30 July 2024

GREGGS PLC
("Greggs" or "the Company")

INTERIM RESULTS FOR THE 26 WEEKS ENDED 29 JUNE 2024

Continued strategic progress with ambitious growth plans on track

First half financial highlights

	H1 2024	H1 2023
Total sales	**£960.6m**	£844.0m
Underlying pre-tax profit excluding exceptional items *	**£74.1m**	£63.7m
Underlying diluted earnings per share excluding exceptional items*	**53.8p**	46.8p
Ordinary interim dividend per share	**19.0p**	16.0p

** Excludes H1 2023 impact of £16.3 million exceptional net income related to settlement of a Covid business interruption insurance claim. Including this exceptional gain, H1 2023 pre-tax profit was £80.0 million and diluted earnings per share were 59.0p.*

- Total first-half sales up 13.8%, with company-managed shop LFL** sales up 7.4%
- Underlying profit before tax excluding exceptional items up 16.3% to £74.1 million
- Cash balance of £141.5 million at June 2024 (December 2023: £195.3 million), expected to reduce as capital investment programme progresses
- Interim dividend of 19.0p pence per share declared, an increase of 18.8%

*** Like-for-like (LFL) company-managed shop sales performance against 2023 comparable period, where shops have a calendar year's trading history (excluding any shops which opened, relocated or closed in the current or prior year)*

Strategic progress

Estate growth:

- 99 new shops, including 30 relocations, opened in the first half, 18 closures (excluding relocations), giving 51 net new shops in the period
- 2,524 shops trading as at 29 June 2024
- Strong pipeline and remain on track to achieve 140 to 160 net new shop openings in 2024 (openings are typically weighted to the second half)

LFL growth:

- Menu development supporting growth across all dayparts and channels:
    - Over-ice drinks range, including the Mango and Strawberry Cooler and the Strawberries and Cream Refresher, is proving successful and now available in 500 shops, with plans to roll out to a further 200 shops this year
    - Dedicated pizza deals, including the Late Trade Pizza Deal and Pizza Box Deal, driving strong sales growth, with hot food also continuing to perform well. Recently launched a four-slice pizza sharing box option to complement our existing range

- Progress continues in the evening daypart and new channels:
    - Evening daypart sales growing ahead of the average LFL rate, albeit from a low base, increasing share of sales mix by daypart
    - Sales through the delivery channel represented 6.7% of company-managed shop sales in the first half of 2024 (H1 2023: 5.3%)
    - The Greggs App was scanned in 18.3% of company-managed shop transactions (H1 2023: 10.6%)

Supply chain investment:

- Redevelopment of Birmingham and extension of Amesbury distribution centres on track to complete in second half of 2024, creating logistics capacity for an additional 300 shops
- The initial build phase of the new frozen manufacturing and logistics site in Derby, which we expect to be operational in late 2026, is progressing well
- Contracts exchanged for the purchase of a 25-acre plot of land at Symmetry Park in Kettering, on which we will construct our new National Distribution Centre. This site, expected to be operational in the first half of 2027, will support our existing Radial Distribution Centres to service circa 700 more shops through the automated upstream picking of chilled and ambient goods.

"Greggs has made good progress in the first half of the year, further broadening our range of on-the-go food and drink whilst making it more accessible to more customers. Our success is founded on the exceptional value that Greggs offers to customers looking for food and drink on-the-go and the fast and friendly service delivered by our colleagues.

"Our cost outlook for 2024 remains unchanged and we continue to trade in line with our plan. The Board remains confident in the long-term growth strategy, and we are investing to support that growth."

- ***Roisin Currie, Chief Executive***

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An audio webcast of the analysts' presentation will be available to download later today at http://corporate.greggs.co.uk/

CHIEF EXECUTIVE'S REPORT

Greggs has had a strong first half, with like-for-like sales in company-managed shops growing by 7.4% when compared with the equivalent period of 2023. Total sales for the 26 weeks to 29 June 2024 were £960.6 million, an increase of 13.8% (H1 2023: £844.0 million).

We continue to make good progress against our strategic plan, which targets growth through both new shop openings and increasing like-for-like sales. To support this strategic plan, we are investing in our supply chain capacity and in the technology that will underpin our ambitions.

Operational and strategic development

The first half of 2024 saw Greggs deliver further strong sales growth and improvement in our brand health metrics, both building on the record levels reported for 2023. We continue to be the UK's leading food-to-go brand (Source: YouGov Brand Index, June 2024) and maintain our sector-leading reputation for value.

Estate growth

In the first half of 2024 we opened 99 new shops, including 25 franchised units and 30 relocated shops. We closed 18 shops (excluding relocations), resulting in 51 net new shops in the period and a total of 2,524 shops (of which 524 are franchised) trading as at 29 June 2024. Our estate expansion programme is expanding our reach into new locations as well as relocating constrained existing shops to larger sites in better locations to facilitate further growth. Consistent with the phasing seen in prior years, our net new shop openings are weighted more to the second half of 2024.

In the first half of the year we refurbished 81 shops, including 21 franchised units, modernising them to our latest look and enhancing their capability for food preparation and collection of digital orders. We anticipate completing between 180 and 190 shop refurbishments, 140 to 145 company-managed and 40 to 45 franchised, in 2024 (2023: 122 refurbishments).

Our assessment of catchments across the UK continues to support our ambition to have significantly more than 3,000 shops. Our confidence in this opportunity is underpinned by success in catchments where Greggs continues to be underrepresented such as retail parks, railway stations, airports, roadsides and supermarkets. We have continued to grow our partnerships with franchisees of the Greggs brand and with supermarket groups; opening 25 shops with franchise partners, five with Tesco and three with Sainsbury's. Greggs is increasingly present in travel hubs – an example in the first half was our opening at Embankment underground station.

Our shop opening programme is improving the quality of the Greggs estate, as well as extending its reach. Shop relocations typically give our shops the space to embrace new channels and grow sales, whilst catchments from which we permanently withdraw a shop are normally trading significantly below the Group average. The diversity of the Greggs estate has also significantly evolved over the last 10 years; in 2014 82% of our estate was located in cities, towns and suburbs; this proportion now stands at just 52%. We have had particular success in growing our presence in roadside locations, which now represent 26% of the estate, helping make our great quality and great value food and drink more accessible to customers on the move.

Greggs is a trusted brand offering a strong covenant to landlords and franchise partners and this continues to generate opportunities in new locations. Our new shop pipeline is strong and we remain confident that we will open between 140 and 160 net new shops in the year as a whole. Given our ambition to grow the estate to significantly more than 3,000 shops in the UK, we are building capacity to support up to 3,500 shops in our latest supply chain investment programme.

Like-for-like growth

Menu development is key to our success and innovation in our food and drink offer has supported growth across all dayparts and channels. Our new over-ice drinks range is proving popular with customers and is now available in 500 shops, with plans to roll out to a further 200 shops this year. We have also launched chilled 'Ready-to-Drink' Latte and Caramel Latte canned products, further extending the choice in our beverage range.

Our dedicated pizza deals, including the Late Trade Pizza Deal (a pizza slice and cold drink purchased after 4pm) and Pizza Box Deal are driving strong sales growth, and a new four-slice pizza sharing box option is now available to buy from £6.50. Our hot food range, in particular our Southern Fried Chicken Goujons and Southern Fried Potato Wedges, continues to perform well and the Katsu Chicken Bake is a tasty addition to our range of rolls and bakes. Seasonal additions, such as our new Pesto Chicken and Spicy Bean Flatbreads, along with the Apple and Strawberry Fruit Pot, have proved popular additions to the Healthier Choice range and the new Pesto and Mozzarella Salad and updated Chicken and Bacon Pasta Salad are performing particularly well.

Our made-to-order hot food trials have been extended to additional shops and now include the Fish Finger Sandwich and Fish Finger Wrap alongside our existing range of chicken burgers and wraps. As ever, Greggs value for money offering shines through, with customers able to enjoy a Crispy Chicken Burger as part of a meal deal, with wedges and a drink from £5.00.

Menu development is also supporting the strategic progress of the Greggs offer in new channels and dayparts:

- ***Evening trade*** – post-4pm sales grew more strongly than the average LFL rate, albeit from a low base. Over the long term we believe that the evolution of our menu and the extent of our suburban shop estate offers a significant opportunity to grow our share of both the walk-in and delivery evening markets.

- ***Delivery*** – having quickly rolled out with Uber Eats as a second aggregator in the second half of 2023 we have continued to increase the number of shops that offer delivery services on both the Just Eat and Uber Eats platforms. Sales through the delivery channel represented 6.7% of company-managed shop sales in the first half of 2024 (H1 2023: 5.3%).

- ***Greggs App*** – growth in use of the Greggs App has continued, with 18.3% of company-managed customer transactions scanned as part of our loyalty programme in the first half of 2024 (H1 2023: 10.6%). We have continued to invest in our customer relationship management ('CRM') approach, which has included migrating to new CRM software.

Investing in our supply chain and technology to support our growth plans

To support our growth plan, we are investing in further supply chain capacity and in technology. We are on track to complete the redevelopment of our Birmingham distribution centre and the extension of our Amesbury distribution centre later this year, which will add a further 300 shops of logistics capacity to our southern network.

To facilitate further expansion, we are building two brand new state-of-the-art facilities in the Midlands. These sites will enable growth without the need to build further Radial Distribution Centres ('RDCs') and provide white space for future manufacturing and logistics capacity.

The first site will be a frozen product manufacturing and logistics facility located in Derby. This will mirror our northern frozen manufacturing campus at Balliol, including an automated cold store but with the addition of automated picking of products to shop level. We have signed an agreement for a lease for the site and the landlord is currently constructing the building. Due to open in 2026, this site will be a consolidation point for our frozen food logistics in the south of the UK, as well as increasing the capacity of our existing RDCs by supporting them with upstream picking. We will initially construct one new manufacturing line on the site, with space to progressively develop further lines in step with future demand.

The second site will be a new National Distribution Centre ('NDC') for the storage, picking and distribution of chilled and ambient goods. We have exchanged contracts to purchase a 25-acre plot of land at Symmetry Park in Kettering. Subject to planning permission being granted we expect the purchase to complete in the fourth quarter of 2024, with the site being developed for opening in H1 2027. This site will replace and expand our two existing NDC facilities in Kettering which will enable our existing RDCs to service circa 700 more shops by providing upstream picking of chilled and ambient goods. We expect to deliver productivity improvements from automation and the scale of the operations, and the site also provides white space to develop future RDC and manufacturing capacity if required.

Our investment in technology continues to drive improved processes and provide greater value and insight from our data. In the first half of 2024 we implemented a new CRM platform which enhances our ability to engage with our customers and further build loyalty. We have also progressed with the implementation of new EPOS till software across the estate, which will enable improved management of pricing and promotions, and started work to migrate to the next version of our SAP ERP solution, with the first modules planned to go live in 2025.

The Greggs Pledge

We continue to make good progress against our ten Greggs Pledge sustainability commitments, including moving 60% of our natural gas to a renewable alternative and replacing the diesel used by our distribution fleet at Enfield Distribution Centre with hydrogenated vegetable oil (HVO). Looking forward, we are currently considering the views of our various stakeholder groups which will help to inform our priorities for the evolution of the Greggs Pledge for 2025 and beyond.

Financial performance

Total sales for the 26 weeks to 29 June 2024 were £960.6 million (H1 2023: £844.0 million). Like-for-like sales in company-managed shops grew by 7.4%.

Underlying pre-tax profit was £74.1 million in the first half of 2024 (H1 2023: £63.7 million, excluding an exceptional gain of £16.3 million related to settlement of a Covid business interruption insurance claim). The year-on-year progress has been supported by continued strong like-for-like growth and better recovery of cost inflation than was the case in the first half of 2023. Overall cost inflation in the first half of 2024 was 4% and we continue to expect 4-5% cost inflation for the year as a whole. Looking forward energy pricing is fixed for the remainder of 2024 and for circa 66% of our 2025 requirement, and we have around four months' forward purchasing cover in respect of our requirements for food and packaging inputs.

The net financing expense of £1.7 million in the period (H1 2023: £1.7 million) comprised £5.9 million in respect of the IFRS 16 interest charge on lease liabilities, £0.6 million of facility charges under the Company's (undrawn) financing facilities offset by £4.8 million of interest received on bank deposits.

The effective rate of Corporation Tax on underlying profits for the period was 25.6% (H1 2023: 24.9%, excluding the exceptional gain) which we expect to be the effective tax rate for the whole of 2024. Going forward the effective rate is expected to remain around 1.0 percentage point above the headline corporation tax rate; this is principally because of expenditure for which no tax relief is available, such as depreciation on properties acquired before the introduction of structures and buildings tax allowances, and acquisition costs relating to new shops.

Underlying diluted earnings per share for the period were 53.8 pence (H1 2023: 46.8 pence, excluding the exceptional gain).

Capital expenditure and financial position

Capital expenditure during the first half was £102.2 million (H1 2023: £85.6 million) as we increased investment in line with our previously announced growth plans. The year-on-year increase was driven by increased supply chain activity with expenditure to refurbish our Birmingham RDC and extend our Amesbury RDC, and the initial works and equipment deposits for the new Derby frozen manufacturing campus. In the balance of the year we will continue the development of our retail estate, complete the works at both our Birmingham and Amesbury RDCs, and commence work on the two new sites in Derby and Kettering. Our full year guidance for capital expenditure in 2024 remains in the range of £250 to £280 million (2023: £199.8 million). Provided that planning permission is granted on a timely basis we expect to complete the land purchase at Kettering this year, which would likely lead to capital expenditure being at the top end of this range.

We continue to carry a higher-than-normal cash position in order to support the multi-year investment in our significant growth programme and ended the period with a cash balance of £141.5 million (1 July 2023: £138.6 million). At the period end the Company had a net current liabilities position of £59.0 million (1 July 2023: net current assets position of £19.9 million) following the payment of the special dividend in May 2024 and continued capital investment. Our cash balance is inflated by an invoicing issue caused by a supplier migrating to a new billing system, which has increased both 'cash and cash equivalents' and 'trade and other payables' by circa £30 million. We expect this issue to be resolved in the second half, with a corresponding cash outflow to settle the balance payable. In the first half we renewed our revolving credit facility for a three-year period to June 2027, with two further one-year extension options. The facility provides liquidity of £100 million in committed funds.

In the second half of 2024 we expect to complete the sale of our legacy bakery site at Twickenham, and therefore the assets related to this site have been reclassified as held for sale. The site was closed in 2016 as part of the restructure of our supply chain, with the subsequent sale delayed due to planning considerations for the change of use of the site. Full planning consent has now been granted and, on completion, we expect to recognise an exceptional gain in the 2024 full year results.

During the first half the Company made a special contribution of £4.5 million to its defined benefit pension scheme which facilitated the purchase of a bulk annuity 'buy-in' policy with Aviva. This policy will provide regular payments to the Trustee to fund future pension payments and significantly reduces the Company's exposure to the funding risks associated with its defined benefit pension liabilities.

Dividend

The Board has declared an interim dividend of 19.0 pence per share (2023: 16.0 pence), consistent with the first-half increase in earnings per share. The overall ordinary dividend for the year will be proposed in line with our progressive dividend policy, which targets a full year ordinary dividend that is around two times covered by underlying earnings.

The interim dividend will be paid on 4 October 2024 to those shareholders on the register at the close of business on 6 September 2024.

Summary and outlook

Greggs has made good progress in the first half of the year, further broadening our range of on-the-go food and drink whilst making the brand more accessible to more customers. We remain optimistic about the many opportunities available to Greggs and are encouraged by the continued strong execution of our strategic plan, evidenced by our success in driving volume growth whilst also building capacity for the future. Our success is founded on the exceptional value that Greggs offers to customers looking for food and drink on-the-go and the fast and friendly service delivered by our colleagues.

Our cost outlook for 2024 remains unchanged and we continue to trade in line with our plan. Whilst uncertainties remain, the Board's expectations for the full year outcome are unchanged. The Board remains confident in the long-term growth strategy, and we are investing to support that growth.

Roisin Currie
Chief Executive
30 July 2024

Greggs plc
Consolidated income statement
For the 26 weeks ended 29 June 2024

	26 weeks ended 29 June 2024	26 weeks ended 1 July 2023	26 weeks ended 1 July 2023	26 weeks ended 1 July 2023	52 weeks ended 30 December 2023	52 weeks ended 30 December 2023	52 weeks ended 30 December 2023
	Total	Excluding exceptional items	Exceptional items (see Note 4)	Total	Excluding exceptional items	Exceptional items (see Note 4)	Total
	£m	£m	£m	£m	£m	£m	£m
Revenue	**960.6**	844.0	-	844.0	1,809.6	-	1,809.6
Cost of sales	**(369.7)**	(329.7)	-	(329.7)	(710.5)	-	(710.5)
Gross profit	**590.9**	514.3	-	514.3	1,099.1	-	1,099.1
Distribution and selling costs	**(465.4)**	(408.0)	-	(408.0)	(844.5)	0.3	(844.2)
Administrative expenses	**(49.7)**	(40.9)	-	(40.9)	(82.9)	-	(82.9)
Other income	**-**	-	16.3	16.3	-	20.3	20.3
Operating profit	**75.8**	65.4	16.3	81.7	171.7	20.6	192.3
Finance expense (net)	**(1.7)**	(1.7)	-	(1.7)	(4.0)	-	(4.0)
Profit before tax	**74.1**	63.7	16.3	80.0	167.7	20.6	188.3
Income tax	**(19.0)**	(15.9)	(3.8)	(19.7)	(41.0)	(4.8)	(45.8)
Profit for the period attributable to equity holders of the parent	**55.1**	47.8	12.5	60.3	126.7	15.8	142.5
Basic earnings per share	**54.3p**	47.2p	12.3p	59.5p	125.0p	15.6p	140.6p
Diluted earnings per share	**53.8p**	46.8p	12.2p	59.0p	123.8p	15.4p	139.2p

Greggs plc
Consolidated statement of comprehensive income
For the 26 weeks ended 29 June 2024

	26 weeks ended 29 June 2024 £m	26 weeks ended 1 July 2023 £m	52 weeks ended 30 December 2023 £m
Profit for the period	**55.1**	60.3	142.5
Other comprehensive income			
Items that will not be recycled to profit and loss:			
Remeasurements on defined benefit pension plans	**(11.5)**	0.2	-
Tax on remeasurements on defined benefit pension plans	**0.8**	0.1	0.4
Other comprehensive income for the period, net of income tax	**(10.7)**	0.3	0.4
Total comprehensive income for the period	**44.4**	60.6	142.9

Greggs plc
Consolidated balance sheet
as at 29 June 2024

	29 June 2024	1 July 2023	30 December 2023
	£m	£m	£m
ASSETS			
Non-current assets			
Intangible assets	**19.7**	13.6	18.3
Property, plant and equipment	**568.0**	439.4	510.3
Right-of-use assets	**302.3**	284.3	296.6
Defined benefit pension asset	**-**	6.7	6.6
	890.0	744.0	831.8
Current assets			
Inventories	**48.8**	44.6	48.8
Trade and other receivables	**50.0**	64.4	53.8
Assets held for resale	**1.1**	-	-
Current tax	**-**	8.1	-
Cash and cash equivalents	**141.5**	138.6	195.3
	241.4	255.7	297.9
Total assets	**1,131.4**	999.7	1,129.7
LIABILITIES			
Current liabilities			
Trade and other payables	**(230.3)**	(180.9)	(211.1)
Current tax liability	**(11.8)**	-	(4.9)
Lease liabilities	**(53.9)**	(51.9)	(52.5)
Provisions	**(4.4)**	(3.0)	(4.0)
	(300.4)	(235.8)	(272.5)
Non-current liabilities			
Other payables	**(1.6)**	(2.6)	(2.3)
Lease liabilities	**(273.1)**	(252.5)	(267.1)
Deferred tax liability	**(60.4)**	(44.4)	(54.7)
Defined benefit pension liability	**(0.2)**	-	-
Long-term provisions	**(1.7)**	(3.0)	(2.2)
	(337.0)	(302.5)	(326.3)
Total liabilities	**(637.4)**	(538.3)	(598.8)
Net assets	**494.0**	461.4	530.9
EQUITY			
Capital and reserves			
Issued capital	**2.0**	2.0	2.0
Share premium account	**25.1**	25.1	25.1
Capital redemption reserve	**0.4**	0.4	0.4
Retained earnings	**466.5**	433.9	503.4
Total equity attributable to equity holders of the Parent	**494.0**	461.4	530.9

Greggs plc
Consolidated statement of changes in equity
For the 26 weeks ended 29 June 2024

26 weeks ended 1 July 2023

	Issued capital	Share premium	Capital redemption reserve	Retained earnings	Total
	£m	£m	£m	£m	£m
Balance at 1 January 2023	2.0	23.1	0.4	420.5	446.0
Total comprehensive income for the period					
Profit for the period	-	-	-	60.3	60.3
Other comprehensive income	-	-	-	0.3	0.3
Total comprehensive income for the period	-	-	-	60.6	60.6
Transactions with owners, recorded directly in equity					
Issue of ordinary shares	-	2.0	-	-	2.0
Sale of own shares	-	-	-	0.8	0.8
Purchase of own shares	-	-	-	(5.0)	(5.0)
Share-based payment transactions	-	-	-	2.3	2.3
Dividends to equity holders	-	-	-	(44.6)	(44.6)
Tax items taken directly to reserves	-	-	-	(0.7)	(0.7)
Total transactions with owners	-	2.0	-	(47.2)	(45.2)
Balance at 1 July 2023	2.0	25.1	0.4	433.9	461.4

52 weeks ended 30 December 2023

	Issued capital	Share premium	Capital redemption reserve	Retained earnings	Total
	£m	£m	£m	£m	£m
Balance at 1 January 2023	2.0	23.1	0.4	420.5	446.0
Total comprehensive income for the period					
Profit for the financial year	-	-	-	142.5	142.5
Other comprehensive income	-	-	-	0.4	0.4
Total comprehensive income for the year	-	-	-	142.9	142.9
Transactions with owners, recorded directly in equity					
Issue of ordinary shares	-	2.0	-	-	2.0
Purchase of own shares	-	-	-	(5.0)	(5.0)
Sale of own shares	-	-	-	1.6	1.6
Share-based payment transactions	-	-	-	4.6	4.6
Dividends to equity holders	-	-	-	(60.8)	(60.8)
Tax items taken directly to reserves	-	-	-	(0.4)	(0.4)
Total transactions with owners	-	2.0	-	(60.0)	(58.0)
Balance at 30 December 2023	2.0	25.1	0.4	503.4	530.9

26 weeks ended 29 June 2024

	Issued capital	**Share premium**	**Capital redemption reserve**	**Retained earnings**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Balance at 31 December 2023	**2.0**	**25.1**	**0.4**	**503.4**	**530.9**
Total comprehensive income for the period					
Profit for the period	**-**	**-**	**-**	**55.1**	**55.1**
Other comprehensive income	**-**	**-**	**-**	**(10.7)**	**(10.7)**
Total comprehensive income for the period	**-**	**-**	**-**	**44.4**	**44.4**
Transactions with owners, recorded directly in equity					
Sale of own shares	**-**	**-**	**-**	**3.7**	**3.7**
Share-based payment transactions	**-**	**-**	**-**	**2.6**	**2.6**
Dividends to equity holders	**-**	**-**	**-**	**(87.5)**	**(87.5)**
Tax items taken directly to reserves	**-**	**-**	**-**	**(0.1)**	**(0.1)**
Total transactions with owners	**-**	**-**	**-**	**(81.3)**	**(81.3)**
Balance at 29 June 2024	**2.0**	**25.1**	**0.4**	**466.5**	**494.0**

Greggs plc
Consolidated statement of cash flows
For the 26 weeks ended 29 June 2024

	26 weeks ended 29 June 2024	26 weeks ended 1 July 2023	52 weeks ended 30 December 2023
	£m	£m	£m
Cash flows from operating activities			
Cash generated from operations (see page 13)	**157.4**	114.7	333.0
Income tax paid	**(5.7)**	(9.8)	(11.9)
Interest paid on lease liabilities	**(5.9)**	(4.2)	(9.6)
Interest paid on loans and borrowings	**(0.6)**	(0.4)	(0.7)
Net cash inflow from operating activities	**145.2**	100.3	310.8
Cash flows from investing activities			
Acquisition of property, plant and equipment	**(88.4)**	(81.0)	(189.5)
Acquisition of intangible assets	**(3.4)**	(2.2)	(8.6)
Proceeds from sale of property, plant and equipment	**0.6**	0.5	0.8
Interest received	**4.6**	2.9	6.1
Net cash outflow from investing activities	**(86.6)**	(79.8)	(191.2)
Cash flows from financing activities			
Proceeds from issue of share capital	**-**	2.0	2.0
Sale of own shares	**3.7**	0.8	1.6
Purchase of own shares	**-**	(5.0)	(5.0)
Dividends paid	**(87.5)**	(44.6)	(60.8)
Repayment of principal of lease liabilities	**(28.6)**	(26.7)	(53.7)
Net cash outflow from financing activities	**(112.4)**	(73.5)	(115.9)
Net (decrease)/increase in cash and cash equivalents	**(53.8)**	(53.0)	3.7
Cash and cash equivalents at the start of the period	**195.3**	191.6	191.6
Cash and cash equivalents at the end of the period	**141.5**	138.6	195.3

Greggs plc
Consolidated statement of cash flows (continued)
For the 26 weeks ended 29 June 2024

Cash flow statement – cash generated from operations

	26 weeks ended 29 June 2024	26 weeks ended 1 July 2023	52 weeks ended 30 December 2023
	£m	£m	£m
Profit for the period	**55.1**	60.3	142.5
Amortisation	**2.0**	2.1	3.9
Depreciation – property, plant and equipment	**37.8**	31.8	66.6
Depreciation – right-of-use assets	**28.7**	26.7	54.5
Impairment charge– property, plant and equipment	**0.6**	0.7	1.4
Impairment charge – right-of-use assets	**1.6**	0.3	2.5
Loss on sale of property, plant and equipment	**1.0**	1.0	2.0
Release of government grants	**(0.2)**	(0.2)	(0.5)
Share-based payment expense	**2.6**	2.3	4.6
Net finance expense	**1.7**	1.7	4.0
Income tax expense	**19.0**	19.7	45.8
Increase in inventories	**-**	(4.0)	(8.2)
Decrease/(increase) in receivables	**3.9**	(14.2)	(3.6)
Increase/(decrease) in payables	**8.1**	(13.2)	18.0
Decrease in provisions	**-**	(0.3)	(0.5)
Decrease in pension liability	**(4.5)**	-	-
Cash from operating activities	**157.4**	114.7	333.0

Notes

1. Basis of preparation

The condensed accounts have been prepared for the 26 weeks ended 29 June 2024. Comparative figures are presented for the 26 weeks ended 1 July 2023. These condensed accounts have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the UK. They do not include all the information required for full annual accounts, and should be read in conjunction with the Group accounts for the 52 weeks ended 30 December 2023.

These condensed accounts are unaudited and were approved by the Board of Directors on 30 July 2024.

The comparative figures for the 52 weeks ended 30 December 2023 are not the Company's statutory accounts for that financial year. Those accounts were reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Going concern

The Directors have considered the adoption of the going concern basis of preparation for these condensed accounts. The Directors have reviewed cash flow forecasts prepared for a period of 18 months from the date of approval of these condensed accounts.

At the end of the reporting period the Group had £241.5 million of available liquidity including £141.5 million cash and cash equivalents and £100.0 million of the undrawn revolving credit facility ('RCF').

In reviewing the cash flow forecasts the Directors considered the current trading position of the Group and the likely capital expenditure and working capital requirements of its growth plans. The cashflow forecasts show that the Group expects to comply with the covenants included within the RCF agreement throughout the review period.

Taking into account the current cash level and the committed facilities the Directors are confident that the Group will have sufficient funds to allow it to continue to operate. After reviewing the projections and sensitivity analysis the Directors believe that it is appropriate to prepare the condensed accounts on a going concern basis.

Judgements and estimates

In preparing these condensed accounts, management have made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In addition to the key estimates and judgements disclosed in the consolidated accounts for the 52 weeks ended 30 December 2023 the following additional areas have been identified or updated for the 26 weeks ended 29 June 2024.

Impairment

Property, plant and equipment and right-of-use assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. For example, shop fittings and right-of-use assets may be impaired if sales in that shop fall. When a review for impairment is conducted the recoverable amount is estimated based on the higher of the value-in-use calculations or fair value less costs of disposal. Value-in-use calculations are based on management's estimates of future cash flows generated by the assets and an appropriate discount rate. Consideration is also given to whether the impairment assessments made in prior years remain appropriate based on the latest expectations in respect of recoverable amount. Where it is concluded that the impairment has reduced, a reversal of the impairment is recorded to the carrying value that would have been recognised if the original impairment had not occurred, net of depreciation that would have been charged.

The Group has traded profitably throughout 2023 and 2024 to date. As such there is not considered to be a global indicator of impairment across the Group's asset base. Where indicators of impairment exist for specific cash generating units (CGUs), with each individual shop considered its own CGU, then an impairment review has been performed to calculate the recoverable value.

For those shops with indications of impairment, the value-in-use has been calculated using the following assumptions:

- Like-for-like transaction volumes for mature shops have been assumed to grow at a rate of 2.0% for year one of the period of the impairment review, reducing steadily to 0.0% for year six onwards;
- Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR) is used as a proxy for net cash flow excluding rental payments;
- The discount rate is based on the Group's pre-tax cost of capital and at 29 June 2024 was 9.4% (1 July 2023: 10.4%; 30 December 2023: 9.9%); and
- Consideration of the appropriate period over which to forecast cash flows, including reference to the lease term. Where considered appropriate cash flows have been included for periods beyond the lease probable end date (to a maximum of five years in accordance with IAS 36).

On the basis of these value-in-use calculations, a net impairment charge of £2.2 million has been recognised during the current period (of which £0.6 million relates to fixtures and fittings and £1.6 million relates to right-of-use assets) resulting in an impairment provision of £7.8 million being retained at 29 June 2024 in respect of 127 shops (of which £2.8 million relates to fixtures and fittings and £5.0 million relates to right-of-use assets).

Post-retirement benefits

The valuation of the defined benefit pension scheme for the purposes of IAS 19 (Revised) as at 30 December 2023 has been updated as at 29 June 2024 and the movements have been reflected in these condensed accounts. These movements include updating the valuation of scheme liabilities following the finalisation of the triennial actuarial valuation of the scheme as at 6 April 2023 as well as the purchase in May 2024 of a bulk annuity 'buy-in' policy with Aviva. The purchase of this policy significantly reduces the Company's exposure to the funding risks associated with its defined benefit liabilities.

The valuation of the assets held by the scheme following the buy-in results in an accounting loss. Although a buy-out of the scheme is possible in the future there is no indication that this will be executed and finalised in the short-term. The scheme has retained all responsibility to meet future pension payments to pensioners and the buy-in is not recognised as a settlement. Therefore the loss on the valuation of the qualifying insurance policy asset has been recognised through other comprehensive income (OCI) in the period ended 29 June 2024.

2. Accounting policies

The accounting policies applied by the Group in these condensed accounts are the same as those applied by the Group in its consolidated accounts for the 52 weeks ended 30 December 2023 other than as disclosed below:

- Non-current Liabilities with Covenants – Amendments to IAS1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1.

Its adoption did not have a material effect on the accounts.

Principal risks and uncertainties

The Directors have considered the principal risks and uncertainties which could have a material impact on performance for the remainder of the financial year.

The assessment of principal risks and uncertainties made in the 2023 Annual Report and Accounts remains valid and we do not believe there to have been any material changes in the profile of those risks since then.

We have considered whether the Company is facing any new principal risks at each of our Risk Committee meetings so far during 2024. All new and emerging areas of risk which have been identified fall within the scope of our existing principal risks and uncertainties, and no additional disclosure is required.

The assessment above should be read in conjunction with the statement of principal risks described on pages 62-64 in the 2023 Annual Report and Accounts. Other than the matters described above we believe our exposure to other principal risks faced by the business is not significantly different to that described in that statement.

3. Operating segments

The Board is considered to be the 'chief operating decision maker' of the Group in the context of the IFRS 8 definition. In addition to its company-managed retail activities, the Group generates revenues from its business to business channel which includes franchise and wholesale activities. Both channels were categorised as reportable segments for the purposes of IFRS 8.

Company-managed retail activities – the Group sells a consistent range of fresh bakery goods, sandwiches and drinks in its own shops or via delivery. Sales are made to the general public on a cash basis. All results arise in the UK.

Business to business channel – the Group sells products to franchise and wholesale partners for sale in their own outlets as well as charging a licence fee to franchise partners. These sales and fees are invoiced to the partners on a credit basis. All results arise in the UK.

All revenue in 2024 and 2023 was recognised at a point in time.

The Board regularly reviews the revenues and trading profit of each segment. The Board receives information on overheads, assets and liabilities on an aggregated basis consistent with the Group accounts.

	26 weeks ended 29 June 2024	**26 weeks ended 29 June 2024**	**26 weeks ended 29 June 2024**	26 weeks ended 1 July 2023	26 weeks ended 1 July 2023	26 weeks ended 1 July 2023	52 weeks ended 30 December 2023	52 weeks ended 30 December 2023	52 weeks ended 30 December 2023
	Retail company-managed shops	Business to business	Total	Retail company-managed shops	Business to business	Total	Retail company-managed shops	Business to business	Total
	£m	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Revenue	**851.2**	**109.4**	**960.6**	755.8	88.2	844.0	1,610.9	198.7	1,809.6
Trading profit*	**117.2**	**24.5**	**141.7**	103.0	16.7	119.7	250.1	41.1	291.2
Overheads including profit share			**(65.9)**			(54.3)			(119.5)
Operating profit			**75.8**			65.4			171.7
Finance expense			**(1.7)**			(1.7)			(4.0)
Profit before tax (excluding exceptional items)			**74.1**			63.7			167.7
Exceptional items (see Note 4)			**-**			16.3			20.6
Profit before tax			**74.1**			80.0			188.3

* Trading profit is defined as gross profit less supply chain costs and retail costs (including property and direct management costs) and before central overheads.

4. Exceptional items

The exceptional item in 2023 related to:

- A net gain of £16.3 million (1 July 2023: £16.3 million) on the settlement of a Covid-19 business interruption insurance claim. The net gain was recognised after deduction of fees payable to advisors and the £2.5 million advance already recognised as income in 2020;
- A net gain of £4.0 million (1 July 2023: £nil) on the settlement of a business interruption insurance claim relating to flooding at the Treforest bakery in 2020;
- A £0.3 million (1 July 2023: £nil) release of a previous provision for onerous leases no longer required.

5. Taxation

The taxation charge for the 26 weeks ended 29 June 2024 and 1 July 2023 is calculated by applying the Directors' best estimate of the annual effective tax rate to the profit or loss for the period using rates substantively enacted by the half year date as required by IAS34 'Interim Financial Reporting'.

6. Earnings per share

	26 weeks ended 29 June 2024	26 weeks ended 1 July 2023	26 weeks ended 1 July 2023	26 weeks ended 1 July 2023	52 weeks ended 30 December 2023	52 weeks ended 30 December 2023	52 weeks ended 30 December 2023
	Total	Excluding exceptional items	Exceptional items (see Note 4)	Total	Excluding exceptional items	Exceptional items (see Note 4)	Total
	£m	£m	£m	£m	£m	£m	£m
Profit for the period attributable to equity holders of the parent	**55.1**	47.8	12.5	60.3	126.7	15.8	142.5
Basic earnings per share	**54.3p**	47.2p	12.3p	59.5p	125.0p	15.6p	140.6p
Diluted earnings per share	**53.8p**	46.8p	12.2p	59.0p	123.8p	15.4p	139.2p

Weighted average number of ordinary shares

	26 weeks ended 29 June 2024 Number	26 weeks ended 1 July 2023 Number	52 weeks ended 30 December 2023 Number
Issued ordinary shares at start of period	**102,255,675**	102,112,581	102,112,581
Effect of shares issued	**-**	29,793	86,106
Effect of own shares held	**(649,199)**	(849,669)	(879,975)
Weighted average number of ordinary shares during the period	**101,606,476**	101,292,705	101,318,712
Effect of share options in issue	**811,752**	1,014,417	977,753
Weighted average number of ordinary shares (diluted) during the period	**102,418,228**	102,307,122	102,296,465
Issued ordinary shares at end of period	**102,255,675**	102,254,826	102,255,675

7. Dividends

The following tables analyse dividends when paid and the year to which they relate:

Dividend declared	**26 weeks ended 29 July 2024**	26 weeks ended 1 July 2023	52 weeks ended 30 December 2023
	Pence per share	Pence per share	Pence per share
2022 final dividend	**-**	44.0p	44.0p
2023 interim dividend	**-**	-	16.0p
2023 final dividend	**46.0p**	-	-
2023 special dividend	**40.0p**	-	-
	86.0p	44.0p	60.0p

	26 weeks ended 29 June 2024	26 weeks ended 1 July 2023	52 weeks ended 30 December 2023
	£m	£m	£m
Total dividend payable			
2022 final dividend	**-**	44.6	44.6
2023 interim dividend	**-**	-	16.2
2023 final dividend	**46.8**	-	-
2023 special dividend	**40.7**	-	-
Total dividend paid in period	**87.5**	44.6	60.8

	26 weeks ended 29 June 2024	26 weeks ended 1 July 2023	52 weeks ended 30 December 2023
	£m	£m	£m
Dividend proposed at period end and not included as a liability in the accounts			
2023 interim dividend (16.0p per share)	**-**	16.2	-
2023 final dividend (46.0p per share)	**-**	-	46.8
2023 special dividend (40.0p per share)	**-**	-	40.7
2024 interim dividend (19.0p per share)	**19.4**	-	-
	19.4	16.2	87.5

8. Related party transactions

There have been no related party transactions in the first 26 weeks of the current financial year which have materially affected the financial position or performance of the Group.

Related parties are consistent with those disclosed in the Group's Annual Report and Accounts for the 52 weeks ended 30 December 2023.

9. Half year report

The condensed accounts were approved by the Board of Directors on 30 July 2024. They will be available on the Company's website, corporate.greggs.co.uk

10. Calculation of Alternative Performance Measures

One-year like-for-like (LFL) sales increase – compares year-on-year cash sales in company-managed shops, excluding any shops which opened, relocated or closed in the current or prior period.

	26 weeks ended 29 June 2024	26 weeks ended 29 June 2024	26 weeks ended 29 June 2024
	Non-LFL	**LFL**	**Total revenue**
	£m	**£m**	**£m**
Current period sales	**197.3**	**763.3**	**960.6**
2023 sales	**133.2**	**710.8**	**844.0**
Increase		**52.5**	
		========	
LFL sales increase percentage		**7.4%**	

11. Statement of Directors' responsibilities

The Directors named below confirm on behalf of the Board of Directors that to the best of their knowledge:

- the condensed set of accounts has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the UK;
- the interim management report includes a fair review of the information required by:

(a) DTR4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first 26 weeks of the financial year and their impact on the condensed set of accounts; and a description of the principal risks and uncertainties for the remaining 26 weeks of the year; and

(b) DTR4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first 26 weeks of the financial year and that have materially affected the financial position or performance of the Group during the period; and any changes in the related party transactions described in the last annual report that could do so.

The Directors of Greggs plc are listed in the Annual Report and Accounts for the 52 weeks ended 30 December 2023. On 1 June 2024 Tamara Rogers was appointed as a Non-Executive Director.

For and on behalf of the Board of Directors

Roisin Currie **Richard Hutton**