Cambria Automobiles plc

The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

5 May 2021

Cambria Automobiles plc

("Cambria" or the "Group")

Unaudited Interim Results 2021

Cambria Automobiles plc (AIM: CAMB), the franchised motor retailer, is pleased to announce its unaudited interim results for the six months ended 28 February 2021. The Group has performed ahead of the prior year despite operating through the various COVID related Lockdown and Tiering restrictions imposed by the UK Government.

During the period, all of the Group's showrooms were closed for 82 days due to Lockdown restrictions, with the majority closed for a further 16 days as they operated in Tier 4 restricted regions. All Group showrooms were able to re-open on 12 April in line with Government guidance. Pleasingly, the Group was able to operate a digital click and collect service in the sales operation and aftersales departments remained open throughout the Lockdown and Tier 4 restrictions. During the period, the Group utilised the Government's Coronavirus Job Retention Scheme (CJRS) and the Business Rates reliefs to support its staff and trading operations given the enforced retail site closures.

Current Trading and Outlook

As flagged in the Group's pre-close trading update, the new car order bank entering March was behind the previous year, however despite being in Lockdown throughout this key plate change month, the Group delivered a similar number of new cars year on year. The used car operation performed well. Following the re-opening of the Group's showrooms on 12 April, trading has begun positively however it remains too early to draw any firm conclusions about the trading outlook at this stage.

Aside from other industry headwinds which have been flagged previously, there is now a global semiconductor shortage that is impacting the production of cars and vans with temporary factory closures at a number of the vehicle manufacturers. These closures are having an impact on vehicle supply into both the retail and fleet new car and van markets which in turn has had an impact on the liquidity of supply into the used car market.

We continue to withhold guidance until we have more certainty over new vehicle supply, the economic environment as we come out of Lockdown 3 and the impact of the ending of the CJRS and vaccine roll-out on consumer demand.

Financial highlights:

- Revenue reduced by 16.0% to £254.7m (H1 2020: £303.1m)
- Underlying profit before tax up 55.5% at £9.8m (H1 2020: £6.3m)
- Underlying earnings per share increased 52.4% to 7.79p (H1 2020: 5.11p)
- Underlying net profit margin of 3.83% (H1 2020: 2.07%)
- Balance sheet with net assets of £79.5m (H1 2020: £68.5m)

- Net debt position as at 28 February 2021 of £5.6m (H1 2020: £6.0m)
- Rolling twelve month return on equity* of 15.82% (H1 2020: 15.85%)
- As previously signalled, interim dividend suspended in light of COVID 19 impact (H1 2020: Nil)

Operational highlights:

- Units of new vehicle sales reduced by 16.6%, as anticipated, with an 8.8% reduction in average profit per unit
- Units of used vehicle sales down 30.8%; partially offset by a 18.2% improvement in average profit per unit
- Aftersales revenue decreased by 12.7% but with improvement in gross profit
- The cost reduction measures taken during the last financial year have enabled the Group to be leaner and more agile despite the impact on volumes as a result of COVID
- Set up SOGO Mobility Limited as a provider of flexible leasing solutions for corporates and individuals

** underlying profit after tax as a proportion of Average Shareholder's funds*

Mark Lavery, Chief Executive of Cambria, said:

"Whilst I am pleased with the overall performance of the Group in the first half of our financial year, the imposition of various Lockdown restrictions has clearly had a material impact on the volume of cars that we have been able to sell to our Guests. There is no doubt that most retail operations learnt vital lessons during Lockdown 1 to adapt to different trading models and our business was no different, seamlessly migrating towards a digital click and collect offering for vehicle sales whilst operating the aftersales departments as efficiently as possible.

We took significant actions to reduce our cost base in the previous financial year and were always concerned that there would be a third Lockdown based on the national data in the autumn of 2020. The reduced volumes have translated into reduced gross profits in the new and used car departments but our aftersales operations have performed well, being more efficient and therefore more profitable.

Aside from COVID, the industry continues to face headwinds in relation to the significant changes in technology and more recently in relation to new car product supply due to the global shortage of microchips and semi-conductors, which could continue for some time and may have a material impact on the new car market.

I am very proud of the response of our entire Associate base and thank them for all the support and flexibility that they have shown. I would also like to thank our Brand partners for their pragmatism and ongoing support throughout the pandemic. The trading performance that has been produced in the face of the challenges outlined is good. Our resilient business model, outstanding Guest experience and brand partnerships continue to help us navigate the current environment and our enhanced franchised portfolio stands us in good stead to benefit from the opportunities that will present themselves as we emerge from the pandemic."

Enquiries:

Cambria Automobiles Mark Lavery, Chief Executive James Mullins, Finance Director www.cambriaautomobilesplc.com	**Tel: 01707 280 851**
N+1 Singer - Nomad & Joint Broker Mark Taylor / Jen Boorer	**Tel: 020 7496 3000**
Zeus Capital - Joint Broker Dominic King	**Tel: 020 7533 7727**
FTI Consulting Alex Beagley / James Styles / Sam Macpherson	**Tel: 020 3727 1000**

About Cambria - www.cambriaautomobilesplc.com

Cambria Automobiles ("Cambria") was established in 2006 and has built a balanced portfolio of high luxury, premium and volume car dealerships, comprising over 40 franchises representing major brands across the UK. The Group's businesses are autonomous and trade under local brand names, including County Motor Works, Dees, Doves, Grange, Invicta, Motorparks and Pure Triumph.

The Group's strategy is to complement its existing franchise and brand portfolio by acquiring earnings enhancing operations, using its strong balance sheet and disciplined approach to capital allocation.

Cambria's medium-term ambition is to create a £1 billion turnover business producing attractive returns on capital.

CHIEF EXECUTIVE'S REVIEW

Introduction

I am pleased to report an improved set of results for the period, delivering underlying profit before tax of £9.8m, up 55.5% on the prior year. The result in the first half of our 2020/21 financial year has been significantly impacted by COVID with reduced volumes of new and used cars sales. The Aftersales business has remained strong and the cost base reductions initiated in the previous financial year and supported by Government stimulus, including the utilisation of the CJRS, have directly contributed to the increased profitability of the Group.

Financial highlights:

	Six months ended 28 February 2021	*Six months ended 29 February 2020*	*Change*
Revenue	**£254.7m**	£303.1m	*-16.0%*
Underlying EBITDA*	**£13.1m**	£10.1m	*+29.7%*
Underlying EBITDA excluding IFRS 16**	**£11.8m**	£8.8m	*+34.1%*
Underlying operating profit*	**£10.4m**	£7.2m	*+44.4%*
Underlying profit before tax*	**£9.8m**	£6.3m	*+55.5%*
Underlying profit before tax margin*	**3.83%**	2.07%	*+176bps*
Underlying earnings per share*	**7.79p**	5.11p	*+52.4%*
Operating profit	**£10.3m**	£7.0m	*+47.1%*
Profit before tax	**£9.7m**	£6.1m	*+59.0%*
Earnings per share	**7.73p**	4.99p	*+54.9%*
Dividend per share	**-**	-	

**Underlying numbers in H1 2021 exclude non-recurring expenses of £0.07m (H1 2020: £0.1m). See note 4*
***The adoption of IFRS 16 has an impact on the PBT, Operating Profit and EBITDA calculation as a result of the operating lease expense for rent payable being unwound and replaced with depreciation and finance expense. See Note 3*

Underlying profit before tax was up 55.5% to £9.8m (H1 2020: £6.3m) with the Group's net profit margin at 3.83%.

Underlying operating profit increased 44.4% to £10.4m (H1 2020: £7.2m), which resulted in an operating margin of 4.08% (H1 2020: 2.38%).

Underlying earnings per share were 7.79p (H1 2020: 5.11p).

Gross profit decreased by 12.3% to £32.2m (H1 2020: £36.7m) with the new car division down £2.5m; used cars down £2.2m and aftersales up £0.2m. The overall gross profit margin across the Group showed an increase over the previous period to 12.6% (H1 2020: 12.1%).

The Group's operational cost base was well controlled as a result of the cost reduction actions taken in the previous financial year. During the period the Group benefitted from the UK Government's CJRS and Business Rates relief measures to a total of £2.45m.

The Board considers £0.07m (H1 2020: £0.1m) expenses in relation to sale of property, the expenses associated with business closures, acquisition fees and refranchising activity to be non-recurring.

Net finance expenses for the period decreased to £0.61m (H1 2020: £0.96m). The finance expense relating to the Revolving Credit facility reduced by £0.16m year on year as a result of the lower interest rate environment. The remainder of the decrease related to the reduced consignment stock costs which were down £0.1m. The tax charge for the period of £1.9m represents an effective tax rate of 19.78% (H1 2020: 18.56%).

Balance sheet

Cambria has a balance sheet with net assets of £79.5m (H1 2020: £68.5m), underpinned by £82.0m of freehold property. At the balance sheet date, Revolving Credit Facilities amounting to £19.9m were drawn.

The Group had a net debt position as at 28 February 2021 of £5.6m (H1 2020, net debt: £6.0m), reflecting gross debt of £19.9m (H1 2020: £26.1m) and the cash position of £14.3m (H1 2020: £20.1m).

Cash flow

During the period the Group had an operating cash outflow of £4.9m (H1 2020: inflow of £3.0m). There was a £15.2m outward movement in working capital in the period, £2m of this relates to the working capital within SOGO mobility to fund the fleet of vehicles, £1m related to the debtor for the sale of the Blackburn freehold property and £10.2m is the result of the VAT movement following a significant reduction in new vehicle stock before the August 2020 quarter end and on the freehold purchases in Croydon and Solihull before the February quarter end.

Cambria has continued to deliver on its property developments and strategic portfolio enhancement over the past three years. Since Lockdown 1, CAPEX projects have been restricted and only committed spend has been deployed. During the period the level of investment in development projects was significantly lower than in previous years and therefore the total CAPEX in the period was £2.85m. The major CAPEX items include the final payment for the Solihull Aston Martin development land of £0.7m, the freehold purchase of the leased site on Brighton Road, Croydon for £1.6m and £0.4m on land and professional fees relating to the Brentwood Jaguar Land Rover, Aston Martin, Bentley and Lamborghini development site.

Just prior to the period end, the Group completed on the sale of the freehold property asset held for resale in Blackburn at a sale price of £0.85m. The sale of the vacant property realised a small loss on disposal of £0.04m although the completion funds were not received until after the period end as outlined above.

The total net cash inflow for the period was £8.6m (H1 2020: outflow £6.2m), including £17.8m drawn down from the Revolving Credit Facility.

Dividend

The Board continues to take the prudent decision to suspend dividend payments until there is more clarity around the impact of the Coronavirus pandemic.

Acquisitions and openings

Cambria's ongoing strategy is to build on the favourable mix of its brand portfolio and maintain a good balance of high luxury, premium and volume brands. It has made good progress over the past five years in delivering on this strategy by acquiring businesses and opening dealerships. The Group has also formed a new flexible mobility business called SOGO Mobility to meet the wider demands of business fleet operations and individuals who want to have more choice in their vehicle usage. SOGO is a multi-channel vehicle ownership operator that provides a range of standard vehicle leasing, Flexi-lease and Subscription based products, delivering access to a full range of cars and vans across a number of brands that the Group does not hold the franchise for.

The Group's development is as follows:

- Formed SOGO Mobility in January 2021
- Alfa Romeo and Jeep in Preston in March 2020
- Aston Martin and Rolls-Royce in Edinburgh in January 2020
- Vauxhall in Warrington in May 2019
- Citroen in Oldham in May 2019
- Suzuki in Maidstone in April 2019
- Peugeot in Warrington in October 2018
- Lamborghini in Tunbridge Wells in November 2018
- Lamborghini in Chelmsford in April 2018
- McLaren in Hatfield in January 2018
- Bentley in Essex and Kent in January 2018
- Formed Repair and Maintenance Plans Limited in October 2017
- Woodford Jaguar Land Rover in July 2016
- Aston Martin Birmingham in May 2016
- Welwyn Garden City Land Rover in January 2016
- Swindon Land Rover in April 2015
- Barnet Jaguar Land Rover in July 2014

Operational review

	Six months ended 28 February 2021				Six months ended 29 February 2020			
	Revenue	**Revenue mix**	**Gross profit**	**Margin**	Revenue	Revenue mix	Gross profit	Margin
	£m	%	£m	%	£m	%	£m	%
New Vehicles	**105.7**	**41.5**	**7.2**	**6.8**	121.2	40.0	9.7	8.0
Used Vehicles	**121.1**	**47.5**	**10.3**	**8.5**	151.4	50.0	12.5	8.3
Aftersales	**33.1**	**13.0**	**14.7**	**44.4**	37.9	12.5	14.5	38.3
Internal sales	**(5.2)**	**(2.2)**			(7.4)	(2.5)		
Total	**254.7**	**100.0**	**32.2**	**12.6**	303.1	100.0	36.7	12.1
Admin Expenses			**(21.8)**				(29.5)	
Underlying Operating Profit			**10.4**				7.2	

New vehicles sales

	H1 2021	H1 2020	**Year-on-year**
New units	**2,572**	3,083	**(16.6%)**

New vehicle revenue decreased by 12.8% to £105.7m (H1 2020: £121.2m) with total new vehicle sales volumes being down 16.6%. The new vehicle gross profit margin was 6.8% (H1 2020: 8.0%) and there was a £2.4m decrease in gross profit. The average profit per unit sold decreased by 8.8% year on year as there was a reduction in volume related bonuses.

The Group's sale of new vehicles to private individuals was 17.7% lower year-on-year at 2,324 units. New commercial vehicle sales decreased by 1.4% to 136 units and the Group did not have any low margin Commercial Vehicle fleet deals. New fleet unit vehicle sales decreased by 7.6% to 109 units.

Used vehicle sales

	H1 2021	H1 2020	**Year-on-year**
Used units	**4,431**	6,407	**(30.8%)**

The Group delivered another good performance in used vehicle sales whilst operating in the Lockdown and Tier restrictions. Revenues decreased by 20.0% to £121.1m (H1 2020: £151.4m) whilst the number of units sold decreased by 30.8%. The gross profit on used vehicles decreased by 17.6% to £10.3m (H1 2020: £12.5m) as a result of the volume reduction which was partially offset by the profit per unit sold increasing by 18.2%.

We have continued our focused strategy in the used car department of increasing the efficiency with which we source, prepare and market our used vehicles in order to drive the Group's Velocity trading principles.

Aftersales

	H1 2021	H1 2020	**Year-on-year**
Aftersales Revenue	**£33.1m**	£37.9m	**(12.7%)**

Aftersales revenue decreased by 12.7% year on year to £33.1m (H1 2020: £37.9m), and the related gross profit increased to £14.7m (H1 2020: £14.5m). The aftersales department contributed 45.7% of the Group's overall gross profit.

Outlook

The new car order bank entering March was behind the previous year, however despite being in Lockdown throughout this key plate change month, the Group delivered a similar number of new cars year on year. The used car operation performed well. Following the re-opening of the Group's showrooms on 12 April, trading has begun positively however it remains too early to draw any firm conclusions about the trading outlook at this stage.

Aside from other industry headwinds which have been flagged previously, there is now a global semiconductor shortage that is impacting the production of cars and vans with temporary factory closures at a number of the vehicle manufacturers. These closures are having an impact on vehicle supply into both the retail and fleet new car and van markets which in turn has had an impact on the liquidity of supply into the used car market.

We continue to withhold guidance until we have more certainty over new vehicle supply, the economic environment as we come out of Lockdown 3 and the impact of the ending of the CJRS and vaccine roll-out on consumer demand.

Mark Lavery
Chief Executive
5 May 2021

Consolidated Statement of Comprehensive Income

for the six months ended 28 February 2021

	Notes	**6 months to 28 February 2021 £000**	6 months to 29 February 2020 £000	12 months to 31 August 2020 £000
Revenue		**254,715**	303,055	524,016
Cost of Sales		**(222,556)**	(266,396)	(460,932)
Gross Profit		**32,159**	36,659	63,084
Administrative expenses: before exceptional items		**(21,856)**	(29,615)	(51,039)
Results from operating activities		**10,303**	7,044	12,045
Finance income		**3**	47	51
Finance expenses		**(616)**	(961)	(1,911)
Net finance expenses		**(613)**	(914)	(1,860)
Profit before tax from operations before non-recurring (expense)/income		**9,760**	6,279	11,143
Non-recurring (expense)/income	***4***	**(70)**	(149)	(958)
Profit before tax		**9,690**	6,130	10,185
Taxation	*6*	**(1,917)**	(1,138)	(1,969)
Profit and total comprehensive income for the period		**7,773**	4,992	8,216
Basic earnings per share	*5*	**7.73p**	4.99p	8.22p
Diluted earnings per share	*5*	**7.73p**	4.98p	8.17p

Consolidated Statement of Changes in Equity

for the six months ended 28 February 2021

	Share Capital £000s	Share premium £000s	Retained earnings £000s	Total Equity £000s
For the 6 months ended 28 February 2021				
Balance at 31 August 2020	10,000	799	60,929	71,728
Profit for the period	-	-	7,773	7,773
Dividend paid	-	-	-	-
Balance at 28 February 2021	**10,000**	**799**	**68,702**	**79,501**
For the 12 months ended 31 August 2020				
Balance at 31 August 2019	10,000	799	54,781	65,580
Impact of adoption of IFRS 16	-	-	(1,218)	(1,218)
At 1 September 2019 – as restated	10,000	799	53,563	64,362
Profit for the period	-	-	8,216	8,216
Dividend paid	-	-	(850)	(850)
Balance at 31 August 2020	**10,000**	**799**	**60,929**	**71,728**
For the 6 months ended 29 February 2020				
Balance at 31 August 2019	10,000	799	54,781	65,580
Impact of adoption of IFRS 16			(1,218)	(1,218)
At 1 September 2019 – as restated	10,000	799	53,563	64,362
Profit for the period	-	-	4,992	4,992
Dividend paid	-	-	(850)	(850)
Balance at 29 February 2020	**10,000**	**799**	**57,705**	**68,504**

Consolidated Statement of Financial Position

as at 28 February 2021

	As at 28 February 2021 £000	As at 29 February 2020 £000	As at 31 August 2020 £000
Non-current assets			
Property, Plant & equipment	**88,109**	86,401	86,943
Intangible assets	**21,475**	21,456	21,527
Right of use assets	**5,510**	7,282	6,509
Finance lease receivables	**84**	-	118
	115,178	115,139	115,097
Current assets			
Inventories	**97,515**	116,527	83,588
Trade and other receivables	**12,563**	15,458	9,085
Finance lease receivables	**69**	-	68
Cash & Cash equivalents	**14,280**	20,062	5,645
Property assets classified as held for resale	**-**	899	899
	124,427	152,946	99,285
Total assets	**239,605**	268,085	214,382
Current liabilities			
Trade and other payables	**(127,728)**	(158,801)	(126,546)
Lease liabilities	**(2,386)**	(2,479)	(2,496)
Contract liabilities	**(1,877)**	(991)	(1,604)
Taxation	**(869)**	(1,472)	(1,271)
Provisions	**(216)**	(48)	(236)
	(133,076)	(163,791)	(132,153)
Non-current liabilities			
Other Interest Bearing loans and borrowings	**(19,939)**	(26,105)	(2,122)
Lease liabilities	**(5,175)**	(7,418)	(6,303)
Contract liabilities	**(1,432)**	(2075)	(1,641)
Deferred tax liability	**(482)**	(192)	(437)
	(27,029)	(35,790)	(10,501)
Total liabilities	**(160,104)**	(199,581)	(142,654)
Net assets	**79,501**	68,504	71,728
Equity attributable to equity holders of the parent			
Share capital	**10,000**	10,000	10,000
Share premium	**799**	799	799
Retained earnings	**68,702**	57,705	60,929
	79,501	68,504	71,728

Consolidated Cash flow statement

for the six months ended 28 February 2021

	6 months to 28 February 2021 £000	6 months to 29 February 2020 £000	12 months to 31 August 2020 £000
Cash flows from operating activities			
Profit for the period	**7,773**	4,992	8,216
Adjustments for:			
Depreciation, amortisation and impairment	**2,773**	2,864	5,779
Finance income	**(3)**	(47)	(51)
Finance expense	**616**	961	1,911
Taxation	**1,917**	1,138	1,969
Gain on disposal of property, plant and equipment	**(4)**	-	-
Non-recurring expenses	**70**	149	958
	13,142	10,057	18,782
Decrease / (increase) in trade and other receivables	**(2,590)**	(3,341)	2,846
(Increase) / decrease in inventories	**(13,927)**	(3,723)	29,216
Increase / (decrease) in trade and other payables	**1,274**	1,706	(30,191)
	(2,101)	4,699	20,653
Interest paid	**(471)**	(658)	(1,303)
Taxation paid	**(2,319)**	(927)	(1,994)
Non-recurring expenses	**(19)**	(149)	(962)
	(4,910)	2,965	16,394
Net cash flow from operating activities			
Cash flows from investing activities			
Interest received	**3**	47	51
Proceeds from sale of property, plant and equipment	**5**	1	31
Acquisition/purchase of property, plant and equipment	**(2,845)**	(2,980)	(3,668)
Acquisition of subsidiary (net of cash acquired)	**-**	-	(56)
Acquisition of business (net of cash acquired)	**-**	-	(1,671)
Net cash flow from investing activities	**(2,837)**	(2,932)	(5,313)
Cash flows from financing activities			
Proceeds for new loan	**17,817**	-	-
Interest paid	**(145)**	(303)	(608)
Repayment of borrowings	**-**	(3,983)	(27,966)
Lease payments	**(1,290)**	(1,134)	(2,311)
Dividend paid	**-**	(850)	(850)
Net cash flow from financing activities	**16,382**	(6,270)	(31,735)
Net increase/(decrease) in cash and cash equivalents	**8,635**	(6,237)	(20,654)
Cash and cash equivalents at start of period	**5,645**	26,299	26,299
Cash and cash equivalents at end of period	**14,280**	20,062	5,645

Notes

1 General information

Cambria Automobiles plc is a company which is listed on AIM, a market of the London Stock Exchange and is incorporated and domiciled in England and Wales. The address of the registered office is Swindon Motor Park, Dorcan Way, Swindon, SN3 3RA. The registered number of the company is 05754547.

These interim financial statements for the six months ended 28 February 2021 comprise the Company and its subsidiaries (together referred to as the "Group") and have been prepared in accordance with Adopted International Financial Reporting Standards as Adopted by the EU ("Adopted IFRS").

The financial statements for the period ended 28 February 2021 have neither been audited nor reviewed by the auditors. The financial information for the year ended 31 August 2020 has been based on information in the audited financial statements for that period.

2 Accounting policies

The Group's principal activity is the sale and servicing of motor vehicles and the provision of ancillary services.

The accounting policies adopted in these interim financial reports are consistent with the Groups financial report for the year ended 31 August 2020 which can be found on the website:

www.cambriaautomobilesplc.com.

3 Operating Segments

Segmental reporting

The Group complies with IFRS 8 'Operating Segments' which determines and presents operating segments based on information presented to the Groups Chief Operating Decision Maker ("CODM"), the Chief Executive Officer. The Group is operated and managed on a Dealership by Dealership basis. The CODM receives information both on a dealership basis and by revenue stream (New, Used, Aftersales). Given the number of dealerships, it was deemed most appropriate to present the information by revenue stream for the purposes of segmental analysis.

	Six months ended 28 February 2021				Six months ended 29 February 2020			
	Revenue	**Revenue mix**	**Gross profit**	**Margin**	Revenue	Revenue mix	Gross profit	Margin
	£m	%	£m	%	£m	%	£m	%
New Vehicles	**105.7**	**41.5**	**7.2**	**6.8**	121.2	40.0	9.7	8.0
Used Vehicles	**121.1**	**47.5**	**10.3**	**8.5**	151.4	50.0	12.5	8.3
Aftersales	**33.1**	**13.0**	**14.7**	**44.4**	37.9	12.5	14.5	38.3
Internal sales	**(5.2)**	**(2.0)**			(7.4)	(2.5)		
Total	**254.7**	**100.0**	**32.2**	**12.6**	303.1	100.0	36.7	12.1
Admin Expenses			**(21.8)**				(29.5)	
Underlying Operating Profit			**10.4**				7.2	

The CODM reviews the performance of the business in terms of both net profit before tax and EBITDA, as such the following table shows a reconciliation of EBITDA to the Profit before tax.

	6 months to 28 February 2021 £000	6 months to 29 February 2020 £000
Profit Before Tax	**9,690**	6,130
Net finance expense	**479**	757
Finance expense IFRS 16	**134**	157
Depreciation	**1,716**	1,601
Depreciation – Right of use asset	**1,057**	1,263
EBITDA	**13,076**	9,908
Non-recurring Expenses/(Income)	**70**	149
Underlying EBITDA	**13,146**	10,057
Net lease payments – pre IFRS 16	**(1,358)**	(1,226)
Underlying EBITDA excluding IFRS 16	**11,788**	8,831
Non-recurring income (expenses)	**(70)**	(149)
EBITDA excluding IFRS 16	**11,718**	8,682

4 Non-recurring expense

Non-recurring income and expenses are items which derive from events or transactions that are outside the normal course of business, and do not directly relate to the on-going operations, therefore have been separately disclosed in order for the financial statements to present a true and fair view.

	6 months to 28 February 2021 £000	6 months to 29 February 2020 £000
Site closures and refranchising cost	**(19)**	(12)
Loss on sale of Freehold property	**(43)**	-
Loss on disposal of plant and equipment	**(8)**	
Acquisitions	**-**	(137)
Net non-recurring income / (expense)	**(70)**	(149)

5 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to equity shareholders by the number of ordinary shares in issue in the period. There is one class of ordinary share with 100,000,000 shares in issue.

	6 months to 28 February 2021 £'000	6 months to 29 February 2020 £'000	Year ended 31 August 2020 £'000
Profit attributable to shareholders	**7,773**	4,992	8,216
Non-recurring income and expenses	**70**	149	958
Tax on adjustments (at 19.78 %) (2020: 18.56%)	**(14)**	(27)	(182)
Adjusted profit attributable to equity shareholders	**7,829**	5,113	8,992
Number of share in issue ('000s)	**100,000**	100,000	100,000
Issuable shares ('000s)	529	-	-
Basic earnings per share	**7.73p**	4.99p	8.22p
Adjusted earnings per share	**7.79p**	5.11p	8.99p

Diluted Earnings per Share

The Group cash settled a number of the vested share options and the performance conditions relating to certain other share options were satisfied and therefore 175,000 share options are considered dilutive at the period-end.

	6 months to 28 February 2021 £'000	**6 months to 29 February 2020 £'000**	Year ended 31 August 2020 £'000
Profit attributable to shareholders	**7,773**	4,992	8,216
Number of shares in issue (000's)	**100,000**	100,000	100,000
Issuable shares ('000s)	**529**		
Effect of dilutive share options (000's)	**27**	178	604
Adjusted number of shares in issue ('000s)	**100,556**	100,178	100,604
Diluted earnings per share	**7.73**	4.98p	8.17p

6 Taxation

The tax charge for the six months ended 28 February 2021 has been provided at the effective rate of 19.78% *(H1 2020: 18.56%)*.