

# PUNCH

Punch Pubs Group Limited

Unaudited Condensed Consolidated Financial Information

For the 52 weeks ended 11 August 2024

Registered number: 13420745



## **UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

For the 52 weeks ended 11 August 2024

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# PUNCH

Punch Pubs Group Limited

## OPERATING AND FINANCIAL REVIEW

For the 52 weeks ended 11 August 2024

Punch Pubs Group Limited announces its trading update for the 52 week period to 11 August 2024 (prior year 52 week period to 13 August 2024).

### Business and Market Overview

The Punch Pubs Group comprises 1,258 pubs, 92% of which are owned on a freehold or long-leasehold basis.

The principal characteristics of the estate being:

- We operate a community pub estate and therefore have limited exposure to the high-street, city centre and late-night markets and we do not operate pub brands with each pub being individual;
- We operate a drinks-led pub estate and therefore have lower exposure to destination dining with c.80% of our income coming from drink;
- Being a drink led community estate our pubs tend to have a smaller footprint in terms of size and labour requirement, thus benefiting from lower fixed costs to operate;
- Our pubs are operated by independent entrepreneurs as opposed to being fully managed. Consequently we are not directly exposed to changes in labour rates;
- Approximately one third of our EBITDA profit comes from rental income, predominantly on inflation linked 5-year tenancy agreements.

### Trading and Financial Performance

For the 52 weeks to 11 August 2024 total revenue was £324.3 million compared to £313.5 million in the prior year period of 52 weeks to 13 August 2024.

All three divisions (Leased and Tenanted, Management Partnership and Laine) delivered like-for-like sales growth for the 52 week period when compared to the prior year. Underlying EBITDA for the pub estates (Management Partnership, Leased & Tenanted and Laine) before central costs increased by £11.2 million to £117.3 million, up 11%.

EBITDA for the period was £89.1 million (prior year 52 weeks: £79.1 million) of which £91.2 million was classed as Underlying EBITDA (prior year 52 weeks: £81.3 million).

Underlying EBITDA for the 52 weeks to 11 August 2024 of £91.2 million compares positively to the £76.0 million 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

During the year, the group acquired 36 pubs at a cost of £25.2 million including SDLT and fees. The acquisitions have been funded from available cash resources and drawing on the revolving credit facility.

In the 52 week period the Group has spent £28.8 million (prior year 52 weeks: £30.8 million) on expansionary and maintenance capital. Capital expenditure also includes improvements in energy efficiency, increasing the percentage of pubs (non-listed) with SAP rating C or greater to 84% of pubs at 11 August 2024 (13 August 2023: 71%; 14 August 2022: 46%); with a clear pathway to increasing this to 100% by 31 December 2026.

As noted in previous reports, we have identified the next tranche of pubs to convert to the Management Partnership model, having identified an additional population of up to 70 pubs that would be suitable for conversion. With conversion phased progressively over a three year period. We are pleased with the strong returns on investment that we are seeing from past conversions and would expect to achieve similar returns on future conversions of between 20% and 30%.

Net proceeds from the sale of properties in the year was £14.8 million (prior year 52 weeks: £11.2 million).

## **Property Valuation**

After having realised £14.8 million from property disposals in the period, property assets increased by £22.7 million in the period to £915.7 million (13 August 2023: £893.0 million). The Group benefits from operating a predominantly freehold estate, with 92% 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. For the year ended 11 August 2024 20% of the estate was valued by Savills (UK) Limited, independent chartered surveyors. The impact on the financial statements of the revaluation in the current year is to increase the net book value of property, plant and equipment by £2.0 million (£21.9 million being charged to operating profit and a £23.9 million credit recognised in the Statement of Other Comprehensive Income).

The current net book value of properties at £915.7 million compares favourably to the full estate property valuation undertaken ahead of the High Yield Bond launch in May 2021 at £849.7 million.

## **Financial Position**

The Group generated a net cash inflow from operating activities for the year of £91.2 million (prior year 52 weeks: £78.8 million).

An interim dividend of £20.6 million for the current financial year ending 11 August 2024 was paid in the period. This dividend represents the first such payment since the launch of the bond in May 2021.

As at the 19 May 2024 period end date the Group had £66.5 million of available financial resources (13 August 2023: £60.3 million), represented by £5.3 million of cash and cash equivalents and £39.0 million undrawn against the revolving credit facility and £22.2m from 32 RCF funded freehold pub acquisitions. In addition, £2.6 million of cash held in deposit accounts is classified within prepayments (13 August 2023: £2.6 million).

## **Current Trading and Outlook**

MAT EBITDA of £91.2 million to 11 August 2024 will be further boosted by (i) +£3.4 million incremental EBITDA from the recent acquisition of 16 pubs in the period; and (ii) +£2.8 million of run-rate cost saving efficiencies to be realised within the next 12 months; leading to an adjusted run-rate EBITDA of £97.4 million.

Quarter 1 trading to date has been encouraging with profitability ahead of the prior year.

Subsequent to the year end, 18 pubs have been acquired in Q1 which are forecast to deliver an additional £2.3 million of run-rate EBITDA.

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the 52 weeks ended 11 August 2024

	Notes	52 weeks ended 11 August 2024 (Unaudited)			52 weeks ended 13 August 2023 (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
Revenue	2	324.3	-	324.3	313.5	-	313.5
Operating costs before depreciation and amortisation		(233.1)	(2.1)	(235.2)	(232.2)	(2.2)	(234.4)
<b>EBITDA<sup>2</sup></b>		<b>91.2</b>	<b>(2.1)</b>	<b>89.1</b>	<b>81.3</b>	<b>(2.2)</b>	<b>79.1</b>
Depreciation and amortisation		(17.4)	-	(17.4)	(18.0)	-	(18.0)
(Loss)/Profit on sale of non-current assets		-	(0.6)	(0.6)	-	0.6	0.6
Impairment	3	-	(0.8)	(0.8)	-	(7.1)	(7.1)
Re-valuation of properties		-	(21.9)	(21.9)	-	(20.9)	(20.9)
<b>Operating profit / (loss)</b>		<b>73.8</b>	<b>(25.4)</b>	<b>48.4</b>	<b>63.3</b>	<b>(29.6)</b>	<b>33.7</b>
Finance income	4	0.2	-	0.2	0.1	-	0.1
Finance costs	5	(47.6)	-	(47.6)	(47.5)	-	(47.5)
<b>Profit / (loss) before taxation</b>		<b>26.4</b>	<b>(25.4)</b>	<b>1.0</b>	<b>15.9</b>	<b>(29.6)</b>	<b>(13.7)</b>
Taxation charge	6	(6.9)	0.4	(6.5)	(1.7)	(0.1)	(1.8)
<b>Profit / (loss) for the financial period</b>		<b>19.5</b>	<b>(25.0)</b>	<b>(5.5)</b>	<b>14.2</b>	<b>(29.7)</b>	<b>(15.5)</b>
Loss attributable to non-controlling interest		-	-	-	0.2	-	0.2
<b>Profit / (loss) for the financial period attributable to owners of the parent company</b>		<b>19.5</b>	<b>(25.0)</b>	<b>(5.5)</b>	<b>14.4</b>	<b>(29.7)</b>	<b>(15.3)</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 52 weeks ended 11 August 2024

		52 weeks ended 11 August 2024	52 weeks ended 13 August 2023
	Notes	(Unaudited) £m	(Audited) £m
<b>Profit / (loss) for the financial period attributable to owners of the parent company</b>		<b>(5.5)</b>	<b>(15.3)</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	19	(3.8)	(1.0)
Unrealised surplus on revaluation of properties		23.9	18.1
Tax relating to components of other comprehensive income that cannot be reclassified into profit or loss	6	1.0	0.2
<b>Other comprehensive profit for the period</b>		<b>21.1</b>	<b>17.3</b>
<b>Total comprehensive profit for the period attributable to owners of the parent company</b>		<b>15.6</b>	<b>2.0</b>

**CONDENSED CONSOLIDATED BALANCE SHEET**

as at 11 August 2024

	Notes	11 August 2024 (Unaudited) £m	13 August 2023 (Audited) £m
<b>Non-current assets</b>			
Property, plant and equipment	7	905.8	880.4
Right of use assets	9	60.2	59.6
Other intangible assets	8	1.2	0.9
		<b>967.2</b>	<b>940.9</b>
<b>Current assets</b>			
Inventories		4.0	4.1
Trade and other receivables	10	17.8	18.6
Assets classified as held for sale	13	9.9	12.6
Cash and cash equivalents	12	5.3	10.3
		<b>37.0</b>	<b>45.6</b>
<b>Total assets</b>		<b>1,004.2</b>	<b>986.5</b>
<b>Current liabilities</b>			
Trade and other payables	11	(58.6)	(51.6)
Short-term borrowings	14	(31.0)	(20.0)
Lease liabilities	9	(10.4)	(8.9)
		<b>(100.0)</b>	<b>(80.5)</b>
<b>Non-current liabilities</b>			
Borrowings	14	(595.5)	(593.2)
Lease liabilities	9	(59.9)	(64.8)
Retirement benefit obligations	19	-	-
Deferred tax liability		(24.1)	(18.6)
		<b>(679.5)</b>	<b>(676.6)</b>
<b>Total liabilities</b>		<b>(779.5)</b>	<b>(757.1)</b>
<b>Net assets</b>		<b>224.7</b>	<b>229.4</b>
<b>Equity</b>			
Called up share capital		-	-
Reorganisation reserve		(40.4)	(40.4)
Revaluation reserve		77.9	54.8
Capital reserve		1.3	1.0
Retained earnings		185.9	214.0
<b>Equity attributable to owners of the parent company</b>		<b>224.7</b>	<b>229.4</b>
Non-controlling interest		-	-
<b>Total equity</b>		<b>224.7</b>	<b>229.4</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 52 weeks ended 11 August 2024

	Called up share capital £m	Share premium £m	Reorganisation reserve £m	Revaluation reserve £m	Capital reserve £m	Retained earnings £m	Non-controlling interest £m	Total equity £m
Total equity at 14 August 2022 (Unaudited)	-	-	(40.4)	37.4	0.6	230.1	(0.3)	227.4
Profit / (loss) for the period	-	-	-	-	0.4	(15.9)	0.2	(15.3)
Other comprehensive gains / (losses) for the period	-	-	-	18.1	-	(0.8)	-	17.3
Total comprehensive profit / (loss) for the period	-	-	-	18.1	0.4	(16.7)	0.2	2.0
Share based payment	-	-	-	-	-	-	-	-
Purchase of NCI	-	-	-	-	-	(0.1)	0.1	-
Transfer on disposal of non-current assets	-	-	-	(0.7)	-	0.7	-	-
<b>Total equity at 13 August 2023 (Audited)</b>	-	-	<b>(40.4)</b>	<b>54.8</b>	<b>1.0</b>	<b>214.0</b>	-	<b>229.4</b>
Total equity at 13 August 2023 (Audited)	-	-	(40.4)	54.8	1.0	214.0	-	229.4
Profit / (loss) for the period	-	-	-	-	-	(5.5)	-	(5.5)
Other comprehensive gains / (losses) for the period	-	-	-	23.9	-	(2.8)	-	21.1
Total comprehensive profit / (loss) for the period	-	-	-	23.9	-	(8.3)	-	15.6
Transfer on disposal of non-current assets	-	-	-	(0.8)	-	0.8	-	-
Dividends Paid	-	-	-	-	-	(20.6)	-	(20.6)
Share based payment	-	-	-	-	0.3	-	-	0.3
<b>Total equity at 11 August 2024 (Unaudited)</b>	-	-	<b>(40.4)</b>	<b>77.9</b>	<b>1.3</b>	<b>185.9</b>	-	<b>224.7</b>

Called up share capital represents the nominal value of shares that have been issued.

Share premium represents the excess paid on the nominal value of shares issued by the company.

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 52 weeks ended 11 August 2024

	52 weeks ended 11 August 2024 (Unaudited) £m	52 weeks ended 13 August 2023 (Audited) £m
<b>Cash flows from operating activities</b>		
Operating profit	48.4	33.7
Depreciation and amortisation	17.4	18.0
Profit on sale of non-current assets	0.6	(0.6)
Impairment	0.8	7.1
Revaluation of properties	21.9	20.9
Share based payment expense	0.3	-
(Increase) / decrease in inventories	0.1	(0.1)
Increase in trade and other receivables	(0.7)	(4.7)
Increase in trade and other payables	6.2	5.4
Difference between pension contributions paid and amounts recognised in the income statement	(3.8)	(1.0)
<b>Cash generated from operations</b>	<b>91.2</b>	<b>78.7</b>
Income tax received	-	0.1
<b>Net cash generated from operating activities</b>	<b>91.2</b>	<b>78.8</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment		
- acquisitions	(25.2)	-
- investments	(28.8)	(30.8)
Proceeds from sale of property, plant and equipment	14.8	11.2
Purchase of other intangible assets	(0.5)	(0.7)
Intercompany financing	2.5	(1.8)
Interest received	0.2	0.1
<b>Net cash used in investing activities</b>	<b>(37.0)</b>	<b>(22.0)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from facility drawdown / (repayment)	11.0	(10.0)
Dividends paid	(20.6)	-
Payment of lease liability	(9.7)	(9.9)
Intercompany settlement	-	-
Interest paid	(39.9)	(39.2)
<b>Net cash used in financing activities</b>	<b>(59.2)</b>	<b>(59.1)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(5.0)</b>	<b>(2.3)</b>
Cash and cash equivalents at beginning of period	10.3	12.6
<b>Cash and cash equivalents at end of period</b>	<b>5.3</b>	<b>10.3</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the 52 weeks ended 11 August 2024

### 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 13 August 2023 and which also apply at 11 August 2024. These are 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 condensed consolidated financial information for the 52 weeks ended 11 August 2024 is unaudited.

The financial information for the 52 weeks ended 13 August 2023 is extracted from the audited accounts for the period ended 13 August 2023, 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 11 August 2024, the quarter end date, the Group had £5.3m of cash balances and £39.0m 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 distribution of the condensed consolidated financial information, 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.

#### *Valuation of properties*

The Group has a policy to revalue the properties on a 5 year rolling basis based on the year end date. The directors deem that there are no indicators that would mean the property valuation would of changed materially since the year end and no revaluation was undertaken in the period, a revaluation of 20% of the pub estate will be carried out at the year end in-line with the Group's accounting policy.

#### *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 52 weeks ended 11 August 2024

### 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.

	52 weeks ended 11 August 2024 (Unaudited)				Total £m
	L&T £m	MP £m	Laine £m	Unallocated £m	
Drink revenue	94.4	109.5	47.6	-	251.5
Food revenue	-	30.0	3.7	-	33.7
Rental income	28.1	0.7	0.5	-	29.3
Other revenue	3.1	5.1	1.6	-	9.8
Underlying revenue	125.6	145.3	53.4	-	324.3
Underlying operating costs <sup>1</sup>	(55.6)	(109.3)	(42.1)	(26.1)	(233.1)
EBITDA before non-underlying items	<b>70.0</b>	<b>36.0</b>	<b>11.3</b>	<b>(26.1)</b>	<b>91.2</b>
Underlying depreciation and amortisation					(17.4)
Operating non-underlying items					(25.4)
Net finance costs					(47.4)
UK income tax charge					(6.5)
Profit for the financial period					(5.5)
Loss attributable to non-controlling interest					-
<b>Profit for the financial period attributable to owners of the parent company</b>					<b>(5.5)</b>

<sup>1</sup> Unallocated underlying operating costs represent corporate overheads that are not allocated down to the divisional performance.

	52 weeks ended 13 August 2023 (Audited)				Total £m
	L&T £m	MP £m	Laine £m	Unallocated £m	
Drink revenue	91.0	105.2	47.0	-	243.2
Food revenue	-	29.0	3.9	-	32.9
Rental income	27.0	0.9	0.5	-	28.4
Other revenue	3.0	4.7	1.3	-	9.0
Underlying revenue	121.0	139.8	52.7	-	313.5
Underlying operating costs <sup>1</sup>	(53.9)	(110.3)	(43.2)	(24.8)	(232.2)
EBITDA before non-underlying items	<b>67.1</b>	<b>29.5</b>	<b>9.5</b>	<b>(24.8)</b>	<b>81.3</b>
Underlying depreciation and amortisation					(18.0)
Operating non-underlying items					(29.6)
Net finance costs					(47.4)
UK income tax charge					(1.8)
Loss for the financial period					(15.5)
Loss attributable to non-controlling interest					0.2
<b>Loss for the financial period attributable to owners of the parent company</b>					<b>(15.3)</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the 52 weeks ended 11 August 2024

### 2. SEGMENTAL ANALYSIS (CONTINUED)

Assets and liabilities	52 weeks ended 11 August 2024 (Unaudited)				
	L&T £m	MP £m	Laine £m	Unallocated £m	Total £m
Segment assets	633.4	273.1	66.0	4.6	977.1
Unallocated assets	-	-	-	27.1	27.1
<b>Total assets</b>	<b>633.4</b>	<b>273.1</b>	<b>66.0</b>	<b>31.7</b>	<b>1,004.2</b>
Segment liabilities	(13.3)	(9.9)	(45.8)	(1.3)	(70.3)
Unallocated liabilities	-	-	-	(709.2)	(709.2)
<b>Total liabilities</b>	<b>(13.3)</b>	<b>(9.9)</b>	<b>(45.8)</b>	<b>(710.5)</b>	<b>(779.5)</b>
<b>Net assets / (liabilities)</b>	<b>620.1</b>	<b>263.2</b>	<b>20.2</b>	<b>(678.8)</b>	<b>224.7</b>

  

	52 weeks ended 13 August 2023 (Audited)				
	L&T £m	MP £m	Laine £m	Unallocated £m	Total £m
Segment assets	603.3	277.3	68.5	4.4	953.5
Unallocated assets	-	-	-	33.0	33.0
<b>Total assets</b>	<b>603.3</b>	<b>277.3</b>	<b>68.5</b>	<b>37.4</b>	<b>986.5</b>
Segment liabilities	(11.1)	(11.6)	(49.5)	(1.5)	(73.7)
Unallocated liabilities	-	-	-	(683.4)	(683.4)
<b>Total liabilities</b>	<b>(11.1)</b>	<b>(11.6)</b>	<b>(49.5)</b>	<b>(684.9)</b>	<b>(757.1)</b>
<b>Net assets / (liabilities)</b>	<b>592.2</b>	<b>265.7</b>	<b>19.0</b>	<b>(647.5)</b>	<b>229.4</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, other intangible assets and exclude, 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:

	52 weeks ended 11 August 2024 (Unaudited) £m	52 weeks ended 13 August 2023 (Audited) £m
<b>Operating non-underlying items</b>		
Restructuring and other one-off costs	(1.8)	(1.8)
(Loss)/Profit on sale of non-current assets	(0.6)	0.6
Impairment	(0.8)	(7.1)
Movement in valuation of properties	(21.9)	(20.9)
Share based payment charge	(0.3)	(0.4)
<b>Total non-underlying items before tax</b>	<b>(25.4)</b>	<b>(29.6)</b>
<b>Tax</b>		
Tax impact of non-underlying items	0.4	0.3
Change in standard rate of tax	-	(0.4)
	<b>0.4</b>	<b>(0.1)</b>
<b>Total non-underlying items after tax</b>	<b>(25.0)</b>	<b>(29.7)</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the 52 weeks ended 11 August 2024

### 4. FINANCE INCOME

	52 weeks ended 11 August 2024 (Unaudited) £m	52 weeks ended 13 August (Audited) £m
<b>Bank interest receivable</b>	<b>0.2</b>	<b>0.1</b>

### 5. FINANCE COSTS

	52 weeks ended 11 August 2024 (Unaudited) £m	52 weeks ended 13 August (Audited) £m
Interest payable on loan notes and revolving credit facility	40.0	39.4
Interest payable on lease liabilities	4.9	5.2
Net pension interest costs	0.4	0.5
Amortisation of deferred issue costs	2.3	2.4
<b>Total finance costs</b>	<b>47.6</b>	<b>47.5</b>

### 6. TAXATION

Tax (charged) / credited in the income statement

	52 weeks ended 11 August 2024 (Unaudited)		
	Underlying £m	Non- underlying £m	Total £m
<b>Current tax</b>			
UK corporation tax - current period	(0.4)	0.4	-
	<b>(0.4)</b>	<b>0.4</b>	<b>-</b>
<b>Deferred tax</b>			
Origination and reversal of temporary differences - current period	(6.5)	-	(6.5)
	<b>(6.5)</b>	<b>-</b>	<b>(6.5)</b>
<b>Taxation charge</b>	<b>(6.9)</b>	<b>0.4</b>	<b>(6.5)</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.

	52 weeks ended 13 August 2023 (Audited)		
	Underlying £m	Non- underlying £m	Total £m
<b>Current tax</b>			
UK corporation tax - current period	(0.6)	0.6	-
	<b>(0.6)</b>	<b>0.6</b>	<b>-</b>
<b>Deferred tax</b>			
Origination and reversal of temporary differences - current period	(1.1)	(0.3)	(1.4)
Origination and reversal of temporary differences - adjustments in respect of prior periods	-	(0.4)	(0.4)
	<b>(1.1)</b>	<b>(0.7)</b>	<b>(1.8)</b>
<b>Deferred tax</b>	<b>(1.7)</b>	<b>(0.1)</b>	<b>(1.8)</b>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

For the 52 weeks ended 11 August 2024

**6. TAXATION (CONTINUED)****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:

	<b>52 weeks ended 11 August 2024 (Unaudited) £m</b>	<b>52 weeks ended 13 August (Audited) £m</b>
<b>Deferred tax</b>		
Deferred tax credit / (charge) on change in actuarial valuation of pension schemes	1.0	0.2
<b>Deferred tax credit / (charge) recognised directly in equity</b>	<b>1.0</b>	<b>0.2</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the 52 weeks ended 11 August 2024

### 7. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £m	Public house fixtures and fittings £m	Total £m
<b>Cost</b>			
At 13 August 2023 (Audited)	861.2	42.3	903.5
Additions	44.6	9.4	54.0
Revaluation	(0.1)	(1.5)	(1.6)
Net transfers to non-current assets classified as held for sale	(7.1)	0.3	(6.8)
Disposals	(9.3)	(0.6)	(9.9)
Adjustments in respect of prior periods	0.7	0.6	1.3
<b>At 11 August 2024 (Unaudited)</b>	<b>890.0</b>	<b>50.5</b>	<b>940.5</b>
<b>Accumulated depreciation and impairment</b>			
At 13 August 2023 (Audited)	8.3	14.8	23.1
Charge for the period	2.4	10.2	12.6
Impairment losses	4.1	-	4.1
Revaluation	(2.9)	(0.7)	(3.6)
Net transfers to non-current assets classified as held for sale	(2.6)	0.2	(2.4)
Disposals	(0.1)	(0.4)	(0.5)
Adjustments in respect of prior periods	0.7	0.7	1.4
<b>At 11 August 2024 (Unaudited)</b>	<b>9.9</b>	<b>24.8</b>	<b>34.7</b>
<b>Net book value at 11 August 2024 (Unaudited)</b>	<b>880.1</b>	<b>25.7</b>	<b>905.8</b>
Net book value at 13 August 2023 (Audited)	852.9	27.5	880.4

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 52 weeks ended 11 August 2024, in-line with the Group's policy.

### 8. OTHER INTANGIBLE ASSETS

	Other intangible assets £m
<b>Cost</b>	
At 13 August 2023 (Audited)	1.6
Additions	0.5
<b>At 11 August 2024 (Unaudited)</b>	<b>2.1</b>
<b>Amortisation and impairment</b>	
At 13 August 2023 (Audited)	0.7
Charge for the period	0.2
<b>At 11 August 2024 (Unaudited)</b>	<b>0.9</b>
<b>Net book value at 11 August 2024 (Unaudited)</b>	<b>1.2</b>
Net book value at 13 August 2023 (Audited)	0.9

Other intangible assets relate to computer software.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the 52 weeks ended 11 August 2024

### 9. LEASES

#### Group as a Lessee

Right of use assets	Property £m	Vehicles £m	Total £m
<b>Cost</b>			
At 13 August 2023 (Audited)	69.9	2.4	72.3
Additions	-	0.7	0.7
Disposals	-	(0.1)	(0.1)
Remeasurement	0.7	-	0.7
<b>At 11 August 2024 (Unaudited)</b>	<b>70.6</b>	<b>3.0</b>	<b>73.6</b>
<b>Accumulated depreciation and impairment</b>			
At 13 August 2023 (Audited)	11.9	0.8	12.7
Charge for the period	3.9	0.7	4.6
Disposals	-	(0.1)	(0.1)
Reversal of accumulated impairment	(3.8)	-	(3.8)
<b>At 11 August 2024 (Unaudited)</b>	<b>12.0</b>	<b>1.4</b>	<b>13.4</b>
<b>Net book value at 11 August 2024 (Unaudited)</b>	<b>58.6</b>	<b>1.6</b>	<b>60.2</b>
Net book value at 13 August 2023 (Audited)	58.0	1.6	59.6

#### Lease liabilities

	£m
At 13 August 2023 (Audited)	73.7
Additions	0.7
Finance charge on lease liability	4.9
Repayments	(9.7)
Remeasurement	0.7
<b>At 11 August 2024 (Unaudited)</b>	<b>70.3</b>

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

	11 August 2024 (Unaudited) £m
Current	10.4
Non-current	59.9
<b>At 11 August 2024 (Unaudited)</b>	<b>70.3</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:

	11 August 2024 (Unaudited) £m
Within one year	25.7
One to two years	17.6
Two to three years	14.4
Three to four years	11.5
Four to five years	6.8
After five years	20.2
	<b>96.2</b>



**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

For the 52 weeks ended 11 August 2024

**9. LEASES (CONTINUED)**

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:

	<b>11 August 2024 (Unaudited) £m</b>
Within one year	8.4
Between one and five years	30.9
After five years	101.7
	<b>141.0</b>

**10. TRADE AND OTHER RECEIVABLES**

<b>Amounts falling due within one year</b>	<b>11 August 2024 (Unaudited) £m</b>	<b>13 August 2023 (Audited) £m</b>
Trade receivables	7.2	5.9
Prepayments	10.1	9.8
Intercompany loan	-	1.8
Other receivables	0.5	0.7
Amounts due from group undertakings	-	0.4
	<b>17.8</b>	<b>18.6</b>

Intercompany loans relates to a loan to Punch Pubs Limited of £nil (13 August 2023: £1.8m). Interest is charged at 6.125% per annum with unpaid accrued interest capitalised each year. The loan is repayable on demand.

**11. TRADE AND OTHER PAYABLES**

<b>Amounts falling due within one year</b>	<b>11 August 2024 (Unaudited) £m</b>	<b>13 August 2023 (Audited) £m</b>
Trade payables	21.1	19.3
Accruals and deferred income	19.9	17.6
Social security and other tax	3.6	4.2
Amounts owed to group undertakings	0.3	-
Other payables	13.7	10.5
	<b>58.6</b>	<b>51.6</b>

**12. CASH AND CASH EQUIVALENTS**

	<b>11 August 2024 (Unaudited) £m</b>	<b>13 August 2023 (Audited) £m</b>
<b>Cash and cash equivalents</b>	<b>5.3</b>	<b>10.3</b>

Cash and cash equivalents includes £nil (13 August 2023: £2.0m) which is held in deposit accounts and is not available for general use by the Group.

The comparative figure for 13 August 2023 taken from the audited accounts has been restated in comparison to the Q4 FY23 interim accounts to reclassify £2.6m of cash held in deposit accounts as prepayments.

**13. ASSETS CLASSIFIED AS HELD FOR SALE**

	<b>11 August 2024 (Unaudited) £m</b>	<b>13 August 2023 (Audited) £m</b>
<b>Assets classified as held for sale</b>	<b>9.9</b>	<b>12.6</b>

In addition to the transfers into assets classified as held for sale and the disposals during the period, there was an impairment to pubs of £0.5m (13 August 2023: £0.1m.)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the 52 weeks ended 11 August 2024

### 14. NET DEBT

#### Analysis of net debt

	11 August 2024 (Unaudited) £m	13 August 2023 (Audited) £m
Secured loan notes	(600.0)	(600.0)
Revolving credit facility	(31.0)	(20.0)
Cash and cash equivalents	5.3	10.3
<b>Nominal value of net debt</b>	<b>(625.7)</b>	<b>(609.7)</b>
Capitalised debt issue costs	4.5	6.8
<b>Net debt</b>	<b>(621.2)</b>	<b>(602.9)</b>

#### Balance sheet:

Borrowings	(626.5)	(613.2)
Cash and cash equivalents	5.3	10.3
<b>Net debt</b>	<b>(621.2)</b>	<b>(602.9)</b>

#### Analysis of changes in net debt

	At 13 August 2023 (Audited) £m	Cash flow £m	Non-cash movements £m	At 11 August 2024 (Unaudited) £m
<b>Current assets</b>				
Cash and cash equivalents	10.3	(5.0)	-	5.3
<b>Debt</b>				
Secured borrowings	(613.2)	(11.0)	(2.3)	(626.5)
	(613.2)	(11.0)	(2.3)	(626.5)
<b>Net debt per Balance Sheet</b>	<b>(602.9)</b>	<b>(16.0)</b>	<b>(2.3)</b>	<b>(621.2)</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 £31.0m was drawn at the period end date.

### 15. 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 11 August 2024 is £595.5m (13 August 2023: £593.2m) and the fair value, measured at market value, of this debt at that date is £591.7m (13 August 2023: £524.8m).

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 52 weeks ended 11 August 2024

### 16. CAPITAL COMMITMENTS

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

	11 August 2024 (Unaudited) £m	13 August 2023 (Audited) £m
Contracted but not provided	4.1	3.5

### 17. 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. There was a balance of £nil (13 August 2023: £2.2m) due to these companies at the period end.

Included within the amount due from group companies is a loan with Punch Pubs Limited, the balance at the period end was £nil (13 August 2023: (£1.8m)). Interest is payable on the loan at 6.125% per annum.

#### 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 11 August 2024 and has applied appropriate assessments as to the probability of these awards vesting at this period date.

### 18. 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.

### 19. 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 11 August 2024. The contributions to defined benefit schemes for this financial year, were £3.8m, which are expensed to the Condensed Consolidated Statement of Other Comprehensive Income.

The Pubmaster Pension Scheme at 11 August 2024 had a net asset position of £4.0m (13 August 2023: £45,000). This has not been recognised in line with our accounting policy and the book value is recorded as nil.

### 20. DIVIDEND

On 14 August 2023 an interim dividend was approved for £20.6m, this was paid on 18 August 2023.