

# PUNCH

Punch Pubs Group Limited

Unaudited Condensed Consolidated Financial Information

For the 16 weeks ended 4 December 2022

Registered number: 13420745



## **UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

For the 16 weeks ended 4 December 2022

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**Punch Pubs Group Limited**

## **OPERATING AND FINANCIAL REVIEW**

### **For the 16 weeks ended 4 December 2022**

Punch Pubs Group Limited announces its trading update for the 16 week period to 4 December 2022 (prior year 16 week period to 5 December 2021).

#### **Current Trading**

For the 16 weeks to 4 December 2022 total revenue was £92.0 million compared to £86.2 million in the prior year period of 16 weeks to 5 December 2021, with the conversion of pubs from Leased & Tenanted over to our Management Partnerships estate contributing to the increased revenue.

EBITDA for the period was £22.7 million (prior year 16 weeks: £24.6 million) of which £23.9 million was classed as Underlying EBITDA (prior year 16 weeks: £25.2 million). The prior year period results include the benefit of the temporary reduced rate for VAT on food and non-alcoholic drinks, and lower energy costs.

Underlying EBITDA for the 52 weeks to 4 December 2022 was £82.0m, which compares positively to the £76.0m of Adjusted Underlying EBITDA from the wider Punch Group in the year to August 2019, being the most recent financial year prior to the Covid pandemic.

#### **Investing Activities**

In the 16 week period the Group has spent £11.5 million (prior year 16 weeks: £8.0m) on expansionary and maintenance capital, which included 5 transformational investments in converting pubs from Leased & Tenanted over to our Management Partnerships estate.

Net proceeds from the sale of properties in the period was £1.1 million (prior year 16 weeks: £5.6 million), at £0.2 million above book value. There were no acquisitions in the period (prior year 16 weeks: £2.8 million).

#### **Property Valuation**

Property assets increased by £6.7 million in the period to £902.2 million (14 August 2022: £895.5 million). The Group benefits from operating a predominantly freehold estate, with 93% of the pub portfolio owned on a freehold or long leasehold (greater than 50 years remaining lease term) basis.

The Group's policy is to revalue its properties on a five-year rolling basis, 20% of the estate was valued by Savills (UK) Limited, independent chartered surveyors for the year ended 14 August 2022, a further 20% of the estate will be revalued for the year ending 13 August 2023.

#### **Financial Position**

The Group generated a net cash inflow from operating activities for the period of £17.1 million (prior year 16 weeks: £12.9 million).

As at the 4 December 2022 period end date the Group had £56.0 million of available liquidity (14 August 2022: £52.6 million), represented by £16.0m of cash balances and £40.0m undrawn against the revolving credit facility.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

For the 16 weeks ended 4 December 2022

	Notes	16 weeks ended 4 December 2022 (Unaudited)			16 weeks ended 5 December 2021 (Unaudited)			52 weeks ended 14 August 2022 (Audited)		
		Underlying items £m	Non-underlying items <sup>1</sup> £m	Total £m	Underlying items £m	Non-underlying items <sup>1</sup> £m	Total £m	Underlying items £m	Non-underlying items <sup>1</sup> £m	Total £m
Revenue	2	92.0	-	92.0	86.2	-	86.2	284.4	-	284.4
Operating costs before depreciation and amortisation		(68.1)	(1.2)	(69.3)	(61.0)	(0.6)	(61.6)	(201.1)	(2.0)	(203.1)
<b>EBITDA<sup>2</sup></b>		<b>23.9</b>	<b>(1.2)</b>	<b>22.7</b>	<b>25.2</b>	<b>(0.6)</b>	<b>24.6</b>	<b>83.3</b>	<b>(2.0)</b>	<b>81.3</b>
Depreciation and amortisation		(5.3)	-	(5.3)	(4.7)	-	(4.7)	(15.6)	-	(15.6)
Profit on sale of non-current assets		-	0.2	0.2	-	1.8	1.8	-	2.4	2.4
Impairment		-	-	-	-	-	-	-	(3.2)	(3.2)
Re-valuation of properties		-	-	-	-	-	-	-	(18.5)	(18.5)
<b>Operating profit / (loss)</b>		<b>18.6</b>	<b>(1.0)</b>	<b>17.6</b>	<b>20.5</b>	<b>1.2</b>	<b>21.7</b>	<b>67.7</b>	<b>(21.3)</b>	<b>46.4</b>
Net finance costs	4	(14.4)	-	(14.4)	(14.3)	-	(14.3)	(46.9)	-	(46.9)
<b>Profit / (loss) before taxation</b>		<b>4.2</b>	<b>(1.0)</b>	<b>3.2</b>	<b>6.2</b>	<b>1.2</b>	<b>7.4</b>	<b>20.8</b>	<b>(21.3)</b>	<b>(0.5)</b>
Taxation credit / (charge)	5	(0.9)	-	(0.9)	(1.2)	(0.4)	(1.6)	(2.3)	(0.5)	(2.8)
<b>Profit / (loss) for the financial period</b>		<b>3.3</b>	<b>(1.0)</b>	<b>2.3</b>	<b>5.0</b>	<b>0.8</b>	<b>5.8</b>	<b>18.5</b>	<b>(21.8)</b>	<b>(3.3)</b>
Loss attributable to non-controlling interest		0.1	-	0.1	0.1	-	0.1	0.2	-	0.2
<b>Profit / (loss) for the financial period attributable to owners of the parent company</b>		<b>3.4</b>	<b>(1.0)</b>	<b>2.4</b>	<b>5.1</b>	<b>0.8</b>	<b>5.9</b>	<b>18.7</b>	<b>(21.8)</b>	<b>(3.1)</b>

<sup>1</sup> Non-underlying items are explained further in note 3

<sup>2</sup> EBITDA represents earnings before depreciation and amortisation, profit on the sale of non-current assets, impairment, re-valuation of properties, net finance costs, tax of the Group and loss attributable to non-controlling interest.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the 16 weeks ended 4 December 2022

		16 weeks ended 4 December 2022	16 weeks ended 5 December 2021	52 weeks ended 14 August 2022
	Notes	(Unaudited) £m	(Unaudited) £m	(Audited) £m
<b>Profit / (loss) for the financial period attributable to owners of the parent company</b>		<b>2.4</b>	<b>5.9</b>	<b>(3.1)</b>
<b>Other items that will not be reclassified to profit or loss in subsequent periods (net of tax):</b>				
Remeasurement of defined benefit pension scheme	17	(0.3)	-	5.1
Unrealised surplus on revaluation of properties		-	-	15.3
Tax relating to components of other comprehensive income that cannot be reclassified into profit or loss	5	0.1	-	(1.2)
<b>Other comprehensive (loss) / profit for the period</b>		<b>(0.2)</b>	<b>-</b>	<b>19.2</b>
<b>Total comprehensive profit for the period attributable to owners of the parent company</b>		<b>2.2</b>	<b>5.9</b>	<b>16.1</b>

**CONDENSED CONSOLIDATED BALANCE SHEET**

as at 4 December 2022

	Notes	4 December 2022 (Unaudited) £m	14 August 2022 (Audited) £m
<b>Non-current assets</b>			
Property, plant and equipment	6	896.8	889.8
Right of use assets	8	63.6	63.7
Other intangible assets	7	0.5	0.5
		<b>960.9</b>	<b>954.0</b>
<b>Current assets</b>			
Inventories		4.4	4.0
Trade and other receivables	9	15.3	13.9
Assets classified as held for sale		5.4	5.7
Cash and cash equivalents	11	16.0	12.6
		<b>41.1</b>	<b>36.2</b>
<b>Total assets</b>		<b>1,002.0</b>	<b>990.2</b>
<b>Current liabilities</b>			
Trade and other payables	10	(57.3)	(49.2)
Short-term borrowings	12	(30.0)	(30.0)
Lease liabilities	8	(9.3)	(9.2)
		<b>(96.6)</b>	<b>(88.4)</b>
<b>Non-current liabilities</b>			
Borrowings	12	(591.5)	(590.8)
Lease liabilities	8	(66.8)	(67.0)
Retirement benefit obligations	17	-	-
Deferred tax liability		(17.5)	(16.6)
		<b>(675.8)</b>	<b>(674.4)</b>
<b>Total liabilities</b>		<b>(772.4)</b>	<b>(762.8)</b>
<b>Net assets</b>		<b>229.6</b>	<b>227.4</b>
<b>Equity</b>			
Called up share capital		-	-
Reorganisation reserve		(40.4)	(40.4)
Revaluation reserve		37.4	37.4
Capital reserve		0.7	0.6
Retained earnings		232.3	230.1
<b>Equity attributable to owners of the parent company</b>		<b>230.0</b>	<b>227.7</b>
Non-controlling interests		(0.4)	(0.3)
<b>Total equity</b>		<b>229.6</b>	<b>227.4</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the 16 weeks ended 4 December 2022

	Share capital	Reorganisation reserve	Revaluation reserve	Capital reserve	Retained earnings	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m
Total equity at 15 August 2021 (Audited)	-	(40.4)	22.2	-	229.2	(0.1)	210.9
Profit / (loss) for the period	-	-	-	-	5.7	(0.1)	5.6
Other comprehensive gains / (losses) for the period	-	-	-	-	-	-	-
Total comprehensive profit / (loss) for the period	-	-	-	-	5.7	(0.1)	5.6
Share based payment	-	-	-	-	0.2	-	0.2
<b>Total equity at 5 December 2021 (Unaudited)</b>	<b>-</b>	<b>(40.4)</b>	<b>22.2</b>	<b>-</b>	<b>235.1</b>	<b>(0.2)</b>	<b>216.7</b>
Total equity at 5 December 2021 (Unaudited)	-	(40.4)	22.2	-	235.1	(0.2)	216.7
Profit / (loss) for the period	-	-	-	-	(8.8)	-	(8.8)
Other comprehensive gains / (losses) for the period	-	-	15.3	-	3.7	(0.1)	18.9
Total comprehensive profit / (loss) for the period	-	-	15.3	-	(5.1)	(0.1)	10.1
Share based payment	-	-	-	0.6	-	-	0.6
Transfer on disposal of non-current assets	-	-	(0.1)	-	0.1	-	-
<b>Total equity at 14 August 2022 (Audited)</b>	<b>-</b>	<b>(40.4)</b>	<b>37.4</b>	<b>0.6</b>	<b>230.1</b>	<b>(0.3)</b>	<b>227.4</b>
Total equity at 14 August 2022 (Audited)	-	(40.4)	37.4	0.6	230.1	(0.3)	227.4
Profit / (loss) for the period	-	-	-	-	2.4	(0.1)	2.3
Other comprehensive gains / (losses) for the period	-	-	-	-	(0.2)	-	(0.2)
Total comprehensive profit / (loss) for the period	-	-	-	-	2.2	(0.1)	2.1
Share based payment	-	-	-	0.1	-	-	0.1
<b>Total equity at 4 December 2022 (Unaudited)</b>	<b>-</b>	<b>(40.4)</b>	<b>37.4</b>	<b>0.7</b>	<b>232.3</b>	<b>(0.4)</b>	<b>229.6</b>

Share capital represents the nominal value of shares that have been issued.

Reorganisation reserve represents the difference between net assets of the subsidiaries acquired and the price paid on the acquisition of the group's subsidiaries.

Revaluation reserve represents amounts revalued in relation to properties.

Capital reserve represents capital contributions received from the company's immediate parent undertaking.

Retained earnings represents all current and prior periods retained profit and losses after the payment of dividends.

Non-controlling interest represents the value attributable to minority shareholders.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

For the 16 weeks ended 4 December 2022

	16 weeks ended 4 December 2022 (Unaudited) £m	16 weeks ended 5 December 2021 (Unaudited) £m	52 weeks ended 14 August 2022 (Audited) £m
<b>Cash flows from operating activities</b>			
Operating profit	17.6	21.7	46.4
Depreciation and amortisation	5.3	4.7	15.6
Profit on sale of non-current assets	(0.2)	(1.8)	(2.4)
Impairment	-	-	3.2
Revaluation of properties	-	-	18.5
Increase in inventories	(0.4)	(0.8)	(1.3)
Increase in trade and other receivables	(1.4)	(1.1)	(2.3)
Decrease in trade and other payables	(3.6)	(9.6)	(6.7)
Difference between pension contributions paid and amounts recognised in the income statement	(0.3)	(0.2)	(0.7)
<b>Cash generated from operations</b>	<b>17.0</b>	<b>12.9</b>	<b>70.3</b>
Income tax received	0.1	-	-
<b>Net cash from operating activities</b>	<b>17.1</b>	<b>12.9</b>	<b>70.3</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment			
- acquisitions	-	(2.8)	(4.9)
- investments	(11.5)	(8.0)	(34.3)
Proceeds from sale of property, plant and equipment	1.1	5.6	8.9
Purchase of other intangible assets	(0.1)	-	-
<b>Net cash used in investing activities</b>	<b>(10.5)</b>	<b>(5.2)</b>	<b>(30.3)</b>
<b>Cash flows from financing activities</b>			
Proceeds from facility drawdown	-	-	10.0
Repayment of facility principle	-	-	(10.0)
Payment of lease liability	(2.8)	(3.0)	(11.9)
Intercompany settlement	(0.1)	(0.2)	1.4
Interest paid	(0.3)	(0.3)	(39.4)
<b>Net cash used in financing activities</b>	<b>(3.2)</b>	<b>(3.5)</b>	<b>(49.9)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>3.4</b>	<b>4.2</b>	<b>(9.9)</b>
Cash and cash equivalents at beginning of period	12.6	22.5	22.5
<b>Cash and cash equivalents at end of period</b>	<b>16.0</b>	<b>26.7</b>	<b>12.6</b>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the 16 weeks ended 4 December 2022

### 1. ACCOUNTING POLICIES

#### Basis of preparation

The Condensed Consolidated Financial Information has been prepared using accounting policies that are consistent with those followed in the preparation of the Group's annual Consolidated Financial Statements for the 52 weeks ended 14 August 2022 and which are expected to apply at 13 August 2023, which will be prepared in accordance with IFRS as adopted by the United Kingdom. The Condensed Consolidated Financial Information do not constitute Interim Financial Statements under IAS 34.

These financial statements do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006 and the consolidated condensed management accounts for the 16 weeks ended 4 December 2022 is unaudited.

The financial information for the 52 weeks ended 14 August 2022 is extracted from the audited accounts for the period ended 14 August 2022, which have been delivered to the Registrar of Companies. The auditors' report was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

#### Going concern

The Directors have made enquiries into the adequacy of the Group's financial resources, through a review of the Group's budget and medium-term financial plan, including capital expenditure plans and cash flow forecasts.

#### *Liquidity and financing:*

The Group is financed through a £600.0m 5-year secured loan and a £70.0m revolving credit facility agreement. As at the 4 December 2022, the quarter end date, the Group had £16m of cash balances and £40m remaining undrawn against the revolving credit facility.

After due consideration the Directors' believe that they have a reasonable expectation that the Group has sufficient resources together with the ability to access additional liquidity when the Group needs to withstand adjustments to the base forecast, as well as the downside scenarios and to continue in operational existence for a period of at least 12 months from the date of approval of these condensed financial statements, and therefore continue to adopt the going concern basis in their preparation.

#### Key Accounting judgements

The following are the key accounting judgements that management have made in the period.

#### *Impairment of property, plant, equipment and the right of use asset*

The directors have reviewed the portfolio to identify if there have been any indicators of impairment since the year end. The Directors do not consider there to be any indicator of impairment that would result in an impairment review at the current reporting date.

#### *Defined benefit pension valuation*

The Group restricted the Defined Benefit Pension scheme asset to nil based on the fact the Group doesn't have an unconditional right to a refund or reduction in future contributions. The directors have deemed that the valuation of the Defined Benefit scheme hasn't materially changed since the year end, as a result any pension contributions made to the scheme are recognised in the Condensed Consolidated Statement of Comprehensive Income as a loss in the period.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the 16 weeks ended 4 December 2022

### 2. SEGMENTAL ANALYSIS

The business consists of a Leased and Tenanted division (L&T), a Management Partnership division (MP) and the Laine division, each having its own clear strategy. Each of these strategic business units consists of a number of cash generating units (CGUs), which are individual pubs. These CGUs generate their own revenues, which are consolidated to give the Group revenue and as a result, Group revenue is not reliant on one significant customer.

The Chief Operating Decision Maker, represented by the Board, reviews the performance of the L&T, MP and Laine divisions separately, at an underlying EBITDA level, as included in the internal management reports.

The Group operates and originates solely in the United Kingdom.

	16 weeks ended 4 December 2022 (Unaudited)					Total £m
	L&T £m	MP £m	Laine £m	Unallocated £m		
Drink revenue	27.2	30.3	13.4	-		70.9
Food revenue	-	8.4	1.2	-		9.6
Rental income	8.3	0.3	0.2	-		8.8
Other revenue <sup>1</sup>	1.0	1.4	0.3	-		2.7
Underlying revenue	36.5	40.4	15.1	-		92.0
Underlying operating costs <sup>2</sup>	(16.4)	(32.3)	(12.1)	(7.3)		(68.1)
EBITDA before non-underlying items	<b>20.1</b>	<b>8.1</b>	<b>3.0</b>	<b>(7.3)</b>		<b>23.9</b>
Underlying depreciation and amortisation						(5.3)
Operating non-underlying items						(1.0)
Net finance costs						(14.4)
UK income tax charge						(0.9)
Profit for the financial period						2.3
Loss attributable to non-controlling interest						0.1
<b>Profit for the financial period attributable to owners of the parent company</b>						<b>2.4</b>

<sup>1</sup> Other income includes grants of a revenue nature which are recognised in the income statement in the same period as the related expenditure. Grants relating to the job retention scheme are recognised when the requirements are met and recognised in the income statement in the period to which it relates to.

<sup>2</sup> Unallocated underlying operating costs represent corporate overheads that are not allocated down to the divisional performance.

	16 weeks ended 5 December 2021 (Unaudited)					Total £m
	L&T £m	MP £m	Laine £m	Unallocated £m		
Drink revenue	29.8	23.7	13.2	-		66.7
Food revenue	-	6.7	1.3	-		8.0
Rental income	8.8	0.3	0.2	-		9.3
Other revenue <sup>1</sup>	0.7	1.2	0.3	-		2.2
Underlying revenue	39.3	31.9	15.0	-		86.2
Underlying operating costs <sup>2</sup>	(18.3)	(25.1)	(11.3)	(6.3)		(61.0)
EBITDA before non-underlying items	<b>21.0</b>	<b>6.8</b>	<b>3.7</b>	<b>(6.3)</b>		<b>25.2</b>
Underlying depreciation and amortisation						(4.7)
Operating non-underlying items						1.2
Net finance costs						(14.3)
UK income tax charge						(1.6)
Profit for the financial period						5.8
Loss attributable to non-controlling interest						0.1
<b>Profit for the financial period attributable to owners of the parent company</b>						<b>5.9</b>

	52 weeks ended 14 August 2022 (Audited)					Total £m
	L&T £m	MP £m	Laine £m	Unallocated £m		
Drink revenue	89.4	84.4	44.7	-		218.5
Food revenue	-	23.7	4.3	-		28.0
Rental income	28.3	0.8	0.5	-		29.6
Other revenue <sup>1</sup>	2.8	3.9	1.6	-		8.3
Underlying revenue	120.5	112.8	51.1	-		284.4
Underlying operating costs <sup>2</sup>	(51.6)	(88.8)	(39.0)	(21.7)		(201.1)
EBITDA before non-underlying items	<b>68.9</b>	<b>24.0</b>	<b>12.1</b>	<b>(21.7)</b>		<b>83.3</b>
Underlying depreciation and amortisation						(15.6)
Operating non-underlying items						(21.3)
Net finance costs						(46.9)
UK income tax charge						(2.8)
Loss for the financial period						(3.3)
Loss attributable to non-controlling interest						0.2
<b>Loss for the financial period attributable to owners of the parent company</b>						<b>(3.1)</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the 16 weeks ended 4 December 2022

### 2. SEGMENTAL ANALYSIS (CONTINUED)

Assets and liabilities	16 weeks ended 4 December 2022 (Unaudited)				Total £m
	L&T £m	MP £m	Laine £m	Unallocated £m	
Segment assets	600.5	285.1	76.8	3.9	966.3
Unallocated assets	-	-	-	35.7	35.7
<b>Total assets</b>	<b>600.5</b>	<b>285.1</b>	<b>76.8</b>	<b>39.6</b>	<b>1,002.0</b>
Segment liabilities	(12.4)	(12.0)	(50.6)	(1.1)	(76.1)
Unallocated liabilities	-	-	-	(696.3)	(696.3)
<b>Total liabilities</b>	<b>(12.4)</b>	<b>(12.0)</b>	<b>(50.6)</b>	<b>(697.4)</b>	<b>(772.4)</b>
<b>Net assets / (liabilities)</b>	<b>588.1</b>	<b>273.1</b>	<b>26.2</b>	<b>(657.8)</b>	<b>229.6</b>

	52 weeks ended 14 August 2022 (Audited)				Total £m
	L&T £m	MP £m	Laine £m	Unallocated £m	
Segment assets	601.4	277.7	76.4	4.2	959.7
Unallocated assets	-	-	-	30.5	30.5
<b>Total assets</b>	<b>601.4</b>	<b>277.7</b>	<b>76.4</b>	<b>34.7</b>	<b>990.2</b>
Segment liabilities	(12.6)	(11.7)	(50.8)	(1.1)	(76.2)
Unallocated liabilities	-	-	-	(686.6)	(686.6)
<b>Total liabilities</b>	<b>(12.6)</b>	<b>(11.7)</b>	<b>(50.8)</b>	<b>(687.7)</b>	<b>(762.8)</b>
<b>Net assets / (liabilities)</b>	<b>588.8</b>	<b>266.0</b>	<b>25.6</b>	<b>(653.0)</b>	<b>227.4</b>

There are no sales between the segments. Segment assets include property, plant and equipment, non-current assets held for sale, right of use assets and goodwill and exclude other intangible assets, inventories, receivables, cash and taxation, whilst all liabilities other than lease liabilities are unallocated.

### 3. NON-UNDERLYING ITEMS

In order to provide a trend measure of underlying performance, profit is presented excluding items which management consider will distort comparability, either due to their significant non-recurring nature or as a result of specific accounting treatments. Included in the income statement are the following non-underlying items:

	16 weeks ended 4 December 2022 (Unaudited) £m	16 weeks ended 5 December 2021 (Unaudited) £m	52 weeks ended 14 August 2022 (Audited) £m
<b>Operating non-underlying items</b>			
Professional fees, restructuring and one-off costs on conversion of pubs to the MP division	(1.1)	(0.4)	(3.2)
Profit on sale of non-current assets	0.2	1.8	2.4
Impairment	-	-	(3.2)
Re-valuation of properties	-	-	(18.5)
Share based payment charge	(0.1)	(0.2)	(0.6)
Grant Income	-	-	0.7
Insurance Claim	-	-	1.1
<b>Total non-underlying items before tax</b>	<b>(1.0)</b>	<b>1.2</b>	<b>(21.3)</b>
<b>Tax</b>			
Tax impact of non-underlying items	0.1	-	(0.5)
Change in standard rate of tax	(0.1)	(0.4)	-
	-	<b>(0.4)</b>	<b>(0.5)</b>
<b>Total non-underlying items after tax</b>	<b>(1.0)</b>	<b>0.8</b>	<b>(21.8)</b>

### 4. FINANCE COSTS

	16 weeks ended 4 December 2022 (Unaudited) £m	16 weeks ended 5 December 2021 (Unaudited) £m	52 weeks ended 14 August 2022 (Audited) £m
Interest payable on loan notes	11.9	11.8	38.6
Interest payable on lease liabilities	1.6	1.6	5.4
Net pension interest costs	0.2	0.1	0.5
Amortisation of deferred issue costs	0.7	0.8	2.4
<b>Total finance costs</b>	<b>14.4</b>	<b>14.3</b>	<b>46.9</b>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**  
For the 16 weeks ended 4 December 2022

**5. TAXATION**

**Tax (charged) / credited in the income statement**

	16 weeks ended 4 December 2022 (Unaudited)		
	Underlying £m	Non- underlying £m	Total £m
<b>Current tax</b>			
UK corporation tax - current period	(0.1)	0.1	-
	(0.1)	0.1	-
<b>Deferred tax</b>			
Origination and reversal of temporary differences - current period	(0.8)	(0.1)	(0.9)
	(0.8)	(0.1)	(0.9)
<b>Taxation credit / (charge)</b>	<b>(0.9)</b>	<b>-</b>	<b>(0.9)</b>

Following on from the budget on 3 March 2021 an announcement was made to increase the corporation tax rate to 25% with effect from 1 April 2023. Based on the change in tax rate the deferred tax balance has been calculated and recognised based on the 25% enacted rate.

	16 weeks ended 5 December 2021 (Unaudited)		
	Underlying £m	Non- underlying £m	Total £m
<b>Current tax</b>			
UK corporation tax - adjustments in respect of prior periods	-	0.1	0.1
	-	0.1	0.1
<b>Deferred tax</b>			
Origination and reversal of temporary differences - current period	(1.2)	(0.4)	(1.6)
Origination and reversal of temporary differences - adjustments in respect of prior periods	-	(0.1)	(0.1)
	(1.2)	(0.5)	(1.7)
<b>Taxation credit / (charge)</b>	<b>(1.2)</b>	<b>(0.4)</b>	<b>(1.6)</b>

	52 weeks ended 14 August 2022 (Audited)		
	Underlying £m	Non- underlying £m	Total £m
<b>Current tax</b>			
UK corporation tax - current period	(0.3)	0.3	-
UK corporation tax - adjustments in respect of prior periods	-	0.1	0.1
	(0.3)	0.4	0.1
<b>Deferred tax</b>			
Origination and reversal of temporary differences - current period	(2.0)	(1.0)	(3.0)
Origination and reversal of temporary differences - adjustments in respect of prior periods	-	0.1	0.1
	(2.0)	(0.9)	(2.9)
<b>Taxation credit / (charge)</b>	<b>(2.3)</b>	<b>(0.5)</b>	<b>(2.8)</b>

**Tax on items (charged) / credited to equity**

In addition to the amount credited to the income statement, tax movements recognised directly in equity through the consolidated statement of comprehensive income were as follows:

	16 weeks ended 4 December 2022 (Unaudited) £m	16 weeks ended 5 December 2021 (Unaudited) £m	52 weeks ended 14 August 2022 (Audited) £m
<b>Deferred tax</b>			
Deferred tax credit / (charge) on change in actuarial valuation of pension schemes	0.1	-	(1.2)
<b>Deferred tax credit / (charge) recognised directly in equity</b>	<b>0.1</b>	<b>-</b>	<b>(1.2)</b>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

For the 16 weeks ended 4 December 2022

**6. PROPERTY, PLANT AND EQUIPMENT**

	Land and buildings £m	Public house fixtures and fittings £m	Total £m
<b>Cost</b>			
At 14 August 2022 (Audited)	864.8	35.0	899.8
Additions	6.7	4.8	11.5
Disposals	(1.0)	(0.3)	(1.3)
<b>At 4 December 2022 (Unaudited)</b>	<b>870.5</b>	<b>39.5</b>	<b>910.0</b>
<b>Accumulated depreciation and impairment</b>			
At 14 August 2022 (Audited)	1.7	8.3	10.0
Charge for the period	1.2	2.6	3.8
Disposals	(0.3)	(0.3)	(0.6)
<b>At 4 December 2022 (Unaudited)</b>	<b>2.6</b>	<b>10.6</b>	<b>13.2</b>
<b>Net book value at 4 December 2022 (Unaudited)</b>	<b>867.9</b>	<b>28.9</b>	<b>896.8</b>
Net book value at 14 August 2022 (Audited)	863.1	26.7	889.8

The Group's policy is to revalue its properties on a five year rolling basis. There has been no valuation of the properties in the 16 weeks ended 4 December 2022 in-line with the Group's policy.

**7. OTHER INTANGIBLE ASSETS**

	Other intangible assets £m
<b>Cost</b>	
At 14 August 2022 (Audited)	0.9
Additions	0.1
<b>At 4 December 2022 (Unaudited)</b>	<b>1.0</b>
<b>Amortisation and impairment</b>	
At 14 August 2022 (Audited)	0.4
Charge for the period	0.1
<b>At 4 December 2022 (Unaudited)</b>	<b>0.5</b>
<b>Net book value at 4 December 2022 (Unaudited)</b>	<b>0.5</b>
Net book value at 14 August 2022 (Audited)	0.5

Other intangible assets relate to computer software.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

For the 16 weeks ended 4 December 2022

**8. LEASES**

**Group as a Lessee**

Right of use assets	Property £m	Vehicles £m	Total £m
<b>Cost</b>			
At 14 August 2022 (Audited)	68.8	1.3	70.1
Additions	1.2	0.1	1.3
<b>At 4 December 2022 (Unaudited)</b>	<b>70.0</b>	<b>1.4</b>	<b>71.4</b>
<b>Accumulated depreciation and impairment</b>			
At 14 August 2022 (Audited)	6.1	0.3	6.4
Charge for the period	1.3	0.1	1.4
<b>At 4 December 2022 (Unaudited)</b>	<b>7.4</b>	<b>0.4</b>	<b>7.8</b>
<b>Net book value at 4 December 2022 (Unaudited)</b>	<b>62.6</b>	<b>1.0</b>	<b>63.6</b>
Net book value at 14 August 2022 (Audited)	62.7	1.0	63.7

	4 December 2022 (Unaudited) £m
<b>Lease liabilities</b>	
At 14 August 2022 (Audited)	76.2
Additions	1.1
Finance charge on lease liability	1.6
Repayments	(2.8)
<b>At 4 December 2022 (Unaudited)</b>	<b>76.1</b>

Lease liabilities have been analysed between current and non-current as follows:

	4 December 2022 (Unaudited) £m
Current	9.3
Non-current	66.8
<b>At 4 December 2022 (Unaudited)</b>	<b>76.1</b>

The Group is a lessor of licensed properties to publicans. The leases have various terms, escalation clauses and renewal rights. The total non-cancellable future minimum lease payments expected to be received are:

	4 December 2022 (Unaudited) £m
Within one year	24.5
One to two years	17.1
Two to three years	13.5
Three to four years	9.5
Four to five years	6.0
After five years	19.7
	<b>90.3</b>

The Group leases various licensed properties, offices and other commercial properties under non-cancellable operating lease agreements. The leases have various terms escalation clauses and renewal rights. The Group also leases vehicles under non-cancellable lease agreements. The future minimum rentals payable under non-cancellable operating leases are:

	4 December 2022 (Unaudited) £m
Within one year	8.6
Between one and five years	32.4
After five years	109.1
	<b>150.1</b>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

For the 16 weeks ended 4 December 2022

**9. TRADE AND OTHER RECEIVABLES**

Amounts falling due within one year	4 December	14 August
	2022	2022
	(Unaudited)	(Audited)
	£m	£m
Trade receivables	6.4	4.9
Prepayments	8.0	8.2
Other receivables	0.9	0.8
	<b>15.3</b>	<b>13.9</b>

**10. TRADE AND OTHER PAYABLES**

Amounts falling due within one year	4 December	14 August
	2022	2022
	(Unaudited)	(Audited)
	£m	£m
Trade payables	13.4	18.7
Accruals and deferred income	28.3	17.0
Social security and other tax	4.8	3.7
Amounts owed to group undertakings	0.1	0.3
Other payables	10.7	9.5
	<b>57.3</b>	<b>49.2</b>

**11. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents	4 December	14 August
	2022	2022
	(Unaudited)	(Audited)
	£m	£m
Cash and cash equivalents	16.0	12.6

Cash and cash equivalents includes £4.6m (14 August 2022: £nil) which is held in deposit accounts and is not available for general use by the Group.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the 16 weeks ended 4 December 2022

### 12. NET DEBT

#### Analysis of net debt

	4 December 2022 (Unaudited) £m	14 August 2022 (Audited) £m
Secured loan notes	(600.0)	(600.0)
Revolving credit facility	(30.0)	(30.0)
Cash and cash equivalents	16.0	12.6
<b>Nominal value of net debt</b>	<b>(614.0)</b>	<b>(617.4)</b>
Capitalised debt issue costs	8.5	9.2
<b>Net debt</b>	<b>(605.5)</b>	<b>(608.2)</b>
<b>Balance sheet:</b>		
Borrowings	(621.5)	(620.8)
Cash and cash equivalents	16.0	12.6
<b>Net debt</b>	<b>(605.5)</b>	<b>(608.2)</b>

#### Analysis of changes in net debt

	At 14 August 2022 (Audited) £m	Cash flow £m	Non-cash movements £m	At 4 December 2022 (Unaudited) £m
<b>Current assets</b>				
Cash and cash equivalents	12.6	3.4	-	16.0
<b>Debt</b>				
Secured borrowings	(620.8)	(0.3)	(0.4)	(621.5)
	(620.8)	(0.3)	(0.4)	(621.5)
<b>Net debt per Balance Sheet</b>	<b>(608.2)</b>	<b>3.1</b>	<b>(0.4)</b>	<b>(605.5)</b>

The Group is funded by two external sources of financing, a £600.0m secured loan due June 2026 and a Revolving Credit Facility "RCF" for £70.0m, of which £30.0m was drawn at the previous period end dates.

### 13. FAIR VALUE

#### Fair value of non-derivative financial assets and liabilities

With the exception of the Group's secured loan notes, there are no material differences between the carrying value of non-derivative financial assets and financial liabilities and their fair values as at the balance sheet date.

The carrying value of Punch Finance PLC's listed debt at 4 December 2022 is £591.5m (14 August 2022: £590.8m) and the fair value, measured at market value, of this debt at that date is £512.5m (14 August 2022: £536.9m).

The fair value of the Group's secured loan notes have been measured by a level 1 valuation method as defined below.

#### Fair value hierarchy

Financial instruments carried at fair value are required to be measured by reference to the following levels:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the 16 weeks ended 4 December 2022

### 14. CAPITAL COMMITMENTS

#### Capital commitments for property, plant and equipment

	4 December 2022 (Unaudited) £m	14 August 2022 (Audited) £m
Contracted but not provided	2.1	1.8

### 15. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not contained in this note.

The key management personnel of the Company comprise members of the Punch Pubs & Co Group Limited (Formally Vine Acquisitions Limited) Board of Directors. Transactions for the period with companies under common control but outside the Group were £0.2m, of which £0.1m was outstanding at the period end and is included within amounts owed to group undertakings.

#### Transactions with key management personnel

Certain Directors and a company under common ownership are beneficiaries of a management incentive plan which (subject to performance conditions) provides for a bonus payment at an exit event. The Group has measured the fair value of the awards as at 14 August 2022 and has applied appropriate assessments as to the probability of these awards vesting at this period date

### 16. SEASONALITY OF INTERIM OPERATIONS

The Group's financial results and cash flows have, historically, been subject to seasonal trends, affected by weather, holiday periods and the timing of major sporting events.

The seasonality of the pub industry results in variable demand and, consequently, our revenue and operating results tend to fluctuate from period to period.

### 17. PENSIONS

The Pubmaster Pension Scheme is a defined benefit scheme operated in the UK. The values of the scheme's liabilities have been determined by a qualified actuary based on the results of an actuarial valuation as at 6 April 2022, updated to 14 August 2022. The contributions to defined benefit schemes for this financial year, were £0.3m, which are expensed to the Condensed Consolidated Statement of Other Comprehensive Income.

The Pubmaster Pension Scheme at 14 August 2022 had a net asset position of £1,618,000. This has not been recognised in line with our accounting policy and the book value is recorded as nil.