



6 January 2022

**GREGGS plc
FOURTH QUARTER TRADING UPDATE**

***Greggs is a leading UK food-on-the-go retailer,
with around 2,200 retail outlets throughout the country***

**Considerable progress under tough trading conditions
Strong strategy and financial position for continued growth in 2022**

- Financial year 2021* total sales of £1,230m (2020: £811m, 2019: £1,168m)
- Two year sales growth for financial year 2021 of 5.3%
- Two-year LFL** for fourth quarter up 0.8%
- Two-year LFL** for financial year 2021 down 3.3%
- 131 new shops opened in the year, 28 closures
- 2,181 shops trading as at 1 January 2022
- Strong financial position with attractive opportunities to invest for growth
- Anticipate full year outcome slightly ahead of our previous expectations

* 52 weeks ended 1 January 2022 (2020: 53 weeks ended 2 January 2021)

** Like-for-like (LFL) company-managed shop sales performance against comparable period in 2019

Chief Executive Roger Whiteside comments:

“Greggs has made great progress in 2021 despite tough trading conditions. Our teams across the business have done a magnificent job coping under difficult circumstances and, to recognise their hard work, we have brought forward the planned 2022 pay awards.

“We enter 2022 with a strong financial position that will support our ambitions to accelerate the rate of growth in our shop estate whilst developing new digital channels and extending the trading day. Whilst conditions in the first few months of 2022 are likely to remain challenging, we are confident that we are well placed to make progress on the many attractive opportunities that lie ahead.”

Trading update

Sales for the financial year to 1 January 2022 were £1,230 million, a two-year increase of 5.3 per cent compared with the equivalent period in 2019. Across 2021 two-year like-for-like sales in company-managed shops were 3.3 per cent lower than seen in 2019. In the fourth quarter of 2021 two-year like-for-like sales in company-managed shops grew by 0.8 per cent, with a strong performance in October being followed by more challenging conditions as consumers responded to precautionary messages relating to the new coronavirus variant.

Our seasonal lines were, again, popular with consumers and we sold 6.7 million of our shop-baked mince pies over the festive season. Our range continues to evolve in line with changing consumer tastes and dietary choices so the launch of our new Vegan Festive Bake was a natural next step.

The fourth quarter results were achieved against a backdrop of continued disruption to staffing and supply chains. Our teams across the business have done a magnificent job coping under difficult circumstances and in recognition of this we brought forward the planned 2022 pay awards for our operational teams by five months.

During the year we opened 131 new shops (including 50 franchised units) and closed 28, growing the estate to 2,181 shops as at 1 January 2022, 375 of which are franchised shops operated by our partners. Our delivery service, in association with Just Eat, is now available from 1,000 Greggs shops.

Financial position and outlook

Greggs ended 2021 with a cash position of £198 million. This strong financial position will allow us to invest in the multiple attractive opportunities for significant further growth that we set out at our Capital Markets Day on 6 October 2021. These include our ambitions to accelerate the rate of growth in our shop estate whilst developing new digital channels and extending the trading day. We have a strong pipeline of new shop opportunities and expect to open around 150 net new stores in the year ahead, in line with our stated strategy.

Having taken into account the Company's investment requirements, working capital movements through the year and the intention to maintain our progressive dividend policy, the Board expects to be in a position to make an additional distribution to shareholders of £30-40 million in 2022. A decision on the size and timing of any special dividend distribution is expected to be made in the first half of 2022, subject to trading conditions.

As expected, inflationary pressures increased towards the end of 2021 and are likely to remain elevated in 2022. Operational cost control in the final quarter of 2021 was good and we anticipate reporting a full year outcome slightly ahead of our previous expectations when we report our preliminary results for 2021 on 8 March 2022.

Whilst conditions in the first few months of 2022 are likely to remain challenging, we are confident that we are well placed to make progress on the many attractive opportunities that lie ahead.

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