



RNS Number : 4394N
Brighton Pier Group PLC (The)
25 September 2023

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The Brighton Pier Group PLC

(the "Company" or the "Group")

Unaudited interim results for the 6 months ended 25 June 2023

The Brighton Pier Group today announces its unaudited results for the 6 months ended 25 June 2023. Total revenues for the Group were £16.2 million (2022: £17.3 million), following a challenging second quarter as previously announced by the Group. The majority of this sales decline was from the Bars division which faced tough comparable numbers, following exceptionally strong trading from a post-pandemic surge in demand in the first half of 2022. Ongoing inflationary pressures, in particular to food, beverage and staff costs have had a significant impact on the Group's operating margins in the first half of 2023, resulting in lower earnings than in the previous year.

Financial highlights

- Total revenue in the period was £16.2 million (2022: £17.3 million).
- Group EBITDA* was £1.4 million (2022: £3.0 million).
- Group gross margin was 86% (2022: 87%).
- Loss before tax (excluding highlighted items) was £(1.0) million (2022: profit of £0.7 million).
- Adjusted EPS was (1.7)p (2022: 0.9p).
- Net cash flow from operations was £3.2 million (2022: £4.4 million).
- Net debt was £4.7 million (25 December 2022: £7.1 million).

* EBITDA is detailed in **Note 7** to the financial statements.

Principal developments

- Brighton Palace Pier sales performance was up 2% versus 2022, but down £(0.2) million on EBITDA at £0.5 million (2022: £0.7 million).
- The Bars division suffered from a contraction in consumers' disposable incomes resulting from the challenging macroeconomic environment, with

sales down across the estate.

- The Golf division saw lower footfall across the estate in June and higher costs but with the exception of June, trading has been consistent, with the division generating £1.4 million of EBITDA (2022: £1.9 million).
- Lightwater Valley added new dinosaur-themed attractions for 2023. Admissions were down versus the prior year primarily due to wet weather, but the park achieved a new weekend record number of visitors during the Coronation of King Charles III in May.

Outlook

- As reported in the 25 July 2023 trading update, the weekend train strikes, exacerbated by exceptionally poor weather in July and August, and the temporary restriction of access following a fire at a major hotel opposite the entrance to the Pier towards the end of July, resulted in sales and earnings being lower than expected.
- These factors continued to affect trading in the 12-week period ending 17 September 2023 resulting in total sales of £12.3 million, down £(0.3) million versus the previous year (2022: £12.6 million).
- Whilst the board has been encouraged to see improved trading in the first 3 weeks of September, macroeconomic challenges continue to impact the business. This, together with the weaker than expected summer trading period, has led the Board to conclude that operating profit for the current financial year is likely to be below current expectations.
- The Group's outlook in the short-to-medium term remains cautious.

Anne Ackord, Chief Executive Officer, said:

"As highlighted in our last trading update, the Group is navigating a challenging environment, with persistent high inflation and cautious spending by consumers negatively impacting trading. When combined with the ongoing cost pressures, this has resulted in the Group recording lower than expected sales and earnings in the first half of 2023.

Trading in the 12 weeks to 17 September 2023 has been further impacted by events outside of our control. The regular weekend train strikes in particular have reduced visitor numbers on the Pier by 18% versus comparable weeks in 2022. Combined with the unseasonably wet weather and the hotel fire that disrupted sales on the Pier for the final two weeks of July (two of the top ten trading weeks of the year), trading has been unusually difficult.

The Group continues to be cash generative and has a robust balance sheet, making it well placed to weather the macroeconomic challenges and execute its longer-term growth strategy.

I believe as a result there is significant upside opportunity for the Group in a more typical year".

All Company announcements and news are available at www.brightonpiergroup.com

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Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

About The Brighton Pier Group PLC

The Brighton Pier Group PLC is a UK entertainment business spread across four divisions:

- 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. According to Visit Britain, it was the most popular free outdoor attraction in England with over 4.6 million visitors in 2022.
- The Golf division (which trades as Paradise Island Adventure Golf) operates eight indoor mini-golf sites at high footfall retail and leisure centres.
- The Bars division trades under a variety of concepts including Embargo República, Lola Lo, Le Fez, Lowlander and Coalition. The Group's bars target a customer base of students' midweek and stylish over-21s and professionals at the weekend.
- Lightwater Valley Family Adventure Park, a leading North Yorkshire attraction, is focused on family days out. Set within 175 acres of landscaped parkland, the park operates a variety of attractions including rides, amusements, crazy golf, children's outdoor and indoor play, entertainment shows, together with numerous food, drink and retail outlets.

Business Review

Introduction

The Group's strategy remains focused on capitalising on the potential of its diversified portfolio of leisure and family entertainment assets in the UK. However, the Group is navigating a uniquely challenging trading environment, with persistently

high inflation leading to a decline in consumer confidence and discretionary spend. This, combined with significant ongoing cost increases, has led to lower sales and earnings in the 6 months ended 25 June 2023 (2022: 6 months ended 26 June 2022).

Operational review

The first 13-week period to the end of March 2023 saw the Group trading in line with expectations. A comparatively mild winter resulted in strong initial demand at the Pier, but this was offset by the wettest March in over 40 years. The high-margin Golf division continued to perform well during this period. The Bars division saw some softness in trading but was behind 2022 primarily due to exceptional trading following the surge in demand seen post-pandemic. Lightwater Valley was closed during this time.

In the latter 13-week period, which typically represents approximately 60% of sales in the 6 month period, trading suffered across the Group as previously announced, with continued wet weather in April leading to lower admissions on the Pier and at Lightwater Valley across the key Easter period. Rail disruption also affected footfall to the Pier and some Bars sites.

Cost increases during this period were particularly severe, with significant increases to food prices contributing to lower gross margins at the Pier and Lightwater Valley, which were both down 3% versus 2022. Wage increases, meanwhile, resulted in lower operating margins across the Group.

Financial review and KPIs

Total Group revenue for the period was £16.2 million (2022: £17.3 million).

Revenue split by division:

•		Pier
	division	£7.5
	million (2022: £7.3 million)	
•		Golf
	division	£3.2
	million (2022: £3.4 million)	
•		Bars
	division	£4.1
	million (2022: £5.1 million)	
•		Lightwater
	Valley	£1.4
	million (2022: £1.5 million)	

Total Group EBITDA for the period was £1.4 million (2022: £3.0 million).

EBITDA split by division:

•		Pier
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division	£0.5
million (2022: £0.7 million)	
•	Golf
division	£1.4
million (2022: £1.9 million)	
•	Bars
division	£0.4
million (2022: £1.1 million)	
•	Lightwater Valley
£(0.3) million (2022: £(0.1) million)	
•	Group overhead costs
£(0.6) million (2022: £(0.6) million)	

Group gross margin for the period was 86% (2022: 87%).

Highlighted items totalling £3.0 million of charges (2022: £nil) were recognised during the period. These charges reflect:

- £1.1 million - impairment of goodwill in Lightwater Valley; and
- £1.9 million - impairment charges to property, plant and equipment and right-of-use assets in the Bars division.

Group loss on ordinary activities before tax (excluding highlighted items) was £(1.0) million (2022: profit of £0.7 million).

Group loss on ordinary activities after tax was £(3.6) million (2022: profit of £0.4 million).

In summary, for the 6 month period ended 25 June 2023:

- Revenue:
£16.2 million (2022: £17.3 million)
- Operating (loss)/profit:
£(3.2) million (2022: £1.3 million)
- Group EBITDA:
£1.4 million (2022: £3.0 million)
- Operating (loss)/profit excluding highlighted items*: £(0.3)
million (2022: £1.3 million)
- (Loss)/profit before tax excluding highlighted items*: £(1.0)
million (2022: £0.7 million)
- (Loss)/profit before tax:
£(3.9) million (2022: £0.7 million)
- (Loss)/profit for the period:

£(3.6) million (2022: £0.4 million)

- Net debt at the end of the period: £4.7 million (25 Dec 2022: £7.1 million)
- Basic (losses)/earnings per share excluding highlighted items*: (1.7)p (2022: 0.9p)
- Basic (losses)/earnings per share: (9.6)p (2022: 1.1p)
- Diluted (losses)/earnings per share excluding highlighted items*: (1.7)p (2022: 0.9p)
- Diluted (losses)/earnings per share: (9.6)p (2022: 1.1p)

* Highlighted items are detailed in **Note 4** to the financial statements.

Cash flow and balance sheet

The Group generated net cash flow from operations of £3.2 million (2022: £4.4 million), after interest and tax payments, all of which was available for investment or the repayment of debt.

Capital expenditure in the period totalled £0.4 million (2022: £0.6 million) across the Group.

During the period, the Group made net debt repayments of £0.4 million (2022: £2.8 million), which includes the final repayment of the Group's Coronavirus Business Interruption Loans (totalling £5.0 million).

Total bank debt at the end of the period was £10.9 million (25 December 2022: £11.3 million). With the Group's Coronavirus Business Interruption Loans now fully repaid, remaining debt relates to the term loan.

At the period end, cash and cash equivalents were £6.2 million (25 December 2022: £4.2 million).

Consequently, net debt at the period end stood at £4.7 million (25 December 2022: £7.1 million). The Directors continue to take a cautious approach to net debt levels for the Group.

The Group currently has an undrawn revolving credit facility of £1.0 million, giving total cash availability to the Group of £7.2 million as at the period end.

Details of the Group's banking covenants can be found on page 90 of the December 2022 Annual Report.

Trading for the 12 weeks to the 17 September 2023

Total sales for the 12-week period to 17 September 2023 were £12.3 million, down £(0.3) million versus the previous year (2022: £12.6 million). This shortfall was primarily due to a significant reduction in footfall to the Pier, which saw visitor

numbers decrease by 18% compared to 2022.

Total sales for the Pier were £6.0 million, down £(0.5) million versus 2022 (2022: £6.5 million), due to a combination of one-off factors previously noted.

Conversely, the poor weather resulted in stronger trading in the Golf division, where sites are located inside larger shopping centres. Total sales of £1.7 million were £0.2 million higher than the previous year (2022: £1.5 million).

Lightwater Valley traded ahead of 2022, with total sales of £2.7 million, up £0.3 million (2022: £2.4 million). This was due to increased visitor numbers to the park, which were 24% up on last year principally due to warm weather in September and several different promotional offers that were made available to guests. As a result of these offers, overall spend per head was lower than in 2022.

The Bars division continues to be impacted by the headwinds in the UK economy. Its younger demographic has been more severely affected by price inflation, resulting in lower spends and reduction in numbers of visits. Total sales were £1.9 million, down £(0.3) million versus last year (2022: £2.2million).

Outlook and strategy

While current economic conditions continue to create an uncertain trading environment, the disappointing trading seen over the key summer months has largely been the result of circumstances beyond the Group's control, and while the outlook for the short-to-medium term must remain one of caution, there are nonetheless encouraging signs.

Trading in the Golf division remains robust and, going forwards, is expected to continue to hold up well.

Lightwater Valley is still trading below the exceptional summer seen following acquisition of the park by the Group in June 2021. However, visitor numbers in summer 2023 were above the prior year equivalent. The Group will begin to implement improvement processes to further increase revenues per visitor, particularly in relation to food, beverage and retail. This will be combined with structural changes that will enable the cost base to be optimised in advance of the next peak trading period in summer 2024. The project to install circa twenty pod-type units for rental is still in the early stages but is expected to start once the planning variations are approved.

Similarly, spend per head at the Pier was ahead of last year and prior to the issues experienced across the summer months, sales were tracking ahead of 2022. The Pier retains its iconic status, attracting millions of visitors every year, and the Group urges those involved in the rail strikes to agree a resolution so that the ongoing disruption does not continue into 2024.

In the Bars division, the combination of decline in consumer discretionary income, coupled with ongoing train strikes targeted at Friday and Saturday trading sessions, is likely to continue to bear down on sales and profits over the remainder of the current financial year and potentially into 2024.

Inflationary cost pressures are expected to continue to present challenges across the Group. Where price rises cannot be fully passed on, the Group will instead implement cost-saving initiatives in order to preserve future cash flows and earnings.

Poor weather over the summer disproportionately impacts the Group's trading performance. The diverse experiences offered by the Group's four operating divisions continue to prove attractive to our customers, and the Board believes that the strength of these different offerings will drive the business forwards over the longer term.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 6 month period ended 25 June 2023

		<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
		6 months ended	6 months ended	18 months
		25 June	26 June	ended
		2023	2022	25 December
	<i>Notes</i>	£'000	£'000	£'000
Revenue		16,204	17,332	58,905
Cost of sales		(2,340)	(2,238)	(7,748)
Gross profit		13,864	15,094	51,157
Operating expenses - excluding highlighted items		(14,143)	(13,912)	(42,373)
Highlighted items	4	(2,958)	44	451
Total operating expenses		(17,101)	(13,868)	(41,922)
Other operating income		21	90	197
Operating (loss)/profit - excluding highlighted items		(258)	1,272	8,981
Highlighted items	4	(2,958)	44	451
Operating (loss)/profit		(3,216)	1,316	9,432
Finance income		68	-	24
Finance cost		(782)	(615)	(1,817)
(Loss)/profit before tax - excluding highlighted items		(972)	657	7,188
Highlighted items	4	(2,958)	44	451
(Loss)/profit on ordinary activities before taxation		(3,930)	701	7,639
Tax credit/(charge) on ordinary activities	5	333	(281)	(1,266)
(Loss)/profit for the period		(3,597)	420	6,373
(Losses)/earnings per share - Basic	6	(9.6)	1.1	17.1
Adjusted (losses)/earnings per share - Basic*	6	(1.7)	0.9	16.4
(Losses)/earnings per share - Diluted	6	(9.6)	1.1	16.9
Adjusted (losses)/earnings per share - Diluted*	6	(1.7)	0.9	16.2

* Adjusted basic and diluted earnings per share are calculated based on the profit for the period adjusted for highlighted items.

2023 basic weighted average number of shares in issue was 37.29m (2022: 37.29m).

2023 diluted weighted average number of shares in issue was 37.57m (2022: 37.29m).

No other comprehensive income was earned during the period (2022: £nil).

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	At 25 June 2023 £'000	At 26 June 2022 £'000	At 25 December 2022 £'000
Non-current assets			
Intangible assets	8,480	11,004	9,545
Property, plant & equipment	27,464	28,608	28,139
Right-of-use assets	22,878	24,153	25,223
Other receivables due in more than one year	-	206	-
	58,822	63,971	62,907
Current assets			
Inventories	1,046	931	815
Trade and other receivables	3,288	1,967	1,835
Deferred tax assets	333	-	-
Cash and cash equivalents	6,191	7,654	4,208
	10,858	10,552	6,858
TOTAL ASSETS	69,680	74,523	69,765
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 (deficit)/earnings	(2,700)	275	897
Equity attributable to equity shareholders of the parent	21,956	24,931	25,553
TOTAL EQUITY	21,956	24,931	25,553
LIABILITIES			
Current liabilities			
Trade and other payables	8,189	8,928	3,833
Other financial liabilities	485	1,371	11,327
Lease liabilities	2,154	1,842	1,808
Income tax payable	987	1,297	987
Provisions	119	-	119
	11,934	13,438	18,074
Non-current liabilities			
Other financial liabilities	10,400	11,271	-
Lease liabilities	24,617	24,359	25,365
Deferred tax liability	512	524	512
Other payables	261	-	261
	35,790	36,154	26,138
TOTAL LIABILITIES	47,724	49,592	44,212
TOTAL EQUITY AND LIABILITIES	69,680	74,523	69,765

At 25 December 2022	9,322	15,993	452	(1,111)	897	25,553
Loss for the period	-	-	-	-	(3,597)	(3,597)
At 25 June 2023	9,322	15,993	452	(1,111)	(2,700)	21,956

	Issued share capital	Share premium	Other reserves	Merger reserve	Retained (deficit)/ earnings	Total shareholders' equity
<i>Unaudited</i>						
	£'000	£'000	£'000	£'000	£'000	£'000
At 26 December 2021	9,322	15,993	452	(1,111)	(145)	24,511
Profit for the period	-	-	-	-	420	420
At 26 June 2022	9,322	15,993	452	(1,111)	275	24,931

	Issued share capital	Share premium	Other reserves	Merger reserve	Retained (deficit)/ earnings	Total shareholders' equity
<i>Audited</i>						
	£'000	£'000	£'000	£'000	£'000	£'000
At 27 June 2021	9,322	15,993	452	(1,111)	(5,476)	19,180
Profit for the period	-	-	-	-	6,373	6,373
At 25 December 2022	9,322	15,993	452	(1,111)	897	25,553

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Brighton Pier Group PLC (registered number 08687172) 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. The Company is the immediate and ultimate parent of the "Group".

The Brighton Pier Group PLC owns and operates Brighton Palace Pier, one of the leading tourist attractions in the UK. The Group is also a leading operator of eight premium bars nationwide, eight indoor mini-golf sites and Lightwater Valley Family Adventure Park in North Yorkshire.

The principal accounting policies adopted by the Group are set out in Note 2.

2. ACCOUNTING POLICIES

The financial information for the 6 month periods ended 25 June 2023 and 26

June 2022 does not constitute statutory accounts for the purposes of section 435 of the Companies Act 2006. The financial information for the 6 month period ended 25 June 2023 has not been audited. The Group's latest audited statutory financial statements were for the 18 month period ended 25 December 2022 and these have been filed with the Registrar of Companies.

Information that has been extracted from the 25 December 2022 accounts is from the audited accounts included in the annual report, published in May 2023, on which the auditor gave an unmodified opinion and did not include a statement under section 498 (2) or (3) of the Companies Act 2006. A copy of these accounts can be found on the Group's website, www.brightonpiergroup.com.

The interim condensed consolidated financial statements for the 6 months ended 25 June 2023 have been prepared in accordance with the AIM Rules issued by the London Stock Exchange. They do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 25 December 2022, which were prepared using IFRS, in accordance with The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019.

The accounting policies used in preparation of the financial information for the 6 months ended 25 June 2023 are the same accounting policies applied to the Group's financial statements for the 18 months ended 25 December 2022, with the exception of income tax which has been calculated using the forecast effective tax rate for the 12 months ending 31 December 2023 applied to the loss before tax for the 6 months ending 25 June 2023. These policies were disclosed in the 2022 Annual Report.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENTAL INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker ("CODM") comprising the Board of Directors. During the 6 month period ended 25 June 2023, the Group changed its measurement method of reported segment profit or loss, with depreciation charges on property, plant and equipment and right-of-use assets, amortisation charges on intangible assets and net finance costs arising on lease liabilities now allocated between the relevant operating segments, having previously been grouped within head office costs.

The segmental information is split on the basis of those same profit centres -

however, management report only the contents of the consolidated statement of comprehensive income and therefore no balance sheet information is provided on a segmental basis in the following tables.

6 month period ended 25 June 2023	Brighton Palace Pier £'000	Golf £'000	Bars £'000	Lightwater Valley £'000	Total segments £'000	Head office costs £'000	June 2023 consolidated total £'000
Revenue	7,507	3,147	4,105	1,445	16,204	-	16,204
Cost of sales	(1,353)	(57)	(762)	(168)	(2,340)	-	(2,340)
Gross profit	6,154	3,090	3,343	1,277	13,864	-	13,864
Gross profit %	82%	98%	81%	88%	86%	-	86%
Operating expenses (excluding depreciation and amortisation)	(5,639)	(1,678)	(2,966)	(1,574)	(11,857)	(639)	(12,496)
Other income	-	-	-	-	-	21	21
Divisional earnings/(loss)	515	1,412	377	(297)	2,007	(618)	1,389
Highlighted items	-	-	(1,888)	(1,070)	(2,958)	-	(2,958)
Depreciation and amortisation (excluding right-of-use assets)	(222)	(219)	(181)	(159)	(781)	-	(781)
Depreciation of right of use assets	(3)	(430)	(363)	(51)	(847)	(19)	(866)
Operating profit/(loss)	290	763	(2,055)	(1,577)	(2,579)	(637)	(3,216)
Net finance cost (excluding interest on lease liabilities)	-	-	-	-	-	(343)	(343)
Net finance cost arising on lease liabilities	-	(138)	(143)	(88)	(369)	(2)	(371)
Profit/(loss) before tax	290	625	(2,198)	(1,665)	(2,948)	(982)	(3,930)
Income tax	-	-	-	-	-	333	333
Profit/(loss) after tax	290	625	(2,198)	(1,665)	(2,948)	(649)	(3,597)
EBITDA	515	1,412	377	(297)	2,007	(618)	1,389

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENTAL INFORMATION (continued)

6 month period ended 26 June 2022	Brighton Palace Pier £'000	Golf £'000	Bars £'000	Lightwater Valley £'000	Total segments £'000	Head office costs £'000	June 2022 consolidated total £'000
Revenue	7,341	3,407	5,113	1,471	17,332	-	17,332
Cost of sales	(1,116)	(50)	(943)	(129)	(2,238)	-	(2,238)
Gross profit	6,225	3,357	4,170	1,342	15,094	-	15,094
Gross profit %	85%	99%	82%	91%	87%	-	87%
Operating expenses (excluding depreciation and amortisation)	(5,578)	(1,482)	(3,088)	(1,499)	(11,647)	(582)	(12,229)
Other income	6	35	49	-	90	-	90
Divisional earnings/(loss)	653	1,910	1,131	(157)	3,537	(582)	2,955
Highlighted items	-	(158)	202	-	44	-	44
Depreciation and amortisation (excluding right-of-use assets)	(246)	(219)	(152)	(169)	(786)	-	(786)
Depreciation of right of use assets	(5)	(430)	(400)	(46)	(881)	(16)	(897)
Operating profit/(loss)	402	1,103	781	(372)	1,914	(598)	1,316
Net finance cost (excluding interest on lease liabilities)	-	-	-	-	-	(247)	(247)

Net finance cost arising on lease liabilities	(1)	(138)	(135)	(92)	(366)	(2)	(368)
Profit/(loss) before tax	401	965	646	(464)	1,548	(847)	701
Income tax	-	-	-	-	-	(281)	(281)
Profit/(loss) after tax	401	965	646	(464)	1,548	(1,128)	420
EBITDA	653	1,910	1,131	(157)	3,537	(582)	2,955

4. HIGHLIGHTED ITEMS

	<i>6 months to 25 June 2023</i>	<i>6 months to 26 June 2022</i>
	<i>£'000</i>	<i>£'000</i>
Impairment charge - goodwill	1,070	643
Impairment charge/(credit) - property, plant and equipment	303	(424)
Impairment charge/(credit) - right-of-use assets	1,585	(489)
Turnover rent charge	-	107
Charge on recognition of in-substance fixed rent	-	264
Gain on derecognition of lease liabilities using IFRS 9 derecognition criteria	-	(145)
Total	2,958	(44)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. HIGHLIGHTED ITEMS (continued)

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.

6 month period ended 25 June 2023

The Group performed an impairment test in June 2023, resulting in total impairments applied of £2,958,000, split between goodwill (£1,070,000), property, plant and equipment (£303,000) and right-of-use assets (£1,585,000). See Note 8 for further details.

6 month period ended 26 June 2022

The Group performed an impairment test in June 2022, resulting in an impairment of £643,000 in the Rushden site, and 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 reversals were in respect of impairments that were applied as part of management's 2020 impairment review.

At June 2022, management 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,

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 payments. In accordance with IFRS 16, rent payments totalling £264,000 were added back to the lease liability on the balance sheet, with the corresponding entry being recognised within highlighted items in the Statement of Comprehensive Income for the 6 month period ended 26 June 2022 in order to ensure consistency with the treatment of previously derecognised liabilities in prior periods. Prior to this assessment having been made, turnover rent recognised within highlighted items totalled £107,000.

As a result of the COVID-19 pandemic, the Group agreed temporary lease variations that amounted, in substance, to forgiveness of rent payable without materially changing the present value of total cash outflows over the life of the lease. Consequently, the Group de-recognised 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 recognised total credits of £144,000 within highlighted items in the Statement of Comprehensive Income during the period ended 26 June 2022.

5. TAXATION

The tax credit of £0.3 million (2022: charge of £0.3 million) has been calculated by reference to the expected effective current and deferred tax rates for the 12 month period to the 31 December 2023 applied against the loss before tax for the period ended 25 June 2023. The full year effective tax charge on the underlying trading profit is estimated to be £nil (18 months ended 25 December 2022: £1.3 million).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. (LOSSES)/EARNINGS PER SHARE

The weighted average number of shares in the period was:

	<i>6 months to 25 June 2023</i>	<i>6 months to 26 June 2022</i>
	Thousands of shares	Thousands of shares
Ordinary shares	37,286	37,286
Weighted average number of shares - basic	37,286	37,286
Dilutive effect on ordinary shares from share options	286	-
Weighted average number of shares - diluted	37,572	37,286

Basic and diluted (losses)/earnings per share are calculated by dividing the (loss)/profit for the period into the weighted average number of shares for the year. In order to provide a measure of underlying performance, management have chosen to present an adjusted (loss)/profit for the period, which excludes items that may distort comparability. Such items arise from events or transactions that fall within the ordinary activities of the Group but

which management believes should be separately identified to help explain underlying performance.

	<i>6 months to 25 June 2023</i>	<i>6 months to 26 June 2022</i>
(Losses)/earnings per share from (loss)/profit for the period		
Basic (pence)	(9.6)	1.1
Diluted (pence)	(9.6)	1.1
Adjusted (losses)/earnings per share from (loss)/profit for the period		
Basic (pence)	(1.7)	0.9
Diluted (pence)	(1.7)	0.9

7. RECONCILIATION TO EBITDA

Group (loss)/profit before tax for the period can be reconciled to Group EBITDA as follows:

	<i>6 months to 25 June 2023</i>	<i>6 months to 26 June 2022</i>
EBITDA Reconciliation		
(Loss)/profit before tax for the period	(3,930)	701
<i>Add back:</i>		
Depreciation of property, plant and equipment	750	751
Depreciation of right-of-use-assets	866	897
Amortisation of intangible assets	31	35
Net finance costs	714	615
Highlighted items	2,958	(44)
Group EBITDA	1,389	2,955

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. IMPAIRMENT REVIEW

The Group performed an impairment test in June 2023, with continuing inflationary pressures and decline in consumer confidence being considered by management to be indicators of impairment, prompting a full review of the recoverable amount of all CGUs within the Group. The Group considers the relationship between the trading performance of each cash generating unit ('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.

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.

Based on management's review of the expected performance of the core estate, an impairment to goodwill of £1,070,000 was identified in Lightwater Valley (2022: £nil). Further impairments were applied to property, plant and equipment of £303,000 (2022: £nil) and right-of-use assets of £1,585,000 (2022: £nil) in the Bars division. The impairments that were recognised following the June 2023 Group impairment review, along with their impact on the carrying value of the Group's CGUs, are detailed in the table below:

	Carrying value prior to June 2023 impairment review	Impairment	Carrying value carried forward after June 2023 impairment review
	£'000	£'000	£'000
Goodwill	9,272	(1,070)	8,202
Property, plant and equipment	27,767	(303)	27,464
Right-of-use assets	24,463	(1,585)	22,878
Total carrying value of CGUs	61,502	(2,958)	58,544

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