ESTABLISHED 1845

FULLER'S

WE CREATE EXPERIENCES THAT NOURISH THE SOUL

Annual Report and Accounts 2022

LIVING OUR PURPOSE. CELEBRATING TOGETHER.

At Fuller's, *we create experiences that nourish the soul*, and throughout this report we will show how we do that through a commitment to excellence and a clear, long-term strategy

Celebrating our Tenants 26

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HIGHLIGHTS

See how we support our people in our Sustainability Report

40

Financial and Operational Summary

- Revenues recovered to £253.8 million (2021: £73.2 million) despite being significantly impacted during the year by coronavirus related closures, restrictions and working from home guidance
- Adjusted profit before tax returning to growth at £7.2 million (2021: loss £48.7 million)
- Net debt excluding leases reduced to £131.9 million and headroom for future growth in place with new four-year £200 million bank facilities
- New Directors' valuation of the total property portfolio at £995.6 million, approximately £400 million above our current book value, which implies an adjusted net asset value per share of £13.80, demonstrating the underlying Balance Sheet strength of the business
- Return to progressive dividend policy with a proposed final dividend of 7.41p in addition to the interim dividend of 3.90p paid earlier in the year.

Strategic Update

- Digital Transformation project delivered, improving the customer experience and enhancing our analytical capabilities to target new and existing customers
- Successfully implemented our new central finance system, which has enhanced the quality and timeliness of business information
- Launched new recruitment platform and employer brand to help attract and retain outstanding people
- Deployed our ESG strategy and honed our *Life is too good to waste* programme
- Continued to maintain capital investment in the estate, with £26 million invested in the year to enhance capital values and drive growth
- Secured new four-year bank facilities to provide headroom for future growth
- Strengthened and refined our long-term strategy to ensure we are evolving and responding to changes in consumer behaviour and market dynamics.

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Learn about our strategy

	FY 2022 £m	FY 2021 £m
Revenue	**253.8**	73.2
EBITDA[1]	**44.3**	(13.1)
Group statutory profit/(loss) before tax	**11.5**	(59.2)
Basic earnings/(loss) per share[2]	**11.59p**	(87.31)p
Adjusted profit/(loss) before tax[3]	**7.2**	(48.7)
Adjusted earnings/(loss) per share[4]	**9.79p**	(72.09)p
Dividend per share[2]	**11.31p**	nil
Net debt excluding lease liabilities[5]	**131.9**	218.1

All figures above are from continuing operations except for Group statutory profit/(loss) before tax which includes discontinued operations in the prior year.

1 Earnings before separately disclosed items, interest, tax, depreciation and amortisation.
2 Calculated on 40p ordinary share.
3 Adjusted profit/(loss) before tax is the profit/(loss) before tax excluding separately disclosed items.
4 Calculated using adjusted profit/(loss) after tax and the same weighted average number of shares as for the basic earnings per share and using a 40p ordinary share.
5 Net debt comprises cash and short-term deposits, bank overdraft, bank loans, CCFF, debenture stock and preference shares.

At a Glance

WHO WE ARE

We are the premium pubs and hotels business that is famous for beautiful and inviting venues with delicious fresh food, a vibrant and interesting range of drinks, beautiful bedrooms and engaging service from passionate people

OUR PURPOSE

We create experiences that nourish the soul

OUR MISSION

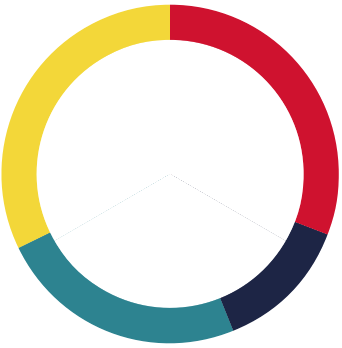
We're crafting a family of distinctive pubs and hotels where people feel they belong

OUR VALUES

- *Doing things the right way*
- *Being part of the family*
- *Celebrating Individuality*
- *Always asking what's next?*

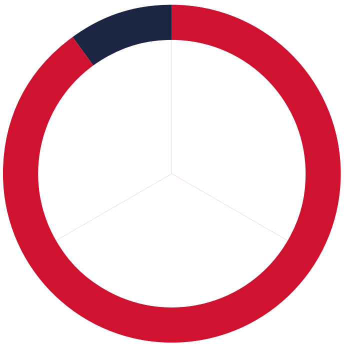
The Still & West, Old Portsmouth

MANAGED PUBS AND TENANTED INNS (%)



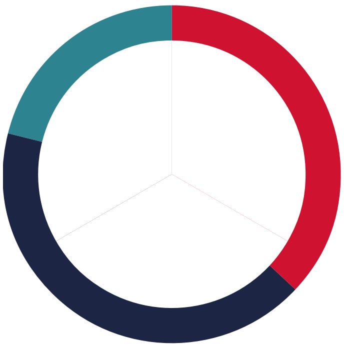
- Fuller's Managed within M25 31%
- Fuller's Tenanted within M25 13%
- Fuller's Managed outside M25 24%
- Fuller's Tenanted outside M25 32%

REVENUE BY DIVISION (%)



- Managed 90%
- Tenanted 10%

ANALYSIS OF MANAGED REVENUE – URBAN/SUBURBAN/RURAL (%)



- Urban 37%
- Suburban 42%
- Rural 21%

OLIVER ROSEVEAR
DOING THINGS THE RIGHT WAY

In today's world, the right way has to be good for the environment – and that's why we've hired our first ever Sustainability Director. You can find out more about Ollie's work in our Sustainability Report on page 40.

1

2

SOL YEPES
BEING PART OF THE FAMILY

We welcome a diverse range of individuals from all over the world into the Fuller's Family – including Sol from Colombia, who couldn't speak a word of English when she joined Fuller's. You can read her story on page 10.

TOGETHER WE ARE LIVING OUR VALUES

3

SIMON EMENY
ALWAYS ASKING WHAT'S NEXT?

Fuller's has always been, and will always be, a business with a long-term view and a long-term strategy. We never stand still though – and the Executive Team has worked hard to ensure we remain relevant to our customers by evolving our strategy. Read more in Simon's review on page 12.

4

STUART GREEN
CELEBRATING INDIVIDUALITY

We love individuals – and Stuart Green at The Cabbage Patch, as well as running the UK's most famous rugby pub, has changed the lives of more individuals than most. Read his amazing story on page 45.

Where we Operate

URBAN

The Hydrant, Monument

At the foot of The Monument, this aptly named venue is famous for its wide range of craft beers and is a popular hangout with City workers and tourists alike.

Number of properties

76

Number of bedrooms

205

SUBURBAN

The Ship, Langstone

A popular pub with locals and those travelling over the bridge to Hayling Island, this wonderful suburban pub has views to die for across the bay.

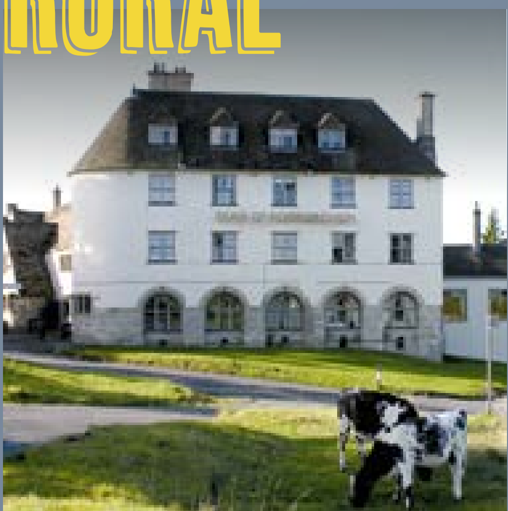
Number of properties

96

Number of bedrooms

410

RURAL



The Bear of Rodborough

It doesn't get much more rural than cows in the front garden, and there's plenty of them at this idyllic hotel in the heart of the Cotswolds.

Number of properties

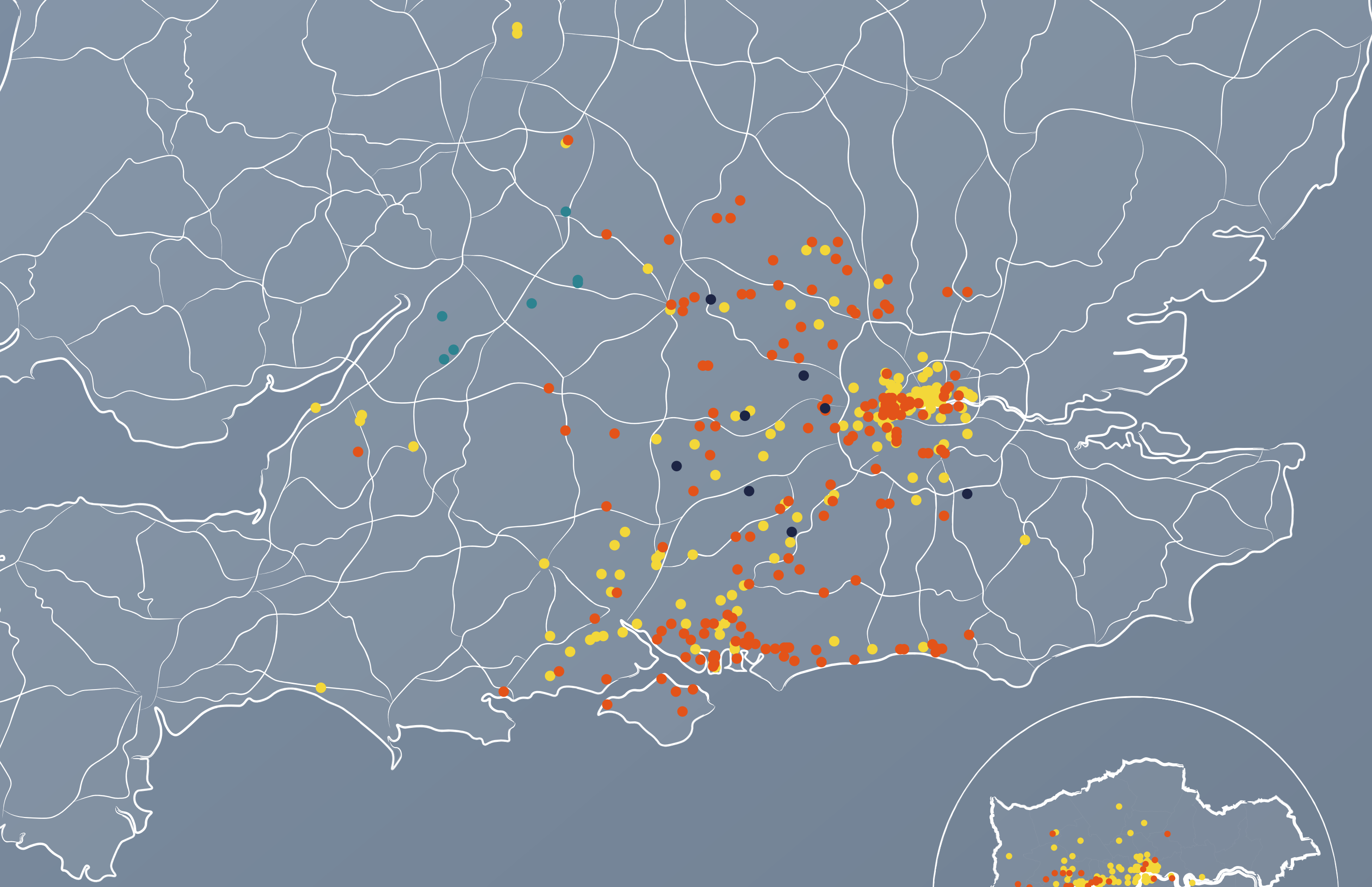
39

Number of bedrooms

415

KEY

196	MANAGED
8	BEL & THE DRAGON
7	COTSWOLD INNS & HOTELS
174	TENANTED



OPERATIONAL HIGHLIGHTS

Number of employees

4,724

Pints of London Pride sold during the year

1.8M

Number of followers across social platforms

72K

Year on year growth in cocktail sales

41%

Number of people on our database

2.9M

Number of roasts sold during the year

423K

Number of weddings during the year

708

% of meals accompanied by a pudding

33%

OUR BRANDS

Bel & The Dragon

Fuller's acquired Bel & The Dragon in June 2018 – six stunning country inns, across the Home Counties. Since then, we have added number seven, The Red Lion in Wendover, and are about to open number eight, The George & Dragon in Westerham. Bel & The Dragon offers outstanding hospitality, in characterful buildings, with a focus on world-class wines – including many sold by the glass – and high quality, fresh, seasonal dishes that are both visually stunning and delicious.

Cotswold Inns & Hotels

Fuller's acquired Cotswold Inns & Hotels in October 2019 – a collection of seven beautiful hotels, with a total of 201 bedrooms, in the heart of the Cotswolds – one of the most beautiful parts of Great Britain.

Specialising in traditional hospitality and incredibly popular for weddings, the hotels offer the chance to get away from the hustle and bustle of daily life in venues offering outstanding service, the heartiest of breakfasts, the most delicate of afternoon teas and a fantastic array of fresh food and excellent wines, beers and spirits.

PRIDE FAMILY SUPPORT VISION STRATEGY VALUES

Michael Turner
Chairman

Once again, the spectre of coronavirus has left its mark on our financial performance. However, when we were allowed to trade fully, our customers came back, and our teams delivered the Fuller's experience we are famous for. The contribution of our team members across our estate is a real source of pride. Their resilience in dealing with the constant highs and lows of the last two years is outstanding and I pay tribute to each and every one of them.

From the gradual reopening of the hospitality sector on 12 April 2021, when we could only open for groups of six and only outside, through 17 May 2021, when we could allow that group of six inside, to the high of the so-called Freedom Day last July, it was a delight to see our customers return. As we headed towards Christmas, everything was looking increasingly positive. I cannot express strongly enough my disappointment at the Government's handling of the Omicron variant. Despite all the information from South Africa, the decision to effectively close our businesses down at the busiest time of the year disproportionally impacted hospitality and, over and above the financial cost, set consumer confidence back six months at the precise moment it was beginning to return to normal. The subsequent total removal of restrictions showed how unnecessary they had been.

At Fuller's, under Simon Emeny's leadership, the Executive Team has used these strange times to focus on high level, strategic projects, which will be covered in the Chief Executive's Review. These projects will deliver financial returns in the coming months and years, and put Fuller's in a great place for the new financial year. We have refined our brand identity, there is a new buzz that comes from the open plan and collaborative layout of our support centre at Pier House, and the energy that has been sucked from us throughout the pandemic has returned.

Over the years we have acquired, developed and continually invested in our wonderful iconic pubs. While others cut their investment programme during the pandemic, Fuller's did the opposite. This has proved to be the right decision and with pubs, people and systems aligned, we look forward to seeing the fruits of our labours in the next financial year and beyond.

Our Tenanted Inns division is in a strong position, and I am delighted to see a number of joint investments in this key part of our business. Our Tenants are well funded, with debt at a very low level and there is an energy and positivity that is delivering good results. Our entrepreneurial Tenants are a constant source of inspiration and the symbiotic relationship, with both parts of our business learning from the other, continues to deliver mutual benefit.

During the year, we welcomed Neil Smith to the Board as Finance Director. Neil joined us in November 2021, replacing Adam Councell, and comes with a wealth of relevant experience, having previously held positions at Domino's Pizza and Ei Group. Neil is already making an impact – as well as excellent financial acumen, he has a clear head, thoughtful insight, empathy and good judgement, all of which add further depth to both our Board and the Executive Team.

Dividend

Finally, the Board is pleased to announce a final dividend of 7.41p (2021: nil) per 40p 'A' and 'C' ordinary share and 0.74p (2021: nil) per 4p 'B' ordinary share. This will be paid on 27 July 2022 to shareholders on the share register as at 8 July 2022. The total dividend of 11.31p per 40p 'A' and 'C' ordinary share and 1.13p per 4p 'B' ordinary share is over 50% of the 2019 dividend and marks a return to a progressive dividend policy.

Michael Turner

MICHAEL TURNER
CHAIRMAN
8 June 2022

Dividend per share

£11.31P

Capital expenditure

£25.8M

"The contribution of our team members across our estate is a real source of pride"

OUR INVESTMENT PROPOSITION

1

WE HAVE A CLEAR STRATEGY

We operate a family of characterful pubs and hotels in the South of England

- Our estate encompasses some 385 pubs and hotels across London and the South of England.
- We operate in the premium segment while offering excellent value for money.

We source and create experiences that nourish the soul

- Most of our pubs are deeply entrenched in their local communities with generations of goodwill behind them. We are a regular part of our customers' lives, and we strive to earn the right to welcome them back again and again.
- Our pubs are operated locally, with managers given the freedom to optimise the décor and the offer according to local characteristics. This extends to creating engaging experiences, from open-air Shakespeare to stand-up comedy and open mic nights.

Our teams are customer-centric, focused on delivering outstanding quality and service

- Memorable hospitality demands great people behind the bar and stars in the kitchen. Our focus on quality and service helps turn our customers into powerful ambassadors.

+ READ MORE P22

2

WE OPERATE IN A MARKET WITH OPPORTUNITIES

Demographic strengths

- In our heartland of London and the South of England, incomes are traditionally more resilient. Hospitality spend in our regions is 21% greater than the UK average, and incomes are c.19% higher. Our wide demographic also attracts mature customers, many of whom have greater disposable incomes.

Customers are attracted by our premium offer

- Every week we welcome thousands of people to our pubs and hotels, many being returning guests. Our customers look for a great experience and, while they seek value for money, they appreciate the benefit of our premium offer.

Leveraging digital opportunities

- An increasing digital awareness among our customers allows us to get even closer to them, and provide a tailored experience which is smooth and seamless. We have developed our CRM capabilities to utilise robust user data and help enhance the effectiveness of our targeted marketing. We have also enhanced our online presence, from booking tables, rooms or events through to ordering and paying.

+ READ MORE P20

3

WE ARE FAMILY, INSIDE AND OUT

Our multi-generation family business extends a sense of belonging to all our stakeholders

- For customers, we maintain the cherished ethos of 'the local'.
- Our people are also family. We create meaningful career paths and invest in their development. This shows in our senior leadership where around 60% of our general managers joined us at entry level and have developed within the business.
- Much of our kitchen talent is also home-grown and at our Chefs' Guild we set a clear pathway that can take kitchen assistants right up to executive chef level. We welcome over 100 apprentice chefs each year, giving them an inspirational start to careers in hospitality.

Great family businesses think and act long term

- We are custodians of the Company, with the clear goal of passing it on in even better health than we found it. This means managing our assets carefully, with the collective strength of our portfolio delivering increasing value.

+ READ MORE P21

4

WE ACTIVELY MANAGE OUR ASSET PORTFOLIO

The Company has a high quality portfolio
- We own the freeholds of over 92% of our estate. Following the latest valuation, this represents an asset value of £995.6 million.

We deliver capital appreciation as well as earnings growth
- As custodians of the portfolio, we protect and enhance its quality with maintenance investment and look for opportunities to enhance trade and grow income through investment. Each year we expect to invest in the region of £20–30 million improving the estate.

Our strong Balance Sheet provides us with access to capital
- We have recently agreed a new four year £200 million bank facility. This also provides significant headroom to continue our M&A strategy, building on the successful Cotswold Inns & Hotels and Bel & The Dragon transactions.

We actively manage the property portfolio to optimise returns
- We continually gauge the performance of assets, considering fresh pub propositions, or the option of disposals.

+ READ MORE P28

5

WE HAVE A CLEAR AND CONSISTENT CAPITAL ALLOCATION FRAMEWORK TO ENHANCE LONG-TERM VALUE CREATION

We invest in the long-term organic growth of the business
- We invest annually to grow capital value, and to drive returns.

A sustainable and progressive dividend
- With a planned cover range of 2.5-3.0x, and growth in line with EPS growth to drive dividend yield.

M&A opportunities
- With a disciplined approach to inorganic investment and a view to increasing long-term returns.

Leverage
- With a target of up to c.3x net debt/ EBITDA. If achieved, surplus cash may be returned to shareholders.

+ READ MORE P28

6

WE OWN OUR IMPACT BECAUSE *LIFE IS TOO GOOD TO WASTE*

Our environment and our planet demand that we take meaningful action to protect them
- We aim to be Net Zero by 2030 (operational) and 2040 (supply chain).
- We will continue to source 100% renewable energy.
- We will reduce energy consumption by 25% and halve our gas usage.

We create spaces where communities are welcomed, supported and can come together
- Each site encouraged to support at least one local group each year.
- We donate 1% of our profits to good causes every year.
- We create good job opportunities for people with additional needs.

Our governance is designed to build trust and ensure equal opportunities for everyone
- A diverse place to work with no barriers to entry and with clear development paths.
- A place where everyone has a voice
- A place free from modern slavery and discrimination of any kind.

+ READ MORE P40

Celebrating Our People

I STILL PINCH MYSELF SOMETIMES — LITTLE SOL FROM MEDELLIN

Our people are the key to our success and we love home-grown talent. Sol Yepes is a great example of the Fuller's academy and now runs a wonderful Fuller's hotel – The White Swan at Stratford-upon-Avon.

Q & A

Sol Yepes
General Manager
The White Swan, Stratford-upon-Avon

How did you arrive in the UK?

I was born in Medellin, Colombia, and when I was 22, I decided to come to the UK even though I couldn't speak any English. Part of me wanted to prove that I could leave my parents, especially as my Dad was telling me not to go, so I did – and I said I would be back in three years, but 21 years later, I'm still here.

How did those early years go?

I used to get lost all the time in the early days and never knew which way to go on the tube. I moved into a flat in Brixton and was doing two cleaning jobs – one at 4am and one at 6am – and studying at school. To help my English, I used to buy a paper, sit in a park, and highlight words to help me learn.

So when did you get involved with Fuller's?

The two jobs were either side of The Sanctuary House and there was a Brazilian girl who ran breakfast. I used to talk to her, and she said The Sanctuary House was looking for housekeepers – so I joined the team. I still couldn't speak any English, but a position came up on breakfast and she suggested I go for it. I only knew the words for tea and coffee – if anyone asked for butter, I was in trouble! But I took the job, I started doing more hours at school, and my English improved. I moved to the bar, then the kitchen (even though I could only cook chicken and rice), and then on to reception.

What happened next?

I can't thank Fuller's enough. My confidence and career grew. I was promoted to head receptionist, deputy manager and then assistant manager. My manager was leaving to run another hotel and said I should go for the job. I thought, who is going to hire a manager that can't speak good English? But I went for it and the interview with Simon Emeny was the most nerve-racking day of my life. But I had only got as far as the underpass by the Brewery when I had a call to say the job was mine. I'd been in the country for just six years and now I was a hotel manager. The investment in my training and development that Fuller's put in me was incredible and I am just so pleased to be repaying that.

The theme of this Annual Report is celebration – it sounds like you've got lots to celebrate

I have – through Fuller's I have had an amazing career and met my fiancé. He was a customer at The Sanctuary House and asked if I would have coffee with him, but we couldn't find a date and I moved to Stratford-upon-Avon in 2016. He tracked me down – and we did have coffee and he became a firm favourite with my son Ryan. The rest is history. When I came to The White Swan, I thought I was the only Colombian in the town – but now I have a gang of eight that remind me of home. I still pinch myself sometimes – little Sol from Medellin, arriving with no English and now running this beautiful hotel in the heart of the most English of towns. Who would have thought it?

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Internally appointed general managers

SUSTAINABLE GROWTH INCREDIBLE TEAM INNOVATION PASSION OPPORTUNITIES

Simon Emeny
Chief Executive

While we are once again reporting on a year that has seen the devastating impact of coronavirus, and the Government's over-zealous response, the future is looking more positive. We didn't trade unfettered until July last year, from which point customers were returning and success was impeded more by the widely reported labour shortages than a lack of customers. Advice to work from home returned in December, destroying the Christmas trade, but despite the impact of Omicron, we ended the year where we expected to be financially, having effectively only traded fully for around six months.

During the year, the Company generated revenues of £253.8 million (2021: £73.2 million), with an adjusted profit before tax of £7.2 million (2021: loss of £48.7 million). We have also reduced our net debt[1] to £131.9 million (2021: £218.1 million). It is testament to the dedication and resilience of our team, across the business, that we have managed to deliver so much under such difficult circumstances.

As a company, we have used the last two years wisely – undertaking a number of projects that will deliver benefits over the coming years – and I will cover these in more detail further on in this report. In short, we have successfully honed our offer, completed a digital transformation project, rolled out a new central finance system, and delivered an employer brand and new recruitment platform.

From a financial perspective, we have completed a refinancing, on more favourable terms, giving us £200 million of bank facilities, which provides a great platform for future growth. We have also reviewed our capital allocation strategy and completed a Directors' revaluation of our estate. The latter, which has not been done since 1999, has highlighted the intrinsic value – just shy of £1 billion – of our predominately freehold estate, around £400 million above our current book value. It is this solid financial foundation that provides the base for Fuller's current and future success and moves our net asset value from £7.27 per share to £13.80 per share.

We have also refined our branding. Having sold the Fuller's Beer Business in 2019, we need our look and feel to reflect our position as a leading, premium pubs and hotels business. While the continued use of the Griffin reflects the pride we have in our heritage and experience, the new look is cleaner, clearer and more concise – a great representation of our business as a whole.

Finally, we have also reviewed our long-term strategy. Like any company, we are cognisant that we need to evolve to meet the changing consumer environment and ensure we remain relevant to both existing and potential customers. Much remains the same, but we have tightened our focus on ensuring we continue that evolution and further increased our commitments around the ESG agenda.

This work has been undertaken by the Executive Team as a whole and is based around our existing values – which have not changed. We have a clear purpose, to deliver *experiences that nourish the soul*, and to do that we are crafting a family of distinctive pubs and hotels where people feel they belong. Underpinning this are five strategic pillars and I look forward to reporting on the delivery of this strategy both in this report and in the future.

While there are still some major external issues to deal with – particularly around recruitment, inflation and energy – I am pleased and confident that we have taken all the actions we can as a company to put us in the best possible place to clear these hurdles and take Fuller's forward on the next leg of our journey.

1 Pre IFRS 16

Strategic and Business Review

Delight our customers

The first pillar of our strategy is to surprise and delight our customers with the quality of our offer and distinctive service. One of our values is to celebrate individuality and that allows our team members to tailor the experience for our customers in every one of our pubs and hotels. In order for a trip to a Fuller's pub to truly *nourish the soul*, it must match and exceed the expectations of the customer – and those expectations will be very different from a business lunch in the City to a romantic weekend in the Cotswolds. Whatever the occasion, our team will be ready and waiting to deliver the right experience at the right time.

Food is a key part of that customer experience, and our chefs, trained in-house through our Chefs' Guild academy, continue to deliver interesting, inspired and delicious dishes for our customers. Our focus on seasonal ingredients, and a supply chain that is founded on mutual trust and support with British-based suppliers and primarily local produce, is built on true partnerships, and this has also helped us to mitigate some of the worst of the well-documented supply chain issues across the wider industry.

Our connection with the Bocuse d'Or – the world's largest cooking contest – has further helped us to delight our customers with a range of dishes, available *Only at Fuller's*, and created by chefs including Simon Rogan and former Fat Duck head chef, Ashley Palmer-Watts. We are also delighted to have just agreed to work in partnership with *Made in Hackney*, a wonderful social enterprise focused on plant-based food. We will be working together to improve our plant-based choices – further underpinning our commitment to ensuring we can also delight those customers on a vegetarian or vegan diet, or just looking for a meat-free day.

Inspire our people

It is, without doubt, our people that make the real difference – and it will be no surprise that this is a pillar of our strategy. The widely-reported recruitment shortages faced across the industry have highlighted the benefits of excellent training and development – allowing us to retain our best people, which in turn helps to recruit new talent.

In order to inspire our people, we need to understand how they feel – to ensure they feel part of the Fuller's family and have a voice within that family. Consequently, during the year we ran our first employee engagement survey for some years and this has shaped the people programme going forward.

In addition, we reviewed our benefits package across the business – driven by feedback from team members regarding elements that would be of genuine benefit and a feeling that loyalty could be better recognised. As a result, we now have an industry-leading healthcare cash plan, a portal of benefits across a range of retail and leisure providers, an improved discount in our Managed Pubs and Hotels that increases with tenure of service, and a range of other benefits such as access to mental health and wellbeing programmes.

We continue to grow and invest in our team members' development and in our award-winning apprenticeship programme – with another 100 apprentices being recruited this year. We have also aligned our internal development programmes with the apprenticeship framework so that completion results in a nationally recognised qualification. Our success is reflected in the fact that 123 of the general managers in our Managed Pubs and Hotels business are internal appointments.

Chief Executive's Review

Continued

Finally, all of this work is supported by a clear, identifiable employer brand and a compelling employee proposition around reward and development. Through this, we can use all our other channels to tell our stories and recruit the best talent to shape through our development programme and, underpinned with a new recruitment system which was launched at the start of this financial year, we maintain our strong position to recruit, retain and develop the best people.

Enhance our estate

The secure financial foundations of our business lie in our predominately freehold estate of iconic sites across the South of England – and this is reinforced by the recent Directors' valuation to the tune of £1 billion.

Throughout the pandemic, we have continued to invest in our capex programme, spending £26 million during the year on a range of projects including transformational refurbishments at The White Star Hotel in Southampton, The Jack Horner – an Ale & Pie site in Tottenham Court Road, The Kingswood near Banstead, an upgrade of the rooms at The Fox & Goose Hotel in Ealing, and a total repositioning of The Saint (formerly The Fine Line) at Bow Churchyard – the latter demonstrating our continued commitment to the City.

We acquired one new site during the year – The Carpenter's Arms in Sunninghill – and disposed of two leases. In addition, one site – The Plough at East Sheen – transferred from our Tenanted Inns estate to our Managed Pubs and Hotels business. Post the year end, four sites have gone the other way – into our Tenanted estate, reflecting the benefit of running both Managed and Tenanted pubs. We will continue to flex our estate in this way while also looking for suitable opportunities to grow both organically and through acquisition and we currently have four sites in advanced stages of negotiation.

Evolve our business

While our strategy may be designed for the long term, like all great businesses it is imperative that we continue to evolve over time. We must innovate to excite and attract future customers and grow our profitability through encouraging more customers to visit our premium pubs and hotels more often.

The key elements of this strategic pillar will be delivered through our digital transformation project – the benefits of which will start to be realised in the coming year. We know the value of data and the work we have undertaken will vastly improve our connectivity across our various digital touchpoints and, more importantly, create a seamless digital customer journey.

A fantastic example of a great Fuller's pub, The Mayfly is located on the banks on the River Test, near Stockbridge in Hampshire

The Saint in Bow Churchyard, in the heart of the City of London is a recent transformational refurbishment and offers a great range of cocktails for thirsty City workers

This completed project opens the door to better understanding of our customers and their habits, better communication with them, and increases our ability to identify and target like-minded potential customers. We expect this to grow our contactable database by over 10%. Finally, the project will improve our conversion rates – turning browsers into buyers, thus increasing our hotel bookings, table reservations and function sales.

There are four workstreams to this digital transformation project – websites, bookings, system integration and CRM – with each area bringing its own range of benefits to the Company. Our new websites will be easier to maintain and update, deliver a tailored customer journey through increased personalisation and bespoke offers, which will drive loyalty. These new websites have already gone live.

The new booking engine will allow customers to book all of their requirements in one place, rather than booking a room and then having to book a table for dinner separately. All the data will be held centrally – building on our already successful single customer view database. The key benefit to building a great booking engine – with strong marketing capabilities – is that it will further increase direct bookings, reducing the commission fees paid to online travel agents. This booking engine will run across Fuller's, Bel & The Dragon and Cotswold Inns and Hotels, further strengthening our data. The new booking journey is going live this month.

Managed Pubs and Hotels revenue

£228.8M

Group operating profit

£18.5M

Finally, the system integration and the move to a new CRM system – Acteol Atreemo – perfectly combines these initiatives. This new system will act as a gateway for all our digital communications across the Company and will improve the ability and methods of communication and marketing to our customers. The increased visibility of data will allow us to cross sell between our brands, deliver personalised communications and capture a wider set of data about customers through the insight we will gain from their behaviour and spending patterns. For our customers, the benefit is that they will receive relevant marketing, tailored to them, which will drive frequency of spend and loyalty. The first targeted emails under this system went out in April and we are very excited by the possibilities this system will bring in the coming years.

Own our impact – because *Life is too good to waste*

The final pillar of our strategy – and the one that underpins all the others – is our commitment to ESG and the work that has been carried out through our *Life is too good to waste* campaign.

Focused on our planet, our people, and our communities, we are already seeing a broad range of initiatives implemented under the stewardship of our first Sustainability Director, Oliver Rosevear. While these will be covered in greater detail on page 40, I would like to focus on a couple of the areas around carbon footprint.

We have ambitious targets and are aiming to have Net Zero carbon emissions for our operations by 2030, and within our supply chain by 2040. In October 2021 we committed to ensuring all Company-owned sites used 100% certified green electricity, primarily wind and hydroelectricity.

We have also taken additional steps to tackle our energy consumption – which is often hindered by the nature of our estate. We have many wonderful and iconic pubs – but they are often old and listed buildings, which makes for an interesting challenge and means they tend to be heated by natural gas or oil. Before we can move to greener systems such as heat pumps, electric fryers and induction hobs, we need to reduce our current electrical demand within these sites through the use of LED lights, energy audits and monitoring systems, cellar heat recovery units and educating our team members to ensure they take responsibility for lowering our energy usage.

Finally, we have also undertaken a number of other steps to reduce our carbon footprint and reduce waste. By 2025, we aim to recycle at least 75% of our operational waste and divert 100% from landfill and by 2030, we aim to eliminate all unnecessary plastic from our operation. Steps already taken include glass-only bottles for water, working with our toiletry suppliers across our accommodation businesses to introduce refillable bottles, trialling a new reusable plastic cup system at certain pubs where plastic glasses are used for big sporting occasions, and improving our recycling through a new partnership with Veolia, the waste management and recycling solutions business.

Tenanted Inns

Our Tenanted Inns remain a key part of our strategy and complement our strategic framework and, as such, it seems fitting to add some further colour on the performance of this part of the business. The Tenanted division has remained consistently profitable when open, regardless of restrictions, with EBITDA margins of 51.6%, delivering operating profit of £11.1 million. We ended the year strongly with an increase in the number of Tenants on longer agreements and very low levels of debt – substantially ahead of the industry average.

Chief Executive's Review

Continued

The Crabtree in Shoreham, just one of the recent investments we've made with our Tenants

The commitment we showed to our Tenants throughout the pandemic continued during this year. Our approach, which saw us sharing the financial pain, led to all those Tenants that had a garden opening as soon as they were allowed (from 12 April 2021) and the remaining pubs following suit and opening at the earliest opportunity. Our Tenants started this year in a strong financial position, and this is reflected in the investments they have made, both independently and jointly with Fuller's, in their pubs and businesses.

Our focus on five-year agreements – both on a traditional and turnover basis – has continued to prove popular with our Tenants. To help grow sales in our turnover pubs, we appointed a sales development manager to work with them, ensuring standards remain high and there is a portfolio of customer-building activity. This has been further supported across the estate with the relaunch of our regular Tenant's Magazine, which has proved popular as a way of sharing ideas, generating interest for new products and helping to build trade.

In the coming year, there will be a sharp focus on utility costs – with many Tenants being forced to pay vastly inflated rates to renew their energy contracts. In light of this, we are currently undertaking a trial project whereby Tenants can acquire their utilities through Fuller's. The project is in its infancy but will also further enhance Fuller's buying power making it a win-win for both entities. It is early days, but the move is yet another example of the symbiotic relationship that exists between Fuller's and its Tenants.

Current Trading and Outlook

While the last financial year has adversely affected Fuller's – with some of our key sites being the most impacted by the pandemic, we have built a balanced business which positions us well to navigate the continued evolution in consumer trends and behaviour. The current year has started well. We welcome the gradual return of workers to the City and tourists to Central London, which is now underway, and we are seeing steady growth in our total weekly sales, which will have a positive impact in FY2023. Momentum in the City and Central London continues to build, and we are confident that we will see the benefits of our estate's composition come into play

In the first 10 weeks of the new financial year total sales are up 4% on pre pandemic levels and are up 130% on the same period last year. On a like for like basis, excluding closed periods, sales in the first 10 weeks of the year are up 21.4% on last year. Furthermore, the investments we have made in the last two years are not yet comparable and the return on our capex projects will benefit the current year's results.

Market conditions remain challenging with fragile consumer confidence and well-documented high inflationary pressures. Our premium offering provides some protection from inflation, however we are certainly not immune from its effects. In common with our peers, we have seen significant increases in food and utility costs and we are proactively working with our suppliers and actively managing our offering to mitigate the effects of inflation without impairing the customer experience.

We remain confident that, despite the current market challenges, we will maintain our growth trajectory for revenues and profits and as such were pleased to announce a final dividend of 7.41p, which means a total dividend return to shareholders of £7.0 million in for the year.

In conclusion, we are looking back on a volatile year of highs and lows with many moving parts – but we are starting the new financial year on a high. We may be facing some bracing headwinds, especially around energy and inflation, but we are well placed to tackle the issues with clear measures and solutions in place.

The work we have undertaken in the last year implementing our digital transformation project, launching a new recruitment platform, undertaking a Directors' revaluation of the estate and completing the refinancing of our bank facilities really puts us in a great place to tackle the future.

The strategic framework, driven by our purpose to *create experiences that nourish the soul,* and the pillars that underpin it will give everyone in the Company clear direction and ensure we work cohesively as a team, from our kitchens to our boardroom, to deliver excellent results for all our stakeholders.

The great British pub has always been, and will always be, an affordable treat and has proved its resilience over time with its position at the very heart of the communities we serve. With an amazing team of people, great pubs and a clear strategy, we look forward to the future with confidence and excitement.

Simon Emeny

SIMON EMENY
CHIEF EXECUTIVE
8 June 2022

Q&A WITH

Neil Smith
Finance Director (left) and
Simon Emeny
Chief Executive (right)

Simon has been at Fuller's for over 25 years, and Neil just seven months – what does this balance of tenure bring to the Company?

Simon: Any business needs new ideas and fresh thinking – and I'm excited by Neil's arrival. He has been a great help in the refinement of our long-term strategic planning and his industry experience ensures he has a good understanding of which ideas will and won't work. I've been with Fuller's through good times and bad, boom times and recessions. I know how we develop and react, and what makes Fuller's tick – which, combined with new thinking from Neil, will ensure we make the right decisions for the business at the right time.

Neil: I think anyone who works in licensed retail would love to work for Fuller's. It has such a high quality estate, a great heritage and is very well respected. What I hope to bring to Fuller's is a new perspective and a fresh approach, to constantly ask why and to ensure we optimise the returns from our fantastic asset base. Working with Simon over the last few months has highlighted that I have a lot to learn from him and I am genuinely excited by the potential that our partnership could unlock.

How do you think you will work as a team?

Neil: Simon has an excellent reputation in the industry, and I think we make a very strong team. He is a fantastic retailer with great financial acumen – the best combination from a finance director's point of view. I think the key element in any relationship is respect and trust and, having worked closely with Simon over the last seven months, I believe that is already in place.

Simon: While our relationship is important, the effectiveness of the whole Executive Team is critical for us to successfully lead the business and I am delighted that the team has immediately welcomed Neil into the fold. It is quite a young team, so Neil's experience adds a great balance. I knew Neil well during his tenure at Enterprise and really liked his style – I always thought he would be a good person to work with, and I'm delighted to be proved right!

How do you think the future looks for Fuller's?

Neil: The last few years have been unbelievably challenging for the whole pub industry, and the team has done a fantastic job to navigate the business through these difficulties. As I considered my career options last year, I saw the potential offered by Fuller's. It was a great opportunity to help lead an amazing business. While we are currently facing some significant inflationary headwinds, the strongest businesses will prevail, and I am really positive about the future for Fuller's.

Simon: We've been through a lot in the last two to three years, but this business has a 175 year history and I realise that our predecessors have been through worse before. The experience the team has been through, especially with London being at the epicentre of the coronavirus impact, prepares us well for what's next. I look back on the last recession and remember how Fuller's won, by remaining true to our values and strategy. Now, with our customers returning, I feel confident we can face a fresh set of challenges.

What are your top priorities for this financial year and beyond?

Simon: I want to focus on delivering our strategy, but also on our people. We are a people business and they have been through a very turbulent time. I love spending time in our pubs, talking to our teams, and I intend to do even more of that. Everyone is struggling with recruitment and the best way to recruit is through your existing team. The success of our strategy ultimately rests on the in-pub experience and as that's delivered by our people, they are my key focus.

Neil: I intend to spend a large part of this year getting under the skin of the Company, not just within Pier House but out-and about in our Managed Pubs and Hotels and our Tenanted Inns. I also want to ensure we make the most of our investments, whether that is investment in our estate, our IT or infrastructure. Our new finance system will improve the quality of the information provided to the business and I have already aligned the finance team to focus more on analysis and insight. I'm excited to be here. Challenging times, with lots to do, but I'm looking forward to it.

THE MONEY RAISED BY FULLER'S

WILL HELP ME GET TO BERLIN

Lily Mills exemplifies the impact sport can have for those with an intellectual disability – pictured here after her match with Fuller's Chief Executive Simon Emeny (which Lily won) and with her mum, Tallulah.

Q & A

Lily Mills
Gold medal-winning Special Olympics tennis player

What made you want to take up tennis?

My brother George was a keen tennis player. I used to watch him and I really wanted to play too. As someone with a disability, it can be harder to get into sport – but Special Olympics has really helped me. My disability stopped being a barrier – and has instead helped me to achieve amazing sporting success.

What are you most proud of?

That's easy. It would be my gold medals from the World Games in Abu Dhabi in 2019. I won the Ladies Singles and the Mixed Doubles. My medals come everywhere with me and I feel really proud and important when I've got my Great Britain tennis strip on and my medals round my neck. My next big challenge is the World Games in Berlin in 2023 and the money being raised by Fuller's will help to get me, and other Special Olympics athletes, there. I want to add some more gold medals to my collection.

It must have been hard for you during lockdown when you couldn't play tennis – what did you do?

My Special Olympics family is very supportive, and I have friends, through tennis, all over the country. We would get together on Zoom and do tennis exercises, and sports quizzes and music nights. It kept me occupied and connected. I also spent a lot of time hitting a tennis ball against the wall of Arsenal's Emirates Stadium – it's very near my house. I am very pleased to be back on the court, training with my coach and playing matches.

And now a quick question for your mum, Tallulah. What difference does Special Olympics make to Lily's life?

Lily has a rare genetic disorder called Galactosaemia, which causes learning disabilities, and she also caught Meningitis when she was only four days old. I was told there was only a 50/50 chance of survival. But Lily is made of strong stuff and she wanted to play tennis like her older brother. Most coaches just weren't interested and they wouldn't teach her, but thankfully we found Special Olympics. You cannot imagine the difference it has made. Her life would be so small without her tennis – but instead of living a life in a very small world, she is on the global stage. She's amazing and every day I look at this beautiful, confident young woman who has sporting prowess and is working for an inclusive modelling agency, and my heart just wants to burst with pride. This is all down to Special Olympics – it is the most amazing organisation.

Finally, back to Lily. The theme of this report is celebration – what would be your ideal celebration?

Definitely with a game of tennis. I'd love to play my idol, Rafael Nadal, or Novak Djokovic. I don't think I'd be able to beat them. I'd also like to play Chris Martin from Coldplay. I reckon I could definitely beat him.

1.5M

Number of people in the UK with an intellectual disability

Business Model

DESCRIPTION

CUSTOMER OFFER

We are famous for delicious, fresh, seasonal food and an extensive range of beers, wines, spirits and soft drinks, as well as over 1,000 boutique bedrooms. We have a clear vision to deliver memorable experiences that ensure our customers leave happier than when they arrived.

ICONIC PROPERTIES

Our predominantly freehold estate is mainly located in the South and South East of England. It is a great balance, with rural, suburban and urban sites. It includes some truly iconic sites such as The Still & West in Old Portsmouth and The Churchill Arms in Notting Hill.

TENANTED INNS

Our Tenanted estate, run by entrepreneurial Tenants, is an important part of our balanced business and is highly cash generative.

PEOPLE

Our people make the real difference to our business. Whether dealing with consumers or colleagues, they deliver outstanding service from bar to boardroom. Our purpose is *to create experiences that nourish the soul* – and we strive to ensure that everyone knows the key role they play in delivering that purpose, vision and strategy.

DIGITAL TECHNOLOGY

This encompasses a myriad of digital touch points for the consumer in both pubs and hotels that, to achieve optimal efficiency and a frictionless journey, all need to be seamlessly interlinked. In addition, continued development of our digital technologies and systems further enhance our customer knowledge and understanding and create efficiencies in our internal processes.

FINANCIAL STRENGTH

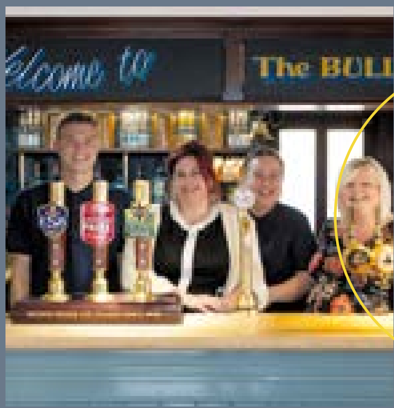
Our strong Balance Sheet and prudent approach to cash management ensure that we are well placed to grow both organically and through acquisition.

HOW WE CREATE VALUE

MANAGED ESTATE

The purchases made by the customer are the majority contribution to our revenue and profit.

TENANTED INNS



The revenue streams from this part of the business include rent and income from the sale of beers, wines and spirits to our Tenants.

SUPPLIER COLLABORATION

We work with our suppliers for mutual benefit, creating distinctive products that can only be enjoyed at Fuller's. This includes bespoke food like our London Porter Smoked Salmon and ice creams from Laverstoke Park Farm. It also includes beers and wines that are unique to our pubs – both through the Long-Term Supply Agreement with Asahi, and through small supplier collaborations.

IMPACTED BY

CONSUMER BEHAVIOUR

We constantly monitor consumer behaviour to identify trends. For instance people are choosing more premium offers such as cocktails and the preference for plant-based food is still growing.

+ SEE PAGE 13

DIGITAL TECHNOLOGY

Today, both our customers and our team members live their lives far more in the digital space. We have invested in a digital transformation project and recruitment platforms to enhance our customer journey and provide an easy way to communicate with potential job applicants.

+ SEE PAGE 14

EXPERIENCE SEEKERS

Consumers are looking for more than just a pie and a pint and expect a first-class experience in return for their money. Whether that's outstanding customer service or a Shakespeare production in the garden, we always strive to exceed expectations.

+ SEE PAGE 50

ETHICS AND WELFARE

It's not just what you do, but how you do it that matters. The climate crisis is a current, not a future, threat which is why we have sharpened our focus on relevant actions.

+ SEE PAGE 40

OUTPUTS

REVENUES

We generate revenues from the day to day operations in our Managed Pubs and Hotels, as well as from our Tenanted Inns estate. In addition, we generate some rental revenue from unlicensed properties. Another source of income is rebates from third party suppliers, which we receive by achieving purchasing targets through higher sales in our Managed and Tenanted pubs.

CASH FLOW

We have a highly cash-generative business and a careful approach to our financial management. By ensuring that we always produce more than enough revenue to cover our costs, we maintain our liquidity, which allows us to expand both organically and through acquisitions.

REINVESTMENT AND REFURBISHMENT

By maintaining high standards in terms of both structure and décor, we protect our assets. We also regularly invest in upgrading our properties with transformational schemes that reflect changing markets and customer behaviour. In addition, we invest in new properties – both single and, if appropriate, group acquisitions in line with our strategy (see pages 22 and 23).

THE VALUE WE SHARE

CUSTOMERS

Our customers leave happier than they arrived, following a memorable, premium experience (see our purpose and mission on page 2).

SHAREHOLDERS

Prior to the recent pandemic, our progressive dividend policy had shown increasing returns for over seven decades. As the Group returned to profitability in the current year, we have resumed paying a dividend.

PEOPLE

Our team members tell us that they enjoy being part of the Fuller's family and that they appreciate our investment in their wellbeing. We provide best-in-class training and development programmes and genuine opportunities to develop through internal career progression. Our policies ensure that we have a respectful and inclusive working environment and a consistent approach to supporting our people.

COMMUNITIES

We strive to play a key role in the communities and neighbourhoods in which we operate with support for local events and groups. We support a number of charities, including Special Olympics GB at a corporate level and, where possible, offer matched funding for our team members where they are undertaking fundraising activities.

Purpose
WHY WE EXIST

We create experiences that nourish the soul

Mission
WHERE WE ARE HEADING

We're crafting a family of distinctive pubs and hotels where people feel they belong

Values
HOW WE DO IT

- Doing things the right way
- Being part of the family
- Celebrating individuality
- Always asking what's next?

Strategy
WHAT WE WILL DO TO ACHIEVE IT

1. Delight our customers
2. Inspire our people
3. Enhance our estate
4. Evolve our business
5. Own our impact

1 Delight our customers

Surprise and delight with distinctive service
- Every venue will be an individual experience
- Every team member trained in service
- An inspirational service coach at every site
- Reward and recognition for great service
- Measured through NPS

Tailor the experience in every pub and hotel
- Empower our leaders to deliver a high quality, flexible offering that fits local customer needs
- Indulgent, great British pub classics with a modern twist, using seasonal ingredients on the menu
- Broad selection of beers, wines and spirits, plus artisan drinks ranges, served by knowledgeable team members
- Beautiful bedrooms, individually styled with the highest quality standards
- Delivering sector-leading like for like sales growth

Create a smoother customer journey
- Optimise customers' digital journey for seamless interaction
- Continually evolve our bookings process to integrate and improve functionality
- Improve digital methods of communication and marketing through a multi-channel approach
- Measure by increase in traffic to micro sites and associated conversion to sales

Attract new customers and increase visit frequency
- Refresh brand communications
- Extend our appeal to a broader customer base
- Deliver experience-led events to drive frequency and spend
- Drive a culture to maximise sales from event spaces.

2 Inspire our people

Create a workplace where everyone feels they belong
- Launch and deliver inclusion action plan
- Train and develop our people in inclusive leadership
- Create an inclusive culture through events
- Create a network of 150 mental health first aiders across the business

Appreciate and value our colleagues
- Develop our listening culture using a range of tools including The Happiness Index survey, Fuller's Forum, *My Voice*, and Employee Resource Groups
- Fully embed our transparent pay structure to attract, retain and encourage development
- Evolve our distinctive benefits package

Support and encourage career development
- Focus on internal promotions, particularly at general manager level
- Provide at least 100 apprentices with career opportunities every year
- Develop our chefs through the Fuller's Chefs' Guild

Attract the best talent
- Grow our *True to You* employer brand
- Utilise *Brilliant Recruitment*, our new recruitment system and practices
- Recruit for personality and train for skill

3 Enhance our estate

Care for our estate
- Continue to look after the fabric of our estate
- Utilise skills within the team and our pool of designers to enhance our offer
- Continue to uphold the highest standards in the industry
- Ensure the estate and capital value are protected for future generations

Evolve through transformational investment
- Maximise the potential of our estate by evolving our pubs through investment
- Optimise our portfolio through active asset management
- Constantly assess optimal operating model for each site
- Work with and invest alongside our Tenants to drive returns

Invest in growing the estate
- Invest in markets where we already excel
- Add scale to our core premium pub and hotel estate
- Complement the existing business in high income, premium demographic areas, with predominately freehold assets, and in-filling geographical gaps

4 Evolve our business

Innovate to excite future consumers
- Evolve and innovate our proposition to adapt to changes in consumer behaviour

Grow our profitability
- Ensure our strategy is executed across the business to achieve our like for like sales growth ambition
- Grow EBITDA margins by growing sales, effective labour management and scheduling, and agile product portfolio management
- Mitigate central costs by improving the efficiency of processes
- Leverage the full benefits of our investment in systems to maximise efficiency

Enhance our supplier partnerships
- Build genuine long-term partnerships
- Source authentic food and drink products, focusing around the seasons
- Continue our positive relationship with Asahi
- Leverage the appeal of our customer base and geographic position of our estate to retain and attract the best suppliers

5 Own our impact because *Life is too good to waste*

Take action to protect and respect our planet
- Our planet is too good to waste

Create spaces for communities to connect and feel welcome
- Our communities are too good to waste

Care for our people and foster a sense of belonging
- Our people are too good to waste

For full details of our ESG strategy and our *Life is too good to waste* campaign, see page 40.

Key Performance Indicators

We use financial indicators to monitor our progress in delivering against our strategy to create long-term sustainable value for all stakeholders.

REVENUE AND OTHER INCOME

£253.8M

Definition
Revenue and other income comprises sales of goods and services, accommodation income and rental income. We have two main revenue segments: Managed Pubs and Hotels and Tenanted Inns.

Why is it important for Fuller's?
Revenue and other income drives the overall business, resulting in cash generation, which allows for investment in our estate, our people, rewards to our stakeholders and acquisitions.

Performance in 2022
Revenue and other income increased by 246% compared with FY2021, with a 258% increase in Managed Pubs and Hotels revenue and an increase of 172% in Tenanted Inns revenue. This increase is driven by the improved ability to trade in FY2022, as while there were still lockdowns and restrictions due to the pandemic, there were fewer than FY2021.

ADJUSTED PROFIT BEFORE INCOME TAX

£7.2M

Definition
Adjusted profit before tax is profit before tax excluding separately disclosed items as shown in the Income Statement.

Why is it important for Fuller's?
The Directors believe that this measurement of profitability allows stakeholders to analyse trends and performance without being impacted by separately disclosed items.

Performance in 2022
Adjusted profit increased by 115% compared to FY2021. Again the increase is driven by the improved ability to trade in FY2022 compared with FY2021.

The Saint, Bow Churchyard, City of London

The garden at The White Buck in Burley, New Forest

ADJUSTED EARNINGS PER SHARE ("EPS")

9.79P

2022	9.79
2021	(72.09)
2020	22.13

Definition
Adjusted earnings per share is profit after tax excluding separately disclosed items attributable to equity holders of the Group divided by the weighted average number of ordinary shares in issue during the year and using a 40p ordinary share.

Why is it important for Fuller's?
This measure shows how much money the Group is generating for its shareholders. It takes into consideration changes in profit and loss and the effects of new shares issued but excludes the impact of separately disclosed items. It is an important variable in determining our share price.

Performance in 2022
Adjusted earnings per share increased by 114% compared with FY2021 in line with growth in adjusted profit before tax.

NET DEBT EXCLUDING LEASE LIABILITIES

£131.9M

2022	131.9
2021	218.1
2020	178.9

Definition
Net debt comprises cash and short-term deposits, bank overdraft, bank loans, Covid Corporate Financing Facility ("CCFF"), debenture stock and preference shares. Net debt is pre IFRS 16 and therefore does not include lease liabilities.

Why is it important for Fuller's?
This measure helps shareholders to determine the level of debt and the overall financial stability of the Group.

Performance in 2022
Net debt reduced by 40% compared with FY2021. The reduction in net debt is primarily due to the equity placing in April 2021 but also due to the improved cash flows in the year as the Group returned to profitability.

The Bear of Burton, Christchurch, Dorset

Pints and peanuts at The Harp, Covent Garden

FULLER'S HAS REALLY MADE ME FEEL LIKE PART OF THE FAMILY

Manu Bhatt receives the coveted Griffin Trophy, awarded to Fuller's Pub of the Year, from Chairman Michael Turner

Q & A

Manu Bhatt

Fuller's Lessee at The Queen's Head Dorking

How did you end up in the pub business?

I had been working all over the globe and when I came to the UK, my first stop was Manchester. I was running hospitality for Lancashire Cricket Club at Old Trafford. It was amazing – I loved the fact that you would start with nothing, set up all the marquees, tables, kitchens and bars, and promptly sell over £200,000 of beer in a day. From there, my career took me through several other places to London, and when I was managing a pub in North London called The Albion, I met Iain Rippon, Fuller's Director of Tenanted Operations. I knew I wanted to run pubs for myself – so when Iain suggested The Queen's Head, it seemed like the perfect opportunity.

Tell us about The Queen's Head

To be honest, I didn't even know where Dorking was. I went to have a look and walked down a street that was full of antique shops, and I just loved it. The pub was tired and the garden unloved – but I just knew it was for me. We worked so hard to get everything right before we opened – which we did two weeks before the first lockdown! The reception from the locals was quite unfriendly when I first took over – but we won them round and now they are good friends.

How is the relationship with Fuller's?

Fuller's has really made me feel like part of the family – we have a very open and honest dialogue and while there will always be some tension around financial discussions, I've found Fuller's very fair and easy to deal with. The support during the pandemic was great and, of course, the recognition from winning The Griffin Trophy was fantastic. My motto is if you don't ask, you don't get, and that helps keep the relationship fresh and interesting!

Where do you see your journey taking you next?

I get bored very easily and I'm always asking what's next? I believe in keeping the offer fresh, so I'm always changing and tweaking things, making them better. That might be putting a fabric installation in the tepee at the pub or changing the menu, but I have to be doing something. I've also got a two-month-old daughter, Gilly, who keeps my wife Gabrielle and I very busy. I've also taken on two more pubs since The Queen's Head and, like everyone in hospitality, I am finding recruitment an issue. I need to focus on building a really good senior team to ensure my standards and personality thrive across the pubs. I think I'd like to try and get to six pubs – any more than that and I would be worried that I would become too removed from the customers in each one – and that relationship is really important to me.

The theme of this report is celebration – what would be your ideal celebration?

Somewhere nice and hot – or the garden at The Queen's Head on a sunny day – with Gabrielle, my friend Saddy from Qatar and Richie who works with me now. That would be perfect.

174

Number of Tenanted pubs

DRIVEN LONGEVITY STRATEGIC WELL-INVESTED EXPERIENCED STRENGTH

Neil Smith
Finance Director

Financial position and performance

All figures below are for the continuing operations of the Group.

The results for this financial year continued to be severely impacted by the pandemic. The year began with the entire estate closed, from 12 April 2021 trading outdoors was allowed, indoor space opened from 17 May 2021 before all restrictions were lifted and the entire estate reopened on 19 July 2021. The Group began to build trading momentum as workers started to return to offices and visiting tourist numbers began to increase.

In the run up to Christmas our bookings were in good shape, and we were confident that December would be a strong month as customers could finally celebrate unencumbered. However, on 8 December 2021, the Government announced Plan B guidance following the rapid spread of the Omicron variant. This had a severe impact on sales as it meant Christmas parties were cancelled and people were once again advised to work from home. Fortunately, Omicron was short-lived and by the end of January we started to see sales build week on week, with like for like sales at 96% of pre-pandemic levels for the last week of the financial year.

Group revenue and other income was £253.8 million for the financial year which was a 246% increase on FY2021, this reflects the steady momentum in sales post restrictions. Adjusted profit before tax increased substantially from a loss of £48.7 million in FY2021 to a profit of £7.2 million in the current financial year. The increase was largely due to our ability to open the estate and trade for more of the year. Both financial years were bolstered by support from the Government through the Coronavirus Job Retention Scheme ("CJRS"), and the business rates holiday, as well as property grants. In FY2022, the Group received £9.7 million, net of operating costs (2021: £45.9 million), through such support.

In FY2022, costs were impacted by the sharp increase in utility costs, predominately in the second half of the year. We were able to mitigate some of that increase through the energy agreements we had in place from the beginning of FY2022 which hedged 94% of our gas and 76% of our electricity pricing for the entirety of FY2022. We have continued to hedge in FY2023 and have locked in our pricing for Q1 FY2023 for both electricity and gas, and 50%/75% respectively for the remainder of the year. Despite this, we still anticipate utilities cost to increase by c.£4 million in FY2023.

In April 2021, the Group completed an equity placing which raised net proceeds of £51.8 million. The proceeds of the equity raise, along with the Group's existing facilities, were used to repay the £100 million of commercial paper drawn under the CCFF on 12 May 2021. At the same time as the equity placing, the Group also agreed an Amend and Extend Refinancing of its existing debt facilities with its relationship banks, extending the maturity of the £192 million facilities to 19 February 2023.

Since year end, the Group has refinanced all banking facilities with a new unsecured £200 million facilities agreement for a tenure of four years, split between a revolving credit facility of £110 million and a term loan of £90 million.

The Group has also completed a Directors' valuation of the entire property estate. The outcome of the valuation was a total value of £995.6 million, which is c.£400 million higher than the net book value of £592.7 million included with the accounts. This would imply an increase in the current Net Asset Value per share from £7.27 to £13.80. We have not changed our accounting policies with regard to asset valuations but thought it useful to all stakeholders to provide a current assessment of the valuation of the Group's property portfolio.

Finance costs

Total net finance costs (before separately disclosed items) have increased by £2.9 million to £11.3 million. The increase is largely due to higher interest rate margins on the banking facilities. In the prior year, the Group utilised the Covid Corporate Financing Facility ("CCFF"), which had an interest rate margin of 64bps compared to an increased interest rate margin agreed as part of the Amend and Extend in April 2021. The CCFF was repaid in May 2021. This meant that the average cost of borrowing was 4.2% in the current financial year compared to 2.5% in the prior year.

Separately disclosed items

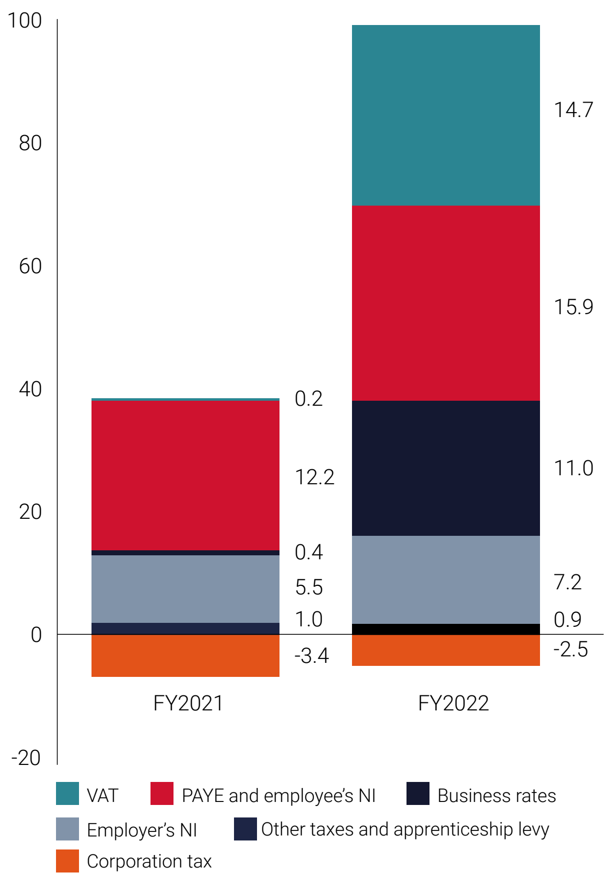
The net position on separately disclosed items of £4.3 million profit (2021: £9.1 million expense) comprises £6.3 million of profits on the disposal of 12, predominately unlicensed properties, impairments of £3.3 million on six properties, reorganisation costs of £0.8 million incurred as a result of corporate reorganisation and the implementation of new infrastructure offset by a £2.1 million credit on the release of a provision relating to the sale of the Fuller's Beer Business.

Tax

A full analysis of the tax charge for the year is set out in note 7 to the financial statements. Tax has been provided for at an effective rate of 16.7% (2021: 18.3%) on adjusted profits from continuing operations. The overall effective tax rate of 38.3% (2021: 16.6%) is due to the change in corporation tax rate which is expected to come into effect from April 2023. This has resulted in deferred tax liabilities increasing by £3.3 million and the movement has been shown in tax on separately disclosed items as it is unrelated to underlying trade.

During the year, the significant tax revenues the Group generates for the Government rose by 196.8%. During the 52 weeks ended 26 March 2022, the total tax contribution of the Group to the UK Exchequer was £47.2 million (2021: £15.9 million) in taxes borne and taxes collected on behalf of colleagues, customers and suppliers. This significant increase comprises an increase in VAT payments of £14.5 million and an increase in business rates of £10.6 million due to the business rates holiday ending during the 52 weeks ended 26 March 2022.

Total tax collected £m



Pension

The defined benefit pension scheme deficit has decreased by £17.8 million to a £14.3 million accounting surplus (2021: £3.5 million deficit) as the fair value of scheme assets stayed largely in line with prior year but the present value of pension obligations decreased substantially. The present value of pension obligations decreased by £17.7 million to £129.6 million, which was driven by an increase in the discount rate from 1.95% to 3.00%. As the Group has an unconditional right to a refund under the pension trust deed, an asset can be recognised. Standard deficit recovery payments of £2.3 million were also made during the financial year.

Financial Review

Continued

Shareholders' return

With the Group returning to profitability in the year and basic earnings per share at 11.59p (2021: loss per share 87.31p), the estate fully opened and net debt reducing, the Board decided it was the appropriate time to resume paying a dividend. The proposed final dividend of 7.41p per 'A' and 'C' ordinary share (2021: nil), together with the interim dividend of 3.90p per share already paid makes a total of 11.31p per share and marks a step towards returning to a progressive dividend policy.

The middle-market quotation of the Company's ordinary shares at the end of the financial year was 620p. The highest price during the year was 954p, while the lowest was 574p. The Company's market capitalisation at 26 March 2022 was £382.9 million (2021: £474.8 million).

Capital allocation framework

The Group's capital allocation framework aims to enhance shareholder value whilst targeting leverage at no more than 3x net debt/EBITDA. The table below summarises the framework in which the Group will do this.

Policy	Targets and Philosophy	Outlook
Invest in long-term organic growth	Returns-based approach to capital investment	• Annual investment of £10-15m on maintenance capex and £10-15m on trade enhancing capex
Sustainable & progressive dividend	Normalised dividend cover range of 2.5-3x	• Progressive dividend growth in line with EPS growth to drive dividend yield for investors
Invest in additional growth opportunities	Disciplined approach to assessing investment opportunities	• IRR used to measure the merits of one-off investments in assets or M&A
Targeting leverage of c.3x Net Debt/ EBITDA	Strong Balance Sheet maintained – target leverage at no more than c.3x Net Debt / EBITDA	• Recent refinancing provides certainty of funding • If within our leverage target, then surplus cash may enable additional shareholder returns including share buybacks

Directors' Valuation

The property portfolio included in the Balance Sheet has not been valued since 1999 and therefore, coming out of the pandemic, the Group thought it would be an appropriate time to undertake a Directors' valuation of the entire estate. A standard valuation methodology was used, assessing future cashflows and applying a suitable multiple as well as taking into account comparable market transactions. On the 211 pubs that make up the Managed estate, an average multiple of 11.8x was applied to freehold assets and 3.3x applied to leasehold assets. For the 174 pubs that comprise the Tenanted estate the Directors applied an average multiple of 10.9x to earnings which is comparable to recent market transactions of leased and tenanted assets.

To provide independent assurance to the Directors, Fleurets was engaged to provide a valuation for 20% of the Managed estate, amounting to 40 sites, of which three were long leasehold and 37 were freehold.

The outcome of the valuation was a total value of £995.6 million, which is some £400 million higher than the historical net book value of £592.7 million included with the accounts. This would imply an increase in the current Net Asset Value per share from £7.27 to £13.80.

Revenue and other income

£253.8M

Net debt excluding lease liabilities

£131.9M

Cash flow and net debt

Overall net debt at 26 March 2022 had decreased by £86.2 million to £131.9 million, excluding leases, which was largely due to the equity placing in April 2021 which raised net proceeds of £51.8 million, but also the improvement in EBITDA in the year. Including leases, net debt has decreased by £95.4 million to £212.6 million reflecting a reduction in lease liabilities of £9.2 million mainly driven by the unwind of the liabilities but also partially due to some further rent concessions received in the first quarter of FY2022.

The significant balance in working capital is one-off in quantum as it is flattered by the fact the Group was closed at the beginning of the financial year.

Cash flow	**2022**
EBITDA	44.3
Interest	(7.2)
Tax	2.5
Working capital and share transactions	28.7
Pension contributions	(2.3)
Cash available for discretionary spend	**66.0**
Capital expenditure	(25.8)
Separately disclosed items	(1.9)
Property disposals including lease surrenders	8.1
Dividends and share transactions	(2.5)
Net proceeds of equity placing	51.8
Cash flow	**95.7**
Non-cash movement	(0.3)
Net debt movement	**95.4**
Sources of finance	
Bank debt	120.0
Other debt	27.5
Cash	(15.6)
Net debt before lease liabilities	**131.9**
Lease liabilities	80.7
Total net debt	**212.6**

Sources of finance

In April 2021, the Group completed an equity placing which raised net proceeds of £51.8 million. The proceeds of the equity raise, along with the Group's existing facilities, were used to repay the £100 million of commercial paper drawn under the CCFF on 12 May 2021. At the same time as the equity placing, the Group also agreed an Amend and Extend Refinancing of its existing debt facilities with its relationship banks, extending the maturity of the £192 million facilities to 19 February 2023.

Since year end, the Group has refinanced all its banking facilities with a new unsecured £200 million facilities agreement for a tenure of four years, split between a revolving credit facility of £110 million and a term loan of £90 million.

At 26 March 2022, £20 million of borrowings were hedged using swaps at a blended interest rate of 2.34% (excluding bank margin). The interest rate swap agreements in place allow us to continue to borrow a portion of our bank debt at a fixed interest rate until August 2022.

The Group's financing is a mix of bank debt, debentures, cumulative preference shares, overdraft, cash and short-term deposits as disclosed in notes 22, 24 and 26. Other financial assets and liabilities such as trade receivables and payables arise through the Group's operating activities. The Group does not trade in financial instruments.

Financial risks and treasury policies

The Group operates a centralised treasury function, which controls cash management and borrowings and the Group's financial risks. The objectives of the function are to manage the Group's financial risk, to secure cost effective funding for the Group's operations, and to minimise the adverse effects of fluctuations in the financial markets on the value of the Group's financial assets and liabilities, on reported profitability, and on the cash flows of the Group.

Transactions of a speculative nature are prohibited. The Group's treasury activities are governed by policies approved and monitored by the Board.

Going concern statement

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 54. The financial position of the Company, its cash flows, net debt and borrowing facilities and the maturity of those facilities are set out above on pages 139 to 144.

In addition, there are further details in the financial statements on the Group's financial risk management, objectives and policies in note 26. The Directors have outlined the assessment approach for going concern in the accounting policy disclosure in note 1 of the consolidated financial statements. Following that review the Directors have concluded it appropriate for the Group to adopt the going concern basis in preparing its financial statements.

Viability statement

The Corporate Governance Code requires that the Directors have considered the viability of the Group over an appropriate period of time selected by them. The Directors have chosen to assess this over three financial years through to March 2025 as this aligns with the Group's strategic planning which was reviewed and approved as part of the refinancing process.

This three year plan is supported by the forecasts that are presented and approved by the Board. It takes into consideration the Group's current position, the potential impact of the principal risks documented on pages 36 to 39 in the Strategic Report as well as the uncertainty over the UK economy.

The most significant risks impacting the forecasts are the recovery of the UK economy post pandemic and cost inflation specifically food, utilities and wage costs. These factors will also have an impact on consumer behaviour and consequentially sales volumes. The forecasts also take into account the continued impact of the pandemic and the ability of the UK to recover from it, which in turn will impact the long-term success of the Group.

At 26 March 2022, the Group had a strong Balance Sheet, with 92% of the estate being freehold properties and available headroom on facilities of £72.0 million and £15.6 million of cash and resulting net debt excluding leases of £131.9 million. At year end, the Group had existing facilities of £192 million.

Since year end, the Group has secured a new facility of £200 million, split between a revolving credit facility of £110 million and a term loan of £90 million, for a tenure of four years to May 2026. Under the new agreement, the minimum liquidity covenant of £10 million tested monthly remains until November 2022. From December 2022 (and tested quarterly thereafter) the covenant suite will consist of net debt to EBITDA (leverage) and EBITDA to net finance charges. See further details in note 26.

Management has prepared, and the Board has considered two key scenarios:

A "base case", whereby there will still be some impact felt from the pandemic with sales steadily recovering to pre-pandemic levels and like for like sales to be broadly in line with prior year -2 (i.e. FY20) in the City and exceed them in the rural and suburban estate. The base case also assumes cost inflation of c.5% with the most impacted areas being food, utilities and wages. The base case scenario indicates that the Group will have significant resources and operate well within its covenants for the duration of the viability period.

A "downside case" assumes sales drop by c.7% from that assumed in the base case and inflation continues at an even higher rate than in the base case, specifically utilities (10% increase from the base case), total staff costs (increase by 2% despite sales volumes decreasing) and food inflation (peaking 3% higher than in the base case). Under this scenario the Group will still have sufficient resources and headroom on its covenants through the duration of the viability period.

Taking account of the Company's current position, principal risks facing the business and the sensitivity analysis discussed above, as well as the potential mitigating actions that the Company could take, the Board expects that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period of assessment.

Further details on the forecast process and assumptions can be found in note 1 to the accounts.

Neil Smith

NEIL SMITH
FINANCE DIRECTOR
8 June 2022

Celebrating Our Suppliers

THERE IS LOTS OF SYNERGY BETWEEN FULLER'S AND THE MENU PARTNERS

Q & A

Jason Tanner
Co-Founder – The Menu Partners

How did you end up running The Menu Partners?

My career in fresh produce started 23 years ago when we set up Premier Fruits operating out of a small unit in New Covent Garden Market. Over the years, we grew in size and added additional units selling veg, salad, and exotic fruits like bananas. Fast forward 10 years, and we decided to expand further – supplying peeled vegetables and other smaller wholesalers. We purchased four or five catering businesses before finally merging them into Premier Food Service Provider and, following this, we began working with Fuller's. Fast forward to March 2020, we teamed up with Nigel Harris, former owner of Fresh Direct, and realised that by consolidating people's food and drinks suppliers to just one, we could massively reduce the number of deliveries pubs and hotels were receiving – and thus, The Menu Partners was created. The result is better for Fuller's, better for suppliers, and far better for the environment.

Why do you like working with Fuller's?

There is lots of synergy between Fuller's and The Menu Partners – we are both family businesses for a start, and that means that we share common values. Sharing a desire to do the right thing for the planet has motivated us to work hard and take deliveries off the road to make our operation more efficient. Fuller's is really good at forecasting consumption and that allows us to make life easier for our suppliers – they know what they need to produce, we know what we need to supply Fuller's, and the pubs order on a day one for day three delivery basis. Therefore, we are not filling our vans at 5pm the night before – but rather can plan the deliveries and route our vehicles to make us as energy-efficient as possible. Everyone's a winner.

What's next for The Menu Partners?

We are currently working on moving away from cardboard so we can further reduce our carbon footprint, with the end goal being reusable crates. By working more closely with farmers, we hope we give them greater confidence to grow the produce we know we can sell. For instance, we have just partnered with Featherbed Fruits in Northamptonshire to grow strawberries. Working with forward-thinking companies like Fuller's allows us to do this. The ordering schedule we have in place means that we know in advance how many strawberries we need to deliver to Fuller's in two days' time, so the farmers know what they need to pick and, by extending the supply chain in this way, we further reduce food waste. Fuller's has led the way in this regard and other companies are now following suit.

Finally,the theme of this report is celebration – what are we going to be celebrating with this year?

Probably tomatoes! There is a huge rise in the popularity of Isle of Wight tomatoes – in all different shapes, sizes and colours – and as a result of this there are more than ever being grown. It's good news for anyone who loves a tomato quiche or even a Bloody Mary!

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Plant-based dishes currently live on our menu bank

We always try to work with British suppliers wherever possible and Jason Tanner of The Menu Partners, a family-run fruit and veg supplier in New Covent Garden Market, is a great example.

Risk Management

Managing risks effectively is key to ensuring that we achieve our strategic objectives in the long term. and continue to deliver the high standard our customers, our people and our shareholders expect. Risk arises both as a natural consequence of doing business and in the pursuit of our strategy.

Our risk management approach is governed through a robust framework and we follow a consistent process for the identification and review of risk. The Board reviews these risks in the knowledge that currently unknown, non-existent or immaterial risks could turn out to be significant in the future, and confirms that a robust assessment has been performed.

Risk Management Governance Framework

The risk management process is operated by the Executive Team, supported by the Head of Risk and is overseen by the Audit Committee and the Board, which is further supported by the external audit process.

GOVERNANCE	ROLE	OUTPUT
Board	• Oversees the risk management and internal controls processes • Defines the Group's risk appetite and assesses the principal risks	• Final approval
Audit Committee	• Provides guidance and direction and supports the Board in the management of risk • Reviews the effectiveness of the risk management strategy and internal controls process	• Audit and Board reports
Executive Team	• Responsible for day to day operational implementation of the risk management strategy • Provides advice and guidance to the business areas • Considers emerging risks • Accountable to the Audit Committee and Board	• Group risk register • Principal risk reviews • Audit and Board report
Business Risk Management	• Implement and maintain risk management procedures • Maintain risk registers including identification of risk, mitigating controls and actions	• Division and Department risk registers

Role of the Board

The Board plays an important role in effective risk management and oversees a governance model that incorporates an integrated assurance model. It also formally articulates the Group's overarching appetite and tolerance for risk.

Through our risk governance structures, frameworks, processes and reporting mechanisms, Directors are provided with the information and insight needed to make a robust assessment of the Group's most material risks and understand how they are being mitigated and managed in line with the Board's stated risk appetite and tolerance. The Board is responsible for monitoring the Group's culture to ensure it encourages openness and transparency across the business, which directly supports effective risk management.

Risk Appetite

The Group's approach is to take a long-term view of its business and to assess all risks accordingly, while ensuring we take opportunities to deliver economic reward in line with the Group's strategy, as follows:

- Risks should be managed consistently and in line with the Group's strategy, financial objectives and guiding principles
- Opportunities should only be pursued where the scope for appropriate reward is supported by an informed assessment of risk
- Risks should be actively managed and monitored through the appropriate allocation of management and other resources.

Risk Management Process

The Executive Team follows a clear, simple and robust process to identify the Group's most significant risks, incorporating both top down and bottom up assessments:

- Both the Managed and Tenanted businesses as well as the support centre functions prepare their material risks in registers which are reviewed on a half yearly basis by the Executive Team
- We use a risk categorisation framework to analyse these risk registers
- The risks identified through this mechanism that are considered most significant, in terms of their materiality to the Group, are recorded on the Group risk register
- Emerging risks are discussed regularly by the Executive Team and escalated to the Audit Committee as required.
- In addition, the Audit Committee conducts a deep dive on specific risk areas based on the judgement of the Committee looking at: changes in risk likelihood; changes in the materiality of the impact; any changes to the mitigation; and controls that are in place
- The most significant risks on our Group risk register are identified as our principal risks for better insight and management.
- Every principal risk is assessed to see whether it could have a material strategic or commercial impact, either on its own or as part of a multiple risk scenario.
- The Executive Team ensures principal risks are understood, managed appropriately, monitored and reported internally and externally.
- At each half year review, the Executive Team consider and challenge whether the risk is being managed to the tolerance approved by the Board, using principal risk reports to monitor how far material financial, operational and compliance controls and mitigations have been implemented, their effectiveness, and how close the current net risk rating is to our risk tolerance.
- The outcomes of half yearly reviews considered by the Executive Team are reported to the Audit Committee and the Board, with particular focus on risks that are outside tolerance and actions are agreed.
- Principal risk reviews also support the Board in monitoring and reviewing the effectiveness of the Group's internal control framework.

Risk Assessment

We rate risks by considering their potential financial and non-financial impacts and the likelihood that they will happen, using a consistent rating grid to compare and prioritise risks. The risk rating takes into account the controls and mitigations in place to reduce the likelihood and/or impact of the risk, its implementation status and effectiveness. Risk ratings are regularly reviewed to consider whether the external or internal context, strategy, business objectives or resources available to manage the risk have changed.

The suitability of the controls and mitigations are reviewed through robust reporting and monitoring which creates a feedback loop enabling a continuous improvement process to be in place regarding risk management. This includes reviewing ownership and accountability of risks and controls across the Executive and Management teams.

Assessment of Emerging Risks

As well as assessing ongoing risks, we continue to consider how the business could be affected by emerging risks. It is often possible to predict the potential impacts of emerging risks, but it is more challenging to predict their likelihood, timing and velocity.

Changes to Risk Scores Versus Prior Year

↑ **Cost inflation**

Inflationary pressures following the pandemic along with the impact of the war in Ukraine have seen input cost inflation, particularly across food and energy.

We have increased the price monitoring and inflationary actions within the Group to respond to the fast moving situation. Where possible, we have fixed prices in place and have forward bought supplies. The premium nature of our business allows us to pass on some increases to our customers.

↑ **Wage inflation**

The risk of further pressure on wage inflation has increased during the year, with UK unemployment at historically low levels. The shortage in the labour market is leading to upward pressure on wage rates in addition to the increases in the national living wage.

↑ **Supply chain**

The supply chain risk facing the Group has increased in the past 12 months. The pandemic has stretched and tested supply chains, highlighting the need to respond to change at pace while continuing to deliver customer service. Heavily publicised global material shortages, shipping disruption and haulage driver shortages were all impacting prior to the war in Ukraine. The war has further increased the risk of shortages, with the impact of fertiliser, sunflower oil and wheat shortages still emerging.

In response, the Group has increased its forward buying where appropriate, and has been able to activate plans for supplier issues, including using alternative suppliers.

↓ **Coronavirus**

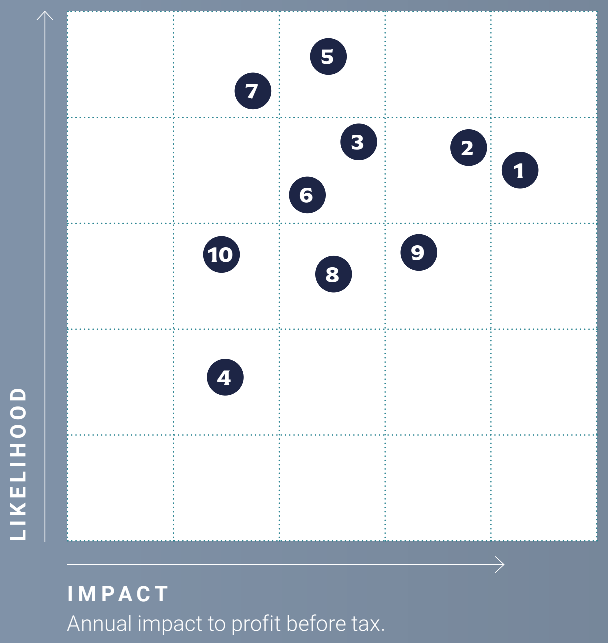
We have seen an improving risk outlook on the impact of Covid-19 and future pandemics as the UK has fully opened up and vaccine programmes have been shown to be effective.

↓ **Financing**

The successful completion of the refinancing of all banking facilities has reduced risks around financing.

Principal Risks and Uncertainties

The following heatmap sets out the impact and likelihood scores for our principal risks and further detail of these risks and emerging risks is set out in the table below. The analysis is not intended to be a comprehensive list of all risks actively managed by the business. The key financial risks are detailed in note 26 to the financial statements.



RISKS

1. Covid-19 & Future Pandemic
2. Consumer Demand Shifts
3. Information Technology/Cyber Security
4. Financing
5. Cost Inflation
6. Supply Chain
7. Wage Cost Inflation
8. Recruitment & Retention
9. Health & Safety
10. Sustainability & Environment

Emerging risks

Global Economic Uncertainty

DESCRIPTION	CONTROL AND RISK MITIGATION
The global economic uncertainty created by the impact of Covid-19 and subsequently the impact of the ongoing war in Ukraine dominate the changing and emerging risks we face as a business. These are impacting many of our identified principal risks, including increased inflationary pressure, supply chain uncertainty and emerging and continuing changes to consumer demand.	The risk is kept under review as we implement our strategy. It informs the level of liquidity we target for the business, the way in which we invest in our diversified estate to manage fluctuations in different parts of the economy and the flexibility we look for in future leasing arrangements.

Principal risks

1. Coronavirus (Covid-19) & Future Pandemic

MOVEMENT ↓

OWNER	DESCRIPTION	CONTROL AND RISK MITIGATION
Chief Executive	The Covid-19 outbreak had a seismic impact on our industry, most obviously through the closure of all our pubs and hotels followed by the enforced social distancing and other restrictions. There is a risk of subsequent pandemics, either entirely new strains of a virus or evolutions of the current strain, and the government strategy in response to this.	We closely monitor our cash flow to ensure we maintain an appropriate level of liquidity, continue to keep a diversified estate and review the composition in the light of recent events, negotiating more flexibility into leases going forward, keeping strong ties with government, building on our pandemic response plan, and maintaining and enhancing our flexibility in our customer offering and operational procedures. We have successfully emerged from the initial variants of Covid-19 which gives us confidence that we could do so again.

2. Consumer Demand Shifts

MOVEMENT

OWNER	DESCRIPTION	CONTROL AND RISK MITIGATION
Marketing Director	The Group's success is attributable to its ability to anticipate and react to consumer demand. There have been accelerated changes caused by the impact of Covid-19, including but not limited to working from home, the demand shift in city venues vs rural and food delivery services. There is a continued trend towards healthy and lifestyle choices which could impact demand. In addition, inflationary pressures will impact consumer demand.	Management monitor and research consumer trends and run trials of new technologies. We gather consumer feedback through Net Promoter Score surveys, online and social media reviews, and customer complaints. We analyse retail pricing and market share data to ensure we are competitive but still premium. Our core customer group are typically at higher income levels, which may help mitigate the effects of inflationary pressures on our business. The business has become more flexible in dealing with changes in operational measures, product and service offerings. The balance of our estate across both city and rural locations allows us to manage demand shifts. We have largely completed our digital transformation which will enable us to increase frequency and spend from existing customers, and to target new potential customers.

3. Information Technology/Cyber Security

MOVEMENT

OWNER	DESCRIPTION	CONTROL AND RISK MITIGATION
Finance Director	The Group is increasingly reliant on its information systems to operate, and trading would be affected by any significant or prolonged failures and/or data loss. In addition, the sophistication of cyber attacks continues to increase.	Our IT function has a range of facilities and controls in place to ensure that in the event of an issue normal operation would be restored quickly. These include a formal IT Recovery Plan, online replication of systems and backup datacentres, and external support for hardware and software. We continue to introduce more preventive measures to reflect the increased risk. These include external reviews of our IT controls and a range of assessment and training for all team members who have access to our network.

4. Financing

MOVEMENT ↓

OWNER	DESCRIPTION	CONTROL AND RISK MITIGATION
Finance Director	Interest rates may increase, adversely impacting profit, and/or there could be a risk of breaching financial covenants. There is a risk that we are unable to find suitable financing when required.	We agreed a new financing facility on 27 May 2022. We maintain good relationships with our current bankers and, given the predominantly freehold nature of our business, we have the ability to offer more certainty than many in our sector when raising finance. Alternative financing approaches are available, including equity, as evidenced by the recent equity placing. We closely monitor our cash flow and control of investments to ensure we maintain appropriate levels of debt cover.

Principal Risks and Uncertainties

Continued

5. Cost Inflation

MOVEMENT ↑

OWNER	DESCRIPTION	CONTROL AND RISK MITIGATION
Finance Director	There is a risk of rising input costs across all areas, including food and drink, utilities and staff costs. This has been accelerated by the current global economic environment and the war in Ukraine.	We regularly monitor prices using relevant commodity databases, review forward looking inflation and all key contracts are competitively tendered. We have increased the frequency of our margin monitoring internally and our retail price monitoring compared with our competitors. This allows us to act quickly if there are significant changes in input costs. Our property management platform allows us to control property costs. Our preference is to have long term agreements in place with our suppliers linking any price rises to CPI. We have a Long-Term Supply Agreement ("LTSA") in place with Asahi Europe Ltd for the supply of beer, cider and other beverages to 2029, which caps the increase to CPI. We have the majority of our energy use covered by fixed term prices and currently have some protection for the 2023 financial year and continue to look at options to manage utility price inflation. For the 2023 financial year, electricity is hedged at 62% and gas is hedged at 82%.

6. Supply Chain

MOVEMENT ↑

OWNER	DESCRIPTION	CONTROL AND RISK MITIGATION
Finance Director	There is a risk that failure in our supply chain may damage customer satisfaction and could impact the profitability of the Group. Any large scale issue with out of stock items could have an impact on trade in our businesses.	The LTSA in place with Asahi Europe Ltd for the supply of beer, cider and other beverages ensures that products will meet certain brand performance metrics, and the supply service is subject to key performance indicators ("KPIs"). All other key suppliers are subject to service and quality KPIs which are monitored on a monthly basis. In addition, the supply chain has successfully survived the Covid-19 crisis, which gives us confidence in its ongoing robustness. Our preference is for long-term agreements which enable strong relationships, and we work with smaller suppliers to ensure that they grow healthy sustainable businesses outside of their agreement with Fuller's. We have a reputation of honesty, trust and fairness, and our long term collaborative approach has meant our suppliers continue to fulfil our needs. Given the continued difficulties in supply, these relationships, coupled with our ability to replace and adapt our customer offering, helps us to mitigate supply chain challenges.

7. Wage Cost Inflation

MOVEMENT ↑

OWNER	DESCRIPTION	CONTROL AND RISK MITIGATION
People and Talent Director	Future labour cost increases may impact the profitability of the business. The principal drivers of such increases are projections for future increases in the national living wage coupled with a tightening of labour supply, and the demand for higher wages due to the cost of living increases driven by continued inflation.	We aim to mitigate the risk of such increases through a combination of improved operational efficiency and passing the cost on through the prices we charge. Operational efficiency measures include use of technology (e.g. web-based Order & Pay system) and modelling labour per time of day to optimise staffing levels. The introduction of pay banding as part of the reward review will help mitigate the knock on impact to all roles from rises in the national living wage.

8. Recruitment & Retention

MOVEMENT ↑

OWNER	DESCRIPTION	CONTROL AND RISK MITIGATION
People and Talent Director	The recruitment and retention of high calibre employees is fundamental to our ability to deliver a distinctive experience for our customers, and to support our growth agenda. The challenging recruitment market for hospitality is likely to continue for roles held by support office staff, who may view a career within hospitality as less attractive than other parts of the economy currently.	We have succession plans in place for key Senior Management roles and have drawn upon these when selecting an Executive Team to deliver the Board's strategy for our pubs and hotels focused business. We invest heavily in our people, offering them real career paths. We are able to differentiate ourselves from the competition and ensure that we remain an employer of choice in a challenging market. The opportunity to join at a junior level, e.g. as an apprentice, go through our Chefs' Guild Scholarship and progress to either Head Chef or General Manager is very appealing. We have increased support for our outstanding development programs (e.g. we have 130 pupils on our Chefs' Guild Scholarship) and have amended our pay and rewards structure, parental leave, incentives and launched a new recruitment system.

9. Health & Safety

MOVEMENT

OWNER	DESCRIPTION	CONTROL AND RISK MITIGATION
Retail Director	The health and safety of our employees and customers, and the general public when on our estate, is a key priority for us. There is a risk that we do not adhere to the highest health and safety standards, further increased by the large number of sites we operate. There is a risk of a customer suffering from our staff failing to deliver our allergens policies and procedures.	We have a comprehensive training programme in place for our employees covering all aspects of health and safety. All sites complete a risk assessment and are required to undertake detailed weekly and monthly compliance checks which are then subject to review by our in-house health and safety team. The allergen procedures we have implemented to manage the risks are continuously reviewed to ensure controls remain appropriate. We continue to utilise the services of expert third party health and safety consultants to undertake annual audits covering food, fire and general health and safety risks on all our sites and perform detailed investigations in instances where an incident does occur.

10. Sustainability & Environment

MOVEMENT

OWNER	DESCRIPTION	CONTROL AND RISK MITIGATION
Chief Executive	Climate change risk could impact our supply chain. Uncertainties over how these risks will evolve could reduce revenues and profit. This could also impact trust and reputation among customers, investors and other stakeholders.	The Group is contributing to the Net Zero Carbon Roadmap to Net Zero by 2030 for Scope 1 & 2 and 2040 for Scope 3. We are already working on energy usage and supplier engagement to mitigate carbon emissions. Our TCFD reporting helps us to identify and assess key risks and opportunities and impacts of climate change to our business. We have implemented our *Life is too good to waste* programme which is across our people, plant and community. Our Sustainability Director has identified a programme of changes and initiatives in our pubs, hotels and support office to help us grow in a sustainable way.

OUR PEOPLE OUR ENVIRONMENT OUR COMMUNITIES

Life is too good to waste

We are committed to always doing things the right way for our people, our communities, and the planet, and we plan to be around for a long time to come. We know *Life is too good to waste*. And that means we protect and respect the things that matter to us and our customers.

Q&A: Chief Executive Simon Emeny and Oliver Rosevear, Sustainability Director

Why is sustainability so important to Fuller's?

Simon: Working with our communities has always been a central part of Fuller's strategy – but today, all businesses must have a more holistic approach to environmental and social responsibility. That's why we decided to appoint a Sustainability Director to manage the programme and build on our *Life is too good to waste* initiative to deliver for the planet, our people and our communities.

Ollie: I agree with Simon. It's not that Fuller's has just woken up to the idea of sustainability – it's about bringing all the great elements that are happening throughout the business into a central programme. When you combine all three elements of ESG, you can clearly see how Fuller's is a force for good.

What are the quick wins?

Simon: The beauty of pubs is their individuality – but this can be a challenge as you can't apply the same solutions across the estate. Through better reporting and understanding of energy usage, we can help our teams understand how they can make a difference in reducing energy and cut our carbon footprint.

Ollie: One of the first opportunities identified was to increase the recycling of operational waste. We are working with Veolia to change the way we collect waste from our pubs and hotels, and I think this will help us to considerably increase the amount of waste we recycle. Our teams are keen to ensure they can contribute to reducing our impact on the planet, so we have had a great response to the changes we have made so far.

What is the overarching priority for this financial year?

Ollie: We are aiming to achieve Net Zero in our operations by 2030, and to do that, we've got to make sure that everyone, right through the Company, is on board. My priority is to encourage personal accountability across the organisation with regular updates, tips and information – to keep sustainability high on the agenda for our teams and suppliers.

Simon: We won't achieve targets just by hiring a Sustainability Director. It's got to be embedded right across the organisation and to do that, I need to ensure that my Executive Team helps support Ollie to drive action across the business. Delivering for our planet, our people, and our communities is everyone's responsibility.

Why Ollie and why Fuller's?

Simon: I wanted someone with a proven track record in embedding sustainability and helping teams understand how they can play their part in the journey. Ollie delivered some innovative programmes during his time at Costa, and we hope he can deliver the same for Fuller's. He's got all the credentials we need and I'm really excited to see how quickly he moves us along the road to Net Zero.

Ollie: I've always liked the way Fuller's approached business – always doing things the right way. The opportunity to work for a company with such a family-focused ethos and that celebrates individuality really appealed to me. I just love working with our teams and suppliers to roll out sustainability initiatives in our pubs and hotels and hopefully influence the wider industry to take action across the various social and environmental challenges we face.

Over the past year we have undertaken a strategic review of our sustainability programme, *Life is too good to waste*. We have clearly identified three areas of focus in regard to our teams, communities and our responsibility to the planet. As a business which is all about people, we felt it was important to focus on the tangible actions that we, our teams, suppliers, customer and wider communities can take to drive positive change.

Our *Life is too good to waste* commitments are driven across the organisation through our new sustainability governance structure. From our Chief Executive to our teams across our estate, we want everyone to realise that they have a responsibility to act, to feel their voice is being heard, and to know that what they contribute will have a positive impact for our teams, our communities and our planet.

Our Planet

At Fuller's we know that small things make a big difference and that a healthy planet is essential to the future of our business, people and communities. When it comes to protecting the planet, we're realists and know there's a lot to do, but we're also optimists and know we can and will do it.

We work on the principle that when we start with small actions – reduce, reuse, recycle, renew – it adds up to make a big difference. We know we can all make better choices – from behind the bar, in the kitchen, or sitting at a desk.

Our Journey towards Net Zero

The latest United Nations Intergovernmental Panel on Climate Change ("IPCC") report, published in April 2022, highlighted that the world must cut emissions by 43%, by 2030, to keep temperature rises well below 2° Celsius to avoid the most significant impacts of climate change. Fuller's recognises its responsibility to contributing to this reduction and the risk climate change poses to our people, customer and communities.

In October 2021, we joined 27 other hospitality businesses though the Zero Carbon Forum in aiming to achieve Net Zero carbon emissions for our operations by 2030 and within our supply chain by 2040. We understand the need to collaborate to tackle what is a common threat to all of our businesses. We are now working to develop specific carbon reduction targets for Fuller's in line with the Science Based Targets initiative and hope to have this validated by the end of 2022.

We are currently developing our carbon footprint to identify where we need to focus our efforts. However, we are not waiting for targets to be set before acting and, over the last year, we have taken significant strides to reduce our direct and indirect carbon emissions.

Energy

As part of our ambition to be Net Zero in our operations by 2030, we need to dramatically reduce the carbon intensity of the energy used to heat and power our buildings. By 2030 we aim to reduce our overall energy usage by at least 25% and eliminate the use of natural gas, oil and liquid petroleum gas ("LPG") where feasible.

In October 2021, Fuller's began sourcing all its electricity for Company-owned sites from 100% certified green electricity via our supplier Scottish Southern Electricity. This energy is primarily sourced from wind and hydroelectricity. We are now looking at how we can secure more direct renewable electricity though agreements with renewable generators. Cotswold Petroleum, which supplies heating oil for our Cotswold properties, has partnered with Carbon Footprint to offset emissions from the oil used at our sites.

CASE STUDY –

THE ROYAL SOCIETY FOR BLIND CHILDREN

Fuller's has proudly supported the Royal Society for Blind Children for several years and today the contribution helps the charity's Families First service.

Having a vision impairment can be a challenge for young people and their families. Whether a condition is diagnosed at birth or develops during childhood or adolescence, the implications are significant, and many families will want or need some help to manage these.

RSBC Families First is a service that supports young people and their families across England and Wales. Experienced, professional, family practitioners offer a range of support using evidence-based interventions.

This support is focused on the family's emotional needs, particularly at times of difficulty such as diagnosis, deterioration of vision and life events such as school transitions or family difficulties. Support is tailored to the needs of the young person (aged 0-25) and their family. It may be short or long-term, face to face, over the phone or online, at home or in school or college.

Anna (pictured) is a one in a million child. She has the incredibly rare oculofaciocardiodental syndrome, one of just 20 in the world, which involves 16 different conditions including premature cataracts and glaucoma.

Anna's mum, Magda, says: "It's a lifelong process and it's going to be a learning process for everyone. RSBC helped us to deal with our initial grief, with the support and contact of family therapy – even in the middle of the coronavirus pandemic we received frequent calls to check on our wellbeing."

Magda says that she has gained so much to improve Anna's life, not only from RSBC's specialists but from the other parents who the charity put her in touch with through its Connecting Families group, whose support she says is vital.

To support children like Anna, and their families, please visit: www.rsbc.org.uk.

Sustainability Report

Continued

Due to the nature of our estate, which includes many historic and listed buildings, a number of our sites are heated by natural gas or oil, both of which have a high carbon footprint. In addition, many of our kitchens use mains gas and LPG to prepare fresh dishes for our customers. In order to reduce our reliance on these high carbon fuels, we need to consider ways to transition to greener systems such as heat pumps, electric fryers and induction hobs. However, this transition will impact our electrical capacity, so in order to achieve this goal, we need to consider how we can reduce our current electrical demand within our sites through energy efficiency measures. We are undertaking a review of our estate to understand where we can transition from gas and oil to zero carbon electricity and looking for opportunities to decarbonise our operations. There are a number of initiatives which are helping to support this transition:

- LED lights are now standard in all our managed hotels and pubs, reducing energy usage from lighting by up to 75%.
- We have engaged energy consultants to undertake site audits on all our managed properties over the next three years to help identify energy waste and optimise controls to reduce energy usage.
- We are using cellar heat recovery units to produce hot water at a growing number of sites, such as The Head of the River in Oxford, where most of the hot water is produced using waste heat from the cellar cooling equipment.
- We are trialling new building monitoring systems which help us to track energy usage and identify where specific pieces of equipment are not running optimally. This allows us to take action to reduce energy through maintenance visits and changes in operational process.

In addition to these physical changes, we are focusing our teams on energy reduction through behavioural change. From previous research we know that behavioural change can drive up to 20% reduction in energy usage in our pubs and hotels.

In 2021, we introduced energy management reports from our smart meter data to allow our teams to view how they are using energy through the day on a manager's dashboard. To support this, we also rolled out new training materials to help our teams understand what action they could take to help reduce energy usage within their sites. This included new opening and closing procedures for our kitchen and other operational areas, and learning resources to help them understand the costs of taking these actions in a fun and engaging way.

Turning Waste into Resource

At Fuller's we work on the principle that everything we use has a value and we aim to reduce, reuse and recycle the things that we need to operate our business. We are keen to find ways to reduce our use of valuable material resources where possible and ensure what we do use stays within the circular economy for as long as is possible. By 2025 we aim to recycle at least 75% of our operational waste and divert 100% from landfill. Having already removed a number of single use plastic items from our business, by 2030 we aim to eliminate all unnecessary plastics from our operations.

CASE STUDY – SUPPORTING YOUNG PEOPLE IN OUR WEST LONDON HEARTLAND

Fuller's is a Founder Patron of WEST Youth Zone, with a contribution of £150,000 over four years.

Currently under construction, WEST will be a state-of-the-art youth centre, developed by national charity OnSide, where all young people from Hammersmith and Fulham can reach their full potential, achieve their goals and have a chance to shine. It will be located close to the White City Estate and is due for completion in 2023.

WEST Youth Zone will be an incredible place filled with energy, inspiration and highly skilled youth workers who truly believe in young people. More than 20 activities will be on offer every day, including music, sport, cooking, dance, wellbeing, mentoring and employability seven days a week, 52 weeks a year and at a cost of just 50p.

WEST will enable young people to raise their aspirations and confidence to create a happier and healthier generation. For more details, visit westyouthzone.org

Greenhouse Gas ("GHG") Emissions and Energy consumption

This report details our GHG emissions and energy use for FY2022 under the Streamlined Energy and Carbon Reporting ("SERC") requirements.

Methodology:

We have collated data relating to our Scope 1 and Scope 2 emissions and energy use for activities over which we have financial control. All of our emissions and energy use relate to UK activities. Our GHG emissions were calculated in line with HM Government Environmental Reporting and the GHG Protocol methodology.

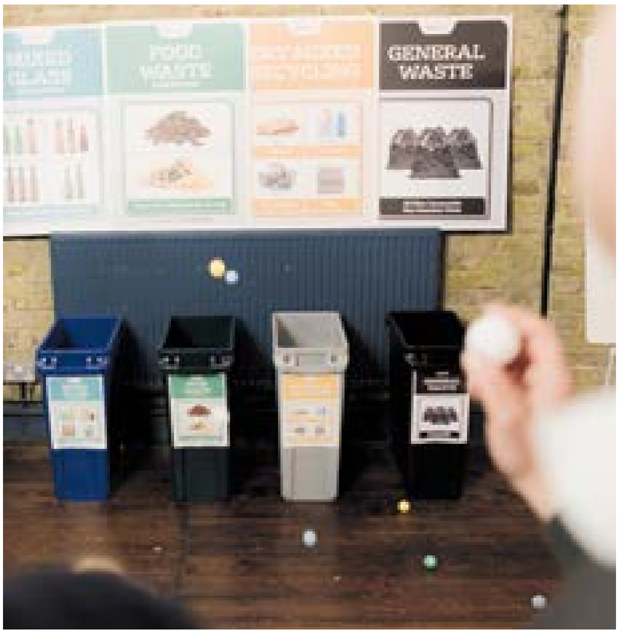
The table below summaries emissions and energy use for FY2022:

	FY2022	FY2021	FY2020
Scope 1 Energy Consumption kWh	**42,334,133**	23,792,793	–
Scope 2 Energy Consumption kWh	**30,636,694**	18,503,251	–
Total Energy Consumption kWh	**72,970,827**	42,296,044	83,555,406
Scope 1 emissions tCO_2e	**9,122**	5,114	8,436
Scope 2 emissions tCO_2e	**6,506**	4,314	8,902
Gross Scope 1 & 2 emissions tCO_2e	**15,628**	9,428	17,338
Net Scope 1 & 2 emissions tCO_2e[1]	**12,028**	9,428	17,338
Turnover £m	**253.8**	73.2	342.0
Gross Intensity Ratio: tCO_2e / turnover £m	**61.6**	128.8	50.7
Net Intensity Ratio: tCO_2e / turnover £m[1]	**47.4**	128.8	50.7

1 From October 2021, we have purchased 100% renewable electricity and therefore associated emissions can be deducted from the gross total to give net Scope 1 and 2 emissions as stated above.

The largest single element is electricity consumption in the managed estate, which is predominately used for HVAC systems, kitchen equipment, refrigeration and lighting. When compared to electricity, gas will often have higher emissions, but will be significantly lower in cost.

Year on year comparison is distorted due to the impact of Covid-19 on trading in FY2021 and FY2022, resulting in reduced energy consumption.



Our planet is too good to waste – so prior to the roll out of our new waste and recycling partnership with Veolia, we used a fun exercise to get the message across.

Reduce

With 1,030 bedrooms across our pub and hotel estate, our guests use a large volume of toiletries and in room drinks. To reduce the volume of single use plastics within our estate, we have introduced a policy of only using glass water bottles – both for single use and for refilling. The Swan Hotel at Bibury even bottles its own water from the natural spring in the grounds of the hotel. We are also working with our toiletry suppliers to introduce refillable bottles in our hotel rooms, offering high quality shampoos and body washes without the waste of single use packaging.

In October 2021 we made the decision to move to till receipts on request. While this was only a small change, it saved a staggering 20 tonnes of paper, equivalent to 235 trees. Proof that small things really do make a big difference.

Reuse

Fuller's is well known for its association with sporting venues, and The Cabbage Patch is possibly the most famous pre-match rugby pub in the UK. Historically, during match days, the pub would have to use thousands of single use plastic cups to replace glassware on busy occasions. Following a successful trial during the recent Six Nations campaign, the team is working with Green Goblet to provide reusable cups on match days, saving many tonnes of non-recyclable plastics every year. The used cups are returned to Green Goblet's facility in Gatwick where they are washed, dried and returned for the next match. We are looking to introduce this solution to more of our sporting and event pubs over the next year.

Sustainability Report

Continued

Recycle

In FY2022, the recycling rate across our Managed estate was 39%. This was a reduction from the previous year due to coronavirus restrictions. 100% of our residual waste was sent to energy from waste facilities, with no waste being sent to landfill. From April 2022, we began services with our new waste management partner, Veolia. As part of the new services, all our sites will have access to four waste streams – glass, food, mixed recycling, and general waste. 100% of all our general waste will continue to be diverted from landfill to energy from waste sites, where it will help fuel the production of heat and renewable electricity. Our food waste will be sent to an anaerobic digestion site, which will produce green gas, while our mixed recycling and glass will be sent to a mixed recycling facility, where the various materials will be segregated. In addition, we have introduced an online training platform for our teams to help them understand the importance of correctly segregating waste at their sites. The platform also offers site specific waste and recycling reports to help our teams understand how they are performing. We have introduced new internal bin signage to help our teams ensure waste is disposed of correctly and sorted to allow for it to be recycled.

Through these new services, we hope to significantly increase our rates of recycling and ensure as much waste is recycled and reused as possible.

In addition to the general recycling services, we are also looking at ways to recycle more challenging materials:

- Our sites now recycle coffee pods using the nationwide PodBack post back scheme, ensuring both the aluminium capsules and coffee grounds are recovered and recycled. We also encourage our teams to offer used coffee grounds to local gardeners as its makes an ideal growing medium for plants and flowers. Any residual coffee can be placed in our food waste collection bins.
- Used cooking oil is collected by Olleco. Once collected the oil is used to create high quality biofuels for transportation.
- A number of our key suppliers offer take back services for used packaging. Owtons and The Menu Partners currently backhaul cardboard from our sites for recycling and Direct Seafood recovers the insulated polystyrene boxes. We are always looking for new opportunities to recover waste via our supply chain partners.
- Our new partnership with Any Junk ensures that our sites are able to easily remove any unwanted furniture, point of sale equipment and old equipment. The team at Any Junk then ensures that these products are recycled or reused where feasible.

Our Suppliers and the Supply Chain

According to a recent report by the Net Zero Carbon Forum, 83% of pub groups, greenhouse gas emissions relate to their supply chains (Scope 3). It's therefore essential that our suppliers come on the journey with us. Many of our suppliers are already setting their own targets to reach Net Zero and embedding science-based targets within their own businesses. We intend to support and encourage more of our suppliers to take the same action.

Our fish supplier is an active member of the UK's Sustainable Seafood Coalition and only sources Marine Stewardship Council Certified fish. We ensure fish is only selected from species not considered to be at risk from either a sustainable or social ethics perspective. We only use wild fish which is traceable back to vessels which have assurances that the catch is within quota and sustainably caught.

Opportunities to reduce waste can come from all parts of the business. This year we partnered with Stone 360 to ensure that all of our IT equipment was either reused or recycled at end of life. Stone 360 has been supporting IT Schools Africa, a charitable organisation which is transforming lives through access to e-Learning.

Investing in our people has always been a key tenet of Fuller's strategy

Our People

Our people are what makes Fuller's special. That's why we're focused on looking after them, ensuring they have a sense of belonging and a belief that we truly care about their wellbeing, and have opportunities to grow. We're committed to creating inclusive workplaces, so our people feel confident to bring their whole selves to work.

During the pandemic, looking after our people was our number one priority and, when the business was locked down, we undertook a range of activities using our Fuse learning and communications platform. From regular videos from the Chief Executive to maintain contact, to webinars and bite-sized learning packages on everything from wellbeing to presentation skills, we worked hard to maintain engagement and keep our teams involved and occupied. We also provided shopping vouchers to all our junior team members as we were acutely aware of the financial hardship that many were facing.

Our relationship with the Licensed Trade Charity ("LTC") also came into play during this time and the resources provided by the LTC – whether that be emotional or financial – cannot be underestimated. We are very grateful for its continued generous support.

As the business reopened, we have returned to focusing on the development and training of our teams across the business, rolling out new career paths and broadening the spread of learning opportunities to our support teams too. Testament to this success is the fact that over 60% of our general managers are internal promotions – and we will continue to focus on this area, with an ambition to raise that number to 70%. We are also committed to continuing with our apprenticeship programme and we will be recruiting another 100 apprentices in the coming year.

During the last financial year, we reviewed our benefits package across the business – driven by feedback from team members and a feeling that loyalty was under-recognised. As a result, we launched our employee benefits program, *My Fuller's*. Benefits include:

- an industry-leading healthcare cash plan for team members with more than one year's service
- mental and physical wellbeing programmes to support our team members
- up to 40% discount in Fuller's Managed Pubs and Hotels, linked to length of service.

CASE STUDY –

BUILDING AN INCLUSIVE WORKFORCE AT THE CABBAGE PATCH

At Fuller's, we aim to create an environment where everyone feels they belong. And few do that better than Stuart Green, general manager at The Cabbage Patch.

Stuart (pictured above right), is involved with various charities and organisations to not only open The Cabbage Patch up to support those in the community with intellectual disabilities ("ID") and special educational needs ("SEN"), but he also helps find work for people with an ID or SEN in his pub.

Stuart currently has two autistic team members who are very much part of the Fuller's Family, Jonathan (pictured above centre) who works front of house and Eddie (pictured above left) who works in the kitchen.

Stuart has been at The Cabbage Patch for 25 years and in his first year he was introduced to the learning difficulties department at Richmond College. He was appalled that the students weren't able to gain any work experience.

"I decided that I wanted to make a difference, so I set up a whole work experience programme for them with the goal that at the end of the programme, they would be able to leave with a skill. I realised very quickly that the skill could be very basic but as long as it was something, I felt I'd made a difference."

"25 years on we have at least one person in our team every single day with an ID or an SEN and the goal is to get more into employment because they absolutely love it. I think we can make ourselves more accessible, we've got loads to learn as an industry and I get frustrated that the industry is so slow to see how much people with an ID can bring to it."

Sustainability Report

Continued

During the year, we have continued to work to ensure Fuller's is a place where everyone can belong. Throughout the year, we have run several workshops and webinars to help raise awareness on subjects including developing women in leadership, mental and physical wellbeing, awareness of intellectual disability and race equality.

In the year ahead, we will train our leadership team to recognise and take action to encourage a diverse and inclusive workplace. One member of the Executive Team has already participated in reverse mentoring, and we have put forward a delegate to participate in the Ethnic Future Leaders programme run by Women in Hospitality, Travel & Leisure.

We are delighted that our gender pay gap is minimal – but we still have work to do and we are starting to bridge this gap further through total transparency in our pay practices to ensure salaries are calculated primarily by the role and not the person. We no longer have any team members on National Minimum Wage, having raised our entry level pay rates, and we have introduced clear bandings for all roles to ensure fairness and clarity.

We recognise the need to ensure higher levels of diversity within our senior leadership group. Currently 48% of our leaders and 22% of our Board identify as female. We have also identified that we need to increase the percentage of leaders from ethnic minorities and those openly identifying as being part of the LGBTQ+ community.

The final piece of this year's people strategy was the undertaking of our first employee happiness and engagement survey for some time. In partnership with The Happiness Index, we engaged with 3,868 team members and we had a response rate of 40%. As we build trust with our team members, we expect to see a rise in this response rate.

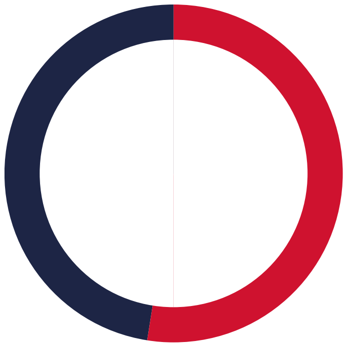
One of the themes that came through from the happiness and engagement survey was a need to listen more and give our teams a voice, so they have the opportunity to be heard and provide regular feedback. To address this, we launched *My Voice* – which gives our colleagues the tools to be able to share how they are feeling at any point in time. This online survey is there for all team members, at all levels, and asks for a score out of 10 for how they feel and a comments box to ask why the score was given.

The results are regularly reviewed by the Executive Team, and actions have already been taken as a result. Sometimes the simplest things are overlooked – for instance one of the comments was asking for a physical noticeboard in the support centre rather than all notices only coming digitally. This small change has led to team members feeling more connected to the business when in our support centre.

Following on from the happiness and engagement survey, we are also conducting targeted pulse surveys to allow us to temperature check our business on topics where we are seeing lower than anticipated scores.

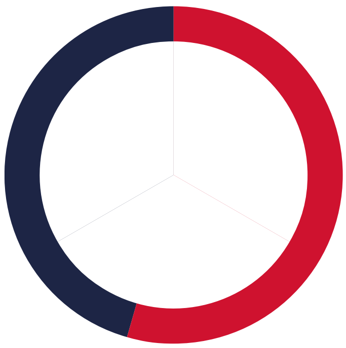
Pulled together, the themes above improve our two-way communication, ensure our team members feel valued, and give us a clear framework to build and grow our people proposition.

EXECUTIVE TEAM AND THEIR DIRECT REPORTS



Male	21
Female	19

EMPLOYEES (EXCLUDING SENIOR MANAGEMENT AND DIRECTORS)



Male	2,585
Female	2,139

KEY TAKEOUTS FROM THE HAPPINESS INDEX SURVEY

- Females in our business are slightly happier and more engaged
- We scored highly for relationships – there is real camaraderie among our teams and people feel part of the family
- We scored highly on clarity – people are clear on what they need to do in their role and when they need to do it
- We need to get better at listening – and have launched *My Voice* in response
- Our team members like our learning and development, and feel we offer real progress at pace.

Our Communities

At Fuller's we care about our communities. They have always been at the heart of Fuller's and through our charity links and community initiatives we want to continue to help them thrive. Our pubs and hotels have never just been bricks and mortar – they are places where communities meet, everyone can feel welcome, and where experiences are created.

We have a stated aim to give 1% of our profit to good causes and, during the year, we have paid charitable donations of £134,436 to our charity partners via our Charities Aid Foundation account. This included £33,051 from donations on our kids meals and Ale & Pie Tasting Boards. In addition, our customers have donated an incredible £123,502 through Pennies – the digital charity box that allows customers to round up to the nearest pound when settling their bills.

During the year, we widened our *Give as you Earn* matched funding scheme to make it available to all team members and we will continue to encourage team members to take advantage of this opportunity.

As a business which is keen to support both our local and global communities, many of our team members were keen to support the people of Ukraine. We had a number of pubs which wanted to raise money to help those trapped in very difficult conditions – so we were quick to add a button to the tills across our estate allowing an easy way to collect funds, pay them into our Charities Aid account, and we matched the sums raised.

We are delighted that Special Olympics GB remains our charity partner and this year, combining the Pennies donations with money raised in our estate, we have contributed over £86,000 to this amazing charity.

While the pandemic impacted our fundraising activities, in October 2021 we held a football tournament for Special Olympics GB with 20 teams participating – 18 from Fuller's and two from Special Olympics GB. The event, which is an annual fixture, raised £13,000.

Since year end, we held a sponsored walk from Pier House, our support centre in Kew, to The Sail Loft in Greenwich. Over 80 walkers took place and the event raised over £25,000. As well as delivering an amazing contribution for Special Olympics GB, it was a great way for our team to come together, get some healthy exercise and boost morale.

Finally, we continue to support WEST – the Hammersmith & Fulham Youth Zone project run by OnSide – with a donation of £25,000. This is our third year of involvement, and we are committed to donating £150,000 over a four year period. Work is well underway and further details can be seen in the case study on page 42.

During the coming year, we will continue to develop the community element of our ESG strategy, with a focus on local activity at pub level. We will be encouraging all our pubs to look for opportunities to ensure they remain well and truly at the heart of their communities.

Special Olympics GB
Summer Series of Sport

CASE STUDY –
SPECIAL OLYMPICS

This summer, for the first time in almost two and a half years, Special Olympics GB returns to full-scale competition with the largest celebration of intellectual disability sport in Great Britain – with a brand-new format called The Special Olympics GB Summer Series of Sport.

Running between June and September 2022, The Special Olympics GB Summer Series of Sport will feature 17 single and multi-sport events, providing competition in a minimum of 12 sports. These will include athletics, swimming and basketball, across Great Britain, and will offer the opportunity for at least 1,500 Special Olympics GB athletes, supported by dedicated volunteers, to compete for the first time since February 2020 when sporting activities were curtailed due to the consequences of coronavirus.

The pandemic has had a devastating impact on those with intellectual disabilities ("ID"), who have been disproportionately negatively affected throughout. A recent major study in America concluded that people with an ID are 2.75 times more likely to die following a diagnosis of Covid-19, rising to 10 times for those with Down syndrome.

The ongoing commitment and generous support Fuller's has given to Special Olympics GB during this unprecedented time has allowed it to invest in the development of this major new format, delivering a brilliant summer of sport for its athletes while solidifying and enhancing the competition pathway. Special Olympics athletes have missed taking part in sport, competing and meeting their friends, so to be able to offer this new competition format to the widest possible number of athletes is a huge positive step forward.

Money donated to Special Olympics GB through Fuller's

£86.7K

Task Force on Climate Related Financial Disclosures

Introduction

We have aligned our sustainability reporting activities with the Task Force on Climate Related Financial Disclosures ("TCFD") framework, and we are pleased to report for the first time in line with the TCFD recommended disclosures for the year ended 26 March 2022. As a business, we are yet to complete formal climate related scenario analysis and have further work to do to assess climate risk and its impact on our strategy, as described by the TCFD. We have however developed a roadmap for full alignment with the recommended disclosures, with the objective of improving our reporting and disclosures in respect of how we are addressing the risk of climate change.

Recommended disclosure	Overview	Approach
Governance Disclose the company's governance relating to climate related risk and opportunity	The Board has overall responsibility and accountability for all risks and opportunities, including all climate related matters. The Audit Committee supports the Board in the oversight of an integrated risk management assurance model as outlined on page 34 and monitors the impact and materiality of climate related risk as part of ongoing risk management. The Chief Executive is the designated Board member for sustainability matters (including climate change) and is assisted by the Sustainability Director and the Sustainability Committee in developing the Group's *Life is too good to waste* sustainability strategy.	Material climate issues are considered by the Board when reviewing key strategic projects and business objectives to understand associated impacts on day to day operations and to ensure our ability to perform in both the short and long term. The Sustainability Committee is responsible for assisting in the identification of climate related risks and opportunities across the business. The Committee establishes targets and objectives, and provides oversight and monitors progress against key sustainability initiatives in collaboration with relevant departments, such as property and purchasing functions, to ensure progress against and achievement of climate related targets and objectives. Briefings on the activities of the Sustainability Committee are provided to the Audit Committee and to the Board by the Chief Executive and periodically by the Sustainability Director to update on risks and opportunities, the sustainability strategy and progress against targets and objectives. The Board is kept informed of emerging climate related issues by the Chief Executive and the Sustainability Director, who engages with third party experts and industry bodies such as the Zero Carbon Forum.
Strategy Describe climate related risk across the short, medium and long term Describe the impact of climate related risk on the business strategy and financial planning	Climate change and its associated risks and opportunities form part of our strategic decision-making processes. As a business, we are yet to complete a formal climate related scenario analysis as described by the TCFD. The TCFD recognises that a scenario analysis is a complex process where a qualitative approach that progresses and deepens over time may be appropriate.	A range of climate related risks and opportunities have been identified that are considered material to our ability to deliver our strategy. These risks and opportunities are considered across the physical impacts of climate change and the transition of business operations to a low carbon operating model. We recognise the need to identify risks early and implement actions to mitigate the impact to our business and on the planet. By acting early, we can also convert potential risks into opportunities so that we can benefit from changes in consumer trends such as moving towards climate friendly diets. We are in the early stages of establishing the process for assessing climate related risks and opportunities. We intend to develop both areas of our sustainability strategy by the end of 2022. As this process matures year on year, we are confident of our ability to disclose in greater detail the risks and opportunities identified, and our actions in relation to these. Early initiatives driven by this process include the provision of funds for energy efficiency auditing, employee training and capital expenditure for the implementation of more sustainable technologies as described on pages 40 to 47.

Recommended disclosure	Overview	Approach
Risk Management Describe how the company identifies, assesses and manages climate related risk	Our processes for identifying, assessing and managing the impact of climate change on our principal risks is part of our integrated risk assessment approach as described on page 34. We do not treat our climate risks any differently and have recently taken significant steps to ensure these are assessed alongside other aspects. The responsibility for responding appropriately to the climate related risks and opportunities identified ultimately falls to the Board. The Sustainability Committee, Executive Team, Sustainability Director and property team also retain responsibility for setting out and delivering the correct actions. This approach allows us to ensure there is a top-down understanding of climate related risks and opportunities across the business, reinforced by bottom-up systems to support the Board's oversight of such risks.	As climate related issues often manifest themselves over the medium to long term, we have assessed our risks across three clear time frames which relate to the time required to transition physical assets or business models. We define these as: • Short term risk: <5 years • Medium term: 5-10 year • Long term: >10 years We have worked with our strategic partners, key suppliers and our teams to implement a number of initiatives designed to increase operational efficiencies within our Managed estate and to mitigate our environmental impact, outlined on pages 41 to 44. As we develop the program, we will continue to review existing risks and consider emerging risks and their potential impact on our business to allow us to adjust our program accordingly. Although we have begun the analysis, we have further work to do in assessing climate risk and its impact on our strategy as described by the TCFD. We intend to complete this assessment before the end of 2022 and will publish the outcomes in next year's report.

Metric & Targets
Disclose the metrics and targets used to assess and manage climate related risks and opportunities
	We track our performance across a number of metrics. We aim to continually improve the accuracy and reliability of the data collected internally and externally, working alongside our strategic partners and suppliers, to best interpret the data collected.
	
	Over the last 12 months we have focused on the collation and interpretation of data across the full range of emissions sources to establish our Scope 1, 2, and 3 GHG emissions baseline. The financial year 2019/20 has been selected as the most appropriate baseline period for these calculations due to disruptions relating to Covid-19 and structural changes to the business in recent years. The culmination of this work will be a verified Science Based Target for GHG emissions reduction which we aim to achieve during the course of FY2023.
		Metrics
		From 2023 we intend to disclose the following metrics in our Annual Report:
		
		• Full breakdown of Scope 1 & 2 GHG emissions including:
		  • Energy consumption (electricity and gas) and information relating to energy sourcing
		  • Employee business mileage
		  • Fugitive emissions from refrigerants
		• Outline of Scope 3 GHG emissions (full breakdown to be published no later than 2024 once the Science Based Targets baseline data collection process is complete)
		• Waste management and recycling performance
		
		We will also internally track:
		
		• Packaging waste output
		• Waste processing and destination
		• Water consumption
		
		We measure our performance across these metrics using a set of short, medium and long-term targets and objectives, aligned with our *Life is too good to waste* strategy. These targets and objectives guide our efforts to reduce our environmental impact and positively contribute towards the UN Sustainable Development Goals, including SDG 13: Climate Action.
		
		Targets
		• Secure 100% renewable electricity supply long term
		• By 2025 we aim to recycle at least 75% of our operational waste and divert 100% from landfill
		• By 2030 we aim to reduce our overall energy usage by at least 25%
		• By 2030 we aim to eliminate the use of natural gas, oil and LPG where feasible
		• By 2030 we aim to eliminate all unnecessary plastics from our operation.
		
		Once we have completed our climate related scenario analysis, we will look to expand our metrics to include those related to the risk identified such as sites exposure to flood risk and the financial impact of implementing sustainable initiates into the business.

Stakeholder Engagement

CUSTOMERS

We welcome thousands of people to our pubs and hotels each week and strive to deliver positive and memorable experiences where everyone leaves happier than when they arrived.

What matters

- Vibrant and well-maintained venues
- Outstanding customer service
- Fresh seasonal food and extensive drinks range
- Value for money

How we engage and respond

During the year we have made significant investment in our digital capabilities to enable us to better understand our customers and their habits and to improve our communications with them. We regularly review and act on customer feedback from across a range of channels. We undertake regular audits of our pubs and hotels to ensure high operational standards are maintained and have a programme of continuous investment across our estate.

Read more about our engagement with our customers on page 21

PEOPLE

We have 4,724 colleagues across 211 Managed Pubs and Hotels and support centre roles. Our people are what makes Fuller's special, and they each play a critical role in the success of the business. They make the experience for our customers and deliver our business strategy at every level.

What matters

- Fair and equitable pay and benefits
- An inclusive, diverse, and respectful working environment
- Open and transparent communication and being heard
- Opportunities for personal and career development

How we engage and respond

Our people are our biggest asset, and we continually strive to engage, develop and retain them. During the year we reviewed and enhanced our benefits package, introduced *My Voice* – a continuous feedback channel – and Fuller's Forum quarterly listing groups, relaunched our employee engagement surveys, continued to develop our diversity and inclusion programme, and focused on increasing development and training opportunities for our pub and support centre teams.

Read more about how we engage with our people on page 10

TENANTS

We support 174 Tenanted businesses. Our Tenants are an extension of the Fuller's team, although they have autonomy in running their own business. We aim to recruit Tenants who share our values and philosophy.

What matters

- Affordable rents and mutually beneficial contracts
- Well-maintained buildings and facilities
- Open communication and engagement
- Business support and development

How we engage and respond

We have a team of Business Development Managers led by an experienced Director of Tenanted Operations, who ensure that our Tenants are in the best place to operate a successful business that delivers a good return for both parties. During the year we appointed a Sales Development Manager to support our Tenants in growing sales and turnover and we are exploring opportunities to partner with our Tenants in responding to increasing utility costs.

Read more about how we engage with our Tenants on page 26

SHAREHOLDERS

Our shareholders range from founding family members to retail shareholders and large institutional investors. They own our business and provide us with the capital that enables us to progress our strategy.

What matters

- Robust operating and financial performance supported by a strong strategy
- Sustainable income and capital growth
- Progressive dividend policy
- ESG performance
- Directors' remuneration

How we engage and respond

We maintain a regular dialogue with all our shareholders. We actively engage with them as part of our investor roadshows following our half year and full year results presentations, and we are easily accessible to respond to questions and feedback throughout the year. All shareholders are encouraged to attend our AGM, and relevant Company announcements, reports and documentation are readily available via a dedicated section of our website.

Read more about how we engage with our shareholders on page 21

SUPPLIERS

An excellent supply chain is a key tenet of our business and we look for genuine partnerships that provide a real point of difference.

What matters

- Prompt and fair payments
- Ethical and fair dealings that protect human rights and health and safety
- Open communication and transparency

How we engage and respond

We aim to develop long-term relationships with our key suppliers and build a solid relationship with them that allows for mutually beneficial collaboration. This results in a range that is available *Only at Fuller's*. We work with our suppliers to monitor consumer trends and changing tastes. This allows us to evolve and adapt our offer and menus to reflect these macro trends.

Read more about our engagement with our suppliers on page 32

COMMUNITIES

The Great British pub has always been at the heart of the community and we strive to have a positive and lasting impact on the communities in which we operate by being a responsible business, and a good neighbour, supporting worthy causes, providing employment and minimising our environmental impact.

What matters

- Engaging with industry bodies and national policy makers
- Acting fairly and ethically
- Providing employment opportunities
- Supporting community and charitable causes
- Reducing the environmental impacts of our activities including carbon emissions, energy and water
- Complying with legislation

How we engage and respond

We regularly meet with both our local MPs and other legislative stakeholders, including through membership of both the British Beer and Pub Association and UKHospitality, and contribute to consultations on issues that impact our sector. We launched our sustainability strategy *Life is too good to waste* as a key tenet of our overall business strategy and to outline our approach to engaging with our communities, the environment, and our people.

Read more on how we engage with our community and environmental matters on pages 40 to 47

Section 172 Statement

This statement has been prepared in compliance with The Companies (Miscellaneous Reporting) Regulations 2018.

Section 172 of the Companies Act 2006 (the "Act") requires Directors to act in a way they consider, in good faith, promotes the success of the Company for the benefit of its members as a whole while having regard to the matters set out in Section 172(1)(a) to (f).

The Board strives to ensure that its decision making is consistent and aligned to our purpose, values and strategy. During the year, the Directors consider that, in complying with their statutory duties, they had regard to:

The likely consequences of any decision in the long term

For Fuller's and the Board, this has always been an integral part of our culture. As a long-established family business, the long-term for Fuller's means much more than normal business modelling entails. It is at the heart of all decisions taken by the Board.

The interest of the Company's employees

Our people are what makes Fuller's special and they each play a key role in the success of the Company. Details of the normal engagement process with employees can be found in the Stakeholder Engagement section on page 50, the Sustainability Report on pages 45 and 46 and the Corporate Governance Report on page 59.

The need to foster the Company's business relationship with suppliers, customers and others

The Board believes that successfully delivering our strategy requires strong mutually beneficial relationships with our Tenants, suppliers and customers, and with industry bodies that further the interests of the sector as a whole. More details of engagement can be found in the Sustainability Report and Stakeholder Engagement on pages 44 and 50.

The impact of the Company's operations on the community and the environment

We are committed to always doing the right thing for our communities and the environment through our sustainability strategy *Life is too good to waste*, which has been further developed during the course of the year. Details can be found from page 40.

The desirability of the Company maintaining a reputation for high standards of business conduct

Fuller's is well regarded as a business because it has a consistent record of doing the right thing – one of the most enduring key values of the business. This is integral to our culture.

The need to act fairly as between members of the Company

The unique capital structure of Fuller's as a partly listed company has always required the Board to balance the interests of a diverse shareholder base. The focus on the long term is well understood by the Company's shareholders themselves.

The Board recognises the value of engaging with all its stakeholders and building strong relationships with them, to understand what matters to them and their changing needs, which helps inform strategic decision making and ensures our long-term success. More information about our key stakeholders and how we engage with them can be found on pages 50 and 51.

Principal Decisions Taken During the Year

1) Decisions related to the Covid-19 pandemic

Factors considered:

There continued to be significant disruption to the business and the wider hospitality sector during the year, with the gradual reopening of the estate from April 2021 before the reintroduction of restrictions in response to the Omicron variant in December 2021.

The Board received regular updates from the Executive Directors regarding the impact of restrictions on the business and its employees, and was able to act quickly with critical decisions required in the period. Decisions have included effective cost management during periods when trade was restricted, approving reinvestment opportunities in the estate and reviewing reopening plans and changes to operational standards to ensure the safety of our employees and customers, while driving consumer confidence and sales. The activities taken throughout the crisis illustrate that the Board continues to pay due regard to all stakeholders and ensured the business is well positioned for long-term growth.

2) Refinancing of Group facilities

Factors considered:

In April 2021, the Group agreed an Amended and Extended Refinancing of its existing debt facilities with its relationship banks, extending the facilities to February 2023. Since the year end, the Group has subsequently refinanced its banking facilities with a new unsecured £200 million facilities agreement, split between a revolving credit facility of £110 million and a £90 million term loan for a tenure of at least four years.

The Board considered carefully the need to maintain financial flexibility while managing the Group's ability to service its banking facilities over the longer term. The new facilities were agreed at borrowing costs which were significantly improved on the previous facilities and the initial drawing of the facilities was £119 million leaving £81 million available to support the long-term sustainable success of the Company.

Section 172 Statement

Continued

3) Dividend

Factors considered:

During the year, the Board recommended an interim dividend of 3.90p per 'A' and 'C' ordinary share and 0.39p per 'B' ordinary share, and is also recommending a final dividend of 7.41p per 'A' and 'C' ordinary share and 0.74p per 'B' ordinary share.

The Board considered if declaring an interim and final dividend supported the long-term sustainable success of the Company. With the Group returning to profitability in the year, the estate fully reopened and net debt reducing, the Board decided it was the appropriate time to resume paying a dividend.

4) Investment in our sustainability strategy

Factors considered:

The Board considers good sustainable, social and environmental practice critical to the long-term success of the company. During the year, the Board approved further investment into the Company's sustainability strategy launched in 2021 and to Fuller's joining with 27 other hospitality businesses through the Zero Carbon Forum in aiming to achieve Net Zero carbon emissions for our operations by 2030.

Non-Financial Information Statement

The table below constitutes the Company's non-financial information statement, in compliance with Sections 414CA and 414CB of the Companies Act 2006.

Reporting requirement	Key policies/standards/frameworks	For additional information
Business model		At a Glance on pages 2 and 3 Business Model on pages 20 and 21 Strategy on pages 22 and 23
Principal risks and impact on business		Risk Management on pages 34 to 39
Non-financial Key Performance Indicators		Strategic Report on pages 22 and 23
Environmental matters	Sustainability strategy – Our environment	Sustainability Report from page 40 Climate related disclosures on page 43
Employees	Sustainability strategy – Our people Bullying and Harassment Policy Disciplinary Policy Employee Privacy Policy Family friendly policies, including Maternity Policy Flexible Working Policy Grievance Policy Managing Diversity Policy Mental Wellbeing Policy Performance Excellence Policy Recruitment, Selection and Engagement Policy Right to Work Policy Whistleblowing Policy	Sustainability Report from page 40 Stakeholder Engagement on pages 50 and 51 Corporate Governance Report on page 59
Social matters	Sustainability strategy – Our communities Gender Pay Gap reporting	Sustainability Report from page 47
Human rights	Modern Slavery Statement Managing Diversity Policy Whistleblowing Policy	Sustainability Report on page 47 Directors' Report on page 86
Anti-corruption and anti-bribery matters	Anti-Bribery Policy (covering gifts and hospitality), Whistleblowing Policy	Audit Committee Report on page 65

The Group's Strategic Report, encompassing pages 1 to 53 was approved by the Board and signed on its behalf by:

Simon Emeny

SIMON EMENY
CHIEF EXECUTIVE
8 June 2022

Chairman's Introduction

HONEST THOUGHTFUL CONSCIENTIOUS METICULOUS FAIR INTEGRITY

Michael Turner
Chairman

Dear Shareholder,

I am pleased to present our Corporate Governance Report for the year ended 26 March 2022.

As a business – from the Board through to the Executive and every team member – we all have a role to play in delivering our purpose, vision and strategy. I am immensely proud of the contribution from our people who, together with the Board, live the values which underpin our business. As described in my Chairman's Statement, we have continued to face the impact of coronavirus and therefore maintaining good and appropriate governance has been more critical than ever to enable delivery of our strategy for the long-term benefit of all our stakeholders. Details of our well-established corporate governance framework and compliance with the UK Corporate Governance Code are set out in the following pages.

To support the Executive Team and the business, we have scheduled additional meetings with these being held remotely at the start of the year but now, following the easing of restrictions, we have returned to meeting in person. Our Board Committees have also been busy during the year and helped us navigate through the continually changing environment in which we have been operating. Further detail of their work is reported on pages 58 to 84. I would like to thank my fellow Board members for their ongoing flexibility and for their significant contribution during the year. Special recognition also goes to the Executive Team for its work in ensuring the smooth reopening of our estate.

From a Board perspective, we have a group of Directors with the skills required to run this business and who have responded well to the ongoing challenges of operating during the pandemic. The year saw the departure of Adam Councell in September 2021 and the appointment of Neil Smith as Finance Director on 30 November 2021. We are delighted to have welcomed Neil to the Fuller's team – he has a breadth of financial and industry experience which has added depth to the Board and the Executive Team, and you can read more about his views on joining in the Q&A section on page 17. This appointment was subject to a formal and rigorous process and details of his induction programme is described on page 62.

As advised in my statement last year, we had intended to conduct an externally facilitated Board evaluation in 2021, but in light of the disruption caused by the Covid-19 pandemic, we agreed to defer it until such time that the Directors could meet in person. The externally facilitated evaluation was completed during April and May this year by Fidelio Partners – who were appointed, following a selection process with potential firms led by myself and our Senior Independent Director, Juliette Stacey. I am pleased to report that the Board and its Committees were considered to be working effectively. Further details of the evaluation and its outcomes can be found on page 64.

Following the disruption to our AGM in 2020, I was pleased to welcome shareholders back to our AGM in person in September 2021. Our AGM this year will again be held at The George IV in Chiswick on 21 July 2022 and, along with my Board colleagues, I look forward to meeting you on the day and answering any questions you may have about the business.

Michael Turner

MICHAEL TURNER
CHAIRMAN
8 June 2022

Kingsley is in charge of cocktails at The Saint in Bow Churchyard

Board of Directors

1 MICHAEL TURNER N
NON-EXECUTIVE CHAIRMAN

Date appointed to the Board: January 1985

Experience: Michael brings an in-depth understanding and knowledge of this long-established family business and extensive experience in leadership and executive management. A Chartered Accountant with international experience, Michael joined Fuller's in 1978, initially running the Wine Division as Wine Director. Appointed Marketing Director in 1988, Managing Director in 1992, Chief Executive in 2002 and Chairman in 2007. Chairman of the British Beer and Pub Association 2008-2010. Master of the Worshipful Company of Vintners 2011-2012.

Key external appointments: None

2 SIMON EMENY
CHIEF EXECUTIVE

Date appointed to the Board: May 1998

Experience: Simon has a detailed knowledge of Fuller's operations gained through his 25 year experience with the Group and valuable commercial expertise in consumer-focused businesses. Joined in 1996 from Bass plc where he held a variety of senior operational and strategic planning roles. Appointed to the Board as Retail Director in May 1998, Managing Director, Fuller's Inns in July 2006, Group Managing Director in November 2010 and Chief Executive in July 2013. Previously Senior Independent Director and Chair of the Remuneration Committee of Dunelm Group plc. An economics graduate and alumnus of Harvard Business School.

Key external appointments: Non-Executive Director of The National Gallery Company Limited and Senior Independent Director of WH Smith PLC.

3 NEIL SMITH
FINANCE DIRECTOR

Date appointed to the Board: November 2021

Experience: Neil has in-depth corporate finance experience in hospitality and consumer-focused businesses and high level commercial expertise, including business and strategy development. Former Chief Financial Officer of Domino's Pizza Group PLC. Previously Chief Financial Officer of Ei Group plc (formerly Enterprise Inns plc) and has held senior financial roles at Compass Group plc, Virgin Media, Telewest Global Inc. and Somerfield plc. Qualified as a Chartered Accountant with PwC.

Key external appointments: None

Key to Committee membership:

A Audit Committee **N** Nomination Committee **R** Remuneration Committee ■ Committee Chair

4 FRED TURNER
RETAIL DIRECTOR

Date appointed to the Board: June 2019

Experience: Fred has a strong financial background and a deep understanding of Fuller's operations having worked in a number of roles in the business. Joined the Company in 2013 as an Operations Manager for Fuller's Inns. Appointed Head of Tenanted Operations in 2015 and Tenanted Director in 2018. Qualified as a Chartered Accountant with Grant Thornton UK LLP. Civil engineering graduate.

Key external appointments: None

5 JULIETTE STACEY A N R
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Date appointed to the Board: March 2018

Experience: Juliette has over 30 years' leadership experience with a strong finance background. She brings extensive knowledge of business and strategic (including M&A) development, listed company experience and risk management. She is an experienced audit committee chair. Former Chief Executive of Mabey Holdings Limited. Former Chief Operating Officer (UK and Europe) and previously Finance Director (Commercial UK) of Savills plc. Qualified as a Chartered Accountant with Ernst & Young.

Key external appointments: Non-Executive Director and Chair of the Audit Committees of Renishaw PLC and Sanderson Design Group plc.

6 HELEN JONES A N R
INDEPENDENT NON-EXECUTIVE DIRECTOR

Date appointed to the Board: March 2019

Experience: Helen has 35 years of commercial and general management experience in consumer-focused businesses. She brings valuable operations, marketing and branding expertise, and also remuneration committee chair experience in other plcs. Formerly Group Executive Director of Caffè Nero and Managing Director of Zizzi, the Italian casual dining chain, and Non-Executive Director of international fast-dining restaurant group Vapiano SE.

Key external appointments: Senior Independent Director and Chair of the Environmental, Social and Governance Committee of Halfords Group plc, Non-Executive Director and Chair of the Remuneration Committee of Virgin Wines UK Plc and Non-Executive Director of Premier Foods Plc.

7 SIR JAMES FULLER, BT
NON-EXECUTIVE DIRECTOR

Date appointed to the Board: June 2010

Experience: James has a deep understanding of the Fuller's business and provides a key link with family shareholders. Served in The Life Guards from 1991 to 1998. Employed by the Company from 1998 to 2003, working in the Tied and Managed Pub estate, and has since been running his own business.

Key external appointments: None

8 RICHARD FULLER
NON-EXECUTIVE DIRECTOR

Date appointed to the Board: December 2009

Experience: Richard has a deep understanding of the Fuller's business and operations, having worked for the Company for 36 years. He joined the Company in 1984. Appointed a Divisional Director in 1992 and to the Board in December 2009, with responsibility initially for sales then, additionally, personnel, corporate affairs and government relations. Became Non-Executive Director in February 2020. A GMP graduate of Harvard Business School.

Key external appointments: Non-Executive Chairman of both the Cotswold Cider Company and Kempton Park Racecourse, and Master of the Worshipful Company of Brewers.

9 ROBIN ROWLAND OBE A N R
INDEPENDENT NON-EXECUTIVE DIRECTOR

Date appointed to the Board: March 2020

Experience: Robin brings over 35 years' experience in the restaurant and food and beverage sectors, and has strong financial, commercial expertise, and business and strategy development experience. Previously Chairman and Chief Executive of YO! Sushi, and Non-Executive Director of Marstons PLC and Tortilla. Awarded an OBE in 2015 for outstanding services to hospitality.

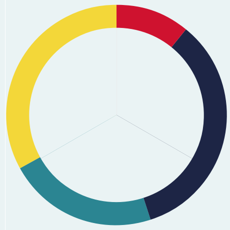
Key external appointments: European Partner of TriSpan Private Equity with Chairman and Non-Executive Director roles with four portfolio companies: Rosa Thai, Pho, Thunderbird and Rosa Mexicano (USA). Independent Non-Executive Director at Caffè Nero and UKHospitality.

10 RACHEL SPENCER
COMPANY SECRETARY

Date appointed to the Board: January 2021

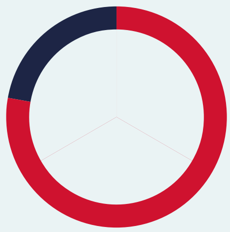
Experience: Rachel is an experienced company secretary and has significant corporate governance, regulatory and compliance expertise. Previously held positions at a number of other listed companies, including Invensys PLC, Aldermore Group PLC (both the listed entity and the regulated bank) and, most recently, Clarkson PLC. Fellow of the Institute of Chartered Secretaries and Administrators.

BOARD COMPOSITION



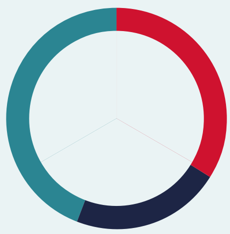
Chairman	11%
Executive Directors	34%
Non-Executive Directors	22%
Independent Non-Executive Directors	33%

BOARD GENDER BALANCE



Male	78%
Female	22%

BOARD TENURE



0-3 years	34%
4-6 years	22%
9+ years	44%

Corporate Governance Report

Statement of Compliance with the UK Corporate Governance Code 2018 ("the Code")

The Board is committed to maintaining effective corporate governance and integrity, enabling us to deliver our strategy for the long-term benefit of all our stakeholders. With this in mind, the Company has applied the main principles of the Code throughout the year. However, given the structure of the Group – we are a listed public company but still very much a family-controlled concern – there are some provisions of the Code where we do not comply but where we do consider our governance framework remains appropriate. These are summarised in the table below.

Further information on the Code can be found on the Financial Reporting Council's website at www.frc.org.uk

Code Provision	Detail of non-compliance	Further information
PRINCIPLE 2: DIVISION OF RESPONSIBILITIES		
11	At least half of the Board, excluding the Chairman, are not independent Non-Executive Directors.	The Board considers that membership is well balanced with the right mix of skills and experience. The presence of Non-Executive Directors who are long-standing family shareholders is important in this professionally run family business.
PRINCIPLE 3: COMPOSITION, SUCCESSION AND EVALUATION		
18	Directors are not subject to annual re-election.	In accordance with the Company's Articles of Association ("Articles"), all Directors are subject to election by shareholders at the first AGM after their appointment and to re-election at three yearly intervals. As part of the annual Board effectiveness review, the performance of the Directors is evaluated and forms the recommendation in the Notice of AGM as to why the Company believes an individual Director should be re-elected. In view of the Company's size, its ownership structure and its history, the Board is not minded to move to annual re-election of Directors but will keep this requirement under review.
19	The Chairman has been in post for more than nine years.	The Board considers that the Chairman's knowledge and understanding of this long-established family business and its requirements is extremely valuable.
PRINCIPLE 5: REMUNERATION		
33	The pension contribution rates for the Chief Executive and Retail Director are not aligned with those available to the workforce.	The pension rate for these two Executive Directors represents an existing contractual commitment. The Board does not consider it appropriate to make a reduction at this stage. Under the Remuneration Policy approved by shareholders in 2021, the pension opportunity for new Directors is in line with the policy for the majority of the workforce.

BOARD LEADERSHIP AND COMPANY PURPOSE

Role of the Board

Led by the Chairman, the Board is collectively responsible to the shareholders for the performance and long-term success of the Group, as well as to other stakeholders for the wider impact we have. Its role includes the establishment, review and monitoring of the Company's strategy, approval of major acquisitions, disposals and capital expenditure, setting the Company's purpose and values, overseeing the Group's systems of internal controls, governance and risk management, and ensuring that the appropriate resources are in place to deliver these.

The Board has an established governance framework which ensures we meet our responsibilities and enables effective decision making. An overview of the governance framework is set out on page 61.

A formal schedule of matters reserved for the Board is in place. The Board has delegated some of its responsibilities to mandated Committees, each of which operates under written terms of reference approved by the Board. Committee Chairs report on the proceedings of their Committees at the next meeting of the Board, and the minutes of the meetings of all Board Committees (with some exceptions on remuneration matters) are provided to Board members.

The Board delegates all operational matters and execution of the strategy to the Chief Executive, who is supported by the Executive Team (which comprises the Executive Directors, the Marketing Director, the People and Talent Director, and the Property Director) who collectively make up the Executive Committee. As set out in the governance framework, the Executive Committee has established two sub-committees to introduce greater control and scrutiny on costs, and one sub-committee to help drive and monitor the *Life is too good to waste* strategy.

Board meetings enjoy open dialogue and constructive challenge on all issues is encouraged. With a good information flow between and prior to Board meetings, decisions are made in a timely manner after appropriate questions are dealt with.

Purpose, values and culture

The Board is responsible for establishing the Company's purpose, values and strategy and for defining, monitoring and overseeing the Company's culture to ensure that they are aligned. Our purpose of creating experiences that nourish the soul underpins our values of doing things the right way, being part of the family, celebrating individuality and always asking what's next, and defines our culture and everything that we do.

The Board, through the Executive Directors, strives to ensure that everyone understands the key role they play in delivering our purpose, vision and strategy. In March 2022, senior team members from across the business came together for the day for the relaunch of our Senior Managers conference, Fuller's Future. The day provided an opportunity for the Executive Team to re-articulate our purpose and values after two years of significant disruption, and to outline the key strategic priorities for the year ahead.

The Board monitors the values and culture of the business through a number of channels, including regular updates to the Board on operational performance and health and safety reporting, the results of employee engagement surveys and action plans, and the approval of key policies. Directors also regularly visit our pubs and hotels in a personal capacity, outside of formal Board visits, which gives them a true insight into how our values and culture are embedded across the business and the guest experience our teams deliver.

Engagement with employees

The Board receives regular updates on employee matters throughout the year from the Executive Directors and through briefings on key employee matters provided by the People and Talent Director. The Chief Executive has continued to deliver regular vlogs to the business, first introduced in 2020 in response to the Covid-19 pandemic, to keep everyone informed of key events and activity across the business and key decisions taken by the Board or Executive Committee.

In March 2022, the Board approved the appointment of Helen Jones as the designated Non-Executive Director responsible for workforce engagement. The purpose and key accountabilities of the role will be further developed during the year, but will include:

- providing advice and guidance to the People and Talent Director on employee engagement initiatives
- attending listening groups and being regularly appraised of feedback received from employees via various listening channels
- reviewing and monitoring feedback and insights from employee engagement surveys
- providing regular updates to the Board on any relevant matters and concerns that may arise through the role.

The Board recognises the benefits of encouraging employee share ownership. The Company offers an annual sharesave plan, which gives employees the opportunity to purchase shares in the Company at a discounted price, and also operates a share incentive plan. The Company Secretary and the Executive Directors keep all employees, including employee shareholders, informed of publicly available financial updates and governance changes such as new Director appointments.

The Non-Executive Directors from time to time meet with members of the Senior Management team and also spend days out in the trade with individual members of that team. This helps to keep Non-Executive Directors up to date with the operations of the Group and provides them with an opportunity to meet with a broad range of our team members. It also provides the Executive Directors and Senior Management with valuable feedback about the Group's people and its operations.

Engagement with shareholders

The Company has an ongoing programme of individual meetings with institutional shareholders, allowing it to update shareholders on the performance of the business and the strategy for the future, and to give them an opportunity to discuss corporate governance matters. The Company's brokers also contact key shareholders to establish if they would like to see the Chief Executive and Finance Director in the days following the presentation of the preliminary and half year results.

The Chairman, Richard Fuller and Sir James Fuller are the key contacts with the Company's family shareholders and Sir James Fuller has a specific role to keep in touch with those shareholders.

The Senior Independent Director and the other Non-Executive Directors are all willing to attend meetings with shareholders or to be contacted by shareholders should they have any concerns which have not been resolved through the normal channels. All Board members receive feedback from the results presentations and meetings with shareholders, enabling them to keep in touch with shareholder opinion.

The Board supports the use of the AGM to communicate, in particular, with private investors, and the Chairman and Chief Executive make a detailed presentation to shareholders updating them on the Company's performance and progress. The Board is keen to encourage institutional investors to attend the meeting, in line with the duties set out in the Stewardship Code for institutional shareholders. Should they have concerns over any issues being voted upon at the AGM, they can then meet the Directors and discuss them in person. The Chairman arranges for the Committee Chairs to answer relevant questions at the meeting and encourages all Directors to be present.

Following the easing of restrictions, the 2021 AGM was once again held in person in September. Shareholders were given the opportunity to ask questions ahead of the meeting, using a dedicated email address if they were unable to attend in person. To enable all shareholders to vote on all resolutions in proportion to their shareholding, voting at the 2021 AGM was, in line with best practice, conducted by way of a poll.

During the year, the Board reviewed its communication with shareholders. Shareholders can now opt to receive Company communications such as the Annual Report electronically in PDF format, either via email or from our website, or continue to receive a hard copy in the post. Annual Reports and other key communications are also made available on request from the Company Secretary, should beneficial shareholders have difficulties receiving documentation via their nominee providers.

Engagement with stakeholders

Our Section 172 statement outlined on pages 52 and 53 explains how Section 172 matters, including engaging with key stakeholders, are taken into consideration by the Board in its decision making. The Board actively encourages and carries out engagement with its key stakeholders to understand their views, predominately through the Executive Directors, who ensure that the Board is kept informed of any key issues or changes.

Corporate Governance Report

Continued

Board activity

Key strategic matters considered by the Board in the year under review and to date included:

STANDING AGENDA ITEMS	
• Reports from the Executive Directors and Company Secretary covering operational, financial and governance matters in the period • The impact of Covid-19 on operational and financial performance	• Reports from the Audit, Remuneration and Nomination Committees • Monthly management accounts
Q1 FY2022	
• Equity placing • FY2021 Board evaluation feedback and agreed areas of focus • FY2021 Results Announcement and Annual Report & Accounts, including risk review	• Appointment of Neil Smith as Finance Director • Group's sustainability strategy *Life is too good to waste* • Overarching strategy
Q2 FY2022	
• Update on the Group's Tenanted business • Schedule of Matters reserved to the Board and Matrix of Delegated Authorities	• Updated Whistleblowing Policy
Q3 FY2022	
• Deep dive into cyber security across the business • FY2022 Interim Results, including risk review • Interim dividend payment	• Modern Slavery Statement • Impact of Covid-19 on key trading periods.
Q4 FY2022	
• Operational plans and food strategy underlying the *Nourish the Soul* purpose • Rollout of *Life is too good to waste* and Fuller's Net Zero commitments • Employee engagement survey outcomes and action plans • Digital transformation project	• Updated Division of Responsibilities of the Chairman, Chief Executive and Senior Independent Director, and terms of reference for the Audit Committee and Remuneration Committee • Tax Strategy Statement • FY2023 budget
Q1 FY2023	
• FY2022 Board evaluation report • Group refinancing of banking facilities	• Directors' valuation of the estate

Normally the Board meets formally at least six times a year, but additional meetings were scheduled during the course of the year as the business continued to be disrupted by the impact of the coronavirus pandemic. Meetings were initially held online, but as restrictions lifted, the Board has returned to in-person meetings held at the Group's support centre, Pier House, and also within the retail estate.

At Board meetings, agendas cover projects, analysis of the market in which the Group operates and performance. Each of the Executive Directors and the Company Secretary also provide updates to the Board on matters for which they are responsible. The Board is responsible for approving the annual budget and the full year and half year results.

There is an annual programme of presentations from members of the Executive Team and Senior Management. The programme gives the Board exposure to talent in the business while also providing an opportunity to engage in the key areas being worked on and agreed strategic projects. Presentations have included information about further developing our people and ESG strategies, our food and drink proposition, our Tenanted Inns Division, the digital transformation project, utilities risk strategy and cyber security. These sessions also enable the Board to provide feedback and guidance to the individual presenting.

In addition to scheduled meetings, the Board also meets every year for an in-depth review of the Group's strategy, which includes, among other things, discussions about market trends, consumer market, competitor landscape and capital structure. This year the strategy day was held at The Hare and Hounds Hotel, part of the Group's Cotswold Inns & Hotels. The Board was joined by members of the Executive Team to provide their views on the strategy, together with external speakers who provided input on the economic forecast for the UK, the future of the digital and technology landscape, and investor considerations.

As well as the dialogue within the boardroom, the independent Non-Executive Directors meet privately, under the leadership of the Senior Independent Director, without the Executive Directors and other Non-Executives present. All Non-Executive Directors also meet with the Chairman and the Chief Executive on a regular basis. These meetings allow for the review of issues faced by the business, the continuation of dialogue on strategic issues, the discussion of Board appointments when appropriate, succession planning, and the provision of support to the Chairman and the Chief Executive in their roles.

DIVISION OF RESPONSIBILITIES

Board balance and independence

The Board currently comprises the Chairman, three Executive Directors, and five Non-Executive Directors, of which two, Sir James Fuller and Richard Fuller, and the Chairman Michael Turner, are family members. The other three Non-Executive Directors, all of whom are deemed independent under the Code, are experienced business leaders, and collectively all of the Non-Executives bring a wide range of skills and experience to the Board. Although at least half of the Board (excluding the Chairman) does not comprise independent Non-Executive Directors, the Board considers it is well balanced as it has the right number of members for the size of the Group with representation of the founding families on the Board being considered very important in a company with a high proportion of family shareholders. The Directors agree that no one individual dominates discussions and that each makes a full and positive contribution.

Board and Committee structure

The Board has overall responsibility for governance across the Group and set out below is the Company's governance framework. There is clear differentiation between the roles of Chairman, Chief Executive and Senior Independent Director, and particular responsibilities of Board members are also set out below. The responsibilities of the Chairman, Chief Executive and Senior Independent Director and the terms of reference of the Board Committees are set out in writing and are available on the Company's website.

Governance framework

The Board

Chairman
Is responsible for:

Leading the Board and maintaining a culture of openness, debate and constructive challenge

Setting the agenda, style and tone of Board meetings

Monitoring the Board's effectiveness

Ensuring effective communication with the Group's shareholders and other stakeholders

Chief Executive
Is responsible for:

Day to day management of the business of the Group

Developing and implementing the Group's strategy agreed by the Board

Delivering the Group's sustainability strategy

Ensuring effective communication with the Group's shareholders and other stakeholders

Executive Directors
Are responsible for:

Managing the Group's financial and operational affairs and supporting the Chief Executive in the management of the Group

Overseeing the implementation of strategy and monitoring the performance of the business

Providing regular updates to the Board on all operational matters of significance

Senior Independent Director
Is responsible for:

Acting as a sounding board to the Chairman and an intermediary for Non-Executive Directors when necessary

Being available to shareholders if they wish to raise concerns outside of the usual communication channels

Evaluating the Chairman's performance as part of the annual Board evaluation process

Non-Executive Directors
Are responsible for:

Providing independent judgement, knowledge and commercial experience to discussions and decision making

Providing oversight of the Group's strategy

Providing constructive challenge to the Executive Directors and scrutinising their performance against agreed performance objectives

Company Secretary
Is responsible for:

Advising the Board on all governance matters and ensuring that Board procedures are followed

All Directors have access to the advice of the Company Secretary

Board Committees

Audit Committee
Monitors the integrity of the financial reporting for the Group, manages the relationship with the external auditors, and oversees the effectiveness of the risk management and internal control systems

Nomination Committee
Responsible for leading the process for appointment of Directors, for approval by the Board

Remuneration Committee
Sets the Remuneration Policy for the Chairman and the Executive Directors, and also reviews the remuneration framework for other Senior Management

Executive Committee
The Chief Executive is supported by the Executive Team consisting of the Executive Directors, the Marketing Director, People and Talent Director and Property Director

Investment Committee
Responsible for reviewing and approving capital related projects and investments

Approvals Committee
Responsible for reviewing and approving central costs, Support Centre staffing changes and material procurement contracts

Sustainability Committee
Responsible for developing the Group's sustainability strategy and providing oversight of key sustainability initiatives, targets and objectives

Corporate Governance Report

Continued

Board and Committee meetings

The table below shows the attendance of Directors at Board and Committee meetings held during the year under review.

Director	Board	Audit Committee	Nomination Committee	Remuneration Committee
Michael Turner	10/10	–	3/3	–
Simon Emeny	10/10	–	–	–
Adam Councell[1]	4/4	–	–	–
Neil Smith[2]	5/5	–	–	–
Fred Turner	10/10	–	–	–
Sir James Fuller	10/10	–	–	–
Richard Fuller	10/10	–	–	–
Helen Jones	10/10	6/6	3/3	7/7
Robin Rowland	10/10	6/6	3/3	7/7
Juliette Stacey	10/10	6/6	3/3	7/7

1 Resigned 30 September 2021.
2 Appointed 30 November 2021.

Time commitment

The Board believes that all of its members have sufficient time to discharge their duties effectively. Non-Executive Directors are required to devote sufficient time to their role and responsibilities as a member of the Board and its Committees. The Nomination Committee considers the time commitments of proposed candidates prior to appointment to ensure that they are able to dedicate sufficient time to the role. All Directors are required to seek permission before accepting any external appointments, therefore Board members are kept fully aware of their colleagues' other commitments.

Conflicts of interest

The Board has adopted a procedure, in accordance with the Company's Articles, to consider and, if it sees fit, to authorise situations were a Director to have an interest that conflicts, or may possibly conflict, with the interests of the Company. The Company maintains a register of authorised conflicts of interest.

Advice for the Board

There is a procedure in place under which Directors can obtain independent professional advice. The Directors also have access to the advice and services of the Company Secretary, whose appointment and removal is a matter for the whole Board. The Company Secretary is responsible to the Board for ensuring that Board procedures are complied with. The Directors are satisfied that any concerns they raise at Board meetings are recorded in the minutes. The Company maintains appropriate insurance cover in respect of legal action against its Directors and officers.

COMPOSITION, SUCCESSION AND EVALUATION

Composition

Details of the Directors, including their qualifications, experience and other commitments, are set out on pages 56 and 57. During the period, Adam Councell stepped down from the Board on 30 September 2021 and Neil Smith was appointed to the Board as Finance Director on 30 November 2021.

The Chairman continually assesses the composition of the Board and Board Committees to ensure there is the right balance of skills and experience. The composition of the Board and its Committees is also considered as part of the annual Board effectiveness evaluation.

Induction and professional development

On appointment, the Chairman and Company Secretary ensure that new Directors undertake a tailored induction programme. It consists of an introduction to the Board and the Executive Team, visits to pubs and hotels, an induction pack, briefings on governance requirements and legal and regulatory obligations as a Director, and access to independent advisors.

Following Neil's appointment as Finance Director in November 2021, his induction programme included:

- One-to-one meetings with members of the Executive Team and key operational leads in the business
- Meetings and briefing sessions with key advisors including the Company's brokers and legal advisors and the external auditors
- Meetings with the Company's largest institutional shareholders
- Days out in trade with key team members, including meeting with on-site teams, across the Fuller's estate including our Cotswold Inns & Hotels and Bel & The Dragon venues
- Access to reference materials and Board briefing materials

"My induction demonstrated clearly the authenticity of our values and provided an excellent introduction to the business."

Directors are encouraged to attend training courses, industry forums and specialist briefings relevant to their role throughout the year. The Company Secretary, in consultation with the Chairman, arranges for external speakers and specialists, such as the Company's brokers and legal advisors, to join Board meetings to brief the Board on a particular topic as appropriate. Executive Directors are permitted to hold one other paid directorship, with the Board's consent, as the Board believes that experience of how other boards work enhances the Directors' contribution to Fuller's.

NOMINATION COMMITTEE AT A GLANCE

MEMBERS

Michael Turner (Chair), Helen Jones, Robin Rowland, Juliette Stacey

MEETINGS HELD IN 2021/22

	Number of meetings held	Number of meetings attended
Michael Turner (Chair)	3	3
Helen Jones	3	3
Robin Rowland	3	3
Juliette Stacey	3	3

KEY DUTY OF THE COMMITTEE

- Responsible for leading the process for appointment of Directors, for approval by the Board

KEY ACTIVITIES DURING THE YEAR

- Leading the search process for the new Finance Director, and subsequently recommending the appointment of Neil Smith
- Considered the re-appointment of Non-Executive Directors Richard Fuller and Sir James Fuller at the expiry of their terms

Succession Planning

Succession planning is a key issue for a business that has very low turnover amongst its Senior Management and is still very much a family-controlled concern whilst also being a public listed company.

Succession planning and the development of talent is an ongoing activity regularly discussed by the Board and the Executive Team, and there is a clear plan in place for the succession of key roles. Talented and "critical to retain" individuals are identified, and each individual has their own development plan, owned by the individual and supported and overseen by their leader and the People & Talent team. Development plans are grounded in data from assessments and feedback, and external partners and experts are engaged to support development where required.

The Chairman has been in post beyond the nine years stipulated in the Code. However, the Board considers that the Chairman's knowledge and understanding of this long-established family business and its requirements are extremely valuable.

Election and Re-election

The Nomination Committee is responsible for recommending to the Board the appointment of new Directors. As outlined in last year's report, the Committee recommended the appointment of Neil Smith as Finance Director in June 2021 and subsequently he was appointed to the Board on 30 November 2021.

The Nomination Committee considered the re-appointment of Richard Fuller whose three year term expired during the year, and Sir James Fuller, whose three year term expired following the year end, and recommended that their terms be renewed for a further three years to February 2025 and May 2025 respectively. The Board also agreed to renew the appointment of the Chairman, Michael Turner, for a further three years to June 2025.

At every AGM, one-third of the Directors are subject to retirement by rotation. In addition, if any Director has, at the start of the AGM, been in office for more than three years since their appointment or re-appointment, they shall retire at that AGM and offer themselves for re-election. At the AGM in July 2022, Simon Emeny, who last stood for re-election in 2019, will retire and offer himself for re-election. Neil Smith, who was appointed in November 2021, will stand for election and Sir James Fuller, Richard Fuller and Michael Turner will offer themselves for re-election following their re-appointment by the Board. The Board is of the opinion that each Director standing for election or re-election makes an effective and valuable contribution to the Company towards its long-term sustainable success.

The Nomination Committee considered the Code requirement for Directors to be subject to annual re-election in the year. In view of the Company's size, its ownership structure and its history, the Board agreed with the Nomination Committee not to move to annual re-election of Directors but will keep this requirement under review.

Diversity and Inclusion

The Board is committed to diversity and inclusion at both the Board level and across the business. Whilst the Board is alert to the need to ensure diversity in all its forms is promoted, it believes appointments should be made on merit and does not want to adopt targets that may affect its ability to make the right decision for the business and all its stakeholders. As and when Board vacancies arise and, should the support of an executive search firm be required, the Board and the Nomination Committee will ensure that it only uses firms that have signed up to their industry's Voluntary Code of Conduct.

The Board is aware of the new listing rule changes introduced by the Financial Conduct Authority ("FCA") setting targets in relation to Board diversity and the disclosure of diversity and inclusion metrics at the Board and Executive Committee level going forward. Currently the Board does not meet the target of having women make up at least 40% of the Board or having at least one Board member from a non-white ethnic minority background. Juliette Stacey is our Senior Independent Director and therefore there is at least one woman in a senior Board position, as defined in the rules. The Nomination Committee will further consider the disclosure requirements and our approach to collecting numerical data regarding ethnic background, gender identity and sex at the Board and Executive Committee level during the coming year.

Further information on gender diversity across the business can be found in the Sustainability Report on page 46.

Corporate Governance Report

Continued

Board Evaluation

The annual Board and Committee effectiveness reviews continue to provide a valuable opportunity for the Board to reflect on how it operates, enabling it to improve its effectiveness and that of its Committees. The Board committed to completing an externally facilitated evaluation in FY2021. However, the decision was made to delay it, due to the disruption caused by the Covid-19 pandemic, until such time that it could be completed in person.

Following a selection process, Fidelio Partners LLP was appointed to conduct the evaluation based on its extensive experience with other evaluations and its practical focus on effectiveness and value. Fidelio has no other connection with the Company or individual Directors.

The process was completed between April and May this year, facilitated by Gillian Karran-Cumberlege, Head of Chair Advisory at Fidelio.

The scope and objectives of the review, which was to be forward-looking, were agreed with Fidelio following consultation with the Chairman, Senior Independent Director and the Company Secretary. In-person, one to one interviews were held with each of the Directors, the Executive Team and the Company Secretary. Board members and the Company Secretary were also required to complete a quantitative survey to provide feedback on the performance of the Board. Fidelio were invited to observe the Directors in action and attended a meeting of the Board, the Remuneration Committee and the Nomination Committee, and also analysed and reviewed Board and Committee papers and governance documents.

Outcomes and recommendations from FY2022 evaluation

The findings of the evaluation were presented to the Board at its meeting in June 2022. Overall, Fidelio concluded that the Board and its Committees were considered to be working effectively. Further, the Board was considered to comprise relevant skills and experience, and all Directors were committed to the success of the Company.

As would be expected, there were some opportunities identified by Fidelio to increase effectiveness to ensure that the Company benefits from the combined expertise and insight of the Board. These recommendations were reviewed by the Board and a tracker is being developed to monitor progress. Areas for focus include continuing to provide further opportunities for Board members to connect with the business; broadening the role of the Nomination Committee; reviewing the approach to Board learning; and developing the Board's oversight of people and ESG matters.

Update on FY2021 evaluation recommendations

Following the Board evaluation completed at the end of FY2021, the areas below were highlighted for enhancement:

- Continuing with more frequent informal contact between Board meetings established in response to the coronavirus pandemic
  - During the year, monthly briefings were introduced into the Board schedule to provide Board members with updates on the business, in between the formal Board meetings.
- Re-establishing regular formal and informal Board visits to the wider business as restrictions ease and increasing the contact between Board members and employees
  - In June 2021, the Board spent the day in trade, visiting a number of pubs in the city of London, Greenwich and Canary Wharf, and the strategy day in September 2021 was held at The Hare and Hounds Hotel, part of the Group's Cotswold Inns & Hotels. The return to in-person Board and Committee meetings at Pier House has also provided the Board with further opportunities to engage with employees across the business.
- Supporting succession planning below Board level and developing a strong, diverse talent pipeline
  - Continues to be an area of focus which will be supported by the Nomination Committee over the next year.

Audit Committee at a glance

Juliette Stacey
Chair of the Audit Committee

"During the year, the impacts of Covid-19 have continued to be an area of focus for the Committee. In particular, we have reviewed and robustly challenged management's assessment of various trading scenarios and management of risks as the UK economy recovers from the pandemic."

MEMBERS

Juliette Stacey (Chair), Helen Jones, Robin Rowland

MEETINGS HELD IN 2021/22

	Number of meetings held	Number of meetings attended
Juliette Stacey (Chair)	6	6
Helen Jones	6	6
Robin Rowland	6	6

KEY DUTIES OF THE COMMITTEE

- Monitors the integrity of the financial reporting for the Group
- Manages the relationship with the external auditors
- Oversees the effectiveness of the risk management and internal control systems

ACTIVITIES DURING THE YEAR

- Reviewed the effectiveness of the Group's internal controls and risk management systems and the need for an internal audit function
- Reviewed the Group's principal risks register ahead of the announcement of the full year and half year results
- Reviewed all matters relating to the half year and full year results announcements, including reports presented by the external auditor (EY) and assessment of key judgements and accounting policies, and assessed whether taken as a whole the Annual Report was fair, balanced and understandable
- Conducted a review of the effectiveness of the external audit process and external auditor, and recommended EY's appointment
- Reviewed updated Delegated Authorities and recommended approval by the Board
- Considered reports on key areas of compliance, including GDPR, changes in allergen legislation, employee relations, health and safety and cyber security, and reviewed the Group's Whistleblowing Policy
- Conducted an annual review of the Committee's terms of reference
- Reviewed reports on the rollout of the new central finance system across the business
- Considered communications received from the Financial Reporting Council ("FRC") following a review of the 2021 Annual Report
- Reviewed EY's plan for the FY2022 audit, terms of engagement and proposed fee

Audit Committee Report

Continued

Dear Shareholder,

I am pleased to present the Audit Committee Report for the year ended 26 March 2022.

During the year, the impacts of Covid-19 have continued to be an area of focus for the Committee. In particular, we have reviewed and robustly challenged management's assessment of various trading scenarios and management of risks as the UK economy recovers from the Covid-19 pandemic. The Committee is satisfied that the factors considered and assumptions used are appropriate to support the going concern and viability of the business going forward.

This year the Committee has overseen the rollout of our new central finance system with regular updates being provided from management. I am delighted to report that the system was implemented in November 2021 with no material issues, and we now have a simplified and more automated accounting process which has improved efficiencies and is enhancing the control environment. We have also formalised our existing delegated authorities and completed comprehensive reviews of our risks, including emerging risks. This has enabled us to assess our resilience to threats we face as a business. In addition, the compliance updates that we receive from management regarding people, data protection and health & safety matters provides the Committee with real insight into the maintenance of proper and appropriate systems and controls.

Ernst & Young LLP ("EY") are conducting their second audit following their appointment in 2021 and we have been pleased to welcome them onsite to perform their audit work, following last year's largely remote working environment. Both the Committee and management have an open and transparent relationship with EY. We welcome the fresh perspective and robust challenge they have provided to the Committee's deliberations, and we are supportive of their reappointment which shareholders will be asked to vote on at the 2022 AGM.

Looking ahead to the next year, we will assess the draft recommendations from the Government's long-awaited review of the UK's corporate reporting and audit regime and, ahead of legislative changes, plan to develop our own roadmap for any changes we consider appropriate to enhance our internal controls.

I will be attending the AGM on 21 July 2022 and I look forward to answering any questions about the work of the Audit Committee then.

JULIETTE STACEY
CHAIR OF THE AUDIT COMMITTEE
8 June 2022

Committee Membership

The Committee comprises three independent Non-Executive Directors and has a good balance of skills, with competence and experience in the sector in which Fuller's operates. The Chair of the Committee is a Chartered Accountant and has a broad range of experience in senior finance roles, and is therefore considered to meet the requirement under the Code that at least one member should have recent and relevant financial experience. The Committee is advised internally by the Company Secretary, Rachel Spencer, who also acts as secretary to the Committee.

Meeting Attendance

All meetings are attended by the external auditors and the Company Secretary, and regular attendees include the Chairman, Chief Executive, Finance Director and Head of Risk. Members of the finance team also attend relevant meetings at the Committee Chair's request, and reports are received on occasion from other members of the management team as required by the agenda.

The Audit Committee meets at least once a year with the external auditors, without management present, to discuss any matters they may wish to raise. The Audit Committee Chair also meets separately with the Finance Director and auditors outside of the formal meeting programme which helps to identify key areas of focus and emerging issues that may need to be added to the Audit Committee's agenda.

Key Activities

The Audit Committee has a detailed meeting planner which sets out the key items to be covered at its scheduled meetings which includes reviewing the financial statements and announcements, monitoring changes in accounting practices and policies, and reviewing decisions with a significant element of judgement.

At each scheduled meeting an update on risk management is presented, together with reports on compliance with anti-bribery procedures, data protection, health and safety, and employee relations. In light of the impact of Covid-19 on trading during part of the year, there has continued to be focus around potential risks arising from any ongoing uncertainty. The Audit Committee keeps abreast of regulatory and governance developments as part of ongoing reporting from the auditors. At the beginning of the year EY's Regulatory & Public Policy team gave a presentation to the Committee on the BEIS governance and audit reform consultation.

The effectiveness of the Audit Committee formed part of the Board evaluation process described in the Corporate Governance Report on page 64.

Financial Reporting and Significant Judgement

The Audit Committee monitors the integrity of the financial information published in the interim and annual financial statements and considers the extent to which suitable accounting policies have been adopted, presented and disclosed.

During its review of the Group's financial statements for the period to 26 March 2022, the Audit Committee has reviewed the key judgements applied in the preparation of the consolidated financial statements, including those communicated by the auditors during their reporting. These are described in the accounting policies detailed in note 1 to the financial statements. The Board was made fully aware of any significant financial reporting issues and judgements made in connection with the preparation of the financial statements.

The key issues and judgements considered by the Audit Committee are detailed in the table below:

Key accounting judgement	How the issue was addressed
Going concern	The Audit Committee considered the appropriateness of the decision to adopt the going concern basis of reporting in the preparation of the financial statements after having identified a material uncertainty at half year. The Audit Committee reviewed two scenarios – the base case and the downside "severe but plausible" case, as well as the reverse stress test and the mitigations available to the Group, as disclosed in note 1. The Audit Committee has challenged the assumptions used in each scenario and is satisfied that, even under a severe but plausible scenario, the Group has adequate resources for the going concern assessment period and supports the Group adopting the going concern basis.
Impairment testing of property assets	The Audit Committee considered the proposed impairment of property assets for both the Half Year Report and the Annual Report. The Audit Committee challenged management's approach, in particular the methodology used to estimate both value in use and fair value less costs of disposal for site level impairment reviews. The Audit Committee also reviewed the disclosures in the Annual Report to ensure their appropriateness. The Audit Committee was satisfied with the approach presented by management, the judgements made for those properties at risk of impairment and the related disclosures in the 2022 Annual Report and Accounts.
Separately disclosed items	The Audit Committee considered the nature of items classified as "separately disclosed items" in the financial statements. The Audit Committee was satisfied that the items management proposed to be shown as separately disclosed items were not linked to the underlying trading of the Group. Separately disclosed items include: • costs relating to the corporate reorganisation of the Group • profit or loss on property disposals • impairment on properties • a release of a provision net of the final settlement amount on the sale of the Fuller's Beer Business. In addition, the Audit Committee reviewed these disclosures within the 2022 Annual Report and Accounts to ensure they clearly identified and reconciled to the relevant GAAP measure.
Pension accounting	The pension liability is sensitive to the actuarial assumptions applied in measuring future cash outflows. The use of assumptions such as discount rate and inflation, which have an impact on the valuation of the defined benefit pension scheme, was assessed by the Audit Committee. The Audit Committee was satisfied with the proposed accounting treatment and disclosures of the Group's defined benefit plan in the financial statements.

Going Concern and Viability Statement

The Audit Committee assessed in detail the going concern and viability reviews undertaken by management, as detailed in the Financial Review on page 31. This involved looking at potential revenues, costs and cash flow modelling on both a prudent base case and downside case scenario where there was much greater uncertainty. The Committee was satisfied with the approach presented by management, including the judgements made in the estimation of future cash flows and the Group's financing, and considering the high proportion of freehold property that underpins the estate.

In addition, the Audit Committee has reviewed the Group's assessment of viability over a period greater than 12 months. The Audit Committee also considered the Group's refinancing that was completed after year end and is for a tenure of four years as well as the three year plan recently approved by the Board. The Committee considered the potential financial impact of the Group's principal risks and uncertainties, including the impact of climate change and climate change legislation on the Group's operations. The Committee has concluded that the factors considered and assumptions used are appropriate in assessing the Group's viability.

Internal Control and Risk Management

The Board has overall responsibility for the Group's system of internal control and management of risks and for reviewing its effectiveness. The system was designed to provide reasonable but not absolute assurance of:

- the mitigation of risks which might cause the failure of business objectives
- no material misstatements or losses
- the safeguarding of assets against unauthorised use or disposal
- the maintenance of proper accounting records and the reliability of financial information used within the business or for publication
- compliance with applicable laws and regulations.

Audit Committee Report

Continued

The Directors' statement on the Company's system of internal controls is set out below.

At the start of the year, the Committee discussed the Company's risk management process and, on behalf of the Board, reviewed the risk register, which had been fully refreshed in the prior year to revise or reconfirm risk ownership and update mitigating actions and controls. Any significant changes to risks were discussed in each subsequent Committee meeting.

During the year, a selection of key risks were presented to either the Audit Committee or the Board. This has included risks around increasing focus on ESG issues including climate change risk, allergens, and IT security and cyber security.

The Group maintains business continuity plans and normally tests the resilience of these plans on an annual basis. A crisis management exercise event was completed in February 2022. The outcomes of the exercise were increased confidence and competence of the key crisis response teams, an assessment and update of relevant documentation and processes, and identification of actions to improve future resilience and capabilities. The Board and Audit Committee consider the rapid and thorough response to the pandemic by the Executive Team, and the broader management team over the last two years, as solid evidence of the effectiveness of existing disaster recovery and business continuity plans.

Management within the Finance Department are responsible for the appropriate maintenance of financial records and processes that ensure all financial information is relevant, reliable, in accordance with the applicable laws and regulations, and distributed both internally and externally in a timely manner.

The new central finance system went live in November 2021 and the delegation of authorities was updated and implemented alongside the launch. The new finance system has simplified the accounting process and control framework. It has improved controls on expenditure and has enabled more insightful reporting to be used by both finance and operational management. The Executive Team has also established two sub-committees to further strengthen control and scrutiny of costs across the business below Board level authority. The Investment Committee is responsible for reviewing and approving capital related projects and investments and for completing post-investment appraisals. The Approvals Committee is responsible for reviewing and approving central costs, support centre staffing changes and material procurement contracts. The Finance Director sits on both committees and provides updates to the Audit Committee and Board as required.

Throughout the period, the Executive Directors provided relevant and timely financial commentary to supplement the financial reporting, ensuring the Board and the Audit Committee were informed of the financial position and results of the Group.

The Audit Committee and Board have considered the effectiveness of the Group's system of internal controls, taking account of material changes in the operations of the Group following the coronavirus pandemic, the continued use of the Coronavirus Job Retention Scheme and the Group's reopening plans that have been required at various points over the last two years.

Key elements of the system of internal control designed to address significant risks and uncertainties, as documented on pages 34 to 35, include:

- clearly defined levels of responsibility and delegation throughout the Group, together with well-structured reporting lines up to the Board, the preparation of annual budgets for each division, including commentary on key business opportunities and risks, approved by the Executive Team and further reviewed by the Board on a consolidated basis
- the reviews by the Executive Team of actual monthly results against budget, together with commentary on significant variances and updates of both profit and cash flow expectations for the year
- a detailed investment approval process requiring Board authorisation for all major projects
- post-implementation appraisals of major capital expenditure projects
- regular reporting of legal and accounting developments to the Board
- regular review of the Group's risk register and discussion of significant risks by the Audit Committee and Board, which among other things take account of the significance of environmental, social and governance matters to the business
- regular reporting of compliance with anti-bribery procedures, data protection and health and safety, and the monitoring of accident statistics and the results of health and safety audits.

The Group does not have a formal internal audit function. The Group employs a team of retail business auditors who monitor, in particular, the controls over stock and cash in the Managed Pub estate, Bel & The Dragon sites, and Cotswold Inns & Hotels.

Relevant management attend meetings of the Audit Committee to discuss the issues being addressed. Management may from time to time augment the internal audit resource with specialist external resources. External expertise is also used if assurance is required on any areas of risk or controls where the Committee considers the business may be exposed. This year this included external expertise used to support an assessment of our cyber security arrangements. The Committee received regular reports covering third party audits on health and safety and food safety matters.

For 2021/22, the Audit Committee confirmed that the existing arrangements of internal audit, retail business auditors and use of external expertise remained appropriate. This was coupled with the implementation of the new central finance system.

Whistleblowing

The Audit Committee is responsible for reviewing the adequacy and security of the Company's arrangements for employees and contractors to raise concerns about any suspected wrongdoing.

The Committee reviewed and updated the Company's Whistleblowing Policy in June 2021. To complement the internal processes already in place, a mechanism for concerns to be raised anonymously, rather than just in confidence, was implemented through the appointment of an independent whistleblowing service operated by Safecall.

Any whistleblowing reports are reported to the Audit Committee and, at least annually, to the Board. A standing report is tabled at each Committee meeting providing an update on employee relation matters in the period and the opportunity for the Committee to identify any trends.

FRC Letter

The Company received a letter from the FRC in January 2022, following its review of the Group's Annual Report and Accounts for the year ended 27 March 2021. Based on its review, there were no questions or queries that the FRC wished to raise with the Company, but it noted a number of matters where readers of the report may benefit from improvements to existing disclosures. The Audit Committee considered the recommendations as part of its review of this year's Annual Report and, for those areas which were still relevant this year, we have made a number of changes to enhance reporting so that it is clearer and more concise, and are satisfied that the recommendations have been addressed.

The FRC states that its letter provides no assurance that the Annual Report and Accounts are correct in all material respects, and it is not the FRC's role to verify the information provided by the Company. The FRC accepts no liability for reliance on the letter by the Company or any third party, including but not limited to investors and shareholders.

External Audit

Ernst & Young LLP was first appointed in 2021, following a tender process, to conduct the audit of the Group's financial statements for the financial year to 27 March 2021, and this is the second year auditing the Group's Annual Report. In accordance with best practice and professional standards, the external auditor is required to adhere to a rotation policy whereby the audit engagement partner is rotated at least every five years. The FY2022 audit is the second year of Rachel Savage's tenure as lead audit engagement partner.

The auditors are invited to attend all meetings of the Audit Committee and report on the plan and approach for the full year audit and half year review.

The Audit Committee Chair meets the auditors on a regular basis during the year and the Audit Committee meets with the external auditors, without management present, at least annually in order to allow both Audit Committee members and the auditors to raise any issues directly and to discuss the auditors' remit.

The Audit Committee reviewed the effectiveness of EY's performance of the external audit process, taking into account:

- the quality and scope of the audit plan, and evaluation of delivery and performance against the plan
- qualifications, efficiency and performance of the audit team
- the communication between the Company and EY
- EY's understanding of the Group's business and industry sector
- the results of the FRC's Audit Quality Inspection Report on EY.

After considering these matters, the Audit Committee was satisfied with the effectiveness of the year end audit process and recommended to the Board that EY be re-appointed at the Company's AGM on 21 July 2022.

During the year, the Company complied with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Process and Audit Committee Responsibilities) Order 2014.

Auditor Independence and Non-Audit Services

Auditor independence and objectivity are safeguarded by a number of control measures and a formal written policy was approved in January 2021. The Policy sets out processes for assessing independence and objectivity, including disclosure requirements of the auditors, restrictions on the employment of the auditors' former employees and the circumstances in which the auditors may be permitted to undertake non-audit services.

The Policy is in line with the recommendations set out in the FRC's Guidance on Audit Committees and the requirements of the FRC's Revised Ethical Standard 2019 (the "Standard"). In respect of non-audit services, only a very short list of non-audit services is now permitted under the Standard, which are detailed in the Policy and all spend has to be approved by the Audit Committee, which ensures full visibility.

In FY2022, the fees paid to EY for audit services were £366,500 including £55,000 for non-recurring audit services (2021: £405,000 including £95,000 for non-recurring audit services). During the year, fees paid to EY for non-audit services included £35,000 for the review of the FY2022 half year results announcement and £5,000 for the completion of the auditor's compliance certificate required under the terms of the 6.875% Debenture Stock 2018 Trust Deed.

Fair, Balanced and Understandable

The Audit Committee reviewed whether the 2022 Annual Report, taken as a whole, was fair, balanced and understandable and also whether it provided the information necessary for shareholders to assess the Company's position and performance, business model and strategy. In making its assessment, the Audit Committee took the following into account:

- A timetable for the production of the 2022 Annual Report was agreed by the finance team and the auditors, with overall co-ordination of the report being overseen by the Finance Director.
- Each section of the report was prepared by a member of management with appropriate knowledge and experience, including representatives from finance, communications, company secretariat and risk.
- Management's views on each of the key judgements, which were then discussed by the Audit Committee.
- Reports and feedback from the auditors which were presented to the Audit Committee.
- Board members received drafts of the report for review which provided an opportunity to provide comments and ensure messaging was cohesive.

Following its review, the Audit Committee confirmed to the Board that the 2022 Annual Report was fair, balanced and understandable, and the Board's statement is set out on page 88.

JNStacey

JULIETTE STACEY
CHAIR OF THE AUDIT COMMITTEE
8 June 2022

Remuneration Committee at a glance

Helen Jones
Chair of the Remuneration Committee

"Our remuneration philosophy is to incentivise management to drive business performance to deliver sustained and profitable growth."

MEMBERS

Helen Jones (Chair), Robin Rowland, Juliette Stacey

MEETINGS HELD IN 2021/22

	Number of meetings held	Number of meetings attended
Helen Jones (Chair)	7	7
Robin Rowland	7	7
Juliette Stacey	7	7

KEY DUTIES OF THE COMMITTEE

- Sets the Remuneration Policy for the Chairman, Executive Directors, Executive Team members and Divisional Directors
- Determines the total remuneration package (including pensions, service agreements and termination payments) of the Chairman and Executive Directors and, in consultation with the Chief Executive, determines the total remuneration package of the members of the Executive Team and Divisional Directors
- Reviews workforce remuneration and related policies

KEY ACTIVITIES DURING THE YEAR

- Agreeing the remuneration package for the incoming Finance Director, Neil Smith
- Updating the Directors' Remuneration Policy to introduce the Recovery LTIP, and consulting with shareholders ahead of seeking approval at the AGM in September 2021
- Reviewing performance under the Long-Term Incentive Plan ("LTIP") and Executive Share Option Scheme ("ESOS") awards granted in 2019 and consideration of vesting outcomes
- Setting Executive Director objectives and bonus targets for FY2022 and approving proposals for the Executive Team and Divisional Directors
- Setting the targets for the annual LTIP awards, Recovery LTIP awards and ESOS awards
- Setting Executive Director pay increases and approving proposals for the Executive Team and the wider workforce for FY2022
- Through the Board, receiving regular reports on Group-wide remuneration for FY2022 and wider workforce remuneration arrangements and issues
- Approving the Group's Gender Pay Gap Report for FY2021
- Approving plans for awards under the Group's all employee share schemes for FY2022
- Reviewing the Chairman's fee including completion of a benchmarking process
- Approving proposals for the wider workforce for FY2023 (which were implemented earlier than normal with effect from 1 April 2022. Pay increases for the Executive Directors continued to be from 1 June 2022)
- Reviewing the independence and effectiveness of the Remuneration Committee advisor, Deloitte
- Reviewing the Remuneration Committee Terms of Reference

Dear Shareholder,

On behalf of the Board, I am pleased to present the Remuneration Report for the year ended 26 March 2022.

Following two years significant disruption to the business, the Group has returned to profitability, with revenues of £253.8 million and adjusted profit before tax of £7.2 million. The Executive Directors have ensured that periods of closure have been used wisely to complete a number of strategic projects that will deliver benefits over the coming years and have taken steps to strengthen the Balance Sheet, whilst steering the business through the challenging trading conditions. The current year has started well, with a steady growth in total weekly sales, and there is confidence the growth of revenues and profits will be maintained as we move through the year.

Directors' Remuneration Policy ("Policy")

Our remuneration philosophy is to incentivise management to drive business performance to deliver sustained and profitable growth. We presented our revised Policy to shareholders at the AGM in 2021, where we received strong support with a vote in favour of 86.15%. The main change to the Policy was to introduce the Recovery LTIP. The Policy is intended to cover the three year period to the AGM in 2024 and it was applied consistently during the year ended 26 March 2022. The Committee did not exercise any discretion to adjust remuneration outcomes in the year. No changes are proposed to the Policy for FY2023.

Incentive Outcomes for FY2022

The annual bonus for FY2022 was based 70% on Group EBITDA performance and 30% on individual strategic performance. Group adjusted EBITDA (excluding IFRS 16) was £35.1 million, which resulted in an award of 54.8% of maximum for the financial element. Performance against individual strategic objectives, including the delivery of key infrastructure projects, the completion of the bank refinancing, the successful reopening of the estate and progression of the sustainability agenda, was assessed, resulting in an award of 76.25% of maximum for personal objectives. The formulaic outcome is therefore an overall bonus pay-out of 61% of the maximum award. The Committee considered the level of the annual bonus award and, taking into account the incredible efforts of the Executive Team during the enforced closure to drive a number of strategic projects to put the Company in the best place and given their importance in rebuilding the business and profit levels, decided it was appropriate to pay the bonus.

The performance targets for the LTIP and ESOS awards granted in 2019 which were based on Group adjusted EPS performance for FY2022 were not met and, therefore, the awards will lapse in full.

Executive Director Remuneration for FY2023

Base salaries for Executive Directors have been increased by 3% in line with the increase for the wider workforce. In light of the increasing pressures on the cost of living, the implementation of pay increases across the wider business was brought forward to take effect from 1 April 2022, although the normal review date of 1 June was retained for the Executive Directors, Executive Team and Divisional Directors.

For FY2023, the maximum annual bonus will continue to be 100% of base salary, based 80% on Group adjusted profit before tax (pre IFRS 16) performance and 20% on personal business objectives.

For FY2023, the maximum LTIP award will continue to be 125% of base salary for the Chief Executive and Retail Director and 100% for the Finance Director, based on the achievement of EPS performance for FY2025.

Recovery LTIP

As outlined in last year's Directors' Remuneration Report, in light of the challenges the business faced, the Board was concerned about the motivation and retention of the Executive Directors and therefore introduced a one-off Recovery LTIP award of 250% of base salary in addition to the normal LTIP award to incentivise management to rebuild the business and profit levels.

Following shareholder approval of the Policy at the 2021 AGM, Recovery LTIP awards were granted in September 2021. Recovery LTIP awards vest based on the achievement of stretching EBITDA performance targets for FY2024.

Board Changes

As shareholders will be aware, Adam Councell stepped down from the Board and from the role of Finance Director on 30 September 2021. As outlined in last year's report, Adam did not receive any payment in lieu of notice and was not entitled to participate in the incentive arrangements granted in respect of FY2022. All his outstanding LTIP and ESOS awards also lapsed on 30 September 2021.

As reported last year, Neil Smith was appointed to the Board as Finance Director on 30 November 2021 and his remuneration terms are in line with our Policy. His salary for the remainder of FY2022 was set at £352,500 per annum. Neil receives a pension of 5% of base salary in line with the pension received by the majority of our wider workforce. Following his appointment, awards were made to Neil under the Company's LTIP on a pro-rata basis in respect of FY2022 and the Recovery LTIP on 13 December 2021, being the earliest practicable date following his appointment.

Non-Executive Director Fees

Non-Executive Director fees were reviewed by the Board in November 2021. From January 2022, the basic fee was increased from £45,000 to £50,000 per annum and the additional fee for chairing the Remuneration Committee was increased from £7,000 to £10,000 per annum, in line with the fee paid for chairing the Audit Committee. The Chairman's fee was reviewed by the Remuneration Committee and, as detailed on page 78, it was concluded that the fee remained appropriate taking into account his role and the time commitment to the business.

Employee Engagement

The Remuneration Committee receives updates on workforce pay and benefits throughout the Group and considers workforce remuneration as part of the review of executive remuneration. The Board approves the proposed average annual pay increase for all employees and the Remuneration Committee takes this into account when agreeing pay reviews for the Executive Directors, Executive Team and Divisional Directors.

We have taken a number of steps to help our employees through both the impact of the pandemic and the current cost of living crisis. These include a shift in our pay structures to ensure that no employee is on the National Minimum Wage, and the implementation of the Wagestream App, which gives all employees the chance to take salary ahead of payday, negating the need for expensive payday loans.

Shareholder Engagement

The Remuneration Committee welcomes ongoing shareholder dialogue. Our intention is that shareholder views will be sought when there is any significant change to Directors' remuneration. Should shareholders have any concerns about the Policy, the Committee Chair will endeavour to meet with them, as appropriate, to understand and respond to any issues they may have. Ahead of the 2021 AGM, myself and the Company Chairman engaged extensively with shareholders to hear their views with regard to the introduction of the Recovery LTIP and associated updates to the Policy and LTIP rules, and we thank our shareholders for approving these.

I hope that you find the report clear and comprehensive and that it helps demonstrate how Directors' remuneration is linked to the performance of the Company. On behalf of the Remuneration Committee, I would like to thank shareholders for your continued support and feedback over the year and I hope that you are able to support the resolution on the Annual Report on Remuneration being presented at this year's AGM on 21 July 2022.

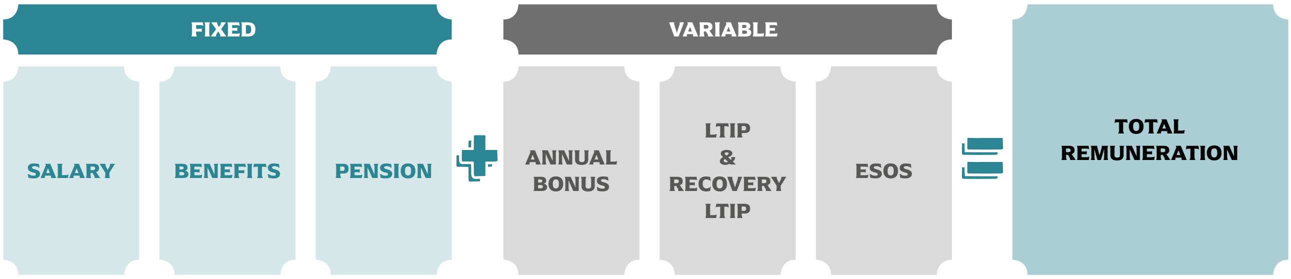
HELEN JONES
CHAIR OF THE REMUNERATION COMMITTEE
8 June 2022

ANNUAL REPORT ON REMUNERATION

This Annual Report on Remuneration from pages 70 to 84 will be put to an advisory shareholder vote at the Company's AGM on 21 July 2022.

Directors' Remuneration Policy

We presented our Policy to shareholders at the AGM in 2021, where we received strong support with a vote in favour of 86.15%. This Policy covers the three year period until the AGM in 2024 and it was applied consistently during the year ended 26 March 2022. The full Policy can be found on pages 58 to 68 of the 2021 Annual Report and is available in the Investor section of our website (www.fullers.co.uk). The table below provides a summary of the main elements of the Policy for Executive Directors:



Remuneration Philosophy and Principles

In developing our Policy, the Committee considered the key principles set out in Provision 40 of the UK Corporate Governance Code. The Committee believes that our Policy is clear and transparent and aligned with our culture. In normal years we operate a simple incentive framework of an annual bonus, an LTIP award, and an ESOS award subject to maximum award levels set by HMRC. Award levels are capped with pay-out linked to performance against a limited number of measures which are well linked to our strategy. Stretching but fair targets are set. This ensures that potential reward outcomes are clear and aligned with performance achieved, with the Committee having the discretion to adjust pay-outs where this is not considered to be the case.

Pay levels are set taking into account external market levels as well as internal practice to ensure pay remains competitive while being equitable within the Company. Malus and clawback and discretion provisions, LTIP holding periods and shareholding guidelines, including post-employment, are in place to mitigate reputational and other risks.

Remuneration arrangements are determined throughout the Group based on the same principle; that the remuneration policies and practices should be aligned to the Company's purpose and values, support the delivery of the strategy and promote long-term sustainable success.

		FIXED	
	Key features	**Implementation FY2022**	**Implementation in FY2023**
Base Salary Reflects the importance of the role to the business and the experience the individual brings to it	Reviewed annually with increases normally effective from 1 June Increases will normally be in line with increases across the Group	Increased by 2% from 1 June 2021 in line with the wider workforce Chief Executive – £510,000 Retail Director – £204,000 The Finance Director's salary was set at £352,500 from his appointment on 30 November 2021	Will be increased by 3% in line with the wider workforce increase, from 1 June 2022 Chief Executive – £525,300 Finance Director – £363,000 Retail Director – £210,000
Benefits Provides competitive benefits which also protect the individual and provides preventative care for them	The Company offers Executive Directors a range of benefits consistent with the role	Taxable benefits included: • a car allowance • private medical insurance • optional cash vouchers for use in Fuller's pubs and hotels Non-taxable benefits included: • life assurance and permanent health insurance • Group-wide employee benefits, such as an employee discount linked to length of service and all-employee share plans	No changes proposed
Pension Provides an appropriate level of retirement benefits	Executive Directors are either deferred members of the Company's defined benefit pension plan (closed to future accruals), the defined contribution plan or receive a cash allowance in lieu of pension	The Chief Executive and Retail Director received an annual cash allowance in lieu of pension of 17.5% of base salary The Finance Director received an annual cash allowance in lieu of pension of 5% of base salary in line with the policy for the majority of the workforce	No changes proposed For any new Executive Director appointed to the Board, the pension opportunity will be in line with the policy for the majority of the workforce

VARIABLE

	Key features	Implementation FY2022	Implementation in FY2023
Annual Bonus Incentivises achievement of annual financial objectives and delivery of the business strategy	Maximum opportunity of 100% of salary based on annual performance targets Any bonus earned in excess of 75% of salary will normally be deferred into shares for three years	The maximum bonus award for Executive Directors was 100% of base salary based 70% on Group EBITDA performance and 30% on individual strategic objectives Bonus pay-out: Chief Executive – 61% Retail Director – 61% Finance Director[1] – 61%	Executive Directors will have a maximum opportunity of 100% of salary for FY2023 The annual bonus will be based 80% on Group adjusted profit before tax and 20% on personal business objectives
LTIP Incentivises the delivery of long-term sustainable returns for all shareholders	The maximum annual award in respect of a financial year is 125% of base salary Awards vest based on performance over three financial years Normally 25% of awards vest for threshold levels of performance Recovery LTIP awards (granted on a one-off basis) have a maximum opportunity of 250% of base salary	LTIP – The Chief Executive and Retail Director were granted awards of 125% of salary and the Finance Director was granted an award of 100% of base salary[1] Awards will vest based on pre-tax adjusted EPS performance for FY2024: Threshold – EPS of 44.89p Maximum – EPS of 54.68p Recovery LTIP – Executive Directors, including the Finance Director[1], were granted awards of 250% of base salary Awards will vest based on adjusted EBITDA (excluding IFRS 16) targets for FY2024: Threshold – Adjusted EBITDA of £55 million Maximum – Adjusted EBITDA of £73 million	Awards will be granted at 125% of base salary to the Chief Executive and the Retail Director and 100% of base salary to the Finance Director Awards will be based on pre-tax adjusted EPS performance for FY2025 of: Threshold – EPS of 49.93p Maximum – EPS of 60.15p
ESOS Aligns interests of Executive Directors with those of shareholders and incentivises delivery of long-term sustainable returns	Executive Directors may be granted market value options up to a maximum total value set by HMRC Options vest based on performance over three financial years Once vested, options must be exercised before the tenth anniversary of grant	No awards made in FY2022 as both the Chief Executive and Retail Director held options equal to the maximum total value set by HMRC (currently £30,000) Awards granted to the Retail Director for the three year period to FY2022 will lapse	Awards will be granted to Executive Directors, to the extent they are eligible, up to the maximum value set by HMRC Awards will be based on pre-tax adjusted EPS performance for FY2025 of 49.93p

1 Pro-rated from date of appointment on 30 November 2021.

Directors' Remuneration Report

Continued

STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY FOR FY2023

This part of the Directors' Remuneration Report sets out how the Policy will be operated in the coming year.

Base Salaries

The Executive Directors' base salaries have been increased by 3% in line with the increase received across the wider workforce. In light of the increasing pressures on the cost of living, the implementation of pay increases across the wider business was brought forward to take effect from 1 April 2022, although the normal review date of 1 June was retained for the Executive Directors, other members of the Executive Team and Divisional Directors. Salary increases for the Executive Directors from 1 June 2022 are therefore as follows:

Chief Executive – £525,300
Finance Director – £363,000
Retail Director – £210,000

Benefits

No changes to Executive Directors' benefits are proposed for FY2023.

Annual Bonus

For FY2023, we intend to operate an annual bonus in line with our normal Policy. The maximum annual bonus will be 100% of base salary for all Directors. The annual bonus will be based 80% on Group adjusted profit before tax performance and 20% on individual strategic performance.

Targets are considered to be commercially sensitive and have therefore not been disclosed. Our intention is to disclose targets in the FY2023 Directors' Remuneration Report, provided that these are no longer considered to be commercially sensitive at that time.

LTIP

The Committee intends to continue to grant LTIP awards for FY2023 to ensure that management are aligned with shareholders and incentivised to deliver long-term performance. Awards will be granted at the Policy level of 125% of base salary to the Chief Executive and the Retail Director and 100% of base salary to the Finance Director. The Committee is aware of shareholder guidance regarding reviewing award levels where there has been a fall in share price. We are not planning to reduce grant sizes given the significant need to continue to motivate and retain management. However, the Committee retains discretion to adjust vesting outcomes if it considers that there have been any "windfall" gains.

The LTIP will be based on pre-tax adjusted EPS performance as the Committee considers that this provides a clear objective for management and supports our strategy. The portion of the LTIP award that vests for threshold performance will be 25% of maximum. For FY2023 LTIP awards, EPS targets have been set as absolute pence targets for FY2025 as set out below.

We want to measure the performance of our Executive Directors against a criterion that aligns the Executive Directors' interest with the long-term interests of our shareholders. We believe that an earnings per share measure is more appropriate than a simple profit measure as the latter could be improved by, for example, the issuance of shares to raise cash or to finance an acquisition, having a consequent diluting effect on existing shareholders' interests. Additionally, given the aim of encouraging long-term performance, we believe that the earnings per share figure should not reflect short-term non-trading impacts on profit, whether positive or negative, for example, profits or losses on the sale of freehold properties, and such items should be adjusted for. Lastly, given that changes in tax rates are unrelated to Executive Directors' performance, we believe that any earnings per share measure for the LTIP should be based on pre-tax earnings.

The awards will be subject to clawback provisions and a two year post-vesting holding period.

Pre-tax adjusted EPS targets for the FY2023 awards are proposed as follows:

	Threshold (25% vesting)	Maximum (100% vesting)
Pre-tax adjusted EPS pence in FY2025[1]	49.93p	60.15p

1 Vesting increases on a straight-line basis between Threshold and Maximum.

As outlined in last year's Directors' Remuneration Report, in light of the challenges the business faces, the Board was concerned about the motivation and retention of the Executive Directors and it therefore introduced a one-off Recovery LTIP award of 250% of base salary in addition to the normal LTIP award to incentivise management to rebuild the business and profit levels.

Following shareholder approval of the Policy at the 2021 AGM, Recovery LTIP awards were granted in September 2021. Recovery LTIP awards will only vest based on the achievement of stretching EBITDA performance targets for FY2024.

ESOS

The Committee intends to grant ESOS awards to Executive Directors, to the extent they are eligible, up to the maximum limit set by HMRC.

Pension and Benefits

No changes are proposed to the pension and benefits provision for Executive Directors for FY2023.

The Chief Executive and Retail Director receive an annual cash allowance in lieu of pension of 17.5% of base salary. The Committee is aware of shareholder guidance that pensions for Executive Directors should be aligned with the wider workforce. However, given the current rate represents an existing contractual commitment, the Committee does not consider it appropriate to make a reduction at this stage. The Committee will keep this approach under review.

As previously advised, the pension opportunity for new Executive Directors appointed to the Board will be in line with the maximum employer contribution available for the majority of the workforce. Accordingly, the Finance Director, appointed in November 2021, receives an annual cash allowance in lieu of pension of 5% of base salary.

IMPLEMENTATION OF REMUNERATION POLICY FOR FY2022

This part of the Directors' Remuneration Report sets out the Directors' remuneration paid in respect of FY2022. Sections in the report not specifically stated as audited are not subject to audit.

Single Total Figure of Remuneration Table (audited)

	Salary/Fees[1]		Taxable benefits[2]		Annual bonus[3]		LTIP/Options[4]		Pension		Total variable		Total fixed		Total	
	2022 £000	2021 £000	**2022 £000**	2021 £000	**2022 £000**	2021 £000	**2022 £000**	2021 £000	**2022 £000**	2021 £000	**2022 £000**	2021 £000	**2022 £000**	2021 £000	**2022 £000**	2021 £000
Simon Emeny	**509**	469	**25**	25	**312**	–	**–**	9	**89**	87	**312**	9	**623**	581	**935**	590
Adam Councell[5]	**163**	296	**12**	23	**–**	–	**–**	5	**28**	55	**–**	5	**203**	374	**203**	379
Neil Smith[6]	**119**	–	**7**	–	**69**	–	**–**	–	**6**	–	**69**	–	**132**	–	**201**	–
Fred Turner	**203**	187	**23**	23	**125**	–	**–**	9	**36**	35	**125**	9	**262**	245	**387**	254
Michael Turner	**250**	235	**27**	26	**–**	–	**–**	–	**–**	–	**–**	–	**277**	261	**277**	261
Sir James Fuller	**51**	47	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**51**	47	**51**	47
Richard Fuller	**46**	42	**–**	1	**–**	–	**–**	1	**–**	–	**–**	1	**46**	43	**46**	44
Helen Jones	**64**	58	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**64**	58	**64**	58
Robin Rowland	**56**	52	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**56**	52	**56**	52
Juliette Stacey	**76**	70	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**76**	70	**76**	70

1 Salary/Fees for FY2021 include the Board members' voluntary 25% reduction in salary and fees from 1 April 2020 until 30 June 2020.
2 Taxable benefits include a car allowance, family private medical insurance and cash vouchers for use in Fuller's pubs and hotels.
3 The annual bonus in respect to FY2022 was paid in cash.
4 LTIP/Options includes the value transferred to Directors from the LTIP, ESOS and SAYE Schemes. For LTIP and ESOS benefit is calculated as the share price at the year end less the exercise price multiplied by the number of vested options. For SAYE the benefit is calculated as the share price at the grant date less the exercise price, multiplied by the number of shares under option being purchased.
5 Until his resignation on 30 September 2021.
6 From his appointment on 30 November 2021.

Directors' Remuneration Report

Continued

Base salary

Executive Directors' base salaries were increased by 2% in line with the increase received across the wider workforce, effective 1 June 2021.

Benefits

Executive Directors received taxable benefits which include a car allowance, private medical insurance and optional cash vouchers for use in Fuller's pubs and hotels. Executive Directors also received other non-taxable benefits including life assurance and permanent health insurance and other Group-wide employee benefits, such as an employee discount linked to length of service and all-employee share plans.

Annual bonus (audited)

The annual bonus for the year was based 70% on Group adjusted EBITDA (excluding IFRS 16) performance and 30% on individual strategic performance linked to key objectives for the successful recovery of the business.

The following sets out details of actual performance against the targets set:

Financial targets (70%)

	Threshold		Target		Maximum			
Measure	% of bonus	Required performance	% of bonus	Required performance	% of bonus	Required performance	Actual performance	Pay-out as % of max
Group EBITDA	10%	£31.14m	50%	£34.60m	100%	£39.79m	£35.08m	54.8%

Individual strategic performance (30%)

The non-financial element of the bonus for FY2022 was dependent on personal performance against non-financial strategic objectives approved by the Remuneration Committee. The table below summarises the achievements against each of those objectives. The Committee agreed a pay-out of 76.25% of maximum for this element.

Strategic performance measure	**Key achievements**
1. Delivery of key infrastructure upgrades including finance and property management systems and digital platforms	The new central finance system and property management systems successfully implemented during the course of the year and significant progress made in the deployment of the new digital platforms across the business.
2. Completion of bank refinancing on improved terms	Successful completion of the refinancing of all banking facilities for a tenure of four years on improved terms.
3. Reopening of the estate and re-engagement of all employees across the business	Estate reopened in its entirety. Initiatives including partnering with the Happiness Index successfully launched across the business to enhance relationships with colleagues and clear action plans developed to improve engagement.
4. Progression of the ESG agenda and implementation of key actions across the business	*Life is too good to waste* sustainability programme rebranded and relaunched to the business with clear commitments to our people, planet and communities. Appointment of a new Sustainability Director, implementation of new governance structure for sustainability and partnered with the Net Zero Carbon initiative. Transitioned to 100% renewable electricity sources for managed houses and engaged a new waste services provider to divert all waste from landfill. My Fuller's new benefits platform launched to support physical and mental wellbeing of team members.

The Committee discussed the formulaic outturns of the financial targets and strategic performance measures in the context of the Group's overall performance, shareholder return performance and government support received in the period. The Committee considered the level of the annual bonus award and, taking into account the incredible efforts of the Executive during the enforced closure to drive a number of strategic projects to put the Company in the best place and given their importance in rebuilding the business and profit levels, decided it was appropriate to pay the bonus.

As a result, the Committee agreed to award the following bonuses:

Director	Salary	Bonus opportunity (% of salary)	FY2022 outcome (% of max)	FY2022 outcome
Simon Emeny	£510,000	100%	61%	£312,299
Neil Smith	£352,500	100%	61%	£69,381[1]
Fred Turner	£204,000	100%	61%	£124,919

1 Pro-rated from date of appointment on 30 November 2021.

LTIP (audited)

LTIP awards granted in 2019 were based on Group adjusted EPS performance for the financial year FY2022. The EPS targets were not met and therefore these awards will lapse. The Committee did not exercise any discretion in relation to the LTIP outcome. The following sets out details of performance against targets set:

	Target set					
	Performance measure	Minimum (40% vesting)	Maximum (100% vesting)	Value of award	Actual performance	Value of award
LTIP	EPS vs RPI	EPS exceeds RPI by +9%	EPS exceeds RPI by +24%	Percentage vest of original grant: Minimum – 40% Maximum – 100%	nil growth	nil% of maximum award

ESOS

The ESOS award granted to Fred Turner in 2019 was based on Group adjusted EPS performance for the financial year FY2022 exceeding the percentage increase in RPI by 9%. The EPS target, as outlined above, was not met and therefore this award will lapse.

Total pension entitlements

Michael Turner and Richard Fuller are pensioners of the defined benefit Company pension plan, which is closed to future accrual, under the Directors' section.

Simon Emeny became a deferred member of the defined benefit Company pension plan, under the main section when the plan closed to future accruals on 1 January 2015. Prior to closure, he received a salary supplement of 17.5% of the excess of his base salary over the earnings cap for use as part of his retirement planning. Following closure of the pension plan, Simon Emeny is paid an annual salary supplement of 17.5% of his salary by the Company.

During the year, Neil Smith was paid an annual cash allowance of 5%, in line with our Policy. Fred Turner was paid an annual cash allowance of 17.5%, in line with his existing contractual arrangements.

Executive Directors are required to use the supplement as part of their overall retirement planning. They are also normally expected to contribute 8% of their salary to their pension or another investment vehicle. The Committee considers that the Policy operated as intended during the year.

Scheme Interests Awarded During the Financial Year (audited)

In respect of the 52 week period ended 26 March 2022, the following share awards were granted:

Director	Type of award	Number of 'A' shares	Number of 'B' shares	Face value at grant £000[1]	Date of grant	Performance period end[3,4]	% of award grant vesting at minimum threshold
Simon Emeny	LTIP	69,577	173,942	637	29/09/2021	31/03/2024	25%
	Recovery LTIP	139,154	347,885	1,275	29/09/2021	31/03/2024	25%
Total		208,731	521,827	1,912			
Neil Smith[2]	LTIP	29,817	74,543	273	13/12/2021	31/03/2024	25%
	Recovery LTIP	74,543	186,359	683	13/12/2021	31/03/2024	25%
Total		104,360	260,902	956			
Fred Turner	LTIP	27,830	69,577	255	29/09/2021	31/03/2024	25%
	Recovery LTIP	55,661	139,154	510	29/09/2021	31/03/2024	25%
Total		83,491	208,731	765			

1 Face values have been calculated using the actual grant price of £7.33 per 'A' share and an assumed share price of £0.73 per 'B' share, being the average share price during the five dealing days ending immediately before the date of grant.
2 Neil Smith's awards were granted as soon as practicable following his date of appointment and pro-rated for his period of service.
3 The LTIP awards are subject to a pre-tax adjusted EPS performance condition, with the targets set on an absolute basis and measured over a period of three years. 25% of the awards vest for pre-tax adjusted EPS of 44.89p in FY2024, with 100% vesting for pre-tax adjusted EPS of 54.68p (straight-line vesting in-between). Further details of the actual targets are set out in the 2021 Annual Report.
4 The Recovery LTIP awards are subject to a Group EBITDA (excluding IFRS 16) performance condition for FY2024, with targets set on an absolute basis. 25% of the awards vest for a Group EBITDA of £55.0 million, 50% vests for a Group EBITDA of £62.6 million, 75% vests for a Group EBITDA of £67.6 million and 100% vests for a Group EBITDA of £73.0 million (straight-line vesting in-between each point). Further details of the actual targets are set out in the 2021 Annual Report.

Directors' Remuneration Report

Continued

Non-Executive Directors' Fee

Non-Executive Directors, excluding the Chairman, receive a basic fee and additional fees for further duties.

A review of the Non-Executive Director fee structure was conducted by the Board (excluding the conflicted Non-Executive Directors) in November 2021. Based on the output and taking into account that there had been no increase in fees for three years, it was agreed that, with effect from 1 January 2022, the basic fee would be increased from £45,000 to £50,000 per annum and the additional fee for chairing the Remuneration Committee would be increased from £7,000 to £10,000 per annum, in line with the Audit Committee Chair fee. The Committee considered the fee received by the Chairman and, following a benchmarking process and a review of market data, agreed that the Chairman's fee remained appropriate taking into account his role and the time commitment. All other fees remain unchanged.

A summary of the revised fee structure for the Non-Executive Directors, including the Chairman, is set out below:

	Base fee	Senior Independent Director	Committee Chair	Committee member (Audit and Remuneration)	Family Shareholder Liaison	Total effective 1 Jan 2022
Michael Turner	£250,000	–	–	–	–	£250,000
Sir James Fuller	£50,000	–	–	–	£5,000	£55,000
Richard Fuller	£50,000	–	–	–	–	£50,000
Helen Jones	£50,000	–	£10,000	£10,000	–	£70,000
Robin Rowland	£50,000	–		£10,000	–	£60,000
Juliette Stacey	£50,000	£10,000	£10,000	£10,000	–	£80,000

Payments to Past Directors (audited)

There were no payments made to past Directors in the period.

Payments on Loss of Office in Prior Year (audited)

No payments were made in respect of loss of office in respect of the financial year ended 26 March 2022.

Leaving arrangements for Adam Councell

As outlined in last year's report, Adam Councell, the former Finance Director, did not receive any payment in lieu of notice and was not entitled to participate in the incentive arrangements granted in respect of FY2022. All outstanding LTIP and ESOS awards also lapsed on the date he stepped down from the Board, being 30 September 2021.

Executive Share Ownership

The Company has Share Ownership Guidelines for Directors which state that Executives should hold shares worth at least 200% of their salary. Accordingly, until their guideline is met, Executives are expected to retain:

- all shares they hold in the Share Incentive Plan ("SIP")
- all shares they acquire as a result of exercising SAYE options
- all shares that they acquire as a result of exercising options under the tax-advantaged ESOS net of the cost of those options
- at least 50% of any post-tax and National Insurance ("NI") vested shares under the LTIP and the Bonus and Deferred Bonus Plan ("BDBP").

Based on the share price on 26 March 2022 of £6.20, Simon Emeny held shares with a value of 281% of salary, Fred Turner held shares with a value of 448% of salary and Neil Smith held shares with a value of 10% of salary. All of the Executive Directors' shareholdings therefore already meet the guideline with the exception of Neil Smith, who only joined the Company on 30 November 2021.

Executive Directors will normally be expected to maintain a minimum shareholding of 200% of base salary (or actual shareholding if lower) for the first 12 months following departure from the Board and 100% of base salary (or actual shareholding if lower) for the subsequent 12 months. The Committee retains discretion to waive this guideline if it is not considered appropriate in the specific circumstances.

Directors' Shareholdings (audited)

Directors' share interests	Beneficial interest at 7 June 2022	Non-beneficial interest at 7 June 2022	Beneficial interest at 26 March 2022	Non-beneficial interest at 26 March 2022	Beneficial interest at 27 March 2021	Non-beneficial interest at 27 March 2021
Simon Emeny						
'A' ordinary 40p shares	130,472	–	130,472	–	124,448	–
'B' ordinary 4p shares	1,055,684	–	1,055,684	–	1,055,684	–
'C' ordinary 40p shares	2,000	–	2,000	–	2,000	–
Neil Smith[1]						
'A' ordinary 40p shares	6,000	–	6,000	–	–	–
Adam Councell[2]						
'A' ordinary 40p shares	–	–	5,800	–	5,800	–
Fred Turner						
'A' ordinary 40p shares	1,471	–	1,471	–	1,471	–
'B' ordinary 4p shares	502,400	–	496,050	–	452,667	–
'C' ordinary 40p shares	100,819	–	100,819	–	100,819	–
2nd preference £1 shares	4,342	–	4,324	–	4,324	–
Michael Turner						
'A' ordinary 40p shares	271,378	–	271,378	–	271,378	–
'B' ordinary 4p shares	3,050,243	–	3,050,243	–	2,988,394	–
'C' ordinary 40p shares	624,260	–	624,260	–	624,260	–
2nd preference £1 shares	71	–	71	–	71	–
Sir James Fuller						
'A' ordinary 40p shares	88,942	–	88,942	–	88,942	–
'B' ordinary 4p shares	10,486,379	–	10,486,379	–	10,438,187	–
'C' ordinary 40p shares	2,702,003	621,050	2,702,003	621,050	2,702,003	621,050
Richard Fuller						
'A' ordinary 40p shares	13,267	872,937	13,267	872,937	11,460	500,000
'B' ordinary 4p shares	3,065,726	10,935,015	3,065,726	10,935,015	3,065,726	10,935,015
'C' ordinary 40p shares	20,000	–	20,000	–	20,000	–
2nd preference £1 shares	303	7,499	303	7,499	303	–
Helen Jones						
'A' ordinary 40p shares	2,970	–	2,970	–	1,766	–
Robin Rowland						
'A' ordinary 40p shares	7,165	–	7,165	–	3,551	–
Juliette Stacey						
'A' ordinary 40p shares	2,454	–	2,454	–	1,250	–

1 Neil Smith was appointed on 30 November 2021.
2 Adam Councell resigned on 30 September 2021.

Directors' Remuneration Report

Continued

Scheme Interests Outstanding at the Year-End (audited)

Executive Directors' share options

Director	Scheme[1,2]	As at 27 March 21	Granted	Exercised	Lapsed	As at 26 March 22	Exercise price	Date of grant	Performance period end	Exercisable from	Expiry date
Simon Emeny	ESOS	3,296	–	–	–	3,296	£9.10	01/07/13	31/03/16	01/07/16	30/06/23
	SAYE	6,896	–	–	–	6,896	£4.35	30/09/20	n/a	01/12/25	01/06/26
Total		10,192	–	–	–	10,192					
Fred Turner	ESOS	2,590	–	–	–	2,590	£9.65	30/06/14	31/03/17	30/06/17	29/06/24
	ESOS	520	–	–	–	520	£9.61	15/01/20	31/03/22	15/01/23	14/01/30
	SAYE	6,896	–	–	–	6,896	£4.35	30/09/20	n/a	01/12/25	01/06/26
Total		10,006	–	–	–	10,006					
Adam Councell[3]	ESOS	3,121	–	–	(3,121)	–	£9.61	15/01/20	31/03/22	15/01/23	14/01/30
	SAYE	4,137	–	–	(4,137)	–	£4.35	30/09/20	n/a	01/12/23	01/06/24
Total		7,258	–	–	(7,258)	–					

1 The ESOS and SAYE are both tax-advantaged share option schemes.
2 SAYE options are normally exercisable for a period of six months from the maturity date at an option price that is discounted by 20% of the average market price for the three days prior to grant.
3 On his resignation as a Director on 30 September 2021, all outstanding awards lapsed.

Vested but unexercised options

Executive Directors' Long-Term Incentive Plan

Director	Total held at 27 March 2021	Awarded	Vested	Lapsed	Total held at 26 March 2022
Simon Emeny					
'A' ordinary shares	173,780	208,731	–	(44,662)	337,849
'B' ordinary shares	434,452	521,827	–	(111,655)	844,624
Neil Smith					
'A' ordinary shares	–	104,360	–	–	104,360
'B' ordinary shares	–	260,902	–	–	260,902
Fred Turner					
'A' ordinary shares	52,520	83,491	–	(5,452)	130,559
'B' ordinary shares	131,303	208,731	–	(13,631)	326,403
Adam Councell[1]					
'A' ordinary shares	81,344	–	–	(81,344)	–
'B' ordinary shares	203,362	–	–	(203,362)	–

1 On his resignation as a Director on 30 September 2021, all outstanding awards lapsed.

Directors' Service Contracts and Letters of Appointment

Executive Directors have rolling service contracts terminable on no more than one year's notice served by the Company or Director. In the event of early termination, Executive Directors are entitled to a payment equal to the salary due for the unexpired period of their notice, payable in monthly instalments, subject to mitigation. Simon Emeny's contract has been in place for a number of years. In the event of early termination, he would be entitled to a payment equal to his base salary and the value of all benefits for the unexpired period of his notice, without any reduction for mitigation.

The Chairman and Non-Executive Directors serve the Company on the basis of renewable letters of appointment which can be terminated by written notice by either party. No compensation is awarded on termination.

The following sets out the date of Directors' service contracts and letters of appointment:

Executive Directors	Date of contract	Notice period
Simon Emeny	13 January 1999	12 months
Neil Smith	16 June 2021	12 months
Fred Turner	23 May 2019	12 months

Non-Executive Directors	Date of letter of appointment	Term expires
Michael Turner[1]	1 July 2013	June 2025
Sir James Fuller	1 June 2010	May 2025
Juliette Stacey	24 March 2018	July 2024
Helen Jones	12 March 2019	March 2023
Richard Fuller[2]	1 February 2020	February 2025
Robin Rowland	23 March 2020	March 2024

1 Michael Turner was first appointed to the Board as an Executive Director in January 1985 and became Non-Executive Chairman on 1 July 2013.
2 Richard Fuller was first appointed to the Board as an Executive Director in December 2009 and was appointed as a Non-Executive Director on 1 February 2020.

Service contracts and letters of appointment are available for inspection at the AGM and at the Company's registered office.

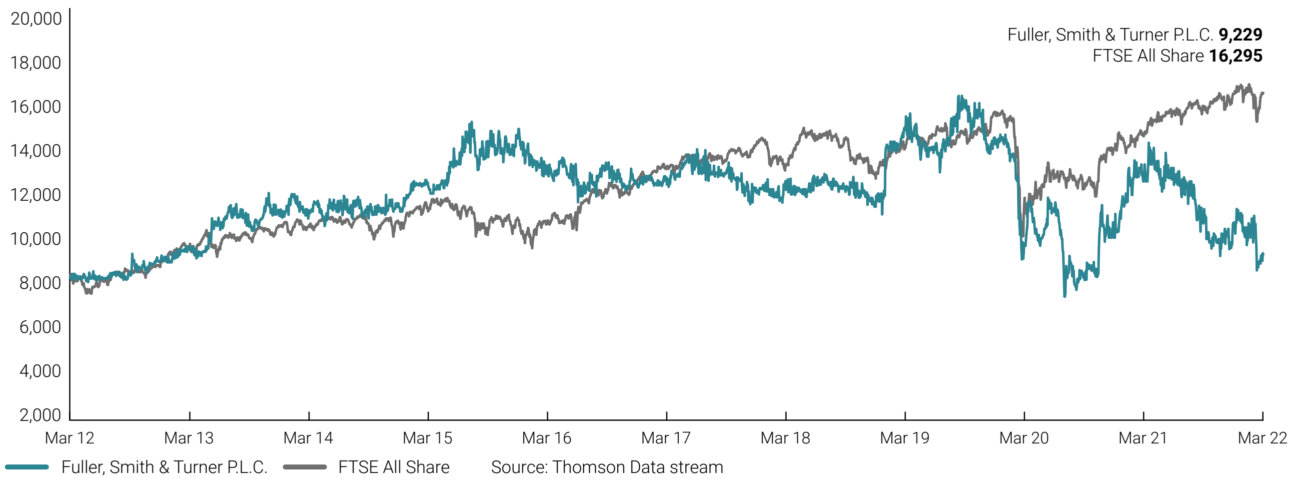
External Directorship Fees

The Board may give approval for Executives to have one paid non-executive role and to retain any related fees paid.

Simon Emeny is the Senior Independent Director of WH Smith PLC, for which he receives and retains an annual fee of £75,000.

Performance Graph and Table

The graph below shows a comparison of the Total Shareholder Return ("TSR") for the Company's listed 'A' ordinary shares for the last 10 financial years against the TSR for the companies in the FTSE All Share. The Company is a constituent of this Index and therefore it is an appropriate choice for this report.



Directors' Remuneration Report

Continued

The table below shows the total remuneration figure for the Chief Executive over the last 10 financial years and the annual bonus and LTIP pay-out for each year as a percentage of the maximum available:

	2013	2014[1]	2015	2016	2017	2018	2019	2020[2]	2021[3]	**2022**
Single figure total remuneration (£000)	911	977	1,244	1,418	1,097	1,089	687	600	590	**935**
Annual bonus[4]	41%	77%	76%	85%	41%	48%	48%	nil	nil	**61%**
LTIP	56%	64%	96%	100%	100%	56%	nil	nil	nil	**nil**

1 Simon Emeny was appointed as Group Chief Executive in July 2013. This single total figure comprises the remuneration received by him in the financial year, hence includes remuneration for the three months prior to this promotion.
2 One-third of the annual bonus was due to pay out, reflecting the Company's strong like for like sales performance vs the Peach Tracker. However, in light of the broader business circumstances following the outbreak of coronavirus in 2020, the Committee and the Executive Directors agreed that it was not appropriate to pay this portion of the annual bonus.
3 Total remuneration includes the Chief Executive's voluntary 25% reduction in salary from 1 April 2020 to 30 June 2020.
4 Annual bonus as a percentage of the maximum available.

Percentage Change in Remuneration of Directors and Employees

The table below shows the percentage change in the remuneration of the Board of Directors compared with that of the average of all of the Company's employees taken as a whole. Remuneration for employees is based on salary, benefits and annual bonus. The Chairman and Non-Executive Directors do not receive any variable pay.

	FY2021-FY2022			FY2020-FY2021		
	Change in annual salary/fees	Change in annual taxable benefits	Change in annual bonus[1]	Change in annual salary/fees	Change in annual taxable benefits	Change in annual bonus[1]
Average of all employees[2]	2.3%	(17.0)%[3]	(100)%	1.0%	(1.6)%	(1.2)%
Simon Emeny	8.4%[9]	0.3%	nil%	(4.0)%	(0.1)%	Nil%
Neil Smith[4]	–	–	n/a	–	–	–
Adam Councell[5]	(44.6)%	(49.5)%	nil%	–	–	–
Fred Turner[6]	8.4%[9]	1.0%	nil%	–	–	–
Michael Turner	6.7%[9]	1.3%	n/a	(6.2)%	1.5%	n/a
Sir James Fuller	9.3%[9]	n/a	n/a	(6.2)%	n/a	n/a
Richard Fuller[7]	9.6%[9]	n/a	n/a	(73.9)%	(93.8)%	n/a
Helen Jones[7]	10.1%[9]	n/a	n/a	(4.5)%	n/a	n/a
Robin Rowland[8]	9.1%[9]	n/a	n/a	–	n/a	n/a
Juliette Stacey[7]	8.4%[9]	n/a	n/a	(0.7)%	n/a	n/a

1 Reflects the increase or decrease in the percentage of annual salary paid out as bonus.
2 The employee comparator group excludes pub staff who are employed by other Group companies.
3 The change in taxable benefits was principally due to the phasing out of company cars into a car allowance benefit.
4 Neil Smith was appointed on 30 November 2021, therefore the annual comparison from FY2021 to FY2022 is not relevant.
5 Adam Councell was appointed on 27 August 2019, therefore the annual comparison of FY2020 to FY2021 is not relevant. He resigned on 30 September 2021.
6 Fred Turner was appointed to the Board on 1 June 2019, therefore the annual comparison of FY2020 to FY2021 is not relevant.
7 A number of Non-Executive Directors had role changes during FY2020 (Richard Fuller, Juliette Stacey and Helen Jones), which impacted the year on year comparison.
8 Robin Rowland was appointed on 23 March 2020, therefore the annual comparison from FY2020 to FY2021 is not relevant.
9 FY2021 to FY2022 increase in annual salaries for Directors reflects the fact that in the prior year Board members took a voluntary pay decrease between April 2020 and June 2020. Non-Executive Director fees were also increased from 1 January 2022.

CEO Pay Ratio

The following table sets out CEO pay ratio figures, in respect of the financial year ended 26 March 2022.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
FY2022	Option B	49.1:1	43.6:1	30.7:1
FY2021	Option B	35.7:1	33.2:1	23.8:1
FY2020	Option B	33.0:1	32.6:1	31.6:1

The increase in the pay ratio between FY2021 and FY2022 is predominately driven by the CEO receiving a bonus in relation to FY2022 whereas in the previous year no bonuses were paid.

The relevant individuals have been identified using Option B, as defined under the relevant regulations, as it is considered to be the most appropriate methodology for Fuller's based on the availability of data at the time the Annual Report was published.

The respective single figure values for each individual for FY2022 have then been calculated. No estimates were required, and no elements of pay were omitted in calculating the relevant single figures. The figures do not include amounts paid to individuals in respect of their tronc share. The figures for FY2022 are impacted in the first three months of the financial year by the coronavirus pandemic and the furlough payments paid under the Coronavirus Job Retention scheme.

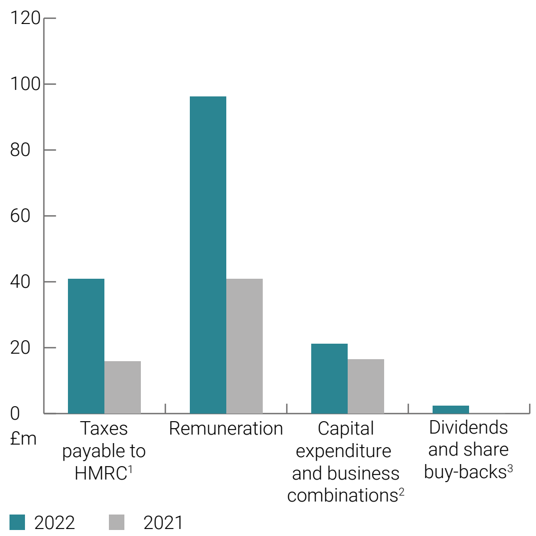
The single figure values for individuals immediately above and below the identified employee at each quartile within the Gender Pay Gap analysis were also reviewed.

The chosen individuals were reviewed to determine if they were representative of the 25th percentile, median and 75th centile employees. Where the chosen individual had left the business or had changed roles during the financial year, an alternative employee was used for the calculations. The alternative employee used in each instance was the closest employee to the relevant percentile, who was considered representative of that percentile. For the 52 weeks ended 26 March 2022, no adjustment was needed for the 75th percentile, but alternative employees were selected for the 25th percentile and median.

Year	Supporting information	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
FY2022	Salary	£18,648	£21,016	£29,901
	Total pay	£19,055	£21,439	£30,419

Relative Importance of Spend on Pay

The graph below shows the total remuneration for the Group's employees compared with other key financial indicators:



1 Taxes payable to HMRC is based upon tax incurred in the year and includes corporation tax, VAT, PAYE, NI, duty, stamp duty, non-domestic rates, property licences, environmental levies and machine game duty.
2 Capital expenditure (including business combinations) represents cash paid in the year.
3 No dividends were paid during FY2021 due to the coronavirus pandemic.

Directors' Remuneration Report

Continued

The Remuneration Committee

The Remuneration Committee consists entirely of Independent Non-Executive Directors and the members during the period were Helen Jones (Chair), Juliette Stacey and Robin Rowland. The Committee's terms of reference are available on the Company's website. The Chairman of the Company, Michael Turner, and the Chief Executive, Simon Emeny, are invited to attend the Committee meetings and to advise, where appropriate, on the remuneration and performance of the Executive Directors and related matters, except in circumstances where their own remuneration is being discussed. Members of the Committee have no personal financial interest in the Company, other than as shareholders and Directors. The Committee is advised internally by the Company Secretary, Rachel Spencer, who also acts as secretary to the Committee.

Employee Engagement

The Remuneration Committee receives updates on workforce pay and benefits throughout the Group and considers workforce remuneration as part of the review of executive remuneration. The Remuneration Committee did not formally consult directly with employees on executive pay during the year but took into account the feedback provided by the People and Talent Director and any relevant feedback from employee surveys. Share ownership amongst employees is encouraged and awards were made under the SAYE scheme during the course of the year. This tax-advantaged scheme allows employees to participate as shareholders and aligns their interests with those of other shareholders.

The Committee's Advisors

Deloitte LLP was appointed by the Committee in June 2019 and during the year under review continued to provide the Committee and the Company with advice in connection with remuneration matters as well as the Company's LTIP and share option schemes.

Deloitte is a founding member of the Remuneration Consultants' Group ("RCG"), which is responsible for the development and maintenance of the voluntary Code of Conduct that clearly sets out the role of executive remuneration consultants and the professional standards by which they advise their clients. Fees are charged on a time and expenses basis and totalled £26,620 (plus VAT) during FY2022 (FY2021: £42,450 (plus VAT)). During the year, Deloitte also provided other unrelated tax advice to the Company.

The Committee is satisfied that advice received from Deloitte during the year was objective and independent and that all individuals who provided remuneration advice to the Committee have no connections with Fuller's or its Directors that may impair their independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts.

XPS Pension Group provides the Company with advice on matters relating to the defined benefit Company pension plan (now closed). XPS Pension Group is authorised and regulated by the Financial Conduct Authority and its actuaries are also separately required to abide by Actuarial Profession Standards which include the requirement for them to provide objective and independent advice.

Committee Evaluation

The Committee reviews its performance with Board members and other participants, through the annual Board evaluation. See further information on page 64.

Statement of Voting at Annual General Meeting

At the AGM held on 23 September 2021, votes cast by proxy in respect of the approval of the Directors' Remuneration Policy and the Directors' Remuneration Report were as follows:

Resolution text	Number of votes cast for	Percentage of votes cast for	Number of votes cast against	Percentage of votes cast against	Total votes cast	Number of votes withheld
Approval of Remuneration Policy 2021	89,801,044	86.15%	14,436,237	13.85%	104,237,281	5,833,531
Approval of Remuneration Report 2021	106,335,072	95.02%	5,568,608	4.98%	111,903,680	42,708

The Directors' Remuneration Report, encompassing pages 70 to 84, was approved by the Board and signed on its behalf.

HELEN JONES
CHAIR OF THE REMUNERATION COMMITTEE
8 June 2022

Directors' Report

The Directors present their report to shareholders together with the audited financial statements for the 52 weeks ended 26 March 2022. The Directors' Report and the Strategic Report (pages 1 to 84) together constitute the management report for the purpose of Rule 4.1.8R of the Disclosure Guidance and Transparency Rules. Other information relevant to the report, including information relevant pursuant to the Companies Act 2006 and UK Listing Rule 9.8.4R, is incorporated.

As permitted by legislation, some of the matters required to be included in the Directors' Report have instead been included in the Strategic Report as the Board considers them to be of strategic importance. Specifically, these are:

Information	Reported in	Pages
Future business developments	Strategy	22 and 23
Employee engagement	Stakeholder Engagement Sustainability Report	50 45
Engagement with suppliers, customers and others	Stakeholder Engagement	50 and 51
Emissions reporting	Sustainability Report	43

Annual General Meeting

The 2022 AGM will be held at 11am on Thursday 21 July 2022 at The George IV, 185 Chiswick High Road, London, W4 2DR. The Notice of Meeting which sets out the resolutions to be proposed has been posted to shareholders and is available on the Company's website at www.fullers.co.uk.

Articles of Association

The Company's Articles of Association were adopted in 2014. In accordance with the Companies Act 2006, the Articles of Association may only be amended by a special resolution of shareholders in a general meeting.

Directors

The names and biographical details of the Directors who served on the Board and Board Committees during the financial year and up to the date of this report are given on pages 56 and 57. Adam Councell's resignation was effective from 30 September 2021 and Neil Smith's appointment was effective from 30 November 2021. All other Directors served for the full year.

Appointment and retirement of Directors

The Articles state that the Board may appoint Directors and that at the subsequent AGM, shareholders may elect any such Director. Alternatively, the Company may directly appoint a Director. The Articles also contain the power for the Company to remove any Director by special resolution and appoint someone in his or her place by ordinary resolution. There are various other circumstances under the Articles which would mean that the office of a Director would be vacated, including if he or she resigns, or becomes of unsound mind or bankrupt.

At every AGM one-third of the Directors who are subject to retirement by rotation or, if their number is not three or any multiple of three, then the number nearest to but not exceeding one-third shall retire from office but, if there is only one Director who is subject to retirement by rotation, he or she shall retire. In addition, if any Director has at the start of the AGM been in office for more than three years since his or her last appointment or re-appointment he or she shall retire at that AGM.

Powers of the Directors

Subject to the Company's Memorandum and Articles of Association and UK legislation, the business of the Company is managed by the Board which may exercise all the powers of the Company. The Articles of the Company have a section entitled "Powers and Duties of the Board" which sets out powers such as the rights to establish local boards, to appoint agents, to delegate and to appoint persons with the designation "Director" without implying that the person is a Director of the Company. There are further sections of the Articles entitled "Allotment of Shares" setting out the Board's power to issue shares and purchase the Company's own shares, and "Borrowing Powers" setting out the provisions concerning the Company's power to borrow and give security. The Directors have been authorised to allot and issue ordinary shares. These powers are exercised under authority of resolutions of the Company passed at its AGM.

Directors' indemnities and insurance

The Articles of Association provide the Directors with indemnities in relation to their duties as Directors, including qualifying third party indemnity provisions (within the meaning of the Companies Act).

The Company purchases Directors and Officers liability insurance which gives appropriate cover for any legal action brought against its Directors. This insurance also covers the Trustees of the Company's defined benefit pension scheme.

Directors' interests

Details of all Directors' interests as at the end of the financial year are set out in the Directors' Remuneration Report on pages 77 to 80.

Dividends

The Company paid an interim dividend of 3.90p per 'A' and 'C' ordinary share of 40p each and 0.39p per 'B' ordinary share of 4p each on 4 January 2022 (2021: no interim dividend paid). The Directors now recommend a final dividend of 7.41p per 'A' and 'C' ordinary share of 40p each and 0.74p per 'B' ordinary share of 4p each. This makes a total dividend for the financial year of 11.31p per 'A' and 'C' ordinary share of 40p each and 1.13p per 'B' ordinary share of 4p each (2021: nil).

The total proposed final dividend on ordinary shares will be £4.6 million, which, together with the 2022 interim dividend payment of £2.4 million and the £120,000 of cumulative preference share dividends paid in the year, will result in total dividend payments of £7.1 million.

Employees

The Company is committed to treating all of its employees and job applicants equally, in line with the Managing Diversity Policy. No employee or potential employee receives less favourable treatment or consideration on the grounds of race, colour, religion, nationality, ethnic origin, sex, sexual orientation, marital status, or disability. We give full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by people with disabilities. We endeavour to retain the employment of, and arrange suitable retraining for, any employee who becomes disabled during their employment as well as providing training, career development and promotion to disabled employees wherever appropriate.

During the year, the Company maintained arrangements to provide employees with information on matters of concern to them, to regularly consult employees for views on matters affecting them, to encourage employee involvement in the Company's performance through share schemes, and to make all employees aware of financial and economic factors affecting the performance of the Group.

Directors' Report

Continued

External Auditor

The auditors, Ernst & Young LLP, were appointed by the Directors in 2021 following a formal tender process. Ernst & Young LLP have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the AGM.

Human Rights

The Board has overall responsibility for ensuring the Company upholds and promotes respect for human rights. We respect all human rights and regard those rights relating to non-discrimination, fair treatment and respect for privacy to be most relevant in conducting our business. The Company seeks to anticipate, prevent and mitigate any potential negative human rights impacts as well as enhance positive impacts through our policies and procedures and, in particular, through our policies regarding employment, equality and diversity, treating our stakeholders and customers fairly and information security. Group policies seek to ensure that employees comply with the relevant legislation and regulations in place to promote good practice.

We are committed to ensuring that there are no forms of modern slavery within our operations or supply chains. In line with the Modern Slavery Act 2015, we publish an annual Modern Slavery and Human Trafficking Statement on our website.

Information Required under the Listing Rules

For the purposes of LR9.8.4R, the information required to be disclosed by the LR9.8.4R can be found in the Annual Report in the following locations and is hereby incorporated by reference into this Directors' Report:

- Information about long-term incentives is disclosed in the Directors' Remuneration Report on page 80
- Any waiver of emoluments by a Director of the Company or any subsidiary undertaking is disclosed in the Directors' Remuneration Report on page 75
- Information about any waiver of dividends or future dividends by a shareholder is disclosed on page 86

Political Donations

The Group does not make political donations.

Purchase of Own Shares

At the AGM held on 23 September 2021, the Company was given authority to purchase up to 5,822,398 'A' ordinary shares to be held as treasury shares to be used in connection with, among other purposes, the LTIP and/or other share option schemes. Shareholders will be asked to give a similar authority to purchase shares up to 10% of the 'A' ordinary capital at the 2022 AGM.

The Company's maximum issued ordinary share capital during the year was £25,381,446, comprising 41,082,339 'A' ordinary shares, 89,052,625 'B' ordinary shares and 13,466,013 'C' ordinary shares.

During the year the Company did not purchase any shares.

10,028 'A' ordinary shares held in treasury were allocated to participants of the Savings Related Share Option Scheme, on exercise of options, generating net cash proceeds of £76,873.62. As at 26 March 2022, a total of 1,263,118 'A' ordinary shares and a total of 4,327,915 'B' ordinary shares are held as treasury shares.

Share Capital

Information on the Company's financial instruments, capital structure and related restrictions is given in notes 26 and 27 to the financial statements. Details of significant shareholdings are set out below.

As at 26 March 2022, Computershare Trustees Limited holds a total of 172,932 'A' ordinary shares on behalf of employees of the Company who are participants in its SIP. This represents 0.18% of the issued 'A' ordinary share capital (excluding shares held in treasury). A dividend waiver is in place in respect of the shares that have not been allocated to participants. In respect of the shares that have been allocated, Computershare Trustees Limited exercises voting rights in relation to those shares, having consulted with the participants about their voting intentions.

As at 26 March 2022, the Fuller, Smith & Turner Employee Share Ownership Trust held 316,441 'B' ordinary shares and 5,935 'C' ordinary shares in the Company. A dividend waiver is in place to cover the entire holding. The Trustees do not exercise the voting rights attached to shares held in the Trust.

Substantial Shareholdings

The Company had been notified under the Disclosure Guidance and Transparency Rules of the following holdings of voting rights of its listed issued share capital:

'A' ordinary shares of 40p each

	% of total voting rights	
	As at 26 March 2022	As at 7 June 2022
BlackRock, Inc	**11.16**	10.69
Lansdowne Partners (UK) LLP	**8.40**	8.40
Ameriprise Financial, Inc. (Columbia Threadneedle)	**4.68**	4.68

It should be noted that these holdings may have changed since the Company was notified of them as notification of any change is not required until the next notifiable threshold is crossed.

The Company is also aware of the following interests in 3% or more of the voting rights in the two classes of its unlisted share capital:

'B' ordinary shares of 4p each

	As at 26 March 2022	As at 7 June 2022
Mr A W M Mitchell & Burges Salmon Trustees Ltd[1]	**14.85**	14.85
Mr R H F Fuller & Mr P J Turner & Mr P A Sheils[1]	**7.66**	7.66
Mr A G F Fuller	**5.74**	5.74
Mr R H F Fuller & Mr P A Sheils & Mr P J Turner[1]	**4.62**	4.62
Dunarden Limited	**3.60**	3.60
Mr R D Inverarity	**3.59**	3.59
Mr G F Inverarity	**3.48**	3.48
Mr M J Turner	**3.39**	3.39
Miss S M Turner	**3.33**	3.33
Mr R H F Fuller	**3.08**	3.08
Mr T J M Turner	**3.00**	3.00

'C' ordinary shares of 40p each

	As at 26 March 2022	As at 7 June 2022
Mr A W M Mitchell & Burges Salmon Trustees Ltd[1]	**33.31**	33.31
Mr T J M Turner	**6.66**	6.66
Miss S M Turner	**5.64**	5.64
Mr P A R Carter & Sir J H F Fuller[1]	**4.61**	4.61
Sir J H F Fuller & Mr A W M Mitchell[1]	**4.43**	4.43
Mrs D M St. C Turner	**3.32**	3.32
Mr C D W Williams	**3.25**	3.25

1 Shares held for the benefit of a Trust.

Post Balance Sheet Events

Post balance sheet events are disclosed in note 31 to the financial statements.

Significant Agreements

The Group has entered into a number of agreements with the major brewers operating in the UK under which it buys beers, and these agreements may be terminated by the other party should the Group undergo a change of control.

In the event of a change of control, the Company is obliged to notify its main bank lenders of such. The lenders shall not be obliged to fund any new borrowing requests and the facilities will lapse after 30 days from the change of control if terms on which they can continue have not been agreed. All borrowings including accrued interest will become repayable within 10 days of such a lapse.

The service agreements of the Executive Directors include provisions regarding a change of control. Further details are included in the Directors' Remuneration Policy published in the 2021 Annual Report.

By order of the Board

RACHEL SPENCER
COMPANY SECRETARY
8 June 2022

Fuller, Smith & Turner P.L.C.
Pier House
86-93 Strand-on-the-Green
London W4 3NN
Registered in England under number: 241882

Directors' Responsibilities Statement

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Annual Report, the Remuneration Report and the Group and Company financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group and Company for the financial period.

Under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, Group financial statements are required to be prepared in accordance with international financial reporting standards ("IFRSs"). In preparing the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting policies, changes in accounting estimates and errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- make an assessment of the Company's ability to continue as a going concern;
- state that the Group and Company have complied with international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable and prudent.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Remuneration Report comply with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure and Transparency Rules ("DTR") and in the case of the Group financial statements, with Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to Preparation of Financial Statements

The Directors confirm, to the best of their knowledge:

- that these financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company taken as a whole;
- that the Annual Report and the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that they consider the Annual Report and the financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

The Directors of Fuller, Smith & Turner P.L.C. are listed on pages 56 and 57.

Directors' Statement as to Disclosure of Information to Auditors

The Directors who were members of the Board at the time of approving the Directors' Report are listed on pages 56 and 57. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of this report of which the Company's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board

MICHAEL TURNER
CHAIRMAN
8 June 2022

Independent Auditor's Report to the members of Fuller, Smith & Turner P.L.C

Opinion

In our opinion:

- Fuller, Smith & Turner P.L.C.'s Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 26 March 2022 and of the Group's profit for the 52 week period (the 'period') then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Fuller, Smith & Turner P.L.C. (the 'Company') and its subsidiaries (the 'Group') for the period ended 26 March 2022 which comprise:

Group	Company
Group balance sheet as at 26 March 2022	Company balance sheet as at 26 March 2022
Group income statement for the 52 week period then ended	Company statement of changes in equity for the 52 week period then ended
Group statement of comprehensive income for the 52 week period then ended	Company cash flow statement for the 52 week period then ended
Group statement of changes in equity for the 52 week period then ended	Related notes 1 to 31 to the financial statements including a summary of significant accounting policies
Group cash flow statement for the 52 week period then ended	
Related notes 1 to 31 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the Company financial statements, as applied in accordance with section 408 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and 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.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company and we remain independent of the Group and the Company in conducting the audit.

Conclusions relating to going concern

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

- We confirmed our understanding of the Group's going concern assessment process and Management's related Board memoranda.
- The audit engagement partner increased her time directing and supervising the audit procedures on going concern and utilised corporate finance specialists, with relevant hospitality sector expertise, to assist in assessing the assumptions employed.
- We assessed the appropriateness of the duration of the going concern review period to the end of June 2023 and considered whether there are any known events or conditions that will occur beyond the period.
- We obtained cash flow forecast models used by the Board in its assessment and checked their arithmetical accuracy.
- We agreed the debt facilities included in the model to the post year-end executed debt agreements and confirmed the key terms and the calculation of covenants within the going concern review period against the terms of these agreements.
- We obtained the cashflow forecast models (base case, downside and reverse stress test) to the end of June 2023, used by the Board in its assessment, reviewing their arithmetical accuracy, whether they have been approved by the Board and considering the Group's historical forecasting accuracy for periods when the Group's pubs were able to trade without restrictions.
- We challenged the adequacy of liquidity and covenant headroom in the base and downside case forecasts by reviewing external market data for any contradictory evidence and applied additional sensitivity analysis on revenue, cost inflation and potential changes in interest rates as these are considered the most relevant assumptions, in order to understand the Group's resilience to a range of downside scenarios.

Independent Auditor's Report to the members of Fuller, Smith & Turner P.L.C

Continued

- We confirmed the calculation of the reverse stress test scenario and considered the likelihood of the occurrence of the combination of sensitivities applied as remote.
- We read the Board minutes to identify any matters that may impact the going concern assessment.
- We assessed the appropriateness of the going concern disclosures in describing the risks associated with the Group's ability to continue as a going concern for the review period to the end of June 2023.

Our key observations

The key observations we communicated to the Audit Committee were that the Group has committed borrowing facilities (totalling £200m) and available liquidity throughout the going concern period as a result of the post year-end refinance. In management's base case and downside scenarios (which reflect high-cost inflation and a slowdown in customer spending influenced by the current cost of living crisis) the Group remains in compliance with all banking covenants through the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Company's ability to continue as a going concern for a period of 12 months to the end of June 2023.

In relation to the Group and Company's 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Going concern has also been determined to be a key audit matter

Overview of our audit approach:

Group	Company
Audit scope	• We performed an audit of the complete financial information of the Group, which accounted for 100% of the profit before taxation, 100% of revenue and 100% of total assets. Our approach to scoping and resulting coverage is consistent with 2021.
Key audit matters	• Going concern • Impairment of property, plant and equipment and right-of-use assets • Management override in the recognition of revenue
Materiality	• Overall Group materiality of £1.27 million (2021: £0.9 million) which represents 0.5% of the Group's revenue.

An overview of the scope of the Company and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each Company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. The Group's operations are based solely in the United Kingdom with a single head office and finance function and therefore all audit procedures are completed by one audit team at this location.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements we performed full scope audit procedures over 100% of the Group's results for the 52 week period ended 26 March 2022 and 100% of the Group's total assets at that date. We obtained an understanding of the entity-level controls of the Group which assisted us in identifying and assessing risks of material misstatement due to fraud or error, as well as assisting us in determining the most appropriate audit strategy. This approach is consistent with the prior period.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact the Group. The Group has determined that the most significant future impacts from climate change on its operations will be from increased occurrence of extreme weather events, regulations, government interventions, reporting obligations and inability to meet climate change targets. These are explained on pages 48-49 in the required Task Force for Climate related Financial Disclosures and on pages 36 to 39 in the principal risks and uncertainties, which form part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on ensuring that the effects of material climate risks disclosed on page 126 have been appropriately reflected in asset values and associated disclosures where values are determined through modelling future cash flows, being goodwill, property, plant and equipment and right-of-use assets. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

Key audit matters

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

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Impairment of property, plant and equipment (PPE) and right-of-use assets (ROUA)		
Refer to the Audit Committee Report (page 67); Accounting policies (page 107); and Note 13 of the Consolidated Financial Statements (page 125) As at 26 March 2022, the carrying value of PPE is £592.7million (2021: £590.2million) and right-of-use asset is £73.8million (2021: £81.9million). The continued uncertainties over the current economic environment caused by the COVID-19 pandemic, the current high levels of cost inflation and any changes in consumer spending habits arising from the 'cost of living' crisis, has been identified as an indicator of impairment. Impairment for tangible assets (PPE and ROUA) is tested on the basis of each individual cash generating unit (CGU) - an individual pub site. There is a risk that pubs may not achieve the anticipated business performance to support their carrying value. This could lead to an impairment charge that has not been recognised by management. Significant judgement is required in forecasting future cash flows of each pub, the long-term growth rate and the rate at which cash flows are discounted. For a portion of the pub estate where the value-in-use model may indicate an impairment charge, an overlay based on the market value approach is performed which involves significant judgement in determining the fair value of these pubs. The impairment charge is classified as a separately disclosed item in the Income Statement.	We gained an understanding through a walkthrough of the process and controls management has in place over the impairment process. We validated that the methodology of the impairment exercise is consistent with the requirements of IAS 36 Impairment of Assets, including appropriate identification of cash generating units and the allocation of central service costs in the value in use calculations. We tested the arithmetical accuracy and integrity of the impairment model and confirmed that the forecasts were consistent with the Board approved forecasts and those used in the going concern assessment. We agreed the carrying value of each CGU back to the fixed asset register. Below we summarise the procedures performed in relation to the key judgements for the tangible (PPE and ROUA) assets impairment review: • In respect of the impact of COVID-19, cost information and consumer spending habits on both short-term trading and the longer-term growth rate, we compared management's assumptions against external economic forecasts and actual performance from the last year. • We critically challenged and assessed the reasonableness of management's recovery assumptions and post-COVID-19 assumptions with the assistance of our EY sector specialists. • We also performed sensitivity analysis based on reasonable possible changes to key assumptions determined by management being revenue, discount rate and long-term growth rate. We assessed that the reasonably possible change in assumptions applied by management were appropriate by reference to the ranges independently established by our work. • We used our internal valuations specialists to support our assessment of the discount rate and long-term growth rate applied to cashflows by independently determining an acceptable range of values for each assumption. • Where management's pub impairment assessment was based on the fair value approach, we obtained an external property valuation from management's specialists on a sample of pubs and reviewed the methodology applied and audited the key assumptions that form part of the valuation in light of recent transactions in the market. We assessed the disclosures in notes to the financial statements against the requirements of IAS 36 Impairment of Assets, in particular the requirement to disclose further sensitivities for CGUs where a reasonably possible change in a key assumption would cause an impairment. We also assessed the related separately disclosed item accounting treatment by reference to the Company's accounting policy, industry practice and the FRC guidance.	Based on our audit procedures we have concluded the impairment charge of £3.3 million (being £3.3m million PP&E impairment) is appropriately determined. We highlighted that a reasonably possible change in certain key assumptions including sales forecasts and risk adjustment factors could lead to material additional impairment charges. We concluded appropriate disclosures had been included by management for the above assumptions and that the impairment is appropriately presented as separately disclosed items given market practice.

Independent Auditor's Report to the members of Fuller, Smith & Turner P.L.C

Continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Management override in the recognition of revenue		
Refer to the Accounting policies (page 111) and Note 3 of the financial statements (page 115) The Group recorded revenue of £253.8 million in the period (2021: £73.2 million), including £228.8 million in the Managed houses segment (2021: £64.0 million) and £25.0 million in the Tenanted Inns segment (2021: £9.2 million). The vast majority of the Group's revenue transactions are non-complex, with no judgement applied over the amount recorded. We consider the significant risk relating to fraud in revenue recognition to be around management override of controls and topside journals to revenue in the managed and tenanted estate. For managed houses, revenue is typically comprised of a large number of low value transactions. Although there is little management judgement involved, there is a risk that manual topside adjustments could be posted which could result in revenue being overstated or not recorded. For Tenanted Inns there is also a risk that manual topside adjustments could be posted to revenue.	We performed a walkthrough of each of the Group's significant revenue processes, including the recording of manual journal adjustments, and assessed the design effectiveness of the key controls that are in place. We applied correlation data analysis over the Group's entire revenue journal population to identify how much of the Group's revenue is converted to cash postings and to isolate non-standard revenue transactions for further analysis, focusing our testing on higher risk transactions identified. We determined the higher risk journal entries to be the adjustments made at or near the end of the reporting period, post-closing adjustments and other adjustments made to record transactions outside the normal course of business and performed substantive procedures to obtain sufficient appropriate audit evidence that those entries were properly supported and approved. We searched for any topside journals to revenue, but none were identified. We performed cut-off testing procedures including review of post period end cash receipts and journals, and an analytical review of significant variances to the prior year, to assess for completeness.	We concluded that revenue was reasonably stated. We did not identify any instances of management override in relation to revenue.

In the prior year, our auditor's report included a key audit matter in relation to the deferred taxation on the pub estate. This is no longer a key audit matter as the error found in the prior year audit has been resolved.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group and Company to be £1.27 million (2021: £0.9 million), which is 0.5% of the Group's revenue (2021: 3% of normalised profit before tax and separately disclosed items). We believe that revenue is an appropriate materiality basis for 2022 due to its prominence in financial reporting to the Group's equity and debt stakeholders in the context of the Group which has not returned to a normalised level of profit.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2021: 50%) of our planning materiality, namely £0.95m (2021: £0.45m). We have increased our performance materiality from the prior year as this is no longer a first year audit and based on our experience from the prior year audit.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £64,000 (2021: £45,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

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 this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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

Independent Auditor's Report to the members of Fuller, Smith & Turner P.L.C

Continued

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 Group and 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 or our knowledge obtained during the audit

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 31;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 104;
- 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 104;
- Directors' statement on fair, balanced and understandable set out on page 88;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 35;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 67; and;
- The section describing the work of the audit committee set out on page 66.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 88, 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 and 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are Companies Act 2006, Health & Safety and food hygiene laws, Minimum Wage regulations, Money Laundering regulations and the UK Corporate Governance Code 2018.
- We understood how the Company is complying with those frameworks by making inquires of management, those charged with governance, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our inquires through inspection of board minutes and correspondence with regulatory authorities and through attendance at Audit Committee meetings.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by making inquiries of management, those charged with governance and various other individuals within the financial reporting function. We corroborated these inquiries by inspecting board minutes, internal audit reports and findings, reports to the Group's internal whistleblowing hotline and by understanding both the Group's bonus scheme structure and the expectations of investors and analysts, to understand areas in which individuals may be incentivised to commit fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making inquiries as described above, inspecting minutes of all significant board and committee meetings, reading correspondence with regulatory authorities, testing manual journal entries with higher risk characteristics and testing unusual or non-standard transactions.

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

Other matters we are required to address

- Following the recommendation from the audit committee, we were appointed by the Company on 27 January 2021 to audit the financial statements for the period ending 26 March 2021 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments is 2 years, covering the years ending 27 March 2021 to 26 March 2022.

- The audit opinion is consistent with the additional report to the audit committee.

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.

Ernst & Young LLP

RACHEL SAVAGE (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF ERNST & YOUNG LLP, STATUTORY AUDITOR
LONDON
08 June 2022

Group Income Statement

for the 52 weeks ended 26 March 2022

	Note	52 weeks ended 26 March 2022 Before separately disclosed items £m	52 weeks ended 26 March 2022 Separately disclosed items £m	52 weeks ended 26 March 2022 Total £m	52 weeks ended 27 March 2021 Before separately disclosed items £m	52 weeks ended 27 March 2021 Separately disclosed items £m	52 weeks ended 27 March 2021 Total £m
Continuing							
Revenue	3	253.8	–	253.8	73.2	–	73.2
Operating costs	4	(235.3)	(2.0)	(237.3)	(113.7)	(14.8)	(128.5)
Other income	3	–	–	–	0.2	–	0.2
Operating profit/(loss)		18.5	(2.0)	16.5	(40.3)	(14.8)	(55.1)
Finance costs	6	(11.3)	–	(11.3)	(8.4)	(0.1)	(8.5)
Profit on disposal of properties	5	–	6.3	6.3	–	5.8	5.8
Profit/(loss) before tax		7.2	4.3	11.5	(48.7)	(9.1)	(57.8)
Tax		(1.2)	(3.2)	(4.4)	8.9	0.7	9.6
Profit/(loss) for the year from continuing operations		6.0	1.1	7.1	(39.8)	(8.4)	(48.2)
Net loss from discontinued operations after tax	19	–	–	–	(0.5)	(0.9)	(1.4)
Profit/(loss) for the year		6.0	1.1	7.1	(40.3)	(9.3)	(49.6)
Group							
Earnings/(loss) per share per 40p 'A' and 'C' ordinary share		Pence		Pence	Pence		Pence
Basic	8, 19	9.79		11.59	(73.00)		(89.84)
Diluted	8, 19	9.73		11.51	(73.00)		(89.84)
Earnings/(loss) per share per 4p 'B' ordinary share							
Basic	8, 19	0.98		1.16	(7.30)		(8.98)
Diluted	8, 19	0.97		1.15	(7.30)		(8.98)
Continuing operations							
Earnings/(loss) per share per 40p 'A' and 'C' ordinary share							
Basic	8	9.79		11.59	(72.09)		(87.31)
Diluted	8	9.73		11.51	(72.09)		(87.31)
Earnings/(loss) per share per 4p 'B' ordinary share							
Basic	8	0.98		1.16	(7.21)		(8.73)
Diluted	8	0.97		1.15	(7.21)		(8.73)

Group Statement of Comprehensive Income

for the 52 weeks ended 26 March 2022

	Note	52 weeks ended 26 March 2022 £m	52 weeks ended 27 March 2021 £m
Profit/(loss) for the year		**7.1**	(49.6)
Items that may be reclassified to profit or loss in subsequent years (net of tax)			
Net gains on valuation of financial assets and liabilities	26	**0.5**	0.5
Tax related to items that may be reclassified to profit or loss	7	**(0.1)**	(0.1)
Items that will not be reclassified to profit or loss in subsequent years (net of tax)			
Net actuarial gains/(losses) on pension schemes	23	**15.5**	(1.0)
Tax related to items that will not be reclassified to profit or loss	7	**(3.8)**	0.2
Other comprehensive gains/(losses) for the year, net of tax		**12.1**	(0.4)
Total comprehensive income/(expenses) for the year, net of tax		**19.2**	(50.0)

Group Balance Sheet

26 March 2022

	Note	Group 2022 £m	Group 2021 £m
Non-current assets			
Intangible assets	10	**29.5**	27.3
Property, plant and equipment	11	**592.7**	590.2
Investment properties	12	**1.6**	3.1
Retirement benefit obligations	23	**16.2**	–
Right-of-use assets	16	**73.8**	81.9
Total non-current assets		**713.8**	702.5
Current assets			
Inventories	17	**3.6**	2.1
Trade and other receivables	18	**10.7**	11.5
Current tax receivable		**0.6**	4.0
Cash and short-term deposits	22	**15.6**	17.1
Total current assets		**30.5**	34.7
Assets classified as held for sale	20	**5.4**	9.6
Total assets		**749.7**	746.8
Current liabilities			
Trade and other payables	21	**(57.1)**	(28.7)
Provisions	25	**(0.5)**	(4.0)
Borrowings	22	**(120.0)**	(207.7)
Lease liabilities	16	**(6.8)**	(6.7)
Other financial liabilities	14	**(0.1)**	–
Total current liabilities		**(184.5)**	(247.1)
Non-current liabilities			
Borrowings	22	**(27.5)**	(27.5)
Lease liabilities	16	**(73.9)**	(83.2)
Other financial liabilities	14	**–**	(0.7)
Retirement benefit obligations	23	**(1.9)**	(3.5)
Deferred tax liabilities	7	**(12.7)**	(5.3)
Total non-current liabilities		**(116.0)**	(120.2)
Net assets		**449.2**	379.5
Capital and reserves			
Share capital	27	**25.4**	22.8
Share premium account	27	**53.2**	4.2
Capital redemption reserve	27	**3.7**	3.7
Own shares	27	**(16.6)**	(17.0)
Hedging reserve	27	**(0.1)**	(0.5)
Retained earnings		**383.6**	366.3
Total equity		**449.2**	379.5

Approved by the Board and signed on 8 June 2022.

M J TURNER, FCA
CHAIRMAN
Registered Number: 241882

Company Balance Sheet

26 March 2022

	Note	Company 2022 £m	Company 2021 £m
Non-current assets			
Intangible assets	10	**6.2**	4.0
Property, plant and equipment	11	**592.7**	590.2
Investment properties	12	**1.6**	3.1
Retirement benefit obligations	23	**16.2**	–
Right-of-use assets	16	**73.3**	81.4
Investments in subsidiaries	15	**109.1**	109.3
Total non-current assets		**799.1**	788.0
Current assets			
Inventories	17	**3.6**	2.1
Trade and other receivables	18	**10.7**	11.4
Current tax receivable		**0.6**	3.9
Cash and short-term deposits	22	**15.6**	16.9
Total current assets		**30.5**	34.3
Assets classified as held for sale	20	**5.4**	9.6
Total assets		**835.0**	831.9
Current liabilities			
Trade and other payables	21	**(193.8)**	(161.6)
Provisions	25	**(0.5)**	(4.0)
Borrowings	22	**(120.0)**	(207.7)
Lease liabilities	16	**(6.5)**	(6.5)
Other financial liabilities	14	**(0.1)**	–
Total current liabilities		**(320.9)**	(379.8)
Non-current liabilities			
Borrowings	22	**(27.5)**	(27.5)
Lease liabilities	16	**(72.8)**	(81.8)
Other financial liabilities	14	**–**	(0.7)
Retirement benefit obligations	23	**(1.9)**	(3.5)
Deferred tax liabilities	7	**(12.8)**	(5.4)
Total non-current liabilities		**(115.0)**	(118.9)
Net assets		**399.1**	333.2
Capital and reserves			
Share capital	27	**25.4**	22.8
Share premium account	27	**53.2**	4.2
Capital redemption reserve	27	**3.7**	3.7
Own shares	27	**(16.6)**	(17.0)
Hedging reserve	27	**(0.1)**	(0.5)
Merger reserve		**(1.6)**	(1.6)
Retained earnings		**335.1**	321.6
Total equity		**399.1**	333.2

Profit attributable to ordinary shareholders and included in the financial statements of the Parent Company was £3.3 million (2021: £50.7 million loss).

Approved by the Board and signed on 8 June 2022.

Michael Turner

M J TURNER, FCA
CHAIRMAN
Registered Number: 241882

Group Statement of Changes in Equity

for the 52 weeks ended 26 March 2022

Group	Share capital (note 27) £m	Share premium account (note 27) £m	Capital redemption reserve (note 27) £m	Own shares (note 27) £m	Hedging reserve £m	Retained earnings £m	Total £m
At 28 March 2020	22.8	4.2	3.7	(17.1)	(0.9)	417.1	429.8
Loss for the year	–	–	–	–	–	(49.6)	(49.6)
Other comprehensive income/(expense) for the year	–	–	–	–	0.4	(0.8)	(0.4)
Total comprehensive income/(loss) for the year	–	–	–	–	0.4	(50.4)	(50.0)
Shares released from ESOT and treasury	–	–	–	0.1	–	(0.1)	–
Share-based payment credits	–	–	–	–	–	(0.3)	(0.3)
At 27 March 2021	**22.8**	**4.2**	**3.7**	**(17.0)**	**(0.5)**	**366.3**	**379.5**
Profit for the year	–	–	–	–	–	7.1	7.1
Other comprehensive income for the year	–	–	–	–	0.4	11.7	12.1
Total comprehensive income for the year	–	–	–	–	0.4	18.8	19.2
Issue of share capital (note 27)	2.6	49.0	–	0.2	–	–	51.8
Shares released from ESOT and treasury	–	–	–	0.2	–	–	0.2
Dividends (note 9)	–	–	–	–	–	(2.4)	(2.4)
Share-based payment charges	–	–	–	–	–	0.8	0.8
Tax credited directly to equity	–	–	–	–	–	0.1	0.1
At 26 March 2022	**25.4**	**53.2**	**3.7**	**(16.6)**	**(0.1)**	**383.6**	**449.2**

Company Statement of Changes in Equity

for the 52 weeks ended 26 March 2022

Company	Share capital (note 27) £m	Share premium account (note 27) £m	Capital redemption reserve (note 27) £m	Own shares (note 27) £m	Hedging reserve £m	Merger reserve £m	Retained earnings £m	Total £m
At 28 March 2020	22.8	4.2	3.7	(17.1)	(0.9)	–	373.5	386.2
Loss for the year	–	–	–	–	–	–	(50.7)	(50.7)
Other comprehensive income/(expense) for the year	–	–	–	–	0.4	–	(0.8)	(0.4)
Total comprehensive income/(loss) for the year	–	–	–	–	0.4	–	(51.5)	(51.1)
Shares released from ESOT and treasury	–	–	–	0.1	–	–	(0.1)	–
Hive up of Bel & The Dragon	–	–	–	–	–	(1.6)	–	(1.6)
Share-based payment credits	–	–	–	–	–	–	(0.3)	(0.3)
At 27 March 2021	**22.8**	**4.2**	**3.7**	**(17.0)**	**(0.5)**	**(1.6)**	**321.6**	**333.2**
Profit for the year	–	–	–	–	–	–	3.3	3.3
Other comprehensive income for the year	–	–	–	–	0.4	–	11.7	12.1
Total comprehensive income for the year	–	–	–	–	0.4	–	15.0	15.4
Issue of share capital (note 27)	2.6	49.0	–	0.2	–	–	–	51.8
Shares released from ESOT and treasury	–	–	–	0.2	–	–	–	0.2
Dividends (note 9)	–	–	–	–	–	–	(2.4)	(2.4)
Share-based payment charges	–	–	–	–	–	–	0.8	0.8
Tax credited directly to equity	–	–	–	–	–	–	0.1	0.1
At 26 March 2022	**25.4**	**53.2**	**3.7**	**(16.6)**	**(0.1)**	**(1.6)**	**335.1**	**399.1**

Group Cash Flow Statement

for the 52 weeks ended 26 March 2022

	Note	Group 52 weeks ended 26 March 2022 £m	Group 52 weeks ended 27 March 2021 £m
Profit/(loss) before tax for continuing operations		**11.5**	(57.8)
Net finance costs before separately disclosed items	6	**11.3**	8.4
Separately disclosed items	5	**(4.3)**	9.1
Depreciation and amortisation	4	**25.8**	27.2
		44.3	(13.1)
Difference between pension charge and cash paid	23	**(2.3)**	(2.3)
Share-based payment charges/(credit)	4	**0.8**	(0.3)
Change in trade and other receivables		**0.5**	(0.4)
Change in inventories		**(1.5)**	1.7
Change in trade and other payables		**28.8**	(6.4)
Cash impact of operating separately disclosed items	5	**(1.9)**	(1.5)
Cash generated from/(absorbed by) operations		**68.7**	(22.3)
Tax received		**2.5**	3.4
Cash generated from/(absorbed by) operating activities – continuing operations		**71.2**	(18.9)
Cash absorbed by operating activities – discontinued operations	19	**–**	(0.4)
Net cash generated from/(absorbed by) operating activities		**71.2**	(19.3)
Cash flow from investing activities			
Purchase of property, plant and equipment and intangibles		**(25.8)**	(16.5)
Sale of property, plant and equipment, right-of-use assets and assets held for sale		**10.0**	10.8
Cash absorbed by investing activities – continuing operations		**(15.8)**	(5.7)
Cash generated from investing activities – discontinued operations	19	**–**	0.3
Net cash (outflow) from investing activities		**(15.8)**	(5.4)
Cash flow from financing activities			
Receipts on release of own shares to option schemes	27	**0.1**	–
Interest paid		**(7.2)**	(4.5)
Preference dividends paid	9	**(0.1)**	(0.1)
Equity dividends paid	9	**(2.4)**	–
Net proceeds from equity placing		**51.8**	–
(Repayment)/drawdown of CCFF	22	**(100.0)**	99.4
Drawdown/(repayment) of bank loans	22	**12.6**	(64.0)
Surrender of leases		**(1.9)**	–
Principal and interest elements of lease payments	16	**(8.6)**	(9.2)
Payment of loan arrangement fees	22	**(1.2)**	–
Cash (absorbed by)/generated from financing activities – continuing operations		**(56.9)**	21.6
Cash absorbed by financing activities – discontinued operations	19	**–**	(0.1)
Net cash (outflow)/inflow from financing activities		**(56.9)**	21.5
Net movement in cash and cash equivalents		**(1.5)**	(3.2)
Cash and cash equivalents at the start of the year	22	**17.1**	20.3
Total cash and cash equivalents at the end of the year	22	**15.6**	17.1

Company Cash Flow Statement

for the 52 weeks ended 26 March 2022

	Note	Company 52 weeks ended 26 March 2022 £m	Company 52 weeks ended 27 March 2021 £m
Profit/(loss) before tax for continuing operations		**7.6**	(60.3)
Net finance costs before separately disclosed items	6	**14.9**	12.1
Separately disclosed items	5	**(4.2)**	8.5
Depreciation and amortisation	4	**25.7**	26.8
		44.0	(12.9)
Difference between pension charge and cash paid	23	**(2.3)**	(2.3)
Share-based payment charges/(credit)	4	**0.8**	(0.3)
Change in trade and other receivables		**0.5**	7.1
Change in inventories		**(1.5)**	1.7
Change in trade and other payables		**29.0**	(14.7)
Cash impact of operating separately disclosed items	5	**(1.9)**	(1.5)
Cash generated from/(absorbed by) operations		**68.6**	(22.9)
Tax received		**2.5**	3.6
Net cash generated from/(absorbed by) operating activities		**71.1**	(19.3)
Cash flow from investing activities			
Business combinations		**–**	0.2
Purchase of property, plant and equipment and intangibles		**(25.8)**	(16.5)
Sale of property, plant and equipment, right-of-use assets and assets held for sale		**10.0**	10.8
Cash absorbed by investing activities – continuing operations		**(15.8)**	(5.5)
Cash generated from investing activities – discontinued operations		**–**	0.6
Net cash (outflow) from investing activities		**(15.8)**	(4.9)
Cash flow from financing activities			
Receipts on release of own shares to option schemes	27	**0.1**	–
Interest paid		**(7.2)**	(4.5)
Preference dividends paid	9	**(0.1)**	(0.1)
Equity dividends paid	9	**(2.4)**	–
Net proceeds of equity placing		**51.8**	–
(Repayment)/drawdown of CCFF	22	**(100.0)**	99.4
Drawdown/(repayment) of bank loans	22	**12.6**	(64.0)
Surrender of leases		**(1.9)**	–
Principal and interest elements of lease payments	16	**(8.3)**	(8.9)
Cost of refinancing	22	**(1.2)**	–
Net cash (outflow)/inflow from financing activities		**(56.6)**	21.9
Net movement in cash and cash equivalents		**(1.3)**	(2.3)
Cash and cash equivalents at the start of the year	22	**16.9**	19.2
Total cash and cash equivalents at the end of the year	22	**15.6**	16.9

Notes to the Financial Statements

1. Authorisation of Financial Statements and Accounting Policies

Authorisation of Financial Statements

The financial statements of Fuller, Smith & Turner P.L.C. and its subsidiaries (the "Group") for the 52 weeks ended 26 March 2022 were authorised for issue by the Board of Directors on 8 June 2022 and the Balance Sheet was signed on the Board's behalf by M J Turner. Fuller, Smith & Turner P.L.C. is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary 'A' shares are traded on the London Stock Exchange.

Significant Accounting Policies

Basis of preparation

The Group's and Company's financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and in accordance with UK adopted International Financial Reporting Standards, and applied to the financial statements of the Group and the Company for the 52 weeks ended 26 March 2022. The principal accounting policies adopted by the Group and by the Company are set out in the accounting policies below.

The Group and Company financial statements are presented in Sterling and all values are shown in millions of pounds (£m) rounded to the nearest hundred thousand, except where otherwise indicated.

As permitted by Section 408 of the Companies Act 2006, a separate Income Statement for the Parent Company has not been prepared.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 53. The financial position of the Company, its cash flows, net debt and borrowing facilities and the maturity of those facilities are set out above on pages 139 to 144.

In addition, there are further details in the financial statements on the Group's financial risk management, objectives and policies in note 26.

At 26 March 2022, the Group had a strong Balance Sheet with 92% of the estate being freehold properties and available headroom on facilities of £72.0 million, £15.6 million of cash and resulting pre IFRS 16 net debt of £131.9 million. At year end, the Group had existing facilities of £192 million.

The Group completed an equity placing on 20 April 2021 which raised net proceeds of £51.8 million. The proceeds of the equity placing, along with the Group's existing facilities, were used to repay the CCFF on 12 May 2021. At the same time as the equity placing, the Group also agreed an Amend and Extend Refinancing of its existing debt facilities with its relationship banks, extending the maturity of the £192 million facilities to 19 February 2023 and amending the financial covenants to a minimum liquidity level of £10 million to be tested monthly until 31 March 2022.

Since year end, the Group has secured a new facility of £200 million, split between a revolving credit facility of £110 million and a term loan of £90 million, for a tenure of four years to May 2026. Under the new agreement, the minimum liquidity covenant of £10 million tested monthly remains until November 2022. From December 2022 (and tested quarterly thereafter) the covenant suite will consist of net debt to EBITDA (leverage) and EBITDA to net finance charges. See further details in note 26.

The Group has modelled financial projections for the going concern period, which is defined as the 12-month period from the date of approval of these financial statements to June 2023, based upon two scenarios, the base case and the downside scenario. The base case scenario indicates that it will have significant resources, to continue to settle its debts as they fall due and operate well within its covenants for the going concern assessment period. The base case is the Board approved FY2023 budget as well as the Q1 FY2024 plan which forms part of the Board approved three-year plan. The base case assumes that there will still be some impact felt, particularly in urban areas, from the pandemic and costs will be impacted by the level of inflation currently seen and the increase in the national minimum wage.

The Group has also modelled a downside scenario whereby sales drop by c.7% from that assumed in the base case and inflation continues at an even higher rate than in the base case, specifically utilities (10% increase from base case) and food inflation (peaking at 3% higher peak compared to the base case). Under this scenario, the Group will still have sufficient resources and headroom on its covenants throughout the assessment period.

The Group has also performed a reverse stress case which has shown that the Group could withstand a further 5% fall in sales, a further 5% increase in food inflation and another 10% increase in utilities during October – February 2023 compared to the downside scenario, before the covenant levels would be exceeded on 31 December 2022. The model assumes increased costs for this period as October 2022 is when the energy price cap is expected to increase again and it is assumed this will have an impact on consumers and hence sales volumes. The stress test represents a 39% decline in EBITDA and therefore the Directors believe the scenario to be remote.

Under both the base case and downside scenarios modelled, the Group would have sufficient headroom on its facilities throughout the going concern assessment period. Additionally, neither the downside scenerio or the reverse stress test include any mitigating factors which the Group have in their control, to either improve EBITDA or reduce net debt, such as disposals of licensed and unlicensed properties, reduction in capex spend to only essential maintenance and decision not to pay dividends and bonuses.

The Directors have also determined that, over the period of the going concern assessment, there is not expected to be a significant impact on the Group because of climate change.

At the half year two material uncertainties were reported: (1) the refinance of the debt was not formalised which presented a material uncertainty; and (2) that under a severe but not implausible scenario of further government imposed closures, the Group's forecast showed it would be able to withstand two months of closure before it would forecast a breach of its leverage covenant at June 2022. The matters that gave rise to the above uncertainties have been resolved either in the year or post year end. On this basis, along with the facts and circumstances set out above, the Directors are satisfied that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the going concern assessment period, being the 12 months from the date of signing these financial statements through to June 2023.

Significant accounting judgements, estimates and assumptions
The areas of estimation and assumption which are considered to be significant in the preparation of the financial statements are as follows:

The Group determines whether goodwill is impaired on an annual basis and this requires an estimation of the value in use of the cash-generating units ("CGUs") to which the goodwill is allocated. This involves estimation of future cash flows and choosing a suitable discount rate. Full details are supplied in note 13, together with an analysis of those key assumptions.

The Group reviews impairment of all property, plant and equipment and right-of-use assets at CGU level where there is any indication of impairment. This requires an estimation of the value in use and involves estimation of future cash flows and choosing a suitable discount rate. See note 13, which describes the assumptions used together with an analysis of the key assumptions.

Measurement of defined benefit pension obligations requires estimation of future changes in inflation, as well as mortality rates, the expected return on assets and the selection of a suitable discount rate. These have been determined on advice from the Group's qualified actuary. The estimates used and the key assumptions are provided in note 23.

The areas of judgement which are considered to be significant in the preparation of the financial statements are as follows:

Judgement is used to determine those items that should be separately disclosed to allow a better understanding of the underlying trading performance of the Group. The judgement includes assessment of whether an item is of a nature that is not consistent with normal trading activities or of sufficient size or infrequency. See note 5 for further details.

The Group has exercised significant accounting estimation and judgement in the recognition of deferred tax liabilities in respect of property, plant and equipment. Significant accounting estimates and judgements include those used to determine the amount of net book value of property, plant and equipment to which the initial recognition exemption applies, the calculation of the tax base on sale (which is subject to certain restrictions under tax law) and the offsetting of inherent losses against inherent gains where tax losses are expected to be utilised against future profits and gains.

Basis of consolidation
The Group financial statements consolidate the financial statements of Fuller, Smith & Turner P.L.C. and the entities it controls (its subsidiaries) drawn up for the 52 weeks ended 26 March 2022 (2021: 52 weeks ended 27 March 2021). Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to direct the relevant activities of the subsidiary which significantly affect the return of the subsidiary, so as to obtain benefit from its activities, and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. All intercompany balances and transactions, including unrealised profits arising from them, are eliminated.

Adoption of new standards and interpretations
The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 28 March 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Covid-19 Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16 – The amendment applies to annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted. The Group has elected to not take the practical expedient and instead has treated rent concessions received as lease modifications.

The Directors do not believe the adoption of new standards has had any significant impact on the amounts reported in the financial statements.

Business combinations and goodwill
Business combinations are accounted for under IFRS 3 Business Combinations using the purchase method. Any excess of the consideration of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the Balance Sheet as goodwill and is not amortised. To the extent that the net fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised immediately in the Income Statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Notes to the Financial Statements

Continued

1. Authorisation of Financial Statements and Accounting Policies continued

After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment, at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired. Any impairment of goodwill made cannot be reversed if circumstances subsequently change.

For the purpose of impairment testing, goodwill is allocated to the related CGUs (or group of CGUs) monitored by management. Where the recoverable amount of the CGU is less than its carrying amount, including goodwill, an impairment loss is recognised in the Income Statement.

The carrying amount of goodwill allocated to a CGU is taken into account when determining the gain or loss on disposal of the CGU, or of an operation within it.

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis to write down the cost to the estimated residual value over the expected useful life of the asset as follows:

Freehold buildings – Hotel accommodation and offices	Up to 50 years
Freehold buildings – Licensed retail property and unlicensed property	From 50 to 100 years
Leasehold improvements	The term of the lease
Roofs	From 10 to 50 years
Plant, machinery and vehicles, fixtures and fittings	From three years up to 25 years

As required under IAS 16 Property, Plant and Equipment, expected useful lives and residual values are reviewed every year. Land is not depreciated. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement when the asset is derecognised.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Coronavirus Job Retention Scheme (“CJRS”)

Under this scheme, HMRC will reimburse up to 80% of the wages of certain employees who have been asked to stop working, but who are being kept on the payroll (“furloughed”). The scheme is designed to compensate for staff costs, so amounts received are recognised in the Income Statement over the same period as the costs to which they relate. In the Income Statement, payroll costs are shown net of grant income.

Eat Out to Help Out

From 3 to 31 August 2020, HMRC offered a 50% discount of food and non-alcoholic drinks, capped to £10 per person, when dining out between Monday and Wednesday. Revenue in the prior year includes amounts reimbursed from HMRC in respect of the scheme.

Business rates

Businesses in the retail, hospitality and leisure sectors in England did not have to pay business rates for the 2020 to 2021 tax year. No business rate charge has therefore been recognised in the Income Statement for the period ended 27 March 2021. Income relating to the business rate grants has been recognised in operating expenses in the Income Statement.

Covid Corporate Financing Facility (“CCFF”)

Commercial Paper issued to the Bank of England at a favourable yield is deemed to constitute a government grant. In the prior year, the debt was recognised within current borrowings on the Balance Sheet at fair value, with the grant element, reflecting the favourable yield, recognised as deferred income within trade and other payables. On amortisation, the grant element has been recognised within finance costs, consistent with where the cost is recognised, as the Group’s policy is to present the income as a deduction from the related expense.

Hive-up transaction

When a subsidiary transfers its business to its parent immediately after acquisition (hive-up transaction) the assets are transferred at market value and the investment is reduced to reflect the net effect of a return of capital in the form of the underlying net assets with any difference taken to the merger reserve.

Investment property

The Group owns properties that are not used for the sale of goods or services but are held for capital appreciation or rental purposes. These properties are classified as investment properties and their carrying values are based on cost less impairment. Depreciation is calculated on a straight-line basis to write down the cost to the estimated residual value over the expected useful life of the asset, which for investment properties is between 50 and 100 years.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use and will be amortised over the period of expected future benefit. Amortisation is recorded in operating costs. During the period of development, the asset is tested for impairment annually.

Cloud Computing Arrangment costs

Cloud computing arrangements are ones in which a customer does not have control of the underlying software and use the software on an as-needed basis. Costs associated with Cloud computing arrangements can be recognised as an intangible asset when the Group can demonstrate ultimate control over the software, with the entity having the power to obtain sole future economic benefits from access to the software and restrict others' access to those benefits. Where the above criteria can not be demonstrated, then the right to access the software over the contract term in the future is a service contract. If the Group determines that a cloud computing arrangement is a service contract, then it recognises the related expenditure when it receives the service.

Impairment

Carrying values are reviewed for impairment if events indicate that the carrying value of the asset may not be recoverable. If such an indicator exists and where the carrying values exceed the estimated recoverable amount, the assets or CGUs are written down to their recoverable amounts. An asset's recoverable amount is the greater of the fair value less costs to sell, and the value in use. In assessing value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the smallest CGUs to which the asset belongs.

The Group bases its impairment calculation on most recent management approved budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of two years. A long-term growth rate is calculated and applied to project future cash flows after the second year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Notes to the Financial Statements

Continued

1. Authorisation of Financial Statements and Accounting Policies continued

Impairment losses, and any reversal of such losses, are recognised in the Income Statement.

Leases

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

Group as a lessee

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

a) Right-of-use assets

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

b) Lease liabilities

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

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

The Group's lease liabilities are included in Cash, Borrowings and Net Debt (see note 22).

c) Short-term leases and leases of low value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the Income Statement due to its operating nature.

Assets held for sale and discontinued operations

Assets are classified as held for sale when the carrying amount will be recovered principally through a sale transaction rather than continuing use. The criteria for held for sale classification are regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

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

In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, results for the discontinued operations are presented separately in the Group's Income Statement (for which the comparatives and related notes have been restated). Additional disclosures are provided in note 20. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the "first in first out" method. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the costs to be incurred in marketing, selling and distribution.

Financial instruments

Initial recognition and derecognition

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

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets

Recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price in accordance with IFRS 15.

There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss. The Group's cash and cash equivalents, trade and other receivables fall into this category.
- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI and will be recycled upon derecognition of the asset.
- Fair value through profit or loss ("FVPL"): Assets that do not meet the criteria for amortised cost or Fair value through OCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the expected credit loss ("ECL") model. Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the future cash flows of the instrument.

When assessing impairment for trade receivables, the Group has applied the simplified approach to expected credit losses as per IFRS 9 Financial Instruments. The model focuses on an appraisal of the risk that a receivable will default rather than whether a loss has been incurred. This involves an unbiased assessment of a range of possible outcomes and their probabilities of occurrence, and is supported by past experience of collecting payments as well as changes in economic conditions that correlate with default on receivables. Expected credit losses are initially determined based on the Group's historical credit loss experience, any forward-looking factors specific to a particular trade receivable and the current economic environment.

The timing of initial recognition for impairment losses is the same period that the asset is recognised. Movements in expected credit losses are recognised in the Income Statement within operating costs. At the point a trade receivable is written off the ledger as uncollectable, the cost is charged against the allowance account and any subsequent recoveries of amounts previously written off are credited to the Income Statement.

In the Parent Company, amounts due from subsidiary undertakings are recognised at their original amount less allowance for impairment based on the ECL model. In determining the model the Company considers the net assets and the resources available to that subsidiary.

Financial liabilities

Recognition and measurement

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, derivative financial instruments and lease liabilities.

1. Authorisation of Financial Statements and Accounting Policies continued
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss which are measured subsequently at fair value with gains or losses recognised in the Income Statement
- Financial liabilities at amortised cost (loans and borrowings) which are measured using the effective interest method.

Bank loans, overdrafts and debentures
Interest bearing bank loans, overdrafts and debentures are initially recorded at the fair value of proceeds received, net of direct issue costs, and thereafter at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an effective interest rate basis in the Income Statement. Finance charges are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting
Recognition and measurement
The Group uses interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below.

The Group has interest rate swaps which are classified as cash flow hedges. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses). Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, but the risk management objective remains the same, the hedge ratio is adjusted so that it meets the qualifying criteria again.

Classification of shares as debt or equity
When shares are issued, any component that creates a financial liability of the Company or Group is presented as a liability in the Balance Sheet; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the Income Statement. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature.

The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' equity, net of transaction costs. The carrying amount of the equity component is not remeasured in subsequent years.

The Group's ordinary shares are classified as equity instruments. For the purposes of the disclosures given in note 26, the Group considers its capital to comprise its ordinary share capital, share premium, capital redemption reserve, hedging reserve and accumulated retained earnings plus its preference shares which are classified as a financial liability in the Balance Sheet. There have been no changes to what the Group considers to be capital since the prior year.

Preference shares

The Group's preference shares are reported under non-current liabilities. The corresponding dividends on preference shares are charged as interest in the Income Statement. Preference share dividends are at fixed rates.

Revenue

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

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to each performance obligation
- Recognise revenue when a performance obligation is satisfied by transferring a promised good or service to a customer.

Managed Pubs and Hotels revenue primarily consists of food, drink and accommodation sales. Food and drink revenue is recognised when control of the goods/services has transferred, being at the point the customer purchases the food or drink. The Group also takes bookings for events and accommodation which require a deposit to secure the booking. A contract liability for the deposit is recognised at the time of the sale. The contract liability is released and revenue is recognised on a straight-line basis over the duration of the room occupation or event. A contract liability is recognised until the event is complete or the guest has occupied the room.

The Group also earns revenue through selling drink to the Tenanted Inns division which is supplied to Fuller's by Asahi under the Long-Term Service Agreement ("LTSA"). Revenue is recognised as though the Group is the principal as it has primary responsibility over the product and also bears the inventory risk.

Following the sale of the Fuller's Beer Business to Asahi Europe Ltd, the Group entered into a TSA to provide certain services to facilitate the successful separation of the two companies. The revenue is recognised over the period the services are provided.

Revenue is recognised under IFRS 16 where the Group receives rental income from Tenanted and unlicensed properties. This is recognised on a straight-line basis over the lease term. Some rental income includes turnover rent which is based on the percentage of the income generated by that pub. This is recognised when the revenue is earned. Revenue is recognised for machine income when net takings are earned.

Borrowing costs

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

Separately disclosed items

The Group presents as separately disclosed items on the face of the Income Statement those material items of income and expense which, because of the nature or expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance. Separately disclosed items are a key element used to demonstrate the underlying performance of the Group and reported as an alternative performance measure within the management commentary for the reporting period.

Share-based payments

The Group has an employee Share Incentive Plan that awards shares to employees based on the reported profits of the Group for the year, and a Long-Term Incentive Plan that awards shares to Directors and Senior Executives subject to specific performance criteria. The Group also issues equity-settled share-based payments to certain employees under approved and unapproved share option schemes and a Savings Related Share Option Scheme.

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions. The Group has no equity-settled transactions that are linked to the price of the shares of the Company (market conditions).

Notes to the Financial Statements

Continued

1. Authorisation of Financial Statements and Accounting Policies continued

No expense is recognised for awards that do not ultimately vest. At each Balance Sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous Balance Sheet date is recognised in the Income Statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the Income Statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the Income Statement.

Own shares

Shares to be awarded under employee incentive plans and those that have been awarded but have yet to vest unconditionally are held at cost by an employee share ownership trust ("ESOT") and shown as a deduction from equity in the Balance Sheet. ESOT is an independently managed trust and not controlled by the Group.

In addition to the purchase of shares by the various ESOTs for specific awards, the Group also from time to time acquires own shares to be held as treasury shares. These shares are occasionally but not exclusively used to satisfy awards under various share option schemes. Treasury shares are held at cost and shown as a deduction from total equity in the Balance Sheet.

Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken to reserves. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Taxation

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

Current tax

The current tax payable is based on taxable profit for the year using UK tax rates enacted or substantively enacted at the Balance Sheet date and any adjustment to tax payable in respect of previous years. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years or are never taxable or deductible.

Deferred tax

Deferred tax is recognised on temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which they can be utilised.

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods when the asset is realised or the liability is settled, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

Current and deferred tax for the year

Current and deferred tax are recognised in the Income Statement except when they relate to items that are recognised in the Statement of Comprehensive Income or in equity, in which case the current and deferred tax are also recognised in the Statement of Comprehensive Income or directly in equity respectively.

Pensions and other post-employment benefits

Defined contribution schemes

Payments to defined contribution retirement benefit schemes are charged to the Income Statement as they fall due.

Defined benefit schemes

The Group operated a defined benefit pension plan for eligible employees where contributions were made into a separate fund administered by Trustees. The Scheme closed to future accrual in January 2015.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method calculated by qualified actuaries. This attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice. Past service cost is recognised as an expense at the earlier of the date when a plan amendment or curtailment occurs and the date when an entity recognises any termination benefits, or related restructuring costs under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss is recognised in the Income Statement during the period in which the settlement or curtailment occurs.

The Group determines the net interest charge/(credit) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net pension liability/(asset) at the beginning of the period. The net interest charge/(credit) is recognised immediately as a separately disclosed finance cost/(income) in the Income Statement. Actuarial gains and losses are recognised in full in the Statement of Comprehensive Income in the period in which they occur.

The defined benefit pension asset or liability in the Balance Sheet comprises the total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the sum of the present value of any amount the Group expects to recover by way of refunds from the plan or reductions in the future contributions.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities are translated at the year end exchange rates and the resulting exchange differences are taken to the Income Statement.

Dividends

Dividends recommended by the Board but unpaid at the year end are not recognised in the financial statements until they are paid (in the case of the interim dividend) or approved by shareholders at the Annual General Meeting (in the case of the final dividend).

The Company's investments in subsidiaries

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

New standards and interpretations issued but not yet applied

The International Accounting Standards Board and International Financial Reporting Interpretations Commitee have issued the following standards and interpretations with an effective date for periods starting on or after the date on which these financial statements start:

- Amendments to IAS 1: Classification of Liabilities as Current and Non-current (effective 1 January 2023)
- Reference to the Conceptual Framework – Amendments to IFRS 3 (effective 1 January 2022)
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 (effective 1 January 2022)
- IFRS 17 Insurance Contracts (effective 1 January 2023)
- Onerous Contract – Costs of Fulfilling a Contract – Amendments to IAS 37 (effective 1 January 2022)
- Definition of Accounting Estimates – Amendments to IAS 8 (effective 1 January 2022)
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (effective 1 January 2022)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (effective 1 January 2022)
- IFRS 9 Financial Instruments – Fees in the "10 per cent" test for derecognition of financial liabilities (effective 1 January 2022).

Other new standards and interpretations in issue but not yet effective are not applicable to the Company and therefore are not expected to have material impact on the Group's financial position and results.

2. Segmental Analysis

Operating Segments

For management purposes, the Group's operating segments are:

- Managed Pubs and Hotels, which comprises managed pubs, managed hotels, Bel & The Dragon and Cotswold Inns & Hotels.
- Tenanted Inns, which comprises pubs operated by third parties under tenancy or lease agreements.

Notes to the Financial Statements

Continued

2. Segmental Analysis continued

The most important measure used to evaluate the performance of the business is adjusted profit, which is the profit before tax, adjusted for separately disclosed items. The operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic operating unit. The Managed Pubs and Hotels operating segments have been aggregated to one reportable segment on the basis they have similar economic characteristics. Economic indicators assessed in determining that the aggregated operating segments share similar characteristics include expected future financial performance, operating and competitive risks, and return on capital. As such, the operating segments meet the aggregation criteria in paragraph 12 IFRS 8 Operating Segments (amended). More details of these segments are given in the Strategic Report on pages 1 to 53 of this report.

As segment assets and liabilities are not regularly provided to the Chief Operating Decision Maker ("CODM"), the Group has elected, as provided under IFRS 8 Operating Segments (amended), not to disclose a measure of segment assets and liabilities.

52 weeks ended 26 March 2022	Managed Pubs and Hotels £m	Tenanted Inns £m	Unallocated[1] £m	Total continuing operations £m
Revenue				
Sale of goods and services	205.1	17.9	–	223.0
Accommodation income	21.9	–	–	21.9
Total revenue from contracts with customers	227.0	17.9	–	244.9
Rental income	1.8	7.1	–	8.9
Revenue	228.8	25.0	–	253.8
Segment result	24.7	11.1	(17.3)	18.5
Operating separately disclosed items				(2.0)
Operating profit				16.5
Profit on disposal of properties				6.3
Net finance costs				(11.3)
Profit before tax				11.5
Other segment information				
Additions to property, plant and equipment and intangible assets	20.2	2.3	2.6	25.1
Depreciation and amortisation	23.3	1.8	0.7	25.8
Impairment of property	3.0	0.3	–	3.3

52 weeks ended 27 March 2021	Managed Pubs and Hotels £m	Tenanted Inns £m	Unallocated[1] £m	Total continuing operations £m
Revenue				
Sale of goods and services	56.6	6.9	–	63.5
Accommodation income	5.9	–	–	5.9
Total revenue from contracts with customers	62.5	6.9	–	69.4
Rental income	1.5	2.3	–	3.8
Revenue	64.0	9.2	–	73.2
Other income	–	–	0.2	0.2
Segment result	(26.1)	1.2	(15.4)	(40.3)
Operating separately disclosed items				(14.8)
Operating loss				(55.1)
Profit on disposal of properties				5.8
Net finance costs				(8.5)
Loss before tax				(57.8)
Other segment information				
Additions to property, plant and equipment and intangible assets	12.6	0.7	1.1	14.4
Depreciation and amortisation	24.7	1.8	0.7	27.2
Impairment of property, right-of-use assets, assets held for sale and goodwill	11.3	1.6	–	12.9

1 Unallocated expenses represent primarily the salaries and costs of central management. Unallocated revenue represents Transitional Services Agreement ("TSA") income while unallocated capital expenditure relates to additions to the head office and additions to IT development costs.

3. Revenue

Geographical Information

All of the Group's business is within the UK and therefore the Group only has one distinct geographical market.

	52 weeks ended 26 March 2022 £m	52 weeks ended 27 March 2021 £m
Revenue disclosed in the Income Statement is analysed as follows:		
Sale of goods and services[1]	**223.0**	63.5
Accommodation income	**21.9**	5.9
Total revenue from contracts with customers	**244.9**	69.4
Rental income	**8.9**	3.8
Revenue	**253.8**	73.2
Other income[2]	**–**	0.2
Revenue and other income	**253.8**	73.4

1 Revenue in the prior year includes £2.0 million received from the Government under the Eat Out to Help Out scheme.
2 Following the sale of the Fuller's Beer Business to Asahi Europe Ltd, the Group entered into a TSA to provide certain services to facilitate the successful separation of the two companies. This included finance, IT and payroll services. The TSA was completed during the prior financial year on 27 April 2020.

4. Operating Costs

	52 weeks ended 26 March 2022 £m	52 weeks ended 27 March 2021 £m
Production costs and cost of goods used in retailing	**57.9**	19.1
Staff costs	**96.2**	40.8
Repairs and maintenance	**8.5**	8.6
Depreciation of property, plant and equipment and amortisation of intangible assets	**18.1**	18.6
Depreciation of right-of-use assets	**7.7**	8.6
Rental expense relating to short-term and low value leases	**0.4**	0.2
Variable lease payments[1]	**1.4**	0.9
Property costs	**14.4**	3.5
Utilities	**12.1**	4.8
Separately disclosed items (note 5)	**2.0**	14.8
Grant income[2]	**(5.4)**	(4.7)
Other operating costs	**24.0**	13.3
	237.3	128.5

1 Variable lease payments are dependent on turnover levels.
2 Grant income is amounts received from the Government to support businesses throughout the pandemic that were eligible depending on their rateable value.

Details of income and direct expenses relating to rental income from investment properties are shown in note 12.

a) Auditors' Remuneration

	52 weeks ended 26 March 2022 £m	52 weeks ended 27 March 2021 £m
Fees payable to Company's auditors:		
– Statutory audit fees of Group financial statements	**0.4**	0.4
	0.4	0.4

Other audit related services of £5,000 (2021: £1,650) for covenant reporting and £35,000 (2021: £nil) for interim review were also incurred in the period.

Notes to the Financial Statements

Continued

4. Operating Costs continued

b) Employee Benefit Expenses[1]

	£m	£m
Wages and salaries[2,3]	**84.8**	31.6
Social security costs	**7.0**	5.8
Pension benefits	**1.9**	1.7
Other staff costs	**2.5**	1.7
	96.2	40.8

1 Includes Executive Directors.
2 Includes share-based expense of £0.8 million (2021: credit £0.3 million).
3 Staff costs are stated net of £4.3 million (2021: £41.2 million) claimed from the Government through the CJRS.

c) Average Number of Employees[1]

The average monthly number of persons employed by the Group (including part-time staff) was as follows:

Continuing operations	**Number**	Number
Pub, hotel and restaurant teams	**4,118**	4,046
Support office[2]	**122**	103
	4,240	4,149

1 Includes Executive Directors.
2 Support office includes Finance, People Team, IT and other central functions.

d) Directors' Emoluments

Full details are provided in the Directors' Remuneration Report and tables on pages 70 to 84.

5. Separately Disclosed Items

The Group presents separately disclosed items on the face of the Income Statement for those material items of income and expense which, because of the nature or expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year.

	52 weeks ended 26 March 2022 £m	52 weeks ended 27 March 2021 £m
Amounts included in operating profit/(loss):		
Reorganisation costs	**(0.8)**	(1.9)
Impairment of intangible assets, properties and right-of-use assets	**(3.3)**	(12.9)
Release of provision on final settlement of the Beer Business	**2.1**	–
Total separately disclosed items included in operating profit/(loss)	**(2.0)**	(14.8)
Profit on disposal of properties	**6.3**	5.8
Separately disclosed finance costs:		
Finance charge on net pension liabilities	**–**	(0.1)
Total separately disclosed finance costs	**–**	(0.1)
Total separately disclosed items before tax	**4.3**	(9.1)
Exceptional tax:		
Profit on disposal of properties	**(1.3)**	(0.2)
Change in tax rate	**(3.3)**	–
Other items	**1.4**	0.9
Total separately disclosed tax	**(3.2)**	0.7
Total separately disclosed items	**1.1**	(8.4)

The reorganisation costs of £0.8 million during the 52 weeks ended 26 March 2022 (2021: £1.9 million) were largely incurred as a result of a corporate reorganisation of the Group, costs associated with the loan refinancing and license costs associated with the implementation of a new finance system.

The £2.1 million credit is the release of the provision, net of the final settlement amount on the sale of the Fuller's Beer Business.

The property impairment charge of £3.3 million during the 52 weeks ended 26 March 2022 (2021: £12.9 million) relates to the write down of six licensed properties (2021: 37 licensed properties) to their recoverable value.

The profit on disposal of properties of £6.3 million during the 52 weeks ended 26 March 2022 (2021: £5.8 million) relates to the disposal of 12 predominately unlicensed properties (2021: seven properties).

The 2021 Budget in March last year announced an increase in the UK corporation tax rate to 25% with effect from 1 April 2023. This was substantively enacted on 24 May 2021. The UK corporation tax rate increase has resulted in an increase to the deferred tax liability of £3.3 million. This has been recognised within separately disclosed items in the tax charge for the period as it is unrelated to underlying trading and is one-off in nature.

The cash impact of operating separately disclosed items before tax for the 52 weeks ended 26 March 2022 was £1.9 million cash outflow (2021: £1.5 million cash outflow).

6. Finance Costs

	52 weeks ended 26 March 2022 £m	52 weeks ended 27 March 2021 £m
Finance costs		
Interest expense arising on:		
Financial liabilities at amortised cost – loans and debentures[1]	(8.1)	(5.3)
Financial liabilities at amortised cost – preference shares	(0.1)	(0.1)
Financial liabilities at amortised cost – lease liabilities	(3.1)	(3.0)
Total finance costs before separately disclosed items	**(11.3)**	(8.4)
Finance charge on net pension liabilities (note 5)	–	(0.1)
Total finance costs after separately disclosed items	**(11.3)**	(8.5)

1 In the prior year, interest expense on loans and debentures is shown net of £0.6 million of grant income recognised in relation to the CCFF.

7. Taxation

Tax on Profit/(Loss) on Ordinary Activities

Group	52 weeks ended 26 March 2022 £m	52 weeks ended 27 March 2021 £m
Tax charged/(credited) in the Income Statement		
Current income tax:		
Current tax on profit/(loss) for the year	0.2	(1.0)
Adjustments for current tax on prior periods	0.6	(0.5)
Total current income tax expense/(credit)	**0.8**	(1.5)
Deferred income tax:		
Origination and reversal of temporary differences	2.2	(8.1)
Change in corporation tax rate	3.3	–
Adjustments for deferred tax on prior periods	(1.9)	–
Total deferred tax expense/(benefit)	**3.6**	(8.1)
Total tax charged/(credited) in the Income Statement	**4.4**	(9.6)
Analysed as:		
Before separately disclosed items	1.2	(8.9)
Separately disclosed items	3.2	(0.7)
	4.4	(9.6)

Notes to the Financial Statements

Continued

7. Taxation continued

Reconciliation of the Total Tax Charge/(Credit)

The tax expense in the Income Statement for the year is higher (2021: tax credit is lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are reconciled below:

	52 weeks ended 26 March 2022 £m	52 weeks ended 27 March 2021 £m
Profit/(loss) from continuing operations before income tax expense/(credit)	**11.5**	(57.8)
Accounting profit/(loss) multiplied by the UK standard rate of corporation tax of 19% (2021: 19%)	**2.2**	(11.0)
Items not (taxable)/deductible for tax purposes	**(0.3)**	0.5
Current and deferred tax (over) provided in previous years	**(1.3)**	(0.5)
Net movements in respect of property	**0.5**	1.4
Change in corporation tax rate	**3.3**	–
Total tax charged/(credited) in the Income Statement	**4.4**	(9.6)
Deferred tax relating to items charged/(credited) to the Income Statement		
Deferred tax depreciation	**(0.8)**	(0.6)
Unrealised capital gains (on PP&E)	**5.2**	(0.4)
Retirement benefit obligations	**1.6**	1.6
Tax losses	**(2.8)**	(7.4)
Other	**(0.7)**	(0.1)
Corporate interest restriction	**1.1**	(1.2)
Deferred tax in the Income Statement	**3.6**	(8.1)
Tax relating to items charged/(credited) to the Statement of Comprehensive Income		
Deferred tax:		
Valuation gains on financial liabilities	**0.1**	0.1
Net actuarial gains/(losses) on pension scheme	**3.8**	(0.2)
Total tax charged/(credited) in the Statement of Comprehensive Income	**3.9**	(0.1)
Tax relating to items credited directly to equity		
Deferred tax:		
Share-based payments	**(0.1)**	–
Total tax credited to equity	**(0.1)**	–

Deferred Tax Provision
The deferred tax included in the Balance Sheet is as follows:

Deferred tax

	Deferred tax asset/(liability)								
Group	Retirement benefit obligations £m	Tax losses carried forward £m	Employee share schemes £m	Financial (liabilities)/ assets £m	Decelerated tax depreciation £m	Unrealised capital gains (on PP&E) £m	Pension spreading £m	Other[1] £m	Total £m
Balances at 28 March 2020	0.9	0.6	0.1	0.2	4.0	(23.1)	3.5	0.7	(13.1)
(Charge)/credit to Income Statement	(0.4)	7.4	–	–	0.6	0.4	(1.2)	1.3	8.1
Credit/(charge) to other comprehensive income	0.2	–	–	(0.1)	–	–	–	–	0.1
Charge taken directly to equity	–	–	–	–	–	–	–	–	–
Disposals	–	(0.2)	–	–	(0.5)	0.4	–	(0.1)	(0.4)
Balances at 27 March 2021	0.7	7.8	0.1	0.1	4.1	(22.3)	2.3	1.9	(5.3)
(Charge)/credit to Income Statement	(0.4)	2.8	0.1	–	0.8	(5.2)	(1.2)	(0.5)	(3.6)
(Charge) to other comprehensive income	(3.8)	–	–	(0.1)	–	–	–	–	(3.9)
Credit taken directly to equity	–	–	0.1	–	–	–	–	–	0.1
Recategorisation	–	–	–	–	–	0.4	–	(0.4)	–
Balances at 26 March 2022	**(3.5)**	**10.6**	**0.3**	**–**	**4.9**	**(27.1)**	**1.1**	**1.0**	**(12.7)**

1 The closing balance includes £0.1 million relating to the corporate interest restriction.

	2022 £m	2021 £m
Deferred tax assets	**18.5**	17.0
Deferred tax liabilities	**(31.2)**	(22.3)
	(12.7)	(5.3)

	Deferred tax asset/(liability)								
Company	Retirement benefit obligations £m	Tax losses carried forward £m	Employee share schemes £m	Financial (liabilities)/ assets £m	Decelerated tax depreciation £m	Unrealised capital gains (on PP&E) £m	Pension spreading £m	Other[1] £m	Total £m
Balances at 28 March 2020	0.9	0.3	0.1	0.2	3.9	(20.3)	3.5	0.6	(10.8)
(Charge)/credit to Income Statement	(0.4)	7.4	–	–	0.6	0.4	(1.2)	1.3	8.1
Credit/(charge) to other comprehensive income	0.2	–	–	(0.1)	–	–	–	–	0.1
(Charge) taken directly to equity	–	–	–	–	–	–	–	–	–
Acquisitions	–	–	–	–	(0.4)	(2.4)	–	–	(2.8)
Balances at 27 March 2021	0.7	7.7	0.1	0.1	4.1	(22.3)	2.3	1.9	(5.4)
(Charge)/credit to Income Statement	(0.4)	2.8	0.1	–	0.8	(5.2)	(1.2)	(0.5)	(3.6)
Credit/(charge) to other comprehensive income	(3.8)	–		(0.1)	–	–	–	–	(3.9)
(Charge) taken directly to equity	–	–	0.1	–	–	–	–	–	0.1
Recategorisation	–	–	–	–	–	0.4	–	(0.4)	–
Balances at 26 March 2022	**(3.5)**	**10.5**	**0.3**	**–**	**4.9**	**(27.1)**	**1.1**	**1.0**	**(12.8)**

1 The closing balance includes £0.1 million relating to the corporate interest restriction.

	2022 £m	2021 £m
Deferred tax assets	**18.4**	16.9
Deferred tax liabilities	**(31.2)**	(22.3)
	(12.8)	(5.4)

Notes to the Financial Statements

Continued

8. Earnings/(Loss) Per Share

Group	52 weeks ended 26 March 2022 £m	52 weeks ended 27 March 2021 £m
Profit/(loss) attributable to equity shareholders	7.1	(49.6)
Separately disclosed items net of tax	(1.1)	9.3
Adjusted earnings/(loss) attributable to equity shareholders	6.0	(40.3)

Weighted average share capital	61,264,000	55,207,000
Dilutive outstanding options and share awards	413,000	139,000
Diluted weighted average share capital	61,677,000	55,346,000

40p 'A' and 'C' ordinary share	Pence	Pence
Basic earnings/(loss) per share	11.59	(89.84)
Diluted earnings/(loss) per share	11.51	(89.84)
Adjusted earnings/(loss) per share	9.79	(73.00)
Diluted adjusted earnings/(loss) per share	9.73	(73.00)

4p 'B' ordinary share	Pence	Pence
Basic earnings/(loss) per share	1.16	(8.98)
Diluted earnings/(loss) per share	1.15	(8.98)
Adjusted earnings/(loss) per share	0.98	(7.30)
Diluted adjusted earnings/(loss) per share	0.97	(7.30)

Continuing operations	52 weeks ended 26 March 2022 £m	52 weeks ended 27 March 2021 £m
Profit/(loss) attributable to equity shareholders	7.1	(48.2)
Separately disclosed items net of tax	(1.1)	8.4
Adjusted earnings/(loss) attributable to equity shareholders	6.0	(39.8)

	Number	Number
Weighted average share capital	61,264,000	55,207,000
Dilutive outstanding options and share awards	413,000	139,000
Diluted weighted average share capital	61,677,000	55,346,000

40p 'A' and 'C' ordinary share	Pence	Pence
Basic earnings/(loss) per share	11.59	(87.31)
Diluted earnings/(loss) per share	11.51	(87.31)
Adjusted earnings/(loss) per share	9.79	(72.09)
Diluted adjusted earnings/(loss) per share	9.73	(72.09)

4p 'B' ordinary share	Pence	Pence
Basic earnings/(loss) per share	1.16	(8.73)
Diluted earnings/(loss) per share	1.15	(8.73)
Adjusted earnings/(loss) per share	0.98	(7.21)
Diluted adjusted earnings/(loss) per share	0.97	(7.21)

For the purposes of calculating the number of shares to be used above, 'B' shares have been treated as one-tenth of an 'A' or 'C' share. The earnings per share calculation is based on earnings from continuing operations and on the weighted average ordinary share capital which excludes shares held by trusts relating to employee share options and shares held in treasury of 1,744,564 (2021: 1,777,248).

Diluted earnings per share amounts are calculated using the same earnings figure as for basic earnings per share, divided by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential options into ordinary shares.

Adjusted earnings per share are calculated on profit after tax excluding separately disclosed items and on the same weighted average ordinary share capital as for the basic and diluted earnings per share. Adjusted earnings per share measures have been included as the Directors consider that these measures better reflect the underlying earnings of the Group.

9. Dividends

	52 weeks ended 26 March 2022 £m	52 weeks ended 27 March 2021 £m
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for 2021: 0p (2020: 0p)	**–**	–
Interim dividend for 2022: 3.90p (2021: 0p)	**2.4**	–
Equity dividends paid	**2.4**	–
Dividends on cumulative preference shares (note 6)	**0.1**	0.1
Proposed for approval at the Annual General Meeting		
Final dividend for 2022: 7.41p (2021: 0p)	**4.6**	–

The pence figures above are for the 40p 'A' ordinary shares and 40p 'C' ordinary shares. The 4p 'B' ordinary shares carry dividend rights of one-tenth of those applicable to the 40p 'A' ordinary shares. Own shares held in the employee share trusts do not qualify for dividends as the Trustees have waived their rights. Dividends are also not paid on own shares held as treasury shares.

10. Intangible Assets

	Group and Company			
	Goodwill £m	IT Development costs £m	Group Total £m	Company Total £m
Cost				
At 28 March 2020	31.8	–	31.8	2.6
Additions	–	0.6	0.6	0.6
Hive up of Bel & The Dragon	–	–	–	1.0
At 27 March 2021	31.8	0.6	32.4	4.2
Additions	–	2.4	2.4	2.4
At 26 March 2022	**31.8**	**3.0**	**34.8**	**6.6**
Amortisation and impairment				
At 28 March 2020	4.3	–	4.3	–
Impairment	0.8	–	0.8	0.2
At 27 March 2021	5.1	–	5.1	0.2
Provided during the year	–	0.2	0.2	0.2
At 26 March 2022	**5.1**	**0.2**	**5.3**	**0.4**
Net book value at 26 March 2022	**26.7**	**2.8**	**29.5**	**6.2**
Net book value at 27 March 2021	26.7	0.6	27.3	4.0
Net book value at 28 March 2020	27.5	–	27.5	2.6

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10. Intangible Assets continued

IT Development costs

Costs are capitalised as IT development costs where it is deemed that the Group has control of the underlying asset. IT development costs relate to the implementation of a new finance system and are made up of consulting time and internal employee costs. IT development costs were capitalised until December 2021 when it was available to use. Amortisation began on that date and is recognised over the useful life of the asset of five years. IT development costs also relate to an ongoing digital project.

Goodwill

	2022			2021
Goodwill is allocated to CGUs as follows:	**Managed £m**	**Tenanted £m**	**Total £m**	£m
Gales estate	**9.1**	**13.6**	**22.7**	22.7
Jacomb Guinness estate	**0.6**	**–**	**0.6**	0.6
Bel & The Dragon	**1.0**	**–**	**1.0**	1.0
Cotswold Inns & Hotels	**2.4**	**–**	**2.4**	2.4
	13.1	**13.6**	**26.7**	26.7

11. Property, Plant and Equipment

Group	Land & buildings – owned & used £m	Land & buildings – owned & acting as lessor £m	Plant, machinery & vehicles £m	Fixtures & fittings £m	Total £m
Cost					
At 28 March 2020	498.4	109.2	6.5	168.9	783.0
Additions	0.6	–	–	13.2	13.8
Disposals	(1.4)	(0.3)	–	(0.6)	(2.3)
Disposals of discontinued operations	(6.8)	–	(0.1)	(7.6)	(14.5)
Transfer to assets held for sale (note 20)	(8.1)	(1.1)	(0.1)	(2.3)	(11.6)
At 27 March 2021	482.7	107.8	6.3	171.6	768.4
Additions	11.3	1.8	–	9.6	22.7
Disposals	(1.3)	–	–	(1.9)	(3.2)
Transfer to assets held for sale (note 20)	(1.5)	–	–	(0.4)	(1.9)
Transfer from assets held for sale (note 20)[1]	2.4	–	–	0.6	3.0
At 26 March 2022	**493.6**	**109.6**	**6.3**	**179.5**	**789.0**
Depreciation and impairment					
At 28 March 2020	43.7	7.5	1.8	112.3	165.3
Provided during the year	3.9	0.7	–	14.0	18.6
Disposals	(0.2)	–	–	(0.6)	(0.8)
Disposals of discontinued operations	(4.7)	–	–	(5.8)	(10.5)
Impairment loss	7.4	1.6	–	–	9.0
Transfer to assets held for sale (note 20)	(0.9)	(0.1)	(0.1)	(1.9)	(3.0)
Reclassification of impairment to right-of-use assets (note 16)	(0.4)	–	–	–	(0.4)
At 27 March 2021	48.8	9.7	1.7	118.0	178.2
Provided during the year	4.2	0.6	–	13.1	17.9
Disposals	(1.3)	–	–	(1.9)	(3.2)
Impairment loss	3.3	–	–	–	3.3
Transfer to assets held for sale (note 20)	(0.1)	–	–	(0.3)	(0.4)
Transfer from assets held for sale (note 20)[1]	–	–	–	0.5	0.5
At 26 March 2022	**54.9**	**10.3**	**1.7**	**129.4**	**196.3**
Net book value at 26 March 2022	**438.7**	**99.3**	**4.6**	**50.1**	**592.7**
Net book value at 27 March 2021	433.9	98.1	4.6	53.6	590.2
Net book value at 28 March 2020	454.7	101.7	4.7	56.6	617.7

Company	Land & buildings – owned & used £m	Land & buildings – owned & acting as lessor £m	Plant, machinery & vehicles £m	Fixtures & fittings £m	Total £m
Cost					
At 28 March 2020	470.2	108.9	4.9	159.3	743.3
Additions	18.9	–	–	14.8	33.7
Disposals	(1.8)	–	–	(0.6)	(2.4)
Transfer to assets held for sale (note 20)	(8.1)	(1.1)	(0.1)	(2.3)	(11.6)
At 27 March 2021	479.2	107.8	4.8	171.2	763.0
Additions	11.3	1.8	–	9.6	22.7
Disposals	(1.3)	–	–	(1.9)	(3.2)
Transfer to assets held for sale (note 20)	(1.5)	–	–	(0.4)	(1.9)
Transfer from assets held for sale (note 20)[1]	2.4	–	–	0.6	3.0
At 26 March 2022	**490.1**	**109.6**	**4.8**	**179.1**	**783.6**
Depreciation and impairment					
At 28 March 2020	34.8	7.5	2.6	104.6	149.5
Provided during the year	3.9	0.7	–	13.8	18.4
Disposals	(0.2)	–	–	(0.5)	(0.7)
Impairment loss	7.4	1.6	–	–	9.0
Transfer to assets held for sale (note 20)	(0.9)	(0.1)	(0.1)	(1.9)	(3.0)
Reclassification of impairment to right-of-use assets (note 16)	(0.4)	–	–	–	(0.4)
At 27 March 2021	44.6	9.7	2.5	116.0	172.8
Provided during the year	4.2	0.6	–	13.1	17.9
Disposals	(1.3)	–	–	(1.9)	(3.2)
Impairment loss	3.3	–	–	–	3.3
Transfer to assets held for sale (note 20)	(0.1)	–	–	(0.3)	(0.4)
Transfer from asset held for sale[1]	–	–	–	0.5	0.5
At 26 March 2022	**50.7**	**10.3**	**2.5**	**127.4**	**190.9**
Net book value at 26 March 2022	**439.4**	**99.3**	**2.3**	**51.7**	**592.7**
Net book value at 27 March 2021	434.6	98.1	2.3	55.2	590.2
Net book value at 28 March 2020	435.4	101.4	2.3	54.7	593.8

1 During the year ended 26 March 2022, two unlicensed properties were transferred back to Property, Plant and Equipment, with a change in circumstances meaning they no longer continued to meet the criteria for Non-current asset held for sale under IFRS 5.

Notes to the Financial Statements

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12. Investment Properties

	Group and Company Freehold and leasehold properties £m
Cost at 28 March 2020	5.7
Transfer to assets held for sale	(2.4)
Cost at 27 March 2021	3.3
Disposals	(0.1)
Transfer to assets held for sale	(1.5)
At 26 March 2022	**1.7**
Depreciation and impairment at 28 March 2020	0.9
Provided during the year	–
Transfer to asset held for sale	(0.7)
At 27 March 2021	0.2
Transfer to asset held for sale	(0.1)
At 26 March 2022	**0.1**
Net book value at 26 March 2022	**1.6**
Net book value at 27 March 2021	3.1
Net book value at 28 March 2020	4.8
Fair value at 26 March 2022	**8.4**
Fair value at 27 March 2021	15.0
Fair value at 28 March 2020	20.1

The fair value of investment properties has been estimated by the Directors, based on the rental income earned on the properties during the year and average yields earned on comparable properties from publicly available information, which is a Level 3 fair value valuation technique. An independent valuation of the properties has not been performed.

Impairment

The Group considers each trading outlet to be a CGU and each CGU is reviewed annually for indicators of impairment. In assessing whether an asset has been impaired, the carrying amount of the CGU is compared to its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. During the 52 weeks ended 26 March 2022, the Group did not impair any investment properties (2021: £nil).

Management have determined that the highest and best use of the property is its current use.

Investment Property Income

The properties are let on both landlord and tenant repairing leases. Amounts recognised in the profit for the financial year relating to rental income from investment properties are as follows:

Group and Company	2022 £m	2021 £m
Rental income	**0.4**	0.7
Direct operating expenses	**(0.1)**	(0.1)

All direct operating expenses relate to properties that generate rental income.

13. Impairment

During the year, impairment losses of £3.3 million (2021: £12.9 million) were recognised within separately disclosed items:

Group	2022 £m	2021 £m
Impairment losses		
Intangible assets	–	0.6
Property, plant and equipment	3.3	9.0
Right-of-use assets	–	1.6
Assets held for sale	–	0.2
Lease receivable	–	1.5
Total net impairment charge	3.3	12.9

Company	2022 £m	2021 £m
Impairment losses		
Property, plant and equipment	3.3	9.0
Right-of-use assets	–	0.7
Assets held for sale	–	0.2
Lease receivable	–	1.5
Investments in subsidiaries[1]	0.2	6.9
Total net impairment charge	3.5	18.3

1 Investment of Cotswold Inns & Hotels was impaired as the majority of the trade and assets have been hived up into the Parent Company.

Lease receivables have been assessed for impairment under IFRS 9. All other assets above were assessed for impairment under IAS 36.

Property, Plant and Equipment and Right-of-use Assets

The Group considers each trading outlet to be a CGU and each CGU is reviewed annually for indicators of impairment. In assessing whether an asset has been impaired, the carrying amount of the CGU is compared to its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell ("FVLCS") and its value in use. In the absence of any information about the fair value of a CGU, the recoverable amount is deemed to be its value in use. For the purposes of estimating the value in use of CGUs, management have used a discounted cash flow approach. The calculations use cash flow projections based on the following plans covering a three year period.

The Group uses a range of methods for estimating FVLCS which include applying a market multiple to the CGU EBITDA and, for leasehold sites, present value techniques using a discounted cash flow method. The Group has also obtained valuations for a subset of these CGUs from a third-party property valuation expert. Both FVLCS methods rely on inputs not normally observable by market participants and are therefore Level 3 measurements in the fair value hierarchy.

The key assumptions used by management in setting the Board approved financial budgets for the initial three year period were as follows:

- Normalised trading volumes: February FY2020 MAT has been used as a basis for the budget as that represents normalised trading before the impact of the pandemic.
- Forecast growth rates: Forecast growth rates are based on the Group's plans which includes assumptions around the timing and profile of the UK economy recovery from the pandemic. Those forecast growth rates to normalised trading volumes will differ depending on the location of the site. We expect rural sites to trade well from the outset, with some urban sites taking longer to recover. The forecasts also take into consideration the impact that the inflationary environment will have on consumer behaviour.
- Operating profits are forecast based on historical experience of operating margins, adjusted for the impact of inflation most notably food, utilities, and wage inflation. They also include the assumption that in the long-term utilities cost will come down as part of our ESG initiative. We expect to sign up to a power purchase agreement from mid-2023 which will secure better pricing but more importantly, is environmentally friendly. Also, as part of our ESG strategy, we have set targets to reduce usage by c5% annually.
- Local factors impacting the site in the current year or expected to impact the site in future years. Key assumptions include the future potential of recently invested sites and the impact of increasing or reducing market supply in the local area.

Other assumptions used:

- A long-term growth rate of 2.0% (2021: 2.0%) was used for cash flows subsequent to the three year approved budget/forecast period.
- An EBITDA multiple is estimated based on a normalised trading basis and market data obtained from external sources. An average multiple of 10.5x (freehold 11.8x) is used for the managed estate and 10.9x on the Tenanted estate.
- The discount rate is based on the Group's weighted average cost of capital, which is used across all CGUs due to their similar characteristics. The pre-tax discount rate is 8.6% (2021: 6.9%).

Notes to the Financial Statements

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13. Impairment continued

Impairments are recognised where the property valuation is also lower than the CGU's carrying value for those determined to be at risk of impairment. This is measured as the difference between the carrying value and the higher of FVLCS and its value in use. Where the property valuation exceeds the carrying value, no impairment is required.

During the 52 weeks ended 26 March 2022, the Group recognised an impairment loss of £3.3 million (2021: £9.0 million) on property, plant and equipment and £nil (2021: £1.6 million) of impairment on right-of-use assets in respect of the write down of six licensed properties where their asset values exceeded the higher of FVLCS or their value in use. The impairment losses were driven principally by changes in the local competitive environment in which the pubs are situated.

Sensitivity to Changes in Assumptions

The calculation of value in use is most sensitive to the assumptions in respect of achievement of budgeted cash flows, growth rate and discount rate. The calculation of value in use is also dependent on the following assumptions: sales volume; gross margin in Managed premises; barrelage and rent projections in Tenanted premises; and wage cost in Managed premises. The key assumptions above have their assigned values based on management knowledge and historical information. The value in use calculations are sensitive to the assumptions used. The Directors consider a movement of 1.5% in the discount rate and 0.5% in the growth rate to be reasonable with reference to current market yield curves and the current economic conditions. The impact is set out as follows:

Impact on impairment of assets at risk – increase/(decrease)	2022 £m	2021 £m
Increase discount rate by 1.5%	11.1	22.3
Decrease discount rate by 1.5%	(4.4)	(13.6)
Increase growth rate by 0.5%	(1.5)	(5.9)
Decrease growth rate by 0.5%	3.3	7.0

The value in use calculation is also sensitive to variations in the budgeted cash flows, which represents the rate of recovery from the pandemic, the inflationary environment and the consumer behaviour as a result of it. The CGUs represented by the "impact on impairment of assets at risk" would have their FVLCS determined in order to conclude on whether an impairment is required. A general decrease in property values across the portfolio would have a similar effect to that set out above i.e. any reduction in property values would lead to assets being at risk of impairment. In the current year, a decrease of 5% in the FVLCS would have led to an additional impairment of £0.6 million for the CGUs where recoverable amount has been assessed on FVLCS.

Goodwill

Goodwill acquired through business combinations has been allocated for impairment testing on an estate and divisional CGU level. This represents the lowest level within the Group at which goodwill is monitored for internal management purposes. An analysis of goodwill by operating segment is included within note 10. Recoverable amount is based on a calculation of value in use based upon the same cash flows as discussed under property, plant and equipment. Cash flows beyond the budget period are extrapolated in perpetuity on the assumption that the growth rate does not exceed the average long-term growth rate for the relevant markets. The same assumptions to calculate the value in use are used for goodwill as those for property, plant and equipment.

In the prior year, the Group recognised an impairment loss of £0.6 million in relation to Jacomb Guinness Limited as the recoverable amount being the value in use for those pubs of £0.6 million could not support the carrying value.

Sensitivity to Changes in Assumptions

Management have considered reasonable changes in key assumptions used in their calculations of value in use. An increase of 1.5% in discount rate would result in an impairment of £1.0 million. A decrease in growth rate by 0.5% would result in an impairment of £1.8 million.

Investment Property

The Group considers each trading outlet to be a CGU and each CGU is reviewed annually for indicators of impairment. During the 52 weeks ended 26 March 2022, the Group did not impair any investment properties (2021: £nil). Refer to note 12.

14. Other Financial Liabilities

Group and Company	**Group 2022 £m**	Group 2021 £m	**Company 2022 £m**	Company 2021 £m
Interest rate swaps	**(0.1)**	(0.7)	**(0.1)**	(0.7)
Total financial liabilities within non-current liabilities	**(0.1)**	(0.7)	**(0.1)**	(0.7)

Details of the interest rate swaps are provided in note 26c (i).

15. Investments in Subsidiaries

Company	Cost £m	Provision £m	Net book value £m
At 28 March 2020	126.6	(4.2)	122.4
Return of capital	(5.8)	(6.9)	(12.7)
Disposals	–	(0.4)	(0.4)
At 27 March 2021	**120.8**	**(11.5)**	**109.3**
Impairment	–	(0.2)	(0.2)
At 26 March 2022	**120.8**	**(11.7)**	**109.1**

Principal subsidiary undertakings	Holding	Proportion held	Nature of business
Griffin Catering Services Limited	£1 ordinary shares	100% (indirect)	Managed houses service company
George Gale and Company Limited	£1 ordinary shares	100%	Non-trading subsidiary
	25p 'A' ordinary shares	100%	
	£10 preference shares	100%	
F.S.T. Trustee Limited	£1 ordinary shares	100%	Non-trading subsidiary
Fuller Smith & Turner Estates Limited	£1 ordinary shares	100%	Non-trading subsidiary
Ringwoods Limited	£1 ordinary shares	100%	Non-trading subsidiary
Griffin Inns LTD.	£1 ordinary shares	100%	Non-trading subsidiary
Jacomb Guinness Limited	£1 ordinary shares	100%	Non-trading subsidiary
45 Woodfield Limited	£1 ordinary shares	100% (indirect)	Non-trading subsidiary
Grand Canal Trading Limited	£1 ordinary shares	100% (indirect)	Non-trading subsidiary
B & D Country Inns I Limited	£1 ordinary shares	100%	Holding company
B & D Country Inns II Limited	£1 ordinary shares	100%	Holding company
B & D (Cookham) Limited	£1 ordinary shares	100% (indirect)	Non-trading subsidiary
B & D (Farnham) Limited	£1 ordinary shares	100% (indirect)	Non-trading subsidiary
B & D (Kingsclere) Limited	£1 ordinary shares	100% (indirect)	Non-trading subsidiary
B & D (Odiham) Limited	£1 ordinary shares	100% (indirect)	Non-trading subsidiary
B & D (Reading) Limited	£1 ordinary shares	100% (indirect)	Non-trading subsidiary
B & D (Win) Limited	£1 ordinary shares	100% (indirect)	Non-trading subsidiary
RSH 200 Limited	£1 ordinary shares	100%	Holding company
Cotswold Inns and Hotels Limited	£1 ordinary shares	100% (indirect)	Non-trading subsidiary

The above companies are registered and operate in England and Wales. The registered office of all subsidiary companies is the same as Fuller, Smith & Turner P.L.C. at Pier House, 86-93 Strand-on-the-Green, London, England, W4 3NN.

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16. Leases

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, see note 29.

a) Amounts Recognised in the Balance Sheet

Group and Company	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £m
Right-of-use assets				
Properties	**73.1**	81.3	**72.6**	80.8
Equipment	**0.6**	0.2	**0.6**	0.2
Vehicles	**0.1**	0.4	**0.1**	0.4
	73.8	81.9	**73.3**	81.4
Lease liabilities				
Current	**6.8**	6.7	**6.5**	6.5
Non-current	**73.9**	83.2	**72.8**	81.8
	80.7	89.9	**79.3**	88.3

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

Group	Property £m	Equipment £m	Vehicles £m	Total £m
Net carrying value as at 27 March 2021	81.3	0.2	0.4	81.9
Lease amendments – rent concessions	(2.6)	–	–	(2.6)
Lease amendments – other[1]	1.3	1.1	(0.2)	2.2
Depreciation	(6.9)	(0.7)	(0.1)	(7.7)
Net carrying value as at 26 March 2022	**73.1**	**0.6**	**0.1**	**73.8**

Company	Property £m	Equipment £m	Vehicles £m	Total £m
Net carrying value as at 27 March 2021	80.8	0.2	0.4	81.4
Lease amendments – rent concessions	(2.6)	–	–	(2.6)
Lease amendments – other[1]	1.3	1.1	(0.2)	2.2
Depreciation	(6.9)	(0.7)	(0.1)	(7.7)
Net carrying value as at 26 March 2022	**72.6**	**0.6**	**0.1**	**73.3**

1 Lease amendments include lease terminations, modifications, reassessments and extensions to existing lease agreements.

Set out below are the carrying amounts of lease liabilities (included under interest bearing loans and borrowings) and the movements during the period:

	Group £m	Company £m
Net carrying value as at 27 March 2021	89.9	88.3
Disposal	(3.1)	(3.1)
Lease amendments – rent concessions	(2.6)	(2.6)
Lease amendments – other	2.2	2.2
Accretion of interest	3.1	3.0
Payments	(8.8)	(8.5)
Net carrying value as at 26 March 2022	**80.7**	**79.3**

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

b) Amounts Recognised in the Income Statement

Group	52 weeks ended 26 March 2022 £m	52 weeks ended 27 March 2021 £m
Depreciation charge of right-of-use assets		
Properties	**6.9**	7.6
Equipment	**0.7**	0.7
Vehicles	**0.1**	0.3
	7.7	8.6
Interest expense (included in finance cost)	**3.1**	3.0
Expense relating to short-term leases and low value assets (included in operating costs)	**0.4**	0.2
Expense relating to variable lease payments not included in lease liabilities (included in operating costs)	**1.4**	0.9
Impairment of right-of-use assets	**–**	1.6
Income from sub-leasing right-of-use assets	**(0.2)**	–
	4.7	5.7

The Groups total cash outflow in relation to leases in 2022 was £8.6 million (2021: £9.2 million).

Variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a pub. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established pubs. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs. Variable lease payments recognised in the Income Statement in the year ended 26 March 2022 were £1.4 million (2021: £0.9 million).

17. Inventories

Group and Company	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £m
Stock at retail outlets	**3.6**	2.1	**3.6**	2.1

Amounts recognised in profit or loss

Inventories recognised as an expense during the year ended 26 March 2022 amounted to £53.2 million (2021: £15.8 million). These were included in operating costs. Inventory is stated net of a provision for obsolete stock of £0.2 million (2021: £0.3 million).

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18. Trade and Other Receivables

Group	2022 £m	2021 £m
Trade receivables	**1.6**	2.1
Other receivables	**4.8**	6.6
Prepayments and accrued income	**4.3**	2.8
	10.7	11.5

Company	2022 £m	2021 £m
Trade receivables	**1.6**	2.1
Other receivables	**4.8**	6.5
Prepayments and accrued income	**4.3**	2.8
	10.7	11.4

At 26 March 2022, the Group has accrued Nil (2021: £4.0 million), shown in other receivables, in relation to CJRS. Also included in other receivables is £0.6 million (2021: £0.8 million) lease receivable for subleases. In the prior year, £1.5 million of lease receivable was impaired during the year based on the expected credit loss model and recorded in separately disclosed items given its one-off nature.

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

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

The expected loss rates are based on the payment profile for sales over the past 24 months before the Balance Sheet date. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customers' ability to settle the amount outstanding, the most significant factor being the current inflationary environment. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

Group and Company	2022 £m	2021 £m
Opening balance	**1.0**	0.9
(Decrease)/Increase in loss allowance recognised in profit and loss	**(0.1)**	0.3
Amounts released for balances written off during the year	**–**	(0.2)
Closing balance	**0.9**	1.0

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

Group and Company	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £m
Current	**1.1**	1.3	**1.1**	1.3
Overdue up to 30 days	**0.5**	0.4	**0.5**	0.4
Overdue between 30 and 60 days	**0.1**	0.1	**0.1**	0.1
Overdue between 60 and 90 days	**–**	0.1	**–**	0.1
Overdue more than 90 days	**0.8**	1.2	**0.8**	1.2
Trade receivables before loss allowance	**2.5**	3.1	**2.5**	3.1
Less provision	**(0.9)**	(1.0)	**(0.9)**	(1.0)
Trade receivables net of loss allowance	**1.6**	2.1	**1.6**	2.1

19. Discontinued Operations

In the prior year, on 7 June 2020, the Group sold its subsidiary Stable Pizza & Cider Limited ("The Stable") to Sourdough South Limited ("Three Joes"), for an enterprise value of £0.5 million on a debt free basis including any cash left in the business. Accordingly this business was reported as discontinued operations in the Annual Report for the 52 weeks ended 27 March 2021.

Financial Performance and Cash Flow

The financial performance and cash flow information presented reflects the operations for the period ended 7 June 2020.

	52 weeks ended 27 March 2021 £m
Segment result	(0.5)
Operating separately disclosed items	–
Operating loss	(0.5)
Net finance costs	–
Loss from operating activities – discontinued operations	(0.5)
Loss on sale of discontinued operation[1]	(0.9)
Income tax on loss on sale of discontinued operation	–
Loss before tax – discontinued operations	(1.4)
Taxation	–
Loss from discontinued operations	(1.4)
Net cash outflow from operating activities	(0.4)
Net cash inflow from investing activities	0.3
Net cash outflow from financing activities	(0.1)
Net decrease in cash generated by discontinued operations	(0.2)
Other segment information	
Depreciation and amortisation	0.3
Loss per share – discontinued operations	
40p 'A' and 'C' ordinary share	
Basic loss per share	(2.54)
Diluted loss per share	(2.54)
Adjusted loss per share	(0.91)
Diluted adjusted loss per share	(0.91)
4p 'B' ordinary share	
Basic loss per share	(0.25)
Diluted loss per share	(0.25)
Adjusted loss per share	(0.09)
Diluted adjusted loss per share	(0.09)

1 This is treated as a separately disclosed item.

20. Assets Held for Sale

	Group 2022	Company 2022
Assets held for sale at the start of the year	**9.6**	**9.6**
Assets disposed of during the year	**(4.6)**	**(4.6)**
Assets transferred from Investment Properties	**1.4**	**1.4**
Assets transferred from Property, Plant and Equipment	**1.5**	**1.5**
Assets transferred to Property, Plant and Equipment[1]	**(2.5)**	**(2.5)**
Assets held for sale at the end of the year	**5.4**	**5.4**

1 During the year assets relating to two properties have been transferred to property, plant and equipment due to a change in market conditions and the properties no longer meet the criteria under IFRS 5.

20. Assets Held for Sale continued

At 26 March 2022, nine properties have been classified as held for sale (2021: 17 properties). The properties are predominately unlicenced properties. Sale is expected within 12 months from the reporting date. No material change in value was recognised on reclassifying the property to held for sale. Valuations performed are based on observations of transactions involving properties of a similar nature, location and condition. Since this valuation was performed using a significant non-observable input, the fair value measurement can be categorised as a Level 3.

21. Trade and Other Payables

Due within one year:

Group	2022 £m	2021 £m
Trade payables	24.4	12.7
Other tax and social security	4.3	1.6
Other payables	7.2	5.7
Accruals	18.2	7.3
Contract liabilities	3.0	1.4
	57.1	28.7

Due within one year:

Company	2022 £m	2021 £m
Trade payables	24.4	12.6
Amounts due to subsidiary undertakings	136.7	133.1
Other tax and social security	4.3	1.5
Other payables	7.2	5.7
Accruals	18.2	7.3
Contract liabilities	3.0	1.4
	193.8	161.6

Company amounts due to subsidiary undertakings of £136.7 million (2021: £133.1 million) have no fixed repayment date. Interest is payable on the balance at 3% above the Bank of England base rate. Company amounts due to subsidiary undertakings are unsecured.

Contract liabilities relate to deposits received from customers to secure bookings for events and accommodation. The balance will unwind and be recognised as revenue in the following financial year.

22. Cash, Borrowings and Net Debt

Cash and Short-Term Deposits

	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £m
Cash at bank and in hand	15.6	17.1	15.6	16.9

For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents comprise cash at bank and in hand, as above. Cash at bank earns interest at floating rates.

Borrowings	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £m
Bank loans	120.0	107.9	120.0	107.9
CCFF	–	99.8	–	99.8
Debenture stock	25.9	25.9	25.9	25.9
Preference shares	1.6	1.6	1.6	1.6
Total borrowings	147.5	235.2	147.5	235.2
Analysed as:				
Borrowings within current liabilities	120.0	207.7	120.0	207.7
Borrowings within non-current liabilities	27.5	27.5	27.5	27.5
	147.5	235.2	147.5	235.2

All borrowings at both year ends are denominated in Sterling and, where appropriate, are stated net of issue costs. Further information on borrowings is given in note 26.

Bank Loans

Group and Company

The Group has facilities of £191.7 million at year end. The CCFF of £100 million was repayable in May 2021 and was repaid using the Group's existing facilities and the proceeds of the equity placing. On 31 March 2021, the Group agreed an Amend and Extend Refinancing of its Existing Debt Facilities with its relationship banks, extending the maturity of the £191.7 million facilities to 19 February 2023 and amending the financial covenants to a minimum liquidity level of £10 million to 31 March 2022.

At 26 March 2022, £71.2 million (2021: £83.7 million) of the total of £191.7 million (2021: £291.7 million) committed bank facility was available and undrawn.

As a result of coronavirus and the temporary closure of the entire estate for a portion of the period, the facilities two main quarterly covenants, being net debt to EBITDA (leverage) and net debt to finance charges, were waived for the whole period and revised to a more appropriate test based of minimum liquidity of £10 million for each month during the financial year.

The bank loans at 26 March 2022 are unsecured, and are repayable as shown in the table below. Interest is payable at SONIA plus a margin, which varies dependent on the ratio of net debt to EBITDA, but since the covenants were waived in March 2020 and replaced with a liquidity test the interest rate margin has been fixed.

The bank loans and CCFF are repayable as follows:

	2022 £m	2021 £m
On demand or within one year	120.6	208.0
Less: bank loan arrangement fees	(0.6)	(0.1)
Less: CCFF amortisation fees and fair value adjustments	–	(0.2)
Current liabilities	**120.0**	207.7

Debenture Stock

The debenture stocks are secured on specified fixed and floating assets of the Company and are redeemable on maturity.

Debenture stocks are repayable as follows:

Group and Company	2022 £m	2021 £m
In the second to fifth year inclusive – 10.70% 1st Mortgage Debenture Stock 2023	6.0	6.0
In greater than five years – 6.875% Debenture Stock 2028 (1st floating charge)	20.0	20.0
Less: discount on issue	(0.1)	(0.1)
Non-current liabilities	**25.9**	25.9

Preference Shares

The Company's preference shares are classified as debt. The shares are not redeemable and are included in borrowings within non-current liabilities. See note 24 for further details of the preference shares.

Analysis of Net Debt

Group

52 weeks ended 26 March 2022	At 27 March 2021 £m	Cash flows £m	Non-cash[1] £m	At 26 March 2022 £m
Cash and cash equivalents:				
Cash and short-term deposits	17.1	(1.5)	–	15.6
	17.1	(1.5)	–	15.6
Financial liabilities:				
Lease liabilities	(89.9)	8.6	0.6	(80.7)
	(89.9)	8.6	0.6	(80.7)
Debt:				
Bank loans[2]	(107.9)	(11.4)	(0.7)	(120.0)
CCFF	(99.8)	100.0	(0.2)	–
Debenture stock	(25.9)	–	–	(25.9)
Preference shares	(1.6)	–	–	(1.6)
Total borrowings	(235.2)	88.6	(0.9)	(147.5)
Net debt	(308.0)	95.7	(0.3)	(212.6)

Notes to the Financial Statements

Continued

22. Cash, Borrowings and Net Debt continued

52 weeks ended 27 March 2021	At 28 March 2020 £m	Cash flows £m	Non-cash[1] £m	At 27 March 2021 £m
Cash and cash equivalents:				
Cash and short-term deposits	20.3	(3.2)	–	17.1
	20.3	(3.2)	–	17.1
Financial liabilities:				
Lease liabilities	(112.9)	9.2	13.8	(89.9)
	(112.9)	9.2	13.8	(89.9)
Debt:				
Bank loans[2]	(171.7)	64.0	(0.2)	(107.9)
CCFF	–	(99.4)	(0.4)	(99.8)
Debenture stock	(25.9)	–	–	(25.9)
Preference shares	(1.6)	–	–	(1.6)
Total borrowings	(199.2)	(35.4)	(0.6)	(235.2)
Net debt	(291.8)	(29.4)	13.2	(308.0)

1 Non-cash movements relate to the amortisation of arrangement fees, arrangement fees accrued and movements in lease liabilities.
2 Bank loans net of arrangement fees and cash flows include the payment of arrangement fees.

Company

52 weeks ended 26 March 2022	At 27 March 2021 £m	Cash flows £m	Non-cash[1] £m	**At 26 March 2022 £m**
Cash and cash equivalents:				
Cash and short-term deposits	16.9	(1.3)	–	**15.6**
	16.9	(1.3)	–	**15.6**
Financial liabilities:				
Lease liabilities	(88.3)	8.3	0.7	**(79.3)**
	(88.3)	8.3	0.7	**(79.3)**
Debt:				
Bank loans[2]	(107.9)	(11.4)	(0.7)	**(120.0)**
CCFF	(99.8)	100.0	(0.2)	**–**
Debenture stock	(25.9)	–	–	**(25.9)**
Preference shares	(1.6)	–	–	**(1.6)**
Total borrowings	(235.2)	88.6	(0.9)	**(147.5)**
Net debt	(306.6)	95.6	(0.2)	**(211.2)**

52 weeks ended 27 March 2021	At 28 March 2020 £m	Cash flows £m	Non-cash[1] £m	At 27 March 2021 £m
Cash and cash equivalents:				
Cash and short-term deposits	19.2	(2.3)	–	16.9
	19.2	(2.3)	–	16.9
Financial liabilities:				
Lease liabilities	(99.6)	8.9	2.4	(88.3)
	(99.6)	8.9	2.4	(88.3)
Debt:				
Bank loans[2]	(171.7)	64.0	(0.2)	(107.9)
CCFF	–	(99.4)	(0.4)	(99.8)
Debenture stock	(25.9)	–	–	(25.9)
Preference shares	(1.6)	–	–	(1.6)
Total borrowings	(199.2)	(35.4)	(0.6)	(235.2)
Net debt	(279.6)	(28.8)	1.8	(306.6)

1 Non-cash movements relate to the amortisation of arrangement fees, arrangement fees accrued and movements in lease liabilities.
2 Bank loans net of arrangement fees and cash flows include the payment of arrangement fees.

23. Pensions

a) Retirement Benefit Plans – Group and Company

The Group operates one closed funded defined benefit pension scheme, the Fuller Smith & Turner Pension Plan ("The Scheme"). The plan is defined benefit in nature, with assets held in separate professionally managed, trustee-administered funds. The Scheme is an HM Revenue & Customs registered pension plan and subject to standard United Kingdom pension and tax law. On 1 January 2015 the plan was closed to future accrual.

The Group also operates two defined contribution stakeholder pension plans for its employees. The Fuller's Stakeholder Pension Plan was set up for new employees of the Parent Company after the closure of the Fuller, Smith & Turner Pension Plan to new entrants on 1 August 2005. The Gales 2001 scheme was set up following the closure of the Gales defined benefit scheme in 2001.

The Group offers workplace pensions to all employees who are not members of the three defined contribution stakeholder pension plans. The Group offers these pensions through the National Employment Savings Trust ("NEST").

The Group also pays benefits, which are unfunded, to a number of former employees. The Directors consider these benefits to be defined benefit in nature and the full defined benefit liability is recognised on the Balance Sheet.

Group and Company	**52 weeks ended 26 March 2022 £m**	52 weeks ended 27 March 2021 £m
Total amounts charged in respect of pensions in the year		
Charged to Income Statement:		
Defined benefit scheme – net finance charge – separately disclosed items	**–**	0.1
Defined contribution schemes and NEST – total operating charge	**1.9**	1.7
	1.9	1.8
(Credit)/Charge to equity:		
Defined benefit schemes – net actuarial (gains)/losses	**(15.5)**	1.0
Total pension (credit)/charge	**(13.6)**	2.8

b) Defined Contribution Stakeholder Pension Plans – Group and Company

The total cost charged to income in respect of the defined contribution stakeholder schemes is shown in the total operating charge above.

Notes to the Financial Statements

Continued

23. Pensions continued

c) Defined Benefit Plans – Group and Company

The Scheme provides pensions and lump sums to members on retirement and to their dependants on death.

Trustees are appointed by both the Company and the Scheme's membership and act in the interest of the Scheme and all relevant stakeholders, including the members and the Company. The Trustees are also responsible for the investment of the Scheme's assets.

The Company pays the costs as determined by regular actuarial valuations. The Trustees are required to use prudent assumptions to value the liabilities and costs of the Scheme whereas the accounting assumptions must be best estimates.

Responsibility for making good any deficit on the Scheme lies with the Company and this introduces a number of risks for the Company. The major risks are:

- Interest and investment risk – The value of the Scheme's assets are subject to volatility in equity prices. The Scheme has diversified its investments to reduce the impact of volatility and variable interest return rates
- Inflation risk – The defined benefit obligation is linked to inflation so higher rates would result in a higher defined benefit obligation
- Longevity risk – An increase over the assumptions applied will increase the defined benefit obligation.

The Company and Trustees are aware of these risks and manage them through appropriate investment and funding strategies. The Trustees manage governance and operational risks through a number of internal control policies.

The Scheme is subject to regular actuarial valuations, which are usually carried out every three years. In June 2021, the 2019 triennial valuation was concluded and the Company has agreed to continue to pay in line with the existing recovery plan. Under this plan, deficit reduction contributions started at £2.1 million in July 2019 and increase per annum in line with CPI. On 10 June 2021, fixed security over certain of the Company's freehold properties (with a net book value of £28.2 million), has been provided to the Scheme as additional security, the value of which will be reviewed at each triennial valuation. The next triennial valuation is due on 30 July 2022.

The figures in the following disclosures were measured using the projected unit credit method.

The Scheme has not invested in any of the Group's own financial instruments or in properties or other assets in use by the Group.

Key assumptions

The key assumptions used in the 2022 valuation of the Scheme are set out below:

Mortality assumptions	2022 Years	2021 Years
Current pensioners (at 65) – males	**22.2**	22.2
Current pensioners (at 65) – females	**24.5**	24.4
Future pensioners (at 65) – males	**23.6**	23.5
Future pensioners (at 65) – females	**25.9**	25.9

The Scheme is now closed to future accrual. The average age of the members who were active at closure is 57 for males and 55 for females. The average age of all non-pensioners is 56.

Key financial assumptions used in the valuation of the Scheme	2022	2021
Rate of increase in pensions in payment	**3.75%**	3.35%
Discount rate	**3.00%**	1.95%
Inflation assumption – RPI	**3.80%**	3.40%
Inflation assumption – CPI (pre 2030/post 2030)	**2.9%/3.8%**	2.5%/3.4%

The present value of the Scheme liabilities is sensitive to the assumptions used, as follows:

Impact on Scheme liabilities – increase/(decrease)[1]	2022 £m	2021 £m
Increase discount rate by 0.1%	**(2.1)**	(2.6)
Increase inflation assumption by 0.1%[2]	**1.3**	2.1
Increase life expectancies by 1 year	**6.2**	7.3

1 The sensitivity analyses are based on a change in an assumption whilst holding all of the other assumptions constant. In practice this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity to change, the same actuarial method has been applied as when calculating the pension liability within the Balance Sheet. Due to the Scheme closing to future accrual on 1 January 2015, there are no longer any active members in the Scheme. As the members who were active at closure did not maintain a salary link on their past service benefits, the future salary increase assumptions no longer have an impact on the Scheme's liabilities.

2 For members who were active at closure, their pensions now increase in deferment in line with CPI inflation.

Assets in the Scheme	26 March 2022 £m	27 March 2021 £m
Corporate bonds	**25.0**	25.5
Index linked debt instruments	**26.0**	28.3
Overseas equities	**31.5**	30.6
Alternatives[1]	**56.5**	53.7
Cash	**1.6**	1.9
Annuities	**3.3**	3.8
Total market value of assets	**143.9**	143.8

1 Alternatives is composed of holdings in diversified growth investment funds.

	2022 £m	2021 £m
Fair value of Scheme assets	**143.9**	143.8
Present value of Scheme liabilities	**(129.6)**	(147.3)
Surplus/(deficit) in the Scheme	**14.3**	(3.5)

Included within the total present value of Group and Company Scheme liabilities of £129.6 million (2021: £147.3 million) are liabilities of £1.9 million (2021: £2.1 million) which are entirely unfunded. These have been shown separately on the Balance Sheet as there is no right to offset the assets of the funded Scheme against the unfunded Scheme.

	Defined benefit obligation		Fair value of Scheme assets		Net defined benefit surplus/(deficit)	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Balance at beginning of the year	**(147.3)**	(128.5)	**143.8**	123.8	**(3.5)**	(4.7)
Included in profit and loss						
Net interest cost	**(2.8)**	(3.0)	**2.8**	2.9	**–**	(0.1)
	(2.8)	(3.0)	**2.8**	2.9	**–**	(0.1)
Included in Other Comprehensive Income						
Actuarial gains/(losses) relating to:						
Actual return less expected return on Scheme's assets	**–**	–	**0.6**	19.5	**0.6**	19.5
Experience gains/(losses) arising on Scheme liabilities	**14.9**	(20.5)	**–**	–	**14.9**	(20.5)
	14.9	(20.5)	**0.6**	19.5	**15.5**	(1.0)
Other						
Employee contributions	**–**	–	**2.3**	2.3	**2.3**	2.3
Benefits paid	**5.6**	4.7	**(5.6)**	(4.7)	**–**	–
	5.6	4.7	**(3.3)**	(2.4)	**2.3**	2.3
Balance at end of the year	**(129.6)**	(147.3)	**143.9**	143.8	**14.3**	(3.5)

The weighted average duration of the Scheme's liabilities at the end of the period is 17 years (2021: 17 years).

The total contributions to the Scheme in the next financial year are expected to be £2.3 million for the Group and Company. Following the conclusion of the 2019 triennial valuation on 15 June 2021, it was agreed that the Company would continue to pay contributions in line with the deficit recovery plan which started at £2.1 million in July 2019 and increase each year with CPI. The recovery deficit plan will be reviewed at the next triennial valuation, which is due on 30 July 2022. No further payments are made as the Scheme is now closed to future accrual.

Notes to the Financial Statements

Continued

24. Preference Share Capital

Group and Company

Authorised, issued and fully paid share capital Number authorised and in issue:	First 6% cumulative preference share of £1 each Number 000s	Second 8% cumulative preference share of £1 each Number 000s	Total Number 000s
At 27 March 2021 and 26 March 2022	**400**	**1,200**	**1,600**

Monetary amount:	£m	£m	£m
At 27 March 2021 and 26 March 2022	**0.4**	**1.2**	**1.6**

The first 6% cumulative preference shares of £1 each are entitled to first payment of a fixed cumulative dividend and on winding up to a return of paid capital plus arrears of dividends. The second 8% cumulative preference shares of £1 each are entitled to second payment of a fixed cumulative dividend and on winding up a return of capital paid up (plus a premium calculated by reference to an average quoted price on the London Stock Exchange for the previous six months) plus arrears of dividends.

Preference shareholders may only vote in limited circumstances: principally on winding up, alteration of class rights or on unpaid preference dividends. Preference shares cannot be redeemed by the holders, other than on winding up.

25. Provisions

	Legal claim	
Group and Company	**2022 £m**	2021 £m
Balance at the beginning of the year	**4.0**	4.1
Utilised	**(1.4)**	(0.1)
Released	**(2.1)**	–
Balance at the end of the year	**0.5**	4.0

Analysed as:	**2022 £m**	2021 £m
Due within one year	**0.5**	4.0
Due in more than one year	**–**	–
	0.5	4.0

The £2.1 million credit is the release of a provision, after the final settlement amount on the sale of the Fuller’s Beer Business, which has been released to separately disclosed items.

26. Financial Instruments

Details of the Group's treasury function are included in the Financial Review's discussion of financial risks and treasury policies on page 31.

The accounting treatment of the Group's financial instruments is detailed in note 1.

a) Capital Management – Group and Company

As described in note 1, the Group considers its capital to comprise the following:

Group	2022 £m	2021 £m
Ordinary share capital	25.4	22.8
Share premium	53.2	4.2
Capital redemption reserve	3.7	3.7
Hedging reserve	(0.1)	(0.5)
Retained earnings	383.6	366.3
Preference shares	1.6	1.6
	467.4	398.1

Company	2022 £m	2021 £m
Ordinary share capital	25.4	22.8
Share premium	53.2	4.2
Capital redemption reserve	3.7	3.7
Hedging reserve	(0.1)	(0.5)
Merger reserve	(1.6)	(1.6)
Retained earnings	335.1	320.7
Preference shares	1.6	1.6
	417.3	350.9

In managing its capital, the primary objective is to ensure that the Group is able to continue to operate as a going concern and to maximise return to shareholders through a combination of capital growth, distributions and the payment of preference dividends to its preference shareholders. The Group seeks to maintain a ratio of debt and equity that balances risks and returns at an acceptable level and maintains sufficient funds to meet working capital targets, investment requirements and comply with lending covenants. As a minimum, the Board reviews the Group's dividend policy twice yearly and reviews the treasury position at every Board meeting.

Notes to the Financial Statements

Continued

26. Financial Instruments continued

b) Categories of Financial Assets and Liabilities

The Group's financial assets and liabilities as recognised at the Balance Sheet date may also be categorised as follows:

Group	2022 £m	2021 £m
Current assets		
Trade and other receivables in scope of IFRS 9	**1.6**	2.1
Total current assets	**1.6**	2.1
Total financial assets	**1.6**	2.1
Current liabilities		
Financial liabilities at amortised cost:		
Trade and other payables in scope of IFRS 9	**46.1**	25.4
Lease liabilities	**6.8**	6.7
Loans	**120.0**	207.7
Total carried at amortised cost	**172.9**	239.8
Derivative financial instruments used for hedging	**0.1**	–
Total current liabilities	**173.0**	239.8
Non-current liabilities		
Derivative financial instruments used for hedging	**–**	0.7
Financial liabilities at amortised cost:		
Lease liabilities	**73.9**	83.2
Loans and debenture stock	**25.9**	25.9
Preference shares	**1.6**	1.6
Total carried at amortised cost	**101.4**	110.7
Total non-current liabilities	**101.4**	111.4
Total financial liabilities	**274.4**	351.2

Company	2022 £m	2021 £m
Current assets		
Trade and other receivables in scope of IFRS 9	**1.6**	2.1
Total current assets	**1.6**	2.1
Total financial assets	**1.6**	2.1
Current liabilities		
Financial liabilities at amortised cost:		
Trade and other payables in scope of IFRS 9	**182.8**	158.4
Lease liabilities	**6.5**	6.5
Loans	**120.0**	207.7
Total carried at amortised cost	**309.3**	372.6
Derivative financial instruments used for hedging	**0.1**	–
Total current liabilities	**309.4**	372.6
Non-current liabilities		
Derivative financial instruments used for hedging	**–**	0.7
Financial liabilities at amortised cost:		
Lease liabilities	**72.8**	81.8
Loans and debenture stock	**25.9**	25.9
Preference shares	**1.6**	1.6
Total carried at amortised cost	**100.3**	109.3
Total non-current liabilities	**100.3**	110.0
Total financial liabilities	**409.7**	482.6

There is no set-off of financial assets and liabilities as shown above.

c) Financial Risks – Group and Company

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

Derivative instruments are used to change the economic characteristics of financial instruments in accordance with Group policy.

i. Interest rate risk

The Group manages its cost of borrowings using a mixture of fixed rates, variable rates and interest rate swaps. Fixed rates do not expose the Group to cash flow interest rate risk, but do not enjoy a reduction in borrowing costs in markets where rates are falling. Floating rate borrowings, although not exposed to changes in fair value, expose the Group to cash flow risk following rises in interest rates and cost.

The debentures totalling £25.9 million (2021: £25.9 million) and the CCFF totalling £nil (2021: £99.8 million), net of interest paid in advance, are at fixed rates. The bank loans totalling £120.0 million (2021: £107.9 million), net of arrangement fees, are at floating rates. At the year end, after taking account of interest rate swaps, 17% (2021: 19%) of the Group's bank loans and 32% (2021 63%) of gross borrowings were at fixed rates.

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26. Financial Instruments continued

Interest rate swaps

The Group has entered into interest rate swap agreements, where the Group pays a fixed rate and receives one month or three month LIBOR, in order to hedge the risk of variation in interest cash flows on its borrowings. At the Balance Sheet date, £20.0 million of the Group and Company's borrowings (2021: £20.0 million) were hedged by interest rate swaps at a blended fixed rate of 2.34% (2021: 2.30%). The swap active at 26 March 2022 expires in August 2022.

The interest rate swap is expected to impact the Income Statement in line with the liquidity risk table shown in section (iii) below. The interest rate swap cash flow hedge in effect at 26 March 2022 was assessed as being highly effective. Net unrealised gain of £0.4 million (2021: £0.4 million) has been recorded in Other Comprehensive Income.

Sensitivity – Group and Company

The Group borrows in Sterling at market rates. Three month Sterling SONIA rate during the 52 weeks ended 26 March 2022 ranged between 0.05% and 0.69%. The Directors consider 1.00% to be a reasonable possible increase in rates and 0.50% to be a reasonable possible decrease in rates, with reference to market yield curves and the current economic conditions.

The annualised effect of these changes to interest rates on the floating rate debt at the Balance Sheet date, all other variables being constant, are as follows:

	Group		Company[1]	
Impact on post-tax profit and net equity – increase/(decrease)	**2022 £m**	2021 £m	**2022 £m**	2021 £m
Decrease interest rate by 0.5%	**0.5**	0.4	**1.0**	0.9
Increase interest rate by 1.0%	**(1.0)**	(0.7)	**(2.1)**	(1.8)

1 The Company has substantial interest bearing payables due to subsidiary companies (note 21).

ii. Credit risk

The risk of financial loss due to a counter party's failure to honour its obligations arises principally in relation to transactions where the Group provides goods and services on deferred payment terms, deposits surplus cash and enters into derivative contracts.

Group policies are aimed at minimising losses and deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Individual customers are subject to credit limits to control debt exposure and goods may also be sold on a cash with order basis.

Cash deposits with financial institutions for short periods and derivative transactions are only permitted with financial institutions approved by the Board. There are no significant concentrations of credit risk within the Group. The maximum credit risk exposure relating to financial assets is represented by their carrying value as at the Balance Sheet date.

Trade and other receivables

The Group records impairment losses on its trade receivables separately from gross receivables. Further detail is included in note 18.

iii. Liquidity risk

The Group minimises liquidity risk by managing cash generation, applying trade receivables collection targets, monitoring daily cash receipts and payments and setting rolling cash forecasts. Investments have cash payback periods applied as part of a tightly controlled investment appraisal process. The Group's rating with credit agencies is excellent.

The Group has a mixture of long and short-term borrowings and overdraft facilities: 15% (2021: 9%) of the Group's borrowings are repayable after more than five years, 4% (2021: 3%) within the first to fifth years and 81% (2021: 88%) within one year.

The tables on the following page summarise the maturity profile of the Group's financial liabilities at 26 March 2022 based on undiscounted contractual cash flows, including interest payable. Floating rate interest is estimated using the prevailing interest rate at the Balance Sheet date.

Group at 26 March 2022	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	6 to 10 years £m	More than 10 years £m	**Total £m**
Interest bearing loans and borrowings[1]	–	1.9	125.4	12.0	–	21.5	**160.9**
Preference shares[2]	–	–	0.1	0.5	–	3.4	**4.0**
Trade and other payables	24.4	21.2	0.5	–	–	–	**46.1**
Lease liabilities	–	2.3	6.8	27.3	26.0	39.4	**101.8**

1 Bank loans are included after taking account of the following cash flows in relation to the interest rate swap held in respect of these borrowings:

Interest rate swaps	–	0.1	0.1	–		–	**0.2**

Group at 27 March 2021	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	6 to 10 years £m	More than 10 years £m	**Total £m**
Interest bearing loans and borrowings[1]	–	0.9	210.0	12.8	–	22.9	**246.6**
Preference shares[2]	–	–	0.1	0.5	–	3.4	**4.0**
Trade and other payables	12.7	8.7	4.0	–	–	–	**25.4**
Lease liabilities	–	2.4	7.2	30.6	27.8	35.7	**103.7**

1 Bank loans are included after taking account of the following cash flows in relation to the interest rate swap and cap held in respect of these borrowings:

Interest rate swaps	–	0.1	0.3	0.2	–	–	**0.6**

2 The preference shares have no contractual repayment date. For the purposes of the table above, interest payments have been shown for 20 years from the Balance Sheet date but no further.

The Company figures are as for the Group, except as follows:

Company at 26 March 2022	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	6 to 10 years £m	More than 10 years £m	**Total £m**
Amounts due to subsidiary undertakings[3]	136.6	–	–	–	–	–	**136.6**
Trade and other payables	24.4	21.2	0.5	–	–	–	**46.1**
Lease liabilities	–	2.2	6.6	26.2	25.9	39.2	**100.1**

Company at 27 March 2021							
Amounts due to subsidiary undertakings[3]	133.1	–	–	–	–	–	**133.1**
Trade and other payables	12.6	8.7	4.0	–	–	–	**25.3**
Lease liabilities	–	2.3	7.0	29.4	27.5	35.7	**101.9**

3 Amounts due to subsidiary undertakings have no fixed repayment date. Interest is payable on the balance at 3% above the Bank of England base rate.

Security – Group and Company
The 10.7% debentures 2023 are secured on property, plant and equipment with a net book value of £10.5 million (2021: £11.6 million). The 6.875% debentures 2028 are secured by a floating charge over the assets of the Company.

Covenants – Group and Company
The Group and Company are subject to a number of covenants in relation to their borrowing facilities which, if contravened, would result in its loans becoming immediately repayable. These covenants inter alia specify maximum net debt to earnings before interest, tax, depreciation and amortisation, and minimum earnings before interest, tax, depreciation and amortisation to interest.

Notes to the Financial Statements

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26. Financial Instruments continued

The Group completed an equity placing on 20 April 2021 which raised net proceeds of £51.8 million. The proceeds of the equity placing, along with the Group's existing facilities, were used to repay the CCFF on 12 May 2021. At the same time as the equity placing, the Group also agreed an Amend and Extend Refinancing of its existing debt facilities with its relationship banks, extending the maturity of the £192 million facilities to 19 February 2023 and amending the financial covenants to a minimum liquidity level of £10 million to be tested monthly until 31 March 2022. Since year end, the Group has secured a new facility of £200 million, split between a RCF of £110 million and a term loan of £90 million, for a tenure of four years to May 2026. Under the new agreement, there is a minimum liquidity requirement of £10 million until November 2022. From December 2022, there will be a covenant suite which will consist of net debt to EBITDA (leverage) and EBITDA to net finance charges. See further details in note 22.

d) Fair Value

	Book value		Fair value		
Group	**2022 £m**	2021 £m	**2022 £m**	2021 £m	Fair value Level
Financial liabilities					
Lease liabilities	**(80.7)**	(89.9)	**(80.7)**	(89.9)	3
Fixed rate borrowings	**(25.9)**	(125.7)	**(32.0)**	(132.7)	3
Floating rate borrowings	**(120.0)**	(107.9)	**(120.0)**	(107.9)	3
Preference shares	**(1.6)**	(1.6)	**(1.6)**	(1.6)	3
Interest rate swaps	**(0.1)**	(0.7)	**(0.1)**	(0.7)	2

The Company figures are as for the Group above except for:

	Book value		Fair value		
Company	**2022 £m**	2021 £m	**2022 £m**	2021 £m	Fair value Level
Financial liabilities					
Lease liabilities	**(79.3)**	(88.3)	**(79.3)**	(88.3)	3

Level 1 fair values are valuation techniques where inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at measure data.

Level 2 fair values are valuation techniques where all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly, but are not derived directly from quoted prices in active markets. The Group bases its valuations on information provided by financial institutions, who use a variety of estimation techniques based on market conditions, such as interest rate expectations, existing at each Balance Sheet date.

Level 3 fair values are valuation techniques for which all inputs that have a significant effect on the recorded fair value are not observable. Derivative fair values are obtained from quoted market prices in active markets. The fair values of borrowings have been calculated by discounting the expected future cash flows at prevailing interest rates. Interest rates for borrowings range from 1.5% to 10.7%. The fair values of preference shares have been calculated using the market interest rates.

Management assessed that the fair values of cash and short-term deposits, trade receivables and other receivables, and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

There were no transfers between levels in the fair value hierarchy as at 26 March 2022 and 27 March 2021.

27. Share Capital and Reserves

a) Share Capital

Authorised, issued and fully paid Number in issue	'A' ordinary shares of 40p each Number 000s	'C' ordinary shares of 40p each Number 000s	'B' ordinary shares of 4p each Number 000s	Total Number 000s
At 30 March 2020 and 27 March 2021	33,620	14,459	89,052	137,133
Share placing	6,469	–	–	6,469
Share conversions	993	(993)	–	–
At 26 March 2022	41,082	13,466	89,052	143,600
Proportion of total equity shares at 26 March 2022	**28.6%**	**9.4%**	**62.0%**	**100%**

Monetary amount	£m	£m	£m	£m
At 27 March 2021	13.4	5.8	3.6	22.8
Share placing	2.6	–	–	2.6
Share conversions	0.4	(0.4)	–	–
At 26 March 2022	**16.4**	**5.4**	**3.6**	**25.4**

Share capital represents the nominal value proceeds received on the issue of the Company's equity share capital, comprising 40p and 4p ordinary shares. The Company's preference shares are classified as non-current liabilities in accordance with IFRS (see note 24).

The ordinary shareholders are entitled to be paid a dividend out of any surplus profits and to participate in surplus assets on winding up in proportion to the nominal value of each class of share ('B' shares have one-tenth of the nominal value of 'A' and 'C' shares).

All equity shares in the Company carry one vote per share, save that shares held in treasury have their voting rights suspended. The 'A' and 'C' shares have a 40p nominal value and the 'B' shares have a 4p nominal value so that a 'B' share dividend will be paid at 10% of the rate applying to 'A' and 'C' shares. The 'A' shares are listed on the London Stock Exchange. The 'C' shares carry a right for the holder to convert them to 'A' shares by written notice in the 30 day period following the half year and preliminary announcements. The 'B' shares are not listed and have no conversion rights. In most circumstances the value of a 'B' share is deemed to be 10% of the value of the listed 'A' shares. The Trustee holding shares for participants of the LTIP currently waives dividends for shares held during the initial three year period. Dividends are not paid on shares held in treasury.

The Articles include provisions relating to the Company's 'B' and 'C' shares which provide that shareholders who wish to transfer their shares may only do so if the transfer is to another 'B' or 'C' shareholder, or if the transfer is to certain of that shareholder's family members or their executors or administrators or, where shares are held by trustees, to new trustees, or to the trustees of any employee share scheme, or if the Company is unable to identify another shareholder of that class willing to purchase the shares within the specified period, to any person.

Notes to the Financial Statements

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27. Share Capital and Reserves continued

b) Own Shares

Own shares relate to shares held by independently managed employee share ownership trusts ("ESOTs") together with the Company's holding of treasury shares. Shares are purchased by the ESOTs in order to satisfy potential awards under the Long Term Incentive Plan ("LTIP") and Share Incentive Scheme ("SIP"). Treasury shares are used, inter alia, to satisfy options under the Company's share options schemes. The LTIP ESOT has waived its rights to dividends on the shares it holds. Treasury shares have voting and dividend rights suspended. All own shares held, as below, are excluded from earnings and net assets per share calculations.

	Treasury shares		LTIP ESOT		SIP ESOT	Total			Total
Number	'A' ordinary 40p shares 000s	'B' ordinary 4p shares 000s	'B' ordinary 4p shares 000s	'C' ordinary 40p shares 000s	'A' ordinary 40p shares 000s	'A' ordinary 40p shares 000s	'B' ordinary 4p shares 000s	'C' ordinary 40p shares 000s	Own shares 000s
At 28 March 2020	1,281	4,558	326	6	5	1,286	4,884	6	**6,176**
Shares released	(7)	–	–	–	–	(7)	–	–	**(7)**
At 27 March 2021	1,274	4,558	326	6	5	1,279	4,884	6	**6,169**
Shares released	(11)	(230)	–	–	–	(11)	(230)	–	**(241)**
At 26 March 2022	**1,263**	**4,328**	**326**	**6**	**5**	**1,268**	**4,654**	**6**	**5,927**

Monetary amount	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 28 March 2020	12.0	4.6	0.3	0.1	0.1	12.1	4.9	0.1	**17.1**
Shares released	(0.1)	–	–	–	–	(0.1)	–	–	**(0.1)**
At 27 March 2021	11.9	4.6	0.3	0.1	0.1	12.0	4.9	0.1	**17.0**
Shares released	(0.1)	(0.3)	–	–	–	(0.1)	(0.3)	–	**(0.4)**
At 26 March 2022	**11.8**	**4.3**	**0.3**	**0.1**	**0.1**	**11.9**	**4.6**	**0.1**	**16.6**
Market value at 26 March 2022	**7.8**	**2.7**	**0.2**	**–**	**–**	**7.9**	**2.9**	**–**	**10.8**

c) Other Capital Reserves

Share premium account

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

Capital redemption reserve

The capital redemption reserve balance arises from the buy-back of the Company's own equity share capital.

Hedging reserve

The hedging reserve contains the effective portion of the cash flow hedge relationships incurred at the Balance Sheet date, net of tax.

Merger reserve

The merger reserve balance arises from the hive up of Bel & The Dragon.

28. Share Options and Share Schemes

The key points of each of the Group's share schemes for grants up to 26 March 2022 are summarised below. All schemes are equity-settled. All disclosure relates to both Group and Company. For the purposes of option and LTIP schemes, "Adjusted EPS" will normally be consistent with the post-tax earnings per share excluding separately disclosed items as presented in the financial statements. However, the Remuneration Committee is authorised to make appropriate adjustments to Adjusted EPS as applied to these schemes.

Savings Related Share Option Scheme ("SAYE")

This scheme grants options over shares at a discount of 20% on the average market price over the three days immediately prior to the date of offer. Employees must save a regular amount each month. Savings are made over three or five years, at the participant's choice. The right to buy shares at the discounted price lasts for six months after the end of the savings contract. There are no performance conditions, other than continued employment.

Executive Share Option Scheme

This is an approved Executive Share Option Scheme. For grants up to the year ended 28 March 2020 options vest if growth in Adjusted EPS exceeds the growth in RPI by 9% or more, over the three year performance period of the option. For grants made during the year ended 27 March 2021 options vest if a set EBITDA target is achieved. For grants made during the year ended 26 March 2022 onwards, the options vest if a set pre-tax Adjusted EPS target is achieved. The options must then be exercised within seven years after the end of the performance period.

LTIP

This plan grants conditional share awards. Up until the LTIP granted during the year ended 28 March 2020 vesting is conditional on growth in Adjusted EPS exceeding growth in RPI by 9% or more over the three year initial performance period of the award, with vesting levels on a sliding scale from 40% up to 100%, if growth in Adjusted EPS exceeds growth in RPI by 24% or more.

From the LTIP granted during the year ended 27 March 2021 vesting is conditional upon pre-tax Adjusted EPS targets, with vesting levels on a sliding scale from 25% up to 100% dependent on the level of EPS achieved. An independent firm of advisors verifies the vesting level each year. The initial vesting period is three years and, for Executive Directors, is followed by a two year holding period. After this time the shares may be passed to the plan participants, as long as vesting conditions are met.

A one-off Recovery LTIP was granted during the year ended 26 March 2022. Vesting is conditional upon Group EBITDA (excluding IFRS 16) targets, with vesting levels on a sliding scale from 25% up to 100% dependent on the level of EBITDA achieved. The initial vesting period is three years and is followed by a two year holding period. After this time the shares may be passed to the plan participants, as long as vesting conditions are met.

SIP

This plan awards free shares. An equal number of shares are awarded to each eligible employee. The maximum value of shares allowable under the scheme is £3,000 per year, per person with at least five months' service as at 15 May each year. The basis of the award was changed with effect from the 2018 award so that all eligible employees receive the same number of shares. There is no requirement for performance targets (although there may be tax consequences if sold within five years of the award).

Share-based payment expense recognised in the year

The expense recognised for share-based payments in respect of employee services received during the 52 weeks ended 26 March 2022 is £0.8 million charge (2021: £0.3 million credit). The whole of that expense arises from equity-settled share-based payment transactions.

Market value

The market value of the shares at 26 March 2022 was £6.20 (2021: £8.60).

Movements in the year

The following tables illustrate the number and weighted average exercise prices ("WAEP") of, and movements in, each category of share instrument during the year.

Volatility

The expected volatility is based on the historical volatility over the expected life of the rights.

Notes to the Financial Statements

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28. Share Options and Share Schemes continued

a) SAYE

	2022 Number 000s	2022 WAEP	2021 Number 000s	2021 WAEP
Outstanding at the beginning of the year	**460**	**£4.79**	167	£7.98
Granted	**130**	**£5.43**	410	£4.35
Forfeited	**(105)**	**£5.43**	(78)	£7.54
Expired	**–**	**–**	(38)	£8.06
Exercised	**(11)**	**£7.66**	(1)	£8.12
Outstanding at the end of the year	**474**	**£4.70**	460	£4.79
Exercisable at the end of the year	**4**	**£7.70**	9	£8.51
Weighted average share price for options exercised in the year	**£7.35**		£8.99	
Weighted average contractual life remaining for share options outstanding at the year end	**2.7 years**		3.1 years	
Weighted average share price for options granted in the year	**£6.40**		£5.59	
Weighted average fair value of options granted during the year	**£0.77**		£1.38	
Range of exercise prices for options outstanding at the year end				
– from	**£4.35**		£4.35	
– to	**£8.12**		£8.70	

Outstanding share options granted to employees under the SAYE scheme are as follows:

Exercisable at	Exercise price 40p shares £	Number of 'A' ordinary shares under option 2022 000s	Number of 'A' ordinary shares under option 2021 000s
September 2020	8.70	**–**	6
September 2020	8.12	**–**	3
September 2021	7.74	**–**	17
September 2021	7.70	**4**	24
September 2022	8.12	**2**	3
September 2023	7.70	**2**	4
November 2023	4.35	**187**	228
December 2024	5.43	**76**	–
November 2025	4.35	**149**	175
December 2026	5.43	**54**	–
		474	460

b) Share Option Schemes

	Executive Share Option Scheme			
	2022 Number 000s	**2022 WAEP**	2021 Number 000s	2021 WAEP
Outstanding at the beginning of the year	**212**	**£7.46**	159	£9.69
Granted	**–**	**–**	163	£6.92
Lapsed	**(28)**	**£9.00**	(44)	£10.24
Surrendered	**–**	**–**	(65)	£9.71
Exercised	**–**	**–**	(1)	£5.78
Outstanding at the end of the year	**184**	**£7.23**	212	£7.46
Exercisable at the end of the year	**25**	**£9.17**	26	£9.03
Weighted average share price for options exercised in the year			£7.36	
Weighted average contractual life remaining for share options outstanding at the year end	**8.84 years**		8.63 years	
Weighted average share price for options granted in the year	**n/a**		£6.92	
Weighted average fair value of options granted during the year	**n/a**		£0.94	
Range of exercise prices for options outstanding at the year end				
– from	**£6.92**		£6.92	
– to	**£10.90**		£10.90	

Outstanding options which are capable of being exercised between three and ten years from date of issue and their exercise prices are shown in the table below:

		Executive Approved Scheme	
Exercisable in/between	Exercise price 40p shares £	**Number of 'A' ordinary shares under option 2022 000s**	Number of 'A' ordinary shares under option 2021 000s
2014 and 2021	7.09	**–**	2
2015 and 2022	7.05	**5**	5
2016 and 2023	9.10	**9**	9
2017 and 2024	9.65	**5**	5
2018 and 2025	10.90	**5**	5
2020 and 2027	10.34	**–**	–
2021 and 2028	9.46	**1**	19
2022 and 2029	9.61	**–**	4
2023 and 2030	6.92	**159**	163
		184	212

Notes to the Financial Statements

Continued

28. Share Options and Share Schemes continued

c) LTIP

Shares	2022 'A' shares Number 000s	2022 'B' shares Number 000s	2021 'A' shares Number 000s	2021 'B' shares Number 000s
Outstanding at the beginning of the year	404	1,009	288	721
Granted	533	1,332	220	549
Lapsed	(155)	(388)	(104)	(261)
Outstanding at the end of the year	782	1,953	404	1,009

Weighted average share price for shares vested in the year	n/a	n/a	n/a	n/a
For shares outstanding at the year end, the weighted average contractual life remaining is	2.12 years	2.12 years	1.91 years	1.91 years
Weighted average share price for shares granted in the year	£7.40	£0.74	£5.90	£0.59
Weighted average fair value of shares granted during the year	£7.16	£0.72	£5.75	£0.58

All LTIPs have a vesting price of £nil. LTIP shares do not receive dividends until vested.

d) SIP

	2022 Number 000s	2021 Number 000s
Outstanding at the beginning of the year	112	150
Granted	–	–
Lapsed	–	–
Released	(39)	(38)
Outstanding at the end of the year	73	112

Weighted average share price for shares released in the year	£7.17	£7.22
For shares outstanding at the year end, the weighted average contractual life remaining is	1.32 years	1.88 years
Weighted average share price for shares granted during the year	–	–
Weighted average fair value of shares granted during the year	–	–

Outstanding SIP shares represent shares allocated and held by the SIP Trustees on behalf of employees, which remain in the trust for between three and five years. All SIPs have a vesting price of £nil. SIP shares receive dividends once allocated.

e) Fair Value of Grants

i. Equity-settled options and LTIPs

The fair value of equity-settled share options granted is estimated as at the date of grant, taking into account the terms and conditions upon which the awards were granted. The following table lists the inputs to the model used for the 52 weeks ended 26 March 2022 and 52 weeks ended 27 March 2021, except for exercise price and the weighted average share price for grants in the year, which are disclosed in sections a) to d) above.

	LTIP scheme		SAYE		Executive Share Option Scheme	
Fair value inputs	**2022**	2021	**2022**	2021	**2022**	2021
Dividend yield (%)	**1.1%**	nil%	**1.3%**	nil%	**n/a**	nil%
Expected share price volatility (%)	**n/a**	n/a	**2.3-2.7%**	17.2%-19.1%	**n/a**	18.7%
Risk-free interest rate (%)	**0.5%**	(0.1%)	**(0.1%)**	(0.1%)	**n/a**	(0.1%)
Expected life of option/award (years)	**3 years**	3 years	**3-5 years**	3-5 years	**n/a**	4 years
Model used	**Black Scholes**	Black Scholes	**Black Scholes**	Black Scholes	**n/a**	Black Scholes

ii. SIP free shares awarded

The fair value of free shares awarded under the SIP is the share price at the date of allocation. The total value of SIPs awarded is a fixed rate based on the Group's performance in the preceding financial year. The number of shares awarded is therefore dependent on the share price at the date of the award.

29. Guarantees and Commitments

a) Operating Lease Commitments

Operating leases where the Group is the lessor

The Group earns rental income from two sources. Licensed property included within property, plant and equipment is rented under agreements where lessees must also purchase goods from the Group. Additionally, there are a smaller number of agreements in respect of investment properties where there is no requirement for the lessee to purchase goods.

Investment properties are let to third parties on leases that have remaining terms of between one and fifteen years.

At 26 March 2022, future minimum rentals receivable are as follows:

	Investment properties		Property, plant and equipment	
Group	**2022 £m**	2021 £m	**2022 £m**	2021 £m
Within one year	**0.3**	0.5	**5.7**	7.8
One to two years	**0.2**	0.3	**2.0**	5.0
Two to three years	**0.2**	0.1	**1.5**	4.5
Three to four years	**0.2**	0.2	**0.6**	1.4
Four to five years	**0.1**	0.1	**0.1**	0.3
After five years	**0.6**	0.3	**0.6**	0.8
	1.6	1.5	**10.5**	19.8
Company				
Within one year	**0.3**	0.5	**5.7**	7.8
One to two years	**0.2**	0.3	**2.0**	5.0
Two to three years	**0.2**	0.1	**1.5**	4.5
Three to four years	**0.2**	0.2	**0.6**	1.4
Four to five years	**0.1**	0.1	**0.1**	0.3
After five years	**0.6**	0.3	**0.6**	0.8
	1.6	1.5	**10.5**	19.8

The Group and Company's commercial leases on property are principally for licensed outlets. The terms of the leases are normally for either three, four or five years. The agreements allow for annual inflationary increases and full rental reviews occur on renewal of the lease.

At 26 March 2022, future minimum rentals receivable under non-cancellable sub-leases included in the figures above were £2.0 million (2021: £1.6 million).

Notes to the Financial Statements

Continued

29. Guarantees and Commitments continued

b) Other Commitments

Group and Company	2022 £m	2021 £m
Capital commitments – authorised, contracted but not provided for	**2.2**	2.4

30. Related Party Transactions

Group and Company

During the current and prior years, the Company provided various administrative services to the Fuller, Smith & Turner Pension Plan free of charge. In addition, the Company settled costs totalling £394,000 (2021: £368,000) relating to the provision of actuarial, consulting and administrative services by third parties to the Fuller, Smith & Turner Pension Plan.

Compensation of key management personnel (including Directors)	52 weeks ended 26 March 2022 £m	52 weeks ended 27 March 2021 £m
Short-term employee benefits	**3.1**	3.0
Termination benefits	**–**	0.1
Post-employment benefits	**0.3**	0.3
	3.4	3.4

Company Only

During the year, the Company entered into the following related party transactions:

52 weeks ended 26 March 2022	Sales to related parties £m	Purchases from related parties £m	Interest due from related parties £m	Interest due to related parties £m	Amounts due to related parties £m	Amounts due from related parties £m
Subsidiaries	**–**	**61.1**	**–**	**3.7**	**(136.7)**	**–**

52 weeks ended 27 March 2021	Sales to related parties £m	Purchases from related parties £m	Interest due from related parties £m	Interest due to related parties £m	Amounts due to related parties £m	Amounts due from related parties £m
Subsidiaries	–	21.0	–	4.2	(133.1)	–

Interest is payable on the majority of the amounts due to subsidiaries at 3% above the Bank of England base rate. All amounts outstanding are unsecured and repayable on demand.

The Company also incurred rental expenses from subsidiaries of £0.3 million (2021: £0.1 million).

In addition, the Company has recharged an amount of £0.1 million (2021: £nil) to its subsidiaries and incurred £nil (2021: £0.1 million) of recharges from its subsidiaries during the year.

Subsidiaries of parent companies established within the European Economic Area are exempt from an audit if a guarantee is provided by the parent for the subsidiary liabilities and the shareholders are in unanimous agreement. The Group will be exempting the following companies from an audit in 2022 for the period ended 26 March 2022 under Section 479A of the Companies Act 2006, all of which are fully consolidated in these financial statements:

Company	Company Number
Griffin Catering Services Limited	01577632
Jacomb Guinness Limited	02934979
George Gale and Company Limited	00026330
45 Woodfield Limited	04279254
Grand Canal Trading Limited	04271734
B & D Country Inns I Limited	07292333
B & D Country Inns II Limited	08029280
B & D (Cookham) Limited	07320065
B & D (Odiham) Limited	08377459
B & D (Reading) Limited	07309587
B & D (Win) Limited	07320245
B & D (Farnham) Limited	08392963
B & D (Kingsclere) Limited	08975762
RSH 200 Limited	12035987
Cotswold Inns and Hotels Limited	03309179

The Group will be exempting the following companies from the preparation and delivering of accounts to Companies House under Section 394A of the Companies Act 2006, all of which are fully consolidated in these financial statements:

Company	Company Number
Griffin Inns Ltd.	00495934
Ringwoods Limited	00178536
F.S.T. Trustee Limited	03163480
Fuller Smith & Turner Estates Limited	01831674

31. Post Balance Sheet Events

On 27 May 2022, the Group successfully completed the refinance of its debt facilities of £192 million, which were due to mature in February 2023. The new debt facilities consist of a £90 million term loan and a £110 million revolving credit facility provided by a syndicate of seven banks. The new facilities have an initial maturity date of 27 May 2026 with an option to extend by a further year. The facilities are unsecured, and the borrowing cost of the facilities is determined by the level of Company leverage.

Additional Information

as at 7 June 2022

Directors, Advisors and Corporate Information

Chairman
Michael Turner, FCA,
Non-Executive Chairman

Executive Directors
Simon Emeny, Chief Executive
Neil Smith, Finance Director, ACA
Fred Turner, Retail Director, ACA

Non-Executive Directors
Sir James Fuller, Bt
Richard Fuller
Helen Jones*
Robin Rowland*
Juliette Stacey, ACA*

* Independent

President
Anthony Fuller, CBE

Chairman from 1982-2007, Anthony Fuller retired from the Board in 2010 after a long career with Fuller's and continues as President.

Secretary and Registered Office
Rachel Spencer
Pier House
86-93 Strand-on-the-Green
London W4 3NN
Tel: 020 8996 2105
Email: company.secretariat@fullers.co.uk

Registered Number
241882

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Stockbrokers
Numis Securities Limited
10 Paternoster Square
London EC4M 7LT

Registrars
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Tel: 0870 889 4096
Email via website:
www.investorcentre.co.uk/contactus

Shareholder Information

Registrars
Any enquiries relating to shareholdings on the share register (for example, change of address, bank mandates, communication preferences) should be sent to the Company's Registrars, Computershare. You can also manage your shareholding online at www.computershare.com/investor/uk.

Shareholders may at any time choose to receive notification of the availability of corporate communications on Fuller's website by email or choose to receive them in printed form. To receive notifications of the availability of a corporate communication by email, or revoke or amend an instruction to receive such notifications by email go to www.computershare.com/investor/uk or contact Computershare, quoting your shareholder reference number.

Shareholder Privileges
Individual shareholders with at least 1,000 'A' or 'C' ordinary shares or 10,000 'B' ordinary shares are eligible to receive a Shareholder Inndulgence Card. For any individual issued with a Card prior to 1 April 2022, continued eligibility will be based on the eligibility criteria at the time of issue, being at least 500 'A' or 'C' ordinary shares or 5,000 'B' ordinary shares.

Card holders are entitled to a 15% discount on food and drinks in any of our Managed Pubs and Hotels, including Bel & The Dragon and Cotswold Inns & Hotels. It also offers a 15% discount on the Best Flexible Rate or Standard Flexible B&B Rate for Beautiful Bedrooms by Fuller's and Bel & The Dragon accommodation. There is currently no accommodation discount available with the Card at any of the Cotswold Inns & Hotel sites. Further information is available from the Company Secretariat.

Redesignation of 'C' Shares
'C' ordinary shares can be redesignated as 'A' ordinary shares within 30 days of the full year and half year announcements by sending in your certificates and a written instruction to redesignate prior to or during the period to the Company's Registrars.

ShareGift
The Orr Mackintosh Foundation operates a charity share donation scheme for shareholders with small parcels of shares whose value makes it uneconomic to sell them. If you have a small number of shares and would like to donate them to charity, details of the scheme can be found on the ShareGift website www.sharegift.org, or by contacting the Company Secretariat.

Financial Calendar and Key Dates
21 July 2022
Annual General Meeting (11am)

17 November 2022
FY2023 Half year results announcement

June 2023
FY2023 Full year results announcement

Glossary

Adjusted earnings per share ("EPS") – this is earnings per share, adjusted for separately disclosed items. The Directors believe that this measure provides useful information for shareholders as to the performance of the Group.

Adjusted profits – this is profit before tax and before separately disclosed items.

CCFF – this is an HM Treasury and Bank of England lending facility.

CJRS – this is a claim for 80% of employees' wages plus any employer National Insurance and pension contributions for staff on furlough through the Government's Coronavirus Job Retention Scheme.

CRM – Customer Relationship Management.

Drinks, food and accommodation like for like sales growth – this is measured on the same basis as "Managed Pubs and Hotels invested like for like sales growth".

EBITDA – this is the earnings before interest, tax, depreciation, profit on disposal of plant and equipment, and amortisation, adjusted for separately disclosed items.

ESOS –Executive Share Option Scheme.

LTIP – Long-Term Incentive Plan.

Managed Pubs and Hotels invested like for like sales growth – this is the sales growth calculated to exclude those pubs which have not been trading throughout the two years for the corresponding period in both years. The principal exclusions from this measure are: pubs purchased or sold in the last 12 months; sites which are closed; and pubs which are transferred to tenancy.

Market capitalisation – only the Company's 40p 'A' ordinary shares are listed. The Company calculates its market capitalisation as the total of all classes of ordinary shares; i.e. listed 40p 'A' ordinary shares, unlisted 4p 'B' ordinary shares and unlisted 40p 'C' ordinary shares plus all potentially awardable share options and LTIP awards less any shares held in treasury. For the purposes of the calculation of market capitalisation, a 4p 'B' ordinary share is treated as having 10% of the market value of a quoted 40p 'A' ordinary share and a 40p 'C' ordinary share is treated as having an equivalent value to a 40p 'A' ordinary share.

Net debt – this comprises cash, bank loans, CCFF, debenture stock, preference shares and lease liabilities.

Operating profit – this is profit before finance costs and tax and profit on disposal of properties.

SIP – Share Incentive Plan.

Total annual dividend – the total annual dividend for a financial year comprises interim dividends paid during the financial year and the final dividend proposed for approval by shareholders at the Annual General Meeting after the completion of the financial year.

Unnecessary plastic – eliminating all plastic which is used instantaneously but is unnecessary for food safety purposes and its removal will not lead to unintended environmental consequences by its removal, such as increased waste or carbon emissions.

Working capital – calculated as current assets (trade receivables and inventory) less current liabilities (trade and other payables).

Five Years' Progress

Group Income Statement	2022 £m	2021 £m	Restated 2020 £m	Restated 2019 £m	2018 £m
Revenue and other income	**253.8**	73.4	319.7	324.7	403.6
Operating profit before separately disclosed items	**18.5**	(40.3)	27.0	40.0	49.2
Finance costs before separately disclosed items	**(11.3)**	(8.4)	(7.6)	(6.9)	(6.0)
Adjusted profit/(loss) before income tax	**7.2**	(48.7)	19.4	33.1	43.2
Exceptional items and discontinued operations	**4.3**	(10.5)	146.8	(8.4)	0.4
Profit/(loss) before income tax	**11.5**	(59.2)	166.2	24.7	43.6
Taxation	**(4.4)**	9.6	(5.3)	(5.2)	(8.8)
Profit/(loss) after income tax	**7.1**	(49.6)	160.9	19.5	34.8
Non-controlling interest	**–**	–	–	(0.2)	1.0
Profit/(loss) attributable to equity shareholders of the Parent Company	**7.1**	(49.6)	160.9	19.3	35.8
EBITDA[1]	**44.3**	(13.1)	53.9	59.5	70.9

1 Continuing operations only.

Assets employed					
Non-current assets	**713.8**	702.5	757.1	595.3	623.2
Inventories	**3.6**	2.1	4.0	5.0	13.5
Other current assets	**11.3**	15.5	18.6	8.4	22.9
Assets classified as held for sale	**5.4**	9.6	2.6	87.0	2.1
Cash and cash equivalents	**15.6**	17.1	20.3	11.0	11.7
	749.7	746.8	802.6	706.7	673.4
Current borrowings	**(120.0)**	(207.7)	(171.7)	(50.0)	(30.0)
Other current liabilities	**(64.5)**	(39.4)	(50.7)	(62.9)	(71.8)
	565.2	499.7	580.2	593.8	571.6
Non-current borrowings	**(27.5)**	(27.5)	(27.5)	(206.2)	(183.6)
Other non-current liabilities	**(88.5)**	(92.7)	(122.9)	(49.1)	(53.1)
Net assets	**449.2**	379.5	429.8	338.5	334.9

	2022	2021	2020	2019	2018
Per 40p 'A' ordinary share					
Adjusted earnings	**9.79p**	(73.00)p	20.50p	62.78p	62.90p
Basic earnings	**11.59p**	(89.84)p	291.89p	35.12p	64.89p
Dividends (interim and proposed final)[2]	**11.31p**	–	132.80p	20.15p	19.55p
Net assets	**£7.27**	£6.87	£7.80	£6.16	£6.07
Net debt (£ million)[3]	**(212.6)**	(308.0)	(291.8)	(245.2)	(201.9)
Gross capital expenditure (£ million)	**25.8**	16.5	84.5	58.6	40.6
Average number of employees	**4,240**	4,219	5,166	5,399	4,913

2 2020 includes 'D' share dividend.
3 Net debt from FY20 onwards includes amounts relating to leases under IFRS 16.

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Design and production
www.luminous.co.uk

Fuller, Smith & Turner P.L.C.
Registered Office
Pier House
86-93 Strand-on-the-Green
London W4 3NN

Registered number: 241882

Telephone: +44 (0)20 8996 2000
Email: fullers@fullers.co.uk

www.fullers.co.uk