



SHEPHERD
NEAME

BRITAIN'S OLDEST BREWER

SHEPHERD NEAME LIMITED ANNUAL REPORT 2026

HOOP & GRAPES



BY APPOINTMENT TO
HIS MAJESTY THE KING
SUPPLIER OF SPECIALIST ORDERS
SHEPHERD NEAME LIMITED
FAVERSHAM, KENT

A delicious Seafood Tower was among the Sheps Dining Experiences launched this year



**SHEPHERD NEAME IS
AN INDEPENDENT FAMILY
BUSINESS AND BRITAIN'S
OLDEST BREWER**



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AT A GLANCE

SHEPHERD NEAME IS DEDICATED TO BREWING GREAT BEER AND RUNNING THE BEST PUBS.

There is a Shepherd Neame beer and pub to suit all tastes. Our beer styles range from classic ales to local and world lagers. Our pubs are unique and characterful and reflect the diversity of their location.

We have 280 pubs throughout London and the South East, from the historic heart of the City to the Kent coastline.



OUR MISSION

To be a premium hospitality business.



OUR VISION

To be the best beer and pub business in our Heartland.

DRIVEN BY SHARED VALUES



SHEPS SPIRIT

An empowered, adaptable and can-do attitude with the confidence to embrace change and new ideas.



PRIDE & PASSION

Passionate about our customers, communities, heritage and reputation.



WORKING TOGETHER

An inclusive, team-oriented culture based on trust, transparency and belonging.



AUTHENTIC

Acting with honesty, integrity and accountability in everything we do.

FINANCIAL HIGHLIGHTS

REVENUE

£162.6m

2025: £164.3m

STATUTORY PROFIT BEFORE TAX

£3.6m

2025: £6.3m

UNDERLYING PROFIT BEFORE TAX¹

£7.8m

2025: £7.6m

UNDERLYING BASIC EARNINGS PER SHARE²

38.0p

2025: 36.5p

NET ASSETS PER SHARE³

£12.19

2026	12.19
2025	12.29
2024	12.17
2023	12.05
2022	11.94

DIVIDEND PER SHARE

22.15p

2026	22.15
2025	21.50
2024	20.70
2023	20.00
2022	18.50

¹ Underlying profit before tax is defined as profit before tax before any profit or loss on the 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 (see note 7).

² Underlying basic earnings per share is defined as underlying profit after tax divided by the weighted average number of ordinary shares in issue during the period (see note 10). The number 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 14,767,548 50p shares.

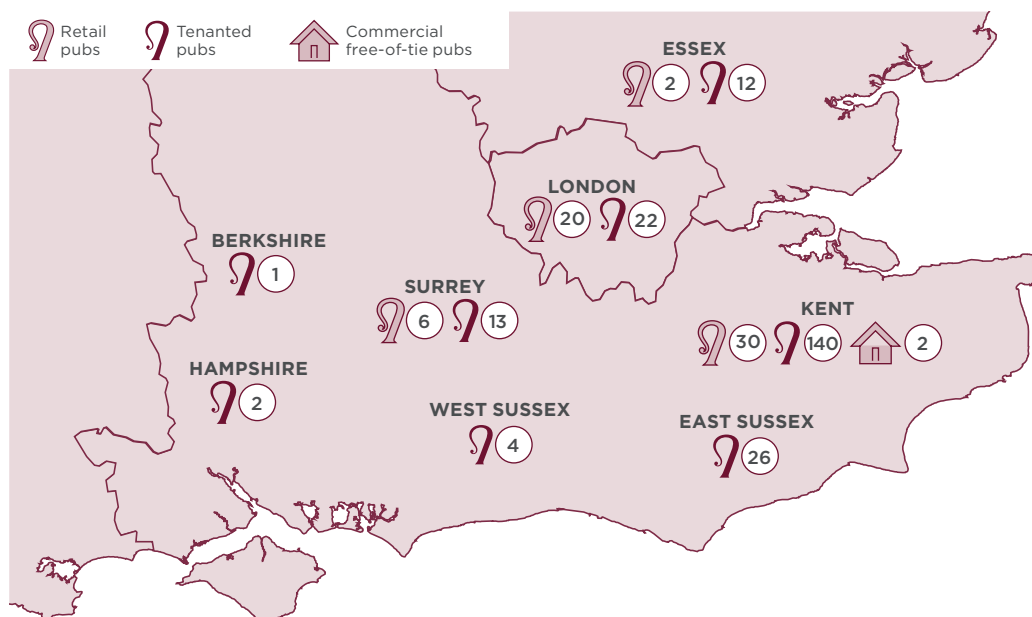
2026 was a 52-week year to 27 June 2026. 2025 was a 52 week year to 28 June 2025.

An explanation of the Group's use of Alternative Performance Measures (APMs), including definitions, can be found on page 95.



The Millers Arms, Canterbury

OUR PUB ESTATE



280

Pub portfolio



224

Total retail letting rooms

OUR BEER BRANDS

We brew, market and distribute our own beers to our own pubs and to local, national and export customers, from traditional classics such as Spitfire and Bishops Finger, to Whitstable Bay and Bear Island collections and new brands such as First Drop Session IPA and Iron Wharf Stout. We also brew international lagers under licence, including premium Thai lager Singha.

We were proud to be among the first UK businesses to be awarded a Royal Warrant by HM The King in May 2024. HM The King first granted a Royal Warrant to our Company in his former role as the Prince of Wales, for Grant's Morella Cherry Brandy in 1998, followed by Spitfire Amber Ale in 2014.



CHAIRMAN'S STATEMENT



RICHARD OLDFIELD
Chairman

OVERVIEW

Performance for the year ended 27 June 2026 was satisfactory. While revenues fell by 1%, there were modest increases in underlying EBITDA (earnings before interest, tax, depreciation and amortisation) and underlying profit before and after tax, against a challenging backdrop for the sector. Net debt, excluding lease liabilities, fell.

We have an excellent pub estate, and trade has been strong in pubs which offer customers the best experience. We are fortunate to have many such pubs, and excellent people managing them. We also have many pubs where there is an opportunity to invest to bring them to the same high standard. In order to do so, we will continue to divest those outlets with limited potential, and reinvest to drive higher returns. We intend to have an accelerated emphasis on investing in our best sites, for example in London and in our inns and hotels on the Kent coast.

In the Brewing and Brands business we have had two principal challenges. The first is the significant increase in distribution costs over recent years. This increase came at the end of a decade in which our well-negotiated distribution contract had brought us lower costs than many others. While the absolute level of costs is now high, service quality is good, and future year-to-year increases should be restrained. The second and ongoing challenge is, outside our own pub estate, the fall in beer sales, which accounts for the aggregate fall in revenues. This has been a trend which we have navigated for some time. It reflects partly the overall national decline in beer consumption but more particularly the difficulty for a small brewer in competing at a national level with large brewers in supermarket and off-trade sales. As we have previously noted, the brewery infrastructure will need modernisation to remain cost-competitive. We are in the midst of a review of our strategy for this part of the business. Brewing remains integral to our identity and, ultimately, prosperity as a company; we will respond to market conditions and our own position appropriately.

There are many achievements to celebrate this year – with some excellent pub developments and good work on our brands. Shepherd Neame has a strong balance sheet, some outstanding assets and strong and experienced management. It is a resilient business. On behalf of the Board, I thank the Shepherd Neame team for all their work and commitment.

FINANCIAL RESULTS

Revenue was £162.6m (2025: £164.3m), a decrease of -1.1% on the prior year. Underlying EBITDA was £25.6m (2025: £25.4m), an increase of +0.8%. Underlying operating profit was £13.7m (2025: £13.7m), level with the prior year.

Statutory profit before tax was £3.6m (2025: £6.3m), a decrease of -43.0%, reflecting the impairments discussed in the Finance Review. Underlying profit before tax was £7.8m (2025: £7.6m), an increase of +1.8%.

Statutory profit after tax was £1.5m (2025: £4.4m). Underlying profit after tax was £5.6m (2025: £5.4m).

Basic earnings per share were 9.9p (2025: 30.0p). Underlying basic earnings per share were 38.0p (2025: 36.5p), an increase of +4.1%.

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**WE HAVE AN
EXCELLENT PUB
ESTATE... AND MANY
PUBS WHERE THERE
IS AN OPPORTUNITY
TO INVEST.**

Net assets were £180.0m at year-end (2025: £181.5m) and net assets per share were £12.19 (2025: £12.29).

Net debt, excluding lease liabilities, was £82.0m (2025: £83.7m). Statutory net debt was £132.4m (2025: £135.1m).

During the year, capital expenditure was £14.6m (2025: £15.0m), of which £14.1m was invested in existing brewing and pub assets and £0.5m (2025: £3.6m) on acquiring two shops adjacent to existing retail sites.

DIVIDEND

The Board is recommending a final dividend of 17.65p (2025: 17.15p).

This brings the total dividend for the year to 22.15p per share (2025: 21.50p), an increase of +3.0%, slightly more than the rate of inflation.

REFINANCING

During the year we refinanced our debt facilities on improved terms, as reported in the Interim Results. We now have a total facility of £100m, and headroom, excluding cash held at the year-end, of £15m.

INVESTMENT PROPERTY

As at June 2026, the Company owned investment property valued at £7.9m (2025: £7.1m). We have made progress in the last year and have achieved planning permission for 38 dwellings across two sites. We will look to market these at the appropriate time. We have two further sites, both larger, which we are actively promoting. One of these is now allocated for housing within the local plan, and we expect to be granted planning permission in due course.

SHARE DEALING AND BUYBACK

During the year, we made no share purchases (2025: 89,952 shares). In the Interim Statement, I indicated that we intended to embark on a programme of share buybacks of around £1m in the new financial year. The Board regards share buybacks as an attractive use of cash at the current share price, since such buybacks are accretive both to earnings per share and to net assets per share. Given the review of strategy I have referred to above, we will confirm the scale and timing of any programme, and embark upon it, once the outcome of our assessment is determined.

BOARD OF DIRECTORS

After 10 years as a Director of Shepherd Neame, and six as Chair, I will retire from the Board at the 2026 AGM. I am delighted that the Board has appointed Jonathan Neame as Executive Chairman and Mark Rider as Managing Director. Jonathan has been Chief Executive since 2003. Mark is Chief Financial Officer and has been a Director of the business since 2012. We are fortunate to have the combination of two highly qualified individuals to steer the Company forward.

I am also delighted that the Board has appointed Graham Turner as a Non-Executive Director. Graham has over 25 years' experience in the pub, restaurant and wider hospitality sector. He was formerly Chairman of the Liberation Group, CEO at Tragus Group and CEO at Unique Pub Company. He is currently Chairman of the London bar and restaurant group ETM, Chairman of Sessions, a food brand licensing business, and Non-Executive Director of Ole & Steen, the Danish bakery and coffee business.

SUMMARY AND OUTLOOK

Trends over the summer months demonstrate clearly that when circumstances are right consumers and families choose to spend their leisure time in the pub. When there is a national event, such as a FIFA World Cup semi-final, whole communities gather in their favourite local. People's desire to get together seems undiminished by changes in lifestyle, and is only mitigated by levels of disposable income. Where disposable income is strongest, such as in central London, it is no surprise that so is our performance.

We are confident about our ability to drive continued good pub performance. We expect our review of the Brewing and Brands business to provide a satisfactory way forward for beer as well. The industry has been encouraged by the recent announcement on business rates, and we hope that this presages more recognition of the role that pubs play in maintaining a sense of community, to the advantage of society.

The Company, along with all others in the sector, has come through many challenges in recent years. The potential in further pub investment opportunities and in getting the brewing operation in the right shape for the times positions the company well for the future.

I wish all at Shepherd Neame well. It is a special business with an unusual degree of commitment and dedication among those who work in it, at all levels, sustained by the knowledge that at its heart it is a business that serves communities, and will do so in future generations as it has done in the past. It has been an honour to have been part of the Company and, after a few years which have been dominated by unexpected challenges, I look forward to observing its evolution and flourishing.

RICHARD OLDFIELD
Chairman



SUSTAINED INVESTMENT IN OUR PUBS

We reopened Westminster pub The White Horse & Bower in October following a £950,000 refurbishment, combining its heritage and character with a refreshed interior and contemporary customer experience.



Chatham Dockside's Pier Five relaunched as sports bar Sin Bin, bringing live sport and great food to the waterfront



We unveiled a new look for The Market Inn, Faversham, including hand painted signage and a bespoke swing sign



Much-loved Faversham landmark The Railway Hotel was refurbished throughout, with upgrades to its six guest rooms and a refreshed centrepiece bar



Cranbrook's Grade II listed The George Hotel unveiled a stunning new garden terrace, perfect for alfresco drinking and dining all year round

CHIEF EXECUTIVE'S REVIEW



JONATHAN NEAME
Chief Executive

OVERVIEW

This has been a year of further progress for the Company. We have achieved many operational and strategic goals and good underlying profit momentum, driven by a strong performance from our pubs business, offset by decline and continued pressure in the Brewing and Brands business.

Demand has remained good throughout most of the year, with strong like-for-like increases across the pub business. Summer 2025 showed modest growth on the prior year, but Christmas trade was exceptional, with many records broken. We had a slow start to the spring, followed by a good final quarter. This was boosted by the weather, rather than by the FIFA World Cup, which is always a mixed blessing, that benefits community and sports-focused pubs but less so for food-led pubs.

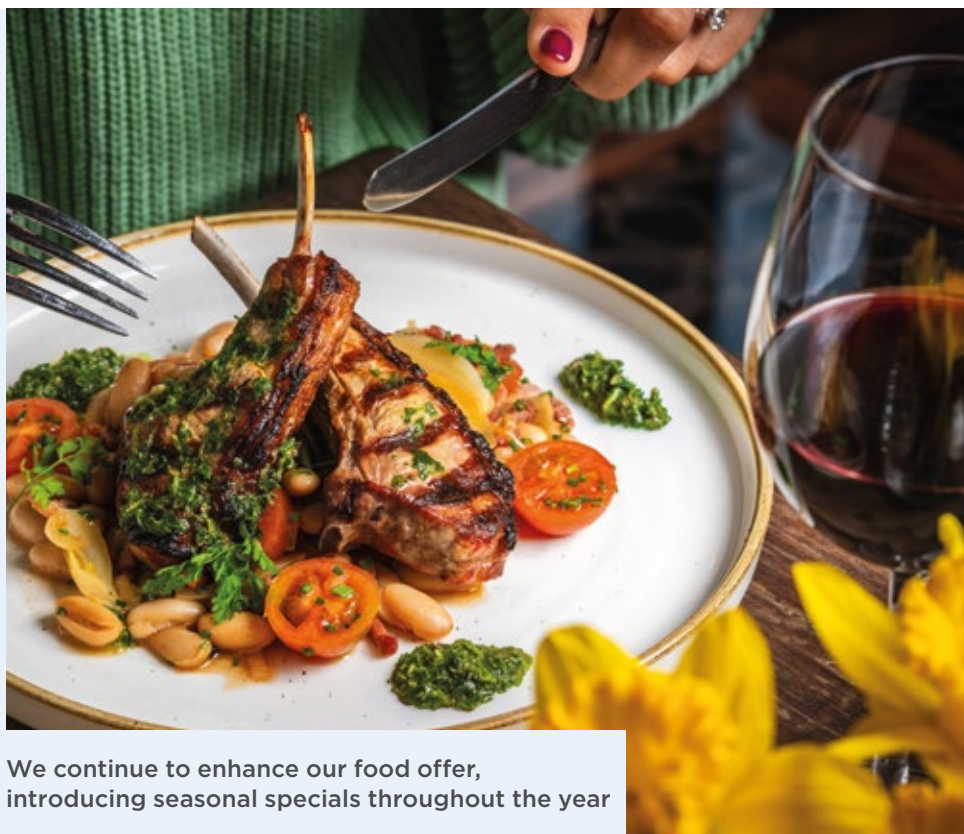
We have had a further year of exceptional performances in our London pubs, and a notably strong final quarter in our coastal sites and inns and hotels. We continue to invest in our sites, supporting our licensees, by improving the offer and through the training and development of our people.

We are particularly pleased with the performance of recent major site developments, and the impact that several 'refresh' projects have had on individual sites in both the retail and tenanted estates. We also welcome the response we have had to our recent brand launches and new designs. Both of these factors have helped to drive own beer share within our pubs.

In recent years the industry has been beset by inflationary pressures and policy decisions which have added cost and complexity to the running of pubs, such as employers National Insurance contributions and business rates.

Against the internal basket of goods and services that we measure, including energy, labour and logistics, we have experienced £22.5m, or 31% cost inflation since FY2023. In the last year, many cost areas have become more benign, although still running above the rate of headline inflation. The exception to this is the incremental cost of logistics which grew by +£1.1m in the year. Excluding the impact of logistics inflation, underlying operating profit would have increased by +7.5%, demonstrating the strength of the underlying trading performance.

In this context, it is welcome that one of the first decisions made by the new Prime Minister was to announce a 20% reduction in business rates in addition to the 15% announced earlier in the year, with a suggestion of more to come.



We continue to enhance our food offer, introducing seasonal specials throughout the year

This is testimony to the impact of a vigorous campaign by the industry to highlight the iniquity of taxation in the sector, and will provide a welcome boost when it comes into force from April 2027.

The Company runs excellent pubs, produces great beer and trains and develops its people well. It was a fitting reward, therefore, to be named Supreme Champion Family Business of the Year and AQSE Company of the Year. We win multiple awards for our beers and individual pubs at a local and national level, and our Visitor Centre always achieves the highest accolades.

STRATEGIC GOALS

Shepherd Neame is a long-term business, with long-term aims. Our goal is to be a premium hospitality business and the leading beer and pub business in our Kent and South East heartland.

We have four pillars to deliver this goal:

- Sustained investment in our pubs, to create venues distinguished by character and design, with excellent standards and facilities
- Refreshed brands and experiences, building loyalty and advocacy by ensuring all products are produced sustainably and are of the highest quality
- Evolving our culture and systems to One Team, One Business, creating a great place to work and delivering service excellence
- Creating a unique brand home, in a brewery adapted to the needs of tomorrow

“

DEMAND HAS REMAINED GOOD THROUGHOUT THE YEAR, WITH STRONG LIKE-FOR-LIKE GROWTH INCREASES ACROSS THE PUB BUSINESS.

We have many outstanding pubs that are already the market leaders in their communities. We have further potential to invest and develop these businesses so that they remain central to that community's social life for many years to come.

We aim to deliver consistently high standards and operational excellence, and be defined by the warmth of our welcome and the quality of the customer experience.

Our beer is a differentiator, core to our DNA and heritage, provenance and authenticity and to the long-term financial sustainability of the Company. We will continue to innovate and adapt as market trends develop.

We will continue to focus on great employee engagement to build skills, teams, and career pathways.

We will invest in the Shepherd Neame brand through great beer and pub branding and great communications, to build an even stronger brand recognition with our customers.

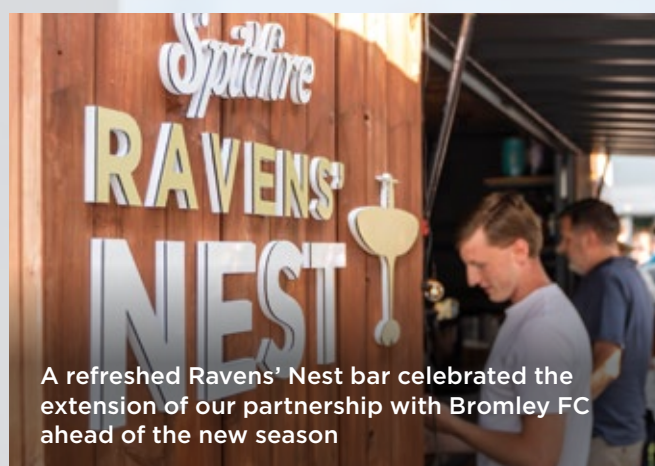


REFRESHED BRANDS AND GREAT EXPERIENCES

Ahead of the summer season, we refurbished The Minnis Bay Bar & Brasserie and seaside kiosk, introducing an expanded offer including stonebaked pizzas, ice creams and drinks.



The award-winning Whitstable Bay range was expanded with the addition of refreshing new low alcohol beer, Whitstable Bay 0.5% Pale Ale



A refreshed Ravens' Nest bar celebrated the extension of our partnership with Bromley FC ahead of the new season



We unveiled a new look for Bishops Finger, celebrating this iconic Kentish ale's heritage while creating a contemporary feel



Global flavours were showcased in the new Sheps Burger Tour, a monthly sharing platter inspired by cities around the world

CHIEF EXECUTIVE'S REVIEW CONTINUED

WHAT HAVE WE ACHIEVED THIS YEAR

During the last year we have taken some important strategic steps.

We have:

- continued the successful redevelopment of our London pubs with two landmark projects;
- commenced the upgrade programme of our inns and hotels;
- completed our pub signage programme;
- carried out 43 small projects in our pub estate;
- launched an enhanced supplier relationship with Foodari for locally sourced products;
- launched our Tenanted Business Partnership;
- refreshed key brands, Spitfire Amber and Bishops Finger;
- launched Whitstable Bay 0.5%;
- entered new partnerships with the Lawn Tennis Association (LTA) and with Sussex County Cricket Club;
- concluded the design and scope of the project to upgrade our ERP system;
- developed our Career Pathways programme, the Leadership Academy and our service expert programme; and
- won multiple awards for our beers, pubs and people, including Family Business of the Year.

INVESTING FOR THE FUTURE

In the last year we invested £14.6m in capital expenditure (2025: £15.0m). Of this £0.5m (2025: £3.6m) was invested in acquiring two small shops adjacent to existing hotels, and £14.1m (2025: £11.4m) was invested in maintaining and developing the existing business.

The majority of our spend is focused on achieving excellent external appearance in our pubs, high standards of maintenance, and ensuring we are compliant at all sites with regulatory requirements. We have completed the roll-out of an updated signage scheme to all sites, introduced new systems and procedures to drive better contractor management, and increased our investment in maintenance spend. Where appropriate, we make targeted investments to reduce utility consumption in our sites – for example, the ongoing programme of work to ensure that all our tenanted sites achieve at least EPC rating level C by 2030.

Our priorities for development spend in the 2027 financial year will continue to be in our London sites, with specific projects at The Coach and Horses, Mayfair and The Jamaica Winehouse in the City of London, but we will increasingly pivot to upgrading our inns and hotels, as we embark on a major programme to upgrade our rooms, and to develop The George Hotel at Cranbrook, The Sun Inn in Faversham, and The Royal Hotel at Deal.

We carried out two large and exciting developments at the White Horse and Bower in Westminster and the Hoop and Grapes in Farringdon. We launched our first sports bar at what was formerly known as Pier 5 in Chatham, now renamed the Sin Bin. All of these sites have performed well above expectation. We have also carried out smaller investments at 16 other retail sites.

In the Tenanted estate, we carried out transformational developments at a number of sites, including The Market Inn and The Railway Hotel in Faversham, The Comet in St Leonards, The Nailbox in Shorncliffe, The Curlew in South Woodham Ferrers, and The Plough in Farnham. We have carried out smaller developments at 27 other sites. In the coming year, we plan transformational projects at The Hen and Chickens in Bisley and The Bull Inn in Faversham.

We acquired two shops adjacent to The Sun Inn in Faversham and The George Hotel in Cranbrook, both of which will be incorporated into the hotels in due course to create more letting rooms.

We have disposed of three freehold pubs (2025: four), and three leasehold pubs (2025: one) for total proceeds of £1.7m (2025: £2.1m). We realised a profit on sale of property of £1.2m (2025: £0.2m).

In the brewery we have installed new grain silos, CIP tanks, and a new small batch keg filler, at a total cost of £0.4m.

In the coming year, we will complete our brand refresh programme with the re-launch of Master Brew, Bear Island and Orchard View Cider.



Our pubs celebrated a summer of sport with a range of promotions, including limited-edition Spitfire Lager merchandise

BUSINESS OPERATIONS

Retail and Tenanted Pubs Overview

As at June 2026, we owned 280 pubs (2025: 286), of which 220 (2025: 217) are tenanted or leased and 58 (2025: 67) are retail pubs. We own two pubs (2025: two) operated on a free-of-tie basis as investment properties. 86% of our pubs are owned freehold.

During the year we transferred eight sites from Retail to Tenanted, and one site from Tenanted to Retail. We sold two Retail pubs and four Tenanted pubs.

The Retail performance was driven by growth in drinks sales, within the M25. This shows the ongoing appeal of our London pubs. The Food team developed many new and successful menu ideas, which have driven an improvement in margin.

Accommodation sales were down in the year. This is in part due to rooms being taken out of commission for periods of refurbishment, at one point nearly 1 in 10 rooms. In the final quarter, we introduced a new system to support capacity management. The combination of these two actions has resulted in a strong final quarter which has continued into the new financial year.

A key initiative in the Tenanted Division was the launch of our new Tenanted Business Partnership, designed to give enhanced support to tenant licensees through additional back-of-house expertise, improved cost control through central procurement, and greater assistance to drive sales growth. Key features of this agreement include fully integrated EPOS, open-book accounting, technology package, enhanced marketing support, and central procurement. We have four sites operational under this model at the year-end. Early results are encouraging.

Overall recruitment has been stronger this year with applicants up +21% on the prior year. Despite all the cost pressures on the trade, average tenure remains greater than five years, which is in line with long-term industry trends.

This year's Tenanted Licensee Index produced a strong result and highlighted success in those areas where we had targeted improvement in our overall service.

Retail Pubs and Hotels Performance

Retail pubs and hotels achieved like-for-like sales growth of +3.8% (2025: +4.4%). This is a significant outperformance of the CGA benchmark tracker. On the same basis, like-for-like sales inside the M25, were +10.1% (2025: +7.8%) and outside the M25 +0.9% (2025: +2.9%).

Like-for-like drinks sales were +5.8% (2025: +5.5%), like-for-like food sales were +1.5% (2025: +3.0%) and like-for-like accommodation sales -1.9% (2025: +2.3%).

Even though we operated nine fewer sites at the end of the year than in the prior year, reflecting two disposals and the net transfer of seven sites to tenancy, divisional underlying operating profit was £10.4m (2025: £10.0m), growth of +4.4%. Total revenue in the retail estate was £81.3m (2025: £82.6m) down -1.6%. Drinks sales were level with the prior year at £50.2m (2025: £50.0m), food sales were £25.5m (2025: £26.5m), and accommodation sales were £5.7m (2025: £5.8m).

At June 2026, we operated 224 (2025: 224) rooms in our retail estate. Like-for-like occupancy was 68% (2025: 70%). Like-for-like revenue per available room (RevPar) held up well at £84 (2025: £86).

Net Promoter Score remained high at 70.9% (2025: 70.2%).

The mix of our revenue streams remains consistent with prior years at 62% drinks, 31% food, and 7% accommodation.

Tenanted Pubs Performance

Like-for-like net tenanted pub income was +2.7% (2025: +1.0%).

Divisional underlying operating profit was up +4.1% at £13.1m (2025: £12.6m), and revenue was up +5.0% at £37.4m (2025: £35.6m).



ONE TEAM, ONE BUSINESS

Apprentice Brewer Tom Smith unveiled New Zealand Hazy Pale Ale in December, a 5.3% cold IPA inspired by his travels and family connection to New Zealand. Brewed with four distinctive hops, the popular limited-edition beer returned this autumn.



Winner of BBC Two's *Bake Off: Crème de la Crème*, Samantha Rain led a patisserie masterclass for apprentices as part of our Chef Academy



Historic Faversham pub, The Anchor, was one of the first to sign up to our new Tenanted Business Partnership programme offering additional licensee support



Celebrations followed the annual Shepherd Neame Pub Awards, recognising exceptional achievement across teams throughout our estate



Team members were encouraged to choose a greener commute with the launch of the Cycle to Work Scheme, providing subsidised bikes

Brewing and Brands Overview

The market for drinks remains challenging with many categories experiencing declines in volume. Beer is more resilient than wines and spirits in overall volumes, but there are major changes by category, as consumers move away from ale to stout, and from standard premium lagers to world lagers and specialist beers, and shifts in route to market. We are not immune to these trends, and have experienced volume declines for the third year in a row – albeit at a lower rate of decline – at a time of materially higher logistics costs.

We have focused our efforts on refreshing our brand portfolio to give better stand-out on bar or shelf, targeting high-profile local accounts and delivering great customer service to our Heartland customers. Specifically, we have launched a new look for our lead brands Spitfire Amber, Bishops Finger, and the Classic Collection. We have also launched a new low alcohol brand, Whitstable Bay 0.5%. We continue to supplement the portfolio with small batch beers such as New Zealand Hazy Pale Ale.

In both our Retail and Tenanted estate, the brand refreshes have helped drive own beer volume.

We were the official beer supplier to the Open Championship for the fourth year in a row – this year held at Royal Birkdale with over 300,000 spectators – and for the first time supplied the AIG Women's Open. We launched further new partnerships with Sussex County Cricket Club and with the LTA as supplier to Queens, Nottingham, and Eastbourne tennis tournaments.

Our beers have been recognised with a number of awards, with 1698 and Whitstable Bay Pale Ale winning Gold medals at the World Beer Awards.

We have developed an excellent team of young talent in the brewery and were delighted that one of them was named Brewing Apprentice of the Year.

Brewing and Brands Performance

Divisional underlying operating profit was £0.1m (2025: £1.0m), on revenue down -4.6% at £42.8m (2025: £44.8m).

The decline in revenue was driven by lower beer volumes. Total beer volume was down -5.4% (2025: -9.2%). Own beer volume was down -9.6% (2025: -11.6%). The decline in volumes is mainly in national on and off-trade, whilst we have achieved growth in local free trade volumes, and growth in own beer volumes in both the tenanted and retail estates.

PEOPLE

Over the last few years we have invested in the training and development of our People and Safety teams.

New initiatives this year have included the introduction of our Leadership Academy with three programmes aimed at developing the next generation of pub leaders within our business. We have also expanded our Service Expert programme, training special product and service skills for key members of each site team.

The Apprentice programme has been going from strength to strength for several years and it was excellent to be recognised at the National Innovation in Training Awards as winner of the Best Training Programme for Apprenticeships, winner of the Hospitality Apprentice of the Year and finalist in The Institute of Hospitality Awards.

Ensuring we have high standards of maintenance and operate safe environments for our customers and team members is critical to being a trusted hospitality provider. Our team and processes develop year on year, and we achieve high standards of health and safety across all parts of the business.

We work hard to ensure that our culture is inclusive and that we have a great team spirit. I am pleased to say that our Employee Promoter Score improved to 68.8% (2025: 64.6%).

During the year, we have launched a Save As You Earn share scheme to encourage team members to invest in Company shares. I am delighted that over 130 participated.

“

OVER THE LAST FEW YEARS WE HAVE INVESTED IN THE TRAINING AND DEVELOPMENT OF OUR PEOPLE.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Company continues to make good progress towards our sustainability goals. We have appointed Zero Carbon Forum to help identify and develop investment opportunities aimed at reducing our carbon emissions.

In our pubs, we have made great progress to roll out cellar and cold-room energy management systems, and to modernise kitchen equipment to bring significant utility savings. We have reduced wastage throughout the production process. This has delivered good savings in electrical consumption and raw material and packaging usage.

We have launched a new partnership with Foodari to enhance our local sourcing from Kent suppliers.

We have maintained our high profile within the community with various local sponsorships, such as the ever-expanding Faversham Literary Festival.

We launched a new initiative during the year to give ex-offenders a second chance by offering employment, and have so far provided more than 30 different job opportunities across ten different pubs, with the help of local agency, Limebird.

We have continued our highly successful partnership with Air Ambulance Kent Surrey Sussex, and I am delighted that the fund-raising activities of our people have raised £130,000 for this excellent charity over the last two years.

OUTLOOK AND CURRENT TRADING

We have had a good summer. The dry and hot weather has continued almost uninterrupted since the end of May, after a cold and wet spring. The FIFA World Cup brought a boost to sports-focused community pubs, but took trade from food-led sites. With the advent of school holidays, families returned to the pub and those with a coastal location or outside space performed exceptionally well.

The improving trends we saw toward the year end continued into the new financial year, with growth in beer volume. We have also seen a significant step forward in accommodation sales. We have completed our two major London projects in the first quarter, and have commenced further brand work.

For the 13 weeks to 26 September 2026, like-for-like sales in our retail pubs were +6.7% vs 2026¹. Like-for-like tenanted pub income for the nine weeks to 29 August 2026 was +0.4% vs 2026¹. Total beer volume was +1.8% vs 2026¹. Own beer volume was +0.3% vs 2026¹.

As mentioned in the Chairman's statement, a review of our Brewing and Brands strategy is currently underway.

It is noticeable that since the change in political leadership, consumer confidence has moved forward, and business confidence in the sector has improved following the decision to cut business rates.

However, we remain cautious about the potential impact of rising inflation and interest rates, and are disappointed by the proposal to introduce a tourism tax.

As ever, I would like to congratulate and thank all our team members for their achievements during the year. In particular, I would like to thank Richard Oldfield. He has been an exceptional Chairman. He has brought great support to me and my fellow directors, along with huge wisdom and experience. He has shown great leadership at a difficult time for the Company and leaves the Board and business in a strong position going forward. We are all enormously grateful for his outstanding contribution.

JONATHAN NEAME
Chief Executive

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WE HAVE HAD A GOOD SUMMER... THE IMPROVING TRENDS WE SAW TOWARD THE YEAR END CONTINUED INTO THE NEW FINANCIAL YEAR, WITH GROWTH IN BEER SALES AND A SIGNIFICANT STEP FORWARD IN ACCOMMODATION SALES.



Seasonal cocktail menus bring fresh and creative serves to our pubs, with new selections for summer and winter

¹ The periods referred to for financial year 2026 are the comparative month(s) of July, August and September 2025 which are during the financial year 52 weeks to 27 June 2026.



A **UNIQUE** BRAND HOME

We partnered with fellow Kent-based independent Kent Crisps to launch Beef Brisket & Stout flavour crisps, inspired by the rich roasted character of our Iron Wharf Stout. The hand-cooked crisps celebrate local provenance and collaboration, with packaging featuring HMS Cavalier at The Historic Dockyard Chatham.



Shepherd Neame scooped a trio of awards, including being crowned Supreme Champions, at the Family Business of the Year Awards



Our golf partnerships were strengthened, as we continued as Official Beer Supplier of The Open and partnered with the AIG Women's Open for the first time



We joined forces with fellow Kent Royal Warrant Holder Foodari to supply sustainable local ingredients for our menus from regional growers



A new three-year beer partnership was agreed with the Lawn Tennis Association, seeing our brands served at leading grass-court events

OUR BUSINESS MODEL

THE SHAPE OF OUR BUSINESS

We are a high-quality integrated pub and brewing business with three separate divisions, each with their own financial and market characteristics.



RETAIL PUBS

Typically freehold-owned pubs across the South East, operated and managed by Shepherd Neame team members.



TENANTED PUBS

Typically freehold-owned pubs across the South East, operated and managed by independent licensees.



BREWING AND BRANDS

Manufacturing and wholesale business providing a portfolio of beers, ciders and wines to the on and off-trade.

OUR STRATEGY FOR GROWTH...

SUSTAINED INVESTMENT IN OUR PUBS



Creating venues distinguished by character and design, with excellent facilities.

WHAT WE ACHIEVED IN 2026

- Major developments at The White Horse & Bower, Westminster and The Hoop & Grapes, Farringdon
- Completed 43 smaller development and refresh projects across the retail and tenanted estates
- Completed our pub signage programme

REFRESHED BRANDS AND GREAT EXPERIENCES



Building loyalty and advocacy by ensuring all products are produced sustainably and are of the highest quality.

- Refreshed the design of key brands including Spitfire Amber Ale and Bishops Finger
- Launched Whitstable Bay 0.5% and continued to innovate through limited-edition beers such as New Zealand Hazy Pale Ale
- Entered new partnerships with the Lawn Tennis Association and with Sussex County Cricket Club

ONE TEAM, ONE BUSINESS



Creating a great place to work and delivering service excellence.

- Developed our Career Pathways programme, the Leadership Academy and our service expert programme
- Employee Promoter Score increased to 68.8% (2025: 64.6%), reflecting continued investment in team member engagement and development
- Launch of Tenanted Business Partnership
- More than 130 team members joined the new Save As You Earn share scheme, strengthening engagement with the business

A UNIQUE BRAND HOME



Creating a unique brand home in a brewery adapted to the needs of tomorrow.

- Completed the design and scope of a new ERP system, supporting long-term operational resilience
- Won multiple awards for our beers, pubs and people and Visitor Centre

WHAT MAKES US DIFFERENT

We have an unmatched heritage. Long-term integration within our communities gives us unique insights, knowledge and trust, and enables us to adapt and develop our business with the evolving population, demographic and economic landscape.



THE ASSETS THAT ENABLE OUR BUSINESS TO CREATE AND SUSTAIN VALUE

BRAND AND HERITAGE

We have a strong local presence and our brand has enduring appeal; it is a powerful tool for attracting customers, partners and talent.

THE VALUE THAT WE CREATE FOR OUR STAKEHOLDERS

COMMUNITIES

We are a significant and long-term contributor to the life of our communities through many sponsorships and local activities. We directly and indirectly support approximately 5,000 jobs in our pubs business.

PEOPLE AND CULTURE

We nurture an environment in which people can flourish and realise their full potential, individuality and creativity.

TEAM MEMBERS

We strive to create an inclusive culture, supporting our people to learn, develop and progress. We are proud to have an average length of service of 10 years in the support office and five years with our licensees and we enjoy excellent relations with our tenanted partners.

PUB ESTATE

We have a unique and characterful estate of premium pubs and hotels in prime locations.

CUSTOMERS

We invest in our pubs, people, and brands to ensure the best possible experience for all who engage with us.

PARTNERSHIPS

We build strong, long-term relationships with like-minded partners whose principles align with ours and through which each partner benefits.

PARTNERS

We take pride in offering strong support for our partners, such as Kent Cricket and many local football, golf and rugby clubs, and we work with as many local suppliers as possible.

INVESTMENT

We have a stable shareholder base that gives us the platform to consistently invest for the long-term in our people, estate and communities, and to plan responsibly for a sustainable future.

INVESTORS

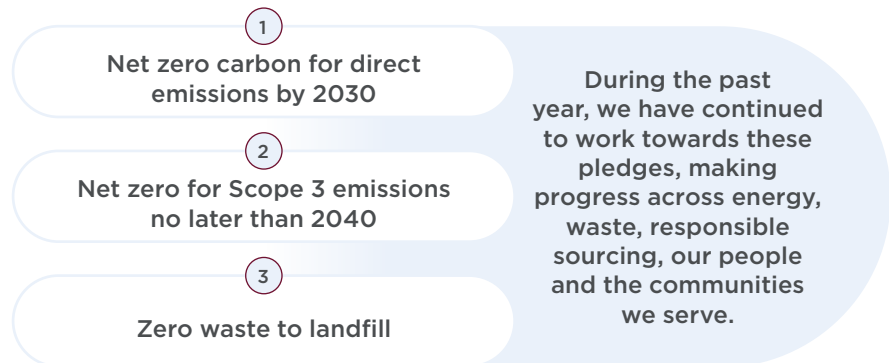
We aim to deliver consistent long-term returns for shareholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

As Britain's oldest brewer, Shepherd Neame's heritage stretches back more than 300 years.

We launched our People, Pubs & Planet programme in 2023 to reflect a shared commitment to building a sustainable future for our business, our communities and the environment.

OUR THREE MAJOR PLEDGES



ENERGY

Our brewery and retail estate now sources 100% renewable electricity, and we use 100% green CO₂ in production. Energy efficiency remains a key focus, with smart metering, energy-saving equipment and targeted investment helping to reduce consumption across our operations. We are continuing to explore new technologies to improve efficiency across our estate.

We are also reducing emissions from transport. Two new electric HGVs have been introduced to move kegs, casks and bottles between our Faversham Brewery and distribution centre, saving around 1,148 litres of diesel each month. Our electric vehicle charging network now spans 20 charging points across our brewery and seven pubs and hotels.

WASTE

Last year we achieved our pledge to achieve zero waste to landfill across our brewery and support offices, with around 77% of waste recycled and the remainder used to generate energy. At the brewery, 97% of brewing grain and hops are recycled, with all malt supplied as animal feed to local farms.

We are also taking action to reduce food and other waste across our estate. During the year, 97,533 litres of used cooking oil were recycled and converted into green energy, while our coffee recycling initiative allows customers to take used grounds home to enrich their gardens.

LOCAL SOURCING

Supporting local and responsible suppliers is central to our approach. All our malt is sourced in the UK and 50% of our hops come from Kent, while up to 90% of seasonal fruit and vegetables served across our pubs are British, with 75% sourced from 20 farms in Kent and East Sussex.

We continue to champion Kent and English producers across our wider drinks offer. This includes partnerships with local wine estates and producers, including Balfour, Gusbourne, Simpsons and Domaine Evremond, alongside Kent-based suppliers of spirits and soft drinks. Our Creekside Coffee is produced in partnership with fellow independent family business John Street Beverage, while our tea is sourced from British company Birchall.

PEOPLE

Our people remain central to our sustainability strategy. We continue to invest in career development, apprenticeships and leadership programmes, with 60 live apprentices across the business at the end of June 2026. During the year, 58 colleagues graduated from development programmes, while structured career pathways supported colleagues progressing from team member and commis chef level through to management and senior leadership.

We continue to strengthen our focus on wellbeing, introducing a range of new benefits including 24/7 GP and wellbeing support.

More than 340 colleagues have now been with Shepherd Neame for over five years, including more than 90 with over 15 years' service.

Health and safety also remains a priority, as our ongoing programme of audits, training and investment continues to strengthen standards across our pubs, hotels and brewery.

RECOGNISED FOR OUR PROGRESS

Our commitment to People, Pubs & Planet has also received external recognition during the year. Shepherd Neame was shortlisted for the King's Award for Enterprise for Sustainable Development. Several of our pubs and team members also received recognition for their sustainability.

Shepherd Neame was named Supreme Champion Family Business of the Year, as well as winning the London and South East and Hospitality, Hotel and Leisure categories. Our Chef Academy won Best Apprenticeship Programme at the National Innovation in Training Awards, while

For more information on our achievements during the past year, read the full report at www.shepherdneame.co.uk/sustainability.

SHEPHERD NEAME – ENERGY & CARBON REPORT 2025–26 SUMMARY

Shepherd Neame is cutting carbon across the business. From the brewery to the retail estate, the focus is on using less energy, running cleaner, and building a business fit for a net zero future.

For the year ending 27 June 2026, Shepherd Neame has prepared this Streamlined Energy and Carbon Report (SECR) under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Reporting every year keeps performance visible, shows where the energy goes, and points to the next round of savings.

Here's where the 2026 financial year landed:

- Total energy use: 31,490 MWh.
- Location-based emissions: 5,226 tCO₂e.

Combustible fuels, mostly natural gas with a little LPG, did most of the work: 57% of energy use and 62% of location-based emissions. Against last year, energy use fell 3% and location-based emissions fell 12%.

On a market-based basis, which credits the REGO-backed renewable electricity the business buys, total emissions were lower still, at 3,568 tCO₂e.

To compare like with like, we normalise emissions across the two main areas: brewing and retail pubs. Brewing is measured per hectolitre (hL) of packaged product and includes brewery offices. Retail pubs cover the estate and transport, measured per £k of turnover.

Brewing volumes were 160,824 hL, down from 176,624 hL the year before, a 9% drop. Even so, brewery carbon intensity improved, easing from 0.0156 tCO₂e/hL in 2024/25 to 0.0149 tCO₂e/hL in 2025/26, a 4% reduction, as lower gas use cut brewery emissions faster than volumes fell.

For the managed estate, intensity improved from 0.0389 tCO₂e/£K in 2024/25 to 0.0344 tCO₂e/£K in 2025/26, a 12% cut. That came even as turnover eased slightly, from £82,628k to £81,338k, down 2%.

Shepherd Neame kept the efficiency work going through the year:

- Completed the thermal curtain rollout across the retail portfolio and more than half of the tenanted estate, cutting heat loss.
- Rolled out the Energy Saviour power-management device across the retail estate and selected tenanted sites, trimming needless cellar equipment use.
- Trialled voltage-optimiser technology at two flagship sites, with plans to roll it out further.
- Fitted water-saving devices, such as infra-red taps and waterless urinals, through the refurbishment programme.
- Kept replacing low-efficiency boilers, and electrified two further kitchens to cut reliance on fossil fuels.

SHEPHERD NEAME – 2025–26 STREAMLINED ENERGY & CARBON REPORT

SHEPHERD NEAME GHG EMISSIONS AND ENERGY USE DATA FOR PERIOD 29 JUNE 2025 TO 27 JUNE 2026

The table below sets out the numbers Shepherd Neame reports for 2025/26, alongside the previous year for comparison.

Parameter	Units	Current reporting year 29/06/25 –27/06/26	Comparison calendar year 30/06/24 –28/06/25
Electricity consumed	kWh	12,659,905	12,370,717
Combustion of fuel	kWh	17,859,783	19,317,900
Scope 1 transport fuels consumed	kWh	817,037	602,179
Scope 3 transport fuels consumed	kWh	152,883	286,509
Total energy consumption used to calculate emissions	kWh	31,489,608	32,577,305
Location based emissions (tCO₂e)			
Emissions from combustion of fuel (scope 1)	tCO ₂ e	3,258	3,541
Emissions from refrigerant gases (Scope 1)	tCO ₂ e	141	32
Emissions from company-owned transport (scope 1)	tCO ₂ e	134	139
Emissions from purchased electricity (scope 2)	tCO ₂ e	1,658	2,190
Emissions from business travel in 3rd-party vehicles (scope 3)	tCO ₂ e	36	69
Total location-based carbon emissions	tCO₂e	5,227	5,971
Intensity ratio: brewery & office location-based emissions per hL packed	tCO₂e / hL	0.0149	0.0156
Intensity ratio: managed house & transport location-based emissions per £K turnover	tCO₂e / £K	0.0344	0.0389
Market-based emissions (tCO₂e)			
Emissions from combustion of fuel (scope 1)	tCO ₂ e	3,258	3,541
Emissions from refrigerant gases (scope 1)	tCO ₂ e	141	32
Emissions from company-owned transport (scope 1)	tCO ₂ e	134	139
Emissions from purchased electricity (scope 2)	tCO ₂ e	0	2
Emissions from business travel in 3rd-party vehicles (scope 3)	tCO ₂ e	36	69
Total market-based carbon emissions	tCO₂e	3,569	3,783
Intensity ratio: brewery & office market-based emissions per hL packed	tCO₂e / hL	0.0105	0.010
Intensity ratio: managed house & transport market-based emissions per £K turnover	tCO₂e / £K	0.0223	0.025
Activity data (denominators for the intensity ratios)			
Brewing volume packed	hL	160,824	176,624
Turnover	£k	81,338	82,628

Methodology	This report follows the GHG Protocol Corporate Standard and the UK Government's Environmental Reporting Guidelines, including SECR guidance. Energy data comes from utility trackers and travel expense records. This is the seventh SECR reporting year, and 2024/25 is the comparison year. Energy was converted to emissions using the UK Government GHG Conversion Factors for Company Reporting for the relevant year. Mileage was split by vehicle type and engine size. Refrigerant (F-gas) emissions: in previous years, only refrigerant gases from the brewery were captured. Data capture has now improved to include refrigerant gases from the managed (retail pub) estate, so this year's higher refrigerant figure reflects wider coverage rather than a real increase.
Energy efficiency action	During the year, Shepherd Neame invested in several initiatives to cut energy and carbon: completing the thermal curtain rollout across the managed-house portfolio and more than half of the tenanted estate; rolling out the Energy Saviour power-management device across the managed houses and selected tenanted sites; trialling voltage-optimiser technology at two flagship sites; fitting water-saving devices such as infra-red taps and waterless urinals through the refurbishment programme; continuing to replace low-efficiency boilers; and electrifying two further kitchens to cut reliance on fossil fuels. Shepherd Neame also buys 100% REGO-backed electricity across its operations, which takes the market-based impact of site electricity to 0 tCO ₂ e. Together, these actions show a clear commitment to cutting carbon and support the wider sustainability plan.
Prepared in line with	Environmental Reporting Guidelines: including Streamlined Energy and Carbon Reporting guidance, HM Government.

The data in this table is based on information supplied by Shepherd Neame. It has been relied upon as provided, and its accuracy has not been independently validated.

FINANCIAL REVIEW



MARK RIDER
Chief Financial Officer

We have faced a number of years of significant inflation since we have exited the Covid Pandemic, and as we signalled in last year's annual report, the 2026 financial year faced significant impacts in labour and logistics costs, ahead of what we hope will be a more benign period of inflation.

Despite these increases we are pleased with the core performance of our pub estates which have driven a modest increase in underlying profits and a +4.1% increase in underlying earnings per share.

The inflation in labour costs has largely impacted the Retail division, whereas the increase in logistics costs has impacted all divisions. These have been material as a proportion of our total profits; with the impact of the National Living Wage and employers national insurance of £1.7m (2025: £2.5m) and logistics costs of £1.1m (2025: £1.1m).

One of the key ways we have tried to maximise return from the pub estate in the face of the higher labour charges is through transferring sites between the Retail estate and the Tenanted estate. During the year we transferred eight sites from the Retail estate to the Tenanted estate. A single site was also transferred from the Tenanted estate to the Retail estate.

The impact of the transferred sites to the Tenanted estate was to decrease Retail revenue by £4.1m, increase Tenanted revenue by £1.5m and improve underlying operating profit by £0.1m.

As noted in the Chairman's Statement, the combination of lower national volumes and higher logistics costs mean that we are reviewing our strategy in the Brewing and Brands division. The profitability in this division is down from the previous year.

Moving to our balance sheet, we have refinanced our bank facilities to provide certainty of funding and reduced interest costs. We maintain our focus on capital allocation announced in March 2026 and during the year used free cash flow to fund dividends of £3.2m, core capital spend of £14.1m, and £0.5m acquiring two shops adjacent to existing hotels. No share buybacks were carried out in the 2026 financial year but we aim to reintroduce a share buyback in the new financial year.

FINANCIAL REVIEW CONTINUED

UNDERLYING PERFORMANCE

	2026 £'000	2025 £'000	Change £'000	Change %
Revenue				
Retail Pubs and Hotels	81,345	82,631	(1,286)	-1.6%
Tenanted Pubs	37,430	35,638	1,792	+5.0%
Brewing and Brands	42,761	44,812	(2,051)	-4.6%
Unallocated	1,043	1,221	(178)	-14.6%
Total business	162,579	164,302	(1,723)	-1.1%
Underlying profit				
Retail Pubs and Hotels	10,415	9,978	437	+4.4%
Tenanted Pubs	13,082	12,562	520	+4.1%
Brewing and Brands	98	970	(872)	-89.9%
Unallocated	(9,913)	(9,766)	(147)	-1.5%
Underlying operating profit	13,682	13,744	(62)	-0.5%
Underlying net finance costs	(5,928)	(6,128)	200	+3.3%
Underlying profit before tax	7,754	7,616	138	+1.8%

Retail pubs and hotels revenues were £81.3m (2025: £82.6m) down -1.6% (2025: +1.9% on a 52-week basis) due to the lower number of sites in the estate. Like-for-like sales grew by £3.0m or +3.8% (2025: +4.4%). Sales were further boosted by the non like-for-like development in the year at The Hoop and Grapes, offset by the impact of sites transferred to tenancy. Like-for-like growth was led by our sites within the M25 (22 sites) delivering +10.1% (2025: +7.8%) and the sites outside the M25 growing at +0.9% (2025: +2.9%).

Drink sales continued to benefit from the growth in pubs within the M25 that tend to be wet-led in their sales mix. Total drink sales of £50.2m (2025: £50.0m) represented 62% of our Retail pub sales mix (2025: 61%) with like-for-like growth of +5.8% (2025: +5.5%).

Food sales of £25.5m (2025: £26.5m), representing 31% (2025: 32%) of our Retail pub sales mix benefitted less from the strong growth in the M25, with like-for-like growth of +1.5% (2025: +3.0%).

Accommodation revenues represented 7% (2025: 7%) of the retail pub sales mix at £5.7m (2025: £5.8m), with like-for-like decline of -1.9% (2025: growth of +2.3%). Within accommodation, like-for-like occupancy was down marginally at 68% (2025: 70%) and like-for-like RevPAR decreased to £84 (2025: £86).

Retail pubs and hotels underlying operating profit was up +4.4% to £10.4m (2025: £10.0m) with operating margin up +0.6 percentage points to 12.8% (2025: 12.2%).

Tenanted pub revenues were up +5.0% to £37.4m (2025: £35.6m). Within this improvement, rental income remained robust, up +4.6% at £9.1m (2025: £8.7m) and drinks revenues up +4.4% (2025: +2.9%) to £27.8m (2025: £26.7m).

Like-for-like income for the pubs trading throughout the year was +2.7% (2025: +1.0%). The like-for-like growth in profits combined with the transferred sites from retail meant underlying profit in this division increased by +4.1% to £13.1m (2025: £12.6m).

Brewing and Brands revenues were down -4.6% (2025: -13.5%) to £42.8m (2025: £44.8m). Total own beer volumes of 95,659 (2025: 105,812) barrels were down -9.6% (2025: -11.6%) with total beer volumes, including third party products of 150,992 (2025: 159,597) down -5.4% (2025: -9.2%).

Underlying operating profit in this division was down to £0.1m (2025: £1.0m) following the volume decline combined with additional logistics costs.

FINANCE CHARGES

	2026 £'000	2025 £'000	Change %
Underlying finance costs			
Bank and loan note interest	4,632	4,865	+4.8%
IFRS 16 interest	1,232	1,186	-3.9%
Other financial liabilities not at fair value through profit or loss	64	77	+16.9%
Total net underlying finance costs	5,928	6,128	+3.3%

Within underlying finance charges, bank and loan note interest was £4.6m (2025: £4.9m), reflecting a higher average level of borrowings offset by a decrease in interest rates on the revolving credit facility as base rates have reduced. Our blended cost of funds was 4.80% (2025: 5.19%).

There were limited changes to our lease arrangements in the year and as a result finance charges relating to IFRS 16 lease debt were broadly level at £1.2m (2025: £1.2m).

ITEMS EXCLUDED FROM UNDERLYING RESULTS

The largest items reflect property matters which totalled a net charge of £3.9m (2025: £0.7m):

- The annual impairment review resulted in a gross impairment charge of £5.7m (2025: £4.9m) relating to 15 properties (2025: 14), of which £0.5m (2025: £1.9m) is attributed to leased right-of-use assets. Against this current year charge, no reversal of previous impairment of (2025: reversal of £3.9m) was recognised. Net impairment charges were £5.7m (2025: £1.0m).

We have taken impairment charges on sites that have faced relatively higher levels of labour costs since the increase in national living wage and employers national insurance (see note 15).

- ii. Property profits of £1.2m (2025: £0.2m) were generated on the sale of three freehold pubs and three leasehold pubs (2025: four freehold pubs and one leasehold pub).
- iii. The annual revaluation to fair value of investment properties in the Statement of Financial Position resulted in an increase in value of £0.7m (2025: £0.1m) due to planning success at Bull Meadow, Bethersden and Queen Court, Ospringle.

Following the refinancing exercise completed in the year, £0.3m (2025: £nil) associated with the one-off termination of previous facilities and swap contracts were incurred through finance costs.

In the previous financial year, other operating items included a one-off charge of £0.7m in relation to the transition to the new Extended Producer Responsibility regime that came into operation in April 2025.

TAXATION

The Company has recognised a total tax charge of £2.1m (2025: £1.9m) at an effective rate of 59.4% (2025: 29.8%). The average statutory rate of corporation tax in the UK for the period we are reporting was consistent at 25.0% (2025: 25.0%). The underlying rate of tax was 28.2% (2025: 29.4%) and the net credit on items excluded from underlying results was £0.1m (2025: £0.4m). The key reason for the difference between the effective rate and underlying rate are increased impairment charges which are non tax deductible.

Deferred tax balances on the balance sheet are held at 25.0% (2025: 25.0%).

EARNINGS PER SHARE AND DIVIDENDS

Underlying basic earnings per ordinary share were 38.0p (2025: 36.5p), an increase of +4.1% (2025: -3.4%), reflecting the increase in underlying profits and decrease in underlying tax rate. Basic earnings per ordinary share were 9.9p (2025: 30.0p) following impairment charges. The final proposed dividend of 17.65p (2025: 17.15p) takes the full-year proposed dividend to 22.15p (2025: 21.5p), an increase of +3.0%. Underlying dividend cover is 1.7 times (2025: 1.7 times).

CASH FLOW

Operating cash flows of £27.7m (2025: £24.9m) increased by £2.8m on the back of higher EBITDA and a working capital inflow. This has been enhanced by £1.8m of lower levels of cash tax paid due to higher capital allowances available. Total interest paid and issue costs of loans was £4.2m (2025: £4.3m). Lease amendments led to £0.3m of lower lease payments.

Total disposal proceeds of £2.0m (2025: £2.1m) were realised from the sale of pubs and assets that no longer fit our strategy, taking total free cash flow to £20.2m (2025: £15.0m).

We have used this free cash to invest in dividends of £3.2m (2025: £3.1m) and capital expenditure of £14.6m (2025: £11.4m), with the remainder used to reduce net debt (excluding lease liabilities) to £82.0m (2025: £83.7m). Statutory net debt decreased to £132.4m (2025: £135.1m) from the lower bank debt as well as the disposal of two leasehold sites and expiry of the lease at another site.

STATEMENT OF FINANCIAL POSITION

There was a £1.6m decrease in non-current assets (2025: increase of £0.8m) following the investment in capital expenditure in the year offset by depreciation, disposals and impairment charges. Total net assets and net assets per share reduced in the year on the basis of underlying profit for the year being offset by impairment charges and dividends paid.

FINANCING AND LOAN FACILITIES

The business funding structure is underpinned by two long-term tranches of debt held with BAE Systems Pension Funds Investment Management Ltd. The first is a 20-year private placement at a fixed interest rate of 3.99% maturing in 2038. The second is a private placement of £20m at a fixed interest rate of 5.47% maturing in 2032. These facilities provide certainty of funds, no exposure to interest rate rises and a long-term debt maturity profile.

Alongside these long-term facilities we have refinanced our bank debt during the year. This comprises a new term loan of £15.0m (2025: previous term loan of £16.1m) and a £30.0m (2025: £40m) revolving credit and overdraft facility both at floating rates.

At the year end, we had total committed facilities of £100.0m (2025: £111.1m), and 55% (64%) of these committed facilities are at a fixed rate. All borrowings beyond the fixed level of debt of £55.0m are at floating rates of interest.

GOING CONCERN

Looking forward we have a robust long-term financing structure and have recently refinanced our shorter-term banking facilities. We remain focused on providing long-term sustainable profit growth and returns for shareholders and our performance since 2022 demonstrates our ability to absorb and withstand significant levels of inflation. The Directors have set out their basis for assessing going concern in note 1 to the financial statements and have concluded that it is appropriate for the going concern basis of preparation to be adopted.

I am grateful of the efforts of all our teams that have helped us to deliver this set of results.

MARK RIDER
Chief Financial Officer

PRINCIPAL RISKS AND UNCERTAINTIES

RISK MANAGEMENT OVERVIEW

The Board and management team continually assess the risks facing the Company, considering both the likelihood of occurrence and the potential financial and reputational impact on the business. In the Board's opinion, the principal risks and uncertainties are set out below. This is not an exhaustive list of all risks managed by the business and remains subject to change as new and emerging risks arise, particularly in response to global economic uncertainty. Our risk management process is designed to ensure that the business can respond effectively to changes in the external environment.

Some external risks are outside the Board's direct control. These are considered at Board meetings so the business can respond effectively to changes in the external environment. The risk management processes are designed to manage risks that could have a material impact on the business, rather than eliminate all risk.

Principal risks	Potential impact	Mitigation and monitoring	Change since last year/risk trend
ECONOMIC AND POLITICAL			
Economic environment	Macroeconomic and political uncertainty may affect consumer confidence and discretionary spending. Although headline inflation has eased, input costs remain elevated across the business. There may be significant food price inflation in FY2027. If such increases occur and cannot be fully mitigated or passed on to customers, margins and profitability could be adversely affected.	We remain focused on delivering a high-quality, customer-led offer across our pubs and hotels to encourage continued customer loyalty and broaden appeal. Customer feedback is monitored through Net Promoter Scores, online reviews and social media channels, and is used by operational teams to identify site-level actions, service improvements and opportunities to respond to changing consumer expectations. The Executive team monitors market developments, government policy, competitor activity and legislative changes so that the business can respond appropriately to emerging trends. Cost inflation is managed through regular review of pricing, menu engineering, procurement and contract negotiations, labour scheduling and logistics optimisation, with performance monitored through management accounts, margin analysis and site-level reporting.	↑
Disruption in supply chains	Supply chain disruption could affect the availability of key materials, products and services required for production, distribution and pub operations. This could reduce product availability, affect customer satisfaction and revenue, and, if prolonged, result in financial loss and reputational damage.	We monitor inventory levels, supplier performance and forward availability of key materials, including brewing raw materials, packaging and third-party products. Multiple supplier relationships are maintained where practical, with regular supplier review meetings used to assess availability, service levels, pricing pressure and contingency options. Contract positions are reviewed to reduce exposure to supplier failure. Alternative sources of supply and product substitutions are considered where practical, including recipe reviews for major products where required. For logistics disruption, contingency arrangements include increased stock holdings where appropriate, use of third-party distribution and local wholesaler support.	↔
Business interruption	A major external event, such as a pandemic, natural disaster, extreme weather event or significant utility failure, could disrupt trading, production or distribution across the business. This could restrict the operation of our pubs, brewery or support functions, with an adverse impact on revenue, profitability and customer service.	Business continuity and crisis management arrangements are maintained for key sites and functions, including the brewery, pub estate, logistics and support services. These include disaster recovery and crisis management documentation, product recall procedure, utility restart procedures and contingency planning for wastewater plant disruption. Operational teams review critical asset resilience, emergency response arrangements and customer service impacts following any material incidents. Property-related emergencies are supported by experienced surveyors, established contractor relationships, insurers, loss adjusters and external specialists so that affected sites can be made safe and reopened as soon as practicable.	↔

 Risk increasing
  Risk unchanged
  Risk decreasing

Change
since last
year/risk
trend

Principal risks	Potential impact	Mitigation and monitoring	
FINANCIAL			
Interest rate risk	The Company's financing structure includes borrowings that are exposed to floating interest rates. Higher interest rates or increased borrowing costs could reduce profitability, place pressure on investment returns and increase the risk of impairment across the estate.	A significant proportion of the Company's committed finance facilities is long-term debt, with 65% of drawn debt at the year end held at fixed interest rates. This reduces exposure to interest rate movements. The maturity profile of facilities, covenant compliance and forecast headroom are monitored through regular treasury and financial reporting. The Company remains focused on disciplined capital allocation, with major capital projects assessed against expected returns and funding requirements before being submitted for Board approval. Ongoing cash flow forecasts, covenant certificates and lender reporting support early identification of liquidity risks.	↔
REGULATORY			
Health and safety	Operating a brewery, retail pubs and a tenanted estate creates a broad range of health and safety obligations. Failure to comply with these obligations could have serious consequences for customers, employees, contractors and licensees, including major injury or loss of life. A serious incident could also result in regulatory enforcement action, financial penalties and significant reputational damage.	The Company has a clear health and safety strategy focused on embedding a strong safety culture across the business. Regular risk assessments, standard operating procedure reviews and training in key risk areas are supported by external audits across retail sites and brewery operations, with incidents, near misses and audit findings reviewed internally to ensure remedial actions are prioritised and completed. A compliance package is available to support licensees across the tenanted estate, covering key operational requirements and providing practical guidance. The Tenanted Safety Adviser provides additional advice, site support and follow-up on required actions, helping to strengthen safety standards across the tenanted estate. Health and safety performance, audit outcomes, incident trends and completion of key actions are reported to management and to each Board meeting through established KPI reporting.	↔
OPERATIONAL			
People and skills shortage	Our ability to deliver a consistently high-quality customer experience depends on attracting, retaining and developing skilled team members and licensees. The hospitality sector remains exposed to labour shortages, rising employment costs, and changes in employment legislation and market expectations. Inability to secure the right level of resource, or the loss of key employees or licensees, could affect service standards, operational performance and the retention of business knowledge.	Our People team continues to develop recruitment, retention and engagement initiatives across pubs, brewing and support functions. These include competitive reward packages, targeted recruitment, referral activity, workforce planning, retention and recognition programmes, flexible working where appropriate and clearer communication of benefits and development opportunities. We continue to invest in training and career development, including through Sheps Academy, apprenticeships, career pathways, role-specific training and internal promotion. Talent and succession reviews are embedded across our pubs, brewery and support offices, helping to identify key roles, retention risks and development plans. Employee engagement is monitored through the annual employee satisfaction survey, operational feedback, regular communication channels and exit interviews, with themes reviewed by management to identify areas for improvement and to support retention, wellbeing and organisational effectiveness. A new Tenanted Business Partnership was introduced during the year to enhance the operational and commercial support available to licensees.	↑

 Risk increasing
  Risk unchanged
  Risk decreasing

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Principal risks	Potential impact	Mitigation and monitoring	Change since last year/risk trend
OPERATIONAL			
Site and logistics dependency	The Company's brewing operations are concentrated at its sole brewery site in Faversham, and the business relies on GXO as its principal warehousing and distribution partner. A significant incident affecting the brewery, warehouse or distribution network could interrupt production or distribution, reducing product availability and adversely affecting revenue, profitability and reputation.	We regularly review crisis management arrangements and business continuity plans for the brewery, warehouse and distribution network. GXO resilience is supported by use of a dedicated warehouse, regular operational dialogue, service-level monitoring and the option to use third-party distribution or local partner wholesalers if required. Capital investment and maintenance programmes at the Faversham brewery are prioritised to protect critical production assets, including production network infrastructure, packaging equipment, utility resilience, wastewater arrangements and water supply. Any material incidents are escalated through operational management so that production, stock allocation and customer service impacts can be managed promptly.	↔
Information technology failure	The business is highly dependent on IT systems across brewing, pub operations, customer-facing activities and support functions. A significant system failure, cyber security incident or loss of access to key systems could disrupt trading, production or administration, with an adverse impact on revenue, profitability and reputation. Cyber threats continue to evolve, with risks heightened by increasingly sophisticated social engineering attacks and the complexity of legacy systems.	Cyber resilience is supported by identity and access controls, including Microsoft Entra ID, Multi-factor authentication and single sign-on, together with email security, next-generation firewall protection, SD-WAN resilience, cloud-native backup and M365 backup. Significant IT and cyber matters are reviewed through incident reporting, breach register monitoring and management escalation. Legacy systems and operational technology are subject to support, isolation, access restriction and replacement planning where required. The Company has approved the implementation of a new ERP system, expected during the 2028 financial year, and continues to progress cyber improvement actions including Cyber Essentials Plus preparation, user awareness training and privileged access management.	↔
Environment and sustainability	Climate change and more frequent extreme weather events could affect the availability and cost of key raw materials and products. Restrictions on water supply could disrupt brewing operations, while flooding or other weather-related events could affect the ability of some sites to trade. Customers, investors, regulators and other stakeholders increasingly expect the Company to manage its environmental impact responsibly, and perceived failures in this area could result in reputational damage.	Our environmental, social and governance (ESG) policy is based on three core pledges, which are set out in the ESG Report on page 22. Progress against ESG objectives is overseen through the ESG Committee, with objectives and progress reviewed quarterly and updates provided through operational reporting. During the year, we completed a detailed greenhouse gas footprint analysis and appointed Zero Carbon Forum to help identify investment opportunities to reduce carbon emissions in line with our 2030 goals. Climate-related risks are considered in operational planning, site investment and business continuity. Such risks include water availability, extreme weather, property resilience, supply chain impacts and customer behaviour. Mitigating actions include building resilience into capital plans, reviewing water contingency arrangements and engaging with industry bodies and sustainability forums.	↑
Consumer demand	Changing consumer preferences, pressure on household disposable income and shifts in eating and drinking-out habits could reduce footfall, sales volumes and customer spend across our pubs, hotels and beer brands. Failure to respond to evolving customer expectations could adversely affect revenue, margins and long-term brand relevance.	We monitor consumer trends, trading performance, customer feedback, online reviews and Net Promoter Scores to identify changes in demand and areas for improvement. Retail pubs and hotels respond through menu development, pricing reviews, service training, marketing activity and targeted property investment, including action where customer feedback or occupancy trends indicate deterioration. Across the beer business, brand performance, range, pricing, distribution and route-to-market activity are reviewed so that the portfolio remains responsive to consumer preferences and customer requirements. Regular management reporting enables emerging trends to be reviewed and operational or commercial actions to be taken promptly.	↔

 Risk increasing
  Risk unchanged
  Risk decreasing

SECTION 172 STATEMENT

In accordance with Section 172 of the Companies Act 2006, the Directors continue to act in good faith to promote the success of the Company for the benefit of its members as a whole, while having regard to key stakeholder interests and the matters set out in Section 172, namely:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the Company.

Stakeholder engagement

We seek to maintain open, constructive dialogue with our stakeholders, taking account of their principal interests and communicating with them regularly. Our principal stakeholder groups, and how we engage with and respond to them, are summarised below:

STAKEHOLDER GROUP	RESPONDING TO THEIR INTERESTS
People	Skilled and engaged team members are central to the Company's long-term success. We aim to attract, retain and develop talented people by creating an inclusive and supportive working environment where individuals can fulfil their potential and contribute to the delivery of our strategy. We support our people through a focus on health and wellbeing, development opportunities, fair pay and benefits, and clear communication of the Company's values, strategy and financial performance. Engagement is maintained through regular employee surveys, briefings and weekly internal newsletters. Further information on how we respond to team member interests is included in the Employee Engagement section of the Report of the Directors on pages 36-37.
Customers	We aim to build loyalty among existing customers and attract new customers by offering a distinctive range of products and delivering a premium experience across our pubs and hotels. We provide opportunities for retail pub and hotel customers to give feedback on their experience and monitor online review platforms to identify and respond to comments where appropriate. Net Promoter Score is reviewed at individual outlets to help maintain service standards and identify areas for improvement. Further information is provided in the section Engagement With Suppliers, Customers and Others in a Business Relationship With the Company in the Report of the Directors on page 37.
Suppliers	The Company depends on suppliers for the availability and quality of the products and services required across the business. We work closely with key suppliers to build strong, mutually beneficial and long-term relationships. We support local producers where possible and seek to maintain fair contractual and payment terms. We engage with suppliers through regular dialogue, including holding ShepsWay trade fairs and other events, helping to strengthen relationships and identify opportunities for collaboration.
Shareholders	Our shareholders include family members, individual investors and institutional shareholders. Their continued support for the Company's strategy is important to the long-term success of the Company. The Annual General Meeting provides an important opportunity for direct engagement with shareholders, including the ability to ask questions during the meeting and to meet Directors and senior management informally afterwards. The Company continues to develop its interactive Investor Hub platform, which was launched in March 2025 to strengthen shareholder communication and engagement.

SECTION 172 STATEMENT CONTINUED

STAKEHOLDER GROUP		RESPONDING TO THEIR INTERESTS
Lenders	Continued access to capital is key to fund our strategy and the long-term growth of the Company.	We are in continual dialogue with our lenders, ensuring that they have a clear understanding of our strategy and our operating and financial performance so that they can more accurately assess the opportunities to finance our business.
Pub licensees	A significant proportion of the Company's revenue is generated through rental income from, and product sales to, our licensees. We aim to build strong, long-term relationships by supporting licensees in developing successful and sustainable businesses. We are firm supporters of the Voluntary Code of Practice for the operation of tenanted and leased pubs and recognise the achievements of our licensees through an annual celebration of their talent and success.	Engagement is principally through our Business Development Managers, who visit licensees regularly to maintain dialogue, review performance and provide practical support. We also provide advice, training and guidance through regular communications, including newsletters. A dedicated Tenanted Safety Adviser provides additional support and continues to strengthen our approach to safety across the tenanted estate. During the year, we introduced a new Tenanted Business Partnership to provide enhanced support for selected tenanted licensees and help them build more resilient and sustainable businesses. The agreement gives participating licensees access to additional back-of-house expertise, with the aim of improving cost control, operational insight and sales growth. Four sites were operating under this model at the year end. We continue to improve the drinks portfolio available to licensees by developing our own beers and regularly reviewing the third-party offer. We also support licensee development plans through contributions to refurbishment projects and, where possible, by helping licensees benefit from the Company's purchasing arrangements with selected suppliers.

PRINCIPAL DECISIONS

For the purposes of this statement, the Directors regard their principal decisions as not only those that are material to the Company but also those that are significant to any of the Company's principal stakeholder groups. Set out here are the principal decisions made by the Directors during the period.

1. Approval of annual budget and strategic plan

The Board approved the annual budget and strategic plan following a detailed review of the Company's priorities, principal risks, capital requirements and expected trading environment.

The approved plan reflected ongoing cost pressures, including labour, utilities and supply chain costs, while maintaining targeted investment in the pub estate, people, brand development, technology and operational resilience. The Board considered that continued investment, supported by active cost control and careful cash management, provided the most appropriate basis for protecting service standards, supporting colleagues and licensees, and delivering sustainable long-term value.

2. Dividend

The Board recognises the importance of dividends to shareholders and remains committed to a progressive dividend policy, while also ensuring that distributions are sustainable and take account of the Company's cash flow, debt position, banking covenants and investment requirements. An interim dividend of 4.50p was paid to shareholders in April and the Board will recommend the payment of a final dividend of 17.65p per ordinary share for approval by shareholders at the 2026 AGM. This decision is felt to balance the needs of the business and its stakeholders.

3. Board appointments

The Board decided, in line with recommendations from the Nomination Committee, that upon Richard Oldfield's retirement, Jonathan Neame will succeed Richard, taking the role of Executive Chairman, and the Company's Chief Financial Officer, Mark Rider, will become Managing Director with effect from the same date. The Company expects to appoint a new Finance Director by the end of the 2027 financial year. Until that time, Mark will continue to be responsible for the Finance department.

The Committee considered carefully the appropriate structure for the future, given the evolution of management and the quality of the individuals, before making its recommendations.

This structure provides continuity, and will ensure effective decision-making in a challenging market.

4. ERP implementation

The Board approved the implementation of a new ERP system to replace legacy systems and support the Company's long-term digital and operational development. The decision was taken having considered the expected benefits for employees, customers, licensees, suppliers and management, including improved systems resilience, better integration of data, more efficient processes, enhanced reporting and stronger support for commercial decision making.

The Directors recognised that a project of this scale requires careful governance, investment and change management. The Board therefore considered the delivery risks, cost, timing and resource requirements, together with the potential long-term benefits of creating a more modern, secure and connected technology platform across the business.

5. Acquisitions, disposals and active property management

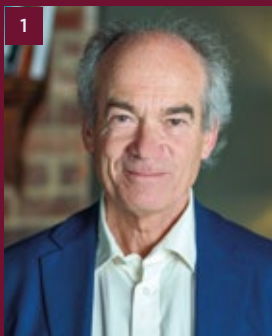
The Board continued to enhance the quality, relevance and long-term returns of the pub estate through active property management, targeted disposals and selective investment.

During the year, the Company reviewed its capital allocation policy in respect of maintenance and development spend. The Company disposed of three freehold sites: The Fountain, Hastings; The Royal Oak, Whatlington; and The Lamb, Farnham – and three leasehold sites: The Freemasons Arms, Covent Garden; The Chequers, Heaverham; and Urban Reef, Boscombe. It also acquired two shops adjoining The Sun in Faversham and The George in Cranbrook, which will be incorporated into the hotels in due course. The Directors concluded that disciplined investment in the estate supports the customer experience, licensee sustainability, community engagement and the long-term resilience of the business.

This Strategic Report was approved by the Board of Directors on 29 September 2026 and signed on its behalf by:

JONATHAN NEAME
Chief Executive

BOARD OF DIRECTORS



The descriptions of Directors provided below include a brief note of the skills and experience of each.

RICHARD OLDFIELD OBE 1 **Chairman** **Chair of the Nomination Committee**

Appointed to the Board June 2016.

Richard is Chairman of Oldfield Partners LLP and a Trustee of The King's Trust and other charities. Through his work and as a former chairman of a publicly listed company and a director of others, Richard has financial experience, and experience in governance as chairman and director.

JONATHAN NEAME 2 **Chief Executive**

Appointed to the Board October 1993. Qualifying Family Director.

Jonathan joined the Company in 1991 and was appointed Managing Director in 1999, before becoming Chief Executive in 2003. He chaired the British Beer & Pub Association from 2012 to 2015 and was a Non-Executive Director of the St Austell Brewery Company Ltd from 2002 to 2018. Jonathan was Master of the Brewers Company in 2022, sits on its Court and chairs its Investment Committee. He was High Sheriff of Kent for 2025-26 and was appointed Chair of The Harris (Belmont) Charity from May 2026. Jonathan has considerable industry knowledge and expertise, long experience of the Company across a variety of roles, and wide-ranging connections within the Company's heartland.

MARK RIDER 3 **Chief Financial Officer**

Appointed to the Board February 2012.

Mark joined the Company from J Sainsbury plc, where he held a number of senior finance roles, having previously worked at PricewaterhouseCoopers. He is a Non-Executive Director of the Rugby Players Association. Mark brings to the Board strong financial leadership, strategic insight and commercial discipline, together with significant retail experience gained through his previous roles. Since joining the Board, Mark has developed a deep understanding of the Company's operations, estate and long-term strategy. He is a fellow of the Institute of Chartered Accountants.

NIGEL BUNTING 4 **Commercial Director**

Appointed to the Board August 2005.

Nigel joined the Company in 1993 and was appointed to the Board as Retail Director in August 2005 before being appointed Commercial Director in June 2022. Nigel was a Director of Visit Kent from 2006 to 2015 and has been a Non-Executive Director of Davy and Co Ltd since 2008. Nigel has commercial knowledge of all aspects of pub and hotel management, together with experience in on-trade and off-trade sales.

MARION SEARS 5 **Senior Independent Director and** **Chair of the Remuneration Committee**

Appointed to the Board April 2025. Independent.

Marion had an executive career in investment banking and served as a Non-Executive Director of WH Smith plc and Keywords Studios plc. She is currently a Non-Executive Director of Dunelm Group plc and Senior Independent Director at BlackRock World Mining Trust plc and at Schroder Asian Total Return Investment Company plc. Marion brings to the Board strategic and investment expertise, experience across consumer markets and a broad understanding of stakeholder interests.

GEORGE BARNES 6 **Non-Executive Director**

Appointed to the Board January 2001. Qualifying Family Director.

George joined the Company in 1978 and was appointed to the Board in January 2001. He has held a number of senior roles within the Company, including Property Director from July 2014 to December 2023. He is a Director of the Pub Governing Body and was formerly a Director of the Institute of Licensing. George is a Chartered Surveyor and Registered Valuer. Through his tenure with the Company, George brings to the Board extensive experience of all facets of the business, together with expert professional knowledge of licensed property.



BILL BRETT 7
**Non-Executive Director and
 Chair of the Audit Committee**

Appointed to the Board September 2013.
 Qualifying Family Director. Independent

Bill is Executive Chairman of Robert Brett & Sons Ltd. He has considerable experience as a director of a substantial family-owned private company with land management, property, commercial and manufacturing interests.

MEG LUSTMAN 8
Non-Executive Director

Appointed to the Board April 2025.
 Independent.

Meg was Chief Executive of Hobbs from 2014 to 2019, Managing Director of Warehouse from 2009 to 2013 and Vice Chair of Court and Remuneration Committee Chair at Glasgow Caledonian University from 2019 to 2026. She is a Non-Executive Director and Remuneration Committee Chair of ProCook Group plc, Chair of St Luke's Hospice, Harrow and Brent and Chair of Jarrold & Sons Holdings Limited. Meg has a deep understanding of customers and brands in competitive markets.

GRAHAM TURNER 9
Non-Executive Director

Appointed to the Board July 2026.
 Independent.

Graham was formerly Chairman of The Liberation Group from 2008 to 2016, CEO of Tragus Group from 2005–2012 and CEO of The Unique Pub Company from 1997 to 2004. He is currently Non-Executive Chairman of ETM Group Holdings Limited and Sessions Market Limited, and a Non-Executive Director of Danish Bake Holding ApS (trading as Ole and Steen). Graham brings over 25 years' experience in pubs, restaurants and the wider hospitality sector. He has broad strategic insight, a strong industry network and directly relevant operational and leadership experience.

PETER RALPH 10
**Company Secretary &
 Financial Controller**

Appointed as Company Secretary
 December 2025.

Peter has strong financial reporting, governance and internal control experience. He is a fellow of the Institute of Chartered Accountants.

REPORT OF THE DIRECTORS

The Directors present their Annual Report and Accounts for the 52 weeks ended 27 June 2026.

ACTIVITIES AND REVIEW OF BUSINESS

The Group, comprising Shepherd Neame Limited and its subsidiary companies, is principally engaged in brewing and packaging beer; wholesaling and retailing beer, cider, wines, spirits and minerals; property ownership; and managing public houses and hotels. This report should be read in conjunction with the Strategic Report on pages 2-33, which sets out the Group's strategy and provides further information on performance for the 52 weeks ended 27 June 2026, significant post-period events and likely future developments.

DIVIDENDS

The Company paid an interim dividend of 4.50p per ordinary share (2025: 4.35p). The Board now recommends a final dividend of 17.65p per ordinary share (2025: 17.15p).

This makes a total dividend for the year ended 27 June 2026 of 22.15p per ordinary share (2025: 21.50p).

DIRECTORS

The Directors in office at 27 June 2026 are listed on pages 34-35, with details of their shareholdings set out in the Remuneration Report on pages 45-48. Graham Turner was appointed by the Board as a Non-Executive Director with effect from 22 July 2026 and, in accordance with the Articles of Association, his appointment will be submitted for shareholder approval at the Annual General Meeting.

Nigel Bunting retires from the Board by rotation and will offer himself for re-election.

Having served for more than nine years, George Barnes and Bill Brett will submit themselves for annual re-election in accordance with the Articles of Association.

GOING CONCERN

The Company's going concern assessment and disclosures are included in note 1 on page 60.

PURCHASE OF OWN SHARES

The Company did not purchase any shares during the year ended 27 June 2026. In the prior year, the Company completed a share buyback programme on 25 February 2025, purchasing 89,952 shares at an average price of 555.85p, which were subsequently cancelled.

USE OF FINANCIAL INSTRUMENTS

A statement in relation to the use of financial instruments and financial risk management by the Group is given in notes 26 and 27 to the financial statements.

EMPLOYEE ENGAGEMENT

Our commitment to providing a positive and engaging team member experience remains a key priority. Through our Sheps Voice listening strategy, which includes our annual engagement survey, team member forums, pulse surveys and confidential whistleblowing channels, we continue to listen, learn and take action based on team member feedback.

During the last year, our reward and recognition platform Sheps Hut continued to play an important role in supporting team member engagement and wellbeing. The platform has become firmly embedded across the business, enabling colleagues to celebrate successes, recognise contributions and mark personal milestones. This continues to strengthen connections across our teams and reinforce our culture of appreciation.

Learning and development remains a significant focus. Sheps Academy, our online learning platform, continues to support colleagues in developing the knowledge and skills needed to excel in their current roles whilst preparing for future opportunities. Our apprenticeship programme has grown further, supporting development across pubs – both retail and tenanted – and the brewery and support office functions. The first cohort for each of our career pathways for Team Leaders, Assistant Managers and General Managers have now completed their training, which provides clearer progression opportunities across the business. We were delighted to celebrate 58 colleagues at our second graduation event in January 2026, recognising their commitment to personal and professional development.

Employee feedback remains a critical measure of our success. Following improvements in survey participation and engagement scores in the previous year, we continued to refine our approach to listening. We streamlined our engagement survey to focus on the areas most important to team members, enabling more meaningful feedback and clearer action planning. Our results showed continued improvement on previous years with completion increasing by 1% to 63%. Our Employee Promoter Score improved to 68.8%, a notable increase of 4.2% on the previous year. We remain committed to sharing results openly and working with teams to drive continuous improvement.

Creating an inclusive and supportive workplace remains central to our Sheps Spirit values. We continue to foster a culture where everyone is treated with respect and where individual backgrounds, experiences and perspectives are valued. Our partnership with Air Ambulance Charity Kent Surrey Sussex continues to receive outstanding support from colleagues across the business, strengthening our connection with the communities we serve.

We have further developed our social impact initiatives through partnerships that create pathways into employment for individuals facing barriers to work. Building on the success of our work with specialist recruitment agency Limebird, we have continued to provide employment opportunities for people nearing the end of custodial sentences, helping individuals gain valuable skills and sustainable employment while supporting our operational teams. Through these initiatives, we remain committed to creating opportunities, supporting wellbeing and making a positive contribution to the communities in which we operate.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS, AND OTHERS IN A BUSINESS RELATIONSHIP WITH THE COMPANY

The brewery has operated for many years, with the Company incorporated in 1914. Its long and successful history reflects the strength of the relationships it has built with suppliers, customers and other stakeholders. The Board remains committed to developing these relationships to support the Company's long-term success and deliver benefits for stakeholders.

The Company engages with suppliers, customers and licensees through meetings, discussions and business reviews, and takes account of the feedback received. It also benefits from a highly engaged shareholder base, with the Annual General Meeting typically well attended. Social media is an increasingly important engagement channel, and the Company is active on Facebook, LinkedIn, X and Instagram.

Recognising the importance of digital communication, we have continued to invest in our customer database, which continues to grow, strengthening our ability to communicate directly with customers and promote our pubs, hotels and brands. Email campaigns are used regularly to support 'Stay with Us' reminders, new beer updates, menu launches, sporting events, partnership offers and seasonal occasions such as Valentine's Day and Mothering Sunday.

The Board is committed to maintaining long-term business relationships. Its engagement with these stakeholders reflects the Directors' recognition of their importance to the Company's continued success.

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION

Environmental sustainability remains a key priority for the business. Further information on our initiatives is provided in the ESG Report on page 22, alongside our Streamlined Energy and Carbon Report for the financial year, prepared in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the Directors who held office at the date of approval of this report confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and that they have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

THIRD-PARTY INDEMNITY PROVISIONS

The Company maintains Directors' and Officers' liability insurance, which indemnifies Directors and Officers against claims arising from their business activities, except where such claims relate to fraud or dishonesty.

POLITICAL CONTRIBUTIONS

No political contributions were made during this or the prior year.

POST BALANCE SHEET EVENTS

There were no post balance sheet events.

AUDITOR

BDO LLP, appointed by the Directors in 2021 following a formal tender process, will be proposed for reappointment as auditor at the forthcoming Annual General Meeting.

By order of the Board

PETER RALPH Company Secretary

17 Court Street
Faversham, Kent ME13 7AX

29 September 2026

Registered in England number 00138256

CORPORATE GOVERNANCE REPORT



RICHARD OLDFIELD
Chairman

The Company is a private company limited by shares. These shares are quoted on the Aquis Stock Exchange (AQSE) Growth Market, which enjoys certain personal tax advantages for our shareholders compared with a full stock market listing.

The Board is committed to ensuring high standards for the Group and has applied the principles of the Quoted Companies Alliance Corporate Governance Code (QCA Code), a recognised corporate governance code which is appropriate to the nature and size of the Company.

THE BOARD AND ITS COMMITTEES

Application of the QCA Code provides a framework for the Board, led by the Chairman, to make robust decisions and to manage risk, in order to meet its responsibility to ensure that the Company is managed for the long-term benefit of all shareholders and stakeholders, with effective and efficient decision making. The key risks and uncertainties are set out in the Company's Strategic Report.

The Board aims to ensure that the Company's strategy and objectives are consistent with its culture and foster and maintain this culture. Key elements of the Company's culture include: its emphasis on serving its communities and on preserving a long-term outlook; encouragement of originality; and maintenance of its reputation as a good partner and employer – as set out in the Strategic Report. The Board believes that the reputation of the Company for fair and ethical behaviour continues to be sustained.

A schedule of the matters reserved for the Board can be found at investors.shepherdneame.co.uk/matters-reserved-for-the-board and includes:

- review of performance in light of the Company's strategy, objectives and budgets;
- approval of the Company's strategy and business plan;
- approval of the annual operating and capital expenditure budgets and any material changes to them; and
- oversight of the Company's operations, ensuring competent and prudent management, sound planning, an adequate system of internal control, and compliance with statutory and regulatory obligations.

This schedule also distinguishes the types of decision taken by the Board from those delegated to management. All operational matters are delegated to the Executive team and the Operations Committee.

All Board members, Non-Executive and Executive, participate in all Board decisions and contribute to Board discussions. While Executive Directors are members of the Executive Committee and Non-Executive Directors have a particular role in constructive challenge and scrutiny of Executive Committee actions and recommendations, the role and responsibility each Director has as a member of the Board is equivalent in terms of the setting of strategy and contribution to decision-making. The Board includes three Directors (a mix of Executive and Non-Executive) who are descendants of Percy Beale Neame, or their spouses, in accordance with the Company's Articles of Association. As members of the Board these family Directors have the same role and responsibilities as every other Board member.

The Chair's primary role is to ensure that the Board is effective in setting and implementing the Company's direction and strategy. The Chair's responsibilities are, inter alia: to oversee the Board's composition and development; to ensure good corporate governance; to plan and conduct Board meetings effectively and ensure all Directors are encouraged to participate fully; and to support the Chief Executive. The Senior Independent Director (SID) acts as a sounding board for the Chairman. She is also available on request to meet the Company's shareholders. The Board is supported by the Company Secretary, who helps ensure that the Board is aware of matters for which it is responsible and that applicable laws and regulations are complied with; and by various committees as detailed below, which are chaired by, and membership of which comprises, Non-Executive Directors. The Chair of each Committee reports to the Board on proceedings of Committee meetings.

The Board meets regularly throughout the year. In addition, an annual Board strategy day takes place each year where the Board receives reports in relation to progress against the Company's strategic objectives. The Board regularly visits the Company's pubs so Directors can engage directly with managers, licensees, team members and customers.

The Remuneration Committee

The prime function of the Remuneration Committee, which is chaired by Marion Sears, is to lead the process for executive remuneration, and to make recommendations to the Board in order that there is a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. The activities of the Remuneration Committee are explained fully in the Remuneration Committee Report on pages 45-48.

Attendance at scheduled meetings held during the year is set out in the table below:

	Board	Audit Committee	Remuneration Committee	Nomination Committee	Disclosure Committee
Number of meetings	7	4	4	5	2
Executive Directors					
Nigel Bunting	7	*	*	–	–
Jonathan Neame	7	*	*	*	2
Mark Rider	7	*	–	–	2
Non-Executive Directors					
Bill Brett	7	4	4	5	–
George Barnes	7	*	*	5	–
Meg Lustman	7	4	4	5	–
Marion Sears	7	4	4	5	–
Richard Oldfield	7	4	4	5	2

* These Directors are not members of the Committees but are invited to be in attendance at meetings as appropriate.

The Audit Committee

The Audit Committee, which is chaired by Bill Brett, is responsible for reviewing the financial reporting process, the system of internal control and management of financial risks, the audit process and the Company's process for monitoring compliance with laws and regulations and its own code of business conduct. Further details of the Committee's activities can be found in the Audit Committee Report on pages 43-44.

The Nomination Committee

The Nomination Committee is chaired by Richard Oldfield and is responsible for managing Board composition and succession. It also considers senior management appointments.

New appointments to the Board are made following an evaluation of the balance of skills, knowledge and experience on the Board, and identification of the skills and capabilities required for a particular appointment. The Committee considers:

- candidates from a wide range of backgrounds, on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- the use of external advisors or advertising to facilitate the search, if applicable; and
- the requirements set out in the Company's Memorandum and Articles of Association.

The Disclosure Committee

The Disclosure Committee comprises the Chairman, the Chief Executive, the Chief Financial Officer and the Company Secretary. The Committee meets as necessary to oversee the disclosure of information by the Company to meet its obligations under the Market Abuse Regulation.

Management Committees

The Executive Committee

The Executive Committee of the Board comprises the Executive Directors and the Company Secretary and is chaired by the Chief Executive. It meets monthly to review operating performance and has delegated authority from the Board to deal with operational matters such as the approval of minor capital projects and refurbishments, the agreement and approval of minor contracts with third parties, and employee appointments. Its principal focus is on people, policy, and property matters.

The Operations Committee

The Operations Committee is responsible for consumer, customer, commercial and trading relationships. It comprises the Executive Committee and the Operational Directors, being the Directors respectively of Sales, Tenanted Pub Operations, Retail Operations, Brewing, Commercial Finance, IT, People, Marketing and Communications, Professional Property, Property Services, and Property Development and Sustainability. The Operations Committee is chaired by the Chief Executive. The Committee holds brief weekly meetings to monitor performance and deal with immediate issues. In addition, quarterly meetings are held to look at longer-term strategy and innovation.

The Environmental, Social and Governance (ESG) Committee

The ESG Committee comprises the Operations Committee and is chaired by the Director of Property Development and Sustainability. Its overall objective is to establish a clear vision for the Group in terms of ESG on a short-, medium-, and long-term basis and the steps required to achieve these targets. Meetings are held quarterly to review the progress of internal working groups in delivering key objectives.

The Health & Safety Committee

The Health and Safety Committee comprises the Operations Committee and is chaired by the Chief Executive Officer. It meets quarterly to oversee the Group's health and safety framework, review significant incidents, monitor legal and regulatory compliance, and consider emerging risks across the business. The Committee also reviews progress against agreed actions and supports the continuous improvement of safe working practices across the Group.

BOARD COMPOSITION AND BALANCE

The Board comprises the Chairman, five other Non-Executive Directors, the Chief Executive, and two Executive Directors. Richard Oldfield is the Chairman and is a Non-Executive Director. Marion Sears is the Senior Independent Director (SID). Bill Brett, Marion Sears, Meg Lustman and Graham Turner are considered independent Non-Executive Directors. The biographical details on pages 34-35 shows the broad range of experience and skills the Directors bring to the Board. The Board considers itself well balanced, with an appropriate representation of family members in accordance with the Company's Articles of Association.

All Directors of the Company are expected to devote sufficient time to the role to carry out their responsibilities. In accordance with the Chairman's and Non-Executive Directors' contracts, they are expected to work for the Company for respectively 24 and 15 days per annum.

Any significant commitment or role outside the business or potential conflict of interest is declared by the Director concerned and subject to approval by the Chairman.

BOARD TRAINING AND DEVELOPMENT

Directors undertake appropriate ongoing development to keep their knowledge current, including training courses, industry forums, technical reading, online learning and advisor briefings, some of which are incorporated into Board and Executive Committee meetings. Executive and Non-Executive Directors also spend regular time in the trade with fellow Directors and team members, helping them remain informed about the Group's operations, market developments and competitors. The Board further benefits from regular presentations by the senior leadership team and other colleagues across the Company.

BOARD EFFECTIVENESS AND PERFORMANCE EVALUATION

The Board has an annual process for assessment of its own effectiveness and for evaluation of the contribution of its members to its overall performance. First, the Nomination Committee reviews the skills and experience of its members to confirm that all areas of governance are adequately reflected in this range of skills and experience. The Nominations Committee reviews the performance of committees and questions of succession. Second, each member of the Board provides a self-evaluation which is then reviewed with the Chairman. The outcome of these reviews is reported to, and discussed with, the Board, with an analysis of key themes.

The Senior Independent Director similarly evaluates the Chairman and discusses the outcome of this review with the Board as a whole.

REAPPOINTMENT OF DIRECTORS AND NOTICE PERIODS

Each Director is subject to re-election at the third Annual General Meeting (AGM) after the meeting at which he or she was previously elected or re-elected. Non-Executive Directors serving a period beyond nine years are subject to annual re-election. All newly appointed Directors stand for election at the AGM following their appointment.

ADVICE

Panmure Liberum provided broking and advisory services during the year, Travers Smith LLP and RPC LLP provided legal advice and Team Lewis, formerly Instinctif LLP, provided public relations advice.

INTERNAL CONTROL

The Board acknowledges its ultimate responsibility for the system of internal control within the Group and for its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has carried out an assessment of the key operational and financial risks for the Group, the control exercised at Board level, the controls relied upon by the Board and any exceptions for consideration by the Board. This review is updated on a regular basis.

The responsibility for the implementation and day-to-day operation of the systems of internal control within the business is delegated to the Chief Executive and Executive Directors and through them to members of management and staff. Key features of the system of internal control include: a detailed review of performance against budgets and forecasts, which are subject to scrutiny and approval; reports to the Board from each operating area; a requirement for authorisation of capital expenditure following formal investment appraisals; and a close involvement of the Executive Directors in the operation of the business.

INVESTOR RELATIONS

The Board believes in open and regular dialogue with shareholders, in addition to the information provided through the interim and annual financial statements. Each year, the Chief Executive and Chief Financial Officer present the Group's results to professional investors and analysts, with the presentation published simultaneously on the Company's website. These meetings allow the Chief Executive and the Chief Financial Officer to update shareholders on the Group's strategy and the Group's performance. All Board members receive copies of feedback reports from the results presentations and investor meetings, ensuring they remain informed of shareholder views. The Board offers to hold individual briefings with its major shareholders. Twice a year the Chief Executive and Chief Financial Officer, on occasion accompanied by the Chairman and/or SID, meet with the Family Council, to make presentations on the Company's performance.

The Company's shares are traded on the CREST trading platform.

All formal Company announcements are posted on the Company's website and on the AQSE website: www.aquis.eu/companies/SHEP.

RICHARD OLDFIELD Chairman

STATEMENT OF COMPLIANCE WITH QCA CODE

The Board is committed to maintaining effective corporate governance to support the delivery of its strategy for the long-term benefit of all stakeholders.

The Company applies the principles of the QCA Corporate Governance Code on a comply-or-explain basis. The QCA Corporate Governance Code consists of 10 principles, to

each of which is attached a summary of expectations in terms of disclosures in annual reports and accounts, and between four and seven points regarding application of the principles. The Board recognises that there are certain points of application in relation to which its governance arrangements do not fully follow the Code's guidance. The Board considers these arrangements to be appropriate for Shepherd Neame and has set out below the areas of non-compliance and also of potentially perceived non-compliance, together with the reasons for its approach.

Annual Re-election of Directors	The QCA Code recommends that all Directors should be subject to annual re-election. In accordance with the Company's Articles of Association, all Directors are subject to election by shareholders at the first Annual General Meeting after their appointment and to re-election at three-yearly intervals. Any non-executive Director in place for more than three terms (i.e. for more than nine years) is subject to annual re-election thereafter. The Company's Articles of Association require that at least three members of the Board be descendants (or their spouses) of Percy Beale Neame. The Board has not adopted annual re-election of all Directors. The QCA Code recommends attention be given to 'perceived impediments to independence' including tenure of directorship, while providing no stipulation. The Board believes that it should be regularly refreshed by retirements and new appointments. The Board has no fixed length of service as a Director that it regards as determinant, and any such criterion would be inappropriate in the case of Executive Directors. The Board believes that the current arrangements provide an appropriate balance of continuity, due regard for the family requirement in the Articles of Association, accountability and shareholder oversight.
Division of Responsibilities	From the date of the 2026 Annual General Meeting, Jonathan Neame will serve as Executive Chairman. This arrangement does not follow the QCA Corporate Governance Code's expectation that normally the Chair should not fulfil the role of Chief Executive. The Board considers this leadership structure is right for Shepherd Neame and that Jonathan Neame's appointment as Executive Chairman represents a natural and appropriate progression for the Company. His extensive knowledge of the business, significant industry experience and long-standing leadership of the Company provide continuity, stability and valuable strategic insight. These benefits are important as the Company continues to pursue its long-term strategic objectives. Appropriate safeguards are in place to support effective governance, independent oversight and constructive challenge. The Board has carefully considered and codified the division of responsibilities and reporting lines between the Executive Chairman-designate and the Managing Director-designate, Mark Rider. In this structure, the Executive Chair will be responsible for the overall leadership of the Company and the effectiveness of the Board, including the development of strategy, capital allocation, and the promotion, publicly and internally, of the Company's values, standards, culture and heritage, and, inter alia, will chair the Executive Committee which meets monthly. The Managing Director will be responsible for the day-to-day operation of the business and will lead the Executive team in delivering the strategy approved by the Board; the Managing Director will chair, inter alia, the Operations Committee, meeting quarterly, and its weekly management meeting. The Senior Independent Director will act as a sounding board for the Executive Chairman, be available to meet shareholders on request, and serve as an additional point of contact for Directors and other stakeholders. The independent Non-Executive Directors and the Board's committee structure provide oversight and challenge in relation to key matters reserved for the Board.
Board Composition	The QCA Code states that 'the independent non-executive directors should comprise at least half of the board. However, as a minimum there should be at least two non-executive directors whom the board considers to be independent'. The Company meets the Code expectation in that there were during the whole of the year three Non-Executive Directors it considers to be independent (in addition to the Chairman whom the Board has not classified as either independent or non-independent), notwithstanding that fewer than half of the Board comprised independent Non-Executive Directors. The Board believes that, taking account of its own evolution and of the Company's size, its composition remains appropriate for the Company. The independent Non-Executive Directors provide effective challenge and oversight. The fact that a member of the Board is a family member (as defined above) does not preclude him or her being classified, if the Board deems appropriate, as independent. Family member Directors have the same responsibility to stakeholders as every other Director. Following the 2026 Annual General Meeting and the appointment of Graham Turner after the year end, the Board will comprise four independent Non-Executive Directors, representing 50% of total Board membership.
Remuneration	Our remuneration policy is explained in the Remuneration Report. It supports long-term value creation and the Company's purpose, strategy and culture. The Remuneration Committee comprises the Chair of the Company and the independent Non-Executive Directors, and the Committee Chair is independent. We comply with the QCA code except that, in line with many small companies, we do not hold a separate advisory vote.

AUDIT COMMITTEE REPORT



BILL BRETT
Chair of Audit Committee

OVERVIEW

The Committee comprises Bill Brett, as Chair, Richard Oldfield, Marion Sears and Meg Lustman. Graham Turner joined the Committee after the year end. It met four times during the 52 weeks to 27 June 2026. Member attendance is shown on page 39. The Group auditor, Chief Executive and Chief Financial Officer attend meetings by invitation when appropriate. When the external auditor attends, the Committee's policy is to meet separately with the auditor without the Chief Executive or Chief Financial Officer present.

The Committee operates under defined terms of reference, available at investors.shepherdneame.co.uk/audit-committee-terms-of-reference. Its responsibilities include oversight of financial reporting, internal control, financial risk management, the audit process, legal and regulatory compliance, and adherence to the Company's code of business conduct. In carrying out its duties, the Committee maintains effective working relationships with the Board, management, the Group auditor and any specialist advisers engaged to support its work.

SIGNIFICANT FINANCIAL JUDGEMENTS

The Committee receives reports from the Chief Financial Officer and the Group auditor on key accounting matters and significant areas of judgement in the proposed financial statements. In recommending the financial statements to the Board for approval, the Committee reviewed the matters set out below.

Impairment of non-current assets

The Committee reviewed management's approach and key assumptions in valuing the Group's estate. Independent third parties were engaged to provide a view on the discount rate used in the valuations and to assess property fair values on a sample basis. The Committee also considered the discount rate, growth rate and cash flow forecasts used in value-in-use calculations, and the multiples applied in fair value assessments, to ensure they were consistent with previous practice and appropriate in the circumstances. The Committee is satisfied that the accounting, disclosures and related sensitivities included in the Annual Report are appropriate.

Designation of underlying and non-underlying items

Certain items are excluded from underlying results to provide a clearer view of the Group's trading performance. The Committee reviewed management's judgement in identifying these items and considered whether the methodology and treatment were consistent with the Group's accounting policies. The Committee concluded that the items excluded from underlying results were reasonable.

Going concern

The Committee reviewed management's revenue, profit and cash flow projections, together with available banking facilities, covenant compliance and cash resources. The Committee is satisfied that appropriate plans are in place to support the preparation of the accounts on a going concern basis.

Investment property values

The Committee reviewed the annual revaluation of the Company's investment properties, prepared by the Company's professionally qualified internal valuers. In assessing the valuations, the Committee considered current property market conditions and, where relevant, the status of planning permissions. The Committee concluded that the valuations were reasonable.

AUDIT COMMITTEE REPORT CONTINUED

Risk

The Committee reviews the Company's risk management framework, including its approach to financial risk and regulatory compliance, to satisfy itself that effective risk management, internal controls and assurance activities are embedded across the organisation and address both opportunities and threats.

A risk management overview, together with the Board and management's assessment of the principal risks and uncertainties facing the Company, is set out on pages 28–30. The Board also considers longer-term strategic risks in planning the Company's response to future challenges.

During the year, the Committee reviewed the Group's financial reporting controls and the assurance available over key areas of judgement and risk. It also considered the Board's assessment of principal risks and whether existing controls and assurance activities remained appropriate in light of the Group's risk appetite. The Committee concluded that the Group's internal control and assurance arrangements remained proportionate to the size and complexity of the business.

AUDITOR

BDO LLP was appointed as the Group's auditor in 2021 following a formal tender process. The Committee reviews BDO's performance, effectiveness and independence, including audit partner rotation. The audit engagement partner must rotate every five years, and 2026 is Emma Jarvis' first year in that role. The Committee is satisfied that BDO remains independent.

In assessing independence, the Committee considered BDO LLP's tenure, audit partner rotation, audit quality, objectivity, fees and the extent of any non-audit services. As no non-audit services were provided during the year, the Committee concluded that appropriate safeguards were in place and auditor independence was maintained.

The auditors presented their audit strategy to the Committee in June 2026 and reported their audit findings and conclusions in September 2026.

For 2026, BDO LLP provided audit services for the Group accounts for fees of £288,000 (2025: £277,000).

The Board's policy is to obtain proposals and quotations from a range of suppliers for significant non-audit work, to secure an appropriate balance of quality and value for money.

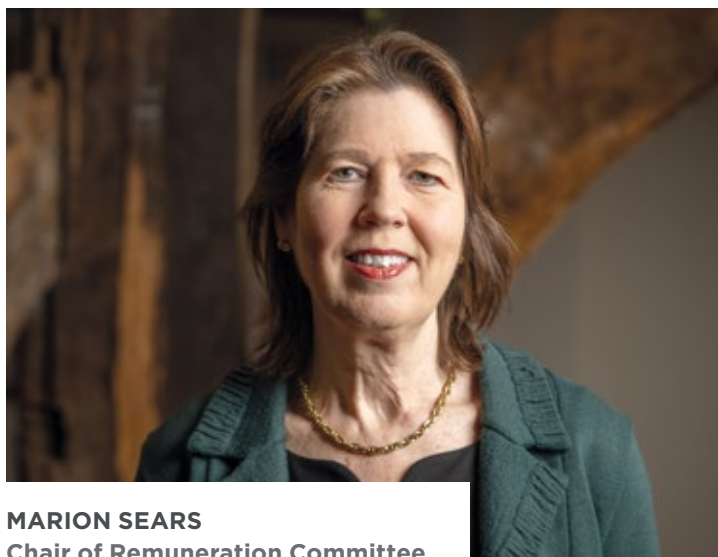
The Committee has recommended that the Board reappoint BDO as auditor for the 52 weeks to 26 June 2027. A resolution will be proposed at the 2026 Annual General Meeting.

BILL BRETT
Chair of Audit Committee

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THE PRIMARY ROLE OF THE AUDIT COMMITTEE IS TO ASSIST THE BOARD IN FULFILLING ITS OVERSIGHT RESPONSIBILITIES IN AREAS SUCH AS THE INTEGRITY OF FINANCIAL REPORTING, THE SYSTEM OF INTERNAL CONTROL AND THE MANAGEMENT OF FINANCIAL RISKS, AS WELL AS BROADER COMPLIANCE MATTERS.

REMUNERATION COMMITTEE REPORT



MARION SEARS
Chair of Remuneration Committee

THE COMMITTEE AND ITS RESPONSIBILITIES

The Remuneration Committee comprises the following Non-Executive Directors – Marion Sears (Chair), Bill Brett, Meg Lustman and Richard Oldfield. Graham Turner joined the Committee after the year end. The Chief Executive attends the meetings by invitation. The work of the Committee is set out in its terms of reference which are available on the Company's website. The Committee met four times during the period and the attendance for each member is set out in the table on page 39.

The Remuneration Committee determines on behalf of the Board the remuneration policy for the Executive Directors. It is responsible for determining remuneration structure, and for approving the incentive targets and payments for the Company's Executive Directors and Operations Directors.

The Committee aims to ensure that remuneration packages for Executive Directors are competitive and comparable with those at companies of a similar size, complexity and activity, and that they are designed to attract, retain and motivate Executive Directors with appropriate skills and capabilities to deliver the strategy and add value for shareholders, while also ensuring that arrangements are appropriate in the context of the approach to remuneration for our team members.

Remuneration for Executive Directors comprises fixed remuneration (salary including pension, car allowance and other taxable benefits) and variable remuneration designed to retain, motivate and align Executive interests with Company performance over a sustained period. Performance-related remuneration is an important part of Executive opportunity and is only paid for achieving financial targets linked to the Company's long-term objectives, as well as non-financial targets which are also linked to the Company's strategic goals. To ensure strategic focus and team spirit, the same remuneration structure also applies to Operations Directors.

In coming to these decisions, the Remuneration Committee considers the overall performance of the business and of the individual Executive Directors, as well as the performance of our national and regional competitors when appropriate. External consultants are used periodically to assist the Remuneration Committee and Deloitte LLP provided advice on our new Save As You Earn scheme in the year.

EXECUTIVE DIRECTOR REMUNERATION

Salary levels for Executive Directors are reviewed annually in line with the overall Company pay review process. The basic pay award for Executive Directors for the financial year commencing July 2026 was 3%. This was in line with the standard increase of 3% awarded to the wider salaried staff. Pay increases for our non-salaried pub teams are governed by changes to the National Living Wage, which increased by 4.1%. The Company has applied additional increases to ensure that our team members are paid above the statutory minimum.

As announced in July 2026, our Chairman, Richard Oldfield, will retire at the AGM and following the AGM Jonathan Neame, our Chief Executive Officer (CEO), will assume the role of Executive Chairman and Mark Rider, our Chief Financial Officer (CFO), will be appointed Managing Director. The Board is conscious of its own cost but also recognises the change in scope and responsibility of the new Executive positions. Accordingly, and given the cessation of Richard Oldfield's salary, the Committee agreed that following the AGM Jonathan's salary will increase to £355,000 and Mark's salary will increase to £325,000. There will be no change to their bonus or long-term incentives.

The performance-related pay element of Executive Director remuneration has two components:

- **Annual bonus** – A cash bonus scheme providing for annual bonuses based on achieving financial and non-financial targets. These targets are set at the start of the financial year and performance is evaluated after the financial year is complete. For the 52 weeks to 27 June 2026, the maximum value of this bonus was up to 75% of salary for the CEO, up to 60% of salary for the CFO and up to 50% of salary for the Commercial Director. 65% of the award is assessed against financial targets based on budgeted underlying profit before tax, and 35% on team and individual non-financial targets. The non-financial targets were set to ensure they supported our strategic priorities and to reflect the different roles and responsibilities of each Executive Director, and are subject to financial gateway criteria. The financial targets are set so that a full award is only achieved for significantly outperforming the budget. For the year to June 2026, the bonus vesting to the Executive Directors was 37% of salary for the CEO, 37% for the CFO and 23% for the Commercial Director, as set out in note 11 on page 73.

REMUNERATION COMMITTEE REPORT CONTINUED

- **Long-term incentive** – Until 2024 secondary options over ordinary shares were granted annually to a value of up to 75% of salary for the CEO and up to 70% of salary for all other Executive Directors, in accordance with the rules of the 2015 Restricted Share Scheme. Under this scheme options have been granted every year but only vest three years after grant by reference to performance over the three-year period. Executive Directors are expected not to sell any vested shares for a further two years.

Share options were granted in October 2023, with targets based on EPS growth and were assessed against performance in the financial year ending June 2026. The threshold was not achieved and the award has lapsed.

For performance-related pay in the financial year commencing July 2026, the Committee has considered whether the various components remain appropriate. It has concluded that the annual bonus framework should continue to apply as set out above, with gateway criteria applying and attached to individual budget achievement for Operations Directors. Annual bonus targets have been set, to be measured against performance in the financial year to June 2027, with financial targets set so that a full award is only achieved for significantly outperforming the budget.

As explained in last year's report, the 2015 Restricted Share Scheme expired after 10 years and we reviewed the long-term incentive structure. Under the new Share Scheme rules that were approved by shareholders at the AGM in 2025, again with a 10-year life, we introduced a new Performance Share Plan (PSP) and during the year Executive Directors were granted awards under the scheme as detailed on page 47.

As described last year, the PSP is designed to align the new leadership team collectively with the medium-term delivery of our strategy, to support long-term decision making and to emphasise the importance of improving our return on capital in order to achieve sustained profitable growth and increase shareholder value. Nil-cost options were issued in November to the value of up to 100% of base salary for the CEO and 85% of base salary for the CFO to reflect the significance of this next phase of leadership; at 70% of base salary for the Commercial Director and at a lower quantum to the Operations Directors. They comprised 2/3rds performance-related award and 1/3rd retention award and have a reference period of 29 June 2025 to 24 June 2028, in which the performance element will have two performance conditions: real growth in underlying earnings per share, and improvement in Company return on capital employed. These financial targets have been set so that full vesting of the performance element is only achieved for significantly outperforming the medium-term plan. A holding period of a further two years to 2030 will apply to 50% of any performance element vesting and to all of the retention element.

SHARE SCHEMES

The Shepherd Neame 2025 Performance Share Plan (the 2025 Plan) was approved by shareholders at the AGM last year and it allows the Committee to make awards which are closely aligned to Company performance and the interests of shareholders over the long term. The 2025 Plan includes features consistent with prevailing market and best practices, including malus and clawback provisions.

The malus provision allows that options may be granted on terms such that unvested options may be forfeited in circumstances of fraud, financial misstatement and misconduct, including action or conduct by a participant which amounts to serious reputational damage to the Company or any business unit.

The clawback provision, where specified at the time of grant, allows that in these circumstances the Company may reclaim and/or be compensated for shares acquired by an employee under their previously vested options.

During the year, the Company introduced a Save As You Earn scheme for eligible employees. The scheme enables participants to enter into a three-year savings contract and, at the end of the savings period, to use those savings to acquire shares in the Company at a discounted option price. The scheme is open on the same terms to all eligible employees, including Executive Directors (see note 33a). Jonathan Neame participated in the scheme during the year, and the related option is included in the Details of Directors Share Awards disclosure on page 47.

Executive Directors were eligible to participate in the Company's All-Employee Share Incentive Plan (SIP), which was open to employees with at least 18 months' service at the date of award. The scheme provided free shares based on length of service and salary, with a maximum annual award of £3,600 per employee. No awards have been made under the scheme since 2019.

NON-EXECUTIVE DIRECTOR FEES

Non-Executive Directors receive fees which are reviewed annually by the Executive Committee in line with the overall Company pay review process. The Chairman's fee is set by the Remuneration Committee. The Chairman and Non-Executive Directors were awarded a fee increase of 3% in line with that for the Executive Directors and wider salaried staff in July 2026. They do not participate in any performance-related arrangements.

The Board and Committee (excluding the Senior Independent Director) recognise the increased emphasis placed on the Senior Independent Director role following the appointment of an Executive Chairman and have approved a new Senior Independent Director fee of £60,000 effective from the AGM.

DIRECTORS' EMOLUMENTS

Details of Directors' emoluments for the period are set out in note 11 on page 73.

SHARE AWARDS MADE DURING THE FINANCIAL YEAR

The following share awards were made to Executive Directors during the year.

Group and Company	Type of award	Basis of award (maximum)	Number of shares (maximum)	Face value (maximum)
Nigel Bunting	Nil-cost options	70% of salary	34,128	£174,370
Jonathan Neame	Nil-cost options	100% of salary	66,410	£339,290
Mark Rider	Nil-cost options	85% of salary	49,911	£255,000

The table shows the maximum value and the number of shares awarded. The award was made on 7 November 2025 and the number of shares was calculated using the share price at that date of £5.11.

The award comprises a retention element and a performance element which carries performance targets over a three-year reference period ending June 2028. Performance will be assessed in 2028 to establish the percentage of the award that will vest. Holding periods apply post-vesting.

DETAILS OF DIRECTORS' SHARE AWARDS

Subject to performance conditions being met, options over the Company's ordinary shares held by Directors at 27 June 2026 and 28 June 2025 are as follows:

	At 28 June 2025	Granted	Exercised	Forfeited	At 27 June 2026	Exercise price £	Date from which exercisable	Expiry date
George Barnes	17,600	-	-	(17,600)	-	0.5	28/10/2025	28/10/2032
	17,600	-	-	(17,600)	-			
Nigel Bunting	955	-	(955)	-	-	0.5	09/12/2024	09/12/2031
	23,424	-	-	(23,424)	-	0.5	28/10/2025	28/10/2032
	20,619	-	-	-	20,619	0.5	27/10/2026	27/10/2033
	32,226	-	-	-	32,226	0.5	01/11/2027	01/11/2034
	-	34,128	-	-	34,128	0.0	07/11/2028	07/11/2035
	77,224	34,128	(955)	(23,424)	86,973			
Jonathan Neame	34,183	-	-	(34,183)	-	0.5	28/10/2025	28/10/2032
	30,091	-	-	-	30,091	0.5	27/10/2026	27/10/2033
	47,029	-	-	-	47,029	0.5	01/11/2027	01/11/2034
	-	66,410	-	-	66,410	0.0	07/11/2028	07/11/2035
	111,303	66,410	-	(34,183)	143,530			
Mark Rider	1,164	-	-	-	1,164	0.5	09/12/2024	09/12/2031
	28,538	-	-	(28,538)	-	0.5	28/10/2025	28/10/2032
	25,121	-	-	-	25,121	0.5	27/10/2026	27/10/2033
	37,820	-	-	-	37,820	0.5	01/11/2027	01/11/2034
	-	49,911	-	-	49,911	0.0	07/11/2028	07/11/2035
	92,643	49,911	-	(28,538)	114,016			
Total	298,770	150,449	(955)	(103,745)	344,519			

The market price of shares at 27 June 2026 was £5.05 (28 June 2025: £5.00) and the range during the year was £4.37 to £5.43 (2025: £4.76 to £6.80).

During the year the Company introduced a Save As You Earn scheme available to eligible employees, including Executive Directors. Options granted under the scheme are not subject to performance conditions. The Options have a contract start date of 1 June 2026 and are exercisable from 1 June 2029.

	At 28 June 2025	Granted	Exercised	Lapsed	At 27 June 2026	Exercise Price £	Date from which exercisable
Jonathan Neame	-	907	-	-	907	4.01	01/06/2029

REMUNERATION COMMITTEE REPORT CONTINUED

DIRECTORS' INTERESTS

The interests of the current Directors in the Company's shares at 27 June 2026 and 28 June 2025 are as follows:

		Beneficial	Ordinary shares as trustees	Under SIP
George Barnes	2026	63,893	-	3,546
	2025	61,040	-	3,546
Bill Brett	2026	25,786	-	-
	2025	27,073	-	-
Nigel Bunting	2026	24,540	-	-
	2025	22,388	-	1,197
Jonathan Neame	2026	180,979	458,106	-
	2025	163,798	458,106	3,181
Richard Oldfield	2026	151,841	-	-
	2025	126,841	-	-
Mark Rider	2026	7,198	-	2,023
	2025	7,198	-	2,023
Marion Sears	2026	15,000	-	-
	2025	6,000	-	-
Meg Lustman	2026	2,279	-	-
	2025	-	-	-

The holdings under the SIP were allocated in all years from 2003 to 2019 except for 2009 and are held in trust for a qualifying period of three years before ownership vests unconditionally (see note 33a).

MARION SEARS

Chair of Remuneration Committee

DIRECTORS' RESPONSIBILITIES STATEMENT

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with UK-adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with UK-adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditor for the purposes of their audit and to establish that the auditor is aware of that information. The Directors are not aware of any relevant audit information of which the auditor is unaware.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHEPHERD NEAME LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 27 June 2026 and of the Group's profit and the Group's and the Parent Company's cash flows for the period then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Shepherd Neame Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the period ended 27 June 2026 which comprise of the following:

- Group Income Statement
- Group Statement of Comprehensive Income
- Group and Parent Company Statement of Financial Position
- Group and Parent Company Statement of Changes in Equity
- Group and Parent Company Statement of Cash Flows
- Notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in the preparation of the Group and Parent Company financial statements is applicable law and UK adopted international accounting standards.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the process the Directors followed to make their assessment, including checking if the assessment and underlying projections were prepared by appropriate individuals with sufficient knowledge of the detailed figures;
- Reviewing and challenging the key assumptions included in their cash flow forecasts against prior period including trading performance, inflationary pressures and anticipated cash outflows, and consistency with other audit evidence;
- Performing downside sensitivity analysis to assess the reduction in revenue required to breach banking covenants or exhaust available liquidity; and evaluated whether such scenarios were reasonably possible; and
- Considering the adequacy of the disclosures relating to going concern included within the annual report against the requirements of the accounting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group and the Parent Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

OVERVIEW

Key audit matters

	2026	2025
Impairment of property, plant and equipment	✓	✓
Valuation of investment properties		✓

Valuation of investment properties is no longer considered to be a key audit matter because of low magnitude of potential impact and reduced likelihood of material misstatement.

Materiality

Group financial statements as a whole

£3.1m (2025: £3.1m) based on 1% (2025: 1%) of Total Assets excluding Right of Use Assets

We have determined a specific materiality to be applicable to trading profit and loss items, items which contribute to underlying profit before tax and working capital financial statement areas (FSA's) in the Group and Parent Company Statement of Financial Position.

£1,000,000 (2025: £1,000,000) being 0.62% of revenue (2025: 0.65% of revenue).

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. We identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Components in scope

The Group's operations are all conducted in the United Kingdom. The Group comprises the Parent Company and its five subsidiary undertakings which were either dormant or non-trading throughout the period end. The Group's result for the period is the same as the Parent Company's result for the period and the Parent Company makes up 100% of the Group's assets and liabilities.

Based on our assessment, we did not identify any component other than the Parent Company and we have determined the Parent Company to be in scope. We used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included procedures on the entire financial information of the component, including performing substantive procedures.

The Group engagement team performed an audit of the complete financial information of the Parent Company and has not involved component auditors in the Group audit.

Procedures performed centrally

The group operates a centralised IT function that supports IT processes. This IT function is subject to specified risk-focused audit procedures, predominantly the testing of the relevant IT general controls and IT application controls.

Changes from the prior period

There were no changes in group audit scope from the prior period.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHEPHERD NEAME LIMITED CONTINUED

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
Impairment of Property, plant and equipment Note 1 sets out the accounting policy, Note 2 sets out the key areas of estimation uncertainty regarding impairment, Note 3 presents the Impairment Charge in each segment, Note 14 sets out the PPE impairment and Note 15 sets out the impairment summary, disclosures and sensitivities. As described in note 15, the Group has recorded an impairment charge of £4.8m on Property, plant, and equipment ('PPE'). At 27 June 2026 the carrying value of PPE was £282.7m. Impairment assessments for the Group's assets are performed on the basis of each individual cash generating unit (CGU). An asset is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount of each CGU is determined as the higher of its fair value less costs of disposal (FVLCD) and its value in use (VIU). Where indicators of impairment exist, in most cases the recoverable amount is determined as FVLCD, and a valuation of the property is performed. In determining FVLCD, a valuation of each CGU is undertaken by the Group's own RICS-qualified staff. Fair values are determined having regard to both market-based property evidence and earnings-based valuation methodologies, including maintainable EBITDA multiples derived from comparable transactions and market participant assumptions. Estimation is required in assessing maintainable EBITDA and selecting appropriate valuation multiples for each CGU. A sample of the CGUs were also valued by a third-party valuer and values compared with the Group's internal valuations. Estimates used by management in determining FVLCD are inherently subjective, and even modest changes in key assumptions could result in a range of outcomes. Given the quantum of the carrying value of PPE assets and the degree of judgement involved in determining their recoverable amounts, we considered impairment of PPE to be a key audit matter.	• We evaluated the appropriateness of management's identification of cash generating units (CGUs) against the requirements of the applicable accounting standard. • We assessed the completeness of management's identification of indicators of impairment against relevant internal and external sources of information, in accordance with the applicable accounting standard. In respect of the CGUs where indicators of impairment were identified and the recoverable amounts were supported by fair value less cost of disposal: • We evaluated the reasonableness of the maintainable EBITDA assumptions used in Management's FVLCD calculation by comparing to historic performance and industry data. • With the assistance of our BDO valuation experts, including RICS qualified valuers, we assessed management's valuation and the third-party valuation report and assessed the appropriateness of the valuation methodologies and assumptions applied (such as the multiples) including benchmarking these to available market data. • We evaluated the independence and expertise of the third-party valuer. We also assessed the qualifications and experience of the Group's own RICS-qualified staff. • We evaluated the results of management's comparison of the third-party valuation report to those of the internal valuations. In respect of impairment reversals: • We reviewed the Group's policy and procedures related to the identification of impairment reversals for assets. • We reviewed supporting evidence of whether it was appropriate for management to record an impairment reversal. Disclosures • We assessed the reasonableness of the sensitivity analysis and the completeness of the disclosures within the financial statements against the requirements of UK-Adopted International Accounting Standard 36. Key observations Based on our procedures, we considered the estimates and assumptions used by management in estimating FVLCD, and the related disclosures to be reasonable.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group and Parent Company financial statements	
	2026 £m	2025 £m
Materiality	3.1	3.1
Basis for determining materiality	1% of total assets excluding right of use assets	1% of total assets excluding right of use assets
Rationale for the benchmark applied	We considered total assets to be the most appropriate measure for materiality based on relevant metrics used by investors and other users of the financial statements.	We considered total assets to be the most appropriate measure for materiality based on relevant metrics used by investors and other users of the financial statements.
Performance materiality	2.3	2.3
Basis for determining performance materiality	75% of Group materiality	75% of Group materiality
Rationale for the percentage applied for performance materiality	In setting the level of performance materiality, we considered a number of factors including the control environment, our testing strategy, the expected total value of known and likely misstatements (based on past experience and other factors) and management's attitude towards proposed adjustments.	In setting the level of performance materiality, we considered a number of factors including the control environment, our testing strategy, the expected total value of known and likely misstatements (based on past experience and other factors) and management's attitude towards proposed adjustments.

We determined materiality for the Parent Company to be the same as for the Group in both the current and prior period as it is the only trading component of the Group. This is consistent in both the current and the prior period and there is limited aggregation risk across the Group.

Specific materiality

We also determined that for items impacting the trading profit and loss items, items which contribute to underlying profit before tax and working capital financial statement areas (FSA's) in the Group and Parent Company Statement of Financial Position, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items based on revenue (2025: revenue). We further applied a performance materiality level of 75% (2025: 75%) of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £155,000 (2025: £150,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds. For the Financial Statement Areas where Specific Materiality applies, we reported all individual audit differences in excess of £50,000.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the 'Annual Report' other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR’S REPORT
TO THE MEMBERS OF SHEPHERD NEAME LIMITED
CONTINUED

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Report of the Directors	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Report of the Directors’ for the financial period for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors’ report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors’ report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors’ remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors’ Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group’s and the Parent Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Parent Company and management.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance including the Audit Committee and enquiries with external legal counsel;
- Involvement of tax specialists in the audit; and
- Obtaining an understanding of the Group’s policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be the Companies Act, UK adopted international accounting standards and UK tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be health and safety legislation and property and building regulations.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiries with management and those charged with governance including the Audit Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the area most susceptible to fraud to be management override where management is in a unique position to potentially bypass the control frameworks in place and enforce changes to the underlying financial information or financial statements as a result and fraud in revenue recognition where we identified the manipulation of revenue by posting journals as a significant risk.

Our procedures in respect of the above included:

- Testing journal entries throughout the period, which met defined risk criteria, by agreeing to supporting documentation;
- Testing a sample of the residual population of journals not meeting the defined risk criteria by agreeing to supporting documentation; and
- Assessing significant estimates made by management for bias in relation to impairment of assets.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

EMMA L JARVIS Senior Statutory Auditor

For and on behalf of BDO LLP, Statutory Auditor
London, UK

29 September 2026

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

GROUP INCOME STATEMENT

FOR THE 52 WEEKS ENDED 27 JUNE 2026

	Note	52 weeks ended 27 June 2026			52 weeks ended 28 June 2025		
		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	3, 4	162,579	-	162,579	164,302	-	164,302
Other income	5a	171	-	171	371	-	371
Operating charges	5b, 7	(149,068)	(5,706)	(154,774)	(150,929)	(1,649)	(152,578)
Operating profit	3, 7	13,682	(5,706)	7,976	13,744	(1,649)	12,095
Finance costs	3, 6, 7	(5,928)	(275)	(6,203)	(6,128)	-	(6,128)
Profit on disposal of property	3, 7	-	1,158	1,158	-	221	221
Investment property fair value movements	3, 7	-	654	654	-	104	104
Profit before taxation		7,754	(4,169)	3,585	7,616	(1,324)	6,292
Taxation	8	(2,185)	57	(2,128)	(2,242)	365	(1,877)
Profit after taxation		5,569	(4,112)	1,457	5,374	(959)	4,415
Earnings per 50p ordinary share	10						
Basic				9.9p			30.0p
Diluted				9.9p			29.9p

All results are derived from continuing activities.

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE 52 WEEKS ENDED 27 JUNE 2026

	Note	52 weeks ended 27 June 2026 £'000	52 weeks ended 28 June 2025 £'000
Profit after taxation		1,457	4,415
Items that may be reclassified subsequently to profit or loss:			
Gains/(losses) arising on cash flow hedges during the period	25	88	(77)
Income tax relating to these items	8	(22)	19
Amounts reclassified to profit or loss on discontinuation of cash flow hedges	25	(22)	-
Other comprehensive gains/(losses)		44	(58)
Total comprehensive income		1,501	4,357

GROUP AND PARENT COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 27 JUNE 2026

	Note	Group 27 June 2026 £'000	Group 28 June 2025 £'000	Company 27 June 2026 £'000	Company 28 June 2025 £'000
Non-current assets					
Goodwill and intangible assets	13	204	249	204	249
Property, plant and equipment	14	282,749	284,431	282,749	284,431
Investment properties	16	7,866	7,106	7,866	7,106
Other non-current assets	18	-	-	22	22
Right-of-use assets	19	43,408	44,040	43,408	44,040
		334,227	335,826	334,249	335,848
Current assets					
Inventories	20	9,621	8,821	9,621	8,821
Trade and other receivables	21	15,998	16,206	15,998	16,206
Cash and cash equivalents		2,682	298	2,682	298
Assets held for sale	22	1,000	672	1,000	672
		29,301	25,997	29,301	25,997
Current liabilities					
Trade and other payables	23	(29,962)	(26,864)	(29,984)	(26,886)
Corporation tax payable		(768)	(479)	(768)	(479)
Borrowings	24	-	(1,600)	-	(1,600)
Lease liabilities	19	(3,243)	(3,392)	(3,243)	(3,392)
		(33,973)	(32,335)	(33,995)	(32,357)
Net current liabilities		(4,672)	(6,338)	(4,694)	(6,360)
Total assets less current liabilities		329,555	329,488	329,555	329,488
Non-current liabilities					
Lease liabilities	19	(47,190)	(47,951)	(47,190)	(47,951)
Borrowings	24	(84,688)	(82,432)	(84,688)	(82,432)
Derivative financial instruments	25	-	(297)	-	(297)
Deferred tax liabilities	27	(17,643)	(17,292)	(17,643)	(17,292)
		(149,521)	(147,972)	(149,521)	(147,972)
Net assets		180,034	181,516	180,034	181,516
Capital and reserves					
Share capital	28	7,384	7,384	7,384	7,384
Share premium account	29	1,099	1,099	1,099	1,099
Revaluation reserve	29	31	31	31	31
Own shares	29	(907)	(995)	(907)	(995)
Capital redemption reserve	29	45	45	45	45
Hedging reserve	29	-	(44)	-	(44)
Retained earnings	29	172,382	173,996	172,382	173,996
Total equity		180,034	181,516	180,034	181,516

The profit for the year of the Company was £1,457,000 (2025: £4,415,000). Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own Income Statement.

These accounts for Shepherd Neame Limited (registered in England number 00138256) were approved and authorised for issue by the Board of Directors on 29 September 2026 and were signed on its behalf by:

RICHARD OLDFIELD
Chairman

JONATHAN NEAME
Chief Executive

GROUP AND PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 27 JUNE 2026

	Note	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Own shares £'000	Capital redemption reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
Balance at 29 June 2024		7,429	1,099	31	(1,028)	-	14	173,262	180,807
Profit for the financial year		-	-	-	-	-	-	4,415	4,415
Losses arising on cash flow hedges during the year	25	-	-	-	-	-	(77)	-	(77)
Tax relating to components of other comprehensive income	8	-	-	-	-	-	19	-	19
Total comprehensive income		-	-	-	-	-	(58)	4,415	4,357
Ordinary dividends paid	9	-	-	-	-	-	-	(3,071)	(3,071)
Share-based payments	33	-	-	-	-	-	-	(47)	(47)
Purchase of own shares	29	(45)	-	-	-	45	-	(532)	(532)
Distribution of own shares	29	-	-	-	33	-	-	(31)	2
Balance at 28 June 2025		7,384	1,099	31	(995)	45	(44)	173,996	181,516
Profit for the financial year		-	-	-	-	-	-	1,457	1,457
Gains arising on cash flow hedges during the year	25	-	-	-	-	-	88	-	88
Tax relating to components of other comprehensive income	8	-	-	-	-	-	(22)	-	(22)
Amounts reclassified to profit or loss on discontinuation of cash flow hedges	25	-	-	-	-	-	(22)	-	(22)
Total comprehensive income		-	-	-	-	-	44	1,457	1,501
Ordinary dividends paid	9	-	-	-	-	-	-	(3,168)	(3,168)
Share-based payments	33	-	-	-	-	-	-	182	182
Purchase of own shares	29	-	-	-	-	-	-	-	-
Distribution of own shares	33	-	-	-	88	-	-	(85)	3
Balance at 27 June 2026		7,384	1,099	31	(907)	45	-	172,382	180,034

There are no differences between the Parent Company Statement of Changes in Equity and the Group Statement of Changes in Equity above for the 52 weeks to 27 June 2026.

GROUP AND PARENT COMPANY STATEMENT OF CASH FLOWS

FOR THE 52 WEEKS ENDED 27 JUNE 2026

	Note	52 weeks ended 27 June 2026 £'000	52 weeks ended 28 June 2025 £'000
Cash flows from operating activities			
Cash generated from operations	30a	27,665	24,888
Income taxes paid		(1,137)	(2,939)
Net cash generated by operating activities		26,528	21,949
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		303	502
Proceeds from disposal of assets held for sale		1,655	1,576
Purchases of property, plant, equipment, investment property and lease premiums		(14,613)	(11,410)
Freehold purchase of previously leased property		-	(3,571)
Net cash used in investing activities		(12,655)	(12,903)
Cash flows from financing activities			
Dividends paid	9	(3,168)	(3,071)
Interest paid		(3,941)	(4,343)
Payments of interest portion of lease liabilities		(1,232)	(1,186)
Payments of principal portion of lease liabilities	19	(3,134)	(3,463)
Repayment of term loan	30c	(1,600)	(1,600)
Proceeds from borrowings ^{1,2}	30c	2,000	1,000
Payment upon exit of derivative financial instruments		(143)	-
Issue costs of new long-term loans		(274)	-
Purchase of own shares		-	(532)
Share option proceeds		3	2
Net cash used in financing activities		(11,489)	(13,193)
Net movement in cash and cash equivalents		2,384	(4,147)
Cash and cash equivalents at beginning of the period		298	4,445
Cash and cash equivalents at end of the period		2,682	298

¹ The net amount of £1,500,000 drawn down within the 52 weeks to 27 June 2026 against the revolving credit facility has been included within proceeds from borrowings. Total proceeds received in the period were £13,500,000 and total amounts paid were £12,000,000 in respect of this facility.

² Proceeds from borrowings include an amount of £500,000 received upon the repayment in full of the previous term loan held of £14,500,000 and the provision of a new £15,000,000 term loan on 13 March 2026. The net amount was received upon refinancing of the instrument.

There are no differences between the Parent Company Statement of Cash Flows and the Group Statement of Cash Flows above for the 52 weeks to 27 June 2026.

NOTES TO THE FINANCIAL STATEMENTS

27 JUNE 2026

1 MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted are set out below and have been applied consistently in presenting the Group and Parent Company financial information.

a General information and basis of preparation

Shepherd Neame Limited (the Company) is a company incorporated in the United Kingdom under the Companies Act. The Company is a private company limited by shares and is registered in England and Wales. The registered office is 17 Court Street, Faversham, Kent ME13 7AX. The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the Report of the Directors on page 36. Shepherd Neame Limited is the ultimate controlling party of the Group.

These financial statements have been prepared in accordance with UK-adopted International Accounting Standards. The principal accounting policies adopted by the Group and by the Company are set out in the accounting policies below.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include financial instruments held at fair value, investment properties held at fair value and the revaluation of freehold licensed properties as at 28 June 2014.

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

New IFRS accounting standards and amendments effective in the period

The following new and amended standards were effective for the period ended 27 June 2026, but did not impact the amounts recognised in the financial statements, nor the relevant disclosures made:

- Amendments to IAS 21 – Lack of exchangeability.

New IFRS accounting standards and amendments not yet effective

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

- Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments
- Annual improvements to IFRS – Volume 11
- Amendment to IFRS 9 and IFRS 7 – Contracts referencing nature-dependent electricity
- Amendments to IAS 21 – Translation to a hyperinflationary presentation currency
- IFRS 18 Presentation and disclosure in financial statements
- IFRS 19 Subsidiaries without public accountability: disclosures.

There is anticipated to be a material impact to the presentation of the financial statements upon adoption of IFRS 18 Presentation and disclosure in financial statements, which will be first effective in the 52-week period ended 24 June 2028. The Directors do not expect that the adoption of the other new standards listed in future periods will have a material impact.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2-33 and include the section titled Principal risks and uncertainties on pages 28-30. The Financial Review on pages 25-27 describes the financial position of the Group, its cash flows and liquidity position. In addition, note 26 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, its borrowing facilities, and its exposure to credit risk and liquidity risk.

Going concern

The Group has prepared the 2026 financial statements on a going concern basis. When assessing the ability of the Group to continue as a going concern, the Board has considered the Group's financing arrangements as well as other principal risks and uncertainties as disclosed on pages 28-30.

During stable periods the Company's free cash flow is used to reinvest in long-term capital expenditure to grow long-term returns for shareholders. Similar to its actions during the COVID-19 pandemic, the Board reacts to downward shocks in profits and cash flow by utilising the strong free cash flow in the business to minimise the increase in net debt.

At 27 June 2026, the Group had a strong balance sheet with 86% of the estate being freehold properties. The Board is confident that the Group has sufficient internally generated cash inflows and undrawn bank facilities to meet all of its needs for the foreseeable future. At 27 June 2026, the Group had existing facilities of £100.0m, with headroom on facilities, excluding cash held, of £15.0m. Based on the forecasts prepared by management, the Board is confident that there is sufficient covenant headroom for the foreseeable future, and that a breach in the covenants would require a fall in EBITDA to a level which is not considered to be likely.

After due consideration of the matters set out above, the Directors are satisfied that there is a reasonable expectation that the Group has adequate resources for a period of at least 12 months from the date of these financial statements to enable the accounts to be presented on the basis of the Group being a going concern.

b Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up for the 52 weeks ended 27 June 2026 (2025: 52 weeks ended 28 June 2025). A subsidiary is an entity that is controlled by the parent. The results of subsidiaries acquired or sold are consolidated for the periods from, or to, the date on which control passes.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

c Intangible assets excluding goodwill

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over an estimated useful life of between three and five years. The estimated useful life and amortisation method are reviewed annually, with the effect of any changes in estimate being accounted for on a prospective basis. Provision is made for any impairment.

d Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree. The consideration transferred is measured at the acquisition-date fair value. Any excess of the consideration of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the balance sheet as goodwill and is not amortised. To the extent that the net fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised immediately in the Income Statement. Acquisition costs incurred are expensed and included in operating charges. Any contingent consideration recognised on business combinations is measured at its acquisition-date fair value.

e Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated depreciation and any impairment in value.

Assets under construction are not depreciated until they are brought into use. The Group does not depreciate freehold land. All other tangible assets are depreciated at varying rates calculated to write off their carrying value, less estimated residual value, evenly over their expected useful life (or lease term, if shorter), as follows:

• Freehold brewery properties	25 to 30 years
• Other freehold properties	50 years
• Leasehold improvements	The term of the lease
• Plant, machinery, vehicles and containers	3 to 25 years
• Fixtures and fittings	2 to 30 years
• Computer hardware and software (included in fixtures and fittings)	3 to 10 years

The residual value, expected useful life and depreciation method applied to each asset are reviewed annually, with the effect of any changes in estimate accounted for on a prospective basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

f Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held-for-sale classification are regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. The Board must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of classification.

Assets held for sale are valued at the lower of their carrying amount and fair value less costs to sell. No depreciation is charged whilst assets are classified as held for sale.

g Investment properties

Investment properties are carried at fair value and measured at each reporting date, with any change recognised in the Income Statement. Gains or losses on the sale of properties are calculated by reference to the carrying value at the end of the previous reporting date, adjusted for subsequent capital expenditure.

h The Company's investments in subsidiaries

In its separate financial statements, the Parent Company recognises its investment in subsidiaries on the basis of cost less provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27 JUNE 2026

1 MATERIAL ACCOUNTING POLICIES CONTINUED

i Leases

The Group assesses at contract inception whether a contract is, or contains, a lease – that is, whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1) Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities, representing the need to make lease payments; and right-of-use assets, representing the right to use the underlying assets.

i. Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement or modification of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term and are subject to impairment under the Group's accounting policy for impairment.

ii. Lease liabilities

At the commencement date of a lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers payment occurs. The lease payment also includes the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Extensions to leases are recognised when it is reasonably certain the option is going to be exercised.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date where the interest rate implicit in the lease is not readily determinable. The lease liability is subsequently measured at amortised cost using the effective interest rate method. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments).

iii. Short-term leases and leases of low-value assets

The Group has taken the practical expedient exemption for short-term leases and leases of low-value assets. Lease payments on short-term leases and leases of low-value assets are expensed to the Income Statement.

2) Group as lessor

Assets leased out under operating leases are included within property, plant and equipment or investment property, and are depreciated over their estimated useful lives. Rental income is recognised on a straight-line basis over the lease term.

j Inventories

Inventories are valued at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost of own beers produced includes materials and directly attributable fixed and variable production overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Provision is made for obsolete, slow-moving or defective items where appropriate.

k Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Financial assets and liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component, which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Income Statement.

1) Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial asset. The Group's business model for managing financial assets determines whether cash flows will result from collecting contractual cash flows, from selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling.

The Group's debt instruments (cash, and trade and other receivables) are classified as belonging to the amortised cost category.

It is a requirement of IFRS 9 to recognise expected credit losses. The Group considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events and current conditions. When assessing impairment for trade receivables, the Group has applied the simplified approach to expected credit losses as per IFRS 9. The model focuses on an appraisal of the risk that a receivable will default rather than whether a loss has been incurred. Expected credit losses are initially determined based on the Group's historical credit loss experience, any forward-looking factors specific to a particular trade receivable and the current economic environment. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Financial assets are de-recognised when and only when the contractual rights to the cash flows from a financial asset expire, or when the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset.

2) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method or at fair value through profit or loss.

Interest-bearing bank loans are initially recorded at the fair value of proceeds received, net of direct issue costs, and thereafter at amortised cost. Finance charges and direct issue costs are accounted for on an effective interest rate basis in the Income Statement.

Financial liabilities are de-recognised only when the obligation specified in the contract is discharged, cancelled, or expires.

3) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments (interest rate swaps) to adjust interest rate exposures. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date on which a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the Income Statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Income Statement depends on the nature of the hedge relationship.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including an analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). Hedges that meet all the qualifying criteria for hedge accounting are accounted for as described below.

The Group's interest rate swaps held in the previous financial year were classified as cash flow hedges because the derivative financial instruments hedge the variable interest rate risk of the cash flows associated with the recognised debt instrument measured at amortised cost.

The effective portion of changes in the fair value of the designated hedging instrument is recognised in other comprehensive income and accumulated in the cost of hedging reserve within equity. The gain or loss relating to any ineffective portion is recognised immediately in the Income Statement. When the hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued. Any gain or loss recognised in other comprehensive income and accumulated in the cost of hedging reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27 JUNE 2026

1 MATERIAL ACCOUNTING POLICIES CONTINUED

Impairment of assets

Carrying values are reviewed for impairment if events indicate that the carrying value of an asset may not be readily recoverable. Goodwill is mandatorily assessed for impairment on an annual basis, or more frequently if there are indicators that the carrying value of an asset may be impaired.

Impairment is assessed on the basis of either each individual asset or each individual cash-generating unit (an individual pub), or, in the case of goodwill, the group of cash-generating units associated with it. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the combination.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to present value using an appropriate pre-tax discount rate. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the smallest cash-generating unit to which the asset belongs. Impairment losses are recognised in the Income Statement.

In assessing fair value, assessment is made of both market-based property evidence and earnings-based valuation methodologies, including maintainable EBITDA multiples derived from comparable transactions and market participant assumptions.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in the Group Income Statement unless the impairment loss relates to goodwill, in which case it is not reversed.

Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using UK tax rates that have been enacted or substantively enacted under UK law by the end of the reporting period.

Deferred tax

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised where the asset or liability arises from the initial recognition of goodwill or from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. The carrying amount of deferred tax assets is reviewed at each reporting date.

Deferred tax is not recognised in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balance relates to the same taxation entities.

Where there has been an upward revaluation of an asset and the asset is expected to be realised through disposal, a deferred tax liability is recorded based on the difference between the indexed cost of the asset, less any capital gains which have been rolled over against the asset, and the revalued amount.

Deferred tax is calculated at the UK tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

Current and deferred tax for the year

The tax expense or income is recognised in the Income Statement unless it relates to items that are recognised in the Statement of Comprehensive Income or in equity, in which case it is also recognised in the Statement of Comprehensive Income or directly in equity, respectively.

n Revenue recognition

Revenues from external customers come from the manufacture, procurement and onward sale of alcoholic and non-alcoholic drinks and the collection of rents charged to licensees in occupation of the Group's licensed premises.

Revenue is recognised under IFRS 15 upon application of the following steps:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to each performance obligation; and
- recognise revenue when a performance obligation is satisfied by transferring promised goods or a service to a customer.

Revenue is measured at the transaction price when control passes to the customer in respect of goods and services provided, net of discounts and VAT. The Group recognises revenue from the major sources listed below.

Sale of goods

Revenue from the sale of goods is recognised when the Company has transferred control of the goods to the customer. This occurs when the customer takes possession, which is generally when the goods are delivered, the customer has full discretion over future use of the product, and there is no unfulfilled obligation that could affect the customer's acceptance of the product.

Accommodation sales

Revenue is recognised on a straight-line basis over the duration of the room occupation.

Rental income

Rental income received from tenancies is recognised over time, in the period in which it relates to, on an accruals basis. For leased properties revenue is recognised under IFRS 16 on a straight-line basis over the term of the lease.

Government grants

Where the Group receives income from government grants, it is recognised when the Group has reasonable assurance that any conditions attached to the grant will be complied with, and that the grant will be received.

Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised products to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

o Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that takes a substantial period of time to get ready for use are capitalised as part of the cost of the assets being created. This is applied to development projects where the development period is expected to last in excess of six months at the commencement of the project. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. All other borrowing costs are recognised in the Income Statement in the period in which they are incurred.

p Items excluded from underlying results

In addition to presenting information on an IFRS basis, the Group also presents adjusted profit and earnings per share information that excludes certain items and the impact of any associated tax, which can vary significantly year on year, or where the exclusion of such items can help explain the underlying performance of the Group. Adjusted profitability measures are presented excluding these items as we believe this provides both management and investors with useful additional information about the Group's performance and supports a more effective comparison of the Group's trading performance from one period to the next. Adjusted profit and earnings per share information is used by management to monitor business performance against not only shorter-term budgets and forecasts but also the Group's longer-term strategic plans, including its distribution policy. Note 7 provides a detailed list of items excluded from underlying results. Note 8 provides information on the tax impact of items excluded from underlying results.

q Pensions

The Group operates one defined contribution pension scheme. Contributions are charged to the Income Statement as they become payable in accordance with the rules of the scheme.

r Foreign currency

Transactions expressed in foreign currencies are translated into sterling and recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are reported at the rates of exchange prevailing at that date. All differences are taken to the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27 JUNE 2026

1 MATERIAL ACCOUNTING POLICIES CONTINUED

s Dividends

Dividends recommended by the Board but unpaid at the period end are not recognised in the financial statements until they are paid (interim dividend) or approved by the shareholders (final dividend).

t Share-based payments

All options are equity-settled. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using the Black-Scholes and stochastic pricing models, which are considered by management to be the most appropriate method of valuation. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Group (market conditions). The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to market-based conditions not achieving the threshold for vesting.

At the end of each reporting period, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions. The movement in cumulative expense since the previous balance sheet is recognised in the Income Statement, with a corresponding entry in equity.

Where, under the Save As You Earn (SAYE) scheme, an option is cancelled or settled (other than by forfeiture when non-market vesting conditions are not met, such as an employee electing to exit the scheme), it is treated as an acceleration of vesting. Any unrecognised charge for the remaining vesting period is recognised immediately in the Income Statement.

2 MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Group's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects both current and future periods.

Key areas of estimation uncertainty

Impairment of assets

Non-financial assets are subject to impairment reviews at the end of the reporting period based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. The recoverable amount is based on the higher of the value in use and fair value less costs to dispose. Value in use is calculated from expected future cash flows using suitable discount rates and includes management assumptions and estimates of future performance as disclosed in note 15.

In assessing fair value, assessment is made of both market-based property evidence and earnings-based valuation methodologies, including maintainable EBITDA multiples derived from comparable transactions and market participant assumptions.

Investment property valuations

Investment properties are revalued to fair value at each reporting date by the Company's own professionally qualified staff, who are RICS-qualified. The fair values for commercial property and land are determined having regard to both market-based property evidence and earnings-based valuation methodologies, including maintainable EBITDA multiples derived from comparable transactions and market participant assumptions; and for residential properties are based on comparable market evidence.

Key judgements

Leases

IFRS 16 defines a lease term as the non-cancellable period of a lease together with the options to extend or terminate the lease, if the lessee were reasonably certain to exercise that option. Where a lease includes the option for the Group to terminate the lease term, the Group makes a judgement as to whether it is reasonably certain that the option will be taken.

This will take into account the length of time remaining before the option is exercisable, current trading, future forecasts as to the profitability of the asset, and the level and type of planned future capital investment.

Items excluded from underlying results

Judgement is used to determine those items that should be separately disclosed to allow a better understanding of the underlying trading performance of the Group. The judgement includes assessment of whether an item is of a nature that is not consistent with normal trading activities and is of sufficient size or infrequency to be separately disclosed. See note 7.

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.

52 weeks ended 27 June 2026	Brewing and Brands £'000	Retail Pubs and Hotels £'000	Tenanted Pubs £'000	Unallocated ¹ £'000	Total £'000
Revenue	42,761	81,345	37,430	1,043	162,579
Underlying operating profit/(loss)	98	10,415	13,082	(9,913)	13,682
Items excluded from underlying results	-	(3,741)	(1,965)	-	(5,706)
Segmental operating profit/(loss)	98	6,674	11,117	(9,913)	7,976
Underlying finance costs					(5,928)
Finance costs excluded from underlying results					(275)
Profit on disposal of property					1,158
Investment property fair value movements					654
Profit before taxation					3,585

52 weeks ended 27 June 2026	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	1,430	6,987	4,941	1,255	14,613
Depreciation and amortisation pre IFRS 16	1,788	3,200	2,820	672	8,480
Depreciation and amortisation	1,872	5,065	3,925	932	11,794
Impairment of property, plant and equipment, goodwill, and assets held for sale	-	3,355	1,827	-	5,182
Impairment of right-of-use assets	-	387	137	-	524
Underlying segmental EBITDA pre IFRS 16	1,953	13,145	15,453	(9,282)	21,269
Underlying segmental EBITDA	2,043	15,540	17,009	(8,950)	25,642
Number of pubs	-	58	220	2	280

1. £1,043,000 of unallocated revenue (2025: £1,221,000) includes rent receivable from investment properties and other non-core trading revenue. Unallocated expenses primarily represent head office support costs.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27 JUNE 2026

3 SEGMENTAL REPORTING CONTINUED

52 weeks ended 28 June 2025	Brewing and Brands £'000	Retail Pubs and Hotels £'000	Tenanted Pubs £'000	Unallocated £'000	Total £'000
Revenue	44,812	82,631	35,638	1,221	164,302
Underlying operating profit/(loss)	970	9,978	12,562	(9,766)	13,744
Items excluded from underlying results	(648)	(195)	(806)	-	(1,649)
Segmental operating profit/(loss)	322	9,783	11,756	(9,766)	12,095
Underlying finance costs					(6,128)
Profit on disposal of property					221
Investment property fair value movements					104
Profit before taxation					6,292

52 weeks ended 28 June 2025	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	1,881	4,513	3,618	1,398	11,410
Depreciation and amortisation pre IFRS 16	1,718	3,332	2,764	635	8,449
Depreciation and amortisation	1,808	5,317	3,776	826	11,727
Impairment of property, plant and equipment, goodwill and assets held for sale	-	1,805	220	-	2,025
(Impairment reversal)/impairment of right-of-use assets	-	(1,618)	583	-	(1,035)
Underlying segmental EBITDA pre IFRS 16	2,636	12,538	15,515	(9,178)	21,511
Underlying segmental EBITDA	2,727	15,303	16,356	(8,951)	25,435
Number of pubs	-	67	217	2	286

Geographical information

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

	52 weeks ended 27 June 2026 £'000	52 weeks ended 28 June 2025 £'000
Revenue		
UK	160,964	162,772
Rest of the World	1,615	1,530
	162,579	164,302

4 REVENUE

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

	52 weeks ended 27 June 2026 £'000	52 weeks ended 28 June 2025 £'000
Sale of goods and services	153,268	155,396
Rental income	9,311	8,906
Revenue	162,579	164,302

5 OPERATING CHARGES

a Other income

	52 weeks ended 27 June 2026 £'000	52 weeks ended 28 June 2025 £'000
Income from government grants¹	171	371

1. Other income recognised in the 52 weeks ended 27 June 2026 relates to an RDEC (Research and Development Expenditure Credit) claim made in respect of the financial year ended 28 June 2025. The claim was made in the current period and revenue is recognised upon the Group being entitled to receive the credit, which is the date of the claim submission. The amount recognised in the 52 weeks ended 28 June 2025 relates to claims submitted in respect of financial years ended 24 June 2023 and 29 June 2024.

b Operating charges

	Before items excluded from underlying results 52 weeks ended 27 June 2026 £'000	Items excluded from underlying results 52 weeks ended 27 June 2026 £'000	Total 52 weeks ended 27 June 2026 £'000	Total 52 weeks ended 28 June 2025 £'000
Raw materials, consumables and finished goods used (note 20)	55,242	-	55,242	58,569
Change in inventories of finished goods and work in progress	800	-	800	290
Staff costs:				
Wages and salaries	37,677	-	37,677	37,947
Social security costs	4,252	-	4,252	3,563
Other pension costs	1,398	-	1,398	1,348
Amortisation of intangible assets (note 13)	26	-	26	28
Depreciation of property, plant and equipment (note 14)	8,290	-	8,290	8,237
Depreciation of right-of-use assets (note 19)	3,478	-	3,478	3,462
Net impairment of intangible assets (note 15)	-	19	19	-
Net impairment of property, plant and equipment (note 15)	-	4,776	4,776	1,906
Net impairment/(reversal) of right-of-use assets (note 15)	-	524	524	(1,035)
Impairment of assets held for sale (note 15)	-	387	387	119
Loss/(profit) on sale of plant and equipment (excluding properties)	166	-	166	(36)
Property repairs	3,723	-	3,723	3,585
Rental expense in relation to short-term and low-value leases	185	-	185	180
Impairment of stock recognised as an expense (note 20)	146	-	146	182
Share-based payment charge/(credit)	182	-	182	(47)
Other operating charges ¹	33,503	-	33,503	34,280
Total operating charges	149,068	5,706	154,774	152,578

1. Other operating charges primarily relate to pub and brewery overheads and administration costs.

The analysis of auditor's remuneration is as follows:

	52 weeks ended 27 June 2026 £'000	52 weeks ended 28 June 2025 £'000
Auditor's remuneration in respect of the audit of the Group's annual accounts	288	277
Total fees payable to auditor	288	277

No other services were provided by the auditor during the year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27 JUNE 2026

6 FINANCE COSTS

	52 weeks ended 27 June 2026 Total statutory £'000	52 weeks ended 28 June 2025 Total statutory £'000
Finance costs		
Financial liabilities at amortised cost – bank loans ¹	4,632	4,865
Financial liabilities at amortised cost – lease liabilities	1,232	1,186
Other financial liabilities not at fair value through profit and loss	64	77
Underlying finance costs	5,928	6,128
Net costs of refinancing	275	-
Total finance costs excluded from underlying results	275	-
Finance costs	6,203	6,128

¹ Included within finance costs of bank loans is amortisation of capitalised issue costs of £191,000.

7 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 shown 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 property;
- investment property fair value movements;
- 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 8).

	52 weeks ended 27 June 2026 £'000	52 weeks ended 28 June 2025 £'000
Underlying EBITDA	25,642	25,435
Depreciation and amortisation	(11,794)	(11,727)
(Loss)/profit on sale of assets (excluding property)	(166)	36
Underlying operating profit	13,682	13,744
Underlying finance costs pre IFRS 16	(4,696)	(4,942)
Underlying finance costs	(5,928)	(6,128)
Underlying profit before taxation	7,754	7,616
Profit on disposal of property	1,158	221
Investment property fair value movements (note 16)	654	104
Operating charges excluded from underlying results:		
Impairment of intangible assets, property, right-of-use assets and assets held for sale	(5,706)	(990)
Other operating charges excluded from underlying results	-	(659)
Finance costs excluded from underlying results:		
Write-off of unamortised loan fees on refinancing	(125)	-
Net cost of extinguishment of interest rate swap	(150)	-
Profit before taxation	3,585	6,292

Profit on disposal of property

During the 52 weeks ended 27 June 2026, three freehold pubs and three leasehold pubs were disposed of, giving rise to a profit on disposal of £1,158,000.

During the 52 weeks ended 28 June 2025, four freehold pubs and one leasehold pub were disposed of, giving rise to a profit on disposal of £221,000.

Operating charges excluded from underlying results

During the 52 weeks ended 27 June 2026, operating charges excluded from underlying results comprised:

a) A net impairment charge of £5,706,000 in relation to 14 freehold properties, one intangible asset, and one right-of-use asset.

During the 52 weeks ended 28 June 2025, operating charges excluded from underlying results comprised:

a) A net impairment charge of £990,000 in relation to 15 freehold properties and eight right-of-use assets.

b) A charge of £659,000 was recognised in respect of the newly enacted Enhanced Producer Responsibility (EPR) levy, which came into operation in April 2025. This had a one-off impact on the reported results for the year as the Group transitioned to the new regime.

Finance charges excluded from underlying results

During the 52 weeks ended 27 June 2026, finance charges excluded from underlying results comprised:

a) The write-off of unamortised fees on debt instruments, totalling £125,000, extinguished in the period as a result of a refinancing exercise.

b) A total cost of £150,000 in relation to the exit of an interest rate swap and extinguishment of the associated balances.

8 TAXATION

a Tax on profit

	52 weeks ended 27 June 2026			52 weeks ended 28 June 2025		
	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	2,153	(103)	2,050	1,815	158	1,973
Adjustments for current tax in respect of prior periods	(251)	-	(251)	(395)	-	(395)
Total current income tax charge	1,902	(103)	1,799	1,420	158	1,578
Deferred income tax						
Origination and reversal of timing differences	(293)	46	(247)	579	(523)	56
Adjustments for deferred tax in respect of prior periods	576	-	576	243	-	243
Total deferred tax charge	283	46	329	822	(523)	299
Total tax charged to the Income Statement	2,185	(57)	2,128	2,242	(365)	1,877
Tax credited to Other Comprehensive Income						
Deferred tax						
Gains/(losses) arising on cash flow hedges in the period			22			(19)
Total tax charged/(credited) to Other Comprehensive Income			22			(19)

b Reconciliation of the total tax charge

	52 weeks ended 27 June 2026 £'000	52 weeks ended 28 June 2025 £'000
Profit before income tax	3,585	6,292
Tax on Group profit at UK standard rate of corporation tax of 25.0% (2025: 25.0%)	896	1,573
Expenses not deductible for tax purposes	1,469	741
Property revaluations and disposals	(529)	(269)
Share-based payments	(12)	(16)
Other tax differences	(21)	-
Adjustments for current and deferred tax in respect of previous years	325	(152)
Total tax charged to the Income Statement	2,128	1,877

c Factors that may affect future tax charges

There are no known factors expected to impact future tax charges.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27 JUNE 2026

9 DIVIDENDS

	52 weeks ended 27 June 2026 £'000	52 weeks ended 28 June 2025 £'000
Declared and paid during the year		
Final dividend for 2025: 17.15p (2024: 16.50p) per ordinary share	2,509	2,433
Interim dividend for 2026: 4.50p (2025: 4.35p) per ordinary share	659	638
Dividends paid	3,168	3,071

The Directors propose a final dividend of 17.65p (2025: 17.15p) per 50p ordinary share totalling £2,588,000 (2025: £2,509,000) for the 52 weeks ended 27 June 2026. The dividend is subject to approval by shareholders at the Annual General Meeting, to be held on 30 October 2026, and has not been included as a liability in these financial statements 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.

10 EARNINGS PER SHARE

	52 weeks ended 27 June 2026 £'000	52 weeks ended 28 June 2025 £'000
Profit attributable to equity shareholders	1,457	4,415
Items excluded from underlying results	4,112	959
Underlying profit attributable to equity shareholders	5,569	5,374
	Number	Number
Weighted average number of shares in issue	14,657	14,711
Dilutive outstanding options	110	53
Diluted weighted average share capital	14,767	14,764
Earnings per 50p ordinary share		
Basic	9.9p	30.0p
Diluted	9.9p	29.9p
Underlying basic	38.0p	36.5p

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 110,000 (2025: 53,000) 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 items excluded from underlying results and the tax attributable to those items on basic and diluted earnings per share.

11 DIRECTORS' REMUNERATION

a Executive Director remuneration

The table below shows a breakdown of the Executive Director remuneration for the 52 weeks to 27 June 2026, together with comparative figures for the 52 weeks to 28 June 2025.

Group and Company	Nigel Bunting		Jonathan Neame		Mark Rider		Jonathon Swaine ¹	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Salary	249	244	339	332	300	285	-	226
Annual bonus ³	29	55	94	128	66	76	-	25
Salary in lieu of pension contributions ⁴	40	39	54	53	38	36	-	28
Taxable benefits ⁵	20	18	20	23	20	15	-	14
Directors' emoluments	338	356	507	536	424	412	-	293
Secondary share options vesting in the year ⁶	-	4	-	6	-	5	-	-
Pension contributions	-	-	-	-	10	10	-	8
	338	360	507	542	434	427	-	301

The number of Directors who:	52 weeks ended 27 June 2026	52 weeks ended 28 June 2025
Had pension benefits accruing under money purchase schemes	3	4
Exercised options over shares in the scheme ⁷	1	1
Had awards receivable in the form of shares under a long-term incentive plan	3	4

Details of Directors' share options are shown within the Remuneration Committee Report on page 47.

- Jonathon Swaine stepped down as an Executive Director in the prior year on 17 April 2025.
- The average pay increase for Executive Directors for the period 1 July 2025 to 30 June 2026 was 3.14% (2025: 2.75%). The salary increase for the highest paid Director was 2.25% (2025: 2.75%).
- The annual bonus accrued in 2026 relates to performance in the 2026 financial year and will be paid in October 2026. The aggregate bonus paid to Executive Directors in the 2026 financial year relating to the 2025 financial year was £284,000 or 26% of executive salaries.
- The highest paid Director and one other Executive Director were not contributing members of the Company pension scheme. Pension contributions for the one remaining contributing Executive Director are capped.
- Taxable benefits relate to car allowances, private medical insurance and an allowance against purchases of Shepherd Neame products.
- Option benefit is calculated as the share price at the date the shares vest (less the exercise price) multiplied by the number of options vesting in the year. The vesting of the secondary share options is conditional upon the achievement of certain performance criteria in the financial years ending in the three years following the grant, and exercise of options is conditional upon Directors remaining in employment with the Company for three years from the date of grant of the options.
- In 2026, 955 options were exercised by one Director (2025: 1,301). The aggregate gross gain, not included in the table above, made by the Director on the exercise of share options was £4,000 (2025: £6,000).

The highest paid Director exercised nil options in 2026 (2025: 1,301).

b Non-Executive Director remuneration

The table below shows a single figure of remuneration for all services for the 52 weeks to 27 June 2026, together with comparative figures for the 52 weeks to 28 June 2025.

Group and Company	2026			2025		
	Fees £'000	Benefits ³ £'000	Total £'000	Fees £'000	Benefits ³ £'000	Total £'000
George Barnes ¹	42	5	47	41	4	45
Bill Brett	42	-	42	41	-	41
Kevin Georgel ²	-	-	-	31	-	31
Richard Oldfield	85	1	86	83	1	84
Hilary Riva ²	-	-	-	31	-	31
Marion Sears ²	42	-	42	10	-	10
Meg Lustman ²	42	-	42	10	-	10

- During the year, George Barnes provided agreed part-time additional services at an agreed daily fee, totalling £99,000 for the period (2025: £100,000), with no Executive Director responsibility.
- Kevin Georgel and Hilary Riva resigned as Non-Executive Directors on 31 March 2025. Marion Sears and Meg Lustman were appointed to the Board as Non-Executive Directors on 1 April 2025.
- Taxable benefits relate to private medical insurance and an allowance against purchases of Shepherd Neame products.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27 JUNE 2026

12 EMPLOYEES

The average monthly number of persons employed by the Company and the Group (including Executive Directors), during the year, was as follows:

	52 weeks ended 27 June 2026 Number	52 weeks ended 28 June 2025 Number
Brewery, head office and Visitor Centre	228	229
Retail pubs	1,378	1,498
	1,606	1,727

13 GOODWILL AND INTANGIBLE ASSETS

Group and Company	Brewing and distribution rights £'000	Goodwill £'000	Total £'000
Cost			
At 29 June 2024	221	1,026	1,247
Additions	-	-	-
At 28 June 2025	221	1,026	1,247
Additions	-	-	-
At 27 June 2026	221	1,026	1,247
Amortisation and impairment			
At 29 June 2024	153	817	970
Amortisation charge for the period	28	-	28
At 29 June 2025	181	817	998
Amortisation charge for the period	26	-	26
Impairment charge for the period	-	19	19
At 27 June 2026	207	836	1,043
Net book value			
At 27 June 2026	14	190	204
At 28 June 2025	40	209	249
At 29 June 2024	68	209	277

Brewing and distribution rights represent amounts paid to acquire the exclusive brewing and distribution rights to Singha Beer within the UK. The amortisation is charged over the period of rights in the Income Statement in the operating charges line item (note 5b).

The opening Group goodwill of £209,000 arose on the acquisition of Ultimate Entertainment Services Limited, Village Green Restaurants Limited and Urban Reef Restaurant Limited. None of the goodwill recognised is expected to be deductible for income tax purposes. All goodwill relates to the Retail and Tenanted segments and is apportioned as shown.

Goodwill is allocated to cash-generating units as follows:

	52 weeks ended 27 June 2026 £'000	52 weeks ended 28 June 2025 £'000
Ultimate Entertainment Services Limited	125	125
Village Green Restaurants Limited	65	84
Total goodwill	190	209

During the 52 weeks ended 27 June 2026, the Group recognised a £19,000 impairment loss in respect of goodwill (2025: £nil). See note 15.

14 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 29 June 2024	250,717	2,300	39,370	106,993	4,283	403,663
Additions	1,523	131	1,082	7,441	1,754	11,931
Disposals	-	(2)	-	(575)	(25)	(602)
Transfers within property, plant and equipment	1,080	184	116	1,923	(3,303)	-
Transfers from right-of-use assets	1,810	-	-	-	-	1,810
Transfers to investment property	-	-	-	-	(40)	(40)
Transfers to assets held for sale	(1,382)	(406)	-	(1,089)	(1)	(2,878)
At 28 June 2025	253,748	2,207	40,568	114,693	2,668	413,884
Additions	707	343	296	9,341	3,349	14,036
Disposals	(18)	(20)	-	(1,401)	(18)	(1,457)
Transfers within property, plant and equipment	55	74	-	1,717	(1,846)	-
Transfers to right-of-use assets	-	(253)	-	-	-	(253)
Transfers to assets held for sale	(1,781)	-	-	(986)	-	(2,767)
At 27 June 2026	252,711	2,351	40,864	123,364	4,153	423,443
Accumulated depreciation and impairment						
At 29 June 2024	16,712	1,351	33,974	69,245	2	121,284
Charge for year	607	43	1,018	6,569	-	8,237
Impairment/(reversal of impairment)	1,944	(261)	-	253	(30)	1,906
Disposals	-	(9)	-	(340)	(1)	(350)
Transfers to assets held for sale	(338)	(425)	-	(861)	-	(1,624)
At 28 June 2025	18,925	699	34,992	74,866	(29)	129,453
Charge for year	602	74	1,062	6,552	-	8,290
Impairment	4,124	-	-	617	35	4,776
Disposals	(18)	(20)	-	(964)	-	(1,002)
Transfers within property, plant and equipment	5	-	-	5	(10)	-
Transfers to right-of-use assets	-	(179)	-	-	-	(179)
Transfers to assets held for sale	(102)	-	-	(542)	-	(644)
At 27 June 2026	23,536	574	36,054	80,534	(4)	140,694
Net book value						
At 27 June 2026	229,175	1,777	4,810	42,830	4,157	282,749
At 28 June 2025	234,823	1,508	5,576	39,827	2,697	284,431
At 29 June 2024	234,005	949	5,396	37,748	4,281	282,379

Included in additions is £884,000 (2025: £612,000) of own labour capitalised.

Disposals include an amount of £83,000 (2025: £420,000) in respect of fully depreciated items.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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15 IMPAIRMENT

During the year, impairment losses of £5,706,000 (2025: £4,919,000) and impairment reversals of £nil (2025: £3,929,000) were recognised within items excluded from underlying results:

Group and Company	2026 £'000	2025 £'000
Intangible assets	19	-
Property, plant and equipment	4,776	1,906
Right-of-use assets	524	(1,035)
Assets held for sale	387	119
Impairment losses net of reversals	5,706	990

The net impairment losses were attributable to the following reportable segments:

Group and Company	2026 £'000	2025 £'000
Retail Pubs and Hotels	3,741	187
Tenanted Pubs	1,965	803
Impairment losses net of reversals	5,706	990

Impairment is assessed at the cash-generating unit level, considered to be on the basis of each individual pub, which is reviewed at each reporting date for indicators of impairment. Whether an asset is impaired or not is determined by comparing the carrying value against its estimated recoverable amount. The recoverable amount is taken as the higher of the fair value less costs to sell (FVLCS) and its value in use. The value in use is determined by conducting a net present value review of the relevant cash flows attributable to each cash-generating unit, based on budgeted EBITDA for the forthcoming financial year approved by the Directors, together with an allocation of head office support costs and maintenance capital expenditure cash flows attributable to each cash-generating unit. Cash flows beyond the budget period are extrapolated in perpetuity for freehold properties and over the remaining lease term for leasehold properties.

The key assumptions used are the long-term growth rates applied, which in the year under review were 2.0% (2025: 2.0%) for retail pubs and 2.0% (2025: 2.0%) for tenanted pubs, and a pre-tax discount rate of 11.03% (2025: 11.36%). These key assumptions are based on management knowledge and historical information.

Where the value in use is higher than the carrying amount of the cash-generating unit, no further assessment is required. For cash-generating units where the value in use is lower than the carrying value (and at risk of impairment), a valuation of the property is performed to determine FVLCS. The property valuations are performed by the Group's own RICS-qualified staff. Fair values are determined having regard to both market-based property evidence and earnings-based valuation methodologies, including maintainable EBITDA multiples derived from comparable transactions and market participant assumptions.

Impairments are only recognised where the property valuation is lower than the cash-generating unit's carrying value, for those assets determined to be at risk of impairment. The impairment is measured as the difference between the carrying value and the higher of FVLCS and its value in use. Where the property valuation exceeds the carrying value, no impairment is required. Impairments are included in operating charges excluded from underlying results.

Sensitivity to changes in assumptions

A sensitivity analysis has been conducted to give an indication of the impact of movements in the assumptions adopted. The Directors consider a movement of 5% in EBITDA, and 0.5x in any EBITDA multiples applied to be reasonable with reference to current market yield curves and current economic conditions. The potential impact is set out as follows:

Increased impairment resulting from:

	A 5% reduction in EBITDA		A 0.5x reduction in EBITDA multiple	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Property, plant and equipment	479	1,080	523	1,107
Right-of-use assets	N/A	N/A	N/A	N/A
	479	1,080	523	1,107

16 INVESTMENT PROPERTIES

Investment properties, which are all freehold, are revalued to fair value through the profit and loss account at each reporting date by the Company's own professionally qualified staff, who are RICS-qualified. An independent valuation of the properties has not been performed.

The fair values for commercial property and land are based on: the current rental income earned on the properties in perpetuity, discounted to present value at a rate of between 5% and 10% (2025: 5% to 10%); taking account of average yields earned on comparable properties from publicly available information; and the fair values for residential properties on comparable market evidence. The valuations and assumptions used are reviewed by the Board. The highest and best use of the properties does not differ materially from their current use.

The techniques are consistent with the principles in IFRS 13 Fair value measurement and use significant unobservable inputs, such that the fair value measurement of each property within the portfolio has been classified as Level 3 (2025: Level 3) in the fair value hierarchy. There has been no change to the valuation technique during the year.

Group and Company	2026 £'000	2025 £'000
Valuation:		
Carrying value at start of period	7,106	6,924
Additions	106	38
Transfers from property, plant and equipment	–	40
Fair value movement	654	104
Carrying value at end of period	7,866	7,106

Investment property income

Amounts recognised in the Income Statement for the financial year relating to investment properties are as follows:

Group and Company	2026 £'000	2025 £'000
Rental income	194	192
Direct operating expenses	(127)	(125)
Fair value movement	654	104

All direct operating expenses relate to properties that generate rental income. The investment properties are leased to tenants under operating leases with rentals payable monthly or weekly. Lease payments for some contracts include RPI increases, but there are no other variable lease payments that depend on an index or rate. Minimum lease payments receivable on leases of investment properties are included in note 32.

If the investment properties had not been revalued, they would have been carried in the Statement of Financial Position at 27 June 2026 at a historical cost of £3,608,000 (2025: £3,483,000).

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17 RECOGNISED FAIR VALUE MEASUREMENTS

Fair value hierarchy

Group and Company at 27 June 2026	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment properties (see note 16)	-	-	7,866	7,866
Assets held for sale (see note 22)	-	-	1,000	1,000
Total non-financial assets	-	-	8,866	8,866

Group and Company at 28 June 2025	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment properties (see note 16)	-	-	7,106	7,106
Assets held for sale (see note 22)	-	-	672	672
Total non-financial assets	-	-	7,778	7,778

The financial instruments that are recognised and measured at fair value in the financial statements are classified into three levels as prescribed under the accounting standards:

Level 1

Fair values measured using quoted prices in active markets for identical assets and liabilities.

Level 2

Fair values measured using inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly. The Group bases its valuations on information provided by financial institutions, which use a variety of estimation techniques based on market conditions, such as interest rate expectations, existing at each reporting date.

Level 3

Fair values measured using inputs for the asset or liability that are not based on observable market data. See note 16 for information on significant unobservable inputs.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

18 INVESTMENTS IN SUBSIDIARIES

Company	2026 £'000	2025 £'000
Cost		
At beginning of period	22	22
Disposals	-	-
Carrying value at end of period	22	22

As at 27 June 2026, the Group financial statements include the following subsidiary undertakings:

Principal subsidiary undertakings	Holding	Proportion held
Invicta Inns Limited ¹	£1 ordinary shares	50%
Shepherd Neame (Trustees) Limited ²	£1 ordinary shares	100%
SN Finance plc ¹	£1 ordinary shares	50%
	£0.25 ordinary shares	100%
Thomas Grant & Sons Limited ¹	£1 preference shares	100%
	£1 ordinary shares	99.9%
Todd Vintners Limited ¹	£1 ordinary shares	50%

1. These companies were dormant throughout the period.

2. This company was a non-trading subsidiary at the period end.

The above companies are incorporated in England and Wales and the registered office for each of them is 17 Court Street, Faversham, Kent ME13 7AX. All subsidiary undertakings have been included in the consolidation.

19 LEASES

This note provides information for leases where the Group is lessee. For leases where the Group is a lessor, see note 32. At inception, the Group had lease contracts for various items of property, vehicles and equipment used in its operations. Leases of property generally have lease terms between 3 and 125 years.

The Group has several lease contracts that include termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. As at 27 June 2026, the Group was not expecting to exercise any lease termination options.

a Amounts recognised in the Statement of Financial Position

Group and Company	2026 £'000	2025 £'000
Right-of-use assets		
Properties	42,733	43,414
Vehicles	632	589
Equipment	43	37
	43,408	44,040
Lease liabilities		
Current	3,243	3,392
Non-current	47,190	47,951
	50,433	51,343

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Group and Company	Property £'000	Vehicles £'000	Equipment £'000	Total £'000
Net carrying value as at 28 June 2025	43,414	589	37	44,040
Additions	2,043	418	51	2,512
Disposals	(854)	(59)	(1)	(914)
Transfers from property, plant and equipment	74	-	-	74
Transfers to assets held for sale	(238)	-	-	(238)
Lease amendments ¹ - other	1,938	(2)	-	1,936
Depreciation	(3,120)	(314)	(44)	(3,478)
Impairment	(524)	-	-	(524)
Net carrying value as at 27 June 2026	42,733	632	43	43,408

Group and Company	Property £'000	Vehicles £'000	Equipment £'000	Total £'000
Net carrying value as at 29 June 2024	44,848	544	14	45,406
Additions	596	340	65	1,001
Disposals	(21)	(7)	-	(28)
Transfers to property, plant and equipment	(1,810)	-	-	(1,810)
Transfers to assets held for sale	(258)	-	-	(258)
Lease amendments ¹ - other	2,170	(15)	1	2,156
Depreciation	(3,146)	(273)	(43)	(3,462)
Impairment reversal	1,035	-	-	1,035
Net carrying value as at 28 June 2025	43,414	589	37	44,040

1. Lease amendments - other includes lease re-measurements, modifications, reassessments and extensions to existing lease arrangements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27 JUNE 2026

19 LEASES CONTINUED

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Group and Company	£'000
Net carrying value as at 28 June 2025	51,343
Additions	2,495
Lease terminations	(2,207)
Lease amendments	1,936
Accretion of interest	1,232
Payments	(4,366)
Net carrying value as at 27 June 2026	50,433

Group and Company	£'000
Net carrying value as at 29 June 2024	55,254
Additions	1,005
Lease terminations	(3,610)
Lease amendments	2,157
Accretion of interest	1,186
Payments	(4,649)
Net carrying value as at 28 June 2025	51,343

A maturity analysis of gross lease liability payments is included within note 26.

b Amounts recognised in the Income Statement

Group and Company	2026 £'000	2025 £'000
Depreciation charge on right-of-use assets		
Properties	3,120	3,146
Vehicles	314	273
Equipment	44	43
	3,478	3,462
Interest expense (included in net finance costs)	1,232	1,186
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in operating charges)	185	180
Impairment/(reversal) of right-of-use assets	524	(1,035)

The Group's total cash outflow in relation to leases in 2026 is £4,366,000 in relation to the principal portion of lease liabilities (2025: £4,649,000). No amounts were paid in relation to lease terminations (2025: £3,571,000).

The Group tests right-of-use assets for impairment when there are indicators that the assets may have been impaired. There will be an impairment if the recoverable amount is lower than the carrying value. The recoverable amount is the value in use. The same assumptions to calculate value in use are used for both goodwill and property, plant and equipment. See note 15.

The impairment calculation is most sensitive to the pre-tax discount rate and underlying EBITDAR (earnings before interest, tax, depreciation, amortisation and rental payments) assumptions. Management have performed a sensitivity analysis on the impairment test. See note 15.

20 INVENTORIES

Group and Company	2026 £'000	2025 £'000
Raw materials and consumables	2,819	2,608
Work in progress	561	556
Finished goods including goods for resale	6,241	5,657
	9,621	8,821

Inventories recognised as an expense during the year ended 27 June 2026 totalled £55,242,000 (2025: £58,569,000). These were included in operating charges.

Write-downs of inventories to net realisable value amounted to £146,000 (2025: £182,000). These were recognised as an expense during the year ended 27 June 2026 and are included in operating charges in the Income Statement.

21 TRADE AND OTHER RECEIVABLES

Group and Company	2026 £'000	2025 £'000
Trade receivables	10,696	10,794
Other receivables	306	743
Prepayments	3,859	3,669
Accrued income	1,137	1,000
	15,998	16,206

The trade receivables balance is shown net of the loss allowance. The Group provides against trade receivables based on an expected credit loss model, calculated from the probability of default for the remaining life of the asset.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the number of days past due and also according to the channel of trade and geographic location of customers.

The expected loss rates are based on the payment profile for sales over the 24 months leading up to the end of the previous reporting period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting customers' ability to settle the amount outstanding.

The movements on the loss allowance during the year are summarised below:

Group and Company	2026 £'000	2025 £'000
Opening balance	515	604
Increase during year	140	149
Receivable written off during the year as uncollectible	(258)	(210)
Unused amounts reversed	(61)	(28)
Movement in provision during the year	(179)	(89)
Closing balance	336	515

The loss allowance for trade receivables is recorded in the financial statements separately from the gross receivable. The contractual ageing of the trade receivables balance is as follows:

Group and Company	2026 £'000	2025 £'000
Current	7,858	7,873
Overdue up to 30 days	2,121	2,714
Overdue between 30 and 60 days	559	161
Overdue more than 60 days	494	561
Trade receivables before loss allowance	11,032	11,309
Loss allowance	(336)	(515)
Trade receivables net of loss allowance	10,696	10,794

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27 JUNE 2026

22 ASSETS CLASSIFIED AS HELD FOR SALE

Group and Company	2026 £'000	2025 £'000
Property held for sale	1,000	672

At 27 June 2026, two properties were classified as held for sale (2025: two properties). During the year, four properties within the Tenanted Pubs operating segment were reclassified from property, plant and equipment (2025: three), and one property was reclassified from right-of-use assets (2025: one). Sales are expected within 12 months from the reporting date. An impairment charge of £409,000 (2025: £429,000) was recognised on the transfer of two properties to held for sale (2025: two) and is included within the impairment charge to property, plant and equipment, and right-of-use assets within note 15. A further £387,000 was recognised on the impairment of five properties at the year-end date (2025: £119,000 in relation to two properties).

23 TRADE AND OTHER PAYABLES

	Group 2026 £'000	Group 2025 £'000	Company 2026 £'000	Company 2025 £'000
Trade payables	12,529	8,448	12,529	8,448
Amounts due to subsidiary undertakings	–	–	22	22
Other tax and social security	5,464	5,220	5,464	5,220
Accruals	8,008	9,682	8,008	9,682
Deferred income	512	188	512	188
Tenant deposits	2,718	2,585	2,718	2,585
Other payables	731	741	731	741
	29,962	26,864	29,984	26,886

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Company amounts due to subsidiary undertakings of £22,000 (2025: £22,000) have no fixed repayment date or interest payable. Company amounts due to subsidiary undertakings are unsecured.

24 BORROWINGS

Group and Company	2026 £'000	2025 £'000
Bank loans ¹	30,105	29,600
Other loans	55,000	55,000
Less: capitalised issue costs of long-term loans	(417)	(568)
Total borrowings	84,688	84,032
Analysed as:		
Borrowings within current liabilities	–	1,600
Borrowings within non-current liabilities	84,688	82,432
	84,688	84,032

¹ Included within the carrying value of the term loan are capitalised issue costs of £137,000 amortised to a value of £109,000, and accrued interest of £214,000.

Borrowings at the end of the reporting period comprise a 20-year loan of £35,000,000 arranged in October 2018, a 10-year loan of £20,000,000 arranged in October 2022, a 3-year term loan of £15,000,000 arranged in March 2026 and drawings of £15,000,000 on the revolving credit facility also arranged in March 2026.

Private placement

The £35,000,000 and £20,000,000 loans represent a private placement of loan notes with BAE Systems Pension Funds Investment Management Ltd and are repayable on 30 October 2038 and 26 October 2032 respectively. The interest rates are fixed at 3.99% and 5.47% respectively, and both are payable six-monthly.

Term loan

The £15,000,000 term loan was provided by Lloyds Bank plc and HSBC Bank plc as of March 2026 and is repayable in one instalment of the balance in full in March 2029. The interest rate is three-month SONIA plus a margin dependent on the ratio of net debt to underlying EBITDA. The previous term loan was cancelled at a value of £14,500,000, a net cash payment was received of £500,000 to meet the value of the new facility issued.

Revolving credit facility

The three-year revolving credit facility to the value of £25,000,000 was provided by Lloyds Bank plc and HSBC Bank plc as of March 2026, maturing in March 2029. This is a committed facility which permits drawings of different amounts and for different periods. These drawings carry interest at a margin above SONIA dependent on the ratio of net debt to underlying EBITDA, with a commitment payment on the undrawn portions. Interest is payable at each loan renewal date. The previous revolving credit facility was cancelled at a value of £17,500,000, being the amount drawn down at the date of refinancing, and immediately reissued at the same amount, with no cash movement occurring on the date of refinancing. Both the new term loan and the revolving credit facility have two one-year extension options available to the Company.

Overdraft

The Group has a £5,000,000 overdraft facility within the revolving credit facility with interest linked to the Bank of England base rate.

Undrawn headroom

At the end of the reporting period, £10,000,000 (2025: £21,500,000) of the total £25,000,000 (2025: £35,000,000) committed revolving credit bank facility was available and undrawn, as well as the £5,000,000 (2025: £5,000,000) overdraft facility.

The Company's loans and overdraft are secured by a first floating charge over the Company's assets.

Fair value

Set out in the table below is a comparison of carrying amounts and fair values of the Group's borrowings:

Group and Company 2026	Term or expiry date	Period rate fixed (years)	Weighted average interest rate	Book value £'000	Fair value £'000	Fair value level
£15.0m loan	Mar 2029	2.7	4.57	15,105	15,105	3
£35.0m private placement at fixed rate	Oct 2038	12.3	3.99	35,000	30,870	3
£20.0m private placement at fixed rate	Oct 2032	6.3	5.47	20,000	20,314	3
£25.0m revolving credit facility	Mar 2029	2.7	6.05	15,000	15,000	3
Total borrowings				85,105	81,289	

Group and Company 2025	Term or expiry date	Period rate fixed (years)	Weighted average interest rate	Book value £'000	Fair value £'000	Fair value level
£16.1m loan swapped into fixed rate	Dec 2026	1.5	5.97	16,100	16,100	3
£35.0m private placement at fixed rate	Oct 2038	13.3	3.99	35,000	32,061	3
£20.0m private placement at fixed rate	Oct 2032	7.3	5.47	20,000	20,889	3
£35.0m revolving credit facility	Dec 2026	1.5	6.99	13,500	13,500	3
Total borrowings				84,600	82,550	

Non-current borrowings are classified as Level 3 in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

Other financial assets and liabilities of the Group are deemed to have a fair value approximating carrying value.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27 JUNE 2026

25 FINANCIAL INSTRUMENTS

a Capital management

The capital structure of the Group consists of loans (see note 24), cash and shareholders' equity, comprising share capital, reserves and retained earnings (see notes 28 and 29). In managing its capital, the Group's main objectives are to ensure that it is able to continue to operate as a going concern and to maximise its return to its shareholders through a combination of capital growth and distributions. The Group seeks to maintain a ratio of debt to equity that balances risk and returns at an acceptable level and maintains sufficient funds to meet its working capital and investment requirements and complies with lending covenants.

The Board of Directors reviews the Group's dividend policy and funding requirements regularly throughout the year.

b Categories of financial assets and liabilities

The Group's financial assets and liabilities as recognised at the end of the reporting period may also be categorised as follows:

	At fair value through other comprehensive income £'000	Financial assets carried at amortised cost £'000	Financial liabilities carried at amortised cost £'000	Total £'000
Group and Company 2026				
Assets				
Trade and other receivables (note 21)	-	12,139	-	12,139
Cash and cash equivalents	-	2,682	-	2,682
Total assets	-	14,821	-	14,821
Liabilities				
Borrowings (note 24)	-	-	84,688	84,688
Trade and other payables (note 23)	-	-	23,985	23,985
Lease liabilities (note 19)	-	-	50,433	50,433
Total liabilities	-	-	159,106	159,106
Group and Company 2025				
Assets				
Trade and other receivables (note 21)	-	12,537	-	12,537
Cash and cash equivalents	-	298	-	298
Total assets	-	12,835	-	12,835
Liabilities				
Borrowings (note 24)	-	-	84,032	84,032
Trade and other payables (note 23)	-	-	21,456	21,456
Derivative financial instruments designated as hedging instruments	297	-	-	297
Lease liabilities (note 19)	-	-	51,343	51,343
Total liabilities	297	-	156,831	157,128

c Derivatives

The Group has the following derivative financial instruments to manage the interest rate risks relating to the Group's operations and financing sources.

Interest rate swaps

At 27 June 2026 the Group held no interest rate swap contracts (2025: one contract for a nominal value of £16,100,000). The interest rate swap previously held was classified as a cash flow hedge because the derivative financial instrument hedged the risk of variation in interest cash flows on its borrowings. The Group paid a fixed rate and received a variable interest rate based on three-month SONIA. The interest rate swap settled on a three-monthly basis and the Group settled the difference between the fixed and floating interest on a net basis. At the end of the reporting period, none of the Group's borrowings were hedged by the interest rate swap (2025: £16,100,000 at a fixed rate of 5.2%).

The interest rate swap cash flow hedge was assessed as being highly effective at inception and changes in cash flow hedge fair values are recognised in the hedging reserve to the extent that the hedge is effective. A gain of £88,000 (2025: loss of £77,000) was recognised in other comprehensive income in respect of the swap in cash flow hedges. The loss of £22,000 on the discontinuation of cash flow hedges was recycled through other comprehensive income. The total cost on exit and extinguishment of the interest rate swap in March 2026 was £150,000.

Fair value hierarchy for financial instruments measured at fair value

The financial instruments that are recognised and measured at fair value in the financial statements are classified into three levels, as prescribed under the accounting standards. See page 78 for an explanation of each level.

Group and Company June 2026	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial liabilities at fair value through other comprehensive income				
Interest rate swaps	-	-	-	-
	-	-	-	-
Group and Company June 2025	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial liabilities at fair value through other comprehensive income				
Interest rate swaps	(297)	-	(297)	-
	(297)	-	(297)	-

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27 JUNE 2026

26 FINANCIAL RISK MANAGEMENT

The main risks associated with the Group's financial assets and liabilities are set out below, as are the Group's policies for their management.

In certain limited circumstances the Group uses derivative instruments to change the economic characteristics of certain commercial transactions and financial instruments. It is Group policy not to enter into or trade in financial instruments for speculative purposes.

Interest rate risk

Currently it is the Group's policy to manage the cost of its borrowings by using a mixture of fixed and variable rates. Fixed rates do not expose the Group to cash flow interest rate risk, but also do not benefit from a reduction in borrowing costs in markets where rates are falling. Debt is represented by loan notes, a three-year term loan, a three-year revolving credit facility and a short-term committed overdraft facility, all of which are secured by a first floating charge over the assets of the Group. All except the £55,000,000 loan notes bear interest at a variable rate based on SONIA and the Bank of England base rate.

Exposure to market interest rate fluctuations primarily arises from the floating rate instruments.

Interest payable on the £15,000,000 three-year term loan and the revolving credit facility comprises SONIA plus a margin dependent on the ratio of net debt to underlying EBITDA. At 27 June 2026 the Group had no interest rate derivatives in place and therefore remained exposed to movements in SONIA on these borrowings.

Interest on the £35,000,000 20-year loan note and the £20,000,000 10-year loan note is fixed at 3.99% and 5.47% respectively. It has been Group policy to have short-term borrowing on a variable rate basis. At the year end, 65% (2025: 84%) of the Group's drawn borrowings were at fixed rates.

Sensitivity

The Group borrows in sterling at market rates. The three-month SONIA rate during the 52 weeks ended 27 June 2026 ranged between 3.72% and 4.22%. The Directors consider a range of 1.0%-2.0% to be a reasonable possible increase in rates, with reference to market yield curves and the current economic conditions.

The annualised effect of these changes to interest rates on the floating rate debt at the end of the reporting period, all other variables being constant, would be as follows:

Group and Company	2026 £'000	2025 £'000
Increase interest rate by 1.0%	(300)	(135)
Increase interest rate by 2.0%	(600)	(270)

Liquidity and cash flow risk

The Group manages its liquidity risk by monitoring cash receipts and payments and preparing rolling cash flow forecasts from which to predict short- and long-term funding requirements; and to ensure that borrowing facilities are available, if required, and that covenants in respect of bank loans are not contravened. Capital expenditure is approved by the Board and investment appraisal models used to evaluate proposed expenditure. The Board is vigilant in managing the business, assessing and monitoring acquisitions and investments, and forecasting the Group's profit and cash flows. The funding position of the Group is continuously reviewed against headroom in the Group's borrowing facilities.

It is currently the Group's policy to finance the majority of its business needs by means of borrowings which amounted to £85,000,000 fully drawn at the year end (2025: £84,600,000). 65% (2025: 65%) of the Group's borrowings are repayable after more than five years, 35% (2025: 33%) within the first to fifth years and none (2025: 2%) within one year.

The balance of requirements at the end of the reporting period was provided by: a three-year revolving credit loan facility of £25,000,000, which is due to mature in March 2029; and a committed overdraft facility of £5,000,000, which matures in March 2029. The size of the facilities is regularly reviewed and the overdraft facility is renewed annually. At the year end £15,000,000 (2025: £13,500,000) of the revolving credit loan facility and £nil (2025: £nil) of the overdraft facility was being utilised. Both the term loan and the revolving credit facility have two one-year extension options available to the Company.

The tables below analyse the Group's financial liabilities into relevant maturity groupings for the contractual undiscounted cash flows. Floating rate interest is estimated using the prevailing interest rate at the end of the reporting period.

Group and Company June 2026	Within one year £'000	Between one and two years £'000	Between two and five years £'000	After five years £'000	Total £'000
Borrowings including interest payable	4,142	4,142	38,710	69,190	116,184
Lease liabilities	4,289	4,089	11,372	46,377	66,127
Trade and other payables	23,985	-	-	-	23,985
	32,416	8,231	50,082	115,567	206,296

Group and Company June 2025	Within one year £'000	Between one and two years £'000	Between two and five years £'000	After five years £'000	Total £'000
Borrowings including interest payable	5,738	31,294	7,472	69,190	113,694
Derivative financial instruments	66	31	-	-	97
Lease liabilities	4,188	4,080	11,117	45,132	64,517
Trade and other payables	21,457	-	-	-	21,457
	31,449	35,405	18,589	114,322	199,765

Covenants

The Group's borrowings are dependent on certain financial covenants being met, which are assessed on a quarterly basis. These covenants require minimum levels of asset cover, interest cover, and adjusted leverage ratio. The instruments subject to covenants are the term loan (nominal value £15.0m) and the two private placement loans (nominal values of £35.0m and £20.0m). If these were breached, funding could be withdrawn, leaving the Group with insufficient working capital. If the Group were unable to find alternative sources of funding it might not be able to continue trading in its current form. The Group has considered the effects of its latest forecasts on its compliance with bank covenants, which are tested each quarter on a 12-month rolling basis, and no significant risk is considered to exist.

Counterparty credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and are subject to credit limits to control debt exposure. In addition, receivable balances are monitored on an ongoing basis.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from the potential default of a counterparty, with a maximum exposure equal to the carrying value of these instruments.

Foreign currency risk

The principal financial instruments are denominated in sterling and the vast majority of the Group's operations are undertaken within the UK. Consequently the foreign currency risk is immaterial, except for importation of product and those infrequent occasions when the Group purchases plant and equipment denominated in foreign currency. In these circumstances it is the policy of the Group to consider entering into forward exchange contracts to fix future payments as they fall due. At the year end the Group had no outstanding contracts to purchase foreign currency.

Price risk

The Group does not hold any financial assets or liabilities which are materially subject to price risk.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27 JUNE 2026

27 DEFERRED TAX

Group and Company	Asset 2026 £'000	Liability 2026 £'000	Net 2026 £'000	Asset 2025 £'000	Liability 2025 £'000	Net 2025 £'000
As at start of period	2,113	(19,405)	(17,292)	2,448	(19,460)	(17,012)
Credited/(charged) to the Income Statement	372	(701)	(329)	(335)	36	(299)
(Charged)/credited to other comprehensive income	-	(22)	(22)	-	19	19
As at end of period	2,485	(20,128)	(17,643)	2,113	(19,405)	(17,292)

The deferred tax included in the Statement of Financial Position is as follows:

	Asset 2026 £'000	Liability 2026 £'000	Net 2026 £'000	Asset 2025 £'000	Liability 2025 £'000	Net 2025 £'000
Derivative financial instruments	-	-	-	-	(15)	(15)
Accelerated capital allowances	-	(5,048)	(5,048)	-	(4,165)	(4,165)
Revaluation of freehold pubs	-	(8,437)	(8,437)	-	(8,756)	(8,756)
Rolled-over capital gains	-	(5,997)	(5,997)	-	(5,997)	(5,997)
IFRS 16 transitional adjustment	1,612	-	1,612	1,719	-	1,719
Capital losses carried forward	753	-	753	202	-	202
Others	120	(646)	(526)	192	(472)	(280)
As at end of period	2,485	(20,128)	(17,643)	2,113	(19,405)	(17,292)

28 SHARE CAPITAL

	2026 £'000	2025 £'000
Allotted, called-up and fully paid:		
14,767,548 (2025: 14,767,548) ordinary shares of 50p each	7,384	7,384

The Company has one class of ordinary shares which carry no right to fixed income, and all shares carry one vote per share.

On a winding-up of the Company, any surplus assets would be applied to the ordinary shares in proportion to the amounts paid up.

29 RESERVES

Share premium account

The balance in the share premium account represents the proceeds received above the nominal value on the issue of the Company's equity share capital.

Revaluation reserve

The revaluation reserve represents revaluation of property, plant and equipment upon transfer to investment property.

Own shares

The own shares held reserve relates to shares held by Shepherd Neame (Trustees) Limited and the Trustees of the Shepherd Neame Share Incentive Plan to satisfy potential awards under the Long Term Incentive Plan and Share Incentive Plan respectively. At 27 June 2026, 105,521 ordinary shares were held with a market value of £533,000 (2025: 113,376 ordinary shares held with a market value of £567,000). During the year, the Group purchased nil shares (2025: nil) for the purpose of share options.

Of the own shares held, none are allocated to employees under the Share Incentive Plan that have not yet vested. A further 57,198 shares, previously held by the Company, have vested unconditionally and as such are no longer treated as own shares held (2025: nil and 67,110 respectively). Of these shares, 57,198 can be distributed to employees free of tax (2025: 67,110).

Capital redemption reserve

The capital redemption reserve represents the nominal value of repurchased shares in relation to share buybacks. On the buy-back or cancellation of shares, an amount equal to the par value is transferred from retained earnings to the capital redemption reserve.

Hedging reserve

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in hedging variable interest rate risk on recognised financial instruments. Amounts accumulated in this reserve are reclassified to profit or loss when the hedging relationship ends.

Retained earnings

Retained earnings represents all current and prior period retained profits and losses, including fair value gains and losses on the remeasurement of investment properties, and the transfer of historic revaluation reserves on adoption of new accounting standards. Therefore, not all of the retained earnings reserve is considered distributable or available for future distribution as dividends.

30 NOTES TO THE STATEMENT OF CASH FLOWS

a Reconciliation of operating profit to cash generated by operations

	52 weeks ended 27 June 2026			52 weeks ended 28 June 2025		
	Underlying results £'000	Excluded from underlying results £'000	Total £'000	Underlying results £'000	Excluded from underlying results £'000	Total £'000
Operating profit	13,682	(5,706)	7,976	13,744	(1,649)	12,095
Adjustment for:						
Depreciation and amortisation	11,794	-	11,794	11,727	-	11,727
Impairment of property, plant and equipment (note 15)	-	4,776	4,776	-	1,906	1,906
Impairment of intangible assets (note 15)	-	19	19	-	-	-
Impairment/(reversal) of right-of-use assets (note 15)	-	524	524	-	(1,035)	(1,035)
Impairment of assets held for sale (note 15)	-	387	387	-	119	119
Share-based payments expense/(credit)	182	-	182	(47)	-	(47)
Increase in inventories (note 20)	(800)	-	(800)	(290)	-	(290)
Decrease/(increase) in debtors and prepayments	208	-	208	(636)	-	(636)
Increase in creditors and accruals	2,433	-	2,433	426	659	1,085
Loss/(profit) on sale of assets (excluding property) (note 7)	166	-	166	(36)	-	(36)
Net cash inflow from operating activities	27,665	-	27,665	24,888	-	24,888

b Reconciliation of movement in cash to movement in net debt

Group and Company	52 weeks ended 27 June 2026 £'000	52 weeks ended 28 June 2025 £'000
Opening cash and overdraft	298	4,445
Closing cash and overdraft	2,682	298
Movement in cash in the period	2,384	(4,147)
Repayment of borrowings	1,600	1,600
Cash from increase in borrowings	(2,000)	(1,000)
Movement in net debt resulting from cash flows	1,984	(3,547)
Movement in loan issue costs	(256)	(204)
Net debt at beginning of the period	(83,734)	(79,983)
Net debt	(82,006)	(83,734)
Current lease liability	(3,243)	(3,392)
Non-current lease liability	(47,190)	(47,951)
Statutory net debt	(132,439)	(135,077)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27 JUNE 2026

30 NOTES TO THE STATEMENT OF CASH FLOWS CONTINUED

c Analysis of net debt

Group and Company 2026	June 2025 £'000	Cash flow £'000	Repayment of/ (proceeds from) borrowings £'000	Issue cost of new loans £'000	Non-cash £'000	June 2026 £'000
Cash and cash equivalents	298	2,384	-	-	-	2,682
Debt due in less than one year	(1,600)	-	1,600	-	-	-
Debt due after more than one year	(82,432)	-	(2,000)	274	(530)	(84,688)
Net debt	(83,734)	2,384	(400)	274	(530)	(82,006)
Lease liabilities (note 19)	(51,343)	4,366	-	-	(3,456)	(50,433)
Statutory net debt	(135,077)	6,750	(400)	274	(3,986)	(132,439)

Group and Company 2025	June 2024 £'000	Cash flow £'000	Reclassification of long-term loans £'000	Repayment of/ (proceeds from) borrowings £'000	Non-cash £'000	June 2025 £'000
Cash and cash equivalents	4,445	(4,147)	-	-	-	298
Debt due in less than one year	(1,600)	-	(1,600)	1,600	-	(1,600)
Debt due after more than one year	(82,828)	-	1,600	(1,000)	(204)	(82,432)
Net debt	(79,983)	(4,147)	-	600	(204)	(83,734)
Lease liabilities (note 19)	(55,254)	8,220	-	-	(4,309)	(51,343)
Statutory net debt	(135,237)	4,073	-	600	(4,513)	(135,077)

Non-cash movements in lease liabilities comprise lease additions and amendments of £4,431,000 (2025: £3,123,000) and interest of £1,232,000 (2025: £1,186,000) offset by terminations of £2,207,000 (2025: £3,610,000).

31 CAPITAL COMMITMENTS - GROUP AND COMPANY

Contracts for capital expenditure not provided for in the financial statements amounted to £1,125,000 (2025: £1,165,000).

32 LEASE PAYMENTS RECEIVABLE

The Group earns rental income from two sources. Licensed property included within property, plant and equipment is rented under agreements where lessees must also purchase goods from the Group. Additionally there are a smaller number of agreements in respect of investment properties where there is no requirement for the lessee to purchase goods. At the end of the reporting period, future minimum rentals receivable by the Group are as follows:

Group and Company	Investment properties 2026 £'000	Other property, plant and equipment 2026 £'000	Investment properties 2025 £'000	Other property, plant and equipment 2025 £'000
Year one	145	960	155	1,187
Year two	103	350	85	1,039
Year three	103	191	41	386
Year four	102	78	41	191
Year five	102	-	40	78
After five years	1,081	-	613	-
	1,636	1,579	975	2,881

The gross cost of property, plant and equipment assets held for use under these leases amounted to £17,439,000 (2025: £19,240,000), the related accumulated depreciation charges amounted to £907,000 (2025: £896,000), and the aggregate rentals receivable amounted to £1,121,000 (2025: £1,199,000).

33 SHARE-BASED PAYMENTS

The key points of the Group's share schemes are summarised below. All schemes are equity-settled. All disclosure relates to both Group and Company.

Awards made under the employee Share Incentive Plan (SIP) and primary options granted under the restricted share schemes are exercisable three years after they are awarded, subject normally to the grantee remaining in the Company's employment, and have no other vesting conditions. As such the charge to be recognised is spread over the 36-month vesting period.

Secondary options granted under the restricted share schemes are conditional both upon the grantee remaining in employment for three years post the option award date and also on the Group achieving future specified performance targets. The share-based payment charge is spread over the three-year vesting period and adjusted each year in line with the assessment of likely vesting percentage with reference to the Group's current projected future performance.

a Savings Related Share Option Scheme ("SAYE")

This scheme grants options over shares at a discount of 10% on the market price on the date of offer. Employees must save a regular amount each month. Savings are made over three years. The right to buy shares at the discounted price lasts for six months after the end of the savings contract. There are no performance conditions, other than continued employment.

	2026 Number	2025 Number
Granted during year	74,249	–
Forfeited	(453)	–
Outstanding at end of year	73,796	–
Exercisable at end of year	–	–

The weighted average fair value of options granted during the year was £1.00. The exercise price for all options outstanding at the end of the year was £4.01. The contractual life of each option granted is three years and the options outstanding at 27 June 2026 had a remaining contractual life of 2.81 years. The weighted average share price for options granted in the year was £5.00.

The expense recognised for share-based payments made under the SAYE in respect of employee services during the year to 27 June 2026 was £2,000 (2025: £nil).

b The Shepherd Neame employee Share Incentive Plan

The Shepherd Neame employee Share Incentive Plan (SIP) was open to all employees with 18 months' service at the award date. A free award of shares, based on length of service and salary and subject to a maximum of £3,600, was made to all eligible employees in all years from 2003 to 2019 with the exception of 2009. The plan has not awarded any shares since the financial year ending 27 June 2020. Participants are entitled to these free shares from three years after the date of the award if they remain in the Company's employment.

The Company did not purchase any shares for the SIP in either 2026 or 2025.

The following table illustrates the number of and movements in shares in the year:

	2026 Number	2025 Number
Outstanding shares at start of year	67,110	79,135
Distributed during the year	(9,912)	(12,025)
Outstanding shares at end of year	57,198	67,110
Distributable at end of year	57,198	67,110

The employees do not have to make any payment for the award of shares under the plan. As such the weighted average exercise price is £nil. The weighted average share price at date of distribution for the shares distributed was £4.81 (2025: £5.74).

The expense recognised for share-based payments made under the SIP in respect of employee services during the year to 27 June 2026 was £nil (2025: £nil).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27 JUNE 2026

33 SHARE-BASED PAYMENTS CONTINUED

c The Shepherd Neame 2025 Performance Share Plan

This is a restricted share scheme for Senior Managers, Operations and Executive Directors, including the highest paid Director. This scheme replaced the 2015 Restricted Share Scheme following the cessation of that scheme in 2025. The terms are similar to the 2015 scheme except certain terms have been updated to reflect current market practice.

Under the 2025 Performance Share Plan, conditional share awards are granted. Upon the Group having achieved certain financial performance targets, a proportion of the options originally granted are exercisable three years after the date of grant and, normally, provided that the grantee remains in the Company's employment. A holding period of a further two years will apply to 50% of any performance element vesting and to all of the retention element.

During the year the Company purchased nil shares (2025: nil).

The contractual life of each option granted is 10 years and the options outstanding at 27 June 2026 had a remaining contractual life of 9.4 years.

The following table illustrates the number of and movements in share options in the year:

	2026 Number	2026 Weighted average exercise price
Outstanding at start of year	-	-
Granted during year	304,210	£0.00
Outstanding at end of year	304,210	£0.00
Exercisable at end of year	-	-

The weighted average fair value of the options granted during the year was £4.24.

A charge of £95,000 was recognised for share-based payments made under the Shepherd Neame 2025 Performance Share Plan in respect of employee service during the year to 27 June 2026 (2025: £nil).

d The Shepherd Neame 2015 Restricted Share Scheme

This is a restricted share scheme for Senior Managers, Operations and Executive Directors, including the highest paid Director. The scheme ended in 2025. This scheme replaced the 2005 Restricted Share Scheme following the cessation of that scheme in 2015. Under the 2015 Restricted Share Scheme, primary options are awarded to senior managers and are exercisable three years after they are awarded subject, normally, to the grantee remaining in the Company's employment. The Executive Directors and Operations Directors are granted secondary options which are exercisable three years after they are awarded if the Group achieves certain financial performance targets and, normally, provided that the grantee remains in the Company's employment.

During the year the Company purchased nil shares (2025: nil).

The contractual life of each option granted is 10 years and the options outstanding at 27 June 2026 had a remaining contractual life of 7.9 years.

The following table illustrates the number of and movements in share options in the year:

	2026 Number	2026 Weighted average exercise price	2025 Number	2025 Weighted average exercise price
Outstanding at start of year	524,957	£0.50	462,527	£0.50
Granted during the year	-	-	247,624	£0.50
Exercised	(7,855)	£0.50	(3,048)	£0.50
Forfeited during the year	(165,448)	£0.50	(182,146)	£0.50
Outstanding options at end of year	351,654	£0.50	524,957	£0.50
Exercisable at end of year	3,361	£0.50	10,395	£0.50

The weighted average fair value of the options granted during the previous year was £4.52. The exercise price for all options outstanding at the end of the year was £0.50.

A charge of £85,000 was recognised for share-based payments made under the Shepherd Neame 2015 Restricted Share Scheme in respect of employee service during the year to 27 June 2026 (2025: credit of £47,000).

e Fair value of grants

The fair value of the equity-settled share options granted under the schemes was estimated at the date of grant using the Black-Scholes option pricing model, which was considered by management to be the most appropriate method of valuation. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

The following table lists the inputs to the models used for the 52 weeks ended 27 June 2026 and 28 June 2025:

	2026 SAYE	2026 2025 Scheme	2025 2015 Scheme
Expected share price volatility	16.23%	15.74%	13.09%
Risk-free interest rate	4.19%	3.60%	4.23%
Dividend yield	4.33%	4.37%	3.66%
Expected life of option (years)	3.25	3.00	3.00
Weighted average share price	£5.00	£4.92	£5.65

34 PENSION COMMITMENTS

The Group has one defined contribution scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The total expense charged to profit or loss in the period for pension costs in respect of the schemes amounts to £1,398,000 (2025: £1,348,000). Contributions of £235,000 (2025: £219,000) were payable to the scheme at the year end. During the year, one of the Executive Directors (2025: two) was a contributing member of the Company's defined contribution scheme. The highest paid Director and one other Executive Director are no longer contributing members of this scheme although they do have entitlement to deferred benefits.

The Company also met the pension costs of one other former employee, which had not been funded through the pension scheme. The amount of this unfunded liability is not significant.

35 RELATED PARTY TRANSACTIONS

The key management personnel of the Group are considered to be the Board of Directors, the total remuneration for whom was £1,637,000 for the year (2025: £1,986,000), being remuneration of £1,638,000 (2025: £1,967,000) and share-based payment expenses of £nil (2025: £19,000) as disclosed in the Remuneration Committee Report on pages 45-48 and note 11. The Directors are granted discounts on purchases from the Company, in line with the discount given to all other staff.

No advances were paid to Directors in either the current or the prior year.

George Barnes is a Non-Executive Director of Shepherd Neame Limited. Mr A J A Barnes, a close member of George Barnes's family, is a partner at Barnes Solicitors LLP. During the year to 27 June 2026, Barnes Solicitors LLP provided legal services at a cost of £41,000, including VAT and disbursements to third parties (2025: £44,000). A balance of £1,000 was owed by Barnes Solicitors LLP to Shepherd Neame Limited at the end of the reporting period (2025: £9,000 owed by Shepherd Neame Limited to Barnes Solicitors LLP).

Nigel Bunting, an Executive Director of Shepherd Neame Limited, is also a Director of Davy & Company Limited. During the year, the Group made gross sales to the value of £333,000 (2025: £356,000) to Davy & Company Limited and its associated companies; additionally, retrospective discounts were issued to the value of £36,000 (2025: £37,000) in respect of sales made in prior periods. At the end of the reporting period, £25,000 was owed to the Group by the Davy Group of companies (2025: £35,000).

Hilary Riva, a Non-Executive Director of Shepherd Neame Limited in the previous financial year, is also a Director of the Alexander Centre CIC. During the previous year, the Group made sales of £18,000 to the Alexander Centre CIC, and purchased services to the value of £1,000 from the Alexander Centre CIC. At the end of the previous reporting period, a balance of £2,000 was owed to the Group by the Alexander Centre CIC and no balance was owed by the Group to the Alexander Centre CIC.

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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GLOSSARY – ALTERNATIVE PERFORMANCE MEASURES

The performance of the Group is assessed using a number of Alternative Performance Measures (APMs).

The Group's results are presented both before and after items excluded from underlying results. Adjusted profitability measures include underlying results, as we believe this provides both management and investors with useful additional information about the Group's performance and aids a more effective comparison of the Group's trading performance from one period to the next. Adjusted profitability measures are presented alongside unadjusted GAAP results on the face of the Income Statement, with details of items excluded from underlying results provided in note 7.

In addition, the Group's results are described using certain other measures that are not defined under IFRS and are therefore considered to be APMs. These measures are used by management to monitor ongoing business performance against both shorter-term budgets and forecasts and the Group's longer-term strategic plans. The definition of each APM presented in this report is shown below.

Measure	Definition	Location of reconciliation to GAAP measure
Underlying operating profit/(loss)	Operating profit/(loss) excluding operating charges that are either material or infrequent in nature and do not relate to the underlying performance.	Note 7
Underlying profit/(loss) before tax	Underlying operating profit/(loss) less underlying net finance costs.	Income Statement
Underlying profit/(loss) after tax	Underlying profit/(loss) before tax less attributable taxation.	Income Statement
Underlying basic earnings/(loss) per share	Underlying profit/(loss) after tax divided by the weighted average number of ordinary shares in issue during the period. The number of shares in issue excludes those held by the Company but not allocated to employees under the Share Incentive Plan, which are treated as cancelled.	Note 10
Underlying net finance costs	Finance costs excluding charges that are either material or infrequent in nature and do not relate to either the underlying performance or fair value movements on financial instruments charged to profit and loss.	Note 6
Underlying tax rate	Calculated by dividing underlying tax by underlying profit before tax.	
Underlying EBITDA	Underlying profit/(loss) before tax pre net finance costs, depreciation, amortisation, profit or loss on sale of fixed assets excluding property, and free trade loan discounts.	
Underlying EBITDAR	Underlying profit/(loss) before tax pre net finance costs, depreciation, amortisation, rent payable, profit or loss on sale of fixed assets excluding property, and free trade loan discounts.	Note 19
Pub income	Pub profit before depreciation, amortisation, rent and property costs and other cost allocations.	
Retail like-for-like (LFL) sales	Retail LFL sales includes revenue from the sale of drink, food and accommodation but excludes machine income. LFL sales performance is calculated against a comparable 52-week period for pubs that were in the estate in the same period within both years.	
Like-for-like (LFL) tenanted pub income	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 for pubs that were trading in both periods.	
Depreciation pre IFRS 16	Depreciation excluding right-of-use asset depreciation.	Note 3
Underlying finance costs pre IFRS 16	Underlying finance costs excluding accreted lease interest.	Note 6
Free cash flow	Operating cash flows less amounts paid in respect of tax, interest, and lease liabilities, plus amounts received in respect of property disposals.	
Net debt	Net debt comprises cash, bank overdrafts and bank and other loans less unamortised loan fees.	Note 30

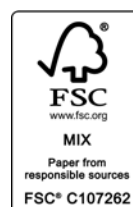
In addition, the Group uses the following non-financial KPIs to assess performance against its strategic objectives:

Measure	Definition
RevPAR	Revenue per available bedroom – the average room rate inclusive of VAT achieved multiplied by the occupancy percentage.
Room occupancy rate	Room nights occupied expressed as a percentage of total room nights available for a financial year.
Total beer volume	Shepherd Neame branded, licensed, third-party, customer own-label and contract beer and cider sales volumes.
Own beer volume	Shepherd Neame branded, licensed, customer own-label and contract beer and cider sales volumes.

FIVE-YEAR FINANCIAL SUMMARY

	IFRS 52 weeks Group 2026 £'000	IFRS 52 weeks Group 2025 £'000	IFRS 53 weeks Group 2024 £'000	IFRS 52 weeks Group 2023 £'000	IFRS 52 weeks Group 2022 £'000
Income statement					
Revenue	162,579	164,302	172,291	166,267	151,538
Other income	171	371	-	-	383
Underlying operating profit	13,682	13,744	14,049	13,315	12,893
Operating items excluded from underlying results	(5,706)	(1,649)	(2,333)	(5,681)	(2,470)
Net underlying finance costs	(5,928)	(6,128)	(6,143)	(5,741)	(5,599)
Net non-underlying finance costs	(275)	-	-	(19)	314
Profit on disposal of property	1,158	221	818	3,002	1,709
Investment property fair value movements	654	104	442	72	520
Profit on ordinary activities before taxation	3,585	6,292	6,833	4,948	7,367
Taxation	(2,128)	(1,877)	(1,962)	(1,486)	(1,087)
Earnings available to shareholders	1,457	4,415	4,871	3,462	6,280
Assets employed					
Non-current assets	334,227	335,826	334,986	331,850	325,977
Current assets	29,301	25,997	29,401	29,379	32,430
Current liabilities	(33,973)	(32,335)	(31,425)	(32,773)	(31,602)
Non-current liabilities	(149,521)	(147,972)	(152,155)	(149,486)	(149,478)
Net assets	180,034	181,516	180,807	178,970	177,327
Per 50p ordinary share	2026	2025	2024	2023	2022
Basic earnings	9.9p	30.0p	33.0p	23.5p	42.5p
Underlying earnings available to shareholders	38.0p	36.5p	37.8p	41.1p	39.4p
Dividends (interim and proposed final)	22.15p	21.50p	20.70p	20.00p	18.50p
Net assets	£12.19	£12.29	£12.17	£12.05	£11.94
Dividend cover	0.5	1.4	1.6	1.2	2.3
Underlying dividend cover	1.7	1.7	1.8	2.1	2.1

The above information does not form part of the Notes to the Financial Statements.



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Printed in the UK.

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