RNS Number : 5887H
Shepherd Neame Limited
20 March 2024

Shepherd Neame

Interim results for the 26 weeks to 23 December 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 26 weeks ended 23 December 2023.

In a period of robust demand, the Company has performed well achieving strong like-for-like sales growth, record H1[1] revenues and an increase in underlying profits despite continued inflationary pressures across the business.

Consumer demand remained good, record revenue, improved underlying profit

- Revenue for the half year grew by +4.3% to a record £89.0m (H1 2023: £85.3m)
- Underlying EBITDA[2] grew by +5.2% to £12.0m (H1 2023: £11.4m)
- Underlying operating profit grew by +8.0% to £6.8m (H1 2023: £6.3m)
- Underlying profit before tax[3] grew by +9.9% to £3.8m (H1 2023: £3.5m)
- Statutory profit before tax was £1.1m (H1 2023: £5.5m)
- £6.6m invested in core capital expenditure (H1 2023: £4.0m)
- Underlying basic earnings per share[4] were 18.3p (H1 2023: 18.7p). The benefit of the increase in underlying profit has been offset by the higher rate of tax. Basic earnings per share were 4.4p (H1 2023: 28.9p)
- Net assets per share[5] were £11.92 (H1 2023: £12.12)
- Interim dividend of 4.2p (H1 2023: 4.0p), an increase of +5.0%

Operational performance

	Performance H1 2024 vs H1 2023
Retail like-for-like sales[6]	+6.2%
Like-for-like tenanted pub income[7]	+5.1%
Total beer volume[8]	-10.5%
Own beer volume[9]	-16.7%

Operational highlights

- **Total retail sales up +12.3% to £41.4m (H1 2023: £36.9m), boosted by a strong Christmas**
  - For the adjusted Christmas period, from 1 to 31 December 2023, like-for-like retail sales were up +14.9% vs 2022
  - Retail like-for-like drink sales up +8.9% vs H1 2023
  - Retail like-for-like food sales up +3.7% vs H1 2023
  - Total occupancy was down at 73.4% (H1 2023: 81.6%) but RevPAR held up well at £86 (H1 2023: £90)
- **Tenanted trade was resilient and continues to perform well**

- Divisional revenue was £17.7m (H1 2023: £17.4m) and operating profit was £6.6m (H1 2023: £6.9m)

- **Beer volumes are down as cask ale and bottled ales decline, but strong performance in independent on-trade**
  - Divisional revenue was £29.2m (H1 2023: £30.3m), with an operating profit of £0.2m (H1 2023: loss of £0.4m)
  - New logistics contract for warehousing and distribution as we invest in service and heartland

Current trading and outlook

	Performance versus 2023[10]
9 weeks to 24 February LFL tenanted pub income[7]	+3.3%
12 weeks to 16 March retail LFL sales[6]	+4.9%
12 weeks to 16 March total beer volumes[8]	-11.8%
12 weeks to 16 March own beer volumes[9]	-16.9%

Jonathan Neame, CEO of Shepherd Neame, said:

"Consumer demand has remained robust, with exceptional trade over the Christmas period. It has been a particularly strong period for our London pubs as people continue to return to their offices.

Whilst the inflation outlook is improving overall, we do face new inflationary challenges such as the further rise to the National Living Wage.

We are encouraged by the performance of our recent retail developments and have a good pipeline of schemes to deliver to further improve the premium quality of the estate.

We have a strong balance sheet, a well-balanced, cash generative business and a fantastic team of dedicated talent that give us confidence in our long-term prospects."

20 March 2024

ENQUIRIES

Shepherd Neame Tel: 01795 532206

Jonathan Neame, Chief Executive

Mark Rider, Chief Financial Officer

Instinctif Partners Tel: 020 7457 2020

Matthew Smallwood Tel: 020 7457 2005

Justine Warren Tel: 020 7457 2010

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 219 were tenanted or leased, 71 managed and six 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.

INTERIM STATEMENT

OVERVIEW

I am pleased to report a strong trading period for the Company in the six months to 23 December 2023 and, at last, the easing of some of the inflationary pressures the Company has faced in recent years.

Consumer demand has remained robust throughout the period. Our pubs, in particular, have performed well, with strong like-for-like sales growth in both tenanted and retail pubs. Revenue has risen to record levels for the first half of the year. Net debt, excluding lease liabilities, is broadly level even after a period of significant investment, and the interim dividend has again been increased.

An unseasonably damp summer in the key trading months of July and August temporarily hampered demand in our coastal sites over the holidays, before a late burst of sunshine in September and early October. We only experienced six days of rail strikes during the period, compared to the severe disruption in the prior year. Christmas trade was exceptional, as consumers celebrated their first uninterrupted Christmas since 2019, with many of our pubs achieving daily or weekly record sales.

Throughout the period, we have enjoyed the continued return to offices by city-centre workers and in-bound tourism nearing pre-pandemic levels. Consequently, this has been a particularly strong period for our London pubs.

Whilst the cost-of-living crisis is still squeezing consumer pockets, hospitality has fared better than high street retail. Within that context, pubs have generally been performing better than casual dining, once again proving the resilience of the Great British pub.

Pleasingly, the inflation outlook for cost of goods is improving and pricing in food, raw materials, energy, and energy-related products is stabilising, albeit at a level around +10% higher than the prior year. Whilst we do face new inflationary challenges, such as the further rise to the National Living Wage which takes effect from 1 April 2024, hospitality businesses are potential beneficiaries of the additional discretionary spend this will put in consumers' pockets.

We are pleased to note that business rates relief for the majority of our tenanted pubs has been extended for one further year to the end of March 2025.

We have increased investment in our core business back to pre-pandemic levels. We have carried out some superb transformational projects during this period in the retail estate, with pleasing results so far. We have a great pipeline of transformational projects and an ambitious programme ahead.

This year is a 53-week financial year and we have taken the decision to reinvest the additional profit from this extra week in increased investment in the estate.

The performance in this half is only made possible thanks to the quality of our teams. We have strength in depth across our business. It is thanks to the hard work, dedication and skill of our brilliant team members and licensee partners that we can perform at such a high level when circumstances are right.

I am particularly delighted that we achieved our highest monthly net promoter score across our retail business during a very busy December. We scored well in The Licensee Index, an independent survey benchmarking us against our peer set. We have won a number of awards for our beers. We are also finalists in The Publican Awards for Best Partnership Pub Company and for Best New Site for our development at the Duke of Cumberland in Whitstable.

FINANCIAL RESULTS

Revenue was £89.0m (H1 2023: £85.3m), an increase of +4.3% on the prior year.

Underlying operating profit was £6.8m (H1 2023: £6.3m), an increase of +8.0%.

Underlying profit before tax was £3.8m (H1 2023: £3.5m), an increase of +9.9%.

Statutory profit before tax was £1.1m (H1 2023: £5.5m).

Underlying basic earnings per share were 18.3p (H1 2023: 18.7p). The benefit of the increase in underlying profit has been offset by the increase in the tax rate.

Net assets per share were £11.92 (H1 2023: £12.12).

DIVIDEND

The Board is declaring an interim dividend of 4.2p per share (H1 2023: 4.0p), an increase of +5.0%.

The dividend will be paid to those shareholders on the register as at 5 April 2024 and paid on 19 April 2024.

CASHFLOW, NET DEBT, AND INVESTMENT

Cashflow has remained robust. During the period, underlying EBITDA was £12.0m (H1 2023: £11.4m), an increase of +5.2%.

Net debt, excluding lease liabilities, was £83.7m (H1 2023: £82.8m). Statutory net debt was £139.4m (H1 2023: £138.9m).

The cash and net debt position has supported an increase in core capital expenditure. In the first half, we invested £6.6m (H1 2023: £4.0m) in core capital expenditure and a further £0.8m on new site acquisitions (H1 2023: £6.7m). Total capital expenditure during the period was £7.4m (H1 2023: £10.7m).

TENANTED AND RETAIL PUB OPERATIONS

OVERVIEW

As at 23 December 2023, we owned 296 pubs (June 2023: 296), of which 219 (June 2023: 217) are tenanted or leased, 71 (June 2023: 72) are retail pubs and six (June 2023: seven) operated on a free-of-tie basis as investment properties. 85% of our pubs are owned freehold.

During the period we transferred one retail pub to tenanted. We sold one pub (H1 2023: three) and acquired one pub - the Ship Inn, Herne Bay - which will be operated under tenancy.

We have also agreed to buy the freehold of the Bishops Finger in Smithfield Market, to complete in July 2024. We believe that this site has excellent long-term potential as this area becomes the new cultural heart of the City of London, with the redevelopment of the market and relocation of the Museum of London.

Since the summer, we have carried out several major capital projects with the aim of further premiumising our retail estate. The Duke of Cumberland in Whitstable underwent a £1.7m transformation as it transferred to the retail estate. We have added eight superior bedrooms here. We have invested £0.7m at the Tom Cribb, near Leicester Square, and £1.3m at the Royal Crown in Rochester. We have carried out smaller schemes at the Windsor Castle in Carshalton and a bedroom refurbishment at the Royal Albion in Broadstairs. Since Christmas we have reopened the Crown at Blackheath where we have invested £0.7m.

We have an ambitious plan under development for further major schemes in our retail business.

RETAIL PUBS AND HOTELS

For the 26 weeks to 23 December 2023, our retail pubs achieved encouraging like-for-like sales growth of +6.2% (H1 2023: +11.9%).

Inside the M25, like-for-like sales were up +17.5% (H1 2023: +39.1%) and outside the M25 up +1.8% (H1 2023: +3.4%).

For the adjusted Christmas period, from 1 to 31 December, like-for-like retail sales were up +14.9%, driven by drinks sales at +18.9% and food sales at +11.6%, with accommodation sales softer at -7.3%.

For the 26 weeks, like-for-like drinks sales were up +8.9%, like-for-like food sales were up +3.7% and like-for-like accommodation down -2.2%.

At 23 December 2023, we operated 240 (H1 2023: 232) rooms in our retail estate. Occupancy was down at 73.4% (H1 2023: 81.6%), reflecting fewer staycations. Revenue per available room held up well at £86 (H1 2023: £90).

Divisional revenue in Retail pubs was up +12.3% at £41.4m (H1 2023: £36.9m). Underlying operating profit was up +13.3% at £5.3m (H1 2023: £4.7m). Divisional operating profit was down at £3.4m (H1 2023: £4.7m).

TENANTED PUBS

Trade in our tenanted pubs has remained resilient during this period. As in our retail pubs, trends are biased towards London and drink led sites. Our community pubs have done well and we continue to attract a steady flow of high-quality applicants for the small number of pubs where we are seeking a new partner.

In both the tenanted and retail pub estates we have increased our maintenance levels and number of external decoration projects.

Like-for-like net pub income was +5.1% (H1 2023: +7.1%).

Divisional revenue in Tenanted pubs was up +1.5% to £17.7m (H1 2023: £17.4m) and divisional operating profit was £6.6m (H1 2023: £6.9m).

BREWING AND BRANDS

This division continues to evolve in the face of challenges in the marketplace and a shift away from the historically strong categories of cask beer and premium bottled ales. Whilst we have continued to see lower volumes in these areas, we have seen a stronger performance in the on-trade (including our own pubs) and in keg beers.

Our performance in the independent free trade has been strong with volume growth in many brands, particularly keg beers. Almost all our volume decline is in bottled beers in the off-trade, where prices have had to increase to offset the inflationary impact of glass, malt, CO2, packaging waste, and logistics. As a consequence of this volume drop, we have reluctantly made 10 roles redundant in our packaging operation.

During the period, we have also entered into a new contract with GXO Logistics. Under this agreement we will exit the national shared-user network that we have utilised for the last 10 years. From March 2024, we have transitioned to a dedicated operation with all warehousing and logistics based at our site in Faversham. This will deliver improvements in customer service levels and strengthen our proposition in our heartland. Investment in the new agreement will come at a higher cost, the full impact of which will not be felt until 2025.

The restructuring of our packaging and logistics operations gave rise to an exceptional cost of £0.8m in the first half.

We have refreshed the Spitfire Lager brand with new livery and glassware, as it continues to deliver good growth in our business. We have brewed some excellent beers with great taste and flavour from the Small Batch brewery. To support our on-trade business, we have modernised our keg plant with an upgrade and new robot, at a cost of £0.5m.

In common with others in our industry, divisional revenue in Brewing and Brands was down -3.8% on lower volumes to £29.2m (H1 2023: £30.3m). Total beer volume was -10.5% vs H1 2023. Own beer volume was -16.7% vs H1 2023. The division has returned to profit at £0.2m (H1 2023: loss of £0.4m).

INVESTMENT PROPERTY

As at 23 December 2023, the Company owned investment property valued at £6.7m (H1 2023: £6.9m). We have sold one property during the period (2023: two). Much of the local development has stalled in the last year, as house building has slowed, but we continue to promote sites in the local area for potential development and remain convinced of their long-term merits.

OUTLOOK AND CURRENT TRADING

The strong Christmas trade has given everyone a boost. Demand is robust, cost trends appear to be improving, and recruitment of good talent - whilst never easy - is more stable.

However, the impact of higher interest rates is still feeding through into mortgages as some homeowners come off low fixed-rate deals and the impact for many is yet to be felt. On the other hand, real wages are starting to grow again. If this continues, and prices start to stabilise and interest rates fall, as many predict, then these factors should result in higher net disposable income in due course.

In terms of costs, the National Living Wage will increase by +9.8% in April to £11.44, making a total increase of 59% in the rate since 2016, and the eligibility age is to be reduced to 21. This increase will increase our costs by £1.8m on a full year basis and impact the last quarter of this financial year by £0.4m. As we renew our agreement with our logistics provider, the cost will rise materially throughout 2025.

We are encouraged by the performance to date of our recent development schemes. We continue to take a long-term view and remain focused on inward investment and have many great schemes to deliver.

For the 12 weeks to 16 March 2024, like-for-like sales in our retail pubs were +4.9% vs 2023. Like-for-like tenanted pub income for the nine weeks to 24 February 2024 was +3.3% vs 2023. Total beer volume was -11.8% vs 2023. Own beer volume was -16.9% vs 2023.

This has been, to say the least, a turbulent few years for the hospitality sector. There have been many challenges and pitfalls. We try to adapt to the short-term challenges, such as inflationary pressures, as best we can, whilst at the same time remaining alive to the great long-term opportunities which we uncover. The fundamental strengths of Shepherd Neame, as a well-balanced, well-invested, cash generative business, with great people operating at the heart of our communities, are intact. We remain confident in your Company's long-term prospects.

JONATHAN NEAME

Chief Executive

GROUP INCOME STATEMENT

For the 26 weeks ended 23 December 2023

		Unaudited 26 weeks ended 23 December 2023			Unaudited 26 weeks ended 24 December 2022			Audited 52 weeks ended 24 June 2023
	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
Revenue	3	**89,020)**	**-**	**89,020**	85,330	-	85,330	166,267
Operating charges		**(82,236)**	**(3,054)**	**(85,290)**	(79,048)	(798)	(79,846)	(158,633)
Operating profit	2, 3	**6,784**)	**(3,054)**	**3,730**	6,282	(798)	5,484	7,634
Net finance costs	2, 4	**(2,935)**	**-**)	**(2,935)**	(2,779)	(214)	(2,993)	(5,955)
Fair value movements on financial instruments charged to profit and loss	2, 4	**-**	**-**	**-**	-	195	195	195
Total net finance costs		**(2,935)**	**-**)	**(2,935)**	(2,779)	(19)	(2,798)	(5,760)

	Note	Unaudited 26 weeks ended 23 December 2023 Underlying results £'000	Items excluded from underlying results £'000	Total statutory £'000	Unaudited 26 weeks ended 24 December 2022 Underlying results £'000	Items excluded from underlying results £'000	Total statutory £'000	Audited 52 weeks ended 24 June 2023 Total statutory £'000
Profit on disposal of property	2	**-**	**19**	**19**	-	2,639	2,639	3,002
Investment property fair value movements	2	**-**	**247**	**247**	-	136	136	72
Profit before taxation		**3,849**	**(2,788)**	**1,061**	3,503	1,958	5,461	4,948
Taxation	5	**(1,151)**	**732**	**(419)**	(746)	(455)	(1,201)	(1,486)
Profit after taxation		**2,698**	**(2,056)**	**642**	2,757	1,503	4,260	3,462
Earnings per 50p ordinary share	7							
Basic				**4.4p**			28.9p	23.5p
Diluted				**4.3p**			28.7p	23.3p

All results are derived from continuing activities.

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the 26 weeks ended 23 December 2023

	Note	Unaudited 26 weeks ended 23 December 2023 £'000	Unaudited 26 weeks ended 24 December 2022 £'000	Audited 52 weeks ended 24 June 2023 £'000
Profit after taxation		**642**	4,260	3,462
Items that may be reclassified subsequently to profit or loss:				
(Losses)/gains arising on cash flow hedges during the period		**(400)**	1,389	2,019
Income tax relating to these items	5	**100**	(318)	(460)
Other comprehensive (losses)/gains		**(300)**	1,071	1,559
Total comprehensive income		**342**	5,331	5,021

GROUP STATEMENT OF FINANCIAL POSITION

As at 23 December 2023

	Note	Unaudited 23 December 2023 £'000	Unaudited 24 December 2022 £'000	Audited 24 June 2023 £'000
Non-current assets				
Goodwill and intangible assets		**242**	2,320	597
Property, plant and equipment	8	**282,093**	277,590	279,810
Investment properties		**6,712**	6,887	7,166
Finance lease receivable		**2,380**	2,450	2,355
Right-of-use assets	9	**40,091**	45,850	41,922
		331,518	335,097	331,850
Current assets				
Inventories		**7,504**	8,042	8,001
Trade and other receivables		**22,040**	18,358	19,458
Cash and cash equivalents		**409**	691	1,444
Finance lease receivable		**140**	65	111
Assets held for sale		**2,561**	1,341	365

	Note	Unaudited 23 December 2023 £'000	Unaudited 24 December 2022 £'000	Audited 24 June 2023 £'000
		32,654	28,497	29,379
Current liabilities				
Trade and other payables		**(29,719)**	(27,132)	(28,186)
Borrowings		**(4,828)**	(1,600)	(1,600)
Lease liabilities	9	**(2,291)**	(1,976)	(2,987)
		(36,838)	(30,708)	(32,773)
Net current liabilities		**(4,184)**	(2,211)	(3,394)
Total assets less current liabilities		**327,334**	332,886	328,456
Non-current liabilities				
Lease liabilities	9	**(53,323)**	(54,155)	(52,275)
Borrowings		**(79,323)**	(81,871)	(80,220)
Derivative financial instruments		**(580)**	(656)	(82)
Deferred tax liabilities		**(16,952)**	(16,173)	(16,909)
		(150,178)	(152,855)	(149,486)
Net assets		**177,156**	180,031	178,970
Capital and reserves				
Share capital		**7,429**	7,429	7,429
Share premium account		**1,099**	1,099	1,099
Revaluation reserve		**31**	31	31
Own shares		**(1,042)**	(1,045)	(1,042)
Hedging reserve		**(230)**	(418)	70
Retained earnings		**169,869**	172,935	171,383
Total equity		**177,156**	180,031	178,970

GROUP STATEMENT OF CHANGES IN EQUITY

For the 26 weeks ended 23 December 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 24 June 2023		**7,429**	**1,099**	**31**	**(1,042)**	**70**	**171,383**	**178,970**
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
Total comprehensive income		**-**	**-**	**-**	**-**	**(300)**	**642**	**342**
Ordinary dividends paid		-	-	-	-	-	(2,388)	(2,388)
Accrued share-based payments		-	-	-	-	-	232	232
Balance at 23 December 2023		**7,429**	**1,099**	**31**	**(1,042)**	**(230)**	**169,869**	**177,156**
Balance at 25 June 2022		**7,429**	**1,099**	**31**	**(660)**	**(1,489)**	**170,917**	**177,327**

	Note	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Own shares £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
Profit for the period		-	-	-	-	-	4,260	4,260
Gains arising on cash flow hedges during the period		-	-	-	-	1,389	-	1,389
Tax relating to components of other comprehensive income	5	-	-	-	-	(318)	-	(318)
Total comprehensive income		**-**	**-**	**-**	**-**	**1,071**	**4,260**	**5,331**
Ordinary dividends paid		-	-	-	-	-	(2,227)	(2,227)
Accrued share-based payments		-	-	-	-	-	206	206
Purchase of own shares		-	-	-	(610)	-	-	(610)
Distribution of own shares		-	-	-	41	-	(37)	4
Unconditionally vested share awards		-	-	-	184	-	(184)	-
Balance at 24 December 2022		**7,429**	**1,099**	**31**	**(1,045)**	**(418)**	**172,935**	**180,031**

GROUP STATEMENT OF CASH FLOWS

For the 26 weeks ended 23 December 2023

		Unaudited 26 weeks ended 23 December 2023		Unaudited 26 weeks ended 24 December 2022		Audited 52 weeks ended 24 June 2023	
	Note	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Cash flows from operating activities	10a						
Cash generated from operations		**10,421**		8,822		20,818	
Income taxes paid		**-**		(114)		(199)	
Net cash generated by operating activities			**10,421**		8,708		20,619
Cash flows from investing activities							
Proceeds from disposal of property, plant and equipment		**32**		20		61	
Proceeds from disposal of assets held for sale		**315**		869		2,267	
Purchases of property, plant and equipment, and lease premiums		**(7,435)**		(5,446)		(10,465)	
Customer loan redemptions		**-**		1		1	
Acquisition of subsidiaries		**-**		(5,221)		(6,271)	
Cash acquired on acquisition		**-**		766		766	
Net cash absorbed by investing activities			**(7,088)**		(9,011)		(13,641)
Cash flows from financing activities							
Dividends paid	6	**(2,388)**		(2,227)		(2,811)	
Interest paid		**(2,122)**		(2,073)		(4,241)	
Payments of principal portion of lease liabilities	9	**(2,086)**		(2,081)		(4,099)	
(Repayment of)/proceeds from borrowings	10c	**(1,000)**		3,000		1,400	
Issue costs of new long term loans	10c	**-**		(598)		(756)	
Purchase of own shares		**-**		(610)		(610)	
Share option proceeds		**-**		4		4	
Net cash used in financing activities			**(7,596)**		(4,585)		(11,113)

	Note	Unaudited 26 weeks ended 23 December 2023		Unaudited 26 weeks ended 24 December 2022		Audited 52 weeks ended 24 June 2023	
		£'000	**£'000**	£'000	£'000	£'000	£'000
Net decrease in cash and cash equivalents			**(4,263)**		(4,888)		(4,135)
Cash and cash equivalents at beginning of the period			**1,444**		5,579		5,579
Cash and cash equivalents at end of the period			**(2,819)**		691		1,444
Consisting of:							
Cash and balances held at banks			**409**		691		1,444
Bank overdrafts[1]			**(3,228)**		-		-
			(2,819)		691		1,444

[1]Bank overdrafts are disclosed within current borrowings totalling £4,828k.

NOTES TO THE FINANCIAL STATEMENTS

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 52 weeks ended 24 June 2023, 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 international accounting standards, in conformity with the requirements of the Companies Act 2006 (UK-adopted International Accounting Standards). These standards are applied from 25 June 2023, with no changes to the accounting policies set out in the statutory accounts of Shepherd Neame Limited for the period ended 24 June 2023, 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 23 December 2023 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 52 weeks ended 24 June 2023 is extracted from the statutory accounts of the Group for that year.

New accounting standards and accounting policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the 52 weeks ended 24 June 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to accounting standards applied from 25 June 2023 were as follows:

- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies;
- Amendments to IAS 8 - Definition of Accounting Estimates;
- Amendments to IAS 12 - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction;
- Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules. The amendments include a temporary mandatory exception to the accounting for deferred taxes arising from the implementation of the Pillar Two model rules. The temporary mandatory exception is applicable immediately and retrospectively and requires further disclosure for the financial period beginning 25 June 2023. Where the Group has no current or deferred taxes arising from the implementation of the Pillar Two model rules, no additional disclosure is required.

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

IFRS 17 'Insurance Contracts' is a new accounting standard, effective for periods beginning on or after 1 January 2023. The Group does not conduct any activities within the scope of this standard.

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 23 December 2023 £'000	26 weeks ended 24 December 2022 £'000	52 weeks ended 24 June 2023 £'000
Underlying EBITDA	**11,986**	11,394	23,561
Depreciation and amortisation	**(5,149)**	(5,077)	(10,173)
Free trade loan discounts	**-**	-	3
Loss on sale of assets (excluding property)	**(53)**	(35)	(76)
Underlying operating profit	**6,784**	6,282	13,315
Net underlying finance costs pre IFRS 16	**(2,340)**	(2,179)	(4,494)
Net underlying finance costs	**(2,935)**	(2,779)	(5,741)
Underlying profit before taxation	**3,849**	3,503	7,574
Profit on disposal of properties	**19**	2,639	3,002
Investment property fair value movements	**247**	136	72
Separately disclosed operating charges:			
Impairment of intangible assets, properties, right-of-use assets, and assets held for sale	**(2,102)**	-	(4,459)
Other operating charges excluded from underlying results	**(952)**	(798)	(1,222)
Separately disclosed finance costs:			
Settlement of ineffective portion of interest rate swap	**-**	(73)	(73)
Write-off of unamortised loan fees on refinancing	**-**	(141)	(141)
Fair value movements on financial instruments credited to profit and loss	**-**	195	195
Profit before taxation	**1,061**	5,461	4,948

Separately disclosed operating charges:

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

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 26 weeks ended 24 December 2022, separately disclosed operating charges comprise:

a) Professional fees of £491,000 relating to the extension of our distribution agreement with our logistics partner;
b) Professional fees of £269,000 relating to two company acquisitions; and

c) Professional fees of £38,000 relating to the transition of the pension scheme administration to an independent master trust.

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

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

Separately disclosed finance costs:

During the 26 weeks ended 24 December 2022, the Group settled the ineffective portion of the 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 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.

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 23 December 2023	Brewing and Brands £'000	Retail Pubs and Hotels £'000	Tenanted Pubs £'000	Unallocated[1] £'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)
Divisional operating profit/(loss)	**191**	**3,395**	**6,609**	**(6,465)**	**3,730**
Net underlying finance costs					
Finance costs excluded from underlying results					(2,935)
Profit on disposal of property					19
Investment property fair value movements					247
Profit before taxation					**1,061**
Other divisional information					
Capital expenditure	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
Underlying divisional EBITDA pre IFRS 16	1,014	6,328	7,617	(5,178)	9,781
Underlying divisional EBITDA	1,087	7,660	8,258	(5,019)	11,986
Number of pubs	-	71	219	6	296

[1] £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.

26 weeks ended 24 December 2022	Brewing and Brands £'000	Retail Pubs and Hotels £'000	Tenanted Pubs £'000	Unallocated[1] £'000	Total £'000
Revenue	**30,320**	**36,896**	**17,445**	**669**	**85,330**
Underlying operating (loss)/profit	(449)	4,680	6,884	(4,833)	6,282
Items excluded from underlying results	-	(3)	-	(795)	(798)
Divisional operating (loss)/profit	**(449)**	**4,677**	**6,884**	**(5,628)**	**5,484**

Net underlying finance costs	(2,779)
Finance costs excluded from underlying results	(214)
Fair value movements on ineffective element of cash flow hedges	195
Profit on disposal of property	2,639
Investment property fair value movements	136
Profit before taxation	**5,461**

Other divisional information					
Capital expenditure	978	6,465	1,408	629	9,480
Depreciation and amortisation pre IFRS 16	785	1,410	1,235	225	3,655
Depreciation and amortisation	840	2,274	1,650	313	5,077
Underlying divisional EBITDA pre IFRS 16	346	5,662	7,901	(4,561)	9,348
Underlying divisional EBITDA	405	6,967	8,542	(4,520)	11,394
Number of pubs	-	67	229	5	301

[1] £669,000 of unallocated income includes rent receivable from investment properties and other non-core trading income. Unallocated expenses primarily represent Head Office support costs.

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**
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)
Divisional 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**

Other divisional information					
Capital expenditure	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

52 weeks ended 24 June 2023	Brewing and Brands £'000	Retail Pubs and Hotels £'000	Tenanted Pubs £'000	Unallocated[1] £'000	Total £'000
Impairment of right-of-use assets	-	3,641	(756)	-	2,885
Underlying divisional EBITDA pre IFRS 16	2,502	9,968	14,146	(8,037)	18,579
Underlying divisional 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 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 23 December 2023 Total statutory £'000	26 weeks ended 24 December 2022 Total statutory £'000	52 weeks ended 24 June 2023 Total statutory £'000
Finance income			
Interest income from financial assets	**(24)**	-	(42)
Finance costs			
Interest expense arising on:			
Financial liabilities at amortised cost - bank loans	**2,303**	2,181	4,499
Financial liabilities at amortised cost - lease liabilities	**618**	600	1,247
Other financial liabilities not at fair value through profit and loss	**38**	-	39
Unwinding of discounts on provisions	**-**	(2)	(2)
Underlying net finance costs	**2,935**	2,779	5,741
Finance costs excluded from underlying results			
Settlement of ineffective portion of interest rate swap	**-**	73	73
Write-off of unamortised loan fees on refinancing	**-**	141	141
Ongoing fair value movements on financial instruments credited to profit and loss	**-**	(195)	(195)
Total finance costs excluded from underlying results	**-**	19	19
Net finance costs	**2,935**	2,798	5,760

5 TAXATION

	26 weeks ended 23 December 2023			26 weeks ended 24 December 2022			52 weeks ended 24 June 2023
Tax charged to the income statement	**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
Current income tax charge/(credit)	**1,009)**	**(732)**	**277)**	424	(114)	310	-
Deferred income tax charge	**142)**	**-**	**142)**	322	569	891	1,486
Total tax charged/(credited) to the income statement	**1,151)**	**(732)**	**419)**	746	455	1,201	1,486
Tax charged to other comprehensive income							
Deferred tax (credit)/charge			**(100)**			318	460
Total tax (credited)/charged to other comprehensive income			**(100)**			318	460

Taxation on the underlying result for the 26 weeks ended 23 December 2023 has been provided at 29.9% (2022: 21.3%) based on the current best estimate of the effective tax rate for the 53 weeks to 29 June 2024. The average statutory rate of corporation tax for the 53 weeks to 29 June 2024 is expected to be 25% (52 weeks to 24 June 2023 expected at 24 December 2022: 20.5%). The increase in underlying rate ahead of the statutory rate is due to the level of disallowable property depreciation (£888,000) and other disallowable expenditure.

6 DIVIDENDS

	26 weeks ended 23 December 2023 £'000	26 weeks ended 24 December 2022 £'000	52 weeks ended 24 June 2023 £'000
Declared and paid during the year			
Final dividend for 2023: 16.00p (2022: 15.00p) per ordinary share	**2,388)**	2,227	2,227
Interim dividend for 2023: 4.00p per ordinary share	**-**	-	584
Dividends paid	**2,388)**	2,227	2,811

The interim dividend, in respect of the period ended 23 December 2023, at a cost of £619,000 (for the period ended 24 December 2022: £584,000), is to be paid on 19 April 2024 to shareholders on the register at the close of business on 5 April 2024.

7 EARNINGS PER SHARE

	26 weeks ended 23 December 2023 £'000	26 weeks ended 24 December 2022 £'000	52 weeks ended 24 June 2023 £'000
Profit attributable to equity shareholders	**642**	4,260	3,462
Items excluded from underlying results	**2,056**	(1,503)	2,604
Underlying profit attributable to equity shareholders	**2,698**	2,757	6,066

	Number	Number	Number
Weighted average number of shares in issue	**14,740**	14,752	14,746
Dilutive outstanding options	**111**	90	113
Diluted weighted average share capital	**14,851**	14,842	14,859

Earnings per 50p ordinary share			
Basic	**4.4p**	28.9p	23.5p
Diluted	**4.3p**	28.7p	23.3p
Underlying basic	**18.3p**	18.7p	41.1p

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 111 (2022: 90) 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
Valuation or cost						
At 25 June 2022	246,979	2,168	37,535	93,857	677	381,216
Additions	3,239	184	669	5,456	3,903	13,451

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
Revaluation	1,900	-	-	-	-	1,900
Disposals	(15)	(62)	(1)	(1,329)	-	(1,407)
Transfers within property, plant and equipment	69	-	95	169	(333)	-
Transfers to investment property	(356)		-	(61)	-	(417)
Transfers from investment property	-	-	-	-	-	-
Transfers to assets held for sale	(1,082)	-	-	(445)	-	(1,527)
At 24 June 2023	250,734	2,290	38,298	97,647	4,247	393,216
Additions	821	-	122	2,494	3,989	7,426
Disposals	(1)	-	(21)	(362)	-	(384)
Transfers within property, plant and equipment	-	-	-	51	(51)	-
Transfers to assets held for sale	(1,278)	-	-	(853)	(25)	(2,156)
At 23 December 2023	**250,276**	**2,290**	**38,399**	**98,977**	**8,160**	**398,102**
Accumulated depreciation and impairment						
At 25 June 2022	12,942	1,080	32,002	60,495	46	106,565
Charge for year	569	196	986	5,267	-	7,018
Impairment	1,304	15	-	197	-	1,516
Disposals	(10)	(9)	-	(1,228)	-	(1,247)
Transfers to investment property	(73)	-	-	(44)	-	(117)
Transfers to assets held for sale	(21)	-	-	(308)	-	(329)
At 24 June 2023	14,711	1,282	32,988	64,379	46	113,406
Charge for period	286	33	488	2,766	-	3,573
Impairment	75	-	-	174	18	267
Disposals	-	-	(21)	(254)	-	(275)
Transfers to assets held for sale	(267)	-	-	(677)	(18)	(962)
At 23 December 2023	**14,805**	**1,315**	**33,455**	**66,388**	**46**	**116,009**
Net book values						
At 23 December 2023	**235,471**	**975**	**4,944**	**32,589**	**8,114**	**282,093**
At 24 June 2023	236,023	1,008	5,310	33,268	4,201	279,810
At 25 June 2022	234,037	1,088	5,533	33,362	63	274,651

Impairment considerations

The Group has performed an assessment of whether any indicators of impairment exist. This assessment included a review of internal and external indicators, and the Group has concluded that no impairment indicators existed at 23 December 2023.

There will be an impairment if the recoverable amount is lower than carrying value. The recoverable amount is taken as the higher of the fair value less costs to sell and its value in use. The same assumptions to calculate value in use are used for right-of-use assets as for property, plant and equipment.

During the 26 weeks ended 23 December 2023, the Group recognised a charge of £2,102,000 (2022: nil) in respect of the write-down of two freehold properties and one right-of-use asset (2022: nil freehold properties and nil right-of-use assets) to their recoverable value on reclassification to assets held for sale. During the 52 weeks ended 24 June 2023, the Group recognised a charge of £4,459,000 in relation to 12 freehold properties and eight right-of-use assets.

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 25 June 2022	44,235	55,886
Additions	3,383	1,928
Lease amendments - other[1]	300	300
Depreciation	(3,111)	-
Impairment	(2,885)	-
Accretion of interest	-	1,247
Payments	-	(4,099)
Net carrying value as at 24 June 2023	41,922	55,262
Additions	112	112
Lease amendments - other[1]	1,710	1,708
Depreciation	(1,555)	-
Impairment	(1,451)	-
Transfer to assets held for sale	(647)	-
Accretion of interest	-	618
Payments	-	(2,086)
Net carrying value as at 23 December 2023	**40,091**	**55,614**

Lease liabilities are disclosed as:	
Current lease liabilities	2,291
Non-current lease liabilities	53,323
	55,614

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

1. 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 23 December 2023			26 weeks ended 24 December 2022	52 weeks ended 24 June 2023
	Underlying results £'000	**Excluded from underlying results £'000**	**Total £'000**	Total £'000	Total £'000
Operating profit	**6,784**)	**(3,054)**	**3,730**)	5,484	7,634
Adjustment for:					
Depreciation and amortisation	**5,149**)	**-**	**5,149**)	5,077	10,173
Impairment of property, plant and equipment	**-**	**267**	**267**	-	1,516
Impairment of intangible assets	**-**	**334**	**334**	-	-
Impairment of right-of-use assets	**-**	**1,451**	**1,451**	-	2,885
Impairment of assets held for sale	**-**	**50**	**50**	-	58
Share-based payments expense	**232**	**-**	**232**	206	39
Decrease in inventories	**497**	**-**	**497**	46	88

	26 weeks ended 23 December 2023			26 weeks ended 24 December 2022	52 weeks ended 24 June 2023
	Underlying results £'000	**Excluded from underlying results £'000**	**Total £'000**	Total £'000	Total £'000
Increase in debtors and prepayments	**(2,685)**	**-**	**(2,685)**	(459)	(1,958)
Increase/(decrease) in creditors and accruals	**1,332**	**(55)**	**1,277**	(1,382)	154
Free trade loan discounts	**-**	**-**	**-**	1	-
Loss on sale of assets (excluding property)	**53**	**-**	**53**	35	76
Income tax paid	**-**	**-**	**-**	(114)	(199)
Fair value movements on financial assets	**66**	**-**	**66**	(186)	153
Net cash inflow from operating activities	**11,427**	**(1,006)**	**10,421**	8,708	20,619

b Reconciliation of movement in cash to movement in net debt

Group and Company	**26 weeks ended 23 December 2023 £'000**	26 weeks ended 24 December 2022 £'000	52 weeks ended 24 June 2023 £'000
Opening cash and overdraft	**1,444**	5,579	5,579
Closing cash and overdraft	**(2,819)**	691	1,444
Movement in cash in the period	**(4,263)**	(4,888)	(4,135)
Cash from increase in bank loans	**-**	(3,000)	(1,400)
Cash used to repay bank loans	**1,000**	-	-
Movement in loan issue costs	**(103)**	399	450
Movement in net debt resulting from cash flows	**(3,366)**	(7,489)	(5,085)
Net debt at beginning of the period	**(80,376)**	(75,291)	(75,291)
Net debt	**(83,742)**	(82,780)	(80,376)
Current lease liability	**(2,291)**	(1,976)	(2,987)
Non-current lease liability	**(53,323)**	(54,155)	(52,275)
Statutory net debt	**(139,356)**	(138,911)	(135,638)

c Analysis of net debt

Group and Company	June 2023 £'000	Cash flow £'000	Repayment of loans £'000	Non-cash £'000	**December 2023 £'000**
Cash and cash equivalents	1,444	(4,263)	-	-	**(2,819)**
Debt due in less than one year	(1,600)	-	-	-	**(1,600)**
Debt due after more than one year	(80,220)	-	1,000	(103)	**(79,323)**
Net debt	(80,376)	(4,263)	1,000	(103)	**(83,742)**
Lease liabilities	(55,262)	2,086	-	(2,438)	**(55,614)**
Statutory net debt	(135,638)	(2,177)	1,000	(2,541)	**(139,356)**

Non-cash movements in lease liabilities comprises lease additions and modifications of £1,819,000 (2022: £1,706,000) and interest of £618,000 (2022: £620,000).

11 CAPITAL COMMITMENTS

Contracts for capital expenditure not provided for in the accounts amounted to £1,327,000 (2022: £1,448,000).

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' family, is a partner at Barnes Solicitors LLP. During the 26 weeks ended 23 December 2023, Barnes Solicitors LLP provided legal services at a cost of

£1,000, including VAT and disbursements to third parties (2022: £10,000). No balance was owed to Barnes Solicitors LLP by Shepherd Neame Limited at the end of the reporting period (2022: nil).

Nigel Bunting, an Executive Director of Shepherd Neame Limited, is also a Director of Davy and Company Limited. During the 26 weeks ended 23 December 2023, the Group did not purchase any goods (2022: nil) but made sales to the value of £208,000 (2022: £195,000) to Davy and Company Limited and its associated companies. At the end of the reporting period, no balance was owed by Shepherd Neame Limited to the Davy Group of companies (2022: nil) and £63,000 was owed to the Group by the Davy Group of companies (2022: £52,000).

Hilary Riva, a Non-Executive Director of Shepherd Neame Limited, is also a Director of the Alexander Centre CIC. During the 26 weeks ended 23 December 2023, the Group purchased goods to the value of £1,000 (2022: nil) and made sales to the value of £8,000 (2022: £4,000) to the Alexander Centre CIC. At the end of the reporting period, no balance was owed by Shepherd Neame Limited to the Alexander Centre CIC (2022: nil) and no balance was owed to the Group by the Alexander Centre CIC (2022: 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.

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[1] H1 2024 is the first half of the financial period of the 53 weeks to the 29 June 2024. This period equated to the 26 weeks ended 23 December 2023.

[2] Underlying profit before interest, tax, depreciation, amortisation, and profit or loss on the sale of fixed assets (excluding property).

[3] 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.

[4] 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.

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

[6] 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 26 week period in the prior year for pubs that were in the estate in the same period within both years.

[7] Tenanted income calculated to exclude from both periods those pubs which have not been in the estate throughout the two periods. 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 26 week period in the prior year for pubs that were trading in both 26-week periods.

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

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

[10] The periods referred to for financial year 2023 are the comparative month(s) of January, February and March 2023 which are during the financial year 52 weeks to 24 June 2023.

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