



4 March 2025

GREGGS PLC

("Greggs" or the "Company")

PRELIMINARY RESULTS FOR THE 52 WEEKS ENDED 28 DECEMBER 2024

Strong progress, with milestone £2 billion sales and record profits

2024 Financial highlights

	<u>2024</u>	<u>2023</u>	<u>% Increase</u>
Total sales	£2,014m	£1,810m	+11.3%
Underlying operating profit excluding exceptional income*	£195.3m	£171.7m	+13.7%
Underlying pre-tax profit excluding exceptional income*	£189.8m	£167.7m	+13.2%
Pre-tax profit	£203.9m	£188.3m	+8.3%
Underlying diluted earnings per share*	137.5p	123.8p	+11.1%
Diluted earnings per share	149.6p	139.2p	+7.5%
Total ordinary dividend per share	69.0p	62.0p	+11.3%

* Excludes impact of £14.1 million exceptional net income primarily related to the sale of a legacy supply chain site (2023: £20.6 million net income related to settlement of business interruption insurance claims made in 2020)

- Total sales** up 11.3% on 2023 level, with LFL*** sales in company-managed shops up 5.5% year-on-year
- Cash position of £125.3 million supports investment in supply chain and technology
- Final dividend of 50.0p per share recommended, total ordinary dividend per share of 69.0p per share, up 11.3% from 2023 in line with underlying diluted earnings per share growth
- Record profit sharing; £20.5 million to be shared with colleagues

** 52 weeks ended 28 December 2024 (2023: 52 weeks ended 30 December 2023)

*** like-for-like sales in company-managed shops (excluding franchises) with more than one calendar year's trading history

Strategic progress

Broadening customer appeal:

- The strength of our brand and customer proposition was of paramount importance in a year with low consumer confidence (source: GfK Consumer Confidence Tracker, through 2024) and a food-to-go market that was not growing (source: Circana, Barclaycard, Springboard MRI, December 2024)
- Brand health metrics remain strong; Greggs continues to be the UK's leading food-to-go brand and Number 1 for value (YouGov's Brand Index)
- Over-ice drinks range now available in 1,175 shops
- Healthier Choices menu extended with new pasta dishes and flatbreads

Growing and developing the Greggs estate:

- Continued to broaden presence, expanding away from traditional high street locations
- Record 226 new shop openings in 2024 with 28 closures and 53 relocations (145 net openings), growing the estate to 2,618 shops as at 28 December 2024
- Refurbished 165 existing shops
- Targeting 140 to 150 net openings in 2025 including 50 relocations; continue to see clear opportunity for significantly more than 3,000 UK shops over longer term

Evening trade:

- Evening remains fastest growing daypart; 9.0% of company-managed shop sales in 2024 (2023: 8.5%)
- Popular existing range and menu development supporting further growth ambition. Launched BBQ Chicken & Bacon Pizza and four-slice sharing box

Digital channels:

- Greggs App scanned in 20.1% of company-managed shop transactions (2023: 12.5%); customers who engage with App proven to shop at Greggs more frequently
- Increased number of shops offering delivery to 1,556 (2023: 1,440) with delivery sales up 30.9% in 2024, representing 6.7% of company-managed shop sales (2023: 5.6%)

Supply chain investment:

- Fourth production line commissioned at Balliol Park in Newcastle upon Tyne, providing circa 35% additional manufacturing capacity for savoury rolls and bakes
- Work completed to expand capacity at Birmingham and Amesbury distribution centres, adding logistics capacity for a further 300 shops
- Work progressing on two new sites to increase logistics capacity for up to 3,500 shops: a frozen manufacturing and logistics facility in Derby opening in 2026 and a National Distribution Centre for ambient and chilled goods in Kettering opening in 2027

Greggs Pledge highlights:

- Greggs Foundation Breakfast Clubs scheme opened 1,000th club in the 25th year of the programme. Now feeding 75,000 school children every day
- 38 Outlet shops, selling discounted unsold products and supporting local communities
- Progress made towards 2040 net zero carbon targets, with Scope 1 and 2 emissions reduction in line with near-term science-based emissions reduction targets

Current trading

- Like-for-like sales in company-managed shops increased by 1.7% year-on-year in the first nine weeks of 2025. Challenging weather conditions in January followed by improved trading in February
- Confident that Greggs can manage inflationary headwinds and deliver another year of progress in 2025

Roisin Currie, Chief Executive commented:

“2024 was another record-breaking year for Greggs; we exceeded £2 billion in sales for the first time and opened our 2,600th shop. Our people have worked tirelessly to deliver on our strategic ambition to further establish Greggs as a multi-channel food-to-go retailer and I want to acknowledge their efforts. It is thanks to their hard work, week after week, that we continue to grow, all the while maintaining the great prices, high-quality products, and friendly service that keep our customers coming back, again and again.

“In 2021, we set our sights on doubling sales by 2026 and having a significantly bigger business over the longer term. Three years into this five-year plan, sales are on track and we continue to be confident in the growth opportunity in front of us. The brand is in better shape than ever, with a material opportunity to continue growing and developing the Greggs estate and plenty of scope to continue to grow in newer dayparts and channels.”

ENQUIRIES:**Greggs plc**

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

Chair's statement

I'm delighted with the further progress that Greggs has made in 2024. The whole team has demonstrated its ability to execute on our strategic plan, responding to market conditions whilst continuing to deliver another year of progress and attractive returns. We are excited by the opportunity ahead and investing to realise that potential. In doing so we remain true to the responsible, long-term approach that has served this business and its stakeholders well for many years.

Overview

Greggs delivered another strong performance in 2024, making further progress against our strategic plan and delivering an excellent financial outcome in more challenging market conditions. The long-term growth opportunity ahead is clear and we are making good progress as we develop capacity in our supply chain to support further expansion in the years ahead.

The Board's agenda for the year reflected the Company's ambitious growth plans. We continued to review the health of the brand and management's initiatives to develop the food and drink offer and improve access to Greggs across multiple channels. The Board scrutinised the investment plans that support these objectives, ensuring that the business is making good returns on the expansion of its shop estate into areas where Greggs has not traditionally been accessible. This gives us confidence as we lay down capacity for the next phase of expansion.

High standards of governance have long been associated with Greggs, and we work hard to ensure that these are maintained as the operating environment changes. During the year the Board received updates on key risk areas and put a particular focus on processes for allergen management, given the material risk associated with this.

The business remains in a strong financial position and in 2024 the Board oversaw the refinancing of its revolving credit facility, as well as supporting the defined benefit pension scheme Trustee to de-risk the Company's legacy pension scheme through the purchase of an insurance policy which matches the majority of the scheme's liabilities.

Greggs has always aimed to carry out its business in a responsible manner and our pursuit of the targets that make up The Greggs Pledge has really pushed us forward on this agenda. As we enter the final year of our current Pledge targets, great progress has been made in making Greggs an even more sustainable business and we are now refreshing the priorities for the next phase of this journey. In supporting the communities in which Greggs operates we often partner with The Greggs Foundation, the independent charity set up by Ian Gregg almost 40 years ago. The Foundation makes a significant and positive impact on those who need its help and I would like to thank our colleagues, customers and partners for their support with this important work.

Our people and values

Our colleagues across the business are remarkable people, and critical to the reputation that Greggs has for fast and friendly service. The Board takes time to stay close to them in order to get first-hand feedback on what's working and what could be done better. It's a credit to the open culture of the business that they do not hold back in offering their views and I want to thank them for this and for their continued dedication.

This 'listening' activity involves Directors visiting shops, supply sites and support teams, as well as attendance at forums that help us to hear the impact of our plans on colleagues. This makes the Board better equipped to question and support management and to make informed decisions.

The Board

On 1st June 2024 we welcomed Tamara Rogers as an additional Non-Executive Director. Tamara is the Global Chief Marketing Officer of Haleon plc, the FTSE100 listed world-leading consumer healthcare company, and has over 30 years' experience across a range of commercial and marketing roles. She brings a wealth of experience across marketing, customer insight, and digital commerce.

The Board engaged in an externally-facilitated review in the year. This comprehensive review process included the facilitator's attendance at meetings, including all of our Committees, to see the Board in action. Interviews also extended to the Company's Operating Board members to evaluate the manner in which the Board interacts with the executive team. The process was extremely worthwhile and led to some valuable learnings that will help us to improve further, but I am pleased to say that the overwhelming outcome was that this is a highly effective and engaged board.

Further details of the Board's work are included in the Governance and Committee sections of the Annual Report and Accounts 2024.

Dividend

At the time of the interim results in July 2024 the Board declared an interim ordinary dividend of 19.0 pence per share (2023: 16.0 pence per share). In line with our progressive ordinary dividend policy and our target for the ordinary dividend to be twice covered by earnings, the Board intends to recommend at the AGM a final dividend of 50.0 pence per share (2023: 46.0 pence per share), giving a total ordinary dividend for the year of 69.0 pence per share (2023: 62.0 pence per share).

Our capital allocation policy, as outlined in the Financial Review, details our approach to distribution, and the methodology for determining and returning any surplus cash to shareholders. In May 2024, in application of this policy, the Board paid a special dividend of 40.0 pence per share.

Looking ahead

Greggs made strong progress in 2024 and demonstrated its ability to respond to tighter market conditions in the second half of the year. This, and the Company's robust financial health, puts us in a good position to deliver our plans for long-term profitable growth, whilst navigating near-term developments in market conditions. The Board remains confident in the Greggs business and our future plans.

Matt Davies
Chair
4 March 2025

Chief Executive's report

2024 was another record-breaking year for Greggs; we exceeded £2 billion in sales for the first time and opened our 2,600th shop. Our people have worked tirelessly to deliver on our strategic ambition to further establish Greggs as a multi-channel food-to-go retailer and I want to acknowledge their efforts. It is thanks to their hard work, week after week, that we continue to grow, all the while maintaining the great prices, high-quality products, and friendly service that keep our customers coming back, again and again.

In 2021, we set our sights on doubling sales by 2026 and having a significantly bigger business over the longer term. Three years into this five-year plan, sales are on track and we continue to be confident in the growth opportunity in front of us. The brand is in better shape than ever, with a material opportunity to continue growing and developing the Greggs estate and plenty of scope to continue to grow in newer dayparts and channels. We continue to lay the foundations for this growth opportunity by investing in our manufacturing and logistics capacity. We have commenced building work on two large new sites in the Midlands, a frozen product manufacturing and logistics facility in Derby and a chilled and ambient National Distribution Centre in Kettering, building additional capacity which will allow us to service up to 3,500 shops.

The growth strategy that we began implementing in 2021 has proven hugely successful and we remain committed to pursuing our four key drivers of growth: broadening customer appeal; increasing and developing our estate; extending evening trade; and using digital channels to expand our home delivery offer and Click + Collect – all underpinned by significant investment in our supply chain and technology. Our assessment of the opportunity to grow to an estate of significantly more than 3,000 shops remains unchanged, and we see further opportunity to gain increased market share in the evening daypart and delivery channel, whilst also maximising the value of the customers who now use our App.

In 2024, our like-for-like sales in company-managed shops were up 5.5% year-on-year despite the food-to-go market being challenging, with no volume growth in the market overall. We maintained our overall share of the market and retained our position as the UK's No.1 brand for food-to-go breakfast (Source: Circana CREST, YE December 2024), helping to start the day well for millions.

As we attract new customers and increase sales, it is imperative we invest in our infrastructure – both physical and digital – to keep pace. We aim to simplify operations, improve efficiencies, and use data and technology to drive better decisions and reduce complexity for our people.

A key part of this is the evolution of our supply chain operating model. In 2016, we began to move away from a traditional regional bakery model – where every site made every product – towards a consolidated, centralised approach. Today, our nine production facilities are manufacturing centres of excellence, specialising in specific products and producing them at scale.

Our plans for further growth will require additional capacity in our supply chain over the coming years. During 2024, we introduced a fourth savoury line at our Balliol Park site in Newcastle upon Tyne, increasing production capacity for savoury rolls and bakes by circa 35%, and completed work on expanding our regional distribution centres in Amesbury and Birmingham providing 300 additional shops of logistics capacity. We also set in motion two major new development projects: a new frozen manufacturing and logistics facility in Derby (due to open in 2026) and a new National Distribution Centre in Kettering (due to open in the first half of 2027). Both sites are designed to support our Radial Distribution Centres and will significantly increase our logistics capacity; when both are operational we will be able to service an additional 700 shops through the automated upstream picking of frozen, chilled and ambient goods, taking our total logistics capacity to 3,500 shops.

Having led this significant transformation project since 2012, our Supply Chain Director, Gavin Kirk, has now retired. He handed over to Kuldip Bains who has joined Greggs from Bakkavor Group plc where he was responsible for operational excellence across their 15 manufacturing sites and four distribution sites. I wish to thank Gavin for leaving our supply chain transformation project in such a strong position, ready for Kuldip to maximise the significant growth and efficiency opportunities ahead.

I would also like to thank Jonathan Jowett who is retiring after 15 years' service to Greggs as our Company Secretary & General Counsel. He played a key role in Greggs growth from bakery to multi-channel food-to-go retailer, ensuring we have a robust governance structure in place. He hands over to Sarah Dickson, former Deputy General Counsel and Data Protection Officer at Marks and Spencer and, prior to that, senior director for regulatory compliance at ASDA.

As we forge ahead into 2025, I know we have the right senior team in place to take our business from strength to strength. We have established strong foundations for future growth, and I look forward to another year of solid progress towards our goals.

Financial results

Total sales grew to £2,014 million in 2024 (2023: £1,810 million), an 11.3% increase on the level seen in 2023. Within this, company-managed shop like-for-like sales were 5.5% higher than 2023.

Underlying pre-tax profit for the year increased by 13.2% to £189.8 million (2023: £167.7million). For further detail, see the Financial Review. Including exceptional gains, pre-tax profit for the year increased to £203.9 million (2023: £188.3 million).

Our key drivers of growth

Broadening customer appeal

Our mission is to provide our customers with excellent value for money, great quality food, and fast and friendly service. To ensure that we are as accessible as possible, we continue to extend opening hours, increase the reach of home delivery, and open shops in more locations. Through new product development, our loyalty programme on the Greggs App, and engaging, relevant communications, we continue to reach new customers and deepen our relationship with our existing ones.

During 2024, we further evolved our range, allowing us to meet our customers' needs and desires through all channels and in every daypart. We rolled out our popular over-ice drinks range following a successful trial, now available in 1,175 shops, along with chilled 'Ready-to-Drink' Latte and Caramel Latte canned products. We extended our Healthier Choices menu with new pasta dishes and Chicken Pesto and Spicy Mexican Bean Flatbreads. Our hot food menu is proving increasingly popular, with pizza deals driving strong growth, and we conducted successful trials of made-to-order options during the lunch and evening dayparts. Our new add-on product, Mozzarella & Cheddar Bites, won the 'New Food To Go Award' at the 2024 'Sammies' (The Sandwich & Food To Go Industry Awards).

We rotate our product range across the year to provide enticing novelty, with customers enjoying the return of seasonal stalwarts, such as the Festive Bake and Vegan Festive Bake, as well as new twists on old favourites. Popular new seasonal products in 2024 included the Cherry Bakewell Muffin, Spicy Vegetable Curry Bake, Pumpkin Spice Doughnut, Gingerbread Latte, Christmas Lunch Baguette, and Festive Flatbread.

According to Brand Finance's latest ranking, Greggs is now the UK's second-strongest brand (UK 250 2024) with a triple-A rating. This is derived from high scores for value for money, consideration and familiarity, and demonstrates that we are deeply rooted in customers' minds

– a key advantage in the food-to-go market, where success is driven by being front of mind when customers are seeking food-on-the-go.

The popularity of the Greggs brand allows us to cut through in fun, entertaining and engaging ways, celebrating British culture in our trademark tongue-in-cheek way. As a value-driven brand, generating media coverage in this way is a key part of our customer engagement strategy and, in 2024, we made notable appearances at Vicky Pattison's wedding, Olly Murs' baby shower, and at the beach in Whitley Bay, Tyneside, where Rosie Ramsey helped to launch our Fish Finger Sandwich. After the huge success of the Greggs Bistro in Fenwick Newcastle in 2023, we returned in 2024 with the pop-up Greggs Champagne Bar, pairing customers' favourite bakes and rolls with a curated selection of champagnes.

During London Fashion Week in September, we launched 'Baked in Gold', a limited-edition collection of 22-carat gold-plated jewellery featuring Sausage Roll earrings, a Jammy Heart Necklace and even a Greggs charm bracelet. The range of 1,000 items – the first from a food-to-go retailer – was designed and hand-crafted by contemporary British artist Dion Kitson and sold out within an hour of its launch.

Every year we look for new, innovative, and fun ways to celebrate the return of our much-anticipated Christmas menu. This year, we recruited Nigella Lawson to star in our Christmas advert, letting the nation know that even the most sophisticated of palates revel in the 'rapturous riot of flavour' that is our Festive Bake.

Growing and developing the Greggs estate

Expanding our national network of shops is central to our growth plans. In 2021, we launched our five-year growth plan, outlining our ambition to reach significantly more than 3,000 shops in the UK in the longer term. In November 2024, we opened our 2,600th shop, marking a significant milestone in our estate expansion strategy.

Over the course of the year, we opened an average of four new shops every week and, on 28th December 2024, had 2,618 Greggs shops across the UK (2023: 2,473). In total, we opened a record 226 new shops (2023: 220) and closed 81 shops (28 closures and 53 relocations), resulting in 145 net new shop openings.

We opened six shops in Northern Ireland, taking the total in this region to 23. This is a developing market for Greggs where we see potential for further growth and we have a strong new shop pipeline in place for the year ahead.

In addition to finding new sites, relocating existing shops is a key part of our strategy to grow the Greggs estate. During 2024, we closed shops in 53 locations to make way for a better one either nearby or by expanding into a vacant unit next door, allowing us to serve more customers and expand our offer in that community. Relocating shops enables us to retain the existing shop team whilst adding the space needed to reach more customers. This might be by providing seating, housing new equipment to expand our range into hot products or iced drinks or installing an assembly station to better meet the needs of Click + Collect customers and delivery couriers. In these locations in the heart of communities, our customer base is already well established and further investment unlocks swift, profitable growth. Relocated shops see a circa 30% increase in sales on average in the year after the change of location which, consistent with our treatment of all new shops, are excluded from our like-for-like sales growth measure until they have completed one full calendar year of trading.

As an example, we first opened a shop on London's Cheapside in 2012 and it quickly became a success. However, both the size and shape of the property were a constraint to growth. We wanted to add channels to improve sales and began to look for another space. Fortuitously, the unit next door became available, enabling us to create a larger shop with ample seating and a significant upgrade to the customer area.

Similarly, we conducted an extensive programme of refits; refurbishing, reconfiguring or extending 125 company-managed shops and 40 franchised shops to make them more modern and appealing, as well as better set up to support our multi-channel offer.

We continue to focus on broadening our presence beyond the high street and almost half of our shops (48.5%) are now in alternative locations such as petrol forecourts, roadsides, transport hubs, retail parks, supermarkets, universities and hospitals. Ten years ago, these locations represented just 18.1% of the Greggs estate. As well as offering a strong return on our investment, these are the locations where we see the greatest potential for future growth. During 2024, 144 of the 226 new shops we opened were away from the high street, including 11 standalone drive-thrus, and 11 shops inside large supermarkets. Notable openings in travel hubs included three in Glasgow (Queen Street, Central and Motherwell railway stations), Embankment London Underground station, a second shop at London Bridge station, and Blackpool Tram Station. Securing transport locations means we can place a shop inside a closed catchment, ensuring customers in those locations have more choice when they grab their breakfast, lunch or dinner whilst on the move.

Greggs is a trusted brand offering a strong covenant to landlords and franchise partners and this continues to generate opportunities in new locations. Our new shop pipeline is strong, and we remain confident that we will deliver between 140 and 150 net openings again in 2025. We will continue our dual strategy of growing our high street presence by relocating shops and refitting existing ones, as well as opening new shops where Greggs continues to be underrepresented, such as retail parks, railway stations, airports, roadsides and supermarkets.

Extending evening trade

Evening sales now represent 9.0% of company-managed shop sales, up from 8.5% in 2023, with post-4pm trading again being the fastest growing daypart.

We know that relevant menu development is key to our success in the evenings. Our hot food range, in particular our Southern Fried Chicken Goujons and Southern Fried Potato Wedges, continue to perform well after 4pm. In 2024 we launched a BBQ Chicken & Bacon pizza and complemented the well-established six-slice pizza box with the introduction of a smaller four-slice box.

We have also expanded our made-to-order offer. In 2024, we carried out a 'made-to-order' trial in ten shops in Newcastle upon Tyne and are now inviting people to customise orders for fish finger wraps, fish finger sandwiches, chicken wraps, and chicken burgers at circa 140 shops. Customers can choose from a variety of sauces, plus add-ons of bacon and cheese, and enjoy it as part of a meal deal with wedges and a drink from £5. We plan to introduce these made-to-order options at a further 200 locations by the end of the first quarter of 2025.

During the summer, we launched a CRM campaign called 'Happier Days', utilising the Greggs App to grow evening trade, offering double reward stamps on every purchase after 5pm from 8 July to 10 August. During this campaign we saw a strong uplift in evening like-for-like sales compared to other dayparts, and transactions remained higher following the campaign, showing the lasting effect of the promotion.

Over the longer term, the ongoing evolution of our menu and the convenience and diversity of our shop estate offers a significant opportunity to further increase our share of both the walk-in and delivery evening markets.

Developing digital channels

The Greggs App, Click + Collect, and our partnerships with Just Eat and Uber Eats help drive forward our ambition to become a multi-channel retailer. Whether a customer wants to visit a shop, order in advance, or have food delivered to their home or workplace, we want their experience to be smooth, easy, and quick.

Use of the award-winning Greggs App continues to grow, with customers scanning it in 20.1% of transactions in company-managed shops during 2024 (2023: 12.5%). This notable growth in the use of Greggs Rewards has been driven by the value the App offers; we reward customers who collect nine stamps in a category by giving them their tenth item free. The App also allows us to promote products and flag new menu items, while allowing customers to find their nearest Greggs and check opening times. We continue to focus on making sure it is easy and intuitive to use and are pleased that it is rated 4.8 out of 5 on both Google Play Store and Apple's App Store. We ended 2024 in the No.1 spot for free Food & Drink apps on both app stores.

Effective customer relationship management is key to unlocking further growth from the App and, this year, we implemented a new customer engagement platform that is helping us to understand our customers at a much more granular level, further enhancing our ability to engage with them and increase loyalty. It has allowed us to use geo-targeting to identify top App users in a particular area to offer money-can't-buy benefits, such as an invitation to a sommelier event at the Fenwick Greggs Champagne bar. When we had special product launches, such as for the Baked in Gold jewellery range or Greggs Top Trumps, we sent App users a link to our online shop before we posted it on social media.

During 2024, we increased the number of shops offering home delivery to 1,556 (2023: 1,440). Collectively, our customers placed circa 10 million orders through the Just Eat or Uber Eats apps over the year, with basket sizes on average more than double those of walk-in customers. Sales through this channel were up 30.9% compared with 2023, and in 2024 delivery represented 6.7% of company-managed shop sales (2023: 5.6%).

Behind the scenes, we have been improving our operational procedures to fulfil demand and make the experience slicker for both customers and colleagues. This includes better menu management in our shops and streamlining the menu to make it easier for customers scrolling online. Next, we are focusing on providing our customers with more accurate estimations of courier arrival times.

Investing in our supply chain and technology for a bigger business

As our shop estate grows, we are expanding our manufacturing and logistics capability to ensure that our supply capacity can meet increased demand.

In early 2024, we finalised the commissioning of a fourth manufacturing line at our Balliol Park site in Newcastle, increasing levels of automation and boosting production capacity for our savoury rolls and bakes by 35%.

We also completed the redevelopment of our Amesbury and Birmingham distribution centres, doubling capacity at the former and streamlining operations at the latter. Together, these investments in our logistics infrastructure mean that we are now set up to support an additional 300 shops.

During the year, we signed agreements for two new state-of-the-art sites in the Midlands. The first, at SmartParc in Derby, will be both a manufacturing and logistics facility, replicating the success of our northern frozen manufacturing and logistics campus at Balliol Park. In addition to an automated cold store, the new site (due to open in 2026) will introduce automated picking right down to the shop level.

The second new site, in Symmetry Park, Kettering, will be a National Distribution Centre for storing, picking, and distributing ambient and chilled goods. In January 2025 we purchased a 25-acre plot and have begun building the facility, which we expect will be operational in 2027. The site will embrace increased levels of automation to enable upstream picking, relieving pressure on our Radial Distribution Centres. This allows us to increase throughput and improve the productivity of our entire logistics chain.

Together, these two new sites will allow us to support a total estate of up to 3,500 shops. In addition, they are being purpose-built to include developable 'white space' that will allow us to make additional investments to support further growth, as required. The expected impact of these investments on the shape of margin and returns is set out in the Financial Review.

In addition to physical infrastructure, we are ensuring that we have the right technology and systems in place to maximise efficiency and minimise complexity right across our operations. This includes the implementation of new EPOS till software to improve how we manage pricing and promotions. We also began the project to transition to an updated Enterprise Resource Planning software system, SAP S4HANA, which brings greater AI and analytics capability to help streamline processes, improve productivity, and give us real-time insights. All these investments are generating better data which we can use to adjust and improve how we do things. As our business becomes more complex, we will use AI and technology to make our people's jobs as simple as possible, lightening the cognitive load and letting them get back to what they do best: providing amazing service for our customers.

As our shops become ever more reliant on connectivity, we have invested in introducing full fibre broadband at every shop where it is available. We are upgrading all our Chip & Pin devices to ensure that we are utilising the most efficient technology available. We are also testing new initiatives aimed at driving further sales growth and delivering efficiencies, for example in 2025 we will trial touchscreen kiosk ordering and remote temperature monitoring.

Looking after our people

As the employer of 33,000 people – many of whom work flexibly or part-time – we feel a responsibility to help improve their financial security. One way in which we do this, whilst also driving engagement, is through our longstanding profit share scheme. We continue to share 10% of our profits between colleagues who have been with us for six months or more, which this year will see qualifying colleagues share £20.5 million.

Once again, we have reviewed our pension contributions. Last year, we increased the Company's matched contribution to 6% and, in the year ahead, will raise it again to 7%, helping our people to save for their future. We continue to offer a colleague discount when buying Greggs products, and provide a share save scheme that enables our people to purchase Greggs shares at a discount.

We have reviewed our family-friendly policies and increased maternity and paternity pay. Our intention is to support our people, whatever their stage of life, to make sure they can balance their family commitments with their career aspirations.

Improving the diversity of our workforce is one of the ten commitments of The Greggs Pledge, and our ambition is that we reflect the communities we serve by the end of 2025. In September 2024, we held our first internal Inclusion Conference, during which we reflected on and celebrated the progress we have made in this important area. We now have three colleague inclusion networks: REACH (our ethnicity group), ENABLE (our disability group) and PRIDE (our LGBTQ+ group) that aim to support these communities and improve access to opportunities. We recognise that we need to work harder to achieve greater ethnic diversity in our management population and are actively encouraging colleagues from a minority background to apply for our leadership development programmes.

Giving back

With such a large workforce, our greatest contribution to society is providing fairly-paid, sustainable jobs to tens of thousands of people across the country.

In addition, we contribute 1% of our pre-tax profits to The Greggs Foundation (the "Foundation") which distributes it to communities through initiatives such as Breakfast Clubs, hardship funds, and its community grant schemes. In 2024, we donated £3.1 million to the

Foundation - this includes donating 1% of our pre-tax profits, and a share of profits from our Outlet shops. This was topped up by a further £1.1 million raised by our colleagues and customers through in-shop donations, two Breakfast Club appeal weeks, colleague Give As You Earn donations and fundraising. We also donate 5p to the Greggs Foundation for every Jammy Heart Biscuit and children's sandwich sold.

We have supported BBC Children in Need for 18 years now, raising over £13 million for them in that time. 2024 was no exception and the collection buckets, merchandise and Pudsey biscuits in our shops during November raised over £1 million for the charity.

We also support Children's Cancer North by funding the delivery of their Children's Cancer Run every May, putting collection buckets in our shops in the North East and Cumbria, and encouraging customers to participate in the event.

The Greggs Pledge

Since launching The Greggs Pledge in 2021, the business has united around ten clear commitments, and we have driven progress in every area. As we enter the final year of this phase of our journey we have now met or exceeded some of our original targets, and are on track to meet most of the others, and I am very proud of what we have achieved together.

Every one of our colleagues can be part of The Greggs Pledge journey – and I know so many of them feel very passionate about contributing to making Greggs a better business; it is a source of real pride and purpose.

In a fast-changing world, it is important that we regularly review our approach and, this year, we conducted a materiality assessment to ensure that our priorities are still the correct ones. We asked our people, suppliers and partners where we need to concentrate our efforts next, and we are now collating that feedback ready to evolve our approach in 2026.

We group the ten commitments of The Greggs Pledge into three areas: Stronger, Healthier Communities; Safer Planet; and Better Business. Below are some highlights from the past year.

Stronger, healthier communities

Greggs Foundation launched its first Breakfast Club in 1999 and, 25 years later, proudly celebrated the opening of its 1,000th club. These clubs provide a free and nutritious breakfast to over 75,000 schoolchildren every day, helping to tackle hunger in some of the UK's most deprived communities.

We are delighted that the Government is proposing to introduce funded breakfast clubs for primary schools and are now looking at how our support for Greggs Foundation can extend the positive impact of breakfast clubs across more of the school day.

Greggs Foundation will be building on the long history of its Breakfast Clubs to add even greater value to the network of 1,000 schools. Now called Feeding Brighter Futures, The Greggs Foundation's schools programme will continue to incorporate Breakfast Clubs for as long as supported schools need them, as well as developing additional support through after-school clubs and holiday club provision. The Foundation gives schools the freedom and funds to choose nutritious options and activities that will help children overcome barriers and provide new opportunities for learning.

Another way we tackle food insecurity is by redistributing our unsold food. Our 'daily fresh' approach means that products that haven't been sold by the end of the day are taken off our shelves. We use several channels to redistribute unsold food: our Outlet shops; charity partners; the Too Good To Go app; and colleague Magic Bags. We redistributed 45% of all unsold food through these channels in 2024 (2023: 41.9% redistributed) and returned the

remainder to our manufacturing sites from where it was sent to an anaerobic digestion facility that composts the food and creates biogas.

Our supply sites also have a longstanding partnership with FareShare and during 2024 we donated 50 tonnes of food which was then passed on to more than 1,500 charities across the UK. We have given them around 420 tonnes of food during the entirety of our partnership which, according to WRAP's meals calculator, is equivalent to 1 million meals – a significant milestone.

We have also grown our network of Greggs Outlets to 38 shops, allowing us to sell day-old products at a big discount in places of higher social deprivation. A portion of the profits from each Outlet shop is then donated to community charities that support people in the local area.

Building stronger, healthier communities is also about making sure that we are supporting our customers to eat a healthier diet. During 2024, we again delivered on our commitment to ensure that at least 30% of our product range is a healthier option and expanded our range of flatbreads, salads and fruit pots.

Safer planet

We remain on track to becoming a Net Zero business by 2040, and to meeting our nearer-term goal of using 100% renewable energy by the end of 2025. Wherever we are responsible for sourcing the electricity, we choose to purchase 100% renewable electricity and, in a relatively small number of shops where our landlords don't do the same, we are encouraging them to change. We have succeeded in moving 60% of the gas we use to renewable sources and, over time, are switching away from gas towards electricity.

In 2024, we converted one of our major distribution depots to allow us to power our vehicles on Hydrotreated Vegetable Oil (HVO) instead of diesel. This allows us to drive approximately two million miles each year using renewable fuel, circa 10% of the total miles our logistics fleet drives each year.

We test new environmentally-friendly technologies in our Eco-Shop in Northampton and those that work well and demonstrate impact are added to our standard shop fit-out. As a result, over a quarter of our shop estate now features equipment that is helping us to save water, create less waste, or use less energy.

Looking ahead, our Scope 3 carbon footprint is the area where we see the largest opportunity to reduce emissions. A significant number of our suppliers have now publicly declared a Net Zero target of their own and we are having constructive conversations with them to see what we can learn from each other, and how we might work in partnership to further reduce carbon in our value chain.

Better business

We recognise that our people are crucial to our success, and we make sure that they are fairly remunerated, given opportunities to progress, and treated well. We aim to offer inclusive workplaces and are striving to build diverse teams that better reflect the communities we serve.

Being a better business also means using our buying power as a force for good. We have a clear sustainable procurement vision: "To source and collaborate with suppliers to accelerate The Greggs Pledge to build strong, healthy communities, make the planet a safer place, and build a better business." This vision keeps human rights, animal welfare, and environmental sustainability top of mind.

During 2024, our procurement team has focused on improving the sustainability information we collect during our onboarding and tendering processes, and our growing capability to utilise sustainability data such as EcoVadis assessments.

A forward look

Looking ahead to 2025, the macroeconomic landscape remains tough. Inflation remains elevated, and many of our customers continue to worry about the cost of living. After years of financial anxiety, they are still facing concerns about energy prices and increased mortgage and rent costs.

Despite a challenging food-to-go market, Greggs has demonstrated its ability to make positive progress and we remain confident that Greggs can and will continue to grow. The five-year strategic plan that we set out in 2021 is proving successful. We constantly adapt our plans to meet the evolving landscape, and we remain confident in the growth opportunity in front of us through broadening our appeal, expanding our estate, extending into the evening daypart, and developing our digital offer – all underpinned by significant investment in our supply chain and technology.

Increases in employment taxes will significantly increase our wage bill, and that of other retailers, in 2025, but we have dealt with significant cost inflation effectively over recent years and remain confident in our ability to manage the impact of cost inflation on the business. We are relentlessly focused on improving efficiencies which supports our position as a value-led brand. To the extent that we cannot mitigate cost inflation through savings, we recover it through careful pricing activity, which we strive to keep to an absolute minimum to ensure that we protect our reputation for offering great value.

Our number one place in YouGov's poll for the most popular Quick-Service Restaurant, Coffee Shop and Delivery Service brand and strong ratings for quality and value for money (YouGov Brand Health, December 2024) leave us confident that we will continue to win in the food-to-go market.

Current trading and outlook

Like-for-like sales in company-managed shops have increased by 1.7% year-on-year in the first nine weeks of 2025 with challenging weather conditions in January followed by improved trading in February. We have a strong pipeline of new shop openings ahead as we pursue our ambitious growth plans and invest in the supply chain capacity that supports this. Management's expectations for 2025 are unchanged and we are confident that Greggs can manage inflationary headwinds and deliver another year of progress in 2025.

I remain optimistic about the many growth opportunities available to Greggs and have great confidence in our people's ability to unlock them.

Roisin Currie
Chief Executive
4 March 2025

Financial review

Greggs delivered another good financial performance in 2024. Sales growth reflected a record number of new shop openings as well as continued progress in developing new channels. The Company's robust balance sheet supports our growth strategy as we invest in the capacity that will enable further growth and strong returns.

	2024 £m	2023 £m	Variance
Revenue	2,014.4	1,809.6	+11.3%
Underlying operating profit	195.3	171.7	+13.7%
Finance income	8.1	6.1	+32.8%
Finance expense	(13.6)	(10.1)	+34.7%
Underlying profit before tax	189.8	167.7	+13.2%
Exceptional income	14.1	20.6	
Profit before tax	203.9	188.3	+8.3%
Income tax	(50.5)	(45.8)	+10.3%
Profit after tax	153.4	142.5	+7.6%
Underlying diluted earnings per share	137.5p	123.8p	+11.1%
Underlying return on capital employed	20.3%	21.1%	

Sales

Total Group sales for the 52 weeks ended 28 December 2024 grew by 11.3% to £2,014 million (2023: £1,810 million). Growth was delivered through both new shop openings and like-for-like sales growth in existing shops, reflecting both volume growth and price increases. Total Group revenue reflects sales from company-managed shops, which include delivery sales, and sales through the business-to-business channel to our franchise and grocery wholesale partners.

Reporting 'like-for-like' sales (sales in company-managed shops with more than one calendar year's trading history) is a key alternative performance measure for Greggs, as it shows underlying company-managed estate sales performance excluding the impact of new shop openings and closures. In 2024 like-for-like sales were 5.5% up on 2023. The pattern of like-for-like growth through the year reflected the annualisation of trading hours extension and the roll out of delivery services with Uber Eats in Q4 2023, along with a generally-tougher market context in the second half of the year. The challenging market context resulted in us not achieving our 2024 target for like-for-like sales growth.

The performance of shops managed by franchise partners proved more resilient to market conditions, being primarily focused on roadside locations. Franchise like-for-like 'system sales' (sales in franchised shops with more than one calendar year's trading history) grew by 7.4% in 2024, reflecting growing consumer use of these locations and trading hours extension to serve later dayparts.

Profit for the year

Underlying operating profit (profit before finance income and expense, exceptional income and tax) was £195.3 million in 2024 (2023: £171.7 million). After financing costs and exceptional income profit before taxation was £203.9 million in 2024 (2023: £188.3 million). The strong profit progression reflected overall sales growth supported by good cost control and margin management. Profits included a net exceptional gain of £14.1 million which primarily relates to the sale of our legacy Twickenham supply chain site.

The business experienced overall like-for-like cost inflation of around 4% in 2024. This was primarily driven by employment costs, with food and packaging costs marginally deflationary following the significant increases experienced in 2022 and 2023. Energy costs reduced year-on-year and our shop occupancy cost ratio (shop costs such as rent, rates and service charges as a percentage of sales) was stable.

Looking forward we currently expect overall input cost inflation in 2025 to be around six per cent. Employment cost inflation will again be the biggest driver of higher costs, including the impact of the increase in the National Living Wage and an increase in employer's National Insurance contributions. We have good levels of forward cover for commodity costs, with almost 100% of our electricity requirements fixed for the year and forward purchase agreements in place representing circa five months of our food and packaging needs.

Offering great value to customers is key to our strategic purpose, and we leverage our scale and vertical integration to keep costs low. We have a rolling programme of cost-saving initiatives with the aim of mitigating as much cost pressure as possible, and in 2024 this delivered £10.6 million of savings. Through the programme we look to leverage the scale in our manufacturing operations, completing end-to-end process reviews to realise the benefits of our vertical integration. The strength of our financial covenant and our scale helps us secure the best procurement rates. We also target waste reduction, which aligns with our Greggs Pledge commitments.

To the extent that we cannot mitigate cost inflation through savings, we recover it through careful pricing activity, whilst ensuring that we protect our reputation for offering great value, great quality products. We continually compare our prices with the market across a range of products and ensure that our relative price proposition remains strong, with prices comparable to the grocery sector, but for freshly-prepared food and drink, and at a strong discount compared to other food-to-go specialists.

Following a period of margin investment to support the development of new channels and dayparts we have focused on cost control and strong management of pricing and promotions to improve profitability. This has resulted in an increased underlying operating profit margin of 9.7% in 2024 (2023: 9.5%).

Investing for growth

We continue to see good returns on new shop openings, including the relocation of existing shops to better premises that enable them to reach their full potential. The scope for further growth in the estate is material and we have set out plans to create capacity in our supply chain to service around 3,500 shops in the medium term, whilst also leaving open options to extend this further.

This expansion in capacity relies on a number of key investment projects:

- Completed - the expansion of manufacturing capacity at Balliol Park in Newcastle, where a fourth production line was commissioned in 2024, increasing capacity for savoury rolls and bakes by 35%.

- Completed - extension and refurbishment works at our Amesbury and Birmingham Radial Distribution Centres, completed in 2024, have added capacity to serve an additional 300 shops across the south of the UK.
- In progress - our new site in Derby will manufacture and distribute frozen products, bringing automated upstream picking to the Greggs supply chain for the first time. This will help our existing Radial Distribution Centres to support more shops from mid-2026.
- In progress - a new National Distribution Centre in Kettering will consolidate our existing operations there for chilled and ambient goods as well as supporting the move to upstream picking in 2027.

These investments collectively take the logistics capacity in our network to around 3,500 shops. We have planned carefully for this phase of growth and are financing the investment from a combination of cash deliberately carried into the programme, a long-term lease of the building at Derby and ongoing cash generation. The impact of stepping up our capacity in this way will increase our capital employed and create additional fixed costs in the short-term, with both subsequently utilised as we expand our operations.

Capital employed will progressively build as the sites are developed and brought into use. The cash retained to fund investment has been part of the capital employed in the business in recent years and will remain so as it is converted to fixed assets. In addition, the 25-year lease of the building at Derby was capitalised in 2024 (with a right-of-use asset and liability value of £47 million) ahead of being fitted out with cash-funded assets. We expect the cash-funded capital investment in the Derby site to be £135 million, including the cost of the first production line. As the programme continues, the asset base will expand further, with capital employed growing ahead of capacity utilisation through to 2027.

Operating costs, primarily depreciation, will increase in steps as the new operations are brought into use. The shell of the Derby site was built in 2024, and work in 2025 will be focused on fitting out the site, installing the automated logistics operations and setting up the site's first production line. We are targeting a logistics 'go live' in the second quarter of 2026 and a production 'go live' in the final quarter of 2026. The land for the Kettering site was purchased in January 2025 at a total cost of £30 million and the focus for this coming year is to build the shell of the building, before fitting this out through 2026. Commissioning at Kettering is due to commence in the final quarter of 2026, with the site expected to be fully operational in the second half of 2027. We expect the cash-funded capital investment in the Kettering site to be a further £105 million following the land purchase.

Whilst carrying cash forward into the current investment programme the business has maximised the opportunity to earn interest income on cash deposits. In 2024 this income totalled £8.1 million and will reduce in 2025 as cash levels normalise.

We plan to utilise the additional capacity created by this investment programme as the business grows its shop numbers in the years ahead. The expanded logistics network will allow for around 900 further net new shops from the starting position in 2025, supporting six to nine years' worth of expansion at recent opening rates (100-150 net shops per annum). The short-term impact will be an increase in fixed costs and a temporary reduction in return on capital employed (ROCE).

The additional fixed costs associated with the Derby site are expected to present a circa 40 basis point headwind to operating margin in 2026. A similar additional margin headwind is expected in 2027 as these costs annualise and the Kettering site opens, though this incremental cost will begin to be offset in that year as we continue to grow the shop estate and start to utilise the capacity created. We expect this trend to continue in the following years, to the further benefit of margin and returns. We continue to target a return to a ROCE of circa 20% in the medium term.

Financing charges

We earned £8.1 million (2023: £6.1 million) of finance income on cash deposits during the year and incurred finance expenses of £13.6 million (2023: £10.1 million) which comprised £13.0 million (2023: £9.6 million) in respect of the IFRS 16 interest charge on lease liabilities and a net £0.6 million (2023: £0.5 million) of facility charges under the Company's (undrawn) financing facilities, interest on the defined benefit pension liability and foreign exchange losses.

Taxation

The Group has a simple corporate structure, carries out its business entirely in the UK and all taxes are paid here. We aim to act with integrity and transparency in respect of our taxation obligations.

The Group's overall effective tax rate on profit in 2024, including the impact of exceptional items, was 24.8% (2023: 24.3%). The headline rate for the year was 25.0% (2023: 23.5%) following the increase from 19.0% to 25.0% in the corporation tax rate from 1 April 2023. The overall tax rate was lowered by the inclusion of the exceptional gain on disposal of the Twickenham bakery site.

The underlying tax rate for the year was 25.7% (2023: 24.4%) – the year-on-year movement in the underlying rate is almost entirely due to the increase in the headline rate of tax.

We expect the effective tax rate for 2025 to be around 26.0% and going forward the effective rate is expected to remain around one percentage point above the headline corporation tax rate. This is principally explained by expenditure for which no tax relief is available, such as depreciation on properties acquired before the introduction of structures and buildings tax allowances, and acquisition costs relating to new shops.

Earnings per share and dividend

Underlying diluted earnings per share in 2024 was 137.5 pence (2023: 123.8 pence per share). Including the net exceptional income diluted earnings per share were 149.6 pence (2023: 139.2 pence per share).

The Board recommends a final ordinary dividend of 50.0 pence per share (2023: 46.0 pence per share). Together with the interim dividend of 19.0 pence (2023: 16.0 pence) paid in October 2024, this makes a total ordinary dividend for the year of 69.0 pence per share (2023: 62.0 pence per share). This is covered two times by underlying diluted earnings per share and is in line with our progressive ordinary dividend policy, which aims to increase the dividend in line with growth in underlying earnings per share.

Subject to the approval of shareholders at the Annual General Meeting, the final ordinary dividend will be paid on 30th May 2025 to shareholders on the register at 2nd May 2025.

Balance sheet

Capital expenditure

In line with our plans we invested a total of £249.0 million (2023: £199.8 million) in capital expenditure during 2024. Retail estate expenditure grew as we increased the number of company-managed shop openings and relocations, and completed more shop refurbishments. We also rolled out additional equipment to support sales growth, including ice machines to provide a new range of over-ice drinks to our customers. In our supply chain we completed the commissioning of a fourth production line for our iconic savoury rolls and bakes at Balliol Park in Newcastle and completed the works to extend logistics capacity at our Birmingham and Amesbury distribution centres. In addition, we commenced the fit-out phase of the new leased site in Derby, and made some deposit payments in respect of the new Kettering site. IT investment also increased as we began the work to upgrade our ERP system to SAP S4HANA.

Depreciation and amortisation on property, plant and equipment and intangibles in the year was £80.8 million (2023: £70.5 million). A further £59.2 million (2023 £54.5 million) of depreciation was charged in respect of right-of-use assets on capitalised leases.

As previously communicated, our capital investment will continue at an elevated level until 2026 as we build additional capacity in our supply chain to support our ambitious growth plans, whilst also growing and refurbishing our retail estate. In 2025 we will complete the work to bring into use the logistics capabilities of our new site in Derby, and progress the construction of our new site in Kettering having completed the purchase of the land in early January 2025. We expect the Derby site to be operational in 2026, with the Kettering site following in 2027.

Our shop opening and relocation plans mean that we will invest in circa 160 new company-managed shops in 2025 and refurbish around 120 existing company-managed shops as we modernise older sites and introduce additional facilities to support our growth plans. In our retail estate we continue to target a 25% cash return on investment on new shops and typically exceed this level after two to three years as shops mature. The focus of the acquisition strategy means we are opening shops that trade longer hours and have higher than average sales and returns. The returns on newly-opened shops remain strong and, being mainly in new catchments, have not impacted on the sales of other shops in the estate.

Overall we expect capital expenditure in 2025 to be around £300 million, with the delay in the purchase of the land for Kettering altering the phasing of previous guidance. We anticipate that capital expenditure will be around £200 million in 2026 before returning to a normalised level beyond this investment phase, where we expect maintenance capital expenditure to be up to 5% of revenue, with additional expenditure deployed to support further growth as required.

Working capital

We ended the year with Group net current liabilities of £67.3 million (2023 net current assets of £25.4 million) as our cash and cash equivalents balance reduced as we progressed with our capital investment plans. Stock and debtor levels increased primarily due to sales growth. The net current liabilities position reflects supplier funding as we receive payment from company-managed shop customers ahead of paying suppliers on standard terms.

Pension scheme

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

As a result, the scheme is in a net liability position of £0.4 million (2023: net asset position of £6.6 million), reflecting the largely-derisked position that it now benefits from.

Cash flow and capital structure

The net cash inflow from operating activities after lease payments in the year was £254.2 million (2023: £257.1 million). The strength of cash generation reflected the growth in profits and the sale of the legacy supply chain site in the year, offset by an increase in tax payments. At the end of the year the Group had net cash and cash equivalents of £125.3 million (2023: £195.3 million).

During the year we refinanced our revolving credit facility for a three-year period to June 2027, with two further one-year extension options. The facility provides liquidity of £100 million in committed funds. Taking this into account, total available liquidity at the end of 2023 was £225.3 million (2023: £265.3 million).

Our approach to capital allocation can be described as a series of priorities:

1. **Invest to adequately maintain the business** in order to support its continued success. As noted above, in normal circumstances we expect maintenance capital expenditure to be up to 5% of revenue.
2. **Maintain a strong balance sheet.** Reflecting the inherent gearing in the Group's leaseholds and working capital we aim, in normal circumstances, to maintain a year-end net cash position of circa 3% of revenue in order to allow for seasonality in the working capital cycle and to protect the interests of all creditors.
3. **Deliver an attractive ordinary dividend** to shareholders. We continue to target a progressive ordinary dividend, normally around two times covered by underlying profit after taxation.
4. **Selectively invest to grow.** As outlined above we intend to continue to make capital investments in excess of the maintenance level in the coming years to support our growth plans.
5. **Return surplus cash to shareholders.** Where net cash on the balance sheet exceeds our minimum requirement, taking into account that reserved for growth investments, we expect to return cash to shareholders by way of special dividends.

The Company's current cash position will continue to normalise in 2025 and 2026 as we complete the current investment phase to support our growth plans.

Looking forward

The significant investments that we are making to support further profitable growth will create short-term ROCE and margin headwinds as we bring important new sites into our supply chain. However, this capacity will enable Greggs to realise the medium-term opportunity to grow its estate and expand into new channels, continuing the strategy that has been so successful in recent years. Throughout this we will maintain a strong financial position and the discipline that has delivered profitable growth and excellent capital returns, to the benefit of all of our stakeholders.

Richard Hutton
Chief Financial Officer
4 March 2025

Greggs plc

Consolidated income statement

for the 52 weeks ended 28 December 2024 (2023: 52 weeks ended 30 December 2023)

	2024 Excluding exceptional items	2024 Exceptional items (see note 3)	2024 Total	2023 Excluding exceptional items £m	2023 Exceptional items (see note 3) £m	2023 Total £m
Revenue	2,014.4	-	2,014.4	1,809.6	-	1,809.6
Cost of sales	(770.8)	-	(770.8)	(710.5)	-	(710.5)
Gross profit	1,243.6	-	1,243.6	1,099.1	-	1,099.1
Distribution and selling costs	(950.4)	0.3	(950.1)	(844.5)	0.3	(844.2)
Administrative expenses	(97.9)	-	(97.9)	(82.9)	-	(82.9)
Other income	-	13.8	13.8	-	20.3	20.3
Operating profit	195.3	14.1	209.4	171.7	20.6	192.3
Finance income	8.1	-	8.1	6.1	-	6.1
Finance expense	(13.6)	-	(13.6)	(10.1)	-	(10.1)
Profit before tax	189.8	14.1	203.9	167.7	20.6	188.3
Income tax	(48.8)	(1.7)	(50.5)	(41.0)	(4.8)	(45.8)
Profit for the financial year attributable to equity holders of the Parent	141.0	12.4	153.4	126.7	15.8	142.5
Basic earnings per share	138.5p	12.2p	150.7p	125.0p	15.6p	140.6p
Diluted earnings per share	137.5p	12.1p	149.6p	123.8p	15.4p	139.2p

Greggs plc

Consolidated statement of comprehensive income for the 52 weeks ended 28 December 2024 (2023: 52 weeks ended 30 December 2023)

	2024 £m	2023 £m
Profit for the financial year	153.4	142.5
Other comprehensive income		
<i>Items that will not be recycled to profit and loss:</i>		
Remeasurements on defined benefit pension plans	(11.9)	-
Tax on remeasurements on defined benefit pension plans	0.9	0.4
Other comprehensive income for the financial year, net of income tax	(11.0)	0.4
Total comprehensive income for the financial year	142.4 =====	142.9 =====

Greggs plc

Consolidated Balance Sheet

at 28 December 2024 (2023: 30 December 2023)

	2024 £m	2023 £m
ASSETS		
Non-current assets		
Intangible assets	24.9	18.3
Property, plant and equipment	664.7	510.3
Right-of-use assets	387.2	296.6
Defined benefit pension asset	-	6.6
	1,076.8	831.8
Current assets		
Inventories	55.2	48.8
Trade and other receivables	62.4	53.8
Cash and cash equivalents	125.3	195.3
	242.9	297.9
Total assets	1,319.7	1,129.7
LIABILITIES		
Current liabilities		
Trade and other payables	(243.9)	(211.1)
Current tax liabilities	(9.1)	(4.9)
Lease liabilities	(53.8)	(52.5)
Provisions	(3.4)	(4.0)
	(310.2)	(272.5)
Non-current liabilities		
Other payables	(1.8)	(2.3)
Lease liabilities	(361.3)	(267.1)
Deferred tax liability	(72.6)	(54.7)
Long-term provisions	(2.9)	(2.2)
Defined benefit pension liability	(0.4)	-
	(439.0)	(326.3)
Total liabilities	(749.2)	(598.8)
Net assets	570.5	530.9
	=====	=====
EQUITY		
Capital and reserves		
Issued capital	2.0	2.0
Share premium account	25.1	25.1
Capital redemption reserve	0.4	0.4
Retained earnings	543.0	503.4
Total equity attributable to equity holders of the Parent	570.5	530.9
	=====	=====

Greggs plc**Statements of changes in equity**

for the 52 weeks ended 28 December 2024 (2023: 52 weeks ended 30 December 2023)

52 weeks ended 30 December 2023

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

Greggs plc
Consolidated statement of changes in equity (continued)

52 weeks ended 28 December 2024

	Issued capital	Share premium	Capital redemption reserve	Retained earnings	Total
	£m	£m	£m	£m	£m
Balance at 31 December 2023	2.0	25.1	0.4	503.4	530.9
Total comprehensive income for the year					
Profit for the financial year	-	-	-	153.4	153.4
Other comprehensive income	-	-	-	(11.0)	(11.0)
Total comprehensive income for the year	-	-	-	142.4	142.4
Transactions with owners, recorded directly in equity					
Purchase of own shares	-	-	-	(5.0)	(5.0)
Sale of own shares	-	-	-	4.7	4.7
Share-based payment transactions	-	-	-	4.5	4.5
Dividends to equity holders	-	-	-	(106.8)	(106.8)
Tax items taken directly to reserves	-	-	-	(0.2)	(0.2)
Total transactions with owners	-	-	-	(102.8)	(102.8)
Balance at 28 December 2024	2.0	25.1	0.4	543.0	570.5
	=====	=====	=====	=====	=====

Greggs plc**Statements of cashflows**

for the 52 weeks ended 28 December 2024 (2023: 52 weeks ended 30 December 2023)

	Group	
	2024	2023
	£m	£m
Operating activities		
Cash generated from operations (see below)	352.6	333.0
Income tax paid	(27.7)	(11.9)
Interest paid on lease liabilities	(13.0)	(9.6)
Interest paid on borrowings and other related charges	(1.0)	(0.7)
Net cash inflow from operating activities	310.9	310.8
Investing activities		
Acquisition of property, plant and equipment	(230.0)	(189.5)
Acquisition of intangible assets	(10.9)	(8.6)
Proceeds from sale of property, plant and equipment	16.1	0.8
Interest received	7.7	6.1
Net cash outflow from investing activities	(217.1)	(191.2)
Financing activities		
Proceeds from issue of share capital	-	2.0
Sale of own shares	4.7	1.6
Purchase of own shares	(5.0)	(5.0)
Dividends paid	(106.8)	(60.8)
Repayment of principal on lease liabilities	(56.7)	(53.7)
Net cash outflow from financing activities	(163.8)	(115.9)
Net (decrease)/increase in cash and cash equivalents	(70.0)	3.7
Cash and cash equivalents at the start of the year	195.3	191.6
Cash and cash equivalents at the end of the year	125.3	195.3
	=====	=====

Cash flow statement – cash generated from operations

	2024 £m	2023 £m
Profit for the financial year	153.4	142.5
Amortisation	4.2	3.9
Depreciation – property, plant and equipment	76.6	66.6
Depreciation – right-of-use assets	59.2	54.5
Net impairment charge– property, plant and equipment	2.9	1.4
Impairment charge – right-of-use assets	2.1	2.5
(Profit)/loss on sale of property, plant and equipment	(11.8)	2.0
Release of Government grants	(0.5)	(0.5)
Share-based payment expenses	4.5	4.6
Finance income	(8.1)	(6.1)
Finance expense	13.6	10.1
Income tax expense	50.5	45.8
Increase in inventories	(6.4)	(8.2)
Increase in receivables	(8.1)	(3.6)
Increase in payables	24.9	18.0
Increase / (decrease) in provisions	0.1	(0.5)
Defined benefit pension scheme special contribution	(4.5)	-
Cash generated from operations	352.6	333.0
	=====	=====

1. Basis of preparation and accounting policies

The preliminary announcement has been prepared in accordance with international accounts standards in conformity with the requirements of the Companies Act 2006 and, as regards the Group accounts, UK-adopted International Accounting Standards. It does not include all the information required for full annual accounts.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 28 December 2024 or 30 December 2023 but is derived from these accounts. Statutory accounts for the 52 weeks ended 30 December 2023 have been delivered to the registrar of companies, and those for the 52 weeks ended 28 December 2024 will be delivered in due course. The auditor has reported on those accounts; the audit reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The preliminary announcement has been prepared using the accounting policies published in the Group's accounts for the 52 weeks ended 30 December 2023, which are available on the Company's website www.greggs.co.uk. From 1 January 2024 the following amendment was adopted by the Group:

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

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

Going concern

The Directors have considered the adoption of the going concern basis of preparation for these accounts in the context of recent trading performance, macro-economic conditions and the trading outlook of the Group. At the end of the reporting period the Group had available liquidity totalling £225.3 million, comprised of cash and cash equivalents of £125.3 million plus an undrawn revolving credit facility ("RCF") of £100.0 million, which is committed to June 2027 with two further one-year extension options. The RCF includes financial covenants that the Group must comply with related to maximum leverage and a minimum fixed charge cover.

The Directors have reviewed cash flow forecasts prepared for the period up to December 2026 as well as covenant compliance for that period. In reviewing the cash flow forecasts the Directors considered the current trading performance of the Group and the likely capital expenditure and working capital requirements of its growth plans.

After reviewing these cash flow forecasts and making enquiries, the Directors are confident that the Company and the Group will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the accounts. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Judgements and estimates

In preparing this preliminary announcement, management have made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Impairment (estimation)

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

The Group has traded profitably throughout 2024, growing volumes and increasing underlying profit before tax and exceptional items by 13.2% to £189.8 million. As such there is not considered to be a global indicator of impairment across the Group's asset base. Where indicators of impairments exist for specific cash generating units ('CGUs'), with each individual shop considered its own CGU, then an impairment review has been performed to calculate the recoverable value.

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

- LFL sales for shops with more than two years trade has been assumed to grow at a rate of 4.8% for year one of the period of the impairment review, reducing steadily to 0.0% for year six onwards;
- Earnings before interest, tax, depreciation, amortisation and rent ('EBITDAR') is used as a proxy for net cash flow excluding rental payments;
- The discount rate is based on the Group's pre-tax cost of capital and at 28 December 2024 was 10.0% (30 December 2023: 9.9%); and
- Cash flows are forecast up to the probable end date of the lease. Where considered appropriate, based on the estimated useful lives of fixtures and fittings within the CGU, cash flows may be included for periods beyond the lease probable end date (to a maximum of five years in total).

On the basis of these calculations, a net impairment charge of £5.0 million has been recognised during the current year (of which £2.9 million relates to fixtures and fittings and £2.1 million relates to right-of-use assets) resulting in an impairment provision of £9.5 million being retained at 28 December 2024 in respect of 109 shops (of which £4.6 million relates to fixtures and fittings and £4.9 million relates to right-of-use assets).

Given the uncertainties in the impairment model, the sensitivities of these assumptions on the impairment calculation have been tested:

- A 1% increase in the discount rate would result in an increased impairment of £0.6 million, with an additional six shops impaired. A 1% decrease in the discount rate would result in a reduced impairment of £0.5 million, with ten fewer shops impaired.
- A 5% increase in the starting LFL assumption would result in a reduced impairment of £2.4 million with 26 fewer shops impaired. A 5% decrease in the LFL assumption would result in an increased provision of £3.7 million with an additional 42 shops impaired.

Determining the rate used to discount lease payments (judgement)

At the commencement date of property leases the lease liability is calculated by discounting the lease payments. The discount rate used should be the interest rate implicit in the lease. However, if that rate cannot be readily determined, which is generally the case for property leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. As the Group had no suitable external borrowings from which to determine that rate, judgement is required to determine the incremental borrowing rate to be used. At the start of each month a risk-free rate is obtained, linked to the length of the lease and an adjustment is then made to reflect credit risk. During the year discount rates in the range 5.1% to 6.1% (2023: 4.42% to 6.83%) were used. Small changes in the discount rate would have an immaterial impact on the accounts. A 0.1% change in the discount rate used for each lease is estimated to adjust the total liabilities by circa £2 million.

Determining the lease term of property leases (judgement)

At the commencement date of property leases, and based on previous experience, the Group normally determines the lease term to be the full term of the lease, assuming that any option to break or extend the lease is unlikely to be exercised and it is not reasonably certain that the Group will continue in occupation for any period beyond the lease term. Leases are regularly reviewed and will be revalued if it becomes reasonably certain, as a result of trading performance and/or further investment in the property, that a break clause or option to extend the lease will be exercised.

The leases typically run for a period of 10 or 15 years. In England and Wales, the majority of the Group's property leases are protected by the Landlord and Tenant Act 1954 ('LTA') which affords protection to the lessee at the end of an existing lease term.

Judgement is required in respect of those property leases where the current lease term has expired but the Group has not yet renewed the lease. Where the Group believes renewal to be reasonably certain and the lease is protected by the LTA it will be treated as having been renewed at the date of termination of the previous lease term and on the same terms as the previous lease. Where renewal is not considered to be reasonably certain the leases are included with a lease term which reflects the anticipated notice period under relevant legislation. The lease will be revalued when it is renewed to take account of the new terms. As at 28 December 2024 the financial effect of applying this judgement was an increase in recognised lease liabilities of £27.0 million (30 December 2023: £36.0 million).

Post-retirement benefits – defined benefit obligation (estimation)

The determination of the defined benefit obligation of the Group's defined benefit pension scheme depends on the selection of certain assumptions with significant estimation uncertainty including the discount rate, inflation rate, mortality rates and commutation. Differences arising from actual experience or future changes in assumptions will be reflected in future years.

Post-retirement benefits – accounting for purchase of buy-in policy (judgement)

In 2024 the Company made a special contribution of £4.5 million to its defined benefit pension scheme which helped facilitate the purchase of a 'buy-in' bulk annuity policy with Aviva. This policy provides regular payments to the scheme to fund pension payments and significantly reduces the Company's exposure to the funding risks associated with its defined benefit pension liabilities.

The valuation of the assets held by the scheme following the buy-in results in an accounting loss which has been recognised in other comprehensive income. Although a buy-out of the scheme is possible in the future there is no indication that this will be executed and finalised in the short-term. The scheme has retained all responsibility to meet future pension payments to pensioners and the buy-in is therefore not recognised as a settlement.

In accordance with IAS19 the assets and liabilities of the Scheme remain on the Company balance sheet and the loss associated with the Pension Buy In and other actuarial movements in the year ended 28 December 2024 have been recognised through other comprehensive income.

2. Segmental analysis

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

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

Business-to-business channel – the Group sells products to franchise and wholesale partners for sale in their own outlets as well as charging a licence fee to franchise partners. These sales and fees are invoiced to the partners on a credit basis. All results arise in the UK. All revenue in 2024 and 2023 was recognised at a point in time.

The Executive Directors regularly review the revenues and trading profit of each segment. They receive information on overheads, assets and liabilities on an aggregated basis consistent with the Group accounts.

	2024	2024	2024	2023	2023	2023
	Retail company- managed shops	Business to business	Total	Retail company- managed shops	Business to business	Total
	£m	£m	£m	£m	£m	£m
Revenue	1,781.7	232.7	2,014.4	1,610.9	198.7	1,809.6
	=====	=====	=====	=====	=====	=====
Trading profit*	277.3	55.5	332.8	250.1	41.1	291.2
Overheads including profit share			(137.5)			(119.5)
Operating profit before exceptional items			195.3			171.7
Finance income			8.1			6.1
Finance expense			(13.6)			(10.1)
Profit before tax (excluding exceptional items)			189.8			167.7
Exceptional items (see note 3)			14.1			20.6
Profit before tax			203.9			188.3
			=====			=====

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

The exceptional items are as follows:

4. Taxation

	2024	2024	2024	2023	2023	2023
	Excluding	Exceptional	Total	Excluding	Exceptional	Total
	exceptional	items		exceptional	items	
	items	(see note 3)	£m	items	(see note 3)	£m
				£m	£m	£m
Current tax						
Current year	26.3	-	26.3	12.2	4.8	17.0
Adjustment for prior years	7.1	-	7.1	0.7	-	0.7
	<u>33.4</u>	<u>-</u>	<u>33.4</u>	<u>12.9</u>	<u>4.8</u>	<u>17.7</u>
Deferred tax						
Origination and reversal of temporary differences	22.3	1.7	24.0	29.0	-	29.0
Adjustment for prior years	(6.9)	-	(6.9)	(0.9)	-	(0.9)
	<u>15.4</u>	<u>1.7</u>	<u>17.1</u>	<u>28.1</u>	<u>-</u>	<u>28.1</u>
Total income tax expense in income statement	48.8	1.7	50.5	41.0	4.8	45.8
	=====	=====	=====	=====	=====	=====

5. Earnings per share

Basic earnings per share

Basic earnings per share for the 52 weeks ended 28 December 2024 is calculated by dividing profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the 52 weeks ended 28 December 2024 as calculated below.

Diluted earnings per share

Diluted earnings per share for the 52 weeks ended 28 December 2024 is calculated by dividing profit attributable to ordinary shareholders by the weighted average number of ordinary shares, adjusted for the effects of all dilutive potential ordinary shares (which comprise share options granted to employees) in issue during the 52 weeks ended 28 December 2024 as calculated below.

Profit attributable to ordinary shareholders

	2024 Excluding exceptional items	2024 Exceptional items (see note 3)	2024 Total	2023 Excluding exceptional items £m	2023 Exceptional items (see note 3) £m	2023 Total £m
Profit for the financial year attributable to equity holders of the Parent	141.0	12.4	153.4	126.7	15.8	142.5
	=====	=====	=====	=====	=====	=====
Basic earnings per share	138.5p	12.2p	150.7p	125.0p	15.6p	140.6p
Diluted earnings per share	137.5p	12.1p	149.6p	123.8p	15.4p	139.2p

Weighted average number of ordinary shares

	2024 Number	2023 Number
Issued ordinary shares at start of year	102,255,675	102,112,581
Effect of own shares held	(480,247)	(879,975)
Effect of shares issued	-	86,106
	-----	-----
Weighted average number of ordinary shares during the year	101,775,428	101,318,712
Effect of share options in issue	782,816	977,753
	-----	-----
Weighted average number of ordinary shares (diluted) during the year	102,558,244	102,296,465
	=====	=====

6. Dividends

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

	2024 Per share pence	2023 Per share pence
2022 final dividend	-	44.0p
2023 interim dividend	-	16.0p
2023 final dividend	46.0p	-
2023 special dividend	40.0p	-
2024 interim dividend	19.0p	-
	<hr/> 105.0p =====	<hr/> 60.0p =====

The proposed final dividend in respect of 2024 amounts to 50.0 pence (£50.9 million). This dividend is not included as a liability in these accounts.

	2024 £m	2023 £m
2022 final dividend	-	44.6
2023 interim dividend	-	16.2
2023 final dividend	46.8	-
2023 special dividend	40.7	-
2024 interim dividend	19.3	-
	<hr/> 106.8 =====	<hr/> 60.8 =====

7. Related parties

The Group has a related party relationship with its subsidiaries, associates, Directors and executive officers and pension schemes.

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

8. Principal risks and uncertainties

Our risk management process is well-established, though it continues to evolve and develop. We have an enterprise-wide risk management policy and framework in place, both of which have been approved by the Board. This provides us with a robust structure and drives a consistent approach.

Our risk process works 'top down' and 'bottom up'. Risks are identified by considering potential events which could prevent the achievement of our objectives.

The Operating Board is responsible for maintaining the overall corporate risk register, which documents the key risks to the business. We conduct a formal review of our key strategic risks twice a year via the Risk Committee, with input from each of the risk owners who have an opportunity to highlight any changes. This allows us to discuss the risk gradings, and ensure that the level of risk remains within the tolerance of our risk appetite. The Risk Committee

also considers new risks escalated to it at every meeting, and assesses whether or not these are significant enough to merit inclusion on the strategic risk register .

Each of our Heads of Business Functions is responsible for their own risk register, which is produced in the same manner and format as our corporate register. Functional risk registers are reviewed at least annually. Where a functional risk is considered to be sufficiently significant that it could impact on the wider business, it is escalated to the Risk Committee for further consideration, and appropriate action.

The risk process is facilitated by members of the Business Assurance Team, who help to identify and assess key risks, as well as providing support in developing an appropriate risk response. In addition, the team provides an independent view on the controls in place over specific risk areas within the internal audit plan.

Our risk registers capture a description of each risk, and an Operating Board member or a Head of Business Function is allocated as risk owner. Each risk owner is responsible for ensuring that appropriate mitigating controls are in place, as well as identifying actions to further enhance controls where necessary. We record the key controls for each risk, and make an assessment of their effectiveness. The likelihood and impact of each risk arising is then calculated, both before and after the introduction of mitigating controls.

Developments in 2024

We have reviewed and refocused our Risk Committee agenda to allow more time for discussion and 'deep-dive' topics. A rolling annual agenda ensures that matters such as policy approvals and process reviews are completed when required.

To improve our communication of risk, we have developed a 'risk dashboard', which provides a monthly summary of key issues to the Operating Board, and is drawn up in conjunction with other core functions.

During the year, we completed a fraud risk review in conjunction with an external consultant, who provided guidance on the process. Fraud risks were identified and recorded via workshops attended by the Operating Board and a range of subject matter experts from across the business. Findings were presented back to the Risk Committee for sign-off, and the results have been incorporated into our risk register. This improves our visibility of fraud risk and the effectiveness of associated controls.

We have worked with our insurance broker to assess our risk appetite, in line with best practice, to promote consistency in our approach, and to guide colleagues on acceptable risk levels. We now have ten categories of risk rather than the four previously in use to give greater granularity of the appetite assessment. Our risk appetite is low for all of our categories, driven by a strong commitment to safety, compliance and long-term sustainability.

We have continued to engage with the Heads of Business functions, and as noted above, we have fully rolled out our risk registers to a functional level. As part of our regular six-monthly review with risk owners, we have reviewed risk and control descriptions to make sure they remain relevant and accurate. Risk registers have also been compiled for each of our Greggs Pledge commitments.

Material controls

We have reviewed our risk and internal control framework to establish which elements should be considered 'material controls' and therefore require inclusion in our assurance framework supporting the new UK Corporate Governance Code requirements in due course.

Firstly, we considered all of our strategic and principal risks to establish whether they would cause the business to fail, should they materialise (our 'material risks'). For this list of risks,

we then reviewed the associated controls to determine which of those are material (i.e. they would have a significant effect in reducing the impact of the risk, should it materialise). This review has been carried out by small working groups of subject matter experts, then sense checked by the Risk Committee who independently gave a view on material risks and controls.

Discussions are ongoing, and we will continue to refine our approach. Our view on material controls will evolve during 2025 as we evaluate our position. We will engage with the Audit Committee regularly during the coming year.

For any material controls, we will identify and document our assurance sources. Where such assurance is to be sourced internally, we will ensure that appropriate processes are in place to obtain it in a robust and timely manner.

Climate risks

Our climate-related risks are captured in a consistent manner to all other risks, and are recorded within our strategic and functional registers. Members of our Business Assurance Team participate in our Sustainability Reporting Steering Group to ensure risks and opportunities are considered and recorded.

We remain of the view that our strategic risk of ‘a failure to respond effectively to climate-related impacts on our business’ does not constitute a principal risk within the time horizon of our current plans.

Emerging risks

We conduct an emerging risk review on a quarterly basis as part of our Risk Committee’s rolling agenda. This helps to anticipate change and respond proactively. Various sources of information are used to ensure this is as complete as possible, including:

- horizon scanning by subject matter experts throughout the business, with issues identified being escalated to our Operating Board via a monthly risk dashboard;
- engaging with our functional heads to discuss any areas of concern within their remit;
- monitoring customer and consumer trends; and
- taking input from our advisers and other specialists with whom we work.

Current areas of emerging and escalating risks which we are monitoring include geopolitical uncertainty, market pressures and consumer demand across the sector. We are undergoing a significant systems upgrade project, which is also being closely monitored as an emerging risk. Emerging risks are reported to the Main Board each quarter.

Changes to principal risk disclosures

A principal risk is a risk or combination of risks that can seriously affect our performance, future prospects or reputation. Not all of our strategic risks are considered to be principal risks, only those which would have a significant impact on our ongoing viability within the timeframe of our strategic plan.

There have been no significant changes to our principal risks during 2024.

The following table sets out the principal risks, shows the movement during the year, and describes the impact and key mitigations. The list is not in priority order, and does not include all the risks which are faced by the business. Other risks which are not included here could also have a negative impact on the business, including those which are not presently known to us. The position described below is a summary at the time of publishing this report.

Principal risks and uncertainties

Risk & description	Impact	Key mitigations	Links to strategy	Movement
Business interruption event				
<p>We could suffer a significant business interruption event impacting one or more of our key locations. For example a prolonged power outage, denial of access or an incident resulting in physical damage.</p> <p>Operational</p>	<p>We would potentially be unable to meet business requirements to supply our customers for a period of time. This could impact our own customers, including those of our franchise, grocery retail and delivery partners.</p>	<p>We have contingency plans in place for our sites, which are tested periodically. This includes prioritising our key lines in the event of any issues.</p> <p>Working with our insurance broker, we are in the process of developing a standardised Business Continuity Management approach, which will further enhance our resilience.</p> <p>Our diversified product range from multiple production sites provide alternatives for our customers.</p> <p>We have flexibility within our network, to enable us to continue our operations.</p> <p>Insurance cover is in place, and we liaise closely with insurers, particularly when designing new sites or improving existing premises.</p>	<p>1,2,3 4,5</p>	<p>No change</p>

Risk & description	Impact	Key mitigations	Links to strategy	Movement
Supply chain disruption				
<p>External supply could be interrupted, resulting from issues such as third-party business interruption, geopolitical instability, or a food safety concern.</p> <p>Food Safety / Strategic</p>	<p>A prolonged outage or other significant issue at one of our key suppliers or within their supply chain could impact on our ability to produce some of our range, or otherwise affect our ability to operate.</p>	<p>We aim to avoid single source supply for key ingredients where possible.</p> <p>Stock holdings of ingredients and key equipment provide some cover.</p> <p>In the event of interruptions, we are agile in our response to implementing contingency plans. These are regularly tested.</p> <p>Relationships with suppliers are managed centrally by our Procurement teams, including a risk assessment process, food safety processes and audits confirm compliance with our standards.</p>	<p>1,2,3 4,5</p>	<p>Increased</p>

Risk & description	Impact	Key mitigations	Links to strategy	Movement
Cyber & data security incident				
<p>A cyber incident may occur which impacts on our IT infrastructure, causing a data breach or impacting confidentiality/integrity of data.</p> <p>Information Security</p>	<p>We could suffer a significant loss of data, resulting in litigation and fines.</p> <p>Our operations could be disrupted for a period of time.</p>	<p>Third parties provide expertise and support, including regular penetration testing and a Security Operations Centre monitoring our networks around the clock.</p> <p>Our technical measures are constantly reviewed and updated in line with changing requirements and recognised information security control sets. An independent assurance programme is in place to review this.</p> <p>Ongoing training and advice are provided to our colleagues to improve awareness and strengthen our detection and prevention.</p> <p>An incident response process is in place.</p>	2,3,4	No change
Prolonged system downtime/ interruption				
<p>A growing reliance on technology means that system interruptions become more disruptive, with an increased risk of business operations being affected.</p> <p>Operational</p>	<p>IT products and services which are needed to support our business-critical activities may be lost.</p>	<p>Greater investment in our IT infrastructure, utilising more cloud-based solutions, increases resilience within our network.</p> <p>We have established disaster recovery processes, which are tested periodically. We continue to develop our business continuity arrangements, which enable us to maintain operations.</p> <p>External partners are engaged to ensure they can provide specialist support and expertise when required.</p>	2,3,4	No change

Risk & description	Impact	Key mitigations	Links to strategy	Movement
Deterioration of relationship with key partner				
<p>We continue to work closely with franchise, grocery retail and delivery partners in order to broaden our service offer into locations where our customers want us to be. There is a risk that our strategy and goals are not fully aligned.</p> <p>Strategic</p>	<p>A lack of alignment could result in targets not being met, due to performance not being optimised. The brand's reputation could be damaged, and the relationship would be put at risk.</p>	<p>We work with a number of respected partners, and are continuing to broaden the range of businesses with whom we operate. This reduces the reliance on any one individual partner.</p> <p>Contracts and service-level agreements are in place, along with a robust onboarding process for new partners. Ongoing performance is measured and action taken promptly in the event of standards failing to be met.</p> <p>Regular dialogue ensures an alignment of goals, and early identification of any issues.</p>	<p>1,2,3 4</p>	<p>No change</p>

Risk & description	Impact	Key mitigations	Links to strategy	Movement
Ability to attract / retain / motivate people				
<p>Our people are an essential part of our business and our culture. We may be unable to attract and retain the right talent within Greggs.</p> <p>Operational</p>	<p>We may be unable to continue to deliver the product range and service standards that our customers want and expect from us.</p> <p>A loss of existing resource results in additional recruitment, which in turn creates workload and training requirements.</p> <p>Ultimately, we may be unable to grow the business in line with our strategy</p>	<p>We recognise the importance of our people to the business' success, and offer competitive packages and extensive training and development opportunities, which help us to improve our retention rates.</p> <p>We offer our colleagues additional benefits such as wellbeing support and flexible working, helping to maintain positive employee relations.</p> <p>Colleagues have a range of ways to communicate their ideas for improvement, including annual opinion surveys, listening groups and inclusion networks for minority communities and allies.</p> <p>Efficient recruitment processes allow us to fill vacancies quickly and effectively.</p>	1,2,3 4,5	Reducing

Risk & description	Impact	Key mitigations	Links to strategy	Movement
Damage to reputation				
<p>As brand awareness grows, there is greater risk of damage to our reputation by internal factors, third-party actions or fraudulent behaviour.</p> <p>Reputational</p>	<p>Customers could lose their trust in the brand, ultimately impacting on our ability to grow our estate and achieve our objectives.</p> <p>Shareholder value could be reduced.</p>	<p>We have a robust crisis management process in place, which we test regularly. This is supported by appropriate third parties (such as PR agencies) where specialist advice is required.</p> <p>Training and guidelines for our teams ensure proper processes are followed.</p> <p>All of our shops and supply sites are required to follow consistent procedures, to ensure that our food complies with standards.</p> <p>Our audit team assess compliance with standards, across both company-operated and franchise shops, as well as within central functions.</p>	2,3	No change

Risk & description	Impact	Key mitigations	Links to strategy	Movement
Significant Food Safety incident / product quality issue				
<p>We may produce and/or sell products which are unsafe, or not of the appropriate quality. This could be a result of incorrect labelling of allergens, product contamination, or a failure to follow procedures correctly.</p> <p>Food safety</p>	<p>There could be harm to our customers or colleagues.</p> <p>Our reputation as a trusted brand could be significantly impacted, which in turn would affect our financial performance. We could also be exposed to significant fines.</p>	<p>All new external suppliers require formal approval, and all ingredients and products have specifications, to ensure consistency.</p> <p>Robust food safety standards and policies are in place, independently assured by our Primary Authority.</p> <p>Our teams are trained, with specialists able to provide additional knowledge.</p> <p>Audits are undertaken by our internal teams, and external bodies, with a focus on food safety.</p> <p>Our complaints process ensures all matters are investigated. When a root cause is identified, we take action to address it.</p>	1,2,3 4,5	No change
Changes in the regulatory landscape				
<p>New regulatory requirements could be implemented, driven by environmental, health or other concerns.</p> <p>Governance, Legal & Regulatory</p>	<p>It may be necessary for us to make changes to our product range. Without an ability to respond quickly, we could lose market share.</p>	<p>Regular horizon-scanning activities are undertaken by our teams, and we receive advisory information across all professional disciplines.</p> <p>We engage with Trade Associations and government bodies to ensure we are updated with developments.</p> <p>Participating in industry forums gives us an opportunity to influence decision-making.</p>	1,2,3 4	No change

“Links to strategy” key:

1 Great tasting, freshly prepared food, 2 Best customer experience, 3 Competitive supply chain, 4 First class support teams, 5 The Greggs Pledge

9. Alternative Performance Measures

The Group uses alternative performance measures ('APM's) which, although financial measures of either historical or future performance, financial position or cash flows, are not defined or specified by IFRSs. The Directors use a combination of these APMs and IFRS measures when reviewing the performance, position and cashflows of the Group.

Like-for-like (LFL) sales growth – compares year-on-year cash sales in our company-managed shops, with more than one calendar year's trading history and is calculated as follows:

	2024 £m	2023 £m
Current year LFL sales	1,564.0	1,444.3
Prior year LFL sales	1,483.1	1,270.0
Growth in LFL sales	80.9 =====	174.3 =====
LFL sales growth percentage	5.5%	13.7%

Like-for-like sales can be reconciled to total revenue as follows:

	2024 £m	2023 £m
LFL sales in company-managed shops	1,564.0	1,444.3
Non-LFL sales in company-managed shops	217.7	166.6
Total revenue in retail company-managed shops	1,781.7	1,610.9
Business to business sales	232.7	198.7
Total revenue	2,014.4	1,809.6

Franchise like-for-like ('FLFL') system sales growth – compares year-on-year cash sales in our franchised shops, with more than one calendar year's trading history and is calculated as follows:

	2024 £m	2023 £m
Current year FLFL sales	280.1	227.9
Prior year FLFL sales	260.8	198.2
Growth in FLFL sales	19.3	29.7
FLFL sales growth percentage	7.4%	14.9%

Franchise system sales are different from revenue. They are the sales made in our franchised shops whereas the Company's revenue from business to business sales is made up of sales of products to franchise and wholesale partners together with the licence fee charged to franchise partners.

Return on capital employed - calculated by dividing profit before tax by the average total assets less current liabilities for the year.

	2024	2024	2023	2023
	Underlying	Including	Underlying	Including
	£m	exceptional	£m	exceptional
		items		items
		(see note 3)		(see note 3)
		£m		£m
Profit before tax	189.8	203.9	167.7	188.3
	=====	=====	=====	=====
Capital employed:				
Opening	857.2	857.2	730.3	730.3
Closing	1,009.5	1,009.5	857.2	857.2
	-----	-----	-----	-----
Average	933.4	933.4	793.8	793.8
	=====	=====	=====	=====
Return on capital employed	20.3%	21.8%	21.1%	23.7%

Net cash inflow from operating activities after lease payments - calculated by deducting the repayment of principal of lease liabilities from net cash flow from operating activities

	2024	2023
	£m	£m
Net cash inflow from operating activities	310.9	310.8
Repayment of principal of lease liabilities	(56.7)	(53.7)
	-----	-----
Net cash inflow from operating activities after lease payments	254.2	257.1
	=====	=====