STRICTLY EMBARGOED
UNTIL 7AM WEDNESDAY 15 NOVEMBER 2023

FULLER, SMITH & TURNER P.L.C.
("Fuller's", the "Company", or the "Group")
Financial results for the 26 weeks to 30 September 2023

Strong progress as revenues and profits continue to rise

Financial and Operational Highlights

	Unaudited 26 weeks ended 30 September 2023 £m	Unaudited 26 weeks ended 24 September 2022 £m	Audited 53 weeks ended 1 April 2023 £m
Revenue and other income	**188.8**	168.9	336.6
EBITDA[1]	**34.8**	28.9	51.8
Adjusted profit before tax[2]	**14.5**	9.8	12.7
Statutory profit before tax	**14.9**	10.7	10.3
Basic earnings per share[3]	**17.65p**	13.13p	12.98p
Adjusted earnings per share[3]	**17.16p**	12.48p	16.10p
Dividend per share	**6.63p**	4.68p	14.68p
Net debt excluding lease liabilities[4]	**129.4**	129.2	132.8

All figures above are from continuing operations.

1 *Earnings before interest, tax, depreciation, amortisation, profit on disposal of property, plant and equipment, and separately disclosed items.*
2 *Adjusted profit before tax is the profit before tax excluding separately disclosed items.*
3 *Per 40p 'A' or 'C' ordinary share. Basic EPS is calculated using earnings attributable to equity shareholders after tax including separately disclosed items. Adjusted EPS excludes separately disclosed items.*
4 *Net debt excluding lease liabilities comprises cash and short-term deposits, bank overdraft, bank loans, debenture stock and preference shares.*

Financial and Operational Highlights (cont)

- Revenue up 12% to £188.8 million (H1 2023: £168.9 million), driven by strong performances across the estate
- Like for like sales in H1 up 12.7%, demonstrating market outperformance, substantially ahead of the industry's Coffer CGA Business Tracker
- Adjusted profit before tax increased by 48% to £14.5 million (H1 2023: £9.8 million) – demonstrating strong profit conversion despite inflationary challenges
- Net debt is at £129.4 million (H1 2023: £129.2 million) with cash used to enhance the estate and finance shareholder returns
- Interim dividend increased in line with earnings to 6.63p (H1 2023: 4.68p), representing a 42% increase on last year
- Completed buy back of one million 'A' shares at an average price of 580p, and today announcing our intention to buyback an additional one million 'A' shares.

Strategic Highlights

- An excellent customer experience, resulting in like for like sales growth across all areas during the first half
  - Food sales up 15.5%
  - Drink sales up 10.9%
  - Accommodation sales up 13.4%
- Continuing to invest for the long-term
  - Enhancing the estate with £9.0 million capital investment
  - Significant pipeline of investments planned
  - Increased investment in our people, including new leadership training programme for all general managers
  - Deployment of numerous ESG initiatives as part of our *Life is too good to waste* programme
- Effective proactive portfolio management with 21 of 23 pubs earmarked for transfer from managed to tenanted completed – remaining sites will complete imminently
- Further strengthening of the Balance Sheet, with reduced leverage, and headroom for acquisitions to drive long-term growth.

Current Trading

- Like for like sales for the 32 weeks to 11 November 2023 up 11.7%
- Primed for a strong Christmas with bookings already 11% ahead of prior year.

Chief Executive Simon Emeny said:

“We have had a strong start to the year – delivering excellent financial results and building a superb platform for future growth. While there are still a number of macro-economic elements to navigate, certain external factors are moving in our favour with office workers continuing to return to their desks and the City becoming a seven day operation with increased leisure spend at the weekend.

“There has been a welcome return of major events. Customers are increasingly seeking premium experiences when they are spending their money, and we have the benefit of the lucrative international tourist trade to come with inbound tourism still below pre-covid levels.

“These factors play to our strengths which, combined with our teams’ operational excellence, have resulted in our like for like sales rising 12.7% from the prior year – outperforming the market and well ahead of the industry’s Coffer CGA Business Tracker. There is demonstrable momentum and positivity in the business, we have an amazing group of dedicated team members, excellent leaders, and a keen focus on continuing to grow profitable sales using all the levers available to us.

“We have continued with our strong progress since the period end, with like for like sales for the first 32 weeks of the year growing by 11.7%. Trading in the City continues to grow and although we cannot rule out further tube or train strikes, we are looking forward to a good Christmas with bookings currently 11% ahead of last year.

“Our capital investment programme for the year will see us undertaking a number of large projects across the estate during the remainder of this financial year, enhancing our iconic pubs and hotels. We will also continue to invest in further development for our exceptional team members including the roll out of a new online training platform, to support our face to face learning, that will increase engagement.

“Fuller’s has a long-term vision, strong values and a clear strategy – all underpinned by our predominately freehold estate of iconic pubs in fantastic locations. While there is still a challenging economic environment to navigate, we have had a strong first half and with exciting plans in the pipeline, we are looking forward to the second half of the year with confidence.”

-Ends-

For further information, please contact:

Fuller, Smith & Turner P.L.C.

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Instinctif Partners

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Forthcoming dates in the financial calendar:

Interim dividend payment: 2 January 2024
Trading update: 25 January 2024
Full year results announcement FY 2024: 13 June 2024
AGM: 23 July 2024
Half year results announcement FY 2025: 14 November 2024

Notes to Editors:

Fuller, Smith & Turner PLC is the premium pubs and hotels business that is famous for beautiful and inviting pubs with delicious fresh food, a vibrant and interesting range of drinks, and engaging service from passionate people. Our purpose in life is to create experiences that *nourish the soul*. Fuller's has 183 managed businesses, with 1,015 boutique bedrooms, and 193 Tenanted Inns. The Fuller's pub estate stretches from Brighton to Birmingham and from Bristol to the Greenwich Peninsula, including 163 locations within the M25. Our Managed Pubs and Hotels include Cotswold Inns & Hotels – seven stunning hotels in the Cotswolds, and Bel & The Dragon – six exquisite modern English inns located in the Home Counties. In summary, Fuller's is the home of great pubs, outstanding hospitality and passionate people, where everyone is welcome and leaves that little bit happier than they arrived.

Photography is available from the Fuller's Press Office on 020 8996 2000 or by email at pr@fullers.co.uk.

This statement will be available on the Company's website, www.fullers.co.uk*. An accompanying presentation will be available from 12 noon on 15 November 2023.*

FULLER, SMITH & TURNER P.L.C.
FINANCIAL RESULTS FOR THE 26 WEEKS ENDED 30 SEPTEMBER 2023

CHAIRMAN'S STATEMENT

I am very pleased to report that your Company has made excellent progress in the first half of the year. While the cost-of-living crisis, train strikes and conflict across the globe runs on, Fuller's continues to focus on the long-term – delivering growing sales and profits and investing in our people, our properties and a constantly evolving customer offer.

I am delighted to see all our key metrics heading in the right direction. Revenues have risen by 12%, adjusted profit before tax is up by 48%, and in order to rebalance the interim dividend as a proportion of the total dividend, we have increased the interim dividend payment by 42%, which also brings it closer to pre-pandemic levels. Simon Emeny and the Executive Team are showing strong leadership and the business is delivering across its strategic pillars.

While we are in great shape, the hospitality industry as a whole still needs the support of Government. Forthcoming changes to business rates, including an inflation-linked rise in the all-important business rates multiplier, will hit the industry hard and while well-funded companies like Fuller's have the bandwidth to withstand (albeit reluctantly) these increases, many will not. I urge this Government – and any future incumbent – to consider the important role that pubs play in delivering jobs and tax revenues, and their key role in local communities and society as a whole.

One of the highlights of the first half of this financial year was the promotion of our People & Talent Director, Dawn Browne, to the Main Board in July. This was in recognition of the importance of people to our business, and I am pleased to say she is already making an excellent contribution. In addition, her team has undertaken a number of initiatives around leadership training, diversity and inclusion, recruitment, development and retention – with labour turnover rates improving significantly.

We are also making good inroads in hitting our Net Zero target by 2030. With a large number of small changes we have already substantially reduced our operational emissions – aided by switching to renewable energy sources – and the accompanying savings in energy have been most welcome. It is in all our interests to operate in a way that reduces our impact on resources and on the planet and I look forward to seeing this work develop further.

Finally, I would like to thank the amazing team of people that work at Fuller's for their contribution to these results. They are an inspiration from the bar to the boardroom and it is their *joie de vivre* that continues to deliver for our customers, for their colleagues, and for our shareholders.

DIVIDEND

The Board is pleased to announce an interim dividend of 6.63p (H1 2023: 4.68p) per 40p 'A' and 'C' ordinary share and 0.663p (H1 2023: 0.468p) per 4p 'B' ordinary share. This will be paid on 2 January 2024 to shareholders on the share register as at 15 December 2023. This payment equates to 85% of the 2019 interim payment and continues our return to a progressive dividend policy.

Michael Turner
Chairman
14 November 2023

CHIEF EXECUTIVE'S REVIEW

OVERVIEW

We have had a strong start to the year – delivering excellent financial results and building a superb platform for future growth. While there are still a number of macro-economic elements to navigate, certain external factors are moving in our favour with office workers continuing to return to their desks and the City becoming a seven day operation with increased leisure spend at the weekend.

There has been a welcome return of major events. Customers are increasingly seeking premium experiences when they are spending their money, and we have the benefit of the lucrative international tourist trade to come with inbound tourism still below pre-covid levels.

These factors play to our strengths which, combined with our teams' operational excellence, have resulted in our like for like sales rising 12.7% from the prior year, outperforming the market and well ahead of the industry's Coffer CGA Business Tracker. There is demonstrable momentum and positivity in the business, we have an amazing group of dedicated team members, excellent leaders, and a keen focus on continuing to grow profitable sales using all the levers available to us.

While growing sales will generate profits in the near term, we continue to invest in our long-term strategy – delighting our customers, inspiring our people, enhancing our estate through investment, staying one step ahead by constantly evolving our business and owning our impact. This strategy is driven by the Executive Team and we are confident that its successful execution will deliver sustainable growth for the future.

TRADING UPDATE

During the first half, we have ensured that everything we do, every decision we make, and every training course we deliver has the customer at its heart. Irrespective of location, we target a discerning consumer – and pride ourselves on delivering delicious food, a first-class range of drinks, beautiful bedrooms and outstanding hospitality, promoted using data from our digital systems. This delights our customers, keeps them coming back for more and takes market share from our competitors.

Giving our customers reasons to visit

As well as expecting an excellent offer as outlined above, the desire for a premium experience is clear and customers are often looking for that extra something to entice them to the pub. The range of events that we now offer across the estate ensures that our customers have more reasons to visit than ever. These include joint activations with our suppliers, cultural events that bring theatre, opera and even panto to the pub, and an increased focus on ensuring the pub is the best place to watch live sport outside of the stadium.

We use all the tools available to us to promote these activities including geo and demographic targeted digital marketing with compelling content, regular communication to our database of 1.7 million engaged customers, and in-pub point of sale to cross-promote future offers and events. We know this is working with pre-booked revenue for the half year rising by 9%.

Strong growth across food, drink and accommodation

We have been delighted to see like for like sales growth across all three main revenue streams – food, drink and accommodation. Food like for like sales have risen by 15.5% and drink by 10.9%. Accommodation like for like revenue is up 13.4%, while RevPAR has risen by 15% and Average Room Rate has increased to £129 (H1 2023: £117).

While always delicious, the menu across our varied estate is carefully targeted towards the local market – and we have a customer-driven approach to menu design. I am delighted to see innovative new dishes being rolled out including an exciting children's menu and a new brunch offer that is opening up an additional trading day part in a number of sites.

We aim to provide flexibility within a framework for our kitchens, allowing creativity in our food team and exciting options that are tailored for the site, the kitchen and our customers. Dishes are designed through a collaborative process involving chefs, managers, the food team and our suppliers, and are supported by new photography and targeted digital and social marketing, designed to tempt and tantalise the tastebuds of new and existing customers.

We continue to leverage the benefits of our long-term supply agreement with Asahi, while also working with a wide range of other suppliers across all drink segments. Our tie up with Mirabeau delivered a real boost to rosé wine sales over the summer, adding an incremental £1m of revenue. We outperform the market in sales of beer and cider and are category leaders in cask ale – a position we are aiming to emulate in wine, premium spirits and cocktails, and this will be an area of development in the second half of the year.

Accommodation continues to perform well and the new booking engine we rolled out across our Fuller's sites with rooms, Bel & The Dragon and Cotswold Inns & Hotels is delivering further benefits around upselling and driving direct bookings – which have increased by 18.6% against the prior year.

Investing for the future in our pubs and people

We are very proud of our premium position in the marketplace and during the period we have invested £7.4 million across 80 Managed Pubs and Hotels. We also completed major schemes at The Sanctuary House Hotel and The Admiralty, which were started in the last financial year.

During the first half, we added six new bedrooms to The Counting House in Cornhill. This fantastic scheme is realising benefits with the rooms opening in early October and achieving occupancy levels of 95%. Post period end, we acquired the freehold of The Crown in Islington, a pub we have operated for many years.

We have several large and exciting investment schemes scheduled for the second half of the year. These include projects at The Alice Lisle in Ringwood, The Head of the River in Oxford, The Manor at Moreton-in-Marsh, The Forester in Ealing – which was a recent Tenanted to Managed transfer – The Rising Sun in the New Forest and The Pilot at Greenwich. We look forward to updating on these investments at the full year.

I could not be prouder of the amazing teams that work in our pubs and we have increased our training budget by 25% to continue to invest in them. In the first half, we have delivered 2,059 training days, recruited 88 new apprentices, and started the roll out of a new leadership development programme for all general managers across the business. It is always rewarding to be recognised by your peers and we are delighted to be shortlisted in three categories in the forthcoming BII NITA training awards.

Ultimately, the success of our activities around recruitment and development is measured in happiness, engagement and retention. Having just completed our latest Happiness Index employee survey, we are very pleased to be reporting an increase in participation rates, happiness and engagement scores for the second year running. Even more pleasing is that labour turnover rates are now below pre-pandemic levels.

Life is too good to waste

Across the business, we have made excellent progress during the half year across our *Life is too good to waste* programme. We continue to deliver for our corporate charity, Special Olympics Great Britain, and have raised over £122,000 for this excellent cause in the first half.

I am very pleased with the progress we have made around the diversity, equity and inclusion agenda too. We launched our Inclusion Action Plan, completed inclusive leadership development for all senior leaders and operations managers and rolled out menopause training that was accessible to all those in the business.

We are making headway on our route to Net Zero by 2030 for Scope 1 and 2 emissions and have had our near-term science-based emissions reduction target for Scope 1, 2 and 3 approved by the Science Based Targets initiative. Our work in this area is underpinned by new systems of measurement including smart meters and energy dashboards in all our Managed Pubs and Hotels. We now have 11 fully electric kitchens in place, we've increased the amount of cooking oil recycling that takes place, progressed refillable water solutions and added 30kW solar panels to the roof of Pier House (our support centre office), as well as a raft of other solutions.

While doing the right thing for the planet, we have also seen a decrease in gas usage of 8.5% and a reduction in electricity consumption of 5% in the period, on top of substantial reductions last year. We have been recognised for the work undertaken in this area with a BII Sustainability Award and a Green Tourism Award for five Fuller's sites with rooms, and all seven Cotswold Inns & Hotels sites.

TENANTED INNS

It has been an excellent first half for the Tenanted Inns division, which has delivered revenues of £16.3 million and profits of £6.9 million. We have completed the transfer of 21 of the 23 sites earmarked to move from Managed to Tenanted and the last two transfers are imminent. Moving these 23 sites to the Tenanted model is expected to add £1 million of incremental profit contribution.

We continue to undertake joint schemes with our Tenants, with the Company investing £1.6 million across 23 sites in the first half. We now have 54 tenanted pubs operating with turnover based contracts – which allows us to share in non-beer revenues.

Finally, we have improved our Tenanted website, specifically improving the listings of pubs to let, and moved to a new recruitment system. These elements in tandem have freed up additional resource in the Tenanted team which will allow us to further support Tenants on turnover agreements to grow their businesses which is, of course, mutually profitable.

FINANCIAL REVIEW

Group revenue and other income increased by 12% to £188.8 million (H1 2023: £168.9 million) and adjusted profit has increased by 48% to £14.5 million (H1 2023: £9.8 million).

Managed Pubs and Hotels revenue increased by 12% with like for like sales up by 12.7% compared with the prior year. Operating profit in Managed Pubs and Hotels increased from £18.0 million to £25.4 million with operating margin improving from 11.7% to 14.7% despite the continued inflationary environment. This improvement in operating margin is through a focus on sales growth and operational excellence.

Tenanted Inns revenue improved by 8% to £16.3 million (H1 2023: £15.1 million) and EBITDA increased to £8.3 million (H1 2023: £7.8 million). EBITDA margin slightly declined from 51.7% to 50.9% largely due to one-off costs associated with the transfer of sites from Managed Pubs and Hotels to Tenanted Inns.

The Group has unsecured banking facilities of £200 million, split between a revolving credit facility of £110 million and a term loan of £90 million. During the period, the Group agreed with its lenders to extend these facilities for a further year through to May 2027. The Group also has £26 million of debentures, £6 million of which is due for repayment in December 2023 and will be repaid out of the Group's current facilities. The Group's undrawn committed facilities at 30 September 2023 were £86.5 million, with a further £10.2 million of cash held on the balance sheet.

Net debt (excluding leases) was at £129.4 million (H1 2023: £129.2 million) and was down £3.4 million from net debt at year end. The Group has delivered on its capital allocation framework through investment in the estate and returns to shareholders. A total of £9.0 million was invested in the existing estate in the period, a dividend of £6.1 million was paid to shareholders, and £3.5 million was used for share buybacks as part of a one million share buyback programme which completed in November.

The Group has continued to strengthen its Balance Sheet during the period with a ratio of net debt to pro forma EBITDA reducing to 2.6 times (down from 3.0 times at year end) and significant headroom on its facilities. This will be further boosted with the sale of The Mad Hatter, Southwark, in July 2024 which will realise £20 million in value.

Adjusted finance cost increased to £6.9 million (H1 2023: £5.8 million) with average cost of borrowing increasing from 5.4% to 7.6% due to the increase in Bank of England base rates. The Group has a zero-premium cap and collar over £60 million of the term facility. This instrument is in place for a three-year period to September 2025 to hedge some of the variability in interest rates. The Group sold a floor of 310bps and bought a cap of 500bps which has given some protection from the Bank of England rate since it increased to 525bps on 3 August 2023.

Separately disclosed items before tax were a credit of £0.4 million (H1 2023: £0.9 million credit) which principally consists of a release of a VAT provision of £1.1 million on settlement of a claim, £0.4m credit received as part settlement of an ongoing legal claim, and £0.4 million interest credit on the Group's pension surplus. Net of this is an impairment charge of £1.5 million recognised in relation to the write down of three properties and one right-of-use asset to their recoverable value.

Tax has been provided at an effective rate before separately disclosed items of 28.3% (H1 2023: 21.4%). The increase in the effective tax rate is mainly due to the increase in the corporation tax from 19% to 25% which came into effect in April 2023. The main driver of the increase in effective tax rate on adjusted profits over the standard rate of tax is a result of non-deductible depreciation on assets that do not qualify for capital allowances. Disclosure on tax is set out in note 5.

The net impact of these items results in the basic earnings per share increasing by 4.52p to 17.65p (H1 2023: 13.13p) and adjusted earnings per share increasing by 4.68p to 17.16p (H1 2023: 12.48p).

The growth in earnings per share has enabled the Group to declare an interim dividend of 6.63p (H1 2023: 4.68p), which is an increase of 42% on last year, in line with the 38% increase in adjusted earnings per share. In addition to the dividend, the Group announced in July 2023 the intent to repurchase one million 'A' ordinary shares, which it has just recently completed. Today, the Group has announced its intention to buyback an additional one million 'A' ordinary shares.

The surplus on the defined benefit pension schemes has decreased by £1.5 million from the year end and is now showing an accounting surplus of £13.1 million (1 April 2023: surplus £14.6 million, 24 September 2022: surplus £20.4 million). This is predominately as a result of a decrease in the fair value of scheme assets from £113.4 million to £103.8 million. The present value of the scheme liabilities also decreased due to an increase in the discount rate from 4.75% to 5.60%. As the Group has an unconditional right to refund under the pension trust deed, an asset has been recognised at 30 September 2023.

CURRENT TRADING AND OUTLOOK

We have continued with our strong progress since the period end, with like for like sales for the first 32 weeks of the year growing by 11.7%. Trading in the City continues to grow and although we cannot rule out further tube or train strikes, we are looking forward to a good Christmas with bookings currently 11% ahead of last year.

Our capital investment programme for the year will see us undertaking a number of large projects across the estate during the remainder of this financial year, enhancing our iconic pubs and hotels. We will also continue to invest in further development for our exceptional team members including the roll out of a new online training platform, to support our face to face learning, that will increase engagement.

Fuller's is a great company with a superb team of dedicated people at all levels. We have a long-term vision, strong values and a clear strategy and all of this is underpinned by our predominately freehold estate of iconic pubs in fantastic locations.

While there is still a challenging economic environment to navigate, we have had a strong first half. With exciting plans in the pipeline, we are looking forward to the second half of the year with confidence.

Simon Emeny
Chief Executive
14 November 2023

Fuller, Smith & Turner P.L.C.
Condensed Group Income Statement
For the 26 weeks ended 30 September 2023

		Unaudited – 26 weeks ended 30 September 2023			Unaudited – 26 weeks ended 24 September 2022			Audited – 53 weeks ended 1 April 2023		
	Note	**Before separately disclosed items £m**	**Separately disclosed items £m**	**Total £m**	Before separately disclosed items £m	Separately disclosed items £m	Total £m	Before separately disclosed items £m	Separately disclosed items £m	Total £m
Revenue	2	**188.8**	**-**	**188.8**	168.9	-	168.9	336.6	–	336.6
Operating costs	3	**(167.4)**	**-**	**(167.4)**	(153.3)	(3.2)	(156.5)	(311.5)	(14.2)	(325.7)
Operating profit		**21.4**	**-**	**21.4**	15.6	(3.2)	12.4	25.1	(14.2)	10.9
Profit on disposal of properties	3	**-**	**-**	**-**	-	4.4	4.4	–	11.8	11.8
Finance costs	4	**(6.9)**	**0.4**	**(6.5)**	(5.8)	(0.3)	(6.1)	(12.4)	–	(12.4)
Profit before tax		**14.5**	**0.4**	**14.9**	9.8	0.9	10.7	12.7	(2.4)	10.3
Tax	5	**(4.1)**	**(0.1)**	**(4.2)**	(2.1)	(0.5)	(2.6)	(2.9)	0.5	(2.4)
Profit for the period/year		**10.4**	**0.3**	**10.7**	7.7	0.4	8.1	9.8	(1.9)	7.9

Fuller, Smith & Turner P.L.C.
Condensed Group Income Statement (continued)
For the 26 weeks ended 30 September 2023

		Unaudited – 26 weeks ended 30 September 2023		Unaudited – 26 weeks ended 24 September 2022		Audited – 53 weeks ended 1 April 2023	
	Note	**Adjusted**	**Statutory**	Adjusted	Statutory	Adjusted	Statutory
Earnings per share per 40p ‘A’ and ‘C’ ordinary share		**Pence**	**Pence**	Pence	Pence	Pence	Pence
Basic	6	**17.16**	**17.65**	12.48	13.13	16.10	12.98
Diluted	6	**17.14**	**17.63**	12.42	13.07	16.07	12.96
Earnings per share per 4p ‘B’ ordinary share							
Basic	6	**1.72**	**1.77**	1.25	1.31	1.61	1.30
Diluted	6	**1.71**	**1.76**	1.24	1.31	1.61	1.30

Fuller, Smith & Turner P.L.C.
Condensed Group Statement of Comprehensive Income
For the 26 weeks ended 30 September 2023

	Note	**Unaudited 26 weeks ended 30 September 2023 £m**	Unaudited 26 weeks ended 24 September 2022 £m	Audited 53 weeks ended 1 April 2023 £m
Profit for the period/year		**10.7**	8.1	7.9
Items that may be reclassified to profit or loss				
Net gains on valuation of financial assets and liabilities		**0.4**	1.2	0.1
Tax related to items that may be reclassified to profit or loss	5	**(0.1)**	(0.3)	-
Items that will not be reclassified to profit or loss				
Net actuarial (losses)/gains on pension schemes	11	**(3.1)**	4.8	(2.5)
Tax related to items that will not be reclassified to profit or loss	5	**0.8**	(1.2)	0.6
Other comprehensive (expense)/income for the period/year, net of tax		**(2.0)**	4.5	(1.8)
Total comprehensive income for the period/year, net of tax		**8.7**	12.6	6.1

Fuller, Smith & Turner P.L.C.
Condensed Group Balance Sheet
30 September 2023

	Note	**Unaudited At 30 September 2023 £m**	Unaudited At 24 September 2022 £m	Audited At 1 April 2023 £m
Non-current assets				
Intangible assets		**28.7**	29.3	29.0
Property, plant and equipment	8	**580.5**	591.8	583.3
Investment properties		**1.5**	1.6	1.5
Other financial assets		**0.5**	1.0	0.1
Right-of-use assets		**62.8**	69.2	66.4
Retirement benefit obligations	11	**14.5**	22.0	16.1
Total non-current assets		**688.5**	714.9	696.4
Current assets				
Inventories		**4.0**	4.3	4.2
Trade and other receivables		**10.3**	17.9	10.2
Current tax receivable		**-**	0.1	0.7
Cash and short-term deposits	10	**10.2**	20.4	14.1
Total current assets		**24.5**	42.7	29.2
Assets classified as held for sale	9	**7.0**	8.3	7.0
Total assets		**720.0**	765.9	732.6
Current liabilities				
Trade and other payables		**(49.3)**	(63.1)	(54.6)
Current tax payable		**(0.5)**	-	-
Provisions		**(0.5)**	(0.5)	(0.5)
Borrowings	10	**(6.0)**	-	(6.0)
Lease liabilities	10	**(4.8)**	(6.0)	(4.8)
Total current liabilities		**(61.1)**	(69.6)	(65.9)
Non-current liabilities				
Borrowings	10	**(133.6)**	(149.6)	(140.9)
Lease liabilities	10	**(64.0)**	(71.6)	(67.0)
Retirement benefit obligations	11	**(1.4)**	(1.6)	(1.5)
Deferred tax liabilities		**(17.1)**	(16.4)	(14.7)
Total non-current liabilities		**(216.1)**	(239.2)	(224.1)
Net assets		**442.8**	457.1	442.6

Fuller, Smith & Turner P.L.C.
Condensed Group Balance Sheet (continued)
30 September 2023

	Unaudited At 30 September 2023 £m	Unaudited At 24 September 2022 £m	Audited At 1 April 2023 £m
Capital and reserves			
Share capital	**25.4**	25.4	25.4
Share premium account	**53.2**	53.2	53.2
Capital redemption reserve	**3.7**	3.7	3.7
Own shares	**(24.8)**	(16.6)	(21.3)
Hedging reserve	**0.3**	0.8	–
Retained earnings	**385.0**	390.6	381.6
Total equity	**442.8**	457.1	442.6

Fuller, Smith & Turner P.L.C.
Condensed Group Statement of Changes in Equity
For the 26 weeks ended 30 September 2023

Unaudited – 26 weeks ended 30 September 2023	Share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares £m	Hedging reserve £m	Retained earnings £m	Total £m
At 1 April 2023	25.4	53.2	3.7	(21.3)	–	381.6	442.6
Profit for the period	–	–	–	–	–	**10.7**	**10.7**
Other comprehensive expense for the period	–	–	–	–	**0.3**	**(2.3)**	**(2.0)**
Total comprehensive income for the period	–	–	–	–	**0.3**	**8.4**	**8.7**
Dividends (note 7)	–	–	–	–	–	**(6.1)**	**(6.1)**
Shares purchased to be held in ESOT or as treasury	–	–	–	**(3.5)**	–	–	**(3.5)**
Share-based payment charges	–	–	–	–	–	**1.1**	**1.1**
At 30 September 2023	**25.4**	**53.2**	**3.7**	**(24.8)**	**0.3**	**385.0**	**442.8**
Unaudited – 26 weeks ended 24 September 2022							
At 26 March 2022	25.4	53.2	3.7	(16.6)	(0.1)	383.6	449.2
Profit for the period	–	–	–	–	–	8.1	8.1
Other comprehensive income for the period	–	–	–	–	0.9	3.6	4.5
Total comprehensive income for the period	–	–	–	–	0.9	11.7	12.6
Dividends (note 7)	–	–	–	–	–	(4.6)	(4.6)
Share-based payment charges	–	–	–	–	–	0.1	0.1
Tax charged directly to equity (note 5)	–	–	–	–	–	(0.2)	(0.2)
At 24 September 2022	25.4	53.2	3.7	(16.6)	0.8	390.6	457.1

Fuller, Smith & Turner P.L.C.
Condensed Group Statement of Changes in Equity
For the 26 weeks ended 30 September 2023

Audited - 53 weeks ended 1 April 2023	Share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares £m	Hedging reserve £m	Retained earnings £m	Total £m
At 26 March 2022	25.4	53.2	3.7	(16.6)	(0.1)	383.6	449.2
Profit for the year	–	–	–	–	-	7.9	7.9
Other comprehensive expense for the year	–	–	–	–	0.1	(1.9)	(1.8)
Total comprehensive income for the period	–	–	–	-	0.1	6.0	6.1
Shares purchased to be held in ESOT or as treasury	–	–	–	(4.8)	–	–	(4.8)
Shares released from ESOT and treasury	–	–	–	0.1	–	–	0.1
Dividends (note 7)	–	–	–	–	–	(7.4)	(7.4)
Share-based payment credits	–	–	–	–	–	(0.4)	(0.4)
Tax charged directly to equity (note 5)	–	–	–	–	–	(0.2)	(0.2)
At 1 April 2023	25.4	53.2	3.7	(21.3)	–	381.6	442.6

Fuller, Smith & Turner P.L.C.
Condensed Group Cash Flow Statement
For the 26 weeks ended 30 September 2023

	Note	**Unaudited 26 weeks ended 30 September 2023 £m**	Unaudited 26 weeks ended 24 September 2022 £m	Audited 53 weeks ended 1 April 2023 £m
Profit before tax		**14.9**	10.7	10.3
Net finance costs before separately disclosed items	4	**6.9**	5.8	12.4
Separately disclosed items	3	**(0.4)**	(0.9)	2.4
Depreciation and amortisation	2	**13.4**	13.3	26.7
		34.8	28.9	51.8
Difference between pension charge and cash paid		**(1.2)**	(1.1)	(2.3)
Share-based payment charges		**1.1**	0.2	(0.4)
Change in trade and other receivables		**(1.0)**	(7.4)	2.5
Change in inventories		**0.2**	(0.7)	(0.6)
Change in trade and other payables		**(3.4)**	5.6	(3.0)
Cash impact of operating separately disclosed items	3	**1.2**	(0.3)	(0.5)
Cash generated from operations		**31.7**	25.2	47.5
Tax received		–	–	–
Cash generated from operating activities		**31.7**	25.2	47.5
Cash flow from investing activities				
Purchase of property, plant and equipment		**(9.0)**	(14.9)	(30.7)
Sale of property, plant and equipment, investment property and assets held for sale		**0.1**	6.7	16.0
Net cash outflow from investing activities		**(8.9)**	(8.2)	(14.7)
Cash flow from financing activities				
Purchase of own shares		**(3.5)**	–	(4.8)
Receipts on release of own shares to option schemes		–	–	0.1
Interest paid		**(5.1)**	(3.9)	(8.7)
Preference dividends paid		**(0.1)**	(0.1)	(0.1)
Equity dividends paid		**(6.1)**	(4.6)	(7.4)
(Repayment)/drawdown of bank loans		**(7.0)**	3.0	-
Payment of loan arrangement fees		**(0.4)**	(1.5)	(1.5)
Surrender of leases	10	–	(0.4)	(2.1)
Principal elements of lease payments	10	**(4.5)**	(4.7)	(9.8)
Net cash outflow from financing activities		**(26.7)**	(12.2)	(34.3)
Net movement in cash and cash equivalents	10	**(3.9)**	4.8	(1.5)
Cash and cash equivalents at the start of the period		**14.1**	15.6	15.6
Cash and cash equivalents at the end of the period/year	10	**10.2**	20.4	14.1

1. Half Year Report

Basis of Preparation

The half year financial statements for the 26 weeks ended 30 September 2023 have been prepared in accordance with the Disclosure and Transparency Rules ("DTRs") of the Financial Conduct Authority and with International Accounting Standard ("IAS") 34, Interim Financial Reporting and should be read in conjunction with the Annual Report and Financial Statements for the 53 weeks ended 1 April 2023.

The half year financial statements do not constitute full accounts as defined by Section 434 of the Companies Act 2006. The figures for the 53 weeks ended 1 April 2023 are derived from the published statutory accounts. Full accounts for the 53 weeks ended 1 April 2023, including an unqualified auditor's report which did not make any statement under Section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies.

The Directors have adopted the going concern basis in preparing these accounts after assessing the Group's principal risks, which are predominately the uncertainty over the UK economy and the cost pressures impacting the UK from food inflation, rising staff costs and utility prices and, in turn, the effect the cost-of-living crisis is having on consumer spending. The Directors are confident that the Group has sufficient liquidity to withstand these ongoing challenges for the 12-month going concern assessment period to November 2024 (the 'going concern period').

The continued uncertainty over the UK economy makes it difficult to forecast the future financial performance and cash flows of the Group. When assessing the ability of the Group to continue as a going concern, the Directors have considered the Group's financing arrangements, the pattern of trading in the first half of the financial year, the possibility of further trading disruptions caused by the tube and train strikes and the principal risks and uncertainties as disclosed in the Group's latest Annual Report.

At 30 September 2023, the Group had a strong Balance Sheet with 92% of the estate being freehold properties along with available headroom on undrawn facilities of £86.5 million and £10.2 million of cash resulting in net debt (excluding leases) of £129.4 million. The Group has unsecured banking facilities of £200 million, split between a revolving credit facility of £110 million and a term loan of £90 million. Under the facilities agreement, the covenant suite (tested quarterly) consists of net debt to adjusted EBITDA (leverage) and adjusted EBITDA to net finance charges.

During the period, the Group agreed with its lenders to extend these facilities for a further year through to May 2027. The Group also has £26 million of debentures of which £6 million is due for repayment in December 2023 and will be repaid out of the Group's current facilities.

The Group has modelled financial projections for the going concern period based upon two scenarios, the base case and the severe but plausible ('downside case'). The base case is the Board approved forecast for FY 2024 as well as the first eight months of the FY 2025 plan which forms part of the Board approved three-year plan. The base case assumes that costs will be impacted predominately by the cost inflation currently seen. It also assumes as a result of the continued cost of living challenges there will be some impact on consumer confidence and hence volumes. Under this scenario there would be liquidity headroom and all covenants would be complied with for the duration of the going concern period.

The Group has also modelled a downside scenario whereby sales in the Managed Division drop by c.4% from that assumed in the base case and inflation continues at an even higher rate than in the base case. The model still assumes that investment in the estate will remain at the same levels as the base, that no further disposals of properties will happen, and there is no reduction in overhead spend. These are all mitigating factors that the Group has in its control. Under this scenario the Group will still have sufficient resources and headroom on its covenants throughout the assessment period.

Given the uncertainties surrounding the UK economy, the Group has also performed a reverse stress test to assess at which point the Group would breach its covenants or not have sufficient liquidity in the assessment period. The reduction in sales or increase in costs to breach the covenant is thought to be too remote that those scenarios are therefore considered implausible.

The Directors have concluded that in both the base and downside scenarios, the Group has sufficient debt facilities to finance operations for the going concern assessment period and it would not be in breach of any of its covenants and that the combination of adverse events that would trigger a covenant breach are highly unlikely at the current time.

After due consideration of the matters set out above, the Directors are satisfied that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the going concern assessment period to November 2024.

The half year financial statements were approved by the Directors on 14 November 2023.

New Accounting Standards

The accounting policies adopted in the preparation of the half year financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the 53 weeks ended 1 April 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Taxation

Taxes on income in the interim periods are accrued using the tax rate that is expected to be applicable to total annual earnings for the full year in each tax jurisdiction based on substantively enacted or enacted tax rates at the interim date.

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Notes to the Condensed Financial Statements
For the 26 weeks ended 30 September 2023

2. Segmental Analysis

Unaudited – 26 weeks ended 30 September 2023	**Managed Pubs and Hotels £m**	**Tenanted Inns £m**	**Unallocated[1] £m**	**Total £m**
Revenue				
Sales of goods and services	151.9	11.8	-	163.7
Accommodation income	19.8	-	-	19.8
Total revenue from contracts with customers	**171.7**	**11.8**	**-**	**183.5**
Rental income	0.8	4.5	-	5.3
Revenue	**172.5**	**16.3**	-	**188.8**
Segment result	**25.4**	**6.9**	**(10.9)**	**21.4**
Operating separately disclosed items				**-**
Operating profit				**21.4**
Net finance costs				**(6.5)**
Profit before tax				**14.9**
Other segment information				
Additions: property, plant and equipment	**6.4**	**1.7**	**0.1**	**8.2**
Depreciation and amortisation	**11.7**	**1.4**	**0.3**	**13.4**
Impairment of property and right-of-use assets	**1.3**	**0.2**	**-**	**1.5**
EBITDA	**37.1**	**8.3**	**(10.6)**	**34.8**

Unaudited – 26 weeks ended 24 September 2022	Managed Pubs and Hotels £m	Tenanted Inns £m	Unallocated[1] £m	Total £m
Revenue				
Sales of goods and services	135.2	10.8	-	146.0
Accommodation income	17.8	-	-	17.8
Total revenue from contracts with customers	153.0	10.8	-	163.8
Rental income	0.8	4.3	-	5.1
Revenue	153.8	15.1	-	168.9
Segment result	18.0	6.8	(9.2)	15.6
Operating separately disclosed items				(3.2)
Operating profit				12.4
Profit on disposal of properties				4.4
Net finance costs				(6.1)
Profit before tax				10.7
Other segment information				
Additions: property, plant and equipment	12.9	2.0	0.1	15.0
Depreciation and amortisation	12.0	1.0	0.3	13.3
Impairment of property	2.7	-	-	2.7
EBITDA	30.0	7.8	(8.9)	28.9

2. Segmental Analysis (continued)

Audited – 53 weeks ended 1 April 2023	Managed Pubs and Hotels £m	Tenanted Inns £m	Unallocated[1] £m	Total £m
Revenue				
Sale of goods and services	271.6	21.2	–	292.8
Accommodation income	33.7	–	–	33.7
Total revenue from contracts with customers	305.3	21.2	–	326.5
Rental income	1.5	8.6	–	10.1
Revenue	306.8	29.8	–	336.6
Segment result	30.0	13.2	(18.1)	25.1
Operating separately disclosed items				(14.2)
Operating Profit				10.9
Profit on disposal of properties				11.8
Net finance costs				(12.4)
Profit before tax				10.3
Other segment information				
Additions: property, plant and equipment	25.2	4.7	0.1	30.0
Depreciation and amortisation	23.4	2.3	1.0	26.7
Impairment of property, right-of-use assets and goodwill	12.5	1.8	–	14.3
EBITDA	53.4	15.5	(17.1)	51.8

1 Unallocated expenses represent primarily the salary and costs of central teams and management.

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Notes to the Condensed Financial Statements
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3. Separately Disclosed Items

	Unaudited 26 weeks ended 30 September 2023 £m	Unaudited 26 weeks ended 24 September 2022 £m	Audited 53 weeks ended 1 April 2023 £m
Amounts included in operating profit:			
Reorganisation costs	**-**	(0.5)	(0.5)
Impairment of properties, right-of-use assets and intangible assets	**(1.5)**	(2.7)	(14.3)
Insurance claim	**0.4**	-	(0.2)
VAT provision release	**1.1**	-	0.8
Total separately disclosed items included in operating profit	**-**	(3.2)	(14.2)
Profit on disposal of properties	**-**	4.4	11.8
Separately disclosed finance costs:			
Finance credit on net pension surplus (note 11)	**0.4**	0.2	0.5
Finance charge on the write down of arrangement fees	**-**	(0.5)	(0.5)
Total separately disclosed finance costs	**0.4**	(0.3)	-
Total separately disclosed items before tax	**0.4**	0.9	(2.4)
Separately disclosed tax:			
Profit on disposal of properties	**-**	(0.7)	(1.0)
Change in tax rates	**-**	-	0.5
Other items	**(0.1)**	0.2	1.0
Total separately disclosed tax	**(0.1)**	(0.5)	0.5
Total separately disclosed items	**0.3**	0.4	(1.9)

The impairment charge of £1.5 million (24 September 2022: £2.7 million, 1 April 2023: £14.3 million) relates to the write down of three properties and one right-of-use asset to their recoverable value.

The insurance claim of £0.4 million relates to the part settlement of a legal claim that the Group has brought against its insurers in relation to the pandemic. The matter is still ongoing. In the prior year ending 1 April 2023, £0.2m is the write off of property, plant and equipment net of insurance monies claimed.

The VAT provision release relates to the unwind of a provision on the settlement of a VAT claim.

The cash impact of operating separately disclosed items before tax for the 26 weeks ended 30 September 2023 was £1.2 million cash inflow (24 September 2022: £0.3 million cash outflow, 1 April 2023: £0.5 million cash outflow).

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Notes to the Condensed Financial Statements
For the 26 weeks ended 30 September 2023

4. Finance Costs

	Unaudited 26 weeks ended 30 September 2023 £m	Unaudited 26 weeks ended 24 September 2022 £m	Audited 53 weeks ended 1 April 2023 £m
Finance costs			
Interest income from financial assets	**0.1**	-	0.2
Interest expense arising on:			
Financial liabilities at amortised cost – loans and debentures	**(5.5)**	(4.2)	(9.6)
Financial liabilities at amortised cost – preference shares	**(0.1)**	(0.1)	(0.1)
Financial liabilities at amortised cost – lease liabilities	**(1.4)**	(1.5)	(2.9)
Total finance costs before separately disclosed items	**(6.9)**	(5.8)	(12.4)
Finance credit on net pension liabilities (note 11)	**0.4**	0.2	0.5
Finance charge on the write down of arrangement fees	**-**	(0.5)	(0.5)
Total finance costs	**(6.5)**	(6.1)	(12.4)

5. Taxation

	Unaudited 26 weeks ended 30 September 2023 £m	Unaudited 26 weeks ended 24 September 2022 £m	Audited 53 weeks ended 1 April 2023 £m
Tax on profit on ordinary activities			
Current income tax:			
Current tax on profit for the period	**1.2**	0.5	–
Adjustment for current tax on prior periods	**–**	–	–
Total current income tax	**1.2**	0.5	–
Deferred tax:			
Origination and reversal of temporary differences	**3.1**	2.0	3.6
Adjustments for deferred tax on prior periods	**(0.1)**	0.1	(1.2)
Total deferred tax	**3.0**	2.1	2.4
Total tax charged in the Income Statement	**4.2**	2.6	2.4
Analysed as:			
Before separately disclosed items	**4.1**	2.1	2.9
Separately disclosed items	**0.1**	0.5	(0.5)
Total tax charged in the Income Statement	**4.2**	2.6	2.4
Tax relating to items (credited)/charged to the Statement of Comprehensive Income			
Deferred tax:			
Valuation gains on financial assets and liabilities	**0.1**	0.3	–
Net actuarial (losses)/gains on pension scheme	**(0.8)**	1.2	(0.6)
Tax (credit)/charge included in the Statement of Comprehensive Income	**(0.7)**	1.5	(0.6)
Tax relating to items charged directly to equity			
Deferred tax:			
Share-based payments	**–**	0.2	0.2
Tax charge included in the Statement of Changes in Equity	**–**	0.2	0.2

The taxation charge is calculated by applying the Directors' best estimate of the annual effective tax rate to the profit for the period/year.

Fuller, Smith & Turner P.L.C.
Notes to the Condensed Financial Statements
For the 26 weeks ended 30 September 2023

6. Earnings Per Share

Continuing operations	**Unaudited 26 weeks ended 30 September 2023 £m**	Unaudited 26 weeks ended 24 September 2022 £m	Audited 53 weeks ended 1 April 2023 £m
Profit attributable to equity shareholders	**10.7**	8.1	7.9
Separately disclosed items net of tax	**(0.3)**	(0.4)	1.9
Adjusted earnings attributable to equity shareholders	**10.4**	7.7	9.8

	Number	Number	Number
Weighted average share capital	**60,610,000**	61,712,000	60,875,000
Dilutive outstanding options and share awards	**70,000**	275,000	90,000
Diluted weighted average share capital	**60,680,000**	61,987,000	60,965,000

40p 'A' and 'C' ordinary share	**Pence**	Pence	Pence
Basic earnings per share	**17.65**	13.13	12.98
Diluted earnings per share	**17.63**	13.07	12.96
Adjusted earnings per share	**17.16**	12.48	16.10
Diluted adjusted earnings per share	**17.14**	12.42	16.07

4p 'B' ordinary share	**Pence**	Pence	Pence
Basic earnings per share	**1.77**	1.31	1.30
Diluted earnings per share	**1.76**	1.31	1.30
Adjusted earnings per share	**1.72**	1.25	1.61
Diluted adjusted earnings per share	**1.71**	1.24	1.61

For the purposes of calculating the number of shares to be used above, 'B' shares have been treated as one-tenth of an 'A' or 'C' share. The earnings per share calculation is based on earnings from continuing operations and on the weighted average ordinary share capital which excludes shares held by trusts relating to employee share options and shares held in treasury of 2,843,217 (24 September 2022: 1,741,713, 1 April 2023: 2,134,152).

Diluted earnings per share is calculated using the same earnings figure as for basic earnings per share, divided by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Adjusted earnings per share is calculated on profit after tax excluding separately disclosed items and on the same weighted average ordinary share capital as for the basic and diluted earnings per share. An adjusted earnings per share measure has been included as the Directors consider that this measure better reflects the underlying earnings of the Group.

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Notes to the Condensed Financial Statements
For the 26 weeks ended 30 September 2023

7. Dividends

	Unaudited 26 weeks ended 30 September 2023 £m	Unaudited 26 weeks ended 24 September 2022 £m	Audited 53 weeks ended 1 April 2023 £m
Declared and paid during the period			
Interim paid in the period for 2023	–	–	2.8
Final dividend paid in the period for 2022	–	4.6	4.6
Final dividend paid in period for 2023	**6.1**	–	–
Equity dividends paid	**6.1**	4.6	7.4
Dividends on cumulative preference shares (note 4)	**0.1**	0.1	0.1

	Pence	Pence	Pence
Dividends per 40p ‘A’ and ‘C’ ordinary share declared in respect of the period			
Interim	**6.63**	4.68	4.68
Final	–	–	10.00
	6.63	4.68	14.68

The pence figures above are for the 40p ‘A’ ordinary shares and 40p ‘C’ ordinary shares. The 4p ‘B’ ordinary shares carry dividend rights of one-tenth of those applicable to the 40p ‘A’ ordinary shares. Own shares held in the employee share trusts do not qualify for dividends as the Trustees have waived their rights. Dividends are also not paid on own shares held as treasury shares.

The Directors have declared an interim dividend for the 40p ‘A’ ordinary shares and 40p ‘C’ ordinary shares of 6.63p (2023: 4.68p) and 0.663p (2023: 0.468p) for the 4p ‘B’ ordinary shares.

8. Property, Plant and Equipment

	Unaudited 26 weeks ended 30 September 2023 £m	Unaudited 26 weeks ended 24 September 2022 £m	Audited 53 weeks ended 1 April 2023 £m
Net book value at start of period/year	**583.3**	592.7	592.7
Additions	**8.2**	15.0	30.0
Disposals	**(0.2)**	-	(1.2)
Impairment loss net of reversals	**(1.1)**	(2.7)	(13.4)
Transfers to assets classified as held for sale	**-**	(3.9)	(5.7)
Depreciation provided during the period	**(9.7)**	(9.3)	(19.1)
Net book value at end of period/year	**580.5**	591.8	583.3

During the 26 weeks ended 30 September 2023, the Group recognised a charge of £1.1 million (24 September 2022: £2.7 million, 1 April 2023 : £13.4 million) in respect of the write down in value of its properties to their recoverable value.

The Group considers each trading outlet to be a cash generating unit ("CGU") and each CGU is reviewed at each reporting date for indicators of impairment. In assessing whether an asset has been impaired, the carrying amount of the CGU is compared to its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell ("FVLCS") and its value in use.

The Group uses a range of methods for estimating FVLCS which include applying a market multiple to the CGU EBITDA and, for leasehold sites, present value techniques using a discounted cash flow method.

For the purposes of estimating the value in use of CGUs, management have used a discounted cash flow approach. The calculations use cash flow projections based on the following plans covering a four-year period.

The key assumptions used by management are:

- A long-term growth rate of 2.0% (1 April 2023: 2.0%) was used for cash flows subsequent to the four-year approved budget/forecast period.
- An EBITDA multiple is estimated based on a normalised trading basis and market data obtained from external sources. This resulted in an average multiple of 10.5x (freehold 11.8x) on the Managed estate and 10.9x on the Tenanted estate.
- The discount rate is based on the Group's weighted average cost of capital, which is used across all CGUs due to their similar characteristics. The pre-tax discount rate is 10.5% (1 April 2023: 10.3%).

Impairments are recognised where the property valuation is also lower than the CGU's carrying value for those determined to be at risk of impairment. This is measured as the difference between the carrying value and the higher of FVLCS and its value in use. Where the property valuation exceeds the carrying value, no impairment is required.

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Notes to the Condensed Financial Statements
For the 26 weeks ended 30 September 2023

8. Property, Plant and Equipment (continued)

The value in use calculations are sensitive to the assumptions used. The Directors consider a movement of 1.5% in the discount rate and 0.5% in the growth rate to be reasonable with reference to current market yield curves and the current economic conditions. The additional impairment/(reversal) is set out as follows:

	£m
Increase discount rate by 1.5%	19.2
Decrease discount rate by 1.5%	(15.9)
Increase growth rate by 0.5%	(4.8)
Decrease growth rate by 0.5%	5.2

The additional CGUs that would need to be considered for impairment would have their FVLCS determined in order to conclude on whether an impairment is required. A general decrease in property values across the portfolio would have a similar effect to that set out above i.e. any reduction in property values would lead to assets being at risk of impairment. In the current year, a decrease of 5% in the FVLCS would have led to an additional impairment of £2.8 million for the CGUs where recoverable amount has been assessed on FVLCS.

9. Assets held for sale

	Unaudited 26 weeks ended 30 September 2023 £m	Unaudited 26 weeks ended 24 September 2022 £m	Audited 53 weeks ended 1 April 2023 £m
Assets held for sale at the start of the period/year	**7.0**	5.4	5.4
Assets disposed of during the year	**-**	(1.0)	(3.7)
Assets transferred from property, plant and equipment	**-**	3.9	5.7
Impairment of assets	**-**	-	(0.4)
Assets held for sale at the end of the period/year	**7.0**	8.3	7.0

10. Analysis of Net Debt

Unaudited – 26 weeks ended 30 September 2023	At 1 April 2023 £m	Cash flows £m	Non cash[1] £m	**At 30 September 2023 £m**
Cash and cash equivalents:				
Cash and short-term deposits	14.1	(3.9)	–	**10.2**
	14.1	(3.9)	–	**10.2**
Financial liabilities				
Lease liabilities	(71.8)	4.5	(1.5)	**(68.8)**
	(71.8)	4.5	(1.5)	**(68.8)**
Debt:				
Bank loans[2]	(119.4)	7.4	(0.1)	**(112.1)**
Debenture stock	(25.9)	–	–	**(25.9)**
Preference shares	(1.6)	–	–	**(1.6)**
Total borrowings	(146.9)	7.4	(0.1)	**(139.6)**
Net debt	(204.6)	8.0	(1.6)	**(198.2)**

As of 30 September 2023, the Group has agreed a one-year extension of its £200m unsecured facility from 27 May 2026 to 27 May 2027.

Unaudited – 26 weeks ended 24 September 2022	At 26 March 2022 £m	Cash flows £m	Non cash[1] £m	At 24 September 2022 £m
Cash and cash equivalents:				
Cash and short-term deposits	15.6	4.8	–	20.4
	15.6	4.8	–	20.4
Financial liabilities				
Lease liabilities	(80.7)	5.1	(2.0)	(77.6)
	(80.7)	5.1	(2.0)	(77.6)
Debt:				
Bank loans[2]	(120.0)	(1.5)	(0.6)	(122.1)
Debenture stock	(25.9)	–	–	(25.9)
Preference shares	(1.6)	–	–	(1.6)
Total borrowings	(147.5)	(1.5)	(0.6)	(149.6)
Net debt	(212.6)	8.4	(2.6)	(206.8)

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10. Analysis of Net Debt (continued)

Audited – 53 weeks ended 1 April 2023	At 26 March 2022 £m	Cash flows £m	Non cash[1] £m	At 1 April 2023 £m
Cash and cash equivalents:				
Cash and short-term deposits	15.6	(1.5)	–	14.1
	15.6	(1.5)	–	14.1
Financial liabilities				
Lease liabilities	(80.7)	11.9	(3.0)	(71.8)
	(80.7)	11.9	(3.0)	(71.8)
Debt:				
Bank loans[2]	(120.0)	1.5	(0.9)	(119.4)
Debenture stock	(25.9)	–	–	(25.9)
Preference shares	(1.6)	–	–	(1.6)
Total borrowings	(147.5)	1.5	(0.9)	(146.9)
Net debt	(212.6)	11.9	(3.9)	(204.6)

1 Non-cash movements relate to the amortisation of arrangement fees, arrangement fees accrued and movement in lease liabilities.
2 Bank loans are net of arrangement fees and cashflows include the payment of arrangement fees.

11. Retirement Benefit Obligations

The amount included in the Balance Sheet arising from the Group's obligations in respect of its defined benefit retirement plan	**Unaudited At 30 September 2023 £m**	Unaudited At 24 September 2022 £m	Audited At 1 April 2023 £m
Fair value of Scheme assets	**103.8**	114.2	113.4
Present value of Scheme liabilities	**(90.7)**	(93.8)	(98.8)
Surplus in the Scheme	**13.1**	20.4	14.6

The net position of the defined benefit retirement plan for the 26 weeks ended 30 September 2023 shows a surplus of £13.1 million. In accordance with IFRIC 14, the Group is able to recognise an asset as it has an unconditional right to a refund of any surplus in the event of the plan winding down.

Included within the total present value of Group and Company Scheme liabilities of £90.7 million (24 September 2022: £93.8 million, 1 April 2023: £98.8 million) are liabilities of £1.4 million (24 September 2022: £1.6 million, 1 April 2023: £1.5 million) which are entirely unfunded. These have been shown separately on the Balance Sheet as there is no right to offset the assets of the funded Scheme against the unfunded Scheme.

Key financial assumptions used in the valuation of the Scheme			
Rate of increase in pensions in payment	**3.25%**	3.65%	3.20%
Discount rate	**5.60%**	5.20%	4.75%
Inflation assumption – RPI	**3.25%**	3.70%	3.20%
Inflation assumption – CPI (pre 2030/post 2030)	**2.35%/3.25%**	2.8%/3.7%	2.3%/3.2%

Mortality Assumptions

The mortality assumptions used in the valuation of the Scheme as at 30 September 2023 are as set out in the financial statements for the 53 weeks ended 1 April 2023.

Assets in the Scheme	**Unaudited At 30 September 2023 £m**	Unaudited At 24 September 2022 £m	Audited At 1 April 2023 £m
Corporate bonds	**43.5**	19.8	56.4
Index linked debt instruments	**30.4**	18.6	28.7
Overseas equities	**6.9**	31.1	6.6
Alternatives	**19.7**	41.6	19.0
Cash	**1.1**	0.6	0.3
Annuities	**2.2**	2.5	2.4
Total market value of assets	**103.8**	114.2	113.4

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11. Retirement Benefit Obligations (continued)

Movement in surplus during period	**Unaudited 26 weeks ended 30 September 2023 £m**	Unaudited 26 weeks ended 24 September 2022 £m	Audited 53 weeks ended 1 April 2023 £m
Surplus in Scheme at beginning of the period	**14.6**	14.3	14.3
Movement in period:			
Net interest cost (note 3)	**0.4**	0.2	0.5
Net actuarial (losses)/gains	**(3.1)**	4.8	(2.5)
Contributions	**1.2**	1.1	2.3
Surplus in Scheme at end of the period	**13.1**	20.4	14.6

On 1 January 2015 the plan was closed to future accruals.

12. Principal Risks and Uncertainties

In the course of normal business, the Group continually assesses and takes action to mitigate the various risks encountered that could impact the achievement of its objectives. Systems and processes are in place to enable the Board to monitor and control the Group's management of risk, which are detailed in the Corporate Governance Report of the Annual Report and Financial Statements 2023. The principal risks and uncertainties and their associated mitigating and monitoring controls which may affect the Group's performance in the next six months are not substantially different from those detailed on pages 34 to 39 of the Annual Report and Financial Statements 2023, and are available on the Fuller's website, www.fullers.co.uk.

The challenging economic environment within the UK and beyond continues to impact many of our identified principal risks, including increased inflationary pressure, supply chain uncertainty and changes to consumer demand. The controls and mitigations we have in place to address our risks remain effective in reducing the impact on the business. We are well placed to withstand these pressures and ultimately withstand long periods of uncertainty through the strength of our Balance Sheet. Our strong financial position supports our long-term strategy that focuses on ensuring we develop and retain the best people, build strong relationships with our suppliers and deliver a premium experience with the agility to respond to both short and long-term changes in consumer behaviour.

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13. Shareholders' information
Shareholders holding 40p 'C' ordinary shares are reminded that they have 30 days from 15 November 2023 should they wish to convert those 'C' shares to 'A' shares. The next available opportunity after that will be June 2024. For further details, please contact the Company's registrars, Computershare, on 0870 889 4096.

14. Statement of Directors' Responsibilities
The Directors confirm, to the best of their knowledge, that this condensed set of financial statements gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer or the undertakings included in the consolidation as a whole and has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the United Kingdom. The interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year
- disclosure of material related party transactions in the first six months and any material changes to related party transactions.

By order of the Board

MICHAEL TURNER
CHAIRMAN
14 NOVEMBER 2023

SIMON EMENY
CHIEF EXECUTIVE