

March 2025

Shareholder Newsletter



Trading update

As we near completion of our audit for 2024, the management accounts indicate that our final EBITDA is 15% up on the prior year. At the trading level, this is broadly in line with our expectations, and we finished with strong Christmas sales coming out of both managed and tenanted divisions. We have incurred additional property repair costs which were unfortunate, but necessary consequence of some weather related damage and year end profit is marginally behind where we would hope it to be.

January and February have been tough trading months. Some of our business partners have decided to move on, predominantly due to the severe cost pressures the government has imposed through the changes to employment taxes and business rates announced in the October 2024 budget. We have a number of good pubs where we need to secure new business partners and we have kicked off our 2025 capital expenditure programme which is being carried out across the estate and we hope this will give those and our other pubs a welcome boost in trade.

We have planned a busy investment schedule in 2025, all designed to drive business performance, improve underlying earnings and grow the value of our estate.

Northgate Brewery update

On 27th February 2025, Wiltshire council granted a successful planning application for the Backhouse scheme on the old brewery site. As you will be aware, this has been a long time coming and an important step towards securing a positive future for the site. There is still some legal work to do before we are able to complete and recognise funds from this transaction, and we will advise further progress on this hugely important project for the Company as soon as possible. Separately, the Trevor Osborne scheme for the listed part of the site is progressing nicely.



Shire Horses

It is with great sadness that we have taken the decision to retire the Shire horses. With the move to Folly Road Brewhouse, away from the centre of Devizes, it has become very difficult, and very costly, to carry out local deliveries. The new site where we had hoped to house the Shires is unfortunately no longer viable due to the escalation in build costs and complexities of the site. I would personally like to say a huge thank you to the team who have looked after the horses so well over the years. The Shires are having a very happy time in Wales with Gentle Giants who we know will provide a fantastic home for them for the future.



Beer and Beyond

We are pleased to report that volumes of our own beer sold within our estate continue to increase. Furthermore, despite the decline of the cask ale category across the UK, 6X has upheld its volume sales across its customer base over the past year. This is consumer recognition that not only does 6X continue to stand out in the market but also that taste and quality has been maintained through the move to the Folly Road Brewhouse. Corvus stout had a successful launch in December and we now have around 30 stockists.



This follows the successful launches of Evolution session IPA and To Helles and Back helles lager over the course of the last 12 months, now pouring in 93 and 95 stockists respectively across our estate. We have a number of seasonals coming out this year, with Crowd Surfer, a 4.5% pale ale, being launched in April, reflecting the flexibility, efficiency and increased opportunity for innovation that our new brewery brings.



Outlook

We are working hard to offset, as far as possible, the economic and legislative headwinds that show no sign of easing. As an industry we are battling increases to business rates, the national minimum wage, employer's National Insurance Contributions and the impact of the Extended Producer Responsibility regulations, an environmental policy approach which aims to make producers responsible for the lifetime implications of their product packaging. I have written to all MPs where we have pubs in their constituency to ensure that they are fully aware of the burden impacting the industry and the potential implications this will have on investment, employment and economic growth.

In the meantime, we are focussing on growing our EBITDA by, amongst other things, brewing excellent beer from our efficient and agile new brewery to support the growing success of our own brands in our pubs. This, together with the investments we have planned for 2025 and our improved margin control, gives us plenty of things to remain positive about.

I am looking forward to seeing as many of you as possible at the AGM at the Bear Hotel on Friday 23rd May. Please could you inform Julie Perrett (julieperrett@wadworth.co.uk) if you will be attending.

Finally, I hope you have a great Easter, and to help in this regard, please use the 25% OFF discount code for shareholders sent to you via email.

With best wishes

Toby

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