23 June 2022

TO WHO IT MAY CONCERN

Young & Co.'s Brewery, P.L.C. 2022 AGM - ISS Vote Recommendation

Further to ISS's recommendation to vote against resolution 1 (To receive the company's annual accounts) at the company's forthcoming AGM, the remuneration committee would like to provide further justification on how it reached it determinations in relation to the ex-gratia bonus and the 2019 deferred annual bonus scheme vesting that ISS has highlighted.

Ex-gratia bonus of 25% of basis salary:

These arrangements were put in place following the decision not to award a bonus for the year ended 29 March 2021, in order to incentivise the executive directors and ensure that the business was fully prepared to resume trading, as the government's roadmap for easing restrictions was implemented at the beginning in April 2022.

The committee agreed to consider the payment of a discretionary ex-gratia bonus if, amongst other things, certain financial criteria were met at the half-year. The criteria included whether: (i) the business was generating a positive cash flow, (ii) the business had available liquidity of not less than £50 million, (iii) a minimum level of profit before tax has been achieved in H1 and (iv) an interim dividend for FY2021/22 has been paid to shareholders.

In addition to this, the company successfully disposed of 56 tenanted pubs for £53 million in August 2021, further strengthening the company's balance sheet. The sales process was driven by the executive directors.

The remuneration committee took into account the fact that the directors had not received a bonus for both FY20 and FY21 and the impact that had on their long-term incentive arrangements, as the annual bonus and long-term incentive award were linked during the period. For example, if an executive director does not receive an annual bonus, there is no bonus deferral and no award of matching shares under the terms of the deferred annual bonus scheme.

In light of the challenges the company has faced during the pandemic, and the exceptional performance of the executives directors during the current period, the board wanted to ensure that the executive directors were appropriately rewarded, as they had limited or, in some cases, no long-term incentive awards in place. For example, Simon Dodd and Mike Owen who were appointed as executive directors in September 2019 have no long-term incentives awards in place even though, they have been with the company for over two and a half years. This is completely out of sync with the company's competitors, who continued to grant long term incentive awards during the pandemic.

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2019 deferred annual bonus scheme vesting:

The remuneration committee determined, due to the impact of the pandemic, that the group's adjusted earnings per share condition applicable to the 'matching shares' received under the 2019 awards was distorted due to the impact of the equity raising in 2020 and the pandemic. However, having regard to the company's strong performance during the period ended 28 March 2022, as the business recovered from the effects of the pandemic, the strong performance of the business prior to the pandemic and the effect of the equity raising, the remuneration committee considered it appropriate to adjust this outcome such that participating individuals retained 50% of the Matching Shares in question. The committee believes that a 50% vesting is a fair outcome for the participants and is reflective of the performance of the business during the period.

In summary, the remuneration committee feels that the awards are appropriate and proportionate in light of the circumstances and the performance of the executive directors, as the business has strongly recovered from the pandemic.

Yours sincerely
for and on behalf of
Young & Co.'s Brewery, P.L.C.

Nick Miller
Chair of the
Remuneration Committee