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 GREGGS

Greggs plc Annual Report and Accounts 2023

MORE GREGGS



FOR EVERYONE



STRATEGIC REPORT

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WELCOME



Roisin Currie

Roisin Currie
Chief Executive
5 March 2024

2023 was another year of rapid growth and strong progress for Greggs. Our teams across the business, whether in our shops, our manufacturing sites, our distribution network, or in Greggs House, continued to rise to the challenge of serving more customers through more channels – working tirelessly to keep pace with increased customer demand.

Two years into our exciting, ambitious five-year plan to double sales by 2026 and to have significantly more than 3,000 shops in the UK, our growth strategy is working. The significant opportunities on which the strategy is based will remain centre stage as we make Greggs more accessible to even more customers.

Despite inflation and the resulting cost-of-living pressure, the resilience of the Greggs brand and the strength of our underlying business means we kept on providing the great value, tasty products and friendly service that our customers love us for.

I am optimistic and excited about delivering our bold five-year growth plan as we continue on our journey to become a significantly larger, multi-channel business.

GREGGGS IS FOR EVERYONE

USING OUR COMPLETE REPORTING SUITE

Throughout this report you can find links to our complementary suite of reporting by following these icons:

- online at corporate.greggs.co.uk/investors
- in other Greggs publications
- within another section of this report

You can also read our Annual Report online at corporate.greggs.co.uk/investors



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2023 HIGHLIGHTS

FINANCIAL HIGHLIGHTS*

TOTAL SALES

£1,810m

2022: £1,513 million

DILUTED EARNINGS PER SHARE

123.8p**

2022: 117.5p

LIKE-FOR-LIKE ('LFL') SALES

+13.7%***

PRE-TAX PROFIT**

£167.7m

2022: £148.3m profit

COLLEAGUE PROFIT-SHARING

£17.6m

2022: £16.6m

TOTAL ORDINARY DIVIDEND

62.0p

2022: 59.0p

SPECIAL DIVIDEND

40.0p

2022: nil

HIGHLIGHTS

MORE GREGGS FOR EVERYONE


In October 2021, we set out our ambitious plan to double our sales by 2026 and have made great progress against our 2023 targets. Our four key growth drivers are the focus of our plan and ensure we are able to serve our customers whenever, wherever and however they choose to shop with us. Our strategic growth plan is underpinned by investment in our Supply Chain and technology and our ongoing commitment to doing good through The Greggs Pledge.

Read more about our progress against our key growth drivers on [pages 22 to 33](#) 




OUR PEOPLE

With 32,000 amazing colleagues, it is our people that make our business successful. It is important that we provide them with a great place to work, where they feel valued, can be the best version of themselves and choose to stay with us.


Read more about how we ensure our colleagues are firmly at the heart of the business in the new 'Our People' section on [pages 36 to 42](#) 

THE GREGGS PLEDGE

Our sustainability plan, The Greggs Pledge, focuses on how we are doing more to help our communities, protect the planet and work with our partners to change the world for the better. Our latest Sustainability Report, published alongside the Annual Report, is available to view on our corporate website.

Read more about our progress toward The Greggs Pledge commitments on [pages 43 to 45](#) 



* Detailed calculations of Alternative Performance Measures, not otherwise shown in the Accounts and related Notes, are shown on pages 164 and 165 
 ** Excluding exceptional items
 *** Like-for-like sales in company-managed shops (excluding franchises) with a calendar year's trading history

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AT A GLANCE

BETTER BUSINESS FOR EVERYONE

With ownership of our Supply Chain, multiple service channels for our customers and 2,500 shops nationwide, we are in a unique position to make great tasting, freshly prepared food accessible to everyone. Our teams across the business are dedicated to providing our customers with great tasting food-on-the-go and the best experience, day in, day out.

OUR PURPOSE

To make great tasting, freshly prepared food accessible to everyone

OUR VISION

To be the customers' favourite for food-on-the-go



What we do

We are a modern food-on-the-go retailer, providing a wide menu of food and drink choices wherever and whenever our customers need us throughout the day.

MANUFACTURING

In our own food manufacturing centres of excellence, we make great tasting, freshly prepared food that our customers can trust.

LOGISTICS

We move products from our food manufacturing sites to our shops ourselves, which helps us to keep our prices as low as possible.

OUR PEOPLE

We have 32,000 amazing colleagues, working together to provide our customers with the best experience, offering fast and friendly service, day in, day out.

CUSTOMER CHANNELS

With 2,500 shops, including more than 500 with franchise partners, our wholesale partnership, delivery service and Click + Collect, we are available to serve customers wherever, whenever, and however they choose.

CUSTOMER RELATIONSHIPS

Through our Greggs App, we are building long-term connections with our customers and rewarding their loyalty. Our Customer Relationship Management ('CRM') systems allow us to talk to our customers on a one-to-one basis and to serve them even better, with exclusive offers and benefits for being an App customer.

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Read The Greggs Pledge at [corporate.greggs.co.uk/doing-good/](https://www.corporate.greggs.co.uk/doing-good/)



How we create value for our stakeholders

REWARDING OUR COLLEAGUES

We know that our people are our most valuable asset, so we make sure that our colleagues are paid fairly, treated well, and given the training and opportunities they deserve. We believe all of our people should share in our success. Every year, 10% of our profits are shared among our colleagues.

[Read more about our people and culture on pages 36 to 42](#)

COLLEAGUE PROFIT-SHARING

£17.6m

2022: £16.6m

GIVING BACK TO THE COMMUNITIES IN WHICH WE SERVE

Greggs has a proud reputation of giving back. Since John Gregg founded the business in 1939, we have always tried to do the right thing to help build stronger, healthier communities and to lead positive change. We donate to a wide range of charitable causes, and every year, we give at least 1% of profits to our corporate charity, The Greggs Foundation. Our donation, along with support from our customers, colleagues and partners, enabled the charity to distribute over £4.5 million in 2023 to schools and charitable organisations in the UK.

[Read more about The Greggs Pledge on pages 43 to 45](#)

DONATED TO THE GREGGS FOUNDATION

£2.6m

2022: £2.2m

CREATING SUSTAINABLE VALUE FOR OUR SHAREHOLDERS

We always strive to be a good corporate citizen and to treat everyone – our colleagues, customers, suppliers, partners and shareholders – with fairness, consideration, and respect. As well as supporting our communities by paying our taxes, providing thousands of fairly-paid jobs and supporting a number of charitable causes, we are redoubling our efforts to make Greggs a great place to work. We want to be an inclusive employer that our colleagues recommend to their friends. We always set high standards for what we purchase, with the aim of making things better in our supply chain and working collaboratively with our suppliers, so they raise their game too.

[Read more about our business model on pages 10 and 11](#)

TOTAL ORDINARY DIVIDEND

62.0p

2022: 59.0p

SPECIAL DIVIDEND

40.0p

2022: nil

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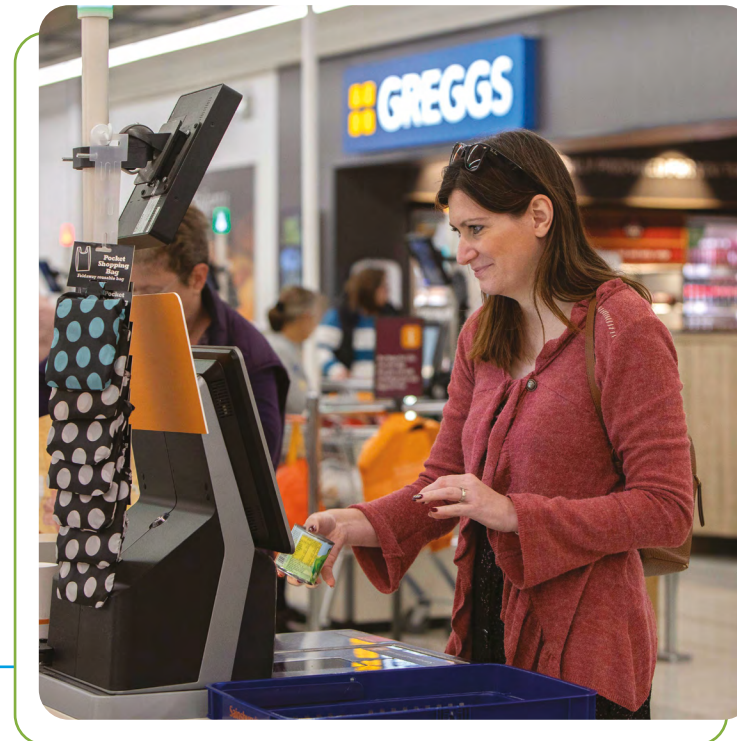
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YEAR IN REVIEW

A YEAR FILLED WITH FLAVOUR

From the annual publication of The Greggs Pledge and raising record amounts for Children in Need and The Greggs Foundation, to celebrating awards, new shop openings, hitting key milestones with our franchise partners and expanding our delivery offer with new partner Uber Eats – there's a lot to be proud of.



APRIL

Published our third annual sustainability report, The Greggs Pledge

We reported on our progress against our ten commitments to do more to help people, protect the planet and work with our partners to change the world for the better, including a pledge to achieve net zero carbon, as we all fight to save our planet from the threat of global warming. Our latest report is available to view here:

corporate.greggs.co.uk/doing-good/

MAY

Opened first shop with Sainsbury's at Biggleswade petrol station

Building on our existing partnership with Tesco, we were delighted to team up with Sainsbury's to bring a new type of concession to customers at its petrol stations. Throughout the year, we opened a further four concessions with Sainsbury's, including two in-shop café formats. In 2023, we opened 22 shops in supermarkets and will expand on this further in 2024.

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MAY

We celebrate two award wins at The Sandwich and Food to Go Industry Awards

As outlined in The Greggs Pledge, we work hard to provide our customers with well-priced, tempting and tasty healthier options. We were delighted that this was recognised at The Sandwich and Food to Go Industry Awards ('The Sammies') in 2023, where we not only won chain retailer of the year, but also the healthy eating award for our Sweet Potato Bhaji and Rice Salad Bowl. This is awarded to new, interesting and innovative healthy eating products, considering not only the calories in the product, but taste, presentation and commercial viability.



MAY

The Greggs Foundation scoops the Corporate Foundation Award

Our corporate charity The Greggs Foundation received this award at the 2023 Business Charity Awards. The Greggs Foundation's Breakfast Clubs, Hardship Programme and Community Funding initiatives are delivering on our commitment to build stronger healthier communities. The charity was recognised by the judging panel for having a 'clear focus and mission' and showcasing 'creative ways to tackle inequalities and reach those that need support the most'.



JULY & SEPTEMBER

Over £190,000 raised during two Breakfast Club appeals for The Greggs Foundation

Thanks to our colleagues, customers, partners and the fantastic Greggs Foundation team, we were able to raise an incredible amount during our Breakfast Club appeals for The Greggs Foundation. This will help to fund nutritious breakfasts for children, who may otherwise go without, at one of over 890 Breakfast Clubs across the UK.

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YEAR IN REVIEW CONTINUED



JULY

Greggs launches at London Gatwick Airport

We were excited to open a new shop in Gatwick Airport, marking our first airport site in London, and eighth airport location in the UK.

This is a major milestone in our growth strategy, as we look to expand beyond the high street to key transport hubs across the UK. The shop is open 24 hours and sells our full menu, ranging from breakfast deals, freshly-made sandwiches, salads, bakes and sweet treats to hot food options such as Southern Fried Potato Wedges and Southern Fried Chicken Goujons. Located at the South Terminal Arrivals, the shop greets customers as they walk through the doors, offering a warm welcome to all.

AUGUST

Bolton – home to our first 24-hour drive-thru

Since the launch of the first drive-thru six years ago, this shop format has rapidly gained popularity, with 34 locations currently operational.

With 24-hour operations, the Bolton drive-thru serves customers around the clock, particularly catering to the needs of local shift workers. Strategically positioned just off the M61, it exemplifies our focus on placing drive-thru shops on main arterial routes with significant traffic volume.

The drive-thru format is larger than Greggs' standard shops and plays a pivotal role in our multi-channel operation, which incorporates digital channels, delivery services, as well as in-store purchases. Extended trading hours at these locations are part of the Company's strategic growth plan, addressing evolving consumer habits and enhancing the evening offer with a focus on pizza and hot food such as Southern Fried Chicken Goujons and Wedges.



OCTOBER

We welcome Uber Eats as our second delivery partner

After a successful trial, we were delighted to roll out the Uber Eats delivery platform across a number of our shops. Together with Just Eat, delivery is now available from more than 1,440 of our shops, helping us to make Greggs even more accessible to our customers.



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NOVEMBER

Fourth savoury line installed at Balliol Park manufacturing site

Key to ensuring we can grow our business smoothly and efficiently is significant investment in our Supply Chain. Our iconic sausage rolls and bakes are made at Balliol Park; to help ensure we can keep up with customer demand as we grow, we have installed a fourth savoury line, which, when fully operational, will enable us to produce four million additional bakes every week.

NOVEMBER

Over £1 million raised for BBC Children in Need

Now in our 17th year as a partner, thanks to the dedication of our colleagues and customers, we're incredibly proud to have raised over £1 million for BBC Children in Need in 2023.

From creative and entertaining fundraising activities and generous donations, to our customers enjoying Pudsey buns and biscuits, we are always overwhelmed by the kindness and generosity shown for this appeal.



DECEMBER

We opened our 500th franchise shop

We celebrated this big milestone with our franchise partner MFG in Monktonhall, East Lothian. As we roll out new shops across the country, with an increased focus on targeting on-the-go locations that are accessible by car, franchise partners will continue to play a critical part in supporting our expansion plans. Our franchise model now accounts for 20% of the total estate.

DECEMBER

A festive season we'll not forget

From announcing the return of our iconic festive bakes through a dedicated drone show, taking our customers back in time with our 'festive rewind' music events to treating lucky diners to a one-of-a-kind dining experience with a bistro twist through our partnership with Fenwick – it was a busy festive season that surprised and delighted customers and showcased the innovative spirit that sets our brand apart.



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CHAIR'S STATEMENT

STRONGER RESULTS WITH A CLEARER STRATEGY

It's great to see the progress that Greggs has made in 2023. Strong operational delivery has resulted in a record financial performance and further cemented our market position. The clarity and execution of our strategy positions Greggs well for the significant opportunities that lie ahead as we invest for further sustainable growth.

Matt Davies
Chair



Overview

Greggs delivered another strong performance in 2023, making good progress against our strategic plan and further strengthening the Company's position as a leader in the food-to-go market. In a period when the rising cost of living was all too evident the Greggs value proposition shone through and was reflected in growing customer visits and record ratings for value-for-money.

The Board's activity in the year reflects its oversight of the Company's strategic development as well as the maintenance of high standards of governance, with oversight of risk management and returns a key focus given our significant capital expenditure plans. We have engaged with management plans for the expansion of the shop estate, franchise partnerships and the development of new digital channels. To support the significant growth potential that lies ahead the Board has scrutinised and approved plans for further Supply Chain investment, which will unlock further capacity in the years ahead. Risk management remains high on our agenda and in 2023 the Board spent time with the Company's advisers considering the external risk landscape and the implications for our strategic risk register.

The sustainability of Greggs is founded on our responsible approach to doing business. The Greggs Pledge sets out our ambitions to be even better in the years ahead and we can all feel justly proud of our progress on this journey.

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Our people and values

Greggs colleagues across the business have yet again played a pivotal role in the progress we continue to make, and I would like to thank them for their continued outstanding contribution.

It is important that the Board stays close to the views of our colleagues and Directors devote significant time to activity that lets them hear first-hand what is on our people's minds. Visits to shops, supply sites and support teams, as well as attendance at listening forums equip Directors to understand the practical implications of our plans and challenge the executive management team. Food development has also been a focus – as a business with food at its heart the fundamental evolution of our range to reflect changing consumer tastes and health credentials is critical and I am proud of the progress that our teams continue to make.

The Board

Nigel Mills joined the Board in the first quarter of 2023 and took on the role of Senior Independent Director with effect from the annual general meeting ('AGM') on 17 May 2023. We said farewell to Sandra Turner, Senior Independent Director, and Helena Ganczakowski, following their planned retirement from the Board. Both have made significant contributions to the strategic repositioning of Greggs and depart knowing that they have left the business in great shape. The Nominations Committee is looking to recruit a further Non-Executive Director and we expect to report progress in the year ahead.

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



In a period when the rising cost of living was all too evident the Greggs value proposition shone through and was reflected in growing customer visits and record ratings for value-for-money. ”

Dividend

At the time of the interim results in August 2023 the Board declared an interim ordinary dividend of 16.0 pence per share (2022: 15.0 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 46.0 pence per share (2022: 44.0 pence per share), giving a total ordinary dividend for the year of 62.0 pence per share (2022: 59.0 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 application of this policy the Board has approved a special dividend of 40.0 pence per share.

Looking ahead

I am proud of Greggs' achievements in 2023 and confident in the plans that we have for the year ahead. Our clear strategy, great team, powerful product proposition and robust financial health position us well for further success as we invest in our plans for long-term growth.

Matt Davies

Chair
5 March 2024

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BUSINESS MODEL

OUR PURPOSE

To make great tasting, freshly prepared food accessible to everyone

Our people...

32,000

amazing colleagues across our business

People are at the heart of everything we do. We have 32,000 amazing colleagues across our business – in our shops, Supply Chain and central support teams, and each and every one has an invaluable part to play in our success.

Our colleagues work together to provide our customers with the best experience every day. We want to provide them with a great place to work, where they feel valued, want to stay with us, and are able to thrive and be the very best version of themselves.

...focus on our four strategic pillars...



Great tasting, freshly prepared food

QUALITY



Best customer experience

SERVICE



Competitive Supply Chain

VALUE



First-class support teams

ENGAGE

...and continue to enhance our offering by...

Growing and developing the Greggs estate

Developing our digital channels

Expanding our evening trade

Broadening customer appeal and driving loyalty

Investing in our Supply Chain and technology for a bigger business

Find out more about our strategy on [pages 22 to 33](#)



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OUR VISION

To be the customers' favourite for food-on-the-go

...to deliver value to all our stakeholders...



CUSTOMERS No.1

Greggs is rated No.1 for value on the YouGov BrandIndex 2023, within the quick-service restaurant, coffee shop and delivery services group.

We want our customers to have the best experience with Greggs, wherever, whenever and however they shop with us. And, we want them to visit us time and time again. So, we've been working to expand and improve our 2,500-strong shop estate, as well as our wholesale and delivery partnerships. We've also been working hard behind the scenes developing our digital channels to offer more value and convenience to our customers via Click + Collect, and the Greggs App, the way we communicate with our customers and reward them for their loyalty.



COMMUNITIES £4.5m

Greggs believes in giving back to the communities we serve. With our support, The Greggs Foundation was able to distribute over £4.5 million last year to schools and charitable organisations in the UK.



SUPPLIERS 94.5%

We're also a great brand to work with. 94.5% of invoices were paid to suppliers within the terms agreed.



COLLEAGUES 74%

Greggs is a great place to work, with a 74% engagement score in the most recent colleague engagement opinion survey.



SHAREHOLDERS 102.0p

We provide value to our shareholders, with 62.0p ordinary dividend paid in line with our progressive dividend policy and a special dividend of 40.0p.

Find out more about how we engage with our stakeholders on [pages 75 to 79](#)

...and help realise The Greggs Pledge to build:



Stronger, healthier communities



A safer planet



A better business

More about The Greggs Pledge on [pages 43 to 45](#)

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MARKET REVIEW

ADAPTING TO CONSTANT MARKET CHANGES

At Greggs, we pay close attention to the evolving macro and consumer trends that we believe are most likely to impact our operations. This allows us to anticipate and mitigate challenges, but also to seize new opportunities as they arise.

Macro trends

Climate change

The climate crisis requires urgent action and businesses have an important role to play. Improved governance and reporting across all industries and sectors will continue to drive the reduction of carbon emissions across society, assisting with both adaptation and the transition to a low-carbon future.

GREGGS' RESPONSE

More extreme weather may affect our supply chain, infrastructure and operations; we have undertaken work to fully understand the key risks and impacts of climate change on our business. Our Net Zero Steering Group is challenging the climate impact of every area of our operations and driving action to reduce it. We aim to be net zero by 2040 – a decade earlier than the UK Government's plan.

[Find out more in our TCFD Report on pages 46 to 53](#)

Nature and biodiversity

Human activities are causing a worrying decline in biodiversity. An increasing human population is putting ever-greater pressure on natural habitats and leading to the over-exploitation of our natural resources, concerns which are further exacerbated by changes to the climate caused by human activity.

GREGGS' RESPONSE

Wherever possible, we seek to avoid contributing to deforestation or land-use change by purchasing certified sustainable commodities – such as wood-based products, beef, palm oil, and soy, details of which can be found within our deforestation policy.

Our recent partnership with EcoVadis gives us the option to assess the environmental practices of chosen suppliers and continue to review the wider impacts of our operation to identify further improvements we can make. We will disclose our findings in line with the requirements of the Task Force on Nature-related Financial Disclosures ('TNFD').

[Find out more about The Greggs Pledge commitment to Sustainable Sourcing in our sustainability report](#)

Geopolitical uncertainty

Global political tensions and conflicts continue and Greggs must ensure business security and continuity in uncertain operating conditions.

GREGGS' RESPONSE

We ensure business resilience through our ongoing enterprise risk management ('ERM') process.

Inflation/cost of living

Economic pressure from inflation is directly impacting the market and our consumer base.

GREGGS' RESPONSE

As a value-led business, it is vital that we monitor the economic situation and find ways to mitigate costs to ensure we continue to support our customers and communities with great tasting, affordable products.

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Consumer trends

Dietary shifts

A growing number of consumers are choosing to reduce their consumption of animal products, for ethical, health or environmental reasons.

GREGGS' RESPONSE

We pay close attention to changing consumer preferences and capitalise on the growing trend towards eating less meat through our innovative range of plant-based products, beginning in 2019 with the launch of our – now iconic – Greggs vegan sausage roll. We offer at least one vegan option to our customers at all times of the day.



Healthy eating

Rising obesity levels and diet-related ill health are putting enormous pressure on the NHS, and the UK Government is combatting this through policy and education programmes aimed at improving the nation's eating habits.

GREGGS' RESPONSE

We have committed to ensure that at least 30% of the products on our shelves are healthier choices through expanding our range of salads, flat breads, and rice bowls. We have reformulated many of our sweet treats and savouries to reduce the sugar, salt, fat, and calories in them without impacting their taste. We help our customers to make informed choices by providing calorie and nutritional information on shelf, on packaging, and on the Greggs App and website.

Find out more about The Greggs Pledge commitment on Healthier Choices in [our sustainability report](#) 📄



Eco-conscious consumers

Consumers' buying habits are increasingly influenced by their concern for the environment and a desire to reduce pollution and avoid wasting resources.

GREGGS' RESPONSE

In 2019, we removed over 350 tonnes of single-use plastic from our operations, and then launched an ambitious programme to review all our product packaging to increase its recycled content and recyclability, and reduce the volume. By the end of 2025, we will use 25% less packaging, by weight (as a percentage of sales), than we did in 2019. Our Eco-Shop provides a test bed for future in-store sustainability initiatives aimed at reducing the environmental impact of our operations.

Find out more about The Greggs Pledge commitments on Packaging and Eco-Shops in [our sustainability report](#) 📄

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CHIEF EXECUTIVE'S REPORT

I AM PROUD OF OUR PEOPLE, EXCITED BY OUR PROGRESS, AND OPTIMISTIC ABOUT OUR FUTURE GROWTH.



Reflecting on another year of rapid growth, I am so proud of how our teams have risen to the challenge of serving more customers through more channels. Whether in our shops, our manufacturing sites, our distribution network, or in Greggs House, our teams stepped up to make sure that we kept pace with the increased customer demand as we delivered on our strategic growth plan.

Despite an economic backdrop that continued to be challenging with high inflation and the resulting cost-of-living pressure, the resilience of the Greggs brand and the strength of our business mean we kept on providing the great value, tasty products and friendly service that our customers love us for.

We are very much on track to deliver our bold five-year growth plan to double sales by 2026 and to have significantly more than 3,000 shops in the UK over the longer term.

Roisin Currie
Chief Executive

A record year

In 2023, our like-for-like sales in company-managed shops were up 13.7% on 2022 showing that, two years into our ambitious five-year plan to double sales, our strategy is working with sales up circa 50% over that period.

What started as a plan, is now a solid reality. Greggs is the UK's leading food-to-go brand (YouGov's Brand Index), and during 2023 we became customers' number one destination for breakfast with a 19.6% share of visits.

Our success demonstrates that the growth drivers we are pursuing are the right ones, giving us the confidence to accelerate our efforts. We will open our 2,500th shop in the coming weeks and see the potential for significantly more than 3,000 in the UK in the longer term. Meanwhile, our multi-channel strategy is allowing us to grow home delivery and Click + Collect orders, and we are reconfiguring our shops to allow us to serve digital customers more quickly and smoothly whilst ensuring our walk-in customers continue to receive the brilliant service they are used to.

We are keeping more shops open for longer, expanding our share of the evening food-to-go market, and we are building our brand by making Greggs mean more to more people.

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That means strengthening the loyalty of our existing base, while broadening that base by enticing new people through our doors and converting occasional shoppers into regulars.

To meet this increase in customer demand, we are investing in our manufacturing sites and distribution networks so that all parts of our vertically-integrated business grow together.

At the heart of Greggs is our value proposition. Our teams have done everything they can this year to ensure that our great quality, freshly prepared food is available and accessible to everyone. We have been relentless in our search for efficiency gains so that we can protect our pricing and continue to provide outstanding value for our customers.

Financial results

Total sales grew to £1,810 million in 2023 (2022: £1,513 million), a 19.6% increase on the level seen in 2022. Within this, company-managed shop like-for-like sales were 13.7% higher than the equivalent period in 2022.

Underlying pre-tax profit for the year increased to £167.7 million (2022: £148.3 million), in addition to which we recorded exceptional income of £20.6 million. For further detail, see the full Financial Review.

220
new shops (including 72 franchised units)
opened in 2023

1,200
shops open until 7pm, or beyond

Our key drivers of growth

Broadening customer appeal

This growth driver is about telling our customers all the ways they can interact with us – growing awareness of our menu and new developments, our opening hours, our delivery service, and our Click + Collect offer – and building their loyalty through rewards and engaging communications via our website and app.

Our aim is to reach all food-to-go consumers across the UK throughout the day, letting them know that they can find us whenever and wherever they fancy.

We have worked hard to win and keep the loyalty of our regular customers and I'm delighted that our successful growth strategy is allowing us to welcome so many new customers too.

The cost-of-living crisis has affected everyone; rising energy bills and interest rates have meant we are all looking for ways to make our money go further. As a value proposition, Greggs has been well placed to help. We have noticed occasional Greggs customers becoming regulars and we know that rewarding their loyalty is helping to increase the frequency of visits.

Our brand awareness remains consistently high at 95%, and we have worked hard this year to let people know that Greggs is for everyone. Our market share is at an all-time high, with Greggs' total share of visits in the food-to-go market increasing to 8.2% (2022: 7.7%) (source: Circana, December 2023).

In December, we launched a pop-up 'Bistro Greggs' in the premium department store Fenwick, in Newcastle upon Tyne, proving that Greggs' quality is welcomed everywhere. Our products were reinterpreted by Fenwick's chef and served under silver cloches to be eaten with knives and forks. This tongue-in-cheek partnership delivered gems such as 'Greggs Benedict' and Steak Bake paired with truffled dauphinoise potatoes.



Another key event in 2023 was Fender's Unplugged, a two-day live music event in our Grainger Street shop in Newcastle in celebration of Geordie legend Sam Fender ahead of his headline appearances at St James' Park.

Growing and developing the Greggs estate

During 2023, we opened 220 new shops (145 net of closures and relocations) meaning that, by the end of the year, we had 2,473 shops trading (comprising 1,970 company-managed shops and 503 franchised units). As well as continuing to nurture and build our presence on the high street, our much-loved brand soared to new heights with further openings in travel hubs, including our first in a London airport, at Gatwick, more roadside locations, more retail parks and supermarkets and further expansion of our drive-thru offer.

We have also grown our reach in central London, adding new shops across the capital including Canary Wharf and Waterloo railway stations, and the Westfield Shopping Centre in Shepherd's Bush.

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CHIEF EXECUTIVE'S REPORT CONTINUED

We expanded our partnerships with other retailers; opening four new 'Tasty' cafes inside Primark stores (taking the total to six), 17 further shops in Tesco stores (taking the total to thirty-two), and five with our newest retail partner, Sainsbury's.

We proudly celebrated the opening of our 500th franchise shop. Working with our 16 franchise partners has enabled us to reach new locations and has been key to increasing our presence in motorway services and petrol forecourts. Our franchise model is key in supporting the delivery of our long-term growth strategy.

Growth isn't just about opening new shops, it is also about finding bigger, better premises for successful sites. During the year, we relocated 42 shops. In Runcorn, for instance, we swapped our site for the unit next door which is three times as big allowing us to add seating, a hot food cabinet,



and better facilities for our colleagues. Sales in the shop were up 30% following the move and we have the space to accommodate further growth. We have identified a further 50 shops that we plan to relocate to bigger, better sites in 2024.

Our programme of shop refits is also making sure that our existing estate looks great and remains appealing. We refitted 122 shops in 2023 using our newest design which maximises space while also making it easier for our teams to service our delivery and Click + Collect digital channels. We plan to refurbish a further 195 shops in 2024.

Extending evening trade

During 2023, we continued to open our shops later into the evening and now have more than 1,200 sites competing for food-on-the-go-sales until 7pm or later. Throughout the year, evening (defined as post-4pm sales) was the fastest growing daypart, albeit from a low base. As a result evening sales were 8.7% of company-managed shop sales in the second half of 2023, and our market share for the evening

daypart increased to 1.6% for 2023 (2022: 1.2%, source: Circana, December 2023).

We know many customers stop by our shops on their way home from work, looking for quick and easy evening meals and snacks. Our delivery service also plays a key role in the evening trade, with more than 600 of our later-opening shops available to customers via Just Eat or Uber Eats. We see strong potential for expanding our home delivery offer further in this daypart.

Competing for evening sales means having the right products to meet our customers' preferences. Our existing range is proving popular, with our hot Southern Fried Chicken Goujons, Southern Fried Potato Wedges, and pizzas all selling well. Our family pizza box (available for delivery) comes with six individual slices and can be customised, meaning that everyone can get the flavour they want. We continue to innovate with new hot food options and expanded our pizza range with a Spicy Veg version this year, as well as trialling new menu ideas such as Mozzarella and Cheddar Bites.

Our ongoing focus is on making sure we have the right products in the evening to give people more reasons to visit us and, in 2024, we will continue our trial with a number of items including customisable hot chicken wraps and made-to-order drinks.

Developing digital channels

Greggs is now a truly multi-channel retailer. We aim to serve our customers wherever, whenever, and however they choose. That might be a customer visiting a shop, someone who wants the frictionless experience of Click + Collect, or customers at work or at home who want the convenience of Greggs delivered to their door.

I have been extremely impressed by the growth in engagement with our loyalty app, whereby customers benefit from our popular 'buy-9-get-the-10th-free' offer. Use of the Greggs App doubled during 2023, far exceeding our internal targets.

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In the year as a whole, customers scanned the Greggs App in 12.5% of transactions in our company-managed shops (2022: 6.2%), and in the final quarter of the year the participation rate exceeded 15%. Customers who engage with our loyalty app shop more frequently with us and we are able to market to them directly, which provides further opportunity to drive sales growth through this channel.

The slick efficiency of Click + Collect continues to help busy people save precious minutes in their day and use of this digital service continues to increase. Busy commuters, for example, can now pay for their morning coffee or bacon sandwich before their train has pulled into their station, choose a time slot, skip the queue and go straight to the counter to collect their order.



Sales through the delivery channel were up 23.6% in 2023. We introduced home delivery during the Covid-19 pandemic in 2020 through a partnership with Just Eat, and in Q3 2023 extended our reach by rolling out with Uber Eats. We now have 1,340 shops offering delivery through Just Eat and 930 sites working with Uber Eats. A total of 1,440 shops offer delivery services, allowing us to now offer home delivery across the UK. In 2023 this channel represented 5.6% of company-managed shop sales, and we grew our market share of food-to-go delivery visits to 3.8% in 2023 (2022: 2.7%)(source: Circana, December 2023).

For our customers, shopping with us gets simpler and easier every year as we use technology to make things better and more rewarding. Behind the scenes, that means we are managing greater complexity, but our teams have done a fantastic job of integrating new systems, working hard to enable our processes to stay streamlined and simple for the shop teams so that they can continue to operate at pace and deliver great customer service.

↑23.6%

increase in sales through
the delivery channel in 2023

12.5%

of company-managed sales
scanned through the Greggs App

Greggs is a much-loved and trusted brand that has been around for 85 years, building a reputation for offering exceptional value to people looking for great tasting, high quality food – and drink-on-the-go, with fast and friendly service.

PURPOSE

To make good, freshly prepared food accessible to everyone.

QUALITY

We want our products to be the best they can be.

CONVENIENCE

We want to be able to serve customers wherever, whenever and however they choose.

VALUE

We offer great value in an extremely competitive marketplace.

SERVICE

We provide customers with fast and friendly service, and fix issues without a fuss, rewarding them for their loyalty.

THE GREGGS PLEDGE

Stronger, healthier communities. Better business. Safer planet.

WHAT MAKES US
DIFFERENT?

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CHIEF EXECUTIVE'S REPORT CONTINUED

Investing in our Supply Chain and technology for a bigger business

One of the unique strengths of our business is its vertical integration: we own and run the manufacturing sites and logistics operations that serve our shops. Our ambitious plans mean that we are investing further in our infrastructure to ensure that we can increase Supply Chain capacity to support business growth, as previously communicated in our capital expenditure forecasts.

Investment in our Balliol Park manufacturing site will enable us to increase production of savoury rolls and bakes by 35% over time, and the additional pizza line at our Enfield site commissioned in late 2022 has double the capacity of our original line.

In order to facilitate further expansion, we plan to build two brand new state-of-the-art facilities in the Midlands. The first site will be for frozen products and will be located in Derby. Opening in 2026, this site will not only provide additional manufacturing capacity for frozen products,

including new savoury and sweet production lines, but also enable frozen storage, picking and distribution which will be key to our future growth.

The second site will be located in the Kettering/Corby area, and will be a new National Distribution Centre for the storage, picking and distribution of ambient and chilled goods. The site will enable our existing Radial Distribution Centres to service many more shops, allowing them to support growth in their regions. We expect this site to be operational in the first half of 2027.

In the meantime we are investing in scaling up two of our existing Radial Distribution Centres. We are currently on-site undertaking work to double capacity at our Amesbury distribution facility and are restructuring our Birmingham site into a more efficient purpose-designed operation which will increase our capacity. These two projects will add the capacity to service around 300 more shops to our network. In the second half of 2023, we took over the lease of a substantial warehousing facility next to our Kettering

distribution centre when our supplier entered administration, securing our requirements and saving the jobs of everyone employed at the site.

During 2023, we added more double-deck trailers to our fleet. We now have 34 vehicles able to carry 56% more per load, with a further 18 arriving in the business by 2025. These reduce the carbon intensity of our logistics operations and also save on fuel.

We continue to make improvements to our shop systems, making processes simpler for our colleagues. We tested a new, upgraded till suite that was redesigned based on feedback from our people and we will roll out the clearer, easier system to all shops during the current year.

Looking after our people

For the first time, we are including a section on 'Our People' in our Annual Report because our colleagues, culture and values are what makes Greggs, Greggs. We know that when our people thrive, our business is stronger and better, so we work hard to make Greggs a great place to work.

Just as our customers are relying on us to help them weather the current challenging economic circumstances, our colleagues rely on us too: we pride ourselves on paying fair wages, providing secure employment, and offering consistent contracted hours so that our colleagues know what their weekly wage will be, and can budget for it.

We continue to share 10% of our profits with team members with at least six months of service. We have also increased our matched contribution rates for Greggs pensions, meaning that all our colleagues can now access up to 6% employer contributions.



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On top of this, we offer a colleague discount, our colleague share ownership scheme, and an Employee Assistance Programme that gives our people access to additional help when they need extra support – we make sure that we are there for them, whatever they need.

All this helps to keep our people motivated and committed to Greggs. More than 24,000 colleagues completed our annual employee survey in 2023, and three-quarters of them told us that they would recommend Greggs as a great place to work – 7% ahead of the UK retail benchmark (source: People Insight).

We know that great people are important to our long-term sustainable growth. We nurture and grow talent within our organisation so that our pipeline of future leaders is primed, and there are great people ready to step into our management team as we expand.

Our growth also means that we are creating new jobs across the country within our shops, manufacturing sites and distribution networks. During 2023, we created 1,597 net new jobs.

A significant number of our shop and area managers started as team members and worked their way up, proving that Greggs can be an agent of social mobility. The flexibility of our roles enables people to arrange their work life around their personal life – reducing their hours to part-time when they have school-aged children, for instance, or pushing for training and career progression when they are ready for more of a challenge. Whatever they want from us, we aim to provide long-term employment.

Giving back

We continue to donate at least 1% of our underlying pre-tax profits to the Greggs Foundation each year, which it then passes on to our communities through hardship grants, community funding, and donations to help run the Breakfast Club programme.

This is generously topped up by our colleagues, partners and customers: we raised a record £202,000 through 25p 'buy a child a breakfast' donations in Greggs shops last year – three times the amount raised in 2022 – and ran Greggs Breakfast Club Appeal Weeks in June and September, raising a further £190,000.

During 2023, the Greggs Foundation distributed over £4.5 million to schools and charitable organisations in the UK, including £1.5 million in hardship funding as it responded to the increased need from our communities due to the cost-of-living crisis. Almost half of all the hardship grants awarded last year went to families in schools with a Greggs Foundation Breakfast Club.

In addition to donating money to the Greggs Foundation, our fundraising activities raised over £1 million for Children in Need, a charity we have supported for 17 years now. We also proudly celebrated our 40-year partnership with the charity Children's Cancer North through its annual Children's Cancer Run. In February, we turned our charity buckets over to the Disasters Emergency Committee raising £149,000 to help people in Turkey and Syria who were affected by the devastating earthquakes.

The Greggs Pledge

We want our people to be proud to work for Greggs. Not just because of the great job they do, day in and day out, but because they are part of a business that strives to do the right thing. Together, we are working towards delivering The Greggs Pledge – ten commitments that aim to make the world a better place. Our latest report on the progress we made towards these commitments in 2023 will be published in the coming weeks and I share some highlights below.

Stronger, healthier communities

Greggs Foundation Breakfast Clubs continue to grow. By the end of 2023, we had Clubs in 896 schools feeding 62,000 school children every day. This is about so much more than providing a free meal in Britain's least-privileged areas: our Clubs also contribute to improving attendance rates, helping to build the habit of turning up to school every day, and ensuring children start their day with a full stomach, so they are better able to concentrate at school which, over time, means they are more likely to fulfil their potential. In this way, Greggs Foundation Breakfast Clubs are making a meaningful

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CHIEF EXECUTIVE'S REPORT CONTINUED



896

Greggs Foundation Breakfast Clubs

£650,000

donated to local communities from our Outlet shops

contribution to enabling social mobility – fundamental for a flourishing society.

We now have 35 Outlet shops open around the country, providing people on a budget with the opportunity to buy day-old Greggs products at a discount. A portion of the profits made in these shops is then given to local community organisations working to tackle food poverty. In 2023, that donation totalled almost £650,000. Outlet shops also play an important part in our efforts to make sure that unsold food is put to good use. We passed around 2,600 tonnes of surplus food to this network of shops in 2023 – approximately 44% more than 2022.

Of course, our focus on healthier communities is also delivered through our commitment to ensuring that 30% of our product range is a healthier option. We provide our customers with well-priced, tempting, and tasty healthier options including porridge, soups, and salads and, during 2023, introduced a new range of flatbread sandwiches, improved the veg content of our pasta salad, and launched new savoury bakes, including the Spicy Vegetable Curry Bake. We were delighted that our efforts were recognised at the 2023 Sandwich and Food to Go Industry Awards ('The Sammies'), where we not only won chain retailer of the year, but also the healthy eating award for our Sweet Potato Bhaji and Rice Salad Bowl.

Safer planet

Our 2040 net zero carbon target is now fully embedded into our business processes, meaning it has gone from a set of plans to an actionable programme of work, with data outputs that we can – and do – scrutinise each month. To keep everyone focused, our Scope 1 and 2 emissions targets form part of the latest three-year long-term incentive schemes for our leaders.

Decarbonising our business is no small feat and we continue to work with experts such as the Carbon Trust to inform and guide our decisions. Over time, seemingly small actions aggregate to have a big impact, as we have seen by switching the refrigerant gas we use to top up our coolers, swapping to double-deck trailers, or migrating our company car fleet to hybrid or electric models.

We did more work in 2023 to understand our Scope 3 emissions and will complete the next part of our supplier engagement plan in the year ahead. Our suppliers are vital partners in this journey and we are already working in partnership with many of them to see what we can collectively do next.

This year, for instance, we began using flour made from Wildfarmed wheat to make some of our wholemeal products. This flour is made from wheat that is grown following regenerative farming practices and standards that prioritise soil health, soil condition, and farm biodiversity by using low input farming methods.

Another example comes from work with our suppliers of milk and refuse collection, Müller and Biffa. Our milk bottles are separately disposed of with other dry mixed recycling, Biffa convert this into food grade pellets, some of which are then sent to Müller to be extruded into new bottles for us containing 30% recycled content.

Today, 97% of the electricity and 30% of the gas we purchase comes from certified renewable sources. Ultimately, we want to stop using natural gas for baking and diesel for transportation and, in 2023, began discussions with a potential green hydrogen supplier to explore the feasibility of powering our manufacturing sites and logistics fleets with green hydrogen.

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We are confident that Greggs can deliver another year of good progress as we continue our plans for sustainable growth.



The equipment we choose to put into our shops is under scrutiny too. We test in-store sustainability initiatives in our Eco-Shop and, during 2023, started the roll out of seven new items – Unisan bins, knee-operated sinks, a prep bench, microwave, fridge, freezer, and oven. The new model microwave has an anticipated lifespan twice that of our previous choice and is now utilised to warm our soup in a more efficient way. We have therefore removed our soup kettles, heating soup to order instead which uses around 1/20th of the electricity previously consumed.

Our colleagues are also a source of new ideas. This year, we ran the Greggs Sustainability Challenge with our waste partner Biffa, inviting our people to propose pioneering sustainability initiatives. Ideas included enriching local ecosystems, a community kitchen garden, plastic reduction initiatives, and engagement forums. The winners will see their ideas become reality.

Better business

I am proud to lead a Board with excellent female representation on it; we have already met the FTSE Women Leaders 2025 target of 40%. Across the business, women made up 64% of our total workforce and half of our management population in 2023. Our gender pay gap is reducing, predominantly driven by getting a more balanced

workforce at the entry level, which historically has been disproportionately female. A gender pay gap remains, in part because of having more males than females in our most senior roles and Supply Chain roles where shift premiums apply, but also because we still have more females than males in our hourly-paid Retail roles.

This year, we report on our Ethnicity Pay Gap for the first time. We publish figures for both 2022 and 2023 which reveal a small gap that is largely static year-on-year. We continue on our journey to embrace diversity in Greggs following our achievement of the National Equality Standard in 2021.

We continue to support and grow our diversity and inclusion networks, set up to give a voice to our different communities. The four groups – focused on Ethnicity, Disability Inclusion, LGBTQ+, and Women's development – provide a safe space for discussion and debate, and help to shape the business. This year, among other things, their advocacy has led to a new policy on transitioning at work, activities to mark Deaf Awareness week, and input into an online learning module on our zero-tolerance approach to harassment.

Looking ahead

Our strong growth during these tough years for the British economy gives me great optimism for the years ahead. Back in 2021, we were bold when we set out our ambition to double our sales by 2026 but we are ahead of our plan and have proven that our strategy to open new shops, extend into the evening, and build up our digital presence is a successful one.

Our brand is stronger than ever before, with more people coming to us more often in more locations to enjoy the UK's favourite sausage roll, bacon breakfast roll, sweet potato bhaji and rice salad bowl or doughnut. Our range gets more enticing every year, with more healthy options, more hot food, and new flavours to tempt our customers. That spirit of innovation continues into 2024 with new product trials and roll-outs planned.

We now employ 32,000 people across the country, and I credit them with our success. It is their passion for creating great food at affordable prices, and their commitment to delivering warm and friendly service, that makes Greggs the hugely popular destination that it is.

As their Chief Executive, I remain fully committed to enabling our people to fulfil their potential and build the career with us that they want. Just as we work hard to win and keep the loyalty of our customers, we work hard to win and keep the loyalty of our colleagues too.

Together, we will continue to grow this brilliant business, while sharing our success with our colleagues and communities. As we thrive, we can open more Greggs Foundation Breakfast Clubs and Outlet shops, raise more money for charities, and do more work to decarbonise food retailing. In our small way, we are making the world a better place.

Current trading and outlook

Greggs has started 2024 well, with like-for-like sales in company-managed shops growing by 8.2% in the first nine weeks. As we have previously reported, inflationary pressures are reducing and we have improved visibility of costs in the coming year. There is no change to management's expectations for 2024, and we are confident that Greggs can deliver another year of good progress as we continue our plans for sustainable growth. I am enormously proud of what we are already achieving and excited about what's ahead.

Roisin Currie

Chief Executive
5 March 2024

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OUR STRATEGY

ENSURING GROWTH IN THE YEARS AHEAD

Our fundamental strategic pillars



GREAT TASTING, FRESHLY PREPARED FOOD

You cannot beat freshly baked, freshly prepared food. With our great flavours, responsibly-sourced ingredients, consistent quality and outstanding value, our food-on-the-go leads the way.



COMPETITIVE SUPPLY CHAIN

By owning our Supply Chain, we're able to make our tasty products and transport them to our shops ourselves - offering our customers great-quality food that delivers the best possible value for money.



BEST CUSTOMER EXPERIENCE

Fast and friendly service is a key reason why customers choose Greggs. Great service is not an easy thing to deliver under pressure, and our shop teams do an amazing job. Through our Greggs App, we are able to build long-lasting relationships with our customers and reward their loyalty.



FIRST-CLASS SUPPORT TEAMS

We've invested heavily in leading-edge systems and technology. They equip our support teams to provide the best service to their colleagues and, ultimately, to our customers.

Our vision is to be the customers' favourite for food-on-the-go. While we've enjoyed tremendous success in recent years, our journey is far from over. We have an ambitious plan to double Greggs' sales and while the fundamental strategic pillars of our business model have not changed, we are continually learning and adapting. To reach our full potential in the years ahead, our strategy is focused on four key drivers of growth and underpinned by investment in our Supply Chain and technology.

The Greggs Pledge: Dedicated to doing good



STRONGER, HEALTHIER COMMUNITIES

We pledge to play our part in improving the nation's diet, providing free breakfasts to schoolchildren, supporting families in hardship and giving surplus food to those who need it most.



SAFER PLANET

We pledge to become a carbon-neutral, zero-waste business.



BETTER BUSINESS

We pledge to increase the diversity of our workforce and to use our purchasing power responsibly, with the aim of making things better in our Supply Chain.

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Our key drivers of growth

GROWING AND DEVELOPING THE GREGGS ESTATE

With a strong pipeline of new shop openings alongside a significant opportunity to improve the quality of our estate through relocations and the next generation of shop refits, our ambition is to reach significantly more than 3,000 shops across the UK.

Read more on [page 24](#)

DEVELOPING OUR DIGITAL CHANNELS

Through our digital channels, we are able to compete more effectively at all times of day. Our delivery partnerships with Just Eat and Uber Eats enable us to increase the reach of our shops beyond customers passing by and, in addition, offer the added attraction of serving multiple customers in one order with higher-than-average basket size. Our Click + Collect service offers our customers the ability to easily browse our menu, skip the queues and personalise their order.

Read more on [page 28](#)

EXPANDING OUR EVENING TRADE

Through extending the trading hours in many of our shops, delivering new and exciting additions to our menu and leveraging our existing customer channels – both walk-in and digital – we have a strategic opportunity to effectively compete for food-on-the-go sales in the evening.

Read more on [page 26](#)

BROADENING CUSTOMER APPEAL AND DRIVING LOYALTY

We continue to successfully reposition the Greggs brand to become recognised as a customer favourite for food-on-the-go. Through our brand activity, and with timely and effective customer communication via our Greggs App and website, we have the opportunity to effectively communicate how Greggs can be a brand considered by more people, in more places and at all times of day when customers need food-on-the-go.

Read more on [page 30](#)



INVESTING IN OUR SUPPLY CHAIN AND TECHNOLOGY FOR A BIGGER BUSINESS

Underpinning our ambition to double sales is significant investment in manufacturing and logistics to increase capacity. Building a centralised business model has required a transformational investment in systems and technology and we continue to accelerate our digital transformation programme. We see significant opportunities to grow our digital capabilities and enable more efficient operations through a programme of continuous improvement as the business grows.

Read more on [page 32](#)

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OUR STRATEGY IN ACTION GROWING OUR ESTATE

GROWING OUR ESTATE

Our ambition is to reach significantly more than 3,000 shops and we have a strong pipeline of new shops opening. We also have a significant opportunity to improve the quality of our estate through relocations and the next generation of shop refits.



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Greggs is a versatile brand. That means we can open a full range of formats in a variety of locations, with our digital channels enabling us to extend the reach of each shop even further.

Our mission is simple – we want Greggs to be accessible, wherever, whenever, and however our customers need us. And by ensuring our shops are the best they can be, our customers have a brilliant experience when they visit us.

As well as opening new shops, we want our existing shops to be bigger and better, which means improving all of our shops through our next generation of shop refits. It also means moving some shops to better locations.

New shop openings

When a customer is choosing where to shop for food-on-the-go, we know that convenience is the key consideration. We already have a strong presence in traditional towns and suburban locations, so will continue to focus on increasing our presence in locations where people travel, work, and/or access by car.

2023 was another record year as we accelerated our shop opening programme – with 220 gross shop openings and 145 net new shops, growing the estate to 2,473 shops. We have a strong pipeline and exciting new locations in development for 2024.

220

record new shops opened in the year

122

refits completed in 2023

We continued to grow our presence in central London, opening new shops in high footfall areas and travel hubs, including Canary Wharf and Waterloo Stations, City Road, Greenwich Peninsular, and the Westfield Centre in Shepherd's Bush. We opened four of our new 'Tasty by Greggs' café format shops within Primark stores in Newcastle, Bristol, Liverpool and Leeds. Following a successful trial with Tesco in 2020, we rolled out our partnership to a further 17 shops, and also opened five shops with new partner Sainsbury's. We opened a record 15 drive-thru shops, including our first 24-hour operation in Bolton, and took Greggs to new heights with openings at Gatwick and Glasgow Airports.

Bigger and better shops through refits and relocations

In addition to growing our estate through new shop openings, we are improving the quality of our existing shops through our ongoing programme of shop refits and relocations. In 2023, we continued to evolve and refine our refit designs, maximising space and increasing our capabilities in food preparation; this has enabled us to realise the potential of both our delivery and Click + Collect digital channels, whilst also offering the best experience for walk-in customers.

Driven by our commitment to making our national network of shops the best they can be, we completed 42 relocations and 122 refits. By moving additional shops to larger, better premises, we were able to increase coffee shop seating and grow our multi-channel offer. Relocations will remain a strategic priority as we aim to strengthen our estate, and we have a strong property pipeline for 2024.

Increasing customer reach through our franchise and wholesale partners

Our partners play an important role in providing access to restricted locations such as motorway service areas, petrol filling stations and other closed catchments. We were proud to celebrate the opening of our 500th franchised shop this year, in East Lothian, with our partner MFG.

In 2023, we welcomed EG on the Move and Sodexo on board, bringing the number of franchise partners to 16 with 503 franchise locations.

Our highly successful 12-year partnership with Iceland continues and, in 2023, we extended our limited-edition rotational range with the launch of the Chicken Katsu Bake and the Vegan Mexican Bake.



2024 PLANS

The pipeline of new shop opportunities remains strong, and we expect to open between 140 and 160 net new shops in 2024, including drive-thrus, in travel hubs, and at supermarket locations; we estimate that around a third of these will be with franchise partners.

We will also focus on providing bigger and better shops to serve all channels, by targeting around 50 relocations and 150 refits.

As part of our ongoing commitments set out in The Greggs Pledge, we plan to open more Greggs Outlet shops and continue the roll-out of our Eco-Shop elements.

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OUR STRATEGY IN ACTION CONTINUED EXTENDING EVENING TRADE

We have a strategic opportunity to compete for food-on-the-go sales in the evening and are extending the trading hours in many of our shops, adding new and exciting items to our menu and leveraging all of our customer channels.

EXTENDING EVENING TRADE



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We have made excellent progress with our five-year evening trading growth plan and now have more than 1,200 shops trading to 7pm and beyond.

We grew evening sales in 2023 without adding complexity to our shop operations. We will further explore our evening menu proposition to meet customer expectations for both walk-in and digital channels, which we believe will make this opportunity even greater.

Our delivery partnerships

In 2020, we launched our partnership with Just Eat and, since then, have rolled it out to 1,360 shops nationwide. In October, we welcomed Uber Eats on board as our second delivery partner. We currently have more than 700 shops on the Uber Eats platform and look forward to maximising the opportunities that lie ahead as we extend our reach and further grow the delivery side of our business.

Around 600 of our evening shops now offer a delivery service after 6pm via Just Eat or Uber Eats. Offering home delivery is key to our plans for extended trading and we intend to further expand delivery in the coming year, adding more locations and menu choices to strengthen our proposition at every meal occasion.

24-hour drive-thrus

Since the launch of the first Greggs drive-thru six years ago, this shop format has rapidly gained popularity, and we now have 34 around the UK. We opened our first 24-hour operation in Bolton just off the M61, exemplifying our focus on placing drive-thru shops on main arterial routes with significant traffic volume.

Drive-thru shops such as Bolton and our unit at Meadowhall in Sheffield, are conveniently located and open around the clock, catering for evolving consumer habits, and particularly for the needs of shift workers. Extending the trading hours at our drive-thrus is part of our strategic growth plan, and we plan to enhance our evening menu with a focus on hot food.

Menu development

Our existing range continues to perform well in the evening; we have introduced new and exciting hot products that could have day-long appeal such as the Mozzarella and Cheddar bites and are trialling made-to-order Hot Chicken Wraps.

We continue to offer hot sweet treats in the evening, making these core products appealing to the evening market, and our hot Yum Yums, Brownies and Cookies served with a chocolate or salted caramel dipping pot remain popular with customers.

Southern Fried Chicken Goujons, Spicy BBQ Chicken Bites and pizza sharing boxes alongside our single slice and meal deal offers are also selling well. We added a Spicy Veg Pizza to the range on our digital channels, building our non-meat offering in the category.

We also trialled over-ice drinks, including the Iced Latte and Iced Cloudy Lemonade. Over-ice drinks performed well, particularly throughout the summer months with sales growing week-on-week, and they are now available in over 20 shops with wider roll-out plans for 2024.

596

shops open for delivery after 6pm

8.2 million

delivery orders fulfilled

2024 PLANS



We will further explore our evening menu proposition to meet customer expectations for both walk-in and digital channels.

We will look for ways to reward evening customers and expect evening to remain our strongest-growing daypart in the year ahead.



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OUR STRATEGY IN ACTION CONTINUED DEVELOPING DIGITAL CHANNELS

Our digital channels provide the strategic opportunity to compete more effectively at all times of the day. Our delivery partnerships enable us to increase the reach of our shops, and Click + Collect offers our customers the ability to easily browse our menu, personalise their order, and skip the queue.

DEVELOPING DIGITAL CHANNELS



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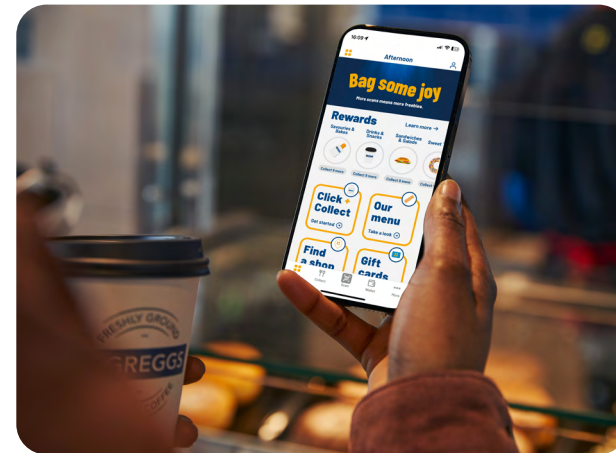
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When the pandemic hit in 2020, we rapidly accelerated our multi-channel development strategy to enable our customers to enjoy Greggs at home.

We launched our partnership with Just Eat in January 2020 and welcomed Uber Eats as our second delivery partner in 2023. Delivery now accounts for 5% of sales and offers the added attraction of serving multiple customers in one order, with average basket size around three times that of a typical walk-in purchase.

Digital channels offer a key opportunity for Greggs to increase market share by increasing menu choice, multi-channel reach, and customer loyalty.



1,440+
shops now have delivery available

Delivering success with Just Eat and Uber Eats

With delivery now available in over 1,440 of our shops nationwide, we remain focused on improving our operational procedures to fulfil demand as well as enhancing our offer, to ensure the best possible customer experience.

We have empowered our teams to 'Fix it Now', enabling them to substitute items for customers, instead of rejecting a delivery order. We have simplified our back-office systems by merging delivery and Click + Collect orders so that our shop teams only need to engage with one platform, rather than dealing with multiple screens.

We have enhanced our offer and built on our reputation for great value through key promotions and exclusive deals for Love Island, the FIFA Women's World Cup, and the UEFA Champions League. We also celebrated special occasions with customer giveaways, marking the King's Coronation with free sausage rolls, and offering a free pizza slice on National Pizza Day.

Enhancing the customer journey

In 2023, we made improvements to our operations, ensuring our customers' digital journey and experience is the best it can be.

We made further enhancements to the customer journey on our popular shop-finder tool, and improved how customers use rewards on the Greggs App. We also enhanced the overall payment experience for people using Click + Collect and our top-up solution by introducing a new payment provider.

Click + Collect

Click + Collect is available through both the Greggs App and website – enabling customers to easily browse our menu, skip the queues, and personalise their order. Click + Collect improves sales by encouraging customers to trade up, speeds up service by removing payment at the till, and – by making to order – has the potential to reduce waste too. In 2023, our priority was to work with our shop teams to streamline the process, making digital orders as easy as possible and less time consuming.

2024 PLANS



We will continue to extend the reach of our existing delivery partnerships, helping us to fully maximise the at-home and evening trade opportunities.

Product development, in particular hot food options, will ensure that we continue to provide the types of food-on-the-go that our customers want, no matter what time of the day they choose to shop with us.

We will support our shop teams by further improving and enhancing the operational requirements of digital orders, including the rollout of a newly designed prep table for assembling digital orders.

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OUR STRATEGY IN ACTION CONTINUED BROADENING CUSTOMER APPEAL AND DRIVING LOYALTY

As well as being a record year for business performance, 2023 was an excellent year for our brand metrics as we strengthened our position as the UK's leading food-to-go brand based on YouGov Brand Index scores.

BROADENING CUSTOMER APPEAL



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Easily accessible throughout the day

Our shops serve millions of customers every day and are always there to offer great value, freshly prepared food that fills you up and keeps you going from morning to evening. So, whether it's grabbing the UK's favourite bacon roll and a freshly-ground Fairtrade coffee for breakfast, picking up lunch-on-the-go, or having a family sharing-deal delivered in the evening, Greggs satisfaction is available whenever or wherever our customers choose.

In 2023, we invested in making the brand mean more to more people, in line with our business strategy. We aim to keep Greggs front of mind and provide customers with more reasons to shop with us more often. We continued to grow and monitor our investment in paid media as we built out our channel mix, and delivered unique Greggs brand moments throughout the year. Highlights included our Fender's Unplugged activation in June celebrating Sam Fender's homecoming gigs at St James' Park, and our Greggs Bistro collaboration with Fenwick that took the UK restaurant scene by storm and became the must-have reservation

for festive dining in December. Together, these delivered another record year for our brand health metrics with more customers than ever considering the Greggs brand and choosing to shop with us.

Delivering even more value through digital investment

We continue to develop a range of data-driven and digital workstreams, bringing more of our capabilities in-house, and supporting our teams with best-in-class suppliers and partners.

In 2023, we completed the task of bringing the design, data and technology capabilities that power our Company websites in-house, allowing us to deliver a seamless customer experience across our four Company sites – [greggs.co.uk](https://www.greggs.co.uk), our Corporate and Recruitment sites, and The Greggs Foundation.

Record numbers of customers downloaded the Greggs App, as we welcomed over three million new users in 2023. Our ongoing investment in CRM and data capabilities allowed us to encourage our new and existing customer base to scan the Greggs App more often when they shop, resulting in a record level of 15% of total sales being accompanied by a scan by the end of the year. Millions of customers continued to enjoy even more value through our 'buy 9 get your 10th item for free' loyalty proposition that is applied across all purchases and product categories.

No.1 overall
on the YouGov BrandIndex*

No.1 for value
on the YouGov BrandIndex*

2024 PLANS



In line with the wider business strategy and growth drivers, we will continue to innovate and evolve our brand and digital strategies in 2024, focusing on optimising our paid and earned media investment and brand partnership opportunities, and building out and enhancing our digital and data capabilities.

We aim to keep Greggs front of mind and will look to deepen the emotional connection that customers have with the brand, our products, and service experience, ensuring we continue to mean more to more people.

We want to maintain our position as the most accessible food-to-go brand in the UK – serving and satisfying more customers in shops throughout the day and delivering Greggs experiences that always bring a smile.

* YouGov BrandIndex, circa 23,240 sample, UK 18+ Nat Rep Total Population – data collected 01/01/2023 – 31/12/2023, Quick Service Restaurant, coffee shop and delivery services sector.

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OUR STRATEGY IN ACTION CONTINUED INVESTING IN OUR SUPPLY CHAIN AND TECHNOLOGY FOR A BIGGER BUSINESS

Over recent years, we have transformed our Supply Chain and technology infrastructure to create a centralised food-on-the-go business model. Our ambition to double sales revenues will require significant investment in manufacturing and logistics to increase capacity.

We've made better use of space and invested heavily in centralised automation, delivering a step-change improvement in the quality of our products and our Supply Chain cost structure. This has also allowed us to create a template on which we can build additional capacity and continue to grow as a business.

INVESTING FOR SUCCESS



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Increased savoury production capacity at Balliol Park

Improved operational efficiency and streamlining works, designed to increase capacity for savoury bakes and rolls on Line 1 at Balliol Park, continues to be successful and has been critical to supporting high savoury demand, particularly during the busy weeks leading up to Christmas. We completed the development of a fourth savoury line which is currently being commissioned. Once fully operational, we expect the production of our savoury bakes and rolls to increase by around 35%, ultimately increasing our capacity for volume and growth.

Strategic investment for future growth

Site development work at both our Birmingham and Amesbury logistics hubs is central to supporting additional shop distribution capacity, securing the long-term future of both sites. The restructuring works at our Birmingham Distribution Centre ('DC') are well underway with initial phases including a larger site freezer to support volume uplifts. Tendering for the extension of our Amesbury DC has been concluded and works began on site in November 2023. Both sites are scheduled for completion in late 2024.

Acquisition of Knights of Old site, Kettering

In Autumn 2023, the opportunity arose to acquire the Knights of Old site in Kettering when they entered administration. They had previously supported our own operations at Kettering DC with warehousing facilities. We took over the lease and were able to save the jobs of all those previously employed at the site. This not only enables business continuity but also enhances our primary logistics capability in the South.

We have also continued to increase our radial logistics capacity in the South to support ongoing shop growth and works are underway to release further capacity in both Manchester and Leeds.

Driving efficiency and environmental benefits through double-deck trailers

In 2020, we trialled and purchased our first double-deck trailers and were so impressed with the results that we now have 34, with a further 18 arriving by 2025. We use trailers on our articulated vehicles to transport product across the country and the double-deck version allows us to carry 56% more goods per load, meaning we need to make fewer journeys. This reduces our use of fuel and, consequently, has a positive impact on our Scope 1 carbon footprint.

Continuous improvement to shop systems, benefitting our colleagues and customers

In Retail, we have continued to evolve our in-shop solutions to further improve efficiency and actively engage our colleagues throughout the decision-making process. As we become a multi-channel business, we continue to look for ways to improve and simplify our in-shop operations for our shop teams, and ultimately our customers.

Our new, upgraded till suite is currently being trialled with plans to begin a full rollout in 2024. This will enable our shop teams to have a much clearer view of products, a simpler and easier way to transact, and make the customer journey at the till more efficient. The new tills will also be integrated with other digital products, allowing for a consistent digital experience for customers.

Improved colleague engagement, via The Hub

2023 has seen us introduce a Microsoft Teams communication platform across the organisation, known as The Hub. This gives us the opportunity and flexibility to disseminate information to all colleagues as well as to engage and collaborate. This is being progressively rolled out across our Retail and Supply Chain colleagues.

2024 PLANS



2024 will be another big year for our Supply Chain as we invest in further increasing capacity and productivity. We will bring the additional manufacturing line at Balliol Park on-stream, complete our investments in Amesbury and Birmingham DCs and in tactical logistics capacity at Leeds and Manchester manufacturing sites, to support shop and volume growth.

We will begin to develop two brand new state-of-the-art sites in the Midlands.

Located in Derby, the first site will provide additional frozen manufacturing capacity, including new savoury and sweet production lines, as well as frozen storage and distribution, which will be key to our future growth. In addition to storage, the site will take on the picking of most of our frozen products and ingredients, down to shop level. This will be a real step-change, helping us to drive further efficiencies and improvements in our processes, and support our plans for shop growth. We expect this site to be open and operational by the first half of 2026.

The second new site will be located in the Kettering/Corby area and will be a new National Distribution Centre for the storage and distribution of ambient and chilled goods. As with the Derby frozen distribution site, this site will be designed to pick most of our chilled and ambient lines down to shop level for delivery into our existing Radial Distribution Centre network. Both sites will be designed with the opportunity for future expansion and development front of mind, allowing us to extend capacity as our shop estate grows even further. We expect this site to be open and operational by the first half of 2027.

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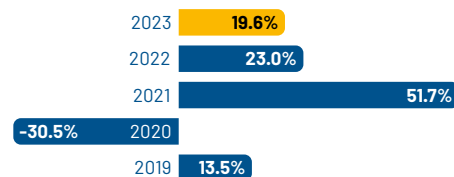
KEY PERFORMANCE INDICATORS

We use eight key financial performance indicators to monitor the performance of the Group against our strategy. The definition of these KPIs and our performance over the last five years is detailed below. Details of our non-financial KPIs relating to carbon emissions are given on page 53.

Underlying
Including exceptional items

TOTAL SALES GROWTH

19.6%



What this means

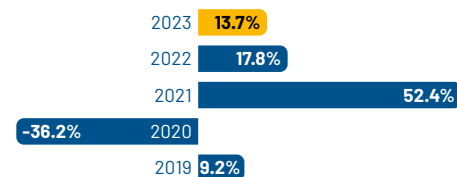
The percentage year-on-year change in total sales for the Group.

Why this is important

This is a measure of the absolute growth of the Group.

LIKE-FOR-LIKE SALES GROWTH

13.7%



What this means

Compares year-on-year cash sales in our company-managed shops, excluding any shops which opened, relocated or closed in the current or prior year.

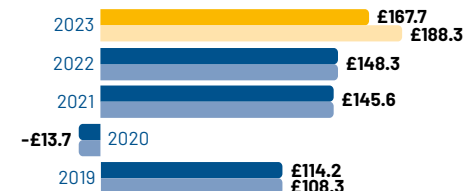
Why this is important

This measure provides valuable additional information on the underlying sales performance of the business and is a key measure used internally.

Results for 2020 were significantly impacted by the closure of the Greggs shop estate for most of the second quarter as a result of the Covid-19 pandemic.

PROFIT BEFORE TAX ('PBT') (£M)

£167.7m



What this means

Reflects the performance of the Group before taxation impacts and the underlying measure excludes any exceptional items arising in the year.

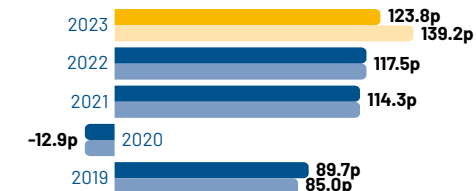
Why this is important

This is a measure of the absolute performance of the Group.

All of the non-GAAP measures (other than like-for-like sales growth) detailed can be calculated from the GAAP measures included in the Annual Accounts. All of the underlying measures exclude the exceptional items detailed in Note 4. Commentary on these KPIs is contained within the Financial Review.

DILUTED EARNINGS PER SHARE (PENCE)

123.8p



What this means

Calculated by dividing profit attributable to shareholders by the average number of dilutive outstanding shares (as detailed in Note 8). The underlying measure excludes any exceptional items arising in the year.

Why this is important

This measure reflects the underlying earnings for each share in the Company.

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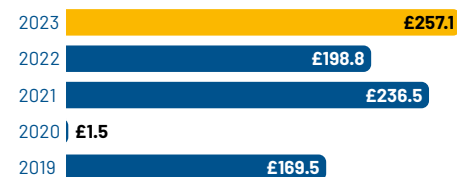
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NET CASH INFLOW FROM OPERATING ACTIVITIES AFTER LEASE PAYMENTS (£M)

£257.1m



What this means

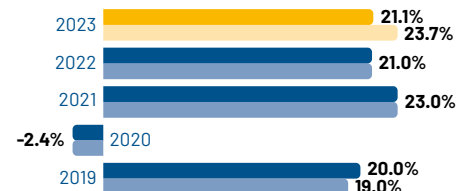
Operating profit adjusted for the impact of non-cash items, working capital movements and repayment of the principal on lease liabilities. The calculation of these figures can be found on page 164.

Why this is important

This represents cash flows that could be used for distribution of dividends or to fund our strategic objectives and is reflective of the strong cash-generative nature of the business.

RETURN ON CAPITAL EMPLOYED ('ROCE')

21.1%



What this means

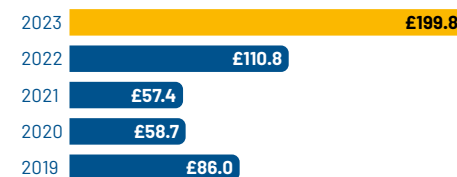
Calculated by dividing profit before tax by the average total assets less current liabilities for the year. The underlying measure excludes any exceptional items arising in the year. The calculation of these figures can be found on page 164.

Why this is important

This is a measure of the return generated on capital invested by the Group and provides a guide to how efficiently we are generating profit with the assets used in the business.

CAPITAL EXPENDITURE (£M)

£199.8m



What this means

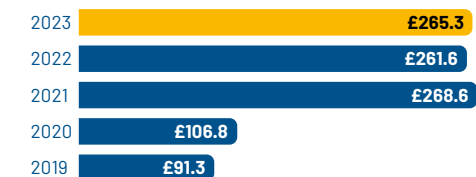
The total amount incurred in the year on investment in fixed assets.

Why this is important

This reflects the ongoing investment in the business over time.

LIQUIDITY (£M)

£265.3m



What this means

This is calculated as cash and cash equivalents plus undrawn committed facilities, taking into account required minimum liquidity covenants.

Why this is important

This measure provides useful information on the Group's net financial position.

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OUR PEOPLE



OUR PEOPLE

Our people are what makes Greggs successful. We want to provide a great place to work, where our colleagues feel valued, can be themselves, and want to stay with us – and a business where new people are excited to join us.

Our culture and our values are what makes Greggs, Greggs. As we grow, we keep these at the heart of every decision we make. We talk about our unique culture being our 'secret sauce', because when people enjoy coming into work, they do a better job, and that makes Greggs a stronger, better business. We concentrate on treating people well, supporting their development and wellbeing, and valuing everyone's contribution.

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Listening to our colleagues

Listening to our colleagues and engaging with them to hear their views and opinions is key to ensuring that everyone feels valued. We do this in a variety of ways:

Your Opinion Matters

More than 24,000 of our colleagues took part in our annual engagement survey 'Your Opinion Matters', telling us what is working well and what could be improved. With an overall engagement score of 74%, and the majority of colleagues (76%) saying they would recommend Greggs as a great place to work, we know our people are motivated and committed. While our 2023 score showed a slight decline (of 3%) versus 2022, we continue to outperform the UK retail benchmark by 7%.

76%

of colleagues recommend Greggs as a great place to work

Through our colleague engagement survey, we cross-reference responses with self-declared demographic data (ethnicity, gender, sexual orientation and disability), and we are pleased to report that overall levels of engagement are similar to those reported for the whole responding population.

A voice in the Boardroom

Throughout 2023, the Operating Board welcomed colleagues from each of our teams to share the activities and actions in place locally to support colleague engagement. This continues to form an important part of our engagement agenda for 2024.

The Board regularly engages with our colleagues through their attendance at a variety of listening groups across Retail, Supply and central support teams as well as visits



to our shops and Supply sites. Find out how the Board has engaged with all stakeholders in our s172 statement on pages 75 to 79.

Union relationship, structure and engagement

As part of Greggs' longstanding national recognition agreement with the Bakers Food and Allied Workers Union ('BFAWU') and Union of Shop, Distributive and Allied Workers ('USDWU') in Scotland, regular meetings are held covering a variety of topics, including trading, strategic initiatives, The Greggs Pledge, and annual pay negotiations.

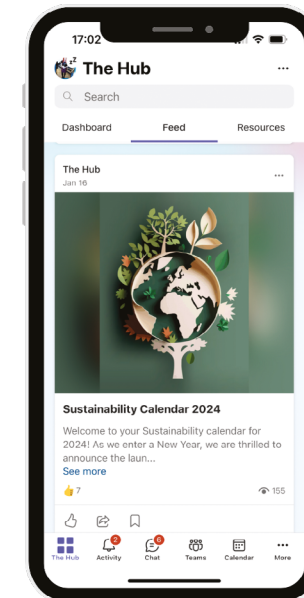
The Greggs Negotiating Committee ('GNC') is our national union forum and is attended by the General Secretary of the Bakers Food & Allied Workers Union, a colleague representative from USDWU, and union representatives from across our business. We have two regional forums, the Retail Partnership Forum and Supply Partnership Forum to discuss operational issues across the Retail estate and our Supply sites which are attended by union representatives from these areas of the business. More locally, every Retail region and Supply site has a Joint Consultative Committee where we discuss matters which are specifically relevant to that region or site.

Your Ideas Matter

We invite colleagues to share their ideas on an internal platform, 'Your Ideas Matter'. Ideas can be submitted across any topic relating to Greggs, and every idea is responded to and can be reviewed and rated by colleagues. During 2023, 1,614 ideas were submitted ranging from product and packaging innovations to process improvements.

The Hub

In 2023, we successfully piloted our new colleague communication solution 'The Hub' utilising Microsoft Teams. It can be accessed either via a Greggs device or through a personal device if colleagues choose to do so. The Hub includes our very own Greggs news feed where authors across the business create and post news about what is happening at Greggs. We also use 'The Hub' to celebrate events and share colleagues' stories as part of our 'Being Inclusive' and 'Balanced You' calendars. We will be developing this solution further during 2024 with the ambition of reaching all colleagues.



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OUR PEOPLE CONTINUED

Embracing diversity

We are proud that we achieved the National Equality Standard in 2022 and, since then, have continued to support and embrace diversity across Greggs.

Colleague inclusion networks

Our three inclusion networks, each of which has two Operating Board sponsors, have developed further during 2023 and have each worked on establishing their network's name and purpose. They continue to provide a safe space for minority communities and allies, as well as supporting our diversity and inclusion agenda by sharing feedback, celebrating events, and taking an active part in the delivery of training.



ENABLE
(Equality, Nurture, Adjustments, Barriers, Learning, Everyone)

▶ ENABLE

We exist to make sure Greggs is an inclusive workplace for colleagues living (directly or indirectly) with disabilities, mental or physical illness, neurodiversity, and/or caring responsibilities. We want to enable a great career at Greggs.

Highlights of the year:

- Supported communications relating to Deaf Awareness Week with a 'sign a day' campaign;
- Developed an approach to support colleagues living with, or impacted by, disability, long-term ill-health, or caring responsibilities.



I knew from the minute I came for the interview that it was a completely different place to work from anywhere that I'd been before. To work somewhere that has people at the forefront of what they do just makes it such an amazing experience. ”

Ash Akram

People Support Team Leader



PRIDE
(Protect, Represent, Impact, Develop, Engage)

☺ PRIDE

We exist to make sure Greggs remains a great place to work, no matter your gender identity or sexual orientation.

Highlights of the year:

- Supported the development of our transitioning at work policy;
- Updated our uniform ordering processes to ensure all options are available to all colleagues, regardless of gender;
- Supported digital campaign to recognise Pride across seven city centres.



REACH
(Race, Ethnicity and Cultural Heritage)

↑ REACH

We exist to work together to share knowledge and spread awareness on race, ethnicity, and cultural heritage.

Highlights of the year:

- Created guidance to support our Retail colleagues through our Zero Tolerance campaign;
- Played a key role in the development of our online learning module about our Zero Tolerance approach.



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Building and nurturing an inclusive Greggs

Following the success of our Inclusive Leadership programme for our senior and middle managers, we committed to deliver Inclusive Management training to our Shop Managers, Supply Site Supervisors and Greggs House Team Leaders in 2023. In total, 1,575 colleagues (73% of eligible colleagues) attended a workshop, successfully facilitated by Managers and supported by the People Team. The sessions focused on how to be an inclusive manager, developing an awareness of how personal experience and views can shape management styles. They also provided an opportunity to consider what they and their teams can do to be more inclusive of each other.

Ensuring diversity across our development programmes

During 2023, we identified two key programmes within our Career Pathways which offered the greatest opportunity for a diverse range of applicants, to support our ambition of creating a more ethnically diverse talent pipeline:

- Aspiring Leaders – designed for colleagues who have the potential to progress into a management role;
- Future Shop Leaders – our programme aimed at our Shop Supervisors with the potential to become a Shop Manager.

We analysed the diversity data for the applicant pool for both programmes to better understand the demographics in each area of the business. We then delivered engagement sessions with leaders to support great career conversations, overcome any real or perceived barriers, and actively encourage applications from colleagues from an ethnic minority background.

During 2024, we will provide enhanced support for colleagues from an ethnic minority background who are participating in either of these programmes through a mentoring scheme.

Achieving greater ethnic diversity

We recognise that we need to work harder to achieve greater ethnic diversity in our management population, and on into the most senior roles in business. As we have outlined, we are fully committed to this through ensuring diversity across our career pathway programmes and providing mentoring opportunities.

By the end of 2027, we want people from an ethnic minority background to make up 6% of our senior management level defined as our Operating Board and those in management positions reporting directly to them. We defined this target after reviewing data from the most recent census for the North East of England (where the majority of our senior management roles are located), as well as data on the ethnic diversity of the UK retail sector, and the ethnic diversity of our talent pipeline. When we consider our current representation at the senior management level, and the potential vacancy opportunities, we feel this target is stretching but appropriate.

1,575

leaders in Greggs attended Inclusive Management training in 2023



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OUR PEOPLE CONTINUED

	Female	Male	Ethnically diverse
Board	3	4	1
Senior Managers ¹	22	28	1
Senior Managers ²	57	76	2
Other Managers	299	308	34
All colleagues	20,322	11,320	5,419

- 1 Defined as Operating Board Directors plus Senior Managers directly reporting into an Operating Board Director.
2 All Senior Managers.

Notes:

- For the purposes of this report, Senior Managers are defined as Operating Board plus Managers directly reporting into an Operating Board Director.
- Headcount figures as at 30 December 2023. 63.8% of total workforce is female (20,322, of 31,839).
- As an inclusive organisation, we recognise all gender identities and understand that not all our colleagues will identify as male or female. There are 197 colleagues whose gender is recorded as 'Other', 'Unknown' or 'Undeclared' hence the total figure of 31,839 is not the sum of the female and male totals.

Championing women in our workforce

We are proud of our reputation for bringing the best talent through the business regardless of gender and the fact that 64% of our total workforce is female. Women make up half of the total management population at Greggs and hold 43% of our senior management roles. We have great female representation on our Board too, and have already achieved the external FTSE Women Leaders target of 40% by 2025.

Our Women's Development Network, which has been running since 2018, continues to flourish and has now had 53 participants with over 35% of attendees being promoted into more senior roles in the business.

Pay gap reporting

In 2023, our mean gender pay gap was 10.49% (down 4.15% on 2022) and our median gender pay gap was 3.24% (up 0.43%).

Like many similar organisations, our gender pay gap is a consequence of having more males than females in our most senior roles, more females than males in our hourly-paid Retail roles, and more males in our hourly-paid roles in Supply Chain where shift premiums are applicable.

Our Ethnicity Pay Gap report shows the difference in the average hourly rate of pay of ethnically diverse colleagues compared to that of white colleagues. We committed to publishing our ethnicity pay gap for the first time this year and, to allow for year-on-year comparisons, we have calculated this for both 2022 and 2023. Our 2023 mean ethnicity gap is 5.78% (vs 5.37% 2022) and our median ethnicity pay gap is 2.13% (vs 1.54% 2022).

Further details will be available in our 2023 Pay Gap Report which will be published in due course.

Supporting people to have a 'Fresh Start'

Our Fresh Start programme proactively offers training and work experience to people transitioning into work who we would not ordinarily meet, including care leavers, people who have been unemployed for a long time, or those leaving the armed services or prison. We provide employability workshops, mentoring, mock interviews, placements and – most importantly – sustainable job opportunities to these candidates. Since launching the programme in 2013, we have placed more than 330 Fresh Start candidates in permanent roles – 15 of whom have since moved onto a management or supervisory role. In 2023, we were delighted to celebrate the first ten-year service milestone for a colleague who joined us through the programme.

Jeannette's story

I was one of the first Fresh Start candidates when I joined Greggs in 2013. I was introduced to the Fresh Start programme while I was in HMP East Sutton. Following my interview, I was selected and started my training before my release.

I was released from prison on a Friday and went straight into a homeless unit. They found me a room and I started working at Greggs the following Monday as a Team Member in the Chatham shop. I then worked my way up to become a supervisor and I spent some time as a Shop Manager too.

Celebrating my 10 years' service this year is a great achievement. It's so important for those of us who have made a mistake, realised that and want to turn our lives around to be accepted and feel part of the team. I love Greggs, they give people a second chance; you're not judged. It's the best thing that ever happened to me.

We are also very proud of our partnership with Workfit, an organisation that supports people with Downs Syndrome to access employment opportunities. Since the start of our relationship, we have offered 24 permanent roles to candidates who completed successful work placements with us.

Our employability programmes are good for individuals and we know they have a positive impact on their families and communities too – as well as on our wider colleague base.

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Supporting our colleague health and wellbeing

We care about our colleagues' health, social wellbeing, and their life both inside and outside of work. We encourage everyone to look after their health and wellbeing so that they can enjoy a happy, healthy, and active lifestyle.



Balanced You

Our health and wellbeing strategy – which we call 'Balanced You' – shares information and promotes activities in four main areas: healthy eating and drinking; keeping active and physically well; support and community; and positive mental wellbeing.

We have a Balanced You Steering Group which is sponsored by two Operating Board Directors and includes representation from across the business at a senior level. The purpose of this group is to design and support the implementation of our health and wellbeing strategy.

We have Balanced You Advocates in each area of the business, who support colleagues by sharing information and arranging activities to look after our health and wellbeing. This year, we have focused on the development of our Advocates and held two sessions covering listening skills, menopause awareness training, the support services available through our Employee Assistance Programme, the work of The Greggs Foundation, and Wellness Action Plans.

We also launched a new health and wellbeing app available to all Greggs colleagues. It provides fast, direct access to health and wellbeing support with a fully integrated Employee Assistance Programme.

We have a suite of digital learning modules designed to support both colleagues and line managers to recognise signs and symptoms of mental ill health, support conversations, and signpost to the available support, all of which is supported by our mental health policy. In our 'Your Opinion Matters' survey, 81% of our colleagues told us that they are aware of the mental health support provided by Greggs and know how to access it.

During 2023, we launched an online learning module on menopause awareness, which has been completed by 88% of colleagues, along with virtual menopause cafés for colleagues to connect, share, and learn from each other.

Colleagues can also access modules linking financial wellbeing to the support available through our Employee Assistance Programme, helping to highlight some of the key benefits available to colleagues.

Developing our people

Greggs continues to be a Company in growth, meaning we need a strong pipeline of great people who can build a successful career in Greggs and support us on our growth journey. This means making sure we are supporting and developing our people so they can become the very best version of themselves. We have a series of robust development programmes that support our colleagues,



466

Team Members promoted to Shop Supervisor in 2023

407

Shop Supervisors promoted to Shop Manager in 2023

tailored to the different areas of the business, and different level of responsibility. These, combined with our succession plan process, means we can meet the needs of our people and the needs of our growing business.

In Retail, we run two key development programmes: Future Area Leaders, and Future Shop Leaders. We also offer our colleagues opportunities to run their own shop or area, helping to build confidence and skillset. During 2023, we promoted 466 Team Members to Shop Supervisors, over 400 Shop Supervisors to Shop Managers, and nine Shop Managers were promoted into Area/Trainee Manager roles. In Supply, our striving for excellence programme has supported the development of over 135 colleagues and in 2023, seven colleagues achieved a promotion following completion of the programme.

In 2023, we commenced our Graduate Programme, which supports existing colleagues to move into a two-year development programme. We also expanded our Apprenticeship scheme to include opportunities in Procurement and Food Technology, and launched over 170 digital learning modules across the business.

For our management teams, we run Career Pathways programmes and, in 2023, more than 160 colleagues participated in our 'Aspiring' and 'Developing' leaders' programmes with over 170 signed up to the programmes running in 2024.

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OUR PEOPLE CONTINUED

Rewarding our colleagues

Ensuring colleagues share in our success

We believe that rewarding colleagues for their contribution and allowing them to share in the success of the business is critical to support our growth. Each year, 10% of profits is shared with colleagues who have at least six months' service.

Paying our colleagues fairly

Every year, to determine the annual pay award, we undertake negotiations with the relevant trade unions representing those colleagues covered by a collective bargaining agreement. Following the successful conclusion of the resulting ballot, our Retail, Supply and Support teams receive a pay increase with effect from January in any year.

The 2024 pay award agreed for our wider workforce consisted of a base pay rise of 8.0%, with an additional 1.6% (9.6% in total) for our hourly-paid Retail colleagues.

We pay our Retail and Supply colleagues weekly, which helps them with budgeting and managing their bills on a week-to-week basis. We do not offer zero hours contracts, and we regularly review worked hours, increasing contracts for colleagues where they have consistently worked above their contract base and wish to increase their contractual hours. We are proud to be one of the few employers that continues to provide paid breaks.

Supporting our colleagues to save for their future

To support colleagues to save for their future, we increased our matched contribution rates for our Greggs pension, meaning that all our colleagues can now access up to 6% employer contributions.

Enabling our colleagues to own 'shares' in the business

During 2023, we provided the opportunity for colleagues to participate in colleague share ownership schemes through a Sharesave plan, giving them the opportunity to save for three years and purchase shares at a 20% discount. We also have a Share Incentive Plan ('SIP') which coincides with the payment of profit share to provide colleagues with the option to invest in Greggs. Across these schemes we have 5,426 participants, which represents a third of the eligible colleague population. We are committed to increasing colleague participation in our Shareplans to support retention and engagement and will be reducing the length of service requirement for both schemes from twelve to three months in 2024.

Supporting our colleagues as their families grow

We aim to provide inclusive benefits which support our colleagues and their families. This year, we were delighted to further enhance our maternity, adoption, and paternity pay for colleagues which included increasing the period over which colleagues receive full pay and reducing the length of service requirement to one year.

Helping our colleagues make their money go further

All our people can now access their colleague discount through the Greggs App. 75% of colleagues now access their discount in this way, enjoying 50% off Greggs products and 25% off branded products. Our colleagues also have access to our wellbeing partner Unum's 'Lifeworks' app, which unlocks customer rewards, and enables them to access high street and supermarket discounts to support them with their everyday costs. To help our people in Retail with the cost of living, we have extended our 'Magic Bag' scheme, giving them big discounts on any unsold product at the end of each trading day.



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SUSTAINABILITY REPORT

THE GREGGS PLEDGE

In February 2021, we launched The Greggs Pledge, which declared ten commitments to help make the world a better place by the end of 2025, and beyond.

We have always been committed to doing the right thing, but we wanted to be more specific about how we channel our efforts and resources into doing good. We reflected on what we could do to have the most positive impact on the world around us, and chose to dedicate our efforts to three areas:

communities, the planet and our approach to business. We have set ourselves ten stretching targets to be achieved by the end of 2025. Each of our pledges aligns with at least one of the UN Sustainable Development Goals ('SDGs').

STRONGER, HEALTHIER COMMUNITIES



We pledge to provide free breakfasts to schoolchildren, give surplus food to those most in need and play our part in improving the nation's diet.

- Growing Greggs Breakfast Clubs:** By the end of 2025, we will support 1,000 school Breakfast Clubs providing some 70,000 meals each school day.
- Putting an end to food waste:** By the end of 2025, we will create 25% less food waste than in 2018 and will continue to work towards 100% of surplus food going to those most in need.
- Supporting our communities:** By the end of 2025, we will have 50 Greggs Outlet shops providing affordable food in areas of social deprivation, with a share of profits given to local community organisations.
- Helping our customers make healthier choices:** By the end of 2025, 30% of the items on our shelves will be healthier choices, and we will attract customers through education and promotions.

SAFER PLANET



We pledge to become a carbon-neutral, zero-waste business.

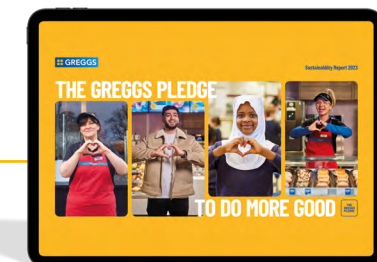
- Going carbon neutral:** By the end of 2025, we will be on our way to achieving carbon neutrality by using 100% renewable energy across all of our operations.
- Building the shops of the future:** By the end of 2025, 25% of our shops will feature elements from our Eco-Shop 'shop of the future' design.
- Using less packaging:** By the end of 2025, we will use 25% less packaging, by weight (as a % of sales), than in 2019 and any remaining packaging will be made from material that is more easily recycled.

BETTER BUSINESS



We pledge to increase the diversity of our workforce, and to use our purchasing power responsibly, with the aim of making things better in our Supply Chain.

- Embracing diversity:** By the end of 2025, our workforce will reflect the communities we serve.
- Sourcing sustainably:** By the end of 2025, we will have a robust, responsible sourcing strategy in place and will report annually on progress towards our targets.
- Protecting animal welfare:** By the end of 2025, we will secure and maintain Tier 1 in the BBAW Animal Welfare standard.



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OUR PROGRESS SO FAR

How did we do?

- Achieved
- Partially achieved
- Still to be achieved

BY THE END OF 2023...



896 Breakfast Clubs, fed over 62,000 children every school day.



We reduced the amount of food waste we create in our manufacturing operations by a further 10% and increased food redistribution to 41.8% (vs a target of 48%).



We have 35 Greggs Outlet shops.



We maintained over 30% of our range as 'Healthier Choice' products.



97.1% of the electricity and over 30% of the gas we used across our operations is from renewable sources.



Over 500 shops (21% of our estate) feature Eco-Shop elements.



87% of our own-brand packaging can be more easily recycled.



We published our Ethnicity Pay Gap Report* and provided enhanced support for colleagues from an ethnic minority background to progress their career.



We completed the mapping of soy in animal feed to determine sustainability status.



We improved our chicken welfare standards, with 65% at stocking densities less than or equal to 30kg/m² and the remainder at less than or equal to 38kg/m². All pigs are free from sow-stalls.**

* In line with our business reporting schedule and is included in our 2023 Annual Report, published 10 April 2024

** With the exception of pepperoni (sow-stall free option not currently available)

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PLANS FOR 2024

BY THE END OF 2024...



We will have 950 Breakfast Clubs, feeding 66,000 children every school day.



We will increase unsold food redistribution to 45%. We will maintain cost of manufacturing waste at 0.20% of sales.



We will have 41 Greggs Outlet shops. To increase collection opportunities for unsold food; we will trial two light van collections and if successful, we will consider expansion of this model in 2025.



We will maintain our ranging principles to ensure 30% of our range is 'Healthier Choice'.



At least 60% of the gas we use across our operations will be from renewable sources.



At least 25% of our shop estate will feature Eco-Shop elements. We will look to design our second Eco-Shop in 2024.



All of our own brand packaging will be more easily recycled*. We will reduce the amount of packaging used within our Supply Chain by moving to bulk supply or reusable containers, where options are available.



Our core development programmes, aimed at supporting our potential future management colleagues, will be representative of the ethnic diversity in our regional talent pools.



100% declared soy will be certified as sustainable. We will continue to work with meat, egg and dairy suppliers to ensure all soy in animal feed will be from sustainable sources by the end of 2025. We will trial the use of wheat from a regenerative farmed source in our wholemeal bread production.



We will further improve our chicken welfare standards, with 75% at less than or equal to 30kg/m² and the remainder at less than or equal to 38kg/m² stocking densities. We will publish and implement our Chicken Welfare Standard.

* Not including hot drinks cups

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TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Introduction

The Task Force on Climate-related Financial Disclosures ('TCFD') and other climate-related disclosures made in this TCFD Report form part of the Company's Annual Report and Accounts for the 52 weeks ended 30 December 2023 and are consistent with the TCFD recommendations and recommended disclosures. The following pages show our activity to date and our plans and expectations for the future, as required under Listing Rule 9.8.6(8)R and as consistent with 'The Companies (Strategic Report) (Climate-related Financial Disclosures) Regulations 2022.

Greggs believes that it is compliant with the Listing Rule, with the exception that the disclosure of Scope 3 emissions has been made in respect of 2022 and not 2023 as explained later in the Metrics and Targets section of this report.

In 2022, we set near-term science-based emissions reduction targets based on a 1.5°C pathway, which were approved by the Science Based Targets Initiative ('SBTi'). These targets are:

- To reduce absolute Scope 1 and 2 greenhouse gas ('GHG') emissions by 46.2% by 2030 from a 2019 base year; and
- To reduce absolute Scope 3 GHG emissions from purchased goods and services by 46.2% within the same timeframe.

During 2023 we repeated the modelling of our Scope 3 emissions, an exercise first carried out in 2021, using more detailed source data than in the 2021 exercise. The output from this is now being used to further shape our ongoing supplier engagement programme which will continue into 2024 and beyond.

As a result of our ongoing supplier engagement programme, we have begun to collect primary data from a number of our suppliers. We will complete the verification of this data before using it in further Scope 3 emissions calculations.

From a governance perspective, we have implemented a new structure for all sustainability topics and this included a review of the membership of our internal Net Zero Steering Group.

We have modelled the physical risks to our internal Supply Chain sites based on moderate (i.e. 1.5°C temperature increase by 2040) and high (4.4°C temperature rise by 2100) level impacts of climate change. Outputs from this exercise continue to be reviewed and updated to ensure risks to operations are mitigated.

Greggs understands the importance of climate change and that we must reduce our own impact and mitigate against climate risk. We believe that improved governance and reporting across all industries and sectors will contribute to the reduction of carbon emissions and assist in the transition to a low-carbon future. This TCFD Report describes our actions over the course of the year and demonstrates how we continue to refine our transition activity going forwards.

We have also assessed the transition risks and opportunities based on three potential future scenarios:

- A disorderly transition
- Societal shift
- Agricultural impact

The assessed risks and opportunities have been presented to the Company's Risk Committee. Further detail has been included in the Risk Management section of this report, on pages 59 to 65.

In 2023 an ESG performance condition was included in the long-term incentive awards made to Executive Directors and senior management. It is a carbon metric based on the absolute reduction in Scope 1 and 2 emissions over the three-year vesting period of the awards.

It is also proposed that long-term incentive awards made to Executive Directors and senior management in 2024 will include an ESG performance condition. This will be a Scope 3 carbon-based metric based on engagement with our supply chain to drive measurement and reporting of their carbon footprint.



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Greggs has clear ambitions, as detailed in The Greggs Pledge, to be a net zero business by 2040 across Scopes 1, 2 and 3 and to actively support the British Retail Consortium's ('BRC's') Climate Action Roadmap. The individual targets within this overall ambition and their timeframes are discussed in further detail in the Metrics and Targets section below.

Governance

Board oversight of climate-related risks and opportunities

The **Board** has overall responsibility for climate-related risks and opportunities – our approach to climate change is governed at the highest level within our organisation.

The Board has received specific briefings and updates on progress during the year on climate change matters, including the results from our 2022 Scope 3 modelling, our science-based targets and regular reporting on our reduction activities related to our Scope 1 and 2 emissions footprint.

We will continue to appraise climate risks and opportunities with our leadership team including briefing new Directors to ensure ongoing Board-level climate knowledge and support for our transition. As our approach to climate risk becomes more embedded into our regular risk management regime, the Board will receive regular updates via the Audit Committee within the scope of our routine risk reporting.

The Board will continue to oversee the development and delivery of our transition plan in the coming years.

Management's role in assessing and managing climate-related risks and opportunities.

Our Chief Executive is ultimately responsible for our sustainability strategy, which includes climate-related risks and opportunities. Strategic progress against relevant targets and commitments is reported to the Board on a regular basis.

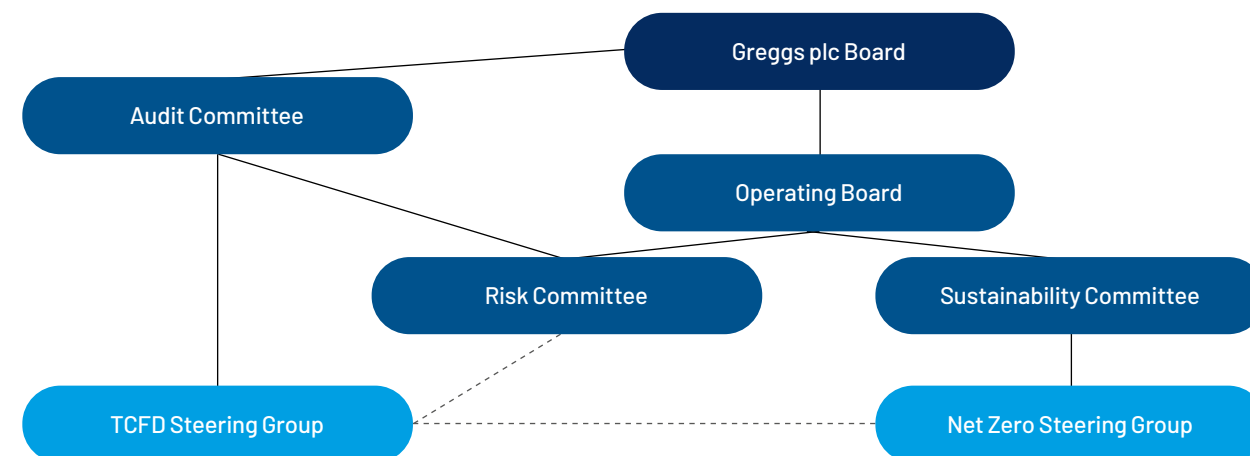
Our **Risk Committee** (the membership of which includes all our Operating Board members supported by key functional heads, including our Heads of Business Assurance and Sustainability) is responsible for the ongoing assessment of climate-related risks and mitigating actions. The Risk Committee meets four times a year and climate change is a standing agenda item. Outputs from the Risk Committee are reported into the Company's **Audit Committee**.

Climate-related risks have previously been considered within our existing principal risks rather than as a standalone item. For example, we considered significant weather events, such as flooding, within our business interruption risk and the impact of climate-related weather events or natural disasters on both availability and product quality when considering Supply Chain risk.

During 2023, we held sessions with Risk Committee members and Heads of Function to identify new, emerging and escalating risks. Following these sessions, in late 2023, the Risk Committee agreed to add an additional standalone risk, 'Failure to effectively respond to climate-related impacts on our business', to our Strategic Risk Register. During 2024, the process of fully documenting the physical and transitional risks of climate change considered to be of greatest concern will be completed.

Our **Sustainability Committee** is responsible for approving options for the delivery of our climate change strategy. The membership of this Committee includes all Operating Board members and is supported by the Head of Sustainability, the wider sustainability team and relevant subject matter experts from across the business.

Our climate governance structure



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Our **Net Zero Steering Group ('NZSG')** is responsible for identifying and proposing relevant actions to reduce carbon emissions. Once proposals are agreed by the Sustainability Committee these are formally included in business plans as well as in the personal objectives of relevant senior managers. This ensures a business-wide focus on delivering the required activity.

In 2022, a **TCFD Steering Group** was formed to assist in developing TCFD reporting as well as facilitating analysis of climate-related risks and opportunities. This group has continued to work alongside external experts to assess material physical and transition risks related to our business model. These results will be used to inform our transition plan and risk strategy.

Strategy

Climate-related risks and opportunities and their impact

We continue to develop our detailed understanding of material climate-related risks and opportunities, which fall into two categories – physical and transition.

In this context we consider a material climate-related risk to be one which could have a significant effect on, or threaten the resilience of our operations, strategy and financial planning if not managed appropriately, based on our assessment of the likelihood of occurrence. We plan to develop a more quantifiable definition through the course of our work on developing a Transition Plan.

In the Risk Management section on page 60 we note that we now consider climate change to be a strategic risk to the business within the time horizon for our current strategic plan. In this context we consider the following:

- short-term horizon covers the next three years (2024–2026) in line with our strategic business plan timeline.
- medium-term horizon is the period from 2027–2030 in line with our near-term Science-Based Targets timeline.
- long-term horizon is from 2031 onwards.

In 2023, the TCFD Steering Group and the NZSG worked with external advisers to highlight overarching climate-related risks. A series of workshops and feedback sessions were held with colleagues across the business to identify which of these are considered material.

Physical risk assessment

In 2023, we modelled the physical risks to our manufacturing and distribution sites, our main office locations and a sample of our shops based on moderate (i.e. 1.5°C temperature increase by 2040) and high (4.4°C temperature increase by 2100) level impacts of climate change. These scenarios were chosen in conjunction with our advisers and considering the views of colleagues across the business as being the most relevant and plausible to the business.

The output from this modelling suggests that there are limited physical risks to our operations that would have a material financial impact on the Group in the short to medium term, however we will continue to reassess this to ensure any identified risks to operations are mitigated.

We have considered flood risk in more detail for those sites, where the risk has been assessed as above the average, and we continue to review the need for additional flood mitigations in the future. In addition, climate risk is a key consideration when we are choosing locations for new site development.

Transition risks

We have also assessed the transition risks and opportunities based on three potential future scenarios:

- A disorderly transition i.e. strong global legislative/policy action to drive change, resulting in widespread carbon taxation or carbon pricing;
- Societal shift i.e. consumers making a significant move to low-carbon diets and towards a circular economy, a regenerative growth model where resources are used in a way that minimises waste and pollution, keeps products and materials in use for as long as possible and regenerates nature;
- Agricultural impact i.e. the effects of climate change across the globe and the resulting impacts on Supply Chains as extreme weather occurrences increase in frequency and temperature rises begin to have a significant effect.

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Climate-related risks, mitigations and opportunities

Our scenario analysis work has identified the following climate-related risks along with an indication of their likely impact, mitigations that are currently in place and any potential associated opportunities. We consider climate-related risks and opportunities when developing our business strategy.

Risk	Impact	Mitigation	Opportunity
Policy – introduction of carbon tax increases input costs (medium to long term)	Higher production costs would need to be offset or passed on to consumers, potentially impacting the value proposition of our products with higher carbon footprints.	We have a varied product range with an increasing number of plant-based products which offers choice for consumers looking for lower-priced or lower-carbon products.	Our plant-based products give us a base to build a broader lower-carbon product range and participate in growing demand for such products.
Changing consumer behaviour (medium term)	Inability to meet significant increased consumer demand for more sustainable or weather-appropriate products may lead to loss of sales and/or missed growth opportunities as customers switch to products that meet their needs.	We are already developing our range to contain a higher proportion of plant-based options. Our reputation for being a responsible business provides a solid platform from which to communicate our message.	We constantly review the market for changes in consumer behaviour and have good insight into consumer trends. Our reputation for offering great value and alternatives to meat puts us in a good place to evolve our offer in pace with demand.
Energy availability (medium to long term)	The energy dependency of our shop and Supply Chain operations may cause issues in the event of energy rationing/energy availability challenges.	We continue to focus on improving the energy efficiency of our operations and monitoring developments in low-emission technologies.	We have a clear ambition and a well-defined pathway to reduce emissions by switching to renewable energy sources wherever possible.
Extreme weather (medium to long term)	We have assessed our own manufacturing and distribution sites and identified six locations with a low to medium risk of riverine flooding. We have also identified three sites where there is a low to medium risk of exposure to spells of extreme heat. In addition, we have identified one site with a risk of longer-term surface flooding. Our global Supply Chain presents a supply risk in the event of more frequent extreme weather events, in terms of product quality, availability and price volatility.	The geographical span of our Retail estate means that only a small proportion of our estate should be at medium/high risk of localised extreme weather impact at any one time. We are working closely with our insurers and risk management team to identify and implement flood risk mitigation measures in sites where risks have been identified. We continue to work with our engineering teams to ensure that cooling and refrigeration systems are maintained and remain able to operate in the event of extreme heat.	n/a

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Resilience

Although our scenario analysis will be repeated in future years, we are continuing to discuss the issues highlighted at the highest levels of the organisation. For example, when examining the results of our physical climate risk assessment, the outcomes have pointed to climate risks in certain parts of the world where some of our suppliers are based, such as Indonesia, Thailand and Brazil. As a consequence of this, we will continue to engage with suppliers in these areas to understand their adaptation/mitigation plans.

The Transition Plan Taskforce ('TPT') published guidance in 2023 on how to develop credible and robust climate transition plans. We have reviewed the framework (and the sector specific guidance) and will use this in 2024 to begin

to draft our transition plan. We will also continue to monitor the development of the International Sustainability Standards Board proposed disclosure standards and their potential adoption by UK regulatory bodies.

Risk Management

Identifying and assessing climate-related risks.

We have an established risk process for the whole business, as described in the risk management section on pages 59 to 65. The process for identifying, assessing and managing climate-related risks is part of this process. In 2022, we engaged external experts to help identify and assess climate-related risks. As noted above, this process included direct engagement with our senior leadership team and in 2023 we have integrated climate risks and opportunities into our ERM process so that all our risks are considered within a single process.

Managing climate-related risks.

Climate-related risk evaluation forms part of the Risk Committee's activity and is now included as a standing agenda item.

Integration of climate-related risks into overall risk management.

We treat our climate-related risks in the same way as all other risks and assess them in line with our ERM framework.

We have continued to assess climate change as an emerging risk during 2023, and have agreed that it should now be incorporated within our strategic risk register. The key climate-related risks and opportunities are now being captured in our strategic risk register and integrated into the ERM process for continuous management and risk reduction.

CASE STUDY

Scope 3 - Modelling our footprint

In 2023, in partnership with the Carbon Trust we modelled our Scope 3 emissions for 2022 using the Greenhouse Gas Protocol ('GHG') Corporate Standard, WRI guidance for the land sector, as the basis for our calculation.

Using the Scope 3 categories defined by the GHG we established that 12 of these categories were material to our business activities.

Following the category assessment, a range of calculation methodologies was then used to calculate our Scope 3 emissions.

Due to the availability of existing data (i.e. verified emissions intensities relating to a particular ingredient from a particular supplier) a combination of methodologies were applied. This requires an extensive data collection process and collaboration across a number of our functional teams (including procurement, logistics and franchise).

- Categories with a generally lower materiality were approached using spend-based data.
- For higher materiality categories, quantity-based data was used where available:
 - Volumes – purchased products i.e. mass of ingredients and product-related packaging
 - Emissions factors – combination of supplier-specific factors, Carbon Trust factors, and secondary factors sourced from reliable databases
- For some non-product related categories, a combination of methodologies was used to create sufficiently accurate outputs using Greggs activity data and Carbon Trust analysis.

All results were subject to review and verification by the Carbon Trust and the Greggs finance team.

Following our supplier engagement programme in 2022 we have begun to collect carbon intensity data from our key suppliers. Once this data has been verified, it will be incorporated into our Scope 3 measurement which will further refine the accuracy of our model and allow us to focus efforts on our higher carbon impact value chain.

We know that a number of suppliers have difficulties providing accurate emissions data at present so we are continuing to engage and will continue to support on their own assessment and reduction journey.

We are aware that value chain emissions measurement is a developing area and processes will be further refined in the future; we remain confident that opportunities for data sharing and collaboration will be key to supporting longer-term emission reduction.

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CASE STUDY

Plant-Based Products

Consumers are becoming increasingly climate conscious and are recognising that they can positively contribute to the planet by reducing meat within their diets. At Greggs, we want to ensure that our customers can choose non-meat alternatives that are right for them, are available in all dayparts and that align with our dedication to doing good.

During 2023, we continued to offer our customers more choice, alongside our traditional favourites, with our vegetarian and vegan ranges, including the fantastic Vegetable Curry Bake, Vegetable Bhaji Flatbread, Mexican Chicken Free Bake, and the classic Vegan Sausage Roll. We are delighted that our efforts were recognised at The Sammies 2023, where we not only won chain retailer of the year, but also the healthy eating award for our new Sweet Potato Bhaji and Rice Salad Bowl.

Metrics and Targets

Metrics used to assess climate-related risks and opportunities

We have reported on our Scope 1 and 2 greenhouse gas emissions in our Annual Report each year since 2013 and have set out our emissions reduction targets. We now report this data internally on a monthly basis and use it to monitor performance against our reduction targets. In 2023 our near-term science-based targets were approved by the Science Based Targets initiative. Our environmental management system is certificated to ISO 14001:2015 and we disclose our emissions through the Carbon Disclosure Project ('CDP').

GHG emissions and the related risks

In 2023, we modelled our Scope 3 emissions for 2022 as detailed in the case study on page 50 and these were verified by the Carbon Trust.

We have included these 2022 emissions in this report as our financial reporting timeframe prevents full assessment and verification of our 2023 emissions in time for inclusion in this Report. We will publish our 2023 emissions on our corporate website in mid-2024.

2022 Scope 3 emissions – 784,774 tCO₂e.

We report on our Scope 1 and 2 GHG each year. The detailed disclosures and methodology can be found in the following section, titled 'Our carbon footprint'.

Targets used to manage climate-related risks and opportunities and performance against targets

As part of our strategy to manage climate-related risks, we have committed to becoming a net zero carbon business by 2040 in line with the British Retail Consortium's ('BRC') Climate Roadmap:

- Scope 2: Net zero by 2030
- Scope 1: Net zero by 2035
- Scope 3: Net zero by 2040

As noted above we have also set science-based targets to give us a clearly-defined pathway to emissions reduction that is aligned to climate science. The commitment to the BRC's roadmap is a more ambitious target – we always strive to achieve the more stretching target.

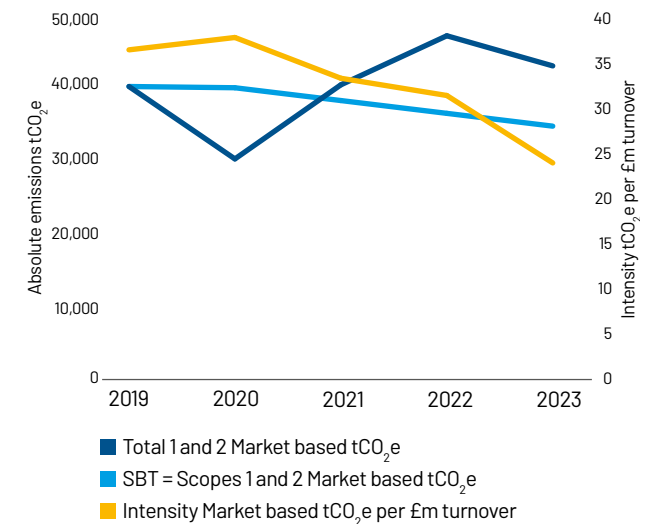
In 2022, we set near-term science-based emissions reduction targets based on a 1.5°C pathway which were approved by the Science Based Targets Initiative ('SBTi'). These targets are:

- To reduce absolute Scope 1 and 2 GHG emissions 46.2% by 2030 from a 2019 base year; and

- To reduce absolute Scope 3 GHG emissions from purchased goods and services 46.2% within the same timeframe.

Performance against these science-based targets is our primary metric at present. The data is presented in the Streamlined Energy and Carbon Reporting section below. Progress from the 2019 science-based target baseline for Scopes 1 and 2 is shown in the graph below:

Market-based Scopes 1 and 2 absolute emissions



As noted above we do not yet have a Scope 3 emissions figure for 2023. The outcome of the 2022 modelling exercise described above shows that Scope 3 emissions have increased to 784,774 tCO₂e from a 2019 baseline of 491,962 tCO₂e, largely as a result of the growth of the business since 2019.

The exercise to calculate a Scope 3 emissions figure for 2022 built on the original modelling of 2019 Scope 3 emissions and has been carried out using more detailed assumptions and emissions factors as described in the case study on page 50.

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SUSTAINABILITY REPORT CONTINUED

The 2019 emissions have also been recalculated using this more-refined methodology where possible which has resulted in a higher figure for 2019 emissions of 522,453 tonnes CO₂e.

Long-term incentive awards made in 2023 to Executive Directors and senior management include an ESG performance condition with a weighting of 10% of the award. It is a carbon metric based on the absolute reduction in Scope 1 and 2 emissions over the three-year vesting period of the awards. In 2024, we will continue to consider and develop quantitative metrics and targets for material climate-related risks and opportunities and incorporate these into our business plan. This will include a Scope 3 based performance condition for the long-term incentive awards made to Executive Directors and senior management in 2024.

We continue to report Scope 1 and 2 footprints in our monthly reporting pack. This ensures our leadership has ongoing visibility of the delivery of our reduction strategy.

During 2023, through our Net Zero Steering Group, we have developed a more detailed operational plan to reduce our Scope 1 and 2 emissions (in line with our reduction trajectory). Our remodelled Scope 3 emissions have been used to further develop our supplier engagement programme which will be delivered in 2024.

Next steps for Greggs

In 2024, we will continue to deliver reductions in line with our SBTs for our Scope 1 and 2 emissions while also delivering our supplier engagement programme to support our Scope 3 emissions reduction plan. As this is primarily focused on our high impact ingredients, we will also use this as an opportunity to further consider the physical risks across our value chain.

We will review our scenario analysis process to ensure we identify any additional physical or transition risks or opportunities.

Our carbon footprint

We disclose our greenhouse gas ('GHG') emissions through the Carbon Disclosure Project ('CDP'). We continue to drive efficiencies to further reduce our carbon footprint as we work towards our net zero ambition. In 2023, we reduced our gross location-based intensity (tonnes per £ million turnover) impact by 9.13% (compared to 2022 or 33.84% compared to 2019).

Our market-based carbon footprint for the 2023 financial year was 42,810 tonnes of carbon dioxide and equivalent gases (CO₂e), with an intensity 23.66 tonnes of CO₂e per £million turnover, which reflects our efforts in generating and purchasing low-carbon energy.

Global GHG emissions data

In line with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, we are reporting our GHG emissions as part of our annual Strategic Report. Our GHG reporting year is the same as our financial year, from 1 January 2023 to 30 December 2023. We have reported on all of the emission sources which we deem ourselves to be responsible for, as required under those Regulations. These sources fall within our operational control and financial boundaries and include emissions from manufacturing, retail and distribution sites and the operation of our distribution fleet, all of which are wholly based in the UK. We do not have responsibility for any emission sources that are outside of our operational control. The methodology used to calculate our emissions is based on the GHG Protocol Corporate Accounting and Reporting Standard, Defra Environmental Reporting Guidelines and ISO 14064-3: 2019 Greenhouse gases Part 3 - Specification with guidance for the verification and validation of GHG statements.

Dual emissions reporting

Overall emissions have been presented to reflect location and market-based methodologies, affecting both Scope 1 and Scope 2 emissions.

Our Approach to Renewables and Alternatives to Fossil Fuels

We have made great progress in 2023 and now all the electricity we procure comes from certified renewable sources. This equates to 98% of all electricity used. Going forward, we will continue to work with landlords in our serviced locations to see how we can move the remainder of our usage to renewables.

From a Scope 1 perspective, we have moved 30% of our natural gas usage to renewable gas sourced from anaerobic digestion. We plan to double our usage of renewable gas in 2024, which will leave us on 60% renewable gas by the end of 2024. Diesel accounts for a significant part of our remaining Scope 1 emissions, and we have a plan to trial hydrogenated vegetable oil in our logistics fleet as a medium-term alternative to diesel until there is a clear UK plan to develop the infrastructure across the UK, for either electric vehicles or hydrogen. We continue to investigate the use of hydrogen as a future, longer-term replacement for both diesel and natural gas.

Streamlined Energy and Carbon Reporting

In line with Streamlined Energy and Carbon Reporting ('SECR') requirements, we have also reported on the underlying energy used to calculate our GHG emissions.

Where original data was provided in litres of diesel, gas oil or petrol it has been converted to kWh. The reporting boundary has been determined by operational control, whereby all emissions have been included within scope, i.e. Scope 1 and Scope 2.

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Energy Efficiency Initiatives

Greggs is committed to reducing the energy consumption and the carbon impact from its operations. We have set our target of net zero carbon emissions across the organisation by 2040 and have put in place a plan aligned to the BRC's Climate Roadmap. We have moved to renewable electricity sources across approximately 98% of our estate. In 2023 we replaced 30% of our natural gas usage with biogas which is covered by Renewable Gas Guarantee of Origin ('RGGO') certificates. As the GHG Protocol does not recognise any differentiation between natural gas and biogas, the data reported in the table below makes no allowance for this. Using the UK Environmental Reporting Guidelines rather than the GHG Protocol would result in a reduction in Scope 1 emissions of 2,468 tonnes of CO₂e, using market-based emissions

calculations. We continue to investigate other renewable energy sources for our remaining Scope 1 emissions.

In 2023, we measured our 2022 value chain emissions with the Carbon Trust and found that Scope 3 emissions account for 94.4% of all market-based emissions, with emissions from Scope 3 purchased goods and services (products) having the biggest impact. We have set near-term Company-wide emission reduction targets in line with climate science which have been approved by the SBTi.

We continue to focus our internal teams on energy efficiency and carbon reduction programmes. Since the opening of our first Eco-Shop in 2022, 21% of our overall estate now has Eco-Shop initiatives in place. We continue to replace high

Global Warming Potential ('GWP') refrigerants in refrigeration and air conditioning systems with lower GWP refrigerants, and all new refrigeration equipment uses low GWP refrigeration gas as a specification requirement. We have successfully trialled electric refrigeration units on our delivery fleet, replacing diesel-powered refrigeration and this will be in place across 28% of the fleet by March 2024.

2023 REDUCTION IN GROSS LOCATION-BASED INTENSITY IMPACT (TONNES CO₂ PER £M TURNOVER)

9.13%

Location and market-based emissions

		Current reporting year 2023 (tonnes of CO ₂ e)	Comparison year 2022 (tonnes of CO ₂ e)	Base year (2019) (tonnes of CO ₂ e)
Scope 1	Combustion of fuel and operation of facilities	34,325	32,813	33,155
Scope 1	Refrigerants	5,505	6,999	5,513
Scope 2 (location-based)	Electricity purchased for own use (including PV generated and green tariff)	55,318	47,716	57,294
Scope 2 (market-based)	Residual electricity	2,981	7,109	2,909
Gross emissions (location-based)	Total Scope 1 and 2 CO ₂ e emissions	95,148	87,529	95,962
Gross emissions (market-based)	Total Scope 1 and 2 CO ₂ e emissions to account for use of renewable energy	42,810	46,922	41,577
Intensity measure (location-based)	Tonnes of CO ₂ per £ million turnover	52.58	57.86	82.54
	% change 2023 compared with 2022	-9.13%		-36.29%
Intensity measure (market-based)	Tonnes of CO ₂ e per £ million turnover	23.66	31.02	35.76
	Intensity % change accounting for renewable energy 2023 compared with 2022	-23.73%		-33.84%

Location-based method is provided for disclosure only

UK underlying energy use (kWh)

Total Scope 1 energy use	Combustion of fuel and operation of facilities (natural gas, fleet fuel oils, company cars & LPG)	149,351,211	140,090,349	141,717,583
Total Scope 2 energy use	Electricity	267,160,278	246,749,496	224,154,292
Total energy use (kWh)		416,511,489	386,839,845	365,871,875

We have been awarded the Carbon Trust Route to Net Zero Standard in recognition of our work on carbon efficiency and reduction and our environmental management system is certificated to ISO 14001:2015. In addition, we disclose our GHG emissions through the Carbon Disclosure Project.

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FINANCIAL REVIEW

STRONG FINANCIAL PERFORMANCE SUPPORTING INVESTMENT FOR GROWTH

Greggs delivered a strong financial performance in 2023 against an economic backdrop that continued to be challenging. Sales growth reflected our strategic ambitions and progress, and we opened a record number of new shops. Cash generation was good and our robust balance sheet will support our growth strategy as we invest in capacity to enable further growth and strong capital returns.

Richard Hutton
Chief Financial Officer



	2023 £m	2022 £m	Variance
Revenue	1,809.6	1,512.8	+19.6%
Underlying operating profit	171.7	154.4	+11.2%
Net finance expense (inc. leases)	(4.0)	(6.1)	-34.4%
Underlying profit before tax	167.7	148.3	+13.1%
Exceptional income	20.6	-	-
Profit before tax	188.3	148.3	+27.0%
Income tax	(45.8)	(28.0)	+63.6%
Profit after tax	142.5	120.3	+18.5%
Underlying diluted earnings per share	123.8p	117.5p	+5.4%
Underlying return on capital employed	21.1%	21.0%	

Sales

Total Group sales for the 52 weeks ended 30 December 2023 grew by 19.6% to £1,810 million (2022: £1,513 million). Growth was delivered through both new shop openings and like-for-like sales growth in existing stores, driven by a combination of volume growth and price increases. Total Group revenue reflects sales from company-managed shops, which include delivery sales, and sales through business-to-business channels with our franchise and 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 estate sales performance excluding the impact of new shop openings and closures. Our like-for-like sales volume growth remained strong through the year whilst the element relating to pricing reduced as we annualised against price increases made in May and October 2022. The Q3 2023 result was flattered by c.1% due to the comparison with Q3 2022 when we closed the estate for a day for the funeral of Queen Elizabeth II. Overall growth was in line with our plans for the year, with like-for-like sales 13.7% higher year-on-year.



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	Q1	Q2	Q3	Q4	2023
Company-managed like-for-like sales vs. 2022	17.0%	15.1%	14.2%	9.4%	13.7%

Profit for the year

Underlying profit before tax (excluding exceptional income) in 2023 was £167.7 million (2022: £148.3 million). Our strong trading performance reflected the Greggs brand's value proposition and continued momentum from our strategic growth initiatives. Profit before tax of £188.3 million includes a net exceptional gain of £20.6 million which primarily relates to the settlement of business interruption insurance claims made in 2020.

The overall level of cost inflation in 2023 averaged 8.5% for the year but with an exit rate closer to 5%. Our wage award was fixed for the year from January, and food and packaging inflation reduced through the second half of the year once we had annualised on the significant increases seen in 2022. Energy costs were less volatile than in recent times and our shop occupancy cost ratio (shop costs such as rent, rates and service charges as a percentage of sales) continued to improve.

Looking forward we currently expect overall input cost inflation in 2024 to be in the range of 4-5%, although an element of this remains subject to geopolitical risks. We have improved levels of forward cover, with circa 80% of our energy requirements fixed for the year and forward purchase agreements representing four months of our food and packaging needs. Looking further ahead we have fixed the price of 50% of our energy requirements for 2025.

Strategic progress, margin and return on capital

In October 2021 we set out our ambitious plans to double sales over a five-year period as we emerged from the pandemic with a strong brand and clear growth opportunities. Two years on from this we are very much on track with sales of £1.8 billion in 2023, up circa 50% in two years. A couple of things have changed – back in 2021 no one foresaw the dramatic rise in cost (and consequently price) inflation that was to come. Also, with the benefit of hindsight, it is clear that some of our early success in the food delivery market was a reflection of temporary pandemic conditions. However, despite these factors looking across the last two years we are pleased with the progress that has been made in developing the growth pillars that we identified:

- Our **core daytime walk-in** business has recovered well after the pandemic and data shows that we have taken market share, supported by an investment in marketing to drive consideration and purchase intent.
- **Estate** growth has been a particular success story, with a net 292 new shops opened (164 company-managed and 128 franchised) over 2022 and 2023. In addition we have relocated 67 existing shops, in general moving them to bigger, better units that have the space to realise the growth potential in their catchments.
- **Evening** customer growth is developing well. This will be one of the longer-term drivers of growth and requires us to invest in staffing initially as we develop awareness of Greggs as an early evening option.
- As noted above, our **delivery** success in 2021 was partly attributable to pandemic conditions and has since rebased. Rolling out with a second delivery partner has resulted in a modest increase in commission costs but will further leverage our shop network, supporting strong returns on the capital invested there. Sales increased 23.6% in 2023, supported by the roll out with the second partner.
- **Marketing** is becoming more personalised as we incentivise customers to engage with our loyalty scheme and learn more about how they shop with Greggs.



Business growth has been delivered whilst maintaining strong capital returns, despite the cost investments that we have made to develop new channels. ”

Our primary financial objective remains to maintain the strong returns on capital employed ('ROCE') in the business, as evidenced by our performance over many years:

	2019	2020	2021*	2022	2023
ROCE**	20.0%	pandemic	23.0%	21.0%	21.1%

* 2021 result reflects pandemic support measures

** Underlying ROCE, excluding exceptional items

Business growth has been delivered whilst maintaining strong capital returns, despite the cost investments that we have made to develop new channels. Delivering a healthy ROCE is embedded as a key element of our performance management and we aim to deliver a ROCE which averages circa 20% over time. In recent years we have exceeded this as capacity utilisation in our Supply Chain has been at a historically high level. As previously stated, we have significant new facilities coming online in the near to medium term to support growth; while the business 'grows into' this new capacity we would naturally expect modest dilution of Group returns, which we expect will be seen in 2025/26. As the benefits of capacity utilisation return, we would expect this dilution to reverse.

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The development of new channels and dayparts is driving incremental sales volumes and, as noted above, strong returns on capital. In support of this, in 2023 we increased our investment in marketing and in shop labour, as well as agreeing additional delivery aggregator costs as we moved to a non-exclusive partner arrangement. These initiatives, along with growth in participation in the Greggs App loyalty programme, are successfully increasing the frequency of customer visits and increasing Greggs' share of the food-to-go market. The overall margin mix impact of this incremental business resulted in a modest dilution in underlying net profit margin to 9.3% in 2023 (2022: 9.8%).

Financing charges

The net financing expense of £4.0 million in the year (2022: £6.1 million) comprised £9.6 million in respect of the IFRS 16 interest charge on lease liabilities and £0.7 million of facility charges under the Company's (undrawn) financing facilities, offset by net income of £6.3 million relating to income on cash deposits, interest on the defined benefit pension liability and foreign exchange losses.



Taxation

The Company 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, including the impact of exceptional items, in 2023 was 24.3% (2022: 18.9%) which reflects the increase from 19% to 25% in the corporation tax rate from 1 April 2023 and the discontinuance of 'super-deduction' enhanced capital allowances from the same date. The underlying tax rate for the year was 24.4% (2022: 18.9%).

We expect the effective tax rate for 2024 to be around 26.0% and going forward the effective rate is expected to remain around 1.0 percentage point above the headline corporation tax rate; this is principally because of 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 2023 were 123.8 pence (2022: 117.5 pence per share). Including the net exceptional income, diluted earnings per share were 139.2 pence (2022: 117.5 pence per share).

The Board recommends a final ordinary dividend of 46.0 pence per share (2022: 44.0 pence per share). Together with the interim dividend of 16.0 pence (2022: 15.0 pence) paid in October 2023, this makes a total ordinary dividend for the year of 62.0 pence (2022: 59.0 pence). 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 earnings per share.

In application of the capital allocation policy outlined below under "Cash flow and capital structure" the Board has determined that the current level of cash held by the Company exceeds its minimum requirements, having taken into account investment plans and the distribution of ordinary dividends. As a result the Board has approved a special dividend of 40.0 pence per share.

Subject to the approval of shareholders at the annual general meeting, the final ordinary and special dividends will be paid on 24 May 2024 to shareholders on the register at 26 April 2024.

Balance sheet

Capital expenditure

We invested a total of £199.8 million (2022: £110.8 million) in capital expenditure during 2023. Retail estate expenditure grew as we increased the number of new company-managed shop openings and relocations, and completed more shop refurbishments. In our Supply Chain we installed a fourth production line for our iconic savoury rolls and bakes at Balliol Park in Newcastle and have also started work to extend logistics capacity at our Birmingham and Amesbury distribution centres.

Depreciation and amortisation on property, plant and equipment and intangibles in the year was £70.5 million (2022: £62.7 million). A further £54.5 million (2022: £52.8 million) of depreciation was charged in respect of right-of-use assets on capitalised leases.

As previously communicated, our investment in capital expenditure will continue at an elevated level until 2026 as we provide increased capacity in our Supply Chain to support our ambitious growth plans, whilst also growing and refurbishing our Retail estate. In 2024 we will continue the work to expand Radial Distribution Capacity at our Birmingham and Amesbury sites. We also expect to start

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work on the construction of two new sites in the Midlands; one in Derby and one in the Kettering/Corby area, which will provide new manufacturing and logistics capacity to support our ambitious growth plans. We expect the new sites to be operational in 2026/27.

Our shop opening and relocation plans mean that we will invest in circa 170 new company-managed shops in 2024 and refurbish around 150 existing company-managed stores as we modernise older sites and introduce additional facilities to support our growth plans. Our forward view on Retail capital expenditure reflects the changing mix of shop openings in the pipeline as we service additional channels and support growth opportunities, for example the roll-out of equipment to support made-to-order iced drinks. In our

Retail estate we target a 25% cash return on investment on new shops and typically exceed this level. The success of the business means we are opening shops that trade longer hours and have higher than average sales and returns.

Overall we expect capital expenditure in 2024 to be in the range of £250 to £280 million, dependent on timing of the planned acquisition of the additional site in the Kettering/Corby area. We anticipate that capital expenditure will be around £200 million in each of 2025 and 2026 as we invest to support our growth plans. Beyond this investment phase we expect maintenance capital expenditure to be up to 5% of revenue, with additional expenditure to support further growth.

Working capital

We ended the year with Group net current assets of £25.4 million (2022: £38.9 million) as we continue to carry a robust cash and cash equivalents position of £195.3 million (2022: £191.6 million) to support investment in our capital expenditure programme. Excluding cash and cash equivalents, net current liabilities increased from £152.7 million to £169.9 million over the year. This reflects the impact of strong growth on trade and other payables.

Pension scheme

The Company's closed defined benefit pension scheme continues to be in a net asset position; £6.6 million at the end of 2023 (2022: £6.3 million). The stable balance sheet position reflects small movements in the discount rate and inflation assumptions which increased liabilities by £2 million, offset by an equivalent reduction in liabilities as a result of changes in the mortality assumptions.

The scheme underwent a full actuarial revaluation in 2020, the results of which showed a deficit in funding. The Company committed to making additional contributions of £2.5 million each year from 2021 to 2026 to ensure that any funding requirements are met over the medium term as the scheme works towards full de-risking. £5.5 million of these committed contributions were accelerated in 2022 due to volatile market conditions, leaving £4.5 million of the original commitment to pay in future years.

Cash flow and capital structure

The net cash inflow from operating activities after lease payments in the year was £257.1 million (2022: £198.8 million). The strength of cash generation reflected the growth in profits, settlement of two insurance claims related to business interruption in 2020 and a rephasing of tax payments to reflect full expensing capital allowances. At the end of the year the Group had net cash and cash equivalents of £195.3 million (2022: £191.6 million).

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The Company's undrawn revolving credit facility, which runs to December 2025, allows it to draw up to £100 million in committed funds, subject to it retaining a minimum liquidity of £30 million (i.e. maximum net borrowings are £70 million). Taking this into account, total available liquidity at the end of 2023 was £265.3 million (2022: £261.6 million). We intend to refinance the revolving credit facility in the year ahead.

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 circa 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 £50 to £60 million to allow for seasonality in the working capital cycle and to protect the interests of all creditors. This will be periodically reassessed as the Group grows.
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 normalise in future years following our investment to support our ambitious growth plan and payment of the special dividend described above.

Looking forward

We are leveraging our strong financial position to support our ambitious growth plans. At the same time we will maintain the discipline that has delivered profitable growth and excellent capital returns, to the benefit of all of our stakeholders. We remain confident in the future.

Richard Hutton

Chief Financial Officer
5 March 2024



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RISK MANAGEMENT

OUR APPROACH TO RISK MANAGEMENT

An effective and robust risk management process is fundamental to protecting our business, our customers and colleagues, and shareholder value.

Risk management and internal control

To be able to deliver our strategy and make the right decisions for the business, we need to understand and manage our risks. Taking risks in a controlled way can help us to deliver value whilst protecting the business, our people and our reputation. Risks cannot be avoided, but an effective system of risk management ensures that they are mitigated to an acceptable level.

Roles and responsibilities

The Board has overall responsibility for risk management, and determines the nature and extent of risks we are prepared to take in the pursuit of our strategy.

The Audit Committee, on behalf of the Board, maintains oversight of the risk management approach, including reviewing its overall effectiveness on an annual basis, and receiving regular updates on assurance activity.

Risk is overseen by a Risk Committee, which is a committee of our Operating Board and has responsibility for proactively managing risk. Other senior leaders are also part of the Committee and attend meetings, which have taken place four times this year.

The various roles within the risk management process are set out below:

WHO?	ROLE	KEY ACTIVITIES/RESPONSIBILITIES
Top down	The Board	Direction and oversight Approving policy; overall responsibility for risk; setting risk appetite; embedding the risk management culture; setting the 'tone at the top'
	Audit Committee	The Board activities as delegated Challenge and agreement of principal risks disclosure; oversees risk management systems and controls; annual review of effectiveness of approach
	Operating Board	Ownership and monitoring Ownership and management of significant risks; agreeing and monitoring actions to mitigate risks
	Risk Committee	Identifying, assessing and monitoring risk Consideration of new and emerging risks; escalation of functional risks; strategic risk review and validation
Bottom up	Business Assurance team	Independent overview Managing the risk register; consolidation of significant risks; independent assurance over controls; monitoring compliance with policy; updating Audit Committee at each meeting
	Heads of business functions	Operational risk ownership and implementing actions Identifying risks which may prevent the achievement of objectives; ongoing review of risks and controls within area of remit; supporting strategic risk owners throughout the risk management process; implementing controls to mitigate risk
	Process owners	Day-to-day business operations Ensuring that mitigating controls are operating effectively; reporting areas of new and emerging risk; ensuring compliance with policies and procedures

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Risk management process

We have a 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', as shown in the diagram on page 59. 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 map, which documents the key risks to the achievement of strategic objectives. 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 consistent with 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.

The risk process is facilitated by members of the Business Assurance team, who help identify and assess key risks, as well as providing support in developing an appropriate risk response. The team also provides a route for matters of concern to be quickly escalated to the Operating Board and the Risk Committee. In addition, Business Assurance provides an independent view on the controls in place over specific risk areas within the internal audit plan.

Risks are assessed under our strategic pillars (including The Greggs Pledge), and are categorised into four broad groups – strategic, operational, financial and legal/regulatory.

Our strategic risk register captures a description of each risk, and allocates an Operating Board member as risk owner. Each risk owner is responsible for ensuring that appropriate mitigating controls are in place. We then set out 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 2023

During 2023, we further embedded our Enterprise Risk Management approach, principally through more regular and structured engagement with our Heads of Business Functions. They have had input into the identification of new and emerging risks, as well as opportunities to raise any specific areas of concern. Risk workshops have been held for our strategic risks, involving the risk owner and all relevant subject matter experts, to ensure that the content of the register remains accurate and up to date.

We have worked with our insurance brokers in conducting an overall review of our approach to insurance, a significant mitigating control against a number of our strategic risks. This has given us assurance that our insurance model is fit for purpose and offers value for money.

Our brokers also supported us with facilitating a Board risk workshop during the year. This provided detail on our risk management approach and framework, linking to the UK Corporate Governance Code. Board members then reviewed our existing strategic risks, discussed risk appetite and considered any new and emerging risks.

We recruited additional resource within the Business Assurance team to ensure that we are able to continue to support risk management development across the growing business.

Work has been undertaken to further develop our strategic risk register, to better align it with the needs of the business. Although now more user friendly, there is still opportunity for improvement, and we continue to build on our existing model.

Plans for 2024

Sessions with Heads of Business Functions will continue, and we will also increase our engagement with the functional management teams, which will help to widen our knowledge base.

We will review our approach to risk appetite, and apply an assessment to each category of risk, rather than considering it on a risk-by-risk basis.

With regard to specific areas of risk, our Greggs Pledge commitments will be scrutinised and a risk register entry completed for each. We will also document our fraud risk and ensure that this is properly managed.

Climate risks

As set out in our TCFD disclosure on pages 46 to 53, we are continuing to develop our understanding of material climate-related risks and opportunities. Physical and transition risks have been identified and are being monitored as a standing item on our Risk Committee agenda. A 'Failure to effectively respond to climate-related impacts on our business' has been included within our strategic risk register, allowing us to document and monitor the associated controls as part of our routine risk approach. We remain of the view that climate risk does not constitute a principal risk to the business within the time horizon of our current strategic plan. However, we keep under review changes, particularly in legislation and customer preferences, to identify any increase in the level of risk.

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Emerging risks

We conduct an emerging risk review on a quarterly basis, and report our findings to the Risk Committee and the Board. Various sources of information are used to ensure this is as complete as possible:

- 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;
- Taking input from our advisors and other specialists with whom we work.

Current areas of emerging and escalating risks which we are monitoring include supplier or partner actions damaging our reputation, reliance on third parties for business-critical systems and economic pressures.

Risk appetite

Risk appetite is the level of risk which we are prepared to take to meet our strategic objectives. In determining this, we recognise that there is a balance between a prudent approach to risk and sufficient flexibility to take appropriate opportunities when they arise.

Our appetite for taking risks depends on the category of risk in question. For example, we would be prepared to take more risk in the pursuit of our strategy than in areas such as food safety, where compliance with legislation drives a zero-tolerance of risk. We assess our appetite on an individual risk basis, and then determine whether the current level of risk is within our acceptable tolerance, before identifying further mitigating action if necessary.

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 2023. Changes made within our strategic risk register had the aim of improving visibility of controls, and clarifying risk ownership, through sub-dividing existing risks into two or three. However, this does not impact on the principal risk which remains consistent.

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 any which are not presently known to us. The position described on pages 62 to 64 is a summary at the time of publishing this Report.

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RISK MANAGEMENT CONTINUED

PRINCIPAL RISKS AND UNCERTAINTIES

Risk and description	Impact	Key mitigations	Strategic pillars	Movement
<p>BUSINESS INTERRUPTION EVENT</p> <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 supply our customers for a period of time. This could impact our own customers, those of our franchise partners, and also our wholesale sales through Iceland.</p>	<ul style="list-style-type: none"> - 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. - Our diversified product range from multiple production sites provides alternatives for our customers. - We have flexibility within our network, to enable us to continue our operations. - Insurance cover is in place, and we liaise closely with insurers, particularly when designing new sites or improving existing premises. 	<p>1 2 3 4 5</p>	<p>↔</p>
<p>SUPPLY CHAIN DISRUPTION</p> <p>External supply could be interrupted, resulting from issues such as third-party business interruption, or unexpected product shortage.</p> <p>OPERATIONAL</p>	<p>A prolonged outage at one of our key suppliers could impact on our ability to produce some of our range, or otherwise affect our ability to operate.</p>	<ul style="list-style-type: none"> - We aim to avoid single-source supply for key ingredients. - In the event of interruptions, we are agile in our response to implementing contingency plans. These are regularly tested. - Relationships with suppliers are managed centrally by our Procurement teams, including a risk assessment process. 	<p>1 2 3 4 5</p>	<p>↔</p>
<p>CYBER AND DATA SECURITY INCIDENT</p> <p>A cyber incident may occur, which impacts on our IT infrastructure.</p> <p>The external threat environment is constantly evolving.</p> <p>OPERATIONAL</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>	<ul style="list-style-type: none"> - Third parties provide expertise and support, including regular penetration testing and a Security Operations Centre monitoring our networks around the clock. - 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. - Ongoing training and advice are provided to our colleagues to improve awareness and strengthen our detection and prevention capabilities. 	<p>2 3 4</p>	<p>↑</p>

STRATEGIC PILLARS

1 Great tasting, freshly prepared food

2 Best customer experience

3 Competitive Supply Chain

4 First class support teams

5 The Greggs Pledge



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PRINCIPAL RISKS AND UNCERTAINTIES

CONTINUED

Risk and description	Impact	Key mitigations	Strategic pillars	Movement
<p>PROLONGED SYSTEM DOWNTIME/INTERRUPTION</p> <p>As we streamline the business and embrace greater flexibility in our working arrangements, we increase our reliance on technology. Any system interruption becomes more disruptive, with an increased risk of it having an impact on business operations.</p>	<p>We may be unable to run our production systems for a period of time. This could ultimately impact on our ability to supply our shops.</p> <p>Data may be unavailable or lost, making it difficult for us to operate.</p>	<ul style="list-style-type: none"> - We continue to invest in our IT infrastructure, including utilising cloud-based solutions and increasing resilience within our network. - We have established disaster recovery processes which are tested periodically. - Our Enterprise Resource Planning system incorporates multiple layers of resilience. - External partners are engaged to provide specialist support and expertise when required. 	2 3 4	↔
<p>OPERATIONAL</p> <p>DETERIORATION OF RELATIONSHIP WITH KEY PARTNER</p> <p>We continue to work closely with franchise, wholesale 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>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>	<ul style="list-style-type: none"> - 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. - Contracts and service-level agreements are in place, along with a robust onboarding process for new partners. Ongoing performance is measured. - Regular dialogue ensures an alignment of goals, and early identification of any issues. 	1 2 3 4	↔
<p>STRATEGIC</p> <p>ABILITY TO ATTRACT/RETAIN/MOTIVATE PEOPLE</p> <p>Our people are an essential part of our business and our culture. Particularly in the current environment, we may be unable to attract and retain the right talent within Greggs.</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>The 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>	<ul style="list-style-type: none"> - We recognise that our people are a key asset to the business, and offer competitive packages, along with extensive training and development opportunities. - Colleagues have a range of ways to communicate their ideas for improvement, including annual opinion surveys, listening groups and colleague inclusion networks. - Our succession planning process has been extended to encompass our wider management teams. - Recruitment processes have been improved to allow us to fill vacancies quickly and effectively. 	1 2 3 4 5	↔
<p>OPERATIONAL</p>				

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RISK MANAGEMENT CONTINUED

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk and description	Impact	Key mitigations	Strategic pillars	Movement
<p>DAMAGE TO REPUTATION</p> <p>As we grow our social media presence, and engage more with our customers, there is a risk of damage to our brand if we fail to respond quickly and appropriately to an incident.</p> <p>STRATEGIC</p>	<p>Customers could lose their trust in the brand, ultimately impacting on our ability to grow our estate and achieve our objectives. Shareholder value could be reduced.</p>	<ul style="list-style-type: none"> - 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. - Brand risk has been considered as a 'deep dive' topic by our Risk Committee. - All of our shops are required to follow established procedures, to ensure that our food complies with required standards. - Our audit team assesses compliance with standards, across both company-managed and franchise shops. 	2 3	↔
<p>SIGNIFICANT FOOD SAFETY INCIDENT/ PRODUCT QUALITY ISSUE</p> <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 correctly follow procedures.</p> <p>OPERATIONAL</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>	<ul style="list-style-type: none"> - All new external suppliers require formal approval. - All ingredients and products have specifications, to ensure consistency. - Allergen risk assessments are in place. - Our teams are well-trained, with specialists able to provide additional knowledge. - We have a Primary Authority relationship in place, which gives independent assurance that our processes and procedures are adequate. - Audits are undertaken by our internal teams, and external bodies, with a focus on food safety. - Our complaints process ensures all matters are investigated. When a root cause is identified, we take action to address it. 	1 2 3 4 5	↔
<p>CHANGES IN THE REGULATORY LANDSCAPE</p> <p>New regulatory requirements could be implemented, driven by environmental, health or other concerns.</p> <p>LEGAL/REGULATORY</p>	<p>It may be necessary for us to make changes to our product range. Without the ability to respond quickly, we could lose market share.</p> <p>We believe that we have greater exposure in some areas than our competitors.</p>	<ul style="list-style-type: none"> - Regular horizon-scanning activities are undertaken by our teams, and we receive advisory information across all professional disciplines. - We engage with Trade Associations and government bodies to ensure we are updated with developments. - Participating in industry forums gives us an opportunity to influence decision-making. 	1 2 3 4	↔

STRATEGIC PILLARS

1 Great tasting, freshly prepared food

2 Best customer experience

3 Competitive Supply Chain

4 First class support teams

5 The Greggs Pledge

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VIABILITY STATEMENT

The Directors have assessed the Group's prospects and viability taking into account its current position, plans and principal risks. In carrying out its assessment the Board has reviewed the three-year operational and financial plans to 2026. This is the period over which the Board reviews management's business planning and sets performance targets, and therefore the Board believes that this remains the most appropriate timeframe over which to make the viability assessment.

The Directors have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The principal risks to which the Group is exposed ultimately affect the ability of its shops to trade successfully, either due to reduced demand or because of operational interruptions, including those to its internal Supply Chain. A significant loss of sales is particularly damaging given the Group's vertical integration in that the cost of the internal Supply Chain cannot be reduced quickly.

Scenarios were modelled to stress-test the Group's financial resilience to the impact arising from occurrence of the following principal risks:

1. Pandemic threat – the risk that the Group is forced to close its shops to walk-in customers for three months as a result of lockdown rules, and subsequently experiences subdued levels of walk-in trade as the economy recovers (starting at 70% of previously forecast sales in January 2025, building back to 100% by the start of 2026). Delivery channel sales are assumed to continue through the lockdown months, with a 2.5x increase in volume as customers switch channels, as are 'bake at home' sales through the Group's wholesale relationship with Iceland. This forward scenario assumes that government support would be available for employment costs and that relief from business rates would be available during the periods of forced closure.
2. A brand-damaging food scare resulting in a significant one-year sales reduction (c. 25% sales reduction for initial six months) followed by gradual recovery of confidence. In making assumptions the Directors considered real examples of companies in the food sector that had experienced such issues.
3. Temporary loss of production capacity for the Group's iconic pastry savoury products and the consequences for liquidity as capacity is restored.

In each case the Directors reviewed the mitigating actions that would be necessary to protect the Group's liquidity.

These included:

- The temporary suspension of dividend payments in order to preserve cash for operational use;
- Restriction of capital expenditure whilst protecting essential infrastructure maintenance and commitments to strategic investments;
- Access to government support;
- Drawing on existing committed financing facilities; and
- Calling on the Group's insurance arrangements on the occurrence of an insured risk.

The scenarios tested were capable of being managed within the Group's existing, committed financing facilities (including an assumption that existing facilities will be renewed on consistent terms in advance of their expiry in December 2025) with no forecast breaches of lending covenants. Given the opening cash position in 2024 the Group has sufficient existing and committed financing facilities to manage in a situation where multiple principal risk scenarios occur concurrently. This will likely not be the case in future years as we increase capital expenditure and reduce the Group's cash position. In the event of multiple principal risk scenarios occurring the Directors believe that the borrowing capacity of the Group would be sufficient to allow it access to temporary additional facilities.

Based on the results of the analysis, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their detailed assessment.

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BOARD OF DIRECTORS AND SECRETARY



MATT DAVIES

Chair

Matt is a widely experienced retailer and was previously the CEO of Tesco UK&ROI, before which he held CEO positions at Pets at Home and Halfords. As a Non-Executive Director, Matt chaired N Brown Group plc and was on the Board of Dunelm Group plc.

Appointed since

2 August 2022

Independent

Yes

Committee membership

Chair of Nominations Committee.

External appointments

Chair of AutoTrader and a number of private equity-owned businesses, including Hobbycraft and Travel Counsellors, and is an Operating Partner at Advent International.



ROISIN CURRIE

Chief Executive

Roisin was appointed Chief Executive from the role of Retail and Property Director. Prior to joining Greggs in 2010, Roisin worked at Asda where she held various People Director roles, including responsibility for the organisation's retail and distribution operations.

Appointed since

1 February 2022

Independent

n/a

External appointments

Chair of the Employers Forum For Reducing Re-offending. Trustee of Duke of Edinburgh Awards Scheme.



RICHARD HUTTON

Chief Financial Officer

Richard qualified as a Chartered Accountant with KPMG and gained career experience with Procter and Gamble before joining Greggs in 1998.

Appointed since

13 March 2006

Independent

n/a

External appointments

Non-Executive Director and Chair of the Audit Committee of The Lakes Distillery Company plc. Trustee Director of Business in the Community. Trustee of The Greggs Foundation.



MOHAMED ELSARKY

Non-Executive Director

Mohamed is currently the Group Chief Executive Officer of The Unifrutti Group and is an experienced international food manufacturing executive, who has held senior positions in Kelloggs, Danone and Godiva Chocolatier. Mohamed has previously held Non-Executive Director positions including at Nomad Foods, a company listed on the New York Stock Exchange.

Appointed since

21 June 2021

Independent

Yes

Committee membership

Member of Audit, Remuneration and Nominations Committees.

External appointments

Unifrutti Group CEO, Executive Chairman the Nu Company GmbH, Senior Advisor Bain Partners.

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KATE FERRY

Non-Executive Director

Kate is currently Chief Financial Officer at Burberry Group plc. Prior to joining Burberry Group, Kate was Chief Financial Officer of Maclaren Group and TalkTalk Group and has previously held positions on the Dixons Carphone plc Executive Committee. Kate began her career in audit with PricewaterhouseCoopers, qualifying as an ACA before moving to Merrill Lynch as a Director within the retail sector equity research team.

Appointed since

1 June 2019

Independent

Yes

Committee membership

Chair of Audit Committee. Member of Remuneration and Nominations Committees.

External appointments

CFO Burberry Group plc, Chair of Audit Committee – British Olympic Committee Foundation.



LYNNE WEEDALL

Non-Executive Director

Lynne has been involved in the retail sector throughout her career, latterly as Group People and Culture Director for Selfridges Group. Prior to joining Selfridges Group, Lynne was Group Director of Human Resources at Dixons Carphone plc (now Currys plc) and has previously held senior positions in companies such as Whitbread plc and Tesco plc.

Appointed since

17 May 2022

Independent

Yes

Committee membership

Chair of Remuneration Committee. Member of Audit and Nominations Committees.

External appointments

Senior Independent Non-Executive Director and Remuneration Committee Chair at Dr. Martens plc and Softcat plc. Non-Executive Director of Stagecoach Limited. Member of The Prince's Trust Council.



NIGEL MILLS

Senior Independent Non-Executive Director

Nigel has extensive expertise in financial markets, investors, and governance, having been Chief Executive at Hoare Govett and Chair of Corporate Broking at Citi Group, advising a wide range of companies including a significant number within the consumer sector.

Appointed since

7 March 2023

Independent

Yes

Committee membership

Member of the Audit, Remuneration and Nominations Committees.

External appointments

Senior Independent Non-Executive Director role at both John Wood Group PLC and at Persimmon plc.



JONATHAN JOWETT

Company Secretary and General Counsel

Jonathan is a lawyer by profession and has held the position of Company Secretary for a number of FTSE 250 and FTSE Smallcap companies. His previous employers include Avon Cosmetics Limited, SSL International plc, Wagon plc and Bakkavor Group.

Appointed since

12 May 2010

Independent

n/a

External appointments

Member of the British Retail Consortium Policy Board. Senior Independent Non-Executive Director of Newcastle Hospitals NHS Foundation Trust. Chair of Trustees of the Great North Air Ambulance Service.

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GOVERNANCE REPORT

CHAIR'S INTRODUCTION

Dear Shareholder

Welcome to my introduction to the Governance section of the Greggs Annual Report 2023, which covers my first full year as Chair.

Board changes in 2023

During the year we gave our thanks to Sandra Turner and Helena Ganczakowski, who had both served nine-year terms and who stepped down from the Board following the AGM in May. We welcomed Nigel Mills as our Senior Independent Non-Executive Director, who joined us in March. Nigel has had a distinguished executive career having been Chief Executive of Hoare Govett and Chair of Corporate Broking at Citi Group. He has brought expertise in financial markets, investors and governance, and invaluable experience of providing independent challenge.

Culture and purpose

We strongly believe that our colleagues and their contribution to our culture and values is what makes Greggs, Greggs, as we seek to pursue our objective of making freshly prepared food available to everyone. In support of this, we are changing some of the emphasis of our governance reporting to highlight Our People, which can be seen on pages 36 to 42. In highlighting our colleagues in a separate section of the Annual Report, we are seeking to highlight the key role our people play in Greggs' success – part of our 'secret sauce'. Those pages include how we set about listening to our colleagues, how we embrace diversity through various colleague inclusion networks, gender reporting, how we develop our colleagues, and much more.

The Greggs Pledge, our sustainability plan, has now completed three years of its first five-year iteration. We continue to make good progress with all of our objectives, achieving most, but with some requiring more work. The commitment of our teams to The Greggs Pledge is unwavering, and I'd encourage you to read more of the detail on pages 43 to 45 of this Report, and online at: corporate.greggs.co.uk/doing-good. During 2024, the team will be looking to evolve The Greggs Pledge, building on existing commitments and adding new ones as appropriate, to make sure that they are aligned with our purpose and stakeholder expectations.

Governance and reporting

The Board generally meets seven times per year, when we have a formal agenda, and additional meetings are set up as required for specific items, or such matters are delegated to ad hoc committees and reported upon at subsequent meetings. We aim to spend time across our shops, production and distribution centres, and central offices being as visible as we can in the time available. For example, in September 2023 the Board met at the Greggs Technical Centre in the North East, the home of our Food Zone, where new products are developed and tested.

More details of the Board's activities, and key decisions taken during the year, are set out later in this section of our Annual Report.

I'm pleased to say that we were compliant with the UK Corporate Governance Code (2018) ('the Governance Code') throughout the year, and the following pages set out further details. I invite you to consider that alongside the report on how the Directors have fulfilled their duties in accordance with s172 Companies Act 2006.

We continue to encourage all shareholders, particularly those with smaller holdings, to attend our 'in person' annual general meeting, which will be held in Newcastle on 15 May 2024. This provides a great opportunity to hear from and speak with members of the Board and Operating Board, followed by lunch including all your Greggs favourites.

Matt Davies

Chair
5 March 2024

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DIRECTORS' REPORT AND GOVERNANCE REPORT

This Governance Report sets out how the Company has applied the principles in the 2018 UK Corporate Governance Code during its financial period ended 30 December 2023. A copy of the Code is available at <https://www.frc.org.uk/directors/corporate-governance/uk-corporate-governance-code>.

Board composition, succession and evaluation

During the year, there were a small number of changes to the Board. As outlined in last year's Report both Helena Ganczakowski and Sandra Turner stepped down from the Board immediately following the AGM held on 17 May 2023. Nigel Mills had joined the Board on 7 March 2023, and following Sandra Turner's retirement he became Senior Independent Non-Executive Director.

We were also very grateful to Mohamed Elsarky, who took on the role of Non-Executive Director having oversight of our colleague engagement activities.

We confirm, as at 30 December 2023, that at least 40% of the Board are women, one senior position is held by a woman and that at least one Director comes from an ethnic background. The following table shows the gender and ethnicity split in the Company as at 30 December 2023:

	Board	Operating Board ¹	All colleagues
Gender			
Male	4	5	11,314
Female	3	3	20,318
	7	8	31,632 ²
Ethnicity			
White British or other			
White (including minority-white groups)	6	8	23,970
Mixed/Multiple Ethnic Groups	-	-	841
Asian/Asian British	-	-	2,646
Black/African/Caribbean/Black British	-	-	1,445
Other ethnic group including Arab	1	-	487
Not specified/prefer not to say	-	-	2,442
	7	8	31,831

¹ Excluding Chief Executive and Chief Financial Officer

² There are 197 colleagues whose gender is recorded as 'Unknown', 'Undeclared' or 'Other' hence the total figure of 31,839 is not the sum of the Female and Male totals.

Further details outlining our commitment to diversity and inclusion are provided in the 'Our People' section of this Annual Report on pages 36 to 42.

We have a relatively small Board of Directors, and as such we have historically appointed all Non-Executive Directors onto each Committee, separately chaired by Directors with relevant experience. We continue to adopt that practice which works well for us.

When any new Director is appointed, they undergo an induction process that includes accompanied visits to shops, production centres and distribution sites, as well as meeting key team members of senior management.

Each year, the Board determines the appropriate form of evaluation to be undertaken, including the frequency of seeking the support of an external facilitator. In 2021, the Board engaged the services of Grant Thornton to facilitate its evaluation, part of which included use of the *BoardClic* software. That software was again used in 2022, in order to develop some trend analysis of the Board's assessment of itself and its Committees.

Following the Board's review for 2022, it determined key areas for focus should include:

- Continued reporting on the Company's sustainability programme, The Greggs Pledge
- A detailed review of the Company's approach to risk management

The Board determined that *BoardClic* software be used for a third time to form the basis of the review of 2023. That review was undertaken across the turn of the year, and the report that was generated was considered by the Board when it met in January 2024, including the Chair discussing the strengths and areas of improvement identified. The Board's attention will increasingly be focused on sustainability, as The Greggs Pledge evolves, and the Remuneration Committee intends to develop its thinking on setting appropriate long-term incentives with performance-related reward increasingly directed towards our net zero ambitions.

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DIRECTORS' REPORT AND GOVERNANCE REPORT CONTINUED

Sharing Board responsibility

There is a written statement of the split of responsibilities between the Chair and the Chief Executive. Matt was considered as 'independent' on his appointment, and he continues to be so.

There is also a written statement of the responsibilities of the Senior Independent Non-Executive Director. Sandra Turner held the role until she stepped down from the Board following the AGM on 17 May 2023, from which time Nigel Mills took on the role. Nigel is also the Senior Independent Director at Persimmon plc and John Wood Group PLC.

During the year, Matt Davies held regular and informal conversations with the Non-Executive Directors, collectively and individually ensuring that they had plenty of opportunity to raise any concerns that they might have or to express opinions. Matt also had regular sessions with the Executive Directors and members of the Operating Board.

Following the outcome of the Board Evaluation for 2023, Nigel met with the Executive and Non-Executive Directors in the absence of the Chair, in order to discuss the Chair's performance during the year, and to give the Non-Executive Directors the opportunity to make any further comments.

The Board has three main Committees, being the Audit, Remuneration and Nominations Committees, each chaired by an independent Non-Executive Director. Terms of reference for each of the Committees were last reviewed by the respective Committee in November 2023, and recommended to the Board and re-adopted in December 2023. The re-adopted Terms of Reference can be found on the corporate website. Details of the work of those Committees can be found on pages 80 to 85 [📄](#) (Audit Committee Report), pages 86 to 110 [📄](#) (Directors' Remuneration Report), and page 70 [📄](#) (Nominations Committee update).

The Board generally schedules seven meetings in each year, plus an annual formal strategy meeting and then meets from time to time as may be required. Board and Committee meetings are well attended, and attendance is set out in the following table:

Attendance	Board	Audit Committee	Remuneration Committee	Nominations Committee
Matt Davies	7/7	-	-	3/3
Roisin Currie	7/7	-	-	-
Richard Hutton	7/7	-	-	-
Mohamed Elsarky	7/7	4/4	4/4	3/3
Kate Ferry	7/7	4/4	3/4	3/3
Lynne Weedall	7/7	4/4	4/4	3/3
Nigel Mills*	5/5	2/2	2/2	2/2
Sandra Turner**	3/3	2/2	2/2	1/1
Helena Ganczakowski**	3/3	2/2	2/2	1/1

* Nigel Mills was appointed to the Board on 7 March 2023.

** Sandra Turner and Helena Ganczakowski stepped down from the Board following the AGM held on 17 May 2023.

Nominations Committee update

The Nominations Committee is chaired by the Board Chair and has terms of reference that are reviewed each year, approved by the Board and adopted by the Committee. Those terms of reference, which are available on the Company's corporate website, set out the responsibilities of the Committee. All of the Non-Executive Directors are members of the Committee, in line with the Board's current policy of having all Non-Executive Directors appointed to each of the three main Committees. The Chief Executive is a regular attendee at Nominations Committee meetings, and from time to time the Chief Financial Officer and the People Director are also invited.

The Committee's primary responsibility is to ensure plans are in place for orderly succession to the Board, and also to the

Operating Board, when that is not reviewed by the Board as a whole. During 2023, the Board received a presentation from the Chief Executive and from the People Director on the succession plan for the Operating Board Directors, to include a review of potential candidates and their proximity to being ready to take up an appointment as and when appropriate.

During the year the Nominations Committee recommended to the Board the appointment of Nigel Mills as Senior Independent Non-Executive Director. In reaching its recommendation, an extensive search was conducted, supported by Heidrick & Struggles (who have no connection with the Company or any individual Director). The appointment process included the development of a Role Profile, a candidate assessment process conducted by Heidrick & Struggles, a number of meetings with all members of the Board as well as taking formal and informal references; the Board formally appointed Nigel with effect from 7 March 2023.

In selecting new Non-Executive Directors the Nominations Committee uses a skills matrix to assess the necessary and preferred attributes in potential candidates. The Nominations Committee also takes into account other demands on potential candidates' time and asks them to confirm they will be able to commit the necessary time to Greggs, with that commitment ultimately being included in the Letter of Appointment.

The Nominations Committee has considered the contribution of each of the Directors, and has confirmed to the Board its recommendation that all Non-Executive Directors including the Chair should be re-appointed at the AGM in May 2024.

The Nominations Committee continues to review the Board's skills and diversity mix and it has appointed Spencer Stuart (who have no connection with the Company or any individual Director) to assist with this and the recruitment of any further Non-Executive Directors.

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DIRECTORS' REPORT AND GOVERNANCE REPORT CONTINUED

Board activity in the year

The Board made a number of key decisions across the year, which included the decision to fund the development of two sites in the Midlands; one in Derby, and one in the Kettering/Corby area – both to support future shop growth. In summer 2023 the Board approved the settlement of Covid-19 business interruption insurance litigation. Other matters considered across the year included:

January	Budget for 2023; annual risk review; Governance Report for the Annual Report; and Board evaluation.
March	Preliminary results and Annual Report; review of dividend policy; consideration of a modern slavery issue at a supplier.
May	AGM preparation including consideration of proxy adviser reports and voting. Externally facilitated deep dive into risk management; capital expenditure approval for distribution centre development.
June	The annual strategy meeting where topics included shop of the future; evening daypart & delivery; estate development; driving loyalty; The Greggs Pledge; plus settlement of Covid-19 Business Interruption insurance litigation.
July	Interim results; business plan 2024 progress updates. Options to de-risk the defined benefit pension scheme.
September	Capital expenditure for the development of two Midlands-based production and distribution campuses; international opportunity development; healthy and sustainable menu; share register development and Company valuation.
November	A presentation on the outcomes of the annual employee opinion survey; franchise strategy; succession planning; delivery update and second delivery partner; first draft of the budget.

Diversity and inclusion ('D&I')

The Board as a whole, rather than the Nominations Committee, monitors the gender balance in the Company.

The required disclosures are set out on page 69 of this Report and are incorporated by reference into the Strategic Report. The section, titled 'Our People', contains information about our colleague inclusion networks, team development, and engagement activity.

As part of the DTR 7.2.8A disclosure, pages 43 to 45 are incorporated by reference into this Directors' Report.

Other disclosures

Directors and their interests

The names of the Directors in office during the year, together with their relevant interests in the share capital of the Company at 1 January 2023 and 30 December 2023 are set out in the Directors' Remuneration Report on page 108. Details of the Directors' share options are set out in the Directors' Remuneration Report on page 106.

Directors' indemnities and conflicts

As at the date of this Report, indemnities are in force under which the Company has agreed to indemnify the Directors, to the extent permitted by law, in respect of losses arising out of, or in connection with, the execution of their duties, powers or responsibilities as Directors of the Company. The indemnities do not apply in situations where the relevant Director has been guilty of fraud or wilful misconduct.

Under the authority granted to them in the Company's articles of association, the Board has considered carefully any situation declared by any Director pursuant to which they have or might have a conflict of interest and, where it considers it appropriate to do so, has authorised the continuation of that situation. At each Board meeting, a Schedule of Potential Conflicts of Interest is reviewed and Directors are asked to declare any new or changed interests.

In exercising their authority, the Directors have had regard to their statutory and other duties to the Company. All Directors have access to the Company Secretary as and when required.

Substantial shareholdings

At 4 March 2024 the only notified holdings of substantial voting rights in respect of the issued share capital of the Company (which may have altered since the date of such notification, without any requirement for the Company to have been informed) were:

Shareholder	Number of shares held	Percentage of issued share capital
Schroders plc	5,108,595	5.0%
Royal London Asset Management	5,050,276	4.94%
Aviva plc	3,941,313	3.85%
BlackRock, Inc.	not disclosed	<5.0%

Additional information

- Future business developments: details of future business developments can be found throughout the Strategic Report on pages 22 to 33.
- Financial risk management: details of our financial risk management policies and objectives can be found in Note 2 of the accounts.
- The information set out within the Governance Report in pages 68 to 74 forms part of the Directors' Report.
- Greenhouse gas emissions: All disclosures concerning the Group's greenhouse gas emissions (as required to be disclosed under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013) are contained in the TCFD Report on pages 46 to 53.
- Dividends: details of the dividends declared and paid are given in Note 23 of the accounts.
- Stakeholder engagement: details of the Group's engagement with colleagues, suppliers, customers and others are given on pages 75 to 79.

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

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DIRECTORS' REPORT AND GOVERNANCE REPORT CONTINUED

Non-financial and sustainability information regulations

The information required by sections 414CA and 414CB of the Companies Act 2006 is included within the Strategic Report on page 65  and the Directors' Report on pages 66 to 112 .

Authority to purchase shares

At the AGM on 17 May 2023, the shareholders passed a resolution authorising the purchase by the Company of its own shares to a maximum of 10,100,000 ordinary shares of two pence each.

That authority had not been used as at 30 December 2023. The authority remains in force until the conclusion of the AGM in 2024 or 17 August 2024, whichever is the earlier. It is the Board's intention to seek approval at the 2024 AGM for the renewal of this authority.

Takeover directive information

Following the implementation of the European Directive on Takeover Bids by certain provisions of the Companies Act 2006, the Company is required to disclose certain additional information in the Directors' Report. This information is set out below:

- The Company has one class of share in issue being ordinary shares of two pence each. As at 4 March 2024, there were 102,255,675 such ordinary shares in issue. There are no shares in the Company that grant the holder special rights with regard to the control of the Company;
- At general meetings of the Company, on a show of hands, every shareholder present in person or by proxy has one vote only and, in the case of a poll, every shareholder present in person or by proxy has one vote for every share in the capital of the Company held;

- The Company's articles of association set out the circumstances in which shares may become disenfranchised. No shareholder is entitled, unless the Directors otherwise determine, in respect of any share held, to be present or vote at a general meeting either personally or by proxy (or to exercise any other right in relation to meetings of the Company) in respect of that share in certain circumstances if any call or other sum is payable and remains unpaid, if the shareholder is in default in complying with a duly-served notice under section 793(1) of the CA 2006 or if any shareholder has failed to reply to a duly-served notice requiring them to provide a written statement stating they are the beneficial owner of the shares;
- A notice convening a general meeting can contain a statement that a shareholder is not entitled to attend and vote at a general meeting unless their name is entered on the register of members of the Company at a specific time (not more than 48 hours before the meeting) and if a shareholder's name is not so entered, they are not entitled to attend and vote;
- Under the Company's articles of association the Directors may, in their absolute discretion, refuse to register the transfer of a share in certified form in certain circumstances where the Company has a lien on the share (provided that the Directors do not exercise their discretion so as to prevent dealings in partly-paid shares from taking place on an open and proper basis), where a shareholder has failed to reply to a duly-served notice under section 793(1) CA 2006 or if a transfer of a share is in favour of more than four persons jointly. In addition, the Directors may decline to recognise any instrument of transfer unless it is in respect of only one class of share and is deposited at the address at which the register of members of the Company is held (or at such other place as the Directors may determine) accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. In respect of shares held in uncertificated form the Directors may only refuse to register transfers in accordance with the Uncertificated Securities Regulations 2001 (as amended from time to time);
- Under the Company's code on dealings in securities in the Company, persons discharging managerial responsibilities and some other senior executives may in certain circumstances be restricted as to when they can transfer shares in the Company;
- There are no agreements between shareholders known to the Company, which may result in restrictions on the transfer of shares or on voting rights;
- Where, under a colleague share plan operated by the Company, participants are the beneficial owners of shares but not the registered owner, the voting rights are normally exercised by the registered owner at the direction of the participant;
- The Company's articles of association may only be amended by special resolution at a general meeting of the shareholders;
- The Company's articles of association set out how Directors are appointed and replaced. Directors can be appointed by the Board or by the shareholders in a general meeting. At each AGM, any Director appointed by the Board since the last AGM must retire from office but is eligible for election by the shareholders. Furthermore, the Board has resolved that, in line with the Corporate Governance Code (2018 revision), all the Directors will be subject to annual re-election by shareholders. Under the CA 2006 and the Company's articles of association, a Director can be removed from office by the shareholders in a general meeting;



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DIRECTORS' REPORT AND GOVERNANCE REPORT CONTINUED

- The Company's articles of association set out the powers of the Directors. The business of the Company is to be managed by the Directors who may exercise all the powers of the Company and do on behalf of the Company all such acts as may be exercised and done by the Company and are not by any relevant statutes or the Company's articles of association required to be exercised or done by the Company in general meeting, subject to the provisions of any relevant statutes and the Company's articles of association and to such regulations as may be prescribed by the Company by special resolution;
- Under the CA 2006 and the Company's articles of association, the Directors' powers include the power to allot and buy back shares in the Company. At each AGM resolutions are proposed granting and setting limits on these powers;
- The Company is not party to any significant agreements which take effect, alter or terminate upon a change in control of the Company, following a takeover bid; and
- There are no agreements between the Company and its Directors or colleagues providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid. However, provisions in the colleague share plans operated by the Company may allow options to be exercised on a takeover.

Significant relationships

The Group does not have any contractual or other relationships with any single party which are essential to the business of the Group and, therefore, no such relationships have been disclosed.

Colleagues

What makes Greggs so special is its culture – the way our colleagues encourage and support each other. We want everyone to feel welcome at Greggs and our colleagues to be able to be themselves at work, whatever their background, preferences or views. Where colleagues or prospective colleagues have a disability then discussions will be had with individuals to review any adjustments required and every effort will be made to support them. Greggs is committed to creating a work environment free of discrimination, bullying, harassment and victimisation, where everyone is treated equally with dignity and respect. This applies in all aspects of employment including recruitment and selection, promotion, transfer, training or other developmental opportunities, pay and benefits, other terms of employment, discipline and selection for redundancy. Our colleague networks, covering LGBTQ+, ethnicity and disability provide valuable insight and feedback and help us to develop training for our colleagues and understand how we can improve the way we do things at Greggs. Details on the contribution of our networks can be found on page 38.

Accountability, audit and going concern

The Board acknowledges its responsibility to present a fair, balanced and understandable assessment of the Company's position and prospects. In order to assist the Board to comply with the requirements within the Corporate Governance Code, each year the Audit Committee is requested to undertake an assessment of the Annual Report and to make a recommendation to the Board. This request has been enshrined within the Audit Committee's terms of reference, which are available at corporate.greggs.co.uk.

The actions undertaken by the Audit Committee in confirming its advice to the Board included the consideration of a detailed review that has been undertaken by the Head of Business Assurance and reviewing the Annual Report as a whole to confirm that it presents a fair, balanced and understandable assessment. In considering the advice of the Audit Committee, and having reviewed the Annual Report including the contents of the Strategic Report on pages 1 to 65, together with the statutory accounts themselves, the Board duly considers the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the necessary information for shareholders to assess the Company's performance, business model and strategy.

A statement of Directors' responsibilities in respect of the preparation of accounts is given on pages 111 and 112. A statement of auditor's responsibilities is given in the report of the auditor on page 117.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts (see basis of preparation on page 125). The Board's viability statement made in accordance with Corporate Governance Code Provision 31 can be found on page 65.

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DIRECTORS' REPORT AND GOVERNANCE REPORT CONTINUED

Policies

Freedom of association

At Greggs, we recognise the right of all colleagues to freedom of association and collective bargaining. Whilst we do not have a formal freedom of association policy, the Company encourages all its colleagues in Supply sites, shops and offices to become, and remain, members of a union.

Bribery and corruption

Greggs has an anti-bribery and corruption policy which applies to all employees and prohibits the offering, giving, seeking or acceptance of any bribe in any form to any person or company acting on its behalf, in order to gain an advantage in an unethical way.

Business conduct

We have a specific policy that sets out the standards of ethical behaviour that are expected of all employees. Graded managers, and all members of the procurement department, are required to make an annual confirmation of their compliance with the policy.

Whistle-blowing

Our 'whistle-blowing' policy creates an environment where employees are able to raise concerns without fear of disciplinary action being taken against them as a result of any disclosure. Any matters raised are treated in confidence and an independent review will be undertaken where it is appropriate. The Chair of the Audit Committee is the designated first point of contact for any concerns which cannot be addressed through normal management processes.

Political donations

Greggs has a clear policy forbidding political donations or contributions. This includes financial and in-kind contributions made by the Company.

Disclosure of information to the auditor

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

By order of the Board

Jonathan D Jowett

Company Secretary

5 March 2024

Greggs plc (CRN 502851)

Greggs House, Quorum Business Park

Newcastle upon Tyne NE12 8BU

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OUR STAKEHOLDERS


SECTION 172 STATEMENT



The views of our key stakeholders and our Company purpose remain front of mind whenever the Board has decisions to make.

As a general rule, most of the day-to-day engagement across our stakeholder groups is undertaken by the Chief Executive and the Chief Financial Officer, and under delegation to members of the Operating Board, which is made up of the Chief Executive's direct reports. The Chief Executive and Chief Financial Officer report back to the Board on engagements of any significance, including with shareholders, banks, colleagues and customers.

A series of activities are planned across the year to which the Non-Executive Directors are invited. These include listening groups with colleagues, the annual management conference, and formal and informal visits to shops and production and distribution sites. At Board meetings, Directors are invited to comment on their activities and the key things they have learned.

The following pages 76 to 79  comprise our section 172 statement and describe how the Directors individually and collectively, acting in good faith, have exercised their duties over the course of the year to promote the long-term success of the Company for the benefit of its members as a whole, and in doing so have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006.

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OUR STAKEHOLDERS CONTINUED

CUSTOMERS



How and why we engage

With customer transactions running at over 8.5 million per week, the 'voice of the customer' in Board decisions is of significant value. That voice comes in the form of insight reports and presentations from the Customer team, as well as updates from the Chief Executive on how the Company is performing in terms of share of market. By speaking to customers in our shops, through our Customer Care and Insight teams, and across our digital channels – we're constantly listening and learning so we can understand how best to serve the nation.



Impact on Board decisions

One key element of the Board's current strategy relates to developing our delivery offering, having appointed a second delivery partner in Uber Eats, to complement the existing service from Just Eat. Such development requires investment, in for example, shop wages to keep shops open into the evening, and feedback from customers is critical in determining the payback on that investment, ensuring that the food offering is right and the opening hours are aligned with footfall.

COLLEAGUES



How and why we engage

We strongly believe that our colleagues and their contribution to our culture and values are what makes Greggs, Greggs; they are our 'secret sauce'. That is why we have produced a separate section of our Annual Report to show how and where we engage with colleagues, which can be found on pages 36 to 42. There you will find details of our engagement with a variety of colleague groups, including our diversity and inclusion networks, recognised unions, along with our talent development activities and many other interactions that the Board has with colleagues.



Impact on Board decisions

Ensuring that Greggs is a great place to work is fundamental to our growth strategy. Opening 220 shops (gross) in 2023 required a significant effort in terms of workforce planning and recruitment to ensure that we can open shops at pace. We are also embarking on significant developments in Supply Chain, building a production and frozen product distribution centre in Derby, and with plans to open a chilled and ambient distribution centre in the Kettering/Corby area on a similar timescale. Both projects will require us to attract good people to work for us, and the Board bears that in mind when, through the Remuneration Committee, it considers the benefits that are available across the workforce in order to attract talent. Details of the review and improvement in some colleague policies are given in the Remuneration Committee Report.

SUPPLIERS



How and why we engage

We are heavily reliant on a wide range of suppliers to support our business and its growth. These range from producers of food ingredients for our manufacturing sites, commercial and other company vehicles, uniform suppliers, an array of service providers including shop fit-out contractors, property advice, marketing support and factory constructors, to name but a few. We use the Ariba platform to qualify suppliers and a variety of tools to support our focus on ethics and sustainability. To build and maintain good relationships, we also hold regular meetings, undertake joint projects and visit our suppliers.



Impact on Board decisions

Every year, our Chief Executive attends several 'top-to-top' meetings with selected suppliers, accompanied by the Operating Board's Commercial Director and other members of the Operating Board as required. In 2023 these included a meeting with Pilgrims and a visit to one of their farms and Biffa which involved a tour of its recycling plant. These meetings are to share business strategy and review joint business plans against targets set.

STRATEGIC PILLARS

1 Great tasting, freshly prepared food

2 Best customer experience

3 Competitive Supply Chain

4 First class support teams

5 The Greggs Pledge

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OUR STAKEHOLDERS CONTINUED



SHAREHOLDERS

How and why we engage

Our shareholders are the owners of the business, and we have obligations to keep them apprised of significant developments. One of the ways we do this is through our regular reporting schedule and meetings with institutional shareholders across the year, conducted mainly by the Chief Executive and Chief Financial Officer.

We hold an AGM after which Directors mix with attendees over a Greggs lunch. Shareholders are also given the opportunity to engage with the respective Committee Chairs at this meeting, to discuss any matters of significance that they want to raise. As before the pandemic, our recent 'in-person' AGMs are well attended, and resolutions put to the 2023 AGM were very well supported.



Impact on Board decisions

The Chief Financial Officer leads on the Board's engagement with institutional investors and analysts, has regular interaction with existing and potential investors, and reports to the Board on the key points that arise from those meetings. At each Board meeting, a register of the top shareholdings is tabled, including movements of buyers and sellers. Following the Preliminary and Interim Results Roadshows, the Board receives feedback from investors and analysts on Company performance and levels of engagement. Following his appointment in November 2022, the Chair offered meetings to several major shareholders to discuss the Company and to gain feedback on the performance and management team, and this offer will be repeated in 2024.



LENDERS

How and why we engage

Greggs is a cash-generative business and prior to the pandemic had not needed to approach capital and debt markets to fund its growth strategy. With the onset of the pandemic, it became clear that it would be appropriate and prudent to have in place a formal bank facility, and consequently, towards the end of 2020, a revolving credit facility of £100 million was put in place with two commercial banks. Although that facility has been subsequently extended, and remains undrawn, as part of that ongoing relationship, the Finance team provide regular performance and covenant compliance updates to banking partners.



Impact on Board decisions

In determining the use of cash resources, the Board has regard to several stakeholders, including shareholders (through the potential for dividend payments), colleagues (through pay awards and bonus entitlements), and Greggs defined benefit pension scheme obligations (through managing the scheme alongside the Trustee to ensure it is successful on its journey to de-risking in the next few years). Should the Board authorise a drawdown of the revolving credit facility, it would take that debt into consideration when determining the allocation of cash resources.

As a result of previous funding of the defined benefit pension scheme, and an improvement in financial markets, the Company is currently supporting the Trustee as it explores options to de-risk and secure members' benefits.



COMMUNITIES

How and why we engage

Fundamental to The Greggs Pledge is our support for the local communities in which we operate. We do this through food donations, operating Greggs Outlets and sharing a percentage of the profits with local community projects focused on improving social mobility and tackling food poverty, and through the Greggs Foundation Breakfast Club programme in which we provide a nutritious breakfast to 62,000 children every school day who may have otherwise gone without. We also use our shops nationwide to collect donations on behalf of Children in Need, the Disasters Emergency Committee, and the Royal British Legion Poppy Appeal.



Impact on Board decisions

Knowing that there are so many communities in need of our support drives the Board to continue donating at least 1% of profits to the Greggs Foundation. In November 2023, over £1 million was raised for Children in Need. Recognising that food allergens are a significant and growing consumer issue, the Board has approved further donations to the Natasha Allergy Research Foundation, contributing to important work in determining the causes and prevention of food allergies.

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OUR STAKEHOLDERS CONTINUED

Below, by stakeholder, are some examples of the activities undertaken by the Board, or relevant information that was presented to them.

COLLEAGUES

Attendance at Greggs Negotiating Committee meetings

Attendance at listening groups with our Retail Operations Managers and manufacturing colleagues

Findings from the Your Opinion Matters Survey (see more on page 37 )

Undertaking shop visits to meet our shop teams

Participating in colleague development days

CUSTOMERS

Progress report on Greggs App development

Market insight presentations

Pricing strategy and impact of inflation

Attendance at a menu tasting session with our category and food development teams

Attendance at 'Customer of the Future' session

Presentations from Customer Insight team

SHAREHOLDERS

Declaration of interim dividend

Annual General Meeting

Share register monitoring and development of an engagement plan

Investor relations strategy review and the allocation of resource



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OUR STAKEHOLDERS CONTINUED

Colleague engagement

Board engagement

There have been a number of engagement events across the year when Board members had the opportunity to meet with colleagues. Following the AGM in May 2023, Mohamed Elsarky was appointed as the Non-Executive Director with responsibility for colleague engagement, and in that role he has met with the People Director on several occasions to plan engagement activities. These have included visiting three Supply sites across the country, and meeting with an Area Manager group within the Retail team. In February 2024, Mohamed attended a meeting with our Race, Ethnicity and Cultural Heritage ('REACH') colleague inclusion networking group, to hear in person from colleagues from across the business who are from a diverse ethnic background.

Our Senior Independent Director, Nigel Mills, was accompanied by the Greggs Foundation Manager on a visit to a Breakfast Club in Greater London, to see how donations to the Greggs Foundation benefit children in a school where at least 50% of the children are entitled to a free school meal. That was followed by a visit to a Greggs Outlet, where unsold food from the main Greggs chain is sold at a reduced price, and a share of the profits from which are distributed to deserving causes in that community.

Union recognition and engagement

Details of engagement with recognised unions are set out in the 'Our People' section of the Annual Report, found on pages 36 to 42 [📄](#).

Rewarding the workforce

Following our strong business performance in 2023, the Board was again delighted to continue its long tradition of sharing 10% of profits with colleagues, enabling them to share in our success. Payments to qualifying colleagues will be made in late March 2024.

In order to determine the annual pay award, each year we undertake negotiations with the relevant trade unions representing those colleagues covered under a collective bargaining agreement. Following the successful conclusion of the resulting ballot, our 2024 pay award agreed for our wider workforce consisted of a base pay award of 8.0%, with an additional 1.6% (9.6% in total) for our hourly-paid Retail colleagues. On this basis, over 97% of our workforce received a pay increase of 8% or more and 80% received 9.6% or more. This increase was applied from January 2024.

For our graded management population we once again implemented a tiered pay award as the Board acknowledged that cost-of-living pressures can have a disproportionate impact on our lowest paid colleagues.

Our lower paid management colleagues therefore received the base increase of 7.0%, whilst senior managers' pay awards ranged between 5.5% and 6.0%. It was agreed that the pay award of both the Executive Directors and Operating Board should be proportionally lower and it was subsequently agreed by the Board at 4.5%.

As well as pay, we are delighted that our colleagues have benefitted from a significant enhancement to our family leave policies in 2023 and from January 2024 we have increased the pension provision for our wider workforce, allowing our colleagues to increase their pension contribution up to 6% with matched employer contributions. In order to further encourage colleague ownership in the business we are also reducing the eligibility criteria to three months service for all colleagues to participate in our all-colleague share schemes.

Provision 36 of the Governance Code requires the Remuneration Committee to develop a formal policy for post-employment shareholdings. At the AGM in May 2023, shareholders approved a new remuneration policy setting out the post-employment holding requirement which applies

to all Executive Directors at the level of the shareholding guideline prior to departure or the actual shareholding on departure if lower. Full details can be seen in the Directors' Remuneration Report on page 108 [📄](#).

Shareholders

The Chair takes responsibility for ensuring that key shareholders are aware of, and supportive of, the Board's approach to governance, from time-to-time meeting with larger shareholders.

Much of the regular interaction with shareholders and the analyst community is undertaken by the Chief Executive and Chief Financial Officer, particularly around the times of the release of the preliminary and interim results. In between, the Chief Financial Officer is in regular contact with the investment community sharing details of the Company's performance and strategy. Following key announcements, the anonymised views of shareholders are reported to the Board by UBS and Investec, the Company's retained brokers, and press and analyst feedback is provided by Hudson Sandler, the Company's financial communications consultant.

Other stakeholder considerations

Greggs is committed to acting fairly towards all stakeholders of the Company. The impact of the Company's operations on the environment is covered in The Greggs Pledge report on pages 43 to 45 [📄](#). Our business conduct policy is available on our website.

Roisin Currie

Chief Executive
5 March 2024

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AUDIT COMMITTEE REPORT

AUDIT COMMITTEE REPORT

Dear Shareholder

As Chair of the Audit Committee, I am pleased to present our Report for the 52 weeks ended 30 December 2023.

The Committee plays an important part in the Company's governance framework providing independent oversight and robust challenge on the integrity of financial reporting, quality and effectiveness of internal and external audit, risk management and the system of internal control.

In this Report, I aim to share some of the Committee's discussions from the year, providing insight regarding the role of the Committee, the main matters considered by it during the year and the conclusions drawn. The Committee meets formally at key times within the reporting calendar and the agendas for its meetings are designed to cover all significant areas of risk over the course of the year and to provide oversight and challenge to the key financial judgements, controls and processes that operate within the Company.

During 2023, in addition to its regular oversight responsibilities, the Committee has:

- Overseen the continuing development of our TCFD reporting, including the process adopted to identify the Company's climate-related risks and opportunities. The TCFD Report is set out on pages 46 to 53.
- Ensured that the Financial Reporting Council's ('FRC') key disclosure expectations have been considered and addressed in our financial reporting, paying particular attention to any impact from current economic conditions, including higher levels of inflation than have been seen in recent years.

- Maintained an awareness of cyber security, and reviewed the processes and controls in place across the business.
- Overseen the continuing implementation of our new ERM framework, building engagement and visibility throughout the business and ensuring that our approach remains robust and fit for purpose.

The Committee continues to keep its activities under review in the light of the Government's audit and governance reform agenda. The Committee has received regular updates following the publication by the FRC of 'Audit Committees and the External Audit: Minimum Standard' during 2023, and the revision to the UK Corporate Governance Code. It intends to adopt the Minimum Standard from 2024, although this is unlikely to lead to any significant changes as the Committee already adheres to the principals set out in the Standard. As noted below, consideration of the Corporate Governance Code's new monitoring requirement in respect of risk management and internal control will be a priority for the Committee in 2024.

Key priorities for the Committee during 2024 will be:

- Overseeing the Company's plans for the introduction of the new requirement introduced in the recently issued 'UK Corporate Governance Code 2024' for an annual report on the effectiveness of material controls, from 2026.
- A review of approach to risk appetite as part of our risk evolution project.
- Further development of the Company's sustainability reporting including consideration of the requirements of the Taskforce on Nature-related Financial Disclosures ('TNFD') whose final framework was published towards the end of 2023.
- The ongoing development of an Audit and Assurance policy.

Overall, I am satisfied that the activities of the Committee enable it to gain a good understanding of the key matters impacting the Company during the year along with oversight of the governance and operation of its key controls, and ultimately to draw the conclusions set out in the following Report.

Kate Ferry

Chair of the Audit Committee
5 March 2024

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AUDIT COMMITTEE REPORT CONTINUED

Composition

The Audit Committee comprises of the following:

Kate Ferry (Chair)
Mohamed Elsarky
Lynne Weedall
Nigel Mills (from 7 March 2023)

Helena Ganczakowski and Sandra Turner served on the Committee until 17 May 2023 when they retired from the Committee and the Board.

It is the practice of the Company for all Independent Non-Executive Directors to serve as members of the Audit Committee.

Training is provided for any new members of the Audit Committee by way of a thorough induction process which includes access to the external auditor, the Head of Business Assurance and relevant members of management.

The Committee provides independent and robust challenge to management and our internal and external auditors, ensures there are effective and high-quality controls in place and that appropriate judgements are taken, with a particular focus on matters that involve either a high degree of judgement and/or are significant to the Accounts.

The Directors' biographies on pages 66 and 67 detail the Committee members' previous experience and demonstrate that they have experience individually in a range of disciplines relevant to Greggs' business. The Board considers that Kate Ferry has recent and relevant financial experience.

Role and responsibilities

The Terms of Reference of the Committee can be accessed at: <https://a.storyblok.com/f/162306/x/3d283017cf/audit-committee.pdf>

The key responsibilities of the Audit Committee are:

- Ensuring that the accounting and financial policies and practices of the Company are proper and effective;
- Assisting the Board in fulfilling its oversight responsibilities by monitoring the integrity of the accounts and information published by the Company and reviewing and challenging significant financial judgements contained in them;
- Advising the Board on whether it believes the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- Reviewing the internal financial controls and the Group's approach to risk management;
- Overseeing whistle-blowing arrangements;
- Monitoring compliance with the Listing Rules and the recommendations of the UK Corporate Governance Code;
- Overseeing the Company's internal auditors and reviewing the effectiveness and objectivity of the audit process;
- Overseeing the Company's external auditors, reviewing their independence and objectivity and monitoring the effectiveness of the audit process;
- Developing and implementing policy on the external auditor's provision of non-audit services; and
- Reporting to the Board on how it has discharged its responsibilities.

Meetings during the year

The Audit Committee met four times during the year. Details of Committee members' attendance are given on page 70. All members attended every meeting that they were eligible to attend. Detailed papers are prepared and circulated in advance of Committee meetings by both management (including internal audit) and the external auditor, thereby allowing informed discussions, challenge and decision making to take place at meetings.

The Committee normally invites the Company Chair, the Executive Directors, the Head of Business Assurance and the external auditor to attend its meetings. Time is set aside bi-annually for discussion with the external auditor and with the Head of Business Assurance, in each case in the absence of all Executive Directors. The Committee also has access to the Company's management team and to its auditor and can seek further professional advice, at the Company's cost, if required. The Chair has regular contact with the Chief Financial Officer, and internal and external auditors, in addition to scheduled Committee meetings to ensure that emerging issues are addressed. She also has access to an audit partner independent of the partner responsible for the audit.

Financial reporting

In 2023 the Audit Committee reviewed the 2022 Annual Report, interim results, preliminary results announcement and reports from the external auditor on the outcome of their reviews and audits.

During the year, and up to the date of this Report, the Committee considered key accounting issues and judgements and related disclosures in the Group's accounts. The significant areas of judgement considered by the Committee in relation to the accounts for the 52 weeks ended 30 December 2023 are as follows:

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AUDIT COMMITTEE REPORT CONTINUED

Area of focus	Action taken
<p>Accounting for leases</p> <p>Under IFRS 16 lease liabilities, representing the obligation to make lease payments, are recognised on the balance sheet together with corresponding right-of-use assets. In the income statement rent costs are replaced by a straight-line depreciation charge on each right-of-use asset and an interest charge that reduces over the lease term.</p> <p>At the end of 2023 the Group has recognised right-of-use assets of £296.6 million (2022: £281.6 million) and lease liabilities totalling £319.6 million (2022: £301.3 million). Charges to the income statement of £54.5 million (2022: £52.8 million) in respect of depreciation, £2.5 million (2022: £nil) on respect of impairment and £9.6 million (2022: £6.8 million) in respect of interest were recognised.</p> <p>The sensitivities of the assumptions on this amount are set out on page 126 📄.</p> <p>Fair, balanced and understandable</p> <p>The Committee is responsible for advising the Board on whether it believes the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable.</p>	<p>The Committee continues to review and monitor any developments in this area to ensure that judgements made are up to date and remain valid and that the approach adopted is still appropriate to the Group's circumstances.</p> <p>The Committee considers that the judgements made are appropriate to the Group's particular circumstances.</p>
<p>Going concern</p> <p>The accounts continue to be prepared on a going concern basis.</p>	<p>The Committee received a report from the Head of Business Assurance, who is not involved in the preparation of the Annual Report and Accounts and who conducted an independent review of it. The following factors were considered during the course of this review:</p> <ul style="list-style-type: none"> • Ensuring that all the statements are consistent with one another; • Verifying that figures in the narrative sections are consistent with the relevant financial detail; • Identifying any duplication of information; • Confirming that 'bad news' is included, as well as 'good news'; and • Highlighting any inappropriate use of technical language or jargon. <p>The Audit Committee considered the feedback from this report alongside its own review of the Annual Report and Accounts when making its recommendation to the Board regarding fair, balanced and understandable.</p> <p>Information provided by the Chief Financial Officer regarding future financial plans, risks and liquidity was presented to the Committee to enable it to determine whether the going concern basis of accounting remained appropriate.</p> <p>The Committee reviewed and challenged the assumptions used and concluded that the Board is able to make the going concern statement on page 73 📄 of the Directors' Report.</p>
<p>Viability</p> <p>The Board is required to consider the period over which it is able to conclude that the Company will remain viable, having taken into account severe but plausible risks and risk combinations.</p>	<p>The Committee reviewed the process undertaken by management to support and allow the Directors to assess the Group's long-term prospects and make its viability statement. The Committee considered and provided input into the determination of which of the Group's principal risks and combinations thereof might have an impact on the Group's liquidity and solvency.</p> <p>The Committee reviewed the results of management's scenario modelling and the stress testing of these models. It also reviewed and challenged the assumptions used and concluded that the Board is able to make the viability statement on page 65 📄 of the Strategic Report.</p>

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AUDIT COMMITTEE REPORT CONTINUED

The Committee also considered other key accounting issues and related disclosures in the Group's accounts as follows:

- Whether the principles and judgements applied when management assess property, plant and equipment and right-of-use assets for impairment remain appropriate;
- Whether the assumptions made in valuing the defined benefit pension scheme assets remain appropriate, including consideration of the discount rate, inflation rates and mortality rates as well as the requirements of IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction;
- Whether the treatment and disclosure of material items of income or expense in the year is appropriate together with the FRC's guidance on the subject;
- Whether any changes in accounting policy were required following changes in the business or in legislation;
- Whether the Company's tax policy remains appropriate;
- The impact of changes in accounting standards and their relevance, if any, to the Company;
- Reports from the Company Secretary and Chief Financial Officer which assess the Company's compliance with the Listing Rules.

Sustainability reporting

The Committee plays a key role in the governance of climate-related reporting, including overseeing the process adopted in relation to identification of the Company's climate-related risks and opportunities and the associated reporting of the Company's Task Force on Climate-related Financial Disclosures (TCFD) which are on pages 46 to 53. This approach builds on the foundations adopted in prior years. The Committee continues to monitor developments in sustainability reporting and will consider the requirements of the two new standards issued by the International Sustainability Standards Board once the UK's endorsement and adoption of these standards is clear.

The Committee has begun to consider the requirements of the Taskforce on Nature-related Financial Disclosures (TNFD) whose final framework was published towards the end of 2023. It plans to build the initial assessment of nature-related risks and opportunities into its sustainability activities for 2024 and will develop an action plan with the intention of including a TNFD report in the 2024 Annual Report.

External audit

Assessing external audit effectiveness

The Audit Committee discussed and agreed the scope of the audit with the external auditor and agreed their fees in respect of the audit.

The Committee reviewed the effectiveness of the external audit in line with the Financial Reporting Council's 'Practice aid for audit committees' (December 2019). It sought feedback from senior management, by way of a detailed questionnaire, in respect of the effectiveness of the audit process.

The Committee also considered the effectiveness of the audit through the reporting from and communications with the auditor and an assessment of the auditor's approach to key areas of judgement and any errors identified during the course of the audit.

The Committee concluded that the audit was effective and that the relationship and effectiveness of the external auditor be kept under review.

Appointing the auditor and safeguards on non-audit services

The Committee's policy on auditor appointment is to consider annually whether to conduct an audit tender for audit quality or independence reasons. During 2020 the Audit Committee conducted a full tender exercise for the appointment of a new auditor which resulted in the appointment of RSM UK Audit LLP ('RSM') as auditor at the AGM in May 2021.

It is the responsibility of the Committee to monitor the independence and objectivity of the external auditor (including the impact of any non-audit work undertaken by it) and its suitability for reappointment.

The Company has a formal policy to ensure that the provision of non-audit services by the external auditor for non-audit work does not compromise the auditor's independence or objectivity. It monitors the level and type of non-audit fees on an annual basis and ensures that the overall level of non-audit fees remains in line with current ethical guidance governing the accounting profession.

The Audit Committee favours a presumption that non-audit work will be awarded to a firm other than the audit firm unless there is a good reason to use the auditor. An annual base plan for non-audit fees paid to the external auditor is agreed in advance by the Audit Committee. Expenditure in accordance with this plan can then be committed without further referral to the Audit Committee. Expenditure that is not included in the agreed plan is subject to strict authority limits and is reviewed by the Committee.

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AUDIT COMMITTEE REPORT CONTINUED

All use of the external auditor for non-audit work must be reported to and approved by the Committee. In circumstances where non-audit fees are significant relative to the audit fee an explanation would be provided in the subsequent Audit Committee Report. In addition, the Audit Committee ensures that the external auditor has its own policies and is subject to professional standards designed to safeguard their independence as auditor.

The Audit Committee has reviewed whether, and is satisfied that, the Company's current auditor, RSM, continues to be objective and independent of the Company. The Committee has approved RSM to provide non-audit services during 2023 in respect of the review of turnover certificates as required by certain shop landlords. Fees of £14,250 were billed during the year for turnover certificate reviews, which represents 4.8% of the audit fee for the year.

Appointment of auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the reappointment of RSM UK Audit LLP will be proposed at the forthcoming AGM. The length of their tenure as external auditor is three years.

Risk management and internal control

Internal Control

Greggs has an internal control environment designed to protect the business from the material risks which have been identified. Management is responsible for establishing and maintaining adequate internal controls and the Audit Committee has responsibility for ensuring the effectiveness of these controls.

Following the publication of the 2024 revision to the UK Corporate Governance Code, in 2024 the Committee will consider and plan for the actions that will be needed to facilitate the annual reporting on the effectiveness of material controls, which will be a requirement from 1 January 2026.

The Committee receives updates from the Business Assurance function on the internal control environment at every meeting, covering both risk management and internal audit perspectives. This regular reporting ensures timely review of any key issues. Whilst the Committee is updated on all internal audit activity, those reports which conclude only limited assurance are considered in greater detail, with a summary provided of key issues identified and actions taken in response. This gives Committee members assurance that any control weaknesses which have been identified are being addressed.

The Committee considers the matters described above to be the main features of the Group's internal control and risk management systems in relation to the financial reporting process for the undertakings included in the consolidation as a whole. The Committee has reviewed the Company's internal control environment and is satisfied that procedures are in place to ensure that assets are well protected, authority levels for expenditure are clear, segregation of duties exists and performance is regularly monitored. Processes are in place to ensure that key controls are being operated and compliance with these processes is the subject of inspection by the Internal Audit team within the Business Assurance function, and subsequent review and oversight by the Audit Committee.

Whistle-blowing

The Company's whistle-blowing policy is available to all employees via the intranet and our new 'People Hub', an electronic repository of all relevant colleague information. This gives information regarding how to raise a concern in strict confidence, and incorporates three escalation levels. During 2023, new posters were produced summarising the process, and these have been launched across the business to improve awareness. We have also engaged with our franchise partners to verify that they have suitable processes in place.

Our Audit Committee Chair is the ultimate contact and resolution point for this process, and received a small number of contacts during the year. All issues raised were thoroughly investigated and successfully resolved, with no formal action being taken.

Risk Management Process

The Audit Committee receives an update on risk management at each of its meetings, and an annual report providing detail on the overall process, and key activities during the year. This process ensures that the Committee meets its obligation to oversee the effectiveness of risk management, and allows it to confirm to the Board that arrangements are appropriate.

The risk management process is explained in more detail on pages 59 to 65 .

The Committee has reviewed the risk management process and is satisfied that appropriate arrangements are in place to ensure that existing risks are properly managed across the business and that processes are in place to identify and consider any new and emerging risks in a timely manner.

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AUDIT COMMITTEE REPORT CONTINUED

Key areas subject to specific review by the Audit Committee include the following:

Area of focus	Action taken
Financial reporting	All judgemental areas in the accounts are considered by the Committee, to provide independent challenge to the process.
TCFD	The Committee considered and agreed the proposed statement regarding TCFD requirements.
Cyber risk and information security	Cyber risk and information security is considered at every Audit Committee meeting, within the Head of Business Assurance's activity update. In particular, there have been regular updates on the Information Security Management System, the implementation of which continues to strengthen our cyber resilience. The Committee is also apprised of future developments including further testing and simulated attacks.
Risk management	The Audit Committee has received updates on the progress with the continued implementation of our Enterprise Risk Management model, including process developments and engagement with the business.
Insurance	As a key control mitigating several strategic risks, the Committee received updates on a programme of work undertaken to review the overall approach to insurance.
New and emerging risks	New and emerging risks are raised and discussed by members of the Risk Committee at each of its meetings. Any significant matters are escalated to the Audit Committee for further discussion.
Review of principal risks and uncertainties	The Risk Committee discussed the key strategic risks faced by the business during 2023 and used this to develop the content of the statement of principal risks and uncertainties. This in turn was considered by the Audit Committee after the year-end, and approved for inclusion in this Report, on pages 59 to 65.
Viability and going concern status	As part of the Annual Report review, the Committee has considered and agreed the viability statement and the various scenarios modelled within it as part of the assessment. The Company's adoption of a going concern basis for accounts preparation was reviewed at the mid-year, as well as during the consideration of the Annual Report.
Internal audit function	The Committee has reviewed the work and output of the internal audit function, and concluded as to its effectiveness throughout the year.

Internal audit

The work of the internal audit function is set out in more detail within the risk management section on pages 59 to 65 of this Annual Report. The team is led by the Head of Business Assurance, supported by 28 auditors, along with two colleagues managing Information Security and Data Protection. The majority of the audit resource is dedicated to the retail estate, including our franchise shops, providing the Audit Committee with assurance that the required controls for safe operation within the shops are in place and operating effectively.

The Business Assurance team presents an annual plan to the Audit Committee for approval, setting out how the resource will be allocated across the business. Progress against this plan is monitored at subsequent meetings. The effectiveness of the team and its level of resource are reviewed by the Committee annually, including a consideration of outputs, and customer feedback received.

Committee effectiveness

As noted in the Governance Report on page 69 there was an externally-facilitated evaluation of the Board and its committees during 2021. The evaluation for 2023 was therefore conducted using an online tool which generated a report specifically relating to the operation of the Audit Committee. The Committee has considered the results of this evaluation and concluded that the Committee operates effectively and that the Board takes assurance from the quality of its work.

Kate Ferry

Chair of the Audit Committee
5 March 2024

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DIRECTORS' REMUNERATION REPORT

DIRECTORS' REMUNERATION REPORT

Dear Shareholder

On behalf of the Remuneration Committee (the 'Committee'), I am pleased to present our Directors' Remuneration Report for 2023.

The Committee continues to have a transparent approach to remuneration at Greggs. A key focus continues to be workforce fairness and the pay arrangements and support provided to our colleagues across the business. Our people are at the heart of our business and what makes our business successful. Supporting our colleagues and protecting our culture, alongside our shareholders' and wider stakeholders' interests, remains our priority. Our Report aims to be clear, simple and easy-to-read, providing explanations and rationale for our decision-making in the context of Company performance, the longer-term Company strategy (including environmental, social and governance ('ESG') priorities) and pay arrangements for the wider workforce.

The Report is made up of three key sections:

- My annual **Chair's letter**.
- Our Directors' **remuneration policy**, which was formally approved at our AGM on 17 May 2023 and operates for the three years commencing with the 2023 financial year.
- Our **Annual Remuneration Report**, split into sections that set out:
 - A. How our policy links to Company strategy and reward across the wider workforce;
 - B. Remuneration Committee activity for the 52 weeks ended 30 December 2023;
 - C. How Directors' remuneration will be implemented in 2024 in line with our current remuneration policy; and

- D. How our remuneration policy was implemented in 2023. This is an audited section of the Report outlining the remuneration of the Executive and Non-Executive Directors during the 52 weeks ended 30 December 2023.

The Annual Remuneration Report, together with this Chair's letter, will be subject to an advisory shareholder vote at the 2024 AGM.

Remuneration policy

Our remuneration policy consists of the following elements:

- Fixed pay – base salary, pension and benefits; and
- Variable pay – annual bonus (paid in both cash and deferred shares) and performance share plan ('PSP') measuring long-term performance and delivered in shares.

Consideration of the wider workforce

Our continued financial success is thanks to our amazing colleagues. With this in mind, the Committee monitors and reviews the effectiveness of the Directors' remuneration policy and its impact on and alignment with the remuneration policies in the wider workforce. To support decisions on Executive Directors' pay, the Committee is provided with information detailing the pay and benefits of the wider workforce which gives additional context for the Committee to make informed decisions. We have a number of sessions planned through 2024 to engage with colleagues on remuneration at Greggs with the first taking place in early 2024. The key topics we will be discussing are the work of the Committee and our current remuneration policy as well as how reward is structured across the business, the link to reward and Greggs' sustainability journey, and ensuring reward across our wider workforce continues to support and complement the Greggs culture. As well as this, members of the Committee have engaged with colleagues through our

various forums and listening groups throughout 2023 to continue to understand the colleague experience at Greggs.

The Committee acknowledges that 2023 continued to be a challenging year for many of our colleagues and were cognisant of this when reviewing the approach taken with the wider workforce and when considering the approach to salary for the Executive Directors for the year ahead. For 2024 we have once again implemented a tiered pay award providing a greater percentage increase to support our colleagues who have less disposable income. We implemented a base pay award of 8% across our wider workforce, with an additional 1.6% (9.6% in total) for our hourly-paid Retail colleagues. On this basis, over 97% of our workforce received a pay increase of 8% or more and 80% received 9.6% or more. For our graded management teams we implemented a tiered pay award.

Following feedback from our reward consultation process in 2023 with our teams, we are delighted that our colleagues have benefited from a significant enhancement to our family leave policies in 2023. From January 2024 we have increased the pension provision for our wider workforce, allowing our colleagues to increase their pension contributions up to 6% with matched contributions. In order to further encourage colleague share ownership in the business we are also reducing the eligibility criteria to three months' service for all colleagues to participate in our all-colleague share schemes.

One of the unique aspects of Greggs' remuneration approach continues to be profit share – with 10% of all our profits being shared with eligible colleagues. The profit-share payment this year will see over 25,400 colleagues benefitting from this additional payment that will be made in March 2024.

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Business performance in 2023 and incentive outcomes

As outlined in the Chair's Statement and Chief Executive's Report, despite the ongoing pressure caused by inflation and the resulting cost-of-living crisis, the resilience of the Greggs brand and the strength of our underlying business have resulted in a record year for Greggs. We are now two years into our ambitious five-year plan to double sales and our strategy is working, with like-for-like sales up 13.7% on 2022. We have had another year of rapid growth and our teams have risen to the challenges faced and stepped up to keep pace with increased customer demand. Despite ongoing pressures we have kept providing the great value and friendly service that our customers love us for.

During the year the Committee considered the materiality of historical insurance claims related to business interruption in 2020, as outlined in the Financial Review. A number of options were considered but a decision was ultimately made not to progress any remuneration actions in relation to this claim, demonstrating continued restraint in the approach to remuneration.

The Committee also reconsidered the question of whether there was any potential windfall gain associated with the PSP award granted in October 2020, which vested in October 2023. Our initial view in relation to this matter – that we were satisfied that no windfall gain had been realised for this award – was set out in detail in last year's Remuneration Report. In further considering this issue ahead of the vesting date, we came to the same conclusion, noting (among other things) the link between the vesting level for this award (75%) and the strong level of performance over the performance period, and the fact that the award size had been scaled back at the time of grant in 2020. Finally, although the share price at the time of vesting was notably higher than at the time of grant, this was not an automatic one-way bounce-back from an artificially low grant price but a fair reflection of business progress over a turbulent period. In line with the Directors' remuneration policy, the vested shares must be held for a minimum period of two years.

Bonus 2023

As disclosed last year, the annual bonus scheme for 2023 was set up with performance targets based on profit (50%), sales (20%) and strategic objectives (30%). We set target ranges which were designed to ensure that bonus payments would only be made for appropriately stretching levels of performance. This included profit targets designed to incentivise growth, sales targets aimed at like-for-like growth and separate objectives linked to driving forward our strategic growth plans in the areas of evening sales and digital and achieving our ESG targets in the areas of food redistribution and recycling.

As noted above Greggs performed well in 2023 producing a record performance. Despite the ongoing pressure caused by inflation, our teams rose to the challenges they faced. Whether in our shops, our manufacturing sites, our distribution network or in head office our teams stepped up to make sure that we kept pace with the increased customer demand. Our teams delivered positive like-for-like sales growth and, as a consequence of this financial performance over the year, the profit (50%) element of the bonus reached 45.9% payout and sales (20%) reached the maximum 20% payout.

The strategic objectives comprised three separate elements, with 10% based on business efficiency/cost savings, 5% based on evening sales, 5% on increasing the percentage of transactions on the Greggs App and 10% on food waste/redistribution targets.

There was a strong focus on cost control during the year resulting in the business efficiency/cost saving element paying out in full at 10%.

5% of the bonus was focused on increasing evening sales and a stretching target was applied to this area. The teams worked incredibly hard to manage our growth in the evening and there was significant focus across our whole retail estate to support and engage our teams in this initiative and drive customer numbers. Throughout the year, evening was

the fastest growing day part, with sales increasing 45% versus 2022. Despite this great progress, this area of the bonus only achieved 1.4% payout, reflecting the very stretching targets that were set at the start of the year. This continues to be a key focus area for 2024.

5% of the bonus was focused on increasing the percentage of average transactions involving a Greggs App reward scan. We have continued to make excellent progress in this area with use of the App doubling in 2023, leading to a full payout for this element of the bonus. We are delighted to have achieved full payout in this area where we have performed strongly.

The final 10% of the bonus was focused on ESG metrics and was split equally between increasing food redistribution and increasing recycling. These were challenging targets and our teams across the business worked hard to meet them. There was an increase in the proportion of unsold food redistributed compared with 2022, but the outcome for the year was marginally below the threshold target set for this element of the bonus, resulting in no payout. With regards to the recycling measure, the Committee set specific targets at the start of the year but needed to change the basis of the approach to a more qualitative assessment, due to an issue with the external measurement basis for the original targets, which was outside the Committee's control. In considering recycling over the year, the Committee noted that all teams made great progress, with a significant number of initiatives implemented across our whole business – Retail, Supply and Offices. These initiatives included recycling being a part of every shop performance scorecard and ensuring there was focus on recycling across the whole business and a behavioural shift by teams. On this basis and in order to acknowledge the significant work undertaken by all colleagues and the progress made in this area the Committee determined an appropriate level of payout would be 50% for this element of the bonus. This results in 2.5% of the total bonus being attributed to the work undertaken to improve focus across our whole business on recycling.



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The overall performance resulted in a bonus payout of 84.8% of the maximum and the Committee is satisfied that the overall bonus outcome aligns well with the strong business performance in 2023. The Committee carefully reviewed management's performance against these targets, taking the full business context and stakeholder experience into account and determined that this level of payout was appropriate with no need to apply discretion. For both the Chief Executive and the Chief Financial Officer, this equated to a payment of 106% of basic salary (out of a maximum of 125%) for the year. The element of the bonus earned above 50% of the maximum will be paid in shares and will be subject to a two-year holding period.

PSP vesting in 2023

The three-year performance period for the PSP awards made in April 2021 and due to vest in April 2024 ended on 30 December 2023.

50% of these awards were based on EPS in FY 2023 being between 77.2 and 105.3 pence per share, with the other 50% based on the FY 2023 ROCE being between 14.8% and 19.5%. In the event, FY 2023 EPS was 125.0 pence per share and FY 2023 ROCE was 21.1%. This meant that both EPS and ROCE performance conditions vested in full delivering 100% vesting for the total award.

The Committee has reviewed this outcome in the context of wider business performance and stakeholder experience over the performance period, and is very comfortable that vesting is justified at this level with no need to apply discretion to adjust the outcome.

Approach for 2024

As we move ahead with our strong growth plans we continue to focus on the fundamental strategic pillars of our business model and the four key growth drivers of our plan to reach our potential in the years ahead, underpinned by The Greggs Pledge. Our remuneration approach continues to align with this strategy. While continuing to act with restraint in

remuneration matters, we believe we have a policy and incentive plans that strike the right balance between achievability and stretch, driving the right decisions for the business, supporting the wider workforce and shareholders, and at the same time motivating and enabling the retention and recruitment of senior talent.

Salaries and fees

We have once again reviewed carefully the approach taken with the wider workforce when considering the approach to salary for the Executive Directors for the year ahead. As noted above, the 2024 pay award agreed for our wider workforce consisted of a base pay award of 8%, with an additional 1.6% (9.6% in total) for our hourly-paid Retail colleagues – Retail Supervisors, Retail Senior Team Members and Retail Team Members. On this basis, over 97% of our workforce received a pay increase of 8% or more and 80% received 9.6% or more. This pay increase was implemented from January 2024 for all our colleagues.

For our graded management population, we again implemented a tiered pay award. Our management colleagues received a base increase of 7% with our senior managers' pay awards ranging between 5.5% and 6%.

Subsequently the Committee reviewed the pay award of both the Executive Directors and Operating Board and agreed that the awards should again be proportionally lower than the general increases across the wider workforce.

With effect from 1 January 2024, the Committee agreed a salary increase of 4.5% for the Chief Executive and the Chief Financial Officer, with the same increase being agreed for the Operating Board. A consistent approach was also taken in relation to the fees for the Board Chair and other Non-Executive Directors' fees, which were also increased by 4.5%.

Annual bonus

The maximum bonus opportunity for the Chief Executive and the Chief Financial Officer will remain at 125% of salary.

The Committee believes that the current performance measures – profit (50%), sales (20%) and strategic objectives (30%) remain appropriate and no changes are proposed to these weightings. Profit and sales are critically important to Greggs, and are measures which are closely followed by the market as indicators of the financial health of the business. The strategic objectives will comprise of separate elements with 10% based on business efficiency/cost savings, 5% based on evening sales, 5% based on delivery sales, 5% based on our digital strategy and 5% based on food redistribution targets. The use of these measures reflects our desire to incentivise and reward progress on achieving our strategic goals and meeting the commitments set out in The Greggs Pledge.

Targets for these measures have been set in line with the financial plan for the business for the year and the rolling strategic plan and are considered to be stretching. Due to commercial sensitivities they are not disclosed within this Report, but will be disclosed retrospectively in next year's Report.



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PSP

For the FY2024 PSP award, as in 2023, the Chief Executive and Chief Financial Officer will receive an award at a level of 150% of salary.

For the awards in FY2024 the Committee has considered the performance conditions and has agreed three performance measures. We will keep both EPS and ROCE, equally split at 45% of the award. These measures have been used for a number of years and are well understood by participants, by investors and by the wider market as good indicators of long-term financial performance. ROCE will also be key as we seek to secure the benefits of the investments being made in the shop estate and in the Supply Chain. For FY2024, we will also be continuing with an ESG metric with a weighting of 10% of the award. This will be a Scope 3 metric based on using our commercial leverage to engage with our Supply Chain to drive measurement and public reporting of their Scope 1, 2 and 3 carbon footprint and to declare a public commitment to achieving net zero no later than 2050 (the UK Government legislative net zero date). This metric reflects the importance Greggs is placing on the journey of both itself and suppliers to carbon neutrality.

We have set appropriately stretching performance targets for each measure reflecting the strategic plan and business outlook over the performance period. Full details of the targets are set out later in this Report.

Pensions

As noted above, having listened to our colleagues, we have increased the matched pension contribution for our wider workforce from 4% of pay to 6% of pay as of January 2024. This ensures we continue to support our colleagues in saving for their future as any contribution they wish to make up to a maximum of 6% will now be matched by Greggs. All our Executive Directors have had their pension contributions aligned to the majority of the workforce (previously 4% of salary) since 1 January 2023. As of January 2024 this alignment will continue and the pension contribution for our Executive Directors will be increased to 6% of salary.

Shareholder engagement

We continue to welcome feedback from our shareholders as their views inform our thinking on remuneration matters, in particular when evaluating and setting the remuneration policy and its implementation. The Committee is committed to continue consulting with key shareholders where appropriate.

AGM

We trust that you will find this Report transparent, clear and informative. The Committee has remained focused on ensuring that Executive remuneration is closely aligned to the delivery of Greggs' business strategy whilst continuing to take account of the stakeholder experience, best practice and the wider workforce.

At the AGM this year we will be providing shareholders with the usual advisory vote on the Annual Report on Remuneration. I look forward to receiving your support. If you would like to contact me directly to discuss any aspect of this Report then please email me at investorrelations@greggs.co.uk.

Lynne Weedall

Chair of the Remuneration Committee
5 March 2024

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Directors' remuneration policy

This section of our Report describes our Directors' remuneration policy, which applies to all Executive and Non-Executive Directors. It explains the purpose and the operation of each element of the remuneration package and explains how Executive Directors are incentivised to achieve sustainable long-term growth and value to best serve the interests of the Company, its shareholders, its colleagues and other stakeholders. Payments to Directors (including payments for loss of office) can only be made if they are consistent with the terms of the approved policy.

Executive Directors

Element	Purpose and strategy	Operation	Maximum opportunity
Base salary	To attract and retain high-calibre individuals in order to promote the long-term success of the business.	Normally reviewed and set annually in January. Benchmarked periodically by the Committee against the remuneration levels for executives in similar roles in companies of a comparable size. Individual performance and contribution are recognised in setting salary levels. Salaries are paid monthly in cash.	No maximum limit is prescribed. Key reference points for salary increases are market and economic conditions and, in line with our values, the approach to colleague pay throughout the organisation.
Benefits	To support a competitive remuneration package in the marketplace.	Benefits include provision of a company car (or cash in lieu), private medical health care, life assurance and permanent health insurance.	No maximum limit is prescribed, particularly as the cost of providing insured benefits fluctuates over time. However, the Committee monitors on an annual basis the overall cost of the benefit provision.
Pension	To ensure that pension contributions are aligned to the rate applying to the majority of the workforce over time.	Executive Directors can elect to either: <ul style="list-style-type: none"> participate in the Company defined contribution pension scheme (up to a cap). Above the cap Executive Directors receive a salary supplement; or take cash in lieu of this contribution paid as a supplement to their salary on a monthly basis. The Executive Directors are able to make this choice on an annual basis.	The pension contributions rate of all Executive Directors is aligned to the rate applying to the majority of the workforce.

The policy has been prepared in line with the relevant legislation for UK companies and was approved by way of a binding vote at the AGM on 17 May 2023 and was applicable as of this date. Our current intention is that the policy will remain in place for three years from the date it was approved.

The policy for the remuneration of the Executive and Non-Executive Directors is set out in the tables below.

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Element	Purpose and strategy	Operation	Maximum opportunity
Annual bonus (including profit share)	To incentivise achievement of annual targets and objectives consistent with the short to medium-term strategic needs of the business, so as to encourage sustainable growth in the Company's operating profits.	<p>The bonus will be based on a mix of business key performance indicators (KPIs), with a majority based on financial measures.</p> <p>Targets for each metric are set in advance and in line with business planning objectives set by the Committee.</p> <p>Each Executive Director is entitled to participate in the Company's profit-sharing scheme available to all colleagues. The value of this is then deducted from their annual bonus and is subject to the individual cap.</p> <p>The Committee will use appropriate underpins for any non-profit based element of the annual bonus such that payment under these elements may be scaled back (potentially to zero), at the discretion of the Committee, if the operating profit performance for the year is judged to be running significantly below that required for the achievement of the long-term strategy.</p> <p>The Committee will be able to adjust the formula-driven outcome from any bonus plan if, in the judgement of the Committee, this does not reflect broader Company performance or the shareholder experience, or the payment level is otherwise inappropriate.</p> <p>Any bonus paid in excess of 50% of the maximum will be payable in shares, which (after any sales to pay tax and other statutory deductions) must be held in the Greggs Employee Benefit Trust for two years after receipt.</p> <p>The dividends payable on deferred bonus shares are paid to the individual as they fall due.</p> <p>Recovery and withholding provisions allow the Company to recoup annual bonus payments within three years in the event of misstatement of performance, error, misconduct, reputational damage or corporate failure where this has led to an overpayment in the view of the Committee. There is a flexible mechanism which allows the Company to withhold outstanding deferred or future remuneration or recover the overpayment direct from the individual concerned.</p>	<p>Capped at 150% of base salary for all Executive Directors.</p> <p>On target performance delivers no more than 50% of the maximum.</p> <p>No more than 25% of the bonus opportunity is payable under each element for threshold performance.</p>

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Element	Purpose and strategy	Operation	Maximum opportunity
Performance Share Plan ('PSP')	To incentivise long-term value creation, retention of our talent and ensure alignment of Executive Directors' and shareholders' interests.	<p>Awards are normally granted under the PSP annually at the discretion of the Committee.</p> <p>Performance conditions will be based on long-term KPIs, with a majority weighting on financial measures with targets being set for each metric which reflect the strategic plan and business outlook over the respective performance period.</p> <p>Performance will be measured over a three-year period with an additional mandatory holding period of two years for the vested shares (net of tax and other deductions).</p> <p>A PSP award holder may be entitled to a dividend equivalent payment in respect of any vested shares.</p> <p>The Committee will be able to adjust the formula-driven outcome from the PSP if, in the judgement of the Committee, this does not reflect broader Company performance or the shareholder experience, or the vesting level is otherwise inappropriate.</p> <p>Recovery and withholding provisions allow the Company to recoup vested PSP awards within three years in the event of misstatement of performance, error, misconduct, reputational damage or corporate failure where this has led to an overpayment in the view of the Committee. There is a flexible mechanism which allows the Company to withhold outstanding deferred or future remuneration, or recover the overpayment directly from the individual concerned.</p>	<p>200% of base salary for the Chief Executive and 175% of base salary for other Executive Directors (200% of base salary in exceptional circumstances).</p> <p>Threshold vesting at 25% of the maximum.</p>
All colleague Share Schemes (SAYE and SIP)	To encourage colleagues at all levels within the Company to understand better and so participate in the growth in value of the Company.	No performance conditions have been attached to awards granted pursuant to the Company's SAYE and SIP schemes, which are available for all eligible colleagues.	Executive Directors may participate alongside eligible colleagues to the extent permitted by HMRC limits.
Share retention guidelines	To further align the interests of Executive Directors to those of shareholders.	<p>Executive Directors are required to build up a shareholding of 200% of base salary. Where an Executive Director has not reached the required level, 50% of the shares vesting from incentive schemes must be held until this requirement has been met.</p> <p>This is achieved through vested awards granted via the PSP and deferred bonus shares.</p> <p>For all Executive Directors there is a two-year post-employment holding requirement at the lower of the level of the shareholding guideline immediately prior to departure or the actual shareholding at departure.</p>	n/a

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Non-Executive Directors

Element	Purpose and strategy	Operation	Maximum opportunity
Non-Executive Chair and Directors' fees	To attract and retain high-quality and experienced Non-Executive Chair and Directors.	<p>The Chair is paid an all-encompassing fee.</p> <p>Non-Executive Directors are paid a basic fee and the Chairs of the Main Board Committees, the Senior Independent Director and the Non-Executive Director with responsibility for colleague engagement are paid an additional fee to reflect their additional responsibilities.</p> <p>These fees are usually reviewed and set annually. Additional fees may be paid where there is a material increase in the time commitments or responsibilities required of Non-Executive Directors or following a review of market rates.</p> <p>Non-Executive Directors are not eligible for pension scheme membership, bonus or incentive arrangements.</p> <p>They are entitled to reimbursement of reasonable business expenses and tax thereon. They may also receive limited travel or accommodation-related benefits in connection with their role as a Director.</p>	There is no prescribed maximum.



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Choice of performance measures and policy discretion

The remuneration policy provides the Remuneration Committee with the flexibility to choose appropriate performance conditions for the annual bonus scheme and for PSP awards, subject to the constraints set out in the table above. The choice of metrics will depend upon the strategic focus for the Company at the time decisions around the awards are taken. The specific measures and the targets used to assess performance will be disclosed in the Directors' Remuneration Report on an annual basis. For further information, please see the section 'How our remuneration links to strategy and reward across the wider workforce' on pages 97 and 98 .

The Committee will operate incentive plans in accordance with their respective rules, the Listing Rules and HMRC limits where relevant. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of certain plan rules. These include (but are not limited to) the following:

- Who participates;
- The timing of the grant of award and/or payment;
- The size of an award (up to plan/policy limits) and/or a payment;
- Discretion relating to the measurement of performance in the event of a change of control or reconstruction;
- Determination of a good leaver (in addition to any specified categories) for incentive plan purposes and the treatment of leavers; and
- Adjustments required in certain circumstances (i.e. rights issues, corporate restructuring and special dividends), and the ability to adjust, but not waive, existing performance conditions for exceptional events so that they can still fulfil their original purpose.

Difference in remuneration policy across the Group and consideration of employment conditions elsewhere in the Group

The remuneration policy for the Executive Directors is designed having regard to the policy for colleagues across the business as a whole and wider workforce remuneration and related policies. Further information is provided in the section 'How our remuneration links to strategy and reward across the wider workforce' on pages 97 and 98 .

Statement of consideration of shareholder views

When setting the remuneration policy and determining its implementation, the Committee takes into account the views of shareholders, their representative bodies and other interested parties such as proxy advisers. The Committee regularly consults major shareholders on proposed changes to the policy, and did so during 2022 in respect of the new policy. The Committee considered comments received from shareholders before finalising the terms of the policy.

Legacy arrangements

For the avoidance of doubt, in approving this policy, authority is given to the Company to honour any commitments entered into with current or former Directors (such as the payment of a pension or the unwinding of legacy share schemes) that have been disclosed to shareholders in previous remuneration reports. Details of any of these payments to former Directors will be set out in the Annual Report on Remuneration as they arise.

Policy on recruitment remuneration

The Committee will set a new Executive Director's remuneration package in line with the Company's approved policy at the time of appointment. In arriving at a total package and in considering the quantum for each element of that package, the Committee will take into account the skills and experience of the candidate, the market rate for a candidate of that experience as well as the importance of securing the best available candidate.

Annual bonus and PSP awards will not exceed the policy maxima (not including any arrangements to replace forfeited pay). Participation in the annual bonus plan will normally be pro-rated for the year of joining. The Committee may make one-off additional cash and/or share-based awards as it deems appropriate, and if the circumstances so demand, to take account of pay forfeited by an Executive Director on leaving a previous employer. Awards to replace pay forfeited would, where possible, reflect the nature of awards forfeited in terms of delivery mechanism (cash or shares), time horizons, attributed expected value and performance conditions. Other payments may be made in relation to relocation expenses and other incidental expenses as appropriate. Any buyout awards would be made under existing arrangements where possible or as permitted under the Listing Rules.

In the case of an internal appointment, any variable pay element awarded in respect of the prior role would be allowed to pay out according to its terms and any other ongoing remuneration obligations existing prior to appointment would continue.

In line with our remuneration policy, all new Executive Directors will have their pension contribution aligned to the rate applying to the majority of the workforce.

For the appointment of a new Chair or Non-Executive Director, the fee arrangement would be set in accordance with the approved remuneration policy at that time.

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Service contracts and policy on cessation

Executive Directors' service contracts contain the following remuneration-related aspects:

Provision	Detailed terms
Remuneration	<ul style="list-style-type: none"> Salary, pension and benefits; Company car or cash allowance; Private medical health care for the Director; Permanent health insurance; Participation in annual bonus and profit share (subject to scheme rules); Participation in long-term incentive schemes or similar arrangements (subject to scheme rules); and Life assurance.
Notice period	<ul style="list-style-type: none"> The Chief Executive's service contract is terminable on 12 months' notice served by either the Company or the Director; The Chief Financial Officer's service contract is terminable on 12 months' notice served by the Company or by six months' notice served by the Director; and Any future Executive Directors' service contracts will be terminable on up to 12 months' notice served by either party.
Termination payment	<ul style="list-style-type: none"> Payment in lieu of notice equal to any unexpired notice of termination given by either party; and Payment in lieu shall not include: <ul style="list-style-type: none"> Any bonus payment; Any payment in respect of benefits which the Director would have been entitled to receive; and Any payment in respect of any holiday entitlement that would have accrued during the period for which the payment in lieu is made. <p>Details of the circumstances in which the Committee has the ability to exercise discretion with regards to termination payments are set out below.</p>

Under their service contracts, if notice is served the Executive Directors are entitled to salary, pension contributions and benefits for their notice period save where a payment in lieu is to be made. The Company would seek to ensure that any payment is mitigated by use of phased payments and offset against earnings elsewhere in the event that an Executive Director finds alternative employment during their notice period. There are no contractual provisions in force other than those set out above that impact any termination payment.

Areas where the Committee can exercise discretion with regards to termination payments are set out below:

- Any right to annual bonus in the year of departure would lapse unless the individual is leaving in good-leaver circumstances, in which case a bonus may be payable pro-rated for that part of the year worked;
- Deferred bonus shares must normally be retained in trust until the end of their two-year holding period, but may be released early in exceptional circumstances, such as ill-health;
- Any unvested awards held under the PSP will lapse at cessation, unless the individual is leaving in good-leaver circumstances (defined under the plan as death, injury, ill-health, disability, redundancy, retirement, their office or employment being with either a Company which ceases to be a Group member or relating to a business or part of a business which is transferred to a person who is not a Group member, a change of control or any other reason the Committee so decides). In these circumstances, unvested awards will normally vest at the normal vesting date (other than on death or where the Committee decides they should vest at cessation) subject to performance conditions being met and scaling back in respect of actual service as a proportion of the total vesting period (unless the Committee decides that scaling back is inappropriate). Vested awards will normally be subject to the mandatory two-year holding period although the Committee will have discretion to waive this in exceptional circumstances; and
- The Committee may agree to payment of disbursements such as legal costs and outplacement services if appropriate and depending on the circumstances of cessation.

The table below sets out the details of the Executive Directors' service contracts:

Director	Date of contract
Roisin Currie	1 February 2022
Richard Hutton	7 April 2006

The service contracts are available for inspection during normal business hours at the Company's registered office, and are available for inspection at the AGM.

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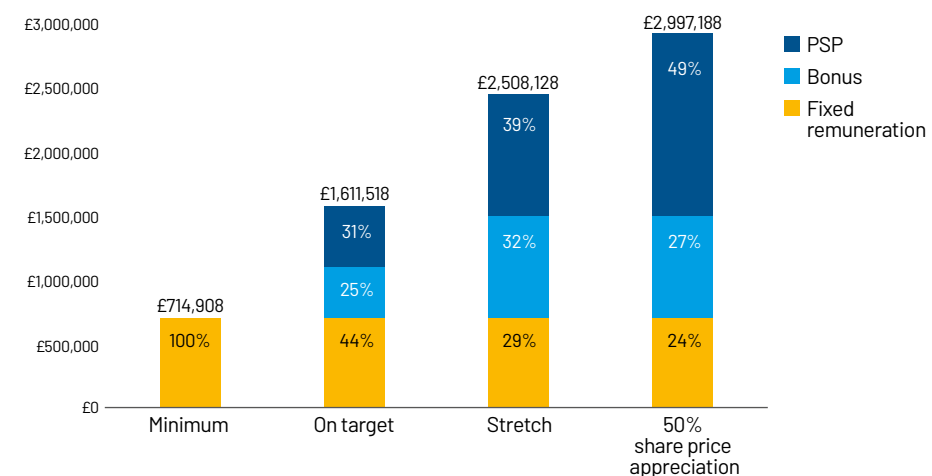
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Expected value of the proposed annual remuneration package for Executive Directors

The following charts indicate the level of remuneration payable to Executive Directors in 2024 based on policy at minimum remuneration, remuneration in line with 'on target' Company performance, and the maximum remuneration available.

Chief Executive – Roisin Currie

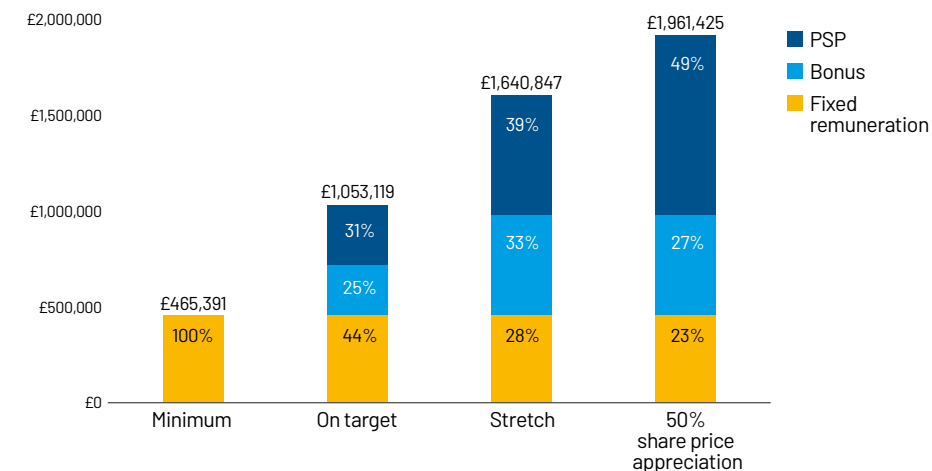


	Minimum	On target	Stretch	50% share price appreciation
Fixed remuneration:				
- Salary	£652,080	£652,080	£652,080	£652,080
- Pension	£39,125	£39,125	£39,125	£39,125
- Benefits	£23,703	£23,703	£23,703	£23,703
Bonus	-	£407,550	£815,100	£815,100
Performance Share Plan	-	£489,060	£978,120	£1,467,180
Total	£714,908	£1,611,518	£2,508,128	£2,997,188

Assumptions used in the charts:

- Base salary levels as at 1 January 2024.
- Pension at the wider workforce rate (currently 6%).
- The value of taxable benefits is based on the cost of supplying the benefits at the agreed level.

Chief Financial Officer – Richard Hutton



	Minimum	On target	Stretch	50% share price appreciation
Fixed remuneration:				
- Salary	£427,438	£427,438	£427,438	£427,438
- Pension	£25,646	£25,646	£25,646	£25,646
- Benefits	£12,307	£12,307	£12,307	£12,307
Bonus	-	£267,149	£534,298	£534,298
Performance Share Plan	-	£320,579	£641,158	£961,736
Total	£465,391	£1,053,119	£1,640,847	£1,961,425

Bonus

- Minimum remuneration – assumes no award is earned under the annual bonus plan.
- On target remuneration – the annual bonus plan assumes the target level is reached for each of the elements, resulting in a payout of 50% of the maximum.
- Stretch remuneration – assumes satisfaction of all performance conditions for all elements under the annual bonus plan and therefore full payout.

PSP element is calculated as award percentage of base salary multiplied by the relevant vesting percentage. Share price movement and dividend accrual have been excluded, other than in the 50% share price appreciation model.

- Minimum remuneration – assumes no vesting is achieved under the PSP.
- On target remuneration – assumes 50% vesting is achieved.
- Stretch remuneration – assumes 100% vesting is achieved.

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Terms of appointment of Non-Executive Directors

Non-Executive Directors are appointed subject to the Company's articles of association, retiring and seeking election at the first AGM after appointment.

Thereafter, every Director will be subject to annual re-election by shareholders. The Nominations Committee advises the Board as to whether Directors should be nominated for re-election. Non-Executive Directors are not entitled to compensation for early termination of their appointments prior to the date on which they would next be due to offer themselves for election or re-election, or if not reappointed at such time.

The letters of appointment for the Non-Executive Directors are available for inspection during normal business hours at the Company's registered office, and are available for inspection at the AGM.

The following table shows the effective date of appointment for each Non-Executive Director:

Non-Executive Director	Original date of appointment
Matt Davies	2 August 2022
Kate Ferry	1 June 2019
Mohamed Elsarky	21 June 2021
Lynne Weedall	17 May 2022
Nigel Mills	7 March 2023

Current Non-Executive Directors are appointed on an understanding that the appointment will last for at least six years, but without any commitment by either party.

All new Non-Executive Directors are appointed for an initial term of three years unless terminated earlier by either party giving to the other party three months' written notice.

A. How our remuneration links to strategy and reward across the wider workforce Link to strategy

Growth drivers	Strategic pillars and key drivers of growth	The Greggs Pledge
Remuneration at Greggs is intended to incentivise sustainable and profitable business growth. This is reflected in key metrics in the variable pay incentive plans including operating profit, like-for-like sales, cost savings, EPS and ROCE.	Delivery against the four strategic pillars – 'Great tasting, freshly prepared food', 'Best customer experience', 'Competitive Supply Chain' and 'First-class support teams' – is incentivised as appropriate by strategic metrics in the annual bonus scheme, for example, evening sales, delivery and digital growth targets.	Our commitment to deliver these goals is supported with the inclusion of ESG targets in the incentive schemes, such as food redistribution and relevant carbon reduction targets.

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Reward across the wider workforce

The remuneration policy for the Executive Directors is designed having regard to the policy for colleagues across the Group as a whole and wider workforce remuneration and related policies. There are differences in salary levels and in the levels of potential reward depending upon seniority and responsibility, although a key reference point for Executive Director salary increases is the average base pay increase across the general workforce. For FY2024, we have implemented a tiered pay award such that smaller salary increases have been agreed for the more senior people within the organisation.

We share 10% of our profits annually with our colleagues across the business, and everyone is eligible to participate in this profit-sharing scheme after six months' service.

Share incentive schemes and bonus participation extends below Board level, with a separate share option scheme in place for senior management colleagues and a bonus scheme for graded management. Both the share option and management bonus schemes are aligned to those of the Executive Directors and are subject to the same performance targets and measures. A higher proportion of the Executive Directors' remuneration package is delivered through performance-related incentive schemes, much of which is in share-based form, which provides a good link to long-term Company performance and the shareholder experience.

All colleagues with three months' service or more may participate in the Sharesave scheme (where colleagues can save to purchase shares at the end of a three-year period at a 20% discount to the price at the date of grant) and in the Share Incentive Plan, ('SIP'), (where colleagues can purchase shares from pre-tax salary subject to HMRC limits). These schemes are generally offered annually.

The pension contributions rate for our Executive Directors is aligned to the contribution rate for the majority of our workforce which has been increased from 4% to 6% as of January 2024.

Compliance with the UK Corporate Governance Code

The Directors' remuneration policy is fully compliant with the relevant factors set out in the UK Corporate Governance Code:

Clarity	We are open and transparent in our approach to remuneration taking into account the experience of our colleagues, shareholders and stakeholders. We regularly engage with stakeholders on remuneration matters.
Simplicity	Our remuneration policy is simple and consistent in its approach. Senior management share option and management bonus schemes are aligned to those of the Executive Directors and are subject to the same performance criteria.
Predictability	Our remuneration policy clearly outlines the details of maximum opportunity levels for each component of pay. Incentive levels vary depending on the level of performance against specific metrics. The typical award levels and potential pay-outs are disclosed in the remuneration policy and it is demonstrated in each year's Remuneration Report how outcomes are aligned with performance and strategy.
Proportionality, risk and alignment to culture	<p>Pay outcomes are dependent upon performance linked to our business strategy and growth plans, as well as taking into account our wider workforce remuneration and specific Greggs culture. This ensures a significant proportion of pay is delivered in shares to provide alignment with investors and incorporates other best practice features in line with the UK Corporate Governance Code and investor guidelines.</p> <p>The use of annual bonus deferral and PSP holding periods provides a clear link to the ongoing performance of the business and therefore alignment with shareholders.</p> <p>The Committee has the discretion to apply malus and clawback in both annual bonus and PSP.</p>

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B. Remuneration Committee activity for the 52 weeks ended 30 December 2023 Meetings during the year

The Remuneration Committee met four times during the year. Details of the Committee members' attendance are given on page 70.

All members are considered to be independent for the purpose of the UK Corporate Governance Code. The Company Secretary acts as Secretary to the Committee.

Role and responsibilities

Responsibility is delegated to the Remuneration Committee to ensure that an effective remuneration policy is in place for the Chief Executive, other Executive Directors, the Chair and senior management, whilst reviewing and taking into account wider workforce remuneration and the Company's values and culture. It is the Committee's role to establish a remuneration policy that promotes both long-term shareholdings by Executive Directors and ensures alignment of policies and practices to support business strategy, promote the long-term sustainable success of the business and meet shareholder expectations.

Summary of Committee activity during 2023

Details of some of the activities the Committee has undertaken have been summarised below:

- Reviewed all colleague remuneration and the 2024 pay award for colleagues;
- Discussed and agreed Directors' and Operating Board salaries for 2024;
- Discussed and agreed total reward for the wider workforce including pensions and family leave;
- Agreed the stretching targets for the 2024 bonus and PSP and the new ESG metrics to apply to the PSP in 2024;
- Reconsidered any potential windfall gains with regards to the PSP awards which vested in October 2023;
- Considered fully the materiality of historical insurance claims related to business interruption in 2020 in respect to remuneration outturns;
- Discussed the 2023 bonus outturn and 2021 PSP award vesting in the context of the original performance targets set, as well as the wider socio-economic environment and the experience of the wider workforce;
- Approved grants under the PSP to Executive Directors and Operating Board and under the share option scheme to senior managers below Executive Director and Operating Board level;
- Approved the all-colleague SAYE and SIP schemes and the reduction of eligibility to three months' service;
- Discussed and agreed the fees for the Chair;
- Reviewed Executive Directors' and Operating Board shareholdings in the Company, in the context of shareholding guidelines; and
- Attended colleague forums to understand wider workforce views.

Structure and content of the Remuneration Report

The Remuneration Report has been prepared in accordance with the provisions of the Companies Act 2006 (the 'Act') and The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the 'Regulations'). It also meets the requirements of the UK Listing Authority's Listing Rules.

The Regulations also require our auditor to report to shareholders on the audited information within this Remuneration Report and to state whether, in their opinion, the relevant sections have been prepared in accordance with the Act and the Regulations. The auditor's opinion is set out on pages 113 to 118 and we have indicated appropriately the audited sections of this Remuneration Report.

Remuneration advice

The Chief Executive along with Jonathan Jowett (Company Secretary and General Counsel) and Emma Walton (People Director) are normally invited to attend Committee meetings in order to provide advice and support to the Committee. The Chief Financial Officer attends where required. During the year Korn Ferry (which has no connection to the Company or any individual Director) provided remuneration advice to the Committee. Korn Ferry were appointed as advisers by the Committee in December 2017 following an informal tender process.

Korn Ferry is a signatory to the Remuneration Consultants' Code of Conduct in relation to executive remuneration consulting in the UK.

The Committee reviewed the operating processes in place at Korn Ferry and is satisfied that the advice it receives is objective and independent. Fees paid to Korn Ferry during the year were £33,318. Korn Ferry provided other technical support to management in relation to sourcing shares for the Employee Benefit Trust during 2023.

AGM voting outcomes

The Directors' Remuneration Report was the subject of an advisory vote at the 2023 AGM and the results are outlined below.

	Approve the Remuneration Report	
	Total number of votes	% of votes cast
For	73,407,337	99.23%
Against	569,032	0.77%
Total votes cast (excluding votes withheld)	73,976,369	100.00%
Votes withheld	66,895	
Total votes cast (including votes withheld)	74,043,264	

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Shareholders were asked to approve the remuneration policy at the 2023 AGM and the results are outlined below:

	Approve the remuneration policy	
	Total number of votes	% of votes cast
For	72,411,666	97.89%
Against	1,564,590	2.11%
Total votes cast (excluding votes withheld)	73,976,256	100.00%
Votes withheld	67,008	
Total votes cast (including votes withheld)	74,043,264	

C. How our remuneration policy will be implemented in 2024 – Executive Directors

The section below summarises the implementation of our remuneration policy for 2024.

Base salary 2024

The annual base salaries for the Executive Directors were reviewed with effect from 1 January 2024; increases and current salaries are outlined below:

Director	Salary 1 January 2023	Salary 1 January 2024	% increase
Roisin Currie (Chief Executive)	£624,000	£652,080	4.5%
Richard Hutton (Chief Financial Officer)	£409,032	£427,438	4.5%

With over 80% of the workforce receiving a pay increase of 9.6% for 2024, and over 97% receiving 8.0%, the Committee is comfortable the increase for the Executive Directors is appropriate, being proportionally lower than the wider workforce while ensuring that salary for the Executive Directors does not fall materially behind mid-market levels.

Pension contribution 2024

We are delighted to confirm that we have increased the matched pension contribution for our wider workforce from 4% of pay to 6% of pay as of January 2024. This ensures we continue to support our colleagues in saving for their future as any contribution they wish to make up to a maximum of 6% will now be matched by Greggs. All our Executive Directors have had their pension contributions aligned to the majority of the workforce (previously 4% of salary) since 1 January 2023. As of January 2024 in order to remain aligned to the wider workforce the pension contribution for our Executive Directors will be increased to 6% of salary.

The pension contribution rates for 2024 (all of which are cash in lieu) are:

Roisin Currie	6.0%
Richard Hutton	6.0%

Annual bonus 2024

The annual bonus opportunity for 2024 is outlined below:

Chief Executive	Maximum opportunity of 125% of base salary. Bonus in excess of 50% of maximum will be payable in shares deferred for two years.
Chief Financial Officer	Maximum opportunity of 125% of base salary. Bonus in excess of 50% of maximum will be payable in shares deferred for two years.

The annual bonus is based on performance against a range of financial and strategic performance measures. This range of metrics measures achievement of the Company's key operational objectives. The Committee reviews the KPIs each year and varies them as appropriate to reflect the priorities for the business in the year ahead. Where appropriate a sliding scale of targets is set for each KPI to encourage continuous improvement or sustained high performance, with a maximum of 10% bonus paid out for threshold performance for the profit and sales elements.

Targets are normally set at the start of the year by the Committee using the outturn and performance in the previous year, as well as the business plan, to determine appropriately stretching sliding scales. Bonus targets for the forthcoming year are considered to be commercially sensitive. Retrospective disclosure of the targets and performance against them will be made in next year's Annual Report on Remuneration.

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The bonus metrics are:

Measure	Profit	Sales	Strategic objectives
Weighting	50% of total	20% of total	30% of total
Detail and link to strategy	Reflects the profit of the Group (excluding exceptional items) before tax. This will be based on meeting and exceeding budget for the year.	Based on company-managed shop like-for-like sales excluding any additional shops opened during the bonus year.	Outlined below.

The strategic objectives for each bonus cycle are based on measures which will provide a strong link to strategy and our four key growth drivers as well as recognising our responsibility and commitments in The Greggs Pledge.

For the 2024 bonus there will be five strategic objectives. They are:

- 10% based on business efficiency/cost savings;
- 5% based on growth in evening sales;
- 5% based on growth in delivery sales;
- 5% based on The Greggs Pledge and the increase in food redistribution; and
- 5% based on digital metrics linked to the Greggs App.

Following a review of performance by the Committee, any payment under the non-profit-based element of the bonus may be scaled back (potentially to zero) at the discretion of the Committee, in the event that the profit performance for the year is judged to be running significantly below that required for the achievement of the long-term strategy.

PSP award 2024

PSP awards will be granted as follows:

Chief Executive	150% of base salary
Chief Financial Officer	150% of base salary

The PSP awards for the Executive Directors are normally granted in the period following the announcement of the financial results for the prior year.

For the awards in FY2024 we will have three performance measures. We will keep both EPS and ROCE, equally split at 45% of the award, and with an ESG metric comprising the remaining 10% of the award. This will be a Scope 3 metric based on using our commercial leverage to engage with our Supply Chain to drive measurement and public reporting of their Scope 1, 2 and 3

carbon footprint and to declare a public commitment to achieving net zero no later than 2050 (the UK Government legislative net zero date). This metric reflects the importance Greggs is placing on the journey of both itself and its suppliers to carbon neutrality.

These measures provide a rounded assessment of our overall profitability against stretching targets set in line with the strategic plan and business outlook over the performance period as well as a strategic link to The Greggs Pledge targets.

For the 2024 awards the target ranges will be as follows:

- The EPS performance condition will require average annual growth in EPS over the performance period to be between 5% and 10%;
- The ROCE condition will require average ROCE over the performance period to be between 18.4% to 20.8%; and
- The Carbon metric will be made up of two elements which will be measured at the end of the performance period:
 - 5% of the award based on suppliers' measurement and public reporting (i.e. in their Annual Report or Company website) of their overall carbon footprint (Scope 1, 2 and 3)
 - % of total Scope 3 emissions with published Scope 1, 2 and 3 footprint
 - Trigger (25% of award) - 30% of total footprint
 - Maximum (100% of award) - 40% of total footprint
 - 5% of the award will be based on suppliers publicly committing to a net zero target date no later than 2050, the UK Government legislative net zero date.
 - % of total Scope 3 emissions with net zero target date no later than 2050, the UK Government legislative net zero date.
 - Trigger (25% of award) - 40% of total footprint
 - Maximum (100% of award) - 50% of total footprint

Our EPS growth range has been set from a high 2023 EPS base and, in the context of continued market uncertainty and significant investment, the stretch element of this range would represent outstanding performance. The business continues to deliver very strong ROCE performance within the retail sector and as we seek to secure the benefits of investment in the Supply Chain and our ambitious shop growth plans this range targets continued strong returns on capital employed.

For all three performance measures, 25% of an award will vest on achieving threshold performance and thereafter straight-line sliding scales will apply until stretch performance is achieved. The performance period of this award will be 2024 to 2026.

A holding period is attached to vested PSP awards, requiring the vested shares to be held (net of tax and other deductions) for a further two years.



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DIRECTORS' REMUNERATION REPORT CONTINUED

How our remuneration policy will be implemented in 2024 – Non-Executive Directors

In order to ensure that no Director is involved in deciding their own remuneration, the fees payable to Non-Executive Directors are set, after consultation with the Chair, by a Committee of the Board consisting only of the Executive Directors. The fees payable to the Chair are set by the Remuneration Committee.

The Non-Executive Directors are paid an annual base fee and additional responsibility fees for the role of Senior Independent Director ('SID'), for chairing a Board Committee or for being the Non-Executive Director with responsibility for colleague engagement.

These fees are usually reviewed and set annually. The fees were increased by 4.5% on 1 January 2024 in line with the base salary increase agreed for Executive Directors and similarly the fee for the Chair was increased by 4.5% on 1 January 2024.

Details of the fees being paid to Non-Executive Directors in 2024 are set out below:

Name	Position	Base fee from 1 January 2024	Annual additional fee from 1 January 2024	Total fee 2024
Matt Davies	Board Chair	£261,250	-	£261,250
Kate Ferry	Chair of the Audit Committee	£57,198	£13,042	£70,240
Mohamed Elsarky	Non-Executive Director with responsibility for colleague engagement	£57,198	£5,225	£62,423
Lynne Weedall	Chair of the Remuneration Committee	£57,198	£13,042	£70,240
Nigel Mills	Non-Executive Director & SID	£57,198	£13,042	£70,240

These fees may be subject to change during the year based on any change in responsibility or time commitment or to ensure they remain in line with market rates.

D. How our remuneration policy was implemented in 2023

Total Executive Director remuneration payable for 2023 (audited)

The following table presents the remuneration payable for 2023 (showing the equivalent figures for 2022) for the Executive Directors.

	Salary £	Pension contribution (including salary in lieu) £	Taxable benefits ³ £	Total fixed remuneration £	Annual incentives (including profit share) £	Performance Share Plan ¹ £	Total variable remuneration £	Total remuneration £
Roisin Currie								
2023	624,000	23,747	24,771	672,518	661,785	378,025	1,039,810	1,712,328
2022 ⁴	490,909	18,453	17,902	527,264	440,832	270,118 ²	710,950	1,238,214
Richard Hutton								
2023	409,032	15,149	12,307	436,488	433,800	514,686	948,486	1,384,974
2022	393,300	38,046	12,105	443,451	370,685	405,107 ²	775,792	1,219,243

- The value of the PSP award for 2023, due to vest on 6 April 2024, is based on the level of vesting (100.0%) and the average share price over the final three months of the 2023 financial year of £24.62. In the case of Roisin Currie, the value stated includes an amount in respect of the restricted stock option which was granted in 2021 and which will vest in April 2024 (as explained further on page 105). The amount attributable to share price appreciation is £29,160 for Roisin Currie and £39,701 for Richard Hutton. This figure will be trued up in the 2024 Report to reflect the share price at the vesting date. Roisin Currie's PSP award and her restricted stock option were granted prior to her appointment as a Director.
- For the 2022 PSP award the value last year was based on the average share price over the three months prior to the 2022 year end of £21.47. The value has now been updated for the actual price on vesting on 9 October 2023 of £23.46, together with the updated total remuneration figures. The values were increased by £22,913 for Roisin Currie and £34,363 for Richard Hutton.
- Taxable benefits relate to cash-in-lieu of a company car, private medical health care and travel expenses paid.
- Roisin Currie was appointed to the Board on 1 February 2022.

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DIRECTORS' REMUNERATION REPORT CONTINUED

Fees for Non-Executive Directors (audited)

The fees for Non-Executive Directors were as follows:

	2023	2022
Matt Davies ¹	£250,000	£41,667
Helena Ganczakowski ⁴	£20,823	£60,261
Sandra Turner ⁵	£25,946	£63,603
Kate Ferry	£67,215	£64,261
Mohamed Elsarky ²	£57,826	£52,630
Lynne Weedall ³	£67,215	£36,823
Nigel Mills ⁶	£52,443	-

- 1 Matt Davies joined the Board on 2 August 2022.
- 2 Mohamed Elsarky took on the role of the Non-Executive Director responsible for oversight of colleague engagement with effect from 18 May 2023.
- 3 Lynne Weedall joined the Board on 17 May 2022 and took on the role of Remuneration Committee Chair as of 1 September 2022.
- 4 Helena Ganczakowski stepped down as Chair of the Remuneration Committee as of 31 August 2022 and retired from the Board on 17 May 2023.
- 5 Sandra Turner retired from the Board on 17 May 2023.
- 6 Nigel Mills joined the Board on 7 March 2023 and was appointed as Senior Independent Director on 17 May 2023.

Annual bonus 2023 (audited)

The table below outlines the bonus performance conditions in respect of the 2023 bonus scheme.

Measure	Strategic objective	Weighting	Entry	Target	Stretch	Actual	%
Profit (£)	To deliver target profit before tax (excluding exceptional items and property profits)	50%	£153.0m	£161.0m	£169.0m	£167.7m	45.9%
Sales (%)	Like-for-like sales performance	20%	11.5%	12.5%	13.5%	13.7%	20.0%
Strategic (£)	Cost savings	10%	£3.0m	£5.0m	£7.0m	£7.02m	10.0%
Strategic (£m/week)	Evening sales	5%	£130m	£145m	£160m	£136.8m	1.4%

Measure	Strategic objective	Weighting	Entry	Target	Stretch	Actual	%
Strategic	Increase unsold food redistribution ¹	5%	42.1%		47.9%	42.0%	0.0%
Strategic	Increase in digital transactions ¹	5%	7.3%		10.3%	12.4%	5.0%
Strategic	Increase in total % of waste recycled ¹	5%	40.6%		44.3%	n/a ²	2.5%
Total weighting based on balanced scorecard		100%					84.8%

- 1 Further details on these strategic targets are set out below.
- 2 With regards to the recycling target, the Committee needed to change the basis of the assessment to a more qualitative approach due to an issue with the external measurement basis. An explanation for the 2.5% assessment for this element of the bonus is included in the letter from the Chair of the Remuneration Committee on page 87.

Increase food redistribution (5%)

Metric		Maximum 5%
Distribute an increased percentage of unsold food ahead of the 2022 end of year actual of 38.3%	10% increase in amount of unsold food redistributed year-on-year (increase to 42.1%)	25% increase in amount of unsold food redistributed year-on-year (increase to 47.9%)

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Increase in digital transactions (5%)

Metric			Maximum 5%
Increase % of average transactions involving a Greggs App Rewards scan or Click + Collect order across the full year 2023 (1 Jan 2023 to 30 Dec 2023) ahead of year end 2022 figure of 6.3%	One percentage point increase in average transactions across the year (increase to 7.3%)	sliding scale to...	Four percentage point increase in average transactions across the year (increase to 10.3%)

Increase in recycling (5%)¹

Metric			Maximum 5%
Increase total % of waste recycled across the business ahead of the 2022 end of year actual figure (36.9%)	10% increase in total amount of waste recycled (increase to 40.6%)	sliding scale to...	20% increase in total amount of waste recycled (increase to 44.3%)

¹ As noted above, the Committee was unable to assess performance against these specific targets due to an issue with the external measurement process.

Bonus achieved for 2023

	As % of maximum
Roisin Currie	84.8%
Richard Hutton	84.8%

In line with the remuneration policy, the proportion of the bonus in excess of 50% of the maximum (pro rata) will be payable in shares, deferred for two years.

Details of the shares awarded in 2023 for the 2022 bonus year are outlined below. These were awarded on 25 March 2023 and will be released on 25 March 2025.

	Number of shares awarded
Roisin Currie	3,077
Richard Hutton	2,514

Performance Share Plan award for performance in 2021 to 2023 (audited)

The PSP award granted in 2021 measured two performance targets to be achieved by the end of 2023. The performance targets that were set, together with the performance achieved, are set out in the table below.

Metric	Condition	Threshold target	Stretch target	Actual	% vesting
EPS (50%)	Absolute EPS achieved in 2023	77.2p (12.5% vesting)	105.3p (50% vesting)	125.0p	50.0%
ROCE (50%)	Absolute ROCE achieved in 2023	14.8% (12.5% vesting)	19.5% (50% vesting)	21.1%	50.0%
Total vesting					100.0%

The Committee considered the vesting outcome in the context of overall Company performance, the shareholder experience and the wider stakeholder experience over the performance period. The Committee was satisfied that the vesting outcome was an appropriate reflection of wider business performance and the experience of all stakeholders (including shareholders). Accordingly, the Committee did not exercise any discretion to reduce the level of vesting.

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The table below sets out the number of shares which will vest for each Executive Director under the 2021 PSP award. All awards were granted as nil-cost options.

Executive Director	Date of grant	Date of vesting	Number of shares awarded	Vesting %	Number of shares vesting	Expected total vesting ¹
Roisin Currie – performance measured PSP ²	6 April 2021	6 April 2024	9,668	100%	9,668	£238,017
Richard Hutton – performance measured PSP	6 April 2021	6 April 2024	20,906	100%	20,906	£514,686

¹ Calculated using average share price over the final three months of the financial year of £24.62.

² Options granted prior to Roisin Currie's appointment as a Director.

In addition, a separate restricted stock option awarded to Roisin Currie in 2021 will vest in 2024 subject to her continued employment. This award was granted prior to her appointment as a Director and was consistent with awards granted to other members of the Operating Board at that time. A value for this award has been recorded in the single total figure table on the following basis:

Executive Director	Date of grant	Date of vesting	Number of shares awarded	Vesting %	Number of shares vesting	Expected total vesting ¹
Roisin Currie – restricted stock option PSP ¹	6 April 2021	6 April 2024	5,687	100%	5,687	£140,009

¹ Calculated using average share price over the final three months of the financial year of £24.62.

Performance Share Plan awards granted in 2023 (audited)

Performance Share Plan awards granted during 2023 are as follows:

Executive	Type of award	Basis of award granted	Share price and date of grant	Number of shares over which award was granted	Face value of award	Percentage of face value that would vest at threshold performance	Vesting performance measurement period
Roisin Currie	Nil-cost options	150% of salary	£27.80 (18 May 2023)	33,669	£935,998	25%	Financial year 2025
Richard Hutton		150% of salary	£27.80 (18 May 2023)	22,070	£613,546		

For the 2023 grant there are three independent performance targets applying to the awards. Two of the performance targets each account for 45% of the award and one performance target accounts for 10% of the award:

- 45% is subject to a performance target based on the Company's average annual growth in EPS over a performance period of three financial years commencing with the financial year 2023 being between 4.0% and 9.0%.
- 45% is subject to a performance target based on the Company's average ROCE over a performance period of three financial years commencing with the financial year 2023 to be in the range 18.7% to 21.2%.
- 10% is subject to a performance target based on the Company's reduction in Scope 1 and 2 CO₂e emissions from the 2022 end of year baseline. 25% will vest if absolute CO₂e emissions are maintained at 2022 levels despite business growth and 100% will vest if absolute emissions are reduced in line with our 2035 net zero target for Scope 1 and 2 (35,371 tCO₂e).

For each metric, 25% of the award will vest on achieving threshold performance and thereafter straight-line sliding scales will apply until stretch performance is achieved. A holding period will apply to vested PSP awards requiring the vested shares to be held (net of tax) for a further two years.

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Outstanding share awards (audited)

The following table sets out details of the PSP and savings-related share options held by, or granted to, the Executive Directors who served during the year:

	At 1 January 2023 or date of appointment	Granted number	Exercised number	Lapsed number	At 30 December 2023 number	Exercise price	Date of grant	Market price of each share at date of grant	Date from which exercisable	Expiry date	Scheme
	5,902	-	-	-	5,902	£nil	Apr 19	£18.30	Apr 22	Apr 29	PSP
	15,352	-	-	3,838	11,514	£nil	Oct 20	£14.07	Oct 23	Oct 30	PSP
											Restricted stock option ³
	5,687	-	-	-	5,687	£nil	Apr 21	£22.72	Apr 24	Apr 31	PSP
Roisin Currie	9,668	-	-	-	9,668	£nil	Apr 21	£22.72	Apr 24	Apr 31	PSP
	36,014	-	-	-	36,014	£nil	May 22	£21.68	May 25	May 32	PSP
	- 33,669	-	-	-	33,669	£nil	May 23	£27.62	May 26	May 33	PSP
	88	-	88 ¹	-	-	£14.24	Apr 20		Jun 23	Nov 23	SAYE
	75	-	-	-	75	£16.72	Apr 21		Jun 24	Nov 24	SAYE
	91	-	-	-	91	£19.68	Apr 22		Jun 25	Nov 25	SAYE
	-	94	-	-	94	£21.06	May 23		Jun 26	Nov 26	SAYE
	72,877	33,763	88	3,838	102,714						
	23,024	-	-	5,756	17,268	£nil	Oct 20	£14.07	Oct 23	Oct 30	PSP
	20,906	-	-	-	20,906	£nil	Apr 21	£22.72	Apr 24	Apr 31	PSP
	23,607	-	-	-	23,607	£nil	May 22	£21.68	May 25	May 32	PSP
Richard Hutton	- 22,070	-	-	-	22,070	£nil	May 23	£27.62	May 26	May 33	PSP
	88	-	88 ²	-	-	£14.24	Apr 20		Jun 23	Nov 23	SAYE
	75	-	-	-	75	£16.72	Apr 21		Jun 24	Nov 24	SAYE
	91	-	-	-	91	£19.68	Apr 22		Jun 25	Nov 25	SAYE
	-	94	-	-	94	£21.06	May 23		Jun 26	Nov 26	SAYE
	67,791	22,164	88	5,756	84,111						

¹ The market value on the date of exercise was £24.76 and the resultant gain on exercise was £926.

² The market value on the date of exercise was £26.86 and the resultant gain on exercise was £1,110.

³ The restricted stock option was granted in April 2021 prior to Roisin Currie's appointment to the Board. The award vests in April 2024 subject to continued employment and is in line with similar awards granted to other members of the Operating Board at the time.

Options granted under the all-colleague SAYE scheme are not subject to performance conditions. All PSP options are subject to performance conditions as detailed elsewhere in this Report.

The mid-market price of ordinary shares in the Company as at 30 December 2023 was £26.02. The highest and lowest mid-market prices of ordinary shares during the financial year were £29.04 and £22.82 respectively.

Legacy defined benefit pension scheme (audited)

The following table sets out the change in each Director's accrued pension in the Company's defined benefit pension scheme during the year and their accrued benefits in the scheme at the year end:

Executive Director	Date of birth	Date service commenced	Accrued annual pension entitlement as at 1 January 2023 £	Accrued annual pension entitlement as at 30 December 2023 £	Increase in accrued pension entitlement for the year £	Increase in accrued pension entitlement net of inflation of 1.473% £	Transfer value of increase in accrued pension entitlement for the year £
Richard Hutton	3/6/68	1/1/98	24,782	27,283	-	-	-

Executive Director	Cash equivalent transfer value as at 31 December 2022 £	Cash equivalent transfer value as at 30 December 2023 £	Increase in the cash equivalent transfer value since 1 January 2023 £
Richard Hutton	443,334	392,930	-

¹ The pension entitlement shown is that which would be paid annually on retirement based on service to the end of the year, but excluding any statutory increases which would be due after the year end.

² The inflation rate of 1.473% shown in the table above is that published by the Secretary of State for Work and Pensions in accordance with Schedule 3 of the Pensions Schemes Act 1993.

Cash equivalent transfer values have been calculated in accordance with Actuaries Guidance Note GN11 and the increase is stated net of contributions made by the Director. The transfer values disclosed above do not represent a sum paid or payable to the individual Director. Instead they represent a potential liability of the pension scheme.

The main features of the defined benefit pension scheme are:

- Pension at normal retirement age of 1/60th of member's final pensionable salary for each complete year and a proportionate amount for each additional complete month of service from the date of joining the scheme until 5 April 2008 when the scheme was closed to future accrual;
- Choice of giving up part of the pension in exchange for a tax-free cash sum subject to a limit of 25% of the total value of the member's benefits under the scheme;
- Pension payable in the event of ill health;
- Spouse's pension on death; and
- Normal retirement at age 65.

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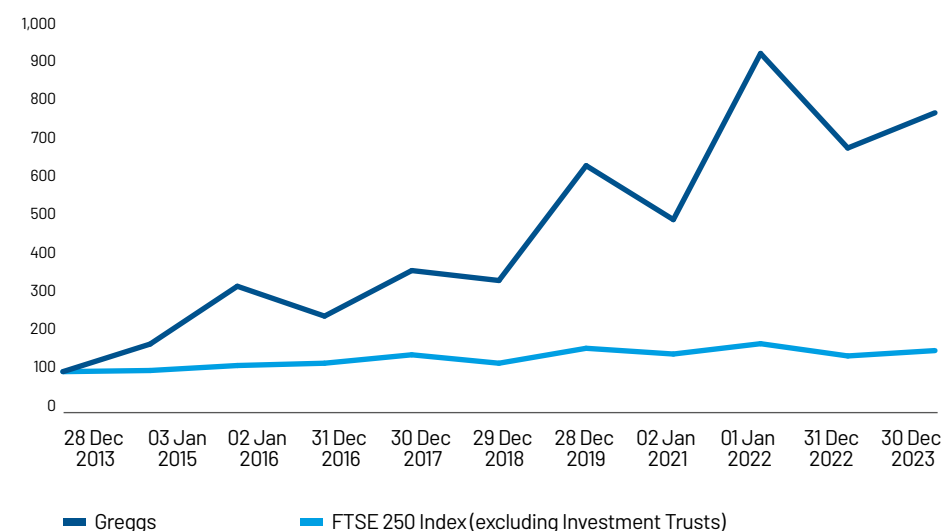
DIRECTORS' REMUNERATION REPORT CONTINUED

Chief Executive pay compared to performance

The graph below shows a comparison of the total shareholder return for the Company's shares for each of the last ten financial years against the total shareholder return for the companies comprised in the FTSE 250 Index (excluding Investment Trusts).

This index has been chosen for this comparison because it includes companies of broadly similar size to the Company.

Total Shareholder Return (£)



Remuneration outcomes for Chief Executive over last ten years

The table below shows the total remuneration figure for the Chief Executive over the same ten-year period as the graph above. The total remuneration figure includes the annual bonus, pension and PSP/option awards which vested based on performance in those years.

	2014	2015	2016	2017	2018	2019	2020	2021	2022 Roger Whiteside	2022 Roisin Currie*	2023
Total remuneration	£1,238,248	£2,473,695	£2,147,229	£1,689,265	£1,737,953	£2,540,966	£649,319	£1,839,679	£1,064,204	£1,238,214	£1,712,329
Bonus (% of max potential)	100.0%	93.7%	86.7%	64.3%	59.2%	97.7%	0.0%	99.7%	75.4%	75.4%	84.8%
PSP/options (% max potential)	n/a	100%	100%	100%	80.2%	100%	0.0%	50%	75%	75%	100%

* Reflects pay in the Chief Executive role during 2022.

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DIRECTORS' REMUNERATION REPORT CONTINUED

Directors' shareholding and share interests (audited)

Details of the shareholdings of each Executive Director and their connected persons as at 30 December 2023 and their interests in shares are detailed below with the percentage holding calculated using the share price at that date. As stated in the Directors' remuneration policy, Executive Directors are required to build a shareholding equivalent in value to 200% of basic salary.

Director	Beneficially owned at 30 December 2023	Beneficially owned at 1 January 2023	Outstanding PSP awards (nil cost options)	Outstanding Restricted stock options	Vested PSP awards not exercised	Outstanding SAYE awards	% shareholding achieved at 30 December 2023 ³
Roisin Currie	6,703	3,431	96,767	5,687 ²	20,544	260	73.4%
Richard Hutton	103,456	106,934	83,851	-	17,268	260	716.3%
Helena Ganczakowski ¹	1,100	1,100	-	-	-	-	n/a
Sandra Turner ¹	1,000	1,000	-	-	-	-	n/a
Kate Ferry	562	562	-	-	-	-	n/a
Mohamed Elsarky	-	-	-	-	-	-	n/a
Lynne Weedall	1,000	1,000	-	-	-	-	n/a
Matt Davies	2,000	2,000	-	-	-	-	n/a
Nigel Mills	-	-	-	-	-	-	n/a

1 Helena Ganczakowski and Sandra Turner retired from the Board on 17 May 2023 and the shareholdings in the table above reflect the position on that date.

2 The restricted stock options were granted in April 2021 prior to Roisin Currie's appointment to the Board. The award vests in April 2024 subject to continued employment and is in line with similar awards granted to other members of the Operating Board at the time.

3 Percentage shareholding is calculated taking into account the value of beneficially owned shares and the net of tax value of vested PSP awards not exercised.

There have been no changes since 30 December 2023 in the Directors' interests noted above. Further details of outstanding share awards are given on page 106 [📄](#).

Payments for loss of office or payments to past Directors (audited)

Roger Whiteside stepped down as Chief Executive and from the Board on 17 May 2022. Details of the payments made in connection with his departure were included in last year's report.

His outstanding PSP awards vest at the normal time subject to the satisfaction of the agreed performance targets. The awards granted in 2021 have been pro-rated to reflect the proportion of the vesting period completed at the time employment ceased at the end of his notice period. The vesting outcome of the award granted in 2021 is shown on page 88 [📄](#).

External directorships

Executive Directors may take up one Non-Executive Directorship outside of the Company subject to the Board's approval and provided that such an appointment is not likely to lead to a conflict of interest. It is recognised that this can support a Director's development and enhance experience as well as benefit the Company. Executive Directors will be entitled to retain the fees of such an appointment.

Relative importance of spend on pay

The Committee is aware of the importance of pay across the business and the table below shows the expenditure and percentage change in the overall spend on all colleague costs compared to other key financial indicators.

	2023 £m	2022 £m	% increase/ (decrease)
All colleague costs	593.1	502.7	18.0%
Dividends	60.8	98.5	(38.3%)

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DIRECTORS' REMUNERATION REPORT CONTINUED

Percentage change in remuneration of all Directors

The table below sets out the percentage change in remuneration for all Directors (Executive and Non-Executive) compared to the wider workforce.

	2023			2022			2021			2020		
	Salary % change	Benefits % change	Bonus % change	Salary % change	Benefits % change	Bonus % change	Salary % change	Benefits % change	Bonus % change	Salary ¹ % change	Benefits % change	Bonus % change
Roisin Currie	4.0%	32.4%	50.1%	n/a ²	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Richard Hutton	4.0%	1.7%	17.0%	3.5%	27.4%	(2.2%)	21.6%	(9.0%)	100.0%	(3.3%)	(13.6%)	(100.0%)
Matt Davies	0.0%	n/a	n/a	n/a ²	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Helena Ganczakowski	4.0% ⁴	n/a	n/a	(1.25%) ³	n/a	n/a	18.3% ³	n/a	n/a	7.5% ³	n/a	n/a
Sandra Turner	5.7% ⁴	n/a	n/a	8.8%	n/a	n/a	9.2%	n/a	n/a	(5.0%)	n/a	n/a
Kate Ferry	4.6%	n/a	n/a	5.3%	n/a	n/a	10.9%	n/a	n/a	(8.3%)	n/a	n/a
Lynne Weedall	4.6%	n/a	n/a	n/a ²	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mohamed Elsarky	9.9% ⁹	n/a	n/a	3.5%	n/a	n/a	n/a ⁵	n/a	n/a	n/a	n/a	n/a
Nigel Mills	n/a ⁸	n/a	n/a									
All colleagues	9.4% ⁶		9.4% ⁷	5.8%	(15.8%)	(24.3%)	1.9%	(1.2%)	100%	4.1%	3.2%	(100%)

- For the period of 1 April 2020 to 31 August 2020 the salaries of the Executive Directors and Non-Executive Directors were voluntarily reduced by 20%.
- Roisin Currie, Matt Davies and Lynne Weedall were appointed during 2022 and therefore no annual change is shown.
- Helena Ganczakowski was appointed Chair of the Remuneration Committee during 2020 and stepped down during 2022. Therefore she received an additional payment for this role for part of these years.
- In order to provide a meaningful comparison where a Director was appointed or retired during the year, the percentage change figures have been calculated on a full-year equivalent value.
- Mohamed Elsarky was appointed during 2021 and therefore no annual change is shown.
- For the purpose of salary the wider workforce is defined as all colleagues.
- For the purpose of bonus the wider workforce is defined as management colleagues who are entitled to receive a bonus.
- Nigel Mills was appointed during 2023 and therefore no annual change is shown.
- Mohamed Elsarky was appointed as Non-Executive Director responsible for colleague engagement during 2023 and therefore received an additional payment for this role for part of the year.

Chief Executive pay ratio reporting

Outlined below is the ratio of the Chief Executive's single figure of total remuneration for 2023 expressed as a multiple of total remuneration for UK colleagues.

The three ratios referenced below are calculated by reference to the colleagues at the 25th, 50th and 75th percentile. We additionally disclose the total pay and benefits and base salary of the colleagues used to calculate the ratios.

In time, the table below will build to represent ten years of data:

Financial year	Method	25 th percentile pay ratio	Median pay ratio	75 th percentile pay ratio
2023	Option B	69:1	64:1	61:1
2022	Option B	90:1	84:1	80:1
2021	Option B	99:1	98:1	68:1
2020	Option B	30:1	30:1	28:1
2019	Option B	132:1	126:1	108:1

The 25th, median and 75th percentile data were calculated as at 6 January 2024. Full-year pay data for the 2023 financial year has been used to calculate the ratios.

Disclosure of colleague data used to calculate the ratios	25 th percentile	Median	75 th percentile
Total pay and benefits	£24,826	£26,533	£25,973
Base salary	£23,853	£25,490	£26,853



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DIRECTORS' REMUNERATION REPORT CONTINUED

The following adjustments have been made in order to calculate the figures above:

- We have used the assumption of a 40-hour week in order to calculate the hourly rate for the Chief Executive from the single total remuneration figure;
- As the hours our colleagues work vary week-to-week we have converted their hourly rate of pay into the equivalent 40-hour week in order that this is directly comparable with the hourly rate for the Chief Executive.
- For the 2022 figure for the Chief Executive we used a combined calculation for Roisin Currie and Roger Whiteside, based on the number of days each served as Chief Executive in 2022.

Of the three options set out in the legislation for calculating the Chief Executive pay ratio, we are using Option B – which uses Gender Pay Gap ('GPG') data – to calculate the pay ratio. We believe the steady nature of our workforce ensures that the representative group remains the same as those individuals who are identified through the GPG reporting process. The individuals represented at the 25th, median and 75th percentile are all colleagues within our front line Retail and Supply operations. The nature of our workforce and demographics are such that we have over 95% of our colleagues working in our front-line operations – be that in Retail or in our Supply Chain.

Our pay reflects the key markets in which we operate and we also support our colleagues with additional benefits such as profit share, paid breaks, colleague discount and discounted SAYE participation which from 2024 will be available to all colleagues with three months service or more (a reduction from one year's service). As previously outlined in this Report, a key focus continues to be workforce fairness and the pay arrangements and support provided to our colleagues across the business. Our people are what makes our business successful and protecting our culture alongside our shareholders' and wider stakeholders' interests remains our priority.

We have once again reviewed carefully the approach taken with the wider workforce when considering the approach to salary for the Executive Directors for the year ahead. As noted earlier in the Remuneration Report, the 2024 pay award agreed for our wider workforce consisted of a base pay award of 8%, with an additional 1.6% (9.6% in total) for our hourly-paid Retail colleagues – Retail Supervisors, Retail Senior Team Members and Retail Team Members. On this basis, over 97% of our workforce received a pay increase of 8% or more and 80% received 9.6% or more. This pay increase was implemented from January 2024 for all our colleagues. For our graded management population, we again implemented a tiered pay award. Our management colleagues received a base increase of 7% with our senior managers' pay awards ranging between 5.5% and 6%.

Once again, as in 2023, the Committee reviewed the pay award of both the Executive Directors and Operating Board and agreed that the awards should again be proportionally lower than the general increases across the wider workforce and this was set at 4.5%.

As well as pay, we have also focused on the benefits our colleagues receive. Following feedback from our teams, we are delighted that our colleagues have benefited from a significant enhancement to our family leave policies in 2023 and from January 2024 we have increased the pension provision for our wider workforce, allowing our colleagues to increase their pension up to 6% with matched contributions. In order to further encourage colleague ownership in the business we are also reducing the eligibility criteria to three months for all colleagues to participate in our all-colleagues share schemes.

As such and as required in the regulations, we confirm our belief that the median pay ratio for the year is consistent with the Company's wider pay, reward and progression policies affecting our colleagues.

This Report was approved by the Board on 5 March 2024,

Signed on behalf of the Board.

Lynne Weedall

Chair of the Remuneration Committee
5 March 2024

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND ACCOUNTS

The Directors are responsible for preparing the Strategic Report and the Directors' Report, the Directors' Remuneration Report and the Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company accounts for each financial year. The Directors have elected under company law and are required under the Listing Rules of the Financial Conduct Authority to prepare the Group accounts in accordance with UK-adopted International Accounting Standards. The Directors have elected under company law to prepare the Company accounts in accordance with UK-adopted International Accounting Standards.

The Group and Parent Company accounts are required by law and UK-adopted International Accounting Standards to present fairly the financial position of the Group and the Parent Company and the financial performance of the Group; the Companies Act 2006 provides in relation to such accounts that references in the relevant part of that Act to accounts giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Parent Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Parent Company accounts, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with UK-adopted International Accounting Standards; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

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

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STATEMENT OF DIRECTORS' RESPONSIBILITIES CONTINUED

Directors' Statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed in the Directors' Report confirm that, to the best of each person's knowledge:

- a. The accounts, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Parent Company and the undertakings included in the consolidation taken as a whole; and
- b. The Strategic Report and the Directors' Report contained in the Annual Report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Greggs plc website.

Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Roisin Currie
Chief Executive
5 March 2024

Richard Hutton
Chief Financial Officer

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREGGS PLC

Opinion

We have audited the financial statements of Greggs plc (the 'Parent Company') and its subsidiaries (the 'Group') for the 52 weeks ended 30 December 2023 which comprise Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, Balance Sheets, Statements of Changes in Equity, Statement of cash flows and Notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and UK-adopted International Accounting Standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 December 2023 and of the Group's profit for the 52 weeks then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the Parent Company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	Group & Parent Company Valuation of Lease Liabilities
Materiality	Group Overall materiality: £8.20 million (2022: £7.00 million) Performance materiality: £6.15 million (2022: 5.25 million) Parent Company Overall materiality: £8.00 million (2022: £6.90 million) Performance materiality: £6.00 million (2022: 5.17 million)
Scope	Our audit procedures covered 100% of revenue, total assets and profit before tax.

Key audit matters

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREGGS PLC CONTINUED

Valuation of Lease Liabilities

Key audit matter description	Refer to page 82 – Audit Committee Report Refer to pages 126 and 127 – Basis of preparation (Key estimates and judgements) Refer to pages 144 and 145 – Note 11, Leases Lease Liability – £319.6 (2022: £301.3 million)
	The Group occupies and manages approximately 1,900 shops/leases, the application of IFRS 16 is considered to give rise to a significant risk of material misstatement. IFRS 16 involves a significant element of judgement and estimation derived from a number of key assumptions. We consider the most significant assumptions affecting the valuation of lease liabilities to be: <ul style="list-style-type: none"> the lease term assumed in determining the lease liability (particularly in respect of circumstances where the Group remains in occupation using rights from the Landlord and Tenant Act 1954); and the discount rate applied to calculate the lease liability. Changes to the assumptions included above are likely to have a material impact on the valuation of lease liabilities and given the value of lease liabilities in comparison to Group materiality, we consider this area to represent a significant audit risk. Given the economic uncertainty and changing needs of the business in terms of shop size and location, judgements made in respect of lease term may need to be revisited.
How the matter was addressed in the audit	Our audit work relating to lease liabilities included: <ol style="list-style-type: none"> Testing the accuracy and completeness of the underlying data/leases used in the application of IFRS 16. Critically assessing the key assumptions utilised by management, including the lease term and discount rate. Testing that the calculations made were accurate through reperformance. Assessing the application of and accounting for changes throughout the year including the treatment of new leases, modifications to leases, the unwinding of interest and capital payments in respect of lease liabilities. Review disclosures relating to lease liabilities to ensure they are in accordance with the applicable financial reporting framework.
Key observations	Our audit work in respect of the valuation of lease liabilities concluded that we did not identify any material misstatements and the disclosures management have made are appropriate.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent Company
Overall materiality	£8.2 million (2022: £7.0 million)	£8.0 million (2022: £6.90 million)
Basis for determining overall materiality	4.9% (2022: 4.7%) of profit before tax excluding exceptional items	4.7% (2022: 4.7%) of profit before tax excluding exceptional items
Rationale for benchmark applied	Profit before tax is the primary measure used by the shareholders in assessing the performance of the Group and is a generally accepted auditing benchmark.	
Performance materiality	£6.15 million (2022: £5.25 million)	£6.0 million (2022: £5.17 million)
Basis for determining performance materiality	75% of overall materiality (2022: 75%)	75% of overall materiality (2022: 75%)
Reporting of misstatements to the Audit Committee	Misstatements in excess of £410k (2022: £350k) and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £400k (2022: £345k) and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

The materiality for the audit, was reassessed to reflect the actual results for the period-end. This did not result in any change in the original materiality.

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An overview of the scope of our audit

The Group consists of the Parent Company and nine subsidiaries all of which are dormant or non-trading. The Group audit team audited the only significant component being the Parent Company. In doing so the coverage achieved by our audit procedures was 100% of Group revenue, total assets and profit before tax.

The impact of climate change on the audit

In planning our audit, we considered the potential impact of the possible risks arising from climate change on the Group's and the Company's financial statements and obtained an understanding of how management identifies and responds to climate-related risks. Further information on management's risk assessment, progress and commitments is provided in the Group's climate-related risk disclosures on pages 46 to 53 of the Annual Report.

We performed risk assessment procedures including making enquiries of management, reading Board minutes and applying our knowledge of the Group and the Company and the sector within which it operates, to assess the potential impact on the financial statements.

Taking account of the nature of the business, the extent of the headroom in impairment testing to reasonably possible changes in future cashflows, and useful economic lives of tangible/intangible assets to changing regulation, weather patterns or business activities, we have not assessed climate-related risk to be significant to our audit. There was also no impact on our key audit matters.

In accordance with our obligations with regards to other information, we have read the Group's climate-related risk disclosures on pages 46 to 53 of the Annual Report and in doing so have considered whether those disclosures are materially inconsistent with the financial statements or our knowledge obtained during the course of the audit, or otherwise appear to be materially misstated.

We have not been engaged to provide assurance over the accuracy of the climate-related risk disclosures set out on pages 46 to 53 in the Annual Report.

Conclusions relating to going concern

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

1. Assess the forward-looking assumptions used by management in their assessment of going concern.
2. Corroborate to supporting evidence provided by the management key assumptions including financing arrangements in place.
3. Challenge management's assumptions including performing downside sensitivities in respect of key assumptions.
4. Consider the adequacy of management's scenario analysis and contingency plans.
5. Check the integrity and mechanism of the forecast model provided by management, using specialists where we consider it to be necessary.
6. Obtain evidence of Board approval of the budgets and forecasts.
7. Assess the historical forecasting accuracy.
8. Recalculating management's covenant calculations to assess the risk of forecast non-compliance.
9. Evaluating the adequacy of going concern-related disclosures in the financial statements.

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

In relation to the entity reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREGGS PLC CONTINUED

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate governance statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 73;
- Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 65;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 73;
- Directors' statement on fair, balanced and understandable set out on page 73;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 61;
- Section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 84; and,
- Section describing the work of the Audit Committee set out on pages 80 to 85.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 111 and 112, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREGGS PLC CONTINUED

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the Group and Parent Company operate in and how the Group and Parent Company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;

- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud for regulated entities, as defined in ISA 250B: having obtained an understanding of the effectiveness of the control environment.

The most significant laws and regulations were determined as follows:

Legislation/Regulation	Additional audit procedures performed by the Group audit engagement team included:
IFRS/UK adopted IAS and Companies Act 2006	<ul style="list-style-type: none"> • Review of the financial statement disclosures and testing to supporting documentation • Completion of disclosure checklists to identify areas of non-compliance
Tax compliance regulations	<ul style="list-style-type: none"> • Inspection and review of tax computations prepared by management • Input from a tax specialist was obtained regarding significant and complex matters • Consideration of whether any matter identified during the audit required reporting to an appropriate authority outside the entity
Distributable profits legislation	<ul style="list-style-type: none"> • Assessment of compliance as part of our audit work relating to reserves
Pension legislation	<ul style="list-style-type: none"> • Assessment of extent of compliance as part of our audit work relating to defined benefit pensions
Food Safety/Health and Safety/Employment/General Data Protection Regulation	<ul style="list-style-type: none"> • Inquiry of management and Directors • Inspection of correspondence with legal advisors and regulators (where applicable)

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition – cut off	<ul style="list-style-type: none"> • Testing a sample of transactions accounted pre and post-year-end for each significant revenue stream ensuring that revenue is recognised in the correct accounting period in line with the Group's accounting policy
Management override of controls	<ul style="list-style-type: none"> • Testing the appropriateness of journal entries and other adjustments; • Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and • Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the shareholders on 14 May 2021 to audit the financial statements for the 52-week period ended 1 January 2022 and subsequent financial periods.

The period of total uninterrupted consecutive appointments is three years, covering the years ending 1 January 2022 to 30 December 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee in accordance with ISAs(UK).

Use of our report

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

In due course, as required by the Financial Conduct Authority ('FCA') Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements will form part of the European Single Electronic Format ('ESEF') prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Rachel Fleming (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1 St. James' Gate
Newcastle upon Tyne
NE1 4AD

5 March 2024



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CONSOLIDATED INCOME STATEMENT FOR THE 52 WEEKS ENDED 30 DECEMBER 2023 (2022: 52 WEEKS ENDED 31 DECEMBER 2022)

	Note	2023 Excluding exceptional items £m	2023 Exceptional items (see Note 4) £m	2023 Total £m	2022 £m
Revenue	1	1,809.6	-	1,809.6	1,512.8
Cost of sales		(710.5)	-	(710.5)	(574.5)
Gross profit		1,099.1	-	1,099.1	938.3
Distribution and selling costs		(844.5)	0.3	(844.2)	(713.2)
Administrative expenses		(82.9)	-	(82.9)	(70.7)
Other income		-	20.3	20.3	-
Operating profit		171.7	20.6	192.3	154.4
Finance expense (net)	6	(4.0)	-	(4.0)	(6.1)
Profit before tax	3-6	167.7	20.6	188.3	148.3
Income tax	8	(41.0)	(4.8)	(45.8)	(28.0)
Profit for the financial year attributable to equity holders of the Parent		126.7	15.8	142.5	120.3
Basic earnings per share	9	125.0p	15.6p	140.6p	118.5p
Diluted earnings per share	9	123.8p	15.4p	139.2p	117.5p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 52 WEEKS ENDED 30 DECEMBER 2023 (2022: 52 WEEKS ENDED 31 DECEMBER 2022)

	Note	2023 £m	2022 £m
Profit for the financial year		142.5	120.3
Other comprehensive income			
<i>Items that will not be recycled to profit and loss:</i>			
Remeasurements on defined benefit pension plans	21	-	0.7
Tax on remeasurements on defined benefit pension plans	8	0.4	1.8
Other comprehensive income for the financial year, net of income tax		0.4	2.5
Total comprehensive income for the financial year		142.9	122.8

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BALANCE SHEETS AT 30 DECEMBER 2023 (2022: 31 DECEMBER 2022)

	Note	Group		Parent Company	
		2023 £m	2022 £m	2023 £m	2022 £m
ASSETS					
Non-current assets					
Intangible assets	10	18.3	13.5	18.3	13.5
Property, plant and equipment	12	510.3	390.0	510.9	390.6
Right-of-use assets	11	296.6	281.6	296.6	281.6
Investments	13	–	–	5.0	5.0
Defined benefit pension asset	21	6.6	6.3	6.6	6.3
		831.8	691.4	837.4	697.0
Current assets					
Inventories	15	48.8	40.6	48.8	40.6
Trade and other receivables	16	53.8	50.2	53.8	50.2
Current tax assets	19	–	0.6	–	0.6
Cash and cash equivalents	17	195.3	191.6	195.3	191.6
		297.9	283.0	297.9	283.0
Total assets		1,129.7	974.4	1,135.3	980.0
LIABILITIES					
Current liabilities					
Trade and other payables	18	(211.1)	(191.7)	(218.8)	(199.4)
Current tax liabilities	19	(4.9)	–	(4.9)	–
Lease liabilities	11	(52.5)	(48.8)	(52.5)	(48.8)
Provisions	22	(4.0)	(3.6)	(4.0)	(3.6)
		(272.5)	(244.1)	(280.2)	(251.8)
Non-current liabilities					
Other payables	20	(2.3)	(2.8)	(2.3)	(2.8)
Lease liabilities	11	(267.1)	(252.5)	(267.1)	(252.5)
Deferred tax liability	14	(54.7)	(26.3)	(54.1)	(25.7)
Long-term provisions	22	(2.2)	(2.7)	(2.2)	(2.7)
		(326.3)	(284.3)	(325.7)	(283.7)
Total liabilities		(598.8)	(528.4)	(605.9)	(535.5)
Net assets		530.9	446.0	529.4	444.5
EQUITY					
Capital and reserves					
Issued capital	23	2.0	2.0	2.0	2.0
Share premium account	23	25.1	23.1	25.1	23.1
Capital redemption reserve	23	0.4	0.4	0.4	0.4
Retained earnings		503.4	420.5	501.9	419.0
Total equity attributable to equity holders of the Parent		530.9	446.0	529.4	444.5

Of the Group profit for the year £142.5 million (2022: £120.3 million) is dealt with in the books of the Parent Company.

The accounts on pages 119 to 162 were approved and authorised for issue by the Board of Directors on 5 March 2024 and were signed on its behalf by:

Roisin Currie **Richard Hutton**
Company Registered Number 502851

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STATEMENTS OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED 30 DECEMBER 2023 (2022: 52 WEEKS ENDED 31 DECEMBER 2022)

Group

52 weeks ended 31 December 2022

	Note	Attributable to equity holders of the Company				Total £m
		Issued capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	
Balance at 2 January 2022		2.0	20.0	0.4	406.8	429.2
Total comprehensive income for the year						
Profit for the financial year		-	-	-	120.3	120.3
Other comprehensive income		-	-	-	2.5	2.5
Total comprehensive income for the year		-	-	-	122.8	122.8
Transactions with owners, recorded directly in equity						
Issue of ordinary shares		-	3.1	-	-	3.1
Purchase of own shares		-	-	-	(11.0)	(11.0)
Share-based payment transactions	21	-	-	-	3.6	3.6
Dividends to equity holders		-	-	-	(98.5)	(98.5)
Tax items taken directly to reserves	8	-	-	-	(3.2)	(3.2)
Total transactions with owners		-	3.1	-	(109.1)	(106.0)
Balance at 31 December 2022		2.0	23.1	0.4	420.5	446.0

52 weeks ended 30 December 2023

	Note	Attributable to equity holders of the Company				Total £m
		Issued capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £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	21	-	-	-	4.6	4.6
Dividends to equity holders		-	-	-	(60.8)	(60.8)
Tax items taken directly to reserves	8	-	-	-	(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

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STATEMENTS OF CHANGES IN EQUITY CONTINUED FOR THE 52 WEEKS ENDED 30 DECEMBER 2023 (2022: 52 WEEKS ENDED 31 DECEMBER 2022)

Parent Company

52 weeks ended 31 December 2022

	Note	Attributable to equity holders of the Company				Total £m
		Issued capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	
Balance at 2 January 2022		2.0	20.0	0.4	405.3	427.7
Total comprehensive income for the year						
Profit for the financial year	7	-	-	-	120.3	120.3
Other comprehensive income		-	-	-	2.5	2.5
Total comprehensive income for the year		-	-	-	122.8	122.8
Transactions with owners, recorded directly in equity						
Issue of ordinary shares		-	3.1	-	-	3.1
Purchase of own shares		-	-	-	(11.0)	(11.0)
Share-based payment transactions	21	-	-	-	3.6	3.6
Dividends to equity holders		-	-	-	(98.5)	(98.5)
Tax items taken directly to reserves	8	-	-	-	(3.2)	(3.2)
Total transactions with owners		-	3.1	-	(109.1)	(106.0)
Balance at 31 December 2022		2.0	23.1	0.4	419.0	444.5

52 weeks ended 30 December 2023

	Note	Attributable to equity holders of the Company				Total £m
		Issued capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	
Balance at 1 January 2023		2.0	23.1	0.4	419.0	444.5
Total comprehensive income for the year						
Profit for the financial year	7	-	-	-	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	21	-	-	-	4.6	4.6
Dividends to equity holders		-	-	-	(60.8)	(60.8)
Tax items taken directly to reserves	8	-	-	-	(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	501.9	529.4

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STATEMENTS OF CASH FLOWS FOR THE 52 WEEKS ENDED 30 DECEMBER 2023 (2023: 52 WEEKS ENDED 31 DECEMBER 2022)

	Note	Group		Parent Company	
		2023 £m	2022 £m	2023 £m	2022 £m
Operating activities					
Cash generated from operations (see below)		333.0	272.3	333.0	272.3
Income tax paid		(11.9)	(13.3)	(11.9)	(13.3)
Interest paid on lease liabilities	6	(9.6)	(6.8)	(9.6)	(6.8)
Interest paid on borrowings and other related charges	6	(0.7)	(0.7)	(0.7)	(0.7)
Net cash inflow from operating activities		310.8	251.5	310.8	251.5
Investing activities					
Acquisition of property, plant and equipment		(189.5)	(100.0)	(189.5)	(100.0)
Acquisition of intangible assets		(8.6)	(3.3)	(8.6)	(3.3)
Proceeds from sale of property, plant and equipment		0.8	0.9	0.8	0.9
Proceeds from sale of assets held for sale		-	1.6	-	1.6
Interest received	6	6.1	1.4	6.1	1.4
Net cash outflow from investing activities		(191.2)	(99.4)	(191.2)	(99.4)
Financing activities					
Proceeds from issue of share capital		2.0	3.1	2.0	3.1
Sale of own shares		1.6	-	1.6	-
Purchase of own shares		(5.0)	(11.0)	(5.0)	(11.0)
Dividends paid		(60.8)	(98.5)	(60.8)	(98.5)
Repayment of principal on lease liabilities		(53.7)	(52.7)	(53.7)	(52.7)
Net cash outflow from financing activities		(115.9)	(159.1)	(115.9)	(159.1)
Net increase/(decrease) in cash and cash equivalents		3.7	(7.0)	3.7	(7.0)
Cash and cash equivalents at the start of the year	17	191.6	198.6	191.6	198.6
Cash and cash equivalents at the end of the year	17	195.3	191.6	195.3	191.6



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STATEMENTS OF CASH FLOWS CONTINUED FOR THE 52 WEEKS ENDED 30 DECEMBER 2023 (2023: 52 WEEKS ENDED 31 DECEMBER 2022)

Cash flow statement – cash generated from operations

	Note	Group		Parent Company	
		2023 £m	2022 £m	2023 £m	2022 £m
Profit for the financial year		142.5	120.3	142.5	120.3
Amortisation	10	3.9	4.7	3.9	4.7
Depreciation – property, plant and equipment	12	66.6	58.0	66.6	58.0
Depreciation – right-of-use assets	11	54.5	52.8	54.5	52.8
Net impairment charge – property, plant and equipment	12	1.4	1.2	1.4	1.2
Impairment charge – right-of-use assets	11	2.5	0.0	2.5	0.0
Loss on sale of property, plant and equipment	3	2.0	1.0	2.0	1.0
Release of Government grants	3	(0.5)	(0.4)	(0.5)	(0.4)
Share-based payment expenses	21	4.6	3.6	4.6	3.6
Finance expense	6	4.0	6.1	4.0	6.1
Income tax expense	8	45.8	28.0	45.8	28.0
Increase in inventories		(8.2)	(12.7)	(8.2)	(12.7)
Increase in receivables		(3.6)	(12.4)	(3.6)	(12.4)
Increase in payables		18.0	30.8	18.0	30.8
Decrease in provisions		(0.5)	(0.7)	(0.5)	(0.7)
Decrease in pension liability	21	–	(8.0)	–	(8.0)
Cash from operating activities		333.0	272.3	333.0	272.3

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NOTES TO THE CONSOLIDATED ACCOUNTS

Significant accounting policies

Greggs plc ('the Company') is a company incorporated and domiciled in the UK. The Group accounts consolidate those of the Company and its subsidiaries (together referred to as 'the Group'). The results of the associate are not consolidated on the grounds of materiality. The Parent Company accounts present information about the Company as a separate entity and not about its Group.

The accounts were authorised for issue by the Directors on 5 March 2024.

(a) Statement of compliance

The Group and Parent Company accounts have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

(b) Basis of preparation

The accounts are presented in pounds sterling, rounded to the nearest £0.1 million unless otherwise stated, and are prepared on the historical cost basis except for the defined benefit pension asset/liability, which is recognised as the fair value of the plan assets less the present value of the defined benefit obligation.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report and Strategic Report on pages 1 to 112. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review on pages 54 to 58. In addition, Note 2 to the accounts includes: the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The accounting policies set out below have been applied consistently throughout the Group and to all years presented in these consolidated accounts except if mentioned otherwise.

From 1 January 2023 the following amendments were adopted by the Group:

- Amendments to IFRS 1 and IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- Definition of Accounting Estimates – amendments to IAS 8.
- Disclosure of Accounting Policies – amendments to IAS 1 and IFRS Practice Statement 2.

The adoption of these standards 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 £265.3 million, comprised of cash and cash equivalents of £195.3 million plus an undrawn revolving credit facility ('RCF') of £70.0 million, which is committed to December 2025. The RCF includes financial covenants that the Group must comply with related to maximum leverage and a minimum fixed charge cover. How these covenants are measured and the required ratios are set out in Note 2.

The Directors have reviewed cash-flow forecasts prepared for the period up to December 2025 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.

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Significant accounting policies continued

(b) Basis of preparation continued

Key estimates and judgements

The preparation of financial information in conformity with UK-adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

Impairment

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 2023, growing volumes and increasing underlying profit before tax by 13.1% to £167.7 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:

- Cash generation for mature shops has been assumed to grow at a rate of 3.0% 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 30 December 2023 was 9.9% (31 December 2022: 9.6%); and
- Consideration of the appropriate period over which to forecast cash flows, including reference to the lease term. Where considered appropriate cash flows have been included for periods beyond the lease probable end date (to a maximum of five years in accordance with IAS 36).

On the basis of these value-in-use calculations, a net impairment charge of £3.9 million has been recognised during the current year (of which £1.4 million relates to fixtures and fittings and £2.5 million relates to right-of-use assets) resulting in an impairment provision of £6.8 million being retained at 30 December 2023 in respect of 118 shops (of which £2.8 million relates to fixtures and fittings and £4.0 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 £0.4 million, with an additional seven shops impaired. A 1.0% decrease in the discount rate would result in a reduced impairment of £0.3 million, with four fewer shops impaired.
- A 5% increase in the growth assumption for net cash flow (per annum) would result in a reduced impairment of £1.2 million with ten fewer shops impaired. A 5.0% decrease in the growth assumption would result in an increased provision of £2.2 million with an additional 26 shops impaired.

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Determining the rate used to discount lease payments

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 4.42% to 6.83 (2022: 2.5% to 5.9%) 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 c. £1.5 million.

Determining the lease term of property leases

At the commencement date of property leases 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 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 30 December 2023 the financial effect of applying this judgement was an increase in recognised lease liabilities of £36.0 million (31 December 2022: £45.1 million).

Post-retirement benefits

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. The key assumptions, sensitivities and carrying amounts for 2023 are given in given Note 21.

(c) Basis of consolidation

The consolidated accounts include the results of Greggs plc and its subsidiary undertakings for the 52 weeks ended 30 December 2023. The comparative period is the 52 weeks ended 31 December 2022.

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The accounts of subsidiaries are included in the consolidated accounts from the date on which control commences until the date on which control ceases.

(ii) Transactions eliminated on consolidation

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated accounts.

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Significant accounting policies continued

(d) Exceptional items

Exceptional items are defined as items of income and expenditure which are material and unusual in nature and which are considered to be of such significance that they require separate disclosure on the face of the income statement. Any future movements on items previously classified as exceptional will also be classified as exceptional.

(e) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the income statement.

(f) Intangible assets

The Group's only intangible assets relate to software and the costs of its implementation which are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the income statement as incurred.

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives are five to seven years.

Assets in the course of development are recategorised and amortisation commences when the assets are available for use.

(g) Leases

(i) Lease recognition

At inception of a contract the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

For leases of properties in which the Group is a lessee, it has applied the practical expedient permitted by IFRS 16 and will account for each lease component and any associated non-lease components as a single lease component.

(ii) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis. Right-of-use assets are subject to, and reviewed regularly for, impairment. Depreciation on right-of-use assets is included in selling and distribution costs in the consolidated income statement.

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(iii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. Lease payments include fixed payments less any lease incentives receivable and variable lease payments that depend on an index or rate. Any variable lease payments that do not depend on an index or rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Generally the Group uses its incremental borrowing rate as the discount rate. When there are no external borrowings, judgement is required to determine an approximation, calculated based on UK Government gilt rates of an appropriate duration and adjusted by an indicative credit premium.

After the commencement date, the lease liability is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the fixed lease payments. The remeasured lease liability (and corresponding right-of-use asset) is calculated using a revised discount rate, based upon a revised incremental borrowing rate at the time of the change. Interest charges are included in finance costs in the income statement.

(iv) Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery and equipment that have a lease term of less than 12 months and leases of low-value assets. Lease payments relating to short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

(v) Variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a shop. For individual shops, up to 100% of lease payments are on the basis of variable payment terms. These payments are recognised in the income statement in the period in which the condition that triggers them occurs. Under existing lease arrangements, where variable payment terms exist, the expected future cash outflow on an annual basis is expected to be immaterial.

(h) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see accounting policy (l)). The cost of self-constructed assets includes the cost of materials and direct labour.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying value of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

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Significant accounting policies continued

(h) Property, plant and equipment continued

(iii) Depreciation

Depreciation is provided so as to write off the cost (less residual value) of each item of property, plant and equipment during its expected useful life using the straight-line method over the following periods:

Freehold and long leasehold buildings	20 to 40 years
Short leasehold properties	10 years or length of lease if shorter
Plant and machinery, fixtures and fittings	3 to 10 years

Freehold land is not depreciated.

Depreciation methods, useful lives and residual values (if not insignificant) are reassessed annually.

(iv) Assets in the course of construction

These assets are recategorised and depreciation commences when the assets are available for use.

(i) Investments

Non-current investments comprise investments in subsidiaries and associates which are carried at cost less impairment.

Current investments comprise fixed-term, fixed-rate bank deposits where the term is greater than three months.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories includes expenditure incurred in acquiring the inventories and direct production labour costs.

(k) Cash and cash equivalents

Cash and cash equivalents comprises cash at bank, in hand, debit and credit card receivables and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(l) Impairment of non-financial assets

The carrying amounts of the Group and Company's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Impairment reviews are carried out on an individual shop basis.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in prior years are assessed at each reporting date and reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

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(m) Assets held for sale

Assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group and Company's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell. Once classified as held for sale, assets are no longer depreciated or amortised.

(n) Share capital and reserves

(i) Repurchase of share capital

When share capital recognised as equity is repurchased for cancellation, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity in the capital redemption reserve. Repurchased shares that are held in the employee share ownership plan are classified as treasury shares and are presented as a deduction from total equity.

(ii) Dividends

Dividends are recognised as a liability when the Company has an obligation to pay and the dividend is no longer at the Company's discretion.

(iii) Distributable reserves

All Parent Company retained earnings are distributable and are the only such reserves.

(o) Employee share ownership plan

The Group and Parent Company accounts include the assets and related liabilities of the Greggs Employee Benefit Trust ('EBT'). In both the Group and Parent Company accounts the treasury shares held by the EBT are stated at cost and deducted from total equity.

(p) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

(ii) Defined contribution pension plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement when they are due.

(iii) Defined benefit pension plans

The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) is deducted. The Company determines the net interest on the net defined benefit asset/liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit asset/liability.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA, that have maturity dates approximating to the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

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Significant accounting policies continued

(p) Employee benefits continued

Remeasurements arising from defined benefit pension plans comprise actuarial gains and losses and the return on plan assets (excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit pension plans in employee benefit expenses in the income statement.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The calculation of the defined benefit obligation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan (net of tax) or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements in accordance with IFRIC 14.

(iv) Share-based payment transactions

The share option programme allows Group employees to acquire shares in the Company. The fair value of share options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date, using an appropriate model, taking into account the terms and conditions upon which the share options were granted, and is spread over the period during which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

(v) Termination benefits

Termination benefits are expensed at the earlier of the date at which the Group can no longer withdraw the offer of these benefits and the date at which the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date they are discounted.

(q) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

(ii) Onerous contracts

Provisions for onerous contracts are recognised when the Group believes that the unavoidable costs of meeting the contract obligations exceed the economic benefits expected to be received under the contract. At this point and before a provision is established the Group recognises any impairment loss on the associated assets.

(iii) Dilapidations

The Group provides for property dilapidations, where appropriate, based on the future expected repair costs required to restore the Group's leased buildings to their fair condition at the end of their respective lease terms, where it is considered a reliable estimate can be made and it is probable that the Group will be required to settle the obligation.

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(r) Revenue

(i) Retail sales

Revenue from the sale of goods is recognised as income on receipt of cash or card payment. Revenue is measured net of discounts, promotions and value added taxation. Revenue from delivery services is included in retail sales and recognised on delivery.

(ii) Franchise sales

Franchise sales are recognised when goods are delivered to franchisees. Additional franchise royalty fee income, generally calculated as a percentage of gross sales income, is recognised in line with the franchisees' product sales in accordance with the relevant agreement. Pre-opening capital fit-out costs are recharged to the franchisee and represent a key performance obligation of the overall franchise sales agreement. These recharges are recognised as income on completion of the related fit-out. Sales are invoiced to franchisees on credit terms of less than three months.

(iii) Wholesale sales

Wholesale sales are recognised when goods are delivered to customers.

(iv) Loyalty programme/gift cards

Amounts received for gift cards or as part of the loyalty programme are deferred. They are recognised as revenue when the Group has fulfilled its obligation to supply products under the terms of the programme or when it is no longer probable that these amounts will be redeemed. Where customers are entitled to a free product after a set number of purchases under the loyalty programme, a proportion of the consideration received is deferred so that the revenue is recognised evenly across all of the linked transactions.

The nature, timing and uncertainty of revenues arising from the above transaction types do not differ significantly from each other.

(s) Government grants

Government grants are recognised in the balance sheet initially as deferred income when there is a reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised net of the related expenses in the income statement on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised in the income statement over the useful life of the asset.

(t) Finance income and expense

Interest income or expense is recognised using the effective interest method.

(u) Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. Taxable profit differs from profit as reported in the income statement because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible.

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Significant accounting policies continued

(u) Income tax continued

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used in the calculation of taxable profit. It is accounted for using the balance sheet liability method. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates that are expected to apply when the temporary differences reverse, based on rates enacted or substantively enacted at the balance sheet date. When the recovery of the carrying amount of an asset gives rise to multiple tax consequences which are not subject to the same income tax laws, separate temporary differences are identified, and the deferred tax on these is accounted for separately, including assessment of the recoverability of any deferred tax assets that arise.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related deferred tax benefit will be realised.

(v) Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

(w) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition.

(x) Research and development

The Company continuously strives to improve its products and processes through technical and other innovation. Such expenditure is typically expensed to the income statement when the related intellectual property is not capable of being formalised or expected to generate an economic benefit to the Group in the future.

(y) New standards and amendments not yet adopted

The following new standards and amendments which will be relevant to the Group have not been applied in these accounts:

- Non-current Liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1 (effective date 1 January 2024).
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures (effective date 1 January 2024, subject to UK endorsement).

Their adoption is not expected to have a material effect on the accounts.

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1. Segmental analysis

The Board is 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 2023 and 2022 was recognised at a point in time.

The Board regularly reviews the revenues and trading profit of each segment. The Board receives information on overheads, assets and liabilities on an aggregated basis consistent with the Group accounts.

	2023 Retail company- managed shops £m	2023 Business-to- business £m	2023 Total £m	2022 Retail company- managed shops £m	2022 Business-to- business £m	2022 Total £m
Revenue	1,610.9	198.7	1,809.6	1,352.3	160.5	1,512.8
Trading profit*	250.1	41.1	291.2	224.6	31.3	255.9
Overheads including profit share			(119.5)			(101.5)
Operating profit before exceptional items			171.7			154.4
Finance expense (net)			(4.0)			(6.1)
Profit before tax (excluding exceptional items)			167.7			148.3
Exceptional items (see Note 4)			20.6			-
Profit before tax			188.3			148.3

* Trading profit is defined as gross profit less Supply Chain costs and retail costs (including property costs) and before central overheads

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2. Financial risk management

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Retail sales represent a large proportion of the Group's sales and present no credit risk as they are made for cash or card payments. The Group does offer credit terms on sales to its wholesale and franchise customers. In such cases the Group operates effective credit control procedures in order to minimise exposure to overdue debts.

Counterparty risk is also considered low. All of the Group's surplus cash is held with highly-rated banks as specifically approved by the Board, in line with Group policy. Other receivables generally relate to VAT and other sundry balances due from third parties. Credit risk is considered low as amounts are generally recoverable within 30 days.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group usually operates with net current liabilities and is therefore reliant on the continued strong performance of the retail portfolio to meet its short-term liabilities. Short and medium-term cash forecasting is used to manage liquidity risk. These forecasts are used to ensure the Group has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

During 2020 the Group arranged a £100 million syndicated revolving credit facility with maturity in December 2023. During 2021 the Group exercised an option to extend the maturity by one year to December 2024 and during 2022 exercised a further option to extend the maturity to December 2025. This facility was undrawn at 30 December 2023 (2022: undrawn). The covenants comprise: leverage (calculated as the ratio of net borrowings to EBITDA) does not exceed 3:1; and fixed charge cover (calculated as the ratio of EBITDA to net rent and interest payable) cannot be below 1.75:1. Given the facility is undrawn, disclosure of the Group's compliance with these covenants is not required.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Other than for the defined benefit pension scheme, market risk is not significant and therefore sensitivity analysis would not be meaningful. Sensitivity analysis for the defined benefit pension scheme is given in Note 21.

Currency risk

The Group has no regular material transactions in foreign currency although there are occasional purchases, mainly of capital items, denominated in foreign currency. Whilst certain costs such as electricity and wheat can be influenced by movements in the US dollar, actual contracts are priced in sterling. In respect of those key costs which are volatile, such as electricity and flour, the price may be fixed for a period of time in line with Group policy. All such contracts are for the Group's own expected usage.

Interest rate risk

Interest rate risk is the risk that movement in the interbank offered rates increase causing finance costs to increase. The Group's interest rate risk arises from its revolving credit facility. Whilst the facility remains undrawn increases in the interest rate will not impact on finance costs.

Equity price risk

The Group has no significant equity investments other than in its subsidiaries and associate. As disclosed in Note 21 the Group's defined benefit pension scheme has investments in equity-related funds.

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Capital management

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and delivering services commensurate with the level of risk.

To meet these objectives the Group reviews the budgets, forecasts, profitability and cashflows on a regular basis to ensure there is sufficient capital to meet the needs of the Group.

The capital structure of the Group consists of shareholders' equity as set out in the consolidated statement of changes in equity. All working capital requirements are financed from existing cash resources and borrowings.

The Board reserves the option to purchase its own shares in the market dependent on market prices and surplus cash levels. The trustees of the Greggs Employee Benefit Trust also purchase shares for future satisfaction of employee share options.

Financial instruments

Group and Parent Company

All of the Group's surplus cash or cash equivalents is invested as cash placed on deposit or fixed-term deposits.

The Group's treasury policy has as its principal objective the achievement of the maximum rate of return on cash balances whilst maintaining an acceptable level of risk. Other than mentioned below there are no financial instruments, derivatives or commodity contracts used.

Financial assets and liabilities

A financial asset is measured at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's main financial assets comprise cash and cash equivalents and fixed-term deposits. Other financial assets include trade and other receivables arising from the Group's activities. These financial assets all meet the conditions to be recognised at amortised cost.

Other than trade and other payables and lease liabilities, the Group had no financial liabilities as at 30 December 2023 (2022: £nil).

Fair values

The fair value of the Group's financial assets and liabilities is not materially different from their carrying values. Financial assets and liabilities comprise principally of trade and other receivables and trade and other payables and the only interest-bearing balances are the bank deposits and borrowings which attract interest at variable rates.

Interest rate, credit and foreign currency risk

The Group has not entered into any hedging transactions during the current and prior year and considers interest rate, credit and foreign currency risks not to be significant.

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3. Profit before tax

Profit before tax is stated after charging/(crediting):

	2023 £m	2022 £m
Amortisation of intangible assets	3.9	4.7
Depreciation of owned property, plant and equipment	66.6	58.0
Depreciation of right-of-use assets	54.5	52.8
Net impairment of owned property, plant and equipment	1.4	1.2
Net impairment of right-of-use assets	2.5	0.0
Loss on disposal of property, plant and equipment	2.0	1.0
Release of government grants	(0.5)	(0.4)

Auditor's remuneration for the audit of these accounts amounted to £299,225 (2022: £266,250) and for other assurance services £14,250 (2022: £31,300). Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's accounts, have not been disclosed as the information is required instead to be presented on a consolidated basis.

4. Exceptional items

The exceptional item relates to:

- a net gain of £16.3 million on the settlement of a Covid-19 business interruption insurance claim. The net gain is recognised after deduction of fees payable to advisers and the £2.5 million advance already recognised as income in 2020;
- a net gain of £4.0 million on the settlement of a business interruption insurance claim relating to flooding at the Treforest bakery in 2020;
- the £0.3m release of a previous provision for onerous leases no longer required.

5. Personnel expenses

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

	2023 Number	2022 Number
Management	723	660
Administration	472	432
Production	3,456	3,196
Shop	25,434	22,640
	30,085	26,928

The aggregate costs of these persons were as follows:

	Note	2023 £m	2022 £m
Wages and salaries		519.6	439.1
Compulsory social security contributions		38.2	33.8
Pension costs - defined contribution plans	21	30.3	26.5
Equity-settled transactions (including compulsory social security contributions)	21	5.0	3.3
		593.1	502.7

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In addition to wages and salaries, the total amount accrued under the Group's employee profit sharing scheme is contained within the main cost categories as follows:

	2023 £m	2022 £m
Cost of sales	4.6	4.3
Distribution and selling costs	10.9	10.3
Administrative expenses	2.1	2.0
Amount shared with employees	17.6	16.6
Compulsory social security contributions	2.0	2.1
	19.6	18.7

For the purposes of IAS 24 'Related Party Disclosures', key management personnel comprises the Directors and the members of the Operating Board and their remuneration was as follows:

	2023 £m	2022 £m
Salaries and fees	3.5	4.4
Taxable benefits	0.1	0.1
Annual bonus (including profit share) to be paid in March 2024	1.9	2.5
Post-retirement benefits	0.2	0.3
Equity-settled transactions	2.3	2.3
	8.0	9.6

The following amounts are disclosed in accordance with Schedule 5 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008.

	2023 £m	2022 £m
Aggregate Directors' remuneration	2.7	2.7
Aggregate amount of gains on exercise of share options	-	0.2
	2.7	2.9

As noted in the 2022 Directors' Remuneration Report, the remuneration for 2022 above includes the amounts paid to Roger Whiteside up to the date of his retirement from the Board.

During the year the number of Directors in the defined contribution pension scheme was two (2022: two) and in the defined benefit pension scheme was one (2022: one). No contributions were made to the pensions schemes in 2023 (2022: £nil).

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6. Finance expense (net)

	Note	2023 £m	2022 £m
Interest income on cash balances		6.1	1.3
Interest expense on borrowings and other related charges		(0.7)	(0.7)
Foreign exchange (loss)/gain		(0.1)	0.1
Interest on lease liabilities		(9.6)	(6.8)
Net interest income on defined benefit pension liability	21	0.3	0.0
		(4.0)	(6.1)

7. Profit attributable to Greggs plc

Of the Group profit for the year, £142.5 million (2022: £120.3 million) is dealt with in the accounts of the Parent Company. The Company has taken advantage of the exemption permitted by s408 of the Companies Act 2006 from presenting its own income statement.

8. Income tax expense

Recognised in the income statement

	2023 Excluding exceptional items £m	2023 Exceptional items £m	2023 Total £m	2022 Total £m
Current tax				
Current year	12.2	4.8	17.0	14.1
Adjustment for prior years	0.7	-	0.7	(0.2)
	12.9	4.8	17.7	13.9
Deferred tax				
Origination and reversal of temporary differences	29.0	-	29.0	14.1
Adjustment for prior years	(0.9)	-	(0.9)	0.0
	28.1	-	28.1	14.1
Total income tax expense in income statement	41.0	4.8	45.8	28.0

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Reconciliation of effective tax rate

The tables below explain the differences between the expected tax expense calculated at the UK statutory rate of 23.5% (2022: 19%) and the actual tax expense for each year for both the total tax expense and the underlying tax expense, excluding the effect of exceptional items.

	2023 Excluding exceptional items	2023 Excluding exceptional items £m	2023 Total	2023 Total £m	2022 Total	2022 Total £m
Profit before tax		167.7		188.3		148.3
Income tax using the domestic corporation tax rate	23.5%	39.4	23.5%	44.2	19.0%	28.1
Items not taxable for tax purposes	(0.6%)	(1.0)	(0.6%)	(1.0)	(2.9%)	(4.3)
Non-tax-deductible depreciation	0.6%	1.1	0.6%	1.1	0.6%	1.0
Impact of increase in deferred tax rate	1.0%	1.7	0.9%	1.7	2.3%	3.4
Adjustment for prior years	(0.1%)	(0.2)	(0.1%)	(0.2)	(0.1%)	(0.2)
Total income tax expense in income statement	24.4%	41.0	24.3%	45.8	18.9%	28.0

The rate of corporation tax increased from 19% to 25% from 1 April 2023. Therefore the 25% rate has been applied to any timing differences.

Tax recognised in other comprehensive income or directly in equity

	2023 Current tax £m	2023 Deferred tax £m	2023 Total £m	2022 Total £m
Debit/(credit):				
Relating to equity-settled transactions	-	0.4	0.4	3.2
Relating to defined benefit pension plans - remeasurement losses	(0.3)	(0.1)	(0.4)	(1.8)
	(0.3)	0.3	-	1.4

The deferred tax movements in both the current and prior years relating to equity-settled transactions are in respect of share-based payments and arise as a result of fluctuations in share price in the year and the stage of maturity of existing schemes.

The current and deferred tax movements in both the current and prior years relating to defined benefit pension plans are in respect of plan remeasurements accounted for in other comprehensive income, special contributions made to the scheme and the revaluation impact of deferred tax previously recognised directly in equity.

During 2023 legislation was enacted to implement the Organisation for Economic Co-operation and Development ('OECD') Base Erosion and Profit Shifting ('BEPS') Pillar Two income inclusion rule ('IIR') in the UK, which will apply to accounting periods that begin on or after 31 December 2023. Although the Group has turnover in excess of the Pillar Two threshold, all trade is carried out through a single UK-based trading company and so there are not expected to be any 'top-up' tax requirements arising from this new regime.

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9. Earnings per share

Basic earnings per share

Basic earnings per share for the 52 weeks ended 30 December 2023 is calculated by dividing profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the 52 weeks ended 30 December 2023 as calculated below.

Diluted earnings per share

Diluted earnings per share for the 52 weeks ended 30 December 2023 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 30 December 2023 as calculated below.

Profit attributable to ordinary shareholders

	2023 Excluding exceptional items £m	2023 Exceptional items (see Note 4) £m	2023 Total £m	2022 £m
Profit for the financial year attributable to equity holders of the Parent	126.7	15.8	142.5	120.3
Basic earnings per share	125.0p	15.6p	140.6p	118.5p
Diluted earnings per share	123.8p	15.4p	139.2p	117.5p

Weighted average number of ordinary shares

	2023 Number	2022 Number
Issued ordinary shares at start of year	102,112,581	101,897,021
Effect of own shares held	(879,975)	(511,370)
Effect of shares issued	86,106	100,009
Weighted average number of ordinary shares during the year	101,318,712	101,485,660
Effect of share options in issue	977,753	849,222
Weighted average number of ordinary shares (diluted) during the year	102,296,465	102,334,882

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10. Intangible assets Group and Parent Company

	Software £m	Assets under development £m	Total £m
Cost			
Balance at 2 January 2022	36.3	0.7	37.0
Additions	3.2	0.1	3.3
Transfers	0.8	(0.8)	-
Balance at 31 December 2022	40.3	-	40.3
Balance at 1 January 2023	40.3	-	40.3
Additions	3.1	5.6	8.7
Disposals	(1.7)	-	(1.7)
Transfers	0.3	(0.3)	-
Balance at 30 December 2023	42.0	5.3	47.3
Amortisation			
Balance at 2 January 2022	22.1	-	22.1
Amortisation charge for the year	4.7	-	4.7
Balance at 31 December 2022	26.8	-	26.8
Balance at 1 January 2023	26.8	-	26.8
Amortisation charge for the year	3.9	-	3.9
Disposals	(1.7)	-	(1.7)
Balance at 30 December 2023	29.0	-	29.0
Carrying amounts			
At 2 January 2022	14.2	0.7	14.9
At 31 December 2022	13.5	-	13.5
At 1 January 2023	13.5	-	13.5
At 30 December 2023	13.0	5.3	18.3

All amortisation is charged to administrative expenses in the income statement.

Assets under development relate to software projects arising from the investment in new systems platforms.

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11. Leases

Amounts recognised in the balance sheets

The balance sheets show the following amounts relating to leases:

Group and Parent Company

	2023 £m	2022 £m
Right-of-use assets		
Land and buildings	292.3	278.4
Plant and equipment	4.3	3.2
	296.6	281.6
	2023 £m	2022 £m
Lease liabilities		
Current	52.5	48.8
Non-current	267.1	252.5
	319.6	301.3

The remaining maturities of the lease liabilities, which are gross and undiscounted, are as follows:

	2023 £m	2022 £m
Less than one year	64.9	56.2
One to two years	56.8	52.5
Two to three years	49.9	47.7
Three to four years	42.0	39.9
Four to five years	34.5	32.4
Five to 20 years	119.7	106.4
Total undiscounted lease liability	367.8	335.1

Additions to right-of-use assets during the 52 weeks ended 30 December 2023 as a result of entering into new leases (either as a result of acquiring new shops or completing a lease renewal for an existing shop) were £70.3 million (2022: £63.4 million).

A further net increase of £1.7 million to right-of-use assets has also been recognised during the 52 weeks ended 30 December 2023 as a result of lease modifications and assumptions relating to lease term once a lease has become expired (2022: net increase of £7.8 million).

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Amounts recognised in the income statement

	2023 £m	2022 £m
Depreciation charge on right-of-use assets		
Land and buildings	53.2	51.6
Plant and equipment	1.3	1.2
	54.5	52.8
Impairment charge	2.5	0.0
Interest expense (included in finance expense)	9.6	6.8
Expense included for short-term leases (included in cost of sales and administrative expenses)	-	0.1
Expense related to lease of low-value assets that are not shown above as short-term leases (included in administrative expenses)	0.3	0.2
Expense related to variable lease payments not included in lease liabilities (included in distribution and selling costs)	8.5	5.1

The impairment charge is charged to distribution and selling costs in the income statement and arises due to changes in the trading performance of the shops.

The total cash outflow for leases accounted for under IFRS 16 in 2023 was £63.3 million (2022: £59.5 million) and for other leases was £8.8 million (2022: £5.4 million).

The components of the movement in the total lease liability were as follows:

	2023 £m
Opening total liability	301.3
Additions in respect of new leases	70.3
Lease modifications	1.7
Interest on lease liabilities	9.6
Rental payments (including interest paid on lease liabilities within operating activities)	(63.3)
Closing total liability	319.6

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12. Property, plant and equipment Group

	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Assets under construction £m	Total £m
Cost					
Balance at 2 January 2022	190.7	183.2	363.8	2.8	740.5
Additions	3.1	22.9	71.8	9.7	107.5
Disposals	(0.4)	(4.0)	(21.5)	-	(25.9)
Transfers	0.1	2.7	-	(2.8)	-
Balance at 31 December 2022	193.5	204.8	414.1	9.7	822.1
Balance at 1 January 2023	193.5	204.8	414.1	9.7	822.1
Additions	0.3	25.5	107.3	58.0	191.1
Disposals	(2.2)	(8.9)	(47.9)	-	(59.0)
Transfers	0.5	0.4	-	(0.9)	-
Balance at 30 December 2023	192.1	221.8	473.5	66.8	954.2
Depreciation					
Balance at 2 January 2022	57.0	99.9	239.8	-	396.7
Depreciation charge for the year	6.2	16.6	35.2	-	58.0
Impairment charge for the year	-	-	2.0	-	2.0
Impairment release for the year	-	-	(0.8)	-	(0.8)
Disposals	(0.3)	(3.5)	(20.0)	-	(23.8)
Balance at 31 December 2022	62.9	113.0	256.2	-	432.1
Balance at 1 January 2023	62.9	113.0	256.2	-	432.1
Depreciation charge for the year	6.5	18.5	41.6	-	66.6
Impairment charge for the year	-	-	3.0	-	3.0
Impairment release for the year	-	-	(1.6)	-	(1.6)
Disposals	(2.1)	(8.7)	(45.4)	-	(56.2)
Balance at 30 December 2023	67.3	122.8	253.8	-	443.9
Carrying amounts					
At 2 January 2022	133.7	83.3	124.0	2.8	343.8
At 31 December 2022	130.6	91.8	157.9	9.7	390.0
At 1 January 2023	130.6	91.8	157.9	9.7	390.0
At 30 December 2023	124.8	99.0	219.7	66.8	510.3

Assets under construction relate to the building of an additional line for the production of savouries at the manufacturing facility at Balliol Park, Newcastle upon Tyne.

Assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable and provision is made where necessary. The method and assumptions used in these calculations, together with the associated sensitivities and reasons for impairment, are set out in the basis of preparation – key estimates and judgements on page 126. Any impairment charge/(reversal) is charged to distribution and selling costs in the income statement.

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During 2018, the Company exchanged contracts for the disposal of the vacant Twickenham site. The disposal is conditional on a number of factors, including the applications for and successful grant of planning permission. As at the end of 2023 the timing of the resolution of these factors remains uncertain and therefore this asset continues to be classified as non-current. At this stage the total proceeds arising from Supply Chain site disposals are still expected to be in line with those anticipated in the investment plan.

Parent Company

	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Assets under construction £m	Total £m
Cost					
Balance at 2 January 2022	191.2	183.7	364.3	2.8	742.0
Additions	3.1	22.9	71.8	9.7	107.5
Disposals	(0.4)	(4.0)	(21.5)	-	(25.9)
Transfers	0.1	2.7	-	(2.8)	-
Balance at 31 December 2022	194.0	205.3	414.6	9.7	823.6
Balance at 1 January 2023	194.0	205.3	414.6	9.7	823.6
Additions	0.3	25.5	107.3	58.0	191.1
Disposals	(2.2)	(8.9)	(47.9)	-	(59.0)
Transfers	0.5	0.4	-	(0.9)	-
Balance at 30 December 2023	192.6	222.3	474.0	66.8	955.7
Depreciation					
Balance at 2 January 2022	57.3	100.1	240.2	-	397.6
Depreciation charge for the year	6.2	16.6	35.2	-	58.0
Impairment charge for the year	-	-	2.0	-	2.0
Impairment release for the year	-	-	(0.8)	-	(0.8)
Disposals	(0.3)	(3.5)	(20.0)	-	(23.8)
Balance at 31 December 2022	63.2	113.2	256.6	-	433.0
Balance at 1 January 2023	63.2	113.2	256.6	-	433.0
Depreciation charge for the year	6.5	18.5	41.6	-	66.6
Impairment charge for the year	-	-	3.0	-	3.0
Impairment release for the year	-	-	(1.6)	-	(1.6)
Disposals	(2.1)	(8.7)	(45.4)	-	(56.2)
Balance at 31 December 2023	67.6	123.0	254.2	-	444.8
Carrying amounts					
At 2 January 2022	133.9	83.6	124.1	2.8	344.4
At 31 December 2022	130.8	92.1	158.0	9.7	390.6
At 1 January 2023	130.8	92.1	158.0	9.7	390.6
At 30 December 2023	125.0	99.3	219.8	66.8	510.9

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12. Property, plant and equipment continued

Land and buildings

The carrying amount of land and buildings comprises:

	Group		Parent Company	
	2023 £m	2022 £m	2023 £m	2022 £m
Freehold land	12.3	12.3	12.3	12.3
Freehold property	111.8	117.3	112.0	117.5
Long leasehold property	0.3	0.4	0.3	0.4
Short leasehold property	0.4	0.6	0.4	0.6
	124.8	130.6	125.0	130.8

13. Investments

Non-current investments

Parent Company

Cost

Balance at 2 January 2022, 31 December 2022 and 30 December 2023

5.8

Impairment

Balance at 2 January 2022, 31 December 2022 and 30 December 2023

0.8

Carrying amount

Balance at 2 January 2022, 31 December 2022, 1 January 2023 and 30 December 2023

5.0

The undertakings in which the Company's interest at the year-end is more than 20% are as follows:

	Principal activity	Address of registered office	Proportion of voting rights and shares held
Charles Bragg (Bakers) Limited	Non-trading	1	100%
Greggs (Leasing) Limited	Dormant	1	100%
Thurston Parfitt Limited	Non-trading	1	100%
Greggs Properties Limited	Property holding	1	100%
Olivers (UK) Limited	Dormant	2	100%
Olivers (UK) Development Limited*	Non-trading	2	100%
Birketts Holdings Limited	Dormant	1	100%
J.R. Birkett and Sons Limited*	Non-trading	1	100%
Greggs Trustees Limited	Trustees	1	100%
Solstice Zone A Management Company Limited	Non-trading	3	28%

* Held indirectly

1 Greggs House Quorum Business Park Newcastle upon Tyne NE12 8BU

2 Clydesmill Bakery 75 Westburn Drive Clydesmill Estate Cambuslang Glasgow G72 7NA

3 The Abbey Preston Road Yeovil Somerset BA20 2EN

Solstice Zone A Management Company Limited was not consolidated on the grounds of materiality in either the current or prior year.

The Company's subsidiary undertakings listed above were all entitled to exemption, under subsections (1) and (2) of s480 of Companies Act 2006 relating to dormant companies, from the requirement to have their accounts audited.

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14. Deferred tax assets and liabilities

Group

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
Property, plant and equipment	-	-	(61.5)	(33.2)	(61.5)	(33.2)
Employee benefits	4.8	4.9	-	-	4.8	4.9
Short-term temporary differences	0.7	0.7	-	-	0.7	0.7
Unused tax losses	1.3	1.3	-	-	1.3	1.3
Tax assets/(liabilities)	6.8	6.9	(61.5)	(33.2)	(54.7)	(26.3)

The unused tax losses relate to trading losses and are expected to be utilised against trading profits in future years.

The Group and Parent Company has a deferred tax asset of £8.5 million relating to buildings which previously qualified for industrial buildings allowance that is unrecognised at 30 December 2023, as it is not considered to be recoverable (31 December 2022: £8.5 million).

The movements in temporary differences during the 52 weeks ended 31 December 2022 were as follows:

	Balance at 2 January 2022 £m	Recognised in income £m	Recognised in equity £m	Balance at 31 December 2022 £m
Property, plant and equipment	(18.5)	(14.7)	-	(33.2)
Employee benefits	6.6	0.5	(2.2)	4.9
Short-term temporary differences	0.6	0.1	-	0.7
Unused tax losses	1.3	-	-	1.3
	(10.0)	(14.1)	(2.2)	(26.3)

The movements in temporary differences during the 52 weeks ended 30 December 2023 were as follows:

	Balance at 1 January 2023 £m	Recognised in income £m	Recognised in equity £m	Balance at 30 December 2023 £m
Property, plant and equipment	(33.2)	(28.3)	-	(61.5)
Employee benefits	4.9	0.2	(0.3)	4.8
Short-term temporary differences	0.7	-	-	0.7
Unused tax losses	1.3	-	-	1.3
	(26.3)	(28.1)	(0.3)	(54.7)

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14. Deferred tax assets and liabilities continued

Parent Company

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
Property, plant and equipment	-	-	(60.9)	(32.6)	(60.9)	(32.6)
Employee benefits	4.8	4.9	-	-	4.8	4.9
Short-term temporary differences	0.7	0.7	-	-	0.7	0.7
Unused tax losses	1.3	1.3	-	-	1.3	1.3
Tax assets/(liabilities)	6.8	6.9	(60.9)	(32.6)	(54.1)	(25.7)

The movements in temporary differences during the 52 weeks ended 31 December 2022 were as follows:

	Balance at 2 January 2022 £m	Recognised in income £m	Recognised in equity £m	Balance at 31 December 2022 £m
Property, plant and equipment	(17.9)	(14.7)	-	(32.6)
Employee benefits	6.6	0.5	(2.2)	4.9
Short-term temporary differences	0.6	0.1	-	0.7
Unused tax losses	1.3	-	-	1.3
	(9.4)	(14.1)	(2.2)	(25.7)

The movements in temporary differences during the 52 weeks ended 30 December 2023 were as follows:

	Balance at 1 January 2023 £m	Recognised in income £m	Recognised in equity £m	Balance at 30 December 2023 £m
Property, plant and equipment	(32.6)	(28.3)	-	(60.9)
Employee benefits	4.9	0.2	(0.3)	4.8
Short-term temporary differences	0.7	-	-	0.7
Unused tax losses	1.3	-	-	1.3
	(25.7)	(28.1)	(0.3)	(54.1)

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15. Inventories

	Group and Parent Company	
	2023 £m	2022 £m
Raw materials and consumables	31.8	23.7
Work in progress	17.0	16.9
	48.8	40.6

Inventory recognised as an expense during the year was £570.3 million (2022: £455.6 million). The write-down of inventories that was recognised as an expense in the period was £46.2 million (2022: £32.8 million). There was no reversal of write-down of inventories in the current or prior year.

16. Trade and other receivables

	Group and Parent Company	
	2023 £m	2022 £m
Trade receivables	33.3	31.2
Other receivables	9.5	9.4
Prepayments	11.0	9.6
	53.8	50.2

At 30 December 2023 and 31 December 2022 the allowance for expected credit losses ('ECL's) on financial assets are not material.

The ageing of trade receivables at the balance sheet date was:

	Group and Parent Company	
	2023 £m	2022 £m
Not past due date	29.8	29.2
Past due 1-30 days	2.8	1.9
Past due 31-90 days	0.5	-
Past due over 90 days	0.2	0.1
	33.3	31.2

The Group believes that all amounts that are past due by more than 30 days that have an immaterial allowance for ECLs are still collectable in full based on historic payment behaviour and extensive analysis of customer credit risk. Based on the Group's monitoring of customer credit risk, the Group believes that no significant allowance for ECLs is necessary in respect of trade receivables not past due.

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17. Cash and cash equivalents

	Group and Parent Company	
	2023 £m	2022 £m
Cash and cash equivalents	195.3	191.6

18. Trade and other payables

	Group		Parent Company	
	2023 £m	2022 £m	2023 £m	2022 £m
Trade payables	99.1	102.8	99.1	102.8
Amounts owed to subsidiary undertakings	-	-	7.7	7.7
Other taxes and social security	12.0	8.6	12.0	8.6
Other payables	48.0	46.9	48.0	46.9
Accruals and deferred income	45.3	28.3	45.3	28.3
Advance payments from customers	6.2	4.6	6.2	4.6
Deferred government grants	0.5	0.5	0.5	0.5
	211.1	191.7	218.8	199.4

The amounts owed to subsidiary undertakings are repayable on demand.

Other payables includes £24.8 million (2022: £21.5 million) for performance-related remuneration.

19. Current tax

The current tax liability of £4.9 million in the Group and the Parent Company (2022: Group and Parent Company: current tax asset of £0.6 million) represents the estimated amount of income taxes payable/recoverable in respect of current and prior years.

20. Non-current liabilities – other payables

	Group and Parent Company	
	2023 £m	2022 £m
Deferred government grants	2.3	2.8

The Group has been awarded five government grants relating to the extension of existing facilities and construction of new facilities. The grants, which have all been recognised as deferred income, are being amortised over the weighted average of the useful lives of the assets they have been used to acquire.

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21. Employee benefits

Defined benefit pension plan

Scheme background

The Company sponsors a funded final salary defined benefit pension plan (the 'scheme') for qualifying employees. The scheme was closed to future accrual in 2008 and all remaining employees who are still members of the scheme are now members of the Company's defined contribution scheme.

The scheme is administered by a separate Board of Trustees which is legally separate from the Company. The Trustees are composed of representatives of both the employer and employees. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day-to-day administration of the benefits.

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the scheme was carried out by a qualified actuary as at 6 April 2020 and showed a deficit. The Company has agreed a schedule of contributions to the scheme which totalled £15.0 million.

The Company has a legal right to benefit from any surplus on the winding up of the scheme. The IAS 19 valuation at 30 December 2023 showed that the scheme has a surplus of £12.6 million. However, this surplus and the future-committed contributions would be subject to withholding tax at 35% prior to any refund to the Company. In accordance with accounting standards this withholding tax has been recognised as a deduction from the valuation surplus creating an overall surplus position of £6.6 million.

Profile of the scheme

The defined benefit pension obligation includes benefits for deferred members and current pensioners.

At 30 December 2023, the scheme had no active members (2022: nil), 332 deferred members (2022: 351) and 299 pensioners (2022: 292).

The scheme duration is an indicator of the weighted average time until benefit payments are made. For the scheme as a whole, the duration is approximately 15 years (2022: 15 years).

Investment strategy

The Company and Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes a policy to hold sufficient cash and bond assets to cover the anticipated benefit payments for at least the next five years so as to improve the cash flow matching of the scheme's assets and liabilities.

Risks to the scheme

By funding the defined benefit pension scheme the Company is exposed to the risk that the cost of meeting its obligations is higher than anticipated. This could occur for several reasons including:

- Investment returns on the scheme assets could be lower than anticipated;
- The level of price inflation may be higher than that assumed, resulting in higher payments from the scheme; or
- Scheme members may live longer than assumed, for example due to advances in healthcare.



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21. Employee benefits continued

Defined benefit pension plan continued

Defined benefit pension asset/(liability)

	Group and Parent Company	
	2023 £m	2022 £m
Defined benefit obligation	(82.8)	(82.5)
Fair value of plan assets	95.4	94.6
Net defined benefit pension surplus before IFRIC 14 adjustment	12.6	12.1
IFRIC 14 adjustment	(6.0)	(5.8)
Net defined benefit pension asset after IFRIC 14 adjustment	6.6	6.3

In accordance with IFRIC 14, the Group has considered that the net defined benefit pension surplus is limited to the present value of benefits available in the form of any future refunds from the plan (net of withholding tax at 35%) and also takes into account the adverse effect of the minimum funding requirement that the Group is committed to as at 30 December 2023. In the Autumn Budget 2023 the government announced their intention to reduce the rate of withholding tax from 35% to 25% with effect from 1 April 2024. Legislation to enact this has not yet been passed but is expected to do so before 1 April 2024. The impact would be a decrease in the IFRIC 14 adjustment of £1.7 million and a corresponding increase in the net defined benefit pension asset of £1.7 million.

Liability for defined benefit pension obligations

Changes in the present value of the defined benefit pension obligation are as follows:

	Group and Parent Company	
	2023 £m	2022 £m
Opening defined benefit pension obligation	82.5	132.5
Interest income	3.8	2.4
Remeasurement (gains)/losses:		
– changes in mortality assumptions	(1.9)	(0.7)
– changes in financial assumptions	1.9	(53.3)
– experience	0.3	5.4
Benefits paid	(3.8)	(3.8)
Closing defined benefit pension obligation	82.8	82.5

Changes in the fair value of plan assets are as follows:

	Group and Parent Company	
	2023 £m	2022 £m
Opening fair value of plan assets	94.6	135.5
Net interest on plan assets	4.4	2.5
Remeasurement (losses)/gains	0.2	(47.6)
Company special contribution	–	8.0
Benefits paid	(3.8)	(3.8)
Closing fair value of plan assets	95.4	94.6

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The costs charged in the income statement are as follows:

	Group	
	2023 £m	2022 £m
Interest income on net defined pension liability	0.6	0.1
Associated movement in IFRIC 14 adjustment	(0.3)	(0.1)
Net interest income	0.3	-

The amounts recognised in other comprehensive income are as follows:

	Group	
	2023 £m	2022 £m
Remeasurement (losses)/gains on defined benefit pension plans	(0.1)	1.0
Associated movement in IFRIC 14 adjustment	0.1	(0.3)
Net remeasurement gains on defined benefit pension plans	-	0.7

The fair value of the plan assets is as follows:

	Group and Parent Company	
	2023 £m	2022 £m
Equities – UK	4.0	8.8
– Overseas	7.1	13.9
Bonds – Corporate	29.1	23.2
– Government	43.6	37.5
Cash and cash equivalents/other	11.6	11.2
	95.4	94.6

Principal actuarial assumptions (expressed as weighted averages):

	Group and Parent Company	
	2023	2022
Discount rate	4.55%	4.75%
Future salary increases	n/a	n/a
Future pension increases	1.95% – 2.55%	1.95% – 2.60%
Rate of price inflation (RPI)	3.00%	3.10%
Rate of price inflation (CPI)	2.60%	2.60%

In November 2020 the Government announced that RPI is to be aligned with CPIH (CPI with owner occupiers' costs) from 2030. As result the RPI assumption has been updated along with the assumed future gap between RPI and CPI.

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21. Employee benefits continued

Defined benefit pension plan continued

Mortality assumption

Mortality in retirement is assumed to be in line with the S2PXA tables using CMI_2022 projections, though placing no weight on the 2020 and 2021 data due to the inherent uncertainty over the longer-term implications of Covid-19, and a long-term rate of 1.25% per annum. Under these assumptions, pensioners aged 65 now are expected to live for a further 21.4 years (2022: 22.0 years) if they are male and 23.5 years (2022: 24.1 years) if they are female. Members currently aged 45 are expected to live for a further 22.7 years (2022: 23.4 years) from age 65 if they are male and for a further 24.7 years (2022: 25.6 years) from age 65 if they are female.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	Change in assumption	Impact on scheme liabilities
Discount rate	0.5% decrease	Increase of £5.6m
Inflation	0.5% increase	Increase of £3.6m
Mortality rates	1 year increase	Decrease of £3.3m

If the commutation assumption were to be removed from the valuation the impact would be an increase in the scheme liabilities of £1.4 million.

The other demographic assumptions have been set having regard to latest trends in the scheme.

A triennial valuation of the scheme took place in April 2020 and was finalised during 2021. The outcome of that valuation showed a deficit in funding. This position was considered by the Trustees and the Company and a schedule of additional contributions of £2.5 million per year for six years, beginning in 2021, was agreed. However, as a result of the volatile market conditions in the autumn of 2022 the Company advanced payment of £5.5 million of these committed contributions, bringing the total contribution in 2022 to £8 million. £4.5 million of the original commitment remains to be paid in future years, none of which is expected to be paid in 2024.

Defined contribution plans

The Company also operates defined contribution schemes for other eligible employees. The assets of the schemes are held separately from those of the Group. The pension cost represents contributions payable by the Group and amounted to £30.3 million (2022: £26.5 million) in the year. At 30 December 2023 regular monthly employee and employer contributions of £2.8 million were not paid over to the schemes (31 December 2022: £2.8 million). These amounts were paid to the schemes in January.

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Share-based payments – Group and Parent Company

The Group has established a Savings-Related Share Option Scheme, an Executive Share Option Scheme and a Performance Share Plan.

The terms and conditions of the grants for these schemes are as follows, whereby all options are settled by physical delivery of shares:

	Date of grant	Employees entitled	Exercise price	Number of shares granted	Vesting conditions	Contractual life
Executive Share Option Scheme 16	March 2013	Senior employees	£4.80	693,000	Three years' service and EPS growth of 3-7% over RPI on average over those three years	10 years
Performance Share Plan 5	March 2014	Senior executives	£nil	224,599	Three years' service, EPS annual compound growth of 1-4% over RPI over those three years and average annual ROCE of 15.5-17% over those three years	10 years
Executive Share Option Scheme 17	April 2014	Senior employees	£5.00	598,225	Three years' service and EPS growth of 1-4% over RPI on average over those three years	10 years
Executive Share Option Scheme 18	March 2015	Senior employees	£10.22	298,045	Three years' service and EPS growth of 1-7% over RPI on average over those three years	10 years
Executive Share Option Scheme 18a	May 2015	Senior employee	£10.56	3,285	Three years' service and EPS growth of 1-7% over RPI on average over those three years	10 years
Performance Share Plan 6	March 2015	Senior executives	£nil	146,174	Three years' service, EPS annual compound growth of 1-7% over RPI over those three years and average annual ROCE of 19-21.5% over those three years	10 years
Performance Share Plan 7	March 2016	Senior executives	£nil	133,271	Three years' service, EPS average annual growth of 2-8% over RPI over those three years and average annual ROCE of 22-27% over those three years	10 years
Executive Share Option Scheme 19	April 2016	Senior employees	£10.88	235,857	Three years' service and EPS growth of 2-8% over RPI on average over those three years	10 years
Performance Share Plan 8	May 2017	Senior executives	£nil	206,404	Three years' service, EPS average annual growth of 5-11% over those three years and average annual ROCE of 23-27% over those three years	10 years
Executive Share Option Scheme 20	April 2017	Senior employees	£10.33	246,219	Three years' service and EPS growth of 5-11% on average over those three years	10 years
Performance Share Plan 9	March 2018	Senior executives	£nil	190,943	Three years' service, EPS average annual growth of 5-11% over those three years and average annual ROCE of 25-29% over those three years	10 years
Executive Share Option Scheme 21	March 2018	Senior employees	£11.97	228,923	Three years' service and EPS growth of 5-11% on average over those three years	10 years
Performance Share Plan 10	April 2019	Senior executives	£nil	128,534	Three years' service, EPS average annual growth of 5-11% over those three years and average annual ROCE of 24-28% over those three years	10 years
Executive Share Option Scheme 22	April 2019	Senior employees	£18.30	140,913	Three years' service, EPS average annual growth of 5-11% over those three years and average annual ROCE of 24-28% over those three years	10 years
Savings-Related Share Option Scheme 20	April 2019	All employees	£14.84	230,604	Three years' service	3.5 years

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Share-based payments – Group and Parent Company continued

	Date of grant	Employees entitled	Exercise price	Number of shares granted	Vesting conditions	Contractual life
Savings-Related Share Option Scheme 21	April 2020	All employees	£14.24	239,673	Three years' service	3.5 years
Performance Share Plan 11	October 2020	Senior executives	£nil	166,366	Three years' service, EPS performance in FY2022, ROCE performance in FY2022 and two strategic objectives	10 years
Executive Share Option Scheme 23	November 2020	Senior employees	£17.20	121,202	Three years' service, EPS performance in FY2022, ROCE performance in FY2022 and two strategic objectives	10 years
Savings-Related Share Option Scheme 22	April 2021	All employees	£16.72	291,979	Three years' service	3.5 years
Performance Share Plan 12	April 2021	Senior executives	£nil	120,022	Three years' service, EPS performance in FY2023, ROCE performance in FY2023	10 years
Performance Share Plan 12 (retained)	April 2021	Senior executives	£nil	29,512	Three years' service	10 years
Executive Share Option Scheme 24	April 2021	Senior employees	£22.63	120,994	Three years' service, EPS performance in FY2023, ROCE performance in FY2023	10 years
Savings-Related Share Option Scheme 23	April 2022	All employees	£19.68	265,209	Three years' service	3.5 years
Performance Share Plan 13	March 2022	Senior executives	£nil	91,305	Three years' service, EPS average annual growth of 3-8% over those three years and average annual ROCE of 19.6-22.6% over those three years	10 years
Performance Share Plan 13a	May 2022	Senior executives	£nil	36,014	Three years' service, EPS average annual growth of 3-8% over those three years and average annual ROCE of 19.6-22.6% over those three years	10 years
Executive Share Option Scheme 25	March 2022	Senior employees	£24.31	118,357	Three years' service, EPS average annual growth of 3-8% over those three years and average annual ROCE of 19.6-22.6% over those three years	10 years
Savings-Related Share Option Scheme 24	May 23	All employees	£21.06	268,478	Three years' service	3.5 years
Performance Share Plan 14	May 23	Senior executives	£nil	109,583	Three years' service, EPS average annual growth of 4-9% over those three years, average annual ROCE of 18.7%-21.2% over those three years and a CO ₂ emissions reduction target	10 years
Executive Share Option Scheme 26	May 23	Senior employees	£27.92	130,075	Three years' service, EPS average annual growth of 4-9% over those three years, average annual ROCE of 18.7%-21.2% over those three years and a CO ₂ emissions reduction target	10 years

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The number and weighted average exercise price of share options is as follows:

	2023		2022	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the year	£11.84	1,819,739	£9.57	1,973,101
Lapsed during the year	£13.88	(207,148)	£6.04	(391,775)
Exercised during the year	£7.78	(439,911)	£11.23	(272,472)
Granted during the year	£18.27	508,136	£15.85	510,885
Outstanding at the end of the year	£14.60	1,680,816	£11.84	1,819,739
Exercisable at the end of the year	£10.13	264,675	£7.44	363,630

No options expired during the period covered by the above tables. The options outstanding at 30 December 2023 have an exercise price in the range of £nil to £27.92 (2022: £nil to £24.31) and have a weighted average contractual life of 5.09 years (2022: 5.1 years). The options exercised during the year had a weighted average market value of £26.04 (2022: £22.73).

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model for all Savings-Related Share Option Schemes and Executive Share Option Schemes and for Performance Share Plan options granted from 2014 onwards. The fair value per option granted and the assumptions used in these calculations are as follows:

	2023			2022			
	Performance Share Plan 14 May 2023	Executive Share Option Scheme 26 May 2023	Savings-Related Share Option Scheme 24 May 2023	Performance Share Plan 13 March 2022	Performance Share Plan 13a May 2022	Executive Share Option Scheme 25 March 2022	Savings-Related Share Option Scheme 23 April 2022
Fair value at grant date	£25.91	£7.48	£10.92	£23.34	£20.04	£7.64	£8.33
Share price	£27.62	£27.62	£28.46	£24.99	£21.68	£24.99	£23.50
Exercise price	£nil	£27.92	£21.06	£nil	£nil	£24.31	£19.68
Expected volatility	40.11%	40.11%	40.52%	48.75%	48.29%	48.75%	49.00%
Option life	3 years	3 years	3 years	3 years	3 years	3 years	3 years
Expected dividend yield	2.14%	2.14%	2.07%	2.28%	2.63%	2.28%	2.43%
Risk-free rate	4.05%	4.05%	3.82%	1.38%	1.50%	1.38%	1.64%

The expected volatility is based on historical volatility, adjusted for any expected changes to future volatility due to publicly available information. The historical volatility is calculated using a weekly rolling share price for the three-year period immediately prior to the option grant date.

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21. Employee benefits continued

Share-based payments – Group and Parent Company continued

The costs charged to the income statement relating to share-based payments were as follows:

	2023 £m	2022 £m
Share options granted in 2019	–	0.2
Share options granted in 2020	0.4	0.7
Share options granted in 2021	1.3	1.8
Share options granted in 2022	1.6	0.9
Share options granted in 2023	1.3	–
	4.6	3.6
Social security contributions	0.4	(0.3)
Total expense recognised as employee costs	5.0	3.3

22. Provisions

	Group and Parent Company									
	2023 Dilapidations £m	2023 National Insurance £m	2023 Redundancy £m	2023 Other £m	2023 Total £m	2022 Dilapidations £m	2022 National Insurance £m	2022 Redundancy £m	2022 Other £m	2022 Total £m
Balance at start of the year	3.6	1.6	0.1	1.0	6.3	3.1	2.2	0.2	1.5	7.0
Additional provision in the year	1.8	0.4	–	0.1	2.3	1.8	–	–	–	1.8
Utilised in the year	(0.7)	(0.7)	–	(0.1)	(1.5)	(0.3)	(0.3)	–	(0.2)	(0.8)
Provisions reversed during the year	(0.6)	–	–	(0.3)*	(0.9)	(1.0)	(0.3)	(0.1)	(0.3)	(1.7)
Balance at end of the year	4.1	1.3	0.1	0.7	6.2	3.6	1.6	0.1	1.0	6.3
Included in current liabilities	2.5	1.0	–	0.5	4.0	2.3	0.9	–	0.4	3.6
Included in non-current liabilities	1.6	0.3	0.1	0.2	2.2	1.3	0.7	0.1	0.6	2.7
	4.1	1.3	0.1	0.7	6.2	3.6	1.6	0.1	1.0	6.3

*£0.3 million of other provisions reversed during the year was in respect of an exceptional onerous lease provision which is no longer required.

Dilapidation provisions have been made based on the future expected repair costs required to restore the Group's leased buildings to their fair condition at the end of their respective lease terms, where it is considered a reliable estimate can be made.

National Insurance costs are provided in respect of future share options exercises.

Other provisions are largely in respect of onerous costs relating to closed shops where the lease has not yet expired.

The majority of all of the provisions are expected to be utilised between one and four years such that the impact of discounting would not be material.

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23. Capital and reserves

Share capital

	Ordinary shares	
	2023 Number	2022 Number
In issue and fully paid at start of year – ordinary shares of 2p	102,112,581	101,897,021
Issued on exercise of share options	143,094	215,560
	102,255,675	102,112,581

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

During the year 143,094 shares (2022: 215,560) were issued as a result of the exercise of vested options granted to senior management under the Executive Share Option Scheme and the exercise of options under the Savings-Related Share Option Scheme. Options were exercised at an average price of £13.99 (2022: £13.61).

Share premium account

The share premium reserve relates to the proceeds received in excess of the nominal value of shares issued, net of any transaction costs.

Capital redemption reserve

The capital redemption reserve relates to the nominal value of issued share capital bought back by the Company and cancelled.

Own shares held

Deducted from retained earnings is £63.1 million (2022: £59.7 million) in respect of own shares held by the Greggs Employee Benefit Trust. The Trust, which was established during 1988 to act as a repository of issued Company shares, holds 775,552 shares (2022: 866,312 shares) with a market value at 30 December 2023 of £20.2 million (2022: £20.3 million) which have not vested unconditionally in colleagues. During the year the Trust purchased 186,700 (2022: 546,286) shares for an aggregate consideration of £5.0 million (2022: £11.0 million) and sold 277,460 (2022: 55,668) shares for an aggregate consideration of £1.6 million (2022: £nil).

The shares held by the Greggs Employee Benefit Trust can be purchased either by employees on the exercise of an option under the Greggs Executive Share Option Schemes, Greggs Savings-Related Share Option Scheme and Greggs Performance Share Plan or by the trustees of the Greggs Employee Share Scheme. The trustees have elected to waive the dividends payable on these shares.

Dividends

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

	2023 Per share pence	2022 Per share pence
2021 special dividend	-	40.0p
2021 final dividend	-	42.0p
2022 interim dividend	-	15.0p
2022 final dividend	44.0p	-
2023 interim dividend	16.0p	-
	60.0p	97.0p

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23. Capital and reserves continued

Dividends continued

The proposed final dividend and special dividend in respect of 2023 amount to 46.0 pence (£46.6 million) and 40.0 pence (£40.6 million) respectively. These dividends are not included as a liability in these accounts.

	2023 £m	2022 £m
2021 special dividend	-	40.6
2021 final dividend	-	42.7
2022 interim dividend	-	15.2
2022 final dividend	44.6	-
2023 interim dividend	16.2	-
	60.8	98.5

24. Capital commitments

During the 52 weeks ended 30 December 2023, the Group entered into contracts to purchase property, plant and equipment and intangible assets for £63.5 million (2022: £45.5 million) of which £34.5 million are expected to be settled in 2024 and £29.0 million in 2025. In addition, the Group entered into an Agreement for Lease for a new supply facility which is expected to open in 2026. Provided the landlord meets their obligations this commits the Group to total rental payments of up to £55.5 million to the first break date, dependent on the final size of the site (rent will be calculated per square foot).

25. Related parties

Identity of related parties

The Group has a related party relationship with its subsidiaries (see Note 13), Directors and executive officers, and pension schemes.

Trading transactions with subsidiaries – Group

There have been no transactions between the Company and its subsidiaries or associates during the year (2022: none).

Trading transactions with subsidiaries – Parent Company

	Amounts owed to related parties		Amounts owed by related parties	
	2023 £m	2022 £m	2023 £m	2022 £m
Dormant subsidiaries	7.7	7.7	-	-

The Greggs Foundation is also a related party and during the year the Company made a donation to the Greggs Foundation of £2.6 million (2022: £2.2 million), as well as passing on £0.8 million (2022: £0.6 million) raised from the sale of carrier bags, customer donations and £0.4 million (2022: £0.4 million) raised from the sale of products. The Greggs Foundation holds 300,000 shares (2022: 300,000 shares) in Greggs plc and Richard Hutton, a Director of Greggs plc, is a trustee of the Greggs Foundation.

Transactions with key management personnel

Details of Directors' shareholdings, share options, emoluments, pension benefits and other non-cash benefits can be found in the Directors' Remuneration Report on pages 86 to 110. Summary information on remuneration of key management personnel is included in Note 5.

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TEN-YEAR HISTORY

	2014 (as restated) ^{1,3}	2015 ¹	2016	2017	2018	2019 ^{5,7}	2020 ¹	2021 ¹	2022	2023
Turnover (£m)	806.1	835.7	894.2	960.0	1,029.3	1,167.9	811.3	1,229.7	1,512.8	1,806.9
Total sales growth/(decline)(%)	5.7%	3.7%	7.0%	7.4%	7.2%	13.5%	(30.5%)	51.6%	23.0%	19.6%
Company-managed shop like-for-like sales growth/(decline)(%)	4.5%	4.7%	4.2%	3.7%	2.9%	9.2%	(36.2%)	52.4%	17.8%	13.7%
Profit/(loss) before tax (PBT) excluding exceptional items (£m)	58.3	73.1	80.3	81.7	89.8	114.2	(12.9)	145.6	148.3	167.7
PBT margin excluding exceptional items (%)	7.2%	8.7%	9.0%	8.5%	8.7%	9.8%	(1.59%)	11.8%	9.8%	9.3%
Pre-tax exceptional charge (£m)	(8.5)	-	(5.2)	(9.9)	(7.2)	(5.9)	(0.8)	-	-	20.6
Profit/(loss) on ordinary activities including exceptional items and before tax (£m)	49.7	73.0	75.1	71.9	82.6	108.3	(13.7)	145.6	148.3	188.3
Diluted earnings/(loss) per share excluding exceptional items (pence)	43.4	55.8	60.8	63.5	70.3	89.7	(12.9)	114.3	117.5	123.8
Dividend per share declared (pence)	22.0	48.6 ⁴	31.0	32.3	35.7	46.9 ⁶	-	97.0 ⁸	59.0	102.0⁸
Total shareholder return (%)	69.7%	87.1%	(23.8%)	47.5%	(7.4%)	87.5%	(22.0%)	87.3%	(27.9%)	13.6%
Capital expenditure (£m)	48.9	71.7	80.4	70.4	73.0	86.0	58.7	57.4	110.8	199.8
Return on capital employed (excluding exceptional items)(%)	22.4%	26.8%	28.1%	26.9%	27.4%	20.0%	(2.4%)	23.0%	21.0%	21.1%
Number of shops in operation at year end	1,650	1,698	1,764	1,854	1,953	2,050	2,078	2,181	2,328	2,473

1 2014 and 2020 were 53 week years, impacting on total sales growth for that year and the year immediately following

2 Restated following the adoption of IAS 19 (Revised)

3 Restated to include revenue in respect of franchise fit-out costs

4 Includes a special dividend of 20.0 pence paid in 2015

5 IFRS 16 leases was implemented at the start of the financial year using the modified retrospective approach. Prior year comparatives have not been restated

6 Includes a special dividend of 35.0 pence. The final dividend declared in respect of 2019 was cancelled as a cash preservation measure during the Covid-19 crisis

7 Restated for a change in accounting policy relating to deferred tax

8 Includes a special dividend of 40.0 pence

All of the non-GAAP measures detailed above can be calculated from the GAAP measures included in the annual accounts with the exception of those detailed pages 164 and 165.



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ALTERNATIVE PERFORMANCE MEASURES

Calculation of alternative performance measures

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

	2023 £m	2022 £m
Current year LFL sales	1,444.3	1,239.8
Prior year LFL sales	1,270.0	1,052.2
Growth in LFL sales	174.3	187.6
LFL sales growth percentage	13.7%	17.8%

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

	2023 Underlying £m	2023 Including exceptional items (see Note 4) £m	2022 £m
Profit before tax	167.7	188.3	148.3
Capital employed:			
Opening	730.3	730.3	681.5
Closing	857.2	857.2	730.3
Average	793.8	793.8	705.8
Return on capital employed	21.1%	23.7%	21.0%

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.

	2023 £m	2022 £m
Net cash inflow from operating activities	310.8	251.5
Repayment of principle of lease liabilities	(53.7)	(52.7)
Net cash inflow from operating activities after lease payments	257.1	198.8

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Ratio of IFRS 16 'right of use' charges on leased property assets to company-managed shop sales – calculated by dividing land and buildings right-of-use asset charges by company-managed shop turnover.

	2023 £m	2022 £m
Company-managed shop turnover (see Note 1)	1,610.9	1,352.3
Land and buildings right-of-use assets depreciation (see Note 10)	54.5	51.6
Land and buildings right-of-use assets interest charge (see Note 10)	9.6	6.8
Right-of-use asset charges	64.1	58.4
	4.0%	4.3%



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