

Shepherd Neame

Preliminary results for the 52 weeks to 24 June 2023

Shepherd Neame, Britain's Oldest Brewer and owner and operator of 296 high quality pubs in Kent and the Southeast, today announces results for the 52 weeks ended 24 June 2023.

Despite challenging economic conditions, we achieved record revenues and an increase in underlying profits to the end of June 2023. Consumer demand was strong throughout the year but significant inflationary pressure has increased costs across the business.

Strong demand, record revenue, improved underlying profit

- Revenue for the year grew by +9.7% to a record £166.3m (2022: £151.5m).
- Underlying profit before tax^[1] grew by +3.8% to £7.6m (2022: £7.3m).
- Statutory profit before tax was £4.9m (2022: £7.4m).
- Year of increased investment at £17.2m (2022: £5.4m).
- Underlying basic earnings per share^[2] was 41.1p (2022: 39.4p). Basic earnings per share was 23.5p (2022: 42.5p).
- Net asset value per share^[3] has increased to £12.05 (2022: £11.94).
- Long term financing in place, with 65% of debt fixed at favourable rates.
- Full year dividend of 20.00p (2022: 18.50p), an increase of +8.1%.

Strong retail sales, particularly in drinks (72 pubs)

During the period we have transferred six tenanted pubs to retail. We have acquired four pubs and sold eight properties.

	Performance 2023 v 2022
Total retail LFL sales^[4]	+12.9%
VAT adjusted LFL retail sales	+17.0%
LFL drink sales	+22.4%
LFL food sales	+3.1%
LFL accommodation sales (248 rooms)	-4.2%

- Within the M25, retail LFL sales⁴ are +30.6% vs 2022, driven largely by increased momentum in the return to offices. Outside the M25, retail LFL sales⁴ are +6.6% vs 2022.
- Total occupancy was 74% (2022: 76%) and RevPAR £81 (2022: £80).

Tenanted pubs (217 pubs) remained robust during the period

	Performance 2023 v 2022
Tenanted LFL pub income^[5]	+3.9%
Average pub income^[6]	+3.4%

Brewing and Brands: Volumes resilient but margins impacted by exceptional inflationary pressures

	Performance 2023 v 2022
Total beer volume ^[7]	-2.7%
Own brewed volume ^[8]	+5.2%

- Increase in own beer volume⁷ driven by the brewing of Singha beer, but has been offset by the declines in cask ale and premium bottled ales across the market.
- Material cost inflation with cost of goods for bottled beers up in excess of £2m year on year.

Current trade encouraging and continuing positive pub trends over the summer

	Performance versus 2023 ^[9]
9 weeks to 26 Aug tenanted LFL pub income ⁵	+3.0%
13 weeks to 23 Sept LFL retail sales ⁴	+5.6%
13 weeks to 23 Sept total beer volumes ⁷	-10.3%
13 weeks to 23 Sept own beer volumes ⁸	-15.9%

Jonathan Neame, CEO of Shepherd Neame, said:

"Demand has been strong all year with recent trade in our pubs encouraging.

We have faced considerable inflationary challenges in the last year but these are now easing.

We have an excellent pub estate which has been performing in line with the best in the sector. We have a loyal customer base, a high profile within the communities we serve, and we have an ambitious investment programme ahead.

The turmoil of the last few years is now settling and the outlook is positive. We have much to look forward to. The balance sheet remains strong and the business has momentum in our pipeline of investment. We are confident we have the team and skills to deliver good returns for our shareholders over the long term."

27 September 2023

ENQUIRIES

Shepherd Neame

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NOTES FOR EDITORS

Shepherd Neame is Britain's oldest brewer. Established in 1698 and based in Faversham, Kent it employs around 1,800 people.

The Company operates 296 pubs, of which 217 were tenanted or leased, 72 managed and seven were held as investment properties under commercial free of tie leases. 85% of the estate is freehold. The pub estate ranges from inns and hotels to destination dining, great traditional and local community pubs.

The Company brews, markets and distributes its own beers to national and export customers under a range of highly successful brand names including Spitfire, Bishops Finger, Whitstable Bay and Bear Island.

The Company also has a partnership with Boon Rawd Brewery Company for Singha beer, Thailand's original premium beer.

CHAIRMAN'S STATEMENT

OVERVIEW

In recent years your Company has been finding its way through a labyrinth of successive challenges common to all in the pubs and brewing sector and so I am pleased that we can report a year of progress, with good growth in revenue compared with last year and growth, though less significant, in underlying profits.

The gap between these two rates of growth is largely explained by the exceptional inflation in many of our costs, impacted by constraints on supply resulting first from lockdown and then from the war in Ukraine. These factors are covered in the Chief Executive's Review. In many of these areas we are beginning to see some relief. The management team has worked extraordinarily hard to cope with sudden and drastic changes in external conditions. Their commitment and adaptability give the Board as a whole confidence in the future.

FINANCIAL RESULTS AND DIVIDEND

Revenue for the year rose by +9.7% to £166.3m (2022: £151.5m). Statutory profit before tax was £4.9m (2022: £7.4m). Underlying profit before tax was £7.6m (2022: £7.3m). Basic earnings per share was 23.5p (2022: 42.5p). Underlying basic earnings per share was 41.1p (2022: 39.4p).

We have recognised an impairment charge in the year of £4.5m (2022: £2.9m). This is driven in part by the rise in interest rates which has resulted in a sharp increase in the weighted average cost of capital. This has led to an increase in write-downs in our pub estate. Nonetheless, the Company's net asset value per share has increased to £12.05 (2022: £11.94).

The Board has declared a final dividend of 16.00p, compared with 15.00p last year, a rise of +6.7%. In conjunction with the interim dividend paid in April, this brings the total dividend for the year to 20.00p, compared with 18.50p last year, an increase of +8.1%.

We are acutely conscious of the importance of dividends, current and future, to the Company's shareholders. In deciding on the appropriate level of dividend, we take into account the investment needs of the business, the level of debt, and the desire to be prudent. By maintaining a reasonable pay-out ratio, we should retain sufficient cash flow for investment, for growth, and future increases in dividend.

FINANCING

I am pleased to confirm that in November 2022 we completed the restructuring of our borrowings, foreshadowed in last year's report. The result is that our debt facilities give us ample headroom when needed; the debt is now longer-term than before, and moreover at a fixed rate which in view of recent developments in the gilt market appears to be on very advantageous terms. As noted in detail in the Finance Review, the ratio of debt to equity and to EBITDA rose slightly during the year, while remaining in what we regard as a reasonable range.

BOARD

Jonathon Swaine joined the Board at the beginning of the financial year, as noted in last year's report.

George Barnes, an Executive Director since 2001, will become Non-Executive on 1st January 2024. In addition to his Non-Executive role he will provide continuity by working on specific projects to ensure a smooth transition in his property responsibilities.

All the Directors, Executive and Non-Executive, have played a thoroughly active part in the year under review and in past years and I would like to thank all of them for their dedication to the cause.

OUTLOOK

In recent years the Company has weathered storms and tempests. It has been battered but is unbowed. We are fully alive to the challenge of providing growth in profits, cash flow and dividends and are extremely grateful for the patience of shareholders during this period in which dividends have been lower than previously.

There are plenty of challenges within the business to confront and surmount. There are also many opportunities: opportunities to manage our portfolio of pubs to ensure that we have the right pubs in the right places, that pubs are attractive, and that they make the best use of space, inside and outside; opportunities to encourage and incentivise existing licensees and when there are vacancies, find energetic and imaginative new licensees; and opportunities to optimise the brewing and brands division.

The business is fundamentally sound, at the heart of life, important to people's sense of community. We have excellent assets in the form of a large freehold property portfolio with many high quality pubs.

We have a three-legged strategy - retail pubs, tenanted pubs and brewing and brands - which provides diversification and integration, and we have a management fully committed to making the best of each of these.

Above all we have our customers. We want more of them; we want them to come to our pubs, drink our beer and eat our food, and generally enjoy our hospitality. We want them to tell others about it and come back for more.

Our efforts in years to come will be on managing the balance of tradition and innovation, with emphasis on what customers want, different in each pub and with every type of customer, young and old, City or West End, rural or coastal, whether interested in having a good experience on a family outing or just a quiet pint with a friend. This report has evidence of all these things.

On top of this we remain optimistic about the future of our heartland. The long-term economic development of Kent continues to unfold with the opening of Thanet Parkway station, which reduces journey times to London from the Thanet towns to under 70 minutes.

All of us on the Board want to express our great appreciation of all those in the Company and associated with the Company - in pubs, both retail and tenanted, in the brewery and in head office - who have worked so hard to ensure that the Company progresses and prospers.

RICHARD OLDFIELD

Chairman

CHIEF EXECUTIVE'S REVIEW

OVERVIEW

The last few years have presented exceptional challenges that none in the industry have faced before, and so I am pleased to report an encouraging set of results and good progress towards our strategic goals.

Shepherd Neame is built on strong foundations. We are a long-established business, with a long-term focus. We have a clear strategy focused on developing unique and characterful pubs, predominantly freehold, brewing distinctive beers, serving local and fresh food, with a great team of dedicated people.

This is the first full year restriction free since 2020, but it has brought its own headwinds and fresh challenges. We have been tested again, and so have had to remain agile and responsive to change in the business.

I am very grateful to our teams who have shown further extraordinary resilience to find a path to deliver record revenues, up by +9.7% to £166.3m (2022: £151.5m), and to re-build momentum in our key strategic projects and investment programme.

We have consistently tracked ahead of the Coffer CGA Business Tracker for pubs in our retail like-for-like sales. Growth in tenanted pub like-for-like income is comparable with the best in the market. Total beer volume is, however, down on pre-pandemic levels, as the market has seen a shift away from cask and premium bottled ales.

Under normal conditions this performance would result in levels of profitability at pre-pandemic levels. But the impact of inflation on our business has been significant, as set out below.

The worst of inflation is starting to subside. With an improving outlook, our challenge now is to recover margins and drive higher returns, whilst continuing to serve our customers to the high standards they expect.

BUILDING MOMENTUM

Demand in pubs has remained strong throughout the year, in spite of the squeeze on household budgets. We have not experienced the reduced demand that has been evident in other parts of the consumer economy, as a result of the cost-of-living crisis.

We benefited from a good start to the year with a warm summer, and enjoyed record temperatures. The underlying performance has been driven by the progressive back-to-office momentum in towns and cities, particularly in central London. This has been partially offset by the repeated rail strikes, which cost us lost sales.

Christmas promised a great deal but the strikes hit the busiest week of the year and coincided with a spell of cold weather. The FIFA World Cup however provided a welcome boost to neighbourhood pubs in November.

Overseas tourists are returning to the UK, although there is further to go. The King's Coronation provided a great showcase for the country and hopefully will stimulate more inbound tourism.

MEETING THE INFLATION CHALLENGE

Our greatest challenge has been dealing with the material increase in our cost base.

We have experienced three phases of inflation over the last two years:

- the first was the inflationary surge in the summer of 2021, driven by supply chain shortages as demand suppressed during the pandemic returned;
- the second was the removal of government support, in the form of business rates, furlough and VAT, and the step-up in national minimum wage rates. In 2022, the VAT benefit to us was valued at £2.1m;
- the third was the inflationary surge in energy and grain prices, stimulated by the war in Ukraine which has led to much higher prices for almost all goods and services we purchase.

The Company has been well protected in a number of areas, with the majority of our debt on long-term fixed rates at low levels, and with all utilities in the brewery, and two thirds of our pub utilities, on a below-market fixed price deal until the end of 2024.

In last year's annual report we highlighted that we expected our cost base would increase by £5.7m in certain key categories. This included energy in our retail pubs (up +£1.2m), distribution costs (up +£2.0m), and brewery raw materials, such as glass and packaging waste (up +£2.5m).

In the event, inflation in our cost base was materially higher, calculated at £8.7m, as we faced further increases in costs for food and drink purchases, and labour rates, driven by the increase in the national minimum wage, which rose by +9.7% in April 2023.

All these factors have meant that we have had to increase prices in all channels. We are mindful that our customers face similar cost pressures in their own lives, with mortgage and energy rises squeezing household budgets. But thankfully demand has remained strong.

In most areas, the rate of inflation is now reducing and the outlook is improving. Food inflation remains high, driven by weather-related events and by the grain market; and there are some forecasts of higher energy costs this coming winter. But costs in other areas seem stable or are reducing.

These inflationary forces have resulted in higher interest rates which may squeeze some households as they come off fixed-rate mortgages. This may present a fresh challenge in 2024, if consumer demand reduces, but there is limited evidence of that so far.

GOVERNMENT SUPPORT FOR PUBS

Through the winter of 2022/23, pubs and small businesses were given some protection from high energy prices with the Energy Bills Relief Scheme. This has now ended, but new controls to protect small business from excess bills are being introduced. Whilst this is welcome, many pubs will continue to pay twice the amount for energy than they did before the war in Ukraine.

Many of our pubs continue to benefit from partial rates relief which will continue through to Spring 2024. We believe it is important that rates relief continues thereafter.

In August 2023, the UK Government introduced a new excise duty regime, which taxes alcohol according to its strength and where it is sold. This will mean even higher duties for wines, spirits, and bottled beers, but a welcome freeze on duties for draught beer and a new lower rate for beers under 3.4% ABV.

OUR STRATEGIC OBJECTIVES

Against this volatile cost backdrop, we continue to focus on those projects that will deliver against our long-term objectives.

Our goals are to Recruit New Customers, to Delight our Customers with Great Experiences, to Build a Great Team of Dedicated People and to Create Passionate Advocates for our Beers and Pubs.

We have invested in our head office teams to deliver against these goals. Specifically, we have built up our People Team to support learning and development of our own talent, improved retention levels and a focus on excellent service. We have strengthened our food development team to support the introduction of a menu refresh; and we have strengthened our property team and built the capacity of the IT team to deliver fresh projects.

RECRUIT NEW CUSTOMERS

We acquired four new pubs at the start of the year, three in Essex and one in Bournemouth. We carried out a major redevelopment of the Crown at Chislehurst, and several smaller schemes including at the Old Jamaica Winehouse in the City, the Windsor Castle at Carshalton and created new outside space at the Botany Bay Hotel in Broadstairs.

We have completed a major scheme at the Duke of Cumberland in Whitstable in August 2023 to upgrade the whole site and add eight boutique bedrooms. We are on site at the Tom Cribb in Haymarket, which will reopen in October 2023. Beyond this, we have an ambitious programme for the coming year as we rebuild the momentum of our refurbishment programme.

Our signage and external decorations schemes continue to be rolled out, which will be substantially complete by the end of December 2024.

The Company's sponsorship of sporting clubs of all types is well known and highly successful. We have sponsored Kent County Cricket Club for many years, and we support many other cricket, golf and rugby clubs too. In recent years we have also built a good base in football. Last year we entered a partnership with Bromley FC, and this year we are delighted to have become the supplier to Millwall FC in Bermondsey.

We were the official beer supplier at the Open, supporting the Singha brand, as we were in 2021 and 2022, at Royal Liverpool in July 2023, and have extended our agreement for a further two years.

DELIGHT OUR CUSTOMERS WITH GREAT EXPERIENCES

We regularly review and enhance the drinks ranges within our pubs to ensure we offer a premium experience.

We have reintroduced our own Cask Club range with considerable success. We have commissioned the small-batch brewery and launched our first brew. This plant will enable us to develop a wider range of tastes and flavour in our new beers, and brew more speciality beers.

We have also expanded the range of third-party beers in our pubs. We are seeing good growth in premium world lagers, craft beers and stout. Singha is now stocked on draught in the majority of our outlets and is performing well. However, our partnership with Boston Beer for Sam Adams has now terminated and is not being renewed. We are expanding the distribution of Noughty Bear 0.5% beer on draught.

We continue to see excellent growth in key categories such as cocktails, rosé wines and low-alcohol drinks.

Consumers are looking for brands with local provenance. In this regard, we have developed Creekside Coffee, a full-flavour local blend, for our retail pubs.

In our food business, we have carried out a comprehensive overhaul of all menus in our retail pubs. The aim is to source the highest quality ingredients with a strong emphasis on seasonal and local produce. We review and change menus on a regular basis, to create more dynamic and seasonal choice for customers.

We have introduced a new kids' menu, - Menus for Minis - and we are donating 50p for every two-course meal sold to FareShare, our 2023 Charity of the Year.

BUILD A GREAT TEAM OF DEDICATED PEOPLE

A key focus this year has been to build the appropriate training and support infrastructure so that we can attract and retain the best people and build rewarding career pathways for those entering the pub trade.

We have introduced a wide range of apprenticeship courses at all levels, ranging from Level 2 to Level 7, and have successfully launched partnerships with new training providers for all our hospitality and catering needs.

Our apprentice programme has been highly successful and continues to gain momentum. Over 40 people have undertaken apprentice programmes this year and we have uncovered some outstanding talent for the future. Congratulations go to Sallyanne Carter of the George Hotel in Cranbrook, who was our Apprentice of the Year.

We have developed a Chef Academy and a chef mentoring programme, and are consequently attracting better chefs. Our Chef of the Year was Peter Baldwin of the Fish on the Green in Bearsted.

We have an excellent team of General Managers. We also aim to develop individual talent and nurture the next generation of General Managers from within the business. The success of this approach can be seen in recent appointments at the Evenhill in Littlebourne and at the Windsor Castle at Carshalton.

It is great to see how many of our tenanted pub partners run outstanding pubs. For example, Barons Pub Company run two of our pubs and won the Best Operations team and Best Pub Employer in the Publican Awards. Jo and Jane Mullane, won the Shepherd Neame Pub of the Year award for the exceptional and unique way that they run the New Flying Horse in Wye.

We regularly monitor what our teams say about us and were very pleased that our Employee Promoter Score via our Sheps Voice survey was 65.5% (2022: 65.0%). Our tenanted pub operations again scored in the top five of the Tenant Tracker industry benchmark survey.

CREATE PASSIONATE ADVOCATES FOR OUR BEERS AND PUBS

We have remodelled our service offer around five standards - Smile to get Smiles, Own it, Power the Party, Hop in your Heart, No Detail's too Small - and are building great team and customer engagement.

We have introduced a new framework to gather feedback from our customers on their experience in our retail pubs and hotels. We are building the number of responses throughout the year. We have achieved a Net Promoter Score of 60%.

Bishops Finger won the Taste of Kent Beer of the Year Award and Gold in the International Beer Challenge 2023, and three of our beers won Gold in the British Bottlers Institute Awards. All of our beers are now vegan-accredited by the Vegetarian Society.

We are also building long-term advocates for our beers through targeting high-profile events to showcase our beers. We have enjoyed a successful partnership with Dreamland in Margate, as they build a highly successful events venue, and we have supported Smoked and Uncut with the Pig Hotel Group.

We maintained a high presence in London through our support for the City Beerfest in the Guildhall Yard, Summer by the River near Tower Bridge and the University Boat Race.

We look to enhance the visit to the pub with more customer activity, for example, Shakespeare with Sheps, at the Belle Vue Tavern in Margate and at the Three Mariners at Oare, and promotions such as our Summer Drinks menu.

DO THE RIGHT THING FOR OUR COMMUNITIES

Shepherd Neame is a business that aims to put the brewery, its pubs and our people at the heart of our communities.

I am delighted that we raised £30,000 for our 2022 Charity of the Year, the Kent Wildlife Trust. Our 2023 Charity of the Year is FareShare - fighting hunger and tackling food waste.

We continue to support many community events including the Faversham Hop Festival which returned this year after a gap for the pandemic, and the ever-popular Faversham Literary Festival. We have continued to support the preservation of over 300 rare hop varieties in the National Hop Collection.

I congratulate the Flying Horse at Smarden for being recognised by Pub Aid for their fundraising efforts for the people of Ukraine.

We have made considerable progress this year in energy reduction initiatives. We have installed metering across the business so that we have more accurate data on consumption. We have successfully piloted new energy-saving technology in several pub cellars and introduced a Save While You Sleep initiative with Zero Carbon Forum in our retail pubs. We have trialled electric-only induction hobs to save energy in kitchens.

The results of these initiatives have been encouraging. We have a wider roll-out of these programmes in the coming year and will pilot further technology for new initiatives.

BUSINESS OPERATIONS

RETAIL AND TENANTED PUBS OVERVIEW

As at June 2023 we owned 296 pubs (June 2022: 300), of which 217 (June 2022: 231) are tenanted or leased, 72 (June 2022: 63) are retail pubs and seven (June 2022: six) are operated on a free-of-tie basis as investment properties. 85% of our pubs are owned freehold.

During the period we have transferred six tenanted pubs to retail, and two to investment property. We have sold eight properties, including six pubs and two investment properties (six freehold disposals and two leases surrendered) and have acquired four pubs (three freehold pubs and one leasehold). These disposals have realised net proceeds of £2.3m (2022: £9.1m).

We have invested £17.2m in total, including £6.7m in new site acquisitions, including fees, and £10.5m in brewery and pub investments, of which the major projects have been £1.4m at the Crown at Chislehurst and a further £0.5m for partial completion of works at the Duke of Cumberland in Whitstable.

RETAIL PUBS AND HOTELS

For the 52 weeks to 24 June 2023, our retail pubs achieved strong growth. Total revenue was up +21.5% to £74.4m (2022: £61.2m). Same outlet like-for-like sales grew by +12.9%. VAT-adjusted like-for-like sales grew by +17.0%. Within the M25, like-for-like sales are +30.6%. Outside the M25 like-for-like sales are +6.6%.

All individual months were in growth on the prior year, with the strongest growth in July 2022, December 2022 and June 2023. December was nonetheless below expectations as we lost sales due to the rail strikes.

This growth has been mainly driven by drinks sales. Total drinks sales were up +31.3% to £43.4m, with like-for-like drinks sales +22.4%, driven largely by the recovery of our London pubs as people return to their offices.

Total food sales are up +15.4%, to £24.8m, with like-for-like food sales +3.1%.

We have seen slightly weaker room occupancy after the staycation boom of last year, with accommodation sales down -7.3% to £5.8m, and like-for-like accommodation sales down -4.2%. At June 2023, we operated 248 (2022: 218) rooms in our retail estate. Overall occupancy was slightly down at 74% (2022: 76%), but overall RevPAR was up to £81 (2022: £80).

TENANTED PUBS

Trade in our tenanted pubs has remained resilient during this period. Like-for-like tenanted pub income was +3.9%.

We have an outstanding tenanted estate with a first-class team of licensees. Although turnover levels of licensees is slightly higher than previously, we continue to attract good licensees when pubs become available.

We have supported our licensees as best we can in recent years, and continued to do so in the last year, as appropriate, through the energy crisis. The UK Government Energy Bills Relief Scheme provided support through the winter months. Whilst wholesale rates have now started to ease, the overall cost for utilities is estimated to remain on average twice that of before the war in Ukraine.

We continue to maintain our estate to a high level, even though the cost of repairs and maintenance has increased substantially. We plan to accelerate our external decoration schemes in the coming year.

BREWING AND BRANDS

Total beer volumes were down -2.7%. Own brewed beer volumes were up +5.2%. This growth is driven by the brewing of Singha beer at Faversham which commenced in February 2022, and has offset the declines in cask ale and premium bottled ales, as experienced across the market.

Cost of goods inflation in beer production has been material. For example, the cost of inputs for bottled beers alone has increased in excess of £2m, before logistics and distribution costs. Legislative changes in packaging waste due to be introduced in 2025 will drive further inflation. We also expect higher logistics costs going forward.

We have a strong heartland on-trade business and enjoy first-class customer relations, and our customers have been generally supportive as we try to recover some of this inflationary impact through higher prices. The off-trade has proved more challenging though, after many years of strong performance.

INVESTMENT PROPERTY

As at June 2023, the Company owned investment property valued at £7.2m (2022: £6.7m). We have sold two investment properties during the period.

We continue to promote sites in the local area for potential development. We remain confident that all these schemes have considerable merit, and that at least one of these schemes will be approved in the near term, but policy changes at local and national level make others less likely in the short term.

OUTLOOK AND CURRENT TRADING

The hospitality sector has faced an unprecedented series of crises in the last three years. We still have known cost increases to absorb, but the dust is settling, the outlook is more positive and the fundamentals of the business are good.

Consumer spending has remained resilient all year, better than many had expected, and better than many other parts of the retail and consumer economy. People are prioritising going out over other types of expenditure.

Pubs are generally performing better than restaurants. Premium and neighbourhood pubs are performing well. We have an excellent pub estate with considerable potential, a loyal customer base, and a high profile within the individual communities we serve.

Shepherd Neame pubs have been performing in line with the best in the sector. All of which gives us confidence even if we go into a new phase of pressure on household budgets, as mortgage rates increase.

We do face considerable inflationary and market challenges within our Brewing and Brands business, but, notwithstanding the inflationary pressures, we have a strong core of loyal and happy customers.

After the wonderful June 2023 weather, wet, cool and windy conditions returned in July and August. This period compares with the record-breaking sunshine and heat in July 2022. Inevitably trade at our coastal sites has suffered somewhat, but was boosted by warm weather in early September. Nonetheless, trade has remained encouraging in our pubs, albeit the beer market remains challenging.

For the 13 weeks to 23 September 2023, like-for-like sales in our retail pubs were +5.6% vs the 2023 financial year⁹.

For the nine weeks to 26 August 2023, same outlet like-for-like income in our tenanted pubs was up +3.0% vs 2023⁹.

Total beer volumes were -10.3% vs 2023⁹. Own brewed beer volume was -15.9% vs 2023⁹.

We have much to look forward to. The balance sheet remains strong and the business has momentum in our pipeline of investment. We are confident we have the team and skills to deliver good returns for our shareholders over the long term.

JONATHAN NEAME

Chief Executive

GROUP INCOME STATEMENT

FOR THE 52 WEEKS ENDED 24 JUNE 2023

	Note	52 weeks ended 24 June 2023			52 weeks ended 25 June 2022		
		Underlying results £'000	Items excluded from underlying results £'000	Total statutory £'000	Underlying results £'000	Items excluded from underlying results £'000	Total statutory £'000
Revenue	1, 2	166,267	-	166,267	151,538	-	151,538
Other income	1	-	-	-	383	-	383
Operating charges	3	(152,952)	(5,681)	(158,633)	(139,028)	(2,470)	(141,498)
Operating profit	1, 3	13,315	(5,681)	7,634	12,893	(2,470)	10,423
Net finance costs	1, 3	(5,741)	(214)	(5,955)	(5,599)	(83)	(5,682)
Fair value movements on financial instruments charged to profit and loss	1, 3	-	195	195	-	397	397
Total net finance costs		(5,741)	(19)	(5,760)	(5,599)	314	(5,285)
Profit on disposal of property	3	-	3,002	3,002	-	1,709	1,709
Investment property fair value movements	3	-	72	72	-	520	520
Profit before taxation		7,574	(2,626)	4,948	7,294	73	7,367
Taxation	4	(1,508)	22	(1,486)	(1,462)	375	(1,087)
Profit after taxation		6,066	(2,604)	3,462	5,832	448	6,280
Earnings per 50p ordinary share	6						
Basic				23.5p			42.5p
Diluted				23.3p			42.3p

All results are derived from continuing activities.

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE 52 WEEKS ENDED 24 JUNE 2023

	Note	52 weeks ended 24 June 2023 £'000	52 weeks ended 25 June 2022 £'000
Profit after taxation		3,462	6,280

Items that may be reclassified subsequently to profit or loss:

Gains arising on cash flow hedges during the period		2,019	2,596
Income tax relating to these items	4	(460)	(561)
Other comprehensive gains		1,559	2,035
Total comprehensive income		5,021	8,315

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 24 JUNE 2023

	Group 24 June 2023 £'000	Group 25 June 2022 £'000
Non-current assets		
Goodwill and intangible assets	597	375
Property, plant and equipment	279,810	274,651
Investment properties	7,166	6,716
Other non-current assets	-	-
Finance lease receivable	2,355	-
Right-of-use assets	41,922	44,235
	331,850	325,977
Current assets		
Inventories	8,001	8,067
Trade and other receivables	19,458	17,685
Cash and cash equivalents	1,444	5,579
Finance lease receivable	111	-
Assets held for sale	365	1,099
	29,379	32,430
Current liabilities		
Trade and other payables	(28,186)	(27,222)
Borrowings	(1,600)	(1,600)
Lease liabilities	(2,987)	(2,780)
	(32,773)	(31,602)
Net current assets/(liabilities)	(3,394)	828
Total assets less current liabilities	328,456	326,805
Non-current liabilities		
Lease liabilities	(52,275)	(53,106)
Borrowings	(80,220)	(79,270)
Derivative financial instruments	(82)	(2,353)
Deferred tax liabilities	(16,909)	(14,749)
	(149,486)	(149,478)
Net assets	178,970	177,327
Capital and reserves		
Share capital	7,429	7,429
Share premium account	1,099	1,099
Revaluation reserve	31	31
Own shares	(1,042)	(660)
Hedging reserve	70	(1,489)
Retained earnings	171,383	170,917
Total equity	178,970	177,327

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 24 JUNE 2023

Note	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Own shares £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
Balance at 27 June 2021	7,429	1,099	31	(1,010)	(3,524)	165,322	169,347
Profit for the financial year	-	-	-	-	-	6,280	6,280

Gains arising on cash flow hedges during the year		-	-	-	-	2,596	-	2,596
Tax relating to components of other comprehensive income	4	-	-	-	-	(561)	-	(561)
Total comprehensive income		-	-	-	-	2,035	6,280	8,315
Ordinary dividends paid	5	-	-	-	-	-	(520)	(520)
Accrued share-based payments		-	-	-	-	-	183	183
Distribution of own shares		-	-	-	101	-	(99)	2
Unconditionally vested share awards		-	-	-	249	-	(249)	-
Balance at 25 June 2022		7,429	1,099	31	(660)	(1,489)	170,917	177,327
Profit for the financial year		-	-	-	-	-	3,462	3,462
Gains arising on cash flow hedges during the year		-	-	-	-	2,019	-	2,019
Tax relating to components of other comprehensive income	4	-	-	-	-	(460)	-	(460)
Total comprehensive income		-	-	-	-	1,559	3,462	5,021
Ordinary dividends paid	5	-	-	-	-	-	(2,811)	(2,811)
Accrued share-based payments		-	-	-	-	-	39	39
Purchase of own shares		-	-	-	(610)	-	-	(610)
Distribution of own shares		-	-	-	44	-	(40)	4
Unconditionally vested share awards		-	-	-	184	-	(184)	-
Balance at 24 June 2023		7,429	1,099	31	(1,042)	70	171,383	178,970

GROUP STATEMENT OF CASH FLOWS

FOR THE 52 WEEKS ENDED 24 JUNE 2023

	Note	£'000	52 weeks ended 24 June 2023 £'000	52 weeks ended 25 June 2022 £'000
Cash flows from operating activities				
Cash generated from operations	8	20,818		21,141
Income taxes paid		(199)		-
Net cash generated by operating activities			20,619	21,141
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment		61		5,792
Proceeds from disposal of investment property		-		1
Proceeds from disposal of assets held for sale		2,267		3,292
Purchases of property, equipment and lease premiums		(10,465)		(5,304)
Purchase of intangible fixed assets		-		(129)
Customer loan redemptions		1		-
Acquisition of subsidiaries		(6,271)		-
Cash acquired on acquisition		766		-
Net cash generated by investing activities			(13,641)	3,652
Cash flows from financing activities				
Dividends paid	5	(2,811)		(520)
Interest paid		(4,241)		(4,436)
Payments of principal portion of lease liabilities		(4,099)		(4,220)
Proceeds from/(repayment of) borrowings	8	1,400		(15,600)
Issue costs of new long term loans	8	(756)		-
Purchase of own shares		(610)		-
Share option proceeds		4		2
Net cash used in financing activities			(11,113)	(24,774)
Net movement in cash and cash equivalents			(4,135)	19
Cash and cash equivalents at beginning of the period			5,579	5,560

NOTES TO THE FINANCIAL STATEMENTS

24 JUNE 2023

1 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.

52 weeks ended 24 June 2023

	Brewing and Brands £'000	Retail Pubs and Hotels £'000	Tenanted Pubs £'000	Unallocated ¹ £'000	Total £'000
Revenue	56,905	74,442	33,853	1,067	166,267
Other income	-	-	-	-	-
Underlying operating profit/(loss)	957	8,322	12,599	(8,563)	13,315
Items excluded from underlying results	-	(4,514)	52	(1,219)	(5,681)
Segmental operating profit/(loss)	957	3,808	12,651	(9,782)	7,634
Net underlying finance costs					(5,741)
Finance costs excluded from underlying results					(214)
Fair value movements on ineffective element of cash flow hedges					195
Profit on disposal of property					3,002
Investment property fair value movements					72
Profit before taxation					4,948

52 weeks ended 24 June 2023

	Brewing and Brands £'000	Retail Pubs and Hotels £'000	Tenanted Pubs £'000	Unallocated £'000	Total £'000
Other segment information					
Capital expenditure - tangible and intangible assets	1,552	9,761	2,977	1,455	15,745
Depreciation and amortisation pre IFRS 16	1,508	2,896	2,433	468	7,305
Depreciation and amortisation	1,640	4,678	3,252	603	10,173
Impairment of property, plant and equipment, goodwill and assets held for sale	-	870	704	-	1,574
Impairment of right-of-use assets	-	3,641	(756)	-	2,885
Underlying segmental EBITDA pre IFRS 16	2,502	9,968	14,146	(8,037)	18,579
Underlying segmental EBITDA	2,637	13,020	15,861	(7,957)	23,561
Number of pubs	-	72	217	7	296

1. £1,067,000 of unallocated income (2022: £910,000) includes rent receivable from investment properties and other non-core trading income. Unallocated expenses primarily represent head office support costs.

52 weeks ended 25 June 2022

	Brewing and Brands £'000	Retail Pubs and Hotels £'000	Tenanted Pubs £'000	Unallocated £'000	Total £'000
Revenue	56,615	61,240	32,773	910	151,538
Other Income	-	383	-	-	383
Underlying operating (loss)/profit	(252)	8,288	13,359	(8,502)	12,893
Items excluded from underlying results	-	(1,899)	(940)	369	(2,470)
Segmental operating (loss)/profit	(252)	6,389	12,419	(8,133)	10,423
Net underlying finance costs					(5,599)
Finance costs excluded from underlying results					(83)

Fair value movements on ineffective element of cash flow hedges	397
Profit on disposal of property	1,709
Investment property fair value movements	520
Profit before taxation	7,367

52 weeks ended 25 June 2022

	Brewing and Brands £'000	Retail Pubs and Hotels £'000	Tenanted Pubs £'000	Unallocated £'000	Total £'000
Other segment information					
Capital expenditure - tangible and intangible assets	1,400	1,736	1,677	639	5,452
Depreciation and amortisation pre IFRS 16	1,592	2,840	2,601	397	7,430
Depreciation and amortisation	1,695	4,614	3,601	570	10,480
Impairment of property, plant and equipment, goodwill and assets held for sale	-	1,010	603	24	1,637
Impairment of right-of-use assets	-	889	337	-	1,226
Underlying segmental EBITDA pre IFRS 16	1,394	10,920	15,812	(8,143)	19,983
Underlying segmental EBITDA	1,508	12,882	16,967	(7,929)	23,428
Number of pubs	-	63	231	6	300

Geographical information

An analysis of the Group's revenue by geographical market is set out below:

	52 weeks ended 24 June 2023 £'000	52 weeks ended 25 June 2022 £'000
Revenue		
UK	163,896	149,011
Rest of the World	2,371	2,527
	166,267	151,538

2 REVENUE

An analysis of the Group's revenue by category is as follows:

	52 weeks ended 24 June 2023 £'000	52 weeks ended 25 June 2022 £'000
Sale of goods and services	157,055	142,296
Rental income	9,212	9,242
Revenue	166,267	151,538

3 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;
- separately disclosed operating and finance charges 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 4).

	52 weeks ended 24 June 2023 £'000	52 weeks ended 25 June 2022 £'000
Underlying EBITDA	23,561	23,428
Depreciation and amortisation	(10,173)	(10,480)
Free trade loan discounts	3	(2)
Loss on sale of assets (excluding property)	(76)	(53)
Underlying operating profit	13,315	12,893
Net underlying finance costs pre IFRS 16	(4,494)	(4,355)

Net underlying finance costs	(5,741)	(5,599)
Underlying profit before taxation	7,574	7,294
Profit on disposal of properties	3,002	1,709
Investment property fair value movements	72	520
Separately disclosed operating charges:		
Impairment of intangible assets, properties, right-of-use assets and assets held for sale	(4,459)	(2,863)
Other operating charges excluded from underlying results	(1,222)	393
Separately disclosed finance costs:		
Settlement of ineffective portion of interest rate swap	(73)	-
Write-off of unamortised loan fees on restructuring	(141)	-
Costs relating to the agreement of covenant waivers with our lenders	-	(50)
Costs relating to the transition from LIBOR to SONIA for sterling debt instruments	-	(33)
Fair value movements on financial instruments charged to profit and loss	195	397
Profit before taxation	4,948	7,367

Separately disclosed operating charges

During the 52 weeks ended 24 June 2023, separately disclosed operating charges comprised:

- An impairment charge of £4,459,000 in relation to 12 freehold properties and eight right-of-use assets.
- Professional fees of £621,000 relating to the extension of our distribution agreement with our logistics partner.
- Professional fees of £268,000 relating to two company acquisitions.
- Professional fees of £64,000 relating to the transition of the pension scheme administration to an independent master trust.
- A charge of £269,000 in respect of restructuring fees.

During the 52 weeks ended 25 June 2022, separately disclosed operating charges comprised:

- An impairment charge of £2,863,000 in relation to seven freehold properties and eight right-of-use assets.
- A recovery of £159,000 in relation to a previously disclosed fraud carried out by an employee.
- The release of a provision to the value of £443,000 in respect of an inquiry opened by HMRC relating to the provision of uniforms and training to employees, which was closed in March 2022.
- Professional fees of £47,000 relating to two company acquisitions which completed after the year end.
- Professional fees of £162,000 relating to the transition of the pension scheme administration to an independent master trust.

Separately disclosed finance costs

During the 52 weeks ended 24 June 2023, the Group settled the ineffective portion of its interest rate swap for cash consideration of £73,000, wrote off £141,000 of unamortised finance costs relating to the previous facility, and recognised a credit of £195,000 in respect of the ineffective portion of the movement in fair value interest rate swaps.

During the 52 weeks ended 25 June 2022, the Group incurred £83,000 of legal and professional fees associated with agreeing covenant waivers with our lenders, as well as fees associated with the transition of existing debt instruments from LIBOR to SONIA. These charges were offset by £397,000 credited in respect of the ineffective portion of the movement in fair value interest rate swaps.

4 TAXATION

a Tax on profit

	52 weeks ended 24 June 2023			52 weeks ended 25 June 2022		
	Underlying results £'000	Excluded from underlying results £'000	Total statutory £'000	Underlying results £'000	Excluded from underlying results £'000	Total statutory £'000
Tax charged to the income statement						
Current income tax						
Current tax on profit for the year	-	-	-	-	-	-
Adjustments for current tax on prior periods	-	-	-	-	-	-
Total current income tax charge	-	-	-	-	-	-

Deferred income tax						
Origination and reversal of timing differences	1,252	53	1,305	1,462	(84)	1,378
Change in corporation tax rate	256	12	268	-	(33)	(33)
Adjustments for current tax on prior periods	-	(87)	(87)	-	(258)	(258)
Total deferred tax charge	1,508	(22)	1,486	1,462	(375)	1,087
Total tax charged to the income statement	1,508	(22)	1,486	1,462	(375)	1,087

Tax charged to other comprehensive income						
Deferred tax						
Gains arising on cash flow hedges in the period			458			493
Effect of increase in future rate of corporation tax			46			68
Adjustments for current tax on prior periods			(44)			-
Total tax charged to other comprehensive income			460			561

b Reconciliation of the total tax charge

	52 weeks ended 24 June 2023 £'000	52 weeks ended 25 June 2022 £'000
Profit before income tax	4,948	7,367
Tax on Group profit at UK standard rate of corporation tax of 20.5% (2022: 19.0%)	1,014	1,400
Expenses not deductible for tax purposes	349	151
Profit on sale of property less chargeable gains	(159)	(173)
Effect of a change in tax rate	(267)	(33)
On inception of sublease	636	-
Current and deferred tax over-provided in previous years	(87)	(258)
Total tax charged to the income statement	1,486	1,087

c Factors that may affect future tax charges

An increase in the future main corporation tax rate to 25% from 1 April 2023, from the previously enacted 19%, was announced in the Budget on 3 March 2021, and substantively enacted on 24 May 2021. Deferred tax assets and liabilities that are expected to reverse on or after 1 April 2023 have been calculated at the rate of 25% as at the reporting date.

There is no expiry date on timing differences.

5 DIVIDENDS

	52 weeks ended 24 June 2023 £'000	52 weeks ended 25 June 2022 £'000
Declared and paid during the year		
Final dividend for 2022: 15.00p (2021: nil) per ordinary share	2,227	-
Interim dividend for 2023: 4.00p (2022: 3.50p) per ordinary share	584	520
Dividends paid	2,811	520

The Directors propose a final dividend of 16.00p (2022: 15.00p) per 50p ordinary share totalling £2,358,000 (2022: £2,227,000) for the 52 weeks ended 24 June 2023. The dividend is subject to approval by shareholders at the Annual General Meeting, to be held on 27 October 2023, and has not been included as a liability in this financial information as it has not yet been approved or paid.

Shares held by the Company (and not allocated to employees under the Share Incentive Plan) are treated as cancelled when calculating dividends and earnings per share.

6 EARNINGS PER SHARE

52 weeks ended 24 June 2023 £'000 52 weeks ended 25 June 2022

		£'000
Profit attributable to equity shareholders	3,462	6,280
Items excluded from underlying results	2,604	(448)
Underlying profit attributable to equity shareholders	6,066	5,832
	Number	Number
Weighted average number of shares in issue	14,746	14,784
Dilutive outstanding options	113	62
Diluted weighted average share capital	14,859	14,846
Earnings per 50p ordinary share		
Basic	23.5p	42.5p
Diluted	23.3p	42.3p
Underlying basic	41.1p	39.4p

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 113,000 (2022: 62,000) 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 underlying items and the tax attributable to those items on basic and diluted earnings per share.

7 ACQUISITION OF SUBSIDIARY UNDERTAKINGS

On 28 July 2022, the Company acquired 100% of the issued share capital East Anglia Pub Corporation Limited (EAPC), a company which owns and operates one pub in Leigh-on Sea, Essex. In addition, at the same date, as part of this transaction, the Company also agreed to buy two related pub properties. The total consideration for these related transactions was £4,653,000 which was all satisfied by cash. The fair value of the assets acquired at that date was £4,852,000 which was more than the fair value of the consideration.

The acquisition has been accounted for under the purchase method. The following table sets out the book values of the identifiable assets and liabilities acquired, and their fair value to the Group:

	Book value of EAPC £'000	Revaluation £'000	Book value of pub purchases £'000	Revaluation £'000	Fair value to group £'000
Non-current assets					
Property, plant and equipment	862	1,138	1,000	1,900	4,900
Current assets					
Inventories	12	-	-	-	12
Trade and other receivables	-	-	-	-	-
Cash and cash equivalents	576	-	-	-	576
Total assets	1,450	1,138	1,000	1,900	5,488
Trade and other payables	(422)	-	-	-	(422)
Deferred tax liabilities	(30)	(184)	-	-	(214)
Total liabilities	(452)	(184)	-	-	(636)
Net assets	998	954	1,000	1,900	4,852
Balance arising on acquisition taken to non underlying items					(199)
					4,653
Satisfied by:					
Cash					4,653

The business of East Anglia Pub Corporation Limited was hived up to Shepherd Neame Limited at the date of acquisition, and results since this date have been recognised in this company.

On 19 July 2022, the Company acquired 100% of the issued share capital of Urban Reef Restaurant Limited, a company which owns and operates one pub in Boscombe, Bournemouth, for cash consideration of £1,618,000. The fair value of the assets acquired at that date was £1,352,000, which was less than the fair value of the consideration by £266,000, which has been treated as goodwill.

	Book value £'000	Revaluation £'000	Fair value to Group £'000
Non-current assets			

Property, plant and equipment	390	1,110	1,500
Current assets			
Inventories	10	-	10
Trade and other receivables	107	-	107
Cash and cash equivalents	190	-	190
Total assets	697	1,110	1,807
Trade and other payables	(455)	-	(455)
Deferred tax liabilities	(27)	27	-
Total liabilities	(482)	27	(455)
Net assets	215	1,137	1,352
Goodwill arising on acquisition			266
			1,618
Satisfied by:			
Cash			1,618

The business of Urban Reef Restaurant Limited was hived up to Shepherd Neame Limited at the date of acquisition, and results since this date have been recognised in this Company.

8 NOTES TO THE STATEMENT OF CASH FLOWS

a Reconciliation of operating profit to cash generated by operations

	52 weeks ended 24 June 2023			52 weeks ended 25 June 2022		
	Underlying results £'000	Excluded from underlying results £'000	Total £'000	Underlying results £'000	Excluded from underlying results £'000	Total £'000
Operating profit	13,315	(5,681)	7,634	12,893	(2,470)	10,423
Adjustment for:						
Depreciation and amortisation	10,173	-	10,173	10,480	-	10,480
Impairment of property, plant and equipment	-	1,516	1,516	-	1,561	1,561
Impairment of intangible assets	-	-	-	-	52	52
Impairment of right-of-use assets	-	2,885	2,885	-	1,226	1,226
Impairment of assets held for sale	-	58	58	-	24	24
Share-based payments expense	39	-	39	183	-	183
Decrease/(increase) in inventories	88	-	88	(747)	-	(747)
Increase in debtors and prepayments	(1,958)	-	(1,958)	(2,242)	-	(2,242)
Increase/(decrease) in creditors and accruals	472	(318)	154	712	(374)	338
Loss on sale of assets (excluding property)	76	-	76	53	-	53
Income tax paid	(199)	-	(199)	-	-	-
Fair value movements on financial assets	153	-	153	(210)	-	(210)
Net cash inflow from operating activities	22,159	(1,540)	20,619	21,122	19	21,141

b Reconciliation of movement in cash to movement in net debt

	52 weeks ended 24 June 2023 £'000	52 weeks ended 25 June 2022 £'000
Group and Company		
Opening cash and overdraft	5,579	5,560
Closing cash and overdraft	1,444	5,579
Movement in cash in the period	(4,135)	19
Cash from increase in bank loans	(1,400)	-
Cash used to repay bank loans	-	15,600
Movement in loan issue costs	450	(105)
Movement in net debt resulting from cash flows	(5,085)	15,514
Net debt at beginning of the period	(75,291)	(90,805)
Net debt	(80,376)	(75,291)
Current lease liability	(2,987)	(2,780)
Non-current lease liability	(52,275)	(53,106)
Statutory net debt	(135,638)	(131,177)

c Analysis of net debt

	June 2022 £'000	Cash flow £'000	Reclassification of long-term loans £'000	Proceeds from borrowings £'000	Issue costs of new loans £'000	Non-cash £'000	June 2023 £'000
Group and Company 2023							
Cash and cash equivalents	5,579	(4,135)	-	-	-	-	1,444
Debt due in less than one year	(1,600)	-	(1,600)	1,600	-	-	(1,600)
Debt due after more than one year	(79,270)	-	1,600	(3,000)	756	(306)	(80,220)
Net debt	(75,291)	(4,135)	-	(1,400)	756	(306)	(80,376)
Lease liabilities	(55,886)	4,099	-	-	-	(3,475)	(55,262)
Statutory net debt	(131,177)	(36)	-	(1,400)	756	(3,781)	(135,638)

	June 2021 £'000	Cash flow £'000	Reclassification of long-term loans £'000	New loans £'000	Non-cash £'000	June 2022 £'000
Group and Company 2022						
Cash and cash equivalents	5,560	19	-	-	-	5,579
Debt due in less than one year	(1,600)	-	(1,600)	1,600	-	(1,600)
Debt due after more than one year	(94,765)	-	1,600	14,000	(105)	(79,270)
Net debt	(90,805)	19	-	15,600	(105)	(75,291)
Lease liabilities	(58,326)	4,220	-	-	(1,780)	(55,886)
Statutory net debt	(149,131)	4,239	-	15,600	(1,885)	(131,177)

Non-cash movements in lease liabilities comprise lease additions and modifications of £2,228,000 (2022: £699,000) and interest of £1,247,000 (2022: £1,245,000), less waivers of nil (2022: £164,000).

9 ACCOUNTS

The financial information for the period ended 24 June 2023 and the period ended 25 June 2022 does not constitute the Company's statutory accounts for those years.

Statutory accounts for the period ended 25 June 2022 have been delivered to the Registrar of Companies. The statutory accounts for the period ended 24 June 2023 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The auditor's report on the statutory accounts for 24 June 2023 is unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under s498(2) or s498(3) of the Companies Act 2006. The auditor's report on the statutory accounts for 25 June 2022 was unqualified, and did not contain a statement under s498(2) or s498(3) of the Companies Act 2006.

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

[2] 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.

[3] Net assets at the reporting date divided by the number of shares in issue being 14,857,500 50p shares.

[4] Retail like-for-like sales includes revenue from the sale of drink, food and accommodation but excludes machine income. Like-for-like sales performance is calculated against a comparable 52 week period in the prior year for pubs that were in the estate in the same period within both years.

[5] Tenanted income calculated to exclude from both years those pubs which have not been in the estate throughout the two years. The principal exclusions are pubs purchased or sold, pubs which have closed, and pubs transferred to or from our retail business. Income is calculated against a comparable 52 week period in the prior year for pubs that were trading in both 52-week periods.

[6] Pub profit before depreciation, amortisation, rent and property costs and other cost allocations.

[7] Shepherd Neame branded, licensed, third party, customer own-label and contract beer and cider sales volumes.

[8] Shepherd Neame branded, licensed, customer own-label and contract beer and cider sales volumes.

[9] The periods referred to for financial year 2023 are the comparative month(s) of July, August & September 2022 which were during the financial year 52 weeks to 24 June 2023.

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