



## **Adnams plc - Interim Trading Statement 2023**

Adnams Plc today 20<sup>th</sup> September posted its half year report. Sales in the first half of the year were level with 2022 at £30m although on the back of the cost-of-living crisis the company has seen input costs continue to climb and this has contributed to operating losses widening to £2.4m. The company reports that the first two quarters were very different in composition quarter 1 was quite subdued and saw inflation at its peak. The lighter evenings and warmer weather saw a marked improvement in quarter 2.

Its hotels and pubs have traded well in terms of room occupancy although lower footfall in key coastal locations has meant walk-in food and beverage sales have been impacted. Further, the unwinding of the staycation phenomenon that occurred during the pandemic and immediately following has also been a factor in levels of footfall in key locations. Sales of beer to pubs outside of its own estate have also been more challenging and the company notes many rural pubs remain closed in the early part of the week. Additionally, recent media reports are indicating two pubs per day (400 year to date) having closed for good in the first half of the year. Consequently, sales volumes to supermarkets have become a greater proportion of the company's output and its lead product Ghost Ship 4.5% and low alcohol sibling Ghost Ship 0.5% have benefitted from increased distribution.

Cashflow remains consistent and in line with expectations. In March the company reduced its debt position by £0.5m as part of its banking arrangements. The facility stands at £19.5m comprising of a £10m term loan, £6.5m RCF and £3m overdraft. Early in the year the company undertook a cost reduction exercise that looked at all costs and this unfortunately saw some job losses and changes to the way the company operates particularly in its production operation. This initiative is delivering ahead of plan as the company looks forward to its key trading period.

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