

REVOLUTION

BARS GROUP

REVOLUTION *Revolution de Cuba*

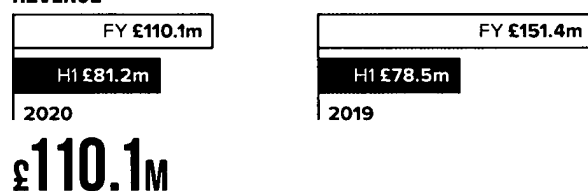


# ANNUAL REPORT *and Accounts* 2020

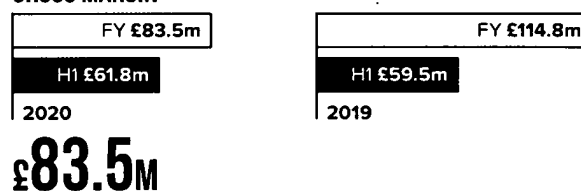
# WE ARE A LEADING OPERATOR OF *Premium* BARS...

## FINANCIAL HIGHLIGHTS

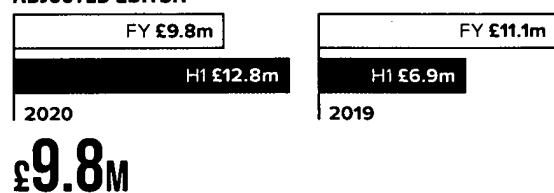
### REVENUE



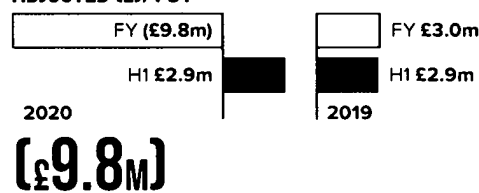
### GROSS MARGIN



### ADJUSTED EBITDA\*



### ADJUSTED (L)/PBT\*



\* Adjusted performance measures exclude exceptional items, share-based payment (credits)/charges and bar opening costs (see reconciliation table on page 22 of the Financial Review).

The Group has adopted IFRS 16 in the year which has given rise to a number of adjustments to profit measures impacting FY20 reported numbers only; the comparatives have not been restated as permitted by the transition provisions of IFRS 16.

All bars were subject to the UK-wide Government enforced lockdown for the last 14 weeks of the reporting period.

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... operating two market-leading brands, "Revolution" and "Revolución de Cuba". We have a strong national presence across the UK but with significant opportunities for further expansion. We currently trade from 67 bars located predominantly in town or city centre high streets.

Both brands focus on a premium drinks range and a quality food offering typically trading from late morning through into the late evening.

## PURPOSE

We create fun and memorable experiences with our teams and guests.

## VALUES

Fun

It's at the heart of what we do, it's who we are. Have fun, be fun and create fun.

Ambition

Always striving to be the best version of ourselves.

Integrity

Just doing the right thing, because it's the right thing to do!

Recognition

Creatively rewarding and recognising the achievements of all our people.

## VISION

The place where everyone wants to be.

## VENUES ACROSS THE UK

67

## CHAIRMAN'S

## Statement

I am pleased to report that prior to the COVID driven enforced closure of our estate, our business continued to make good progress, achieving improved performance in the first half of the financial period and into the early weeks of 2020. The business benefitted from our strategic priorities of investing in our existing space to improve our underlying like-for-like\* sales performance, redefining and rejuvenating the Revolution brand, and reducing bank debt.

However, the COVID-19 pandemic ('COVID') severely impacted our reported performance for the full FY20 period following the UK Government's enforced closure of all UK pubs, bars and restaurants from 20 March 2020 which meant we were unable to trade for the final 14 weeks.

Our senior management team has shown exceptional leadership and resilience in the face of the most extreme circumstances and taken all appropriate actions to ensure that our bars could reopen safely when permitted to do so and to protect and safeguard the future of the business.

## OUR BUSINESS

At the end of the reporting period, the Group operated 74 premium bars with a strong presence throughout the UK for its two high-quality retail brands: Revolution, focused on young adults; and Revolución de Cuba, which attracts a broader age range. Most of the Group's sales are derived from drink and food with some late-night admission receipts driven by entertainment completing the sales mix.

Our strategy to focus both management resource and investment capital on the existing estate to improve the underlying performance of the business and to use surplus cash to reduce debt continued to gain momentum pre-COVID, following on from the improving trends seen through the last few months of FY19.

Consistent with our strategy, no new bars were opened in the period and 11 bars were refurbished at cost of £2.4 million. Our refurbishment programme was cut short by COVID so we were unable to cover one fifth of the estate consistent with our stated aim of a five-year cycle. However, we were pleased with the results of the programme, which delivered an overall sales uplift pre-COVID consistent with the first wave of eight refurbishments undertaken in FY19. Good progress was also made with exiting underperforming bars with six leases surrendered including two bars that had not traded since 2015. Since the end of the reporting period, two more loss-making leases have been surrendered and a further five sites returned to their landlords through a Company Voluntary Arrangement ('CVA') undertaken by the Group's wholly owned subsidiary entity, Revolution Bars Limited, resulting in an estate of 67 premium bars as at 16 December 2020. The CVA also delivered rent savings at a further eight bars. With a streamlining of our Support Centre resource undertaken post period end and our estate unburdened by a number of underperforming bars, the Board believes, subject to a return to normal trading conditions, the Group is well positioned to operate more efficiently and, longer term, achieve a higher net margin.

## OUR RESULTS

Sales of £110.1 million (2019: £151.4 million) were 27.3% lower than the previous period as result of the COVID lockdown eliminating all trading for the last 14 weeks of the period. Like-for-like\*\* sales in the first half were up 1.2% and for the 36 weeks to the end of February 2020, before COVID started to impact sales performance, were up 1.3%. Adjusted EBITDA\*, our preferred KPI, is significantly impacted by the change in reporting resulting from the implementation of IFRS 16. From next year, when there will be consistency of reporting, our preferred KPI will become adjusted EBITDA including rent

The business achieved a much-improved performance in the first half year and remained on a good track until COVID struck in March."

Keith Edelman  
Non-Executive Chairman

## Summary

LIKE-FOR-LIKE\*\* SALES IN FIRST HALF

+1.2%

charges, but for this year the directors believe that business progress is best measured by the directly comparable IAS 17 Alternative Performance Measures ('APM')\*\*\* measure of adjusted EBITDA\* which was £0.1 million (FY19: £11.1 million). Due to the operational leverage in the business, the full year adjusted EBITDA\* performance was severely impacted by the closure of sites during the COVID lockdown.

After APM\*\*\* exceptional items of £20.1 million (2019: £7.1 million), bar opening costs of £nil (2019: £1.5 million) and a charge from long term incentive plans of £0.04 million (2018: credit £0.1 million), the APM\*\*\* operating loss was £27.5 million (2019: loss £4.7 million).

Statutory exceptional items of £21.9 million include non-cash charges of £21.5 million for asset impairments, including in the current period right-of-use assets, and are net of exceptional gain on disposal of leases included in exceptional finance income (2019: £7.1 million for asset impairments and onerous lease provisions). Cash exceptional items in the period were £0.4 million comprising expenditure incurred in the admission to AIM (2019: £nil). This gives rise to a statutory operating loss of £32.7 million under IFRS 16.

When free to trade without the imposed COVID restrictions, we are a highly cash generative business and excellent progress was made on reducing gross bank debt to £11.5 million as at the end of the first-half of FY20, down £6.0 million in six months from the end of FY19. However, by the end of FY20, due to COVID, gross bank debt had risen back to £24.5 million (FY19: £17.5 million).

## OUR BOARD

Our Board has remained unchanged throughout the period. The Board demonstrated significant commitment to the business over the final four months of the period to deal with the consequences of COVID and to review and ratify many of the difficult decisions made by the senior management team and to provide a sounding board and support to the executive directors given the unprecedented situation. The Board also showed strong leadership and empathy for the difficulties that COVID has caused for most of the Group's workforce by agreeing a 50% reduction in Board salaries with effect from 1 April 2020 (see Report of the Remuneration Committee on page 50 for more details).

At our AGM on 22 December 2020, Mike Foster, our Chief Financial Officer will retire from the Board. Danielle Davies will be appointed to the Board in his place. We have known for a while that Mike was likely to retire at some point and so we started succession planning well over a year ago. Danielle has been working with Mike for almost six months during which time she has provided support and eased the extensive burden of additional work caused by COVID and considered necessary to safeguard the business. Therefore, I am very confident that the transition between Mike and Danielle will be straightforward.

## OUR TEAM MEMBERS

At the end of the reporting period, the Group employed over 2,900 people, all of whom strive to provide the outstanding customer experience that is at the heart of our strategy. 2020 has been a year like no other in terms of the challenges our team members at every level of the business have faced and I must pay tribute to their resilience throughout the lockdown period, their bravery on returning to work under extremely difficult operating conditions, and for their whole-hearted support of the management team in the face of some very difficult actions necessary to safeguard the business. I must also pay tribute to the senior management team and indeed all levels of management who have had to adapt to very different ways of operating and leading and having to deal with many matters they could not have contemplated a year ago.

## COVID-19

We cannot avoid the fact that the trading backdrop for at least the next few months remains very uncertain. Whilst acknowledging that management of the pandemic and balancing the health and economic consequences is far from easy, the way in which the hospitality sector appears to have been sacrificed in order to curb the spread of the virus when all the evidence suggests that the way in which pubs, bars and restaurants have adapted their operations has been very effective, seems very disproportionate and completely misguided. As a wet-led business with a significant element of trade being late-night and entertainment-led, our business has suffered disproportionately from the many operating restrictions imposed on it. Whilst furlough support and relief from business rates has been necessary and helpful, Eat Out To Help Out and the VAT reduction were of some limited value to a wet-led predominantly late-night business, and the grants now being made available to cover some of the other overheads are woefully short of the levels necessary to compensate for being sacrificed by the UK Government in this way. The UK Government has shown a completely inadequate grasp of our situation and, to date, an obdurate unwillingness to do anything about it.

The UK Government should recognise that in 2019, the Group contributed £48.4 million to HM Treasury, equivalent to 44.0% of its total revenue. Any government support provided to our business now is protecting a reliable and much larger level of tax revenue flowing back to HM Treasury as soon as the pandemic is defeated.

I must also thank our suppliers who have been extremely supportive by suspending contracts or agreeing deferred payments, our staff for their salary sacrifices, many landlords who have part-waived rent, NatWest who has been very supportive and increasing our committed debt facilities, and our shareholders for supporting our successful equity fundraising.

I would also like to acknowledge the outstanding efforts of Kate Nicholls, who has represented the hospitality sector with unwavering vigour, dedication and determination throughout this challenging period.

## OUR DIVIDEND

The Group suspended dividend payments in March 2019 in order to prioritise the reduction in bank debt. Given the material uncertainties caused by COVID, this situation continues to prevail.

## OUR FUTURE

Overall revenue generated in the first 24 weeks of FY21 is £20.6 million, down significantly on the same weeks in FY20 (£72.1 million) due to the cautious and phased reopening of our bars from 6 July 2020 and as a result of the severe and constantly evolving operating restrictions including further national and local lockdowns, table service only and the 10pm curfew. However, the Board is encouraged by the recent announcements of the COVID vaccine and currently expects that the business will gradually recover to its previous performance levels over the course of the six months from April 2021, being the date the UK Government expect restrictions to materially ease.

Since the end of FY20, the business has taken steps to substantially increase its liquidity including increasing its committed bank facilities, completing a £15.0 million equity fundraising, which was used to pay down debt, negotiating further rental support from landlords and undertaking a CVA in Revolution Bars Limited (as referred to above under 'Our Business'). The Financial Review on page 20 provides information on liquidity and going concern and also the full going concern disclosures, which include references to material uncertainty, on pages 60 to 62 of the Directors' Report replicated on pages 78 to 80 of the financial statements and in the independent auditors' report on page 66.

The business achieved a much-improved performance in the first half year and remained on a good track until COVID struck in March since when it has dominated our agenda. However, the management team have taken all necessary actions available so that the business is able to recover quickly once normalised trading conditions return.

Keith Edelman  
Non-Executive Chairman

16 December 2020

- \* Adjusted performance measures exclude exceptional items, share-based payment (credits)/charges and bar opening costs (see reconciliation table on page 22 of the Financial Review).
- \*\* Like-for-like (LFL) sales are defined as total retail sales from bars that have traded throughout both the current and prior reporting periods.
- \*\*\* APM refers to Alternative Performance Measure being measures reported on an IAS 17 basis that are directly comparable to FY19 reported measures.

APM\*\*\* ADJUSTED EBITDA\*

£0.1M

REVENUE

FY  
£110.1m  
H1  
£81.2m  
2020

£110.1M

FY  
£151.4m  
H1  
£78.5m  
2019

GROSS MARGIN

FY  
£83.5m  
H1  
£61.8m  
2020

£83.5M

FY  
£114.8m  
H1  
£59.5m  
2019

## AT A GLANCE

# MAKERS OF THE party spirit SINCE 1996.

### TWO PREMIUM BRANDS

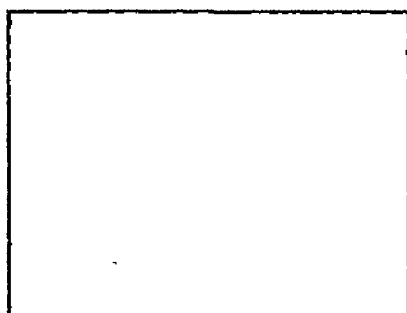


**RÉVOLUTION**



*Revolución de Cuba*  
RUM BAR • CANTINA

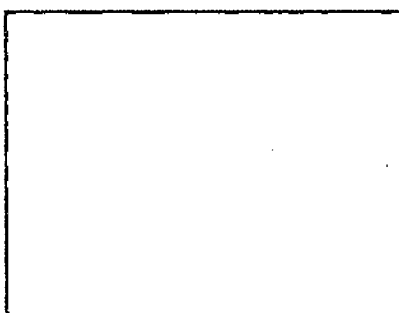
#### DRINKS



A wide range of premium cocktails and vodka focused drinks.

Rum-led cocktails and Latin American inspired drinks.

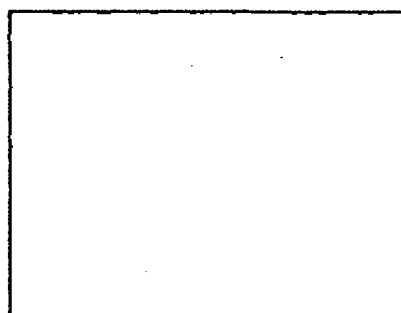
#### FOOD



Signature pizzas and burgers supported by delicious grazing dishes.

Cuban and Latin American inspired tapas focused food menu.

#### ENTERTAINMENT



Delivering the party spirit since 1996, the best place to celebrate any occasion with our award-winning DJs.

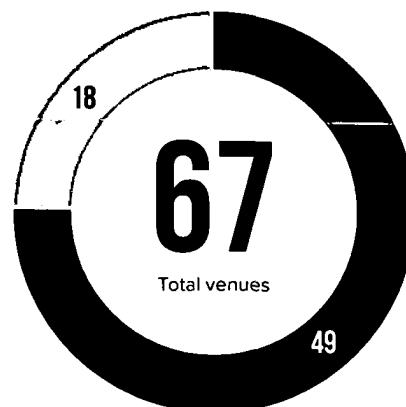
Authentic live Latin music and dance productions.

### VENUES ACROSS THE UK

Our first Revolution bar opened in Manchester in 1996, and now we have 49 bars across the UK.

Our first Revolución de Cuba bar opened in Sheffield in 2011, and we now operate 18 bars across the UK.

- 7 SCOTLAND
- 12 NORTH-EAST
- 11 NORTH-WEST
- 12 MIDLANDS
- 2 WALES
- 14 SOUTH-EAST
- 8 SOUTH-WEST
- 1 NORTHERN IRELAND\*



■ Revolution □ Revolución de Cuba

\* Revolución de Cuba only in Northern Ireland

# INVESTMENT

## Case

Renewed management energy and focus on our turnaround strategy and core strengths are beginning to yield results.

Company Overview

Strategic Report

Governance Report

Financial Statements

## TWO PREMIUM BRANDS

Revolution has been delivering the party spirit since 1996 and continues to be famed for creating fun and memorable experiences

Revolución de Cuba brand presents relatively high barriers to entry and delivers a highly differentiated offer in the marketplace

Improved Revolution estate following CVA resulting in exit of five underperforming sites

Read more on page 4

## CLEAR STRATEGY IN PLACE

Building guest loyalty

Driving sustained profit improvement

Developing our estate

Investing in:

- Our teams
- Our brands
- Our core estate

Read more on pages 14-17

## THE RIGHT TEAM AND STRONG CULTURE

Experienced Executive team empowered by the Board to maximise trading post COVID-19

Purpose, Vision and Values embedded throughout the businesses

Focus on safeguarding our colleagues and customers

Engaging our 2,600-strong passionate team

Attracting new talent and new thinking

Read more on pages 34-36

## FINANCIALLY WELL STRUCTURED

Strong cash generation

Significantly improved liquidity from increased debt financing including £16.5 million Coronavirus Large Business Interruption Loan (CLBIL) and £15.0 million equity fundraise

Utilisation of Government support including furlough scheme

Long-term debt target to below one times EBITDA and future expansion to be largely self-funded

Read more on pages 20-23

**COVID-19***Our response*

All our bars were closed by order of the UK Government as part of the measures to stem the spread of COVID on 20 March 2020 and trading was not permitted until after the end of FY20 on 4 July 2020.

## HOW WE ARE MANAGING THE SITUATION:

### HEALTH AND SAFETY

Preparation of our bars for reopening by:

- installing separation screens and other protective measures such as table spacing and signage in order to ensure social distancing protocols were followed, sanitiser stations in key areas of our bars;
- *health screening of our teams and developing new training programmes to deal with all aspects of operating safely and keeping each other safe;*
- implementing digital daily and weekly management checks along with monthly senior management audits to ensure compliance with COVID secure measures;
- removal of cash payments from the business to further reduce the possibility of infection.

The Group adopted a cautious approach to reopening to ensure that it could operate safely and viably and chose not to reopen on Saturday 4 July 2020 as the Board considered that a potentially very busy Saturday was not a sensible way of testing many of our new systems for delivering a safe environment for our staff and customers.

Initially, we opened six bars for two weeks and then opened our bars in further tranches until 65 of our bars were trading by 21 September 2020. There have been a number of challenges during this period, with numerous changes to the operating rules and restrictions imposed by the various governing authorities, and our revenue has been subject to large fluctuations with weekly sales varying between £nil, -100% on last year, to 90% of last year.

The occurrence of Board and senior management meetings have increased to ensure the Group could adapt quickly to the frequent changes in the industry. Our priority throughout both the closure period and since reopening has been the safety of our guests and teams and safeguarding the future of the business and our response is summarised as follows:

### SAFEGUARDING THE FUTURE

We recognised at an early stage that our business model being wet-led and with a late-night focus was going to be severely impacted by COVID and the imposed restrictions. Therefore, a number of steps were taken to both improve the liquidity available to the business and to minimise the cash burn rate as follows:

- support from the Group's bank, NatWest, to increase available debt facilities from £21.0 million (in March 2020 and due to decrease to £18.0 million in June 2020), to £37.5 million effective 6 July 2020 (including a Coronavirus Large Business Interruption Loan Scheme ('CLBILS') term loan of £16.5 million);
- an equity fundraising of £15.0 million by way of a Firm Placing and a Placing and Open Offer that completed shortly after the end of FY20 on 27 July 2020;
- transferring the Company's stock market listing from the Main Market to AIM so that the Company was better placed to raise further funds quickly and more cheaply should that become necessary;
- securing agreement with our key suppliers to extend credit, in some cases until trading recommenced, and to suspend contracts whilst we were unable to trade;
- putting 98.5% of our staff on furlough during the enforced closure period and, whilst we topped-up pay to 80% of salary

for those above the furlough threshold, the salaries of the senior team who remained in work were reduced to 80% and Board salaries were reduced to 50%;

- taking advantage of other support measures from the UK Government such as 100% relief for business rates and deferring £2.1 million of VAT until March 2022 and £1.6 million of PAYE under Time to Pay being repaid in instalments to March 2021;
- reorganisation of the central support team in line with future business needs, reducing the headcount by 16%;
- securing agreements with landlords to share the pain of enforced closure. Initially, progress was slow in this area but accelerated as the moratorium period against forfeiture was extended through FY21 and an increasing number of consensual deals were completed. Overall savings in rent payments from the March 2020 rent quarter day to the end of FY21 are £4.1 million – see note 1 to the financial statements for more detail; and
- undertaking a Company Voluntary Arrangement (CVA) in November 2020 in respect of the Group's wholly owned subsidiary entity Revolution Bars Limited that resulted in exiting five loss-making leases and reduced rental terms on eight others for the duration of the two-year CVA period.



## TEAM MEMBER ENGAGEMENT

We recognised that with so many of our 2,900 team members on furlough there would be challenges keeping team members engaged with the business and the rest of the Revolution family and sustaining their physical and mental well-being. To that end we:

- provided weekly briefings for all team members via a mixture of newsletters, emails and Microsoft Teams calls and encouraged feedback, questions and interaction;
- held several virtual events to keep our team members interested in the business;
- developed a monthly digitally interactive company newsletter;
- delivered refresher training to all our team members at regular intervals during lockdown;
- were delighted when many of them came together to organise the Revs runners relay from Inverness to Plymouth to London to raise funds for Shelter and the NHS.

## BRAND INNOVATION/ CUSTOMER ENGAGEMENT

In order to keep our brands front of our customers' minds during the lockdown, we:

- broadcast on-line Revolution DJ sets;
- partnered with Pernod Ricard, Bacardi and Diageo to host rum tasting masterclasses live on Instagram;
- developed our online gifting platform/ shop to include branded cocktail making

kits and ready to drink cocktails for home delivery;

- used our IT resource during lockdown to expand the functionality of our booking system to make it fully automated so that customers can fulfil all their booking needs on-line without talking to a member of our sales team or venue staff;
- developed order and pay at table for the Revolution App and entered into a partnership with Omnifi to create order and pay at table for Revolución de Cuba facilitating a safer operation on reopening; and
- created on-line cocktail masterclasses for COVID secure group bookings.

## STAFF FURLOUGHED DURING LOCKDOWN

98.5%

## BUSINESS *Model*

Our business model provides solid foundations from which the business can recover strongly from the COVID-19 disruption.

### LEVERAGING OUR SOURCES OF COMPETITIVE ADVANTAGE

#### Two recognised brands

Revolution and Revolución de Cuba, both of which are synonymous with a fun night out

Over half of customers surveyed associate fun with the brands

**+50%**

#### Improved estate quality

Leases of six loss-making sites surrendered in the period, a further two post period end, and a further five through the CVA process post period end

Sites surrendered in the year

**6**

#### Experienced team and skilled staff

Highly experienced and dedicated Executive team empowered by the Board to reposition business during COVID-19 period and to drive the business forward strongly when operating conditions permit

Employees at period-end

**2,968**

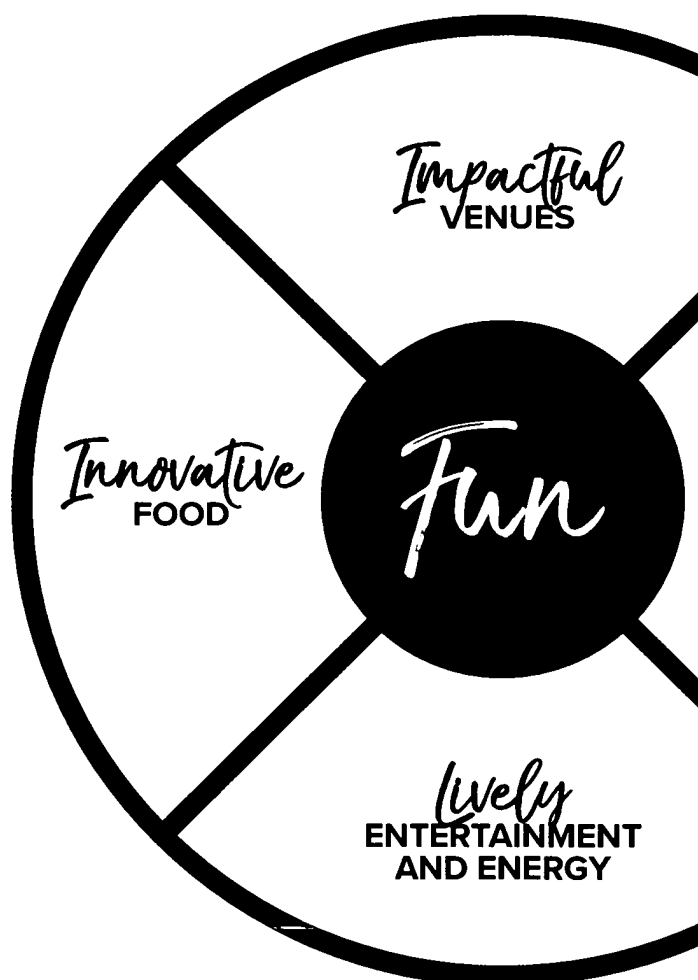
#### Strong financial structure

Strong cash generation prior to COVID-19, with debt levels significantly reduced

Cash flow generated from operating activities

**£6.5M**

### CREATING VALUE FROM OUR CUSTOMER PROPOSITION



## MAXIMISING VALUE

**1**

Strong COVID-19  
strategy

See page 6

**2**

Embedded  
values

See page 26

## Impactful VENUES

Large, characterful spaces

## Premium DRINKS

Two thirds of drinks sales from cocktails and spirits

## Lively ENTERTAINMENT AND ENERGY

Live music, DJs and entertainers

## Innovative FOOD

All-day menus that are both delicious and Instagram worthy

## SHARING VALUE WITH OUR STAKEHOLDERS

### Customers

Fun and safe night out for our predominantly female customers

### Average star rating across all online review platforms

4.5

### Employees

Rewarding roles, with opportunities for advancement

### Percentage of our people who are proud to work for us

92%

### Shareholders

In the first 36 weeks, before COVID-19 hit, like-for-like sales up 1.3%, with continued focus on turnaround strategy

### Like-for-like sales increase in first 36 weeks of FY20

+1.3%

### Communities

Vibrant bars and job opportunities at the heart of communities

### Locations

67

3

Robust risk  
management

See page 18

4

Sound  
governance

See page 38

Premium  
DRINKS

## CHIEF EXECUTIVE'S *Review*

Our business has made good steps forward this year despite the massive disruption caused by COVID in the second half of the year.

### BUSINESS REVIEW

**Our first half financial performance was very encouraging with like-for-like\*\* sales growth at 1.2% and APM\*\*\* adjusted EBITDA\* 10.6% higher than FY19. Our like-for-like\*\* sales performance tracked ahead of the Bars sector, as measured by the CGA Peach tracker, driven by an outstanding performance in Revolución de Cuba at +5.0%. Revolution at -0.4% was much improved on FY19: -4.6%, as the multiple workstreams we had initiated during the prior year to rejuvenate the brand started to gain customer appeal.**

The good start to FY20 continued into the first 10 weeks of the second half with like-for-like\*\* sales up 1.6% with Revolution in growth at +0.5% and Revolución de Cuba strengthening further to +3.9%. However, from the second week of March 2020, COVID started to adversely affect sales and ultimately the UK Government ordered all pubs, bars and restaurants to cease trading with effect from 20 March 2020. We were unable to trade for the remainder of FY20, a period of just over 14 weeks although our sales had been adversely impacted for at least two weeks longer.

**The strategic priorities we set for FY20 were delivered despite the distraction of COVID with some of the highlights set out below:**

#### Investing in our team:

- started with creating new Purpose, Vision and Values statements for the business at our annual conference in early August, which we then used as a central part of our team training throughout the year to ensure everyone was aligned with our business goals and their role in achieving them;
- we launched a new benefits programme 'Revs with benefits' in February for all of our team members to support their financial, physical and mental well-being;
- an apprenticeship scheme was launched for our kitchen teams in February;
- early in 2020, and in response to feedback from hourly paid team members, we offered the option of minimum hour contracts (effective from April) in place of zero-hour contracts and these were taken up by 48% of those team members.

#### Investing in our brands and guest experience:

- further customer research was commissioned into the Revolution brand proposition as part of our work to reimagine Revolution for the next generation and to maintain the momentum of the brand development;
- an acceleration of our digital capabilities, the urgency for which became much greater in order to operate effectively under the imposed COVID restrictions. This included enhancing our internally developed booking system to become fully automated and accessible by customers on-line so that they are now able to fulfil all their basic booking needs at any of our bars without talking to a member of the sales team, a significant and necessary enhancement in the new COVID-19 ('COVID') environment.

*Summary*

The outlook for our business in recent weeks has been brightened significantly by the news of successful vaccine trials.”

Rob Pitcher  
Chief Executive Officer

H1 APM\*\*\* ADJUSTED EBITDA\*

**+10.6%**

# Strategic Priorities

There has also been further development of the Revolution App to include order and pay, with the benefit of significantly increasing users of the App to 545,000 registered users, up from 230,000 in February 2020. At the same time we partnered with Omnifi to deliver order and pay at table across our Revolución de Cuba bars; and

- the guest experience metrics in both brands moved forward (as measured by *Reputation.com*); Revolution from 4.3 stars at June 2019 to 4.5 stars at February 2020, the last time it was possible to accurately measure feedback, and Revolución de Cuba from 4.3 stars to 4.4 stars over the same time period.

## Investing in our estate:

- in the 36 weeks of FY20, when it was possible to operate without restrictions, we refurbished 11 bars at a cost of £2.4 million. Based on their trading in the weeks following refurbishment, these bars were collectively delivering sales growth 7.1% higher than the remainder of the non-refurbished estate and is an improvement on the first wave of 8 bars refurbished in FY19. This represents a return on capital of 58%;
- focusing management attention on our existing estate has also enabled us to address some of our legacy and under-performing sites and during the year we surrendered six leases including two that had not traded since FY15.

Five of these leases were with one landlord as a result of a sale and leaseback financing transaction in 2007, which over time had seen the leases become unviable. The exit cost for all six leases was initially agreed at £3.9 million but was subsequently reduced to £2.6 million to facilitate the completion payments after COVID restricted the Group's cash flows. The lease surrenders save annual losses of £1.3 million so represented a good use of capital; and

- two further lease surrenders of underperforming bars have been completed subsequent to the end of FY20 (see current trading and liquidity).

## OUR TEAM

The last four months of FY20 and subsequent months, dealing with COVID and the related fall-out in terms of its impact on our business and the many difficult decisions we have had to make to safeguard its future, has been an immense challenge for all our team members. Throughout this period, I have been amazed and uplifted by unsolicited feedback

and support from our team members acknowledging the efforts and achievements of the senior team to keep the Revolution family together and their generosity of spirit in dealing with those very difficult decisions and the circumstances generally. I feel very proud and very humble to lead such a great team and I know that when our business

is free to trade once more unshackled by the pandemic and the burden of related operating restrictions imposed upon us, the character and togetherness of our team will be even stronger.

## GROUP STRATEGIC OBJECTIVES

Our three strategic objectives are now more relevant than ever; these being:

1 Building guest loyalty;

2 Driving sustained profit improvement; and

3 Development of our estate.

These three pillars continue to be our guiding principles and drive our long-term decision-making. Our three-year plan, mapped out well over 18 months ago, made clear that our initial focus was on the first two objectives

but suggested that we expected to be able to start planning for estate expansion at the end of FY20. Whilst the disruption caused by COVID has set back our timescales for expansion, we believe that post COVID,

our market place and the competitive landscape will be fundamentally different and there may be good opportunities for both our brands to expand their estates at a much lower level of investment.

RETURN ON CAPITAL OF REFURBS

58%

USERS OF THE APP

545k

CASH BURN RATE PER WEEK

£0.4M

# CHIEF EXECUTIVE'S

*Review continued*

## STRATEGIC PRIORITIES FOR FY21

Due to the later publication of this Annual Report, we are already almost half-way through the FY21 reporting period with the first half of that period also totally dominated by COVID; necessarily our day to day actions have focused on adapting our operations in accordance with the constantly changing rules and guidance issued by the various UK statutory authorities, and our priorities remain the health and safety of all our staff and customers, ensuring that we can trade viably and doing everything possible to safeguard the future of the business. Against that backdrop and mindful that COVID will continue to dominate our day to day actions for several more months, we remain committed to the following strategic priorities in FY21:

### Investing in our team:

- developing and rolling out a new immersive induction programme for new recruits to both brands as our business builds back up;
- establishing Diversity and Inclusion champions across the business; and
- remapping and reinvigorating the career paths for both front of house and back of house team members.

### Investing in our brands and guest experience:

- refining the customer service journey through further development of order and pay at table to relieve the issues of queuing at bar;
- rolling out our new brand proposition for Revolution focusing on bringing people back together in real life in a place for high quality interactions but allowing for conscious escapism in an ethical and sustainable way;
- taking Revolución de Cuba into people's homes with the development of our on-line product offering and to outside events and private functions with our Cuban party van;
- creating many new reasons to visit our bars through the evolution of our 'event space' customer offering;

- further development of our bookings platform and our order and pay at table technology.

### Investing in our estate:

- restarting our refurbishment programme in the last quarter (three bars targeted); and
- accelerating our sustainability agenda and completing our planning to announce in the next 12 months our specific goals to become carbon neutral.

### Debt reduction:

- closely managing debt mindful of our long-term target that net bank debt should be no more than one times adjusted EBITDA\* (IAS 17).

### Relaunch our business:

- using our workstream methodology, requiring workgroups from a mixture of relevant disciplines across our business led by one or more members of the senior executive team to relaunch all elements of our business.

## MARKET OUTLOOK

The outlook for our business in recent weeks has been brightened significantly by the news of successful vaccine trials; that the UK Government has secured significant stocks of vaccine and that a vaccination programme to deal with this terrible disease is now underway. As COVID disproportionately threatens those in our population who are older and the medically vulnerable, and given that the vaccination programme will rightly prioritise those groups, we believe it should be possible for operating restrictions to be lifted once that part of the vaccination roll-out has been completed. Notwithstanding, it is apparent from the UK Government announcements during late November that there is unlikely to be a significant loosening of operating restrictions until Easter 2021 and, therefore, the levels at which we may be able to trade until then are uncertain. It is reasonable to assume our business may be able to trade in a more normal manner from April 2021, subject only to consumer confidence. There is both an economic risk, given the fall-out from COVID with soaring unemployment, lower earnings and, longer term, potentially higher taxes to start repaying the government borrowing

caused by COVID, and a health and safety confidence risk given that the UK authorities scapegoating of hospitality may have undermined customer confidence. There are, however, several reasons for us to remain positive about the future, including:

- our target customers, due to our focus on young adult age groups, are at lower risk from COVID health issues;
- there is likely to be huge pent up demand given that normal operations will have been suspended for over twelve months; and
- our marketplace may be less competitive as some operators may not survive this period.

Longer term, the UK Government must recognise that it needs to provide continuing support to enable hospitality companies to be able to repay the debt funding built up as a result of the operating restrictions imposed upon them during the pandemic. The best way of achieving this would be to extend the reduced VAT rate of 5% to all sales of food and drink until at least the end of 2021 and to extend the relief for business rates into the 2021/22 fiscal year. Now that there appears to be a clear path back to 'normal' trading conditions, the UK Government should lay out its package of longer term support to aid

recovery so that hospitality businesses and their funding partners can start planning their route back to full recovery.

Also, longer term, we believe that there may be good property opportunities, both in terms of availability and lower investment cost, as a result of business failures and, connected to this, a decrease in rental levels.

## CURRENT TRADING AND LIQUIDITY

We commenced a cautious reopening of our bars from 6 July 2020 with an initial tranche of six bars and by 21 September we were trading 65 bars. As expected, sales were well below normal levels given the operating restrictions around the maximum sizes of customer groups, table service only severely reducing our operating capacity and the ban on live entertainment and dancing. Nevertheless, our customers enthusiastically returned to our bars and sales rose steadily on a weekly basis with some additional help from Eat Out To Help Out during August giving us momentum into September. In the four weeks between 1 August and 31 August, comparable venue sales were 82.2% of last year, which in the circumstances was very encouraging. However, the imposition of the 10pm curfew on 24 September resulted in an immediate downturn in sales trend by approximately 19.3%, and the introduction of regional lock-downs and further operating restrictions under the tier systems further reduced sales before the latest four week national lockdown took effect on 5 November. Overall, sales in our ongoing estate for the first 24 weeks of the new financial period were 41.4% of last year.

During this period, we surrendered leases on loss-making bars at Cavern Quarter - Liverpool (Revolution) and Huddersfield (Revolución de Cuba) eliminating annual EBITDA losses of £0.3 million at a cost of £0.5 million. As a result of the CVA undertaken by Revolution Bars Limited (see Chairman's Statement on page 2 and section on our COVID response on page 6 for further details), the Group exited a further five sites and therefore at the date of this report the Group now trades from 67 bars.

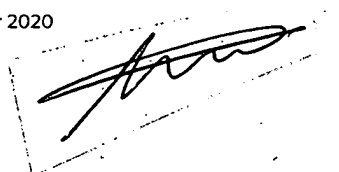
Christmas trading has traditionally been a key trading period for the business and responsible for a significant proportion of the Group's annual profit, but this year Christmas trading has been effectively wiped out by the imposed operating restrictions. From 4 December 2020, when the four-week lockdown period had ended in England, new restrictions were implemented in Wales and different versions of the tier system were active across the UK, the Group effectively had one bar in tier 1, 32 bars in tier 2 and 34 bars in tier 3. Tier 3 bars are unable to trade and as tier 2 bars are only allowed to serve alcohol with a substantial meal their viability is at best marginal. It is now clear that trading in the first quarter of 2021 (the Group's third quarter), is also likely to be severely compromised and therefore the FY21 financial period will incur a substantial loss.

At 16 December 2020, the Group had net bank debt of £19.5 million compared with total committed bank facilities of £37.1 million. As a result of the Group's banker, NatWest, agreeing to defer both a £7.5 million reduction in debt facilities at the end of March 2021

and £1.0 million reduction at the end of June 2021 (more detail on page 22 of the Financial Review), committed bank facilities will now reduce to £36.6 million at the end of June 2021 to £34.1 million at the end of December 2021 and to £32.6 million at June 2022. The Group estimates that if it is unable to trade then under the current arrangements for the Coronavirus Job Retention Scheme, minimal benefits from government grants, and current agreements with landlords, its cash burn rate is just over £0.4 million per week. Please see the going concern disclosures, which include references to material uncertainty, on pages 60-62 of the Directors' Report, replicated on pages 78-80 of the financial statements and in the independent auditors' report on page 66.

**Rob Pitcher**  
Chief Executive Officer

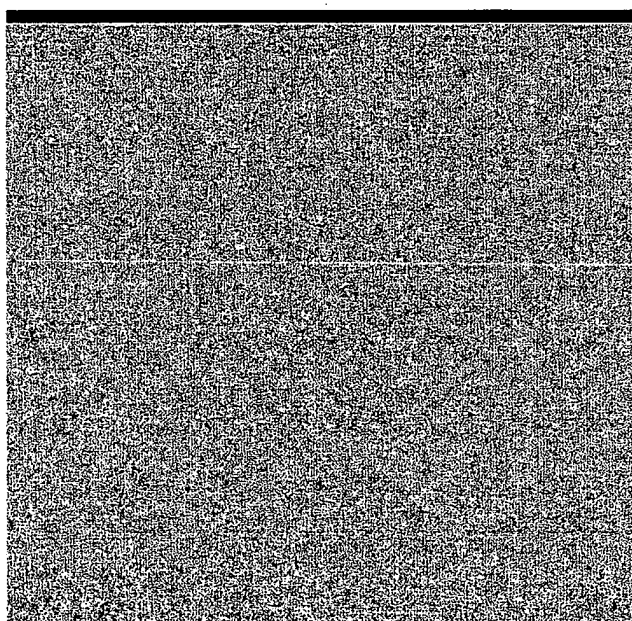
16 December 2020



Adjusted performance measures exclude exceptional items, share-based payment (credits)/charges and bar opening costs (see reconciliation table on page 22 of the Financial Review).

Like-for-like (LFL) sales are defined as total retail sales from bars that have traded throughout both the current and prior reporting periods.

APM refers to Alternative Performance Measure being measures reported on an IAS 17 basis that are directly comparable to FY19 reported measures.



## STRATEGIC framework

Good progress made on implementation of Revolution turnaround with like-for-like sales growth restored, and debt reduction prior to onset of COVID-19. Given the hiatus since March 2020, our strategic priorities remain largely unchanged.

### FY21 STRATEGIC PRIORITIES

1  
*Investment*

Invest in our team, our brands and guest experience and our core estate

**Good progress was achieved in the first half year with the business returning to sales growth and demonstrating steady improvement over that period.**

However, since March 2020, COVID-19 ('COVID') has hijacked the strategic agenda and, out of necessity, management focus initially shifted to survival mode, prioritising cost reduction and cash liquidity, and then to ensuring that when hospitality was allowed to reopen (July 2020), the business could operate safely and cost efficiently within the imposed operating restrictions.

2  
*Debt reduction*

Debt reduction targeting below one times adjusted EBITDA (IAS 17)

The period since reopening has been disrupted by continuing changes in operating guidance and further restrictions, which has required considerable management resource to ensure that the business remains legally compliant and is also making the right decisions to maintain the safety of staff and customers. This has necessitated prioritising a reactive management focus over strategic development but has resulted in the acceleration of certain strategic initiatives such as "order and pay at table", further development of our brand Apps, strengthening our food offering and simplifying our drinks menus with less

3  
*Work-streams*

Deliver work-streams

emphasis of discounting, and exiting the under-performing part of the estate.

As the late-night business has been unable to operate since the onset of COVID, all related initiatives have been temporarily shelved in favour of a focus on building daytime trade through greater emphasis on food. Customer feedback has been very encouraging, and management believe that this will ultimately result in an expansion of the customer base when market conditions return to normal.

### CUSTOMER PROPOSITION

#### Workstream

- Female customer at heart of both brand propositions; focus on clean, well-maintained, safe environments
- Project "Event" – to leverage use of club rooms offering new reasons to visit and attract new customers
- Focus on online offerings and marketing – cocktail making, virtual entertainment

#### Progress

- "Pup" up and Drag Brunches proving particularly popular
- Friday evening guided rum tastings provided by leading brand ambassadors for up to 500 people at a time
- Saturday night Live DJ sets, saxophonists and dancers over Facebook Live for brand awareness

#### KPIs

- 4.5 feedback rating in Revolution (FY19: 4.3) and Revolución de Cuba at 4.4 (FY19: 4.3)
- 240 new events launched prior to onset of COVID

#### Next Steps

- Maintain high level of feedback response both centrally and at our bars
- Finding more ways of delivering what our customers want in a safe way
- Continue innovating and refreshing our drinks offer by working with key brand owners



## TEAM ENGAGEMENT

## Workstream

- Training available to all staff
- Encouragement for all staff to live and breathe fun in their jobs
- Bringing our teams back to work safely
- Regular updates to all team members throughout lockdown, including those on furlough
- "Rev U" learning brand rolled out

## Progress

- Average time in post for General Managers up from 17 months to 21 months, reflecting increased desire to build their career with the Group
- Charity fundraising events including Virtual run from Inverness to Plymouth to London during lockdown, and Shelter Walk to raise awareness of homelessness
- Kitchen Apprenticeships now offered to upskill chefs and kitchen managers

## KPIs

- 500 members of staff attended the FY20 conference
- "Rob's Recaps" newsletter launched and released every month with updates and good news
- "RBG Revs Runners" relay challenge, over 300 individuals, 1,639kms run and over £10,000 raised for Shelter and NHS Charities

## Next Steps

- Continued support of our venue-based staff to help them deliver an amazing customer experience in the "new normal"
- Further development around our employee welfare, and diversity and inclusion policies
- Restructuring the team to ensure we have the right resources post COVID

## DIGITAL JOURNEY

## Workstream

- New App features to enhance customer digital loyalty
- New Party Booking system
- Utilising technology to address Government measures like Track & Trace

## Progress

- Over 545,000 registered downloads of the App since launch
- Order and pay at table via the App ready for both brands launched on reopening post lockdown
- Online sales from introduction of cocktail kits and rum tastings

## KPIs

- Over 70% of sales made via the App since reopening
- Online bookings make up approximately half of all bookings and rising
- Social media following up 27.7% on last year

## Next Steps

- Continued development of the Apps
- Further use of technology in delivering customer journey

## SALES GENERATION

## Workstream

- Focus on daytime offerings with trading restrictions, like food and Bottomless Brunch
- Reduced level of discounts given lower footfall and operating capacity reductions to protect margin
- Selling fun times and happy, memorable experiences

## Progress

- Cocktail "make at home" kits delivered through lockdowns
- Takeaway cocktails served and packaged in bars in response to curfew
- Menu adaption and changes in bar ergonomics to drive sales

## KPIs

- At half-year, like-for-like sales were up 1.2% on last year
- At full year, like-for-like sales were down 27.8% due to enforced closure of estate in last 14 weeks of the period

## Next Steps

- Rethinking core offerings in line with operating restrictions, e.g. Cocktail Masterclasses offered direct to your table
- Ready to offer high energy entertainment packages (Saturday X and Saturday Y) when late-night trading is allowed to resume
- Online Vodka and Rum Masterclasses

## COST LEADERSHIP

## Workstream

- Re-engineered menus with focus on cost effective products to improve margin and improve speed of service
- Partnering with cost reduction specialist incentivised to reduce costs on all non-resale product spend
- Support from suppliers in challenging market conditions

## Progress

- Energy-saving initiatives including LED lighting roll-out to 53 bars (FY19: 41 bars)
- Payment holidays and suspension of contracts utilised through lockdown
- New central supplier to manage all contract cleaning and door security requirements

## KPIs

- Cash burn rate reduced to £400k per week during lockdown, including rent
- Over 200 fewer products on latest drinks stocking policy

## Next Steps

- Modelling best use of Government Support such as furlough scheme
- Ongoing focus on how to minimise the impact from National Living Wage increases
- Monitoring of trials to understand best cost leadership plan
- Continued process simplification

## ESTATE DEVELOPMENT

## Workstream

- Shift focus to exiting underperforming estate rather than investing in new sites
- Investment in making bars COVID-safe to ensure customer confidence on reopening post lockdown
- Rent reduction

## Progress

- New Head of Property and realigned property team to best address key focuses
- Significant investment in PPE, screens, sanitiser, signage, all making a COVID-safe environment for staff and customers
- Company Voluntary Agreement (CVA) for Revolution Bars Limited completed post period end

## KPIs

- 11 bars refurbished in the period
- Six loss-making leases surrendered during the period
- CVA – exiting further five underperforming bars and rent reductions terms on eight others
- Cash rent reductions negotiated on non-CVA bars (see note 1 of the financial statements)

## Next Steps

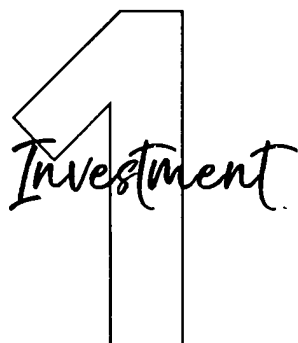
- Return to focus on refurbishments of existing estate when the time is right
- Ongoing negotiations with landlords for continued improved rental terms

## STRATEGY IN

Action

## Case Study

## Investment in our customer experience.



Our customer proposition is what defines us; throughout the COVID-19 ('COVID') lockdown we wanted to make sure our customers knew we were there for them – whether that was partying with a Live Stream DJ Event, or ensuring that we were available to help rearrange bookings. And in terms of our social messaging, we wanted our customers to know that we were ready to reopen our doors, welcome them and resume the party in a COVID-safe environment.

During the first half of the year we made great progress on a number of our workstreams to redefine the Revolution brand's position and saw this translate into more new customers into our bars by hosting third-party events (some of the four-legged variety...), and built customer loyalty.

When COVID resulted in the enforced closure of our businesses, we took the opportunity to prioritise our strategy, ensuring we were able to operate in a safe and secure environment and be compliant with the operating restrictions.

We've accelerated the development of "order and pay at table", significantly enhanced our online booking platform and gone cashless in order to improve various elements of our interactions with customers, and we are working on lots of new opportunities to bring back our Cocktail Masterclasses and other events in a COVID-secure way.

Below are some of our core customer proposition strategies and successes we are really proud of this year.

## CUSTOMER PROPOSITION

## New menu development and collaboration with brands

- Focus on what is selling and what isn't – we want interesting, fun cocktails that customers want to drink while being mindful of the bartender time and the garnish requirements
- Collaboration with the teams from our core drink brand partners to understand what they want their drinks to be made with, then we take that brief and "Revolutionise" it
- A visit to the Ketel One distillery in the Netherlands, to learn more about the brand and the development of Ketel One Botanicals to take inspiration for future menus. Ketel One is the Revolution house pour vodka
- Collaboration with Red Bull to host the final of the Red Bull UK Freestyle DJ competition
- Focus on introducing more sustainable vodka brands; partnered with Black Cow vodka to create a unique cocktail with the fully sustainable brand
- Food team visited Brooklyn Lager's brewery in the US to research some exciting ideas, resulting in an autumn burger specials menu and future direction for the main menu development
- Constant focus to refresh and improve the menus, with a greater focus on our daytime and food offerings in the COVID restrictions

## Locally driven sales events

- We love our teams taking the initiative to drum up local support – when one of our bars has a great idea and success, we shout it out to all the other bars!
- Over the last year we've achieved real success with Dog Cafes – these are hosted on a Sunday, so great business on one of our quieter trading days, and they bring in new customers
- We've partnered with two great organisers who have hosted weekly "Pup up Cafes", seeing Pugs, Frenchies and Dachshunds joining us for a few puppuccinos!
- Brunch has become a big success story driven by our Drag Brunches. These fabulous ladies have joined us across many themed events – St Patrick's Day, Halloween, Bingo – and always bring the sass and fun!
- Last Christmas, we hosted wreath-making classes in our venues, giving customers the opportunity to come in from the cold, learn a new skill, whilst enjoying a nice hot drink (or cocktail!)
- We are always on the lookout for new opportunities as part of our "Project Event Space" and welcome businesses of all kinds to partner with our bars in hosting their events

## Brand new training and investment in staff

- Introduction of our brand new "Rev U" (that's Revolution University) learning centre
- All career path training has been rethought, rewritten and all of our bar staff have been retrained. The COVID lockdown provided us with a unique opportunity to roll out this training across all bar staff, ensuring they have the skills to succeed
- The new Rev U career path training was all delivered digitally, ensuring our staff can learn and develop in a safe environment
- "Back to Life" training rolled out to all staff, teaching the new operating protocols, the new ways of working, the new customer journey – ensuring our teams were supported and helped into operating under the "new normal"
- We've collaborated with our core drink brand owners to offer unique training and masterclasses to our head bartenders about the brands and the history behind the original production of the spirits to ensure they have all the knowledge to deliver both a great cocktail and the fun facts behind it
- We've launched a new Careers website that gives a real preview of what life at Revolution is like
- "Lunch and Learn" sessions have been hosted at our Head Office giving the opportunities for our departments to do some learning, personal development and interacting with others on a wide variety of topics such as mental health, presentation skills, dealing with stress and organisational skills

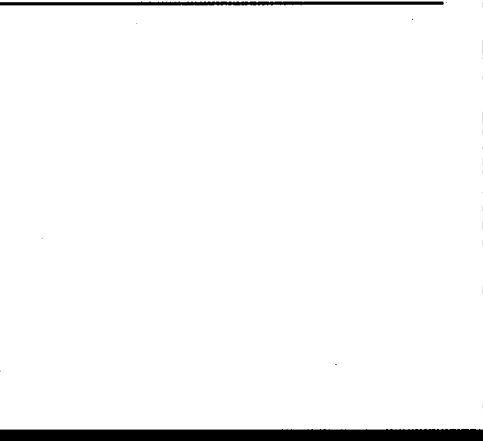
NUMBER OF BOTTOMLESS  
BRUNCHES SERVED

59k

HEAD OFFICE STAFF TRAINED AS MENTAL  
HEALTH FIRST AIDERS IN THE YEAR

40

Pup up Cafe Revolution Parsonage Gardens, Manchester



Drag Brunches Revolución de Cuba Aberdeen



customer  
experience

# RISK

## Report

### RISK MANAGEMENT

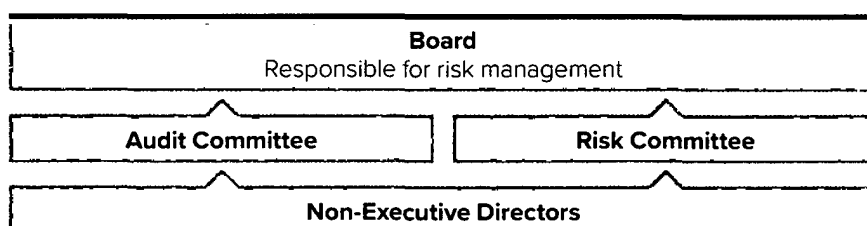
In order to fully understand and manage the Group's exposure to risk, each key area of our operations is reviewed annually using a methodology that allows us to measure, evaluate, document and monitor our key risks.

Our risk management process identifies, monitors, evaluates and escalates risks as they emerge, enabling management to take appropriate action wherever possible in order to control them and also enabling the Board to keep risk management under review.

### PRINCIPAL RISKS

The risk factors set out below are those which the Board believes are the most significant to the Group's business model that could adversely affect its operations, revenue, profit, cash flow or asset values and which may prevent the Group from achieving its strategic objectives. There may be additional risks and uncertainties that are currently unknown or currently believed to be immaterial that may also have an adverse effect on the Group.

### RISK MANAGEMENT FRAMEWORK



Underlying cause of risk	Response and mitigation	Change to residual risk in FY20	Commentary
<b>COVID-19</b>			
The Group's operating environment is severely impacted by COVID, significantly restricting the Group's ability to trade at normal levels due to social distancing and restricted opening hours. There is the risk of ongoing extensive local or national lockdowns and potential fines if operating restrictions are not fully complied with.	<ul style="list-style-type: none"> <li>Operational procedures implemented to ensure safeguarding of our staff and customers</li> <li>Investment to ensure COVID-safe venues through use of screens, signage, PPE and enhanced cleaning procedures</li> <li>Regular Board reviews and action planning to deal with local and national lockdowns</li> <li>Significant step up in cash liquidity made available to support further lockdowns.</li> </ul>	▲	The Group continues to carefully monitor the ongoing situation and will react quickly to further local and national restrictions for hospitality businesses.
<b>BREXIT</b>			
Brexit may have short-term impacts on consumer prosperity and disposable income. An impact on supply may be seen with the Group's key wholesale suppliers.	<ul style="list-style-type: none"> <li>The Group's suppliers have assured us they are monitoring the position closely and have contingency plans in place to maintain supply</li> <li>Relatively low levels of employees from the EU but confident our processes will meet post-Brexit policy changes.</li> </ul>	◀▶	The Group operates wholly within the UK and therefore exposure is limited. The Board will continue to monitor the situation and react accordingly to mitigate risk.
<b>DEPENDENCE ON KEY BARS</b>			
The Group operates throughout the UK. Certain bars deliver significantly more profit than others based on geographical diversity. A significant decline in profitability at a key bar could have a material adverse impact on Group profits.	<ul style="list-style-type: none"> <li>Operational management focus on economically significant bars</li> <li>More frequent refresh on such bars to ensure decor is maintained to the highest standards</li> <li>Expand the business through new bars to reduce exposure of individual bars.</li> </ul>	◀▶	Six underperforming bars exited in the year to mitigate diversification risk. Investment across existing estate to improve returns.
<b>ACQUISITION OF NEW BARS</b>			
The Group's long-term strategy is based on growth through the acquisition of new bars. Longer-term market expectations rely on the Group sourcing and developing a pipeline of good sites.	<ul style="list-style-type: none"> <li>The development team and property agents have sufficient resources to ensure the investigation of new site opportunities, as required.</li> </ul>	▼	The Board's focus has shifted to invigorating the current estate and successfully navigating COVID until better trading conditions return.

Underlying cause of risk	Response and mitigation	Change to residual risk in FY20	Commentary
<b>REFURBISHMENT OF EXISTING BARS</b>			
Underinvestment in the current estate resulting in declining like-for-like performance.	<ul style="list-style-type: none"> <li>Shift in focus from acquisition of new bars to investment in the existing bars</li> <li>5/6-year investment cycle for all bars.</li> </ul>	▼	Bars refurbished in year were showing improvements before lockdown. Pause in investment due to COVID but expecting to resume towards the end of FY21.
<b>CONSUMER DEMAND</b>			
The out of home markets for eating and drinking depend on the consumers' disposable income. Macroeconomic factors, such as employment levels, interest rates and consumer confidence are important influences on disposable income.	<ul style="list-style-type: none"> <li>Ability to tailor offerings in response to macroeconomic influences, including quick adjustments to promotional activity</li> <li>Ensure a safe and welcoming environment in a COVID world</li> <li>Group's proposition is not based solely on selling price; a more affluent demographic is targeted and thus there is some down-side protection against adverse macroeconomic factors.</li> </ul>	▲	COVID has increased macroeconomic uncertainty and consumer demand both financially and from a health risk perspective.
<b>HEALTH AND SAFETY</b>			
The Group's bars are open to the public and the Group has a duty of care to look after its staff and its customers, which risk is increased significantly due to the outbreak of the COVID pandemic.	<ul style="list-style-type: none"> <li>The Group's policies and procedures manual covers all aspects of operations</li> <li>Adherence to these is strictly enforced both through internal operational line management and through external third-party audits</li> <li>Incidents are thoroughly investigated and any lessons learned communicated widely throughout the business and where appropriate, policies, procedures and staff training updated.</li> </ul>	▲	Scores from the independent audit of Health & Safety matters across our bars has steadily improved over a period of two and a half years.  Enhanced procedures to ensure a safe COVID environment for staff and customers.
<b>LEASEHOLD RENTS</b>			
All of the Group's operating sites are held under leases. Typically, rents are determined on a five-yearly cycle by reference to open market rents prevailing at the time of the review.	<ul style="list-style-type: none"> <li>The Group employs specialist rent review advisers who deal only with tenant reviews</li> <li>CVA in year resulted in exit of five sites, and improvements in terms on others</li> <li>Many concessions and rent reviews finalised due to COVID negotiations.</li> </ul>	↔	The difficult economic backdrop has eased the pressure on rent reviews and improved rental terms have been agreed on many Revolution bars in the year.
<b>SUPPLIER CONCENTRATION</b>			
The drinks distribution market is dominated by one significant business, Matthew Clark, which is the Group's principal supplier. Matthew Clark operates nationwide whereas other drink wholesalers do not. If Matthew Clark were to face business difficulties or otherwise change its arrangements or pricing, then the Group's operations could be disrupted.	<ul style="list-style-type: none"> <li>The proposed strategy is to tolerate the risk, based on the Group's assessment that Matthew Clark is the best supplier, and a four-year deal is in place to December 2021</li> <li>A contingency plan is in place to move to an alternative supplier should Matthew Clark be unable to supply. This has been stress tested in a real situation.</li> </ul>	↔	In April 2018, Matthew Clarke's parent company entered into administration, and the Group invoked its contingency plan for several weeks with an alternative supplier to no significant adverse impact.
<b>NATIONAL MINIMUM/LIVING WAGE</b>			
A significant proportion of bar-based staff are affected, directly or indirectly, by wage legislation. Recent years have seen rises above inflation imposed on the business and given the current political backdrop, these pressures are likely to continue for at least the next few years.	<ul style="list-style-type: none"> <li>Technology is utilised to deploy staff more effectively and to streamline back office processes that will help mitigate wage increases</li> <li>To some extent small increases in selling prices may be possible to help cover increased costs.</li> </ul>	↔	Better adoption and refinements of the labour scheduling system has allowed improvements in efficiency of staff rostering.

# FINANCIAL

## Review

The headline numbers are difficult to interpret because, as permitted, current year numbers are presented under IFRS 16 whilst the comparative period is presented under IAS 17.

### SUMMARY

**Alternative Performance Measures ("APM") for the current period under IAS 17 are given equal prominence in this review because, in the opinion of the Directors, these provide a better guide to the underlying performance of the business relative to the prior period.**

- When considering the results for the period, it should also be noted that due to a government enforced closure of pubs, bars and restaurants on 20 March 2020, the business was unable to trade in the last 14 weeks of the period.
- Revenue in the period was £110.1 million (2019: £151.4 million), a 27.3% decrease. Prior to the enforced closure of the estate, revenue was 1.3% like-for-like\*\* ('LFL') ahead of the comparable prior period.
- The underlying result, as measured by adjusted EBITDA\*, was £1.3 million lower at £9.8 million (APM: £0.1 million) (2019: £11.1 million).
- The Group incurred an operating loss of £32.7 million (APM: £27.5 million) (2019: loss £4.7 million) after charging non-cash exceptional items of £27.4 million (APM: £19.7 million) (2019: £7.1 million) and cash exceptionals of £0.4 million (APM: £0.4 million) (2019: £nil).
- The Group generated net cash flow from operating activities in the period of £6.5 million, £4.1 million less than in the prior period (2019: £10.6 million).
- Net bank debt at period end was £22.0 million (2019: £14.9 million).

\* Adjusted performance measures exclude exceptional items, share-based payment (credits)/charges and bar opening costs (see reconciliation table on page 22 of the Financial Review).

The Group has adopted IFRS 16 in the year which has given rise to a number of adjustments to profit measures impacting FY20 reported numbers only; the comparatives have not been restated.

All bars were subject to the UK-wide Government enforced lockdown for the last 14 weeks of the reporting period.

## Summary

### REVENUE

FY £110.1m	FY £151.4m
H1 £81.2m	H1 £78.5m
2020	2019

£110.1m

Owing to the COVID-19 pandemic, FY20 comprised two very contrasting halves. The first half saw improvements on the previous year."

Mike Foster  
Chief Financial Officer

## IFRS 16

The Group adopted IFRS 16 with effect from 30 June 2019. The Group applied the standard using the modified retrospective approach and thus comparative information has not been restated and is presented, as previously reported, under IAS 17.

The impact of IFRS 16 is twofold:

- to create a lease liability in the balance sheet measured at the present value of remaining lease payments discounted appropriately, and a corresponding right-of-use asset, adjusted for prepaid and accrued lease payments; and
- to remove the rental charge from the income statement and replace it with a depreciation charge in respect of the right-of-use asset and a finance charge in respect of the unwinding of the lease liability.

Further details on implementation of this standard, and a reconciliation of profit under the previous lease accounting standard, IAS 17, to the statutory figures are included in note 26 to the financial statements.

## PRESENTATION OF RESULTS

As noted above, IFRS 16 became effective in the current reporting period and comparative disclosures have not been restated and continue to be shown on an IAS 17 basis. Given that IFRS 16 materially impacts the presentation of several of the Group's KPIs, a pro forma income statement and supporting notes are presented in note 28 as APM to show how the results would have been presented under IAS 17. The Board considers that this is necessary for the FY20 reporting period only in order to show true comparability against the prior year. Note 26 to the financial statements provides a reconciliation of the two measures. There have been no other changes to accounting policies in the period under review.

The Directors have, for many years, relied upon the performance measures, adjusted EBITDA\*, adjusted operating profit\* and adjusted pre-tax profit\*, to give a clearer indication of the underlying performance of the business as these measures exclude exceptional items, one-off bar opening costs that are a function of the timing of the new

bar development programme rather than the underlying trade, and non-cash charges relating to long-term incentive schemes that tend to reflect changes in the management team rather than the underlying business performance. However, it should be noted that adjusted EBITDA\* is also significantly impacted by IFRS 16 and, therefore, from next year, when both periods will be reported on an IFRS 16 basis, the preferred alternative performance measure will become adjusted EBITDA\* including rent charges. In the current reporting period, because of changes to the basis of the rent charge, it is not appropriate to simply deduct rent from adjusted EBITDA\* to derive an accurate figure comparable with last year's IAS 17 reported number due to different accounting treatments for rent-free periods and onerous lease provisions. Accordingly, the Directors continue to rely (for the FY20 reporting period only) on the APM adjusted EBITDA\* as being their preferred measure of underlying business performance.

## RESULTS

Owing to the COVID-19 pandemic ('COVID'), FY20 comprised two very contrasting halves. The first half saw improvements on the previous year, with like-for-like\*\* sales improving by 1.2% and APM adjusted EBITDA\* stepping forward by £0.7 million to £7.6 million (2019: £6.9 million). This was a direct result of the turnaround plan launched a year earlier gaining momentum and included the benefit of a successful Christmas period, bar refurbishments, improved late-night entertainment experiences and other promotional activity. However, the second half was severely impacted by the enforced closure of all our bars from 20 March 2020 and all income was foregone for just over the last 14 weeks of the period. Accordingly, management efforts focused on cost reduction, cash liquidity and stakeholder communication. APM adjusted EBITDA\* in the second half was a loss of £7.5 million (FY19: profit £4.3 million).

Revenue for the full period was £110.1 million (2019: £151.4 million), down 27.3% compared with the prior period. The underlying result, as measured by APM adjusted EBITDA\* (see note 28), was £11.0 million lower at £0.1 million (2019: £11.1 million). Statutory adjusted EBITDA\* was £9.8 million (2019: £11.1 million).

During the enforced closure, the Group took advantage of all applicable Government support. The Group utilised HMRC's Time to Pay and tax deferral schemes in respect of PAYE and VAT liabilities amounting to £3.1 million of liabilities that were due for payment being deferred until after the end of the period. All bar teams and a majority of our support centre staff were placed on furlough under the rules of Coronavirus Job Retention Scheme (CJRS). A small number of general managers and most area managers were retained to visit sites and stay in contact with staff. Board directors and other members of the senior management team agreed to take voluntary pay cuts of up to 50% for the Board and 20% for other managers. Many suppliers agreed to extended payment terms and/or to suspend contracts, and before the period end a small number of landlords agreed to waive some or all rent during part or all of the closure periods. Agreements with landlords predominantly waived or reduced rent with very little rent deferred. Subsequent to the year end, further rent waivers and lease regears have been completed that related to the FY20 period as did the Company Voluntary Arrangement (CVA) undertaken by the Group's wholly owned subsidiary entity Revolution Bars Limited, which was approved by creditors on 13 November 2020. Any element of the earnings benefit of these deals relating to FY20 is to be recorded in FY21 when the agreements were executed.

COVID has impacted the Group's results extensively and consideration was given to separately reporting within the accounts all associated costs and any related grant support and other reliefs. To do so would have been a massive exercise but the Board adjudged it would be very difficult to ensure that such disclosures were complete and accurate and ultimately it was somewhat meaningless given the ongoing nature of the disruption and therefore all such items have been treated as part of normal income and expenditure.

In the accounting period and prior to the period of enforced closure, lease surrenders were negotiated on six underperforming sites, three of which were already closed, and a further site was closed for sub-let. These difficult decisions were taken to safeguard the rest of the business for the longer term.

### CASH GENERATED FROM OPERATING ACTIVITIES

FY	FY
£6.5m	£10.6m
H1	H1
£15.5m	£6.9m
2020	2019

£6.5M

### ADJUSTED EBITDA\*

FY	FY
£9.8m	£11.1m
H1	H1
£12.8m	£6.9m
2020	2019

£9.8M

### ADJUSTED (L)/PBT\*

FY	FY
(£9.8m)	£3.0m
H1	H1
£2.9m	£2.9m
2020	2019

(£9.8M)

# FINANCIAL

## Review continued

### RESULTS CONTINUED

Central costs of £8.6 million (2019: £8.8 million) represent 7.8% of revenue compared to 5.1% in the prior period and equates to £109,000 per bar (2019: £97,000).

The Group incurred an APM operating loss of £27.5 million (2019: loss of £4.7 million) after charging non-cash exceptional items of £19.7 million (2019: £7.1 million) and cash exceptionals of £0.4 million (2019: £nil).

The Group reported an APM pre-tax loss for the period of £28.1 million (2019: loss £5.6 million) impacted by the exceptional costs as detailed below.

### UNDERLYING PROFITABILITY

The Board's preferred profit measures are APM adjusted EBITDA\* and APM adjusted\* pre-tax (loss)/profit as shown in the tables below. The APM adjusted measures exclude exceptional items, bar opening costs and charges/credits arising from long term incentive plans.

	Number of bars	2020 £m	2019 £m
<b>APM adjusted EBITDA*</b>			
Like-for-like** estate EBITDA	69	9.2	19.9
Bars opened in prior period (FY19)	5	0.2	0.5
Trading venue EBITDA	74	9.4	20.4
Bars closed in current period (FY20)	5	(0.7)	(0.5)
APM adjusted EBITDA from bars	79	8.7	19.9
Central support costs		(8.6)	(8.8)
<b>APM adjusted EBITDA</b>		0.1	11.1
		<b>2020 £m</b>	<b>2019 £m</b>
<b>APM reported pre-tax loss</b>		(28.1)	(5.6)
Add back Exceptional items		20.1	7.1
Add back Bar opening costs		–	1.5
Add back Charge/(Credit) arising from long-term incentive plans		0.0	(0.1)
<b>APM adjusted pre-tax (loss)/profit</b>		(8.0)	3.0
Add back Finance costs		0.6	0.9
Add back Depreciation		7.5	7.2
<b>APM adjusted EBITDA</b>		0.1	11.1

### EXCEPTIONAL ITEMS, BAR OPENING COSTS AND ACCOUNTING FOR LONG TERM INCENTIVE PLANS

**Exceptional items**, by virtue of their size, incidence or nature, are disclosed separately in order to allow a better understanding of the underlying trading performance of the Group. The statutory exceptional position of £21.9 million, is £1.8 million higher than the APM exceptionals £20.1 million due to additional impairment on right-of-use assets, methodology changes to fixed asset impairments, and accounting treatment changes on the surrender of leases and onerous lease provisions, all as a result of the implementation of IFRS 16.

The charge of £21.9 million comprises £27.4 million (FY19: £7.1 million) of non-cash exceptionals relating to fixed asset and right-of-use impairment charges offset by a gain on disposal recognised under IFRS 16 upon surrender of leases of £5.9 million, included as exceptional finance income. It also includes cash exceptionals of £0.4 million (FY19: £nil) relating to moving the listing of the Company's shares from the London Stock Exchange premium segment to AIM.

In the prior reporting period, non-cash exceptionals related to the impairment of fixed assets and an increase in the onerous lease provision. A full analysis of exceptional items is given in note 3 to the financial statements.

**Bar opening costs** refer to one-off costs incurred in getting new bars fully operational and primarily include costs incurred before opening and in preparing for launch. The most significant element of these costs relates to property overheads incurred between signing the lease and opening for trading. There were no openings in the current period and five in the prior period.

**Charge relating to long-term incentive schemes** resulted from equity-settled share-based payment transactions. No awards vested in either the current period or prior period.

### FINANCE COSTS

The significant increase in finance costs to £4.9 million (2019: £0.9 million) related to IFRS 16 interest charges (£4.3 million). Charges related to the Company's committed revolving credit facility with NatWest (the "Facility") including commitment fees relating to any undrawn element of the Facility, and the

amortisation of arrangement fees over the life of the Facility were lower than the prior period due primarily to lower average bank debt levels during the year as a result of reduced borrowings until the very end of the year when all trade over the last 14 weeks was foregone.

### LIQUIDITY

As at the date of the consolidated financial position, the Facility provided £30.0 million committed funding to December 2021 of which £24.5 million (2019: £17.5 million) was utilised. Shortly after the end of the reporting period, the Company received from NatWest a £16.5 million Coronavirus Large Business Interruption Loan (CLBIL) in the form of a three-year term loan which was used to pay down the Facility and the Facility commitment was reduced to £21.0 million and its term extended to June 2022. This provided the Company with committed facilities of £37.5 million of which £7.5 million was due to be prepaid at the end of March 2021 with the Facility reducing by a further £1.0 million at the end of June each year. The CLBIL was due to amortise by £1.0 million per annum.

On 27 July 2020, the Group completed an equity fundraising of £15.0 million, receiving net proceeds of £14.1 million.



These net proceeds were used to repay all remaining outstanding loan draw downs on the Facility.

On 16 December 2020, NatWest agreed to defer both the £7.5 million prepayment on the committed facilities due at the end of March 2021 and the £1.0 million reduction on the Facility due at the end of June 2021 and accordingly the Company now has committed Facilities as follows:

	RCF - "The Facility" (£m)	CLBILS (£m)	Total (£m)
31 December 2020	21.0	16.1	37.1
30 June 2021	21.0	15.6	36.6
31 December 2021	19.6	14.5	34.1
30 June 2022	18.6	14.0	32.6

The Facility is repayable in full at 30 June 2022. CLBILS is a three-year term loan expiring 6 July 2023.

## TAXATION

There is no tax payable in respect of the current period. The charge of £3.5 million (2019: credit £0.4 million) principally arises from the derecognition of the deferred tax asset that was created on the implementation of IFRS 16 given the difficult trading outlook resulting from COVID.

## EARNINGS/(LOSS) PER SHARE

Basic loss per share for the period was 70.3 pence (2019: loss 10.4 pence). Adjusting for exceptional items, non-recurring opening costs and credits arising from long-term incentive plans resulted in an adjusted loss per share for the period of 37.3 pence (2019: earnings of 3.4 pence).

## OPERATING CASH FLOW AND NET BANK DEBT

The Group generated net cash flow from operating activities in the period of £6.5 million (2019: £10.6 million), but after deducting both the principal and finance elements of lease payments this reduces to a net cash outflow of £0.9 million. The Group focused on minimising its cash outflow and liquidity in the last quarter of the year under the lockdown conditions to ensure that the business would be in a strong position to resume trading when conditions permitted. The cessation of trading from 20 March 2020 presented a risk of a significant negative working capital unwind. However, this was mitigated through payment deferral arrangements with the Group's largest suppliers, rent waivers agreed with a limited number of landlords, utilisation of the Coronavirus Job Retention Scheme and HMRC Time to Pay schemes, reduction of capital expenditure and reduction of costs wherever possible.

Capital expenditure payments of £4.2 million (2019: £11.6 million), lease surrender payments of £1.4 million (2019: £nil), bank loan interest £0.6 million (2019: £0.8 million) and dividends of £nil (2019: £1.7 million) all contributed to a net cash outflow in the period of £0.1 million (2019: £1.4 million) increasing net bank debt from £14.9 million (2019: £11.5 million) to a closing position of £22.0 million (2019: £14.9 million).

## CAPITAL EXPENDITURE

The Group made capital investments of £4.2 million (2019: £11.6 million) during the period; this was incurred entirely on the existing bars, comprising bar refurbishments, building renovation works, equipment replacement and IT investment. Of the £11.6 million in the prior period, £6.6 million related to new openings and £5.0 million related to the existing estate.

## POST BALANCE SHEET EVENT

On 13 November 2020, the Group announced the completion of a Company Voluntary Arrangement ('CVA') of its largest trading subsidiary entity, Revolution Bars Limited. This entity holds all but four of the Revolution branded bars; the CVA resulted in the Group permanently exiting five underperforming bars and benefitting from the waiver of rent arrears and the imposition of turnover rents for the next two years at several other bars.

## DIVIDEND

As notified previously, the Board had suspended payments of dividends. Furthermore, (a) a condition of taking on the CLBIL facility is that the Company is unable to pay a dividend whilst the CLBIL remains outstanding and (b) as a result of the CVA referred to above under post balance sheet event, the Company's subsidiary entity, Revolution Bars Limited, is unable to pay a dividend for a period of three years until 13 November 2023. A restriction on the Group's principal trading subsidiary being unable to make a dividend payment to its parent company may significantly impact the Company's ability to make a dividend payment until after 13 November 2023. There was no dividend paid or declared in the prior period in relation to FY19.

## GOING CONCERN

Under the terms of its banking facilities with NatWest, the Company has one financial covenant – 'minimum liquidity headroom' between its net bank debt and its committed bank debt facilities. The directors have modelled both a management base case forecast scenario and a severe but plausible downside scenario. No forecast breach of the banking covenant arises under either forecast scenario but there is very limited headroom under the severe but plausible downside forecast scenario under which headroom is minimised to £1.2 million at the end of March 2021.

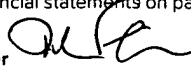
The low level of liquidity headroom under the severe but plausible downside forecast scenario relative to the minimum liquidity covenant and the material uncertainty caused by COVID coupled with forecasting difficulties as a result of constantly changing operating restrictions means that the Group cannot be assured that it will not breach the minimum liquidity covenant. A breach of covenant would require the bank to grant a waiver or for the Company to renegotiate its banking facilities or raise funds from other sources, none of which is entirely within the Group's control. A breach of the covenant would also result in the reclassification of £24.5 million non-current borrowings to current borrowings as at the date of consolidated financial position.

The directors have assessed, however, that given a strong underlying business, particularly post lease surrenders of under-performing bars and the CVA undertaken during 2020, the Group's existing relationships with its main creditors, its success in recent years in obtaining covenant waivers and renegotiating its banking facilities and a recent equity fundraising, that a request for a waiver of a covenant breach or renegotiation of the banking facilities would be successful.

The severe disruption to the Group's trade during the last nine months caused by COVID and the resultant and frequently changing operating restrictions imposed by the UK Government and the devolved authorities means that there is a material uncertainty over the going concern of the Group. This uncertainty exists because of the unpredictability of the nature, extent and duration of COVID, the vaccination programme, and the imposed operating restrictions in the calendar year 2021 and how this will impact the Group's operational performance and, in particular, the level of sales and EBITDA generated that will in turn determine the Group's covenant compliance.

Notwithstanding the material uncertainty, after due consideration the Directors have a reasonable expectation that the Company and the Group have sufficient resources to continue in operational existence for the period of 12 months from the date of approval of these financial statements. Accordingly, the financial statements continue to be prepared on the going concern basis. However, the trading conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's (and the Company's) ability to continue as a going concern. The financial statements do not contain the adjustments that would arise if the Group (and the Company) were unable to continue as a going concern.

A more comprehensive disclosure on going concern including the banking facilities, liquidity and the detailed assumptions behind both forecast scenarios is given in the Directors' Report on pages 60-62 and in note 1 to the financial statements on pages 78-80.

  
Mike Foster  
Chief Financial Officer  
16 December 2020

- Adjusted performance measures exclude exceptional items, share-based payment (credits)/charges and bar opening costs (see reconciliation table on page 22 of the Financial Review).
- Like-for-like (LFL) sales are defined as total retail sales from bars that have traded throughout both the current and prior reporting periods.
- APM refers to Alternative Performance Measure being measures reported on an IAS 17 basis that are directly comparable to FY19 reported measures.

# SECTION 172(1)

## Statement

The revised UK Corporate Governance Code ("2018 Code") was published in July 2018 and applies to accounting periods beginning on or after 1 January 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ("2018 MRR") require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ("S172") when performing their duty to promote the success of the Company under S172. This includes considering how the interests of other stakeholders impact the long-term success of the Company. This S172 statement, which is reported for the first time, explains how the Company's Directors have:

- engaged with employees, suppliers, customers and others; and
- had regard to employee interests, the need to foster the Company's business relationships with suppliers, customers and others, in relation to the principal decisions taken by the Company during the financial year.

The S172 statement focuses on matters of strategic importance to the Group. The Directors consider that the nature of the Group's business is relatively simple and well understood by its stakeholders and therefore much of this statement cross references other areas of the Strategic Report and Corporate Governance section of the Annual Report and Accounts, where it believes the information is set in a better context.

The Board's two Executive Directors are closely involved in all aspects of the Group's business on a day-to-day basis in conjunction with the senior management team (together, the Executive Committee) whose activity is reported back to and influenced by the full Board. Therefore, some of the activity referred to below relates to Executive Committee matters as the Board believes this provides a better understanding of how the Group does business and how the Board exerts control.

### GENERAL CONFIRMATION OF DIRECTORS' DUTIES

The Board has a clear framework for determining the matters within its remit and has approved terms of reference for the matters delegated to its Committees. An authority manual setting out the delegation and approval process across the entire business and the related financial thresholds therein is reviewed and approved annually by the Board; this includes identification of those matters requiring Board consideration and approval.

When making decisions, each Director is aware of his/her responsibility to act in the way he/she considers, in good faith, is likely

to promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

#### S172(1) (A) "The likely consequences of any decision in the long term"

The Directors understand that business decisions cannot solely focus on what is best for the Group and its stakeholders today but must also take a long-term view. The Board has been faced with some difficult decisions as a result of the stated strategy of de-risking the business by reducing the level of bank debt, the surrender of under-performing leases, and the enforced closure of all trading venues due to COVID-19 ('COVID'). The Board's first and foremost priority has been the Group's survival, and whilst this is in the best interests of stakeholders collectively, the Board recognises that decisions in relation to these matters will have disadvantaged smaller groups of stakeholders, such as employees in the case of a lease surrender or small local suppliers to that venue. Such decisions are taken only when the Board is satisfied that such action is necessary to protect the future of the entire business. Every effort is always made to redeploy displaced team members at other venues in the Group.

The Board is also aware that the Company's customers and most of its front-line team members are young adults for whom the sustainability agenda is very important. The Board also recognises that it has a wider responsibility to society to run a sustainable business and has increased planning in order to announce in the next 12 months our specific goals to become carbon neutral. The business is working with Energise (Office of Low Emissions Vehicles accredited) to ensure that this is a determined commitment. More information regarding sustainability can be found in the Corporate and Social Responsibility Statement ('CSRS') on page 26.

#### S172(1) (B) "The interests of the company's employees"

The Directors recognise that attracting and retaining employees is fundamental to driving business success, particularly given the Group's purpose, vision and values (see page 1). Creating fun and memorable experiences for customers will not succeed without engaged, well-trained and motivated employees that enjoy working in our bars and being part of a team where having fun is a prerequisite. There is much that has been achieved during the last year, including the introduction of minimum hours contracts and moving away from zero hours contracts, introducing an additional benefits package for all employees, new commitments around shift notifications and maximum working hours and a rebalancing of incentive arrangements to make this fairer across participating employees.

More detail is given on these matters in the Chairman's Statement (page 2), CEO Report (page 10), COVID-19: Our Response (page 6) and in the People section of the CSRS (page 26). Underpinning these initiatives is the Board's determination that the Group remains a responsible employer, from pay and benefits to health and safety in the workplace.

#### S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others"

The Directors recognise that the Group's strategic development requires mutually beneficial relationships with many other parties.

- **Drinks brand owners:** The Group maintains close relationships with key drink brand owners, recognising that accessing new premium products is a key element of keeping the Group's offer vibrant, refreshed and interesting, whilst providing the brand owners with an opportunity to showcase their products in a "feel-good and fun" environment. Brand owners and all key suppliers are invited to attend the Company's annual conference, which includes sessions for the drink brands to understand how they can work with the Group and provides them an opportunity to showcase new products. Strong relationships with suppliers enabled the Group to agree extended payment terms and contract suspensions and extensions during the enforced closure period for which we were very grateful. All major contracts are reviewed and approved by the Board when they are first entered into and at renewal. The senior management team regularly engages with the development teams at the leading drinks brands to look at menu innovation – a good example of which was collaborating with Ketel One (the Group's house-pour vodka and a Diageo development brand) and Fever Tree regarding their new botanical range to create an exciting new range of cocktails.
- **Smaller suppliers:** The Group organises "Dragon's Den" style events that are attended by a cross section of management to enable the showcasing of new products and ideas.
- **Landlords:** Relationships with landlords have come under the microscope during the COVID crisis. The Directors recognise that the situation is challenging for landlords and there has been mixed success in persuading landlords to share the severe impact of the government enforced closure of bars. Some acknowledged the situation quickly and agreed rent waivers or deferrals, but others have refused to engage or resorted to legal action despite the government sponsored Code of Practice establishing an expectation that landlord and tenant should work together.
- **Licensing authorities:** The nature of the Group's business, with 74.9% revenue

derived from alcoholic drinks, and the Group's development strategy depends on its ability to operate safely and within the many laws and regulations governing the licensing and operation of bars. The Group allocates significant resources to this area recognising that the loss of a licence or the imposition of trading restrictions can materially impact financial performance. The Group seeks to maintain strong relationships with all local authorities and has reporting systems in place to identify problems and take corrective action before such matters may be formally raised by any statutory body. These reports are regularly reviewed by the Directors.

- **Banking:** NatWest provides the Group with significant debt funding and, therefore, a strong relationship between the Board and the bank is critical to the Group's development. In early 2019, the Group prioritised a debt reduction target to one times adjusted EBITDA, and the Executive Directors meet regularly with the bank to discuss progress. The debt reduction target was in sight for the end of FY20 when the enforced closure of the Group's bars was announced in March 2020. The strong relationship with the bank and the good progress on debt reduction meant the bank acted quickly and decisively to increase debt facilities in early April 2020 ensuring the Group had significant liquidity during the enforced closure period and whilst a long-term funding solution was implemented. NatWest's confidence in the Group was further evidenced by financial covenants being simplified to a single liquidity headroom test and the Company being the bank's first customer to take advantage of CLBILS shortly after the end of the reporting period.

#### **S172(1) (D) "The impact of the company's operations on the community and the environment"**

The Board is aware that companies must be mindful of the impact of their operations on the environment and that this resonates strongly with the Group's young customer base. Sustainability is an important workstream driven by members of the senior management team and regularly updated to the Board. The workstream looks at all aspects of sustainability and is targeting significant improvements in the recycling of waste and reductions in energy consumption. The business is using a specialist consultancy, Energise, to create and deliver a strategy to become net zero carbon; we plan to announce our specific goals for this in the next 12 months. More detail is given in the Environment section of the CSRS on page 28.

The Board is also mindful that because the Group's trade is associated with the retailing of alcohol, it can sometimes be portrayed negatively by the media. Accordingly, significant resources are allocated to staff training and customer supervision to ensure that customers do not gain entry if they are intoxicated or become intoxicated on our premises and that they leave our venues at the end of a busy day's trade in a safe and orderly fashion so as not to cause disruption to others and to any residences nearby.

The Executive Directors took the decision not to reopen any venues on Saturday 4 July 2020, being the first day that trading was possible post the enforced closure of bars, because of the high risk of negative media attention.

#### **S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"**

The Board has in recent years put in place and by reviewing annually reaffirms its commitment to its Modern Slavery Statement and its Anti Bribery and Corruption policy, to ensure that high standards of business ethics are followed by its employees and suppliers. The Group's major suppliers are required to include appropriate statements on modern slavery and anti-bribery and corruption in any significant contract to supply goods or services to the Group. This helps assure that decisions taken by everyone acting for the Group are consistent with high standards of business conduct.

#### **S172(1) (F) "The need to act fairly as between members of the company"**

The organisational arrangements, discipline and protocols under which the Board operates (as referred to in the Corporate Governance section on page 38) means that all relevant factors are considered and debated before deciding on a course of action to best enable delivery of the Group's strategy through the long term, taking into consideration the impact on stakeholders. In doing so, the Directors act fairly between the Company's members but are not required to balance the Company's interest with those of other stakeholders, and this can sometimes mean that certain stakeholder interests may not be fully aligned.

### **CULTURE**

Promoting the right culture throughout the Group's workforce is integral to driving the development of our brands and better relating to the needs of our customers. The Group's purpose is to create fun and memorable experiences with our teams and guests and the Board recognises that can only succeed if the desired culture is embedded in the values, attitudes and behaviours that are demonstrated throughout all of the Board, senior management and general management activities and stakeholder relationships. At the heart of the cultural ethos are the values of Fun, Ambition, Integrity and Recognition. The Group's Purpose, Vision and Values were developed through senior management workshops and further developed at the Group's annual conference attended by over 500 management, and then the results were shared throughout the business using a mixture of videos and training workshops. Every employee is expected to know the Purpose, Vision and Values and perform their roles within their teams in that manner. The Board are acutely aware that they must show leadership on all cultural values and typically on visits to the Group's bars and other Company locations will recognise success, achievements and high standards.

Our health and safety policies also make clear that every employee must act responsibly

by understanding and taking responsibility for keeping each other safe. That has never been more important than in the current trading environment and prior to the post COVID reopening of our venues, we consulted extensively across our front-line teams to ensure that we had addressed everything we reasonably could to keep everyone safe and that they are comfortable about their work environment.

A high proportion of the Group's customers are female and the Board is conscious that its workforce at management level should better reflect the gender mix of customers. In operational management, the necessity for late-night and weekend working can more often present a problem for female managers and can often act as a barrier to progression. This is something that the Group is actively addressing through establishing groups where our female leaders can gather to share experiences and ideas whilst also showcasing flexible working patterns. The Group has also recently enhanced our Maternity policies, held focus groups with colleagues from across the business and are currently in the process of establishing diversity champions across the Group. The Group has also this year established its first ever Diversity and Inclusion Strategy, committing to addressing recruitment and selection channels and equal opportunities for career progression into senior roles, whilst also addressing our internal policies and ensuring we build an inclusive culture. Further information on gender and racial equality is given in the Nominations Report on page 45.

The Board considers the twice-yearly Quality of Life survey undertaken across the whole of the Group's workforce to be the most effective way of measuring employee engagement, motivation, affiliation and commitment to the business. The surveys, which are managed and evaluated independently, achieve a consistently high response rate and provide the Board with excellent insights into employee views that can then be used to leverage and strengthen the Group's culture and values. The introduction of minimum hours contracts, new maternity and paternity policies, and a new benefits platform during the year were in direct response to feedback from the surveys.

### **STAKEHOLDER ENGAGEMENT**

The Board recognises that the Group will achieve more success by working closely with its employees, customers, suppliers, government and licensing authorities, trade groups, landlords, investors and other stakeholders. Working together has never been more important or necessary given the unique challenges caused by COVID, in particular, and sharing knowledge and experience with others provides greater insight into our own business. We endeavour to establish long-term relationships with stakeholders, recognising that stability and better understanding of each other leads to more opportunities to drive mutual benefit.

Information on how the Directors have engaged with employees can be found in the Our People section in the CSRS on page 26.

# OPERATING RESPONSIBLY

*for our stakeholders*

## Corporate and Social Responsibility Statement.

### THE GROUP'S CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES PRIORITISE OUR PEOPLE, RESPONSIBLE RETAILING AND CHARITY.

#### PEOPLE

**As at the end of the reporting period, we employed over 2,900 people and we are committed to creating rewarding careers for all of them.**

Providing rewarding careers supports staff retention and that in turn provides a better skilled workforce and helps to ensure that our investment in training is focused on improving talent levels leading to improved customer service and business efficiency – a virtual circle. In the year up to the enforced closure of our venues in March 2020, team member turnover was 10% lower and management stability in bars had improved from 1.5 years to 1.8 years.

We aim to create defined career paths for every part of the business so that we maintain a strong pipeline of managers to lead and grow the business. Our detailed succession plan and talent management programmes have historically seen us fill over 80% of our management positions internally.

Whilst we seek to promote from within, we are also keen to introduce talented individuals into the Revolution Bars Group family and learn new ideas and different ways of doing things and in so doing broaden the skills and knowledge base of our teams. In April 2020, we launched our new careers website to attract the best talent and to celebrate our people and culture.

For bar-based staff who are ambitious to progress, career development paths are clearly outlined in My Career Portfolio ("MCP"), taking team members from first-line supervisor roles all the way up to General Manager and Area Manager positions. Twice yearly, we recruit new talent to our Academy programme, selected using an assessment centre selection process, and in so doing we ensure that the most talented individuals join our next cohort of future managers at a two-day development centre. This is followed-up by pairing each of them with a dedicated mentor and establishing a programme of regular reviews with their General Manager. Each year we hold our annual conference to set the direction for the year to come, create a strong network

amongst peers and ensures that our purpose, vision and values are embedded into the day-to-day activity and behaviours with customers and fellow team members.

Our training utilises a variety of development tools including online technology to ensure a blended approach to meet all learning styles. We combine our e-learning platforms with face to face training to ensure all our employees are skilled on all the required areas from the day they join us. These programmes embed learning about our purpose, vision and values as part of the induction through to mastering a range of brand standards that ensure quality and speed of service are a focus for all venue-based team members. Across the last 18 months we have implemented Apprenticeship schemes to support both our Kitchen and Sales staff to further develop their skills and help them to achieve their potential. The operational challenges due to COVID-19 since March 2020 have resulted in a very high proportion of our teams being on furlough for the last quarter of the financial period. This ruled out classroom-based management development training courses, but we took the opportunity to use the time to overhaul our front-of-house team training. In May 2020, we launched our brand new Bartender Career path, which includes four development levels and provides training in bite-sized chunks TikTok style allowing individuals to learn at their own pace whilst aiming to become a best in class bartender. During the year we also established our first ever wellbeing strategy and we trained 40 Mental Health First Aiders.

The Group is committed to equal opportunities and the elimination of discrimination, harassment and victimisation of employees. Of our workforce, 45% is female and 55% is male. We are active members of the Women in Hospitality, Travel and Leisure partnership helping to promote the Diversity and Inclusion agenda across our sector and during the year we established the Group's first Diversity and Inclusion strategy, which started with focus groups drawn from across the business.

During the year we are proud to have significantly improved the benefits for all our employees. Much was in direct response to feedback from our staff following our staff surveys (as referred to below) which revealed there were significant differences in opinions on zero-hour contracts. In April 2020, we provided the option for all employees to receive a minimum hours contract and 48% have taken advantage of this option moving on to different contract options of between 6 hours and 30 hours per week with the remaining 52% preferring to continue with zero hour contracts. Additionally, the following improvements have been made to other benefits:

- **new maternity and paternity policies and best practice guides plus enhancements to leave** - 12 weeks at 90% for primary carer and enhanced paternity leave of 2 weeks at 90% pay;
- **'Revs with Benefits'** – inclusive of a 24/7 GP helpline, telephone Employee Assistance Programme for all, cycle to work scheme, and retail discounts; and
- **Salary finance** – an on-demand payment and financial wellbeing platform providing employees quicker access to their earnings in case of emergencies

We also have a suite of reward and incentive schemes in place but due to the suspension of trade we agreed to defer certain bonus payments and suspend bonus schemes in the current year, with employees supportive of the measures in the circumstances. All employees may join the Group's stakeholder pension plan, as well as obtain tax-efficient childcare

vouchers and are entitled to a 50% discount on food and drink purchased within our bars. An Employee Assistance programme is provided to all managers to assist them with issues that might be impacting their well-being.

The Group's performance as an employer is measured twice yearly through an independently administered "Quality of Life" surveys sent to every employee. These employee surveys are linked to our customer feedback platform to identify ways to not only improve employee engagement but to provide a direct link to how this can enhance how customers experience our brands. In the most recent survey, undertaken in March 2020, the Employee Net Promoter Score improved by 10 percentage points and engagement levels improved by 4% also. Following the furloughing of much of our workforce towards the end of March 2020, substantial efforts were made to keep in touch

with all our employees through a series of newsletters, personal emails, virtual team calls and quizzes. In our 'keeping in touch' survey, undertaken in May 2020, 92% of respondents said they were proud to work for the business and 91% said they felt the business had communicated effectively with them during the crisis.

92%

OF RESPONDENTS SAID THEY WERE PROUD TO WORK FOR THE BUSINESS

91%

OF RESPONDENTS FELT THE BUSINESS HAD COMMUNICATED EFFECTIVELY WITH THEM DURING THE CRISIS

# OPERATING RESPONSIBLY

*for our stakeholders continued*

## RESPONSIBLE DRINKS RETAILING

The Group supports practices which promote responsible drinking and has established its own "Responsible Alcohol Retailing Policy", supported by staff training and monitoring. The Group's pricing models are set so as to avoid deeply discounting products. Events are promoted responsibly and are accompanied by individual risk assessments. A number of bars enter local "Best Bar None" schemes (run by local authorities and the police to encourage good behaviour in town centres), promoting a safe and secure environment. Test purchasing exercises are organised through Serve Legal to ensure that staff are exercising their judgement in the way that they are trained to do with regard to age verification.

## FOOD INFORMATION AND QUALITY

The Group continuously aims to improve the quality of its food offering and provide customers with the required information about its products to allow them to make informed decisions about their food consumption. This includes providing allergen and calorie information for all dishes via our website. Products not containing

gluten or meat are advertised on the printed menu. Full training is provided to bar teams to enable them to deal with customer queries and prevent cross-contamination. The Group sets out strict specifications for all products so that high standards of quality are met.

The Group continues to place greater emphasis on offering increased menu choices for vegetarians, vegans and those with food intolerances, given that this is important to an increasing proportion of our customer base.

## CHARITY

As part of its social responsibility agenda, the Group extended its relationship with its nominated charity Shelter, the housing and homelessness charity, to a second year; this charity having originally been selected by our employees who told us that homelessness was a matter of serious concern to them given the frequency with which they encounter those who are homeless when they leave our venues to return to their homes late at night. During the last year, more than £47,000 was raised for Shelter through various employee activities including sponsored events and through the Group

promoting the donation of 20 pence from every hot beverage sold. Many of the Group's head office employees participated in the Sleep Walk for Shelter sponsored event that was held in December 2019 in Manchester. Over the two-year period the Group has now raised over £84,000 for Shelter.

Additionally, during the enforced lockdown period, a small number of employees organised a virtual run from the Group's northernmost site (in Inverness) to the southernmost site (in Plymouth). The event proved so popular that the run was extended to a third leg from Plymouth to the Nightingale hospital in London. Over 300 runners completed 1,639 kilometers over a 14-day period raising £10,595 that was shared between Shelter and the NHS. The event was notable not just for the money raised but the interest and motivation shown by staff from all corners of the Revolution Bars Group family during the lockdown period.

The Group also has a programme designed to promote other charitable activity within its workforce. The scheme, called "You raise it, we match it", rewards funds raised by staff for other charities and matches what they have raised.

## ENVIRONMENT

The Group endeavours to conduct its business in a way that is sympathetic to the environment. Where possible, glassware and bottles are recycled, as is cardboard packaging. All new sites and major refurbishment projects include fitting energy-efficient lighting and other control devices in order to minimise energy consumption. Smart meters have been fitted throughout our estate to allow monitoring hourly energy consumption on a daily basis in order

to highlight unusual consumption spikes and to be able to benchmark individual site performance. The Group's appointed energy consultant, Energise, facilitates the production of a suite of reports enabling bars to identify energy wastage; these reports are monitored both locally and centrally. The reporting is very useful for evaluating the impact of new energy saving initiatives, including investments in new technology and more efficient equipment.

## Streamlined Energy and Carbon Reporting (SECR) disclosure

Our SECR disclosure presents our carbon footprint across Scopes 1, 2 and 3, together with an appropriate intensity metric and our total energy use. The reporting of greenhouse gas emissions is for the period 1 July 2019 to 30 June 2020. All of the Group's operations are based in the UK, and therefore all of the below figures purely relate to the UK.

Emission Type	kWh (Scope 1 & 2 Only)			CO <sub>2</sub> e tonnes (Location Based)		
	Current Year (2019-20)	Previous Year (2018-19)	Year on Year Variance	Current Year (2019-20)	Previous Year (2018-19)	Year on Year Variance
Scope 1: Operation of Facilities	-	-	-	-	-	-
Scope 1: Combustion	8,453,731	9,565,734	-11.6%	1,580	1,787	-11.6%
<b>TOTAL Scope 1</b>	<b>8,453,731</b>	<b>9,565,734</b>	<b>-11.6%</b>	<b>1,580</b>	<b>1,787</b>	<b>-11.6%</b>
Scope 2: Purchased Energy	19,219,442	28,780,206	-33.2%	4,912	8,841	-44.4%
<b>TOTAL Scope 2</b>	<b>19,219,442</b>	<b>28,780,206</b>	<b>-33.2%</b>	<b>4,912</b>	<b>8,841</b>	<b>-44.4%</b>
Scope 3: Indirect Energy use	-	-	-	31,364	-	-
<b>TOTAL Scope 3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,364</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>27,673,173</b>	<b>38,345,940</b>	<b>-27.8%</b>	<b>37,856</b>	<b>10,628</b>	<b>+256.2%</b>

# Greenhouse gas emissions intensity ratio:

Total Footprint (Scope 1, Scope 2 and Scope 3) - CO <sub>2</sub> e tonnes	Current Year (2019–20)	Previous Year (2018–19)	Year on Year Variance
Turnover (£m)	110.1 m	151.4 m	-27.3%
Intensity Ratio (tCO <sub>2</sub> e/£100,000)	34.383	7.020	+389.8%

Intensity Ratio Trend Review	Current Year (2019–20)	Previous Year (2018–19)	(2017–18)
Intensity Ratio	34.38	7.02	8.55
Difference	+27.36	-1.53	n/a
Variance %	+389.8%	-17.9%	n/a

CO <sub>2</sub> e tonnes (Dual Reporting Methodology)			
Emission Type	Location Based	Current Year (2019–20)	Variance
Scope 1: Operation of Facilities	–	–	–
Scope 1: Combustion	1,580	1,580	0%
<b>TOTAL Scope 1</b>	<b>1,580</b>	<b>1,580</b>	<b>0%</b>
Scope 2: Purchased Energy	4,912	537	-89.1%
<b>TOTAL Scope 2</b>	<b>4,912</b>	<b>537</b>	<b>-89.1%</b>
Scope 3: Indirect Energy use	31,364	31,364	0%
<b>TOTAL Scope 3</b>	<b>31,364</b>	<b>31,364</b>	<b>–</b>
<b>Total</b>	<b>37,856</b>	<b>33,481</b>	<b>-11.6%</b>

The Dual Reporting Methodology shows data from the same financial period, calculated using different conversion factors. The location-based emissions are calculated using the UK average electricity carbon factor and the market-based emissions are calculated based on the specific electricity carbon factors of the Group's electricity suppliers.

This table therefore demonstrates the reduction in the Group's overall footprint achieved by purchasing renewable energy; by purchasing renewable energy our carbon emissions associated with electricity are approximately 89.1% lower than they would have been if they remained on a standard, non-renewable electricity tariff.

## Scope and methodology:

- Our methodology has been based on the principals of the Greenhouse Gas Protocol, taking account of the 2015 amendment which sets out a "dual reporting" methodology for the reporting of Scope 2 emissions. In the "Total Footprint" summary above, purchased electricity is reported on a location-based method.
- We have reported on all the measured emissions sources required under The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 except where stated.

- This Streamlined Energy and Carbon Report has been compiled by our energy and net zero carbon partner, Energise Limited. This report includes emissions under Scope 1 and 2, except where stated, and includes emissions from Scope 3 sources relating to business travel, purchased goods and services, capital goods, employee commuting, fuel- and energy-related activities, water and waste.
- Conversion factors for UK electricity (location-based methodology), gas and other emissions are those published by the Department for Environment, Food and Rural Affairs for 2019–20.
- Conversion factors for UK electricity (market-based methodology) are published on the fuel mix disclosures on each supplier's website.
- The significant increase in emissions this year is the result of the inclusion of several Scope 3 emission sources that have previously not been included within the scope of reporting.
- Emissions in relation to fugitive emissions are excluded from the scope of reporting due to lack of quality data records in this area.

## Case Study

# Zero Heroes

**We've put Zero Heroes into all of our bars – a member of management tasked with driving sustainability into their bar. We offer monthly Group webinars partnered with our core suppliers on matters close to our hearts, like Energy Reduction via our energy suppliers, and Recycling training with Biffa.**

These great ideas are shared on the Bars' Hero Boards so the whole team can get involved. It really can be as simple as remembering to turn a light off!

**LIKE-FOR-LIKE REDUCTIONS  
ACROSS ENERGY/WATER SAVING  
PROGRAMME SINCE 2017**

# 19%

# OPERATING RESPONSIBLY

*for our stakeholders continued*

## Case Study

### Net Zero Carbon

**We want to be the first bar group to achieve Net Zero carbon emissions. We want to work with suppliers who care about this as much as us, which is why we ask our major contractors to partner with us on sustainable workflows, such as taking back cardboard for recycling after a delivery, or using our waste oil to fuel their vehicles.**

We are always trying new things in our quest for Carbon Neutral: recycling zones behind our bars, focussed reduction on Out of Hours Energy, and ongoing energy efficiency trials including new cellar cooling equipment.

**Announcing plans to become carbon neutral**

## ENVIRONMENT CONTINUED

### Energy efficiency action

In the period covered by the report, we have continued the rollout of LED lighting in the front of house areas of our bars. We also began appointing bar champions (Zero Heroes) for energy efficiency and carbon reduction and ran trials of energy efficient equipment ahead of a potential full portfolio rollout.

The appointment of Zero Heroes will allow us to reduce consumption from the operational use of our bars whilst the equipment trials will source alternative improved efficiency solutions compared to our existing equipment stock to produce a lower carbon impact as we move forward.

In April 2020, we moved all our direct electricity supplies to a zero-carbon supplier whose power is from biomass generation. These supplies are backed by Renewable Energy Guarantees of Origin (REGOs). Electricity supplies that are part of landlord services arrangements remain with their existing suppliers.

Work has been conducted to widen the reporting of our carbon impact by including emissions from relevant GHG Scope 3 categories. This more detailed report will be used as a baseline to measure our future Pathway to Net Zero.

## ANTI-BRIBERY AND CORRUPTION POLICY

The Group has in place an anti-bribery and corruption policy that is approved annually by the Board and communicated through all heads of department to their teams. The policy requires transparency and the maintenance of an entertainment register that is regularly reviewed by the Board. Key suppliers have also been made aware of the policy.

## ANTI-SLAVERY POLICY AND HUMAN RIGHTS

The Group has in place an anti-slavery policy that has been approved by the Board. Suppliers are required to acknowledge the Group's policy and their obligation to adhere to it as part of any contractual arrangements.

The Group does not have a formal human rights policy, but it is committed to conducting business with integrity and fairness.

On behalf of the Board

**Mike Foster**  
Company Secretary

16 December 2020





quality  
food offerings

live  
musicians

# GOVERNANCE REPORT

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# BOARD of Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

**KEITH EDELMAN**

**NON-EXECUTIVE  
CHAIRMAN**

**WILLIAM TUFFY**

**INDEPENDENT  
NON-EXECUTIVE  
DIRECTOR**

**ROB PITCHER**

**CHIEF EXECUTIVE  
OFFICER**

**MIKE FOSTER**

**CHIEF FINANCIAL  
OFFICER**





**JEMIMA BIRD**

**SENIOR INDEPENDENT  
NON-EXECUTIVE  
DIRECTOR**

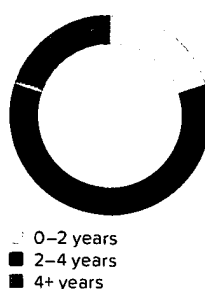
Principal skills and experience	Leisure	Retail	Marketing	Operational	People	Finance
<b>Keith Edelman</b> Non-Executive Chairman	•	•	•	•		•
<b>Rob Pitcher</b> Chief Executive Officer	•	•	•	•	•	
<b>Mike Foster</b> Chief Financial Officer	•	•				•
<b>Jemima Bird</b> Senior Non-Executive Director	•	•	•	•		
<b>William Tuffy</b> Non-Executive Director	•	•				•

Earlier in 2020, Mike advised the Board that he intended to retire as a Director but he agreed to remain with the Company to help guide the Group through the many challenges caused by COVID-19 and to ensure that his successor was in place and could benefit from a comprehensive handover before formally tendering his resignation. As announced on 13 November 2020, Mike will step down from the Board at the conclusion of the Annual General Meeting on 22 December 2020, at which time Danielle Davies will be appointed as Chief Financial Officer.

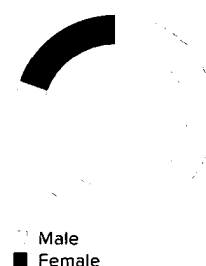
## KEY

-  Audit Committee
-  Remuneration Committee
-  Nomination Committee
-  Chair

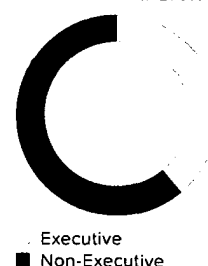
## LENGTH OF SERVICE



## GENDER ANALYSIS



## EXECUTIVE/NON-EXECUTIVE ANALYSIS



### KEITH EDELMAN

Non-Executive Chairman

### ROB PITCHER

Chief Executive Officer

### MIKE FOSTER

Chief Financial Officer

### JEMIMA BIRD

Senior Independent Non-Executive Director

### WILLIAM TUFFY

Independent Non-Executive Director

### DATE APPOINTED TO BOARD

16 February 2015

### DATE APPOINTED TO BOARD

25 June 2018

### DATE APPOINTED TO BOARD

2 June 2017

### DATE APPOINTED TO BOARD

19 December 2016

### DATE APPOINTED TO BOARD

26 November 2018

### RELEVANT PAST EXPERIENCE

Keith has served on the boards of public companies for over 30 years across a wide range of businesses and markets, with extensive experience in the retail and consumer sectors. Keith's previous executive roles include being Managing Director of Arsenal Holdings plc from 2000 to 2008 and Chief Executive Officer of Storehouse plc (encompassing BHS and Mothercare) from 1993 to 1999. Keith has a BSc in management studies from the University of Manchester (Institute of Science and Technology).

### RELEVANT PAST EXPERIENCE

Rob has over 25 years' experience within the hospitality sector, most recently as Divisional Director of Restaurants at Mitchells & Butlers responsible for the Harvester, Toby Carvery and Stonehouse brands. Prior to joining M&B, Rob held senior positions at many other leading hospitality companies, including Stonegate, Laurel Pub Company, Spirit Group, and Scottish & Newcastle Retail.

### RELEVANT PAST EXPERIENCE

Mike is a Chartered Accountant with extensive corporate finance and hands-on financial and commercial management experience gained in senior positions at large multi-site retail and leisure businesses, including over 25 years at major pub and bar companies. Most recently, he was Chief Financial Officer of iNTERNET Ltd from 2009 until December 2016 when that company was sold to Stonegate Pub Company Limited. Prior to that, he was Chief Financial Officer of Regent Inns plc from 2005 and performed senior finance roles at Spirit Group (formerly with Scottish & Newcastle Retail), Esporta plc and First Leisure Corporation plc.

### RELEVANT PAST EXPERIENCE

Jemima is a marketer with more than 20 years' experience working with many of the UK's leading high street brands, most recently leading the rebrand for the Co-op Food business. She formed Hello Finch, a brand and marketing consultancy, in 2013. Between 2008 and 2015, Jemima held executive board positions at Moss Bros plc, Tragus and Musgrave Retail Partners.

### RELEVANT PAST EXPERIENCE

William Tuffy is a Chartered and Certified Accountant with over 35 years' experience in senior general and financial management roles in retail, FMCG and property investment and management. He has also been involved with business transformation and turnaround projects in companies ranging from large multi-nationals to mid-sized businesses and start-ups. He has held non-executive positions, including four years at Beale plc, during which time he was initially senior independent Director and then Non-Executive Chairman. Whilst at Beale plc, William also served as chair of both audit and remuneration committees.

### OTHER APPOINTMENTS

Keith is currently Non-Executive Chairman of Pennpetro Energy PLC, a Non-Executive Director of Headlam Group Plc, a Non-Executive Director of Altitude Group plc, and a Non-Executive Director (and Chairman of the Audit Committee) of the London Legacy Development Corporation. He is also a Non-Executive Director of both JE Beale PLC and Beale Limited, having been appointed to these companies in December 2019 and both being put into administration in January 2020. He is also a Director of Jewellery Quarter Bullion Limited.

### OTHER APPOINTMENTS

Jemima is a Director of Hello Finch Limited and a Board Trustee for the Football Foundation, the UK's largest sports charity.

### OTHER APPOINTMENTS

William is also a Director of Miromore Limited.

**SENIOR***Management*

In addition to the Executive Directors, the following senior managers are considered to have the relevant expertise and experience to support the strategic development of the Group's brands and day-to-day direction and decision-making of the business.

**BETH ANDERSON****People Director**

Beth joined the business in 2012 with a strong operational background before moving into the People Development Team in 2014. Beth has held several roles within the People Development team including Human Resources Business Partner for the Southern region and subsequently National Talent Development Manager. She was promoted to Head of People in the summer of 2019 and has recently been further promoted to People Director.

Since graduating from university, Beth has studied for CIPD qualifications, attaining Level 5 CIPD in Learning and Development, and completed her Level 7 CIPD qualification in Human Resource Management earlier this year.

**ANDY DYSON****Business Development Director**

Andy joined the business in 1998, having graduated from Leeds University where he studied Civil Engineering (BEng (Hons)). He has performed several operational roles within the Group, including Bar General Manager, Area Manager and Operations Director – Revolution North. Andy has recently been promoted to Business Development Director and his many responsibilities are primarily associated with ensuring process efficiency for those services that cross both brands and ensuring that the many and varied workstreams driving change and innovation, including the potential development of a third brand, get the required focus.

**ALEX YOUNG****Interim Sales and Marketing Director**

Alex joined as maternity cover for the Head of Marketing role in December 2018, taking on the Interim Sales & Marketing Director role in January 2020 covering the remit of the sales, marketing and food teams. A CIM qualified marketeer, Alex began her career working in software and logistics, expanding to include business development when she moved into the festivals and events industry.

**CLINTON GHENT****Brand Operations Director  
– Revolución De Cuba**

Clinton joined the business in 2008 as a General Manager after beginning his career with Fat Cat Café Bars. He has been responsible for the development and delivery of the Revolución de Cuba brand since its inception in 2011 and has overseen the opening of 19 Revolución de Cuba bars.

**MARK WALTER****Brand Operations Director  
– Revolution**

Mark joined the business, as Operations Director – Revolution South, in September 2018 from Mitchells & Butlers where he had been a Regional Operations Manager for three years, responsible for 125 destination venues. Mark has spent his career in hospitality running late-night venues, pubs and bars and prior to joining Mitchells & Butlers, Mark was an Area Manager for Stonegate Pub Company, Town and City and Laurel. He recently took responsibility for the day-to-day operations of the entire Revolution branded estate.

# GOVERNANCE

## Chairman's Introduction

### THIS IS THE COMPANY'S SIXTH GOVERNANCE REPORT.

The Board recognises the importance of, and is committed to, high standards of corporate governance, and all Directors are fully aware of their duties and responsibilities under the UK Corporate Governance Code 2018 (the "Code") that became effective for the first time in the current reporting period, the Disclosure Guidance and Transparency Rules ("DTRs") and the Listing Rules. The Company was a premium listed business throughout the reporting period and therefore has sought to comply fully with the Code. The Company delisted and was admitted to the AIM section of the Exchange, effective 27 July 2020, and notwithstanding the delisting to AIM, the Company is committed to continuing the high standard of corporate governance that has guided its management since the Company's listing.

#### COMPLIANCE WITH THE CODE

The Board considers that the Group has complied with the requirements of the Code throughout the reporting period but notes that it has not included a viability statement in its Governance schedule given the extensive disclosures on going concern that are set out in the Director's Report and in note 1 of the financial statements and further references in the Financial Review.

The Group continues to implement a robust governance structure to ensure compliance with the Code. Key elements include:

- the Board comprises a majority of independent Non-Executive Directors, of which there are three, including myself as Non-Executive Chairman (deemed independent on appointment), and two Executive Directors;
- each Non-Executive Director has a proven track record in business at a high level and has good retail and leisure sector skills and experience that are highly relevant;
- the Board and its sub-committees are structured in accordance with the requirements for a listed company with both the Audit and Remuneration Committees fully comprising Non-Executive Directors. The Non-Executive Directors provide critical challenge and support to those areas of the Group that they believe are of particular importance;
- regular review of new developments in corporate governance best practice and consideration of how to apply them appropriately. The Board is regularly updated on corporate governance developments by the Company Secretary and when new or updated sections of the Code are released, it is normal practice to arrange for the Group's corporate lawyer to present formally at a Board meeting and lead a discussion; and
- an increased focus on increasing the level of the Board's engagement and direction in corporate culture and workforce engagement, risk management and sustainability in acknowledgement of the extended responsibilities introduced by the UK Corporate Governance Code 2018.

There have been no changes to the composition of the Board or any of its sub-committees during the year.

Each Director was selected on the basis of having the appropriate level of public company, commercial and market sector skills required to drive the Group forward. The Board takes appropriate advice on governance matters from external advisers, including its lawyers and a specialist remuneration consultant.

The remuneration of Directors is set out in the Remuneration Report, which starts on page 50 and includes a link to the Company's website where the remuneration policy for both Executive Directors and Non-Executive Directors is detailed.

The Group has the principles of transparency and openness at the heart of its culture and is committed to achieving high standards of corporate governance. The Board firmly believes that its corporate governance structures and robust processes will help drive a more efficient and competitive business performance and enable strong relationships with all stakeholders.



Keith Edelman  
Chairman

16 December 2020

#### REVOLUTION BARS GROUP PLC BOARD:

Chairman:  
Keith Edelman

Chief  
Executive Officer:  
Rob Pitcher

Chief  
Financial Officer:  
Mike Foster

Senior Independent  
Non-Executive Director:  
Jemima Bird

Independent  
Non-Executive Director:  
William Tuffy

#### AUDIT COMMITTEE:

Chair: William Tuffy  
Jemima Bird  
Keith Edelman

#### REMUNERATION COMMITTEE:

Chair: Jemima Bird  
Keith Edelman  
William Tuffy

#### NOMINATION COMMITTEE:

Chair: Keith Edelman  
Jemima Bird  
Rob Pitcher  
William Tuffy

# CORPORATE GOVERNANCE

*Report*

## OVERVIEW

This report sets out the Group's governance structure and how it complies with the UK Corporate Governance Code 2018 (the "Code"), published by the Financial Reporting Council in July 2018, and also includes items required by the Disclosure Guidance and Transparency Rules ("DTRs"). The Code is available on the Financial Reporting Council website at [www.frc.org.uk](http://www.frc.org.uk).

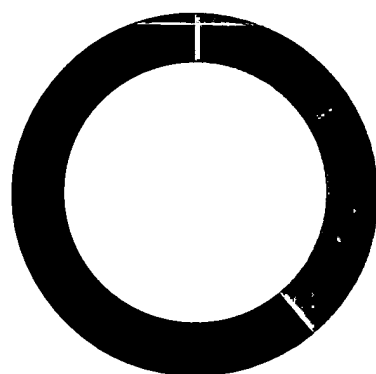
The Code has at its heart an updated set of principles that emphasise the value of good corporate governance to long-term sustainable success. These principles are:

- |   |   |
|---|---|
| <p><b>A</b> A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.</p>  | <p><b>D</b> In order for the Company to meet its responsibilities to shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties.</p>                         |
| <p><b>B</b> The Board should establish the Company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All Directors must act with integrity, lead by example, and promote the desired culture.</p>  | <p><b>E</b> The Board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.</p> |
| <p><b>C</b> The Board should ensure that the necessary resources are in place for the Company to meet its objectives and measure performance against them. The Board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.</p> |   |

The disclosures in this report relate to our responsibilities for preparing the Annual Report and Accounts, including compliance with the Code to the extent required, our report on the effectiveness of the Group's risk management and internal control systems and the functioning of our Committees, and where appropriate we have referenced how the Board and Company has adapted its approach and adopted new workstreams to specifically address the principles of the Code.

The Directors consider that the Group has complied with those provisions of the Code applicable to a company of its size. The Board is committed to the highest standards of corporate governance.

## BOARD COMPOSITION



■ Executive ■ Non-Executive

## COMPLIANCE WITH THE CODE: BOARD COMPOSITION

The Board comprises a Non-Executive Chairman, two Executive Directors and two other Non-Executive Directors and therefore has a majority of Non-Executive positions.

All Board members are widely experienced in large retail businesses, including the Executive Directors who are both very experienced and well-respected operators in the licensed retail sector. The Board also has an excellent mix of skills and functional disciplines. Details of the Board members and their backgrounds are given on pages 34 to 35.

Jemima Bird is the "senior" independent Director and leads meetings of Non-

Executive Directors, appraises the Chairman's performance and provides a sounding board for the Chairman and is available as an intermediary to the other Directors when necessary.

Jemima Bird is the designated Non-Executive Director in respect of workforce engagement and has regular meetings with the Group's People Director to discuss all relevant matters.

Jemima Bird has also been and is available to shareholders if they have any concerns. Jemima can be contacted by shareholders through the normal channels of Chairman, Chief Executive Officer ('CEO') or Chief Financial Officer ('CFO') where their issues have failed to be resolved or for which contact with any other office holder is inappropriate.



## COMPLIANCE WITH THE CODE: PERFORMANCE EVALUATION

During the reporting period, the Board undertook a formal evaluation of its own performance using individual questionnaires based on the FRC Guidance on Board Effectiveness that were reviewed and summarised back to the Non-Executive Chairman and then shared with the Board. The review covered all aspects of the way in which the Board operates, including its Committees, and the contribution of each Director, including the Chairman. The review enabled the Board to gain valuable shared insight into its operation including ways to improve its composition, processes and relationships. The principal actions arising were:

- the appointment of a designated Non-Executive Director to engage with all members of the workforce so they may raise any matters of concern;
- to implement a succession plan by identifying key roles and people with the right skills to facilitate the transition of leadership positions in a successful and timely manner;
- to raise awareness amongst both team members and suppliers of the Company's Whistleblowing policy;
- to support a sustainable business strategy that has a positive impact on social, economic and environmental considerations; and
- to ensure that Board papers are distributed in a timely manner so that the Board has sufficient time to consider their content in order to make informed decisions.

The Chairman confirmed to shareholders in the Notice of the 2019 Annual General Meeting ('AGM') that he and the Board believe that the performance of each Director, both Executive and Non-Executive, and the Board Committees continue to be effective and demonstrate commitment to their relevant responsibilities.

## BOARD GOVERNANCE

The Board is appointed by shareholders, who are the owners of the Group. The Board's principal responsibility is to act in the best interests of all shareholders within the legal framework of the Companies Act 2006. It is also collectively responsible to shareholders for the long-term success of the Group and it agrees the strategic direction and governance structure that will help achieve this long-term success and deliver shareholder value. The Board oversees those matters that it regards as critical to the success of the Group including corporate and brand strategies, accounting policies and maintaining a sound system of internal control, risk management, monitoring

the performance of senior management and ratifying all senior appointments, establishing the remuneration and reward framework for the entire workforce to ensure that this is consistent with the Group's cultural values and will result in a full engagement.

The Board's main responsibilities are included in a schedule of matters reserved for the Board, as set out below:

- agreeing the Group's strategy and objectives;
- changing the funding structure and capital of the Group;
- approving changes to the Group's bank lending facilities;
- approving the annual budget;
- approving the Annual Report and Accounts, and interim financial statements;
- approving the Group's dividend policy and declaration of dividends;
- approving the Group's treasury policy;
- reviewing the effectiveness of the Board;
- reviewing the effectiveness of risk management processes and the Group's internal control systems;
- approving significant expenditure commitments and material transactions and contracts;
- ensuring dialogue with the Group's major shareholders takes place on a regular basis;
- appointing and removing Directors and other members of the senior management team;
- determining the remuneration policy and adjustments to the remuneration for Executive and Non-Executive Directors and the senior management team;
- approval of the Group's bonus and incentive arrangements at all levels;
- reviewing the Group's overall corporate governance arrangements;
- delegating authority to the CEO;
- setting annual objectives for the business in line with the current Group strategy;
- monitoring performance of the Group's objectives through Board reports, which include updates from the CEO, the CFO and other functional heads of key departments; and
- considering and continually updating a rolling agenda of items that includes any current issues or matters as they arise.

The Board has an ongoing process for identifying, evaluating and managing the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. This process has been in place throughout

the year under review and up to the date of approval of the Annual Report and Accounts. The principal risks are regularly reviewed by the Board. A description of these risks together with an assessment of how they are being managed or mitigated is included on pages 18 to 19.

Effective operation and improvement of the Group's risk management and internal control systems has remained a key focus for the Board during the reporting period. The strengthening of the finance team during 2018 and 2019 through recruitment and a focus on training and development, and improvements in financial reporting and forecasting capabilities have served the business well during 2020 and particularly during the COVID challenges. The speed and efficiency with which additional debt facilities, the equity fundraise and the admission to AIM took place was testament to having a high-performing team in place.

The Risk Committee formed in 2018, meets quarterly, and continues to improve the management of risk across all areas of the business and to hold individuals to account. The Committee's terms of reference centre around Health and Safety and minimising cash losses but extend to the identification and management of any business risk. In the lead in to, during and post the government enforced closure of pubs and restaurants, the Committee members were focused on the health and safety aspects of COVID to ensure that when trading was allowed to recommence, the Group could provide a safe environment for staff and customers. All Board Committees play an essential role in supporting the Board to implement its strategy and provide focused oversight of key aspects of the business. Minutes and action points arising from all Committee meetings are circulated to all Directors and reviewed at Board meetings. The full terms of reference for each Committee are available on the Group's website, [www.revolutionbarsgroup.com](http://www.revolutionbarsgroup.com).

## BOARD BALANCE AND INDEPENDENCE

The Code recommends that a group outside the FTSE 350 (such as the Group) should have at least two independent Non-Executive Directors, being individuals determined by the Board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the Directors' judgement. It also recommends that a non-FTSE 350 group's remuneration and audit committees should comprise at least two independent Non-Executive Directors, and that its nomination committee should comprise a majority of independent Non-Executive Directors. The Group has complied fully with these recommendations throughout the reporting period.

# CORPORATE GOVERNANCE

*Report continued*

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Group has established a clear division between the respective responsibilities of the Non-Executive Chairman of the Board and the CEO. The Non-Executive Chairman is Keith Edelman and he is responsible for the effective operation, leadership and governance of the Board, leading the Board's discussions and its decision-making. The Chairman promotes a culture of openness and debate by facilitating the effective contribution of Non-Executive

Directors and ensuring constructive relations between Executive and Non-Executive Directors. The CEO is Rob Pitcher, who, through delegation from the Board, is responsible for leading the Group's business organisation and performance and the day-to-day management of the Group.

This separation of responsibilities between the Chairman and the CEO, coupled with the schedule of matters reserved for the Board, ensures that no individual has unfettered powers of decision-making.

## NON-EXECUTIVE DIRECTORS AND INDEPENDENCE

The independence of each Non-Executive Director was considered at the time of their appointment. The Group's Non-Executive Directors provide a broad range of skills and experience to the Board which assists both in their roles in formulating the Group's strategy and in providing constructive challenge to the Executive Directors. The Group considers that each Non-Executive Director continues to be independent for the purposes of the Code.

## BOARD MEETINGS

The Board's intention is to meet at least eight times per year for structured Board meetings covering all aspects of the business. The operating restrictions imposed by COVID from March 2020 made physical meetings impossible but many Board calls and virtual meetings using video software such as Zoom and Teams were used in order to hold meetings in the conventional way. These meetings were organised and managed in exactly the same way as a physical meeting with an agenda and papers distributed in advance, the meeting chaired

in the same way and minutes and action points arising from the meeting prepared and approved in due course. Meeting papers include business reports and updates from the CEO and the CFO. Members of the Group's senior management team are also invited to present at Board meetings on a regular basis, as appropriate, so that Non-Executive Directors keep abreast of developments in the Group.

Post the enforced closure of the Group's trading operations in March 2020 and given the complexities and necessary speed

associated with organising increased debt facilities, the equity fundraise, and delist and admission to AIM, the Board met on considerably more occasions than would be considered normal. During the 52 weeks to 27 June 2020 there were 29 Board calls or meetings. The table below splits these meetings between conventional physical meetings and virtual meetings.

The attendance record of each of the Directors at full Board and the sub-committees of the Board is set out below:

	Number of physical meetings					Number of virtual meetings			
	Board	Audit	Remuneration	Nomination		Board	Audit	Remuneration	Nomination
Keith Edelman	9	2	3	2	Keith Edelman	20	1	3	–
Rob Pitcher	9	2	2	2	Rob Pitcher	20	1	3	–
Mike Foster	8	2	2	1	Mike Foster	20	1	3	–
Jemima Bird	8	2	3	2	Jemima Bird	16	–	3	–
William Tuffy	7	2	2	2	William Tuffy	18	1	3	–

## APPOINTMENT AND TENURE

The Board believes that all Directors are effective, are committed to their roles and have sufficient time available to perform their duties. As reported on page 34, Mike Foster will retire from the Board after the AGM to be held on 22 December 2020 and Danielle Davies will be appointed as CFO. Accordingly, all members of the Board other than Mike Foster will be offering themselves for election at the Group's AGM. All Directors have service agreements or letters of appointment and the details of the terms of their engagement are set out in the Directors' Remuneration Report. The service agreements and letters of appointment are available for inspection at the Group's registered office during normal business hours.

No other contract with the Company or any subsidiary undertaking of the Company in which any Director was materially interested subsisted during or at the end of the financial period.

## EVALUATION AND EFFECTIVENESS

Evaluations of the performance of the Board, its Committees, individual Directors and the Chairman have taken place during the 52 weeks ended 29 June 2019. The conclusion from these evaluations is that the Board is operating effectively and in the best interests of shareholders.

The Chairman met with the Non-Executive Directors on at least one occasion during the year without the Executive Directors present to discuss Board balance, the performance

of each Executive Director, monitor the powers of individual Executive Directors and discuss other issues pertaining to the effective operation of the Board.

## DEVELOPMENT

In line with the Code, the Group ensures that any new Directors joining the Board receive appropriate support and are given a comprehensive, formal and tailored induction programme organised through the Company Secretary, including the provision of background material on the Group, briefings with senior management and accompanied operational visits. Each Director's individual experience and background will be taken into account in developing a programme tailored to their requirements. Any new Director will also be expected to meet with

major shareholders if required. Danielle Davies, who will be appointed as CFO when Mike Foster retires from the Board on 22 December 2020, joined the business in July 2020 to support the intense activity associated with the financial management of the business during the COVID period and has benefitted from a comprehensive induction programme in the six months prior to her appointment as CFO. Danielle has been able to work closely with Mike on the Annual Report and Accounts and is expected to meet the Company's major institutional shareholders as part of the Executive Directors' regular communication programme that follows the results announcement.

## DIRECTORS' CONFLICTS OF INTEREST

Directors have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Group unless that conflict is preauthorised by the Board. This includes potential conflicts that may arise when a Director takes up a position with another company. The Company's Articles of Association allow the Board to authorise such potential conflicts, and there is a procedure in place to deal with any actual or potential conflict of interest. The Board deals with each appointment on its individual merit and takes into consideration all the circumstances. All potential conflicts approved by the Board are recorded in a conflicts of interest register, which is reviewed by the Board on a regular basis to ensure that the procedure is working effectively. There were no potential conflicts during the period under review.

## EXTERNAL DIRECTORSHIPS

The service agreements of the Executive Directors do not permit them to accept external commercial Non-Executive Director appointments. Where Non-Executive Directors have external directorships, the Board is comfortable that these do not impact on the time that the Non-Executive Director devotes to the Group and believes that such experience enhances the capability of the Board.

## INFORMATION AND SUPPORT AVAILABLE TO DIRECTORS

All Board directors have access to the Company Secretary and Assistant Company Secretary, who advise on governance matters. The Chairman and Company Secretary work together to ensure that Board papers are clear, accurate, delivered in a timely manner to Directors, and of sufficient quality to enable the Board to properly discharge its duties. Specific business-related presentations are given to the Board on a regular basis during the course of the year by members of senior management to keep the Board abreast of major initiatives and any significant challenges

faced by the business and this allows the Board the opportunity to influence and challenge business strategy and potentially identify other related opportunities. As well as the support of the Company Secretary, there is a procedure in place for any Director to take independent professional advice at the Group's expense in the furtherance of their duties, where considered necessary.

## SHAREHOLDER ENGAGEMENT

Responsibility for shareholder relations rests with the Chairman, the CEO and the CFO. They ensure that there is effective communication with shareholders on matters such as governance and strategy, and they are responsible for ensuring that the Board understands the views of major shareholders. The Board aims to present a balanced and clear view of the Group in communications with shareholders and seeks to be transparent in describing how it views the Group's market segment and the prospects for the business.

The Board communicates with shareholders in several ways. The full and half-year reporting is followed by presentations by the CEO and CFO to relevant market analysts and a series of meetings with institutional shareholders as well as hosting Group meetings for larger private investors who appreciate direct contact with the Executive Directors. At the same time, the Company's joint brokers take the opportunity to arrange meetings with prospective shareholders to introduce them to the Group as an investment opportunity. Periodically, visits are arranged to business sites to give analysts and major shareholders first-hand experience of how the business operates. These visits and meetings are principally hosted by the CEO and the CFO, although other senior management are present from time to time. Any relevant material resulting from such meetings is uploaded to the Group's website so that it is available to all shareholders. The Board receives regular updates at its meetings on the views of its shareholders as well as any material changes in shareholdings as advised by its brokers. A detailed list of shareholders is updated and circulated to the Board quarterly.

The Group's corporate website is also regularly updated with news and market information, including this Annual Report and Accounts, which sets out the Group's strategy and performance together with its plans for future growth.

## AUDITOR

Towards the end of the current year's external audit, and therefore after the end of the reporting period, the Committee reviewed the effectiveness of the audit.

## ANNUAL GENERAL MEETING

The AGM of the Group will take place on 22 December 2020. Due to the COVID-19 restrictions, shareholders will be unable this year to attend the meeting in person but will be able to attend a virtual meeting and lodge questions in advance of the meeting. Shareholders will also be able to lodge their votes by proxy in advance of the AGM. The Notice of AGM was sent to shareholders on 27 November 2020 and sets out the business of the meeting and explanatory notes on all resolutions. Separate resolutions are proposed in respect of each substantive issue. The Chairman, the Chairman of each of the Committees and both Executive Directors will be present at the AGM and will provide answers to shareholders' questions that have been lodged in advance through a facility provided on the Company's website <https://www.revolutionbarsgroup.com/investors/shareholder-centre/frequently-asked-questions/>.

The Annual Report and Accounts, publication of which has been delayed by matters related to COVID-19, will be approved at a General Meeting to be held on 15 February 2021.

## REMUNERATION COMMITTEE REPORT

The Remuneration Committee Report is set out on pages 50 to 57. The report describes how the remuneration policy is implemented and discloses the amounts paid to Directors during the 52 weeks ended 27 June 2020. The report includes a link to the Group's corporate website where the remuneration policy for the Company's Directors is set out.

  
Mike Foster  
Chief Financial Officer  
and Company Secretary

16 December 2020

# BOARD

## Activity

### BUSINESS REVIEW AND STRATEGY

- Reviewed the Group's strategy and vision
- Received regular presentations from operating division directors and business function directors to consolidate understanding of trading performance, opportunities and challenges
- Reviewed progress reports on major work streams and business plans in pursuance of strategy
- Agreed Board agenda programme for the year.

### FINANCIAL

- Received regular financial performance updates from the Chief Financial Officer
- Approved 2019 Annual Report and Accounts and Annual General Meeting (AGM) business
- Approved 2020 interim report and trading updates
- Reviewed and approved 2020 Forecast updates
- Reviewed and approved three-year financial model update.

### INTERNAL CONTROL AND RISK MANAGEMENT

- Reviewed minutes of Risk Committee meetings
- Received regular reports on litigation and regulatory matters including licensing updates and health and safety matters
- Reviewed effectiveness of risk management and internal control systems
- Approved updated Authorisation Policy
- Reviewed all insurance arrangements ahead of June 2020 renewal.

### GOVERNANCE AND SHAREHOLDERS

- Executive Director meetings with individual institutional shareholders following publication of FY19 results and FY20 interims
- Reviewed feedback from institutional shareholders following Executive Director meetings
- Review of shareholder register (quarterly)
- Approved 2019 Modern Slavery Statement
- Completed an internal review on Board effectiveness and implemented recommendations
- Received regular updates on health and safety
- Received updates on Corporate Governance developments and best practice, including remuneration matters, from corporate lawyers to ensure Directors' knowledge is up to date
- Appointed finnCap as NOMAD in relation to the Company's admission to AIM (admission took place on 27 July 2020, after the end of the reporting period)
- Received briefing from NOMAD and corporate lawyer as to the listing and governance requirements associated with the Company's listing on AIM
- Reviewed the Company's Articles of Association and proposed the adoption of hybrid general meetings (approved in General Meeting).

### COVID-19

- Reviewed and approved several market updates on trading and measures to improve liquidity and access to funding
- Approval of a two-staged increase in bank lending facilities, including a new £16.5 million CLBILS facility
- Approval of the regulatory requirements associated with the delisting of the Company from the Main Market and its listing on AIM
- Approval of shareholder circular in relation to a Placing and Placing and Open Offer to raise £15 million of new equity
- Regular progress reviews of measures taken to minimise the Group's cost base during the enforced closure period
- Reviews of safety protocols for reopening to ensure that all reasonable measures were being taken in accordance with available guidance for the safe operation of venues for both staff and customers.

### OTHER

- Reviewed and approved changes to the Executive Management structure
- Reviewed the Group's IT strategy, including proposed changes to systems architecture, cyber-security protection, GDPR procedures, and organisational changes to encourage more proactive development to drive competitive advantage
- Approved lease surrender deals on six loss-making venues and a renegotiation of a major deal due to complete shortly after the COVID-19 enforced closure
- Reviewed and approved major supply contract proposals with major drink brands
- Reviewed six-monthly Quality-of-Life Survey results undertaken across the entire workforce to better understand the levels of workforce engagement and any underlying issues requiring attention
- Top to bottom review of bonus incentives for employees at all levels to ensure improved balance and fairness between different groups of employees
- Reviewed and recommended grant of share options for certain senior employees to Remuneration Committee.

Quality of life

# NOMINATION COMMITTEE

*Report*

## Dear shareholder

I am pleased to introduce the report of the Nomination Committee for the 52 weeks to 27 June 2020.

### RESPONSIBILITIES

The Committee's terms of reference can be found on the Group's website and can be obtained from the Company Secretary. The responsibilities of the Committee, as covered in its terms of reference, include reviewing the Board composition, appointing new Directors, reappointment and re-election of existing Directors, succession planning taking into account the skills and expertise that will be needed on the Board in the future, reviewing the time requirement from Non-Executive Directors, determining membership of Board Committees and their *modus operandi*, and ensuring an objective evaluation of the performance of the Board and each Director takes place on a regular basis.

### COMPOSITION

The Code recommends that a majority of members of the Nomination Committee should be independent Non-Executive Directors. The Committee is chaired by me as independent Non-Executive Chairman, and its other members are Jenima Bird and William Tuffy who are independent Non-Executive Directors, and the Chief Executive officer ('CEO'), Rob Pitcher. Accordingly, the Committee complies with the Code recommendation. By invitation, the meetings of the Committee may be attended by the Chief Financial Officer ('CFO') although this did not occur during the year under review.

### MEETINGS AND ATTENDANCE

During the 52 weeks ended 27 June 2020, the Nomination Committee met formally on two occasions with all members attending the meeting. A key item of business undertaken during the year was the recruitment of a Chief Financial Officer Designate following Mike Foster notifying the Board that he was planning to retire at a time convenient to the business. A thorough process was conducted by an Executive search agency and all members of the Board were involved in interviews and meetings before an appointment was confirmed. Danielle Davies joined the business as Chief Financial Officer Designate in July 2020 and has undergone an extensive induction programme working alongside Mike Foster and will be appointed as CFO when Mike Foster steps down at the conclusion of the AGM on 22 December 2020.

The Committee also formally reviewed succession plans for all Board and senior management positions so that in the event of unforeseen events, there is a clear and agreed understanding of both the short-term and long-term actions that would be implemented, and in certain cases other changes made to ensure that appropriate contingencies are in place and operational vulnerabilities minimised.

The Committee will continue to meet formally at least once a year and at such other times as the Board or the Committee Chairman requires. The Committee has access to sufficient resources to carry out its duties, including the services of the Company Secretary. Independent external legal and professional advice is taken if the Committee believes it is necessary to do so, this typically being related to executive search matters and Board performance evaluation.

### ELECTION OF DIRECTORS

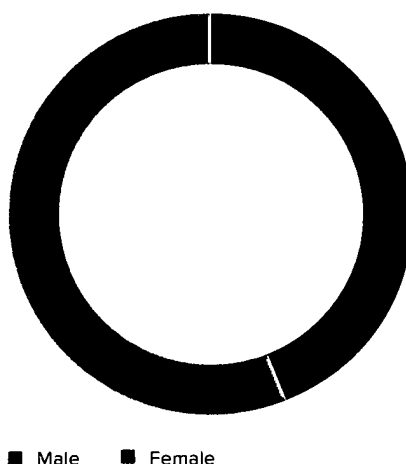
On the recommendation of the Committee and in line with the Code, each of the Company's serving Directors, other than Mike Foster, will stand for election at the forthcoming AGM and will subsequently offer themselves for re-election on an annual basis.

The biographical details of the Directors are set out on page 35. Following performance evaluations conducted during the year, the Committee is satisfied that the Directors who served during the 52 weeks ended 27 June 2020 performed effectively and demonstrated commitment to their roles. Annual performance reviews will continue going forward.

**“We pride ourselves on being a diverse and inclusive business. All employees are welcomed and treated with respect, regardless of their background.”**

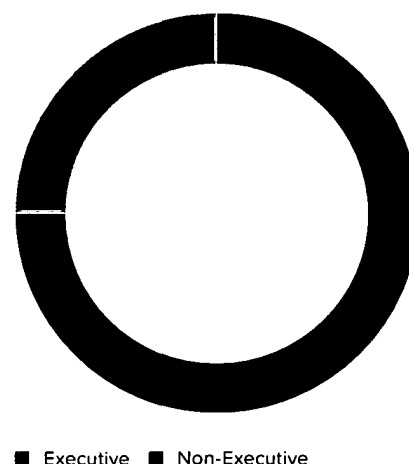
Keith Edelman  
Chairman of the Nomination Committee

## EMPLOYEE GENDER SPLIT



■ Male ■ Female

## NOMINATION COMMITTEE EXECUTIVE/ NON-EXECUTIVE ANALYSIS



■ Executive ■ Non-Executive

## DIVERSITY

We pride ourselves on being a diverse and inclusive business. All employees are welcomed and treated with respect, regardless of their background. We are committed to offering equal opportunities for colleagues to develop, progress and grow.

The Committee supports the recommendations outlined in the Hampton-Alexander Review "FTSE Women Leaders" and is aware of the need to increase the number of women on the Board and in other senior management positions. The Board strives to make appointments based on merit and against objective criteria to ensure the best individual is appointed for each role and that the appointee can add to or complement the existing range of skills and experience of the relevant team. However, the Board is also committed to equality and acknowledges that it must lead by example. Recent senior management appointments of Chief Financial Officer Designate, People Director, and Interim Marketing and Sales Director have all involved members of the Board in the appointment process and all appointees have been female. When Danielle Davies takes up her position as CFO, 40% (2019: 29%) of the positions at Board and senior management level will be female. This represents a significant step forward towards gender equality and the Board believes that appointing females to these key positions will help drive change throughout the Group.

Our commitment to supporting equality and diversity has been demonstrated by

being regularly represented at and actively participating in "Women in Hospitality, Travel and Leisure", which is a forum for organisations in our industry sector to collaborate and work up tangible actions to improve diversity and inclusion across the sector. We have also provided support in the form of hosting facilities, including free food and drink, for Plan B mentoring events. Plan B mentoring is an initiative organised by a small group of female hospitality executives, to prepare senior women executives for Board level positions in our sector.

Of 2,968 employees, females represented approximately 45% of the workforce as at 27 June 2020 (29 June 2019: 44%). The Group is committed to continuing to develop the potential of its female employees through its training programmes and its corporate development pipeline.

Diversity also encompasses background, ethnicity and disability. The Board is fully committed to the principles of equality and diversity throughout the business and recognises that there is more to achieve in this area. During the year, we introduced our Diversity and Inclusion strategy, focused solely on driving the right behaviours and actions across every part of the business. We have invested significant training resource to ensure that every employee understands and is fully engaged with the principles. Every employee has been required to undertake an online training module on equality and diversity. The training module concludes with a short test and the training does not complete until a pass has been achieved.

The Board acknowledges the recent protests against racism and understands that it needs to listen more closely to both our teams and our guests as part of our own ongoing education in these matters. We know that tackling inequality begins by understanding it, recognising it, and then calling it out. We are committed to listening more intently to our teams' views and providing a safe place for them to share their ideas, thoughts, and feedback. This will better inform us, aid our understanding of the wider issues and ensure that both as a business and as a team we learn and move forward in the right way.

## GENDER PAY GAP

Due to the disruption caused by the enforced closure of the business during COVID-19, and in accordance with the extension granted by the GEO and EHRC, the Group does not anticipate publishing its gender pay report until early 2021. The latest report can be downloaded from our corporate website at [www.revolutionbarsgroup.com](http://www.revolutionbarsgroup.com).

I hope to be able to take any questions from shareholders on the work of the Nomination Committee at the General Meeting on 15 February 2021 to approve the Annual Report and Accounts.

**Keith Edelman**  
Chairman of the Nomination Committee

16 December 2020

# AUDIT COMMITTEE

*Report*

## Dear shareholder

I am pleased to introduce the report of the Audit Committee for the 52 weeks ended 27 June 2020.

The Code recommends that all members of the Committee be Non-Executive Directors, independent in character and judgement and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement and that at least one such member has recent and relevant financial experience. Accordingly, the Committee comprises all three independent Non-Executive Directors including me as Committee Chairman, considered by the Board to have recent and relevant financial experience due to my previous experience as an Audit Committee Chair in another publicly listed company, in other senior financial roles, and my FCA and FCCA qualifications.

I have over 35 years' experience in senior general and financial management roles in Retail, FMCG and property investment and management and have been involved with business transformation and turnaround projects in companies ranging from large multi-nationals to mid-sized businesses and start-ups.

I have also held Non-Executive positions, including four years at Beale plc, during which I was initially senior independent Director and then Non-Executive Chairman. Whilst at Beale plc, I served as chair of both audit and remuneration committees. I have solid experience in retail and many other complementary sectors and am therefore suitably experienced to lead the Committee.

Regular Committee meetings are also normally attended by the Chief Financial Officer and our external auditor, PwC. The Chief Financial Officer, who is also the Company Secretary, acts as secretary to the Committee. Other members of management, particularly senior financial managers, may be invited to attend depending on the matters under discussion.

The Committee meets at least twice a year at the appropriate times in the reporting and audit cycle and seeks also to ensure that twice per annum there is an opportunity for meeting time with the external auditor without members of management present. The Committee was set up by the Board to assist it with its responsibilities in respect of financial reporting, including reviewing annual and half-year results, external auditing, internal controls, and advising on the independence and appointment of the external auditor. The Committee routinely reviews the impact of any upcoming changes in accounting treatment as a result of new or modified IFRS that are likely to materially impact the Group and also reviews as a matter of course any matters considered by the external auditor to be of significant audit risk.

PricewaterhouseCoopers LLP ("PwC") was appointed as the Group's external auditor on 29 January 2018; the period under review represents their third year of audit. The Committee is satisfied that PwC has undertaken its responsibilities as the Group's external auditor to a high standard and therefore the Committee will be recommending that PwC be reappointed as auditor at the General Meeting. The PwC audit partner responsible for the Group is Randal Casson.

During the year, the Directors continued to assess the following key areas:

- Board governance, including the Committee and the procedure for assessing the Group's key risks;
- management accounting processes to ensure that high quality information is provided to the Board;
- external financial reporting procedures and audit arrangements and reporting standards, with a particular focus in the current year on the impact and disclosures relating to IFRS 16;
- complex transactions such as the arrangements to surrender and regear a number of leases including deferred consideration and a subsequent renegotiation of the consideration following the government enforced closure of venues, and the accounting for a number of unique circumstances, including reliefs provided by stakeholders as a result of COVID-19;
- information systems; and

**“The Committee routinely reviews the impact of any upcoming changes in accounting treatment as a result of new or modified IFRS that are likely to materially impact the Group.”**

William Tuffy  
Chair of the Audit Committee



- budgeting and forecasting procedures and controls.

The Directors recognise the need to maintain robust financial reporting procedures, review them on a continuing basis and adapt them to changing circumstances. Their review forms part of the Committee's agenda going forward together with its wider role and responsibilities, which are set out in more detail in this report.

I hope that I will be able to meet with shareholders at the General Meeting on 15 February 2021, at which the Annual Report and financial statements will be approved, to answer any questions on the work of the Audit Committee.

## ASSESSING EFFECTIVENESS OF EXTERNAL AUDIT PROCESS

Whilst the Committee does not rely solely on the work of the external auditor, it regards the breadth and quality of the work performed by the external auditor as contributing significantly to several of the Committee's objectives, particularly regarding assurance relating to the accuracy and reliability of its external reporting and for reviewing objectively the Group's systems and internal controls. For that reason, planning meetings are held with the external auditor to review their proposed work programmes and any recommendations made by the external auditor are reviewed in depth, as are their findings from their review of the interim and year end accounts. The Committee meets to discuss the performance of the external auditor and to consider priority areas for future work.

For the auditor to be fully effective, they must be totally independent from the Company. To that end, the Committee intends to ensure that no other work is performed by the external auditor so that their independence is not compromised. New EU legislation on permitted non-audit services came into effect from 17 June 2016 which introduced a permitted non-audit services fee cap of 70% of the average audit fee over a consecutive three-year period. This cap came into effect for the Group in the financial period ended 27 June 2020. During the year, the value of non-audit services provided by the external auditor amounted to £0.02 million (2019: £0.02 million). The non-audit services in the period under review related only to an interim review; whilst this is classified as non-audit work, the Committee believes that it is incidental to the role as auditor and is supportive to performing its role as auditor.

## ROLE AND RESPONSIBILITIES

The Committee's terms of reference can be found on the Group's website or may be obtained from the Company Secretary.

The primary function of the Audit Committee is to assist the Board in fulfilling its responsibilities to protect the interests of shareholders as to the integrity of financial reporting, audit, risk management and internal controls. In doing so the Committee shall act in a way which would be most likely to promote the success of the Company for the benefit of its members as a whole and in so doing have regard (amongst other matters) to:

- the likely long-term consequences of any decision;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- any other matters required to be considered in accordance with section 172 of the Companies Act 2006.

### External audit

- **Audit tender process:** The Committee oversees the exercise of undertaking a tender for external audit services as required. The last such tender was in 2018.
- **Appointment, reappointment and dismissal of auditor:** Taking into account the obligations noted above, the Committee considers and makes recommendations to the Board, to be put to the shareholders for approval at the AGM, regarding the appointment and reappointment or dismissal of the external auditor. The Committee oversees the selection process of new auditors and ensures that all firms participating in the tender process are given access to such information and individuals as may be appropriate. If an auditor resigns the Committee investigates the circumstances and decides whether any action is required.
- **Remuneration of auditor:** The Committee approves the remuneration and terms of engagement, including an engagement letter, ensuring that the level of fees is appropriate to enable an effective and high-quality audit to be conducted. The Committee reviews the audit fees annually and also considers any other fees proposed in respect of non-audit activities, particularly in relation to the impact this may have on independence, taking into account the relevant regulations and ethical guidance on the subject.
- **Independence of auditor:** The Committee, at least annually, reviews and satisfies itself with the independence and objectivity of the external auditor, in consideration of relevant UK professional and regulatory guidelines. The Committee satisfies itself that there are no relationships such as

family employment or financial investment, or other business arrangements between the Group and the auditor, other than in the ordinary course of business and also monitors the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office, partner and other related requirements.

- **Audit effectiveness:** The Committee reviews the effectiveness of the external audit process, taking account of relevant UK professional and regulatory requirements.
- **Employment of former employees of auditors:** The Committee recommends to the Board a policy on the employment of former employees of the auditors and monitors implementation of this policy.
- **Audit qualifications:** The Committee annually assesses the qualifications of the auditors, their expertise and resources, as well as the effectiveness of the audit process.
- **Co-ordination with internal audit:** The Committee seeks to ensure coordination of internal audit activities alongside the external audit.
- **Audit planning:** The Committee meets regularly with the auditors including at the planning stage for the year end, where the scope of the audit and the annual audit plan are considered in relation to areas of high risk based on business developments and performance in the year, and post the detailed audit work and prior to finalisation of the financial statements. The Committee reviews the findings of the audit and discusses any major issues arising during the audit, any relevant accounting and audit judgements, the levels of errors identified during the audit and the effectiveness of the audit. The Committee also discusses any matters the auditor wishes to raise (in the absence of management, if appropriate). The Committee ensures that any representation letters, management letters and responses from management are reviewed and acted upon.

### Financial statements

- **Integrity of financial statements:** The Committee monitors the integrity of the financial statements by a process of reviewing and challenging, as appropriate:
  - the consistency of or changes to accounting practices and policies across the Group;
  - the methods used to account for significant or unusual transactions where different approaches may give materially different outcomes;

# AUDIT COMMITTEE

*Report continued*

## Financial statements continued

- whether the Group has followed appropriate accounting standards and made appropriate estimates and judgements, and considering the views of the external auditor; and
- the clarity of disclosure in the Company's financial statements and the corporate governance statement,

and reports to the Board if it is not satisfied with any aspect of the proposed financial statements.

- **Significant issues and judgements:** The Committee reviews and may report to the Board for ratification of significant financial reporting issues and critical judgements contained in the financial statements, particularly if the auditors have expressed any uncertainty or concerns.
- **Other statements containing financial information:** The Committee reviews other statements containing financial information where a review prior to Board approval is practicable and consistent with any prompt reporting requirements under any law or regulation including the AIM Regulations.
- **Annual Report and Accounts:** The Committee reviews the content of the Annual Report and Accounts and advises the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, and whether it informs the Board's statement in the Annual Report on these matters as required under the Code.

## Other matters

- **Corporate Governance:** The Committee gives due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the AIM Regulations and any other applicable rules, as appropriate.
- **Whistleblowing:** The Committee reviews the Group's procedures for handling allegations from whistleblowers and ensures that these arrangements allow for proportionate and independent investigation of such matters and appropriate follow up. The Committee reviews the Company's procedures for detecting fraud and the systems and controls for the prevention of bribery and receives reports of non-compliance.
- **Training:** The Committee is provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- **S172 CA2006:** The Committee assists the Board in relation to preparing the

statement required to be published annually describing how the Directors have had regard to the matters set out in section 172 of the Companies Act 2006.

- **Performance review:** The Committee arranges for periodic reviews of its own performance, and, at least annually, reviews its constitution and terms of reference, to ensure that it is operating at maximum effectiveness and recommends any changes that it considers necessary to the Board for approval.

## MEETINGS AND ATTENDANCE

During the 52 weeks ended 27 June 2020, the Audit Committee met formally on three occasions (two physical and one virtual), with all members attending the two physical meetings and Jemima Bird unable to attend the virtual meeting. At two of the meetings, the Committee had access to the external auditor without management present.

Work performed by the Committee during the year has included:

- reviewing the Annual Report and Accounts for 2019 and recommending to the Board its adoption as fair, balanced and understandable. In fulfilling this task, the Committee reviewed the process undertaken to produce the Annual Report and Accounts 2019, which included internal verification processes and content approval procedures;
- reviewing the Group's accounting policies and critical judgements and sources of estimation and uncertainty;
- reviewing the designation of certain items of income and expenditure as Exceptional;
- reviewing compliance with and explaining any exceptions from the UK Corporate Governance Code;
- reviewing the independence and objectivity of PwC as external auditor, together with its effectiveness. following the 2019 audit and recommending its appointment to shareholders at the AGM in November 2019;
- reviewing the transitional rules for the implementation of IFRS 16, its impact on the presentation of the financial statements and the adoption of pro forma disclosures in order to show IAS 17 comparatives in the FY20 reporting;
- receiving the external auditor's report to the Committee in respect of the FY20 interim audit review;
- reviewing and approving the external audit plan for the 52 weeks ended 27 June 2020;
- receiving the external auditor's reports to the Committee and acting on any recommendations therein; and

- considering the risk assessment, mitigation actions and assurance activities produced by management.

## INTERNAL AUDIT

The Group does not have an internal audit function and to date has considered that the key risks to the business are covered by a combination of resources including its compliance department, stock-takers and area managers.

The Group's compliance department is responsible for managing many of the principal risks facing the business concerning alcohol licensing and health and safety. Their work is supported by external consultants and as part of these arrangements annual contracts are in place to provide at least two audit visits per annum to every trading venue by fully qualified health and safety advisers. Additionally, the Group's compliance department monitors and acts on any matters relating to cash and stock losses.

For most of the period under review, the Group employed four stock-takers who check stocks and other compliance matters such as cash controls on a risk assessed basis. Each bar's stock is counted on average between six and eight times per annum. Stock-take results are reviewed by both operational and compliance management immediately the results become available.

An important element of the area manager's role is to perform spot checks on cash, stocks, licensing and health and safety matters, as part of their regular site visits. The area manager assessments are used, amongst other things, for performance assessing general managers; poor scores relating to these matters and brand standards reduce the bonus earnings potential of a bar's management team.

## RISK COMMITTEE

To strengthen and complement the Audit function, a Risk Committee is chaired by the Chief Financial Officer and comprises several members of the senior management team including the Heads of Compliance, Property, Operations, Food, IT and People. The purpose of the Committee is:

- to identify, mitigate and prevent risk as far as possible;
- to protect the financial, physical and reputational image of the business;
- to ensure that the Group fulfils its legal and statutory obligations; and
- to ensure visibility and transparency over controls.

The Committee's terms of reference are available from the Company Secretary and

can be found on the Company's website at [www.revolutionbarsgroup.com](http://www.revolutionbarsgroup.com).

During the period, the Committee was only able to hold two of its quarterly meetings with all members or their deputies attending those meetings. Post the government enforced closure of venues in March 2020, a key focus for the business was preparing for being able to reopen and operate in a safe manner for all staff and customers and this was a key agenda item at all senior management team meetings rendering the quarterly Risk Committee meetings during this period unnecessary. The key activities of the Committee during the period have been:

- to monitor the audits carried out by the external consultants and to ensure any critical issues identified have been rectified in a timely function;
- to monitor health and safety standards in bars including compliance certification, reviews of updated risk assessments, and compliance with all matters concerning food safety;
- to review serious incidents involving staff or customers to ensure that all lessons are learned and that any necessary improvements to controls and procedures to prevent a recurrence are acted upon;
- to ensure the Company adheres strictly to the licensing objectives to protect all premises' licenses;
- to ensure that all changes in relevant legislation and policies are identified and acted upon in a timely manner; and
- to review insurance policies and coverage.

## SIGNIFICANT ACCOUNTING MATTERS

In reviewing the financial statements with management and the external auditor, the Committee has discussed and debated the critical accounting judgements and key sources of estimation uncertainty as set out in note 1 to the consolidated financial statements.

As a result of its review, the Committee has identified the following issues that require particular judgement or have significant impact on the interpretation of the Annual Report and Accounts for 2020:

- **Accrued rebates from suppliers:** Rebates are usually invoiced on a monthly or quarterly basis based on supplied volumes and whilst these can usually be quickly assessed post-period, judgements are sometimes required as to whether longer-term contractual thresholds will be met. Good records are maintained in this area to monitor volumes on a contract by contract basis and reviewed monthly by senior finance management, thus minimising the degree of judgement required.

There is further complexity this year because of the suspension of trade in the last 14 weeks of the reporting period as a result of the enforced closure of bars. All major supplier contracts have been extended or terms modified in order to ensure that commitments to contractual volumes can be maintained. Where relevant, the Committee is satisfied that appropriate judgements have been made.

- **Carrying value of fixed assets:** The Group keeps the carrying value of its fixed assets under review. Formal procedures are used in each external reporting period to assess the appropriateness of the balance sheet asset carrying values. Due to the adoption of IFRS 16 in FY20, right-of-use assets have been recognised in respect of leasehold properties, substantially increasing reported tangible asset values and necessitating more extensive and rigorous impairment testing. Also, the ongoing and frequently changing operating restrictions and rules and availability of government support has caused significant difficulty in assessing the near-term and medium-term trading outlook. Impairment calculations are based upon assumptions that were considered reasonable as at the balance sheet date. However, given the delay to publishing the financial statements and that trading backdrop has subsequently proved to be worse than was generally expected, additional disclosures are given in note 1 to the financial statements to provide an understanding of the charges that would have resulted had the current less favourable outlook been apparent at the balance sheet date. The Committee has considered and approved the assumptions regarding trading outlook at both the balance sheet date and at the date of signing the accounts, as well as scrutinised all resultant impairment charges. The Committee has also approved a dilapidations provision to recognise that amounts may be payable on the expiration of lease terms if the Group is unable or unwilling to extend the lease on agreeable terms.
- **Capitalisation of property, plant and equipment:** The Committee has reviewed capitalisation policies, in particular the capitalisation of internal costs in relation to property development and IT systems development and is satisfied that its policies and the amounts capitalised are appropriate.
- **Exceptional items:** Exceptional items on a pre-tax basis of £21.9 million (2019: £7.1 million) represent a material item in the profit and loss account. The charge in the reporting period comprises a gain on disposal from

surrender of leases, impairment of property, plant and equipment and right-of-use assets, and costs involved with the delist to AIM (see note 3 to the consolidated financial statements). The Committee considered the appropriateness of presenting these items as exceptional.

- **Post balance sheet event:** Since the end of the reporting period, a number of agreements have been made with landlords relating to waiving rent that was accrued as at the end of the FY20 period and/or regearing leases by extending the lease term in return for short-term rent relief. Also, the Group's wholly owned subsidiary entity, Revolution Bars Limited, undertook a CVA that was approved by creditors on 13 November 2020, resulting in certain rental liabilities being waived and the Group exiting five leasehold properties. These matters are disclosed in note 27 of the financial statements; the Committee has carefully considered and approved these disclosures.
- **Going concern:** The Committee recognises that with the degree of uncertainty in the trading outlook and the ever changing position of both the UK government and the devolved administrations, and notwithstanding that the business has a level of liquidity that under normal circumstances would be more than adequate to allow going concern sign-off of the financial statements, it is right to reference material uncertainty when considering going concern statements. Detailed descriptions are given with regard to the Board's assumptions on its base case forecast scenario as well as a severe but plausible downside forecast scenario so that users of the accounts are able to understand the trading backdrops that would likely require a further injection of liquidity over and above that which is currently committed. The Committee has carefully studied the assumptions relating to both sets of projections and believes that they are sensible and appropriate to the circumstances.

The Committee reviewed reports presented by PwC detailing its key audit findings in relation to the above matters.

William Tuffy  
Chair of the Audit Committee

16 December 2020

# DIRECTORS' REMUNERATION

*Report*

## Dear shareholder

I am pleased to present, on behalf of the Board, the Directors' Remuneration Report of the Remuneration Committee.

## ANNUAL STATEMENT

Following the Company's switch to AIM, the Company is not required to apply the full Listing Rules of the Financial Conduct Authority or the requirements under SI 2008/410 Schedule 8 and hence is not required to present a report on remuneration in accordance with those rules. However, the Board considers it appropriate for the Company to provide shareholders with information in respect of executive remuneration that follows the "spirit" of the Regulations given previous disclosures before the Company switched to AIM.

As I write, the Committee is continuing to deal with the impacts of COVID-19 ('COVID') on remuneration at Revolution. We have faced significant challenges in respect of COVID and these are certainly unprecedented times for all of our stakeholders. As such, the Committee:

- agreed a reduction in Board salaries/fees by 50%, as well as implementation of 20% salary reductions across other senior employees remaining in work, with effect from 1 April 2020. Details of the current reductions in place are set out in the Annual Report on Remuneration;
- determined that no annual bonuses would be awarded to the Executive Directors for the FY20 accounting period;
- postponed the introduction of the FY21 annual bonus until at least the end of calendar year 2020, at which point consideration will be given as to whether it may be appropriate to operate a bonus for the second half of the FY21 financial year; and
- carried out a review of long-term incentive provision at the Company, the conclusions of which are set out below.

**“This has been a year like no other in the Group's history, and one that has stretched the senior management team to new limits. Rarely does such good underlying business progress and high personal performance go without reward.”**

Jemima Bird  
Chair of the Remuneration Committee

## PERFORMANCE AND REWARD IN RELATION TO THE 52 WEEKS ENDED 27 JUNE 2020

Whilst the impact of COVID has severely impacted financial performance and will continue to do so for the foreseeable future, there had been a pleasing improvement in the underlying performance of the business in the first half year and indeed right up until the onset of COVID. Adjusted EBITDA in the first half stepped forward by 10.6% to £7.6 million (IAS 17) and improvements were achieved in many of the strategic measures including like-for-like sales, customer feedback scores, health & safety audits and employee net promoter scores. There was strong evidence that the turnaround strategy put in place by the new management team was bearing fruit and indeed the performance improvement was accelerating. This excellent progress has of course been suspended and the priorities of the senior team shifted completely to ensuring the survival of the business through careful cash management, engaging with all stakeholders including suppliers and landlords to elicit support, ensuring that the Group was able to take maximum advantage of the many forms of government support, and improving cash liquidity through agreeing a substantial increase in debt funding facility and an equity fundraise. At the same time, operational priorities focused on how the business could trade safely and profitably when reopening was possible.

This has been a year like no other in the Group's history, and one that has stretched the senior management team to new limits. Rarely does such good underlying business progress and high personal performances go without reward. However, the management team, working closely with the Committee throughout this difficult period, agreed significant salary reductions to support the business and to show solidarity with many other stakeholders who have provided support through this challenging period, and concluded that it was not appropriate to accept annual bonus awards for the FY20 financial period irrespective of any performance targets that were met.

## REMUNERATION POLICY CHANGES

Following a comprehensive review of the current Remuneration Policy, the Committee wishes to make changes to the Policy and the way that it is implemented, with the main proposal being a switch from awards granted under a Performance Share Plan ("PSP") to granting Restricted Share Awards ("RSAs"). The proposed switch from PSPs to RSAs is being suggested because it:

- reflects the difficulty in setting robust meaningful long-term targets at Revolution as a result of the uncertainty surrounding the impact of COVID on the Company and the leisure sector more widely;
- reflects the need to continue to motivate the senior executive team, which the Board believes has worked tirelessly to protect the Group's ongoing viability (as covered extensively in our RNS announcements including the recent successful Company Voluntary Arrangement) and which the Board believes is the right team to take the Company forwards;
- better aligns to the short- and long-term objectives to deliver our recovery plan and therefore a recovery in the share price. The RSA structure, with enhanced shareholding guidelines (see below) will ensure that management and shareholder interests are more closely aligned; and
- will simplify remuneration arrangements significantly, degear them and will increase transparency.

In addition to the above, the Remuneration Committee is extremely conscious of the political and societal influences to reduce and significantly degear executive pay levels.

The Policy changes being proposed are as follows:

- PSP awards will be replaced by RSAs. The ability to grant PSP awards, up to 200% of salary (300% of salary in exceptional circumstances), will therefore be removed from the Policy. Following the 2020 AGM, and then annually thereafter, Executive Directors may receive RSAs:
  - of up to 100% of salary. This represents a 50% reduction to the normal PSP award limit (200% of salary), and no exceptional

limit will operate. However, it should be noted that initial award levels will be materially lower than this (see below);

- which will normally vest after three years from grant, subject to: (i) continued employment; (ii) satisfactory personal performance during the relevant vesting periods; and (iii) a positive assessment of performance against an underpin (see below); and
- which, once vested, may not be sold until at least five years from the grant date (other than to pay relevant taxes).
- Underpin: For RSAs granted to Executive Directors to vest, the Committee must be satisfied that Revolution's underlying performance and delivery against its strategy and recovery plans are sufficient to justify the level of vesting having regard to such factors as the Committee considers to be appropriate in the round (including revenue, earnings and share price performance) and the shareholder experience more generally (including the risk of windfall gains). Full disclosure of the Committee's assessment of the underpin in respect of a vesting event will be set out in the relevant Directors' Remuneration Report;
- Conventional best practice share plan provisions regarding dividend equivalents, leaver and change of control arrangements will operate. Going forward, a 10% in ten-year dilution limit will apply;
- The shareholding guidelines will be increased from 100% to 200% of salary given that the RSA structure will enable the Executive Directors to build a shareholding in the Company, further reinforcing alignment with shareholders;
- Malus and clawback provisions will be enhanced (corporate failure and insolvency triggers will be added).

Given the above, in addition to amending the Remuneration Policy, approval will be sought to amend the rules of the existing PSP to enable Executive Directors to receive RSAs as detailed above. Full details in respect of the above can be found in the 2020 Notice of AGM found at: [www.revolutionbarsgroup.com/investors/shareholder-centre/agma/](http://www.revolutionbarsgroup.com/investors/shareholder-centre/agma/).

# DIRECTORS' REMUNERATION

*Report continued*

## REMUNERATION POLICY CHANGES CONTINUED

### Implementation of the policy in FY21

In respect of operating the Remuneration Policy in FY21:

- The base salaries of the Executive Director (and Non-Executive Director fees) were reduced to 50% of normal levels from 29 March 2020, subsequently increased to 80% of normal levels from 1 August 2020 and returned to 100% of normal levels from 1 October 2020. They were again reduced to 75% of normal levels from 8 November 2020 in light of the latest national restrictions introduced by the UK Government from 5 November 2020.
- No changes will be made to benefits or pension provisions although new Board appointments will receive workforce aligned pension provision.
- There is to be no annual bonus scheme for at least the first half year because it is not possible to set sensible targets whilst so much uncertainty prevails around trading potential due to both the impact of COVID and the ongoing government imposed operating restrictions. The Committee intends to undertake a further review in January 2021 and may implement a bonus scheme on a pro rata basis if market conditions have improved and the Committee believes it is possible to set credible targets and objectives, and that operating the bonus scheme is appropriate taking account of all other factors.
- Following the 2020 AGM (and subject to shareholders approving the relevant resolutions), the Committee intends to grant RSAs which will:
  - be set at no more than 30% of salary for Executive Directors. Subsequent annual awards are expected to be at similar award levels although may be increased in line with a recovery in the Company's share price (e.g. to 50% of salary) and to the extent that share usage is considered appropriate; and
  - vest after three years from the grant date, subject to continued employment, satisfactory individual performance and a positive assessment of performance against the underpin (see Policy section above). No shares can be disposed of by Executive Directors until at least five years from grant, other than those required to settle any taxes directly related to the vesting of those shares.
- No changes will be made to the outstanding PSP/share awards (all of which are expected to lapse).

- Shareholding guidelines will be increased to 200% of salary.

## COMMITTEE ACTIVITIES

The Committee met six times during the year (three physical and three virtual) with full attendance save for one meeting at which William Tuffy was unable to attend. The Committee's main activities were to:

- determine the Chairman's fee and the framework and policy for the remuneration of the Executive Directors and other members of the Executive Committee and ensure that they remained appropriate in light of COVID;
- advise on the design of, and to determine and agree, the total individual remuneration package of each of the Executive Directors and other members of the Executive Committee, giving due regard to any relevant legal requirements, the provisions and recommendations set out in the prevailing Code and the AIM Rules and associated guidance;
- consider and approve the design of, and targets for, annual and long-term performance-related pay schemes operated for the Executive Directors and other members of the Executive Committee, the total annual payments made under such schemes and provide oversight and guidance in relation to other Group-wide incentive proposals to ensure that these are aligned to performance, the Group's core values and the Board's risk appetite;
- oversee remuneration and benefit structures and policies throughout the Group's business and to give advice on any major changes; and
- consider the impact on remuneration practices and the Remuneration Policy of the switch to AIM.

In addition, the Committee has considered how the Policy and practices are consistent with the six factors set out in Provision 40 of the new UK Corporate Governance Code:

- **Clarity:** Our Policy is understood by our senior executive team and has been clearly articulated to our shareholders and representative bodies (both on an ongoing basis and when changes are proposed).
- **Simplicity:** The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our executive remuneration policies and practices are straightforward to communicate and operate and the current approach will be reviewed in advance of the 2021 AGM.


- **Risk:** Our Policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded via: (i) the balanced use of annual and long-term pay, which employs a blend of financial, non-financial and shareholder return targets; (ii) the significant role played by equity in our incentive plans; and (iii) malus/clawback provisions.
- **Predictability:** Our incentive plans are subject to individual caps and our share plans are also subject to market standard dilution limits.
- **Proportionality:** There is a clear link between individual awards, delivery of strategy and our long-term performance and incentive/"at-risk" pay, together with the structure of the Executive Board directors' service contracts, ensures that poor performance is not rewarded.
- **Alignment to culture:** Our executive pay policies are fully aligned to Revolution's culture through the use of metrics in our annual incentive plans that measure how we perform against our KPIs.

The Committee's terms of reference are available from the Company Secretary and can be found on the Company's website at [www.revolutionbarsgroup.com](http://www.revolutionbarsgroup.com).

## SHAREHOLDER FEEDBACK

The Committee consulted with its major shareholders and the main shareholder representatives in respect of the new Remuneration Policy which will be submitted to shareholders for approval at the 2020 AGM. That said, the Committee welcomes any feedback on this report and the proposed Remuneration Policy and its implementation in general.

On behalf of the Board, I would like to thank shareholders for their continued support, and I look forward to your approval of our updated Remuneration Policy at the 2020 AGM.

  
Jemima Bird  
Chair of the Remuneration Committee

16 December 2020



# DIRECTORS' REMUNERATION

*Report continued*

## DIRECTORS' REMUNERATION POLICY

As detailed in the Annual Statement, following a comprehensive review of the existing Directors' Remuneration Policy (as can be found at <https://www.revolutionbarsgroup.com/media/1100/annual-report-2018.pdf>) which was approved by shareholders at the 2018 Annual General Meeting and noting the Company's recent switch to AIM, an updated Directors' Remuneration Policy is proposed to take effect from the 2020 Annual General Meeting.

As the Company's shares now trade on AIM, shareholder approval for the new Policy by way of a binding vote in General Meeting is not required (in contrast to when the Company's shares were traded on the main market of the London Stock Exchange). Nevertheless, the Board and its Remuneration Committee considers that it is appropriate for the Company's shareholders to be provided an advisory vote regarding the updated policy, details of which can be found at [www.revolutionbarsgroup.com/investors/shareholder-centre/agm/](http://www.revolutionbarsgroup.com/investors/shareholder-centre/agm/).

## ANNUAL REPORT ON REMUNERATION

### COMPOSITION OF THE REMUNERATION COMMITTEE (UNAUDITED)

The Committee currently consists of Jemima Bird (Committee Chair), Keith Edelman and William Tuffy. None of the Committee has any personal financial interest (other than as a shareholder), conflicts of interest from cross-directorships, or day-to-day involvement in the running of the business.

The Chief Executive Officer ('CEO') and Chief Financial Officer ('CFO') are invited to attend meetings, although are not present when matters affecting their own remuneration are discussed. The Company Secretary or their nominee acts as secretary to the Committee.

The Committee receives independent remuneration advice from FIT Remuneration Consultants LLP (FIT) on aspects of senior executive remuneration. FIT is a member of the Remuneration Consultants Group and is a signatory to its code of conduct. FIT has no connection with Revolution Bars Group plc other than in the provision of advice on executive remuneration. The terms of engagement are available from the Company Secretary on request.

### IMPLEMENTATION OF THE REMUNERATION POLICY IN THE 53 WEEKS ENDING 3 JULY 2021 (UNAUDITED)

#### Base annual salary

Current Executive Director salary levels are as follows:

Role	Director	From 1 April 2020*	From 1 April 2019	% Increase
Chief Executive Officer	Rob Pitcher	£350,000	£350,000	0%
Chief Financial Officer	Mike Foster	£204,000	£204,000	0%

\* Salaries shown from 1 April 2020 are the contractual salaries applicable. As a result of the government enforced closure of the Group's trading venues, the Directors agreed to defer the normal annual salary review and furthermore agreed a temporary 50% salary reduction from 29 March 2020. Subsequently, following the commencement of reopening trading venues in July 2020, the salary reduction changed to 80% of normal levels from 1 August 2020 and returned to contractual levels from 1 October 2020. However, in light of the latest national restrictions introduced by the UK Government from 5 November 2020, salaries were reduced to 75% of normal levels from 8 November 2020 and these reductions continue to apply.

#### Annual bonus

Trading conditions since the enforced lockdown of the Group's bars on 20 March 2020 and the ongoing restrictions severely impacting operations, despite being able to reopen from 4 July 2020, has meant that it has been impossible to set realistic trading performance targets for FY21. The priorities for the Directors as the bars reopen are to operate safely with both staff and customer health at the forefront of all decision-making, and to focus on cash management and liquidity to ensure the business remains a going concern.

The FY20 financial period was significantly compromised by COVID and clearly FY21 will be also and, given that backdrop, the Committee has determined that it is not appropriate to operate a bonus scheme for the remainder of the 2020 calendar year at least. The Committee intends to undertake a further review in January 2021 to decide whether a bonus scheme may be appropriate for the second half of the FY21 reporting period; should that be possible it would operate on a pro rata basis.



### Share awards

Due to the devastating impact of COVID on the Company's financial performance and share price and a long recovery period ahead, there is negligible prospect of any of the outstanding share awards vesting. The Committee also recognises that the recent Placing and Placing and Open Offer, significantly increasing the number of shares in issue from 50 million to 125 million, necessitated shares being issued at a substantial discount and significantly broadened the shareholder base. Aligning incentivisation plans with the interests of shareholders remains a priority and therefore the Committee intends to grant Restricted Share Awards to Executive Directors. As such, following the 2020 AGM (and subject to shareholders approving the relevant resolutions), the Committee intends to grant RSAs which will:

- be set at no more than 30% of salary for Executive Directors. Subsequent annual awards are expected to be at similar levels although the award levels may be increased in line with a recovery in the Company's share price (e.g. to 50% of salary) and to the extent that share usage is considered appropriate; and
- vest after three years from the grant date, subject to continued employment, satisfactory individual performance and a positive assessment of performance against the underpin (see Policy section above). No shares can be sold by Executive Directors until at least five years from grant, other than those required to settle any taxes directly related to the vesting of the shares.

No changes will be made to the outstanding PSP/share awards (all of which are expected to lapse); and Shareholding guidelines will be increased to 200% of salary.

### NON-EXECUTIVE DIRECTORS' FEES AND INCENTIVES

There will be no increases in Non-Executive Director's fees for FY21. Non-Executive Directors agreed to the same temporary reductions in fees as for Executive Directors' salaries (as noted above) from the same dates.

### DIRECTORS' REMUNERATION FOR THE 52 WEEKS ENDED 27 JUNE 2020 (AUDITED)

		Fees/ Salary £'000	Taxable benefits <sup>1</sup> £'000	Pension <sup>2</sup> £'000	Annual Bonus £'000	Long-term incentives £'000	Total £'000
<b>Executive Directors</b>							
Rob Pitcher	2020	310	17	42	–	–	369
	2019	350	16	44	–	–	410
Mike Foster	2020	180	20	–	–	–	200
	2019	201	18	–	–	–	219
<b>Non-Executive Directors</b>							
Keith Edelman	2020	80	–	–	–	–	80
	2019	90	–	–	–	–	90
Jemima Bird	2020	31	–	–	–	–	31
	2019	33	–	–	–	–	33
William Tuffy <sup>3</sup>	2020	31	–	–	–	–	31
	2019	20	–	–	–	–	20
<b>Former Directors</b>							
Mark McQuater <sup>4</sup>	2019	145	3	–	–	–	148
Michael Shallow <sup>5</sup>	2019	17	–	–	–	–	17
<b>Aggregate emoluments</b>							
	2020	632	37	42	–	–	711
	2019	856	37	44	–	–	937

<sup>1</sup> Taxable benefits comprise medical insurance policies and car allowances.

<sup>2</sup> A pension provision/salary supplement of 15% of salary was provided to Rob Pitcher. No pension provision was provided to Mike Foster.

<sup>3</sup> William Tuffy was appointed to the Board effective 26 November 2018.

<sup>4</sup> Mark McQuater stepped down from the Board on 17 October 2017 and ceased employment on 2 February 2018; he received his normal pay and benefits for part of the 2019 reporting period to the end of his garden leave in line with his contractual arrangements (as reported last year).

<sup>5</sup> Michael Shallow resigned from the Board effective 26 November 2018.

# DIRECTORS' REMUNERATION

*Report continued*

## ANNUAL REPORT ON REMUNERATION CONTINUED

### ANNUAL BONUS (UNAUDITED)

For the 52 weeks ended 27 June 2020, an annual bonus plan was operated for the Executive Directors with 70% of the full potential bonus based on EBITDA performance and 30% based on strategic targets. The targets and performance against the financial metrics were as follows:

	Target	Stretch	Performance outcome	Annual Bonus	
				Weighting	Outcome (% of max bonus)
Financial Objectives					
Adjusted EBITDA (£'000)	12,500	14,375	85	70.0%	0%
Strategic Targets					
- Like-for-like sales growth	2.0%	8.0%	n/a	7.5%	0%
- Customer feedback	745	790	n/a	7.5%	0%
- Health & Safety audits	83.5%	88.0%	n/a	7.5%	0%
- Employee net promoter scores	33.0%	40.0%	n/a	7.5%	0%
				100.0%	0%

Business performance prior to the government-imposed lockdown of restaurants, pubs and bars in March 2020 was close to target against all measures (all measures were just below target other than customer feedback scores, which were on target) and all measures were on improving trends. The cessation of trade for the last 14 weeks of the reporting period substantially impacted adjusted EBITDA and there was no basis for continuing to track the strategic measures. The Committee acknowledged that progress had been made in the year on many of the measures but, recognising the devastating impact of COVID on business performance and its adverse implications for all stakeholders, that additional funding had been provided to the business through an equity raise and a government-backed bank debt facility, and that a very significant proportion of the Group's employees were in receipt of government furlough pay, the Committee decided that award of any bonus was clearly not appropriate.

### PSP AWARDS VESTING IN FY20 (AUDITED)

No PSP awards held by Executive Directors vested in respect of performance to 27 June 2020.

### PSP AWARDS GRANTED IN FY20 (AUDITED)

The following PSP award was issued to an Executive Director in the year to 27 June 2020:

Executive	Type of award	Exercise Price (p)	Number of awards granted	Basis of award	Face value	Percentage which vests at threshold	Performance period end
Rob Pitcher	PSP award	0.1	531,269	100% of salary	£350,000	25%	June 2022

This award is subject to stretching performance conditions, which are tested over a three-year performance period from July 2019 to June 2022, and will vest in October 2022 to the extent these conditions are satisfied:

FY22 EPS (70% of awards)			TSR (30% of awards)*	
< 7 pence	0%		< Median	0%
7 pence	25%		Median	25%
7 pence to 11.5 pence	Pro-rata between 25% and 100%		Between median and median +10% p.a.	Pro-rata between 25% and 100%
11.5 pence	100%		Median + 10% p.a.	100%

\* Measured against a peer group of the FTSE Restaurant & Bars subsector.

## OUTSTANDING EXECUTIVE SHARE AWARDS (AUDITED)

Executive Director	Scheme	Grant date	Exercise price (p)	No. of shares at 29 June 2019	Granted during the year Number	Vested during the year Number	Lapsed during the year Number	No. of shares at 27 June 2020	Vesting date
Rob Pitcher	PSP*	18.10.18	0.1	585,154	–	–	–	585,154	18.10.21
	CSOP	18.10.18	114.5	26,200	–	–	–	26,200	18.10.21
	PSP	23.10.19	0.1	–	531,269	–	–	531,269	23.10.22
<b>Total</b>				611,354	531,269	–	–	1,142,623	
Mike Foster	PSP*	14.11.17	0.1	240,000	–	–	–	240,000	14.11.20
	CSOP	14.11.17	162.0	18,518	–	–	–	18,518	14.11.20
<b>Total</b>				258,518	–	–	–	258,518	

\* PSP awards with associated CSOP awards attached (any awards which vest and which are exercised under the CSOP are directly offset by a reduction in vesting under the PSP of equivalent value).

## PAYMENTS MADE FOR LOSS OF OFFICE AND PAYMENTS TO PAST DIRECTORS (AUDITED)

No payments have been for loss of office in the reporting period.

## DIRECTORS' INTERESTS AND SHAREHOLDING GUIDELINES (UNAUDITED)

The following table shows Directors' interests in the Company

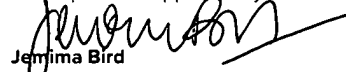
Director	Beneficially owned at 27 June 2020 Number	Outstanding LTIP awards Number	Outstanding share awards under all employees share plans Number	Total interest in shares Number	Shareholding as a % of base salary at 27 June 2020
Rob Pitcher	150,000	1,142,623	–	1,292,623	36.0%
Mike Foster	–	258,518	–	258,518	0%
Keith Edelman	45,000	–	–	45,000	n/a
William Tuffy	10,000	–	–	10,000	n/a
Jemima Bird	7,500	–	–	7,500	n/a

Executive Directors are expected to hold an investment of at least 100% of base salary in Company shares. 50% of any awards which vest under the Company's LTIPs (net of any taxes due) must be retained until the requirement has been met. The table above shows Directors' interests in shares and the percentage of the guideline currently met as at 27 June 2020.

The shareholding counting towards the measurement of the guideline is based on legally owned shares. The percentage of guideline met is based on the annual base salary and the higher of the acquisition cost of the shareholding or its current market value. Once an Executive Director meets the required holding, the Executive Director is only required to purchase additional shares equivalent to the value of any increase in base salary.

## Approval

This report was approved by the Remuneration Committee and signed on its behalf by:

  
Jemima Bird  
Chair of the Remuneration Committee

16 December 2020

# DIRECTORS'

# Report

The Directors present their annual report and the audited consolidated financial statements of the Company and Group for the 52 weeks ended 27 June 2020.

## INTRODUCTION

This Directors' Report includes additional information required to be disclosed under the Companies Act 2006, the Code, the DTRs and the Listing Rules of the Financial Conduct Authority. Certain information required to be included in the Directors' Report is included in other sections of this annual report as follows:

- the Strategic Report on pages 2 to 31 sets out a review of the Group's business during the 52 weeks ended 27 June 2020 and the financial position of the Group at the end of that period to enable shareholders to assess how the Directors have performed their duty under section 172 of the Companies Act. The Strategic Report also describes the principal risks and uncertainties facing the Group, provides a fair review of the Group's business at the end of the financial year and an indication of likely future developments in the business;
- the Corporate Governance Statement on pages 38 to 41; and
- related party transactions as set out in note 25 to the consolidated financial statements.

**This Directors' Report together with the Strategic Report set out on pages 2 to 31 represents the "Management Report" for the purpose of compliance with the DTR 4.1.5R.**

## RESULTS AND DIVIDEND

The Group's results for the year are shown in the statement of comprehensive income on page 74. The Directors are not recommending a final dividend in respect of the 52 weeks ended 27 June 2020 (2019: nil pence per share issued). There was no interim dividend during the period (2019: nil pence per share), and thus the total dividend for the 52 weeks ended 29 June 2020 is nil pence per share (2019: nil pence per share).

## SHARE CAPITAL AND RELATED MATTERS

The Company has only one class of share and the rights attached to each share are identical. Details of the rights and obligations attaching to the shares are set out in the Company's Articles of Association, which are available from the Company Secretary and can also be found on the Company's website [www.revolutionbarsgroup.com](http://www.revolutionbarsgroup.com) under investor relations and shareholder information.

**66 Fundraising of £15.0 million completed on the 27 July 2020 immediately after the Enlarged Share Capital began trading on AIM."**

Mike Foster  
Company Secretary

The Ordinary Shares are listed on the official list and are traded on AIM as at the date of this report, following the Company's delisting from the Main Market London Stock Exchange to AIM effective 27 July 2020. The Company may refuse to register any transfer of a share which is not a fully paid share. At a General Meeting of the Company, every member has one vote on a show of hands, and on a poll one vote for each share held. Details of the voting procedure, including deadlines for exercising voting rights, are set out in the Notice of Annual General Meeting 2020. As at 27 June 2020, the issued share capital of the Company was 50,029,159 Ordinary Shares of £0.001 each. Details of the share capital as at 27 June 2020 are shown in note 20 to the consolidated financial statements.

On the 5 June 2020, the Group announced its intention to raise gross proceeds of up to £15.0 million by way of a Firm Placing and a Placing and Open Offer at 20 pence per New Ordinary Share, as well as to admit

to trading on AIM. The fundraising of £15.0 million completed on the 27 July 2020 immediately after the Enlarged Share Capital began trading on AIM. As of that date, the total number of Ordinary Shares with voting rights in the Company was 125,046,654.

## POWERS OF THE DIRECTORS

The Directors may exercise all powers on behalf of the Group including, subject to obtaining the required authority from the shareholders in General Meeting, the power to authorise the issue of new shares and the purchase of the Company's shares. During the year, the Directors have not exercised any of the powers to purchase shares in the Company.

## RESTRICTIONS ON TRANSFER

There are no general restrictions on the transfer of Ordinary Shares in the Company

other than in relation to certain restrictions imposed from time to time by laws and regulations (for example, insider trading laws). Pursuant to the Listing Rules, Directors and certain officers and employees of the Group require the approval of the Company to deal in the Ordinary Shares of the Company.

The Company has in place certain share incentive plans; details of these can be found on page 55. As at the financial period end on 27 June 2020 and up to the date of this report, 1,116,423 share options have been granted to the Company's Chief Executive Officer, Rob Pitcher and 240,000 share options have been granted to the Company's Chief Financial Officer, Mike Foster. During the reporting period, no options vested or were exercised, 40,721 options lapsed, 421,752 options were forfeit and 916,269 further options were granted.

## SUBSTANTIAL SHAREHOLDINGS

As at 21 April 2020 (the last available data prior to the Firm Placing and Placing and Open Offer) and 7 December 2020, the Company had been notified, in accordance with the DTRs, of the following interests representing 3% or more of the voting rights in the issued share capital of the Company:

	As at 21 April 2020		As at 7 December 2020	
	Total holding of shares	% of total voting rights	Total holding of shares	% of total voting rights
Artemis Investment Management	10,511,232	21.01	18,309,231	14.64
Mr Mark Ward	–	–	12,557,944	10.04
Hargreaves Lansdown, stockbrokers (EO)	3,107,650	6.21	9,938,794	7.95
IG Markets, stockbrokers (EO)	3,519,242	7.03	8,141,656	6.51
A J Williams	2,876,919	5.75	6,853,070	5.48
Eldose Babu	–	–	6,600,000	5.28
River and Mercantile Asset Management	–	–	5,700,000	4.56
Interactive Investor (EO)	1,679,854	3.36	4,707,479	3.76
GLG Partners CfD	2,230,825	4.46	4,612,533	3.69
Bank of Singapore (PB)	–	–	4,487,812	3.59
Cibra Ltd	–	–	3,930,000	3.14
Legal & General Investment Management	4,588,000	9.17	–	–
AXA Framlington Investment Managers	2,960,219	5.92	–	–
Credit Suisse stocklending account	2,230,676	4.46	–	–
Barclays Smart Investor (EO)	1,853,650	3.71	2,961,726	2.37
Goldman Sachs International	1,705,637	3.41	1,494,089	1.19
HSBC James Capel as principal	1,545,979	3.09	589,842	0.47
Chelverton Asset Management	1,500,000	3.00	3,250,000	2.60
Deltic Group	1,500,000	3.00	2,400,000	1.92

# DIRECTORS'

*Report continued*

## DIRECTORS

The Directors of the Company and their biographies are set out on page 35. Their interests in the Ordinary Shares of the Company are shown in the Directors' Remuneration Report on page 57.

## APPOINTMENT AND REMOVAL OF DIRECTORS

Directors may be appointed by ordinary resolution of the Company or by the Board. All Directors will stand for re-election on an annual basis in line with the recommendations of the Code. In addition to any powers of removal conferred by the Companies Act 2006, the Company may by special resolution remove any Director before the expiration of his period of office.

## DIRECTORS' INDEMNITIES AND INSURANCE

The Articles of Association of the Company permit it to indemnify the Directors of the Company against liabilities arising from or in connection with the execution of their duties or powers to the extent permitted by law.

The Group had directors' and officers' indemnity insurance in place throughout the year. Subsequent to the end of the reporting period, the Group entered into a qualifying third-party indemnity (the terms of which are in accordance with the Companies Act 2006) with each of the Directors. Neither the indemnity nor insurance provides cover in the event that a Director or officer is proved to have acted fraudulently.

## TRANSACTIONS WITH RELATED PARTIES

Details of the transactions entered into by the Group with parties who are related to it are set out in note 25 to the consolidated financial statements. There were no material transactions with related parties during the 52 weeks ended 27 June 2020.

## CHANGE OF CONTROL

The provisions of the Group's share incentive plans may cause options and awards granted to employees under such plans to vest on a change of ownership of the Group. The Group does not have agreements with any Director that would provide compensation for loss of office or employment resulting directly from a change of its ownership.

## AMENDMENT TO THE COMPANY'S ARTICLES OF ASSOCIATION

The Company may alter its Articles of Association by special resolution passed at a General Meeting of shareholders.

## POLITICAL DONATIONS

The Group has not made in the past, nor does it intend to make in the future, any political donations.

## GOING CONCERN

### Going concern

The directors have adopted the going concern basis in preparing these financial statements after careful assessment of identified principal risks and, in particular, the possible adverse impact on financial performance, specifically on revenue and cash flows of restrictions imposed by the UK Government and the devolved authorities in response to COVID. The going concern status of the Company is intrinsically linked to that of the Group.

### Liquidity

At the end of the reporting period, the Group had net bank debt of £22.0 million relative to a £30.0 million Revolving Credit Facility ('RCF') although terms were agreed with the Group's lending bank, NatWest, to increase the total debt facilities to £37.5 million by utilising the Coronavirus Large Business Interruption Loan Scheme ('CLBILS') loan of £16.5 million and using the proceeds of this loan to partially pay down the RCF and to reduce the RCF commitment to £21.0 million. The CLBILS loan, which is a three-year term loan amortising at £1.0 million per annum in equal monthly repayments, was drawn down shortly after the period end on 6 July 2020.

On 27 July 2020, the Company completed an equity fundraising of £15.0 million, the net

proceeds of which were fully received by 3 August 2020 and used to repay the remaining outstanding balance of the RCF. At that date of repayment, the Group had CLBILS of £16.5m but £26.1 million of liquidity by way of cash at bank of £5.1 million and an undrawn committed RCF of £21.0 million. When the total debt facilities were increased to £37.5 million, it was agreed that, contingent on a successful equity fundraising, the debt facilities would be reduced by £7.5 million on 31 March 2021, this amount to be applied pro rata to the RCF and CLBILS. However, this reduction in facilities together with a previously agreed £1.0m reduction in the RCF at the end of June 2020 were amended by NatWest on 16 December 2020 in favour of an alternative amortisation profile of the facilities as follows:

Facility	Commitment	Expiry	Amortisation
RCF	£21.0m	30 June 2022	£1.6 million on 30 September 2021 and £1.0 million on 30 June 2022
CLBILS	£16.1m	5 July 2023	£0.4 million on 30 September 2021 and £1.0 million per annum in equal monthly instalments

In accordance with these arrangements and subject to compliance with financial covenants, the Group will have committed funding facilities available during the going concern assessment period as follows:

December 2020	£37.1 million
March 2021	£36.8 million
June 2021	£36.6 million
September 2021	£34.3 million
December 2021	£34.1 million
March 2022	£33.8 million

#### Current Net bank debt and available liquidity

At the date of these financial statements the Group's net bank debt was approximately £19.5 million, and therefore the Group has available liquidity of £17.6 million.

#### Covenants

The facilities are subject to one financial covenant only, which is that the Group is required to maintain minimum liquidity headroom between its net bank debt and the committed facilities on a six-month look forward basis. The required headroom under the covenant varies on a monthly basis, as it is set in conjunction with the modelling of a severe but plausible downside scenario (see below for further details), between £10.0 million at its highest at the end of December 2020 and £1.3 million at its lowest at the end of March 2021. The effect of the covenant is that the base case is within the covenant requirement, whereas the severe but plausible downside case is only slightly above the covenant level (i.e. has only very limited headroom over the covenant level) over the 2021 calendar period. Cash flow forecasts are updated daily and submitted to NatWest weekly and should two successive weekly forecasts show a breach of the minimum liquidity headroom, then the Group would need to consult with NatWest. If a solution to the breach cannot be agreed, for example by the granting of a waiver, or an amendment to the facilities then the bank could require the Group to take various actions that may determine the Group's future.

The Group has remained in close contact with NatWest since it became clear in late February that the COVID-19 pandemic ('COVID') could potentially have a significantly adverse effect on the Group's trading performance and cash generation. NatWest have been very supportive of the Group throughout this period providing support by amending debt facilities as required in April 2020 and in May 2020 and most recently for this going concern assessment period. NatWest also consented to the necessary facility waivers and adjustments to the covenant to allow the Company Voluntary Arrangement ('CVA')

undertaken by the Group's wholly owned subsidiary entity, Revolution Bars Limited, in November 2020 to proceed.

#### Significant judgements and base case

The financing arrangements referred to in this going concern section are expected to provide a sufficient platform for the business to meet the trading uncertainty that lies ahead as the COVID immunisation programme is rolled out and the UK economy recovers from the devastation caused by COVID. During the last nine months, the Group's sales have been severely impacted by the operating restrictions imposed by the UK Government and the devolved authorities; half of that period being subject to a forced closure of all bars, and significant operating restrictions operating for the other half, including 10pm curfews (latterly moved to 11pm), reduced capacities, limited party sizes, table service only, and a banning of alcohol sales other than with a substantial meal. It is not clear what level of trade may be possible in the coming months although the UK Government has stated its intention to complete the COVID vaccination programme by Easter 2021, by which time it would seem reasonable to expect that all restrictions imposed since March 2020 will be significantly reduced. If that is indeed the case, then sales from April 2021 are likely to be influenced by the level of pent up demand and consumer confidence surrounding both the economy and health and safety. The directors believe that based on the Group's sales levels being better than anticipated following the reopening of venues in July 2020 and through to the end of September 2020 before the 10pm curfew was introduced, and the Group's target young adult customer groups being least affected by COVID, that consumer confidence and demand for the Group's product should not be a significant issue and it is reasonable to expect a return to historic trading levels once the COVID vaccination programme has been successfully delivered. However, the directors also acknowledge that the Group's sales remain vulnerable to factors that are entirely beyond its control, such as: (i) the degree of operating restrictions that remain in force when the current arrangements are reviewed and whilst the vaccination programme is being rolled-out and how quickly such restrictions may be lifted once that roll-out has been completed; (ii) a reliable supply of the vaccine; (iii) the take up of the vaccination programme; and (iv) that the vaccine works as expected.

The level of sales that the Group generates drives EBITDA and cash generation, which in turn impacts the level of liquidity required and compliance with the covenant test.

In reaching their assessment that the financing arrangements are expected to be sufficient for the business, the directors have reviewed

a base case forecast scenario which assumes that the operational arrangements currently in force from 2 December remain in force until the end of March 2021 (Easter). Currently, the Group is trading only 33 of its bars: 1 in tier 1 and 32 in tier 2 locations, and therefore forecasts sales in the January 2021 to March 2021 quarter are expected to be at 16% of their historical pre-COVID levels. From April 2021 to June 2021, all 67 of the Group's bars are expected to be trading but with some operating restrictions still in force with sales forecast at an average 75% of their historical level before improving to 90% in July 2021 and August 2021 as all remaining restrictions are expected to be lifted with consumer confidence expected to increasingly return, with sales returning to normal historical levels for the remainder of 2021. Hence the Group's base case forecast scenario is for sales in calendar year 2021 to be at 73% of the levels achieved in the last 12 months pre-COVID. Operating margins in the early months of 2021 are forecast to be consistent with those achieved during the period of trading under severe operating restrictions in recent months but then slowly improving to pre-COVID levels over the remainder of 2021. The Group expects to continue to qualify for support from the UK Government through relief from business rates, a reduction in VAT from non-alcohol sales, and access to flexible furlough under the Coronavirus Job Retention Scheme through to the end of March 2021. £1.75 million of capital expenditure has been forecast for the 12 months to June 2021 including £0.5m to undertake three bar refurbishments between April 2021 and June 2021.

Under the base case forecast, there is no forecast breach of the banking covenant. The forecast average amount of headroom for net bank debt relative to the minimum liquidity covenant between December 2020 and December 2022 is £4.5 million with the lowest point of £2.5 million in March 2021.

#### Severe but plausible downside scenario

The directors have also reviewed a severe but plausible downside scenario which assumes that the business is subject to an enforced lockdown (zero sales) until the end of March 2021 (Easter) with sales return at 60% of the normal historical pre-COVID levels between April 2021 and June 2021, after which trading is similar to the base case forecast for the remainder of 2021, as detailed above. Other assumptions regarding operating margins and support from the UK Government are also similar to the base case forecast scenario but the capital expenditure forecast for the 12 months to June 2021 is £0.5 million lower.

**DIRECTORS'***Report continued***GOING CONCERN CONTINUED**

Under the severe but plausible downside scenario, net bank debt is approximately £2.5 million greater than under the base case forecast scenario. This adverse movement is relatively small because there is marginal EBITDA benefit in the base case from trading only one bar under tier 1 and 32 bars under tier 2 of the UK Government operating restrictions where alcohol sales are only permitted with a substantial meal. The severe but plausible downside scenario shows no forecast breach of the banking covenant but, as would be expected, the forecast average amount of net bank debt headroom relative to the minimum liquidity covenant between December 2020 and December 2021 is lower at £1.8 million with the lowest point of £1.2 million in March 2021.

The directors believe that there should be no further downside to the severe but plausible downside scenario for the period to the end of March 2021 given that no trade is forecast for this period, and that a sales forecast at 60% of historical pre-COVID levels for April 2021 to June 2021 is prudent relative to the same bars year-on-year sales performances achieved when bars were reopened between July 2020 and September 2020 prior to the introduction of the 10pm curfew and tier restrictions. If there is any residual risk not accounted for in the severe but plausible downside scenario, it is that if there is a significant problem with the vaccine efficacy or roll-out, that results in a delay to the reopening of bars in March 2021 or that severe ongoing restrictions continue whilst such a problem is resolved. Whilst there are currently no indications that this may be the case, the directors note the unprecedented scale and challenge of the vaccination roll-out is such that there can be no certainty that it will run completely to plan. However, the directors also believe that if severe operating restrictions remain in place after March 2021 the financial effects could potentially be mitigated wholly or partially by a number of factors that are not reflected in the severe but plausible downside scenario, but which are not all wholly within the control of the directors, including some trading pre March 2021, a further extension of the Coronavirus Job Retention Scheme beyond March 2021 may be made, further rent mitigation if discussions with a number of landlords conclude favourably, receipt of local authority grants as these are made available but which have not been included in the Group's forecasts, and any extension to business rates relief beyond April 2021.

The low level of liquidity headroom relative to the minimum liquidity covenant and the material uncertainty caused by COVID coupled with forecasting difficulties as a result of constantly changing operating restrictions means that the Group cannot be assured

that it will not breach the minimum liquidity covenant. A breach of covenant would require the bank to grant a waiver or for the Company to renegotiate its banking facilities or raise funds from other sources, none of which is entirely within the Group's control. A breach of the covenant would also result in the reclassification of £24.5 million of non-current borrowings to current borrowings as at the date of the consolidation statement of financial position. The directors have assessed, however, that given a strong underlying business, particularly post lease surrenders of under-performing bars and the CVA undertaken during 2020, the Group's existing relationships with its main creditors, its success in recent years in obtaining covenant waivers and renegotiating its banking facilities and a recent equity fundraising, that a request for a waiver of a covenant breach or renegotiation of the banking facilities would be successful.

**Going concern statement**

The severe disruption to the Group's trade during the last nine months caused by COVID and the resultant and frequently changing operating restrictions imposed by the UK Government and the devolved authorities indicates the existence of a material uncertainty which may cast significant doubt over the ability of the Group and Company to continue as a going concern. This uncertainty exists because of the unpredictability of the nature, extent and duration of COVID, the vaccination programme, and the imposed operating restrictions in the calendar year 2021 and how this will impact the Group's operational performance and in particular the level of sales and EBITDA generated that will in turn determine the Group's covenant compliance.

Notwithstanding the material uncertainty, after due consideration the Directors have a reasonable expectation that the Company and the Group have sufficient resources to continue in operational existence for the period of 12 months from the date of approval of these financial statements. Accordingly, the financial statements continue to be prepared on the going concern basis. The financial statements do not contain the adjustments that would arise if the Group (and the Company) were unable to continue as a going concern.

**DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**EMPLOYEE CONSULTATION**

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, newsletters distributed by email and virtual briefings using Teams software. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. In addition, certain employees receive an annual bonus related to the overall profitability of the Group.

**ANNUAL GENERAL MEETING**

The Annual General Meeting ("AGM") of the Company will take place on 22 December 2020. The Notice of Annual General Meeting is set out in the explanatory circular (which was sent to shareholders on 27 November 2020). A further General Meeting will take place on 15 February 2021 to approve the Annual Report and financial statements.

**FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES**

The Group is exposed to certain financial risks, including interest rate risk, liquidity risk and credit risk. Information regarding such financial risks is detailed in note 22 on page 102. The Group's risk management policies and procedures and principal risks and mitigations can be found on pages 18 to 19.

**INDEPENDENT AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITOR**

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

PricewaterhouseCoopers LLP ("PwC") have expressed their willingness to be reappointed as auditor of the Company. In accordance with section 489 of the Companies Act 2006, a resolution for the reappointment of PwC as independent auditors of the Company is to be proposed at the forthcoming General Meeting on 15 February 2021.

By order of the Board

  
**Mike Foster**  
Company Secretary

16 December 2020



# DIRECTORS' RESPONSIBILITY Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## DIRECTORS' CONFIRMATIONS

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group and company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in Board of Directors confirm that, to the best of their knowledge:

- the company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and result of the company;
- the group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the group and company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

**Rob Pitcher**  
Chief Executive Officer

**Mike Foster**  
Chief Financial Officer

16 December 2020

talented  
entertainment

# FINANCIAL STATEMENTS

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# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REVOLUTION BARS GROUP PLC

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

In our opinion, Revolution Bars Group plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 27 June 2020 and of the group's loss and the group's and the company's cash flows for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated and Company statements of financial position as at 27 June 2020; the Consolidated statement of profit or loss and other comprehensive income, the Consolidated and Company statements of cash flow, and the Consolidated and Company statements of changes in equity for the 52 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

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### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the company.

Other than those disclosed in note 4 to the financial statements, we have provided no non-audit services to the group or the company in the period from 30 June 2019 to 27 June 2020.

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### MATERIAL UNCERTAINTY RELATED TO GOING CONCERN - GROUP AND COMPANY

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Group's and Company's ability to continue as a going concern.

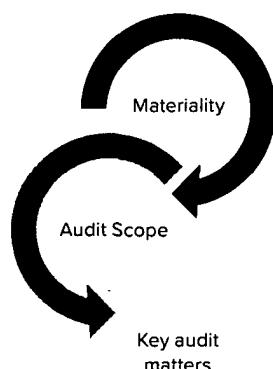
The Directors have a reasonable expectation that the Group has sufficient resources to continue in operational existence for the period of 12 months from the date of approval of these financial statements. The severe disruption to the Group's trade during the last nine months, caused by COVID-19, has significantly impacted the Group's performance and financial position. There is unpredictability in the nature, extent and duration of COVID-19 and the level of operating restrictions that may be imposed during calendar year 2021. It is uncertain how this will impact the Group's operational performance, and in particular the level of sales and EBITDA generated, that will all in turn determine the Group's ability to comply with the covenant in its banking facilities. In addition, the going concern status of the Company is intrinsically linked to that of the Group.

These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern. The group financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

In concluding that a material uncertainty related to going concern exists, we performed the following procedures:

- we obtained management's forecasts and information, which included the expected impact of COVID-19;
- we evaluated and assessed the process by which the Group's future cash flow forecasts were prepared;
- we assessed and challenged management as to the reasonableness of the key assumptions in the going concern model, including the forecast sales assumptions over the next 12 months and how quickly the Group were forecasting to return to pre COVID-19 sales levels;
- we obtained the terms of the Group's financing facility and the covenant in place in relation to this facility, and determined that the Group cash flow forecasts show compliance with all covenant conditions for at least 12 months from the date of the approval of financial statements;
- we agreed the opening position of the Group's cash flow forecasts to the November 2020 management accounts. We also agreed the gross debt and cash per the November 2020 management accounts to the Group's bank statements; and
- we evaluated the appropriateness of the severe but plausible cash flow forecast used in management's determination of the going concern basis of preparation, which included an assessment of any key assumptions underpinning the cash flows throughout the going concern period.

## OUR AUDIT APPROACH



### Overview

- Overall group materiality: £258,000 (2019: £260,000), based on 2.5% of 4-year average adjusted EBITDA.
- Overall company materiality: £155,000 (2019: £208,000), based on 1% of total assets, capped at 60% of the overall materiality for the Group.
- Full scope audit of three trading entities within the Group, which together comprise 100 per cent of revenue and 93 per cent of adjusted EBITDA. The remaining entities were not included within group scope, however statutory audits of these entities are performed
- Material uncertainty related to going concern - Group and Company
- Impairment of property, plant and equipment and right-of-use asset - Group
- Impairment of investments - Company
- Recognition of supplier rebates - Group
- Impact of Covid-19 - Group

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

### Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, the Listing Rules and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to recoverability of property, plant and equipment and onerous lease provisioning (see related key audit matter below); and
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REVOLUTION BARS GROUP PLC

## CONTINUED

### OUR AUDIT APPROACH CONTINUED

Key audit matter	How our audit addressed the key audit matter
<b>Impairment of property, plant and equipment and right-of-use asset - Group</b>	
<p>Refer to page 49 of the Audit Committee Report and notes 1 and 10 of the Notes to the Consolidated financial information.</p> <p>The property, plant and equipment balance of £41,220k and right-of-use asset balance of £70,689k has been tested for impairment during the period. Testing has been performed at a cash generating unit level, which has been assessed as an individual bar.</p> <p>The impairment tests performed, which are based on a value in use calculation, identified an impairment charge of £34,486k, of which £14,920k relates to property, plant and equipment and £19,566k relates to right-of-use assets, which has been recognised as an exceptional item during the period.</p> <p>We focused on this area as the assessment of impairment of property, plant and equipment and right of use assets requires the use of estimates in the value in use calculation, including future forecast cash flows, a discount rate and long-term growth rate. In addition, the classification of items as exceptional also requires the use of judgement.</p>	<p>To review the impairment assessment performed by the Directors' based on a value in use model, we performed the following:</p> <ul style="list-style-type: none"> <li>• we evaluated and assessed the process by which the Group's future cash flow forecasts were prepared;</li> <li>• we assessed the reasonableness of the forecast cash flows, including assessing the revenue and costs included in those forecasts, based on our understanding of the Group;</li> <li>• we tested the Directors' historical budgeting accuracy by evaluating whether previous budgets had been achieved. Where budgets had not been achieved, we understood the reasons why;</li> <li>• we tested the Directors' key assumptions for long-term growth rates outside the budget period, by comparing them to forecast inflation rates in the UK;</li> <li>• we considered the discount rate by forming our own independent expectation of what we would consider to be an appropriate range; and</li> <li>• we considered whether the charge recognised in respect of impairment should be recognised as an exceptional item, and, given the magnitude of the charge, concurred that the presentation was appropriate.</li> </ul>
<b>Impairment of investments - Company</b>	
<p>Refer to notes 1 and 5 of Notes to the Company financial information.</p> <p>The company holds an investment balance on the Statement of financial position of £29,650k. This investment is in the trading subsidiaries of the Group. Management have performed both a fair value less costs to sell exercise, and a value-in-use assessment, to calculate the recoverable amount of the investment. The recoverable amount supports the carrying value of the investment and therefore management concluded that no impairment is required.</p>	<p>To review the impairment assessment performed by the Directors', based on value in use and fair value less cost to sell models, we performed the following:</p> <ul style="list-style-type: none"> <li>• we evaluated and assessed the process by which the Group's future cash flow forecasts were prepared;</li> <li>• we assessed the reasonableness of the forecast cash flows, based on our understanding of the Group;</li> <li>• we tested the Directors' key assumptions for long-term growth rates outside the budget period, by comparing them to forecast inflation rates in the UK;</li> <li>• we considered the discount rate by forming our own independent expectation of what we would consider to be an appropriate range; and</li> <li>• we assessed management's fair value less costs to sell calculation, based on the recent level of the market capitalisation of the Group and premiums typically associated with control.</li> </ul>

## Key audit matter

## How our audit addressed the key audit matter

## Recognition of supplier rebates - Group

Refer to page 49 of the Audit Committee Report and note 1 of the Notes to the Consolidated financial information.

The Group receives rebates from certain key suppliers. The terms of the rebates vary by supplier but largely relate to listing or marketing fees, or volume-based rebates on purchases made throughout the financial period, with the value being determined by the level of spend. Amounts recognised as a reduction from costs in the consolidated statement of profit or loss and other comprehensive income, and amounts recognised as a receivable in the consolidated statement of financial position, are material to the financial statements.

We focused on this area because the amount of supplier rebates income in respect of the period is determined by the terms for each supplier, which are negotiated separately and, as a result, differ from one another. This means that the calculation of the rebates recognised in the consolidated statement of profit or loss and other comprehensive income, and as a receivable at the period end, is inherently more prone to error. We also focused on the existence and accuracy of the supplier rebate income, and the valuation of period-end receivable, due to the risk of potential under or overstatement given the manual nature of the process.

To test supplier rebates, we performed the following for a sample of suppliers:

- we recalculated the rebate income recognised within the consolidated statement of profit and loss and other comprehensive income in the period, and receivable as at 27 June 2020;
- we compared purchases recorded in the period, and the contractual rebate arrangements agreed with each supplier, to the Directors' calculation of the rebate income;
- we compared the receivable recognised at the prior period end to the amounts paid in the period ended 27 June 2020 in respect of those receivables;
- we tested whether rebate arrangements recognised as income in the period ended 27 June 2020, had been accounted for in the right period; and
- we agreed amounts paid by suppliers post 27 June 2020 to source documentation to check amounts were recoverable.

## Impact of Covid-19 - Group and Company

Refer to page 60 of the Directors' Report and note 1 of the Notes to the Consolidated financial information.

Similar to most businesses in the hospitality sector, Covid-19 has had a significant adverse impact on the performance of the Group following the enforced closures in March 2020 and subsequent restrictions on re-openings. The key areas of the financial statements most impacted by the increased uncertainty are detailed below:

- i) The Directors have considered the appropriateness of the going concern basis of preparation in the Group's financial statements;
- ii) The recoverability of supplier rebates has been considered in light of the increased uncertainty over supplier liquidity and the ability of the Group to collect amounts due; and
- iii) Impairment of £34,486k have been recorded against the carrying value of property, plant and equipment and right-of-use assets as explained in the previous key audit matter.

In response to the key areas identified as being significantly impacted by Covid-19, we performed the following procedures:

- i) Our work and conclusions in respect of going concern are set out in the "material uncertainty related to going concern" section above;
- ii) Refer to the third key audit matter above for details of how we considered the recoverability of receivables; and
- iii) Refer to the first key audit matter above for details of how we considered the impact of Covid-19 in our impairment procedures.

We assessed whether the nature and extent of the disclosure made by management was sufficiently complete to articulate the impact of the pandemic on the business and its sector, supported by the information available to date.

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The Group includes six statutory entities, four of which are included within scope to support the Group audit opinion. All components are managed by the same finance team and operate entirely within the UK. Full scope audits were performed on three trading entities within the Group, which together comprise 100 per cent of revenue and 93 per cent of adjusted EBITDA. The remaining entities were not included within group scope, however statutory audits of these entities are performed.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REVOLUTION BARS GROUP PLC

## CONTINUED

### OUR AUDIT APPROACH CONTINUED

#### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£258,000 (2019: £260,000).	£155,000 (2019: £208,000).
How we determined it	2.5% of 4-year average Adjusted EBITDA.	1% of total assets, capped at 60% of the overall materiality for the Group.
Rationale for benchmark applied	Adjusted EBITDA is the key measure used both internally by the Board and, we believe, through reading Directors' presentations to analysts, externally by shareholders in evaluating the performance of the Group. This measure excludes finance expense, tax, depreciation, exceptional items, (credits)/ charges from long term incentive plans and bar opening costs.	Total assets is considered to be appropriate as it is not a profit oriented Company. The Company holds investments in subsidiaries and therefore total assets is deemed a generally accepted auditing benchmark. This has been capped at 60% of overall materiality for the Group.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £155,000 and £237,000.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £13,000 (Group audit) (2019: £13,000) and £7,750 (Company audit) (2019: £10,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

#### Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group's and the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to other than the material uncertainty we have described in the material uncertainty related to going concern section above.  However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.



## REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

### Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 27 June 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

### The directors' assessment of the prospects of the group and of the principal risks that would threaten the solvency or liquidity of the group

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 18 of the Annual Report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 60 of the Annual Report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the group and statement in relation to the longer-term viability of the group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the group and company and their environment obtained in the course of the audit. (Listing Rules)

### Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 63, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position and performance, business model and strategy is materially inconsistent with our knowledge of the group and company obtained in the course of performing our audit.
- The section of the Annual Report on page 47 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

### Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REVOLUTION BARS GROUP PLC

CONTINUED

## RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the Annual Report and the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## OTHER REQUIRED REPORTING

### COMPANIES ACT 2006 EXCEPTION REPORTING

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### APPOINTMENT

Following the recommendation of the audit committee, we were appointed by the directors on 22 January 2018 to audit the financial statements for the period ended 30 June 2018 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the periods ended 30 June 2018 to 27 June 2020.



**Randal Casson (Senior Statutory Auditor)**  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester

16 December 2020

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Governance Report

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE 52 WEEKS ENDED 27 JUNE 2020

	Note	52 weeks ended 27 June 2020 IFRS 16 £'000	52 weeks ended 29 June 2019 IAS 17 £'000
Revenue	2	110,074	151,404
Cost of sales		(26,571)	(36,643)
<b>Gross profit</b>		<b>83,503</b>	<b>114,761</b>
Operating expenses:			
– operating expenses, excluding exceptional items	2	(88,388)	(112,350)
– exceptional items	3	(27,770)	(7,127)
<b>Total operating expenses</b>	2	<b>(116,158)</b>	<b>(119,477)</b>
<b>Operating loss</b>	4	<b>(32,655)</b>	<b>(4,716)</b>
Finance expense	7	(4,934)	(858)
Exceptional finance income	7	5,869	–
<b>Loss before taxation</b>		<b>(31,720)</b>	<b>(5,574)</b>
Income tax	8	(3,461)	352
<b>Loss and total comprehensive expense for the period</b>		<b>(35,181)</b>	<b>(5,222)</b>
<b>Loss per share:</b>			
– basic and diluted (pence)	9	(70.3)	(10.4)
Dividend declared per share (pence)		–	–

<b>Non-GAAP measures</b>			
Revenue		110,074	151,404
<b>Operating loss</b>		<b>(32,655)</b>	<b>(4,716)</b>
Exceptional items		27,770	7,127
Charge/(credit) arising from long-term incentive plans		42	(64)
Bar opening costs	3	–	1,484
<b>Adjusted operating (loss)/profit</b>		<b>(4,843)</b>	<b>3,831</b>
Finance expense		(4,934)	(858)
<b>Adjusted (loss)/profit before tax</b>		<b>(9,777)</b>	<b>2,973</b>
Depreciation		14,612	7,230
Amortisation		1	–
Finance expense		4,934	858
<b>Adjusted EBITDA</b>		<b>9,770</b>	<b>11,061</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AT 27 JUNE 2020

	Note	27 June 2020 IFRS 16 £'000	29 June 2019 IAS 17 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Right-of-use assets	10	70,689	–
Property, plant and equipment	10	41,222	59,325
Intangible assets	11	20	9
		111,931	59,334
<b>Current assets</b>			
Inventories	12	3,593	4,086
Trade and other receivables	13	3,429	12,276
Tax receivable		50	51
Cash and cash equivalents	14	2,502	2,627
		9,574	19,040
<b>Total assets</b>		<b>121,505</b>	<b>78,374</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	(15,795)	(24,901)
Lease liabilities	16	(10,203)	–
Provisions	17	–	(1,269)
		(25,998)	(26,170)
<b>Net current liabilities</b>		<b>(16,424)</b>	<b>(7,130)</b>
<b>Non-current liabilities</b>			
Lease liabilities	16	(102,960)	–
Interest-bearing loans and borrowings	18	(24,500)	(17,500)
Deferred tax liability	19	–	(413)
Provisions	17	(1,019)	(9,687)
Rent-free creditor		–	(3,184)
		(128,479)	(30,784)
<b>Total liabilities</b>		<b>(154,477)</b>	<b>(56,954)</b>
<b>Net (liabilities)/assets</b>		<b>(32,972)</b>	<b>21,420</b>
<b>Equity attributable to equity holders of the parent</b>			
Share capital	20	50	50
Merger reserve		11,645	11,645
(Accumulated losses)/Retained earnings		(44,667)	9,725
<b>Total equity</b>		<b>(32,972)</b>	<b>21,420</b>

These financial statements were approved by the Board of Directors on 16 December 2020 and signed on its behalf by

  
Mike Foster  
Director

Registered number: 08838504

# **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** **FOR THE 52 WEEKS ENDED 27 JUNE 2020**

	Share capital £'000	Reserves		Total equity £'000
		Merger reserve £'000	Retained earnings/ (Accumulated losses) £'000	
<b>At 1 July 2018</b>	50	11,645	16,665	28,360
Loss and total comprehensive expense for the period	–	–	(5,222)	(5,222)
Credit arising from long-term incentive plans	–	–	(68)	(68)
Dividends paid	–	–	(1,650)	(1,650)
<b>At 29 June 2019 as originally presented</b>	50	11,645	9,725	21,420
Impact of change in accounting policy (note 26)	–	–	(23,127)	(23,127)
Tax impact of change in accounting policy	–	–	3,874	3,874
<b>At 29 June 2019 after adjustment</b>	50	11,645	(9,528)	2,167
Loss and total comprehensive expense for the period	–	–	(35,181)	(35,181)
Charge arising from long-term incentive plans (note 21)	–	–	42	42
<b>At 27 June 2020</b>	50	11,645	(44,667)	(32,972)

# CONSOLIDATED STATEMENT OF CASH FLOW FOR THE 52 WEEKS ENDED 27 JUNE 2020

	Note	52 weeks ended 27 June 2020 IFRS 16 £'000	52 weeks ended 29 June 2019 IAS 17 £'000
<b>Cash flow from operating activities</b>			
Loss before tax from operations		(31,720)	(5,574)
Adjustments for:			
Net finance expense	7	4,934	858
Exceptional finance income	7	(5,869)	–
Depreciation of property, plant and equipment	10	7,397	7,230
Depreciation of right-of-use assets	10	7,215	–
Impairment of property, plant and equipment	3	8,727	5,215
Impairment of right-of-use assets	3	19,566	–
Lease modification	3	(897)	–
Working Capital and Other movements	24	(2,883)	2,857
<b>Net cash flow generated from operating activities</b>		<b>6,470</b>	<b>10,586</b>
<b>Cash flow from investing activities</b>			
Purchase of intangible assets	11	(12)	(9)
Purchase of property, plant and equipment	10	(4,213)	(11,575)
<b>Net cash flow used in investing activities</b>		<b>(4,225)</b>	<b>(11,584)</b>
<b>Cash flow from financing activities</b>			
Equity dividends paid	23	–	(1,650)
Interest paid	7	(599)	(750)
Lease surrender premiums paid	7	(1,369)	–
Principal element of lease payments	16	(3,067)	–
Interest element of lease payments	16	(4,335)	–
Repayment of borrowings		(12,000)	(12,000)
Drawdown of borrowings		19,000	14,000
<b>Net cash outflow generated from financing activities</b>		<b>(2,370)</b>	<b>(400)</b>
Net decrease in cash and cash equivalents		(125)	(1,398)
Opening cash and cash equivalents		2,627	4,025
<b>Closing cash and cash equivalents</b>	14	<b>2,502</b>	<b>2,627</b>

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## FOR THE 52 WEEKS ENDED 27 JUNE 2020

### 1. GENERAL INFORMATION

#### Corporate information

The consolidated financial statements of Revolution Bars Group plc for the 52 weeks ended 27 June 2020 were authorised for issue by the Board of Directors on 16 December 2020. Revolution Bars Group plc is a public limited company incorporated and domiciled in the UK under the Companies Act 2006 and is registered in England and Wales. The Company is limited by shares on the London Stock Exchange. After the end of the reporting period and effective from 27 July 2020, the Company delisted from the premium segment of the Main Market and its shares were admitted to the AIM sub-market.

The registered number of the Group is 08838504 and its registered office is 21 Old Street, Ashton-under-Lyne, Tameside, England, OL6 6LA.

#### Statement of compliance

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU, as they apply to the financial statements of the Group for the 52 weeks ended 27 June 2020 (prior period 52 weeks ended 29 June 2019), and in accordance with the provisions of the Companies Act 2006.

#### Basis of preparation

The accounting period runs to the Saturday falling nearest to 30 June each year and therefore normally comprises a 52-week period but with a 53-week period arising approximately at five-year intervals. The period ended 27 June 2020 was a 52-week period; the period ended 29 June 2019 was also a 52-week period. The period end 3 July 2021 will be a 53-week period. The consolidated financial statements have been prepared under the historical cost convention in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. References to 2020 or FY20 relate to the 52-week period ended 27 June 2020 and references to 2019 or FY19 relate to the 52-week period ended 29 June 2019 unless otherwise stated. The consolidated financial statements are presented in Pounds Sterling with values rounded to the nearest thousand, except where otherwise indicated. These policies have been applied consistently unless otherwise stated.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of Revolution Bars Group plc and its subsidiaries. The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company with adjustments made to their financial statements to bring their accounting policies in line with those used by the Group.

The financial results of subsidiaries are included in the consolidated financial information from the date that control commences until the date that control ceases. The consolidated financial information presents the results of the companies within the same group. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial information. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Judgements made by the Directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period are discussed below.

#### Going concern

##### Going concern

The directors have adopted the going concern basis in preparing these financial statements after careful assessment of identified principal risks and, in particular, the possible adverse impact on financial performance, specifically on revenue and cash flows of restrictions imposed by the UK Government and the devolved authorities in response to COVID. The going concern status of the Company is intrinsically linked to that of the Group.

#### Liquidity

At the end of the reporting period, the Group had net bank debt of £22.0 million relative to a £30.0 million Revolving Credit Facility ('RCF') although terms were agreed with the Group's lending bank, NatWest, to increase the total debt facilities to £37.5 million by utilising the Coronavirus Large Business Interruption Loan Scheme ('CLBILS') loan of £16.5 million and using the proceeds of this loan to partially pay down the RCF and to reduce the RCF commitment to £21.0 million. The CLBILS loan, which is a three-year term loan amortising at £1.0 million per annum in equal monthly repayments, was drawn down shortly after the period end on 6 July 2020.

On 27 July 2020, the Company completed an equity fundraising of £15.0 million, the net proceeds of which were fully received by 3 August 2020 and used to repay the remaining outstanding balance of the RCF. At that date of repayment, the Group had CLBILS of £16.5m but £26.1 million of liquidity by way of cash at bank of £5.1 million and an undrawn committed RCF of £21.0 million. When the total debt facilities were increased to £37.5 million, it was agreed that, contingent on a successful equity fundraising, the debt facilities would be reduced by £7.5 million on 31 March 2021, this amount to be applied pro rata to the RCF and CLBILS. However, this reduction in facilities together with a previously agreed £1.0m reduction in the RCF at the end of June 2020 were amended by NatWest on 16 December 2020 in favour of an alternative amortisation profile of the facilities as follows:

Facility	Commitment	Expiry	Amortisation
RCF	£21.0m	30 June 2022	£1.6 million on 30 September 2021 and £1.0 million on 30 June 2022
CLBILS	£16.1m	5 July 2023	£0.4 million on 30 September 2021 and £1.0 million per annum in equal monthly instalments



In accordance with these arrangements and subject to compliance with financial covenants, the Group will have committed funding facilities available during the going concern assessment period as follows:

December 2020	£37.1 million
March 2021	£36.8 million
June 2021	£36.6 million
September 2021	£34.3 million
December 2021	£34.1 million
March 2022	£33.8 million

#### Current Net bank debt and available liquidity

At the date of these financial statements the Group's net bank debt was approximately £19.5 million, and therefore the Group has available liquidity of £17.6 million.

#### Covenants

The facilities are subject to one financial covenant only, which is that the Group is required to maintain minimum liquidity headroom between its net bank debt and the committed facilities on a six-month look forward basis. The required headroom under the covenant varies on a monthly basis, as it is set in conjunction with the modelling of a severe but plausible downside scenario (see below for further details), between £10.0 million at its highest at the end of December 2020 and £1.3 million at its lowest at the end of March 2021. The effect of the covenant is that the base case is within the covenant requirement, whereas the severe but plausible downside case is only slightly above the covenant level (i.e. has only very limited headroom over the covenant level) over the 2021 calendar period. Cash flow forecasts are updated daily and submitted to NatWest weekly and should two successive weekly forecasts show a breach of the minimum liquidity headroom, then the Group would need to consult with NatWest. If a solution to the breach cannot be agreed, for example by the granting of a waiver, or an amendment to the facilities then the bank could require the Group to take various actions that may determine the Group's future.

The Group has remained in close contact with NatWest since it became clear in late February that the COVID-19 pandemic ('COVID') could potentially have a significantly adverse effect on the Group's trading performance and cash generation. NatWest have been very supportive of the Group throughout this period providing support by amending debt facilities as required in April 2020 and in May 2020 and most recently for this going concern assessment period. NatWest also consented to the necessary facility waivers and adjustments to the covenant to allow the Company Voluntary Arrangement ('CVA') undertaken by the Group's wholly owned subsidiary entity, Revolution Bars Limited, in November 2020 to proceed.

#### Significant judgements and base case

The financing arrangements referred to in this going concern section are expected to provide a sufficient platform for the business to meet the trading uncertainty that lies ahead as the COVID immunisation programme is rolled out and the UK economy recovers from the devastation caused by COVID. During the last nine months, the Group's sales have been severely impacted by the operating restrictions imposed by the UK Government and the devolved authorities; half of that period being subject to a forced closure of all bars, and significant operating restrictions operating for the other half, including 10pm curfews (latterly moved to 11pm), reduced capacities, limited party sizes, table service only, and a banning of alcohol sales other than with a substantial meal. It is not clear what level of trade may be possible in the coming months although the UK Government has stated its intention to complete the COVID vaccination programme by Easter 2021, by which time it would seem reasonable to expect that all restrictions imposed since March 2020 will be significantly reduced. If that is indeed the case, then sales from April 2021 are likely to be influenced by the level of pent up demand and consumer confidence surrounding both the economy and health and safety. The directors believe that based on the Group's sales levels being better than anticipated following the reopening of venues in July 2020 and through to the end of September 2020 before the 10pm curfew was introduced, and the Group's target young adult customer groups being least affected by COVID, that consumer confidence and demand for the Group's product should not be a significant issue and it is reasonable to expect a return to historic trading levels once the COVID vaccination programme has been successfully delivered. However, the directors also acknowledge that the Group's sales remain vulnerable to factors that are entirely beyond its control, such as: (i) the degree of operating restrictions that remain in force when the current arrangements are reviewed and whilst the vaccination programme is being rolled-out and how quickly such restrictions may be lifted once that roll-out has been completed; (ii) a reliable supply of the vaccine; (iii) the take up of the vaccination programme; and (iv) that the vaccine works as expected.

The level of sales that the Group generates drives EBITDA and cash generation, which in turn impacts the level of liquidity required and compliance with the covenant test.

In reaching their assessment that the financing arrangements are expected to be sufficient for the business, the directors have reviewed a base case forecast scenario which assumes that the operational arrangements currently in force from 2 December remain in force until the end of March 2021 (Easter). Currently, the Group is trading only 33 of its bars: 1 in tier 1 and 32 in tier 2 locations, and therefore forecasts sales in the January 2021 to March 2021 quarter are expected to be at 16% of their historical pre-COVID levels. From April 2021 to June 2021, all 67 of the Group's bars are expected to be trading but with some operating restrictions still in force with sales forecast at an average 75% of their historical level before improving to 90% in July 2021 and August 2021 as all remaining restrictions are expected to be lifted with consumer confidence expected to increasingly return, with sales returning to normal historical levels for the remainder of 2021. Hence the Group's base case forecast scenario is for sales in calendar year 2021 to be at 73% of the levels achieved in the last 12 months pre-COVID. Operating margins in the early months of 2021 are forecast to be consistent with those achieved during the period of trading under severe operating restrictions in recent months but then slowly improving to pre-COVID levels over the remainder of 2021. The Group expects to continue to qualify for support from the UK Government through relief from business rates, a reduction in VAT from non-alcohol sales, and access to flexible furlough under the Coronavirus Job Retention Scheme through to the end of March 2021. £1.75 million of capital expenditure has been forecast for the 12 months to June 2021 including £0.5m to undertake three bar refurbishments between April 2021 and June 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

## FOR THE 52 WEEKS ENDED 27 JUNE 2020

### 1. GENERAL INFORMATION CONTINUED

Under the base case forecast, there is no forecast breach of the banking covenant. The forecast average amount of headroom for net bank debt relative to the minimum liquidity covenant between December 2020 and December 2022 is £4.5 million with the lowest point of £2.5 million in March 2021.

#### Severe but plausible downside scenario

The directors have also reviewed a severe but plausible downside scenario which assumes that the business is subject to an enforced lockdown (zero sales) until the end of March 2021 (Easter) with sales return at 60% of the normal historical pre-COVID levels between April 2021 and June 2021, after which trading is similar to the base case forecast for the remainder of 2021, as detailed above. Other assumptions regarding operating margins and support from the UK Government are also similar to the base case forecast scenario but the capital expenditure forecast for the 12 months to June 2021 is £0.5 million lower.

Under the severe but plausible downside scenario, net bank debt is approximately £2.5 million greater than under the base case forecast scenario. This adverse movement is relatively small because there is marginal EBITDA benefit in the base case from trading only one bar under tier 1 and 32 bars under tier 2 of the UK Government operating restrictions where alcohol sales are only permitted with a substantial meal. The severe but plausible downside scenario shows no forecast breach of the banking covenant but, as would be expected, the forecast average amount of net bank debt headroom relative to the minimum liquidity covenant between December 2020 and December 2021 is lower at £1.8 million with the lowest point of £1.2 million in March 2021.

The directors believe that there should be no further downside to the severe but plausible downside scenario for the period to the end of March 2021 given that no trade is forecast for this period, and that a sales forecast at 60% of historical pre-COVID levels for April 2021 to June 2021 is prudent relative to the same bars year-on-year sales performances achieved when bars were reopened between July 2020 and September 2020 prior to the introduction of the 10pm curfew and tier restrictions. If there is any residual risk not accounted for in the severe but plausible downside scenario, it is that if there is a significant problem with the vaccine efficacy or roll-out, that results in a delay to the reopening of bars in March 2021 or that severe ongoing restrictions continue whilst such a problem is resolved. Whilst there are currently no indications that this may be the case, the directors note the unprecedented scale and challenge of the vaccination roll-out is such that there can be no certainty that it will run completely to plan. However, the directors also believe that if severe operating restrictions remain in place after March 2021 the financial effects could potentially be mitigated wholly or partially by a number of factors that are not reflected in the severe but plausible downside scenario, but which are not all wholly within the control of the directors, including some trading pre March 2021, a further extension of the Coronavirus Job Retention Scheme beyond March 2021 may be made, further rent mitigation if discussions with a number of landlords conclude favourably, receipt of local authority grants as these are made available but which have not been included in the Group's forecasts, and any extension to business rates relief beyond April 2021.

The low level of liquidity headroom relative to the minimum liquidity covenant and the material uncertainty caused by COVID coupled with forecasting difficulties as a result of constantly changing operating restrictions means that the Group cannot be assured that it will not breach the minimum liquidity covenant. A breach of covenant would require the bank to grant a waiver or for the Company to renegotiate its banking facilities or raise funds from other sources, none of which is entirely within the Group's control. A breach of the covenant would also result in the reclassification of £24.5 million of non-current borrowings to current borrowings as at the date of the consolidation statement of financial position. The directors have assessed, however, that given a strong underlying business, particularly post lease surrenders of under-performing bars and the CVA undertaken during 2020, the Group's existing relationships with its main creditors, its success in recent years in obtaining covenant waivers and renegotiating its banking facilities and a recent equity fundraising, that a request for a waiver of a covenant breach or renegotiation of the banking facilities would be successful.

#### Going concern statement

The severe disruption to the Group's trade during the last nine months caused by COVID and the resultant and frequently changing operating restrictions imposed by the UK Government and the devolved authorities indicates the existence of a material uncertainty which may cast significant doubt over the ability of the Group and Company to continue as a going concern. This uncertainty exists because of the unpredictability of the nature, extent and duration of COVID, the vaccination programme, and the imposed operating restrictions in the calendar year 2021 and how this will impact the Group's operational performance and in particular the level of sales and EBITDA generated that will in turn determine the Group's covenant compliance.

Notwithstanding the material uncertainty, after due consideration the Directors have a reasonable expectation that the Company and the Group have sufficient resources to continue in operational existence for the period of 12 months from the date of approval of these financial statements. Accordingly, the financial statements continue to be prepared on the going concern basis. The financial statements do not contain the adjustments that would arise if the Group (and the Company) were unable to continue as a going concern.

#### (a) Accounting policies

##### Revenue recognition

Revenue is the fair value of goods and services sold to third parties as part of the Group's trading activities, net of discounts. Revenue primarily arises from the sale of food and beverage in the Group's trading outlet and is recognised at the point of delivery to the customer.

Revenue from the sale of discount cards is recognised consistent with customers' usage of the cards.

##### Expenses

##### Cost of sales

Cost of sales principally comprises the purchase cost of drinks and food sold.

**Supplier rebates**

Supplier rebates are recognised as a deduction from cost of sales on an accruals basis using the contractual terms and volumes supplied up to the statement of financial position date for each relevant supplier contract. Where rebates are conditional on long-term minimum volumes, management judgement is applied as to the achievement of those volumes. Accrued rebates receivable as at the date of the statement of financial position are included within trade and other receivables. Where listing fees received are conditional on a contractual term, the amounts are recognised over that term.

**Financing income and expenses**

- Financing expenses comprise interest payable on borrowings and other finance charges.
- Interest income and interest payable are recognised in the consolidated statement of profit or loss and other comprehensive income on an accruals basis, using the effective interest method.

**Taxation**

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case the tax is also recognised directly in equity.

Current tax is the expected tax payable or credit receivable on the taxable income or loss for the period using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

**Operating segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

Segment information is based on internal reports regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") in order to assess each segment's performance and to allocate resources to them. The CODM is the Board (see note 2).

**Share-based payments**

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period based on the Group's estimated number of shares that will vest. This is recognised as an employee expense or credit with a corresponding increase or decrease in equity. Fair value is evaluated using the Monte Carlo model for options subject to market-based performance conditions and by using the Black-Scholes model for options subject to any other performance condition.

**Exceptional items**

Items that are unusual or infrequent in nature and material in size are disclosed separately in the consolidated statement of profit or loss and other comprehensive income. The separate reporting of these items helps, in the opinion of the Directors, to provide a more accurate indication of the Group's underlying business performance. Exceptional items typically include impairments of property, plant and equipment and right-of-use assets, venue closure costs, significant contract termination costs and costs associated with major one-off projects. Charges related to share-based payment arrangements are not treated as exceptional but are excluded from the calculation of adjusted EBITDA due to significant variations in the annual charges/credits historically arising from senior employees with significant options leaving the business and changes to the probability of share options vesting.

**Bar opening costs**

Bar opening costs refer to revenue costs incurred in preparing a new bar for opening and include all costs incurred before opening and preparing for launch, even if the bar does not open in the reporting period. These costs are excluded from the calculation of adjusted EBITDA. The separate reporting of these items helps provide a more accurate indication of the Group's underlying business performance, which the Directors believe would otherwise be distorted due to the irregular timing of the opening of new bars.

**Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

**Trade and other receivables**

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. Receivables also include credit and debit card sales which have not reached the bank at the reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

## FOR THE 52 WEEKS ENDED 27 JUNE 2020

### 1. GENERAL INFORMATION CONTINUED

#### Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances at bank or held in the business and on-call deposits. Bank overdrafts repayable on demand and forming an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flow only.

#### Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

#### Share capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary Shares are recognised as a deduction from equity net of any related tax.

#### Merger reserve

The merger reserve arose due to the return of share capital related to the sale of a subsidiary business on 22 February 2014.

#### Property, plant and equipment

Property, plant and equipment are stated at historical purchase cost less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is charged to write-off the cost of assets over their estimated useful lives on the following bases:

Short leasehold premises and improvements	– Lower of 25 years or the unexpired term of the leasehold agreement on a straight-line basis for new bars, and the lower of 10 years or the unexpired term of the leasehold agreement on a straight-line basis for refurbishments at existing bars
IT equipment and office furniture	– 3 to 4 years on a straight-line basis
Fixtures and fittings in licensed premises	– 5 years on a straight-line basis

Freehold land is not depreciated.

Depreciation policies and useful economic lives are reviewed at each statement of financial position date.

Short leasehold costs include directly attributable employment costs and related personal expenses of individuals employed to manage or implement the Company's capital development programme.

#### Leases

Where the Company is a lessee, a right-of-use asset and lease liability are both recognised at the outset of the lease. Each lease liability is initially measured at the present value of the remaining lease payment obligations taking account of the likelihood of lease extension or break options being exercised. Each lease liability is subsequently adjusted to reflect imputed interest, payments made to the lessor and any modifications to the lease. The right-of-use asset is initially measured at cost, which comprises the amount of the lease liability, plus lease payments made at or before the commencement date adjusted by the amount of any prepaid or accrued lease payments, less any incentives received to enter in to the lease, plus any initial direct costs incurred by the Group to execute the lease, plus an estimate of any costs expected to be incurred at the end of the lease to dismantle or restore the asset, and less any onerous lease provision. The right-of-use asset is depreciated in accordance with the Group's accounting policy on property, plant and equipment. The amount charged to the income statement comprises the depreciation of the right-of-use asset and the imputed interest on the lease liability.

The Company has utilised the practical expedient to not assess whether rent waivers agreed as a result of COVID-19 are lease modifications.

#### Impairment of tangible fixed assets and right-of-use assets

At each statement of financial position date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication of an impairment loss. The carrying amount of assets that do not directly generate cash flows are allocated to other cash generating units ("CGUs") to which it is related as part of the impairment testing of those CGUs.

Impairment testing is performed by reference to establishing the recoverable amount of an asset. The recoverable amount is the higher of fair value less costs to sell, and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted. If the recoverable amount of an asset (or CGU) is estimated to be less than the asset's carrying amount, the carrying amount is reduced to the recoverable amount. An impairment loss is recognised as an expense immediately.

#### Intangible assets

Intangible assets comprise capitalised trademark licences and are recognised at cost. They have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated on a straight-line basis to allocate the cost of intangible assets over their estimated useful life of ten years.

### Inventories

Inventories are stated at the lower of cost and net realisable value, with due allowance being made for obsolete or slow-moving items. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and other costs in bringing them to their existing location and condition. Cost is stated net of supplier volume rebates. Inventories include a value for small value sundry consumable items associated with delivering product to customers. The most significant of these consumables are glassware, cutlery and crockery, sundry bar equipment and product garnishes. The initial cost of these items on opening a new bar is attributed to inventory but any ongoing expenditure to replace or replenish such items is expensed.

Net realisable value is the estimated selling price less further costs expected to be incurred prior to sale or disposal.

### Employee benefits

#### Defined contribution pension plans

A defined contribution pension plan is a post-employment benefit plan towards which the Group pays fixed contributions to a separate entity as part of an employee's contractual arrangement whilst they remain in the Group's employment. The Group has no legal or constructive obligation to pay further amounts to such pension plans. Obligations for contributions to defined contribution pension plans are recognised as an expense in the consolidated statement of profit or loss and other comprehensive income in the periods during which services are rendered by employees.

#### Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for amounts expected to be paid under short-term cash bonus and profit-sharing plans if the Group has a present legal or constructive obligation to pay such amounts as a result of past service provided by the employee and the obligation can be estimated reliably.

### Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event which can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

When valuations of leasehold properties (based on future estimated income streams) give rise to a deficit as a result of onerous lease conditions they are recognised as provisions. These provisions are measured at the present value of the expenditure expected to be required to settle the future contractual payment obligations using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The key assumptions used in the discounted cash flow calculations are the discount and inflation rates and the market rents, vacant periods and future trading income relating to such properties. Onerous lease provisions are no longer applicable under IFRS 16 and were absorbed into the right-of-use asset upon implementation.

The Group provides for those costs that are considered to be unavoidable prior to lease termination; dilapidation costs are provided for against all leasehold properties across the entire estate.

### COVID-19 accounting policies

As has been the case for all hospitality businesses during the COVID-19 pandemic, the Group's trading venues were subject to a UK government enforced lockdown effective from 20 March 2020 and which remained in place at the end of the reporting period. During this period, the Group has been unable to trade and therefore has generated zero income. Recognising this the UK government has made available certain reliefs and support schemes from which the Group has been able to benefit. Given the temporary nature of these reliefs and their material impact on the reported performance of the Group, relevant accounting policies are set out below.

The directors have considered whether the collective benefit of government support to counter the impact of 'COVID-19' should be reported as an Exceptional credit but given the severe impact of the pandemic on the underlying trading numbers and that the reliefs were introduced by government to mitigate the trading impact, the directors do not believe that to do so would be meaningful. Support during the COVID lockdown has come in many different forms and from a number of stakeholders, including suppliers and landlords, not just government, and therefore, given that all of that support is inextricably linked to the prevailing imposed lockdown and operating restrictions the directors are of the opinion that to identify all forms of support is impractical and not meaningful. However, where notes to the financial statements lend themselves to cross-referencing and quantifying external support such as the disclosures of payroll and rent information, additional information has been given.

### Furlough and the Coronavirus Job Retention Scheme (CJRS)

The Group has utilised the CJRS extensively throughout the period of lockdown. The scheme allows 80% of the normal earnings of individuals who have been furloughed, up to a cap of £2,500 per month per employee. The Group pays the furlough wages and then lodges a claim to government for reimbursement. Typically, the claims have been made at four weekly intervals shortly after each four-week payroll cycle. The government claim is accounted for on an accruals basis and therefore in the consolidated statement of profit or loss matches the furlough wages. Unpaid claims to government are included in Trade and other receivables in the consolidated statement of financial position.

### Rates holiday and government grants

The government has provided relief for general rates by way of a rates holiday for hospitality businesses for the 20/21 fiscal year; accordingly, no rates charges have been recorded for the final quarter of FY20 and charges will not resume until the final quarter of FY21. Furthermore, the government has provided funding for grants of £25,000 per eligible site for sites with a rateable value below £51,000. The Group has two eligible sites but only one grant was received in FY20 and is being spread over the fiscal year.

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

## FOR THE 52 WEEKS ENDED 27 JUNE 2020

### 1. GENERAL INFORMATION CONTINUED

#### Inventory provision

The long duration of the enforced closure inventory has resulted in inventory product for resale going out of date and the wasting of opened kegs and bottles and certain food-lines. The Group has also taken the opportunity during the lock-down period to rationalise and simplify its food and drink menus in the expectation that speed of service will be even more important and sales volumes will be lower when a resumption of business is possible. Most breweries have agreed to replace full out of date kegs that were delivered in the two weeks preceding lockdown free of charge but nevertheless there remains significant waste. Accordingly, provisions have been made against both products for resale and consumable stocks to reflect the expected wastage and obsolescence following the menu changes. Please see Note 12 for further details.

#### VAT and PAYE deferrals

VAT and PAYE liabilities that fell due between the 18 March and the end of June were deferred with the approval of HMRC. PAYE due on furlough wages funded by government has not been deferred. The Group took advantage of this scheme to further support the cash position during uncertain times. As at 27 June 2020, £2.1 million of VAT and £1.6 million of PAYE had been deferred and must be repaid before the end of the 20/21 fiscal year.

#### Rent concessions

Given the level of uncertainty around trading and financing arrangements in the immediate aftermath of the lockdown imposition, the Group did not pay March rents falling due on the quarter day. The government's introduction of a short-term moratorium to prevent the forfeiture of leases by landlords and the subsequent publishing of a 'Code of Conduct' setting out best practice for how landlord and tenant should work together has resulted in dialogue with landlords. As at 27 June 2020, agreements had been reached with the landlords of 11 of the Group's trading properties to waive £369k of rent relating to the FY20 financial period. Discussions are continuing with many other landlords and the Group has made clear to all other landlords that it remains open to discussions as to how the Group's rental burden can be mitigated during the lockdown period and whilst operating restrictions remain in place. Most of the rent due in respect of both the March and June quarters remains unpaid.

Only those rental concessions agreed with landlords prior to the end of the FY20 reporting period have been accounted for within the reporting period. Rent-free periods or reduced rental periods that are in effect a gift from the landlord with nothing given in exchange are treated as an immediate relief of rent. However, where the rental concession is in exchange for an extension to the term of a lease or for some other structural change to the terms of the lease, it is treated as a lease modification and the benefit of the concession is recognised in the P&L over the full remaining term of the lease.

Due to the UK Government enforced closure resulting from COVID-19, management has engaged with landlords to secure rent relief during this period. As at the date of the financial statements, reduced rent payments have been agreed in respect of 35 bars. Of these agreements, £2.4 million amounts to straight rent waivers of which £0.4 million was credited to the profit and loss in FY20, with the remaining crediting to future years. Further short term payment relief of £1.7 million has been agreed as a result of lease regears, which have typically involved any of: an extension to the lease term; the insertion of a future landlord only break right; or the removal of a tenant only break right. All amounts stated are estimated given that certain agreements include turnover rents. A Company Voluntary Arrangement ('CVA') was conducted after period end also; this has been treated as a non-adjusting post balance sheet event. Please see note 26 for further details.

#### (b) Critical judgements and key sources of estimation and uncertainty

The preparation of consolidated financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results in due course may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the revision takes place and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation and uncertainty at the date of the statement of financial position that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial period are set out below.

The directors consider the principal judgements made in the Financial Statements to be:

#### Judgements made in assessing the impact of COVID-19 on the financial statements

We have exercised judgement in evaluating the impact of COVID-19 on the financial statements. The areas identified are as follows:

- Going concern, where assumptions have been made as to the likelihood of further spikes in COVID-19 and the ongoing operating restrictions impacting all hospitality businesses;
- Impact on future cash flows included within the value in use calculations used in impairment assessments;
- IFRS 9, where an increased Expected Credit Loss rate has been increased from 1% to 2% to reflect the enhanced risk of supplier failure (collecting rebates).

#### Exceptional items, bar opening costs and share-based payments: adjusted profitability measures

Management uses a range of measures to monitor and assess the Group's financial performance. These measures include a combination of statutory measures calculated in accordance with IFRS and alternative performance measures ("APMs"). These APMs include the following adjusted measures of profitability:

- adjusted operating profit before exceptional items, bar opening costs and share-based payments;
- adjusted profit before tax before exceptional items, bar opening costs and share-based payments;
- adjusted earnings before interest, tax, depreciation and amortisation before exceptional items, bar opening costs and share-based payments ("adjusted EBITDA"); and
- adjusted basic earnings per share before exceptional items, bar opening costs and share-based payments.

The Directors believe that these measures provide management and investors with useful additional information on the Group's performance. The above measures represent the equivalent IFRS measures but are adjusted to exclude items that the Directors consider may prevent a relevant comparison of the Group's performance both from one reporting period to another and with other similar businesses.

These items are not defined under IFRS and as such there is judgement applied in the classification of items as exceptional. Exceptional items are classified as those which are separately identifiable by virtue of their size, nature or expected frequency and therefore warrant separate presentation. Bar opening costs are another item that the Directors consider should be presented separately to allow a better understanding of the underlying performance of the business. Presentation of these measures is not intended to be a substitute for or to promote them above statutory measures.

The Group's consolidated statement of profit or loss and other comprehensive income provides a reconciliation of the adjusted profitability measures, excluding exceptional and other non-underlying items to the equivalent unadjusted IFRS measures.

Bar opening costs comprise non-recurring bar opening costs, which are costs incurred between a bar being acquired and commencement of trading. It predominantly includes property overheads and staff recruitment, payroll and training costs.

Exceptional items and bar opening costs are further detailed in note 3 to the financial statements.

Items considered to be exceptional or bar opening costs that are separately identified in order to aid comparability may include the following:

- costs incurred in association with business combinations, such as legal and professional fees and stamp duty;
- costs incurred in respect of termination of director's contracts;
- impairment charges in respect of tangible assets as a result of bar underperformances; and
- provisions for onerous leases.

Charges/credits relating to share-based payments arising from the Group's long-term incentive schemes are not considered to be exceptional but are separately identified due to the scope for significant variation in charges/credits due to changes in senior management and the probability of share options vesting amongst other factors.

#### Capitalisation of employment costs

The Company capitalises employment costs and related personal expenses of individuals whose job roles are fundamentally associated with managing or implementing the Company's capital development programme. Judgement is therefore applied in determining the element of internal employment costs which are directly attributable to capital projects. Where such an individual undertakes non-capital expenditure related activities as part of their job role then that proportion of their cost is not capitalised unless the non-capital expenditure related activities are incidental to their role.

The directors consider the principal estimates made in the Financial Statements to be:

#### Recoverable amount of property, plant and equipment and right-of-use assets (note 10)

Assets that are subject to depreciation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its estimated recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an investment of equivalent risk. For an asset that does not generate an independent income stream, the recoverable amount is determined in conjunction with the cash generating units ("CGU") to which the asset relates.

Determining value in use requires a series of estimates to be made including an appropriate discount rate to calculate the present value, an estimate of the cash flows expected to arise from the CGU (including an assessment of revenue and cost base growth) and a long-term growth rate. The possibilities of a second lockdown, development of vaccines, and other government support schemes were considered in these assessments, although not included as part of the central estimate used. For further details of the sensitivity of the calculation of impairment provisions to these key assumptions, see Note 10.

The key assumptions in the value in use calculation are the applicable discount rate of 8.2 per cent (2019: 11.7 per cent) and long-term revenue and cost base growth rates of 1 per cent (2019: 2 per cent).

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

## FOR THE 52 WEEKS ENDED 27 JUNE 2020

### 1. GENERAL INFORMATION CONTINUED

#### (c) New and amended standards adopted by the Group

The Group applied the following standards and amendments for the first time in the annual reporting period commencing 30 June 2019:

- IFRS 16 Leases

The adoption of this standard has materially impacted the Group Consolidated Financial Statements. Note 26 provides further details.

#### (d) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting period ended 27 June 2020 and have not been early adopted by the Group.

- Amendments to IAS 1 Presentation of financial statements, and IAS 8 Accounting policies, changes in accounting estimates and errors' definition of material; and
- Amendments to the conceptual framework.

### 2. SEGMENTAL INFORMATION

The Group's continuing operating businesses are organised and managed as reportable business segments according to the information used by the Group's Chief Operating Decision maker ("CODM") in its decision making and reporting structure.

The Group's internal management reporting is focused predominantly on revenue and adjusted EBITDA, as these are the principal performance measures and drives the allocation of resources. The CODM receives information by trading venue, each of which is considered to be an operating segment. All operating segments have similar characteristics and, in accordance with IFRS 8, are aggregated to form an 'Ongoing business' reportable segment. Within the ongoing business, assets and liabilities cannot be allocated to individual operating segments and are not used by the CODM for making operating and resource allocation decisions.

The Group performs all its activities in the United Kingdom. All the Group's non-current assets are located in the United Kingdom. Revenue is earned from the sale of drink and food with a small amount of admission income.

	52 weeks ended 27 June 2020 IFRS 16 £'000	52 weeks ended 29 June 2019 IAS 17 £'000
Revenue	110,074	151,404
Cost of sales	(26,571)	(36,643)
<b>Gross profit</b>	<b>83,503</b>	<b>114,761</b>
Operating expenses:		
– operating expenses excluding exceptional items	(88,388)	(112,350)
– exceptional items	(27,770)	(7,127)
<b>Total operating expenses</b>	<b>(116,158)</b>	<b>(119,477)</b>
<b>Operating loss</b>	<b>(32,655)</b>	<b>(4,716)</b>

Depreciation is disclosed in note 4.

### 3. OPERATING EXPENSES

	52 weeks ended 27 June 2020 IFRS 16 £'000	52 weeks ended 29 June 2019 IAS 17 £'000
Sales and distribution	101,161	106,503
Administrative expenses	14,997	12,974
<b>Total operating expenses</b>	<b>116,158</b>	<b>119,477</b>



### Exceptional items

Exceptional items, by virtue of their size, incidence or nature, are disclosed separately in order to allow a better understanding of the underlying trading performance of the Group. Exceptional (credits)/charges comprised the following:

		52 weeks ended 27 June 2020 IFRS 16 £'000	52 weeks ended 29 June 2019 IAS 17 £'000
	Note		
Administrative expenses:			
– impairment of right-of-use assets		19,566	–
– impairment of property, plant and equipment		8,727	5,215
– lease modification		(897)	–
– delist from Main market and admission to AIM	27	371	–
– movement on onerous lease provisions		–	1,912
– other		3	–
<b>Total exceptional items</b>		<b>27,770</b>	<b>7,127</b>

Following implementation of IFRS 16, impairment reviews now also include right-of-use assets relating to leases. The net book value of property, plant and equipment at 37 of the Group's bars (2019: 26) was written down, including right-of-use asset write-downs at 37 bars. Eight of these bars had not been subject to impairment charges previously. The impairment charge is attributable to the combined effect of the creation of the right-of-use asset and the impact of COVID-19 on trading performance. The directors considered that trading at these bars is unlikely to recover in the foreseeable future to a level that would justify their current book value.

A gain on modification of leases was recognised where the respective IFRS 16 creditors had reduced following a reduction in rental amount or length of lease. Where a lease modification reduces the scope of a lease, the gain is netted against the related right-of-use asset. Where the right-of-use asset is fully impaired, the gain is taken as a credit to administrative expenses.

Following adoption of IFRS 16, which requires the carrying value of the right-of-use asset to be assessed at each balance sheet date, onerous lease provisions are no longer relevant and accordingly all existing provisions have been incorporated as part of the opening adjustments on implementation of IFRS 16.

	52 weeks ended 27 June 2020 IFRS 16 £'000	52 weeks ended 29 June 2019 IAS 17 £'000
Bar opening costs	–	1,484

Bar opening costs relate to costs incurred in getting new bars fully operational and primarily include costs incurred before the opening and preparing for launch, even if the bars do not open in the period. The most substantial parts of the cost are for rent and rates incurred between the start of the lease and opening. In the 52 weeks ended 27 June 2020, no new bars were opened (2019: five) following a period of consolidation.

## 4. GROUP OPERATING LOSS

Group operating loss is stated after charging:

	52 weeks ended 27 June 2020 IFRS 16 £'000	52 weeks ended 29 June 2019 IAS 17 £'000
Depreciation of property, plant and equipment	7,397	7,230
Depreciation of right-of-use assets	7,215	–
Impairment of property, plant and equipment	8,727	5,215
Impairment of right-of-use assets	19,566	–
Amortisation of intangibles	1	–
Auditors' remuneration:		
– audit fees payable to the Company's auditors for the audit of these financial statements	151	149
Fees payable to the Company's auditors for:		
– audit of financial statements of subsidiary companies	76	35
– interim review	21	21

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

CONTINUED

## FOR THE 52 WEEKS ENDED 27 JUNE 2020

### 5. STAFF NUMBERS AND COSTS

The average monthly number of employees during each period, analysed by category, was as follows:

	52 weeks ended 27 June 2020 IFRS 16 Number	52 weeks ended 29 June 2019 IAS 17 Number
Administrative	98	100
Operational	2,870	3,267
	2,968	3,367

The aggregate payroll costs were as follows:

	52 weeks ended 27 June 2020 IFRS 16 £'000	52 weeks ended 29 June 2019 IAS 17 £'000
Wages and salaries	32,821	44,606
Social security costs	2,339	2,101
Other pension costs	597	401
Share-based payment charge/(credit) (note 21)	42	(64)
	35,799	47,044

Aggregate payroll costs include £0.3 million (2019: £0.5 million) capitalised as property, plant and equipment, and are net of £7.6 million of Coronavirus Job Retention Scheme grants received.

In the 52 weeks ended 27 June 2020, aggregate payroll costs included £7.6 million reclaimed from the UK Government in accordance with the rules of the Corona Virus Job Retention Scheme.

### 6. DIRECTORS' REMUNERATION

	52 weeks ended 27 June 2020 IFRS 16 £'000	52 weeks ended 29 June 2019 IAS 17 £'000
Aggregate emoluments	668	893
Pension contributions to money purchase schemes <sup>1</sup>	42	44
	710	937
<b>Emoluments in respect of the highest paid Director</b>		
Aggregate emoluments	327	366
Pension contributions to money purchase schemes <sup>1</sup>	42	44
	369	410

<sup>1</sup> Includes salary enhancements made in lieu of pension contributions due to pension caps.

One Director (2019: one) was enrolled in a defined contribution pension scheme in the period. In addition to the above, £353k (2019: £676k) of long-term incentive share options were awarded to the highest paid Director in the period.

The Directors agreed a reduction in salary of 50% to mitigate the impact of COVID-19; please see the Directors' Remuneration Report on page 50 for further information.

## 7. FINANCE EXPENSE AND INCOME

	52 weeks ended 27 June 2020 IFRS 16 £'000	52 weeks ended 29 June 2019 IAS 17 £'000
Interest payable on bank loans and overdrafts	599	750
Interest on lease liabilities	4,335	–
Interest on onerous lease provisions	–	108
Interest payable	4,934	858

	52 weeks ended 27 June 2020 IFRS 16 £'000	52 weeks ended 29 June 2019 IAS 17 £'000
Gross gain on disposal	(8,893)	–
Surrender premiums paid in year	1,369	–
Related surrender costs paid in year	405	–
Surrender premiums to be paid	1,250	–
<b>Total exceptional finance income</b>	<b>(5,869)</b>	<b>–</b>

During the period, the Group closed five bars (Liverpool Wood Street, Swansea, Macclesfield, Lincoln, and Fallowfield). The leases for each of these sites other than Swansea, together with the Group's two other non-trading properties (Lancaster and Wolverhampton that closed in 2014) were surrendered.

Exceptional gains on disposal occurred in respect of these lease surrenders as a result of extinguishing IFRS 16 lease liabilities, and is net of surrender premiums paid and payable to landlords; this net position is classified as exceptional finance income.

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

CONTINUED

## FOR THE 52 WEEKS ENDED 27 JUNE 2020

### 8. INCOME TAX

The major components of the Group's tax credit for each period are:

	52 weeks ended 27 June 2020 IFRS 16 £'000	52 weeks ended 29 June 2019 IAS 17 £'000
<b>Analysis of credit in the period</b>		
<b>Current tax</b>		
UK corporation tax on the loss for the period	–	–
Adjustment in respect of prior periods	–	(74)
	–	(74)
<b>Deferred tax – Profit and loss account</b>		
Origination and reversal of timing differences	(413)	(278)
IFRS 16 deferred tax unwinding	310	–
Write-off of IFRS 16 deferred tax asset	3,564	–
	3,461	(278)
<b>Deferred tax – Reserves</b>		
Tax impact of change in accounting policy	(3,874)	–
Total deferred tax	(413)	(278)
Total tax credit	(413)	(352)
<b>Factors affecting current tax credit for the period</b>		
Loss before taxation	(31,720)	(5,574)
Loss at standard rate of UK corporation tax (2020: 19.0%; 2019: 19.0%)	(6,027)	(1,059)
<b>Effects of:</b>		
– expenses not deductible for tax and other permanent differences	1,463	706
– adjustment in respect of prior periods	(111)	(32)
– changes in expected tax rates on deferred tax balances	3	33
– deferred tax not recognised	8,133	–
<b>Total tax charge/(credit) for the period</b>	<b>3,461</b>	<b>(352)</b>

At 27 June 2020, the Group has carried forward tax losses of £13.8 million (2019: £2.8 million) available to offset against future losses for which no deferred tax asset has been recognised (2019: £484k recognised), and has also not recognised a deferred tax asset in relation to disclaimed capital allowances of £0.7 million (2019: £0.9 million deferred tax liability recognised).

The Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. The Group has recognised deferred tax in relation to UK companies at 19% accordingly.

## 9. LOSS PER SHARE

The calculation of loss per Ordinary Share is based on the results for the period, as set out below.

	52 weeks ended 27 June 2020 IFRS 16	52 weeks ended 29 June 2019 IAS 17
Loss for the period (£'000)	(35,181)	(5,222)
Weighted average number of shares – basic and diluted ('000)	50,029	50,029
Basic loss per Ordinary Share (pence)	(70.3)	(10.4)

Loss for the period was impacted by one-off exceptional costs and bar opening costs. A calculation of adjusted earnings per Ordinary Share is set out below.

	52 weeks ended 27 June 2020 IFRS 16 £'000	52 weeks ended 29 June 2019 IAS 17 £'000
<b>Adjusted EPS</b>		
Loss on ordinary activities before taxation	(31,720)	(5,574)
Exceptional items, share-based payments and bar opening costs	27,812	8,547
Exceptional finance income	(5,869)	-
Adjusted (loss)/profit on ordinary activities before taxation	(9,777)	2,973
Taxation (charge)/credit on ordinary activities	(3,461)	352
Taxation on exceptional items and bar opening costs	(5,447)	(1,636)
Adjusted (loss)/profit on ordinary activities after taxation	(18,685)	1,689
Basic and diluted number of shares ('000)	50,029	50,029
Adjusted basic and diluted (loss)/earnings per share (pence)	(37.3)	3.4

On the 27th July 2020 an additional 75,017,495 of shares were issued as part of the Group's admission to AIM and Fundraising, taking the total issued share capital to 125,046,654. If the share Fundraising had occurred before period end this would have changed the number of ordinary shares significantly.

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

CONTINUED

## FOR THE 52 WEEKS ENDED 27 JUNE 2020

### 10. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Property, plant and equipment – Group	Freehold land and buildings £'000	Short leasehold premises £'000	Fixtures and fittings £'000	IT equipment and office furniture £'000	Total £'000
<b>Cost</b>					
At 1 July 2018	1,426	74,719	49,762	7,608	133,515
Additions	–	6,149	4,817	609	11,575
At 29 June 2019	1,426	80,868	54,579	8,217	145,090
Additions	–	1,872	1,667	674	4,213
<b>At 27 June 2020</b>	<b>1,426</b>	<b>82,740</b>	<b>56,246</b>	<b>8,891</b>	<b>149,303</b>
<b>Accumulated depreciation and impairment</b>					
At 1 July 2018	(1,216)	(27,458)	(38,479)	(6,167)	(73,320)
Provided in the period	–	(3,977)	(2,491)	(762)	(7,230)
Impairment charges	–	(3,755)	(1,433)	(27)	(5,215)
At 29 June 2019	(1,216)	(35,190)	(42,403)	(6,956)	(85,765)
Provided in the period	–	(3,709)	(2,880)	(808)	(7,397)
Impairment charges	–	(11,853)	(2,997)	(69)	(14,919)
<b>At 27 June 2020</b>	<b>(1,216)</b>	<b>(50,752)</b>	<b>(48,280)</b>	<b>(7,833)</b>	<b>(108,081)</b>
<b>Net book value</b>					
<b>At 27 June 2020</b>	<b>210</b>	<b>31,988</b>	<b>7,966</b>	<b>1,058</b>	<b>41,222</b>
At 29 June 2019	210	45,678	12,176	1,261	59,325
At 30 June 2018	210	47,261	11,283	1,441	60,195

Right-of-use assets – Group	Short leasehold premises £'000	Vehicles £'000	Total £'000
<b>Cost</b>			
At 29 June 2019	–	–	–
Recognition of right-of-use assets	94,268	398	94,666
Right-of-use assets recognised at 30 June 2019	94,268	398	94,666
Reassessment/modification of assets previously recognised	2,767	10	2,777
Additions	–	27	27
<b>At 27 June 2020</b>	<b>97,035</b>	<b>435</b>	<b>97,470</b>
<b>Accumulated depreciation and impairment</b>			
At 30 June 2019	–	–	–
Provided in the period	(7,035)	(180)	(7,215)
Impairment charges	(19,566)	–	(19,566)
<b>At 27 June 2020</b>	<b>(26,601)</b>	<b>(180)</b>	<b>(26,781)</b>
<b>Net book value</b>			
<b>At 27 June 2020</b>	<b>70,434</b>	<b>255</b>	<b>70,689</b>
At 30 June 2019	94,268	398	94,666

The reassessment/modification of leases relates to changes in rent and extensions to lease terms agreed during the reporting period to 27 June 2020 for leases that were in place on 30 June 2019 following the adoption of IFRS 16. Depreciation and impairment of property, plant and equipment and right-of-use assets are recognised in operating expenses in the consolidated statement of profit or loss and other comprehensive income, aside from £6.2 million of property, plant and equipment impairment that was incurred as part of IFRS 16 implementation and was charged to opening reserves.

The Group has determined that for the purposes of impairment testing, each bar is a cash generating unit ("CGU"). The bars are tested for impairment in accordance with IAS 36 "Impairment of Assets" when a triggering event is identified. The recoverable amounts for CGUs are predominantly based on value in use, which is derived from the forecast cash flows generated to the end of the lease term discounted at the Group's weighted average cost of capital.

In the 52 weeks ended 27 June 2020, the Group impaired the property, plant and equipment of 37 CGUs (2019: 26 CGUs) and the right-of-use assets of 37 CGUs, either partially or in full, based on the value in use of the CGU being lower than the prevailing net book value. When an impairment loss is recognised, the asset's adjusted carrying value is depreciated over its remaining useful economic life.

#### Impairment testing methodology

At the end each reporting period, a filter test is used to identify whether the carrying value of a CGU is potentially impaired. This test compares a multiple of run rate EBITDA, adjusted for an allocation of central overheads, to the carrying value of the CGU. If this test indicates a potential impairment, a more detailed value in use review is undertaken using cash flows based on Board-approved forecasts covering a three-year period. These forecasts combine management's understanding of historical performance and knowledge of local market environments and competitive conditions to set realistic views for future growth rates. Cash flows beyond this three-year period are extrapolated using a long-term growth rate to the end of the lease term. The cash flows assume a 5-year refurb cycle, with an increase in revenue factored after refurbishments based on historical refurbishment outcomes.

Historically, the multiple of earnings applied in the filter test has been multiplied by the shorter of the remaining lease term or eight years. However, in the current period, a lower multiple of seven has been used in recognition of the severely adverse trading impact of COVID raising the prospect of more widespread CGU impairments that may only be revealed by detailed value in use reviews. Using the lower multiple naturally flags more CGUs for the more detailed value in use review.

The key assumptions in the value in use calculations are typically the cash flows contained within the Group's trading forecasts, the long-term growth rate and the risk-adjusted pre-tax discount rate as follows:

- Trading performance across all venues in FY21 will be adversely impacted by the ongoing operating restrictions imposed to mitigate the health risks of COVID. At the balance sheet date and in the period immediately following during which these financial statements were prepared it was extremely difficult to forecast reliably on an individual venue basis given many unknown factors including precise reopening dates for each venue, the government's timetable for lifting operating restrictions, and indeed what turns the pandemic and all the associated factors such as government response and vaccines, would take. The Group modelled a number of scenarios at a macro level that were used extensively as part of the admission to AIM and equity fundraise process in June/July 2020 and this included a 'base case' that assumed all venues reopening in August 2020 and trading at 55% of last year levels slowly rising by 5% of last year during September 2020 and October 2020 before jumping more significantly to 85% in November 2020 and 90% in December 2020 and not getting to 100% of historical trading revenues until June 2021. The most fundamental factor in the leap in performance between October 2020 and November 2020 was an assumed lifting of government imposed operating restrictions that would enable the Group's late-night business to operate freely. As well as a 'Base case' model, a 'Reasonable worst-case' model was also used, which assumed the Group's venues would be unable to reopen until November 2020 but that this would be without the imposition of operating restrictions; hence November was modelled at 75% of last year sales and December at 80% with a gradual increase during the first six months of calendar year 2021 to also reach 100% of historical revenues by June 2021. The difference between the two models in terms of FY21 EBITDA amounted to c£2m; this number was not as significant as may have been expected because many venues do not generate EBITDA operating at c60% of last year's sales levels (assumed average for August to October in the Base case) and therefore makes little difference to individual venue impairment calculations.

Management continue to believe that the Base case used for the admission to AIM and equity fundraise process in June/July 2020, and which was the subject of a working capital report by an independent reporting accountant, provided the most appropriate basis at the year-end for considering whether the assets were impaired at the balance sheet date and, therefore, has adopted these assumptions in all of the detailed value in use reviews.

Clearly, much has happened since the balance sheet date including better than the assumed trading performance at venues reopened between July and September but weaker trading than expected following the imposition of the 10 pm curfew from the end of September and subsequently the introduction of various tier systems and further periods of complete lockdown. There have been significant variations in trading across this period and there remains significant uncertainty as to the trading potential of the next few months. One feature that the base case did not have was another full lockdown and the impact of this is assessed under the sensitivity analysis section of this note. We estimate that a typical equivalent month used for sensitivity purposes results in approximately £11.2 million of sales and £0.4 million of adjusted EBITDA. The absence of such a month's operations in our impairment forecast would likely amount to circa £1.4 million of additional impairment.

- The long-term growth rate has been applied from July 2021 at 1.0 per cent (2019: 2.0 per cent).
- Pre-tax discount rate: 8.2 per cent (2019: 11.7 per cent) based on the Group's weighted average cost of capital.

Sensitivity analysis has been performed on each of the long-term growth rate and pre-tax discount rate assumptions with other variables held constant. Increasing the pre-tax discount rate by 1 per cent would result in additional impairments of £2.7 million. A 0.1 per cent decrease in the long-term growth rate would result in additional impairments of £1.1 million. As referred to above, a November lockdown period, removing all sales during that period would result in an increase in the impairment charge of circa £1.4 million.

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

## FOR THE 52 WEEKS ENDED 27 JUNE 2020

### 11. INTANGIBLE ASSETS

Group	Total £'000
<b>Cost</b>	
At 1 July 2018	–
Additions	9
At 29 June 2019	9
Additions	12
<b>At 27 June 2020</b>	<b>21</b>
<b>Accumulated amortisation</b>	
At 1 July 2018	–
Provided in the period	–
At 29 June 2019	–
Provided in the period	(1)
<b>At 27 June 2020</b>	<b>(1)</b>
<b>Net book value</b>	
<b>At 27 June 2020</b>	<b>20</b>
At 29 June 2019	9
At 30 June 2018	–

Trademarks are amortised over their estimated useful lives, which is 10 years. Amortisation is charged within operating expenses in the statement of profit or loss and other comprehensive income.

### 12. INVENTORIES

	27 June 2020 IFRS 16 £'000	29 June 2019 IAS 17 £'000
Goods held for resale	2,525	2,337
Sundry stocks	1,068	1,749
	<b>3,593</b>	<b>4,086</b>

Sundry stocks include items such as glasses, packaging, uniform and drinks decorations.

The cost of inventories is recognised as an expense in cost of sales as follows:

	52 weeks ended 27 June 2020 IFRS 16 £'000	52 weeks ended 29 June 2019 IAS 17 £'000
Cost of inventories	26,571	36,643

An inventory provision of £810,000 was recognised within cost of sales in respect of Covid-19 related obsolete inventory.



### 13. TRADE AND OTHER RECEIVABLES

	27 June 2020 IFRS 16 £'000	29 June 2019 IAS 17 £'000
<b>Amounts falling due within one year</b>		
Trade and other receivables	661	3,151
Accrued rebate income	114	713
Prepayments	2,054	8,412
Other debtors	600	–
	<b>3,429</b>	<b>12,276</b>

The above Other debtors relates to a furlough claim for £762k made on 18 July 2020 for the period 21 June 2020 – 30 June 2020. £600k of this relates to FY20 and is therefore recognised as a debtor. In total, amounts of £7.6m have been claimed relating to FY20, of which £7.0 million was received pre year-end. A further £6.0 million has been claimed as at the date of this report relating to FY21.

The ageing of trade receivables at the balance sheet date was:

	27 June 2020 IFRS 16 £'000	29 June 2019 IAS 17 £'000
Not past due	184	2,220
Past due 0-30 days	6	744
Past due 31-60 days	4	187
More than 60 days	467	–
	<b>661</b>	<b>3,151</b>

The Directors are not aware of any factors affecting the recoverability of outstanding balances as at 27 June 2020.

All receivables are GBP denominated. The Group trade and other receivables is net of a specific provision for bad and doubtful debts of nil (2019: £11,304), and an IFRS 9 expected credit loss provision of £15,507 (2019: £19,790).

Prepayments and accrued rebate income do not contain impaired assets. There is no difference between the carrying value and fair value of all trade and other receivables. £0.4 million of prepayments relates to property rent and rates (2019: £8.1 million).

Due to the UK government's enforced closure of bars from 20 March 2020, the value of Trade and other receivables relating to uncleared credit and debit card takings was £nil (2019: £1.9 million).

### 14. CASH AND CASH EQUIVALENTS

	27 June 2020 IFRS 16 £'000	29 June 2019 IAS 17 £'000
Cash and cash equivalents	2,502	2,627

Cash and cash equivalents consist entirely of cash at bank and on hand, including cash floats held at bars. Balances are denominated in Sterling. The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

CONTINUED

## FOR THE 52 WEEKS ENDED 27 JUNE 2020

### 15. TRADE AND OTHER PAYABLES

	27 June 2020 IFRS 16 £'000	29 June 2019 IAS 17 £'000
Trade payables	5,587	14,438
Other payables	24	26
Accruals and deferred income	7,364	6,796
Other taxes and social security costs	2,820	3,641
	15,795	24,901

Trade and other payables are non-interest bearing and are normally settled 30 days after the month of invoice. Trade payables are denominated in Sterling. The Directors consider that the carrying value of trade and other payables approximates to their fair value. The value of trade payables and accruals is substantially lower at 27 June 2020 as a result of the business not trading in the last 14 weeks of the period, as well as the implementation of IFRS 16 removing rental payables.

### 16. LEASE LIABILITIES

Group	Short leasehold properties £'000	Vehicles £'000	Total £'000
At 29 June 2019	–	–	–
Recognition of lease liability under IFRS 16	123,213	398	123,611
<b>Opening lease liabilities recognised at 30 June 2019</b>	<b>123,213</b>	<b>398</b>	<b>123,611</b>
Reassessment/modification of liabilities previously recognised	2,767	10	2,777
Modifications taken as a credit to administrative expenses (note 3)	(897)	–	(897)
Additions	–	27	27
Surrender of leases (note 7)	(8,893)	–	(8,893)
Lease liability payments	(7,608)	(189)	(7,797)
Finance costs	4,321	14	4,335
<b>At 27 June 2020</b>	<b>112,903</b>	<b>260</b>	<b>113,163</b>

The reassessment/modification of leases relates to changes in rent and extensions to lease terms agreed during the reporting period for leases that were in place on 30 June 2019 following the adoption of IFRS 16.

The Lease liability payments amount in the table above includes £395k of concessions waived by landlords. Cash payments in the year comprise interest of £4.3 million and principal of £3.1 million.

Lease liabilities are comprised of the following balance sheet amounts:

	27 June 2020 IFRS 16 £'000	29 June 2019 IAS 17 £'000
Amounts due within one year	10,203	–
Amounts due after more than one year	102,960	–
	113,163	–

Lease liabilities are as follows:

	27 June 2020 IFRS 16 £'000	29 June 2019 IAS 17 £'000
<b>Not more than one year</b>		
Minimum lease payments	14,826	–
Interest element	(4,623)	–
<b>Present value of minimum lease payments</b>	10,203	–
<b>Between one and five years</b>		
Minimum lease payments	42,210	–
Interest element	(14,165)	–
<b>Present value of minimum lease payments</b>	28,045	–
<b>More than five years</b>		
Minimum lease payments	98,752	–
Interest element	(23,837)	–
<b>Present value of minimum lease payments</b>	74,915	–

## 17. PROVISIONS

	27 June 2020 IFRS 16 £'000	29 June 2019 IAS 17 £'000
Onerous lease provision	–	10,556
Dilapidations provision	1,019	400
	1,019	10,956
Current	–	1,269
Non-current	1,019	9,687
	1,019	10,956

	Onerous lease provision £'000	Dilapidations provision £'000	Total £'000
At 30 June 2019	10,556	400	10,956
Movement on provision	(10,556)	619	(9,937)
<b>At 27 June 2020</b>	–	1,019	1,019

The Group provides for unavoidable costs associated with lease terminations and expiries against all leasehold properties across the entire estate, built up over the period until exit.

Following the adoption of IFRS 16, which requires the carrying value of the right-of-use asset to be assessed at each balance sheet date, it is no longer necessary to hold onerous lease provisions and accordingly all existing provisions have been incorporated as part of the opening adjustments to accommodate IFRS 16 implementation. Thereafter, any onerous lease obligations are recognised as impairments of the relevant CGU assets.

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

## FOR THE 52 WEEKS ENDED 27 JUNE 2020

### 18. INTEREST-BEARING LOANS AND BORROWINGS

	27 June 2020 IFRS 16 £'000	29 June 2019 IAS 17 £'000
Revolving credit facility	24,500	17,500

As at the date of the consolidated financial position, the Group had a revolving credit facility (the "Facility") of £30.0 million expiring in December 2021. Shortly after the end of the reporting period, the Facility was reduced to £21.0 million and the Group received a £16.5m Coronavirus Large Business Interruption Loan (CLBIL). The CLBIL is a three-year term loan, the proceeds of which were used to pay down the Facility. See note 1 under sub-heading Going concern for further details of the Facility and the CLBIL. The Facility and the CLBIL are secured and supported by debentures over the assets of Revolution Bars Group plc, Revolución De Cuba Limited, Revolution Bars Limited, Revolution Bars (Number Two) Limited and Inventive Service Company Limited, and an unlimited guarantee.

All borrowings are held in Sterling. There is no material difference between the fair value and book value of the Group interest-bearing borrowings. For more information on the Group's exposure to interest rate risk, see note 22.

### 19. DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting periods:

	Share-based payments £'000	Disclaimed or not used Capital Allowances £'000	Brought-forward losses £'000	Total £'000
At 1 July 2018	19	(709)	–	(690)
(Charge)/credit to income	–	(207)	484	277
At 29 June 2019	19	(916)	484	(413)
Credit/(charge) to income	(19)	916	(484)	413
At 27 June 2020	–	–	–	–

	27 June 2020 £'000	29 June 2019 £'000
Deferred tax assets	–	503
Deferred tax liabilities	–	(916)
<b>Total</b>	<b>–</b>	<b>(413)</b>

Upon implementation of IFRS 16, a deferred tax asset of £3.9 million was recognised predominantly relating to impairment. Furthermore, as at the reporting date, the Group had unused tax losses of £13.9 million (2019: £2.8 million) available for offset against future taxable profits, but has not recognised a deferred tax asset in relation to these (or any other credits, including for Capital Allowances) due to uncertain trading conditions. The IFRS 16 deferred tax asset was written off for the same reason.

### 20. SHARE CAPITAL

	27 June 2020 IFRS 16 £'000	29 June 2019 IAS 17 £'000
<b>Allotted, called up and fully paid</b>		
50,029,159 £0.001 Ordinary Shares (2019: 50,029,159 £0.001 Ordinary Shares)	50	50
	50	50

## 21. SHARE-BASED PAYMENTS (EQUITY SETTLED)

The Group currently operates an employee share incentive scheme, The Revolution Bars Group Share Plan. Awards under the scheme have typically comprised:

- A Nominal Cost Option ('NCO') granted to acquire ordinary shares in the Company at an option price of 0.1 pence per share; and
- A linked, tax-favoured Company Share Option ('CSOP') granted under Part II of The Revolution Bars Group Share Plan to acquire ordinary shares in the Company. The option price is set at the market value at the time of the award. The Remuneration Committee determined in 2019 that it did not intend to issue any further options under the CSOP as it does not consider the potential tax benefits justify the additional administration. Accordingly, the tables in this note predominantly relate to the NCO scheme unless explicitly stated.

Where the two options are linked, the nominal cost option can only be exercised if the related approved option is exercised (or waived). When awards are exercised, the related CSOP options must be exercised first and the number of shares received by an employee through the exercise of the nominal cost options is reduced by such number of shares as have a value equal to the gain realised on the exercise of the CSOP shares.

The Group's Plan is an equity-settled share option scheme approved by HMRC. It was established in 2015. Awards are subject to performance conditions and require holders to remain employed throughout the vesting period.

The total charge for the period relating to employee share-based payment plans was £0.01 million (2019 credit: £0.01 million), all of which related to equity-settled share-based payment transactions. The credit during the prior period related primarily to the reversal of charges in earlier years for options granted to senior management who forfeited their right to exercise options on resigning their employment.

The table below summarises the amounts recognised in the consolidated statement of profit or loss and other comprehensive income during the period:

	52 weeks ended 27 June 2020 £'000	52 weeks ended 29 June 2019 £'000
<b>IPO LTIP AWARD</b>		
– Tranche 1	–	(88)
– Tranche 2	(32)	5
– Tranche 3	1	4
	(31)	(79)
<b>2016 LTIP AWARD</b>		
– Tranche 1	–	(66)
– Tranche 2	(26)	(1)
– Tranche 3	–	1
	(26)	(66)
<b>2017 LTIP Award</b>	(8)	8
<b>2018 LTIP Award</b>	32	13
<b>2019 LTIP Award</b>	49	60
<b>2020 LTIP Award</b>	26	–
	42	(64)

In the 52 weeks ended 27 June 2020, conditional awards of ordinary shares were granted as follows:

	Nominal cost option ("NCO")	Company share option plan ("CSOP")
23 October 2019	916,269	–
Total	916,269	–

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

## FOR THE 52 WEEKS ENDED 27 JUNE 2020

### 21. SHARE-BASED PAYMENTS (EQUITY SETTLED) CONTINUED

The following table illustrates the number and weighted average exercise price ("WAEP") of, and movements in, share options granted under the schemes:

	NCO				CSOP				Total			
	2020	2020	2019	2019	2020	2020	2019	2019	2020	2020	2019	2019
	Number of shares	WAEP £	Number of shares	WAEP £	Number of shares	WAEP £	Number of shares	WAEP £	Number of shares	WAEP £	Number of shares	WAEP £
Outstanding at the beginning of the year	1,879,167	0.001	1,350,093	0.001	340,278	1.58	316,811	1.76	2,219,445	0.33	1,666,904	0.42
Granted during the year	916,269	0.001	1,098,580	0.001	–	–	119,526	1.11	916,269	0.001	1,218,106	0.20
Forfeited during the year	(421,752)	0.001	(236,389)	0.001	(78,044)	1.86	(96,059)	1.58	(499,796)	0.29	(332,448)	0.31
Lapsed during the year	(40,721)	0.001	(333,117)	0.001	–	–	–	–	(40,721)	0.001	(333,117)	0.31
Outstanding at the end of the year	2,332,963	0.001	1,879,167	0.001	262,234	1.44	340,278	1.58	2,595,197	0.15	2,219,445	0.33

The vesting of each award is subject to the attainment of performance conditions; 70 per cent is based on an adjusted earnings per share ("EPS") target (Part A) and 30 per cent on a TSR target (Part B). The adjusted EPS is based upon the non-GAAP measure as discussed in note 9 (page 91).

Under the NCO scheme, the performance conditions are tested over performance periods as detailed below:

Award	Grant Date	Performance period		Movement in period				
		Start	End	At start	Granted	Lapsed	Forfeited	At end
IPO LTIP – Tranche 2	19-Mar-15	Jun-16	Jun-19	63,750	–	(20,000)	(43,750)	–
IPO LTIP – Tranche 3	19-Mar-15	Jun-17	Jun-20	63,750	–	–	(43,750)	20,000
2016 LTIP – Tranche 2	09-Nov-15	Jun-16	Jun-19	10,309	–	(3,221)	(7,088)	–
2016 LTIP – Tranche 3	09-Nov-15	Jun-17	Jun-20	10,309	–	–	(7,087)	3,222
2017 LTIP	02-Nov-16	Jun-16	Jun-19	92,500	–	(17,500)	(75,000)	–
2018 LTIP	14-Nov-17 and 12-Apr-18	Jun-17	Jun-20	574,969	–	–	(52,577)	522,392
2019 LTIP	18-Oct-18 and 01-Apr-19	Jun-18	Jun-21	1,063,580	–	–	(92,500)	971,080
2020 LTIP	23-Oct-19	Jun-19	Jun-22	–	916,269	–	(100,000)	816,269
				1,879,167	916,269	(40,721)	(421,752)	2,332,963

The vesting date for each award is the later of (i) the third anniversary of the date of grant of the award, and (ii) the preliminary announcement of the results for the end of the relevant performance period.

**Part A – EPS targets**

Part A vesting is dependent on the Company's EPS compound growth rate over the relevant performance period as follows:

Awards prior to 2019	Awards in 2019	Portion of Part A award vesting
At least 7% per annum "Threshold"	At least 27% per annum "Threshold"	25%
Between 7% per annum and 13% per annum	Between 27% per annum and 50% per annum	Pro rata between 25% and 100%
At least 13% per annum "Target"	At least 50% per annum "Target"	100%

The EPS calculation is based on Adjusted EPS. The EPS targets for the various performance periods are as follows:

Grant date	Performance period		Adjusted EPS
	Start	End	Target
19-Mar-15	Jun-17	Jun-20	25.1p
09-Nov-15	Jun-17	Jun-20	25.1p
14-Nov-17	Jun-17	Jun-20	25.1p
12-Apr-18	Jun-17	Jun-20	25.1p
18-Oct-18	Jun-18	Jun-21	23.0p
01-Apr-19	Jun-19	Jun-22	9.9p
23-Oct-19	Jun-19	Jun-22	11.5p

**Part B – TSR targets**

Part B vesting is dependent on the Company's TSR over the relevant performance periods listed above relative to the TSR of the peer group of other UK-listed restaurant and bar sector companies over the same period.

No portion vests unless the Group's TSR performance at least matches the median of the TSR performance within the comparator Group; thereafter the following vesting calculations apply:

The Company's TSR performance against the TSR of the comparator companies	Extent of vesting of Part B
Median	25%
Between median and upper quartile	Pro-rata between 25% and 100%
Upper quartile	100%

**Information used in calculating the cost of granting each option**

For the IPO LTIP Award, the offer price (200 pence) has been used as the base point from which TSR is measured for the Company. For subsequent awards, the offer price is based on a three-month average prior to the start of the performance period. For all awards, the end point offer price is based on the average for the last three months of the respective performance period.

Expected volatility has been estimated by considering historical average share price volatility for the Company and similar companies. Staff attrition has been assessed based on historical retention rates.

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

CONTINUED

## FOR THE 52 WEEKS ENDED 27 JUNE 2020

### 21. SHARE-BASED PAYMENTS (EQUITY SETTLED) CONTINUED

The fair value of share options granted under the scheme dependent on TSR performance is estimated at the date of grant using a Stochastic model. The fair value of share options granted under the scheme dependent on EPS performance is estimated at the date of grant using the Black-Scholes model. The following table gives the assumptions relevant to options for which charges were made for the 52 weeks' periods ended 27 June 2020 and 29 June 2019:

	2020 <sup>5</sup> award	2019 <sup>4</sup> award	2018 <sup>3</sup> award	2016 LTIP <sup>2</sup> Tranche 3	IPO LTIP <sup>1</sup> Tranche 3
NCO: fair value at grant date – EPS (pence)	67	116	139	170	187
CSOP: fair value at grant date – EPS (pence)	–	40	48	40	57
NCO: fair value at grant date – TSR (pence)	34	62	86	102	113
CSOP: fair value at grant date – TSR (pence)	–	35	42	35	48
NCO: exercise price (pence)	0.1	0.1	0.1	0.1	0.1
CSOP: exercise price (pence)	–	115	162	194	200
Share price (pence)*	57	115	153	194	200
Expected volatility	45.0%	44.6%	57.7%	19.6%	20.8%
Expected life of options (years)	3.0	3.0	3.0	4.3	3.3
Weighted average remaining life (years)	2.3	1.3	0.3	0.3	0.3
Expected dividend yield	0.0%	0.0%	3.2%	2.6%	2.6%
Risk-free rate	0.5%	0.8%	1.0%	0.3%	0.2%

<sup>1</sup> Granted on 18 March 2015.

<sup>2</sup> Granted on 9 November 2015.

<sup>3</sup> Granted on 14 November 2017 and 12 April 2018.

<sup>4</sup> Granted on 18 October 2018 and 1 April 2019.

<sup>5</sup> Granted on 23 October 2019.

\* The share price is stuck at the average closing mid-market price of the ordinary shares in the 3 days preceding the issue of options.

### 22. FINANCIAL INSTRUMENTS

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

The Group is exposed to the following financial risks:

- credit risk;
- liquidity risk;
- market risk; and
- capital risk.

Cash and cash equivalents are held in Pounds Sterling. Trade and other payables are measured at amortised cost.

#### Credit risk

Credit risk arises from the Group's cash balances held with counterparties and trade and other receivables. Credit risk is the risk of financial loss to the Group if a third-party owing monies to the Group fails to meet its contractual obligations. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of three months for corporate customers.

Trade and other receivables are measured at amortised cost. Book values and expected cash flow are reviewed by the Board and any impairment is charged to the consolidated statement of comprehensive income in the relevant period. Trade and other receivables do not contain any impaired assets.

All cash balances are held with reputable banks and the Board monitors its exposure to counterparty risk on an ongoing basis.

The Group attempts to mitigate credit risk by assessing financial counterparties.

Given the nature of the Group's operations, the Directors do not consider the Group's credit risk, which arises mainly from cash held with mainstream UK banks, to be significant.

The Group's financial assets are as follows:

	27 June 2020 IFRS 16 £'000	29 June 2019 IAS 17 £'000
Trade and other receivables	661	3,151
Cash and cash equivalents	2,502	2,627
	3,163	5,778



The ageing of trade receivables at the balance sheet date was:

	27 June 2020 IFRS 16 £'000	29 June 2019 IAS 17 £'000
Not past due	184	2,220
Past due 0-30 days	6	744
Past due 31-60 days	4	187
More than 60 days	467	–
	661	3,151

The Directors are not aware of any factors affecting the recoverability of outstanding balances as at 27 June 2020.

In accordance with IFRS 9, the group has two types of financial assets that are subject to the expected credit loss model:

- Trade and other receivables
- Accrued rebate income

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and accrued rebate income.

To measure the expected credit losses, trade receivables and accrued rebate income have been grouped based on similar credit risk characteristics. Both primarily relate to outstanding amounts due from suppliers in relation to agreed rebates and thus have substantially the same risk characteristics. The Group has, therefore, concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for accrued rebate income. This has increased to a rate of 2% in the current period following the increased risk of trading following Covid-19.

The expected loss rates are based on the risk profiles of the suppliers with whom the balances are held as well as the related historical results of recoverability. On that basis, the loss allowance as at 27 June 2020 and as at 29 June 2019 was determined as follows for both trade receivables and accrued rebate income:

	27 June 2020 IFRS 16 £'000	29 June 2019 IAS 17 £'000
Expected loss rate	2%	1%
Trade and other receivables	661	1,266
Accrued rebate income	114	713
	16	20

The difference between trade receivables in 2019, as shown immediately above at £1.3 million, and the £3.1 million balance earlier in this note relates to uncleared credit and debit card takings, which have been determined as having no expected credit loss due to their very short clearance period (two and three days as at the balance sheet date), as well as the balance being net of the expected credit loss provision. There is no difference in 2020 due to the Group's venues being closed in the latter part of the reporting period due to the UK government's enforced closure of restaurants, pubs and bars.

#### Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will not be able to meet its future obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its financial liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain a level of cash and cash equivalents in excess of expected cash outflows on financial liabilities over the next 90 days. The Group also closely monitors the level of expected cash inflows on trade and other trade receivables.

The Group maintains forward cash flow projections, updated daily, to ensure that it always has sufficient cash on hand to meet expected operational expenses. The Group has committed lines of credit through a revolving credit facility provided by Natwest, of which £24.5 million was drawn at 27 June 2020. See note 1 under sub-heading Going concern for further details of the Group's funding arrangements.

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

CONTINUED

## FOR THE 52 WEEKS ENDED 27 JUNE 2020

### 22. FINANCIAL INSTRUMENTS CONTINUED

The Group's financial liabilities are as follows:

	27 June 2020 IFRS 16 £'000	29 June 2019 IAS 17 £'000
Trade payables	5,587	14,438
Other payables	24	26
Revolving credit facility	24,500	17,500
	30,111	31,964

The maturity analysis of the financial liabilities is as follows:

	< 1 year £'000	1–5 years £'000	> 5 years £'000	Total £'000
<b>As at 27 June 2020</b>				
Trade and other payables	5,611	–	–	5,611
Revolving credit facility	–	24,500	–	24,500
<b>As at 29 June 2019</b>				
Trade and other payables	14,464	–	–	14,464
Revolving credit facility	–	17,500	–	17,500

These liabilities are short term in nature and are stated on an undiscounted basis.

#### Market risk

Market risk is the risk that changes in market prices, such as interest rates or foreign exchange rates, will affect the Group's costs. The objective of market risk management is to manage and control market risk exposures within acceptable parameters. Market interest rate risk arises from the Group's holding of interest-bearing financial assets and liabilities.

At 27 June 2020, the Group's interest-bearing financial assets consisted solely of cash and cash equivalents (see note 14). The Group has interest-bearing financial liabilities as at 27 June 2020, comprising a revolving credit facility of £24.5 million (2019: £17.5 million).

The Group does not enter into derivatives or hedging transactions.

The main risk arising from the Group's financial instruments are interest rate risk. The Group does not have any exposure to foreign currency risk as all of the Group's revenue and costs are in GBP.

The Board makes ad hoc decisions at its regular meetings as to whether to hold funds in instant access accounts or longer-term deposits. All accounts are held with reputable UK banks. These policies, which the Directors consider to be appropriate for the current stage of development of the Group's business, will be kept under review by the Board in future years. If interest rates at each period-end reporting date had moved by 5 per cent, the impact on results would not have been significant.

#### Fair value of financial instruments

The fair value of each category of financial instruments is the same as their carrying value in the Group statement of financial position.

#### Capital risk

The Group's capital is made up of share capital and retained earnings.

The objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group ensures that it has sufficient cash on demand to meet its expected operational expenses, including the servicing of any financial obligations. This excludes the potential impact of extreme circumstances which cannot be reasonably predicted.

The capital structure of the Group consists of shareholders' equity as set out in the consolidated statement of changes in equity. All working capital requirements are financed from existing cash resources and a revolving credit facility. There are no externally imposed capital requirements. Financing decisions are made by the Board based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans. When monitoring capital risk, the Group considers its gearing ratio.

## 23. DIVIDENDS

	27 June 2020 IFRS 16 £'000	29 June 2019 IAS 17 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the 52 weeks ended 30 June 2018 of 3.30 p per share	–	1,650
	–	1,650

## 24. NOTE TO ACCOMPANY THE CONSOLIDATED STATEMENT OF CASH FLOW

	Note	52 weeks ended 27 June 2020 IFRS 16 £'000	52 weeks ended 29 June 2019 Restated* IAS 17 £'000
<b>Cash flow from operating activities</b>			
Loss before tax from operations		(31,720)	(5,574)
Adjustments for:			
Net finance expense		4,934	858
Exceptional finance income		(5,869)	–
Depreciation of property, plant and equipment		7,397	7,230
Depreciation of right-of-use assets		7,215	–
Impairment of property, plant and equipment		8,727	5,215
Impairment of right-of-use assets		19,566	–
Lease modification		(897)	–
Working Capital and Other movements (further analysed below)		(2,883)	2,857
Amortisation of intangibles		1	–
Charge/(Credit) arising from long-term incentive plans	21	42	(68)
Operating cash flows before movement in working capital		9,396	7,661
Decrease/(Increase) in inventories		493	(193)
Decrease/(Increase) in trade and other receivables		6,444	(802)
(Decrease)/Increase in trade and other payables		(10,483)	2,649
(Decrease)/Increase in provisions		619	979
		6,469	10,294
Tax refunded		1	292
<b>Net cash flow generated from operating activities</b>		<b>6,470</b>	<b>10,586</b>

\* Within the Working Capital and Other movements analysis, the prior year comparatives have been corrected to remove an incorrect Tax (Credit)/Charge line of £352k, increasing trade and other payables by £274k, and increasing tax refunded by £78k. There was no impact on the net cash flow generated from operating activities or on the net decrease in cash and cash equivalents for the period to 29 June 2019.

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

CONTINUED

## FOR THE 52 WEEKS ENDED 27 JUNE 2020

### 25. RELATED PARTY TRANSACTIONS

#### (a) Subsidiaries

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

#### (b) Key management personnel

The compensation of key management personnel (including the Directors) is as follows:

	52 weeks ended 27 June 2020 IFRS 16 £'000	52 weeks ended 29 June 2019 IAS 17 £'000
Key management emoluments including social security costs	1,276	1,620
Awards granted under long-term incentive plans	503	1,170
Pension contributions to money purchase schemes <sup>1</sup>	51	54
	1,830	2,844

<sup>1</sup> Includes salary enhancements made in lieu of pension contributions due to pension caps.

The Group's key management are the Directors of the Company and Senior Management as detailed on pages 34 to 36. Details of the Directors' remuneration is provided in the Directors' Remuneration Report. The Group did not enter into any form of loan arrangement with any Director during any of the reporting periods presented.

### 26. CHANGES IN ACCOUNTING STANDARDS

Following the adoption in the year of IFRS 16 Leases, the following details its impact on the Group's Consolidated Financial Statements.

#### IFRS 16 Leases

The Group adopted IFRS 16 with effect from 30 June 2019. The Group applied the standard using the modified retrospective approach and thus comparative information has not been restated and is presented as previously reported under IAS 17.

The new standard results in all property and vehicle leases being recognised on the Statement of Financial Position as, from a lessee perspective, there is no longer any distinction between operating and finance leases. Under IFRS 16, an asset, based on the right to use a leased item over a long-term period, and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

As at 30 June 2019, the Group sub-let three properties, being partial elements of properties. Under IFRS 16, lessor accounting remains largely unchanged, with lessors continuing to account for leases as either operating or finance leases, depending on whether the lease transfers substantially all the risk and rewards incidental to ownership of the underlying asset, and whether the present value of the sublease payments amount to at least substantially all of the fair value of the underlying asset, which in this case is the head-leases.

The Group leases both properties and vehicles, which under IAS 17 were classified as a series of operating lease contracts with payments made (net of any incentives received from the lessor) charged to profit or loss as arising over the period of the lease. From 30 June 2019, under IFRS 16, leases are recognised as a right-of-use asset with a corresponding lease liability from the date at which the leased asset becomes available for use by the Group. Each lease payment is allocated between the liability and a finance cost. The finance cost is charged to profit or loss over the lease period using the effective interest method. The right-of-use asset is depreciated over the shorter of the asset's useful life and the determined lease term, which is the shorter of the remaining lease term and first opportunity to break the lease, on a straight-line basis.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- In determining whether existing contracts meet the definition of a lease, the Group has not reassessed those contracts previously identified as leases and has not applied the standard to those contracts not previously identified as leases;
- Short-term leases (leases of less than 12 months) and leases with less than 12 months remaining as at the date of adoption of the new standard are not within the scope of IFRS 16;
- Leases for which the asset is of low value (IT equipment and small items of office equipment) are not within the scope of IFRS 16;
- The use of a single discount rate to its portfolio of leases with reasonably similar characteristics.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases previously classified as 'operating leases' under the principles of IAS 17 Leases. For all leases, these liabilities were measured at the present value of the remaining lease payments, discounted using the Group's weighted average incremental borrowing rate as of 30 June 2019, which was 3.91%. This was deemed appropriate given that the Group's leases have reasonably similar characteristics. The rate was determined as the borrowing rate under the Revolving Credit Facility, as then existed, with appropriate adjustments made to reflect the increased term and amount of borrowing required for a similar lease portfolio, as well as changes to risk rating.

IFRS 16 defines the lease term as the non-cancellable period of a lease together with the options to extend or terminate a lease if the lessee is reasonably certain to exercise that option. Where a lease includes the option for the Group to terminate a lease term early, the Group makes a judgement as to whether it is reasonably certain that the lease termination option will be taken.

This predominantly takes into account the length of time remaining before the option is exercisable, current trading performance, future trading forecasts, and the level and type of future capital investment. The current average remaining lease length of the Group's leases, as at the date of adoption of IFRS 16, was 14 years as profiled below:

Remaining lease length	Proportion
< 5 years	13%
5 – 10 years	17%
10 – 15 years	27%
> 15 years	43%

The associated right-of-use assets were measured using the approach set out in IFRS 16.C8(b)(ii), whereby right-of-use assets are equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments, including unamortised lease incentives such as rent free periods, onerous lease provisions, and an estimate of the dismantling, removal and restoration costs required under the terms of the lease. Under IFRS 16, the right-of-use assets are tested for impairment in accordance with IAS 36 'Impairment of Assets'. This replaces the previous requirement to recognise a provision for onerous leases. An impairment assessment of the cash generating unit ("CGU") assets was performed on transition at 30 June 2019 with an initial impairment charged through opening reserves.

In the consolidated cash flow statement, depreciation of the right-of-use-asset is included in operating activities and the repayment of lease liabilities is included in financing activities whereas under IAS 17 operating lease rental payments were included in operating activities. The impact on the consolidated cash flow statement is an increase in cash inflow from operations of £7.4 million and a decrease in the cash outflow from financing activities of £7.4 million.

The effect of the accounting policy change on the consolidated statement of financial position at implementation on 30 June 2019 was:

	As at 29 June 2019 £'000	IFRS 16 adjustments £'000	As at 30 June 2019 £'000
<b>Assets</b>			
Property, plant and equipment	59,325	(6,193)	53,132
Right-of-use assets	–	94,666	94,666
Prepayments	8,412	(2,403)	6,009
Deferred tax asset	–	3,874	3,874
<b>Change in total assets</b>		89,944	
<b>Liabilities</b>			
Lease liabilities – Current	–	7,113	7,113
Lease liabilities – Non-current	–	116,498	116,498
Onerous lease provision	10,556	(10,556)	–
Accruals	6,796	(445)	6,351
Rent-free creditor – Current (within accruals)	229	(229)	–
Rent-free creditor – Non-current	3,184	(3,184)	–
<b>Change in total liabilities</b>		109,197	
Retained earnings	9,725	(23,127)	(13,402)
Retained earnings – deferred tax	–	3,874	3,874
<b>Change in equity</b>		(19,253)	

The adoption of IFRS 16 reduced opening retained earnings as at 30 June 2019 by £19.3 million. This represents the initial impairment review upon adoption less the deferred tax thereon. As part of this impairment testing, the net book value of property, plant and equipment at ten of the Group's bars was written down on implementation, and 28 of the right-of-use assets were also written down.

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

## FOR THE 52 WEEKS ENDED 27 JUNE 2020

### 26. CHANGES IN ACCOUNTING STANDARDS CONTINUED

The table below presents a reconciliation from operating lease commitments disclosed at 29 June 2019 to lease liabilities recognised at 30 June 2019.

	£'000
<b>Operating lease commitments disclosed at 29 June 2019</b>	<b>182,123</b>
Break-clause dates <sup>1</sup>	(3,572)
Increased rent-reviews <sup>2</sup>	1,090
Exclusion of service charges <sup>3</sup>	(10,293)
Effect of discounting <sup>4</sup>	(45,737)
<b>Lease liabilities recognised as at 30 June 2019</b>	<b>123,611</b>
Of which are:	
Current lease liabilities	7,113
Non-current lease liabilities	116,498
<b>Lease liabilities recognised as at 30 June 2019</b>	<b>123,611</b>

<sup>1</sup> The operating lease commitments were calculated using the lease-end termination date, whereas the IFRS 16 calculations include judgements where an earlier lease break date has been used.

<sup>2</sup> A number of outstanding rent-reviews have been finalised since the end of FY19; these were not included in the operating lease commitments disclosed at 29 June 2019.

<sup>3</sup> The Group policy was previously to include contractual service charges in the operating lease commitments figure; these are excluded from IFRS 16.

<sup>4</sup> Previously, disclosures of lease commitments were undiscounted whilst under IFRS 16 lease commitments are discounted based on the Group's incremental borrowing rate.

The split of right-of-use assets and lease liabilities following the adoption of IFRS 16, as well as the movement of each over the period, can be found in notes 10 and 16 respectively.

During the 52 weeks ended 27 June 2020, the application of IFRS 16 resulted in increased adjusted EBITDA, as reported in the Consolidated Statement of Comprehensive Income, of £9.7 million in comparison to treatment under IAS 17. There was a decrease to operating profit of £6.1 million. The differences have arisen as operating lease payments under IAS 17 were replaced by a depreciation charge on right-of-use assets, and adjustments to impairment, onerous lease provisions, rent free periods and dilapidation provisions. Profit before taxation decreased by a total of £4.5 million with the inclusion of £4.3 million of finance costs under the new standard.

The table below reconciles operating profit between IAS 17 and the new standard, IFRS 16.

	£'000
Add: Operating lease costs under IAS 17	8,164
Add: Adjustment to onerous lease provision	1,521
<b>Impact on adjusted EBITDA for the 52 weeks ended 27 June 2020</b>	<b>9,685</b>
Less: Depreciation of right-of-use assets for leases previously recognised as operating leases under IAS 17	(7,215)
Add: Impact on fixed asset depreciation	54
Less: Impact on impairment reviews	(9,217)
Less: Onerous lease provision reversal	(2,405)
Add: Cash exceptionals included in exceptional finance income	3,024
Add: Modification of lease under IFRS 16	897
<b>Impact on operating loss for the 52 weeks ended 27 June 2020</b>	<b>(5,177)</b>
Less: Finance costs associated with lease liabilities for leases previously recognised as operating leases under IAS 17	(4,335)
Add: Onerous lease interest not incurred	48
Add: Exceptional gain on disposal	5,869
<b>Impact on loss before taxation for the 52 weeks ended 27 June 2020</b>	<b>(3,595)</b>

## 27. POST-BALANCE SHEET EVENTS

### Changes to committed borrowing facilities

As at the date of the consolidated financial position, the Group had a revolving credit facility ("RCF") of £30.0 million expiring in December 2021. Shortly after the end of the reporting period effective 6 July 2020, the Group's total committed borrowing facilities ("Facilities") were increased to £37.5 million through the receipt of a £16.5m Coronavirus Large Business Interruption Loan (CLBIL) and reduction in the RCF to £21.0 million. The term of the RCF was also extended to June 2022. On 16 December 2020, the amortisation profile of the Facilities was changed to postpone reductions due to take place in March 2021 and June 2021. Further details of the Facilities, their duration, amortisation profiles, future availability of committed funding and financial covenant are set out under the going concern section of note 1 to the financial statements.

### Delist to AIM and fundraising

On 5 June 2020, the Group announced its intention to raise gross proceeds of up to £15.0 million by way of a Firm Placing and a Placing and Open Offer at 20 pence per New Ordinary Share, as well as to delist from the Main Market and admit to trading on AIM. The admission to AIM was completed on 27 July 2020 together with the Fundraising of gross proceeds of £15.0 million and net proceeds of £14.1 million and from that date the total number of Ordinary Shares with voting rights in the Company was 125,046,654.

### Company Voluntary Arrangement ('CVA')

On 13 November 2020, Revolution Bars Limited which is an indirect wholly owned subsidiary entity of Revolution Bars Group plc, completed a Company Voluntary Arrangement (CVA) proposed on 27 October 2020. This entity comprises the majority of the Group's Revolution branded bars. As part of the CVA, rent arrears to the value of £1.0 million on 13 bars were waived and are not payable. This credit will be shown in the FY21 financial statements as the liability was released after the period end. Additionally, the lease liabilities on five of these bars were compromised for the remainder of the lease term and seven bars were moved to a turnover based rent for a period of two years.

### UK Government COVID-19 announcements

On 31 October 2020, the UK Government announced a second national lockdown effective in England from 5 November 2020 to 2 December 2020 resulting in the mandatory closure of all the Group's bars in England for that period. Following the national lockdown, the UK Government announced revised tier structure operating restrictions that resulted in 35 of the Group's bars remaining closed and all but one of the remaining bars operating under tier 2 severely suppressing income generation. The impact of these measures was included in the going concern assessment as detailed in note 1 to these financial statements. However, the impairment review of property, plant and equipment and right-of-use assets were performed using less onerous trading conditions as were forecast at the balance sheet date. As such, those forecasts did not include the impact of a second national lockdown or the punitive tier restrictions but rather assumed a continuing recovery in trading performance towards the end of calendar year 2020. The estimated impact of this on impairment is considered using sensitivity analysis in note 10.

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

## FOR THE 52 WEEKS ENDED 27 JUNE 2020

### 28. ALTERNATIVE PERFORMANCE MEASURES - CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – NON-IFRS 16 BASIS

The re-presented Statement of Comprehensive Income set out below does not form part of the condensed consolidated financial statements for the 52 weeks to 27 June 2020. It is included to provide an understanding of the underlying performance for the 52 weeks to 27 June 2020, given that IFRS 16 Leases has been adopted for the current period without restatement of the comparative period. The re-presented statement consists of:

- The reported Statement of Comprehensive Income for the current period; and
- A pro forma Statement of Comprehensive Income for the current period assuming IFRS 16 had not been adopted.

The pro forma Statement of Comprehensive Income for the current period is an estimation of the results for the period when applying the previous accounting standard for leases, IAS 17 Leases and the resulting impact on onerous lease provisions and impairment of assets.

	52 weeks ended 27 June 2020 IFRS 16 Reported £'000	Impact of IFRS 16 £'000	52 weeks ended 27 June 2020 IAS 17 Pro forma £'000
Revenue	110,074	–	110,074
Cost of sales	(26,571)	–	(26,571)
<b>Gross profit</b>	<b>83,503</b>	<b>–</b>	<b>83,503</b>
Operating expenses			
– operating expenses, excluding exceptional items	(88,388)	(2,524)	(90,912)
– exceptional items	(27,770)	7,701	(20,069)
<b>Total operating expenses</b>	<b>(116,158)</b>	<b>5,177</b>	<b>(110,981)</b>
<b>Operating loss</b>	<b>(32,655)</b>	<b>5,177</b>	<b>(27,478)</b>
Finance expense	(4,934)	4,287	(647)
Exceptional finance income	5,869	(5,869)	–
<b>Loss before taxation</b>	<b>(31,720)</b>	<b>3,595</b>	<b>(28,125)</b>
Tax	(3,461)	2	(3,459)
<b>Loss and total comprehensive income for the period</b>	<b>(35,181)</b>	<b>3,597</b>	<b>(31,584)</b>
<b>(Loss) per share</b>			
Basic and diluted (pence)	(70.3p)		(56.2p)
Adjusted basic and diluted (pence)	(37.3p)		(19.8p)
<b>Non-GAAP alternative performance measure</b>			
Operating loss	(32,655)	5,177	(27,478)
Exceptional items	27,770	(7,701)	20,069
Credit arising from long-term incentive plans	42	–	42
Bar opening costs	–	–	–
<b>Adjusted operating loss</b>	<b>(4,843)</b>	<b>(2,524)</b>	<b>(7,367)</b>
Finance expense	(4,934)	4,287	(647)
<b>Adjusted loss before tax</b>	<b>(9,777)</b>	<b>1,763</b>	<b>(8,014)</b>
Depreciation	14,612	(7,161)	7,451
Amortisation	1	–	1
Finance expense	4,934	(4,287)	647
<b>Adjusted EBITDA</b>	<b>9,770</b>	<b>(9,685)</b>	<b>85</b>

The pro forma Statement of Comprehensive Income has been prepared using the reported results for the current period and replacing the accounting entries related to IFRS 16 Leases, on adoption and during the period, with an estimate of the accounting entries that would have arisen when applying IAS 17 Leases. The effective tax rate has been assumed to be unaltered by this change. Impairment assumptions have been re-gearred for an IAS 17 perspective, and the onerous lease provision movement has been included.



The pro forma Statement of Comprehensive Income for the current period has been prepared by adjusting the reported Statement of Comprehensive Income for the current period to:

- Increase of £2.5 million in operating expenditure

	Impact of IFRS 16 £'000
Rental expenditure incurred	(8,1669)
Net utilisation of onerous lease movement	(1,520)
IFRS 16 depreciation reversal	14,612
IAS 17 depreciation incurred	(7,450)
<b>Total increase in operating expenses</b>	<b>(2,524)</b>

- Decrease of £7.7 million in exceptional items

	Impact of IFRS 16 £'000
IFRS 16 impairment reversal	28,293
IAS 17 cash exceptionals	(3,024)
IAS 17 impairment incurred	(19,076)
IFRS 16 lease modification reversal	(897)
Net onerous lease movement	2,405
<b>Total decrease in exceptional items</b>	<b>7,701</b>

- Reduction of £4.3 million in finance expense

	Impact of IFRS 16 £'000
IFRS 16 finance cost reversal	4,335
Onerous lease interest incurred	(48)
<b>Total decrease in finance expense</b>	<b>4,287</b>

An exceptional finance income of £5.9 million is also recognised under IFRS 16 relating to the net gain on disposal of leases.

Exceptional items are comprised of:

	52 weeks ended 27 June 2020 IFRS 16 £'000	52 weeks ended 27 June 2020 IAS 17 £'000
<b>Administrative expenses:</b>		
– impairment of right-of-use assets	19,566	–
– impairment of property, plant and equipment	8,727	19,076
– lease modification	(897)	–
– delist from Main market and admission to AIM	371	371
– surrender premiums and bar closure costs	–	3,024
– movement on onerous lease provisions	–	(2,405)
– other	3	3
<b>Total exceptional items</b>	<b>27,770</b>	<b>20,069</b>


# COMPANY STATEMENT OF FINANCIAL POSITION

## AT 27 JUNE 2020

	Note	27 June 2020 £'000	29 June 2019 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	5	29,650	29,650
<b>Current assets</b>			
Trade and other receivables	6	826	117
<b>Total assets</b>		<b>30,476</b>	<b>29,767</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	7	(667)	–
<b>Total Liabilities</b>		<b>(667)</b>	<b>–</b>
<b>Net assets</b>		<b>29,809</b>	<b>29,767</b>
<b>Equity attributable to equity holders of the Parent</b>			
Share capital	8	50	50
Merger reserve		11,645	11,645
Retained earnings		18,114	18,072
<b>Total equity</b>		<b>29,809</b>	<b>29,767</b>

The Company made nil profit after tax in the 52 weeks ended 27 June 2020 (2019: £1.7 million), with the prior period profit relating entirely to dividends received from a subsidiary of the Company in the period.

Signed on behalf of the Board on 16 December 2020

  
Mike Foster  
Director

# COMPANY STATEMENT OF CHANGES IN EQUITY

## FOR THE 52 WEEKS ENDED 27 JUNE 2020

	Share capital £'000	Reserves		Total equity £'000
		Merger reserve £'000	Retained earnings £'000	
<b>At 30 June 2018</b>	50	11,645	18,140	29,835
Profit and total comprehensive income for the period	–	–	1,650	1,650
Charge arising from long-term share-based payments	–	–	(68)	(68)
Dividends paid	–	–	(1,650)	(1,650)
<b>At 29 June 2019</b>	50	11,645	18,072	29,767
Profit and total comprehensive income for the period	–	–	–	–
Credit arising from share-based payments	–	–	42	42
<b>At 27 June 2020</b>	50	11,645	18,114	29,809

# COMPANY STATEMENT OF CASH FLOW

## FOR THE 52 WEEKS ENDED 27 JUNE 2020

	52 weeks ended 27 June 2020 £'000	52 weeks ended 29 June 2019 £'000
<b>Cash flow from operating activities</b>		
Profit before tax	–	1,650
Adjustments for:		
Dividends received	–	(1,650)
(Increase)/decrease in trade and other receivables	(709)	68
Increase in trade and other payables	667	–
Credit/(charge) arising from share-based payments	42	(68)
<b>Net cash flow generated from operating activities</b>	<b>–</b>	<b>–</b>
<b>Cash flow from investing activities</b>		
Dividends received from subsidiary company	–	1,650
<b>Net cash flow generated from investing activities</b>	<b>–</b>	<b>1,650</b>
<b>Cash flow from financing activities</b>		
Equity dividends paid	–	(1,650)
<b>Net cash flow used in financing activities</b>	<b>–</b>	<b>(1,650)</b>
Net increase in cash and cash equivalents	–	–
Opening cash and cash equivalents	–	–
<b>Closing cash and cash equivalents</b>	<b>–</b>	<b>–</b>

# NOTES TO THE COMPANY FINANCIAL INFORMATION

## 1. ACCOUNTING POLICIES

### Statement of compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU, as they apply to the financial statements of the Group, for the 52 weeks ended 27 June 2020 (prior period 52 weeks ended 29 June 2019) and in accordance with the provisions of the Companies Act 2006.

### Basis of preparation

The Company financial statements have been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS as adopted by the EU. They are presented in Pounds Sterling, with values rounded to the nearest hundred thousand, except where otherwise indicated. The financial statements have also been prepared under the historical cost convention, on a going concern basis. These policies have been applied consistently, other than where new policies have been adopted.

### Going concern

The directors have reviewed the Company's trading forecasts for the next 12 months and formed a judgement at the time of approving the financial information that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial information.

### (a) Accounting policies

#### Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

#### Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

#### Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and cash held at bank. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

#### Share-based payments

The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares that will eventually vest. This is recognised as an employee expense with a corresponding increase in equity. Fair value is measured by the Monte Carlo model for options subject to a market-based performance condition and by use of a Black-Scholes model for all others. Cost is recharged to subsidiary entities.

#### Investments in subsidiary undertakings

A subsidiary is an entity controlled, either directly or indirectly, by the Company, where control is the power to govern the financial and operating policies of the entity so as to obtain benefit from its activities. Investments in subsidiaries represent interests in subsidiaries that are directly owned by the Company and are stated at cost less any provision for permanent diminution in value.

#### Share capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary Shares are recognised as a deduction from equity, net of any tax effects.

#### Dividends

Dividends receivable from the Company's subsidiaries and joint venture investments are recognised only when they are approved or paid by shareholders.

Dividend distributions to the company's shareholders are recognised in the period in which the dividends are paid, and, for the final dividend, when approved by the company's shareholders at the AGM.

# NOTES TO THE COMPANY

## FINANCIAL INFORMATION CONTINUED

### 1. ACCOUNTING POLICIES CONTINUED

#### Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### (b) Critical judgements and key sources of estimation and uncertainty

The preparation of financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results in due course may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation and uncertainty at the date of the statement of financial position that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial period are set out below.

The directors do not consider there to be any principal judgements or key sources of estimation and uncertainty.

#### (c) New and amended standards adopted by the Group

There are no relevant new standards and interpretations adopted or not yet adopted.

### 2. PROFIT FOR THE PERIOD

No profit or loss account is presented for the Company as permitted by section 408 of the Companies Act 2006. The profit after tax for the period was £nil (2019: £1,650,000).

### 3. AUDITORS' REMUNERATION

Auditors' remuneration in respect of the Company audit was £1,000 (2019: £1,000).

### 4. DIRECTORS' REMUNERATION AND EMPLOYEE COSTS

Details of Directors remuneration in respect of services delivered to the Group are contained in the Directors' Remuneration Report on pages 50 to 57. The remuneration received by the Directors in respect of directly attributable services to this company is inconsequential in the context of the remuneration figure. The Company has no employees other than the Directors and the Directors are not remunerated through this Company other than by issues of share-based payments as described in Note 1 to the Company financial statements. The Directors are considered to be the Key Management Personnel of the Company.

### 5. INVESTMENTS

Investments in the Company's statement of financial position consist of investments in subsidiary undertakings as follows:

	52 weeks ended 27 June 2020 £'000	52 weeks ended 29 June 2019 £'000
<b>At cost and net book value:</b>		
At the beginning of the period	29,650	29,650
Investment in subsidiary	–	–
<b>At the end of the period</b>	<b>29,650</b>	<b>29,650</b>

As at 27 June 2020 and at 29 June 2019, the Company owned 100 per cent of the Ordinary Share capital of the following UK companies:

Company name	Country of incorporation	Class of shares	Holding	Status
Inventive Guarantee Co Limited <sup>1</sup>	United Kingdom	Ordinary	100%	Holding company+
Revolution Bars (Number Two) Limited <sup>1,2</sup>	United Kingdom	Ordinary	100%	Trading+
Revolution Bars Limited <sup>1</sup>	United Kingdom	Ordinary	100%	Trading++
Revolución de Cuba Limited <sup>1</sup>	United Kingdom	Ordinary	100%	Trading++
Inventive Service Company Limited <sup>1</sup>	United Kingdom	Ordinary	100%	Trading++
Inventive Leisure Limited <sup>1</sup>	United Kingdom	Ordinary	100%	Dormant++
Rev Bars Limited <sup>1</sup>	United Kingdom	Ordinary	100%	Dormant++
Inventive Leisure (Services) Limited <sup>1</sup>	United Kingdom	Ordinary	100%	Dormant++
New Inventive Bar Company Limited <sup>1</sup>	United Kingdom	Ordinary	100%	Dormant++

<sup>1</sup> The registered address of each company is 21 Old Street, Ashton-under-Lyne, Tameside OL6 6LA.

<sup>2</sup> Incorporated during the current year.

+ Direct holding

++ Indirect holding

In view of the current trading conditions an impairment review of the carrying value of the Investment in subsidiaries was carried out, using a value in use ('VIU') with free cash flows starting in FY22 (based on the board approved budget), a pre-tax discount rate of 8.2% and a long term growth rate of 2%. If the WACC rate was changed by 1% this would change the VIU by £3.0 million. If the long-term discount rate was changed by 1% this would change the VIU by £2.0 million. If both were changed by 1% this would change the VIU by £5.0 million, and as a downside test of the impairment review this combined sensitivity would not result in an impairment of the carrying value of the subsidiaries.

## 6. TRADE AND OTHER RECEIVABLES

	27 June 2020 £'000	29 June 2019 £'000
Prepayments	826	-
Amounts owed from subsidiary undertakings	-	117
	826	117

Amounts owed from subsidiary undertakings are unsecured, interest free and repayable on demand. The expected credit loss impact from IFRS 9 is immaterial for the Company. Prepayments relate to Fundraising expenditure incurred allowable against Share Premium upon completion of the Fundraising exercise.

## 7. TRADE AND OTHER PAYABLES

	27 June 2020 £'000	29 June 2019 £'000
Trade payables	56	-
Amounts due to group undertakings	611	-
	667	-

Amounts owed to subsidiary undertakings are unsecured, interest free and repayable on demand.

## 8. SHARE CAPITAL

	27 June 2020 £'000	29 June 2019 £'000
<b>Allotted, called up and fully paid</b>		
50,029,159 £0.001 Ordinary Shares (2019: 50,029,159 £0.001 Ordinary Shares)	50	50
	50	50

## GLOSSARY

<b>Adjusted</b>	'Adjusted' before any performance measure denotes that it excludes exceptional items, share-based payment (credit)/charges and bar opening costs
<b>Alternative Performance Measure</b>	FY20 key performance measure reported on an IAS 17 basis that is directly comparable to a FY19 reported key performance measure
<b>AGM</b>	Annual General Meeting
<b>APM</b>	Alternative Performance Measure
<b>CVA</b>	Company Voluntary Arrangement
<b>COVID</b>	The COVID-19 pandemic
<b>Earnings per share</b>	Profit after tax of the business divided by the weighted average number of shares in issue during the period
<b>EBITDA</b>	Earning before interest, tax, depreciation, and amortisation. Please refer to note 26 and note 28 for an understanding of how this metric has been affected by the implementation of IFRS 16
<b>EPS</b>	Earnings per share
<b>Exceptional items</b>	Items that by virtue of their unusual nature or size warrant separate additional disclosure in the financial statements in order to fully understand the performance of the Group
<b>FY19</b>	The financial reporting period ended 29 June 2019
<b>FY20</b>	The financial reporting period ended 27 June 2020
<b>IAS 17</b>	Where measures are described as being prepared on an 'IAS 17' basis, this means that they reflect the framework of accounting that applied in FY19 prior to the transition to IFRS 16 in FY20. This is considered to be useful in order to explain business performance during the transition to IFRS 16, as the results for previous periods are not restated and comparability may otherwise be difficult
<b>Like-for-like sales</b>	This measure provides an indicator of the underlying performance of our bars. There is no accounting standard or consistent definition of 'like-for-like sales' across the industry. Group like-for-like sales are defined as total retail sales from bars that have traded throughout both the current and prior reporting periods
<b>Net bank debt</b>	Net bank debt is calculated as bank borrowings less cash at bank and other cash and cash equivalents
<b>Operating profit</b>	Earnings before interest and tax
<b>Profit before tax</b>	Profit after taking account of all income and costs including interest but before tax



# CORPORATE INFORMATION

## REVOLUTION BARS GROUP PLC

**Registered number 08838504**

### Registered address

21 Old Street  
Ashton-under-Lyne  
Tameside  
OL6 6LA

### AIM Nominated advisor and Joint broker

#### finnCap

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London  
EC1A 7BL

#### Joint broker

##### Peel Hunt LLP

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London  
EC2Y 5ET

#### Registrar

##### Link Asset Services

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London  
SW1H 0XA

#### Financial PR

##### Instinctif Partners

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London  
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#### Independent auditors

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Manchester  
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### Tax advisers

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Manchester  
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#### Macfarlanes LLP

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### Legal advisers (licensing)

#### Kuits

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**REVOLUTION**  
**BAR GROUP**

Revolution 

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