midweek and stylish over-21s and professionals at the weekend. The Bars focuses on delivering added value to its customers through premium product ranges, high quality music and entertainment, as well as a commitment to exceptional service standards. The sites are based in key university cities and towns that provide a vibrant night-time economy and the demographics to support premium bars.

Lightwater Valley Attractions Limited owns and operates the Lightwater Valley Family Adventure Park, a leading North Yorkshire attraction, which is focused on family days out and is set in 175 acres of landscaped parkland. The Park offers a variety of attractions including rides, amusements, crazy golf, children's outdoor and indoor play, and entertainment shows, alongside numerous food, drink and retail outlets. Popular seasonal events such as at Halloween (Frightwater Valley) are also organised by the Park.

The strategy of the Group is to capitalise on the skills of the four existing divisions, creating a growth company that operates across a diverse portfolio of leisure and entertainment assets in the UK. The Group will achieve this objective by way of organic revenue growth throughout the whole estate, together with the active pursuit of future potential strategic acquisitions of entertainment destinations, thus enhancing the Group's portfolio and realising synergies by leveraging scale. It is the Board's longer-term strategy to position the Company as a consolidator within this sector.

Chief Executive Officer's report

This business review covers the trading results for the 18 months ended 25 December 2022 (2021: 12 months ended 27 June 2021).

Operational Review

This trading period began with three of the Group's four divisions (The Pier, Golf and Lightwater Valley) having recently been fully re-opened, following a period of closures and restrictions resulting from Government-imposed lockdowns during the COVID-19 pandemic. The final lockdown restrictions, impacting the Group's late-night bars, were relaxed on 19 July 2021.

All four divisions saw exceptional trading over the summer 2021 period. A combination of warm weather, pent-up consumer demand, accumulated lockdown savings and Government-backed schemes (VAT and business rates relief, 'Eat Out to Help Out') enabled the Group to maximise revenue and earnings as divisions resumed trading.

The Group continued to reposition its portfolio to its more profitable sites with the surrender of the lease of its Reading Coalition site at the end of September 2021, the last of the four marginal sites to be disposed of in the Bars division. This disposal resulted in net gains of approximately £670,000 arising from the derecognition of lease liabilities.

Some minor restrictions were reintroduced in December 2021 due to the emergence of the Omicron variant, although the effect on Group trading was minimal.

Over the winter months, Lightwater Valley was closed to visitors. The Group took advantage of the Park's closure to upgrade a variety of facilities, including the installation of a new EPOS system, a new fish & chip shop, and the construction of a new woodland trail. The Group has also started work on the development of circa twenty pod-type units for rental on the southern edge of the Lightwater Valley Park. The unique forest environment will make these an attractive proposition and will add a further revenue stream to the business. Whilst this project is at an early stage and has required some variation to the original planning consent for 106 lodges, it demonstrates the potential to create significant growth in the medium term.

In contrast to the period following the final removal of pandemic restrictions in July 2021, the first half of 2022 saw the onset of a sharp downturn in economic activity. Global instability and ongoing supply chain disruption driving UK inflation to the highest rate seen in over 40 years. The resulting impact on consumer discretionary spend, coupled with significant operating cost increases across all of the Group's divisions, resulted in a much more challenging trading environment during summer 2022. The period saw prolonged and severe heatwaves across the UK, which impacted footfall at the indoor venues in the Bars and Golf division but benefited the activities on the Pier and at Lightwater Valley.

While the Group worked hard to pass on price increases to customers wherever possible, and was able to maintain gross margins, inflation persisted throughout the remainder of 2022, resulting in the Group having to absorb many of the higher costs. Combined with a general dip in consumer confidence, this led to softer trading and profitability in the second half of 2022.

Full-year results for the 18 months to 25 December 2022

Unless otherwise stated, comparisons to 2021 financial performance are for the 12 months ended 27 June 2021.

Revenue for the period was £58.9 million (2021: £13.5 million). This reflects the longer period of account, the strong trading enjoyed by the business in the first 12 months following the easing of COVID-19 restrictions, as well as prior period revenue also being heavily impacted by the restriction of trading during the pandemic.

Revenue split by division:

- Pier division £25.3 million (2021: £9.6 million)
- Golf division £10.0 million (2021: £2.4 million)
- Bars division £15.5 million (2021: £1.3 million)
- Lightwater Valley £8.1 million (2021*: £0.2 million)

* This represents only 10 days of ownership from 17 June 2021 when the business was acquired to 27 June 2021.

Group gross margin for the period was maintained at 87 % (2021: 87%), despite significant cost pressures across the Group.

Group EBITDA (see Notes 2 and 6) for the period was £13.8 million (2021: £4.7 million).

EBITDA split by division:

- Pier division £4.7 million (2021: £1.0 million)
- Golf division £5.5 million (2021: £3.1 million)
- Bars division £3.5 million (2021: £1.8 million)
- Lightwater Valley £1.9 million (2021*: £0.1 million)
- Group overhead £(1.8) million (2021: £(1.4) million)

* This represents only 10 days of ownership from 17 June 2021 when the business was acquired to 27 June 2021.

Group EBITDA excluding highlighted items (see Note 6) for the period was £13.9 million (2021: £5.1 million).

Profit before tax was £7.6 million (2021: £4.2 million), benefitting from pent-up consumer demand and government support schemes. The prior period was heavily impacted by the COVID-19 pandemic and resulting closures across the business and included £5.0 million of income from business interruption insurance claims.

Profit after tax was £6.4 million (2021: £4.2 million).

Divisional trading commentary

Pier division

- *Revenue* - up 161% on the prior period at £25.3 million (2021: £9.6 million)
- *Like-for-like sales* - up 11% on the same pre-COVID period in 2019
- *Gross margin* - down 1% at 85% (2021: 86%), with government support schemes boosting prior period margin
- *EBITDA* - £4.7 million (2021: £1.0 million)

Golf division

- *Revenue* - up 320% on last year at £10.0 million (2021: £2.4 million)
- *Gross margin* - in line with last year at 99% (2021: 99%)
- *Like-for-like sales* - up 12% on the same pre-COVID period in 2019
- *EBITDA* - £5.5 million (2021: £3.1 million); in 2021 this included £2.5 million of business interruption insurance income

Bars division

- *Revenue* - total sales of £15.5 million (2021: £1.3 million); with the Bars estate the most heavily impacted of the Group's four divisions by lockdown closures in the prior period
- *Like-for-like sales* - up 2% on the same pre-COVID period in 2019 (for only 75 weeks as the division was only able to re-open from the end of July 2021)
- *Gross margin* - up 10% at 82% (2021: 72%), with the absence of the wet-led late-night bars during the prior period resulting in a lower than ordinary margin for the division
- *EBITDA* - £3.5 million (2021: £1.8 million); in 2021 this included £2.5 million of business interruption insurance income

Lightwater Valley

- *Revenue* - total sales of £8.1 million (2021*: £0.2 million)

- *Gross margin* - 87% (2021*: 91%)
- *EBITDA* - total EBITDA of £1.9 million (2021*: £0.1 million)

* This represents only 10 days of ownership from 17 June 2021 when the business was acquired to 27 June 2021.

Highlighted items consist of net gains of £0.5 million (2021: £2.7 million of gains) which were recognised during the period - see Note 3 for further details. Highlighted items are treated as such if the matters are material and fall within one of the categories below:

a) acquisition costs and pre-opening costs relating to new and refit sites; and

b) impairment charges and reversals, lease liability adjustments, site closure and other related legal costs.

Finance costs of £1.8 million (2021: £1.0 million), made up of:

- Interest on borrowings £0.7 million (2021: £0.3 million)
- Interest on leases £1.1 million (2021: £0.7 million)

The interest on leases relates predominantly to property leases in the Bars and Golf divisions and arises from the application of IFRS 16.

Operating profit was £9.4 million (2021: £5.1 million).

Taxation on ordinary activities of £1.3 million (2021: tax credit of £0.1 million), with the Group utilising prior period losses to offset taxable profits in 2021.

In summary, for the 18 month period ended 25 December 2022:

- Revenue
  £58.9 million (2021: £13.5 million)
- Operating profit
  £9.4 million (2021: £5.1 million)
- Group EBITDA excluding highlighted items**
  £13.9 million (2021: £5.1 million)
- Group EBITDA
  £13.8 million (2021: £4.7 million)
- Profit before tax
  £7.6 million (2021: £4.2 million)
- Profit after tax
  £6.4 million (2021: £4.2 million)
- Basic earnings per share (excluding highlighted items)^
  17.1p (2021: 11.3p)
- Basic earnings per share^
  16.4p (2021: 5.6p)

- Diluted earnings per share (excluding highlighted items) ^
  16.9p (2021: 11.3p)
- Diluted earnings per share^
  16.2p (2021: 5.6p)

** Highlighted items are detailed in Note 3 to the financial statements.

^ See Note 4.

Financial review

Unless otherwise stated, comparisons to 2021 financial performance are for the 12 months ended 27 June 2021.

Cash flow

Cash flow generated from operations (after interest and tax payments) available for investment was £10.7 million (2021: £4.9 million). This increase was principally driven by the higher profit before tax recognised during the current period.

Property, plant and equipment and software

The Group invested £1.3 million in capital expenditure during the period (2021: £0.3 million):

- £0.5 million was spent on the Pier division, which related to upgrading the till systems, refurbishment of various food & drink outlets and new machines for the amusement arcades, as well as other minor capital maintenance;
- £0.4 million was spent at Lightwater Valley on upgrading EPOS across the Park, creation of a new fish and chip shop to enhance the food & beverage offering, and the building of a new woodland trail as a new feature for 2022;
- £0.3 million was spent in the Bars division on ERP software upgrades alongside other minor refurbishments across the trading sites; and
- £0.1 million was spent in the Golf division on course improvements in the Glasgow and Manchester sites.

Shareholders will be aware that each year we undertake an annual substructure survey on the Pier. A further survey, typically performed every five to six years and using divers to inspect the areas below the water line, will be completed in 2023. We can report that no additional maintenance issues were identified other than the usual budgeted maintenance requirements for the coming financial year from either survey. Costs associated with the ongoing maintenance of the Pier are recorded through the Statement of Comprehensive Income in the period in which they are incurred.

Current bank debt and cash

At the period end the Group had total bank debt of £11.3 million (2021: £20.4 million) and net debt (total bank debt less cash and cash equivalents) of £7.1 million (2021: £13.3 million), broken down as follows:

- An outstanding principal term facility of £10.9 million (2021: £11.8 million)
  - £0.9 million debt repayment was made in the period (2021: £0.1 million), offset by the amortisation of loan fees
  - £0.5 million is due within the next twelve months to the end of the term in December 2023
- CBILS 1 facility of £nil (2021: £1.8 million)

- Repaid in full during the current period

- CBILS 2 facility of £0.5 million (2021: £3.2 million)
  - Final repayment of £0.5 million made at the end of March 2023
- RCF facility drawdowns of £nil (2021: £3.6 million)
  - Facility was increased to £3.75 million in the prior period to fund the acquisition of Lightwater Valley
  - Fully repaid by the end of October 2021
  - Current facility is £1.0 million (2021: £3.75 million)
- Cash balances of £4.2 million (2021: £7.1 million)

During the 18 month period, the Group made net repayments of £9.1 million (2021: net drawdowns of £3.5 million), made up of:

- £3.6 million repayment of the RCF (2021: £3.6 million drawdown);
- £0.9 million repayment of the principal term facility (2021: £0.1 million);
- £1.8 million repayment of the CBILS 1 facility (2021: £nil); and
- £2.7 million repayment of the CBILS 2 facility (2021: £nil).

Key performance indicators ('KPI's)

The Group's KPIs remain focused on the continued growth of the Group to drive revenues, EBITDA (see Note 6) and earnings growth.

The same pre-COVID period in 2019 as referenced below is defined as the 18 month period ending 29 December 2019, being the last comparable period. Total Group revenue for the period was £58.9 million (2021: £13.5 million), up 19% on the same pre-COVID period in 2019 (2019: £49.4 million) primarily due to the acquisition of Lightwater Valley on 17 June 2021.

Revenue split by division:

- Pier division £25.3 million (2021: £9.6 million)
- Golf division £10.0 million (2021: £2.4 million)
- Bars division £15.5 million (2021: £1.3 million)
- Lightwater Valley* £8.1 million (2021: £0.2 million)

* 2021 results for Lightwater Valley reflect the period from acquisition on 17 June 2021 to 27 June 2021.

On a divisional basis and comparing with the pre-COVID like-for-like period in 2019:

- Brighton Palace Pier like-for-like sales were up 11% on 2019;
- Golf division like-for-like sales were up 12% on 2019; and
- Bars division like-for-like sales (for only 75 weeks as the division was only able to re-open from the end of July 2021) were up 2% on 2019.

Group gross margin for the period continued in line at 87% (2021: 87%), reflecting the high-margin nature of all four divisions - and this despite the numerous ongoing supply and cost challenges that have appeared in the economy in the period.

Highlighted items totalling £0.5 million of gains (2021: £2.7 million of gains) were recognised during the period (see Note 3 for further details). These gains arose from:

- £(1.0) million - impairment of goodwill in the Glasgow and Rushden golf sites;
- £0.9 million - reversal of impairment charges to property, plant and equipment and right-of-use assets;
- £(0.4) million - recognition of in-substance fixed lease payments;
- £0.4 million - gain from the derecognition of other lease liabilities during the period;
- £0.7 million - gain on extinguishment of lease liabilities following the disposal of Smash in Reading; and
- £(0.1) million - in relation to a potential claim in relation to an assigned lease.

Group profit on ordinary activities before taxation was up 84% at £7.6 million (2021: £4.2 million).

Group profit on ordinary activities after taxation was up 51% at £6.4 million (2021: £4.2 million), with no tax payable in the prior period due to utilisation of losses which occurred during lockdown.

In summary, for the 18 month period ended 25 December 2022:

- Revenue £58.9 million (2021: £13.5 million)
- Operating profit £9.4 million (2021: £5.1 million)
- Group EBITDA excluding highlighted items* £13.9 million (2021: £5.1 million)
- Group EBITDA £13.8 million (2021: £4.7 million)
- Operating profit excluding highlighted items £9.0 million (2021: £2.4 million)
- Profit before tax excluding highlighted items £7.2

million (2021: £1.4 million)

- Profit before tax £7.6 million (2021: £4.2 million)

- Profit after tax £6.4 million (2021: £4.2 million)

- Net debt at the end of the period £7.1 million (2021: £13.3 million)

- Basic earnings per share (excluding highlighted items) ^ 17.1p (2021: 11.3p)

- Basic earnings per share^ 16.4p (2021: 5.6p)

- Diluted earnings per share (excluding highlighted items) ^ 16.9p (2021: 11.3p)

- Diluted earnings per share^ 16.2p (2021: 5.6p)

* Highlighted items are detailed in Note 3 to the financial statements.

^ See Note 4.

EBITDA split by division:

- Pier division £4.7 million (2021: £1.0 million)
- Golf division £5.5 million (2021: £3.1 million)
- Bars division £3.5 million (2021: £1.8 million)
- Lightwater Valley* £1.9 million (2021: £0.1 million)
- Group overhead £(1.8) million (2021: £(1.4) million)

* 2021 results for Lightwater Valley reflect the period from acquisition on 17 June 2021 to 27 June 2021.

Significant events that have taken place since the year end

On 19 April 2023 the Group extended its current bank facilities that were due to expire in December 2023 for a further period of 12 months to the end of December 2024. The Group is currently in the final stages of negotiations to replace its existing bank facilities with a new longer-term facility made up of a larger revolving credit facility and a reduced term loan.

These new bank facilities will provide the Group with additional flexibility in meeting its day-to-day working capital requirements and reduce its interest costs by repaying further debt back to the revolving credit facility. Had this extension been agreed at 25 December 2022, the Group's total bank debt of £11.3 million would be shown as £0.9 million of current debt and £10.4 million of non-current debt. The presentation in the Consolidated Balance Sheet (see page 43) shows a current liability of £11.3 million.

Strategy of the combined Group, current trading and outlook for the coming period

Short to medium-term strategy and outlook

While trading has now returned to pre-COVID levels, with like-for-like revenues ahead of 2019 equivalents, inflation continues to provide a challenging environment for the Group, with wide-ranging cost increases across all four divisions. The resulting economic uncertainty and decline in consumer confidence is expected to continue in the short to medium-term and the Group looks ahead with caution.

However, despite the continuing cost pressures, all four divisions remain profitable. The Group will continue to seek further operational efficiencies in order to mitigate cost pressures to the greatest extent possible. The repayment of £9.1 million of debt in the current financial period, will enable the Group to remain resilient, further bolstered by a strong balance sheet and asset base.

Current trading

Current total Group sales for the first three months to the end of March 2023 were down 11% on a like-for-like basis versus the equivalent period in 2022, with 76% of this shortfall coming from the Bars division. This was predominantly the result of a challenging prior year comparative for the Bars, which continued to benefit from the post-pandemic surge in demand in the early months of 2022. Notwithstanding, trading in 2023 has seen a general decline in consumer confidence in response to the difficult economic environment currently being faced. These economic pressures, and the resulting impact on both consumer discretionary spend and increased costs, will continue to present significant trading challenges going forwards.

Longer-term: new acquisitions and developments

The longer-term strategy continues to be to capitalise on the skills of the Group to create a growth company operating across a diverse portfolio of leisure and entertainment assets in the UK. The Group will achieve this objective by way of organic revenue growth across the whole estate, together with the active pursuit of future potential strategic acquisitions of leisure and entertainment destinations that could enhance the Group's portfolio, realising synergies by leveraging scale. It is the Board's longer-term strategy to position the Group as a consolidator within this sector.

Consolidated statement of comprehensive income

For the 18 month period ended 25 December 2022

	Notes	***18 months ended 25 December 2022***	*12 months ended 27 June 2021 restated*
		£'000	*£'000*
Revenue		**58,905**	13,541
Cost of sales		**(7,748)**	(1,781)
Gross profit		**51,157**	11,760
Operating expenses - excluding highlighted items		**(42,373)**	(15,086)
Highlighted items	*3*	**451**	2,746
Total operating expenses		**(41,922)**	(12,340)
Other income		**197**	5,693
Operating profit - excluding highlighted items		**8,981**	2,367
Highlighted items	*3*	**451**	2,746
Operating profit		**9,432**	5,113
Finance income		**24**	24
Finance cost		**(1,817)**	(987)
Profit before tax and excluding highlighted items		**7,188**	1,404
Highlighted items	*3*	**451**	2,746
Profit on ordinary activities before taxation		**7,639**	4,150
Taxation on ordinary activities		**(1,266)**	81
Profit and total comprehensive income for the period		**6,373**	4,231
Earnings per share - basic* (pence)	*4*	**17.1**	11.3
Earnings per share - diluted (pence)	*4*	**16.9**	11.3

* 2022 basic weighted average number of shares in issue is 37.29 million (2021: 37.29 million).

No other comprehensive income was earned during the period (2021: nil).

Consolidated balance sheet

As at 25 December 2022

	As at 25 December 2022	*As at 27 June 2021 restated*	*As at 28 June 2020 restated*
	£'000	*£'000*	*£'000*
Non-current assets			
Intangible assets	**9,545**	10,457	9,467
Property, plant and equipment	**28,139**	29,008	25,763
Right-of-use assets	**25,223**	23,916	18,030
Net investment in finance leases	**-**	635	689
Other receivables due in more than one year	**-**	209	367
	62,907	64,225	54,316
Current assets			
Inventories	**815**	731	562
Trade and other receivables	**1,835**	4,002	1,926
Income tax receivable	**-**	5	-
Cash and cash equivalents	**4,208**	7,080	2,649
	6,858	11,818	5,137

TOTAL ASSETS	**69,765**	76,043	59,453
EQUITY			
Issued share capital	**9,322**	9,322	9,322
Share premium	**15,993**	15,993	15,993
Merger reserve	**(1,111)**	(1,111)	(1,111)
Other reserve	**452**	452	452
Retained earnings/(deficit)	**897**	(5,476)	(9,707)
Equity attributable to equity shareholders of the Parent	**25,553**	19,180	14,949
TOTAL EQUITY	**25,553**	19,180	14,949
LIABILITIES			
Current liabilities			
Trade and other payables	**3,833**	8,321	3,945
Other financial liabilities*	**11,327**	5,913	-
Lease liabilities	**1,808**	2,059	2,179
Income tax payable	**987**	-	35
Provisions	**119**	-	-
	18,074	16,293	6,159
Non-current liabilities			
Other financial liabilities*	**-**	14,456	16,797
Lease liabilities	**25,365**	25,534	21,548
Deferred tax liability	**512**	265	-
Other payables due in more than one year	**261**	315	-
	26,138	40,570	38,345
TOTAL LIABILITIES	**44,212**	56,863	44,504
TOTAL EQUITY AND LIABILITIES	**69,765**	76,043	59,453

*On 19 April 2023, the Group's term loan was extended for a period of 12 months and is now due for final repayment on 5 December 2024. Had this extension been agreed at the reporting date, the Group's current other financial liabilities of £11,327,000 would be replaced by a £942,000 current liability and a £10,385,000 non-current liability.

These consolidated financial statements have been approved by the Board of Directors and signed on its behalf by: J.A.Smith, Director

21 April 2023 Registered

Company number: 08687172

Consolidated statement of cash flows

For the 18 month period ended 25 December 2022

	Notes	***18 months to 25 December 2022 £'000***	*12 months to 27 June 2021 restated £'000*
Operating activities			
Profit before tax		**7,639**	4,150
Net finance costs		**1,793**	963
Amortisation of intangible assets		**126**	80
Impairment of goodwill	*3, 5*	**985**	-
Reversal of impairment of property, plant and equipment	*3, 5*	**(424)**	-
Reversal of impairment of right of use assets	*3, 5*	**(489)**	-
Depreciation of property, plant and equipment		**2,372**	1,218
Depreciation of right-of-use assets		**2,453**	1,436
Impairment of net investment in finance lease		**-**	47
Gain on derecognition of lease liabilities due to disposal		**(688)**	(1,838)

Gain on derecognition of lease liabilities due to waivers & concessions	*3, 5*	**(402)**	(1,334)
Charge on recognition of in-substance fixed rent		**268**	-
Increase/(decrease) in provisions and deferred tax		**119**	(21)
Increase in inventories		**(84)**	(59)
Decrease/(increase) in trade and other receivables		**2,381**	(1,738)
(Decrease)/increase in trade and other payables		**(3,539)**	2,985
Interest paid on borrowings		**(712)**	(320)
Interest paid on lease liabilities		**(1,105)**	(667)
Interest received		**24**	6
Income tax paid		**(32)**	(52)
Net cash flow generated from operating activities		**10,685**	4,856
Investing activities			
Purchase of property, plant and equipment and intangible assets		**(1,296)**	(258)
Acquisition of business, net of cash acquired		**-**	(2,251)
Proceeds from disposal of property, plant and equipment		**18**	11
Payment of deferred and contingent consideration to former Lightwater Valley Attractions Limited Shareholders		**(1,000)**	-
Net cash flows used in investing activities		**(2,278)**	(2,498)
Financing activities			
Proceeds from borrowings		**-**	3,634
Repayment of borrowings		**(9,063)**	(1,291)
Principal paid on lease liabilities		**(2,216)**	(270)
Net cash flows (used in)/generated from financing activities		**(11,279)**	2,073
Net (decrease)/increase in cash and cash equivalents		**(2,872)**	4,431
Cash and cash equivalents at beginning of period		**7,080**	2,649
Cash and cash equivalents end of period		**4,208**	7,080

Consolidated statement of changes in equity

For the 18 month period ended 25 December 2022

	Issued share capital	*Share premium*	*Merger reserve*	*Other reserves*	*Retained (deficit)/ earnings*	*Total shareholders' equity*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
At 28 June 2020	**9,322**	**15,993**	**(1,111)**	**452**	**(9,660)**	**14,996**
Correction to opening reserves	-	-	-	-	(47)	(47)
At 28 June 2020 restated	**9,322**	**15,993**	**(1,111)**	**452**	**(9,707)**	**14,949**
Restated profit and total comprehensive income for the period	-	-	-	-	4,231	4,231
At 27 June 2021	**9,322**	**15,993**	**(1,111)**	**452**	**(5,476)**	**19,180**
Profit and total comprehensive income for the period	-	-	-	-	6,373	6,373

At 25 December 2022	**9,322**	**15,993**	**(1,111)**	**452**	**897**	**25,553**

Notes to the consolidated financial statements

For the period ended 25 December 2022

1. Accounting policies

The Brighton Pier Group PLC is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on AIM. Its registered address is 36 Drury Lane, London, WC2B 5RR. Both the immediate and ultimate Parent of the Group is The Brighton Pier Group PLC. The Brighton Pier Group PLC owns and operates Brighton Pier, one of the leading tourist attractions in the UK. As at 25 December 2022, the Group also operated eight premium bars (2021: eight) and eight (2021: eight) indoor adventure golf facilities trading in major towns and cities across the UK, as well as operating Lightwater Valley Family Adventure Park, situated in North Yorkshire.

Announcement

This announcement was approved by the Board of Directors on 21 April 2023. The preliminary results for the period ended 25 December 2022 are based on the audited financial statements for the same period. The financial information for the period ended 25 December 2022 and the period ended 27 June 2021 does not constitute the company's statutory accounts for those periods. The auditors' reports on the accounts for 25 December 2022 and 27 June 2021 were unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Basis of preparation

The Group financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The UK's departure from the European Union at 11pm on 31 December 2020 requires the Group to apply frozen IFRS standards as at the balance sheet date, in accordance with The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit)

Regulations 2019. The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 25 December 2022. These accounting policies were consistently applied for all the periods presented.

The financial statements are presented in sterling under the historical cost convention except where explicitly noted. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

On 20 June 2022, the Group changed its accounting reference date (and financial year end) from 30 June to 31 December. As a result, the current period financial results are presented on an 18 month basis to 25 December 2022, with a comparison to the latest audited accounts for the 12 months ended 27 June 2021. As such, prior period comparatives will not be directly comparable to current year financial information. The notes to the consolidated financial statements are on this basis.

Going concern

As at 25 December 2022, the Group had net current liabilities of £11,216,000 (2021: £4,475,000). The Group also had cash and cash equivalents of £4,208,000 (2021: £7,080,000) available to meet short-term needs.

The Group meets its day-to-day working capital requirements through its bank facilities. The Group's principal sources of funding are:

- a one year term loan of £10,870,000, which was initially entered into in April 2016. As of 25 December 2022, the term loan was due for final repayment on 5 December 2023, and is therefore shown as a current liability in the Consolidated Balance Sheet. The term loan was extended for a period of 12 months on 18 April 2023 and is now due for final repayment on 5 December 2024. As a consequence, loan repayments of £485,000 are payable over the next 12 months; and
- a one year revolving credit facility of £1,000,000, which was initially entered into in April 2016. This was due to expire on 5 December 2023 as of 25 December 2022, but was also extended for a period of 12 months on 18 April 2023. As at 25 December 2022, this facility was undrawn.
- The Group also had £457,000 of Coronavirus Business Interruption Loans (CBILs) outstanding as of 25 December 2022 (2021: £5,000,000), which were repaid in full at the end of March 2023.

Quarterly covenant tests are in place over the bank facilities and the Group was fully compliant as at 25 December 2022.

The Group's current intention is to replace the £10,870,000 term loan and £1,000,000 revolving credit facility with a larger revolving credit facility and a reduced term loan. This will provide the Group with additional flexibility in meeting its day-to-day working capital requirements and reduce its interest costs by repaying further debt back to the revolving credit facility. The covenant tests will be modified to account for the changes in circumstances as part of the revised refinancing arrangement.

Based on current forecast performance, the Directors consider that the Group will be both profitable and cash generative and will continue to comply with covenant testing for the foreseeable future.

The Directors therefore expect the Group to continue to meet its day-to-day working capital requirements from the cash flows generated by its trading activities, loan facilities with its bank as well as cash resources available to it throughout the four divisions, should this be required. The Group will also have sufficient cash resources available to meet its liabilities as they fall due Accordingly, these financial statements have been prepared on a going concern basis.

2. Segmental information

18 month period ended 25 December 2022	**Brighton Palace Pier**	**Golf**	**Bars**	**Lightwater Valley**	**Total segments**	**Head office costs**	**2022 consolidated total**
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	25,249	10,014	15,517	8,125	58,905	-	58,905
Cost of sales	(3,782)	(140)	(2,750)	(1,076)	(7,748)	-	(7,748)
Gross profit	**21,467**	**9,874**	**12,767**	**7,049**	**51,157**	**-**	**51,157**
Gross profit %	85%	99%	82%	87%	87%		87%
Administrative expenses:							
Other administrative expenses (excluding depreciation and amortisation)	(16,823)	(4,463)	(9,335)	(5,146)	(35,767)	(1,655)	(37,422)
Other income:							
Insurance income	100	10	-	-	110	-	110
Local authority grant income	-	35	46	-	81	-	81
Other income	-	-	6	-	6	-	6
Divisional earnings/(loss)	**4,744**	**5,456**	**3,484**	**1,903**	**15,587**	**(1,655)**	**13,932**
Highlighted items	-	(307)	758	-	451	-	451
Depreciation and amortisation (excluding depreciation of right-of-use assets)	(751)	(604)	(604)	(539)	(2,498)	-	(2,498)
Depreciation of right-of-use assets	(13)	(1,263)	(1,039)	(138)	(2,453)	-	(2,453)
Net finance cost (excluding interest on lease liabilities)	-	-	-	-	-	(688)	(688)
Net finance costs arising on lease liabilities	(3)	(446)	(413)	(243)	(1,105)	-	(1,105)
Profit/(loss) before tax	**3,977**	**2,836**	**2,186**	**983**	**9,982**	**(2,343)**	**7,639**
Income tax						(1,266)	(1,266)
Profit/(loss) after tax	**3,977**	**2,836**	**2,186**	**983**	**9,982**	**(3,609)**	**6,373**
EBITDA (excluding highlighted items)	4,744	5,456	3,484	1,903	15,587	(1,655)	13,932
EBITDA (including highlighted items)	4,744	5,456	3,484	1,903	15,587	(1,774)	13,813

2. Segmental information (continued)

12 month period ended 27 June 2021 restated	**Brighton Palace Pier**	**Golf**	**Bars**	**Lightwater Valley***	**Total segments**	**Head office costs**	**2021 consolidated total**
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	9,673	2,385	1,277	206	13,541	-	13,541
Cost of sales	(1,381)	(28)	(353)	(19)	(1,781)	-	(1,781)
Gross profit	**8,292**	**2,357**	**924**	**187**	**11,760**	**-**	**11,760**

Gross profit %	86%	99%	72%	91%	87%	-	87%
Administrative expenses:							
Other administrative expenses (excluding depreciation and amortisation)	(7,313)	(2,003)	(2,023)	(79)	(11,418)	(934)	(12,352)
Other income:							
Insurance income	-	2,500	2,500	-	5,000	-	5,000
Local authority grant income	44	275	374	-	693	-	693
Divisional earnings/(loss)	**1,023**	**3,129**	**1,775**	**108**	**6,035**	**(934)**	**5,101**
Highlighted items	-	573	2,493	-	3,066	(320)	2,746
Depreciation and amortisation (excluding depreciation of right-of-use assets)	(518)	(430)	(350)	-	(1,298)	-	(1,298)
Depreciation of right-of-use assets	(12)	(797)	(620)	(7)	(1,436)	-	(1,436)
Net finance cost (excluding interest on lease liabilities)	-	-	-	-	-	(296)	(296)
Net finance costs arising on lease liabilities	(4)	(319)	(332)	(12)	(667)	-	(667)
Profit/(loss) before tax	**489**	**2,156**	**2,966**	**89**	**5,700**	**(1,550)**	**4,150**
Income tax	-	-	-	-	-	81	81
Profit/(loss) after tax	**489**	**2,156**	**2,966**	**89**	**5,700**	**(1,469)**	**4,231**
EBITDA (excluding highlighted items)	1,023	3,129	1,775	108	6,035	(934)	5,101
EBITDA (including highlighted items)	1,023	3,129	1,775	108	6,035	(1,360)	4,675

*Results for Lightwater Valley reflect the period from acquisition on 17 June 2021 to 27 June 2021.

All segment assets and liabilities are located within the United Kingdom and all revenues arose in the United Kingdom. Segment revenues are generated from the sale of goods to external customers on a point in time basis, with the exception of concession income on the Pier, and annual passes at Lightwater Valley, as detailed above. There were no inter-segment sales in the years presented. No single customer contributed more than 10% of the Group's revenues.

The accounting policies of the reportable segments have been consistently applied. Overheads have been separated out to reflect how management reviews the discrete financial information and uses it to allocate resources.

3. Highlighted items

	18 month period ended 25 December 2022	*12 month period ended 27 June 2021*
	£'000	*£'000*
Acquisition costs	**-**	254
Restructuring costs	**-**	66
Impairment of goodwill	**985**	-
Reversal of impairment of property, plant and equipment	**(424)**	-
Reversal of impairment of right-of-use assets	**(489)**	-
Charge on recognition of in-substance fixed rent	**430**	-
Gain on derecognition of lease liabilities for continuing sites using:		
- IFRS 9 derecognition criteria	**(337)**	(590)
- IFRS 16 practical expedient	**(65)**	(744)
Gain on derecognition of lease liabilities for disposed sites	**(670)**	(1,838)
Other closure costs & legal costs	**119**	106
Total	**(451)**	(2,746)

The above items have been highlighted in order to provide users of the financial statements visibility of non-comparable costs included in the Consolidated Statement of Comprehensive Income for this period. See Note 5 for further details.

18 month period ended 25 December 2022

The Group performed two impairment tests in the current period, in December

2022 and in June 2022 (2021: one test in June 2021). The Group considers the relationship between the trading performance of each CGU and their book value when reviewing for indicators of impairment. Based on management's review of the expected performance of the core estate, an impairment of £985,000 (2021: nil) was identified, split between the Rushden (£693,000) and Glasgow (£292,000) sites in the Golf division. Conversely, with the removal of the final remaining COVID restrictions in the period, the trading outlook in other sites is more favourable than in prior reviews, resulting in a reversal of impairments applied to property, plant and equipment of £424,000 (2021: nil) and right-of-use assets of £489,000 (2021: nil). These reverse impairments that were applied as part of management's 2020 impairment review.

During the pandemic, the Group reached agreements with many of its landlords to temporarily replace fixed rents repayable with a combination of fixed rents and variable turnover rents, with the turnover element benchmarked to pre-pandemic trading. At the time the agreements were made, there was considerable uncertainty about whether the sites, particularly in the Bars division, would be able to reopen and recover to pre-pandemic trading levels. In line with accounting standards, lease liabilities were adjusted to reflect only the fixed rent element of the lease agreements. Amounts derecognised were included within highlighted items.

During the period, management regularly reviewed the lease arrangements in place across the Group in conjunction with the forecast performance at each leased site. With most sites once again trading at or above pre-pandemic levels, in June 2022 management assessed that the payment of turnover rent at some sites in the Bars division was sufficiently certain as to make them in-substance fixed lease payments in accordance with IFRS 16.B42. At this point, future payments totalling £268,000 were recognised as additional lease liabilities (see Note 12). Prior to the assessment having been made, turnover rent payments totalling £162,000 were recognised directly in the Statement of Comprehensive Income. Total turnover rent payments of £430,000 (2021: nil) were recognised within highlighted items in the period ended 25 December 2022, ensuring consistency with the treatment of previously derecognised liabilities in prior periods.

The onset of the COVID pandemic prompted the IASB to issue a practical expedient to provide relief for lessees from lease modification accounting for rent concessions related to COVID. The practical expedient allows entities to recognise the value of any agreed rent concessions in the Statement of Comprehensive Income rather than adjusting the underlying right-of-use asset and lease liability. The Group has recognised total credits of £65,000 (2021: £744,000) within highlighted items in the Statement of Comprehensive Income for the period ended 25 December 2022.

The practical expedient can only be used for rent concessions covering the period to 30 June 2022. In some instances, the Group has agreed temporary lease variations that extend beyond this date. These variations amount, in substance, to forgiveness of rent payable without materially changing the present value of total cash outflows over the life of the lease. In such circumstances, the Group de-recognises the appropriate portion of its total liability in accordance with the provisions of IFRS 9: Financial Instruments. The value of these extended waivers is recognised in the Statement of Comprehensive Income. The Group has recognised total credits of £337,000 (2021: £590,000) within highlighted items in the Statement of Comprehensive Income during the period ended 25 December 2022.

Lease liabilities of £670,000 were extinguished during the period as a result of the disposal of the Reading Smash site. The right-of-use asset relating to this site was impaired to nil during the period ended 28 June 2020 and was included in highlighted items for that period. Additional costs of £18,000 were incurred in relation to the disposal, which were offset against the corresponding gain within highlighted items.

Legal costs of £119,000 arise as a result of an ongoing claim made in relation to a former trading site in the Bars division.

12 month period ended 27 June 2021

Acquisition costs of £254,000 relate to the Group's acquisition of Lightwater Valley on 17 June 2021.

Restructuring costs of £66,000 incurred during the period ended 27 June 2021 relate to expenses incurred during a corporate simplification project regarding entities in the Group's Bars division.

Gains on derecognition of lease liabilities occurred in relation to continuing sites as result of renegotiated lease terms with landlords in the Bars and Golf divisions. Of the amounts derecognised, £744,000 was derecognised using the IFRS 16 COVID-19 practical expedient, with a further £590,000 derecognised as a result of applying the derecognition criteria laid out in IFRS 9: *Financial instruments*.

Gains on derecognition of lease liabilities for disposed sites of £1,838,000 and other closure and legal costs of £106,000 arise as a result of the disposal of leasehold sites in Bath, Wimbledon and Cambridge. The corresponding right-of-use assets for these leasehold sites were impaired to £nil during the prior year.

4. Earnings per share

Basic earnings per share amounts are calculated by dividing net income for the period attributable to ordinary shareholders of The Brighton Pier Group PLC by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Adjusted basic and diluted earnings per share are calculated based on the profit for the period adjusted for highlighted items and their related tax effects.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Basic earnings per share	***18 month period ended 25 December 2022***	*12 month period ended 27 June 2021 restated*
Profit for the period (£'000)	**6,373**	4,231
Basic weighted number of shares (number)	**37,286,284**	37,286,284
Earnings per share - Basic (pence)	**17.1**	11.3

Basic adjusted earnings per share	***18 month period ended 25 December 2022***	*12 month period ended 27 June 2021 restated*
Profit for the period before highlighted items (£'000)	**6,126**	2,088
Basic adjusted weighted number of shares (number)	**37,286,284**	37,286,284
Adjusted earnings per share - Basic (pence)	**16.4**	5.6

Diluted basic earnings per share	***18 month period ended 25 December 2022***	*12 month period ended 27 June 2021 restated*
Profit for the period (£'000)	**6,373**	4,231
Diluted weighted number of shares (number)	**37,802,824**	37,286,284
Earnings per share - Diluted (pence)	**16.9**	11.3

Adjusted diluted earnings per share	***18 month period ended 25 December 2022***	*12 month period ended 27 June 2021 restated*
Profit for the period before highlighted items (£'000)	**6,126**	2,088
Diluted weighted number of shares (number)	**37,802,824**	37,286,284
Adjusted earnings per share - Diluted (pence)	**16.2**	5.6

Reconciliation of adjusted profit for the period

Adjusted profit is calculated as follows:

	18 month period ended 25 December 2022	*12 month period ended 27 June 2021 restated*
	£'000	*£'000*
Profit for the period	**6,373**	4,231
Highlighted items	**(451)**	(2,746)
Tax charge arising on highlighted items	**204**	603
Adjusted profit for the period	**6,126**	2,088

The tax charge arising on highlighted items of £204,000 (2021: £603,000) reflects the amount of current tax at the enacted rate of 19% (2021: 19%) that arises on those highlighted items that are allowable for tax purposes.

Diluted basic earnings per share

The impact of dilutive shares on the weighted average number of shares is summarised below:

	25 December 2022 Number	27 June 2021 Number
Weighted average number of shares for Basic EPS	**37,286,284**	37,286,284
Dilutive effect of share options and warrants	**516,540**	-
Weighted average number of shares for Diluted EPS	**37,802,824**	37,286,284

Share options with exercise prices of 111p were not included in the calculation of weighted average number of shares for diluted earnings per share as these options were anti-dilutive in the current period (2021: share options with exercise prices of 55p, 63.5p and 111p).

5. Impairment review

The Group performed two impairment tests in the current period, in December 2022 and in June 2022 (2021: one in June 2021). The Group considers the relationship between the trading performance of each CGU and their book value when reviewing for indicators of impairment. Each of the Group's sites represents a separate CGU, which were assessed individually for impairment. The carrying value of each CGU consists of the net book value of goodwill (where applicable), property plant and equipment and right-of-use assets. Goodwill is allocated to the site on which it arose.

Following the easing of the effects of the COVID-19 pandemic, the first half of 2022 created new economic uncertainty, with multiple factors leading to significant increases in global food and energy prices, which in turn have led to rapid inflation and a cost-of-living crisis. Management believes the diversity of the Group's offerings and strong balance sheet will offer some resilience in the short and medium-term as these factors are tackled. Longer-term, the Board remains optimistic about the outlook for the Group.

The multiple factors have however been treated by management as an indicator for impairment, prompting a full review of the recoverable amount of all CGUs within the Group.

Based on management's review of the expected performance of the core estate, impairments of £985,000 were identified in the Golf division: £693,000 (2021: £nil) in the Rushden site, and £292,000 (2021: £nil) in the Glasgow site.

Conversely, with the removal of the final remaining government-imposed COVID-19 restrictions in the period, the trading outlook in other sites is more favourable than in prior reviews, resulting in a reversal of impairments applied to property, plant and equipment of £424,000 (2021: £nil) and right-of-use assets of £489,000 (2021: £nil). The original impairments were applied as part of the June 2020 impairment review, when the uncertainty caused by the COVID-19 pandemic resulted in a highly cautious trading outlook for the Group. The impairments and reversals of impairment that were recognised, along with their impact on the carrying value of the Group's CGUs, are detailed in the table below:

	Carrying value prior to impairment review	(Impairment)/ reversal of impairment	Carrying value carried forward after impairment review
	£'000	£'000	£'000
Goodwill	10,257	(985)	9,272
Property, plant and equipment	27,715	424	28,139
Right-of-use assets	24,734	489	25,223
Total carrying value of CGUs	**62,706**	**(72)**	**62,634**

An analysis of goodwill by CGU is as follows:

	Carrying value prior to impairment review	Impairment	Carrying value carried forward after impairment review
	£'000	£'000	£'000
Bars			
Putney	888	-	888
Golf			
Glasgow	2,055	(292)	1,763
Manchester	2,997	-	2,997
Livingston	147	-	147
Sheffield	1,012	-	1,012
Cheshire Oaks	814	-	814
Rushden	1,274	(693)	581
Lightwater Valley	1,070	-	1,070
Total goodwill	**10,257**	**(985)**	**9,272**

Methodology

The recoverable amount of each CGU has been determined based on a value in use calculation performed as at 25 December 2022 using cash flow projections from financial budgets as at 25 December 2022 approved by senior management covering the period to December 2024. Cash flows for each CGU beyond December 2024 are extrapolated, using assumed terminal growth and pre-tax discount rates for each operating segment as follows:

Division	**Terminal growth rate**	**Pre-tax discount rate**
Pier	2%	13.0%
Bars	2%	10.4% - 13.1%
Golf	2%	11.8% - 12.8%
Lightwater Valley	2%	13.0%

To assess for impairment, the value in use of the CGU is compared to the carrying value of the assets of that CGU including any attributed goodwill. If the resultant net present value of the discounted cash flows is less than the carrying value of the CGU including goodwill, the difference is written off through the statement of comprehensive income. Impairments to property, plant and equipment and right-of-use assets are allocated on a proportional basis based on the carrying value of each category of asset and the impairment required.

The calculation of value in use for all CGUs is most sensitive to the following assumptions:

- discount rates;
- growth rates used to extrapolate cash flows beyond the forecast period; and
- growth in expenses, including rent based on rent reviews.

Discount rates - The discount rate calculation is based on the specific circumstances of each division and is derived from its weighted average cost of capital (WACC) adjusted for various inputs from comparable market participants. The discount rate takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

Long term growth rates - Rates are based on market conditions and economic factors such as the changing habits of students in the towns and cities the Group operates in as well as competition faced from other businesses in these areas. Management has also considered general consumer confidence, including factors like job prospects, inflation and household disposable income. When determining the appropriate growth rates, management has also considered the regulatory environment.

Growth in expenses including rent - the Group's main costs are labour and rent. Labour increases have been estimated in relation to the National Minimum Wage. Rent reviews are typically every five years and budgets assume increases of between 2% to 5% annually compounded. The rate reflects the specific market locations for the related venue.

Period of cash flows - the Group considers the period of cash flows over which it expects the future cash generating units to be operational. This can be longer than the current period upon which the sites hold rental agreements and therefore require an element of judgement by the Group. The majority of leasing arrangements are inside the Landlords and Tenants Act 1954, therefore it can be reasonably assumed that an extension will occur. For leases outside the Landlords and Tenants Act 1954 ('the Act') the Group considers the best available information to determine whether a lease extension is likely, and whether the period of cash flows should be reviewed on a period longer than the current lease agreement. The impairment testing model assumes cash flows for the sites continue in perpetuity beyond the contractual lease terms because the Directors consider that the Group will be able to either extend the existing lease or locate alternative comparable leased premises to enable the CGUs to continue trading. The sites operate in locations where alternative leased premises can be obtained. For those leases outside of the Act, the extension required to the existing lease terms to result in no impairment would be as follows:

Site	**Extension required to existing lease to avoid impairment**	**Impairment required should lease not be extended or alternative trading premises found £'000**
Glasgow	N/A*	1,446
Manchester	Nil	-
Livingston	2 years	104
		1,550

*Glasgow recorded an impairment charge of £292,000 in the December 2022 impairment review.

Sensitivity

The Group has carried out sensitivity analyses on the reasonably possible changes to key assumptions in the impairment test. The Group has assessed the effect on headroom of the following sensitivities:

- a reduction of 2.0% in the estimated long-term growth rate;
- an increase of 2.0% in the estimated WACC underlying the discount rate; and
- a reduction of 5% in all cashflows in 2023 and 2024.

For each analysis, all inputs other than the relevant sensitivity being tested were unchanged from the base case scenario.

The table below summarises the resulting additional impairment to the Group's goodwill:

	Impairment			
	Base case	WACC sensitivity	Long term growth rate sensitivity	EBITDA sensitivity
	£'000		£'000	£'000
Golf				
Glasgow	292	613	563	400
Rushden	693	1,150	930	788
Lightwater Valley	-	436	-	-
Total impairment	**985**	**2,199**	**1,493**	**1,188**

6. Non-GAAP measures

The Group uses certain alternative performance measures as a means of evaluating the trading performance and cash generation of the underlying business. As these are not defined performance measures in IFRS and are not intended as a substitute for those measures, the Group's definition of adjusted items may not be comparable with similarly titled performance measures or disclosures by other entities.

EBITDA

EBITDA (earnings before interest, tax, depreciation and amortisation) is a key metric used by management in order to assess the performance of each division and the Group as a whole. EBITDA including highlighted items broadly reflects the cash generated within the Group from its trading activities. This allows management to make decisions about how best to allocate resources. EBITDA excluding highlighted items removes the impact of non-comparable costs included in the Consolidated Statement of Comprehensive Income for each period. This allows users of the Annual Report and financial statements to assess the current period trading performance of the Group and compare it to the prior period on a like-for-like basis.

Group profit before tax can be reconciled to Group EBITDA as follows:

EBITDA Reconciliation	***Period ended 25 December 2022 £'000***	*Period ended 27 June 2021 restated £'000*
Profit before tax for the year	**7,639**	4,150
Add back depreciation of property, plant and equipment	**2,372**	1,218
Add back depreciation of right-of-use assets	**2,453**	1,436
Add back amortisation	**126**	80
Add back finance costs	**1,793**	963
Add back highlighted items	**(451)**	(2,746)
Group EBITDA excluding highlighted items	**13,932**	5,101

Group EBITDA after highlighted items excludes those highlighted items that do not impact EBITDA as follows:

	Period ended 25 December 2022	*Period ended 27 June 2021*
EBITDA excluding highlighted items	**13,932**	5,101
Highlighted items	**451**	2,746
Remove gains arising on lease liability derecognition	**(1,072)**	(3,172)
Remove goodwill impairment	**985**	-
Remove reversal of impairment of property, plant and equipment	**(424)**	-
Remove reversal of impairment of right-of-use assets	**(489)**	-
Remove charge on recognition of in-substance fixed rent	**430**	-
Group EBITDA including highlighted items	**13,813**	4,675

Like-for-like sales growth

Like-for-like sales growth is a measure of growth in sales, adjusted for new or divested sites. This is used as an indicator of the Group's trading performance at a given point in time. It is presented in the Strategic report in order to allow users of the financial statements to compare the current and prior period trading performance of each division over a given period excluding the impact of new or divested sites.

Gross margin

Gross margin is calculated by dividing gross profit by revenue. It is presented in this report as a percentage value. This measure is included in this report to allow users of the financial statements to understand the amount of revenue that is retained after the direct costs of trading (i.e. cost of sales) is taken into account.

Proforma consolidated statement of comprehensive income (unaudited)

The table below shows Group trading performance for the 12 month period ended 25 December 2022 (2021: 12 month period ended 26 December 2021) on a like-for-like basis:

	Unaudited 12 months ended 25 December 2022 £'000	*Unaudited 12 months ended 26 December 2021 £'000*
Revenue	**36,121**	28,126
Cost of sales	**(4,760)**	(3,677)

Gross profit	**31,361**	24,449
Operating expenses - excluding highlighted items	**(28,946)**	(20,694)
Highlighted items	**(353)**	1,129
Total operating expenses	**(29,299)**	(19,565)
Other income	**197**	4,293
Operating profit - excluding highlighted items	**2,612**	8,048
Highlighted items	**(353)**	1,129
Operating profit	**2,259**	9,177
Finance income	**-**	32
Finance cost	**(1,266)**	(1,044)
Profit before tax and excluding highlighted items	**1,346**	7,036
Highlighted items	**(353)**	1,129
Profit on ordinary activities before taxation	**993**	8,165
Taxation on ordinary activities	**43**	(1,228)
Profit and total comprehensive income for the period	**1,036**	6,937
Earnings per share - basic* (pence)	**2.8**	18.5
Earnings per share - diluted (pence)	**2.6**	18.5

* 2022 basic weighted average number of shares in issue is 37.29 million (2021: 37.29 million).

No other comprehensive income was earned during the period (2021: nil).

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Final Results
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