8 May 2024

The Brighton Pier Group PLC

(the "Company" or the "Group")

Final results

(for the 12 months to 24 December 2023)

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

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 prior period financial results are presented on an 18 month basis to 25 December 2022, and will not be directly comparable to current year financial information, which is presented on a 12 month basis to 24 December 2023. Going forwards, the change of year end date will enable more meaningful comparison of the Group's financial performance, as it ensures that the typically busy summer trading months are aggregated within a single reporting period.

Overall, trading conditions were challenging for the business, with cost of living pressures softening consumer demand, most notably in the Bars division, as well as poor weather, train strikes and a fire at the Royal Albion Hotel impacting footfall to the Pier during key trading periods.

The Group recorded £8.2 million of non-cash highlighted items during the year, of which £8.3 million related to impairment charges to its goodwill, property, plant and equipment and right-of-use assets. Of these impairment charges, £4.9 million related to the disposal of three sites in the Bars division in Manchester, Cambridge and Brighton. The decision to dispose of these sites was taken at the end of 2023 and as of 7 May 2024, Cambridge and Brighton have been sold. The disposal of Manchester is also expected to complete in 2024. This will result in a £4.6 million non-cash gain from the release of the lease liabilities associated with these sites, broadly offsetting the impairment charges recognised during 2023. This will positively impact 2024 reported earnings.

Trading in 2024 is anticipated to be in line with market expectations and we have taken a number of positive steps across the four divisions to enhance the Group's proposition going forwards.

Financial results	**12 months ended 24 December 2023**	18 months ended 25 December 2022
	£m	£m
	(unless otherwise stated)	(unless otherwise stated)
Revenue	**34.8**	58.9
Group EBITDA	**4.2**	13.9
(Loss)/profit before taxation	**(8.8)**	7.6
(Loss)/profit after taxation	**(7.5)**	6.4
Basic (losses)/earnings per share	**(20.2)p**	17.1p
Diluted (losses)/earnings per share	**(20.2)p**	16.9p
Highlighted items	**(8.2)**	0.5
Group adjusted EBITDA	**4.3**	13.8
(Loss)/profit before taxation – excluding highlighted items	**(0.6)**	7.2
Adjusted basic (losses)/earnings per share	**(1.7)p**	16.4p
Adjusted diluted (losses)/earnings per share	**(1.7)p**	16.2p

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

"In spite of a number of operational challenges experienced during 2023, the Group delivered a resilient underlying trading performance.

While the outlook must continue to be one of caution until economic conditions improve, the plan to trial charging for admissions to the Pier during peak trading periods, the rationalisation of the loss-making sites in the Bars division and the ongoing lodges project at Lightwater Valley are all important developments that should enhance the Group's ability to successfully navigate the challenges faced."

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This announcement contains inside information

Chairman's statement

This report covers the 12 months ended 24 December 2023, with comparisons to 2022 financial performance being for the 18 months ended 25 December 2022, following the change to the Company's accounting reference date on 20 June 2022. Throughout this document, references to like-for-like trading compare the 12 months ended 24 December 2023 with the 12 months ended 25 December 2022. In future periods, comparison of the Group's performance will be on a 12 month basis.

Group revenue for the 12 month period was at £34.8 million (2022: 18 month period at £58.9 million), EBITDA for the 12 month period was £4.2 million (2022: 18 month period at £13.9 million) and losses per share, excluding highlighted items for the 12 months were (1.7) pence (2022: 18 month period earnings per share of 16.4 pence).

Inflationary pressures persisted throughout the trading period, restricting the disposable incomes of the Group's target markets and affecting footfall and revenue across the majority of the estate. These pressures have also led to significant cost increases, which, despite best efforts, could not be fully recovered from our customers. The most significant cost increases were related to food & beverage, wages and insurance. Despite these challenges, all four divisions have remained resilient and continue to generate positive EBITDA.

The general fragility in the consumer discretionary market was exacerbated further by exceptionally poor weather across the key summer trading months, and the disruption caused by unpredictable weather patterns continues to be a challenge for us all.

In addition, rolling train strikes and a fire at the Royal Albion Hotel (which restricted access to the Pier during peak season) combined to reduce footfall onto the Pier by 18% during the key summer months. In spite of this, the Pier held like-for-like sales to just 3% lower versus 2022, a positive reflection of the enduring appeal of this historic attraction. As these strikes continue into 2024, I am surely not alone in urging a swift resolution to the disputes between union members and the respective rail operators.

Despite the shift in customer preferences away from larger shopping centres, trading in the Golf has remained robust. Like-for-like sales are broadly in line with 2022 (1% down), and the combination of competitive pricing and wide demographic appeal should ensure that this division continues to hold up well in the future.

I was also pleased to see like-for-like sales at Lightwater Valley up by 7% on comparable months in 2022, as the Group experimented with a more dynamic pricing structure to target its customer base more effectively. Overall trading remained challenging during 2023, and the impairment charges recognised during the period reflect a more cautious outlook going forward. A number of operational efficiencies were implemented during the Park's closure in the winter months of 2023 and early trading during 2024 has been promising.

The Bars division has been the most significantly disrupted by economic and social pressures experienced during 2023, with weak trading across the majority of the eight sites. In late 2023, the Group took the decision to dispose of three sites, all of which were loss-making. The disposal of these three sites is expected to deliver a more consistent trading result for the remainder of the division. The impairment charges recognised during the period reflect the write-down of property, plant and equipment and right-of-use assets associated with these three sites. It should be noted that in the next reporting period, these charges will be broadly offset by a corresponding non-cash gain from the reversal of the lease liabilities for these sites, improving earnings in 2024. The disposal of the three sites is expected to deliver a more consistent trading result for the remainder of the division, although the outlook remains one of caution in the late-night sector.

On 20 December 2023, the Group completed the second stage refinancing of its borrowing facilities, replacing its £10.9 million term loan and £1.0 million revolving credit facility with a larger £5.0 million revolving credit facility and a reduced term loan of £6.9 million. These new facilities provide the Group with additional operational flexibility and will provide the opportunity to reduce its interest costs going forward. The new facilities expire on 31 December 2027. The Group also made a final repayment on its Coronavirus Business Interruption Loans during 2023, with £5.0 million of loans received having now been repaid in full. As at 24 December 2023, the Group had total cash and cash equivalents of £4.0 million (2022: £4.2 million).

Trading has been subdued for the first 18 weeks of 2024 at 5% below the comparable period in 2023, as household disposable incomes remain under pressure. Unhelpful weather conditions have also persisted in the early months of the year. However, there is scope over the summer to recover this position, especially when coupled with the savings from the disposed bars, the proposed introduction of a £1 admission charge for the Pier for all non-residents of Brighton and the encouraging early trading from Lightwater Valley in 2024. We therefore believe that we will be able to manage the challenges of this current market, with the Group in a stronger position than at the start of 2022. However, we need the economic headwinds from high inflation and interest rates to abate, in order to move from a conservative to a more positive outlook for the Group.

The Board does not propose to pay any dividend in respect of the 2023 reporting period (2022: nil).

Luke Johnson

Non-Executive Chairman

7 May 2024

Chief Executive Officer's report

This business review covers the trading results for the 12 months ended 24 December 2023 (2022: 18 months ended 25 December 2022), following the change to the Company's accounting reference date on 20 June 2022.

Full-year results for the 12 months to 24 December 2023

Unless otherwise stated, comparisons to 2022 financial performance below are for the 18 months ended 25 December 2022.

Revenue for the period was £34.8 million (2022: £58.9 million). This primarily reflects the shorter period of account. On a like-for-like basis (comparing with the 12 months ending 25 December 2022), Group revenue was down 4%, primarily due to softer trading in the Bars division, but also as a result of weekend train strikes, poor weather and the hotel fire impacting footfall to the Pier over the key summer months.

Revenue split by division:

•	Pier division	£15.6 million	(2022: £25.3 million)
•	Golf division	£6.2 million	(2022: £10.0 million)
•	Bars division	£8.4 million	(2022: £15.5 million)
•	Lightwater Valley	£4.6 million	(2022: £8.1 million)

On a divisional basis and comparing with the like-for-like period in 2022:

- Brighton Palace Pier like-for-like sales were down 3% on 2022;
- Golf division like-for-like sales were down 1% on 2022;
- Lightwater Valley like-for-like sales were up 7% on 2022; and
- Bars division like-for-like sales were down 12% on 2022.

Group gross margin for the period was 86 % (2022: 87%), with inflationary pressures primarily in relation to food & beverage continuing to affect the Group.

Group adjusted EBITDA (see Notes 2 and 6) for the period was £4.3 million (2022: £13.8 million).

Adjusted EBITDA split by division:

• Pier division	£1.7 million	(2022: £4.7 million)
• Golf division	£2.8 million	(2022: £5.5 million)
• Bars division	£0.7 million	(2022: £3.5 million)
• Lightwater Valley	£0.4 million	(2022: £1.9 million)
• Group overhead	£(1.3) million	(2022: £(1.8) million)

Group EBITDA (see Notes 2 and 6) for the period was £4.2 million (2022: £13.9 million).

Highlighted items consist of non-cash charges of £8.2 million (2022: £0.5 million of net gains) which were recognised during the period - see Note 3 for further details. These arose from:

- £(3.0) million – impairment charges to right-of-use assets;
- £(3.0) million – impairment charges to assets held for sale;
- £(1.3) million – impairment charges to goodwill;
- £(1.0) million – impairment charges to property, plant and equipment; and
- £0.1 million – release of provision in relation to an ongoing legal claim.

Net finance costs of £1.7 million (2022: £1.8 million), made up of:

• Interest on borrowings	£0.8 million	(2022: £0.7 million)
• Interest on leases	£0.7 million	(2022: £1.1 million)
• Loan fee amortisation	£0.2 million	(2022: £nil)

Operating loss was £(7.1) million (2022: £9.4 million profit).

Loss before tax (excluding highlighted items) was £(0.6) million (2022: £7.2 million profit).

Loss before tax was £(8.8) million (2022: £7.6 million profit), primarily due to £(8.3) million of impairment charges recognised within highlighted items in the current period.

Taxation on ordinary activities totalling credits of £(1.3) million (2022: tax charges of £1.3 million).

Loss after tax was £(7.5) million (2022: £6.4 million profit).

Basic losses per share (excluding highlighted items) were (1.7) pence (2022: 16.4 pence earnings per share) – see Note 4 for further details.

Basic losses per share were (20.2) pence (2022: 17.1 pence earnings per share) – see Note 4 for further details.

Divisional Review

Pier division

- *Revenue* – for the 12 month period was £15.6 million (2022: 18 month period at £25.3 million)
- *Like-for-like sales* – down 3% on the 12 month period ending 25 December 2022
- *Gross margin* – down 2% at 83% (2022: 85%), from a combination of sales mix (with lower footfall impacting the high margin rides business) and significant inflationary pressures (in particular in relation to food & beverage operations).
- *EBITDA* – for the 12 month period was £1.7 million (2022: 18 month period at £4.7 million)

The trading performance of the Pier was negatively impacted by exceptionally poor weather during the key summer months, with periods of high winds and sustained heavy rain. This was further worsened by significant disruption caused by both ongoing train strikes and a major fire at the hotel opposite the Pier's entrance in July 2023. These factors combined negatively impacted the number of visitors to the Pier, with summer footfall down 18% on the equivalent like-for-like period in 2022, although like-for-like sales were down only 3% for the full year.

Despite disappointing weather over the summer months the Pier continues to diversify its offering. The Easter promotional activity and themed events for the King Charles III Coronation weekend brought high footfall to the Pier. The fifth annual 'PierFest' - a music, theatre and film festival hosted entirely on the Pier - was the best attended yet, assisted by an unusually warm September 2023. We have made significant inroads in building our local residents database and, mainly through word-of-mouth recommendations, have increased our events and functions business which we believe will continue to grow. We are actively focusing on additional opportunities in this field over the coming months.

The Pier added a 'Rockin' Tug' children's ride to the fairground to complement its existing offering. The Rides continue to provide a unique offering to visitors and, when weather conditions permit, they significantly bolster the trading performance for the division as a whole.

Shareholders will be aware that each year we undertake a substructure survey which forms the basis for the annual maintenance plan by grading all the steelwork supporting the deck. This is also complemented every five to six years by a dive survey, which inspects the structure of the Pier below the water line. The dive survey was last completed during 2023 and we can report that no additional maintenance requirements in excess of those normally budgeted have arisen from either survey. The next dive survey is scheduled to take place in 2028.

Golf division

- *Revenue* – for the 12 month period at £6.2 million (2022: 18 month period at £10.0 million)
- *Like-for-like sales* – down 1% on the 12 month period ending 25 December 2022
- *Gross margin* – down 1% at 98% (2022: 99%)
- *EBITDA* – for the 12 month period at £2.8 million (2022: 18 month period at £5.5 million)

The Golf division delivered another robust performance during 2023, with sales broadly in line with 2022 on a like-for-like basis. As in all of the Group's divisions, inflationary increases have applied pressure to operating margins, with increased food offerings in the Plymouth site being the main driver behind the 1% reduction in gross margin to 98% (2022: 99%).

Bars division

- *Revenue* – for the 12 month period at £8.4 million (2022: 18 month period at £15.5 million)
- *Like-for-like sales* – down 12% on the 12 month period ending 25 December 2022
- *Gross margin* – in line with last year at 82% (2022: 82%)
- *EBITDA* – for the 12 month period at £0.6 million (2022: 18 month period at £3.5 million)

Trading conditions in the Bars division continue to be challenging, with the contraction in disposable consumer income having a severe impact on the younger target demographic, particularly in the late-night-focused sites. The 12% decline versus 2022 on a like-for-like basis was driven in part by a challenging comparative, with early 2022 still experiencing exceptional post-pandemic demand.

Lowlander Grand Café experienced stronger trading, particularly in the second half of the year, with the venue's unique offering of Belgian craft beers and a regularly evolving brasserie menu driving a 9% like-for-like sales increase. Trading is continuing well in the early months of 2024.

In December 2023, the Group took the decision to dispose of three loss-making sites: Manchester, Cambridge and Brighton , with a view to delivering a more consistent and profitable trading result for the remainder of the division.

Lightwater Valley

- *Revenue* – for the 12 month period at £4.6 million (2022: 18 month period at £8.1 million)
- *Like-for-like sales* – up 7% on the 12 month period ending 25 December 2022
- *Gross margin* – down 1% at 86% (2022: 87%)
- *EBITDA* – for the 12 month period at £0.4 million (2022: 18 month period at £1.9 million)

Whilst trading was impacted by wet weather during July and August 2023, the Park's peak trading period, it was nevertheless encouraging to see sales, EBITDA and visitor numbers ahead of 2022 on a like-for-like basis. We have introduced a number of improvements to the catering operation during the Park's winter closure, with the intention of driving additional spend per head in the summer of 2024. This has been coupled with a comprehensive review of staff allocations during peak times, which is expected to lead to more efficient rota planning.

The Park continued to host themed calendar events, with special seasonal offerings at Easter and Halloween being well-received by customers. This year saw the introduction of a number of dinosaur-themed attractions, with Rex the Valleysaurus joining Ebor the Dragon as the second Park mascot. Lightwater Valley also broke a record for weekend visitors during the Coronation of King Charles III in May 2023 with over 6,000 visitors on one day.

The development of 20 pod-type units for rental has continued during the year, with planning variations approved in the second half of the year.

Financial review

Unless otherwise stated, comparisons to 2022 financial performance are for the 18 months ended 25 December 2022.

Cash flow

Cash flow generated from operations (after interest and tax payments) available for investment was £1.8 million (2022: £10.7 million). This decrease was principally driven by the lower profit before tax in the current period.

Property, plant and equipment and software

The Group invested £0.8 million in capital expenditure during the period (2022: £1.3 million):

- £0.4 million was spent on the Pier division, £0.3 million of which related to various IT infrastructure upgrades, with the balance relating to minor expenditure;
- £0.2 million was spent in the Bars division on ERP software upgrades alongside other minor refurbishments across the trading sites;
- £0.1 million was spent at Lightwater Valley in relation to ride upgrades and the lodges development plan;
- £0.03 million was spent in the Golf division on minor course improvements across the estate; and
- £0.1 million was spent on Group IT infrastructure.

Current bank debt and cash

On 20 December 2023, the Group completed the second stage refinancing of its borrowing facilities, replacing its £10.9 million term loan and £1.0 million revolving credit facility with a larger £5.0 million revolving credit facility and a reduced term loan of £6.9 million. These new facilities will provide the Group with additional operational flexibility and reduce its interest costs going forwards. The new facilities expire on 31 December 2027.

At the period end the Group had total bank debt of £11.4 million (2022: £11.3 million net of loan amortisation fees), and net debt (total bank debt less cash and cash equivalents) of £7.4 million (2022: £7.1 million), broken down as follows:

- An outstanding principal term facility of £6.9 million (2022: £10.9 million):
  - £3.9 million debt repayment was made in the period (2022: £0.9 million), using the new £5.0 million RCF facility available to the Group (see below)
  - £0.7 million is due within the next twelve months to the end of December 2024
- RCF facility drawdowns of £4.5 million (2022: £nil):
  - Current facility is £5.0 million (2022: £1.0 million)
  - Facility was initially drawn down at £4.5 million to facilitate repayment of the term loan.
- CBILS 2 facility of £nil (2022: £0.5 million):
  - Final repayment of £0.5 million made at the end of March 2023.
- Cash balances of £4.0 million (2022: £4.2 million).

During the 12 month period, the Group made net drawdowns of £0.1 million (2022: net repayments of £9.1 million), made up of:

- £4.5 million drawdown of the RCF (2022: £3.6 million repayment);
- £(3.9) million repayment of the principal term facility (2022: £0.9 million repayment);
- £(0.5) million repayment of the CBILS 2 facility (2022: £2.7 million repayment); and
- £nil repayment of the CBILS 1 facility (2022: £1.8 million repayment).

Key performance indicators ('KPI's)

The Group's KPIs remain focused on the continued growth of the Group to drive revenues, EBITDA (see Notes 2 and 6) and earnings growth.

The like-for-like period is defined as the 12 month period ending 25 December 2022. Total Group revenue for the period was £34.8 million (2022: £58.9 million), down 4% on the like-for-like period in 2022 (2022: £36.1 million).

Revenue split by division:

• Pier division	£15.6 million	(2022: £25.3 million)
• Golf division	£6.2 million	(2022: £10.0 million)
• Bars division	£8.4 million	(2022: £15.5 million)
• Lightwater Valley	£4.6 million	(2022: £8.1 million)

On a divisional basis and comparing with the like-for-like period in 2022:

- Brighton Palace Pier like-for-like sales were down 3% on 2022;

- Golf division like-for-like sales were down 1% on 2022;
- Lightwater Valley like-for-like sales were up 7% on 2022; and
- Bars division like-for-like sales were down 12% on 2022.

EBITDA split by division:

• Pier division	£1.7 million	(2022: £4.7 million)
• Golf division	£2.8 million	(2022: £5.5 million)
• Bars division	£0.6 million	(2022: £3.5 million)
• Lightwater Valley	£0.4 million	(2022: £1.9 million)
• Group overhead	£(1.3) million	(2022: £(1.7) million)

Group loss on ordinary activities before taxation, excluding highlighted items, was at £(0.6) million (2022: £7.2 million profit).

Group loss on ordinary activities after taxation was at £(7.5) million (2022: £6.4 million profit).

Significant events that have taken place since the year end

In December 2023, the Group took the decision to dispose of three loss-making sites in the Bars division: Manchester, Cambridge and Brighton. The assets relating to these sites were fully impaired during the 12 month period ended 24 December 2023, resulting in total charges recognised within highlighted items of £4.9 million. The associated lease liabilities, which will be derecognised upon the completion of the disposal of the sites, were recognised as held for sale as at 24 December 2023. The resulting gains are expected to be approximately £4.6 million, broadly offsetting the impairment charges recognised during the 12 months ending 24 December 2023 and improving expected earnings for 2024. As of the date of this report, the disposal of Cambridge and Brighton has been completed.

On 22 April 2024, the Group signed an amendment to its loan facility. This amendment altered the quarterly covenants that the Group tests on a quarterly basis. The other principal terms of the loan facility were unchanged from that agreed on 20 December 2023.

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

Short-to-medium term strategy and outlook

Whilst the rate of inflation has eased over the previous year, high interest rates and living costs continue to weigh on consumer discretionary spend. Coupled with disappointing weather in the early months of 2024, footfall was affected across the Group’s trading estate.

Despite these challenges, all four divisions have remained resilient and continue to generate positive EBITDA.

Furthermore, the Group continues to execute a number of actions that will impact positively on earnings for the current year.

In the Bars, the disposal of three loss-making sites at the beginning of the year (namely Brighton, Cambridge and Manchester), together with savings in overhead, will improve the profitability of the division going forward.

On the Pier, the Group intends to charge for admission during peak trading periods in the summer. This fee, which will not apply to local residents, will allow us to continue to invest in the structure of the Pier and additionally to contribute to its ever-increasing operating costs. Brighton Palace Pier is an iconic landmark in Brighton which attracts tourists from all over the world and these visitors also contribute significant revenue to the city as a whole.

Lightwater Valley has undergone a number of improvements over the closed winter period, and early trading in 2024 has been promising. Planning variations have recently been approved for a mixed-use development for lodges, pods and camping areas in the grounds of the Park. The Group looks forward to realising this exciting additional revenue stream in the years ahead.

Finally, the Golf division continues to trade well and we believe there is further potential to expand this division with new sites when suitable opportunities arise.

Current trading

Current Group like-for-like sales for the first 18 weeks of 2024 were down £(0.5) million or 5% below the equivalent period in 2023.

The notable highlight so far has been Lightwater Valley, which at total sales of £0.8 million is £0.3m ahead of last year. The division benefited from the sunny weather across the Easter holiday period.

The Bars division continues to experience challenging trading conditions, with total sales of £1.8m, down £(0.2) million against 2023.

The Golf division has benefited from the poor weather with sales for the 18 week period in line with last year at £2.4 million.

By contrast, the Pier was hampered by poor weather in the early months of 2024, with Brighton experiencing record levels of rainfall in February. Total sales of £3.4m were £(0.6) million lower than the equivalent weeks in 2023.

Whilst trading was slightly below the prior year equivalent in the first 18 weeks of 2024, there remain opportunities from the busy summer trading period ahead. Furthermore, when coupled with savings from the disposed bars, admission charging on the Pier and encouraging early sales in Lightwater Valley, we believe the shortfall from the first 18 weeks can be recovered.

Longer term developments

The Group will continue exploring further opportunities for organic revenue growth that, combined with ongoing optimisation of operations across all four divisions, will yield a resilient trading performance. There are early signs that macroeconomic headwinds are easing and, while the Group remains cautious in the immediate term, it is also keen to identify further growth opportunities as conditions improve.

Consolidated statement of comprehensive income

For the 12 month period ended 24 December 2023

	Notes	***12 months ended 24 December 2023 £'000***	*18 months ended 25 December 2022 £'000*
Revenue		**34,761**	58,905
Cost of sales		**(4,907)**	(7,748)
Gross profit		**29,854**	51,157
Operating expenses - excluding highlighted items		**(28,822)**	(42,373)
Highlighted items	*3*	**(8,222)**	451
Total operating expenses		**(37,044)**	(41,922)
Other income		**44**	197
Operating profit - excluding highlighted items		**1,076**	8,981
Highlighted items	*3*	**(8,222)**	451
Operating (loss)/profit		**(7,146)**	9,432
Finance income		**80**	24
Finance cost		**(1,752)**	(1,817)
(Loss)/profit before tax - excluding highlighted items		**(596)**	7,188
Highlighted items	*3*	**(8,222)**	451
(Loss)/profit on ordinary activities before taxation		**(8,818)**	7,639
Taxation on ordinary activities		**1,282**	(1,266)
(Loss)/profit and total comprehensive (expense)/income for the period		**(7,536)**	6,373
(Losses)/earnings per share – basic* (pence)	*4*	**(20.2)**	17.1
Adjusted (losses)/earnings per share – basic* (pence)	*4*	**(1.7)**	16.4

* 2023 basic weighted average number of shares in issue is 37.29 million (2022: 37.29 million).

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

Consolidated balance sheet

As at 24 December 2023

	As at 24 December 2023	As at 25 December 2022
	£'000	£'000
Non-current assets		
Intangible assets	**8,222**	9,545
Property, plant and equipment	**26,083**	28,139
Right-of-use assets	**18,761**	25,223
Deferred tax asset	**1,016**	-
	54,082	62,907
Current assets		
Inventories	**868**	815
Trade and other receivables	**1,783**	1,835
Income tax receivable	**42**	-
Cash and cash equivalents	**3,952**	4,208
	6,645	6,858
TOTAL ASSETS	**60,727**	69,765
EQUITY		
Issued share capital	**9,322**	9,322
Share premium	**15,993**	15,993
Merger reserve	**(1,111)**	(1,111)
Other reserve	**452**	452
Retained (deficit)/earnings	**(6,639)**	897
Equity attributable to equity shareholders of the Parent	**18,017**	25,553
TOTAL EQUITY	**18,017**	25,553
LIABILITIES		
Current liabilities		
Trade and other payables	**4,419**	3,833
Other financial liabilities	**690**	11,327
Lease liabilities	**1,793**	1,808
Income tax payable	**-**	987
Provisions	**-**	119
Liabilities held for sale	**4,600**	-
	11,502	18,074
Non-current liabilities		
Other financial liabilities	**10,710**	-
Lease liabilities	**20,288**	25,365
Deferred tax liability	**-**	512
Other payables due in more than one year	**210**	261
	31,208	26,138
TOTAL LIABILITIES	**42,710**	44,212
TOTAL EQUITY AND LIABILITIES	**60,727**	69,765

Consolidated statement of cash flows

For the 12 month period ended 24 December 2023

	Notes	***12 months to 24 December 2023 £'000***	*18 months to 25 December 2022 £'000*
Operating activities			
(Loss)/profit before tax		**(8,818)**	7,639
Net finance costs		**1,672**	1,793
Amortisation of intangible assets		**83**	126
Impairment of goodwill	*5*	**1,326**	985
Impairment/(reversal of impairment) of property, plant and equipment	*5*	**957**	(424)
Impairment/(reversal of impairment) of right of use assets	*5*	**3,044**	(489)
Impairment of assets held for sale	*5*	**3,014**	-
Depreciation of property, plant and equipment		**1,380**	2,372
Depreciation of right-of-use assets		**1,674**	2,453
Gain on disposal of property, plant and equipment		**(107)**	-
Gain on derecognition of lease liabilities due to disposal		**-**	(688)
Gain on derecognition of lease liabilities due to waivers & concessions		**(6)**	(402)
Charge on recognition of in-substance fixed rent		**-**	268
Increase in provisions and deferred tax		**(119)**	119
Increase in inventories		**(53)**	(84)
(Increase)/decrease in trade and other receivables		**52**	2,381
Increase/(decrease) in trade and other payables		**462**	(3,539)
Interest paid on borrowings		**(816)**	(712)
Interest paid on lease liabilities		**(735)**	(1,105)
Interest received		**80**	24
Income tax paid		**(1,275)**	(32)
Net cash flow generated from operating activities		**1,815**	10,685
Investing activities			
Purchase of property, plant and equipment and intangible assets		**(829)**	(1,296)
Proceeds from disposal of property, plant and equipment		**107**	18
Payment of deferred and contingent consideration to former Lightwater Valley Attractions Limited shareholders		**-**	(1,000)
Net cash flows used in investing activities		**(722)**	(2,278)
Financing activities			
Proceeds from borrowings		**4,500**	-
Repayment of borrowings		**(4,467)**	(9,063)
Amortisation of arrangement fees		**(116)**	-
Principal paid on lease liabilities		**(1,266)**	(2,216)
Net cash flows used in financing activities		**(1,349)**	(11,279)
Net decrease in cash and cash equivalents		**(256)**	(2,872)
Cash and cash equivalents at beginning of period		**4,208**	7,080
Cash and cash equivalents at end of period		**3,952**	4,208

Consolidated statement of changes in equity

For the 12 month period ended 24 December 2023

	Issued share capital	*Share premium*	*Merger reserve*	*Other reserves*	*Retained (deficit)/ earnings*	*Total shareholders' equity*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
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**
Loss and total comprehensive expense for the period	-	-	-	-	(7,536)	(7,536)
At 24 December 2023	**9,322**	**15,993**	**(1,111)**	**452**	**(6,639)**	**18,017**

Notes to the consolidated financial statements

For the 12 month period ended 24 December 2023

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 24 December 2023, the Group also operated eight premium bars (2022: eight) and eight (2022: 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 7 May 2024. The preliminary results for the period ended 24 December 2023 are based on the audited financial statements for the same period. The financial information for the period ended 24 December 2023 and the period ended 25 December 2022 does not constitute the company's statutory accounts for those periods. The auditors' reports on the accounts for 24 December 2023 and 25 December 2022 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 UK-adopted International Accounting Standards ('IASs') in conformity with the requirements of the Companies Act 2006. The consolidated financial statements also comply fully with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB'). The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 24 December 2023. 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 prior period financial results are presented on an 18 month basis to 25 December 2022, and will not be directly comparable to current year financial information, which is presented on a 12 month basis to 24 December 2023.

Going concern

As at 24 December 2023, the Group had net current liabilities of £4,857,000 (2022: £11,216,000). The Group also had cash and cash equivalents of £3,952,000 (2022: £4,208,000) 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 term loan of £6,900,000, which was initially entered into in April 2016. The term loan was extended for a period of 4 years on 20 December 2023 and is now due for final repayment on 31 December 2027. As a consequence, loan repayments of £690,000 are payable over the next 12 months;
- a revolving credit facility of £5,000,000, which was initially entered into in April 2016. This facility was increased from £1,000,000 on 20 December 2023 and was also extended for a period of 4 years, with a final repayment date of 31 December 2027. As at 24 December 2023, this facility was £4,500,000 drawn (2022: undrawn); and
- the Group also made a final repayment of £457,000 at the end of March 2023 in relation to its Coronavirus Business Interruption Loans (CBILs). No further amounts are due.

Quarterly covenant tests are in place over the bank facilities. These tests were revised on 22 April 2024, and the Group is now subject to a Minimum EBITDA (on a pre-IFRS 16 basis) and Minimum Liquidity test in June 2024, with Net Leverage, Interest Cover and Debt Service Cover tests commencing in September 2024. The loan to value test was unchanged. The Group was compliant with all applicable covenant tests as of both 24 December 2023 and 24 March 2024.

The Directors and management of the business have used Board-approved forecast cash flows covering the period through to December 2025 as a base case. In this scenario, no covenant breaches are forecast.

These forecasts have been subjected to scenario modelling and sensitivity analysis which the Directors consider to be sufficiently robust. Based on this information, the Directors expect the following:

- that in a reasonably possible downturn in expected trading performance, no covenant breaches will occur;
- that in the event that trading performance were to fall below current expectations, the Group would have the ability to take mitigating actions to respond as necessary, for example by reducing discretionary spend for larger capex projects;

- that in a reverse stress test scenario, which measures the point at which covenant breaches occur, the Group's EBITDA for the 12 months ending 31 December 2024 would need to be 46% lower than the Board-approved budget, updated for actual trading through to the end of February 2024;
- that the Group will 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 existing cash resources available to it; and
- that the Group will have sufficient cash resources available to meet all of its liabilities as they fall due.

Accordingly, management do not consider that there is a material uncertainty in relation to going concern and consequently, these financial statements have been prepared on a going concern basis.

2. Segmental information

12 month period ended 24 December 2023	Brighton Palace Pier £'000	Golf £'000	Bars £'000	Lightwater Valley £'000	Total segments £'000	Head office costs £'000	2023 consolidated total £'000
Revenue from contracts with customers:							
Food & beverage	6,602	163	7,201	977	14,943	-	14,943
Admissions	-	5,991	885	2,973	9,849	-	9,849
Rides and other attractions	8,822	68	-	97	8,987		8,987
Other	177	4	261	540	982	-	982
Total revenue	**15,601**	**6,226**	**8,347**	**4,587**	**34,761**	**-**	**34,761**
Cost of sales	(2,630)	(100)	(1,518)	(659)	(4,907)	-	(4,907)
Gross profit	**12,971**	**6,126**	**6,829**	**3,928**	**29,854**	**-**	**29,854**
Gross profit %	83%	98%	82%	86%	86%		86%
Administrative expenses:							
Other administrative expenses (excluding depreciation and amortisation)	(11,212)	(3,334)	(6,300)	(3,543)	(24,389)	(1,296)	(25,685)
Other income:							
Insurance income	-	17	-	-	17	-	17
Other income	-	-	27	-	27	-	27
EBITDA	**1,759**	**2,809**	**556**	**385**	**5,509**	**(1,296)**	**4,213**
Depreciation and amortisation (excluding depreciation of right-of-use assets)	(403)	(384)	(353)	(323)	(1,463)	-	(1,463)
Depreciation of right-of-use assets	(4)	(861)	(705)	(104)	(1,674)	-	(1,674)
Operating profit/(loss) (excluding highlighted items)	**1,352**	**1,564**	**(502)**	**(42)**	**2,372**	**(1,296)**	**1,076**
Highlighted items	-	(256)	(5,205)	(2,761)	(8,222)	-	(8,222)
Net finance cost (excluding interest on lease liabilities)	-	-	-	-	-	(937)	(937)
Net finance costs arising on lease liabilities	(1)	(271)	(282)	(181)	(735)	-	(735)
Profit/(loss) before tax	**1,351**	**1,037**	**(5,989)**	**(2,984)**	**(6,585)**	**(2,233)**	**(8,818)**
Income tax	-	-	-	-	-	1,282	1,282
Profit/(loss) after tax	**1,351**	**1,037**	**(5,989)**	**(2,984)**	**(6,585)**	**(951)**	**(7,536)**
EBITDA	1,759	2,809	556	385	5,509	(1,296)	4,213
Adjusted EBITDA	1,759	2,809	675	385	5,628	(1,296)	4,332

2. Segmental information (continued)

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 from contracts with customers:							
Food & beverage	9,897	263	13,429	1,483	25,072	-	25,072
Admissions	-	9,713	1,738	5,266	16,717	-	16,717
Rides and other attractions	14,916	31	-	721	15,668		15,668
Other	436	7	350	655	1,448	-	1,448
Total 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
EBITDA	**4,744**	**5,456**	**3,484**	**1,903**	**15,587**	**(1,655)**	**13,932**
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)
Operating profit/(loss) (excluding highlighted items)	**3,980**	**3,589**	**1,841**	**1,226**	**10,636**	**(1,655)**	**8,981**
Highlighted items	-	(307)	758	-	451	-	451
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	4,744	5,456	3,484	1,903	15,587	(1,655)	13,932
Adjusted EBITDA	4,744	5,456	3,484	1,903	15,587	(1,774)	13,813

3. Highlighted items

	12 month period ended 24 December 2023 £'000	*18 month period ended 25 December 2022 £'000*
Impairment of goodwill	**1,326**	985
Impairment/(reversal of impairment) of property, plant and equipment	**957**	(424)
Impairment/(reversal of impairment) of right-of-use assets	**3,044**	(489)
Impairment of assets held for sale	**3,014**	-
Charge on recognition of in-substance fixed rent	**-**	430
Gain on derecognition of lease liabilities for continuing sites using:		
- IFRS 9 derecognition criteria	**-**	(337)
- IFRS 16 practical expedient	**-**	(65)
Gain on derecognition of lease liabilities for disposed sites	**-**	(670)
Other closure costs & legal costs	**(119)**	119
Total	**8,222**	(451)

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 28 for a reconciliation of non-GAAP measures.

12 month period ended 24 December 2023

The Group performed two impairment tests in the current period, in December 2023 and in June 2023. The Group considers the relationship between the trading performance of each CGU and their carrying value when reviewing for indicators of impairment. Based on management's review of the expected performance of the core estate, impairments totalling £8,341,000 were identified, split between goodwill (£1,326,000), property, plant and equipment (£957,000), right-of-use assets (£3,044,000) and assets held for sale (£3,014,000). The Group expects to complete the disposal of three trading sites in the Bars division during 2024. The completion of this process will result in a gain in the Consolidated statement of comprehensive income of £4,600,000, broadly offsetting impairment charges of £4,901,000 recognised in the current reporting period in relation to these three sites.

During the current period, the Group released provisions totalling £119,000 in relation to an ongoing legal claim from a former trading site in the Bars division.

18 month period ended 25 December 2022

The Group performed two impairment tests in the prior period, in December 2022 and in June 2022. Impairments to goodwill of £985,000 were 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 was more favourable than in prior reviews, resulting in a reversal of impairments applied to property, plant and equipment of £424,000 and right-of-use assets of £489,000. These reversed impairments that were applied as part of management's 2020 impairment review.

During the COVID-19 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 prior 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. Prior to the assessment having been made, turnover rent payments totalling £162,000 were recognised directly in the Consolidated statement of Comprehensive Income. Total turnover rent payments of £430,000 were therefore 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-19 pandemic prompted the IASB to issue a practical expedient to provide relief for lessees from lease modification accounting for rent concessions related to COVID-19. The practical expedient allowed entities to recognise the value of any agreed rent concessions in the Consolidated statement of comprehensive income rather than adjusting the underlying right-of-use asset and lease liability. The Group recognised total credits of £65,000 within highlighted items in the Consolidated statement of comprehensive income for the period ended 25 December 2022.

The practical expedient could only be used for rent concessions covering the period to 30 June 2022. In some instances, the Group agreed temporary lease variations that extend beyond this date. These variations amounted, 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 derecognised the appropriate portion of its total liability in accordance with the provisions of IFRS 9 'Financial Instruments'. The Group recognised total credits of £337,000 within highlighted items in the Consolidated statement of comprehensive income during the period ended 25 December 2022.

Lease liabilities of £688,000 were extinguished during the period as a result of the disposal of the Reading Smash site. 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 arose as a result of an ongoing claim made in relation to a former trading site in the Bars division.

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	***12 month period ended 24 December 2023***	*18 month period ended 25 December 2022*
(Loss)/profit for the period (£'000)	**(7,536)**	6,373
Basic weighted number of shares (number)	**37,286,284**	37,286,284
(Losses)/earnings per share – basic (pence)	**(20.2)**	17.1

Adjusted basic earnings per share	***12 month period ended 24 December 2023***	*18 month period ended 25 December 2022*
(Loss)/profit for the period excluding highlighted items (£'000)	**(626)**	6,126
Basic weighted number of shares (number)	**37,286,284**	37,286,284
Adjusted (losses)/earnings per share - basic (pence)	**(1.7)**	16.4

Diluted basic earnings per share	***12 month period ended 24 December 2023***	*18 month period ended 25 December 2022*
(Loss)/profit for the period (£'000)	**(7,536)**	6,373
Diluted weighted number of shares (number)	**37,286,284**	37,802,824
(Losses)/earnings per share - diluted (pence)	**(20.2)**	16.9

Adjusted diluted earnings per share	***12 month period ended 24 December 2023***	*18 month period ended 25 December 2022*
(Loss)/profit for the period excluding highlighted items (£'000)	**(626)**	6,126
Diluted weighted number of shares (number)	**37,286,284**	37,802,824
Adjusted (losses)/earnings per share - diluted (pence)	**(1.7)**	16.2

Reconciliation of adjusted (loss)/profit for the period

Adjusted (loss)/profit is calculated as follows:

	12 month period ended 24 December 2023 £'000	*18 month period ended 25 December 2022 £'000*
(Loss)/profit for the period (£'000)	**(7,536)**	6,373

Highlighted items (£'000)	**8,222**	(451)
Tax (charge)/credit arising on highlighted items (£'000)	**(1,312)**	204
Adjusted (loss)/profit for the period	**(626)**	6,126

The tax charge arising on highlighted items of £1,312,000 (2022: credit of £204,000) reflects the amount of current tax at the enacted rate of 23.42% (2022: 19.00%) that arises on those highlighted items that are disallowable for tax purposes.

Dilutive shares

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

	24 December 2023 **Number**	25 December 2022 Number
Weighted average number of shares for Basic (LPS)/EPS	**37,286,284**	37,286,284
Dilutive effect of share options and warrants	**-**	516,540
Weighted average number of shares for Diluted (LPS)/EPS	**37,286,284**	37,802,824

Share options with exercise prices of 55p, 63.5p and 111p as noted in Note 18 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 (2022: share options with exercise prices of 111p).

5. Impairment review

The Group performed two impairment tests in the current period, in December 2023 and in June 2023 (2022: two tests, one in December 2022 and one in June 2022). The Group considers the relationship between the trading performance of each cash generating unit ('CGU') and their carrying 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.

Impairment indicators in the form of continuing inflationary pressures and declining consumer confidence, and the resulting downturn in trading performance, prompted management to perform a full impairment review in June 2023. Impairment to goodwill of £1,070,000 was identified in Lightwater Valley, resulting from a more subdued trading outlook than expected at the time of acquisition in June 2021.

Further impairments to property, plant and equipment of £303,000 and right-of-use assets of £1,584,000 were identified in the Bars division in June 2023, in relation to three sites: Brighton, Manchester and Cambridge.

The contraction in consumers' disposable incomes resulting from the challenging macroeconomic environment has affected the whole of the Bars division, however the effect was the most pronounced in these three sites. By 24 December 2023, management had committed to a plan to either sell or dispose of these three sites. Consequently, the fixed assets in relation to these sites were fully impaired, resulting in further impairment charges to assets held for sale of £3,014,000.

Continued caution in the short-to-medium term outlook has led management to forecast a more conservative trading performance. The resulting impact on the December 2023 led to additional impairments totalling £2,370,000. These were split between goodwill of £256,000, property, plant and equipment of £654,000 and right-of-use assets of £1,460,000, and primarily relates to those sites where the headroom was previously identified as being most limited – in particular, Lightwater Valley, and the Glasgow and Rushden sites in the Golf division.

The combined impairment charge for the year is shown in the table below:

	Goodwill	Property, plant and equipment	Assets held for sale	Right of use assets	**Total carrying value of CGUs**
	£'000	£'000	£'000	£'000	**£'000**
Carrying value brought forward as at 26 December 2022	**9,272**	**28,139**	**-**	**25,223**	**62,634**
Additions	-	743		52	**795**
Depreciation	-	(1,380)	-	(1,674)	**(3,054)**
Transfer to held for sale		(462)	3,014	(2,552)	**-**
Remeasurement adjustments	-	-	-	756	**756**

June 2023 impairment charges	(1,070)	(303)	-	(1,584)	**(2,957)**
December 2023 impairment charges	(256)	(654)	(3,014)	(1,460)	**(5,384)**
Carrying value carried forward as at 24 December 2023	**7,946**	**26,083**	**-**	**18,761**	**52,790**
Total 2023 impairment charges	**1,326**	**957**	**3,014**	**3,044**	**8,341**

An analysis of goodwill by CGU is as follows:

	Carrying value prior to impairment review	**Impairment**	**Carrying value post impairment review**
	£'000	**£'000**	**£'000**
Bars			
Putney	888	-	888
Golf			
Glasgow	1,763	(30)	1,733
Manchester	2,997	-	2,997
Livingston	147	-	147
Sheffield	1,012	-	1,012
Cheshire Oaks	814	-	814
Rushden	581	(226)	355
Lightwater Valley	1,070	(1,070)	-
Total goodwill	**9,272**	**(1,326)**	**7,946**

Methodology

The recoverable amount of each CGU has been determined based on a value in use calculation performed as at 24 December 2023 using cash flow projections from financial budgets as at 24 December 2023, approved by the Board of Directors covering the period to December 2028. Cash flows for each CGU beyond December 2025 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%	14.0%
Bars	2%	12.7% - 14.8%
Golf	2%	13.2% - 14.5%
Lightwater Valley	2%	13.4%

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 are initially applied to the goodwill attributed to the relevant CGU. Where further impairments are required, these are then applied to property, plant and equipment and right-of-use assets and 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:

- revenue growth over the forecast period;
- profit growth over the forecast period;
- discount rates; and
- growth rates used to extrapolate cash flows beyond the forecast period.

Revenue growth **–** the value in use calculations are sensitive to estimated future revenue growth, including customer footfall across the Group estate and expected spend per head.

Profit growth **-** the value in use calculations are also sensitive to the Group’s ability to achieve its forecast profit growth, taking into account both the revenue growth referred to above and sufficient cost control measures to maintain expected future profit margins.

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 customers 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.

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 ('the Act'); therefore it can be reasonably assumed that an extension will occur. For leases outside 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:

Golf site:	**Extension required to existing lease to avoid impairment**	**Impairment required should lease not be extended or alternative trading premises found**
		£'000
Glasgow	5 years	1,463
Manchester	Nil	-
Livingston	1 year	63
		1,526

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 20% in EBITDA in 2024 and 2025.

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 CGUs:

			Additional Impairment		
	Carrying value at 25 December 2022	Base case impairment	WACC sensitivity	Long term growth rate sensitivity	EBITDA sensitivity
		£'000	£'000	£'000	£'000
Bars					
Cambridge Lola Lo	1,229	(1,171)	-	-	-
Brighton Coalition	1,324	(1,272)	-	-	-
Manchester Lola Lo	2,547	(2,458)	-	-	-
Lowlander	316	(291)	-	-	-
Embargo	2,159	(131)	(182)	(111)	(100)
Putney Le Fez	2,515	-	(350)	(290)	(308)
Golf					
Rushden	3,424	(226)	(401)	(198)	(244)
Glasgow	2,437	(30)	(311)	(281)	(354)

Pier	19,417	-	(2,593)	(1,675)	(3,196)
Lightwater Valley	12,582	(2,762)	(1,686)	(1,218)	(1,466)
Other sites	14,684	-	-	-	-
Total	**62,634**	**(8,341)**	**(5,523)**	**(3,773)**	**(5,668)**

The headroom on other sites in the Bars and Golf divisions were not considered sensitive to reasonably possible changes in key assumptions.

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 alternative performance measures may not be comparable with similarly titled performance measures or disclosures by other entities.

EBITDA

EBITDA is defined as operating profit/(loss) before interest, tax, depreciation, amortisation, impairments and highlighted items, and is a key metric used by management in order to assess the performance of each division and the Group as a whole.

Adjusted EBITDA is defined as EBITDA, adjusted for income and expenditure included within highlighted items, with the exception of those that relate to interest, tax, depreciation, amortisation and impairments.

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

EBITDA Reconciliation	***12 month period ended 24 December 2023 £'000***	*18 month period ended 25 December 2022 £'000*
(Loss)/profit before tax for the year	**(8,818)**	7,639
Add back depreciation of property, plant and equipment	**1,380**	2,372
Add back depreciation of right-of-use assets	**1,674**	2,453
Add back amortisation	**83**	126
Add back finance costs	**1,672**	1,793
Add back highlighted items	**8,222**	(451)
Group EBITDA	**4,213**	13,932

A reconciliation between EBITDA and adjusted EBITDA is shown below:

	12 month period ended 24 December 2023 £'000	*18 month period ended 25 December 2022 £'000*
EBITDA	**4,213**	13,932
Other closure costs & legal costs	**119**	(119)
Adjusted EBITDA	**4,332**	13,813

Like-for-like sales growth

Like-for-like sales growth is a measure of growth in sales, adjusted for new or divested sites or in order to compare similar reporting periods. This 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 on a consistent basis. In the Strategic Report, references to a like-for-like basis are as follows:

- comparisons of 2024 with 2023 trading are the equivalent weeks in each reporting period, adjusted to remove the trading of the three disposed sites in the Bars division; and

- comparisons of 2023 with 2022 trading are the equivalent weeks in each reporting period, being the 12 months ended 24 December 2023 versus the 12 months ended 25 December 2022.

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 on a consistent 12 month basis. The 12 month period ended 24 December 2023 is compared with the 12 month period ended 25 December 2022 below:

	Audited 12 months ended 24 December 2023	*Unaudited 12 months ended 25 December 2022*
	£'000	*£'000*
Revenue	**34,761**	36,121
Cost of sales	**(4,907)**	(4,760)
Gross profit	**29,854**	31,361
Operating expenses - excluding highlighted items	**(28,822)**	(28,946)
Highlighted items	**(8,222)**	(353)
Total operating expenses	**(37,044)**	(29,299)
Other income	**44**	197
Operating profit - excluding highlighted items	**1,076**	2,612
Highlighted items	**(8,222)**	(353)
Operating (loss)/profit	**(7,146)**	2,259
Finance income	**80**	-
Finance cost	**(1,752)**	(1,266)
(Loss)/profit before tax - excluding highlighted items	**(596)**	1,346
Highlighted items	**(8,222)**	(353)
(Loss)/profit on ordinary activities before taxation	**(8,818)**	993
Taxation on ordinary activities	**1,282**	43
(Loss)/profit and total comprehensive (expense)/income for the period	**(7,536)**	1,036
(Losses)/earnings per share – basic* (pence)	**(20.2)**	2.8
(Losses)/earnings per share – diluted (pence)	**(20.2)**	2.6

* 2023 basic weighted average number of shares in issue is 37.29 million (2022: 37.29 million).

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