



# SHEPHERD NEAME LIMITED INTERIM REPORT 2024





Refreshing Session IPA First Drop  
has joined our permanent range

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JONATHAN NEAME  
Chief Executive

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***This has been a strong period...with good profit growth over the prior year... However, we now face new, and unwelcome, cost increases...and will adapt accordingly.***

## OVERVIEW

This has been a strong period for the Company with good profit growth over the prior year. We have been building steady momentum over the last 12 months, as product cost inflation eased and consumer confidence started to improve. As a result of the Budget, we now face new, and unwelcome, cost increases in national living wage and national insurance, and will adapt accordingly.

We enjoyed buoyant summer trade in July and August, with consumer and business confidence high. During the autumn, confidence evaporated in the run up to the Budget. Since then, activity picked up again and we enjoyed record Christmas trading, with good growth on 2023, with many individual pub records exceeded. This performance has been led by our London pubs in particular. Our tenanted pubs have also continued their steady performance with solid like-for-like growth.

Our recent beer volume trends have continued to be negative, as we lap the exit from low margin off-trade business and weakness in the premium bottled ale market. This is offset by a strong pipeline of new accounts in the on-trade. We have initiated a range review and are excited about the brand design work across our portfolio that will launch over the next few months.

## FINANCIAL RESULTS

Revenue was £85.0m (H1 2024: £89.0m), a decrease of -4.5% on the prior year, with increased revenue in the pub business offset by lower revenue in the brewing and brands business.

Underlying operating profit was £7.3m (H1 2024: £6.8m), an increase of +7.4%.

Statutory profit before tax was substantially up at £4.3m (H1 2024: £1.1m). Underlying profit before tax<sup>1</sup> was £4.2m (H1 2024: £3.8m), an increase of +9.9%.

Underlying basic earnings per share<sup>2</sup> was 20.1p (H1 2024: 18.3p), an increase of +9.8%.

Net assets per share<sup>3</sup> were £12.21 (H1 2024: £11.92).

## DIVIDEND

The Board is declaring an interim dividend of 4.35p per share (H1 2024: 4.20p), an increase of 3.6%. The dividend will be paid to those shareholders on the register on 28 March 2025 and paid on 11 April 2025.

## SHARE BUYBACK PROGRAMME

In January 2025, we announced the launch of a share buyback programme up to a maximum aggregate of £0.5m. The buyback was to be carried out in accordance with the general authority granted to the Directors at the Company's Annual General Meeting in November 2024. The Board appointed Peel Hunt LLP to conduct this exercise on our behalf. The buyback will enhance earnings per share and net assets per share and the Board believes it is in the interests of shareholders.

The share buyback was completed on 25 February 2025 with 89,952 shares purchased at an average price of 555.85p. Any further buyback programme will be preceded by an announcement.

<sup>1</sup> Profit before any profit or loss on the disposal of properties, investment property fair value movements and operating charges which are either material or infrequent in nature and do not relate to the underlying performance.

<sup>2</sup> Underlying profit less attributable taxation divided by the weighted average number of ordinary shares in issue during the period. The numbers of shares in issue excludes those held by the Company and not allocated to employees under the Share Incentive Plan which are treated as cancelled.

<sup>3</sup> Net assets at the reporting date divided by the number of shares in issue being 14,857,500 50p shares.

## CASHFLOW, NET DEBT, AND INVESTMENT

Cash generation has been good. For the six months under review, we have achieved underlying EBITDA<sup>4</sup> of £13.0m (H1 2024: £12.0m), an increase of +8.6%.

In the first half, we invested £8.8m (H1 2024: £7.4m) in total capital expenditure of which £3.9m was spent on the freehold acquisition of the Bishops Finger, Smithfield (H1 2024: £0.8m). Core capital expenditure in existing pubs and the brewery was £4.9m (H1 2024: £6.6m).

Net debt, excluding lease liabilities, was up slightly at £84.4m (H1 2024: £83.7m). Statutory net debt fell to £135.8m from £139.4m in the prior year.

## BOARD CHANGES

As previously announced, Hilary Riva and Kevin Georgel will step down from the Board on 31 March 2025. Marion Sears and Meg Lustman have agreed to join the Board.

Marion will become Senior Independent Director and Remuneration Chair. She has served on several boards, including the Dunelm Group as Senior Independent Director, and Schroder Asian Total Return Investment Company plc.

Meg was Chief Executive at Hobbs, and Managing Director at Warehouse, as well as holding senior management positions at John Lewis and Aurora Fashions.

We are delighted to welcome them both to the Board and would like to thank Hilary and Kevin for their valuable contribution during their respective tenures in the business, in particular helping to steer the Company through the Covid-19 pandemic, one of the most challenging periods in its history.

## TENANTED AND RETAIL PUB OPERATIONS

### OVERVIEW

As at 28 December 2024, we owned 290 pubs (June 2024: 291), of which 221 (June 2024: 219) are tenanted or leased and 67 (June 2024: 68) are retail pubs. Two (June 2024: four) are operated on a free-of-tie basis as investment properties. 246 of our pubs (85%) are freehold.

During the period we have transferred one retail pub to tenanted. We have sold one pub (2024: one) and have acquired the freehold of one pub (previously held under lease), The Bishops Finger in Smithfield Market.

Since the summer, we have carried out capital projects at the Bellhouse in Leigh-on-Sea, at the Britannia in Guildford and the Bricklayers in Bromley. We have just reopened the Westminster Arms, near Parliament Square, after an extensive redevelopment.

In the next financial year we will re-take possession of the Hoop and Grapes in Farringdon Road, which has been closed for several years as it has been at the centre of a major office development. We will also re-open the White Horse and Bower in Westminster which has been closed during the last year while the upper quarters have been redeveloped.

## RETAIL PUBS AND HOTELS

For the 26 weeks to 28 December 2024, our retail pubs achieved encouraging like-for-like sales growth of +4.4% (H1 2024: +6.2%). Inside the M25, like-for-like sales were +9.0% (H1 2024: +17.5%) and outside the M25 +2.3% (H1 2024: +1.8%).

For the adjusted Christmas period, for the five weeks to 6 January, like-for-like retail sales were +7.4%, driven by a strong performance in London at +13.3%.

For the 26 weeks, like-for-like drinks sales were +5.5%, like-for-like food sales were +2.4% and like-for-like accommodation +3.9%.

At 28 December 2024, we operated 224 (2024: 240) rooms in our retail estate. Occupancy was up at 74.6% (H1 2024: 73.4%). Revenue per sold room increased, meaning revenue per available room also increased to £94 (H1 2024: £86).

Divisional revenue in our Retail pubs was up +2.0% at £42.3m (H1 2024: £41.4m), and divisional underlying operating profit was up +3.6% at £5.5m (H1 2024: £5.3m).

## TENANTED PUBS

Trade in our tenanted pubs has remained steady during this period. As in our retail pubs, positive trends are biased towards London and drink-led sites as footfall continues to increase in the capital. Our regional community pubs have done well, and we continue to attract a steady flow of

high-quality licensees. The tenanted estate saw an impact from the drop in consumer confidence ahead of the Budget but has recovered well since.

Like-for-like net pub income was +0.3% (H1 2024: +5.1%).

Divisional revenue in Tenanted pubs was up +2.7% to £18.2m (H1 2024: £17.7m) and divisional underlying operating profit was flat at £6.6m (H1 2024: £6.6m).

## BREWING AND BRANDS

This division continues to evolve in the face of challenges in the marketplace and a shift away from our historically strong categories of cask beer and premium bottled ales.

We have exited low priced off-trade volume. We have moved prices forward to recover margin, but at the expense of volume. We now propose to invest in our brand portfolio and have some exciting designs in development. Total beer volume was -12.6% (H1 2024: -10.5%). Own beer volume was -13.9% (H1 2024: -16.7%).

Divisional revenue in Brewing and Brands was down -18.4% on lower volumes to £23.8m (H1 2024: £29.2m), but divisional underlying operating profit improved to £0.6m (H1 2024: £0.2m), as we shift the focus of the business towards local on-trade, where our performance has been good. We continue to have a good pipeline of new opportunities.

## INVESTMENT PROPERTY

As at 28 December 2024, the Company owned investment property valued at £7.1m (June 2024: £6.9m). We have sold one property during the period and taken another back into the tenanted division (2024: nil), leaving us two free-of-tie licensed properties, as well as our various land holdings.

## SUMMARY AND OUTLOOK

The Company has traded well in the first half and delivered strong profit growth. Like other operators in the sector, we face many cost headwinds that will impact us in the second half, following the recent Budget, notably the increase in national living wage and national insurance from April. We estimate that the annualised impact of these two items is £2.6m, with the incremental costs commencing in April and impacting the final quarter of the 2025 financial year.

<sup>4</sup> Underlying profit before interest, tax, depreciation, amortisation, and profit or loss on the sale of property, plant and equipment (excluding property).

We plan to mitigate the majority of these costs over the next 18 months through price increases and cost efficiencies.

We have 10 sites under review for transfer from retail to tenancy over the next 12 months to improve returns. We are reviewing our annual core capex spend.

Our new logistics arrangement with GXO is delivering a significant improvement in service levels and customer satisfaction. We had previously indicated that we would incur £1.2m of additional costs in 2025 as a result of the change in logistics arrangements with GXO. We now estimate that these costs will be £0.3m higher in 2025 at £1.5m.

Over the next few months we will introduce new brands, including Iron Wharf Stout, the refresh of our Whitstable Bay range and a full brand roll out for First Drop Session IPA after a successful launch. This follows the success of the Spitfire Lager brand re-launch last year. Beyond that we have further brand refreshes under development. We are confident that this will give our trade partners an even better range to offer their customers.

For the 37 weeks to 15 March 2025, like-for-like sales in our retail pubs were +3.2% vs 2024. Like-for-like tenanted pub income for the 35 weeks to 1 March 2025 was +0.5% vs 2024. For the 37 weeks to 15 March 2025, total beer volume was -11.0% vs 2024. Own beer volume was -12.8% vs 2024.

One of the strengths of the Shepherd Neame business model is the flexibility our three-legged strategy, as an integrated brewer with a well invested portfolio of Retail and Tenanted pubs and hotels, gives us to adapt to changed circumstances. The increase in labour costs has undermined business and consumer confidence in the short term.

The Board has taken decisive action: the cost and price mitigations, pub transfers to tenancy, share buyback, and modest reduction of core capex, should in combination enable us to continue to perform well.

We remain hopeful that the economy will return to a growth trajectory, with net disposable income growing and interest rates falling. We also remain optimistic about the potential economic benefits that should arise in the medium term from infrastructure and housing development planned in our heartland.

We have a great asset base, strength in depth in our team and remain committed to our long-term goals, namely to be the leading brewer and run the best pubs in our heartland.

## **JONATHAN NEAME**

### **Chief Executive**

# GROUP INCOME STATEMENT

For the 26 weeks ended 28 December 2024

		Unaudited 26 weeks ended 28 December 2024			Unaudited 26 weeks ended 23 December 2023			Audited 53 weeks ended 29 June 2024
	Note	Underlying results £'000	Items excluded from underlying results £'000	Total statutory £'000	Underlying results £'000	Items excluded from underlying results £'000	Total statutory £'000	Total statutory £'000
<b>Revenue</b>	3	<b>85,040</b>	<b>–</b>	<b>85,040</b>	89,020	–	89,020	172,291
Operating charges		<b>(77,754)</b>	<b>(75)</b>	<b>(77,829)</b>	(82,236)	(3,054)	(85,290)	(160,575)
<b>Operating profit</b>	2, 3	<b>7,286</b>	<b>(75)</b>	<b>7,211</b>	6,784	(3,054)	3,730	11,716
Net finance costs	2, 4	<b>(3,055)</b>	<b>–</b>	<b>(3,055)</b>	(2,935)	–	(2,935)	(6,143)
Profit on disposal of property	2	–	<b>2</b>	<b>2</b>	–	19	19	818
Investment property fair value movements	2	–	<b>113</b>	<b>113</b>	–	247	247	442
<b>Profit before taxation</b>		<b>4,231</b>	<b>40</b>	<b>4,271</b>	3,849	(2,788)	1,061	6,833
Taxation	5	<b>(1,265)</b>	<b>(11)</b>	<b>(1,276)</b>	(1,151)	732	(419)	(1,962)
<b>Profit after taxation</b>		<b>2,966</b>	<b>29</b>	<b>2,995</b>	2,698	(2,056)	642	4,871
<b>Earnings per 50p ordinary share</b>	7							
Basic				<b>20.3p</b>			4.4p	33.0p
Diluted				<b>20.1p</b>			4.3p	33.0p

All results are derived from continuing activities.

# GROUP STATEMENT OF COMPREHENSIVE INCOME

For the 26 weeks ended 28 December 2024

	Note	Unaudited 26 weeks ended 28 December 2024 £'000	Unaudited 26 weeks ended 23 December 2024 £'000	Audited 53 weeks ended 29 June 2024 £'000
<b>Profit after taxation</b>		<b>2,995</b>	642	4,871
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Gains/(losses) arising on cash flow hedges during the period		<b>7</b>	(400)	(75)
Income tax relating to these items	5	<b>(2)</b>	100	19
<b>Other comprehensive gains/(losses)</b>		<b>5</b>	(300)	(56)
<b>Total comprehensive income</b>		<b>3,000</b>	342	4,815

# GROUP STATEMENT OF FINANCIAL POSITION

As at 28 December 2024

	Note	Unaudited 28 December 2024 £'000	Unaudited 23 December 2023 £'000	Audited 29 June 2024 £'000
<b>Non-current assets</b>				
Goodwill and intangible assets		262	242	277
Property, plant and equipment	8	285,011	282,093	282,379
Investment properties		7,061	6,712	6,924
Finance lease receivable		–	2,380	–
Right-of-use assets	9	43,386	40,091	45,406
		<b>335,720</b>	331,518	334,986
<b>Current assets</b>				
Inventories		7,447	7,504	8,531
Trade and other receivables		16,752	22,040	15,570
Cash and cash equivalents		358	409	4,445
Finance lease receivable		–	140	–
Assets held for sale		905	2,561	855
		<b>25,462</b>	32,654	29,401
<b>Current liabilities</b>				
Trade and other payables		(26,260)	(29,719)	(26,627)
Borrowings		(1,868)	(4,828)	(1,600)
Lease liabilities	9	(3,210)	(2,291)	(3,198)
		<b>(31,338)</b>	(36,838)	(31,425)
<b>Net current liabilities</b>		<b>(5,876)</b>	(4,184)	(2,024)
<b>Total assets less current liabilities</b>		<b>329,844</b>	327,334	332,962
<b>Non-current liabilities</b>				
Lease liabilities	9	(48,180)	(53,323)	(52,056)
Borrowings		(82,931)	(79,323)	(82,828)
Derivative financial instruments		(239)	(580)	(259)
Deferred tax liabilities		(17,072)	(16,952)	(17,012)
		<b>(148,422)</b>	(150,178)	(152,155)
<b>Net assets</b>		<b>181,422</b>	177,156	180,807
<b>Capital and reserves</b>				
Share capital		7,429	7,429	7,429
Share premium account		1,099	1,099	1,099
Revaluation reserve		31	31	31
Own shares		(995)	(1,042)	(1,028)
Hedging reserve		19	(230)	14
Retained earnings		173,839	169,869	173,262
<b>Total equity</b>		<b>181,422</b>	177,156	180,807

# GROUP STATEMENT OF CHANGES IN EQUITY

For the 26 weeks ended 28 December 2024

	Note	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Own shares £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
<b>Balance at 29 June 2024</b>		<b>7,429</b>	<b>1,099</b>	<b>31</b>	<b>(1,028)</b>	<b>14</b>	<b>173,262</b>	<b>180,807</b>
Profit for the period		–	–	–	–	–	2,995	2,995
Gains arising on cash flow hedges during the period		–	–	–	–	7	–	7
Tax relating to components of other comprehensive income	5	–	–	–	–	(2)	–	(2)
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>5</b>	<b>2,995</b>	<b>3,000</b>
Ordinary dividends paid		–	–	–	–	–	(2,433)	(2,433)
Accrued share-based payments		–	–	–	–	–	46	46
Distribution of own shares		–	–	–	33	–	(31)	2
<b>Balance at 28 December 2024</b>		<b>7,429</b>	<b>1,099</b>	<b>31</b>	<b>(995)</b>	<b>19</b>	<b>173,839</b>	<b>181,422</b>
<b>Balance at 24 June 2023</b>		<b>7,429</b>	<b>1,099</b>	<b>31</b>	<b>(1,042)</b>	<b>70</b>	<b>171,383</b>	<b>178,970</b>
Profit for the period		–	–	–	–	–	642	642
Losses arising on cash flow hedges during the period		–	–	–	–	(400)	–	(400)
Tax relating to components of other comprehensive income	5	–	–	–	–	100	–	100
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(300)</b>	<b>642</b>	<b>342</b>
Ordinary dividends paid		–	–	–	–	–	(2,388)	(2,388)
Accrued share-based payments		–	–	–	–	–	232	232
<b>Balance at 23 December 2023</b>		<b>7,429</b>	<b>1,099</b>	<b>31</b>	<b>(1,042)</b>	<b>(230)</b>	<b>169,869</b>	<b>177,156</b>



# GROUP STATEMENT OF CASH FLOWS

For the 26 weeks ended 28 December 2024

		Unaudited 26 weeks ended 28 December 2024		Unaudited 26 weeks ended 23 December 2023		Audited 53 weeks ended 29 June 2024	
	Note	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>	10a						
Cash generated from operations		11,746		10,421		24,139	
Income taxes paid		(400)		–		–	
<b>Net cash generated by operating activities</b>			11,346		10,421		24,139
<b>Cash flows from investing activities</b>							
Proceeds from disposal of property, plant and equipment		29		32		89	
Proceeds from disposal of assets held for sale		233		315		2,988	
Purchases of property, plant and equipment, and lease premiums		(5,262)		(7,435)		(14,618)	
<b>Net cash used in investing activities</b>			(5,000)		(7,088)		(11,541)
<b>Cash flows from financing activities</b>							
Dividends paid	6	(2,433)		(2,388)		(2,975)	
Interest paid		(2,337)		(2,122)		(4,769)	
Payments of principal portion of lease liabilities	9	(2,362)		(2,086)		(4,253)	
Settlement of lease liability		(3,571)		–		–	
(Repayment of)/proceeds from borrowings	10c	–		(1,000)		2,400	
Share option proceeds		2		–		–	
<b>Net cash used in financing activities</b>			(10,701)		(7,596)		(9,597)
<b>Net movement in cash and cash equivalents</b>			(4,355)		(4,263)		3,001
<b>Cash and cash equivalents at beginning of the period</b>			4,445		1,444		1,444
<b>Cash and cash equivalents at end of the period</b>			90		(2,819)		4,445
<b>Consisting of:</b>							
Cash and balances held at banks			358		409		4,445
Bank overdrafts <sup>1</sup>			(268)		(3,228)		–
			90		(2,819)		4,445

<sup>1</sup>Bank overdrafts are disclosed within current borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

28 December 2024

## 1 ACCOUNTS

### General information and basis of preparation

The consolidated interim financial statements, which are unaudited, do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. Statutory accounts for the 53 weeks ended 29 June 2024, upon which the auditors issued an unqualified opinion and did not make any statement under section 498 of the Companies Act 2006, have been filed with the Registrar of Companies. The financial information comprises the results of Shepherd Neame Limited (the "Company") and its subsidiaries (the "Group").

The consolidated interim financial statements have been prepared in accordance with UK-adopted International Accounting Standards. These standards are applied from 30 June 2024, with no changes to the accounting policies set out in the statutory accounts of Shepherd Neame Limited for the period ended 29 June 2024, except for those noted below. The financial statements have not been prepared (and are not required to be prepared) in accordance with IAS 34 Interim Financial Reporting, with the exception of note 5, Taxation, where the tax charge for the 26 weeks to 28 December 2024 has been calculated using an estimate of the full year effective tax rate, in line with the principles of IAS 34. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of this financial information.

The interim financial statements are presented in pounds sterling and all values are shown in thousands of pounds (£'000) rounded to the nearest thousand (£'000), unless otherwise stated.

The financial information for the 53 weeks ended 29 June 2024 is extracted from the statutory accounts of the Group for that year.

### New IFRS accounting standards and amendments effective in the period

The below accounting policies are applicable for the 52 weeks ended 28 June 2025 and have therefore been applied to the 26 weeks ended 28 December 2024.

- Amendments to IAS 1 – Non-current liabilities with covenants
- Amendment to IAS 7 and IFRS 7 – Supplier finance
- Amendment to IFRS 16 – Leases on sale and leaseback

The adoption of these amendments has not had a material impact on the interim financial statements of the Group.

### New IFRS accounting standards and amendments not yet effective

The new standards and amendments listed below are not yet effective and the Group has elected not to early-adopt:

- Amendments to IAS 21 – Lack of exchangeability
- Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

The Directors do not expect that the adoption in future periods will have a material impact.



## 2 NON-GAAP REPORTING MEASURES

Certain items recognised in reported profit or loss before tax can vary significantly from year to year and therefore create volatility in reported earnings which does not reflect the underlying performance of the Group. The Directors believe that 'underlying operating profit', 'underlying profit before tax', 'underlying basic earnings per share', 'underlying earnings before interest, tax, depreciation, and amortisation' as presented provide a clear and consistent presentation of the underlying performance of the ongoing business for shareholders. Underlying profit is not defined by IFRS and therefore may not be directly comparable with the 'adjusted' profit measures of other companies. The adjusted items are:

- profit or loss on disposal of properties;
- investment property fair value movements;
- operating and finance charges/credits which are either material or infrequent in nature and do not relate to the underlying performance;
- fair value movements on financial instruments charged to profit and loss; and
- taxation impacts of the above (see note 5).

	26 weeks ended 28 December 2024 £'000	26 weeks ended 23 December 2023 £'000	53 weeks ended 29 June 2024 £'000
<b>Underlying EBITDA</b>	<b>13,022</b>	11,986	25,076
Depreciation and amortisation	(5,703)	(5,149)	(10,940)
Loss on sale of assets (excluding property)	(33)	(53)	(87)
<b>Underlying operating profit</b>	<b>7,286</b>	6,784	14,049
Net underlying finance costs pre IFRS 16	(2,468)	(2,340)	(4,909)
Net underlying finance costs	(3,055)	(2,935)	(6,143)
<b>Underlying profit before taxation</b>	<b>4,231</b>	3,849	7,906
Profit on disposal of properties	2	19	818
Investment property fair value movements	113	247	442
<b>Separately disclosed operating charges:</b>			
Impairment of intangible assets, properties, right-of-use assets, and assets held for sale	(75)	(2,102)	(1,136)
Impairment of finance lease receivables	–	–	(169)
Other operating charges excluded from underlying results	–	(952)	(1,028)
<b>Profit before taxation</b>	<b>4,271</b>	1,061	6,833

### Separately disclosed operating charges:

During the 26 weeks ended 28 December 2024, separately disclosed operating charges comprised:

- a) An impairment charge of £75,000 relating to assets classified as held-for-sale.

During the 26 weeks ended 23 December 2023, separately disclosed operating charges comprised:

- a) A collective impairment charge of £2,102,000 relating to assets transferred to held-for-sale in the period;  
b) Professional fees of £484,000 relating to the extension of our distribution agreement with our logistics partner;  
c) A cost of £450,000 relating to restructuring fees; and  
d) Professional fees of £18,000 relating to the conclusion of the transition of the pension scheme administration to an independent master trust.

During the 53 weeks ended 29 June 2024, separately disclosed operating charges comprised:

- a) A net impairment charge of £1,136,000 in relation to 16 freehold properties and seven right-of-use assets;  
b) An impairment charge of £169,000 relating to finance lease receivables;  
c) Professional fees of £520,000 relating to the extension of our distribution agreement with our logistics partner;  
d) Professional fees of £9,000 relating to the transition of the pension scheme administration to an independent master trust; and  
e) A charge of £499,000 in respect of restructuring fees.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 December 2024

## 3 SEGMENTAL REPORTING

The accounting policy for identifying segments is based on internal management reporting information that is regularly reviewed by the Chief Operating Decision Maker (CODM). The CODM is the Chief Executive Officer.

The Group has three operating segments, which are largely organised and managed separately according to the nature of the products and services provided and the profile of their customers:

Brewing and Brands, which comprises the brewing, marketing and sales of beer and other products.

Retail Pubs and Hotels; and Tenanted Pubs, which comprises pubs operated by third parties under tenancy or tied lease agreements.

Transfer prices between operating segments are set on an arm's-length basis.

As segment assets and liabilities are not regularly provided to the CODM, the Group has elected, as provided under IFRS 8 Operating Segments (amended), not to disclose a measure of segment assets and liabilities.

26 weeks ended 28 December 2024	Brewing and Brands £'000	Retail Pubs and Hotels £'000	Tenanted Pubs £'000	Unallocated <sup>1</sup> £'000	Total £'000
<b>Revenue</b>	<b>23,792</b>	<b>42,251</b>	<b>18,173</b>	<b>824</b>	<b>85,040</b>
Underlying operating profit/(loss)	574	5,490	6,554	(5,332)	7,286
Items excluded from underlying results	–	–	(75)	–	(75)
<b>Segmental operating profit/(loss)</b>	<b>574</b>	<b>5,490</b>	<b>6,479</b>	<b>(5,332)</b>	<b>7,211</b>
Net underlying finance costs					<b>(3,055)</b>
Profit on disposal of property					<b>2</b>
Investment property fair value movements					<b>113</b>
<b>Profit before taxation</b>					<b>4,271</b>
<b>Other segment information</b>					
Capital expenditure – tangible assets	850	1,903	1,650	896	<b>5,299</b>
Depreciation and amortisation pre IFRS 16	839	1,644	1,351	271	<b>4,105</b>
Depreciation and amortisation	869	2,616	1,811	407	<b>5,703</b>
Impairment of assets held for sale	–	–	75	–	<b>75</b>
Underlying segmental EBITDA pre IFRS 16	1,402	6,678	7,640	(5,085)	<b>10,635</b>
Underlying segmental EBITDA	1,447	8,109	8,388	(4,922)	<b>13,022</b>
Number of pubs	–	67	221	2	<b>290</b>

<sup>1</sup> £824,000 of unallocated income includes rent receivable from investment properties and other non-core trading income. Unallocated expenses primarily represent Head Office support costs.



### 3 SEGMENTAL REPORTING (CONTINUED)

26 weeks ended 23 December 2023	Brewing and Brands £'000	Retail Pubs and Hotels £'000	Tenanted Pubs £'000	Unallocated <sup>1</sup> £'000	Total £'000
Revenue	29,173	41,428	17,703	716	89,020
Underlying operating profit/(loss)	191	5,300	6,609	(5,316)	6,784
Items excluded from underlying results	–	(1,905)	–	(1,149)	(3,054)
Segmental operating profit/(loss)	191	3,395	6,609	(6,465)	3,730
Net underlying finance costs					(2,935)
Profit on disposal of property					19
Investment property fair value movements					247
Profit before taxation					1,061
Other segment information					
Capital expenditure – tangible assets	550	4,466	2,124	295	7,435
Depreciation and amortisation pre IFRS 16	796	1,499	1,208	242	3,745
Depreciation and amortisation	852	2,352	1,645	300	5,149
Impairment of property, plant and equipment, goodwill, and assets held for sale	–	454	–	197	651
Impairment of right-of-use assets	–	1,451	–	–	1,451
Underlying segmental EBITDA pre IFRS 16	1,014	6,328	7,617	(5,178)	9,781
Underlying segmental EBITDA	1,087	7,660	8,258	(5,019)	11,986
Number of pubs	–	71	219	6	296

<sup>1</sup> £716,000 of unallocated income includes rent receivable from investment properties and other non-core trading income. Unallocated expenses primarily represent Head Office support costs.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 December 2024

## 3 SEGMENTAL REPORTING (CONTINUED)

53 weeks ended 29 June 2024	Brewing and Brands £'000	Retail Pubs and Hotels £'000	Tenanted Pubs £'000	Unallocated <sup>1</sup> £'000	Total £'000
Revenue	52,705	82,926	35,570	1,090	172,291
Underlying operating profit/(loss)	1,580	9,311	12,816	(9,658)	14,049
Items excluded from underlying results	(427)	(1,110)	45	(841)	(2,333)
Segmental operating profit/(loss)	1,153	8,201	12,861	(10,499)	11,716
Net underlying finance costs					(6,143)
Profit on disposal of property					818
Investment property fair value movements					442
Profit before taxation					6,833
Other segment information					
Capital expenditure – tangible and intangible assets	1,437	7,237	4,341	1,603	14,618
Depreciation and amortisation pre IFRS 16	1,674	3,327	2,581	419	7,974
Depreciation and amortisation	1,775	5,067	3,507	591	10,940
Impairment of property, plant and equipment, goodwill, and assets held for sale	–	2,155	117	217	2,489
Impairment of finance lease receivable	–	–	–	169	169
Impairment reversal of right-of-use assets	–	(1,045)	(308)	–	(1,353)
Underlying segmental EBITDA pre IFRS 16	3,346	11,640	14,982	(9,475)	20,493
Underlying segmental EBITDA	3,477	14,388	16,325	(9,114)	25,076
Number of pubs	–	68	219	4	291

<sup>1</sup> £1,090,000 of unallocated income includes rent receivable from investment properties and other non-core trading income. Unallocated expenses primarily represent Head Office support costs.



#### 4 NET FINANCE COSTS

	26 weeks ended 28 December 2024 Total statutory £'000	26 weeks ended 23 December 2023 Total statutory £'000	53 weeks ended 29 June 2024 Total statutory £'000
<b>Finance income</b>			
Interest income from financial assets	–	(24)	(39)
<b>Finance costs</b>			
Interest expense arising on:			
Financial liabilities at amortised cost – bank loans	2,427	2,303	4,828
Financial liabilities at amortised cost – lease liabilities	587	618	1,273
Other financial liabilities not at fair value through profit and loss	41	38	81
<b>Finance costs expensed</b>	<b>3,055</b>	2,959	6,182
<b>Net finance costs</b>	<b>3,055</b>	2,935	6,143

#### 5 TAXATION

	26 weeks ended 28 December 2024			26 weeks ended 23 December 2023			53 weeks ended 29 June 2024
	Underlying results £'000	Items excluded from underlying results £'000	Total statutory £'000	Underlying results £'000	Items excluded from underlying results £'000	Total statutory £'000	Total statutory £'000
<b>Tax charged to the income statement</b>							
Current income tax charge/(credit)	1,213	5	1,218	1,009	(732)	277	1,840
Deferred income tax charge	52	6	58	142	–	142	122
<b>Total tax charged/(credited) to the income statement</b>	<b>1,265</b>	<b>11</b>	<b>1,276</b>	<b>1,151</b>	<b>(732)</b>	<b>419</b>	<b>1,962</b>
<b>Tax charged to other comprehensive income</b>							
Deferred tax charge/(credit)			2			(100)	(19)
<b>Total tax charged/(credited) to other comprehensive income</b>			<b>2</b>			<b>(100)</b>	<b>(19)</b>

Taxation on the underlying result for the 26 weeks ended 28 December 2024 has been provided at 29.9% (2023: 29.9%) based on the current best estimate of the effective tax rate for the 52 weeks to 28 June 2025. The average statutory rate of corporation tax for the 52 weeks to 28 June 2025 is expected to be 25% (53 weeks to 29 June 2024 expected at 23 December 2023: 25%). The increase in underlying rate ahead of the statutory rate is due to the level of disallowable property depreciation and other disallowable expenditure.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 December 2024

## 6 DIVIDENDS

	26 weeks ended 28 December 2024 £'000	26 weeks ended 23 December 2023 £'000	53 weeks ended 29 June 2024 £'000
<b>Declared and paid during the year</b>			
Final dividend for 2024: 16.50p (2023: 16.00p) per ordinary share	<b>2,433</b>	2,388	2,355
Interim dividend for 2024: 4.20p per ordinary share	–	–	620
<b>Dividends paid</b>	<b>2,433</b>	2,388	2,975

The interim dividend, in respect of the period ended 28 December 2024, at a cost of £641,000 (for the period ended 23 December 2023: £620,000), is to be paid on 11 April 2025 to shareholders on the register at the close of business on 28 March 2025.

## 7 EARNINGS PER SHARE

	26 weeks ended 28 December 2024 £'000	26 weeks ended 23 December 2023 £'000	53 weeks ended 29 June 2024 £'000
Profit attributable to equity shareholders	<b>2,995</b>	642	4,871
Items excluded from underlying results	<b>(29)</b>	2,056	704
<b>Underlying profit attributable to equity shareholders</b>	<b>2,966</b>	2,698	5,575
	<b>Number</b>	<b>Number</b>	<b>Number</b>
Weighted average number of shares in issue	<b>14,741</b>	14,740	14,740
Dilutive outstanding options	<b>139</b>	111	24
<b>Diluted weighted average share capital</b>	<b>14,880</b>	14,851	14,764
<b>Earnings per 50p ordinary share</b>			
Basic	<b>20.3p</b>	4.4p	33.0p
Diluted	<b>20.1p</b>	4.3p	33.0p
Underlying basic	<b>20.1p</b>	18.3p	37.8p

The basic earnings per share figure is calculated by dividing the profit attributable to equity shareholders of the parent company for the period by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share have been calculated on a similar basis taking into account 139 (2023: 111) dilutive potential shares, which excludes shares held by trusts in respect of employee incentive plans and options.

Underlying basic earnings per share are presented to eliminate the effect of the non-underlying items and the tax attributable to those items on basic and diluted earnings per share.

## 8 PROPERTY, PLANT AND EQUIPMENT

Group and Company	Freehold properties £'000	Leasehold properties under 50 years £'000	Plant, machinery, vehicles and containers £'000	Fixtures and fittings £'000	Assets under construction £'000	Total £'000
<b>Valuation or cost</b>						
At 24 June 2023	250,734	2,290	38,298	97,647	4,247	393,216
Additions	1,778	7	617	8,849	3,314	14,565
Disposals	–	–	(21)	(817)	(46)	(884)
Transfers within property, plant and equipment	391	3	476	2,361	(3,231)	–
Transfers to investment property	–	–	–	–	(1)	(1)
Transfers to assets held for sale	(2,186)	–	–	(1,047)	–	(3,233)
At 29 June 2024	250,717	2,300	39,370	106,993	4,283	403,663
Additions	431	2	423	2,249	2,170	5,275
Disposals	–	(2)	–	(162)	(3)	(167)
Transfers within property, plant and equipment	853	180	116	1,118	(2,267)	–
Transfers from right-of-use assets	1,810	–	–	–	–	1,810
Transfers to assets held for sale	(307)	–	–	(125)	–	(432)
<b>At 28 December 2024</b>	<b>253,504</b>	<b>2,480</b>	<b>39,909</b>	<b>110,073</b>	<b>4,183</b>	<b>410,149</b>

### Accumulated depreciation and impairment

At 24 June 2023	14,711	1,282	32,988	64,379	46	113,406
Charge for year	593	67	1,007	6,031	–	7,698
Impairment	1,611	2	–	262	2	1,877
Disposals	–	–	(21)	(674)	(46)	(741)
Transfers to assets held for sale	(203)	–	–	(753)	–	(956)
At 29 June 2024	16,712	1,351	33,974	69,245	2	121,284
Charge for period	314	42	498	3,144	–	3,998
Disposals	–	(9)	–	(58)	–	(67)
Transfers to assets held for sale	(9)	–	–	(68)	–	(77)
<b>At 28 December 2024</b>	<b>17,017</b>	<b>1,384</b>	<b>34,472</b>	<b>72,263</b>	<b>2</b>	<b>125,138</b>

### Net book values

<b>At 28 December 2024</b>	<b>236,487</b>	<b>1,096</b>	<b>5,437</b>	<b>37,810</b>	<b>4,181</b>	<b>285,011</b>
At 29 June 2024	234,005	949	5,396	37,748	4,281	282,379
At 24 June 2023	236,023	1,008	5,310	33,268	4,201	279,810

During the 26 weeks ended 28 December 2024, the Group recognised an impairment charge of £75,000 (2023: £2,102,000) in respect of the write-down of one freehold property (2023: two freehold properties and one right-of-use asset) to its recoverable value within assets held for sale. During the 53 weeks ended 29 June 2024, the Group recognised a charge of £1,136,000 in relation to 16 freehold properties and seven right-of-use assets.



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 December 2024

## 9 LEASE LIABILITIES AND RIGHT-OF-USE ASSETS

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities, and the movements during the period:

Group and Company	Right-of-use assets £'000	Lease liabilities £'000
Net carrying value as at 24 June 2023	41,922	55,262
Additions	367	367
Lease amendments – other <sup>1</sup>	4,962	2,605
Depreciation	(3,198)	–
Impairment	1,353	–
Accretion of interest	–	1,273
Payments	–	(4,253)
Net carrying value as at 29 June 2024	45,406	55,254
Additions	185	197
Disposals	(7)	(3,588)
Transfers to property, plant and equipment	(1,810)	–
Lease amendments – other <sup>1</sup>	1,302	1,302
Depreciation	(1,690)	–
Accretion of interest	–	587
Payments	–	(2,362)
<b>Net carrying value as at 28 December 2024</b>	<b>43,386</b>	<b>51,390</b>

### Lease liabilities are disclosed as:

Current lease liabilities	3,210
Non-current lease liabilities	48,180
	<b>51,390</b>

Right-of-use assets predominantly relate to leasehold properties, along with motor vehicles and other equipment.

<sup>1</sup> Lease amendments include lease terminations, modifications, reassessments and extensions to existing lease arrangements.

## 10 NOTES TO THE CASH FLOW STATEMENT

### a Reconciliation of operating profit to cash generated by operations

	26 weeks ended 28 December 2024			26 weeks ended 23 December 2023	53 weeks ended 29 June 2024
	Underlying results £'000	Excluded from underlying results £'000	Total £'000	Total £'000	Total £'000
Operating profit	7,286	(75)	7,211	3,730	11,716
Adjustment for:					
Depreciation and amortisation	5,703	–	5,703	5,149	10,940
Impairment of property, plant and equipment	–	–	–	267	1,877
Impairment of finance lease receivable	–	–	–	–	169
Impairment of intangible assets	–	–	–	334	276
Impairment of right-of-use assets	–	–	–	1,451	(1,353)
Impairment of assets held for sale	–	75	75	50	336
Share-based payments expense	46	–	46	232	(3)
Decrease/(increase) in inventories	1,084	–	1,084	497	(530)
(Increase)/decrease in debtors and prepayments	(1,182)	–	(1,182)	(2,685)	3,705
(Decrease)/Increase in creditors and accruals	(1,224)	–	(1,224)	1,277	(3,147)
Loss on sale of assets (excluding property)	33	–	33	53	87
Income tax paid	(400)	–	(400)	–	–
Fair value movements on financial assets	–	–	–	66	66
<b>Net cash inflow from operating activities</b>	<b>11,346</b>	<b>–</b>	<b>11,346</b>	<b>10,421</b>	<b>24,139</b>

### b Reconciliation of movement in cash to movement in net debt

Group and Company	26 weeks ended 28 December 2024 £'000	26 weeks ended 23 December 2023 £'000	53 weeks ended 29 June 2024 £'000
Opening cash and overdraft	4,445	1,444	1,444
Closing cash and overdraft	90	(2,819)	4,445
Movement in cash in the period	(4,355)	(4,263)	3,001
Cash from increase in bank loans	–	–	(2,400)
Cash used to repay bank loans	–	1,000	–
Movement in loan issue costs	(103)	(103)	(208)
Movement in net debt resulting from cash flows	(4,458)	(3,366)	393
Net debt at beginning of the period	(79,983)	(80,376)	(80,376)
<b>Net debt</b>	<b>(84,441)</b>	<b>(83,742)</b>	<b>(79,983)</b>
Current lease liability	(3,210)	(2,291)	(3,198)
Non-current lease liability	(48,180)	(53,323)	(52,056)
<b>Statutory net debt</b>	<b>(135,831)</b>	<b>(139,356)</b>	<b>(135,237)</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 December 2024

## 10 NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

### c Analysis of net debt

Group and Company	June 2024 £'000	Cash flow £'000	Non-cash £'000	December 2024 £'000
Cash and cash equivalents	4,445	(4,355)	–	90
Debt due in less than one year	(1,600)	–	–	(1,600)
Debt due after more than one year	(82,828)	–	(103)	(82,931)
<b>Net debt</b>	<b>(79,983)</b>	<b>(4,355)</b>	<b>(103)</b>	<b>(84,441)</b>
Lease liabilities	(55,254)	5,933	(2,069)	(51,390)
<b>Statutory net debt</b>	<b>(135,237)</b>	<b>1,578</b>	<b>(2,172)</b>	<b>(135,831)</b>

Non-cash movements in lease liabilities comprises lease additions, disposals, and modifications totaling an increase to lease liabilities of £1,482,000 (2023: increase of £1,819,000) and interest of £587,000 (2023: £618,000).

## 11 CAPITAL COMMITMENTS

Contracts for capital expenditure not provided for in the accounts amounted to £1,732,000 (2023: £1,327,000).

## 12 RELATED PARTY TRANSACTIONS

George Barnes is a Non-Executive Director of Shepherd Neame Limited. Mr A J A Barnes, a close member of George Barnes's family, is a partner at Barnes Solicitors LLP. During the 26-week period to 28 December 2024, Barnes Solicitors LLP provided legal services at a cost of £13,000, including VAT and disbursements to third parties (2023: £1,000). A balance of £7,000 was owed to Barnes Solicitors LLP by Shepherd Neame Limited at the end of the reporting period (2023: £nil).

Nigel Bunting, an Executive Director of Shepherd Neame Limited, is also a Director of Davy & Company Limited. During the 26-week period, the Group made gross sales to the value of £184,000 (2023: £208,000) to Davy & Company Limited and its associated companies; additionally, retrospective discounts were issued to the value of £36,000 in respect of sales made in prior periods. At the end of the period, no balance was owed to the Group by the Davy Group of companies (2023: £63,000).

Hilary Riva, a Non-Executive Director of Shepherd Neame Limited, is also a Director of the Alexander Centre CIC. During the 26-week period, the Group made sales to the value of £8,000 (2023: £8,000) to the Alexander Centre CIC, and purchased services to the value of £1,000 (2023: £1,000) from the Alexander Centre CIC. At the end of the reporting period, no balance was owed to the Group by the Alexander Centre CIC (2023: £nil) and no balance was owed by the Group to the Alexander Centre CIC (2023: £nil).

All the transactions referred to above were made in the ordinary course of business on an arm's-length basis and outstanding balances were not overdue. There is no overall controlling party of Shepherd Neame Limited.

## 13 POST BALANCE SHEET EVENTS

In January 2025, we announced the launch of a share buyback programme up to a maximum aggregate of £0.5m. The buyback was to be carried out in accordance with the general authority granted to the Directors at the Company's Annual General Meeting in November 2024.

The share buyback was completed on 25 February 2025 with 89,952 shares purchased at an average price of 555.85p. The total number of ordinary shares in issue post the share buyback was 14,767,548.

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NOTES

The Britannia, Guildford reopened in January following  
a £300,000 refurbishment







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