Shared Good Times

ANNUAL REPORT AND ACCOUNTS 2024

MARSTON'S

A new chapter

Our company purpose of Shared Good Times is underpinned by a clear, consumer-led strategy which will enable us to deliver on our long-term vision of being the UK's leading local pub company.

Our purpose

Shared Good Times

Our vision

To be the UK's leading local pub company

FINANCIAL HIGHLIGHTS

£898.6m
Total revenue
2023: £872.3m

£192.5m
Underlying EBITDA[1]
2023: £170.3m

2.8p
Total earnings/(loss) per share[1]
2023: (3.0)p

5.2p
Underlying total earnings/(loss) per share[1]
2023: 3.5p

£14.4m
Profit/(loss) before tax[1]
2023: £(30.6)m

£42.1m
Underlying profit/(loss) before tax
2023: £25.6m

1. Results from continuing operations.

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READ OUR IMPACT REPORT ONLINE
AT WWW.MARSTONSPUBS.CO.UK

Alternative performance measures (APMs) are defined and reconciled into the statutory equivalent in the Additional Information section on page 141.

An investment case for a reliable growth company

We are a leading pub business with an estate of 1,339 pubs, supported by over 10,000 employees and 753 Pub Partners, and our vision is to be the UK's leading Local Pub Company. Our Purpose is to offer our guests the best experience and locations for Shared Good Times. This is underpinned by a clear strategy to create a high-margin, highly cash-generative model based on differentiated formats and a brand portfolio that is naturally balanced to appeal to a range of consumers.

Our strategy is centred around five key value drivers, enabling us to deliver on our long-term target of becoming the UK's leading local pub company. These value drivers will leverage the strength of our market-leading pub operating model, increasing revenue and driving efficiencies, whilst building the basis of a reliable growth company.

SHARED GOOD TIMES – AN INVESTMENT CASE FOR A RELIABLE GROWTH COMPANY

POWERFUL VALUE DRIVERS FOR GROWTH

Our investment case is based on our five key value drivers:

1. **Execute a market-leading pub operating model**
2. **Capex to create differentiated pub formats**
3. **Digital transformation**
4. **Expansion of Managed & Partnership Models**
5. **Leveraging Marston's synergies in targeted acquisitions**

SEE PAGE 8

DIFFERENTIATED TO WIN IN A GROWING MARKET

The Marston's Opportunity

- Suburban dominated locations
- Flexible estate to evolve at pace
- Pubs with scope for multi-occasions
- Expertise in running local pubs

GOOD TIMES FOR OUR GUESTS

SUSTAINED FREE CASH FLOW GENERATION

£50 million+

Like-for-like revenue growth faster than the market, sustained capex and further operating and cost efficiencies will deliver £50 million+ of recurring free cash flow in the near term.[1]

SEE GROUP OPERATIONAL AND FINANCIAL REVIEW REPORT ON PAGE 11

1 Market is forecast to grow at 3% CAGR, according to Mintel. Free cash flow is defined as cash flow after capital expenditure, interest and tax but before debt repayments and disposals.

CLEAR AND CONSISTENT METRICS TO TRACK SUCCESS

Near to medium-term targets:

- Revenue growth **ahead of the market**
- EBITDA margin expansion of **200-300 basis points,** beyond FY24
- **£50m+** recurring free cash flow
- **>30%** incremental returns on investment capex

Contributing to the transfer of value to shareholders as a result of growth in enterprise value, plus paying down debt.

Sustainable and incremental value creation

"I am confident that the Executive team have positioned Marston's to deliver sustainable and incremental long-term value for our shareholders."

KEN LEVER
CHAIR

I chose to join Marston's as Chair due to the high calibre of its people, from the Group's experienced and ambitious Board, to its wider team of energetic and passionate colleagues, who are ambitious for success. In my first few months I have been truly impressed by the dedication I have seen throughout every level of the organisation, particularly given the changes that have taken place.

This past year has been a period of significant change for Marston's, marked by the disposal of the remaining 40% interest in Carlsberg Marston's Brewing Company (CMBC), the embedding of new leadership, and a realignment of our strategic direction. With key appointments to the Board and Executive team, including the appointment of Justin Platt as Chief Executive Officer, we have taken decisive steps to ensure that our leadership is equipped to position our business for growth. We are committed to driving revenue growth through great guest experiences, enhancing our margin by improving operational performance, and carefully managing capital investment to deliver sustainable growth in cash flow and enhance value for our shareholders and stakeholders.

Progress in FY2024 and plans for FY2025

The successful disposal of the remaining interest in CMBC in July marks a turning point for our business. It is the start of a new chapter for Marston's as a pure-play hospitality business with a continuing commitment to reduce debt to a more manageable level. As at the year-end the current net debt (excluding IFRS 16 lease liabilities) stands at £884 million, representing a reduction of approximately £300 million on FY2023.

I was delighted to be asked to make a few introductory remarks at the Capital Markets Day in October. It was a pleasure to be a part of the event. Justin articulated a strategy that aims to position Marston's for sustainable, long-term growth. Central to this strategy is our market-leading operating model and the reformatting of our pubs into five differentiated and consumer-led formats. These formats are designed to offer more tailored experiences for our guests and will be supported by targeted marketing activity aligned to each format, ultimately driving increased footfall and higher spend per visit.

Disciplined capital allocation will be key. The priorities will be investment for growth, divestment of underperforming operations and applying cash flow to further pay down debt, eventually paving the way to the re-instatement of dividends when we are in a position to do so.

Our Board and our Executive management

This year, we have made important changes to the Board and Executive team to further align leadership with the evolving needs of our business.

William Rucker stepped down as Chair of the Board in early July due to other business commitments. William became Chair in 2018 and provided leadership to the Board during a particularly difficult period in the Group's history, including the social and operational impacts of COVID-19 and ongoing liquidity challenges. His final action as Chair was to deliver, alongside Justin, the exit from CMBC. On behalf of the Board, I thank William for the time and commitment he has given to Marston's over the years and wish him well for the future.

Justin Platt joined the Board as Chief Executive Officer in January. His significant experience across both strategy and operations in the hospitality industry is already leading to the generation of new and creative ideas for our business. Justin has made a significant impact in the short time he has been in post, leading the management team in developing our new strategy and positioning the business for long-term growth. His enthusiasm for Marston's and the broader hospitality industry is invigorating, while his clarity of thought and dedication to delivering great guest experiences and nurturing performance driven teams provide me with great excitement for what the future holds.

CHAIR'S STATEMENT continued

Rachel Osborne was also appointed to the Board in January as Non-Executive Director and Chair of the Audit Committee. She brings significant expertise in financial and general management to the Board and succeeds Matthew Roberts as Chair of the Audit Committee.

At the Executive level, Neil Campbell joined the Group as Chief Operating Officer in October, bringing strong sector experience from senior roles at SSP and Whitbread. Meanwhile Ed Hancock, a long-standing member of Marston's leadership team, has taken on the new role of Chief Development Officer, contributing extensive knowledge of both the business and our strategic direction.

Our shareholders

In recent years and continuing throughout 2024, the UK equity market has failed to properly value UK listed businesses, large and small. It is small wonder that Private Equity has capitalised on this opportunity, acquiring a number of UK listed companies. Although Marston's has previously experienced challenges in delivering performance in line with expectations, impacting market confidence, the valuation of the business at such a wide discount from the net tangible asset value does appear to be unjustified. Going forward, the Board's priority will be on value creation and growing the intrinsic value of the business, while better understanding the value gap between the market value and what we believe the intrinsic value to be. Over time, our ambition is to see this value gap reduce for the benefit of our shareholders.

Our People

Finally, none of the significant progress made this year would have been possible without the dedication and hard work of our People. On behalf of the Board, I want to thank every member of the Marston's team for their commitment and effort throughout the year – it has not gone unnoticed.

I would also like to extend my gratitude to our shareholders for their continued support and trust.

As we look ahead to the opportunities and challenges of the coming year, I remain confident that we are well-positioned to deliver outstanding guest experiences, which will in turn provide sustainable and incremental long-term value for our shareholders.

CEO'S STATEMENT

A defining year and foundations for future growth

"FY2024 has been a defining year for Marston's, laying strong foundations for growth."

JUSTIN PLATT
CHIEF EXECUTIVE OFFICER

Reflecting on my first 11 months as Chief Executive Officer, I am proud of the significant transformation Marston's has been able to achieve in that time. With a simplified and focused pub operating model, revitalised management team, establishment of a clear set of value drivers, a stable balance sheet with reducing leverage and new financial targets, 2024 has been a defining year for Marston's as we enter a new chapter as a pure-play hospitality business. These changes are sharpening our focus on delivering exceptional guest experiences and setting the foundations for a reliable growth company. I am excited about what lies ahead as we embed our refreshed strategy across the business, delivering great shared experiences for our guests and sustainable growth for our shareholders.

Market dynamics

At the heart of Marston's is a business focused on the market for socialising. Pubs, particularly local pubs, continue to play a pivotal role in fulfilling the human desire to connect in person. In the UK, pubs hold a unique position as central hubs for social interaction – 88% of adults have visited a pub in the past year, with a third visiting at least once a month. The market also continues to grow; the UK pub market is currently worth over £28 billion and is projected to grow to approximately £33 billion by 2028. This highlights the enduring importance of pubs in British society and their integral role in our social fabric.

However, the way people use the pub continues to evolve. Pubs are no longer just places for a weekend night out and the market is no longer just about drinking; it is about socialising. Increasingly, consumers are interested in more relaxed, low tempo visits and as such, pubs now need to cater to a wider range of occasions, from quick midweek meals and family celebrations to casual gatherings and community meet-ups. In line with this shift, the competitive landscape has also changed. Pubs no longer compete with just each other, but with various other formats for socialising – such as casual dining, restaurants, bars, fast food, coffee shops, and more. This shift in consumer behaviour presents an exciting opportunity for Marston's to tap into a broad range of usage occasions. By their very nature, and given our size, pubs have scope to deliver on these multiple usage occasions, particularly the increasing demand for low-tempo events during the week. In addition, the accelerated shift of spending to suburban areas brought on by the pandemic means that the local pub continues to thrive, with community-based pubs like ours an essential part of British life. The power of the local has only got stronger in recent years and, as experts in running local pubs, with 90% of our estate located in suburban areas, we are well-placed to capitalise on this opportunity.

The pub market is evolving, but Marston's is a business that excels at managing local pubs which lie at the heart of the communities they serve. The key to our success is in ensuring consistency across our operations and scaling this across our estate, ensuring every guest has a great and sociable time, whatever the occasion

CMBC sale

Marston's is now a pure-play hospitality business. Our job is not just to own and run pubs but to run them really well. The sale of our 40% stake in CMBC, which completed in July, was a defining moment for the Group. We now benefit from a predominantly freehold estate, with an asset value of approximately £2.1 billion, and a simplified and focused pub operating model that provides the foundation for growth. The sale resulted in net proceeds of approximately £202.6 million which supported a reduction in net debt of over £300 million in FY2024, bringing us well below our net debt target ahead of schedule, while significantly enhancing our financial and operational flexibility. The proceeds not only support our ongoing deleveraging efforts but also put us in a stronger position to reinvest in the areas that will drive our growth going forward. CMBC remains a valued strategic partner to the business, and we continue to benefit from our ongoing long-term brand distribution agreement with them.

Shared Good Times

Changing pub market dynamics and the CMBC sale have been instrumental in laying the foundations for our new strategy which we announced to the market at our CMD in October. This strategy is focused on building a high-margin, highly cash-generative business, based on differentiated formats, and a brand portfolio that is naturally balanced to appeal across a range of consumer segments. It is a strategy that supports our company purpose of Shared Good Times and will see us deliver on our long-term target of becoming the UK's leading local pub company. The delivery of this strategy will centre around five key value drivers;

- Executing a market-leading operating model
- Capex to create five differentiated pub formats
- Digital transformation
- Expansion of Managed and Partnership models
- Leveraging Marston's synergies in targeted M&A

CEO'S STATEMENT continued

Fundamental to the implementation of our strategy is the business executing its market-leading pub operating model. This means a relentless focus on revenue growth, cost efficiency and guest satisfaction – ensuring we strike the right balance between the three. From a revenue perspective, we need to give our guests a compelling reason to visit as well as an environment that encourages them to stay longer. On costs, we are committed to maintaining a lean cost structure, prioritising labour productivity and disciplined overhead management. Finally, guest satisfaction is perhaps most crucial. Providing guests with a great experience ensures they return, and, we know those pubs with the highest guest satisfaction scores deliver higher year-on-year revenue growth.

The most visible change to come from our new strategy will be the creation of five distinct, customer-focused pub formats: Locals, Local Sports, Adult Dining, Family, and Two-Room. These formats are designed to meet specific customer preferences and cater to changing usage occasions, from family meals and casual midweek catchups to watching the big game with friends and celebratory gatherings. By clearly defining these formats, we aim to create five unique propositions that will provide us with a balanced pub portfolio and drive increased customer penetration and footfall, thereby maximising the revenue opportunity

To support our strategy, we will invest between 7% and 8% of annual revenue in the near-to-medium term to enhance our estate. Approximately one-third will focus on higher-return investment projects, such as the transformation of venues to fit our five formats. Complementing this investment, we will also leverage technology to strengthen the guest journey by streamlining order and pay and utilising data-driven insights for personalised marketing to drive an increase in revenue per guest. Technology will also help optimise costs through improved labour scheduling analytics and AI-driven stock management, enabling more predictive and efficient operations. Marston's is a people-led business, but there is undoubtedly a significant opportunity to complement our person-to-person offering with technology.

One of the great strengths of Marston's is the balance between management models. Our managed and partner pubs are flexible and well-suited to our new formats. The partnership model, which Marston's pioneered in 2008, is popular among licensees for fostering entrepreneurship with manageable risk, and the managed estate will be critical in our format rollout, whilst also supporting talent development for our Partner pipeline. This balanced approach is a key strength of the business and something that will be supplemented further by targeted acquisitions, which will be pursued over time to enhance our portfolio with venues that align with our differentiated formats.

Further information on each of the value drivers can be found on page 8, as well as materials from our Capital Markets Day (CMD), which are available on our website: **www.marstonspubs.co.uk/investors**. We are looking forward to sharing updates on our progress as we begin to embed this strategy across the business.

Financial performance and capital allocation

Our strong 2024 financial performance already demonstrates that this new chapter for Marston's as a focused pub business is well underway. While we expect further momentum as we continue to embed our strategy across the business, this year's results showcase some of the early successes of our approach. Like-for-like sales growth of 4.8% was driven by higher guest satisfaction and improved consistency across our pubs, as reflected in our guest Reputation score, which increased to 800, from 766 at the end of FY2023. Underlying EBITDA grew by 13.0% to £192.5 million, while underlying operating pub profit rose by 17.9% to £147.2 million, reflecting positive revenue growth and continued efforts to optimise costs and enhance operational efficiency. From continuing operations, our underlying profit before tax was £42.1 million (2023: £25.6 million) and our statutory profit before tax was £14.4 million (2023: loss of £(30.6) million).

The sale of our stake in CMBC significantly bolstered our balance sheet, reducing net debt well below our £1bn target, ahead of schedule, to £883.7 million excluding IFRS 16 lease liabilities, a decrease of over £300 million from FY2023. This deleveraging has also provided greater financial flexibility and supports our capital allocation priorities. As outlined at our CMD, our revised capital allocation framework focuses on long-term organic growth, further debt reduction, shareholder dividends, and targeted M&A. While no dividend will be paid for FY2024, we recognise its importance to our shareholders and intend to keep potential future dividend payments under review.

Current trading and outlook

Current trading has been encouraging, with continued positive momentum carried over from the summer. We have seen like-for-like sales growth of 3.9% in the first six weeks of the financial year, with growth of 2.1% recorded in the first eight weeks of FY2025. While recent weeks have been affected by snow and storms, Christmas bookings are showing strong demand, with many venues already experiencing high reservation levels. This positions us well for a successful trading period during December as we look to capitalise on the busy festive season.

Over the near-to-medium term, we expect to deliver on the targets set out at our CMD:

- Revenue growth ahead of the market[1]
- EBITDA margin expansion of 200-300 basis points beyond FY2024
- Over £50 million recurring free cash flow
- >30% incremental returns on investment capex

The government's Autumn Budget, announced on 30 October, introduced significant changes above expectations to the National Living Wage, (NLW), National Minimum Wage (NMW) and National Insurance contributions. Although this puts some additional pressure on costs, the overall package of measures is considered manageable in the context of the Group's CMD targets. We are well positioned to adapt and continue delivering great experiences for our guests and remain very confident in our outlook and our ability to drive efficiencies in our Operating Model.

FY2024 has been a defining year for Marston's, laying strong foundations for growth, and we will continue to build on this momentum as we go through FY2025 embedding our strategy across the business and wider estate.

1 Market is forecast to grow at 3% CAGR, according to Mintel.

OUR BUSINESS MODEL

Focused on creating value

Our value-creation story – in this section we describe the distinctive ways in which Marston's creates value for its stakeholders.

Inputs

OUR PEOPLE: Our success is dependent on attracting and retaining the right **people**. We ensure that we have the right values, structure and incentives to foster engaged, **performance-led teams**.

OUR GUESTS: Our business model is based on a forensic study of pub dynamics and a deep understanding of **our guests** and the expanding range of occasions for which they use our pubs. Our balanced and flexible estate enables us to evolve our operating model, formats and offers to reflect the changing needs of our guests.

OUR PUB PARTNERS: Our Partners are most satisfied with Marston's when compared to the tenants of other large pub companies and this is testament to our ongoing investment in our entrepreneurial **Pub Partners**, from flexible agreements to training and support, we enable them to grow their businesses and contribute to our shared vision and goals.

OUR SUPPLIERS: We work closely with our **long-term trusted suppliers** to provide the best products and services to our guests. Leveraging powerful partnerships with key suppliers is an important enabler of our strategy.

COMMUNITIES: Our pubs are often at the heart of the communities they serve. We actively look for new ways to enhance the positive impact we have on our local **communities**, from offering employment opportunities, to providing relevant offers and locally executed events and supporting local causes and national charities through our ESG initiatives.

INVESTORS: A **stable balance sheet** and a disciplined **capital allocation framework** and a strategy designed to generate sustainable growth and **shareholder value**.

For further information on how we engage with all key stakeholders

SEE PAGES 14 TO 17

What we do

How we operate

One of our strengths is the balance between our pub management models.

Our estate is comprised of **30% Managed pubs, 58% Partnership pubs** and **12% Tenanted pubs**.

Our managed pubs are owned and operated by Marston's employees. As well as offering great guest experiences, they are our engine room of innovation and have a critical role to play in our format rollout.

Our Partnership pubs are operated by self-employed, entrepreneurial licensees. The Partnership model enables our Pub Partners to share the risks and manage some of the biggest costs involved in running a pub, such as utilities, whilst taking a weekly share of the total revenue. All our Pub Partners are supported behind the scenes by our Pub Support Centre, offering expert guidance and support in core areas such as marketing, finance and training.

More information on our management models can be found here: **www.marstonscareers.co.uk**

Outputs

Revenues

Revenue increased by 3% to £898.6 million, progressing towards our goal of market-beating revenue growth.

Sustained margin growth

Underlying EBITDA (excluding income from associates) increased by 13% to £192.5 million and our underlying operating margin grew by over 200 basis points resulting in a margin of 16.4% versus 14.3% in 2023.

Cash flow

Our cash-generative operating model enables the reliable delivery of recurring free cash flow and further demonstrates our focus on growth. recurring free cash flow of £43.6 million for FY2024.

HOW WE MEASURE VALUE CREATION

For our Guests
Reputation score of
800

No.1
No 1 Pub Company on Reputation

For our People
Employee engagement score of
8.4

and aggregate participation rate of
85%

Winner of the Best Large Pub Employer at the 2024 Publican Awards

For our Pub Partners
Voted No 1 by our Pub Partners in PCA's Tied-tenant survey 2024
No.1

For our Communities
FTSE4Good score of
4.1

For our investors
Growing free cash flow
£43.6m

Net debt reduction to
£883.7m

ALL OUR KPIs CAN BE FOUND ON PAGE 10

Factors that influence long-term growth:

Market dynamics PAGE 5
Sustainability PAGE 19
Risks PAGE 35
Governance PAGE 43

OUR STRATEGY

Strategy and value drivers

VISION

To be the UK's leading local pub company

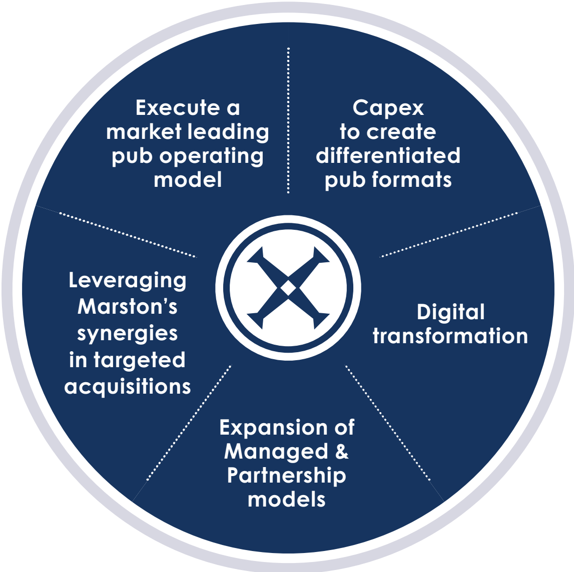
PURPOSE

Shared Good Times

STRATEGY

To create a high-margin, highly cash-generative local pub company based on differentiated formats and a brand portfolio that is naturally balanced to appeal across a range of consumer segments

OUR KEY VALUE DRIVERS



LFL
Revenue growth ahead of the market

200 bps
Sustained EBITDA margin expansion 200-300 bps

>30%
incremental returns on investment capex

£50m
of recurring free cash flow generation

1 Execute a market-leading pub operating model

- We are focused on relentless execution and delivering on our market-leading pub operating model by balancing revenue growth, cost efficiency, and guest satisfaction across our estate.
- We aim to set the standard in operational excellence, ensuring high-quality service, effective cost management, and an outstanding guest experience.

2 Capex to create differentiated pub formats

- We have identified the opportunity to tailor our pub portfolio into five well-defined pub formats that meet consumer needs across different segments.
- We expect these unique propositions will drive increased consumer penetration as we roll out these formats across our estate.

3 Digital transformation

- We are a people-led business but we believe there is significant opportunity to complement what we do with technology.
- To drive revenue, we will improve the guest journey and plan to deliver personalised, data-led interactions over time. On costs, our digital strategy focuses on labour productivity tools and AI to optimise stock management.

4 Expansion of Managed and Partnership models

- One of our biggest strengths is the balance between our different management models, particularly the balance between Managed and Partnership.
- These formats are incredibly flexible and a key means of delivering our five distinct consumer-focused formats and our market-leading operating model.

30%
Managed pubs

58%
Partnership pubs

12%
Tenanted pubs

5 Leveraging Marston's synergies in targeted acquisitions

- Over time, we aim to leverage Marston's significant operational strengths, established brand and scale to unlock synergies in targeted acquisitions.
- By applying our proven and market-leading pub operating model and integrating digital capabilities, we expect to drive synergies from acquisitions that align with our strategic vision.

OUR STRATEGY continued

Strategy and key enablers

KEY ENABLERS

Our strategy and business model are underpinned by three core enablers which support and help drive our strategic priorities and reflect Marston's unique culture and how we operate responsibly and ethically.

Powerful supplier partnerships

The key component parts of our company purpose 'Shared Good Times' are providing our guests with the best products and services. One of the ways in which we do this is to work with our supply chain and key supply partners to ensure the food and drink options we offer to our guests are sector leading. Our commercial marketing and procurement teams work hard to develop and maintain productive relationships with our suppliers to ensure the product range we offer continues to meet the ever-changing needs of our guests and that the products within our supply chain are consistently of a high standard, both in terms of quality and sustainability and in line with our food charter, which deals with Marston's ethical sourcing practices and provenance.

Powerful relationships with key suppliers and brand owners also help to deliver guest satisfaction by working in partnership to provide immersive marketing campaigns for events and entertainment for every occasion across each of our five formats. This includes fan zones to help our guests enjoy sporting events in the best environment.

Performance driven team

We are a performance driven business powered by our People. Our unique culture and environment empower our teams to go the extra mile to deliver great results and strive to be the best they can be. Nurturing and developing our performance driven teams is fundamental to the execution of our strategy and a focus for the year ahead is reviewing our behaviour framework and values to ensure they align with and support the strategic plan.

To help ensure we attract and retain the right talent, we continue to invest in our People through programmes like Aspire which develops our assistant and deputy managers to become fully qualified general managers of the future and helps ensure our People have the right capabilities and development plans in place. We are also focused on developing a market leading performance-based reward system which rewards, incentivises and recognises our employees and our Pub Partners for achieving their goals and objectives.

Employee engagement continues to be one of the key elements of our business model and we are delighted to be able to report a sector leading Employee engagement score of 8.4 and aggregate participation rate of 85%.

Safely and sustainably operating the business

We are dedicated to delivering best-in-class health and safety standards that are clearly understood and implemented across the entire business, irrespective of the pub operating model. These involve adopting a rigorous safety culture and ensuring commitment from our teams through training, support and reward, with achievement of key safety KPIs being a fundamental underpin of all operational incentive schemes.

Our approach to a sustainable and ethical operating culture aims to ensure we are a responsible and resilient business through identifying, assessing and managing our environmental and social impacts. Our pubs are at the heart of their communities and contribute to local causes through charitable endeavours and to local economies through offering employment and training opportunities.

Further information on all aspects of our approach to operating safely and sustainably in our four core pillars of Planet, People, Product and Policy can be found in our Impact Report available at www.marstonpubs.co.uk.

OUR KEY PERFORMANCE INDICATORS

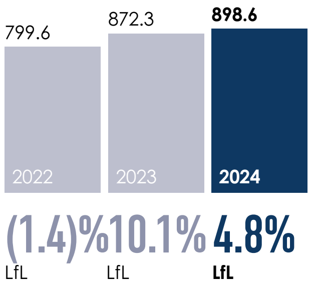
A clearly defined growth strategy

Our key financial and operational metrics are set out below. These metrics track our progress towards our vision of being the UK's leading local pub company and are linked to how we are remunerated.

1 LFL Revenue growth greater than the market REM

We aim to continue our track record of delivering growth above industry rates.

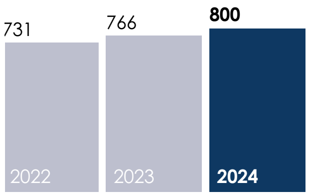
Total revenue (£m)



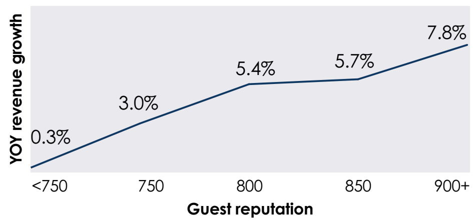
2 Focus on guest Reputation score REM

Guest satisfaction is a critical metric which we measure through our Reputation score. There is a clear link between our Reputation score and revenue growth.

Guest Reputation track record



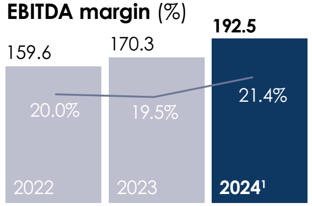
Guest Reputation drives higher revenue growth



3 Sustained EBITDA margin expansion REM

Delivering cost and operational efficiencies to support sustained margin growth. The journey to margin expansion has already begun with a significant improvement YoY.

Underlying EBITDA (£m) **& Underlying EBITDA margin** (%)

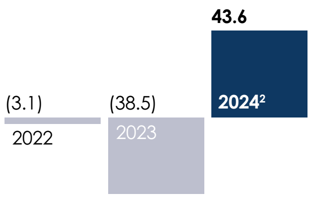


We've made some changes to our KPIs this year to align with our strategy. More details on previous KPIs can be found on page 148.

4 Growing free cash flow REM

Revenue growth and improving margin generates free cash flow and supports delivery of our strategy to be highly cash-generative.

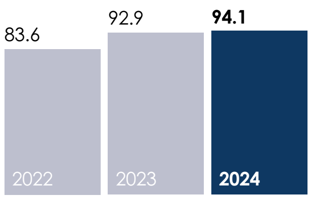
Underlying recurring free cash flow (£m)



5 Safely and sustainably operating the business

All of our pubs to be 5* EHO.

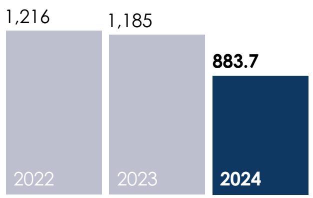
Our Pubs at 5* EHO (%)



6 Material reduction in debt

Transferring debt to equity in conjunction with strategic growth to create shareholder value.

Net debt (excluding lease liabilities) (£m)



Strong financial performance

"Cash flow significantly improved and net debt reduced ahead of target."

HAYLEIGH LUPINO
CHIEF FINANCIAL OFFICER

Revenue

Revenue increased by 3% to £898.6 million (2023: £872.3 million), demonstrating the appeal of our predominantly community-based estate. Our expertise in managing local pubs, along with our strategic commitment to delivering exceptional guest experiences and enhancing our Reputation score, has supported this growth. Like-for-like sales were up 4.8% versus FY2023, with like-for-like revenue growth outpacing the market, and seeing growth in both food and drink sales.

Total retail sales in the Group's managed and partnership pubs for the 52-week period increased by 3.6% to £835.1 million (2023: £806.1 million). We operated 157 pubs under the tenanted and leased model generating revenues of £34.0 million (2023: £39.5 million). As outlined at our CMD, it remains our intention to strategically expand our managed and partnership models over the medium-term.

Accommodation sales were broadly stable at £34.9 million (2023: £35.6 million), with continued demand for UK staycations.

Profit

Underlying operating profit from continuing operations increased by 17.9% to £147.2 million (2023: £124.8 million). Underlying operating margins grew by over 200 basis points compared to last year, from continued focus on driving efficiencies in energy, simplification and labour costs resulting in an enhanced margin of 16.4% (2023: 14.3%) and reflecting strong progress in our strategic attempts to drive margin expansion. Total operating profit from continuing operations was £151.7 million (2023: £90.2 million).

Underlying EBITDA from continuing operations increased by 13.0% to £192.5 million (2023: £170.3 million). The EBITDA margin was 21.4%, marking a significant increase on last year (2023: 19.5%).

Underlying profit before tax from continuing operations increased to £42.1 million (2023: £25.6 million) and statutory profit before tax from continuing operations was £14.4 million (2023: loss before tax of £(30.6) million), reflecting the impact of non-underlying items.

The difference between underlying profit before tax and profit before tax from continuing operations is a net non-underlying charge of £27.7 million, the details of which are set out below.

The statutory profit from continuing operations was £17.5 million (2023: loss of £(19.2) million). The statutory loss from both continuing and discontinued operations was £(18.5) million (2023: £(9.3) million).

Non-underlying items

There is a net non-underlying charge of £27.7 million before tax and £15.6 million after tax from continuing operations.

The £27.7 million charge primarily relates to a £32.2 million net loss in respect of interest rate swap movements. This principally relates to interest rate swaps the Group entered into to fix the interest rate payable on the floating rate tranches of its securitised debt. Other non-underlying items comprise £0.7 million of reorganisation, restructuring and relocation costs and £0.5 million of additional costs from the change in CEO, offset by £5.7 million of net impairment reversals of freehold and leasehold property values following the external estate valuation of the Group's effective freehold properties and the impairment review of the Group's leasehold properties undertaken during the year.

The tax credit relating to these non-underlying items is £12.1 million.

There is a non-underlying charge of £36.5 million from discontinued operations in respect of CMBC which is detailed in the disposal of and share of associate section on page 12.

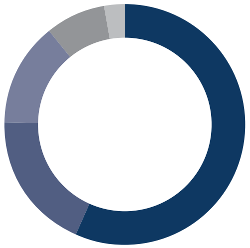
Taxation

The underlying tax charge was £9.0 million (2023: £3.5 million). This gives an underlying tax rate of 21.4%. The effective rate is lower than the standard rate of corporation tax primarily due to additional amounts upon which tax relief is available and a prior year tax credit.

GROUP OPERATIONAL AND FINANCIAL REVIEW continued

The total tax credit was £3.1 million (2023: £11.4 million) on total profit before tax from continuing operations of £14.4 million (2023: loss of £(30.6) million), with a negative effective tax rate of (21.5)%. In combination with the underlying items, the recognition of capital losses, previously derecognised, arising from the upward revaluation of land and buildings has resulted in the negative effective tax rate.

Total tax contribution
(£m)



VAT	**100.2**
Employee payroll taxes	**33.2**
Business rates	**24.2**
Employer payroll taxes	**14.2**
Machine games duty, corporation tax & other	**4.9**

Earnings per share

Total basic earnings per share on continuing operations were (2.8) pence (2023: (3.0) pence loss per share). Basic underlying earnings per share on continuing operations were 5.2 pence per share (2023: 3.5 pence per share).

Capital expenditure

Capital expenditure was £46.2 million in the year (2023: £65.3 million). Capital was predominantly focused on maintenance of both the estate and operational systems during the year. We expect that capital expenditure will be around £60 million in 2025, as we move towards the 7-8% of revenue target.

Property, net assets and disposals

The Group conducts an annual external valuation of its properties, with all pubs inspected on a rotating basis. Approximately one-third of the estate undergoes physical inspection each year, while the remainder is subject to a desktop valuation. In July 2024, Christie & Co carried out an external valuation, the results of which are reflected in the full year accounts.

The carrying value of the estate remains at £2.1 billion (2023: £2.1 billion). Following the valuation and a leasehold impairment review, on a like-for-like basis there was an increase of approximately £57 million in freehold and leasehold fair values for properties held as at the revaluation date, along with a £5.7 million reversal of impairment of freehold and leasehold properties in the income statement.

Net assets increased to £654.8 million (2023: £640.1 million), with a net asset value per share of £1.03 (2023: £1.01).

During the year, the Group generated £46.9 million in net proceeds from non-core pub disposals, with a further £4.0 million expected from transactions that were part of the FY2024 strategic disposal programme and completed within the first two months of FY2025. Disposal proceeds were in line with book value.

Disposal of and share of associate – Carlsberg Marston's Brewing Company (CMBC)

On 8 July 2024, the Group announced the sale of its remaining non-core brewing assets to create a business entirely focused on pubs, with a binding agreement to sell the whole of its 40% interest in CMBC for £206.0 million, or £202.6 million net of transaction fees. The transaction completed on 31 July 2024.

Following the Group's disposal of its 40% share in the joint venture, income from associates has been recognised in discontinued operations.

Impairment indicators on the carrying value of the investment immediately prior to disposal were identified, including the result of the net disposal proceeds being less than the carrying value of the investment. The Group has recognised an impairment to the carrying value of the investment immediately prior to disposal of £8.0 million. The amount of the impairment in this case is a judgemental matter due to the circumstances at hand, including uncertainty over the future cash flows of CMBC. As a result, the impairment has been disclosed as a key source of estimation uncertainty. The remaining difference between the newly impaired carrying value of the investment and the net disposal proceeds represents a loss on disposal of £11.9 million. Further details are provided in note 8 on page 107 of the Financial statements.

The statutory result in discontinued operations is a loss of £(36.0) million (2023: profit of £9.9 million). Underlying income from associates is £0.5 million (2023: £9.9 million). Non-underlying items include the two non-underlying items disclosed in our H1 results, which have been updated for tax differences, of £(14.0) million share of CMBC's ale brand impairment and £(2.6) million share of a CMBC onerous contract provision, which together with the underlying income from associates are the Group's share of the statutory profit after tax generated by CMBC. Other non-underlying items are the impairment to the carrying value of the investment in associate prior to disposal of £8.0 million and loss on disposals of £11.9 million.

Prior to the disposal, dividends from associates of £13.8 million were received in the year (2023: £21.6 million).

Pensions

The balance on our final salary scheme was a £13.1 million surplus at 28 September 2024 (2023: £12.9 million surplus). The net annual cash contribution of c.£6million will not continue in FY2025 and onwards. The company will continue to pay the administrative fees associated with the scheme.

GROUP OPERATIONAL AND FINANCIAL REVIEW continued

Dividend

As set out at the CMD, our capital allocation framework is focused on delivering sustainable long-term value for shareholders. Going forward, the Board will balance debt reduction and strategic growth investments with the goal of creating a more financially robust business that can ultimately support shareholder returns. At present, there are restrictions on the ability of the business to distribute dividends which arise as a result of both the legal entity structure and securitisation structure. Refinancing of our capital structure would provide greater optionality in this respect and, whilst there is no immediate action set to be taken, this remains under review. Dividends form a core part of our capital allocation framework, and whilst no dividend will be paid in respect of FY2024, the Board is cognisant of the importance of dividends to shareholders.

Cash flow

Cash flow was significantly improved on the prior year with an operating cash inflow of £207.4 million (2023: £141.2 million). Excluding the CMBC dividend, operating cash inflow was £193.6 million (2023: £119.6 million).

Net interest costs including bank and swap termination fees were £103.8 million (2023: £92.8 million) and capital expenditure was £46.2 million (2023: £65.3 million), resulting in recurring free cash flow of £43.6 million (2023: outflow of £(38.5) million).

Recurring free cash flow in FY2024 benefitted from lower levels of capital expenditure and taxation and going forward we continue to target recurring free cash flow of over £50 million a year. Taking into account disposals proceeds received of £46.9 million (2023: £51.3 million), CMBC dividend of £13.8 million (2023: £21.6 million) and disposal of 40% interest in CMBC of £205.5 million (2023: £nil million), net cash flow for the period was £309.8 million (2023: £34.4 million).

Debt and financing

Net debt, excluding IFRS 16 lease liabilities, was £883.7 million, a reduction of £301.7 million (2023: £1,185.4 million). Total net debt of £1,257.4 million (2023: £1,565.8 million) includes IFRS 16 lease liabilities of £373.7 million (2023: £380.4 million).

The Group has made significant progress in debt reduction during the year; pre-IFRS debt/EBITDA leverage reduced to 5.2x (2023: 8.0x). Leverage including IFRS 16 reduced to 6.5x (2023: 9.2x).

During the year, we successfully secured an amendment and extension to our banking facility, which was due to expire in January 2025, and during our interim results announced £340.0 million of funding. Following the disposal of our 40% share in CMBC, the net proceeds have been used to repay debt and the bank facilities have been adjusted accordingly. The revised bank facility is for £200.0 million, of which £35.0 million was drawn at year-end, maturing in July 2026, with the potential to extend beyond this.

There are one-off transaction costs of c.£3.6 million and the costs of the facilities are variable: to be determined by the level of leverage, or drawings, from time-to-time alongside changes in the SONIA rate. £60 million of the facilities is hedged.

The Group's financing, providing an appropriate level of flexibility and liquidity for the medium term, comprises:

- £200.0 million bank facility to July 2026 – at the year-end £35.0 million was drawn providing headroom of £165.0 million and non-securitised cash balances of £11.5 million
- Seasonal overdraft with current limit of £5-£20 million, depending on dates – unused at the period end. The seasonal overdraft is expected to reduce to £5-10 million in the near future
- Long-term securitisation debt of £560.2 million – at the period end none of the £120.0 million securitisation liquidity facility was utilised
- Long-term other lease-related borrowings of £338.4 million
- £373.7 million of IFRS 16 leases

The vast majority of our borrowings are long-dated and asset-backed, including the securitisation debt of £560.2 million, which has low interest rates in the current environment and a payment structure that reduces debt. The weighted average fixed interest rate payable by the Group on its securitised debt at 28 September 2024 was 6.45%.

The loan to value of its debt, which is improving year-on-year, is currently 50% for debt excluding IFRS 16 lease liabilities and 49% for the securitisation debt.

The securitisation is fully hedged to 2035. Other lease related borrowings are index-linked capped and collared at 1% and 4%. There is now one £60 million floating-to-fixed interest rate swap against the bank facility: £60 million is fixed at 3.45% until 2029. Reflecting the reduced level of our bank borrowings, we exited another £60 million forward floating-to-fixed interest rate swap in September 2024.

In summary, we have adequate cash headroom in our bank facility to provide operational liquidity. Importantly, c.100% of our medium to long-term financing is hedged, with known or fixed costs thereby minimising any exposure to interest rate movements.

Engagement with our stakeholders

Engaging with stakeholders delivers better outcomes for our business, which are fundamental to our long-term success.

Section 172(1) statement

Under Section 172(1) of the Companies Act 2006 ('Section 172(1)') the Directors are required to act in a way that they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, whilst also considering the likely consequences of any decisions made over the long term and the needs and interests of stakeholders. The UK Corporate Governance Code 2018 ('the 2018 Code') also requires the Board to understand the views of the Company's key stakeholders and to periodically review stakeholder engagement mechanisms to ensure they are, and remain, effective.

Our stakeholders:

PEOPLE

We're a people-powered business and our performance driven teams are committed to delivering great experiences.

GUESTS

Enabling Shared Good Times for our guests, by providing the best products and service, in a great environment.

GOVERNMENT BODIES AND REGULATORS

Engaging with those that govern and regulate our business and how we operate supports our efforts to achieve consistently high standards of business ethics and corporate governance.

PUB PARTNERS

Our Partners are responsible for operating more than half of the pubs within our estate and they look to us to provide innovative, flexible operating agreements, together with the right support and training to grow their businesses.

INVESTORS

Our shareholders, bondholders and banking group provide essential sources of capital to support the delivery of our strategy. In turn they expect us to manage their investment responsibly.

SUPPLIERS

We rely on our suppliers to produce quality products and to provide essential services to operate our business. They rely on us to operate responsibly and generate revenue.

COMMUNITIES AND THE ENVIRONMENT

Our pubs are the heart of local communities, providing a local space for Shared Good Times and special occasions. A key enabler of our strategy is to ensure we operate safely and sustainably for the benefit of all our stakeholders, including the environment.

STAKEHOLDER ENGAGEMENT & SECTION 172(1) STATEMENT continued

PEOPLE

The Board recognises that the success of our business and delivering the strategy depends on attracting and retaining the right people and incentivising them in the right way, while considering the impact that decisions have on our People, wherever possible. During FY2024, Bridget Lea, our Designated Non-executive Director for workforce engagement represented the voice of our People in the boardroom by hosting an engagement forum attended by a number of employees with different roles and backgrounds from a number of our pubs and our Pub Support Centre. The agenda for the session was set by selecting key themes or topics that had been identified as being important to the majority of the wider workforce through Your Voice – our employee engagement survey – and this year included mental health at work and collaborative ways of working.

The collective views of the forum were then discussed at a Board meeting, providing a valuable link between our People and the Directors. In the same session, the Board was also taken through and helped shape the next stage of our Diversity & Inclusion strategy, including the launch of our 'Care to Share' campaign which encourages our people to share their ethnicity, to help us understand and measure the diversity of our organisation and highlight, and direct, our initiatives.

Our Your Voice survey had a record participation rate this year with 85% aggregate participation rate and an overall engagement score of 8.4 (2023: 8.2). Your Voice is well-embedded in our business, enabling us to identify our strengths and areas of focus. Quarterly reports from Your Voice are submitted to, and discussed by the Executive Committee.

During the reporting year, the Board also engaged with a wide cross-section of our People and Pub Partners in more informal settings by spending days 'in trade' and attending Board meetings and Board dinners in our pubs. The Audit Committee also received a report on any matters reporting through 'Speak up', our whistleblowing platform, enabling the Board to monitor culture and any emerging trends.

We believe that, in combination, these methods of engagement help to build and maintain trust and communication whilst providing our People with forums and tools to influence change and for the Board to understand the impact their decisions have on our people through a number of different lenses.

GUESTS

The Board recognises that guest satisfaction is fundamental to the long-term success of the Company. The way in which we engage with our guests and measure satisfaction is through the Reputation platform. Reputation provides a 'one stop shop' for all guest feedback, combining all social media platforms, our own internal guest satisfaction survey and any direct communications we receive. This provides a streamlined, efficient way of engaging with our guests. It also enables us to check and, where necessary, react to guest-facing business decisions and analyse key themes and trends, while putting action plans in place to address any issues that might arise. The platform also enables the Board to consider guest satisfaction relative to many of our competitors as the platform provides an overall score considering a wide range of data points, both at an individual pub level and at aggregate Group level. The aggregate Reputation score is reported to the Board each month, together with key actions or areas of focus for the management team. This year our Reputation score was 800, an improvement from last year.

The evolving nature of consumer needs and expectations also heavily influenced the Board's deliberations when considering the Group's strategy. Further information on how the Board considered Section 172(1) in their strategic decision-making processes can be found on page 17.

PUB PARTNERS

Our Pub Partners are an important stakeholder group, and their interests (and the interests of their employees) are considered as part of the Board's discussions. Our Pub Partners are encouraged to complete a bi-annual Your Voice survey giving them an opportunity to comment anonymously comment on all aspects of partnering with Marston's. Their overall engagement score for the year was 8.2 with an aggregate participation rate is 84%. Similarly to the Your Voice results for our employees, the results of the Pub Partner survey are considered by the Executive Committee each quarter and reported to the Board at least annually.

The Board continues to support our Executive and management teams who work collaboratively with our Pub Partners on an ongoing basis to continue to improve and innovate. The evolution of our partnership offering formed part of the strategic review and further information can be found on page 17.

STAKEHOLDER ENGAGEMENT & SECTION 172(1) STATEMENT continued

COMMUNITIES AND THE ENVIRONMENT

The Board continues to recognise the importance of the local communities in which we operate. Our vision of being the UK's leading local pub company is a simple statement depicting both the Company's projected goal and the significance of the local community in achieving this. The Board understands that everything we do can have an impact on all communities and the environment, and operating 'safely and sustainably' is a key enabler of our strategy. Our Impact Report includes a number of key targets where we believe we can make meaningful contributions to both local communities and the environment in each of the four pillars of action: Planet, People, Product and Policy. Further information can be found on page 19 and in our Impact Report, which can be found at **www.marstonspubs.co.uk**.

SUPPLIERS

The interests of our key suppliers are regularly considered as part of the Board's discussions on ways to improve operational performance. The importance of strong supply partners was highlighted as part of the development of the strategy, with 'Powerful Supplier Partnerships' being another key enabler.

During the year the Board approved and received updates on key contract renegotiations with key suppliers, including the long-term distribution agreement with CMBC following the sale of our remaining interest in the partnership with Carlsberg. In doing so, the Board balanced the benefits of maintaining trusted partnerships with key suppliers alongside the need to extract value for money for our shareholders and the right products and service for our guests and Pub Partners. Further information on how we engage with our supply chain on important topics such as ethical sourcing can be found in our Impact Report.

INVESTORS

The Board continues to strive to ensure that the Group provides fair, balanced and understandable information that enables all our investors to understand our strategy and vision and have clarity over our financial and non-financial performance. An analysis of the Group's investors by type can be found on page 146.

In October 2024, we held our first Capital Markets Day (CMD) since the pandemic, in person and via webcast. At the CMD, our CEO, Justin Platt, outlined the results of a detailed strategic review and communicated the Group's evolved strategy and updated metrics as a pure play hospitality business focused entirely on pubs. The CMD also included an introduction from the Chair and presentations from the CFO on financial measures and the Chief Development Officer on format expansion, followed by a live Q&A and an opportunity for guests to sample food and drink from our award-winning menus. A recording of the CMD is available at **www.marstonspubs.co.uk**.

This year we have also strengthened our investor relations team who are increasingly becoming an important link between the investment community and the Board, providing frequent feedback and reports, notably after financial results and other key activities.

The Chair and members of the Board (as appropriate) continue to make themselves available to meet with institutional investors and seek to understand and prioritise the issues that matter most to them. The Company Secretary continues to have regular communication with retail investors and institutional investors on certain matters, including ESG and sustainability.

Many of our People are also our shareholders and we encourage their participation in employee share schemes.

GOVERNMENT BODIES AND REGULATORS

The Company is subject to a wide range of laws and regulations, and we seek to co-operate and engage constructively with all regulatory authorities. As a responsible business, we continue to work at a business level with Environmental Health, Public Health England, Public Health Wales, the Office of Health Improvement and Disparities and Drinkaware. The Pubs Code regulates the relationship between all pub companies owning 500 or more tied pubs and we engage directly with the Pubs Code Adjudicator on these matters. The Audit Committee has oversight of our tied operations through bi-annual reports from our Code Compliance Officer, in line with our statutory duties. We also work with our peers at both a policy and a local level through UK Hospitality. The Board is regularly updated on compliance with regulations and readiness for compliance with new or emerging laws and regulations that affect the Company.

Section 172(1) in action

Section 172(1) in action

The Board is mindful that sometimes decisions must be made whilst weighing up different, and often competing, priorities. Whilst not all stakeholders' interests fall for consideration in every Board decision, when a relevant matter is reviewed by the Board, the following explains how the Directors consider Section 172(1) in their decision-making process.

CMBC

A key matter considered by the Board during the year was the disposal of our remaining 40% stake in CMBC. The Board considered what effect this transaction could have on our investors and banking partners particularly in relation to long-term value creation and debt reduction. The risk factors and opportunities were outlined by the Company within its RNS announcement released on 8 July 2024. The Board also considered the potential impact of the transaction on our guests, Pub Partners and suppliers in connection with the long-term pub supply agreement with CMBC, which was updated as part of the transaction.

Strategic review

The strategic review during the year set out the Company's new vision, purpose and strategy, and we have explained here some of the ways the Directors discharged their Section 172(1) duty as part of the review:

Our Guests: The evolving nature of consumer needs and expectations heavily influenced the Board's deliberations when considering the strategy.

The key value drivers underpinning the strategy were developed as a direct result of a detailed consumer study undertaken by the Executive team, that considered the various ways in which market and consumer dynamics translated into opportunities for growth. This led to the development of five distinct pub formats which meet an expanding range of occasions leading to enhanced customer recognition and growth.

Our People: The Board recognises that organisational capability and talent is a critical factor in the success of organisational change and the Board considered this as part of the strategic review, including adding new talent and roles to the Executive team in critical areas. Ensuring that we have an organisational and reward structure which supports 'performance driven teams' is a key enabler of the strategy.

Our Pub Partners: Our Pub Partners are a key part of our business, and the Board continues to support our Executive and management teams who work collaboratively with our Pub Partners on an ongoing basis to continuously improve and innovate. As part of the strategic review, the Board considered ways to further strengthen our Partnership model providing increased flexibility, appeal and support for our Pub Partners.

NON-FINANCIAL & SUSTAINABILITY INFORMATION STATEMENT

The Company aims to comply with the non-financial reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006. The information set out below, together with signposts to other relevant sections of the Annual Report and Accounts, Impact Report and our website, is intended to assist stakeholders in, understanding the Company's position and approach to the following key non-financial matters.

OUR POLICIES AND IMPACT REPORT CAN BE FOUND ON OUR WEBSITE WWW.MARSTONSPUBS.CO.UK

Reporting requirement	Our policies, standards and guidance that govern our approach	Where to find them
Environmental matters	• Our sustainability strategy • Taskforce on Climate-related Financial Disclosures (TCFD) report • Environment Policy	PAGE 19 AND OUR IMPACT REPORT PAGE 20
Our People	• Our 'Speak Up' system and Whistleblowing Policy • Gender Pay Gap report • Health & Safety Policy and Food Safety Policy • Equality, Diversity & Inclusion Policy • Our Corporate Hospitality & Gift Policy • Family Leave Policy	PAGE 60 AUDIT COMMITTEE REPORT WWW.MARSTONSPUBS.CO.UK
Human rights	• Human Rights Policy • Our Food Supplier Charter • Our Modern Slavery Statement	DIRECTORS' REPORT PAGE 77 WWW.MARSTONSPUBS.CO.UK/RESPONSIBILITY WWW.MARSTONSPUB.CO.UK
Social matters	• Our sustainability strategy • The Pubs Code • Our Food Supplier Charter • Our Procurement Policy	PAGE 19 AND IMPACT REPORT PAGE 60 AUDIT COMMITTEE REPORT WWW.MARSTONSPUBS.CO.UK/RESPONSIBILITY
Anti-bribery and corruption	• Our Food Supplier Charter • Our Anti-Bribery and Corruption Policy and Anti-Money Laundering Policy • Our Procurement Policy • Our Fraud Policy	WWW.MARSTONSPUBS.CO.UK/RESPONSIBILITY
Business model	• Business model – what we do, our key relationships and the value that is created	PAGE 7
Principal risks and impact of business activity	• Risk and risk management and our principal risks and uncertainties • Audit Committee report • Review and publication of our revised Food Supplier Charter • Data Protection Policy and Data Privacy notices	PAGES 37 TO 41 PAGES 57 TO 60 WWW.MARSTONSPUBS.CO.UK/RESPONSIBILITY WWW.MARSTONSPUBS.CO.UK
Non-financial KPIs	• 5* EHO and Reputation scores	PAGE 10

Shared responsibility

Our sustainability approach aims to ensure we are a responsible and resilient business through identifying, assessing and managing our environmental and social impacts. As a local pub company, with a national reach, we're uniquely placed to help make and shape positive change for all our stakeholders, including the planet, our most fragile stakeholder.

As part of the review of strategy, we also revisited our sustainability strategy to ensure it remains connected to the core of what we do, while supporting the Company's vision and purpose. Our people strategy and commitment to operating safely and sustainably are two of the three key enablers and we remain committed to doing more in our four priority areas: Planet, People, Product and Policy. These priority areas, or '4P's', are the central thread of our sustainability strategy, with a clear connection to our purpose, and where we believe we can have the biggest impact.

As our strategic roadmap develops, we will continue to review what is most important to our business and our stakeholders, and ensure that our targets, milestones and initiatives are the right ones to get us there.

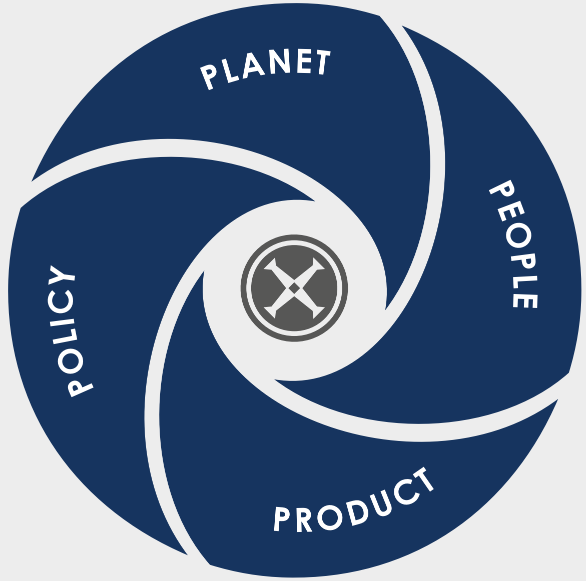
Our 2024 Impact Report, previously known as our Insight Report, is a statement of our aims, targets and intentions, and includes our focus areas and the stories to support our initiatives. Included in our report details the progress of our targets and the activities from each of the four pillars during the year.

Some of our targets include:

- To achieve Net Zero by 2040
- 50% reduction in food waste by 2030
- To promote energy from renewable or self-generated sources
- To reduce the volume of water we consume across our estate every year
- To achieve an employee engagement score of 8 or more
- All of our pubs to be 5* EHO
- Maintain FTSE4Good certification

More information on all our targets, the progress we are making and other positive impacts can be found in our Impact Report for 2024.

CORE PILLARS OF OUR SUSTAINABILITY STRATEGY



READ OUR IMPACT REPORT ONLINE AT WWW.MARSTONSPUBS.CO.UK

Taskforce on Climate-related Financial Disclosures (TCFD)

The following pages set out the potential impacts, risks and opportunities of climate change on our business and our responses to the TCFD disclosures. Considered in this report are the current and projected climated related financial impacts as we seek to progress to Net Zero. We also explain the steps we have taken so far to reach Net Zero, the targets adopted and the Company's forward plan.

Summary

The Group recognises the need for coordinated action, both within our own operations and in collaboration with industry partners, to reduce the UK hospitality sector's carbon footprint and our combined impact upon nature. As part of our sustainability strategy, we have a clear and realistic pathway to Net Zero, targeting Net Zero across our own operations (Scopes 1 & 2) and our supply chain (Scope 3) by 2040, which is in line with our pub industry peers.

We have mapped our total greenhouse gas (GHG) emissions, including those emanating from our supply chain, which are responsible for over 80% of the Group's total emissions. This helps us to identify specific goods and services that we receive which are responsible for the highest emissions, enabling valuable conversations with our supplier partners around carbon reduction initiatives. A key activity of our Planet pillar is adapting our pubs to move away from gas to electricity.

Our future procurement strategy will include acquiring electricity generated from sustainable sources, such as solar, wind and water. We are also focusing on reducing our water usage across our estate and initiatives to drive recycling and minimise food waste. More information on all our activities can be found in this year's Impact Report available at: **www.marstonspubs.co.uk**.

Preparing for climate change

Carbon neutrality, the reduction of the emissions directly under our control (Scopes 1 & 2), can be achieved through minimising waste from our operations, to transitioning our kitchens from gas to fully electric, moving to lower carbon heating sources, and securing energy supply from renewable sources.

The conversion of our kitchens from gas to electricity began two years ago and is progressing well. The conversion programme principally involves the modernisation of our equipment, replacing equipment at the end of its life with new, more sustainable alternatives, completed within normal cycles of equipment replacement. We are also making positive progress on our commitment to reduce food waste by 50% across our operations by 2030, already achieving a 32% reduction through food waste initiatives.

Sourcing ample renewable energy is a key step to achieving Net Zero. We will only contract renewable energy prices when it is commercially viable for our business.

The volume of green energy available for purchase on the energy market is outside our control; however, we are committed to keep evaluating the market to find supply deals which are right for our business.

Our roadmap to Net Zero is based upon an assumption that sufficient green energy is available for our business at the right price. In the meantime, the lack of volume in this market doesn't impede our plans to transition to electrification. We consider that renewable energy supply in the UK will continue to increase and that consequently green energy prices will fall. We are confident that the re-fit of our kitchens from gas to transition to electric can largely be completed within normal cycles of equipment replacement.

We have re-evaluated our financial forecasting since last year. Planned and known costs are reflected in our short to medium-term forecasting as appropriate. For instance, the cost of preparatory work for conversion to electrical equipment is reflected in our five-year plan and our capex refurbishments include, as standard, works to reduce carbon emissions and operating costs at a pub level.

Weather impact

Our analysis has identified that he most significant potential impact of climate change on our business is flooding. Flooding across the estate over the past 10 years has equated to £2 million worth of damage. We now have two pubs that consistently flood and experience some disruption to trade. However, over the entire estate there seems to be no discernible trend in the costs caused by flooding.

TCFD disclosure compliance

This year we have sought to improve our reporting on Scope 3 emissions and have worked with the Zero Carbon Service on the identification and quantification of indirect emissions. The full financial impact of climate change and Net Zero cannot presently be quantified, however we believe this will become clearer in future years as the costs and opportunities become more certain.

We have sought to reflect a more detailed appraisal of the financial impact of climate change in our short to medium-term plans while forecasting where possible – for instance, the additional costs of converting our kitchens, where known.

Climate change viability

The risks of climate change are considered by management during the year to prepare for our TCFD reporting, including the route for achieving Net Zero and the impact on our financial modelling. Our Planet steering committee meets to consider progress made to tackle climate change, to plan for the next steps and consider the relevant risks. The climate change risks as they currently present themselves are not significant enough to impact our viability, meaning that we do not consider that our direct operations are subject to high climate-related risk in the short to medium-term. Fundamentally we are well placed to manage climate-related challenges, seize the associated opportunities and adapt.

We remain steadfast in our commitment to collaborate with our supplier partners and industry peers to decarbonise while continuing our work with external experts to broaden the scope of our sustainability efforts and further improve our TCFD disclosures year-on-year.

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

SUMMARY OF TCFD DISCLOSURES

This report has followed the guidance set out in the Task Force on Climate-related Financial Disclosures (June 2017) and the implementation advice (October 2021). This disclosure also complies with the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

At the time of publication, we have made climate-related financial disclosures consistent with the TCFD recommendations in this report against:

- Governance (all recommended disclosures).
- Risk management (all recommended disclosures).
- Strategy (disclosures (a) and (c)).
- Metrics and targets (disclosures (a) and (c)).

The following climate-related financial disclosures are not consistent with the TCFD recommendations:

- Strategy (disclosure (b) – financial impact and disclosure). Due to uncertainty or a lack of reliable data, particularly regarding future weather forecasting, we have further work to do to be able to enhance our disclosures with respect to strategy and the financial impact of climate-related risks. We will continue to review this year on year and disclose appropriately when the data becomes more reliable.
- Metrics and targets (disclosure (b) – Scope 3 emissions). Our focus on scope 3 emissions has been to understand our emissions and the key hotspots within our supply chain. So far this has focused on the data collected for FY2023. Our intention in future years is to enhance this information gathering process in order to report on the current financial year.

TCFD recommended disclosures and our progress

Theme	TCFD recommended disclosure	2024	Our disclosure	Where to find it
Governance	a. Describe the Board's oversight of climate-related risks and opportunities	■	The Board is responsible for the strategic direction of the Group, including climate-related risks and opportunities. More information on these can be found in our Principal Risks and Uncertainties section of this report.	PAGE 23
	b. Describe management's role in assessing and managing climate-related risks and opportunities	■	The Executive Committee is responsible for ensuring that management has the appropriate resources in place to implement our business strategy, including those aspects which connect to climate-related risks and opportunities.	
Risk management	a. Describe the organisation's processes for identifying and assessing climate-related risks	■	The risk register for climate change is managed by the Director of Corporate Risk. Meetings are held with the risk owners, during the year to assess the risks and the assessments are re-evaluated as conditions change, to consider whether the risk could have a material financial impact on the business.	PAGE 23
	b. Describe the organisation's processes for managing climate-related risks	■	Marston's strategic priorities are linked to the effective control of climate-related risks and opportunities.	
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	■	The environmental risks are assessed in terms of their potential to significantly impact on our business in the short, medium or long-term timeframe. We consider how the implementation of identified mitigating factors can support our strategic resilience to climate change.	

■ Recommendations against which we have been able to fully disclose.

◩ Recommendations against which we have made significant progress and plan to enhance our disclosure further.

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Theme	TCFD recommended disclosure	2024	Our disclosure	Where to find it
Strategy	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term		Our principal risks consider climate-related risks.	PAGE 24
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning		This report explains the actions we take for the sustainable management of procurement, food, waste, general waste, energy usage and investment. The full financial impact of climate change and Net Zero cannot presently be quantified though we believe this will become clearer in future years as the costs and opportunities become more certain. It is expected that more certainty about the financial cost of converting our premises to electric rather than gas and oil will be forthcoming in future years when the market for renewable energy expands. We have sought to reflect a more detailed appraisal of the financial impact where possible in our five year plan, such as the preparations to convert our kitchens to electric.	
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a +2°C or lower scenario		The modelling pertinent to our business is for flooding within the UK. Environmental predictions about climate change within the UK up to global warming of 2°C are speculative, particularly when applied to a large number of individual properties. As an alternative, we have considered which of our properties are in low, medium or high-risk areas for flooding as defined by the Met Office. From our assessment, we do not consider that our direct operations are at high climate related viability risk in the short to medium term.	
Metrics and targets	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process		Marston's employs the services of an energy bureau, ISTA, to identify our monthly energy usage per site and calculate the total Scope 1 & 2 emissions across our estate. ISTA collects electricity and gas meter readings from our sites, working alongside our Energy Manager to estimate readings if none are available, and investigate unusual recordings.	PAGE 33
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks		Marston's provides a full disclosure of its Scope 1 & 2 emissions. Our focus on Scope 3 emissions has been to understand emissions and key hotspots within our supply chain. To date this has focused upon the data collected for FY2023. Our intention in future years is to enhance the information-gathering process to be able to report on the most recent full financial year. Purchased food and drink make up the highest proportion of our Scope 3 emissions. We are beginning to work with our suppliers to understand their emissions and where changes could be made to reduce scope 3 emissions within the supply chain. We have now engaged with our largest food suppliers to understand their challenges and the projects they are undertaking to reduce emissions.	
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets		Our targets include Net Zero by 2040, our commitment to reducing food waste by 50% by 2030, and our plans to move towards the electrification of the estate. We hope to provide more information in future years as climate-related costs and opportunities become more certain.	PAGE 34

Recommendations against which we have been able to fully disclose.

Recommendations against which we have made significant progress, and plan to enhance our disclosure further.

SUSTAINABILITY continued
TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

GOVERNANCE

Board oversight
The Board is ultimately responsible for the strategic direction of the Company, including climate-related risks and opportunities. Our Board and Executive Committee retain oversight of our sustainability strategy ensuring proper stewardship and accountability and are ultimately responsible for attainment of our targets and climate related risks and opportunities. The Board is updated during the year on ESG topics, including an update on our progress to Net Zero, by our Sustainability taskforce and Plant steering committee.

Our Sustainability taskforce and the steering committees it leads, for each of the four pillars (Planet, People, Product and Policy), are the engine room of execution for initiatives. These cross-functional teams have the expertise, networks and authority to drive the activities that support and help ensure that the sustainability strategy is fully integrated into our business, from the impact of climate change to our inclusion strategy.

Planet Steering Committee
Our Planet Steering Committee assists with the development and delivery of carbon reduction projects. It is chaired by our Energy Manager and includes team members from areas of the business that are most involved with our Net Zero delivery and wider environmental matters. The group meets quarterly and reports progress on our Net Zero plans to the Sustainability taskforce and Executive Committee.

The Committee reviews and identifies the optimal timings for the investment in new technologies and our progression away from the supply of gas and electricity from non-renewable sources. The results of these reviews are reported to the Executive Committee to allow climate-related issues to be considered when approving annual budgets, major investments, divestments and strategic plans and programmes.

Risk management
Business risks including climate-related risks faced now, and in the future, are assessed alongside our key value drivers, whilst using standardised criteria to provide consistency in the evaluation of both their potential impact and likelihood. More information on our principal risks, including ESG-related risks and details on how we seek to mitigate them, can be found on pages 37 to 41.

Under delegation from the Executive Committee, the Director of Corporate Risk has responsibility to oversee risk management. Information on how we manage risk, which included ESG-related risks, can be found on page 35.

SUSTAINABILITY GOVERNANCE STRUCTURE

Board of Directors

Ultimate oversight of our sustainability strategy and the risks and opportunities presented by climate change

General Counsel & Company Secretary

Reviews development and implementation of policies and strategies, including those on climate change

Chair of the sustainability taskforce, ensuring Executive Committee-level stewardship

Sustainability taskforce

Senior leaders responsible for shaping the sustainability strategy and setting, communicating and monitoring our targets and commitments

Steering Committees

Responsible for ensuring initiatives are just part of 'the way we do things round here'

Supporting groups

Specialist groups for specific areas of focus, including the TCFD and Environmental working group, the D&I Taskforce and supporting employee-led networks

SUSTAINABILITY continued
TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

STRATEGY

Our commitment to operating safely and sustainably is a key enabler of our business strategy. Marston's strategy incorporates the consideration of climate-related risks and opportunities and the drive to achieve Net Zero by 2040, through identifying assessing and managing our environmental impacts.

Procurement

As part of our procurement strategy, we consider the environmental record of all major new suppliers. For food suppliers this includes the number of miles that food travels from 'farm to fork', although no acceptable level has as yet been defined. Environmental information is collected from our suppliers through our Food Information System, Smart Supplier, together with other ethical data such as employment conditions and safety. For other suppliers we use information from Sedex, an online platform where businesses share information about their ethical performance. We have contingency plans are in place to manage supply chain disruptions, such as product substitutions, should they arise from climate-related factors.

Food wastage

As outlined on page 18, we have committed to reducing our food waste by 50% by 2030, compared to our baseline year (2019). We have already achieved a 32% reduction by reducing menu options and through food waste initiatives.

Food waste is weighed when it is collected by our waste supplier and all food waste is reused to generate energy. More information can be found in our 2024 Impact Report available at **www.marstonspubs.co.uk**.

Waste

For the last five years, we have run a campaign with our pub teams to segregate waste so that it can be more efficiently recycled. Teams were incentivised to increase the proportion recycled. More details can be found in our 2024 Impact Report.

Energy usage

For several years we have conducted an energy and carbon employee engagement campaign called 'Going Green'. Features include weekly energy reporting incentives, training and guidance is provided to help further reduce energy and carbon emissions. We continue to look to reduce carbon emissions and energy consumption at our pubs, including building management systems, induction catering equipment and LED lighting.

Sustainability and investment

Our strategy for growing the business includes reducing our reliance on fossil fuels, and investing in assets that take advantage of renewable energy. This includes the modernisation and electrification of catering equipment and the installation of lower-carbon heating systems.

Climate-related risks and opportunities

The table on pages 25 to 29 shows the relevant physical and transitional climate-related risks and opportunities identified by the Company. It is not possible to reliably quantify the financial impact of these risks and opportunities at this point in time; however, such quantification will be considered on an ongoing basis as the risks or opportunities become clearer, and our TCFD reporting develops.

Risk assessment

The risks are assessed in terms of their potential impact on our business in either the short, medium, or long-term. We define material climate-related risks and opportunities as those that are sufficiently important to our investors and other stakeholders to warrant public reporting. We will continually reassess our evaluation of climate-related risks and opportunities disclosed in our TCFD report as the views of our stakeholders evolve.

We will, wherever possible, seek to remove those risks that pose a threat to achieving our strategic objectives. If avoidance is impossible, we will work to mitigate the risk. We consider that this approach supports our strategic resilience to climate-related risks.

With regard to the evaluation of risks and opportunities associated with climate change, more time will be required to report against the seven Climate-Related Metrics defined within the guidance for TCFD.

Timeframe

Most of the Group's climate-related risks have the potential to impact our business across all three timeframes: short (1–5 years), medium (5–10 years) and long-term (10+ years). Many of these risks cannot be siloed into specific time periods.

The timeframe for short-term risks (1–5 years) reflects the fact that we generally know enough about such risks to structure our development plans and forecast the financial impact. The timeframe for medium risks (5–10 years) captures those risks that are reasonably likely to affect us in the future, though it is more difficult to quantify their potential impact. The timeframe for long-term risks (10+ years) considers those risks that might be contingent upon factors in the earlier time frames or where there is a greater degree of uncertainty about when or if their impact will be felt.

Climate-Related metrics

As more information becomes available, we will look to link our risks to the Climate-Related Metrics defined in the TCFD guidance and the possible quantifications.

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

RISK AND RISK MANAGEMENT

Risk assessment process

The risks of climate change are considered by management throughout the year, including consideration of their potential impact on our financial modelling and Net Zero delivery. Our Planet Steering Committee group meets to consider progress made to tackle climate change, to plan for the next steps and consider the relevant risks and opportunities. The risks are prioritised in terms of their net position after mitigation regarding likelihood and impact.

Risk	Classification	Impact on Marston's	Mitigation	Timeframe
FLOODING			**Linked metric: number of pubs flooded**	Long
An increase in rainfall, or the intensity of rainfall, could lead to an increase in the rate and severity of flooding. **Linked opportunity:** New technology. In recent years we have piloted early flood warning systems to monitor and provide alerts to changes to surface water and ordinary watercourses. Surface water flooding might otherwise go unnoticed, and an early alert provides additional time to react to protect the property.	**Physical risk**	• Properties in the estate susceptible to medium level of flood risk (see Flooding risk deep dive on page 31) • Temporary loss of trade for a flooded site • Costs of repair not covered by insurance • Increase in insurance premiums • Reduced disposal proceeds for sites negatively impacted by flood risk devaluation	We have higher levels of flood defence in our high-risk pubs. All our properties are insured for damage caused by flooding and storms above a £1 million deductible, with an aggregated claims limit of £2.5 million, above which the insurer would compensate all aggregated loss. Marston's owns and operates a captive insurance company registered in Guernsey. The captive covers £750,000 of each loss up to the aggregated claims limit. Cellar pumps are deployed in our high-risk pubs and bars, such as Pitcher and Piano in York, to allow continued trading when local water levels are rising. Investment in riverbanks and river walls by the Environment Agency has increased the protection of our riverside pubs, such as The Swan Hotel in Upton upon Severn. Disposal of higher risk properties to reduce medium to long-term risk.	

The timeframe used equates to: Short Medium Long Short, medium and long term

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Risk	Classification	Impact on Marston's	Mitigation	Timeframe
WATER SCARCITY			**No linked metric at present**	Long
Periods of drought could lead to water scarcity and event-driven, or extreme weather may cause challenges and disruption in our supply chain. All our sites use water distributed by water wholesalers through their regional networks. Marston's sites have little or no water storage on site so are reliant on mains water supply to operate.	**Physical risk**	• Localised droughts affecting water supply to our pubs • Increased cost of water supply • Supply chain disruptions could lead to increased costs and a reduction in margins	Minimising the impacts of climate change through carbon reduction and offsetting. We reduced water consumption through employee training, leak detection and implementation of lower water consumption processes and installation of equipment. Operation of our water self-supply licence, 'Marston's Water', provides a water retail services. This model gives greater control of billing and data, enabling a proactive approach to managing and conserving water. We are working on data sets that will help us identify properties at a higher risk of water scarcity and formulate a strategy to address the risk of water scarcity in high use areas in the future.	
EXTREME AND CHANGING WEATHER PATTERNS			**No linked metric at present**	Short, medium and long term
Extreme weather may cause challenges and disruption in our supply chain. Changing weather patterns – for example longer, sustained periods of hotter or wetter weather – may change consumer habits. **Linked opportunity:** Development of outside areas to take advantage of warmer weather. Commercial advantage in having a relatively high proportion of the pub estate with gardens.	**Physical risk**	• Supply chain disruptions could lead to increased costs and a reduction in margins • Dry and warm weather has a positive impact on revenue and profitability across our pub estate, with a larger impact on pubs with dedicated outdoor space. The converse is true for periods of wet weather	Supply chain disruptions are mitigated through seeking new suppliers and/or ensuring contingency plans are in place. Marston's has a diverse pub estate, which positions the business well for periods of both wet and warmer weather.	

The timeframe used equates to: Short Medium Long Short, medium and long term

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Risk	Classification	Impact on Marston's	Mitigation	Timeframe
PENSION SCHEME: VALUE OF INVESTMENTS			**No linked metric at present**	Short, medium and long term
Long-term sustainability issues, including climate-related risks and opportunities, require consideration to maintain the valuation of pension scheme investments.	**Transitional risk**	The absence of good stewardship around sustainability matters could have a material impact on the investment risk and return outcomes of the pension scheme investments	Investment Managers have full discretion when evaluating ESG or sustainability issues, including climate change considerations. The Pension Scheme Trustees use ESG ratings provided by the Scheme's investment consultant when appointing and monitoring investment managers.	
LEGISLATION AND POLICY			**No linked metric at present**	Long
Increased risk of non-compliance from accelerated, or new, legislation to support the global climate change agenda.	**Transitional risk**	• Increased costs to adapt and comply with new regulations, e.g. requirements to bring properties in line with EPC Band B criteria • Higher compliance costs or increased insurance premiums on carbon use • Increasing costs and/or decreasing revenue due to taxation on the sale of beef and dairy and Increased carbon taxation on GHG emissions	We are compliant with the existing EPC legislation and will evaluate any additional expenditure required across the estate to bring all properties to Band B if the future legislation is passed. Decisions would need to be made as to the viability of specific properties; disposal of properties where cost of compliance is prohibitive and would likely be impacted by devaluation. Our plan for Net Zero may help to anticipate some climate change-related regulation and puts us in a good position to be able to adjust and comply in a considered, well-planned manner.	

The timeframe used equates to: Short   Medium   Long   Short, medium and long term

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Risk	Classification	Impact on Marston's	Mitigation	Timeframe
CONSUMER HABITS			**Linked metric: food waste reduction**	▶▶▶
A change in consumer habits through guest sentiment and the prioritisation of sustainable choices. **Linked opportunities:** • New technology • Marston's has the largest rapid EV charging network in the industry • Increase market share by attracting guests who share a concern for the environment, and who feel Marston's is contributing actively to meeting the climate change challenge • Increased sourcing of local food, capturing guests' interest in the distance 'from farm to fork' and supporting local producers with a lower carbon footprint • Increased energy efficiency and reduced usage	**Transitional risk**	Where consumer preference and demand shift towards more sustainable choices, we would see more demand for food and drink options perceived as responsible or environmentally friendly. This may include guests seeking pubs with local meat and produce suppliers, wines that have not been transported across the globe and vegan/ vegetarian options. Guest sentiment regarding climate change could move demand to pubs which are supportive of investing in new technology to reduce emissions. Adapting to any changing consumer habits is an opportunity for growth. Failure to adapt could see a reduction in market share.	Marston's utilises guest insight data to track changes, monitor consumer habits and assess opportunities and risks from changing habits. Our sustainability strategy and progress made to date, such as reduction in waste and a rapid EV charging network, put us in a strong position. More details of all our initiatives can be found in our Impact Report: **www.marstonspubs.co.uk**.	

The timeframe used equates to: ▶▷▷ Short ▷▶▷ Medium ▷▷▶ Long ▶▶▶ Short, medium and long term

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Risk	Classification	Impact on Marston's	Mitigation	Timeframe
TECHNOLOGY			**Linked metrics: CO_2 emissions and food waste reduction**	▶▶▶
As UK and global businesses invest in sustainable technology and production, input costs to our business, including energy and food procurement, could increase. **Linked opportunity:** Installation and operation of Build Management Systems to monitor and automate heating levels in pubs to reduce energy usage and save costs. The automation of when lights in our pubs come on and off to reduce energy usage.	**Transitional risk**	• Global and national action to reduce emissions will likely increase costs of raw materials, production and distribution, increasing costs throughout supply chains • The cost of energy will be impacted by the changes required to move away from fossil fuels and towards sustainable energy sources • As we proceed to Net Zero, operating costs could increase in the short term, but making these adjustments sooner will mean the Group is in a competitive position for the future and should reduce its long-term costs	Transitioning the business to increased levels of renewable energy, which could include possible power purchase agreements with renewable generators to increase hedging periods. Catering equipment is sourced to increase efficiencies, including fryers that filter oil to increase oil life and high efficiency chargrills. For future catering and heating systems, we will look to include electrical and low-carbon technology. This will include upgrades to electricity supplies to facilitate the transition to fully electric and low carbon. All purchased cabinet refrigerators are high-efficiency hydrocarbon units and LED lighting is installed in all internal areas. Adopting new technologies comes with additional costs in the short term; however, it may lead to overall cost savings in the longer term as well as bringing environmental and sustainability benefits, making us more appealing to guests, investors and financial institutions.	

The timeframe used equates to: ▶ ▷ ▷ Short ▷ ▶ ▷ Medium ▷ ▷ ▶ Long ▶ ▶ ▶ Short, medium and long term

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

RISK SCENARIO ANALYSIS

Global temperature scenario modelling

We have considered the following impacts based on scenarios involving different increases in global temperatures. We intend to disclose more information on quantifying these scenarios as more information becomes available, and to link the scenarios to impacts from the specific risks for our business, such as flooding.

The first two scenarios assume that early interventions by government will cost the businesses more to transition in the short to medium term, while the third scenario assumes a less orderly transition from carbon-based fuels resulting in far greater environmental damage, more onerous legislative measures, and a delay resulting in global temperatures rising above 3%.

The considerations are as follows:

Scenario 1 – Global temperature increase kept below 2°C

- Potentially higher transition costs in the short term (1–5 years)
- Tighter government restrictions for a more orderly climate transition

Transitional risks within this scenario:

- Compliance with government legislation adding to additional operating and reporting costs
- Additional energy costs associated with carbon fuels
- Additional cost of compliance and energy costs borne by our suppliers increasing particularly food and drink costs for Marston's
- Guest opinion divided regarding the measures taken to reduce climate change.

Scenario 2 – Global temperature increase kept between 2°C to 3°C

- Potentially higher transition cost in the medium term (5–10 years)
- Increased water scarcity
- Government action delayed but more aggressive in the longer term
- More technological opportunities
- Global economic impacts.

Transition risks, the same as the 2°C scenario, albeit delayed to within 5–10 years:

- A risk that more flooding creates additional repairs costs and, in certain locations, property insurance becomes more expensive
- Increase in extreme weather either hot, cold or wet could be difficult to predict and might impact guest behaviour in a negative way including reduced or shortened visits
- Globally, production and transportation costs could increase in order to absorb transition costs as countries ramp up their response to climate change

Scenario 3 – Global temperature kept above 3°C

- Lower transition costs in the short term
- Government action delayed
- Additional or increased flooding, and heatwaves
- Increased cooling costs
- Guest menu choices may change
- Global economic impacts increased

Transition risks, same as the previous scenarios albeit relatively delayed further to 10 years or beyond:

- Increased risk of flooding or fire causing damage to properties
- Risk that government legislation, albeit delayed, is more draconian and imposes a swifter transition that results in higher costs
- Guests might be more tolerant to changes brought in by the business, accepting that urgent action is required

Flooding/water scarcity risk scenario modelling

The risk of our pubs being impacted by other factors associated with climate change for instance, wildfire is not thought to be high enough to warrant modelling.

Environmental predictions about climate change within the UK and global warming are speculative, reliant upon a range of scientific models not specifically developed for forecasting potential impacts on individual properties.

Attempting to scenario plan what might happen to each of our individual pubs is not economically practical.

At best it could only be done on a small sample of pubs and the results extrapolated across the estate. However, such a method does not justify itself given the speculative nature of the data.

As an alternative we have considered which of our properties are in low, medium or high-risk areas for flooding as defined by the Met Office. It is reasonable to assume that more properties will move to the higher risk end of this spectrum if the global temperature continues to rise. However, what the potential increase in damage to our own pubs is uncertain.

Currently on average over the last 10 years significant flood damage (greater than £10,000 per site) only occurs on average one-two times a year. At present, flooding in our estate does not follow any discernible trend which could support any empirical calculation of what the level of damage might be in the future.

We assess climate-related water scarcity risk down to a site level. This allows us to identify and classify the risk of properties affected by water scarcity dependent on defined climate scenarios.

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Flooding risk deep dive

Over the past 10 years there has been no discernible trend of increased flooding at our properties.

Financial year	Number of floods	Largest loss (pub damage) £('000)	Total loss (pub damage) £('000)
2024	–	–	–
2023	–	–	–
2022	1	73	73
2021	3	773	866
2020	6	103	311
2019	1	133	133
2018	–	–	–
2017	1	37	37
2016	5	197	533
2015	–	–	–
Total	**17**		**1,953**

Note: 'Floods' includes all flood damage notified to insurers. It excludes minor flood related damage not notified to our insurers.

The number of floods we have experienced over the last 10 years does not indicate that the frequency of flooding has increased; however, 10 years of data may not be long enough to capture the broader trend of flooding.

In the last 20 years, a small number of our pubs have been impacted by flooding incidents. These have included:

Financial year	Number of pubs flooded	Town	Loss £('000)
2016	4	Cockermouth, Cumbria	504
2013	1	St Asaph, Denbighshire	939

We have assessed our surface water and river and sea flood risks according to the Environmental Agency data available on **www.gov.uk**. Surface water flooding, sometimes known as flash flooding, happens when heavy rainfall cannot drain away. It is difficult to predict the risk accurately as it depends on rainfall volume and location (for example such flooding has been known to occur up hills and away from rivers and other bodies of water) and is more widespread urban areas with harder surfaces like concrete. River and sea risk considers flood defences.

The assessed risks are not property specific. Instead, the data is designed to give an indication of risks in geographical areas. The risks are defined as:

- **Very low risk:** each year this area has a chance of flooding of less than 0.1%.
- **Low risk:** each year this area has a chance of flooding of between 0.1% and 1%.
- **Medium risk:** each year this area has a chance of flooding of between 1% and 3.3%.
- **High risk:** each year this area has a chance of flooding of greater than 3.3%.
- **Acute risk:** site is at risk of annual flooding which is likely to cause disruption to trading or significant damage to the property.

Flood risk – number of sites per risk rating

	Surface water risk	River and sea risk
Acute risk[1]	2	0
High risk[2]	231	29
Medium risk[2]	206	57
Low risk[2]	343	81
Very low risk[2]	557	1,172
	1,339	1,339

1. As assessed internally.
2. According to the Environmental Agency data set.

The table above includes all sites where there is available data.

The Group has moved to annual external valuations of its property portfolio. Pubs are now valued on a rotational basis, with approximately one third inspected each year. The first external valuation on this basis was undertaken in July 2022. The valuations consider all factors that could impact valuation and cause financial impairments, impacting the income statement and balance sheet. These will include risks of flooding, increased costs of compliance and any other environmental-related factors that may arise.

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Climate-related viability statement

The full financial impact of climate change and Net Zero cannot presently be quantified though we hope to provide this in future years as the costs and opportunities become more certain.

It is, however, feasible to convert our pubs over to all-electric from gas and oil during the normal cycle of equipment replacement, thereby reducing the additional cost of the transition to Net Zero.

As a UK pub operator, we do not consider that our direct operations are subject to high climate-related risk in the short to medium term. Whilst we do have risks and opportunities, as outlined in this report, the risks are not material enough to impact our viability. With the actions we have already taken and continue to take in moving our ESG and Net Zero agenda forward, we consider that we are well-placed to deal with any new challenges as they arise, seize new opportunities, and adapt as appropriate.

We will continue assessing these risks each year to consider any changes and whether they have a material impact upon our business forecasting.

Climate change opportunities

All businesses around the globe will need to adapt to the changing climate; the more successful businesses will at the same time seize the opportunities that come with that adaptation.

For commercial reasons we cannot provide figures at this time, however, each of the following initiatives collectively contributed a significant amount towards our gross profit this year, in no particular order:

- EV chargers in our pub car parks
- Solar panels at our Pub Support Centre and 19 of our pubs
- Cooking oil collections from the pubs
- Clothes banks

Environmental data

We work with a third-party energy bureau (ISTA) to identify our energy usage per site each month, in order to calculate the total Scope 1 & 2 emissions across our estate. ISTA collects electricity and gas meter readings from our sites, working alongside our Energy Manager to estimate readings where none are available and investigate unusual recordings.

For FY2023 where possible, we have calculated the Scope 3 emissions for energy consumed by our supply chain. To achieve this we have worked with Zero Carbon Services to identify the emissions associated with purchased goods and the services included, factoring in specific categoristics of our own suppliers, for instance where goods are sourced globally.

We have been able to calculate our total emissions, and the Scope 3 emissions for food and drink supplies.

Our emissions have been assessed in accordance with the 'GHG Protocol Corporate Accounting and Reporting Standard' and in line with Defra's 'Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting Requirements'.

SUSTAINABILITY continued
TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

METRICS AND TARGET

Owning our own water licence allows us to more accurately track usage, identify leaks and build in greater efficiency.

Water saved per day
by identifying and repairing water consumption issues

	2024	2023
Pints per day saved	**366,961**	302,575

Food production is carbon intensive and food waste compounds the issue. Throughout our operations, we have established processes to minimise food waste emanating from our pub kitchens, while ongoing initiatives continue to support our food waste reduction efforts. For example, our food development team has removed items from the menu that had high wastage. We successfully collaborate with 'Too Good to Go' to save excess food from going to waste. Food waste is taken from our pubs to anaerobic digesters, where it is used to produce biogas and fertiliser.

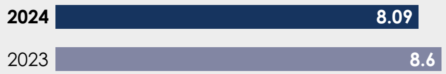
Food waste

	2019 (Base year)	**2024**	2023
Food waste (tonnes)	4,247	**2,872**	3,266

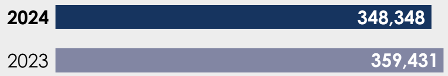
Greenhouse gas emissions by source
(Scope 1 & 2, Scope 3 relating to business mileage) CO_2e tonnes

Of which:	**2024**	2023
Electricity & gas	**64,999**	66,576
Petrol & diesel	**883**	1,200
Refrigerants – pubs	**4,872**	4,972
LPG	**1,786**	2,067
Oil	**207**	200
Total	**72,747**	75,014

Greenhouse gas emissions intensity ratio
CO_2e tonnes per £100,000 turnover



Energy usage (mwhr)
(Scope 1 and 2 &, 3 relating to business mileage)



Total Scope 3 emissions (CO_2e tonnes)
(data only collected for FY2023)

Notes:

1. We report on all the measured emissions sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.
2. Scope 1 & 2 data and scope 3 business mileage data has been collected is in respect of the year ended 30 June 2024, in accordance with the Streamlined Energy and Carbon Reporting regulation.
3. Gas consumption decreased by 4% compared to last year. Electricity consumption was unchanged. To reduce the energy consumed we focus each year on various initiatives.
4. Our catering equipment is sourced to increase efficiencies including fryers that filter oil to increase oil life, and high-efficiency chargrills. All of Marston's cabinet refrigerators purchased are high-efficiency hydrocarbon units. We install LED lighting in all the internal areas and in our back of house areas use integrated movement sensors, reducing the operational hours of lighting. We also fit voltage optimisations. Greenhouse gas emissions intensity ratio has decreased this year, reflecting the total decrease in energy consumed this year of 3%. This reduction is partly as a result of the mild winter this year but also because of the initiatives we have taken to increase energy efficiency. Over recent years CAPEX works have presented an opportunity to reduce energy usage and lower carbon emissions and operating costs. The standard measures included in refurbishment works are LED lighting insulation and draught proofing, heating and hot water controls and cellar fresh air cooling and management systems.

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

TARGETS

Our Net Zero strategy has been developed in alignment with the Zero Carbon Forum to push the sector to reach Net Zero by 2040. Progress against our roadmap to Net Zero was reported for the first time within our 2022 Annual Report and Accounts.

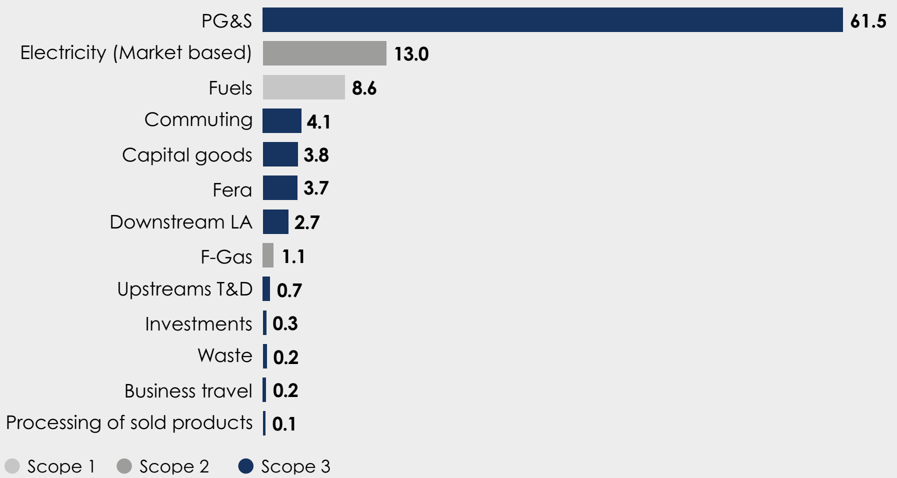
This year, working with Zero Carbon Services, we are further refining our transition plan toward Net Zero with the objective of submitting it to the Science Based Target initiative or similar standard for approval. This supports our aim of continuing to work collaboratively with the UK hospitality industry as a whole to decarbonise and build a sustainable business model.

As we proceed with the transition to Net Zero it's likely we will adopt additional targets to track progress. We intend to report on these targets as they become operational in future years.

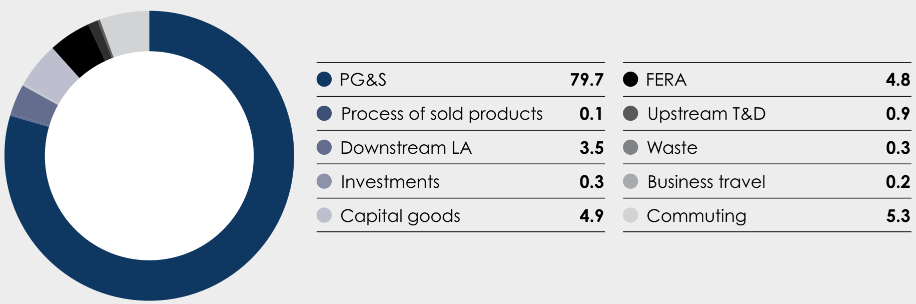
Our targets for reducing emissions are the same as our plan to achieve Net Zero:

- Reduce food waste by 50% by 2030 (measured against 2019 as a baseline)
- Reach Net Zero by 2040. 2023 is an appropriate baseline given changes to the business in recent earlier years
- Cooking oil reclaim rate 60%
- To reduce the volume of water we consume across our estate every year

Market based emissions by GHG category (%)
(Scope 1 & 2 and Scope 3 TCO_2e) (FY2023)



Scope 3 emissions by GHG category (%) (FY2023)



How Marston's manages risk

Effective risk management helps the business to identify any emerging or inherent risks and opportunities that could obstruct, or support, the business model or the implementation of its strategy. Risk is at the heart of everything we do, or elect not to do, as a Group; identifying and assessing risks and opportunities is an integral part of the day-to-day operations, planning and processes exercised by management.

To support management and the Board in the identification of risk and the assessment of the effectiveness of controls, the Risk & Compliance Committee meets at least quarterly to review both the principal and emerging risks facing the business and we use a risk management framework which tracks all categories of risk and controls and their effectiveness. All risks and controls are assigned an owner and every function within the Company has an important role to play in managing those risks and assessing the effectiveness of controls on an ongoing basis, and as an inseparable part of the skill and judgement that management exercises every day.

Risk management is supported and administered by the risk management team, and the Board and its Committees are accountable for overseeing its overall effectiveness. Here is an overview of the Company's core risk management framework and how this supports the Company to monitor risk.

Levels of assurance

Governance

Board and Audit Committee: Ultimately responsible for the governance framework, internal controls and risk management. Responsible for ensuring that management reviews and reports on the effectiveness of the internal controls. Responsible for understanding the nature and extent of the principal risks, formulating its risk appetite and the Viability statement.

Executive Committee: The mitigation of risk is delegated to the Executive Committee. It monitors the control of risk and makes decisions having reviewed sufficient information about the risks and opportunities involved. It also oversees risks to the strategy, and the actions taken by management to control and mitigate those risks.

Supporting Committees

Investment: Executive-level accountability for investment decisions, robust planning, post-investment analysis, assessing project risks, undertaking sensitivity analysis.

Risk & Compliance: Considers principal risks, effectiveness of controls and policies in operation, tracks emerging legislation.

Data Security: Reviews management of data and associated compliance matters.

Business Continuity: Considers threats to business operations, contingency plans, resilience of supply chains and IT services.

Health & Safety

- Policies and procedures to mitigate the risks in our pubs.
- Safety and allergens audits conducted by external co-source.
- Accident investigations by our Regional Safety Advisers.
- EHO hygiene scores tracked, improvements identified and monitored.
- Accidents reported centrally through to the Safety team for consideration.
- Accident trends monitored.

Internal Audit

- Independent from other business operations.
- Internal audit strategy is risk-based.
- Audit project results are reported to the business, Risk & Compliance Committee and Audit Committee.
- Expertise provided by an external audit co-source.
- Our Profit Protection and Stock teams test financial controls at pubs using data analysis to identify sites of concern.
- Follow-up audits are arranged if necessary to confirm improvements.

Enterprise Risk Management (ERM)

- Identify, monitor and report key risks to the business.
- Key risks and controls recorded in our Corporate Risk Register.
- The ownership and assessment of risk and its control is discussed and recorded.
- Corporate Risk Register is shared with managers to keep it current and relevant.
- The Register helps inform which risks require internal audit testing to gather additional assurance.
- The Register also provides a basis for determining which risks require insurance cover.

Emerging risk: emerging risks identified by managers; policies and processes adapted; highlighted to supporting committees and incorporated within ERM.

Individual risk managers: Responsible for identifying and monitoring risks and designing the control environment necessary to mitigate them to a level within the range of tolerance for the business.

Company policies and processes

RISK & RISK MANAGEMENT continued

The Board is satisfied that appropriate processes are in place to support the identification and management of risk. The Board (and its Committees, as appropriate) has carried out a robust assessment of the Company's principal and emerging risks and our principal risks, and an explanation of how these are being managed or mitigated, are set out on pages 37 to 41. A focus for the year ahead is to further embed risk mitigation and controls, particularly in relation to strategic planning.

The Board has overall responsibility for the Company's internal control systems and risk management framework and for reviewing its effectiveness. In order to discharge that responsibility, the Audit Committee completed (and reported to the Board its conclusions in respect of) its annual review and established that such systems are effective in line with the Financial Reporting Council's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.

Continuous improvement

We continuously review our risks and how well they are managed. In light of the strategic review in the reporting year, the principal risk profile was reviewed to ensure it captures all risks which could impact the delivery of the strategic objectives.

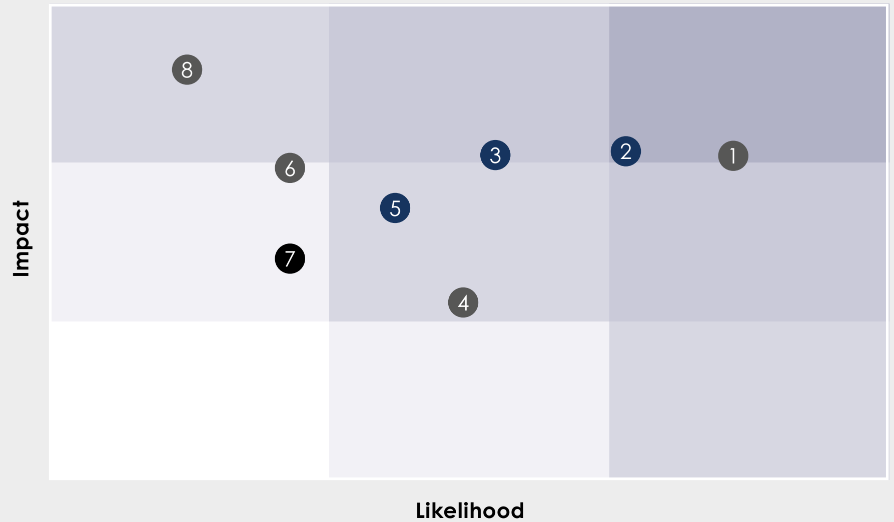
In FY2025, further improvements are planned to ensure that risk considerations are further embedded in the strategic planning processes of the Executive Committee and the Board (including formation of the Investment Committee, details of which can be found on page 51), and that the control environment is, and remains, effective.

Risk mapping

Whilst monitoring risk and control effectiveness as an integral part of day-to-day operations, the risk management team meets formally each year with all risk and control owners, including all members of the Executive Committee, to capture any new or evolved risks and to consider how effective the controls and levels of assurance are. These are captured on risk management software and a heat map is produced for oversight by the Board and Audit Committee as shown here. The heat map indicates the principal risks and the likelihood and impact of a 'risk event'. The principal risks and any movements during the reporting year are explained on pages 37 to 41.

Principal risks

The risks are plotted on the matrix according to impact and likelihood. The placing of the risk reflects the position after mitigation through controls.



1. Uncertain economic and political outlook
2. Strategy delivery and business transformation
3. Information technology and data security
4. Environment, Social and Governance
5. Talent attraction, retention and related employment cost
6. Health & Safety and food safety
7. Liquidity and compliance with financial covenants
8. Business continuity

Key:
- Increasing
- Reducing
- Stable

Our principal risks and uncertainties

The following summarises the principal risks and uncertainties that may affect the Company and which could impact performance and the execution of our strategic priorities. Risks change over time and therefore the risks reported do not represent a complete list of all the risks that the Company monitors, and may potentially face, but instead focuses on those that are considered to be most relevant.

Classification of principal risks

Our principal risks can be divided into four broad categories:

- **Strategic risk** – risks that impact the strategic positioning of the business, including market attractiveness and competitive positioning.
- **Commercial risk** – risks that relate to the commercial decisions taken by management, such as pricing strategies, that can impact key outputs, including revenue and margin growth.
- **Operational risk** – operational risks refer to the way the Company operates on a day-to-day basis to deliver the products and services to our guests.
- **Financial risk** – financial risks relate to funding, liquidity and interest rate management.

1. UNCERTAIN ECONOMIC AND POLITICAL OUTLOOK

	Risk description and potential impact	Key mitigations
Risk category: **Movement:**	There is a risk that an uncertain economic or political outlook could adversely impact market demand and consumer confidence. Ongoing geopolitical conflicts in Ukraine and the Middle East and the recent US election may also result in structural inflation which in turn may impact our cost base, including utilities, construction materials and food. Wider legislative and policy changes can also impact our business, including increased taxes leading to a decrease in consumer spending and uncertainty in terms of both the cost of living and the wider economic outlook.	• A stable balance sheet with reduced leverage and improved headroom on covenants, which is better able to withstand market shocks. • A consumer-led strategy, designed to increase market share and financial returns through the execution of clearly defined value drivers. • Good progress with our cost control and efficiency measures to offset inflationary pressures. • An estate and portfolio that is naturally balanced to appeal across a range of consumer segments, which is underpinned by rigorous revenue management disciplines and expertise. • Detailed planning and post-investment processes include risk and sensitivity analysis.

RISK & RISK MANAGEMENT continued

2. STRATEGY DELIVERY AND BUSINESS TRANSFORMATION

	Risk description and potential impact	Key mitigations
Risk category: **Movement:**	As set out on page 8, the Company strategy was developed following a forensic review of consumer trends and sector dynamics. Nevertheless, as with any business change, there is a risk of being unable to deliver major transformational projects on time, or realising the full benefit due to the volume or pace of change. This particularly refers to the deployment of capital projects to deliver differentiated formats and upgrading technology to deliver digital transformation. Organisational capability and dependencies may also pose a risk which is linked to the speed of change and potential operational impact of business transformation. The Board recognises that the development of our leaders is critical to ensuring the right culture and behaviours are embedded and to ensure we have and maintain the right skills and capability to meet our strategic plan. Strategy-related risks are elevated for the next 12 months due to the number of dependencies and number of changes in a relatively short timeframe.	• To help ensure successful delivery, we have made important changes to the Board and Executive team to further align the leadership with the evolving needs of the business, including a new Chief Operating Officer and Chief Development Officer at Executive level. Further information can be found on page 3. • We have added internal transformation expertise with a cross functional working group of senior people responsible for monitoring implementation and interdependency risk. • Improved governance by the addition of an Investment Committee providing Executive-level accountability for investment decisions and responsibility for robust planning and post-investment analysis including assessing project risks and undertaking sensitivity analysis. • Talent, culture and capability are one of the key items on the Board's agenda in 2025 supported by Board-level workforce engagement. • Monthly scorecard reporting to the Board on key strategic projects and employee scores.

RISK & RISK MANAGEMENT continued

3. INFORMATION TECHNOLOGY AND DATA SECURITY

	Risk description and potential impact	Key mitigations
Risk category: **Movement:**	The effective operation of many aspects of our business depends upon the Company's IT network. All businesses are subject to continuously evolving methods of cyber threat, including targeting vulnerable businesses with data theft, denial of service attacks, fraud and malware. The risks posed by cyber-attacks are wide ranging and can include loss of revenue, reputation and consumer trust, regulatory fines and an adverse impact on the Company's share price.	• We have internal and external specialists who operate a wide range of proactive and reactive security controls including antivirus software, network/system monitoring, and regular penetration testing to identify vulnerabilities. • A mature security improvement programme is in place, with regular internal and external reviews including scenario testing, audits and compliance testing. • Established backup procedures and data recovery plans which are regularly tested and rehearsed. • Engaging training platforms in place covering cyber awareness, data protection and training on Marston's own policies and procedures, including data retention.

4. ENVIRONMENT, SOCIAL AND GOVERNANCE

	Risk description and potential impact	Key mitigations
Risk category: **Movement:**	As a business we can be impacted by environmental issues such as climate change, water shortages, inability to meet carbon targets and social issues, such as lack of diversity, and social trends such as changing lifestyle choices. Our plans to achieve Net Zero are also fundamentally dependent upon the Government's ability to provide renewable energy at an affordable price. Transition remains a challenge for our business, and those within our supply chain, if the cost to transition remains high and availability for renewable energy and green technology is not improved. Uncertainty as to how these collective risks will evolve and any impact on delivering on our commitments and embedding them within our business model, could impact our reputation and our financial performance. There is a risk that within our supply chain a third-party product is supplied which is unethical which in turn could impact our reputation and sustainability credentials.	• Our TCFD working group helps us to identify key risks, opportunities and the impacts of climate change on the business. • Our ESG strategy sets targets and encourages the achievement of our goals relating to our four key pillars: People, Planet, Products and Policy. For more information see page 19. • Regular ethical supplier audits combined with our responsible sourcing policies, including the use of Sedex, help to improve supply chain transparency.

RISK & RISK MANAGEMENT continued

5. TALENT ATTRACTION, RETENTION AND RELATED EMPLOYMENT COSTS

	Risk description and potential impact	Key mitigations
Risk category: **Movement:**	Whilst some of the structural challenges facing the labour market in hospitality have largely stabilised, organisational changes can lead to uncertainty and, as mentioned in Risk 2, specific skills and experience are required to deliver our strategic priorities. The National Minimum Wage and National Insurance increases recently announced by the Government will result in higher operating costs for both the Company and our Pub Partners, which in turn has an impact on our profit and margin. New legislation such as the Employment Rights Bill 2024 includes additional provisions which are likely to further increase our operating costs, and significant regulatory change presents risks associated with adverse publicity and loss of revenue in the event of compliance failures.	• Implementation of workforce management tools to ensure optimum productivity and efficiency. • Monitoring emerging legislation and assessing the Company's readiness for adoption and implementation through the Risk & Compliance Committee and the Audit Committee. • Adopting contracts of employment which protect the rights of the individual but also provide the Company with sufficient agility in an evolving regulatory landscape. • Active monitoring of employee and Pub Partner engagement scores, addressing issues raised promptly and communicating back with sufficient clarity. • Anticipating the impact of changes in legislation on our budgeting and forecasting.

6. HEALTH AND SAFETY, FOOD SAFETY

	Risk description and potential impact	Key mitigations
Risk category: **Movement:**	The safety of our guests and employees is our number one priority, and a major health and safety or food safety breach could lead to serious injury or loss of life. This could be due to a failure in safety standards, supply chain issues or poor hygiene standards, and could lead to adverse publicity, loss of revenue, reputational damage and criminal sanctions and fines.	• Our independent auditors, NSF, undertake unannounced audits which cover allergens, fire, food safety and general health and safety standards, and the scores form part of monthly Executive and Board level reporting, as well as forming part of our operational incentive and bonus schemes. • Comprehensive health and safety employee training programmes are in place; completion is mandatory and is monitored. • We have robust processes in place for fire safety which are regularly tested and checked by our internal audit team. • Our Food Charter contains food safety and sourcing requirements which include traceability and testing requirements, submitting to audits and registering with Sedex. • Investment in food information systems gives us the ability to collect ingredient information from our suppliers. This enables us to provide information on mandatory and non-mandatory allergens to our guests.

RISK & RISK MANAGEMENT continued

7. LIQUIDITY AND COMPLIANCE WITH FINANCIAL COVENANTS

	Risk description and potential impact	Key mitigations
Risk category: **Movement:**	Whilst inflationary pressures have eased, interest rates remain high. Following the disposal of CMBC in July 2024, the Group's net debt was reduced significantly, resulting in a relaxation of some of the financial covenants and, consequently, the risk of breach has also reduced. Further detail is set out on page 12. Nevertheless, there remains a risk that financial covenants are breached due to circumstances beyond our control, for example, a change in the economic climate leading to reduced consumer confidence and Group liquidity. As documented in the Going Concern assessment on page 59 the Board has assessed a severe but plausible downside scenario with headroom against all covenants and there is sufficient liquidity, therefore the overall risk is decreasing.	• Stable balance sheet with reducing leverage. • Cash generative operating model. • Regular forecasting and testing of covenant compliance is performed and reported. • Headroom is considered as part of the decision-making process before approving any large investment or strategic development. • Predominantly freehold estate. • Strong relationships and stakeholder management with our banking group and bondholders.

8. BUSINESS CONTINUITY

	Risk description and potential impact	Key mitigations
Risk category: **Movement:**	Business continuity can be threatened by unforeseen events impacting upon our ability to trade or compete effectively and reducing our operational effectiveness. The risk could result from disruption to our IT systems or supply chain. There is a possibility that another form of pandemic could occur in the future. The severity of such a pandemic upon human health and the duration and impact of measures taken to reduce the circulation of infection are difficult to predict. Whilst the risk of pandemic in the short term is deemed low, we recognise that this risk has the singular capability to shut all pubs with little warning.	• We periodically audit key suppliers and our crisis planning to assess our readiness, and the readiness of our supply chain, for adapting to business continuity issues. • Business Continuity Committee meets regularly, with key matters or concerns escalated to the Risk & Compliance Committee. • We have contingency plans in place for future lockdowns or other events that could restrict trade in a material way. • Our Pub Support Centre employees have the resources and ability to work remotely. • Our IT control environment and testing programme.

RISK & RISK MANAGEMENT continued

VIABILITY STATEMENT

In accordance with provision 31 of the UK Corporate Governance Code 2018, the directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for the next three years. Consistent with the previous year, three years continues to be adopted as an appropriate period of assessment as it aligns with the Group's planning horizon in a fast-moving market subject to changing consumer tastes in addition to economic and political uncertainties and is supported by forecasts as approved by the Board. It also aligns with the Group's capital investment plans and gives a greater degree of certainty over the forecasting assumptions used.

The directors' assessment has been made with reference to the Group's current position, its financial plan and financial planning process, comprising a detailed forecast for the next financial year, together with a projection for the following two financial years. The plan also reflects the groups principal risks and uncertainties set out on pages 37 to 41, specifically Uncertain economic and political outlook (risk 1), Strategy delivery and business transformation (risk 2), Talent attraction, retention and related employment costs (risk 5) and Liquidity and compliance with financial covenants (risk 7).

Principal risks 1 (Uncertain economic and political outlook) and 2 (Strategy delivery and business transformation) relate to the continued uncertainty surrounding the economic and political environment including inflationary pressures, political uncertainty and ongoing geopolitical conflicts, which could lead to increased costs and reduced consumer confidence, together with the risk of being unable to deliver major transformational projects on time, or realising the full benefit due to the volume or pace of change. Further, risk 5 (Talent attraction, retention and related employment costs) relates to the ability to recruit and retain skilled and experienced labour and increases to national minimum wage rates and national insurance, both adding to operational cost pressures and ability to deliver strategy.

To assess the impact of the Group's principal risks and uncertainties on its long-term viability, a downside scenario reflecting increased costs and a severe but plausible downside scenario in the form of a reverse stress test to the base case was applied to the Group's financial forecasts in the form of increased costs together with reduced sales (taking into account the above risks), with variable costs moving in line with the change in sales volumes. Key considerations are the Group's liquidity and ability to meet financial covenants in the downside scenarios modelled (risk 7, Liquidity and compliance with financial covenants). It is assumed that the Group's financial plans would be adjusted in response to each scenario by reviewing controllable and discretionary costs alongside capital investment.

In both the downside and reverse stress test modelled, the Group continues to remain profitable with adequate liquidity, and financial covenant tests are met.

In the forecasted period the Group is required to refinance its bank facility by July 2026, and it has been assumed that this would be on a similar basis. Whilst there is no certainty since it requires the agreement of its lenders, based on the successful amend and extend to the bank facilities during the period and the continued positive relationships, the Directors believe they will be able to secure any such financing required.

In terms of resilience, the forecasts considered market insight and trends based on changing consumer behaviour and therefore considered the allocation of capital to adapt to these trends.

Further, whilst the experience of inflationary pressures and economic uncertainty could be expected to lead to lasting changes in both customer behaviour and competition in the hospitality sector, in making this assessment the Group has taken the view that any adverse impact on sales, through reduced visits will be temporary in nature and should not extend to any material extent into the future. Pubs have been resilient in previous economic downturns and offer value to the consumer.

The Directors have determined that, over the period of the viability assessment, there is not expected to be a significant impact resulting from climate change.

In making this statement, the directors carried out a robust assessment of the principal risks and uncertainties facing the Group, including those that would threaten its business model, future performance, solvency, or liquidity. Principal risks and uncertainties are the result of internal risk management and control processes, with further details set out on pages 35 to 36.

Strategic report approval

The Strategic report, outlined from the inside front cover to page 42, incorporates: A new chapter, Investment case, Chair's statement, CEO's statement, Our business model, Our strategy, Our key performance indicators, Group operational and financial review, Stakeholder engagement and Section 172(1) statement, Non-financial and sustainability information statement, Sustainability, and Risk and risk management.

By order of the Board:

JUSTIN PLATT
CHIEF EXECUTIVE OFFICER

GOVERNANCE AT A GLANCE

The UK Corporate Governance Code: How we comply

The Governance Report, which includes the principal Committee Reports and Directors' Report, explains how the Board has applied the principles and complied with the provisions of the UK Corporate Governance Code 2018 (the '2018 Code'). The Code is available to view on the website of the Financial Reporting Council at **www.frc.org.uk**.

The 2018 Code has applied throughout the reporting period and the Board confirms that it has applied the principles and complied with the provisions of the 2018 Code.

Board and Committee attendance (scheduled meetings)

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Bridget Lea[1]	6/8	5/5	1/2	3/3
Hayleigh Lupino	8/8			
Ken Lever[2]	2/2		1/1	
Octavia Morley	8/8	5/5	2/2	3/3
Rachel Osborne[3]	6/6	2/2	1/1	
Justin Platt[4]	6/6			
Nick Varney	8/8		2/2	3/3
Former Directors				
Andrew Andrea[5]	1/1			
Matthew Roberts[6]	2/2	3/3		2/2
William Rucker[7]	6/6		1/1	

1. Bridget Lea was unable to attend two scheduled Board meetings, one Nomination Committee and one Remuneration Committee meeting due to unavoidable prior commitments.
2. Ken Lever was appointed to the Board with effect from 8 July 2024.
3. Rachel Osborne was appointed to the Board with effect from 23 January 2024.
4. Justin Platt was appointed to the Board with effect from 10 January 2024.
5. Andrew Andrea stepped down from the Board on 17 November 2023.
6. Matthew Roberts stepped down from the Board on 23 January 2024.
7. William Rucker stepped down from the Board on 8 July 2024.

Tenure

As at 28 September 2024

0-3 years	4
3-6 years	3
6+	0

Independence

As at 28 September 2024

Independent	4
Independent on appointment	1
Executive	2

Gender diversity

As at 28 September 2024

Female	4
Male	3

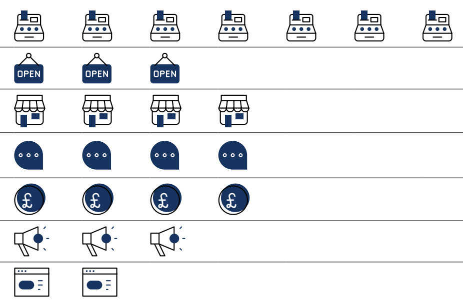
Senior Board positions

As at 28 September 2024

Chair	Senior Independent Director
Chief Executive Officer	Chief Financial Officer

Board skills and expertise

Consumer/Retail
Hospitality
Commercial Property
People
Finance
Marketing
Digital



A new chapter

"Our governance structure processes will increasingly be focused on value creation for our stakeholders."

KEN LEVER
CHAIR

On behalf of the Board, I am pleased to introduce my first Corporate Governance report for the year ended 28 September 2024 (the 'reporting year').

In July we announced the disposal of the Group's 40% holding in Carlsberg Marston's Limited ('CMBC') for £206 million. The sale of our remaining stake in the beer business marked a significant step forward in the Company's growth strategy, creating financial flexibility and the opportunity for Marston's to be entirely focused on our pubs, whilst retaining the benefits of the long-term brand distribution agreement with CMBC. We were pleased to be able to share details of the Company's evolved strategy, vision and purpose with many of you at our Capital Markets Day in October. Further information on our strategic priorities can be found on page 8 and how the Board considered our stakeholders in their decision-making process can be found on page 17.

Board composition and changes during the year

This year has seen a number of changes to the Board and its Committees too. In July 2024, William Rucker stepped down as Chair due to his increased business commitments. As set out on page 55 of the Nomination Committee Report, a thorough external process to replace William was led by Octavia Morley (Senior Independent Director) and I was delighted to be appointed upon conclusion of that process. Marston's is a quality business with a strong Board and management team pursuing a clear strategy for growth, and I am looking forward to working with the Board and the wider team to deliver sustainable success that will drive value for our stakeholders. I would also like to take this opportunity to thank my predecessor, who leaves behind a capable and diverse Board of Directors with the right mix of skills and experience to support the Company in this exciting next chapter.

Following the announcements made in the prior reporting year, Justin Platt joined the Company as Chief Executive Officer on 10 January 2024, and Rachel Osborne was appointed as a Non-executive Director and Chair of the Audit Committee, with effect from 23 January 2024. Upon joining the Board, Justin, Rachel and I have each received a comprehensive and tailored induction programme, coordinated by the General Counsel & Company Secretary. Further detail can be found on page 56 and each of the Directors' biographies can be found on pages 46 and 47.

Board performance review

Having undertaken an external Board evaluation last year, during this reporting period I have overseen an internal Board performance review, discussing a number of key items such as strategy, risks and role of the Board, further detail on which can be found on page 56.

Culture

A continuing focus for the next reporting year will be refining and ensuring the right leadership behaviours, values and culture as an important enabler to deliver the Company's strategy and the transformation programme. People engagement remains an important tool to provide the Board with a valuable insight into the culture within Marston's and areas where improvements can be made. Further information can be found on page 48.

Sustainability

Through our sustainability strategy, I am pleased to see the actions that Marston's is taking and the progress that has been made towards our sustainability goals and targets, driven by the dedicated taskforce, and supported by the Executive Committee and the Board. More information can be found in our Impact Report available on our website **www.marstonspubs.co.uk**.

CHAIR'S INTRODUCTION TO CORPORATE GOVERNANCE REPORT continued

Governance and reporting

The following pages set out how we have complied with the 2018 Code and how our governance framework helps to support the Company's strategic priorities. Stakeholder engagement continues to be a key focus; our Section 172(1) statement on pages 14 to 17 describes how the Board has fulfilled its statutory duties under the Companies Act 2006 and how the Board has engaged with our stakeholders during the year.

The 2024 UK Corporate Governance Code (the '2024 Code') will apply to the Company with effect from our FY2026 with the changes to Provision 29 taking effect a year later. Any changes that will impact the Company have been reviewed and discussed by the Board and the relevant Committees and the required actions have been identified to ensure we have a clear pathway toward compliance with the 2024 Code.

Annual General Meeting

I look forward to engaging with shareholders at the Annual General Meeting (AGM) on 21 January 2025. Further details about the AGM can be found in our Information for shareholders section on page 145.

Looking forward

Our priority for the forthcoming reporting year is the execution of our new strategy and key value drivers. The Board and I shall continue to support Justin and his refreshed executive team on implementation and continued transformation to deliver value creation for stakeholders and ensure the long-term sustainable success of the Company.

The table below shows where key content can be found in relation to the 2018 code in this report.

Board leadership and Company purpose	• Our purpose, values and culture	Page 48
	• How we engage with our People and our shareholders	Page 48
	• What has been on the Board's agenda this reporting year	Page 48
Division of responsibilities	• Our governance framework and management structure	Page 50
	• Details of the responsibilities of all our directors can be found at **www.marstonspubs.co.uk/managementeam**	
Composition, succession and evaluation	• Our approach to succession planning, training and induction	Page 53
	• Board performance review	Page 56
	• Our approach to diversity and inclusion	Page 53
Audit, risk and internal control	• Financial Reporting	Page 58
	• Internal processes and our Audit Committee Report.	Page 60
	• Going concern and viability statements	Page 59
Remuneration	• Directors' Remuneration Policy and payments made to Directors during the period.	Pages 66 to 76
	• Remuneration performance outcomes and performance targets	

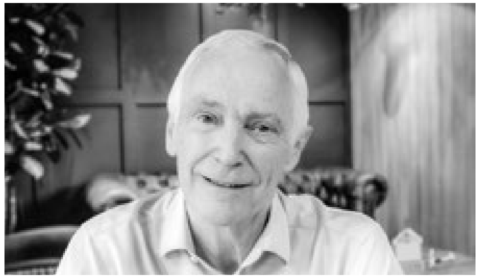
Documents available at:
www.marstonspubs.co.uk

- Matters reserved for the Board
- Terms of reference for each of the Principal Committees
- Marston's PLC Articles of Association
- Our current Directors' Remuneration Policy
- Whistleblowing Policy
- Diversity, Equality & Inclusion Policy
- Tax Strategy
- Modern Slavery Statement

An experienced Board

Board committees:

- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- ● Denotes Committee Chair



KEN LEVER

N (Chair)

Non-executive Chair

Appointed: July 2024, independent on appointment

Ken is an experienced business leader with strong leadership skills and extensive listed company and corporate finance experience, having held a number of senior executive and non-executive positions at UK listed firms across multiple sectors. He is currently Non-executive Chair at Cirata PLC, Senior Independent Director at Rockwood Strategic plc and Deputy Chair of Rainier Developments Limited.

Past experience:

- Non-executive Chair Biffa plc
- Non-executive Chair RPS Group plc
- Senior Independent Director at Vertu Motors plc
- Non-executive Director at Blue Prism plc
- CFO and subsequently appointed as CEO of Xchanging plc

JUSTIN PLATT

Chief Executive Officer

Appointed: January 2024

Justin has over 30 years' experience in hospitality and consumer-facing businesses, having spent 12 years at Merlin Entertainments in a variety of operational and leadership roles, including most recently as Chief Strategy Officer. Justin has a proven track record of delivering sustainable business growth through his clarity of strategic focus, a passion for enhancing customer experiences and a relentless focus on business results delivery.

Past experience:

- Director at Carlsberg Marston's Ltd
- Chief Strategy Officer at Merlin Entertainments
- Managing Director, Resort Theme Parks, Merlin Entertainments
- AstraZeneca plc, Global Marketing Director

HAYLEIGH LUPINO

Chief Financial Officer

Appointed: October 2021

Hayleigh was appointed CFO in 2021, having previously been Director of Group Finance, and held a number of senior roles previously at Marston's. Hayleigh is a qualified Chartered Accountant and has strong operational and commercial credentials, as well as extensive knowledge of both Marston's and the wider pub and brewing sector. As well as the finance and treasury functions, Hayleigh also leads the IT and Procurement functions and chairs the D&I Taskforce helping to shape the Company's D&I strategy.

Past experience:

- Director at Carlsberg Marston's Ltd
- Senior roles held within Marston's PLC

OCTAVIA MORLEY

A N R (Chair)

Senior Independent Director

Appointed: January 2020

Octavia is currently Senior Independent Director and Remuneration Committee Chair at Crest Nicholson Holdings plc and Currys PLC and Chair of Banner Group Limited. She has extensive experience in both executive and non-executive roles in retail and multisite companies, having held various senior operational and strategic roles across areas of retail.

Past experience:

- Non-executive Director at Ascensos Ltd
- Senior Independent Director at Card Factory PLC
- Executive and Non-executive Chair of Spicers-Office Team Group Ltd
- Non-executive Director of John Menzies PLC
- Chief Executive Officer, then Chair, at LighterLife UK Limited
- Managing Director at Crew Clothing Co Ltd
- Chief Executive at OKA Direct Limited

BOARD OF DIRECTORS continued

Board committees:

A Audit Committee
N Nomination Committee
R Remuneration Committee
● Denotes Committee Chair

BRIDGET LEA
A N R

Independent Non-executive Director

Appointed: September 2019

Bridget is currently Vice President and UK General Manager at Snap Inc. She was previously Managing Director – Commercial at BT Group having previously held the role of Managing Director (North) at J Sainsbury plc and is also Pro-Chancellor and Chair of the Board of Governors at Manchester Metropolitan University. Bridget has had a distinguished career working across multiple leading retail brands in executive leadership positions across sales, operations, marketing and digital transformation. Bridget actively promotes diversity and inclusion in all its forms and is also our designated Non-executive Director responsible for workforce engagement.

Past experience:

- Managing Director – Commercial at BT Group
- Managing Director (North) at J Sainsbury plc

RACHEL OSBORNE
A (Chair) N R

Independent Non-executive Director

Appointed: January 2024

Rachel is currently a Non-executive Director and Chair of the Audit Committee at Ocado Group Plc and brings a wealth of recent and relevant financial, consumer, retail and leadership experience to the Board, most recently as CEO of Ted Baker until June 2023. She has also recently been appointed as Non-executive Director at Cash Access UK Ltd, with effect from January 2025. Rachel is a qualified Chartered Accountant and has previously served as the CFO of multiple listed companies including Ted Baker, Debenhams and Domino's Pizza Group.

Past experience:

- Non-executive Director at Dunelm Group PLC
- Non-executive Director at Her Majesty's Court & Tribunals Service
- Chief Executive Officer and Chief Financial Officer of Ted Baker PLC
- Chief Financial Officer of Debenhams plc
- Chief Financial Officer at Domino's Pizza Group plc
- Finance Director at Vodafone PLC

SIR NICK VARNEY
A N R

Independent Non-executive Director

Appointed: July 2022

Sir Nick has over 30 years' experience in the Leisure sector, having started his career in FMCG marketing with Nestle Rowntree and then with Reckitt Benckiser plc. After 23 years as CEO of Merlin Entertainments, he retired in 2022. Nick is also a Non-executive Chair at Bath Rugby, a Non-executive Chair at the NEC Group, and a Senior Advisor to Blackstone.

Past experience:

- Chief Executive Officer of Merlin Entertainments
- Managing Director at Vardon Attractions,
- Main Board Director of Vardon plc
- Marketing Director at The Tussauds Group
- Chair and Board member of UK Hospitality

BETHAN RAYBOULD

General Counsel & Company Secretary

Appointed: February 2022

Bethan joined the Company in 2013 as Legal Counsel and was appointed General Counsel & Company Secretary in February 2022. She is responsible for managing legal risk and supporting the Chair and the Board in maintaining high standards of corporate governance. Bethan also leads the legal, safety, internal audit, corporate affairs and risk functions and chairs the sustainability taskforce which helps to shape the Company's ESG strategy. Bethan is a senior solicitor with over 15 years' experience in both private practice and in-house roles.

CORPORATE GOVERNANCE REPORT
BOARD LEADERSHIP AND COMPANY PURPOSE

The role of the Board
The Board is responsible to shareholders for the direction, management and promotion of the long-term sustainable success of the Group. It sets the Company's strategy and measures of success and oversees and monitors internal controls, risk management, governance and the viability of the Group. In doing so, the Directors comply with their duties under Section 172(1) of the Companies Act 2006 (see page 14). The Board has established certain Committees to assist in fulfilling its oversight responsibilities which is demonstrated by the Governance Framework on page 50.

Our purpose, values and culture
The Board is responsible for establishing the Company's purpose, values and strategy and confirming that these, and its culture are aligned. As part of this year's strategic review, the Company's strategy and purpose were revisited, as described in more detail in the Strategic Report on pages 8 and 9. The Board oversees the implementation of the strategy, within the context of our values and culture.

One of the key enablers of the value drivers is ensuring that our teams are performance driven. To support this, the Company is in the process of refining its behaviour framework and values to ensure they accurately reflect the development of our business and capture the very essence of Marston's.

Marston's has a unique culture and an environment that fosters collaboration and a real passion for what we do and providing great guest experiences. Our People have responded to the challenges the sector has faced over the last few years with tenacity and determination, which has contributed to the growth of the Group and strengthened Marston's culture. The Board is focused on ensuring that the strength of Marston's culture is maintained as part of the change management processes in place to deliver the strategic priorities.

Marston's culture is underpinned by our values and our People Promise. That is a framework of engagement, support and development that attracts, retains and supports the best people.

How the Board monitors culture
The Board plays a vital role in monitoring and assessing the culture at Marston's and its alignment with our purpose, values and strategy, including leading by example and acting in accordance with our values and ethics. This year, the Board has monitored culture in the following ways:

Reviewing KPIs and management reports – KPIs, including EHO scores and employee engagement, allow trends and changes in the culture of the Group to be monitored. KPIs are reported on a monthly basis and included within the Management Information Pack. The Director of Safety presented to the Board during the reporting year on EHO progress and how the key health and safety principles and ways of working will enable our business to continue to operate safely and sustainably.

Leadership behaviours – As part of the strategic review, the Board discussed the importance of values and behaviours and in particular, the expectations of senior leadership that will be critical to the delivery of strategic priorities. Supporting and monitoring these will be a focus of the Board in the coming months.

Risk management – The Audit Committee monitors risk management processes and controls on behalf of the Board, receiving reports at each meeting from the Risk and Internal Audit team (see page 36). A detailed report was considered from the Employee Relations (ER) Team whose key aims include upskilling line managers, reducing risk and driving engagement through fairness and justice. The Committee also considered how the ER Team's expertise could be broadened to support our Pub Partners.

Employee engagement – Measurement of our employee engagement is through monthly surveys which provide valuable insight into engagement and culture, helping to inform our Board-level workforce engagement programme. More details can be found on page 15. Senior leaders within our HR team presented an update on the outcomes and proposed actions from the most recent workforce engagement session, together with proposals for the next stage of our D&I strategy, including the launch of 'Care to Share' in the reporting year, as detailed on page 15.

Whistleblowing – our Speak Up whistleblowing system facilitates the reporting of matters of concern by our People.

The Audit Committee, with delegated authority from the Board, receives a report on whistleblowing matters from our Internal Audit team each year. This year the Committee reviewed the implementation of the online portal and its impact on the confidence of our People to speak up and considered proposals to further strengthen the whistleblowing governance framework, supported by senior leaders within the business.

Engaging with our Stakeholders
As a Board, we understand the importance of engaging with all of our stakeholders. It is intrinsic to our values, our decision making and ensuring the long-term success of the business. Our Section 172(1) statement on page 17 sets out where the Board has engaged with our key stakeholder groups throughout the year and also the impact on the decisions that have been made at Board level.

Board agenda and activities during the year
During the reporting year, the Board met eight times, in person, for scheduled meetings, all of which were held either at our Pub Support Centre (PSC) in Wolverhampton, or at one of our pubs. Additional ad hoc Board calls were convened as appropriate to discuss matters arising between meetings. This includes approval of matters of a transactional nature, for example, the disposal of our investment in CMBC. The annual Board strategy session is held over 2 days, comprising one 'day in trade' and the other as a meeting itself.

CORPORATE GOVERNANCE REPORT continued

BOARD LEADERSHIP AND COMPANY PURPOSE

The annual Board strategy session enables the Board time to meet and engage with our guests, People and Pub Partners and to bring to life the concepts discussed as part of the review of strategy. This year, the Board visited a cross-section of our pubs in Shropshire and Staffordshire and the meeting was held at the Hollybush in Penn, Wolverhampton.

Board agendas are set in advance of each meeting and follow a 12-month rolling forward agenda which helps to shape the discussions and focus of each meeting. Attendance at scheduled Board and Committee meetings is set out in the Governance Summary section, on page 43. The key items that the Board have discussed this year are show in the adjacent table and more information on how the Board has had regard to our stakeholders when discussing these key items can be found on page 17.

The Board also receives a detailed management information pack at the end of each monthly period, which reports on KPIs, capital returns and financial performance. Time is also made available on the agenda for presentations by management and advisers and any additional items that require the Board's scrutiny or approval over the course of a year. Sufficient time is also allocated on the Board annual calendar, for the Chair to meet privately with the Senior Independent Director (SID) and Non-executive Directors (NED)s, without the Executive Directors, to discuss any matters arising together with the operation of the Board and Committees. The SID and NEDs also meet at least once a year without the Chair being present.

On the Board's agenda this year:

Strategy and operational	• Considered and approved the strategic review and business transformation process • Considered and approved the disposal of our remaining 40% investment in CMBC • Received performance reviews and reports on KPI attainment • Received updates on estate review and format classification • Considered materials for the Capital Markets Day • Received reports on market and sector analysis • Received regular reports from the CEO and CFO on business performance and people • Received an update on IT security and governance
Finance	• Review of financial systems and systems of internal control • Assessing debt structure, leverage and capital allocation framework • Discussion with advisers on refinancing considerations • Approval of budget for FY2025 and shape of the five-year plan • Considered viability statements and going concern • Reviewed and approved the half year and full year results announcements, the trading updates issued during the year and Annual Report and Accounts, following recommendations from the Audit Committee
People, culture and diversity and inclusion	• Reviewed and approved the annual Gender Pay Gap report • Received reports and actions plans following board-level workforce engagement • Received an implementation update on D&I strategy • Received employee engagement reports • Discussed the behavioural expectations of senior leadership to delivery strategy and related values
Governance and risk	• Reviewed principal risks and risk appetite • Received reports on health and safety and other key areas of compliance • Reviewed and approved a report and the annual statement on the Modern Slavery Act • Approved the Terms of reference for each of the principal Committees and Matters Reserved for the Board • Undertook an internal Board performance review • Reviewed and approved the renewal of delegated authorities
Sustainability	• Reviewed proposals for the transition to Net Zero and associated targets • Reviewed TCFD recommendations, Scope 3 emissions calculations and targets

CORPORATE GOVERNANCE REPORT continued

DIVISION OF RESPONSIBILITIES

Corporate governance framework

The Company has a mature corporate governance framework which was established to provide clear lines of accountability and responsibility. The governance framework shown here provides a structure of effective management and controls to measure and assess performance and risk. It also helps ensures decision making takes place at appropriate levels within the Group. The framework is regularly reviewed, and the Board believes the continued framework helps ensure we adopt corporate governance principles in a way that is relevant to our business, supports our strategy and is consistent with our values.

The Board

Responsible for effective leadership by reviewing and challenging the strategy developed and proposed by management and overseeing performance, governance and delivery of strategy in a way that enables long-term sustainable growth for the benefit of the Company's stakeholders.

Supporting Committees

Risk & Compliance

Business Continuity

Data Security

Treasury

Details of each supporting committee can be found on page 35

Principal Committees

Audit
Responsible for financial and risk matters

Nomination
Responsible for succession planning and appointment

Remuneration
Responsible for remuneration and incentive schemes

Roles and responsibilities

Matters reserved for the Board
Committee terms of reference for each committee available on our website

Assurance Internal Controls, audit, legal, regulatory and compliance

Sustainability taskforce
More details can be found on page 23

Implementation of strategy Monitoring performance

Management Committees

Executive Committee
Comprising the CEO, CFO, Chief Development Officer (CDO), Chief Operating Officer (COO), Commercial Marketing Director (CMD), HR Director (HRD) and General Counsel & Company Secretary

Investment Committee
Chaired by the CDO and comprising the COO, HRD and members of the Leadership Group

Disclosure Committee
Comprises CEO, CFO and General Counsel & Company Secretary

Enterprise-wide risk management and internal controls

Our behaviours, value and culture

CORPORATE GOVERNANCE REPORT continued
DIVISION OF RESPONSIBILITIES

The three principal Committees of the Board are the Audit Committee, the Nomination Committee and the Remuneration Committee. Each has its own terms of reference which are reviewed annually before they are considered and approved by the Board. Further information of the role and remit of each Committee, together with key matters arising during the reporting year, can be found on pages 52, 58 and 61.

This year our Corporate governance framework was strengthened by the addition of an Investment Committee. This is an executive management committee chaired by the Chief Development Officer and comprising the Chief Operating Officer, Chief Marketing Director, HR Director and members of the Leadership Group. The Investment Committee provides executive-level accountability and support for Investment decisions by reviewing and approving significant capital expenditure and potential acquisitions within specified authority limits delegated by the Board. The Investment Committee also reviews expenditure to ensure that returns are in line with expectations, and will report to the Executive Committee and the Board on these regularly to ensure accountability and visibility.

The Executive Committee is led by the Chief Executive Officer and is responsible for the day-to-day running of the business. It meets monthly to discuss financial and trading matters, strategic implementation plans, business risks, employee engagement, health and safety, and receives periodic presentations on other areas of the business.

The Executive Committee also meets informally on a weekly basis to discuss sales performance and any key matters arising for the week ahead.

To further strengthen the skills and experience of management and to provide greater accountability for delivery of key strategic deliverables, a number of important changes were made to the Executive Committee in the reporting year with the addition of a Chief Development Officer and Chief Operating Officer.

The Disclosure Committee meets as and when required to discuss matters arising in accordance with the UK Market Abuse Regulation, the Financial Conduct Authority (FCA) Listing Rules and the Disclosure Guidance and Transparency Rules to ensure the Company meets its continuous disclosure obligations. This year the Disclosure Committee met three times all in relation to the Group's disposal of CMBC, further details of which can be found on page 12, and once in relation to the change in CEO.

The supporting committees' primary role is to provide assurance to the Board on the operation of internal controls, auditing and compliance with legal and other regulatory obligations. A report on the activities of the supporting committees is provided to the Audit Committee each year.

There is a clear division of responsibilities between the Chair and the Chief Executive Officer, and a high-level summary of those roles is shown below. Each of the Board members and the General Counsel & Company Secretary have clearly defined roles and responsibilities, further details can be found on our website, **www.marstonspubs.co.uk/investors.**

Chair – Ken Lever is responsible for:

- Leading the Board and its overall effectiveness
- Setting the agenda for Board meetings, and ensuring the style and tone of meetings enable constructive debate
- Supporting the CEO in articulating and promoting the purpose, values and culture of the Company
- Ensuring the Company has an effective strategy and that there is a high-calibre CEO and management team able to support the CEO to implement the strategy
- Engages with stakeholders and ensures their views are understood and considered appropriately in Board decision making
- Ensuring that the Company operates to a high standard of governance in line with its governance framework

Chief Executive Officer – Justin Platt is responsible for:

- The day-to-day running of the business
- The development and implementation of the strategy and the Group's overall performance
- Setting and implementing the strategic objectives agreed by the Board
- Providing clear and visible leadership, demonstrating the values and ways of working that reflect the Company's culture
- Leading the Executive Committee
- Reporting to the Board on all material matters affecting the Company and its performance
- Ensuring the Board is aware of investor and other stakeholder views

Nomination Committee report

DEAR SHAREHOLDER,

I am pleased to present my first Nomination Committee (the Committee) Report on behalf of the Board and update on the Committee's activities during the reporting year. Attendance at Committee meetings is shown on page 43, in the Governance summary.

Board appointments

As previously reported, there were a number of key changes to the composition of the Board during the reporting year, including my own appointment as Chair of the Board. Our Senior Independent Director, Octavia Morley, led a thorough and independent process ahead of my appointment and full details can be found on page 55. In January 2024, we welcomed to the Company both Justin Platt as CEO and Rachel Osborne as Non-Executive Director and Chair of the Audit Committee and further details can be found on page 65 of the 2023 Annual Report & Accounts (available at **www.marstonspubs.co.uk**).

Board performance review

Following an external Board performance review in 2023, this year, in accordance with the Committee's Terms of Reference, the Committee undertook an internal review of the Board and its Committees, led by myself. Further details and agreed actions are set out on page 56.

Diversity and inclusion

We continue to develop our diversity and inclusion policy and are committed to enhancing diversity within our talent pipeline and the business. From a Board perspective, whilst we do not currently set formal diversity targets, we recognise the importance of a balanced Board comprising individuals representing a wide cross-section of experience, cultural backgrounds and specialisms and our disclosures on Board and management diversity are set out on page 54.

Looking forward

We are committed to regularly reviewing and updating our succession plans. Following the review of strategy this year, a number of key appointments to our Board and senior management team have already been made having considered the strength, depth and diversity of the talent pipeline, aligned to our strategy. Our priority for the coming year will be to continue to promote effective Board and leadership succession, making sure it is fully aligned to the Group's strategy.

KEN LEVER
CHAIR OF THE NOMINATION COMMITTEE

Members

- Ken Lever (Chair) – from 8 July 2024
- Octavia Morley
- Rachel Osborne – from 23 January 2024
- Bridget Lea
- Nick Varney
- Matthew Roberts – until 23 January 2024
- William Rucker – until 8 July 2024

Our responsibilities

- To monitor the composition of the Board and its Committees, to ensure the right balance of skills, experience and knowledge and recommending any changes to the Board.
- To consider the succession plans for Directors and senior management, taking into account the leadership, skills, expertise and diversity needed to meet the challenges and opportunities facing the Company.
- Leading the process for Board appointments and making recommendations to the Board.
- Assessing whether Directors can commit sufficient time to fulfil their responsibilities.

Two scheduled Committee meetings were held during the year, together with an additional four meetings held in relation to Board appointments. Attendance at the scheduled meetings is shown on page 43.

The Committee, under the chairmanship of Ken Lever, currently comprises all of the Non-executive Directors who are all independent. The Company Secretary attends all Committee meetings, and the Executive Directors, senior management and external advisers may be invited to attend from time to time.

Key activities during the reporting year

- Recruitment and appointment of new Chair, Ken Lever (led by Octavia Morley (SID)).
- Approved the appointments of Justin Platt and Rachel Osborne.
- Reviewed the structure, diversity, size and composition of the Board and considered Board succession planning.
- Considered this year's internal Board evaluation process.
- Reviewed the terms of reference and effectiveness of the Nomination Committee and updates required by the UK Corporate Governance Code.
- Reviewed the independence, contribution and time commitment of each Director and any conflicts of interest.
- Considered and approved each Director standing for election and re-election at the 2025 AGM.

CORPORATE GOVERNANCE REPORT continued
NOMINATION COMMITTEE REPORT

Board appointments and succession planning

The Board has delegated responsibility to the Committee for monitoring the composition of the Board and its Committees, to ensure the right balance of skills, experience and knowledge and, where necessary, recommending any changes to the Board. This process includes reviewing the current composition of the Board, the skills, experience and tenure of the Directors and addressing any gaps. This is reviewed on an annual basis through Board performance reviews and by the Committee.

The Committee follows a transparent and thorough selection process for any new appointments to the Board supported by external specialist consultants. The skills and experience criteria for any incoming Directors are discussed and agreed by the Committee before the recruitment process is commenced. Further information on the recruitment and selection process for Ken Lever is on page 55.

To support the delivery of the strategic priorities, next year the Committee looks forward to taking an active interest in the quality and development of talent, ensuring that appropriate opportunities are in place to develop high-performing individuals. Capability, talent attraction and retention are key enablers of continued positive performance of the Group.

Diversity and inclusion

We are committed to building an inclusive culture where our People, Pub Partners and guests feel welcome and included for who they are and enjoy the benefits that diversity and inclusion brings. We have a responsibility to create safe environments where our teams and guests feel respected, valued and belong.

'Come As You Are' is our Diversity and Inclusion (D&I) strategy, which sets out our intentions of Marston's being a 'great place to work' and where everyone feels like they can be themselves. Our D&I strategic priorities include encouraging allyship and acting as role models, as well as staying informed through our dedicated training modules on Campus, our employee e-learning platform.

During the reporting year, the Board received an update on the D&I strategy and key initiatives, which this year included the launch of our 'Care to Share' campaign, with the aim of collecting diversity data for our People, in a secure and sensitive way, through our Your Voice engagement surveys. By understanding who works at Marston's we can identify opportunities that will in turn help to inform our D&I strategy and sustainability agenda and take positive action to promote equality.

Hayleigh Lupino, Chief Financial Officer, chairs the Inclusion taskforce which is responsible for delivering the D&I strategy. The taskforce is comprised of a broad cross section of senior leaders and employee network group members. The taskforce is focused on driving change to support our business, its people and the guests and communities that we serve.

This year our D&I strategy was reviewed by an organisation called 'inclusion in' to help us to understand, in an objective way, what progress and impact we have made in D&I compared to other companies in our sector. As we continue to adapt to shifting consumer and employee preferences and dynamics, the ability to grow diverse talent and create an inclusive environment is of increasing importance and therefore so is measuring our impact. Following a comprehensive analysis of our D&I maturity, we were awarded a score of 70 against an industry average of 66. Marston's was also considered to be 'strategic' and was commended for: (1) inclusion being embedded throughout the employee and customer experience; and (2) leaders being given the skills to lead inclusively and have accountability frameworks in place for creating a diverse and inclusive workplace. Further information on this and Marston's D&I strategy and key areas of focus can be found in our Impact Report, available on our website **www.marstonspubs.co.uk**.

Annual statement on Board and Executive Committee diversity targets

In accordance with Listing Rule 6.6.6R(10), our Board and Executive Committee gender and ethnicity data, as at 28 September 2024, is provided below. We currently meet or exceed the targets set out in the Listing Rules.

Target		Marston's progress
1. At least 40% of the individuals on the Board of Directors are women.	✓	57% of Board Directors are women.
2. At least one of the following senior positions on the Board of Directors is held by a woman: (a) the Chair, (b) the Chief Executive, (c) the Senior Independent Director (SID) or, (d) the Chief Financial Officer (CFO).	✓	Both the SID and CFO positions are held by women.
3. At least one individual on the Board of Directors is from a minority ethnic background.	✓	Two of our Board Directors identify as being from an ethnic minority background.

CORPORATE GOVERNANCE REPORT continued
NOMINATION COMMITTEE REPORT

The Board and Executive Committee changes outlined on pages 3 and 4, are reflected in the data below.

New Directors are asked to consider participating in the 'Care to Share' campaign as part of their onboarding process in the same way, and for the same reasons, we ask our wider workforce to share their data.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management	Percentage of Executive Committee
Men	3	43%	2	4	57%
Women	4	57%	2	3	43%
Other categories					
Not specified/prefer not to say					

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Committee	Percentage of Executive Committee
White British or other White (including minority-white groups)	5	71%	3	6	86%
Mixed/Multiple Ethnic Groups	2	29%	1	1	14%
Asian/Asian British					
Black/African/Caribbean/ Black British					
Other ethnic group, including Arab					
Not specified/prefer not to say					

1 Both the CEO and CFO are members of the Executive Committee and are also included in the columns related to the Board.

Senior Managers
(Executive Committee and Leadership Group)

Female	44%
Male	56%

Gender balance of wider workforce

Female	5,630
Male	4,475

CORPORATE GOVERNANCE REPORT continued
NOMINATION COMMITTEE REPORT

Appointment of Ken Lever as Chair

As Senior Independent Director, I led the Committee in the search and appointment of Ken Lever as Chair following the announcement, in March 2024, that William Rucker would be stepping down due to his increased business commitments.

The Committee met in March to discuss and agree the skills and experience criteria for the role, taking into account the skills matrix of the current Board and the future needs of the Company in light of the strategic review during the reporting year.

Following a short tender of executive search agencies, to ensure the right expertise and ability to meet the Committee's criteria and timeline, the Company appointed Korn Ferry as independent executive search consultants to assist with the search and recruitment process. Korn Ferry act as advisers to the Remuneration Committee but the Executive Reward team is separate from the Executive Search team, so the Committee were able to satisfy themselves on independence and confidentiality.

A scoring matrix based on the search criteria was applied to a longlist of potential candidates produced by Korn Ferry which produced a shorter list for the Committee's review. The Committee collectively agreed a final shortlist of candidates, all of whom were interviewed by me and supported by the General Counsel & Company Secretary. From that shortlist several candidates were invited to attend a second interview, which involved meeting at least two other Non-executive Directors and the CEO. Following those interviews, the Committee convened a further meeting to discuss feedback and references received on each of the candidates. The Committee was supported by Korn Ferry in these meetings.

Following the Committee's recommendation to the Board, Ken was offered the position, and I was delighted that he accepted, with effect from 8 July 2024. Ken brings more than 30 years' PLC and corporate finance experience, is an experienced business leader and has already brought tremendous insight to our boardroom.

The General Counsel & Company Secretary arranged a comprehensive, tailored induction programme for Ken, which included:

- Dedicated time with the Non-executive Directors, the Executive Team and key stakeholders including the Director of Corporate Risk and Director of IT
- Meeting with all key advisors and many of our shareholders
- A handover from the incumbent chair
- Scheduled trips to our pubs and 'days in trade' with some of the management team
- Refresher Training on Director duties, including Section 172(1), the Market Abuse Regulation and the 2018 Code, and Data Protection
- Deep dive sessions with senior management on key issues including strategy, five-year plan and capital structure, principal and emerging risks and related controls, people strategy, cyber risk and controls and ESG

OCTAVIA MORLEY
SENIOR INDEPENDENT DIRECTOR

Conflicts of interest

Prior to the appointment of any Non-executive Director, the Committee considers any existing appointments or commitments to ensure that there are no, nor likely to be any, conflicts of interest and that Directors have sufficient time available to properly discharge their duties to Marston's. Any additional external appointments taken up by Directors during the year are considered by the Chair of the Committee and, where applicable, approved by the Board prior to the Directors accepting such appointments.

The Committee considers any conflicts that may arise as a result of any external appointments taken up by the Directors and the Board monitors the extent of those interests and the time commitment required to fulfil them to ensure that effectiveness is not compromised. The Board remains confident that each Director has devoted suitable time to undertake their responsibilities effectively and no conflicts of interest were recorded during the year that would impact the independence of any of our Directors.

CORPORATE GOVERNANCE REPORT continued

NOMINATION COMMITTEE REPORT

Board support, inductions and ongoing development

Upon appointment to the Board, each new Director receives a comprehensive induction programme co-ordinated by the General Counsel & Company Secretary, which is tailored to their past experience and specific role on the Board. Induction programmes are tailored based on experience and background and the requirements of the role, and further information on the induction of Ken Lever completed during the reporting year can be found on page 55. Pub visits are an important part of the induction process, as well as for continuing education and employee engagement. Further information on Board engagement with stakeholders is set out on pages 14 to 17.

It is also important that the Directors regularly refresh and update their skills and knowledge and receive relevant training when necessary. Ongoing training and development needs are reviewed annually and arranged by the Company Secretary, where requested. Directors are also entitled to seek independent advice about the performance of their duties, if required, at the Company's expense. Through the Company Secretary, the Directors also have access to various advisory services enabling them to attend seminars and training events to keep up to date on relevant developments.

Board independence, election and re-election of Directors

All of our Non-executive Directors are considered by the Board as being independent, including our Non-executive Chair who was independent upon appointment.

Ken Lever is subject to election for the first time at the Company's AGM in January 2025 and all other Directors will offer themselves for re-election. Details of each Director are set out on pages 46 and 47, and in the 2025 Notice of Meeting. The Board is of the opinion, as recommended by the Nomination Committee, that each Director standing for election or re-election makes an effective and valuable contribution to the Company's long-term sustainable success.

Board performance review

The annual performance review process provides the opportunity for the Board and its Committees to consider and reflect on the effectiveness of its activities, the quality of its decision-making and the contribution made by each Director.

In compliance with the 2018 Code, and the typical three-year evaluation cycle, this year's evaluation was conducted internally, following the independent externally led process in the previous year.

During the reporting year, supported by the General Counsel & Company Secretary, Ken Lever held confidential one-to-one meetings with every Board member and the HR Director, to discuss their views on a number of themes previously discussed and agreed by the Committee, including strategy, risks, the role of the Board and the flow of information to and from the Board.

In addition, Ken also met with the consultant instructed by the Company in the 2023 external evaluation to obtain a stand-back view to support these conversations, as well as Ken's own induction to the Board. Following those meetings, clear actions were agreed at a Board meeting and further details are set out below:

Board performance reviews in action:

2023 focus areas	2024 progress and actions	Focus areas for 2025
Strategy and role of the Board: focus on strategic choices and clearer measures	Development of new strategy and measures sponsored by the Board	Develop KPI dashboard to monitor progress of key strategic measures Investment Committee established to oversee major capital investments and provide post-investment appraisals.
Engagement and stakeholder sentiment: consider information flow	Time on the Board agenda for presentations by brokers and reviewed key advisors to bring fresh perspectives to the boardroom	Time on the agenda to debate market dynamics and guest sentiment.
Leadership and succession plans: board to review its own governance	Refreshed Executive team and consideration of talent and behaviours as part of the strategic review	Consider expanding role of Nomination Committee to include employee engagement and improved talent reviews.
Risk and governance	Reviewed principal and emerging risks	Improved alignment to strategy.

Audit Committee report

DEAR SHAREHOLDER,

I am pleased to present my first Audit Committee (the Committee) Report for the financial year ended 28 September 2024 for Marston's, which provides an overview of the areas of focus for the Committee during the year, as well as its key activities and the framework within which it operates. I would like to thank Matthew Roberts, who left the business in January 2024. Other than the change of Audit Committee Chair, the composition of the Committee has not changed and is set out on page 58.

I confirm I have recent and relevant financial experience, and the Board remains satisfied that the Committee members as a whole have the appropriate skills, knowledge and experience to fulfil the duties delegated to it, together with competence in the hospitality sector.

This report describes the work of the Committee during the reporting year, with a focus on issues relevant to the Group's financial reporting. This includes how the Committee ensures the ongoing quality of the related disclosures, the Group's risk management framework and internal control systems together with deep dives on assurance, in key compliance and operational areas, such as food safety and cyber controls.

The Committee and I are mindful of the implementation date for the 2024 Code, particularly the revisions to provision 29, together with emerging legislation, such as the Economic Crime & Corporate Transparency Act 2023. We have dedicated time to understanding the impact of the changes to the regulatory and governance landscape, together with the Group's reporting obligations, and work is underway to ensure we have a clear pathway towards compliance.

Following their appointment as external Auditor for the Group, RSM UK Audit LLP ("RSM") have completed their first full year audit and their report is set out on page 81. During the reporting year, we have also engaged with the Financial Reporting Council (FRC) following their evaluation of our Annual Report and Accounts for FY2023. We welcome any engagement with the FRC and, as a result of our communications, we have an enhanced disclosure in this years' Annual Report and Accounts, further detail of which is set out on page 60.

The Committee remains keen to engage with shareholders on any audit related matters. Should you have any comments on the contents of this report, please contact me via email sent c/o of Audit Chair at **investorrelations@marstons.co.uk**.

RACHEL OSBORNE
CHAIR OF THE AUDIT COMMITTEE

CORPORATE GOVERNANCE REPORT continued
AUDIT COMMITTEE REPORT

Members

Rachel Osborne (Chair) – from 23 January 2024

Octavia Morley

Bridget Lea

Matthew Roberts – until 23 January 2024

Our responsibilities

- To assist the Board in discharging its responsibilities by reviewing and monitoring the integrity of the financial reporting, paying particular attention to significant judgements.
- Monitoring the effectiveness of the Company's audit processes, internal and external controls and risk management systems.
- Reviewing the external Auditor's independence, objectivity and effectiveness.

The Audit Committee reports to the Board on its activities and makes recommendations, all of which have been accepted by the Board during the reporting year.

The Audit Committee met four times during the reporting year and attendance can be found on page 43. The Director of Corporate Risk and RSM (the external Auditor) attend each meeting. Non-members including the Board Chair, the CEO, the CFO and other senior managers are invited to attend all or part of the Committee meetings.

In advance of each meeting the Committee Chair meets with the key stakeholders and contributors including the CFO, the Company Secretary, the Director of Risk, Head of Internal Audit and the external Auditor to discuss any key matters arising.

In the Committee meetings, the Chair encourages robust conversations to ensure management are appropriately challenged, in order to that the Committee can satisfy itself that the judgements taken, and the disclosures made are appropriate for the Group.

Key activities during the reporting year

- Reviewed the interim results and full year accounts, including the significant judgements and estimates, going concern and viability statements and recommended approval to the Board.
- Reviewed and challenged the external Auditor's audit strategy and year-end and half-year reports.
- Oversaw the external Auditor's independence, objectivity and effectiveness.
- Reviewed the Company's principal and emerging risks, together with the framework for managing, mitigating and testing of those risks, and any emerging legislation.
- Considered the forthcoming requirements and impact of the 2024 Code and the Economic Crime & Corporate Transparency Act 2023 and preparedness of the Company to comply.
- Received updates and presentations from management on internal audits, including allergens, stock and network security.
- Reviewed and approved the annual internal audit plan for financial year FY2025.
- Considered the recommendations by the FRC following the review of the 2023 Annual Report and Accounts, and approved improved disclosures in respect of the reporting period.
- Assessed the effectiveness of the Company's Whistleblowing Policy – 'Speak Up'.
- Reviewed the results of the annual evaluation of the effectiveness of the Committee.
- Received updates on and approved the Statutory Pubs Code compliance report.
- Reviewed the outputs from the annual Property valuation report, including a meeting between the Chair of the Committee and the independent property valuers (Christie & Co).
- Reviewed the Non-Audit Services Policy and the external Auditor's non-audit fees (of which there were none in the reporting year).
- Reviewed and approved the Committee's updated Terms of Reference and carried out our responsibilities as set out in the Terms of Reference.

Matters considered in relation to the Financial Statements

In order to discharge its responsibility to consider accounting integrity, the Committee carefully assesses key judgements applied in the preparation of the consolidated financial statements, which appear on pages 88 to 140.

Key accounting judgements

All key accounting judgements were subject to review and challenge by the Committee and were discussed and addressed with external Auditor throughout the year end audit process. This included reviewing papers prepared by management detailing the rationale for the accounting treatments adopted.

Under IFRS, the Group is required to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The Group's key assumptions and significant judgements which were reviewed by the Committee are:

- Non-underlying items – determination of items to be classified as non-underlying.
- CMBC – classification of results from CMBC as discontinued operations.
- CMBC – estimated recoverable amount of the investment in associate immediately prior to disposal.

CORPORATE GOVERNANCE REPORT continued
AUDIT COMMITTEE REPORT

- Property, plant, and equipment – valuation of effective freehold land and buildings.
- Retirement benefits – actuarial assumptions in respect of the defined benefit pension plan, which include discount rates, rates of increase in pensions, inflation rates and life expectancies.
- Financial instruments – valuation of derivative financial instruments.

The Committee has reviewed management's assessment and classification of the above judgement and, in line with guidance received from RSM, is satisfied that the correct accounting treatment has been applied.

Estate valuation

The Group is in the third and final year of its three-year valuation cycle, with Christie & Co completing physical inspections of the final third of the Group's estate with the focus remaining on the inspection of pubs where there have been changes to the shape of the estate, including capital expenditure. The Committee reviewed and considered the outputs from the valuation and, as part of the year-end process, RSM's third party specialist valuer and the Committee Chair, met with Christie & Co to consider and challenge their methodology and approach. The Committee noted that the carrying value of the Group's estate and other fixed assets is £2.1 billion and, as a result of the valuation and leasehold impairment review, there is an effective freehold impairment reversal of £45.3 million and a leasehold impairment reversal of £1.7 million. Further details are set out on page 111.

Market capitalisation

The Group has performed an assessment to bridge the gap between the Group's market capitalisation and asset values to determine whether further impairment considerations are required in relation to the Group's material assets, property, plant and equipment. The recoverable amount adopted in this assessment was the higher of the enterprise value and the value in use of the Group. This assessment was reviewed by the Committee and the Committee noted that, as indicated by the review, there was sufficient headroom between the asset values and the recoverable amount of the Group and that no reasonably possible change in the assumptions used in this assessment would have resulted in a change to the Group's asset values.

Going concern

During the year, the Committee and the Board reviewed the Group's going concern and viability statement as set out on page 42. As part of the reporting process, the Group is formally required to assess and disclose the extent to which its forecasts, financing requirements and financial covenants may or may not affect the Group's going concern assumption in preparing the financial statements.

The conclusion of this assessment, having considered the Group's forecast financial position and exposure to principal risks and uncertainties, including cost and inflationary pressures, and incorporating additional increases to employee related costs following the Autumn Budget 2024, was that the Board through the Audit Committee, have a reasonable expectation that the Group has adequate resources to continue to operate within its borrowing facilities and covenants for a period of at least 12 months from the date of signing the financial statements. Accordingly, the Committee notes that the financial statements have been prepared on the going concern basis and more details can be found in Note 1 of the Financial Statements on page 96.

Audit reforms and the 2024 Code

The Committee continues to stay abreast of corporate governance reforms and reviews the Company's preparedness at each meeting, with a particular focus on enhanced internal controls and the associated reporting of their effectiveness. The 2024 Code will apply to the Company with effect from its FY2026 year, with the changes to Provision 29 taking effect a year later, in FY2027, and the required actions have been identified to ensure we have a clear pathway to compliance.

External Auditor

RSM were appointed as the external Auditor of the Company at the 2024 AGM, following a tender process in 2023, which was described on page 69 of the 2023 Annual Report & Accounts. The Group's lead audit partner is Ian Wall, who was also appointed in 2024. The Company's relationship with the external Auditor is managed through their attendance at each meeting of the Committee, together with regular meetings during the year with the Chair of the Committee, both with and without management present. This provides sufficient opportunity to interrogate and challenge key areas and assess their independence. RSM present their audit strategy and reports, which include key audit risks and audit findings, to the Committee and these reports are discussed and challenged throughout the audit cycle.

Non-audit services and safeguarding objectivity

An external Auditor should not provide non-audit services where it might impair their independence or objectivity and the Committee has established a policy to safeguard such independence and objectivity, which is available at our website **www.marstonspubs.co.uk**. All non-audit services are considered on a case-by-case basis in light of the requirements of the ethical standards and in compliance with our policy. The Committee confirms that RSM did not carry out any non-audit work during the reporting year. In addition, the external Auditor follows its own ethical guidelines and continually reviews its audit team to ensure that its independence is not compromised.

RSM has reported to the Committee that, in its professional judgement, it is independent within the meaning of regulatory and professional requirements and the Committee is satisfied that RSM meets the required standard of independence to safeguard the objectivity and integrity of the audit.

Following a review during the reporting year, RSM have also confirmed they are satisfied with the objectivity and independence of the component auditor of CMBC, PwC Denmark.

CORPORATE GOVERNANCE REPORT continued
AUDIT COMMITTEE REPORT

Effectiveness of external Audit
The effectiveness of the external audit is considered throughout the reporting year in a number of ways, including assessment of the degree of the audit firm's challenge of key estimates and judgements made by the business, feedback from any external or internal quality reviews on the audit and the quality of communication with the Committee. Upon conclusion of all audit matters, as a matter of good practice, the internal audit team has been instructed to undertake a review of the external audit process and report its conclusions to the Audit Committee.

Review by the FRC
During the reporting year, we have engaged with the FRC following their evaluation of the 2023 Annual Report & Accounts as part of the FRC's ongoing assessment of the quality of corporate reporting in the UK. We welcome the FRC's engagement and, as a result of our communications, we have enhanced our disclosures by providing further detail on the level 3 valuation inputs to the fair value measurement of effective freehold land and buildings.

Risk management and internal control
Our risk management and internal control framework is described on page 35. During the year as part of the strategic review, the Committee supported the Board in reviewing the Principal Risks and emerging risk, with a particular focus on the effectiveness of risk controls and their assurance. A focus for the Committee next year will be to continue to focus on risk mitigation, controls and ensure these align with risk appetite as we seek to embed these more firmly as part of our routine processes and decision making, to support and improve strategic planning and execution.

Internal audit
The Committee continues to oversee the assurance activity conducted by the internal audit function, which is managed by the Director of Corporate Risk who attends each meeting. During the reporting period, the Committee allocated additional time on the agenda to review and challenge the findings of several key audits and subsequent management actions, including in relation to safety risks, stock controls and network controls. In addition, the Committee monitored delivery of the FY2024 internal audit plan, considered the findings from all internal audit reports and ensured that management actions identified were implemented or on track and challenging management where necessary. The Committee also approved the internal audit plan for FY2025.

Whistleblowing
As a Company, we remain committed to conducting our business with honesty and integrity and our Whistleblowing Policy supports this. A well-established procedure is in place for employees to report any concerns anonymously and confidentially through our online 'Speak up' portal. Posters publicising whistleblowing channels are distributed to our pubs and our pub support centre and a prominent link is available on the Company's intranet and website. The Committee receives a report on whistleblowing each year, to understand and review the whistleblowing governance framework, processes and controls, and how any emerging trends are identified, mitigated and managed.

Business ethics
The Company remains committed to high standards of business integrity and ethical conduct. Our Directors, Executive Committee and Leadership Group members undertake training in business ethics, which includes the Bribery Act, the Company's Corporate Hospitality and Gifts Policy, directors' duties and share dealing. Our standards are supported by appropriate policies which are accessible in the digital employee handbook.

The Company also has a detailed Anti-Bribery and Corruption Policy and maintains a Gifts and Hospitality Register. Anti-bribery expectations are set out in standard purchasing terms and conditions.

Statutory Pubs Code
The Audit Committee approved the compliance report submitted to the Pubs Code Adjudicator (PCA) for the reporting period 1 April 2023 – 31 March 2024 (PCA Period). During the PCA period, Marston's received four valid market rent-only requests from tied tenants, of which one was referred to the Pubs Code Adjudicator for arbitration. It is not subject to any investigations, enforcements or representations of unfair business practices by the PCA. The PCA compliance report and supporting information is available on our website: **www.marstonspubs.co.uk**.

Directors' Remuneration report

DEAR SHAREHOLDER,

I am pleased to present our report for the period ended 28 September 2024 which sets out how the Directors' Remuneration Policy has been applied during the period and how we intend to operate the Remuneration Policy in FY2025.

Overview of performance in FY2024 and business context

FY2024 has been a significant year for Marston's. Under the leadership of Justin Platt, the business disposed of its remaining interest in CMBC enabling the start of a new chapter as a pure-play pub operator and achieving our target of reducing debt to below £1 billion ahead of schedule.

We hosted a Capital Markets Day (CMD) in October 2024, outlining our refreshed strategy to deliver sustainable, long-term growth, together with a revised capital allocation framework focused on organic growth, further debt reduction and deleveraging, the future reinstatement of dividends and targeted M&A.

Marston's financial performance in FY2024 was strong, delivering like-for-like sales growth of 4.8%, driven by higher guest satisfaction and improved consistency across our pubs. This was reflected in our guest Reputation score which increased to 800 at the end of the year (2023: 766). Total revenue for the reporting year increased by 3% to £898.6 million (2023: £872.3 million), with underlying EBITDA from continuing operations increasing by 13% to £192.5 million (2023: £170.3 million). Underlying operating margin grew by over 200 basis points compared to FY2023, to 16.4% (2023: 14.3%). In addition, team engagement and pub standards metrics continue to improve.

As we set out at our CMD, our capital allocation framework is focused on delivering sustainable long-term value for shareholders. Going forward, the Board intends to balance debt reduction and strategic growth investments with the goal of creating a more financially robust business that can ultimately support shareholder returns. Further details are set out in the Strategic report, on page 8. Dividends form a core part of our capital allocation framework and, whilst no dividend will be paid in respect of FY2024, the Board is cognisant of the importance of dividends to our shareholders.

Performance outcomes for the year

Annual bonus FY2024

The performance measures for the FY2024 annual bonus were based on a balanced mix of financial (Group sales, EBITDA and recurring FCF) and strategic measures (Reputation score and employee engagement), and stretching targets were set at the start of the year.

As summarised above, the business achieved growth in all measures, with a balance of above threshold and maximum performance outturn. The excellent Reputation score of 800 and employee engagement score of 8.4, both achieving maximum performance, reflect the continuing efforts of our People to consistently deliver great guest experiences. Group sales increased, demonstrating the appeal of our predominantly community-based estate. Our expertise in managing local pubs, together with our strategic commitment to delivering exceptional guest experiences and enhancing our Reputation score, has supported this growth. This resulted in performance achieving above threshold against the target set early on in the year. Underlying EBITDA also achieved above threshold performance, reflecting positive revenue growth and continued efforts to optimise costs and enhance operational efficiency. Recurring FCF of £43.6 million (2023: outflow of £38.5 million) achieved maximum performance.

When reviewing the formulaic outcome of the bonus against the targets, the Committee took into account other stakeholder outcomes:

- Wider workforce experience – bonus schemes for salaried employees are aligned, therefore all eligible employees will receive a consistent outturn of c.70% of their achievable bonus for FY2024. Our pub team members have the opportunity to earn monthly incentives, based on drinks sales, and rewards through a quarterly bonus scheme, tailored to each individual pub. More than 75% of our pub team members, as at the end of the reporting year, had received one or more payments via these schemes.
- Investors – share price increased by more than 40% during the reporting year.
- Wider business performance – each of the key metrics has achieved growth on the previous year's outturn.

Having considered the formulaic bonus outturn in the context of stakeholder outcomes during the reporting year, the Committee is comfortable that the bonus payout of 70.19% of maximum for the Executive Directors is appropriate and so no discretion has been applied on the formulaic outcome.

A full breakdown of the measures, targets and our performance against them is set out on page 68.

CORPORATE GOVERNANCE REPORT continued
DIRECTORS' REMUNERATION REPORT

In line with the Directors' Remuneration Policy, one-third of bonus earned (after tax) by the Executive Directors will be deferred into shares for a period of three years.

LTIP FY2022 vesting

The three-year performance period for the LTIP award granted in December 2021 ended on 28 September 2024. Performance was based 40% on underlying Profit before Tax (PBT), 40% on Net Cash Flow (NCF) and 20% on Total Shareholder Return (TSR) versus the companies in the FTSE 250 Index (excluding Investment Trusts). The PBT and TSR elements did not reach the threshold performance requirement. However, the NCF outturn achieved between target and maximum performance, resulting in a vesting of 73.3% of the NCF element and an overall vesting of 29.32% of the total award. The Committee discussed the formulaic outturn of the LTIP, in particular the contribution of non-core pub disposals to the NCF result. Given that disposals formed part of the agreed strategy in operation during the three-year performance period, and that the CMBC disposal proceeds were excluded from the outturn figure, the Committee concluded that there was a strong and clear link between reward and performance and that discretion was not required to adjust the incentive outcome. In addition, shares received by the Executives on vesting will be held for a further two years before they can be sold, subject to achieving the 200% of salary shareholding guidance level.

The Committee is comfortable that actions taken on pay during the year across the Company were appropriate and balanced the interests of all stakeholders and that the Remuneration Policy operated as intended.

Board changes during the year

William Rucker stepped down as Chair of the Board with effect from 8 July 2024 and was succeeded by Ken Lever. The Chair's fee was at £220,000. There will be no further increase in the Chair fee for FY2025.

As disclosed last year, Andrew Andrea stepped down from the Board on 17 November 2023. He was available to the business in order to facilitate a smooth handover and transition until 31 December 2023. Justin Platt was appointed as Chief Executive Officer on 10 January 2024. Further details of the remuneration arrangements for Justin and Andrew are set out on pages 72 and 81 of the 2023 Annual Report and Accounts and further details in relation to Andrew are also set out on page 71 of this report.

Implementation of the Remuneration Policy FY2025

The Remuneration Policy is next due to be approved by shareholders at our AGM in 2026. During FY2025, the Committee will review the current policy to ensure that the policy is fit for purpose for our refreshed strategy as a pure-play pub operator. The review will focus on appropriate structures and performance measures for our variable pay schemes to support our long-term growth strategy and to be aligned to the wider workforce and aligned to the interests of shareholders and other stakeholders in our business.

The Committee has considered how the policy should be implemented for FY2025, its final year of operation. We have considered market practice, investor guidelines, pay across the business and the views of management. The key decisions taken for FY2025 included:

Base salary and Non-executive Director fees effective 1 October 2024

During the year, the Committee reviewed salary increases for the wider salaried workforce taking into consideration external benchmarking and the continued focus on controlling our cost base. Following the review, the vast majority of the wider salaried workforce received an increase of 3% of salary, with around 14% of that population receiving exceptional pay awards based on performance and external benchmarking. For the majority of our pub teams, their remuneration is set by statute rather than the market. Total pay awards for our pub team members ranged between 3% and 12.9%, with a total aggregated increase of 6.9%. In the context of these increases, the Committee was satisfied with a 3% increase also being applied to the Executive Directors' base salaries.

Non-executive Directors' fees have been increased by 3% for FY2025. The Chair's fees were set upon appointment in July 2024 and therefore the Committee agreed that no increase should be made for FY2025.

Annual bonus for FY2025

The bonus opportunity for the Executive Directors will remain unchanged for FY2025, with the CEO eligible for an annual bonus of up to 125% of salary and the CFO up to 100% of salary. Performance measures have been reviewed to align with our refreshed growth strategy and, as part of the process, the Committee reviewed the balance of financial and non-financial measures and the weighting of each individual performance measure. As a result of the review, the financial elements have increased from 70% to 80% of the total opportunity and the non-financials have reduced from 30% to 20%. The Committee determined that the weighting on EBITDA should be increased from 30% to 40%. As the weighting on non-financial measures has been reduced, the Committee also determined that there should be a single non-financial measure. Therefore, the weighting on the Reputation score was increased from 15% to 20%. Whilst the employee engagement measure has been removed from the bonus, the Committee will consider employee engagement when reviewing the outcome under the bonus against broader business performance in FY2025. Employee engagement also forms part of a balanced scorecard that is monitored by the Executive Committee and the Board. Therefore, the FY2025 bonus will be based on Group revenue (20%), Group EBITDA (40%), recurring free cash flow (20%) and Reputation score (20%).

The targets are stretching and incentivising with one third of any bonus paid deferred into shares for three years.

CORPORATE GOVERNANCE REPORT continued
DIRECTORS' REMUNERATION REPORT

LTIP for FY2025

Both the CEO and CFO will receive an LTIP award in line with the grant received in respect of FY2024 (150% and 125% of base salary, respectively), and in line with the current policy. During the year, the Committee reviewed the performance measures for the LTIP to ensure that they continue to align with our long-term strategy. With the sale of our stake in CMBC significantly bolstering our balance sheet, reducing net debt well below our £1 billion target, ahead of schedule, the net cash flow measure has been removed from the LTIP. Mindful of the Company's commitment to the delivery of £50 million recurring free cash flow in the near term, the Committee are satisfied that this remains a key focus given its inclusion as a measure in the annual bonus scheme. Consequently, the other measures have been rebalanced.

For FY2025, the LTIP will be subject to underlying PBT (40%), operating margin (30%) and relative total shareholder return (30%) performance measures.

Stretching targets have been agreed and the threshold and maximum ranges are set out on page 76.

Other considerations during the year

Executive Director pay and the wider workforce

We continue to operate with fairness, integrity and transparency across the business. Salary, benefits and performance-related rewards provided to employees are taken into account when setting the policy for Executive Directors' remuneration.

Salary increases across the workforce were reviewed during the year, taking into account the continuing cost-of-living challenges.

The Committee also retains oversight of how bonus schemes are aligned throughout the organisation, and of the performance measures, targets and outturn of each scheme. Bonus measures, and more targeted monthly and quarterly incentives for our pub team members, are aligned to our vision and strategy for the entire workforce.

Bridget Lea, our designated Non-executive Director for Workforce Engagement, and a member of this Committee, conducted an employee engagement session during the year. Executive remuneration was not raised as a concern during the year. Therefore, no amendments were required to be made to the proposed implementation of the policy in FY2025 as a result of this engagement. Further details of engagement with our People throughout the year can be found on page 15.

Shareholder engagement

The Committee welcomes ongoing shareholder engagement and takes an active interest in voting outcomes. We are pleased that the 2023 Annual Report on Remuneration received very strong levels of support with over 95% of votes cast in favour of the resolution at our 2024 AGM, following over 93% support of the policy at our 2023 AGM.

We continue to welcome and encourage all feedback from our shareholders, as it helps inform our thinking on remuneration matters, and hope we can rely on your continued support. During our policy review in the coming year, we will engage with our major shareholders and the leading shareholder advisory bodies, sharing details of our policy proposals ahead of submitting these for approval at our AGM in 2026.

If you would like to contact me directly to discuss any aspect of our policy or this report, then please email me at **remunerationchair@marstons.co.uk**. I will be available at our AGM (on 21 January 2025) to answer your questions. Alternatively, if you are not able to attend the AGM, please do send your questions to the email address above.

OCTAVIA MORLEY
CHAIR OF THE REMUNERATION COMMITTEE

CORPORATE GOVERNANCE REPORT continued

DIRECTORS' REMUNERATION REPORT

Members

Octavia Morley (Chair)

Bridget Lea

Rachel Osborne – from 23 January 2024

Nick Varney

Matthew Roberts – until 23 January 2024

Three scheduled Committee meetings were held during the year, together with an additional three meetings held in relation to Board appointments and to finalise incentive scheme targets for the reporting year. Attendance by Committee members (named above) is set out on page 43. The Committee receives advice from a number of different sources. This helps to inform decision-making and ensures the Committee is aware of pay and conditions in the business as a whole, and conditions in the wider market.

The CEO attended all meetings during the year (following his appointment in January 2024) to provide advice in respect of the remuneration of senior management. The HR Director and Deputy Company Secretary also attend each meeting and provide advice to the Committee. No person is in attendance for any discussions regarding their own remuneration.

Korn Ferry continue to advise the Committee, following their appointment in 2022 and attend meetings when required. Korn Ferry provided advice on the implementation of the Remuneration Policy and supported management with technical matters relating to the execution of the Committee's decisions. Korn Ferry received fees amounting to £17,338 during the year in respect of advice given to the Committee. Korn Ferry also provided Search services during the year which were carried out by a team separate to the remuneration advisory team. The Committee is satisfied that the advice it received during the year was objective and independent. Korn Ferry is a member of the Remuneration Consultants Group and, as such, voluntarily operates under its Code of Conduct in relation to executive remuneration consulting in the UK.

Our responsibilities

- Determining the framework and policy for Executive Directors' remuneration.
- Setting the remuneration for the Executive Directors and other members of the Executive Committee (including the General Counsel & Company Secretary).
- Setting the Chair's remuneration.
- Establishing remuneration schemes that promote long-term shareholdings by Executive Directors, and that support alignment with long-term shareholder interests.
- Designing remuneration policies and practices to support the successful delivery of our strategy and promote long-term sustainable success, with remuneration aligned to the Company's purpose and values.
- Choosing appropriate performance measures and targets for annual and long-term incentive awards, exercising independent judgement and discretion when considering awards and pay-outs, taking account of Company and individual performance, and wider circumstances.
- When determining remuneration policy and practices, considering the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.
- To consider remuneration policy in the context of the wider workforce benefit structures, pension provision and remuneration trends across the business and challenge, when necessary, to ensure alignment.

Key activities of the Committee in respect of the year

- Determining the remuneration package for the incoming CEO and the contractual and remuneration arrangements for the former CEO.
- Consideration of pay review proposals for the Chair, senior management and the wider workforce, and the fee for the incoming Chair of the Board.
- FY2024 bonus and FY2022 LTIP award outturns, as outlined on pages 61 to 63.
- Consideration of targets for Operational, Group, senior management and Executive Director bonus schemes.
- Consideration of LTIP performance metrics and grant.

Review of Executive Directors' and senior management shareholdings in the Company, in the context of shareholding guidelines.

AGM voting outcomes

The following table summarises the details of votes cast for the Directors' Remuneration Policy (at the 2023 AGM) and the Directors' remuneration report at the 2024 AGM, along with the number of votes withheld. The Committee will continue to consider the views of, and feedback from, shareholders when determining and reporting on remuneration arrangements.

	Votes for	%	Votes against	%	Votes total	Votes withheld
Directors' Remuneration Policy 2023 AGM	64,571,195	93.20	4,709,941	6.80	69,281,136	86,649
Directors' Remuneration Report 2024 AGM	61,485,390	95.16	3,127,124	4.84	64,612,514	103,541

CORPORATE GOVERNANCE REPORT continued

REMUNERATION SUMMARY

Performance snapshot for FY2024

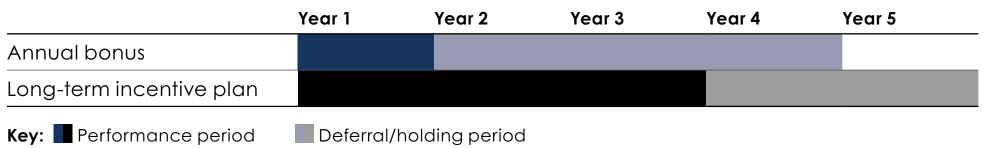
Measure	Annual bonus performance for FY2024 Weighting of measure	Outturn (as a % of max)	Outcome (% total award)
Group sales	20%	37.20%	7.44%
Group EBITDA	30%	42.5%	12.75%
Group recurring free cash flow	20%	100%	20%
Reputation score	15%	100%	15%
Employee engagement	15%	100%	15%
Bonus outturn			70.19%

Measure	Long-term incentive performance December 2021 award Weighting of measure	Outturn (as a % of max)	Outcome (% total award)
Underlying PBT	40%	0%	0%
Net cash flow (cumulative)	40%	73.3%	29.32%
Relative TSR vs FTSE 250 (excl. investment trusts)	20%	0%	0%
LTIP outturn			29.32%

Applying the policy in FY2025

Base salary	• Justin Platt – £618,000 (3% increase) • Hayleigh Lupino – £422,065 (3% increase)
Benefits	No change
Pension	3% of salary
Bonus	• Maximum opportunity: – Justin Platt – 125% of salary – Hayleigh Lupino – 100% of salary • Performance measures: Group revenue (20%), Group EBITDA (40%), recurring free cash flow (20%) and Group Reputation score (20%) • One third of any bonus paid will be deferred into shares to be held for three years
LTIP	• Maximum opportunity: – Justin Platt 150% of salary – Hayleigh Lupino 125% of salary • Performance measures: Underlying PBT (40%), Operating margin (30%) and relative Total Shareholder Return (30%) • 2-year post-vesting holding period applies
Shareholding guidelines	• In employment: 200% of salary • Post-employment: 200% of salary for 2 years

Incentive timelines



Directors' Remuneration Policy

A summary of the Directors' Remuneration Policy, approved by shareholders at the 2024 AGM on 23 January 2024, and effective from that date, is set out below. The policy is intended to apply for three years. The full policy can be found on pages 78 to 86 of the 2022 Annual Report and Accounts and is also available online in the Governance section of our website: **www.marstonspubs.co.uk/investors**.

When determining the remuneration policy, the Remuneration Committee considered the six factors listed under Provision 40 of the UK Corporate Governance Code. Full details are set out on page 79 of the 2022 Annual Report and Accounts.

Summary policy table

Element	Purpose and link to strategy	Key features
Base salary	Core element of fixed remuneration, reflecting the individual's role and experience.	• Usually reviewed annually and fixed for 12 months commencing 1 October.
Benefits	Ensures the overall package is competitive.	• Executive Directors receive benefits in line with market practice which include a car allowance, private medical insurance and life assurance. • Other benefits may be provided based on the role and individual circumstances.
Retirement benefits	Contributing to savings to deliver appropriate income in retirement.	• Pension contributions (or cash allowance) will not exceed the pension contributions available to the majority of the workforce (which is currently 3% of salary).
Annual bonus	Rewards performance against targets which support the strategic direction of the Group. Compulsory deferral into shares aligns Executive Directors with shareholder interests and provides a retention element.	• The maximum annual bonus opportunity is 125% of base salary. • At least 50% of the award will be based on financial performance measures aligned to the Group's financial key performance indicators. • No more than 20% of the relevant portion of the annual bonus is payable for delivering a threshold level of performance, and no more than 50% is payable for delivering a target level of performance (where the nature of the performance metric allows such an approach). • One third of any bonus paid (after tax) will be used to purchase shares which the Executive Director must normally hold for three years. • Committee discretion and malus and clawback apply.
Long Term Incentive Plan (LTIP)	Incentivises Executive Directors to deliver against the Group's strategy over the longer term. Long-term performance targets and share-based remuneration support the creation of sustainable shareholder value.	• The normal maximum award size will be up to 150% of base salary. • In exceptional circumstances the Committee reserves the right to award up to 200% of salary. • Performance measures will be determined by the Committee for each LTIP award in line with the long-term business strategy and KPIs. • Threshold performance under each metric will result in no more than 25% of that portion of the award vesting. • Vested LTIP awards are normally subject to an additional holding period of two years before being released.
All employee share plan	To provide alignment with Group employees and to promote share ownership.	• The Executive Directors may participate in any all-employee share plan operated by the Company.

CORPORATE GOVERNANCE REPORT continued
DIRECTORS' REMUNERATION POLICY

Element	Purpose and link to strategy	Key features
Shareholding guidelines	To provide alignment with shareholders' interests.	• During employment: Executives are required to build up and retain a shareholding equivalent to 200% of their base salary. Until the shareholding requirement is met, Executive Directors will be required to retain 50% of the net of tax shares they receive under any incentive plan. • Post-employment: Any Executive Director leaving the Company will be expected to retain the lower of the shares held at cessation of employment and shares to the value of 200% of salary, for a period of two years. The Committee will have discretion to amend the requirement in exceptional circumstances.
Non-executive Director fees	Non-executive Director fees are set at a level that reflects market conditions and is sufficient to attract individuals with appropriate knowledge and experience.	• Non-executive Directors receive a basic fee and an additional fee for further duties.

Service contracts

The Executive Directors have a service contract requiring either nine or 12 months' notice of termination from either party as shown below.

The current Non-executive Directors, including the Chair, do not have a service contract and their appointments, whilst for a term of three years, may be terminated without compensation at any time. All Non-executive Directors have letters of appointment, and their appointment and subsequent reappointment is subject to annual approval by shareholders.

Name	Commencement date	Unexpired term remaining as at 28 September 2024
Justin Platt	10 January 2024	Terminable on 12 months' notice.
Hayleigh Lupino	3 October 2021	Terminable on nine months' notice.
Bridget Lea	1 September 2019	Fixed term expiring on 31 August 2025 (subject to renewal) and terminable on one month's notice.
Ken Lever	8 July 2024	Fixed term expiring on 7 July 2027 (subject to renewal) and terminable on six months' notice.
Octavia Morley	1 January 2020	Fixed term expiring on 31 December 2025 (subject to renewal) and terminable on one month's notice.
Rachel Osborne	23 January 2024	Fixed term expiring on 22 January 2027 (subject to renewal) and terminable on one month's notice.
Nick Varney	I July 2022	Fixed term expiring on 30 June 2025 (subject to renewal) and terminable on one month's notice.

Annual Report on Remuneration

This part of the Directors' Remuneration report sets out how we have implemented our current Remuneration Policy during the period ended 28 September 2024. Sections in the report not specifically stated as audited are not subject to audit.

Executive Directors

Total remuneration payable (audited)

Period ended 28 September 2024	Salary £	Benefits[1] £	Pensions[2] £	Other £	Total fixed £	Bonus £	Long-term incentives[3] £	Total variable £	Total £
Hayleigh Lupino	409,773	13,500	12,293	–	**435,566**	287,619	80,862	**368,481**	**804,047**
Justin Platt[4]	434,783	13,054	5,797	–	**453,634**	380,342	–	**380,342**	**833,976**
Andrew Andrea[5]	83,457	2,344	2,504	–	**88,305**	58,578	101,655	**160,233**	**248,538**

Period ended 30 September 2023	Salary £	Benefits £	Pension £	Other £	Total fixed £	Bonus £	Long-term incentives £	Total variable £	Total £
Andrew Andrea	620,626	17,480	18,619	0	**656,725**	0	0	**0**	**656,725**
Hayleigh Lupino	397,838	13,478	11,935	0	**423,273**	0	0	**0**	**423,273**

1. Private medical insurance benefits are unchanged, but premiums may vary from year to year. Benefits include a car allowance, life assurance and group income protection for all Executive Directors. Justin Platt and Andrew Andrea also received private medical insurance. Hayleigh Lupino opted out of this benefit.
2. Executive Directors receive a pension contribution of 3% of salary, in line with the wider workforce.
3. FY2022 LTIP awards relate to those granted in December 2021 and due to vest in December 2024 for Hayleigh Lupino (in full) and Andrew Andrea (on a pro rata basis to 29 February 2024), based on performance assessed over FY2022, FY2023 and FY2024. The value of the shares is based on a three-month average share price of £0.383 to 28 September 2024. This value will be restated next year based on the actual share price on the date of vesting.
4. Justin Platt was appointed as CEO with effect from 10 January 2024; salary, benefits, pension and bonus are shown from this date.
5. Andrew Andrea stepped down as CEO and from the Board on 17 November 2023, followed by a handover period until 31 December 2023. A subsequent period of garden leave ended on 29 February 2024. The figures disclosed above relate to his time as a Director and the remainder of his remuneration is disclosed on page 71.

Annual bonus FY2024

Performance against the measures to 28 September 2024 is set out below. A summary of the formulaic outturn and the Committee's review and recommendations for the outturn payment is provided in the Annual Statement, on page 61.

Performance metric	Weighting	Threshold (20% of maximum)	Target (50% of maximum)	Maximum (100% of maximum)	Actual	% of maximum opportunity
Group sales	20%	£890m	£905m	£930m	£898.6m	7.44%
Group EBITDA	30%	£188m	£194m	£198m	£192.5m	12.75%
Group recurring free cash flow	20%	£17m	£25m	£31m	£43.6m	20%
Reputation score	15%	766	775	785	800	15%
Employee engagement	15%	7.8	8.2	8.3	8.4	15%
Bonus outturn						70.19%
Bonus awarded						**70.19%**

	Annual bonus outcome % salary	Value £	Deferral into shares[1]
Executive Director			
Hayleigh Lupino[2]	70.19%	287,619	One third
Justin Platt[3]	87.74%	380,342	One third
Former Executive Director			
Andrew Andrea[4]	70.19%	112,172	One third

1. One third of any bonus paid (after tax) will be deferred into shares, which the Director must normally hold for a period of three years.
2. Hayleigh Lupino was eligible for a maximum bonus opportunity of 100% of salary.
3. Justin Platt was eligible for a maximum bonus opportunity of 125% of salary, pro-rated for the period of his employment.
4. Andrew Andrea was eligible for a maximum bonus opportunity of 100% of salary, pro-rated for the period of his active employment, to 31 December 2023. The total value of Andrew's bonus is £112,172. Of which, £58,578 relates to the period where Andrew sat on the Board and is shown in the Total remuneration payable table. The remaining £53,593 relates to the handover period between 18 November and 31 December 2023 and is shown in the Payments for loss of office and to past Directors section on page 71.

CORPORATE GOVERNANCE REPORT continued

ANNUAL REPORT ON REMUNERATION

LTIP awards vesting in respect of performance during FY2024 (audited)

The FY2022 LTIP award was granted in December 2021 and the three-year performance period ended on 28 September 2024. The performance targets for this award and performance outturn are set out below:

Performance metric	Weighting	Threshold at 25%	On-target 50% vesting	Maximum 100% vesting	Actual	LTIP vesting
Underlying PBT	40%	£63.65m	£67.0m	£68.67m	£42.1m	0% out of 40%
Net cash flow (cumulative)	40%	£125m	£150m	£182m	£164.9m[1]	29.32% out of 40%
TSR v FTSE250 (excluding Investment Trusts)	20%	Median	–	Upper quartile	Below median	0% out of 20%
Total outcome						29.32% out of 100% maximum

1. Net cash flow excludes the cash proceeds from the CMBC disposal.

Further details of the Committee's review of the outturn in relation to the NCF target is provided in the Annual Statement on page 61. The December 2021 awards will therefore vest in December 2024, with the shares subject to a two-year holding period.

	Number of shares granted	Number of shares due to vest	Total £[2]
Executive Director			
Hayleigh Lupino	720,078	211,126	80,862
Former Executive Director			
Andrew Andrea[3]	1,123,322	265,416	101,655

1. The share price was £0.6705 at the time of the award, compared to the three-month average share price of £0.383 to 28 September 2024. Therefore, none of the value of the award is due to share price appreciation.
2. Value of shares based on a three-month average share price of £0.383 to 28 September 2024. This will be restated next year based on the actual share price on the date of vesting.
3. The number of shares due to vest has been pro-rated to reflect the period of service during the performance period for the award.

LTIP awards granted during FY2024 (audited)

Typically, LTIP awards are granted in December. However, the LTIP grants were delayed until Justin Platt joined the business and awards were granted on 4 March 2024. During the period between the normal grant date and the award date, the share price fell to £0.2925. To recognise the drop in share price, the award granted to Hayleigh Lupino was determined on a share price of £0.33. As a result, the number of options granted was 11% lower than it would have been if the share price on the date of grant (£0.2925) had been used. This reduction was considered appropriate so that there would be no inadvertent benefit caused by the delay to the grant.

As a new appointee to the Board, the Committee determined that Justin Platt's LTIP award should be granted on the normal basis. As a result, Justin's award was granted using the market price at the close of trading on the London Stock Exchange on 4 March 2024, being £0.2925 per ordinary share.

Andrew Andrea was not eligible for an LTIP grant in FY2024.

Awards under the Plan comprise two elements: (i) a nil-cost option (a "Nil-Cost Option"); and (ii) a CSOP Option over shares with a total value at the date of grant of £60,000 (the statutory limit) with an exercise price of £0.2925 per share (a "CSOP Option").

The options have been granted such that the maximum pre-tax value delivered to participants will not exceed the value of the shares over which the Nil-Cost Option would have vested if it was a standalone option. The CSOP option will be released only to the extent that the aggregate CSOP gain is less than or equal to the value of the shares over which the Nil-Cost Option would be released on the normal release date.

CORPORATE GOVERNANCE REPORT continued
ANNUAL REPORT ON REMUNERATION

The details of the awards granted are as follows:

	Nil-cost options			CSOP options			
	Percentage of salary	Number of Nil-Cost Options granted[1]	Face value at grant[3]	Basis of the award	Number of CSOP options granted[2]	Face value at grant[3]	% of award vesting at threshold
Hayleigh Lupino	125%	1,552,169	£512,216	£60,000	205,128	£60,000	25%
Justin Platt	150%	3,076,923	£900,000	£60,000	205,128	£60,000	25%

1. Justin Platt was granted 2,871,795 Nil-Cost Options on 4 March 2024 and Hayleigh Lupino was granted 1,347,041. This award was granted over fewer shares than intended, due to an administrative error. As a result, the Executive Directors received a second grant on 28 March 2024. Justin was awarded 205,128 Nil-Cost Options and Hayleigh was also granted 205,128 Nil-Cost Options. In both cases, the grant level did not exceed the relevant applicable percentage of salary.
2. CSOP option with an exercise price of £0.2925 per share.
3. The face value of the CSOP awards and Justin's Nil-Cost Option award is calculated using the mid-market share price at date of grant of £0.2925. The face value of Hayleigh's Nil-Cost Option is based on a share price of £0.33.
4. The performance period for this award comprises the FY2024-FY2026 financial periods. The holding period for this award comprises the FY2027 and FY2028 financial periods.

The awards will vest subject to the satisfaction of performance metrics set out below:

Measure	Weighting	Threshold (25% vest)	Maximum (100% vest)
Underlying PBT (in FY2026)	20%	£75m	£95m
Net cash flow (cumulative over three years)	40%	£150m	£180m
Operating margin in FY2026	20%	16.3%	18.3%
Relative TSR v FTSE SmallCap (excluding Investment Trusts)	20%	Median	Upper quartile

1. Straight-line vesting applies between threshold and maximum.

Non-executive Directors

Total remuneration (Chair and Non-executive Directors) (audited)

	Base fee £	Committee Chair £	SID £	FY2024 Total £	FY2023 Total £
Bridget Lea	58,880	–	–	**58,880**	57,165
Octavia Morley	58,880	10,609	10,609	**80,098**	77,765
Ken Lever[2]	220,000	–	–	**51,014**	–
Rachel Osborne[3]	58,880	10,609	–	**48,088**	–
Nick Varney	58,880	–	–	**58,880**	57,165
Past Directors					
Matthew Roberts[4]	58,880	10,609	–	**21,652**	67,465
William Rucker[5]	212,180	–	–	**168,660**	206,000

1. The maximum authority for Non-executive Directors' fees (in aggregate), as outlined in our Articles of Association, is £750,000 a year, as approved by shareholders at our 2017 AGM.
2. Ken Lever was appointed as Chair of the Board of Directors on 8 July 2024; the figures in the table above reflect his remuneration from the date of appointment.
3. Rachel Osborne was appointed as a Non-executive Director, and Chair of the Audit Committee, on 23 January 2024; the figures in the table above reflect her remuneration from the date of appointment.
4. Matthew Roberts stepped down from the Board on 23 January 2024.
5. William Rucker stepped down from the Board on 8 July 2024.

Interests in ordinary shares (audited)

The beneficial interests of the Non-executive Directors and their connected persons in the share capital of the Company are shown below:

	As at 28 September 2024	As at 30 September 2023
Bridget Lea	**86,703**	86,703
Octavia Morley	**25,000**	25,000
Ken Lever	**280,000**	–
Rachel Osborne	**141,067**	–
Nick Varney	**317,882**	317,882
Former Non-executive Directors		
Matthew Roberts[1]	**25,000**	25,000
William Rucker[2]	**400,000**	400,000

1. Matthew Roberts stepped down from the Board on 23 January 2024. His interests in ordinary shares are shown as at that date.
2. William Rucker stepped down from the Board on 8 July 2024. His interests in ordinary shares are shown as at that date.

CORPORATE GOVERNANCE REPORT continued
ANNUAL REPORT ON REMUNERATION

Payments for loss of office and to past Directors (audited)

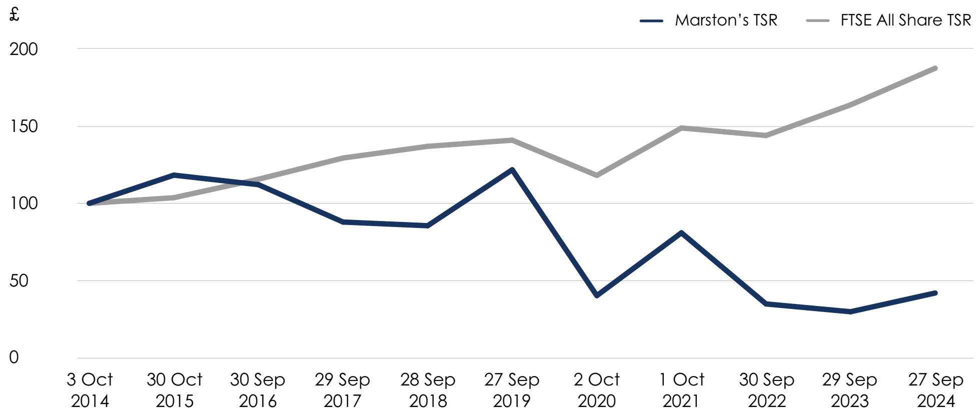
As reported in the 2023 Annual Report and Accounts, Andrew Andrea stepped down from the Board with effect from 17 November 2023 and remained actively employed assisting in a handover period until 31 December 2023. A short period of garden leave was completed from 1 January until 29 February 2024. The following arrangements applied to Andrew's remuneration from the date he stepped down from the Board until the end of his employment period. Details of the amounts received are set out on page 68.

- He continued to receive his full salary, pension and benefits until 29 February 2024. Andrew was appointed as CFO of C&C Group plc on 1 March 2024. From this date to 16 August 2024, Andrew did not receive any benefits or pension contributions from Marston's and monthly salary payments from Marston's were reduced by an amount equivalent to the salary for his new role. Payments from 18 November 2023 to 16 August 2024 amounted to £293,456 in relation to base salary, £5,487 in relation to pension and £5,136 in relation to benefits.
- He was eligible to receive a bonus for FY2024 based on his period of active employment to 31 December 2023. His bonus for that period equates to £112,172 of which £53,593 relates to the period following Andrew stepping down from the Board. Further details on performance are set out in the Annual Statement on page 61. One third of his bonus for FY2024 (after tax) will be paid in shares and held for three years.
- Andrew was treated as a good leaver in respect of his unvested FY2022 and FY2023 LTIP awards and these will continue subject to a pro-rata reduction to 29 February 2024, the achievement of performance conditions and will vest at the normal time. The two-year post-vesting holding period will continue to apply.
- Andrew will remain subject to post-employment shareholding guidelines.

No further payments were made to past Directors above the de minimis threshold. All payments are in line with the remuneration policy. The Committee did not exercise any discretion in relation to the payments to Andrew.

Total shareholder return chart and CEO remuneration history

The graph below shows the value, at 28 September 2024, of £100 invested in the Company on 5 October 2014 compared to the value of £100 invested in the FTSE All Share Index. The FTSE All Share Index has been selected as a comparator because the Company is a member of that index.



Total remuneration of the CEO over the past 10 financial periods is shown below. The annual bonus payout and LTIP vesting level as a percentage of the maximum opportunity is also shown.

Year	Name[1]	Total remuneration £	Annual bonus (% maximum)	LTIP vesting (% of maximum)
FY2024	Justin Platt	833,976	70.19%	N/A
FY2024	Andrew Andrea	248,538	70.19%	29.32%
FY2023	Andrew Andrea	656,725	0%	0%
FY2022	Andrew Andrea	783,654	14%	40%
FY2021	Ralph Findlay	711,612	0%	0%
FY2020	Ralph Findlay	592,423	0%	0%
FY2019	Ralph Findlay	722,432	0%	0%
FY2018	Ralph Findlay	807,665	17.7%	0%
FY2017	Ralph Findlay	803,303	20%	0%
FY2016	Ralph Findlay	1,008,320	40%	21%
FY2015	Ralph Findlay	876,788	40%	0%

1. Justin Platt was appointed as CEO and a Director with effect from 10 January 2024. Andrew Andrea stepped down as CEO and as a Director with effect from 17 November 2023, having been appointed as CEO from 3 October 2021. Ralph Findlay stepped down from the Board and retired from the Group as CEO on 2 October 2021.

CORPORATE GOVERNANCE REPORT continued
ANNUAL REPORT ON REMUNERATION

Change in remuneration of Directors' and employee pay

The table below shows the percentage change in the Directors' salary, benefits and annual bonus over the last five financial years. This is then compared to the wider workforce. It was agreed that all employees of the Group should be included in the comparison. Marston's PLC does not have any direct employees, as all employees within the Group are employed by a wholly owned subsidiary company, Marston's Trading Limited.

			Current Directors							Former Directors		
		Wider workforce	Justin Platt[2]	Hayleigh Lupino	Ken Lever[2]	Bridget Lea	Octavia Morley	Rachel Osborne[2]	Nick Varney	Andrew Andrea[2]	Matthew Roberts[2]	William Rucker[2]
Salary/ fees[1]	**FY2024 and FY2023**	8.1%	N/A	3%	N/A	3%	3%	N/A	3%	N/A	N/A	N/A
	FY2023 and FY2022	4.7%	N/A	3%	N/A	3%	3%	N/A	3%	3%	3%	3%
	FY2022 and FY2021	11.1%	N/A	N/A	N/A	2.7%	8.7%	N/A	N/A	53%	6.5%	3%
	FY2021 and FY2020	2.9%	N/A	N/A	N/A	0%	0%	N/A	N/A	2%	0%	0%
	FY2020 and FY2019	6.4%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2%	0%	0%
Taxable benefits[3]	**FY2024 and FY2023**	See note 3	N/A	0%	_	_	_	_	_	N/A	_	_
	FY2023 and FY2022	See note 3	N/A	0%	_	_	_	_	_	0%	_	_
	FY2022 and FY2021	See note 3	N/A	N/A	_	_	_	_	_	18.7%	_	_
	FY2021 and FY2020	See note 3	N/A	N/A	_	_	_	_	_	5.8%	_	_
	FY2020 and FY2019	See note 3	N/A	N/A	_	_	_	_	_	(6.3%)	_	_
Annual bonus[4]	**FY2024 and FY2023**	See note 4	N/A	100%	_	_	_	_	_	N/A	_	_
	FY2023 and FY2022	See note 4	N/A	N/A	_	_	_	_	_	(100%)	_	_
	FY2022 and FY2021	See note 4	N/A	N/A	_	_	_	_	_	100%	_	_
	FY2021 and FY2020	See note 4	N/A	N/A	_	_	_	_	_	0%	_	_
	FY2020 and FY2019	See note 4	N/A	N/A	_	_	_	_	_	0%	_	_

1. Salary/fee reviews for the Executive Directors, Non-executive Directors, and salaried workforce are effective 1 October. However, whilst Marston's accounting reference date is 30 September, the Group reports on a 52-week basis and, therefore, the period end date changes from year to year. The year-on-year comparisons in the table above are based on the salaries/fees applying with effect from 1 October. Average employee change to salary is calculated by reference to the mean of employee pay. The majority of pub-based employees have their remuneration set by statute rather than the market.
2. Where the incumbent did not serve for the full year, the calculation has not been made as it is unrepresentative. Justin Platt was appointed CEO effective from 10 January 2024. Ken Lever was appointed as Chair of the Board effective from 8 July 2024. Rachel Osborne was appointed Non-executive Director effective from 23 January 2024.
3. No changes to benefits policy. Premiums for private medical insurance may vary from year to year. Eligibility to receive the individual benefits under the policy may be determined by an employee's role or length of service, where applicable.
4. No bonuses were payable in respect of FY2023, based on Group performance, (with the exception of operational bonuses and discretionary payments earned by a small number of employees), therefore a comparison with bonuses earned in respect of FY2024 is not meaningful.

CORPORATE GOVERNANCE REPORT continued
ANNUAL REPORT ON REMUNERATION

CEO pay ratio

The tables below show how the CEO's single total figure of remuneration compares with the equivalent figures for UK employees whose remuneration was ranked at the 25th percentile, 50th percentile, and 75th percentile.

Year	Method	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
FY2024[1]	Option B	56:1	52:1	49:1
FY2023	Option B	36:1	34:1	31:1
FY2022	Option B	46:1	45:1	40:1
FY2021	Option B	47:1	44:1	43:1
FY2020 (based on contractual salary and benefits)	Option B	48:1	45:1	41:1
FY2020 (reflecting voluntary reduction in salary and benefits)	Option B	40:1	37:1	34:1

1. The CEO pay ratio has been calculated based on the aggregate pay of Justin Platt and Andrew Andrea.
2. Two sets of pay ratios are included in the table above for FY2020, reflecting Ralph Findlay's voluntary reduction in salary and benefits during the period from April to July 2020 and his contractual salary and benefits for FY2020.

Component	CEO £	25th percentile £	50th percentile £	75th percentile £
Base salary	518,240	19,201	20,821	22,131
Total remuneration	1,082,514	19,201	20,821	22,131

We have chosen Option B which uses the hourly rate data from the most recent Gender Pay Gap reporting. This represents the most efficient and robust method to determine the respective pay ratios. The 2024 gender pay gap data is used to identify the employees falling at the relevant percentile. Total remuneration is then calculated for FY2024. To ensure year-on-year methodology and reporting is consistent, we have removed any variances in the total remuneration package for employees sitting at each of the percentiles as, for example, not all employees contribute to a pension scheme or receive a bonus. Necessary adjustments are then made to ensure that the 25th, median and 75th percentile employees are reasonably representative for the FY2024 financial year. The employee percentiles were determined by reference to 5 April 2024.

A substantial proportion of the CEO's total remuneration is performance-related and delivered in shares. This means that the ratios will vary significantly depending on the level of the CEO's annual bonus and long-term incentive outcomes, which are likely to fluctuate year-on-year. Over time, the Company considers the median pay ratio is consistent with the Group's wider policies on employee pay, reward and progression.

In FY2023, neither the annual bonus nor the LTIP was paid out for the CEO, leading to a lower ratio compared to previous years. For FY2024, as required by reporting regulations, the CEO pay ratio has been calculated using the combined remuneration for Justin and Andrew. Consequently, the CEO pay ratio showed a year-on-year increase (which is likely to be exceptional, reflecting the circumstances).

Relative importance of spend on pay

The table below demonstrates the relative importance of the Group's expenditure on total employee pay compared to dividend payments to shareholders.

	FY2024	FY2023	% change
Dividend payments[1]	**£0m**	£0m	–
Total employee pay[2]	**£208.8m**	£210.6m	(0.85%)

1. No distributions by way of share buybacks were made to shareholders during FY2024 or FY2023.
2. Excluding non-underlying items.

External appointments for Executive Directors

Executive Directors are permitted to take up external appointments, subject to approval by the Board, and are allowed to retain any fees received.

Directors' share interests (audited)

Each Executive Director is required to build and retain a shareholding with a value equal to two times salary. To achieve these holdings under the current policy, Directors are required to retain 50% of the net of tax shares they receive under the annual bonus and LTIP, until the guidelines are satisfied. Shares subject to vested LTIP awards which are in a holding period count towards this guideline (on a net of assumed tax basis) and deferred bonus shares also count towards the shareholding guideline.

As at 28 September 2024, Justin Platt held shares worth 25% of base salary (share purchases made voluntarily) (2023: N/A) and Hayleigh Lupino held 22% of base salary in shares (2023: 13% of base salary).

In assessing the extent to which the guidelines are satisfied, shares are valued at the end of the relevant financial period. Once the required holding has been achieved, any change in the share price is disregarded when assessing the value attributed to shares already held.

CORPORATE GOVERNANCE REPORT continued
ANNUAL REPORT ON REMUNERATION

Executive Directors' share Interests as at 28 September 2024

	Shares owned outright[1]		Share options[2]					
			Not subject to performance		Subject to performance			
Executive Director	At 28.09.24	At 30.09.23	Unvested	Vested but unexercised	Unvested	Vested but unexercised	Shareholding requirement (% of salary)	Actual % of salary holding
Hayleigh Lupino	198,517	168,388	40,909[3]	17,550	3,358,207	–	200%	22%[4]
Justin Platt	347,886	–	–	–	3,282,051	–	200%	25%[4]
Former Executive Director								
Andrew Andrea	454,032	454,032	–	148,849	3,159,498	–	200%	23%[5]

1. The table above includes the holdings of persons connected with each of the Directors.
2. All scheme interests are structured as nil-cost or tax-advantaged options.
3. The 40,909 unvested share options are Sharesave options.
4. Shareholdings for Hayleigh and Justin are calculated based on the share price as at 27 September 2024 (£0.43 per share) which was the last trading day of the financial year.
5. The shareholding for Andrew Andrea is his shareholding on 17 November 2023, when he stepped down from the Board and is calculated using the share price on that date (£0.3265 per share).

Executive Directors Interests in share options as at 28 September 2024

		Grant date[1]	Brought forward 30.09.23	Granted	Exercised/ vested	Cancelled/ lapsed	Carried forward 28.09.24	Exercise price £	Vesting date	Release date[9]
Hayleigh Lupino	LTIP	2019[2]	17,550	–	–	–	**17,550**	Nil	2022	2024
		May 2021[3]	75,324	–	–	75,324	**0**	Nil	2023	N/A
		Dec 2021[4]	675,336	–	–	–	**720,078**	Nil	2024	2026
			44,742	–	–	44,472	**0**[5]	0.6507	Waived and so lapsed	
		2022[6]	1,085,960	–	–	–	**1,085,960**	Nil	2025	2027
		Mar 2024[7]	–	1,552,169	–	–	**1,552,169**	Nil	2026	2028
			–	205,128	–	–	**205,128**	0.2925	2026	2028
	Sharesave	June 2022	40,909	–	–	–	**40,909**	0.44	2025	N/A
	Deferred bonus	May 2021	30,129	–	30,129[8]	–	**0**	Nil	2024	2024
Justin Platt	LTIP	Mar 2024[7]	–	3,076,923	–	–	**3,076,923**	Nil	2026	2028
			–	205,128	–	–	**205,128**	0.2925	2026	2028
Former Executive Director										

CORPORATE GOVERNANCE REPORT continued

ANNUAL REPORT ON REMUNERATION

		Grant date[1]	Brought forward 30.09.23	Granted	Exercised/ vested	Cancelled/ lapsed	Carried forward 28.09.24	Exercise price £	Vesting date	Release date[9]
Andrew Andrea	LTIP	2019[2]	148,849	–	–	–	**148,849**	Nil	2022	2024
		May 2021[3]	510,295	–	–	510,295	**0**	Nil	2023	N/A
		Dec 2021[4]	1,078,580	–	–	–	**1,078,580**	Nil	2024	2026
			44,742	–	–	–	**44,742**	£0.6507	2024	2026
		2022[6]	2,036,176	–	–	–	**2,036,176**	Nil	2025	2027
	Sharesave	June 2022	40,909	–	–	40,909	**0**	£0.44	2025	N/A

1. Awards granted annually in December, unless otherwise stated.
2. The performance conditions applying to the FY2020 LTIP are set out on page 67 of the 2020 Directors' Remuneration Report.
3. The performance conditions applying to the FY2021 LTIP are set out on page 67 of the 2021 Directors' Remuneration Report.
4. The performance conditions applying to the FY2022 LTIP are set out on page 67 of the 2021 Directors' Remuneration Report.
5. During FY2024, Hayleigh waived her rights to the CSOP granted in December 2021 and so the LTIP award was increased by the number of CSOP awards that were waived as a consequence, as per the terms of the award, in line with terms of the policy when the award was granted. This has the effect of reverting to a standard LTIP award without any tax benefit and so there is no economic benefit to Hayleigh of this change.
6. The performance conditions applying to the FY2023 LTIP are set out on page 94 of the 2022 Directors' Remuneration Report.
7. The performance conditions applying to the FY2024 LTIP are set out on page 63 in this report.
8. The aggregate gain for Hayleigh Lupino in the year from the exercise of awards granted under the Deferred Bonus Plan was £11,780 based on the share price on the date of exercise of £0.391. Hayleigh retained all of the resulting shares.
9. The exact release date will be confirmed when the date of the relevant preliminary results announcement is known and the associated closed period ends.

There have been no further changes to the Directors' share interests and interests in share options between 28 September 2024 and 29 November 2024 (being the latest practical date prior to the date of this report.

CORPORATE GOVERNANCE REPORT continued
ANNUAL REPORT ON REMUNERATION

Implementation of the Policy in FY2025

The section below sets out the implementation of the Remuneration Policy in FY2025 which has been set in line with the Remuneration Policy approved by shareholders at the 2023 AGM. There is no significant change to the proposed implementation of the policy.

Base salary

As set out in the Chair's Annual Statement on page 62, a 3% increase has been applied to the Executive Directors base salaries.

	Base salary FY2025 £	Base salary FY2024 £
Hayleigh Lupino	**422,066**	409,773
Justin Platt	**618,000**	600,000

Annual bonus

Bonus opportunities for the CEO (up to 125% of salary) and CFO (up to 100% of salary) are unchanged from the previous year.

As set out in the Chair's Annual Statement, the bonus structure has evolved to drive the new strategy, with an 80:20 split between financial and non-financial metrics, all aligned to the key elements of our market-leading pub operating model.

Operating model element	Performance measure	% Weighting for 2024/25
Revenue growth	Revenue	20%
Cost efficiency	EBITDA	40%
	Recurring free cash flow	20%
Guest satisfaction	Reputation score	20%

The annual bonus targets for the FY2025 financial year are commercially sensitive. The Committee will continue to disclose how the bonus pay-out delivered relates to performance against the targets in next year's report.

One third of any bonus paid will be deferred into shares which must be held for three years.

LTIP

LTIP grant levels will remain unchanged, with the CEO receiving an LTIP grant of 150% of base salary and the CFO an LTIP grant of 125% of base salary.

The extent to which the LTIP awards will vest will be determined by the performance measures listed below:

	Weighting	Threshold 25% vesting	Maximum 100% vesting
Underlying PBT in FY2027	40%	£80m	£100m
Operating margin	30%	17.2%	19.0%
Relative Total Shareholder Return vs FTSE Small Cap (excl. investment trusts)	30%	Median	Upper quartile

The Committee is comfortable that these targets are aligned to strategy, provide an appropriate level of stretch and represent a strong link between pay and performance.

Non-executive Director remuneration

A 3% increase will be applied to the base fee, and additional fees, for Non-executive Directors (in line with the increase for the Executive Directors and that of the wider workforce). The Chair's fee is unchanged from the fee that applied upon appointment, on 8 July 2024. The fees that will apply from 1 October 2024 are set out below.

	FY2025	FY2024
Chair's fee	**£220,000**	£218,545[1]
Non-executive Director basic fee	**£60,646**	£58,880
Additional fee for:		
Chair of the Audit Committee	**£10,927**	£10,609
Chair of the Remuneration Committee	**£10,927**	£10,609
Senior Independent Director	**£10,927**	£10,609

1. This fee applied to the former Chair of the Board, William Rucker, who stepped down on 8 July 2024.

Approval

This Remuneration report was approved by the Board of Directors on 3 December 2024 and signed on its behalf by the Remuneration Committee Chair:

OCTAVIA MORLEY
CHAIR OF THE REMUNERATION COMMITTEE

3 December 2024

Directors' report

This section contains additional information which the Directors are required by law and regulation to include within the Annual Report and Accounts. This section, along with the information from the Chair's statement on page 44, to the Statement of Directors' responsibilities on page 80, constitutes the Directors' report in accordance with the Companies Act 2006.

Strategic report

The Company is required by the Companies Act 2006 to include a Strategic report in this document. The information that fulfils the requirements of the Strategic report can be found on pages 2 to 42, which is incorporated in this report by reference.

Corporate Governance Statement

The Corporate Governance Statement, as required by the Financial Conduct Authority's Disclosure Guidance and Transparency Rules (DTR) 7.2.1, is set out on page 43 and is incorporated into this report by reference.

Dividends

As set out in the Strategic Report, the Board will balance debt reduction and strategic growth investments with the goal of creating a more financially robust business, supporting shareholder returns. Whilst no dividend will be paid in respect of FY2024, the Board is cognisant of the importance of dividends to shareholders and this remains under review as set out on page 13.

Directors

Biographies of the Directors currently serving on the Board are set out on pages 46 and 47. Changes to the Board during the period are set out in the Corporate Governance report on page 44. Details of Directors' service contracts are set out in the Directors' Remuneration report on page 67. With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the UK Corporate Governance Code, the Companies Act 2006 and related legislation. The Articles may be amended by special resolution of the shareholders. In accordance with the requirements of the UK Corporate Governance Code, all Directors will offer themselves for election or re-election at the AGM on 21January 2025.

Directors' shareholdings

The interests of Directors and their connected persons in the shares of the Company are set out on pages 74 and 75 of the Directors' Remuneration report.

Directors' indemnities and insurance

The Company maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against its Directors and Officers. In accordance with the Company's Articles of Association and to the extent permitted by law, the Company has indemnified each of its Directors and other Officers of the Group against certain liabilities that may be incurred as a result of their position within the Group. These indemnities were in place for the whole of the period ended 28 September 2024, and as at the date of the report. There are no indemnities in place for the benefit of the external Auditor.

Directors' powers

Under the Articles of Association, the Directors have authority to allot ordinary shares subject to the aggregate set at the 2024 Annual General Meeting (AGM). The Company was also given authority at its 2023 AGM to make market purchases of ordinary shares up to a maximum number of 63,414,851 shares. Similar authority will again be sought from shareholders at the 2025 AGM. The powers of the Directors are further described in the Corporate Governance Report on pages 44 to 80.

Share capital and shareholder voting rights

Details of the Company's issued share capital and of the movements during the period are shown in note 28 in the financial statements on page 127. The Company has one class of ordinary shares and one class of preference shares. On a poll vote, ordinary and preference shareholders have one vote for every 25 pence of nominal value of ordinary and preference share capital held in relation to all circumstances at general meetings of the Company. The issued nominal value of the ordinary shares and preference shares is 100% of the total issued nominal value of all share capital.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in note 27 to the financial statements on page 127. Where shares are held on behalf of the Company's share schemes, the trustees have waived their right to vote and to dividends. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

CORPORATE GOVERNANCE REPORT continued
DIRECTORS' REPORT

Significant shareholders
Notifications of the following voting interests in the Company's ordinary share capital have been received by the Company (in accordance with Chapter 5 of the DTR). The information shown below was correct at the time of disclosure. However, the date received may not have been within the current financial reporting period and the percentages shown (as provided at the time of disclosure) have not been recalculated based on the issued share capital at the period end. It should also be noted that these holdings may have changed since the Company was notified, however, notification of any change is not required until the next notifiable threshold is crossed.

	As at 28 September 2024	
Shareholder	No. Voting rights	% Voting rights
Aberforth Partners LLP	20,604,106	11.01
HSBC Holdings plc	9,558,166	5.10
Momentum Global Investment Management Ltd	9,385,993	5.02
Dimensional Fund Advisors LLP	9,339,455	4.98
ClearBridge Investments Limited	9,307,805	4.98
The Capital Group Companies, Inc	9,291,379	4.96
Standard Life Aberdeen plc	9,228,860	4.93
Brewin Dolphin	8,392,338	4.93
Bayberry Capital Partners LP	9,175,975	4.91
Sand Grove Capital Management	8,456,440	4.52
The Welcome Trust Limited	7,970,207	4.26
Royal London Asset Management Limited	6,794,023	3.99

Preference shares
The Company also discloses the following information as at 28 September 2024, obtained from the Register of Members, for the preference shares:

Shareholder	No. shares	% of issued capital
Mrs Heather Mabel Medlock	10,407	13.88
George Mary Allison Limited	5,500	7.33
Fiske Nominees Limited	31,548	42.06
Rulegale Nominees Limited	4,550	6.07
Mrs Helen Michels	2,750	3.67
Mr Richard Somerville	2,750	3.67
Mr Neil Aston and Mr Thomas Alexander Southall	2,855	3.81
Cgwl Nominees Limited	2,805	3.74
Mr Nathanael Peter Knowles	4,356	5.81

Change of control
There are a number of agreements that take effect after, or terminate upon, a change of control of the Company, such as commercial contracts, bank loan agreements, property lease arrangements and employee share plans. None of these are considered to be significant in terms of their likely impact on the business as a whole. Furthermore, the Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

Stakeholder engagement
Our Section 172(1) Statement can be found on page 14. Details of how the Directors have engaged with, and had regard to the interests of all our stakeholders and the need to foster the Company's relationships with those stakeholders including the principal decisions taken by the Board during the financial year, are set out in the Strategic Report on page 17.

Employee information
Our pubs are the heart of our communities, and it is the people in our pubs that make them what they are. We have a responsibility to create and foster safe environments where our teams and guests feel a sense of belonging, feel respected and feel valued for who they are. We are taking steps to ensure that everyone feels included. That means creating a culture where we embrace different perspectives, backgrounds and ideas. Above all, we want our pubs and Pub Support Centre to be a place where everyone feels like they can be themselves. The average number of employees within the Group is shown in note 5 to the financial statements on page 106. More information can be found on page 15 and in our Impact Report.

Human rights
Marston's is committed to respecting and upholding human rights, as expressed in the United Nations Universal Declaration of Human Rights, within our business and also within our supply chain. Our behaviours are aligned with our belief in, and commitment to, the Declaration of Human Rights. Our Human Rights Policy is available at **www.marstonspubs.co.uk/responsibility** and, for our suppliers, more information can be found in our Food Supplier Charter, also available on our website.

Modern Slavery Statement
Our Modern Slavery Act disclosure is available on our website **www.marstonspubs.co.uk**.

CORPORATE GOVERNANCE REPORT continued

DIRECTORS' REPORT

Research and development

Our Director of Guest Insight & Pricing and his team regularly undertake internal research and analysis such as guest satisfaction surveys and panelling, together with working with third-party independent data providers with expertise in retail and hospitality, including CGA and Reputation.

Greenhouse gas emissions, energy consumption and energy efficient action

More details of how we are reducing our environmental impact can be found on pages 33 to 34 in our Strategic report and our Impact report.

Political donations

Our policy is not to make any donations for political purposes in the UK or to donate to EU political parties or incur EU political expenditure.

Financial instruments

The disclosures required in relation to the use of financial instruments by the Group, together with details of our treasury policy and management, are set out in note 1 to the financial statements on pages 100 and 101.

Events after balance sheet

The Group has not identified any post balance sheet events as at the date of this report.

Auditor

RSM UK Audit LLP have indicated their willingness to continue as Auditor and their re-appointment has been approved by the Audit Committee. Resolutions to re-appoint them and to authorise the Audit Committee to determine their remuneration will be proposed at the 2025 AGM.

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. The financial position of the Group is described on pages 11 to 13. Further details are set out in the financial statements on pages 88 to 140.

The conclusion of this assessment, having considered the Group's forecast financial position and exposure to principal risks and uncertainties, including cost and inflationary pressures, and incorporating additional increases to employee related costs following the Autumn Budget 2024, was that the Board through the Audit Committee, have a reasonable expectation that the Group has adequate resources to continue to operate within its borrowing facilities and covenants for a period of at least 12 months from the date of signing the financial statements. Accordingly, the financial statements have been prepared on the going concern basis. Full details are included in Note 1 of the financial statements on page 95.

Disclosure of information to Auditor

In accordance with Section 418 of the Companies Act 2006, each Director who held office at the date of the approval of this Directors' Report confirms that, so far as they are aware, there is no relevant audit information of which the Group's auditor is unaware, and that each Director has taken all of the relevant steps that they ought to have taken as a Director to ascertain any relevant audit information and ensure the auditor is aware of such information.

Annual General Meeting (AGM)

The 2025 AGM will be held at The Farmhouse at Mackworth in Derby on Tuesday 21 January 2025. Shareholders are welcome to attend the meeting in person, but we ask that you register your intention to attend ahead of time so we can monitor numbers in readiness for the meeting. Shareholders are able to ask questions ahead of the meeting, using the dedicated email address **agm@marstons.co.uk** if they are unable to attend in person. We will ensure that each question receives a direct response, with those questions pertinent to the business of the meeting from the above email address.

To enable all shareholders to vote on all resolutions in proportion to their shareholding, the voting at the 2025 AGM will be conducted by way of a poll and shareholders are encouraged to vote as early as possible ahead of the meeting. The Company will release the results of voting, including proxy votes on each resolution, on its website on the next business day after the AGM and announce them through a regulatory news service. Further details, including how you can cast your votes at the AGM, are set out in the Notice of Meeting, which will be made available to shareholders by their chosen method of communication. The notice, together with details of the special business to be considered and explanatory notes for each resolution, is distributed separately to shareholders. It is also available on our website at **www.marstonspubs.co.uk/investors** where a copy can be viewed and downloaded.

By order of the Board

BETHAN RAYBOULD
GENERAL COUNSEL & COMPANY SECRETARY

3 December 2024

Company registration number: 31461

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report and the Directors' Report, the Directors' Remuneration Report, the separate Corporate Governance Statement and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors have elected under company law, and are required under the Listing Rules of the Financial Conduct Authority, to prepare group financial statements in accordance with UK-adopted International Accounting Standards. The Directors have elected under company law to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position and performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the group and company financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards;

d. for the Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the company financial statements;

e. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed on pages 46 to 47 confirm that, to the best of each person's knowledge:

a. the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the company and the undertakings included in the consolidation taken as a whole; and

b. the Strategic Report/Directors' report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Marston's PLC website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's position, performance, business model and strategy.

JUSTIN PLATT
CHIEF EXECUTIVE OFFICER

3 December 2024

HAYLEIGH LUPINO
CHIEF FINANCIAL OFFICER

3 December 2024

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MARSTON'S PLC

OPINION

We have audited the financial statements of Marston's PLC (the 'parent company') and its subsidiaries (the 'group') for the 52 week period ended 28 September 2024 which comprise the Group Income Statement, Group Statement of Comprehensive Income, Group Cash Flow Statement, Group Balance Sheet, Group Statement of Changes in Equity, Company Balance Sheet, Company Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 28 September 2024 and of the group's loss for the 52 week period then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	**Group** • Valuation of freehold and effective freehold land and buildings • Accounting for the disposal of CMBC • Going Concern **Parent Company** • No key audit matters noted
Materiality	**Group** • Overall materiality: £8,050,000 • Performance materiality: £5,635,000 **Parent Company** • Overall materiality: £14,730,000 • Performance materiality: £10,300,000
Scope	Our audit procedures covered 100% of revenue, 100% of total assets and 100% of Loss for the period attributable to equity shareholders.

Key audit matters

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

INDEPENDENT AUDITOR'S REPORT continued
TO THE MEMBERS OF MARSTON'S PLC

Valuation of effective freehold land and buildings

Key audit matter description	The effective freehold land and buildings within the group's property estate, are held under the valuation model with a carrying value of £1,661.7m at the period end (2023: £1,645.1m) as disclosed in note 11 of the financial statements. Management have appointed an external expert to provide a formal revaluation of the property estate. The valuation estimation involves the determination of key inputs for each property in the estate, being fair maintainable trade (FMT) and an applicable market multiple. Relatively small changes in these assumptions could have a significant effect on the valuation and resulting strength of the group's balance sheet. Due to the potential for management bias in the determination of the key assumptions used to value the group's estate, which could result in a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, we identified a significant risk in respect of the valuation of the effective freehold land and buildings and, because we considered this matter to be one of most significance in the audit we therefore determined it to be a key audit matter.
How the matter was addressed in the audit	Our main audit procedures included the following. We: • Obtained an understanding of the group's valuation approach, including key assumptions, methodologies and data inputs, and assessed the design and implementation of management's review controls. • Critically assessed the independence, professional qualifications, competence and experience of both the external valuer engaged by the group, and the key management personnel involved in the valuation process. • Designed a risk-based approach, in conjunction with an auditors property expert, to identify a sample of properties within the valuation which represented a heightened risk of material misstatement due to the potential for management bias. The valuation of these properties was challenged, and we obtained explanations and supporting documentation from management to understand the rationale for these valuations for both trading expectations which informed FMT and for market multiples. • Obtained the underlying trading data used to determine FMT and tested the reliability of this for a sample of properties, vouching inputs to source documentation and records. • Instructed our auditor's expert to: – review the group's approach and valuation policy; – review our risk assessment process and property selection; – perform an inspection and assessment of the valuation assumptions for a sample of properties and perform a comparison to management's valuation estimates; – benchmark market multiples ranges used; and – consider significant changes in the market in the intervening period from the valuation date. • Obtained and assessed management's year end assessment of whether the property valuation and therefore carrying amount of effective freehold land and buildings had materially changed between the valuation date (30 June 2024) and year end (28 September 2024), which included reviewing a sample of disposals and comparing the proceeds against the carrying values • Evaluated the appropriateness and accuracy of management's accounting entries in respect of the third-party valuations. • Evaluated the completeness and accuracy of disclosures, including disclosure of estimation uncertainty.
Key observations	We did not identify any material issues within our testing. Overall we were satisfied with the valuation of the property estate.

Accounting for the disposal of CMBC

Key audit matter description	On 8 July 2024, the group announced the disposal of its 40% interest in its associate, Carlsberg Marston's Limited (referred to as CMBC) as disclosed in note 12 of the financial statements. The transaction took place on 31 July 2024, generating proceeds of £206m. Immediately prior to the disposal, the investment in CMBC was held at a carrying value of £222.5m. The gap between the carrying value of the investment in CMBC at the disposal date and the proceeds received, as well as the group's share of the CMBC impairment charges already recognised in the group's interim results for the period ended 30 March 2024, represented risks of further impairment under IAS36 which resulted in management performing a detailed impairment assessment at the date of disposal. There is a risk of material misstatement to the group's financial statements from: • The presentation and classification which distinguishes between the impairment recognised under IAS36 and the loss on disposal recognised to reflect the difference in carrying value of the investment in CMBC immediately prior to the disposal and the net disposal proceeds received. • The presentation and classification of the results from CMBC as a discontinued operation under IFRS5. This matter was considered to be one of most significance in the audit due to both the judgement on the impairment but also due to the impact the disposal has on the financial statements. We therefore identified the accounting for the disposal of CMBC as a key audit matter with respect to the presentation and classification of the relevant transactions.

INDEPENDENT AUDITOR'S REPORT continued
TO THE MEMBERS OF MARSTON'S PLC

How the matter was addressed in the audit	Our audit work in relation to the disposal in CMBC included the following. We: • Directed and reviewed the audit work undertaken on the loss from the associate, by the component auditor of CMBC; • Obtained and reviewed management's accounting papers and the sale contract and checked the disposal proceeds to bank statements; • Critically challenged management's judgements and estimates in relation to the proposed impairment at the point of divestment under IAS36; and • Assessed management's judgement in determining that CMBC was a major business line and as a result, disclosed the results of the associate as a discontinued operation under IFRS 5. We also considered whether the financial statement disclosures in relation to the disposal and the discontinued operations were appropriate.
Key observations	Based on the procedures performed we consider that the group's accounting for the disposal of its associate holding in CMBC, and the related disclosures are appropriate.

Going concern

Key audit matter description	There is significant debt held in the group which is subject to loan covenants. The prior year financial statements disclosed a material uncertainty in relation to going concern as management's 'severe but plausible' downside scenario illustrated a potential breach of the interest cover covenant. The group has refinanced certain borrowings in the year including renegotiating its interest cover covenant to increase the headroom in the going concern period. The sector continues to face challenges and uncertainty due to evolving consumer spending habits, impacts on costs from inflation and the recent budget changes which impact employment costs. This matter was considered to be one of the most significant in the audit due to the inherent uncertainty in forecast information and the level of headroom available on the interest cover covenant. We therefore identified the groups going concern assessment as a key audit matter.
How the matter was addressed in the audit	Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included the following. We: • Reviewed management's approved board paper which set out the going concern basis, key forecasting assumptions, sensitivities and conclusion; • Obtained copies of management's forecasts, downside sensitivity analysis and reverse stress test for the Group and checked the mathematical accuracy of the forecasts in arriving at cash and covenant headroom; • Compared the historical forecasts to actual trading results to assess the reliability of forecasting; • Performed procedures on the key assumptions. This included comparing forecasts to historical actuals for both the company and the sector, current sector trends and forecast economic information, including consensus on consumer spending; • Recalculated the required deterioration in forecasts to trigger a breach in covenants and assessed the likelihood of this happening taking into account our assessment of the assumptions and available mitigating actions; • Checked the calculation of the availability of revised facilities and available covenant headroom to the Group and parent company during the going concern assessment period; and • Reviewed any significant events subsequent to the balance sheet date impacting liquidity and assessing the impact on available cash and covenant headroom. We then considered whether the financial statement disclosures in relation to going concern were appropriate.
Key observations	Based on the procedures performed we consider management's decision to prepare the group's financial statements on a going concern basis is appropriate.

INDEPENDENT AUDITOR'S REPORT continued
TO THE MEMBERS OF MARSTON'S PLC

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£8,050,000	£14,730,000
Basis for determining overall materiality	0.9% of Revenue	1% of total assets as a standalone entity. For the purposes of the group audit, which excludes items which eliminate on consolidation, the parent company materiality is restricted to £7,600,000.
Rationale for benchmark applied	Revenue is deemed to be primary performance measure for the users of the financial statements to review the financial performance of the Group.	Total assets is considered to be the most appropriate benchmark for the parent company.
Performance materiality	£5,635,000	£10,300,000
Basis for determining performance materiality	70% of overall materiality	70% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £402,500 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £402,500 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group consists of 3 components, located in the United Kingdom and Guernsey.

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Loss for the period attributable to equity shareholders
Full scope audit	2	100%	100%	100%
Total	**2**	**100%**	**100%**	**100%**

Limited scope procedures at group level were performed for the remaining component.

Of the above, full scope audits for 1 component was undertaken by component auditors.

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.

For an explanation of how we evaluated management's assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting and our key observations arising in respect to that evaluation, please see the going concern key audit matter.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the entity reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT continued
TO THE MEMBERS OF MARSTON'S PLC

Other information
The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate governance statement
We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 79;
- Directors' explanation as to their assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 42;
- 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 42;
- Directors' statement on fair, balanced and understandable set out on page 80;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 36;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 35; and
- Section describing the work of the audit committee set out on page 58.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 80, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT continued
TO THE MEMBERS OF MARSTON'S PLC

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team and component auditors:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud having obtained an understanding of the overall control environment.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our audit approach.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team and component auditors included:
IFRS / FRS 102 and Companies Act 2006 / Listing Rules	Review of the financial statement disclosures and testing to supporting documentation. Review of correspondence with regulators and action taken by the Group as a result of this correspondence. Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Input from a tax specialist in relation to current and deferred taxes on property related matters, defined benefit pension and the disposal of CMBC. Consideration of whether any matter identified during the audit required reporting to an appropriate authority outside the entity.
Food Safety / Employment law / Pubs code / Health and Safety regulations	ISAs limit the required audit procedures to identify non-compliance with these laws and regulations to inquiry of management and where appropriate, those charged with governance (as noted above) and inspection of legal and regulatory correspondence, if any. We have completed these procedures which included discussions with the group's legal counsel.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	A sample of transactions posted to nominal ledger codes outside of the normal revenue cycle were identified using a data analytic tool and investigated.
Management override of controls	Testing the appropriateness of a sample of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

INDEPENDENT AUDITOR'S REPORT continued
TO THE MEMBERS OF MARSTON'S PLC

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the board of Directors on 31 January 2024 to audit the financial statements for the period ending 28 September 2024 and subsequent financial periods.

The period of total uninterrupted consecutive appointments is one year, covering the period ended 28 September 2024.

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

Our audit opinion is consistent with the additional report to the audit committee in accordance with ISAs (UK).

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rules, these financial statements form part of the Annual Financial Report prepared in Extensible Hypertext Markup Language (XHTML) format and filed on the National Storage Mechanism of the UK FCA. This auditor's report provides no assurance over whether the annual financial report has been prepared in XHTML format.

IAN WALL

(Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
103 Colmore Row
Birmingham
B3 3AG

3 December 2024

GROUP INCOME STATEMENT

For the 52 weeks ended 28 September 2024

	Note	2024 Underlying[1] £m	2024 Non-underlying[1] (note 4) £m	2024 Total £m	2023 (Restated) Underlying[1] £m	2023 (Restated) Non-underlying[1] (note 4) £m	2023 (Restated) Total £m
Revenue	3	**898.6**	**–**	**898.6**	872.3	–	872.3
Net operating expenses	3	**(751.4)**	**4.5**	**(746.9)**	(747.5)	(34.6)	(782.1)
Operating profit/(loss)		**147.2**	**4.5**	**151.7**	124.8	(34.6)	90.2
Finance costs	6	**(106.5)**	**–**	**(106.5)**	(100.4)	–	(100.4)
Finance income	6	**1.4**	**–**	**1.4**	1.2	–	1.2
Interest rate swap movements	4, 6	**–**	**(32.2)**	**(32.2)**	–	(21.6)	(21.6)
Net finance costs	4, 6	**(105.1)**	**(32.2)**	**(137.3)**	(99.2)	(21.6)	(120.8)
Profit/(loss) before taxation		**42.1**	**(27.7)**	**14.4**	25.6	(56.2)	(30.6)
Taxation	4, 7	**(9.0)**	**12.1**	**3.1**	(3.5)	14.9	11.4
Profit/(loss) for the period from continuing operations		**33.1**	**(15.6)**	**17.5**	22.1	(41.3)	(19.2)
Discontinued operations							
Profit/(loss) for the period from discontinued operations	4, 8	**0.5**	**(36.5)**	**(36.0)**	9.9	–	9.9
Profit/(loss) for the period attributable to equity shareholders		**33.6**	**(52.1)**	**(18.5)**	32.0	(41.3)	(9.3)

The results for the current period reflect the 52 weeks ended 28 September 2024 and the results for the prior period reflect the 52 weeks ended 30 September 2023.

Following the disposal of the Group's 40% investment in Carlsberg Marston's Limited, the comparative information for the 52 weeks ended 30 September 2023 has been restated to show discontinued operations separately from continuing operations.

Earnings/(loss) per share:	Note	2024 p	2023 (Restated) p
Basic (loss)/earnings per share	9		
Total		**(2.9)**	(1.5)
Continuing		**2.8**	(3.0)
Discontinued		**(5.7)**	1.6
Basic underlying[1] earnings per share	9		
Total		**5.3**	5.1
Continuing		**5.2**	3.5
Discontinued		**0.1**	1.6
Diluted (loss)/earnings per share	9		
Total		**(2.8)**	(1.5)
Continuing		**2.7**	(3.0)
Discontinued		**(5.5)**	1.6
Diluted underlying[1] earnings per share	9		
Total		**5.1**	5.1
Continuing		**5.0**	3.5
Discontinued		**0.1**	1.6

1. Alternative performance measures (APMs) are defined and reconciled to a statutory equivalent in the Additional Information on page 141.

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the 52 weeks ended 28 September 2024

	2024 £m	2023 £m
Loss for the period	**(18.5)**	(9.3)
Items of other comprehensive income that may subsequently be reclassified to profit or loss		
Losses arising on cash flow hedges	**(2.8)**	(3.0)
Transfers to the income statement on cash flow hedges	**7.6**	11.4
Other comprehensive (expense)/income of associates relating to discontinued operations	**(0.1)**	0.8
Tax on items that may subsequently be reclassified to profit or loss	**(1.2)**	(2.1)
	3.5	7.1
Items of other comprehensive income that will not be reclassified to profit or loss		
Remeasurement of retirement benefits	**(6.9)**	(9.2)
Unrealised surplus on revaluation of properties	**80.8**	95.6
Reversal of past revaluation surplus	**(39.8)**	(93.9)
Tax on items that will not be reclassified to profit or loss	**(8.1)**	(0.2)
	26.0	(7.7)
Other comprehensive income/(expense) for the period	**29.5**	(0.6)
Total comprehensive income/(expense) for the period attributable to equity shareholders	**11.0**	(9.9)

The results for the current period reflect the 52 weeks ended 28 September 2024 and the results for the prior period reflect the 52 weeks ended 30 September 2023.

GROUP CASH FLOW STATEMENT

For the 52 weeks ended 28 September 2024

	Note	2024 £m	2023 (restated) £m
Operating activities			
Loss for the period		**(18.5)**	(9.3)
Taxation		**(3.1)**	(11.4)
Net finance costs		**137.3**	120.8
Depreciation and amortisation		**45.3**	45.5
Working capital movement	31	**8.2**	(29.0)
Non-cash movements	31	**32.7**	12.3
Decrease in provisions and other non-current liabilities		**(0.9)**	(0.8)
Difference between defined benefit pension contributions paid and amounts charged		**(7.5)**	(7.6)
Dividends from associates		**13.8**	21.6
Income tax received/(paid)		**0.1**	(0.9)
Net cash inflow from operating activities		**207.4**	141.2
Investing activities			
Interest received		**1.7**	1.8
Sale of property, plant and equipment and assets held for sale		**46.9**	51.3
Purchase of property, plant and equipment and intangible assets		**(46.2)**	(65.3)
Disposal of associate		**205.5**	–
Finance lease capital repayments received		**2.0**	2.5
Net transfer from/(to) other cash deposits	30	**2.0**	(0.1)
Net cash inflow/(outflow) from investing activities		**211.9**	(9.8)
Financing activities			
Interest paid		**(101.9)**	(93.1)
Arrangement costs of bank facilities		**(3.6)**	(4.0)
Swap termination costs		**(2.0)**	–
Repayment of securitised debt		**(41.5)**	(39.4)
Repayment of bank borrowings		**(419.0)**	(151.0)
Advance of bank borrowings		**225.0**	165.0
Net repayments of capital element of lease liabilities		**(8.4)**	(5.1)
Repayment of other borrowings		**(50.0)**	(5.0)
Net cash outflow from financing activities		**(401.4)**	(132.6)
Net increase/(decrease) in cash and cash equivalents	30	**17.9**	(1.2)

The cash flows for the current period reflect the 52 weeks ended 28 September 2024 and the cash flows for the prior period reflect the 52 weeks ended 30 September 2023. Following the publication of the FRC Thematic Review on 'Offsetting in the financial statements' in September 2024, the Group has reassessed the classification of cash flows arising from its bank borrowing facilities as presented in the cash flow statement and has concluded that advance/(repayment) of bank borrowings should be reported on a gross basis, where the maturity periods were greater than three months. Prior year information has been restated on an equivalent basis. The net repayment of bank borrowings in the current period was £(194.0) million (2023: advance of £14.0 million). The presentational adjustment does not have any impact on net increase/(decrease) in cash and cash equivalents, the balance sheet, the Group's profit, or earnings per share in any of the periods presented.

GROUP BALANCE SHEET

As at 28 September 2024

	Note	**28 September 2024 £m**	30 September 2023 £m
Non-current assets			
Intangible assets	10	**29.3**	32.9
Property, plant, and equipment	11	**2,069.0**	2,064.8
Interests in associates	12	**–**	250.9
Other non-current assets	13	**14.4**	15.0
Deferred tax assets	14	**–**	0.9
Retirement benefit surplus	15	**13.1**	12.9
Derivative financial instruments	16	**0.4**	2.7
		2,126.2	2,380.1
Current assets			
Derivative financial instruments	16	**–**	1.1
Inventories	17	**14.4**	14.9
Trade and other receivables	18	**25.9**	26.9
Current tax assets		**–**	0.4
Other cash deposits		**1.1**	3.1
Cash and cash equivalents		**44.4**	26.5
		85.8	72.9
Assets held for sale	19	**1.3**	1.4
		87.1	74.3
Current liabilities			
Borrowings	20	**(58.2)**	(65.9)
Trade and other payables	22	**(179.5)**	(170.4)
Current tax liabilities		**(2.8)**	–
Provisions for other liabilities and charges	23	**(0.6)**	(1.4)
		(241.1)	(237.7)
Non-current liabilities			
Borrowings	20	**(1,244.7)**	(1,529.5)
Derivative financial instruments	16	**(59.4)**	(37.4)
Other non-current liabilities	24	**(8.3)**	(7.1)
Provisions for other liabilities and charges	23	**(2.6)**	(2.6)
Deferred tax liabilities	14	**(2.4)**	–
		(1,317.4)	(1,576.6)
Net assets		**654.8**	640.1

GROUP BALANCE SHEET continued

As at 28 September 2024

	Note	28 September 2024 £m	30 September 2023 £m
Shareholders' equity			
Equity share capital	28	**48.7**	48.7
Share premium account		**334.0**	334.0
Revaluation reserve		**431.6**	412.1
Capital redemption reserve	29	**6.8**	6.8
Hedging reserve		**(40.8)**	(44.4)
Own shares	29	**(110.2)**	(110.6)
Retained earnings		**(15.3)**	(6.5)
Total equity		**654.8**	640.1

The financial statements were approved by the Board and authorised for issue on 3 December 2024 and are signed on its behalf by:

JUSTIN PLATT
CHIEF EXECUTIVE OFFICER
3 December 2024

HAYLEIGH LUPINO
CHIEF FINANCIAL OFFICER
3 December 2024

GROUP STATEMENT OF CHANGES IN EQUITY

For the 52 weeks ended 28 September 2024

	Equity share capital £m	Share premium account £m	Revaluation reserve £m	Capital redemption reserve £m	Hedging reserve £m	Own shares £m	Retained earnings £m	Total equity £m
At 1 October 2023	48.7	334.0	412.1	6.8	(44.4)	(110.6)	(6.5)	640.1
Loss for the period	–	–	–	–	–	–	(18.5)	(18.5)
Remeasurement of retirement benefits	–	–	–	–	–	–	(6.9)	(6.9)
Tax on remeasurement of retirement benefits	–	–	–	–	–	–	1.7	1.7
Losses on cash flow hedges	–	–	–	–	(2.8)	–	–	(2.8)
Transfers to the income statement on cash flow hedges	–	–	–	–	7.6	–	–	7.6
Tax on hedging reserve movements	–	–	–	–	(1.2)	–	–	(1.2)
Other comprehensive expense of associates	–	–	–	–	–	–	(0.1)	(0.1)
Property revaluation	–	–	80.8	–	–	–	–	80.8
Property impairment	–	–	(39.8)	–	–	–	–	(39.8)
Deferred tax on properties	–	–	(9.8)	–	–	–	–	(9.8)
Total comprehensive income/(expense)	–	–	31.2	–	3.6	–	(23.8)	11.0
Share-based payments	–	–	–	–	–	–	2.0	2.0
Tax on share-based payments	–	–	–	–	–	–	0.1	0.1
Sale of own shares	–	–	–	–	–	0.4	(0.4)	–
Transfer disposals to retained earnings	–	–	(13.8)	–	–	–	13.8	–
Transfer tax to retained earnings	–	–	2.1	–	–	–	(2.1)	–
Changes in equity of associates	–	–	–	–	–	–	1.6	1.6
Total transactions with owners	–	–	(11.7)	–	–	0.4	15.0	3.7
At 28 September 2024	**48.7**	**334.0**	**431.6**	**6.8**	**(40.8)**	**(110.2)**	**(15.3)**	**654.8**

GROUP STATEMENT OF CHANGES IN EQUITY continued

For the 52 weeks ended 30 September 2023

	Equity share capital £m	Share premium account £m	Revaluation reserve £m	Capital redemption reserve £m	Hedging reserve £m	Own shares £m	Retained earnings £m	Total equity £m
At 2 October 2022	48.7	334.0	417.1	6.8	(50.7)	(110.9)	3.1	648.1
Loss for the period	–	–	–	–	–	–	(9.3)	(9.3)
Remeasurement of retirement benefits	–	–	–	–	–	–	(9.2)	(9.2)
Tax on remeasurement of retirement benefits	–	–	–	–	–	–	2.3	2.3
Losses on cash flow hedges	–	–	–	–	(3.0)	–	–	(3.0)
Transfers to the income statement on cash flow hedges	–	–	–	–	11.4	–	–	11.4
Tax on hedging reserve movements	–	–	–	–	(2.1)	–	–	(2.1)
Other comprehensive income of associates	–	–	–	–	–	–	0.8	0.8
Property revaluation	–	–	95.6	–	–	–	–	95.6
Property impairment	–	–	(93.9)	–	–	–	–	(93.9)
Deferred tax on properties	–	–	(2.5)	–	–	–	–	(2.5)
Total comprehensive (expense)/income	–	–	(0.8)	–	6.3	–	(15.4)	(9.9)
Share-based payments	–	–	–	–	–	–	0.4	0.4
Sale of own shares	–	–	–	–	–	0.3	(0.3)	–
Transfer disposals to retained earnings	–	–	(5.0)	–	–	–	5.0	–
Transfer tax to retained earnings	–	–	0.8	–	–	–	(0.8)	–
Changes in equity of associates	–	–	–	–	–	–	1.5	1.5
Total transactions with owners	–	–	(4.2)	–	–	0.3	5.8	1.9
At 30 September 2023	**48.7**	**334.0**	**412.1**	**6.8**	**(44.4)**	**(110.6)**	**(6.5)**	**640.1**

Further detail in respect of the Group's equity is provided in notes 28 and 29.

NOTES

For the 52 weeks ended 28 September 2024

1 ACCOUNTING POLICIES

The Group's principal accounting policies are set out below:

Basis of preparation

These consolidated financial statements for the 52 weeks ended 28 September 2024 (2023: 52 weeks ended 30 September 2023) have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain items, principally effective freehold land and buildings, certain financial instruments, retirement benefits and share-based payments, as explained below.

New standards

The Group has adopted the following new or revised standards in the current period:

IFRS 17	Insurance Contracts New accounting standard
IAS 1	Presentation of Financial Statements Amendments regarding the disclosure of accounting policies
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors Amendments regarding the definition of accounting estimates
IAS 12	Income Taxes Amendments regarding deferred tax related to assets and liabilities arising from a single transaction

The Group previously accounted for deferred tax on lease liabilities under the net approach. As a result of the adoption of the amendments to IAS 12, the comparative information for the 52 weeks ended 30 September 2023 has been restated to reflect the separation of the opening deferred tax liability of £63.6 million and opening deferred tax asset of £76.2 million, and closing deferred tax liability of £61.3 million and closing deferred tax asset of £74.6 million, in relation to the accounting for deferred tax on right-of-use assets and the associated lease liabilities. There was no material impact on the opening position of the comparative information, and therefore no third balance sheet has been presented, as the offsetting criteria of IAS 12 has been met, allowing for the deferred tax asset and deferred tax liability to be presented net within the Group's balance sheet.

There are no other material impacts of these new or revised standards on the consolidated financial statements for the 52 weeks ended 28 September 2024.

The International Accounting Standards Board (IASB) has issued the following new or revised standards with an effective date for financial periods beginning on or after the dates disclosed below. These standards have not yet been adopted by the Group. The IASB has also issued a number of minor amendments to standards as part of their Annual Improvements to IFRS.

IFRS 7	Financial Instruments: Disclosures Supplier finance arrangements Amendments to the classification and measurement of financial instruments	 1 January 2024 1 January 2026
IFRS 9	Financial Instruments Amendments to the classification and measurement of financial instruments	1 January 2026
IFRS 10	Consolidated Financial Statements Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Date deferred
IFRS 16	Leases Amendments regarding seller-lessee subsequent measurement in a sale and leaseback transaction	1 January 2024
IFRS 18	Presentation and Disclosure in Financial Statements New accounting standard	1 January 2027
IFRS 19	Subsidiaries without Public Accountability New accounting standard	1 January 2027
IAS 1	Presentation of Financial Statements Amendments regarding the classification of liabilities Amendments regarding the classification of debt with covenants	 1 January 2024 1 January 2024
IAS 7	Statement of Cash Flows Supplier finance arrangements	1 January 2024
IAS 21	The Effects of Changes in Foreign Exchange Rates Lack of Exchangeability	1 January 2025
IAS 28	Investments in Associates and Joint Ventures Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Date deferred

The Group is currently assessing the impact of the revised presentation and disclosure requirements for financial statements from IFRS 18. It is not anticipated that any of the other above unadopted new standards will have a material impact on the Group's results or financial position.

NOTES continued

For the 52 weeks ended 28 September 2024

1 ACCOUNTING POLICIES CONTINUED

Going concern

The Group's sources of funding include its securitised debt, a £200.0 million bank facility available until July 2026 (of which £35.0 million was drawn at 28 September 2024), and a £5.0 million seasonal overdraft facility which extends to £20.0 million from 25 January to 6 May and 1 July to 12 August each year, which is expected to reduce to £10.0 million in the near future (of which £nil was drawn at 28 September 2024).

There are two covenants associated with the Group's securitised debt – free cash flow to debt service coverage ratio (FCF DSCR) and Net Worth. The FCF DSCR is a measure of free cash flow to debt service for the group headed by Marston's Pubs Parent Limited and is required to be a minimum of 1.1 over both a two-quarter and a four-quarter period, and the Net Worth is derived from the net assets of that group of companies.

There are two covenants associated with the Group's bank facility for the non-securitised group of companies – Debt Cover and Interest Cover. The Debt Cover covenant is a measure of net borrowings to EBITDA which is a maximum of 3.0 times. The Interest Cover covenant is a measure of EBITDA to finance charges, which is a minimum of 1.5 times from 28 September 2024, rising on a stepped basis to 1.75 times from 28 June 2025 and 2.0 times from 28 March 2026.

The Directors have performed an assessment of going concern over the period of 12 months from the date of signing these financial statements, to assess the adequacy of the Group's financial resources. In performing their assessment, the Directors considered the Group's financial position and exposure to principal risks, including the uncertain economic and political outlook, with ongoing geopolitical conflicts and uncertainties and inflationary pressures that have also been impacted by the Autumn Budget 2024 measures, notably employment cost increases.

The Group's base case forecast assumes moderate sales price increases, operational costs (that have not already been secured) rising broadly in line with inflation together with continuing progress on the margin expansion programme and incorporating additional increases to employee-related costs following the Autumn Budget 2024, including National Minimum and Living Wage and Employers' National Insurance. On the Group's base case forecast, no covenants are forecast to be breached within the next 12 months and the Group has adequate liquidity throughout the going concern period.

Due to the uncertain economic and political outlook and risk of further inflationary pressures, the Directors have considered a downside scenario which models a small decrease in sales compared to the prior year and additional costs beyond those forecast in the base case in addition to the incremental costs already incorporated as a result of the Autumn Budget 2024, excluding any potential mitigating management actions other than the reduction of discretionary employee reward payments. On the Group's downside scenario, no covenants are forecast to be breached within the next 12 months and the Group has adequate liquidity throughout the going concern period.

The Directors have also considered a reverse stress test, which analyses to what extent sales would need to decrease in order to breach financial covenants. This reverse stress test has determined that the Group could withstand a reduction in sales of over 10% from those assessed in the base case throughout the going concern period, excluding any mitigating actions other than the removal of discretionary employee reward payments, before headroom on the Interest Cover covenant only becomes tight in the final quarter of the going concern period and would be breached in the first quarter test after the going concern period ends.

The Directors consider this scenario to be remote as, other than when the business was closed during the pandemic, the Group has never experienced sales declines to this level. Additionally, the Group could take management actions within the Directors' control to partially mitigate the financial impact.

Accordingly, the financial statements have been prepared on the going concern basis.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Marston's PLC and all of its subsidiary undertakings. The results of subsidiary undertakings are included in the Group accounts from the date on which control transferred to the Group or, in the case of disposals, up to the date when control ceased. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. Transactions between Group companies are eliminated on consolidation.

The Group has applied the purchase method in accounting for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the consideration paid and deferred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition costs are expensed as incurred. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the identifiable net assets of the subsidiary acquired, the difference is recognised immediately in the income statement.

The consolidated financial statements incorporate the results of Marston's Issuer PLC and its parent company, Marston's Issuer Parent Limited. Marston's Issuer PLC was set up with the sole purpose of issuing debt secured on assets owned by the Group. Wilmington Trust SP Services (London) Limited holds the shares of Marston's Issuer Parent Limited under a declaration of trust for charitable purposes.

NOTES continued

For the 52 weeks ended 28 September 2024

1 ACCOUNTING POLICIES CONTINUED

The rights provided to the Group through the securitisation give the Group power over these companies and the ability to use that power to affect its exposure to variable returns from them. As such the Directors of Marston's PLC consider that these companies are controlled by the Group, as defined in IFRS 10, and hence for the purpose of the consolidated financial statements they have been treated as subsidiary undertakings.

The Group's interests in associates are accounted for using the equity method. On initial recognition the investment in an associate is recognised at cost and the carrying amount is subsequently increased or decreased to recognise the Group's share of the profit or loss, other comprehensive income and changes in equity of the associate after the date of acquisition. The net investment in an associate is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of events that occurred after the initial recognition of the net investment which have an impact on the estimated future cash flows that can be reliably estimated. During the current period, the Group sold the whole of its 40% interest in Carlsberg Marston's Limited to a subsidiary of Carlsberg A/S.

Revenue and other operating income

The Group's revenue from contracts with customers comprises outlet sales, wholesale sales and rental income.

Outlet sales

The Group sells food and drink to customers in its pubs. Revenue from the sale of food and drink is recognised when the goods are sold to the customers in the pubs. Payment of the transaction price is due immediately when the goods are provided to the customer.

The Group provides accommodation to customers in its pubs and lodges. Revenue from the provision of accommodation is recognised over the period of the customer's stay. Payment of the transaction price is due at the time of the customer's stay.

The Group provides gaming machines for customers to play in its pubs. Revenue from gaming machines is recognised when the game has been played. Payment of the transaction price is due when the game is played.

In respect of its franchised arrangements, where the Group controls the above goods or services before those goods or services are transferred to the customer, the associated income is included within the Group's revenue. The Group recognises revenue in respect of its franchised arrangements as a principal rather than an agent because the Group has discretion in establishing prices for the above goods or services with the supplier and controls the goods prior to transfer to the customer.

Wholesale sales

The Group sells drinks to tenants of its licensed properties. Revenue is recognised when the Group has transferred control of the goods to the customer. This occurs when the goods have been delivered to the customer, the Group cannot require the return or transfer of the goods and the customer has an unconditional obligation to pay for the goods.

The Group has discretion in establishing the price of goods delivered to the customer and the Group is responsible for fulfilling the promise to provide the specified goods.

A receivable is recognised when the goods are delivered, and payment is due in line with each customer's individual credit terms. These terms are all less than one year and as such no element of financing is considered to be present.

Rental income

The Group also includes rent receivable from tenants of its licensed properties within revenue. This income is recognised in the period to which it relates.

Operating segments

The Group is considered to have one operating segment under IFRS 8 'Operating Segments' and therefore no disclosures are presented. This is in line with the reporting to the chief operating decision maker and the operational structure of the business. The measure of profit or loss reviewed by the chief operating decision maker is underlying[1] profit/loss before tax for the total of continuing and discontinued operations.

Non-underlying[1] items

In order to illustrate the underlying[1] performance of the Group, presentation has been made of performance measures excluding those items which it is considered would distort the comparability of the Group's results. Non-underlying[1] items are defined as those items of income and expense which, because of the materiality, nature and/or expected infrequency of the events giving rise to them, merit separate presentation to enable users of the financial statements to better understand elements of financial performance in the period, so as to facilitate comparison with future and prior periods. As management of the freehold and leasehold property estate is an essential and significant area of the business, the threshold for classification of property related items as non-underlying[1] is higher than other items.

Details in respect of non-underlying[1] items recognised in the current and prior period are provided in note 4. Material judgements in respect of the classification of non-underlying[1] items in the current period related to the impairment of freehold and leasehold properties, reorganisation, restructuring and relocation costs, duplication costs, non-underlying[1] loss from associates, impairment and loss on disposal of associates and the interest rate swap movements. These items were considered to be non-underlying[1] as they were significant items that resulted primarily from movements in external market variables or considerable one-off factors rather than reflecting the underlying[1] trading performance of the Group.

NOTES continued

For the 52 weeks ended 28 September 2024

1 ACCOUNTING POLICIES CONTINUED

Intangible assets

Intangible assets are carried at cost less accumulated amortisation and any impairment losses. Intangible assets arising on an acquisition are recognised separately from goodwill if the fair value of these assets can be identified separately and measured reliably.

Amortisation is calculated on a straight-line basis over the estimated useful life of the intangible asset. Where the useful life of the asset is considered to be indefinite no annual amortisation is provided but the asset is subject to annual impairment reviews. Impairment reviews are carried out more frequently if events or changes in circumstances indicate that the carrying value of an asset may be impaired. Any impairment of carrying value is charged to the income statement. The useful lives of the Group's intangible assets are:

Computer software	5 to 20 years

Property, plant, and equipment

- Land and buildings which are either freehold or are in substance freehold assets are classed as effective freehold land and buildings. This includes leasehold land and buildings with a term exceeding 100 years at acquisition/commencement of the lease or where there is an option to purchase the freehold at the end of the lease term for a nominal amount. All other leasehold land and buildings are classed as leasehold land and buildings.
- Effective freehold land and buildings are initially stated at cost and subsequently at valuation. Leasehold land and buildings and fixtures, fittings, tools and equipment are stated at cost.
- Depreciation is charged to the income statement on a straight-line basis to provide for the cost or valuation of the assets less their residual values over their useful lives.
- Land and buildings are depreciated to their residual values over the lower of the lease term (where applicable) and 50 years.
- Fixtures, fittings, tools and equipment are depreciated over periods ranging from 3 to 15 years.
- Own labour and interest costs directly attributable to capital projects are capitalised.

Residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date. The Group's effective freehold land and buildings in respect of its pub estate are considered to have a residual value equal to their current valuation and as such no depreciation is charged on these assets.

Effective freehold land and buildings are revalued by qualified valuers on an annual basis using open market values so that the carrying value of an asset does not differ significantly from its fair value at the balance sheet date. The annual valuations are determined via third party inspection of approximately a third of the sites such that all sites are individually inspected every three years. Substantially all of the Group's effective freehold land and buildings have been valued by a third-party in accordance with the Royal Institution of Chartered Surveyors' Red Book. These valuations are performed directly by reference to observable prices in an active market or recent market transactions on arm's length terms for determined multiples and unobservable market data for fair maintainable trade. Internal valuations are performed on the same basis.

For effective freehold land and buildings, revaluation losses are charged to the revaluation reserve to the extent that a previous gain has been recorded for that asset, and thereafter to the income statement. Surpluses on revaluation are recognised in the revaluation reserve, except to the extent that they reverse previously charged impairment losses for that asset, in which case the reversal is recorded in the income statement.

The effective freehold property estate is assessed at each reporting date to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. This is consistent with the requirements of IAS 16 'Property, Plant and Equipment'.

Disposals of property, plant and equipment

Profit/loss on disposal of property, plant and equipment represents net sale proceeds less the carrying value of the assets and any associated lease liabilities. Any element of the revaluation reserve relating to the property disposed of is transferred to retained earnings at the date of sale.

Impairment

If there are indications of impairment or reversal of impairment, an assessment is made of the recoverable amount of each significant cash generating unit; these are considered to be the individual trading sites. If there are indications of impairment or reversal of impairment as a result of a gap between the Group's market capitalisation and asset values, an assessment is made of the recoverable amount of the Group as a single cash generating unit; this includes the Group's effective freehold land and buildings and leasehold land and buildings. An impairment loss is recognised where the recoverable amount is lower than the carrying value of assets, including goodwill. The recoverable amount is the higher of value in use and fair value less costs to sell. The impairment loss is recognised in the income statement unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation reserve to the extent that a previous gain has been recorded, and thereafter to the income statement.

NOTES continued

For the 52 weeks ended 28 September 2024

1 ACCOUNTING POLICIES CONTINUED

Where there is an indication that any previously recognised impairment losses no longer exist or have decreased, a reversal of the loss is made if there has been a change in the estimates used to determine the recoverable amounts since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount only up to the carrying amount that would have resulted, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior periods. The reversal is recognised in the income statement unless the asset is carried at a revalued amount. The reversal of an impairment loss on a revalued asset is recognised in other comprehensive income and increases the revaluation surplus for that asset. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the income statement, the reversal of that impairment loss is recognised in the income statement. The depreciation charge is adjusted in future periods to allocate the asset's revised carrying value, less any residual value, on a systematic basis over its remaining useful life. There is no reversal of impairment losses relating to goodwill.

Leases

At the inception of a contract the Group assesses whether that contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has taken the practical expedient in paragraph C3 of IFRS 16 'Leases' not to reassess whether an existing contract is or contains a lease at the date of initial application and as such the IFRS 16 definition of a lease has only been applied to contracts which were entered into or amended on or after 29 September 2019.

The lease term is determined as the non-cancellable period of a lease together with periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and the periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The Group has elected not to apply the lessee requirements of IFRS 16 to short-term leases and leases for which the underlying asset is of low value. The lease payments for such leases are recognised as an expense on a straight-line basis over the lease term. For all other leases where it is the lessee the Group recognises a lease liability and a right-of-use asset at the commencement date of the lease.

The lease liability is recognised as the present value of the lease payments discounted using either the interest rate implicit in the lease or, where that rate cannot be readily determined, the Group's incremental borrowing rate. The lease payments include variable payments that depend on an index or rate and the exercise price of a purchase option if it is reasonably certain that it will be exercised. The lease liability is subsequently increased to reflect the interest thereon, reduced by the lease payments made and remeasured to reflect any reassessments or lease modifications, such as a change in future lease payments resulting from a change in an index or rate or a change in the lease term.

The right-of-use asset is recognised at an amount equal to the total of the lease liability, any lease payments made at or before the commencement date, any initial direct costs and the estimated future dismantling, removal, and site restoration costs. The Group has elected to apply the revaluation model to right-of-use assets relating to the effective freehold land and buildings class of property, plant and equipment. All other right-of-use assets are held under the cost model and subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability.

For assets where the Group is the lessor, leases are classified as finance leases if the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Where the Group is an intermediate lessor of an asset, the sublease is classified as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease rather than the underlying asset.

Income receivable under operating leases is credited to the income statement on a straight-line basis over the term of the lease.

Where a sublease is classified as a finance lease the right-of-use asset is derecognised and the Group recognises a finance lease receivable at an amount equal to the net investment in the lease. The lease payments are discounted at the interest rate implicit in the lease, or where this cannot be readily determined, the discount rate used for the head lease. Finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.

Obligations arising from sale and leaseback arrangements with repurchase options that do not fall within the scope of IFRS 16 are classified as other lease related borrowings and accounted for in accordance with IFRS 9 'Financial Instruments'.

Inventories

Inventories are stated at the lower of cost and net realisable value and are valued on a 'first in, first out' basis.

Assets held for sale

Assets, typically properties and related fixtures and fittings, are categorised as held for sale when their value will be recovered through a sale transaction rather than continuing use. This condition is met when the sale is highly probable, the asset is available for immediate sale in its present condition and it is being actively marketed. In addition, the Group must be committed to the sale and completion should be expected to occur within one year from the date of classification. Assets held for sale are valued at the lower of carrying value and fair value less costs to sell. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

NOTES continued

For the 52 weeks ended 28 September 2024

1 ACCOUNTING POLICIES CONTINUED

Financial instruments

The Group classifies its financial assets in one of the following two categories: at fair value through profit or loss and at amortised cost. The Group classifies its financial liabilities in one of the following two categories: at fair value through profit or loss and other financial liabilities.

The Group classifies a financial asset as at amortised cost if it has not been designated as at fair value through profit or loss, the asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest.

Financial instruments at fair value through profit or loss

Derivatives are categorised as financial instruments at fair value through profit or loss unless they are designated as part of a hedging relationship. The Group holds no other financial instruments at fair value through profit or loss.

Financial assets at amortised cost

Financial assets at amortised cost comprise finance lease receivables, trade receivables, other receivables, other cash deposits and cash and cash equivalents in the balance sheet and are measured using the effective interest method.

Other financial liabilities

Non-derivative financial liabilities are classified as other financial liabilities. The Group's other financial liabilities comprise borrowings, trade payables and other payables. Other financial liabilities are carried at amortised cost using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

Derivative financial instruments

The only derivative financial instruments that the Group enters into are interest rate swaps. The purpose of these transactions is to manage the interest rate risk arising from the Group's operations and its sources of finance.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value at each balance sheet date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Gains or losses arising from changes in the fair value of derivatives which are not designated as part of a hedging relationship are presented in the income statement in the period in which they arise.

At the inception of a hedging transaction, the Group documents the economic relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking the hedging transaction. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Amounts that have been recognised in other comprehensive income in respect of cash flow hedges are reclassified from equity to profit or loss as a reclassification adjustment in the same period or periods during which the hedged forecast cash flow affects profit or loss.

Finance lease receivables

Finance lease receivables are recognised at an amount equal to the net investment in the lease and subsequently measured at amortised cost less provision for impairment.

Trade receivables and other receivables

Trade receivables and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

The Group applies the expected credit loss model to calculate any loss allowance for finance lease receivables, trade receivables and other receivables. For finance lease receivables, trade receivables and other receivables that result from transactions that are within the scope of IFRS 15 'Revenue from Contracts with Customers' or from transactions that are within the scope of IFRS 16 'Leases' the loss allowance is measured as the lifetime expected credit loss. As no trade or other receivables contain a significant financing component, for the remaining trade or other receivables the loss allowance is measured as the 12-month expected credit loss unless the credit risk has increased significantly since initial recognition, in which case the lifetime expected credit loss is used. Details of the methodologies used to calculate the expected credit loss for the different groupings of finance lease receivables, trade receivables and other receivables are given in note 25.

NOTES continued

For the 52 weeks ended 28 September 2024

1 ACCOUNTING POLICIES CONTINUED

The carrying amount of finance lease receivables, trade receivables and other receivables is reduced through the use of an allowance account, and the amount of the loss allowance is recognised in the income statement within other operating charges. The Group's policy is to write off finance lease receivables, trade receivables and other receivables when there is no reasonable expectation of recovery of the balance due. Indicators that there is no reasonable expectation of recovery depend on the type of debtor/customer and include a debt being over four months old, the failure of the debtor to engage in a repayment plan and the failure to recover any amounts through enforcement activity. Subsequent recoveries of amounts previously written off are credited against other operating charges in the income statement.

Other cash deposits

Cash held on deposit with banks with a maturity of more than three months at the date of acquisition is classified within other cash deposits.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits on call with banks. Any bank overdrafts are shown within borrowings in current liabilities. For the purpose of the cash flow statement, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Preference shares are non-redeemable and are classified as liabilities. The dividends on these preference shares are recognised in the income statement as finance costs.

Borrowing costs are recognised as an expense in the period in which they are incurred, except for interest costs incurred on the financing of major projects, which are capitalised until the time that the projects are available for use.

Trade payables and other payables

Trade payables and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Employee benefits

Pension costs for the Group's defined benefit pension plan are determined by the Projected Unit Credit Method, with actuarial calculations being carried out at each period end date. Costs are recognised in the income statement within net operating expenses and net finance costs/income. The current service cost, past service cost and gains or losses arising from settlements are included within net operating expenses. The net interest on the net defined benefit asset/liability is included within finance income or costs and the administrative expenses paid from plan assets are included within finance costs.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in the period in which they occur in the statement of comprehensive income. The return on plan assets, excluding amounts included in the net interest on the net defined benefit asset/liability, is also recognised in other comprehensive income.

The asset/liability recognised in the balance sheet for the defined benefit pension plan is the fair value of plan assets less the present value of the defined benefit obligation. Where the fair value of plan assets exceeds the present value of the defined benefit obligation, the Group recognises an asset at the lower of the fair value of plan assets less the present value of the defined benefit obligation, and the present value of any economic benefits available in the form of refunds from the plan. The Scheme Rules provide the Group with an unconditional right to a refund of a surplus once the last benefit has been paid to the last scheme member. Based on these rights, any net surplus is recognised in full.

Should contributions payable under a minimum funding requirement not be available as a refund or reduction in future contributions after they are paid into the plan, a liability would be recognised to this extent when the obligation arose.

Pension costs for the Group's defined contribution pension plans are charged to the income statement in the period in which they arise.

Post-retirement medical benefits are accounted for in an identical way to the Group's defined benefit pension plan.

Key management personnel

Key management personnel are those who have authority and responsibility for planning, directing, and controlling the activities of the Group. In the case of Marston's PLC, the key management personnel are the Directors of the Group and as such the Directors are related parties of the Group.

NOTES continued

For the 52 weeks ended 28 September 2024

1 ACCOUNTING POLICIES CONTINUED

Current and deferred tax

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date and is measured at the amount expected to be paid to, or recovered from, the tax authorities.

Deferred tax is provided in full, using the liability method, on all differences that have originated but not reversed by the balance sheet date, and which give rise to an obligation to pay more or less tax in the future. Differences are defined as the differences between the carrying value of assets and liabilities and their tax base.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the assets can be utilised. Deferred tax is calculated using tax rates that are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Provisions

Provisions are recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

These provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation for which the estimates of future cash flows have not been adjusted.

Share-based payments

The fair value of share-based remuneration at the date of grant is calculated using the Black-Scholes option-pricing model and charged to the income statement on a straight-line basis over the vesting period of the award. The charge to the income statement takes account of the estimated number of shares that will vest.

Non-vesting conditions are considered when determining the fair value of the Group's share-based payments, and all cancellations of share-based payments, whether by the Group or by employees, are accounted for in an identical manner with any costs unrecognised at the date of cancellation being immediately accelerated.

Own shares

Own shares comprise treasury shares, and shares held on trust for employee share schemes, which are used for the issuing of shares to applicable employees. Own shares are recognised at cost as a deduction from shareholders' equity. Subsequent consideration received for the sale of such shares is also recognised in equity, with any difference between the sale proceeds and the original cost being taken to equity. No income or expense is recognised in the performance statements on own share transactions.

Dividends

Dividends proposed by the Board but unpaid at the period end are recognised in the financial statements when they have been approved by the shareholders. Interim dividends are recognised when paid.

Transactions and balance sheet items in a foreign currency

Transactions in a foreign currency are translated to sterling using the exchange rate at the date of the transaction. Monetary receivables and payables are remeasured at closing day rates at each balance sheet date. Exchange gains or losses that arise from such remeasurement and on settlement of the transaction are recognised in the income statement. Translation differences for non-monetary assets valued at fair value through profit or loss are reported as part of the fair value gain or loss. Gains or losses on disposal of non-monetary assets are recognised in the income statement.

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the results are presented separately in the consolidated financial statements and the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

Key estimates and significant judgements

Under IFRS the Group is required to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Further details are provided in the relevant accounting policy or detailed note to the financial statements.

The following are the critical judgements, apart from those involving estimates (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have had the most significant effect on the amounts recognised in the financial statements:

NOTES continued

For the 52 weeks ended 28 September 2024

1 ACCOUNTING POLICIES CONTINUED

Non-underlying[1] items

- Determination of items to be classified as non-underlying[1] (note 4).

Discontinued operations

- Determination of income from associates representing a separate major line of business resulting in the classification as discontinued operations (note 8).

The following estimates and assumptions have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities:

Property, plant and equipment

- Valuation of effective freehold land and buildings (note 11).

Interests in associates

- Recoverable amount of the investment in Carlsberg Marston's Limited immediately prior to its disposal (note 12).

Retirement benefits

- Actuarial assumptions in respect of the defined benefit pension plan, which include discount rates, rates of increase in pensions, inflation rates and life expectancies (note 15).

Financial instruments

- Valuation of derivative financial instruments (note 25).

2 SEGMENT REPORTING

The Group is considered to have one operating segment under IFRS 8 'Operating Segments' and therefore no disclosures are presented. This is in line with the reporting to the chief operating decision maker and the operational structure of the business. The measure of profit or loss reviewed by the chief operating decision maker is underlying[1] profit/(loss) before tax for the total of continuing and discontinued operations.

Geographical areas

All of the Group's revenue is generated in the UK. All of the Group's material assets are located in the UK.

3 REVENUE AND NET OPERATING EXPENSES

Revenue	2024 £m	2023 £m
Outlet sales	**864.6**	832.8
Wholesale sales	**26.2**	30.2
Revenue from contracts with customers	**890.8**	863.0
Rental income	**7.8**	9.3
Total revenue	**898.6**	872.3

Net operating expenses	2024 £m	2023 £m
Change in stocks of finished goods	**0.3**	(1.8)
Own work capitalised	**–**	(0.4)
Other operating income	**(4.4)**	(13.1)
Raw materials and consumables	**222.6**	225.7
Depreciation of property, plant, and equipment	**40.0**	40.5
Amortisation of intangible assets	**5.3**	5.0
Employee costs	**209.6**	213.1
(Impairment reversal)/impairment of freehold and leasehold properties	**(5.9)**	30.9
Other operating charges	**279.4**	282.2
Net operating expenses	**746.9**	782.1

Other operating charges primarily relate to pub overheads and administration costs.

The amounts included in the line items above which have been classified as non-underlying[1] are as follows:

	2024 £m	2023 £m
Employee costs	**0.8**	2.5
(Impairment reversal)/impairment of freehold and leasehold properties	**(5.9)**	30.9
Other operating charges	**0.6**	1.2
	(4.5)	34.6

NOTES continued

For the 52 weeks ended 28 September 2024

3 REVENUE AND NET OPERATING EXPENSES CONTINUED

Fees payable to the Company's Auditor were as follows:

RSM UK Audit LLP (2023: KPMG LLP) fees:	2024 £m	2023 £m
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	**0.5**	0.4
Fees payable to the Company's Auditor for other services to the Group:		
The audit of the Company's subsidiaries	**0.3**	0.3
Audit related assurance services	**–**	0.1
	0.8	0.8

Audit related assurance services in respect of covenant reporting amounted to £22,500 (2023: £10,000).

4 NON-UNDERLYING[1] ITEMS

	2024 £m	2023 £m
Non-underlying[1] operating items from continuing operations		
(Impairment reversal)/impairment of freehold and leasehold properties	**(5.7)**	31.2
Special discretionary pension increase	**–**	0.5
Reorganisation, restructuring and relocation costs	**0.7**	2.9
Duplication costs	**0.5**	–
	(4.5)	34.6
Non-underlying[1] non-operating items from continuing operations		
Interest rate swap movements	**32.2**	21.6
	32.2	21.6
Total non-underlying[1] items from continuing operations	**27.7**	56.2
Non-underlying[1] items from discontinued operations		
Non-underlying[1] loss from associate	**16.6**	–
Impairment of associate	**8.0**	–
Loss on disposal of associate	**11.9**	–
	36.5	–
Total non-underlying[1] items	**64.2**	56.2

(Impairment reversal)/impairment of freehold and leasehold properties

At 30 June 2024 the Group's effective freehold properties were revalued by independent chartered surveyors on an open market value basis. The Group also undertook an impairment review of its leasehold properties in the current and prior period.

The revaluation and impairment adjustments in respect of the above were recognised in the revaluation reserve or income statement as appropriate. The amount recognised in the income statement comprises:

	2024 £m	2023 £m
Impairment of property, plant and equipment (note 11)	**37.4**	70.9
Reversal of past impairment of property, plant, and equipment (note 11)	**(43.4)**	(40.0)
Impairment of assets held for sale (note 19)	**0.1**	–
Valuation fees	**0.2**	0.3
	(5.7)	31.2

Special discretionary pension increase

A past service cost of £0.5 million arose in the prior period as a result of a one-off, and discretionary, increase to pensions in payment for members of the Marston's PLC Pension and Life Assurance Scheme.

Reorganisation, restructuring and relocation costs

During the prior period the Group commenced the implementation of an operational programme to simplify the business and drive efficiencies. The programme was initiated towards the end of the prior period resulting in costs being incurred in both the prior and current periods. The costs identified are one-off headcount related costs and this element of the programme is expected to be short-term in nature and non-recurring. The cost of implementing this programme in the current period was £0.7 million (2023: £2.9 million). Cumulatively, as at 28 September 2024 a cash cost of £3.6 million has been incurred, which is considered material to the Group. The reorganisation, restructuring and relocation costs have been recorded within non-underlying[1] items in the income statement based on their materiality, nature and expected infrequency.

Duplication costs

On 17 November 2023 Andrew Andrea stepped down from his role as CEO of the Group and, following an external process, Justin Platt was appointed as CEO from 10 January 2024. During the current period duplicated costs were incurred as a result of the change in CEO which were unusual and one-off for Marston's. The duplicated costs have been recorded within non-underlying[1] items in the income statement based on their nature and expected infrequency.

NOTES continued

For the 52 weeks ended 28 September 2024

4 NON-UNDERLYING[1] ITEMS CONTINUED

Interest rate swap movements

The Group's interest rate swaps are revalued to fair value at each balance sheet date. For interest rate swaps which were designated as part of a hedging relationship a loss of £2.8 million (2023: £3.0 million) has been recognised in the hedging reserve in respect of the effective portion of the fair value movement and a credit of £0.4 million (2023: charge of £2.1 million) has been reclassified from the hedging reserve to underlying[1] finance costs in the income statement in respect of the cash received/paid in the period. A loss of £0.2 million (2023: £0.6 million) in respect of the ineffective portion of the fair value movement has been recognised within non-underlying[1] items in the income statement. An amount representing the cash paid of £1.2 million (2023: £1.4 million) has subsequently been transferred from non-underlying[1] items to underlying[1] finance costs to ensure that underlying[1] finance costs reflect the resulting fixed rate paid on the associated debt. As such there is an overall gain of £1.0 million (2023: £0.8 million) recognised within non-underlying[1] items in the income statement based on its materiality and nature. In addition, £8.0 million (2023: £9.3 million) of the balance remaining in the hedging reserve in respect of discontinued cash flow hedges has been reclassified as a charge to the income statement within non-underlying[1] items based on its materiality and nature.

For interest rate swaps which were not designated as part of a hedging relationship a loss of £18.2 million (2023: £9.5 million) in respect of the fair value movement has been recognised within non-underlying[1] items in the income statement. An amount representing the cash received of £7.0 million (2023: £3.6 million) has subsequently been transferred from non-underlying[1] items to underlying[1] finance costs to ensure that underlying[1] finance costs reflect the resulting fixed rate paid on the associated debt. As such there is an overall loss of £25.2 million (2023: £13.1 million) recognised within non-underlying[1] items in the income statement based on its materiality and nature, which is equal to the change in the carrying value of the interest rate swaps in the period or up to the date of termination/disposal.

Non-underlying[1] loss from associates

The Group's associate, Carlsberg Marston's Limited, recognised an impairment (of which the Group's share was £14.0 million) during the current period in relation to some of the ale brands that it holds. The ale category has been severely impacted by the COVID-19 pandemic, secular trends, and the cost-of-living crisis, resulting in long-term expectations specifically for the ale brands being updated. The brand impairment of £14.0 million is material in the context of both the Group's total results and the underlying[1] income from associates of £0.5 million. The resulting brand impairment has been recorded within non-underlying[1] items in the income statement based on its materiality, nature and expected infrequency.

Carlsberg Marston's Limited also recognised an onerous contract provision (of which the Group's share was £2.6 million) during the current period in relation to a specific porterage contract that it holds. The significant cost inflation experienced from the cost-of-living crisis, alongside the increases in distribution costs over and above what was reasonably anticipated has led to an acute and short-term (rather than business-as-usual) environment of cost inflation which has required an onerous provision to be recorded for this specific contract. The onerous contract provision of £2.6 million is material in the context of the underlying[1] income from associates of £0.5 million. The resulting onerous contract provision has been recorded within non-underlying[1] items in the income statement based on its materiality, nature and expected infrequency.

Impairment of associate and loss on disposal of associate

On 31 July 2024, Marston's PLC completed the sale of its remaining non-core brewing assets, being its 40% interest in Carlsberg Marston's Limited ("CMBC"), to a subsidiary of Carlsberg A/S for £206.0 million in cash, to create a business entirely focused on pubs.

An impairment assessment over the carrying value of the Group's investment in CMBC was performed immediately prior to disposal on 31 July 2024. The result of the impairment assessment was an impairment to the carrying value of the Group's investment in CMBC of £8.0 million (note 12). The remaining difference between the newly impaired carrying value of the investment and the net disposal proceeds represents a loss on disposal of £11.9 million (note 12).

These costs have been recorded within non-underlying[1] items in the income statement based on their materiality, nature and expected infrequency.

Impact of taxation

The current tax credit relating to the above non-underlying[1] items amounts to £0.1 million (2023: £nil). The deferred tax credit relating to the above non-underlying[1] items amounts to £12.0 million (2023: £14.9 million).

NOTES continued

For the 52 weeks ended 28 September 2024

5 EMPLOYEES

Employee costs	2024 £m	2023 £m
Wages and salaries	**185.8**	188.0
Social security costs	**14.6**	15.6
Pension costs	**6.4**	7.1
Share-based payments	**2.0**	0.4
Termination benefits	**0.8**	2.0
Employee costs for continuing operations	**209.6**	213.1

A non-underlying[1] charge of £0.8 million (2023: £2.5 million) is included in employee costs in the current period.

Average monthly number of employees	2024 Number	2023 Number
Bar staff	**9,228**	10,965
Management, administration and production	**1,134**	1,327

Key management personnel compensation	2024 £m	2023 £m
Short-term employee benefits	**2.3**	1.7
Share-based payments	**0.6**	0.1
Termination benefits	**0.2**	–
	3.1	1.8

Key management personnel have been defined as the Board of Marston's PLC, including the Executive Directors. Members of the Board are set out on pages 46 and 47 of the Annual Report and Accounts 2024. Details of remuneration for Directors, including the highest paid Director, are presented in the Annual Report on Remuneration on pages 68 to 76.

6 FINANCE COSTS AND INCOME

Finance costs	2024 £m	2023 £m
Bank borrowings	**25.4**	23.8
Securitised debt	**35.3**	32.4
Lease liabilities	**19.2**	19.3
Other lease related borrowings	**22.9**	22.3
Other interest payable and similar charges	**3.7**	2.6
Total finance costs	**106.5**	100.4
Finance income		
Finance lease and other interest receivable	**(1.4)**	(1.2)
Total finance income	**(1.4)**	(1.2)
Interest rate swap movements		
Hedge ineffectiveness on cash flow hedges (net of cash paid)	**(1.0)**	(0.8)
Change in carrying value of interest rate swaps	**25.2**	13.1
Transfer of hedging reserve balance in respect of discontinued hedges	**8.0**	9.3
	32.2	21.6
Net finance costs for continuing operations	**137.3**	120.8

7 TAXATION

Income statement	2024 £m	2023 £m
Current tax		
Current period	**4.6**	0.1
Adjustments in respect of prior periods	**–**	(0.3)
Credit in respect of tax on non-underlying[1] items	**(0.1)**	–
	4.5	(0.2)
Deferred tax		
Current period	**5.2**	5.5
Adjustments in respect of prior periods	**(0.8)**	(1.8)
Credit in respect of tax on non-underlying[1] items	**(12.0)**	(14.9)
	(7.6)	(11.2)
Taxation credit reported in the income statement from continuing operations	**(3.1)**	(11.4)

NOTES continued

For the 52 weeks ended 28 September 2024

7 TAXATION CONTINUED

Statement of comprehensive income	2024 £m	2023 £m
Remeasurement of retirement benefits	**(1.7)**	(2.3)
Impairment and revaluation of properties	**9.8**	2.5
Hedging reserve movements	**1.2**	2.1
Taxation charge reported in the statement of comprehensive income	**9.3**	2.3

A taxation credit in relation to tax on share-based payments of £0.1 million (2023: £nil) has been recognised directly in equity.

The actual tax rate for the period is lower (2023: higher) than the standard rate of corporation tax of 25% (2023: 22%). The differences are explained below:

Tax reconciliation	2024 £m	2023 (Restated) £m
Profit/(loss) before tax from continuing operations	**14.4**	(30.6)
Profit/(loss) before tax multiplied by the corporation tax rate of 25% (2023: 22%)	**3.6**	(6.8)
Effect of:		
Adjustments in respect of prior periods	**(0.8)**	(2.1)
Change in deferred tax asset not recognised	**(5.4)**	1.0
Net deferred tax charge/(credit) in respect of land and buildings	**0.2**	(1.2)
Costs not deductible for tax purposes	**0.1**	0.1
Other amounts on which tax relief is available	**(0.8)**	(1.2)
Difference between deferred and current tax rates	**–**	(1.2)
Taxation credit for continuing operations	**(3.1)**	(11.4)

The March 2021 Budget announced that the main rate of corporation tax would change from 19% to 25% with effect from 1 April 2023. This change was substantively enacted on 24 May 2021. As such the Group's results for the current period have been taxed at a rate of 25% and the results for the prior period were taxed at a rate of 22%. This has increased the Group's current tax charge accordingly. The deferred tax assets and liabilities at 28 September 2024 have been calculated at 25% (2023: 25%).

In December 2021, the Organisation for Economic Co-operation and Development (OECD) published the Pillar Two model rules to introduce a minimum global effective tax rate of 15%, under their Inclusive Framework on Base Erosion and Profit Shifting (BEPS).

UK legislation adopting the Pillar Two rules was substantively enacted on 20 June 2023 and will apply to the Group for the 52 weeks ended 27 September 2025 onwards. Therefore, there is no impact on income taxes for the 52 weeks ended 28 September 2024.

The Group continues to monitor and assess the impact of the new rules and prepare for compliance for the 52 weeks ended 27 September 2025 onwards. Based on the analysis derived from data in respect of current and prior periods, the Group's potential exposure to Pillar Two taxes is not expected to be material.

The Group has applied the temporary exception under IAS 12 'Income Taxes' in relation to the accounting for deferred taxes arising from the implementation of the Pillar Two rules.

8 DISCONTINUED OPERATIONS

On 8 July 2024, the Group announced the sale of its remaining non-core brewing assets, with a binding agreement to sell the whole of its 40% interest in Carlsberg Marston's Limited to a subsidiary of Carlsberg A/S for £206.0 million in cash. The transaction subsequently completed on 31 July 2024.

The Directors considered that Carlsberg Marston's Limited constituted a separate major line of business that had been disposed of and as a result met the criteria to be classified as a discontinued operation.

The interest in Carlsberg Marston's Limited was not previously classified as held for sale or within discontinued operations. As such the income statement for the 52 weeks ended 30 September 2023 has been restated to show discontinued operations separately from continuing operations.

NOTES continued

For the 52 weeks ended 28 September 2024

8 DISCONTINUED OPERATIONS CONTINUED

Results of discontinued operations

	2024			2023		
	Underlying[1] £m	Non-underlying[1] (note 4) £m	Total £m	Underlying[1] £m	Non-underlying[1] (note 4) £m	Total £m
Revenue	–	–	–	–	–	–
Net operating expenses	–	–	–	–	–	–
Income/(loss) from associates	0.5	(16.6)	(16.1)	9.9	–	9.9
Operating profit/(loss)	0.5	(16.6)	(16.1)	9.9	–	9.9
Net finance costs	–	–	–	–	–	–
Profit/(loss) before taxation	0.5	(16.6)	(16.1)	9.9	–	9.9
Taxation	–	–	–	–	–	–
Profit/(loss) for the period attributable to equity shareholders	0.5	(16.6)	(16.1)	9.9	–	9.9
Impairment of investment in associates	–	(8.0)	(8.0)	–	–	–
Loss on disposal of associates	–	(11.9)	(11.9)	–	–	–
Profit/(loss) from discontinued operations	0.5	(36.5)	(36.0)	9.9	–	9.9

Non-underlying[1] operating items in the current period relate to an impairment in relation to some of the ale brands and an onerous contract provision in relation to a specific porterage contract held by Carlsberg Marston's Limited. A loss on disposal of £11.9 million arose on the disposal of Carlsberg Marston's Limited, being the difference between the net disposal proceeds and the carrying amount of the investment in the associate of £214.5 million.

Cash flows from discontinued operations

	2024 £m	2023 £m
Net cash inflow from operating activities	13.8	21.6
Net cash inflow from investing activities	205.5	–
Net cash inflow from financing activities	–	–
Net increase in cash and cash equivalents	219.3	21.6

9 EARNINGS PER ORDINARY SHARE

Basic earnings/(loss) per share are calculated by dividing the profit/(loss) attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period, excluding treasury shares and those held on trust for employee share schemes (note 29).

For diluted earnings/(loss) per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. These represent share options granted to employees where the exercise price is less than the weighted average market price of the Company's shares during the period.

Underlying[1] earnings/(loss) per share figures are presented to exclude the effect of non-underlying[1] items. The Directors consider that the supplementary figures are a useful indicator of performance.

	2024		2023 (Restated)	
	Earnings £m	Per share amount p	Earnings £m	Per share amount p
Basic (loss)/earnings per share				
Total	(18.5)	(2.9)	(9.3)	(1.5)
Continuing	17.5	2.8	(19.2)	(3.0)
Discontinued	(36.0)	(5.7)	9.9	1.6
Diluted (loss)/earnings per share				
Total	(18.5)	(2.8)	(9.3)	(1.5)
Continuing	17.5	2.7	(19.2)	(3.0)
Discontinued	(36.0)	(5.5)	9.9	1.6
Underlying[1] earnings per share figures				
Basic underlying[1] earnings per share				
Total	33.6	5.3	32.0	5.1
Continuing	33.1	5.2	22.1	3.5
Discontinued	0.5	0.1	9.9	1.6
Diluted underlying[1] earnings per share				
Total	33.6	5.1	32.0	5.1
Continuing	33.1	5.0	22.1	3.5
Discontinued	0.5	0.1	9.9	1.6

NOTES continued

For the 52 weeks ended 28 September 2024

9 EARNINGS PER ORDINARY SHARE CONTINUED

	2024 m	2023 m
Basic weighted average number of shares	**633.5**	633.3
Dilutive potential ordinary shares	**23.0**	–
Diluted weighted average number of shares	**656.5**	633.3

In the prior period in accordance with IAS 33 'Earnings per Share' the potential ordinary shares were not dilutive as their inclusion would reduce the loss per share from continuing operations.

10 GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

Goodwill of £201.7 million was fully impaired in prior accounting periods and had a net book amount of £nil as at 28 September 2024 and 30 September 2023.

Other intangible assets

	Computer software £m
Cost	
At 1 October 2023	50.7
Additions	1.9
Net transfers to assets held for sale and disposals	(1.0)
At 28 September 2024	**51.6**
Amortisation	
At 1 October 2023	17.8
Charge for the period	5.3
Net transfers to assets held for sale and disposals	(0.8)
At 28 September 2024	**22.3**
Net book amount at 30 September 2023	32.9
Net book amount at 28 September 2024	**29.3**

	Computer software £m
Cost	
At 2 October 2022	50.1
Additions	3.5
Net transfers to assets held for sale and disposals	(2.9)
At 30 September 2023	**50.7**
Amortisation	
At 2 October 2022	15.0
Charge for the period	5.0
Net transfers to assets held for sale and disposals	(2.2)
At 30 September 2023	**17.8**
Net book amount at 1 October 2022	35.1
Net book amount at 30 September 2023	**32.9**

11 PROPERTY, PLANT AND EQUIPMENT

	Effective freehold land and buildings £m	Leasehold land and buildings £m	Fixtures, fittings, tools and equipment £m	Total £m
Cost or valuation				
At 1 October 2023	1,645.1	434.4	280.1	2,359.6
Additions	17.2	10.7	22.5	50.4
Disposals	(44.7)	(15.1)	(26.4)	(86.2)
Net transfers to assets held for sale	(1.2)	–	(0.1)	(1.3)
Revaluation	45.3	–	–	45.3
At 28 September 2024	**1,661.7**	**430.0**	**276.1**	**2,367.8**
Depreciation				
At 1 October 2023	–	147.6	147.2	294.8
Charge for the period	–	13.8	26.2	40.0
Disposals	–	(10.7)	(23.6)	(34.3)
Impairment	–	(1.7)	–	(1.7)
At 28 September 2024	**–**	**149.0**	**149.8**	**298.8**
Net book amount at 30 September 2023	1,645.1	286.8	132.9	2,064.8
Net book amount at 28 September 2024	**1,661.7**	**281.0**	**126.3**	**2,069.0**

NOTES continued

For the 52 weeks ended 28 September 2024

11 PROPERTY, PLANT AND EQUIPMENT CONTINUED

	Effective freehold land and buildings £m	Leasehold land and buildings £m	Fixtures, fittings, tools and equipment £m	Total £m
Cost or valuation				
At 2 October 2022	1,682.4	434.1	284.9	2,401.4
Additions	25.5	11.1	28.8	65.4
Disposals	(37.2)	(12.4)	(33.8)	(83.4)
Transfers between asset classes	(1.6)	1.6	–	–
Net transfers from assets held for sale	0.3	–	0.2	0.5
Revaluation	(24.3)	–	–	(24.3)
At 30 September 2023	**1,645.1**	**434.4**	**280.1**	**2,359.6**
Depreciation				
At 2 October 2022	–	140.7	149.7	290.4
Charge for the period	–	14.0	26.5	40.5
Disposals	–	(11.6)	(29.5)	(41.1)
Net transfers from assets held for sale	–	–	0.1	0.1
Impairment	–	4.5	0.4	4.9
At 30 September 2023	**–**	**147.6**	**147.2**	**294.8**
Net book amount at 1 October 2022	1,682.4	293.4	135.2	2,111.0
Net book amount at 30 September 2023	**1,645.1**	**286.8**	**132.9**	**2,064.8**

The net book amount of land and buildings is split as follows:

	2024 £m	2023 £m
Freehold land and buildings	**1,485.4**	1,477.2
Leasehold land and buildings with a term greater than 100 years at acquisition/commencement	**176.3**	167.9
Leasehold land and buildings with a term less than 100 years at acquisition/commencement	**281.0**	286.8
	1,942.7	1,931.9

If the effective freehold land and buildings had not been revalued, the historical cost net book amount would be £1,138.9 million (2023: £1,149.5 million).

Cost at 28 September 2024 includes £1.8 million (2023: £nil) of assets in the course of construction.

Interest costs of £nil (2023: £0.1 million) were capitalised in the period in respect of the financing of major projects. The capitalisation rate used in the prior period was 6%.

The net profit on disposal of property, plant and equipment, intangible assets and properties classified as held for sale was a loss of £3.3 million (2023: profit of £7.9 million).

Capital expenditure authorised and committed at the period end but not provided for in the financial statements was £1.0 million (2023: £1.0 million).

The net book amount of effective freehold land and buildings held as part of sale and leaseback arrangements that do not fall within the scope of IFRS 16 'Leases' was £267.7 million (2023: £251.8 million).

The disaggregation of land and buildings into assets leased to tenants under operating leases and those held and used by the Group is as follows:

	2024			2023		
Effective freehold land and buildings	**Leased to tenants £m**	**Used by the Group £m**	**Total £m**	Leased to tenants £m	Used by the Group £m	Total £m
Cost or valuation	**124.0**	**1,537.7**	**1,661.7**	173.8	1,471.3	1,645.1
Depreciation	**–**	**–**	**–**	–	–	–
Net book amount	**124.0**	**1,537.7**	**1,661.7**	173.8	1,471.3	1,645.1

	2024			2023		
Leasehold land and buildings	**Leased to tenants £m**	**Used by the Group £m**	**Total £m**	Leased to tenants £m	Used by the Group £m	Total £m
Cost	**19.7**	**410.3**	**430.0**	21.6	412.8	434.4
Depreciation	**(8.5)**	**(140.5)**	**(149.0)**	(8.3)	(139.3)	(147.6)
Net book amount	**11.2**	**269.8**	**281.0**	13.3	273.5	286.8

The services provided to the tenants are considered to be significant to the arrangement as a whole such that the properties do not qualify as investment properties under IAS 40 'Investment Property'.

NOTES continued

For the 52 weeks ended 28 September 2024

11 PROPERTY, PLANT AND EQUIPMENT CONTINUED

Revaluation/impairment

At 30 June 2024 independent chartered surveyors revalued the Group's effective freehold properties on an open market value basis. During the current and prior period various assets were also reviewed for impairment and/or material changes in value. These valuation adjustments were recognised in the revaluation reserve or the income statement as appropriate.

	2024 £m	2023 £m
Income statement:		
Impairment	**(37.4)**	(70.9)
Reversal of past impairment	**43.4**	40.0
	6.0	(30.9)
Revaluation reserve:		
Unrealised revaluation surplus	**80.8**	95.6
Reversal of past revaluation surplus	**(39.8)**	(93.9)
	41.0	1.7
Net increase/(decrease) in shareholders' equity/property, plant and equipment	**47.0**	(29.2)

Fair value of effective freehold land and buildings

IFRS 13 'Fair Value Measurement' requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the measurements, according to the following levels:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – inputs for the asset or liability that are not based on observable market data.

The tables below show the level in the fair value hierarchy into which the fair value measurements of effective freehold land and buildings have been categorised:

	2024			
Recurring fair value measurements	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**
Effective freehold land and buildings	**–**	**–**	**1,661.7**	**1,661.7**

	2023			
Recurring fair value measurements	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Effective freehold land and buildings	–	–	1,645.1	1,645.1

There are two inputs to the fair value measurement of the public house assets, being the fair maintainable trade (an unobservable Level 3 input) and the multiple applied (an indirectly observable Level 2 input). It is considered that the unobservable Level 3 input for the fair maintainable trade is a significant input to the valuation and as such Level 3 is considered to be the most appropriate categorisation for these fair value measurements. There were no transfers between categories during the current or prior period.

The number of effective freehold properties that have been valued within each fair maintainable trade (FMT) band of income is as follows:

	Valuation multiple applied to FMT					
28 September 2024	**≤ 8**	**8-9**	**9-10**	**10-11**	**> 11**	**Total**
Number of pubs in each FMT band of income:						
≤ £100k p.a.	18	96	240	24	5	**383**
£100k – £200k p.a.	8	113	237	58	2	**418**
≥ £200k p.a.	–	27	160	119	1	**307**
	26	236	637	201	8	**1,108**

	Valuation multiple applied to FMT					
30 September 2023	**≤ 8**	**8-9**	**9-10**	**10-11**	**> 11**	**Total**
Number of pubs in each FMT band of income:						
≤ £100k p.a.	12	92	302	44	13	**463**
£100k – £200k p.a.	5	55	279	93	2	**434**
≥ £200k p.a.	–	15	132	123	6	**276**
	17	162	713	260	21	**1,173**

NOTES continued

For the 52 weeks ended 28 September 2024

11 PROPERTY, PLANT AND EQUIPMENT CONTINUED

A reasonably possible increase of 10% in the multiple would increase the fair value by £174.4 million and a reasonably possible decrease of 10% in the multiple would decrease the fair value by £174.4 million. A reasonably possible increase of 4% in the fair maintainable trade would increase the fair value by £69.8 million and a reasonably possible decrease of 4% in the fair maintainable trade would decrease the fair value by £69.8 million. These are based on the top ends of observable multiples achieved in the market and historic movements in the average fair maintainable trade.

The Group's effective freehold land and buildings are revalued by external independent qualified valuers on an annual basis using open market values so that the carrying value of an asset does not differ significantly from its fair value at the balance sheet date. The annual valuations are determined via third party inspection of approximately a third of the sites, and a desktop valuation of the remaining two-thirds of the sites, such that all sites are individually inspected every three years. The last external valuation of the Group's effective freehold land and buildings was performed as at 30 June 2024. The Group has an internal team of qualified valuers and at each reporting date the estate is reviewed for any indication of significant changes in value. Where this is the case internal valuations are performed on a basis consistent with those performed externally. The Group has concluded that the valuation as at 30 June 2024 does not differ materially from that which would have been determined using fair value as at 28 September 2024.

Level 3 recurring fair value measurements	2024 £m	2023 £m
At beginning of the period	**1,645.1**	1,682.4
Additions	**17.2**	25.5
Transfers	**–**	(1.6)
Disposals	**(44.7)**	(37.2)
Net transfers (to)/from assets held for sale	**(1.2)**	0.3
Revaluation gains and losses recognised in profit or loss	**4.3**	(26.0)
Revaluation gains and losses recognised in other comprehensive income	**41.0**	1.7
At end of the period	**1,661.7**	1,645.1

Revaluation gains and losses recognised in profit or loss in respect of Level 3 recurring fair value measurements are included within net operating expenses in the income statement and comprise net unrealised gains of £5.7 million (2023: losses of £24.8 million) and net realised losses of £1.4 million (2023: £1.2 million).

Impairment testing of leasehold properties

Leasehold properties, comprising leasehold land and buildings and associated fixtures, fittings, tools and equipment and computer software, are held under the cost model. These properties were reviewed for impairment in the current and prior period by comparing the recoverable amount of each property to the carrying amount of the assets. Recoverable amount is the higher of value in use and fair value less costs to sell. The key assumptions used in the value in use calculations were the future trading cash flows of the properties, a pre-tax discount rate of 12.2% (2023: 12.2%) and a long-term growth rate of 2.0% (2023: 1.8%). No adjustment has been made in the current period for any potential climate change related impact as the future potential additional cash inflows and outflows are not deemed to be a key assumption in the value in use calculations.

Changes in these key assumptions could impact the impairment charge/reversal recognised for these assets. The future trading cash flows used in the value in use calculations are property level EBITDA less maintenance expenditure forecasts. If the forecast cash flows were to decline by 4% then there would be a £0.6 million decrease in the net impairment reversal recognised. If the pre-tax discount rate were to increase by 0.5% it would decrease the net impairment reversal by £0.4 million. If the long-term growth rate were to decrease by 0.5% it would decrease the net impairment reversal by £0.6 million.

Market capitalisation

Uncertainty during recent financial periods, including COVID-19 and the cost-of-living crisis, has negatively impacted the Company's share price. This share price suppression has resulted in a gap between the Group's market capitalisation and asset values. The Group has performed an assessment to bridge the gap between the Group's market capitalisation and asset values and therefore to determine whether further impairment considerations are required in relation to the Group's material assets, property, plant and equipment. An enterprise value has been calculated to support the asset value of the Group. Additionally, a value in use was calculated which was based on a pre-tax discount rate of 10.7% (2023: 9.7%), cash flow projections from the Group's base case going concern forecast in the short-term, and a long-term growth rate of 2.0% (2023: 1.8%). No adjustment has been made in the current period for any potential climate change related impact as the future potential additional cash inflows and outflows are not deemed to be a key assumption in the value in use calculations. The recoverable amount adopted in this assessment was the higher of the enterprise value and the value in use of the Group. This assessment indicated that there was sufficient headroom between the asset values and the recoverable amount of the Group. No reasonably possible change in the assumptions used in this assessment would have resulted in a change to the Group's asset values. Sensitivities in the values of the Group's property, plant and equipment are disclosed above.

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For the 52 weeks ended 28 September 2024

12 INTERESTS IN ASSOCIATES

On 8 July 2024, the Group announced the sale of its remaining non-core brewing assets, with a binding agreement to sell the whole of its 40% interest in Carlsberg Marston's Limited to a subsidiary of Carlsberg A/S for £206.0 million in cash. The transaction subsequently completed on 31 July 2024. Carlsberg Marston's Limited remains the sole supplier of drinks to the Group. The principal place of business of Carlsberg Marston's Limited is the UK.

The tables below summarise the financial information of Carlsberg Marston's Limited as included in its own financial statements for the period from 1 October 2023 to 31 July 2024, adjusting for differences in accounting policies. The comparison is for the period from 1 October 2022 to 30 September 2023.

	2024 £m	2023 £m
Non-current assets	**287.9**	290.4
Current assets	**359.7**	263.8
Current liabilities	**(461.6)**	(334.4)
Non-current liabilities	**(137.7)**	(100.7)
Net assets	**48.3**	119.1
Group's share of net assets (40%)	**19.3**	47.6
Goodwill	**203.9**	203.9
Elimination of unrealised profit on upstream sales	**(0.7)**	(0.6)
Carrying amount of interest in associates as at 31 July 2024	**222.5**	250.9

	2024 £m	2023 £m
Revenue	**790.6**	877.2
(Loss)/profit from continuing operations	**(39.9)**	24.7
Other comprehensive (expense)/income	**(0.3)**	1.9
Total comprehensive (expense)/income	**(40.2)**	26.6
Group's share of (loss)/profit from continuing operations (40%)	**(16.0)**	9.9
Elimination of unrealised profits on upstream sales	**(0.1)**	–
(Loss)/income from associates recognised in the income statement	**(16.1)**	9.9
Group's share of other comprehensive (expense)/income (40%)	**(0.1)**	0.8
Group's share of total comprehensive (expense)/income	**(16.2)**	10.7

A reconciliation of the movement in the carrying amount of the interest in associates is as follows:

	£m
Carrying amount of interest in associates as at 1 October 2023	250.9
Loss from associates	(16.1)
Other comprehensive expense of associates	(0.1)
Changes in equity of associates	1.6
Dividends from associates	(13.8)
Carrying amount of interest in associates as at 31 July 2024 before impairment	222.5
Impairment of associates	8.0
Carrying amount of interest in associates as at 31 July 2024 prior to disposal	**214.5**

	£m
Carrying amount of interest in associates as at 2 October 2022	260.3
Income from associates	9.9
Other comprehensive income of associates	0.8
Changes in equity of associates	1.5
Dividends from associates	(21.6)
Carrying amount of interest in associates as at 30 September 2023	**250.9**

Impairment indicators in respect of the carrying value of the investment immediately prior to disposal were identified, which included the net disposal proceeds being less than the carrying value of the investment. Other circumstances considered that were key to the impairment assessment included:

- A further decline to cask ale volume projections from those considered in the impairment recognised in the results for the 26 weeks ended 30 March 2024.
- The long-term exclusive licensed production and distribution agreement between Mahou San Miguel and Carlsberg Marston's Limited will end on 31 December 2024 (announced 2 July 2024).
- Carlsberg Marston's Limited's planned rationalisation of the UK brewery network resulting in the announcement of the closure of the Banks's brewery.

NOTES continued

For the 52 weeks ended 28 September 2024

12 INTERESTS IN ASSOCIATES CONTINUED

The Group has recognised an impairment to the carrying value of the investment immediately prior to disposal of £8.0 million. The amount of the impairment in this case is a judgemental matter due to the circumstances at hand, including inherent uncertainty over the future cash flows of Carlsberg Marston's Limited. The impairment has been disclosed as a key source of estimation uncertainty.

The remaining difference between the newly impaired carrying value of the investment and the net disposal proceeds represents a loss on disposal of £11.9 million.

Details of related party transactions with Carlsberg Marston's Limited are as follows:

	Transaction amount		Balance outstanding	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Purchase of goods	**(146.2)**	(181.5)	**–**	(29.4)
Dividends from associate	**13.8**	21.6	**–**	–
Receipt of cash on behalf of associate	**–**	(1.6)	**–**	–

All outstanding balances were to be settled within six months and were unsecured. Carlsberg Marston's Limited ceased to be a related party of the Group on 31 July 2024.

13 OTHER NON-CURRENT ASSETS

	2024 £m	2023 £m
Finance lease receivables	**14.4**	15.0

Further detail regarding the impairment of finance lease receivables is provided in note 25.

14 DEFERRED TAX

Deferred tax is calculated on temporary differences between tax bases of assets and liabilities and their carrying amounts under the liability method using a tax rate of 25% (2023: 25%). The movement on the deferred tax accounts is shown below:

Net deferred tax liability/(asset)	**2024 £m**	2023 £m
At beginning of the period	**(0.9)**	8.0
Credited to the income statement – continuing operations	**(7.6)**	(11.2)
Charged/(credited) to equity:		
Impairment and revaluation of properties	**9.8**	2.5
Hedging reserve	**1.2**	2.1
Retirement benefits	**–**	(2.3)
Share-based payments	**(0.1)**	–
At end of the period	**2.4**	(0.9)

Recognised in the balance sheet	**2024 £m**	2023 £m
Deferred tax liabilities (after offsetting)	**2.4**	–
Deferred tax assets (after offsetting)	**–**	(0.9)
	2.4	(0.9)

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12 'Income Taxes') during the period are shown below. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

Deferred tax liabilities	**Pensions £m**	**Accelerated capital allowances £m**	**Revaluation of properties £m**	**Rolled over capital gains £m**	**IFRS 16 £m**	**Total £m**
At 1 October 2023 (restated)	3.2	48.9	55.6	4.4	61.3	173.4
Charged/(credited) to the income statement	0.1	2.8	0.4	(1.2)	(1.4)	0.7
Charged/(credited) to equity	–	–	10.0	–	(0.2)	9.8
At 28 September 2024	**3.3**	**51.7**	**66.0**	**3.2**	**59.7**	**183.9**

NOTES continued

For the 52 weeks ended 28 September 2024

14 DEFERRED TAX CONTINUED

Deferred tax assets	Tax losses £m	Interest rate swaps £m	Other £m	IFRS 16 £m	Total £m
At 1 October 2023 (restated)	(62.3)	(7.4)	(30.0)	(74.6)	(174.3)
Charged/(credited) to the income statement	0.3	(8.1)	(1.7)	1.2	(8.3)
Charged/(credited) to equity	–	1.2	(0.1)	–	1.1
At 28 September 2024	**(62.0)**	**(14.3)**	**(31.8)**	**(73.4)**	**(181.5)**

Net deferred tax liability/(asset)	
At 30 September 2023	(0.9)
At 28 September 2024	**2.4**

The Group previously accounted for deferred tax on lease liabilities under the net approach. As a result of the adoption of the amendments to IAS 12, the comparative information for the 52 weeks ended 30 September 2023 has been restated to reflect the separation of the opening deferred tax liability of £63.6 million and opening deferred tax asset of £76.2 million, and closing deferred tax liability of £61.3 million and closing deferred tax asset of £74.6 million, in relation to the accounting for deferred tax on right-of-use assets and the associated lease liabilities. There was no material impact on the opening position of the comparative information as the offsetting criteria of IAS 12 has been met, allowing for the deferred tax asset and deferred tax liability to be presented net within the Group's balance sheet.

Deferred tax liabilities	Pensions £m	Accelerated capital allowances £m	Revaluation of properties £m	Rolled over capital gains £m	IFRS 16 (restated) £m	Total (restated) £m
At 2 October 2022	3.8	45.7	55.9	4.6	63.6	173.6
Charged/(credited) to the income statement	–	3.2	(2.8)	(0.2)	(2.3)	(2.1)
(Credited)/charged to equity	(0.6)	–	2.5	–	–	1.9
At 30 September 2023	**3.2**	**48.9**	**55.6**	**4.4**	**61.3**	**173.4**

Deferred tax assets	Tax losses £m	Interest rate swaps £m	Other (restated) £m	IFRS 16 (restated) £m	Total (restated) £m
At 2 October 2022	(57.4)	(3.9)	(28.1)	(76.2)	(165.6)
(Credited)/charged to the income statement	(3.2)	(5.6)	(1.9)	1.6	(9.1)
(Credited)/charged to equity	(1.7)	2.1	–	–	0.4
At 30 September 2023	**(62.3)**	**(7.4)**	**(30.0)**	**(74.6)**	**(174.3)**

Net deferred tax (asset)/liability	
At 1 October 2022	8.0
At 30 September 2023	**(0.9)**

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences where it is probable that these assets will be recovered.

The net deferred tax asset in respect of trading losses which has been recognised, based on the utilisation against future taxable profits, is £32.9 million (2023: £31.6 million).

Determining the recoverability of the deferred tax asset in respect of trading items requires judgements to be made about the future profitability of the Group. The Group generated significant tax losses in prior periods due to the impact of COVID-19 on its business operations, including enforced pub closures and restrictions on trading. The base case forecast from the going concern assessment set out in note 1 was used to forecast future taxable profits and allowing for a range of reasonably possible outcomes it is estimated that the deferred tax asset in respect of trading items will be recovered within a period of five years. As such it has been recognised in full.

A deferred tax asset has not been recognised in respect of deductible temporary differences relating to capital losses of £20.2 million (2023: £42.9 million) due to uncertainty over its future recoverability.

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For the 52 weeks ended 28 September 2024

15 RETIREMENT BENEFITS

During the period the Group contributed to a funded defined benefit pension plan and a number of defined contribution pension plans. These plans are considered to be related parties of the Group.

Defined contribution plans

Pension costs for defined contribution plans are as follows:

	2024 £m	2023 £m
Defined contribution plans	**6.4**	6.6

Defined benefit plan

The Marston's PLC Pension and Life Assurance Scheme is a final salary pension plan which provides benefits to members in the form of a guaranteed level of pension payable for life. The plan closed to future accrual on 30 September 2014 and the link to future salary increases was also removed.

The plan operates under the UK regulatory framework and is governed by a board of Trustees composed of plan participants and representatives of the Group. The Trustees make investment decisions and set the required contribution rates based on independent actuarial advice.

The key risks to which the plan exposes the Group are as follows:

Volatility of plan assets

Assets held by the plan are invested in a diversified portfolio of equities, bonds and other assets. Volatility in asset values will lead to movements in the net defined benefit asset/liability reported in the balance sheet as well as movements in the net interest on the net defined benefit asset/liability reported in the income statement.

Changes in bond yields

Corporate bond yields are used to determine the plan's defined benefit obligation. Lower yields will lead to an increased defined benefit obligation. Increases in the defined benefit obligation will be partly offset by an increase in the value of government and corporate bonds held by the plan.

Inflation risk

A large proportion of the plan's obligations are linked to inflation. Higher inflation will lead to an increased defined benefit obligation. Increases in the defined benefit obligation will be partly offset by an increase in inflation-linked assets held by the plan.

Changes in life expectancy

An increase in the life expectancy of members will result in benefits being paid out for longer, leading to an increase in the defined benefit obligation.

The movements in the fair value of plan assets and the present value of the defined benefit obligation during the period were:

	Fair value of plan assets		Present value of defined benefit obligation		Net surplus	
	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m
At beginning of the period	**344.7**	374.6	**(331.8)**	(359.5)	**12.9**	15.1
Past service cost	**–**	–	**–**	(0.5)	**–**	(0.5)
Interest income/(expense)	**19.0**	19.1	**(18.1)**	(18.2)	**0.9**	0.9
Remeasurements:						
Return on plan assets (excluding interest income)	**12.0**	(33.4)	**–**	–	**12.0**	(33.4)
Effect of changes in financial assumptions	**–**	–	**(20.3)**	23.0	**(20.3)**	23.0
Effect of changes in demographic assumptions	**–**	–	**1.0**	6.6	**1.0**	6.6
Effect of experience adjustments	**–**	–	**0.5**	(5.4)	**0.5**	(5.4)
Cash flows:						
Employer contributions	**7.5**	8.1	**–**	–	**7.5**	8.1
Administrative expenses paid from plan assets	**(1.4)**	(1.5)	**–**	–	**(1.4)**	(1.5)
Benefits paid	**(19.6)**	(22.2)	**19.6**	22.2	**–**	–
At end of the period	**362.2**	344.7	**(349.1)**	(331.8)	**13.1**	12.9

Pension costs recognised in the income statement

A charge of £nil (2023: £0.5 million) comprising the past service cost is included within employee costs, a credit of £0.9 million (2023: £0.9 million) comprising the net interest on the net defined benefit asset/liability is included within finance costs and a charge of £1.4 million (2023: £1.5 million) comprising the administrative expenses paid from plan assets is included within finance costs.

A one-off, and discretionary, increase to pensions in payment for members of the Marston's PLC Pension and Life Assurance Scheme arose in the prior period. The resulting additional past service cost of £nil (2023: £0.5 million) was classified as a non-underlying[1] item (note 4).

NOTES continued

For the 52 weeks ended 28 September 2024

15 RETIREMENT BENEFITS CONTINUED

Recognition of net defined benefit asset

The Group has the ability to recognise a pension surplus from the defined benefit pension plan (measured under IAS 19 'Employee Benefits') in the current period as the Scheme Rules provide the Group with an unconditional right to a refund of a surplus once the last benefit has been paid to the last scheme member.

It is considered that contributions payable under a minimum funding requirement would be available as a refund. As such where the fair value of plan assets exceeds the present value of the defined benefit obligation, the Group recognises an asset at the fair value of plan assets less the present value of the defined benefit obligation.

Pension costs are assessed in accordance with the advice of independent, professionally qualified actuaries. An updated actuarial valuation of the plan was performed by Mercer as at 28 September 2024 for the purposes of IAS 19. The principal assumptions made by the actuaries were:

	2024	2023
Discount rate	**5.0%**	5.6%
Rate of increase in pensions – 5% LPI	**2.9%**	3.0%
Rate of increase in pensions – 2.5% LPI	**2.0%**	2.0%
Inflation assumption (RPI)	**3.1%**	3.2%
Inflation assumption (CPI)	**2.5%**	2.5%
Employed deferred revaluation	**2.5%**	2.5%
Life expectancy for deferred members from age 65 (years)		
Male	**22.4**	22.4
Female	**25.0**	25.0
Life expectancy for current non-insured pensioners from age 65 (years)		
Male	**20.4**	20.4
Female	**23.1**	23.0
Life expectancy for current insured pensioners from age 65 (years)		
Male	**21.3**	21.3
Female	**23.5**	23.4

The Marston's PLC Pension and Life Assurance Scheme uses Liability Driven Investment strategies (LDIs) which use a combination of gilts, cash and derivatives to hedge long-term interest and inflation risks.

The sensitivity of the defined benefit obligation to changes in the principal actuarial assumptions is:

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease obligation by 5.2%	Increase obligation by 5.7%
Inflation assumption	0.25%	Increase obligation by 1.2%	Decrease obligation by 1.2%
Life expectancy	1 year	Increase obligation by 3.3%	Decrease obligation by 3.3%

The above sensitivity analyses have been determined by changing one assumption while holding all other assumptions constant. The calculations are approximate in nature and full detailed calculations could lead to a different result. In practice, interrelationships exist between the assumptions, particularly between the discount rate and price inflation. The stand-alone sensitivity analyses noted above do not consider the effect of these interrelationships. Any movements in obligations arising from assumption changes are likely to be accompanied by movements in asset values, and so the impact on the net defined benefit asset/liability may be different to the impact on the obligation calculated by the sensitivity analyses.

When calculating the above sensitivities the same method has been applied as when calculating the net defined benefit asset/liability in the balance sheet i.e., the present value of the defined benefit obligation calculated using the Projected Unit Credit Method.

Plan assets	2024 £m	2023 £m
Equities	**–**	3.4
Bonds/Gilts	**149.7**	125.5
Cash/Pooled investments	**52.4**	56.1
Buy-in policies (matching annuities)	**160.1**	159.7
	362.2	344.7

The Group's balance sheet date of 28 September 2024 is a Saturday and, accordingly, the fair values of plan assets have been calculated as at 27 September 2024. There were no significant transactions between the respective reporting dates.

The plan holds £175.7 million (2023: £148.6 million) of quoted assets in the nature of equities, bonds, gilts and pooled investments which are traded in active markets with BlackRock, Insight and Ruffer. The plan also holds £26.4 million (2023: £31.0 million) of unquoted assets in the nature of bonds, gilts and pooled investments with M&G and Ruffer which are valued using inputs that reflect the assumptions that market participants would use in pricing the asset based on market data from independent sources.

NOTES continued

For the 52 weeks ended 28 September 2024

15 RETIREMENT BENEFITS CONTINUED

The plan includes qualifying insurance policies which are valued using the Group's own assessment of the assumptions market participants would use in pricing the asset, based on the best information available. None of the insurance providers are related parties of the Group. The proceeds of the policies can only be used to pay or fund employee benefits of the Scheme, are not available to the Group's creditors and cannot be paid to the Group.

The Scheme assets do not include any property, plant or equipment occupied by, or used by, the Group.

The actual return on plan assets was a gain of £31.0 million (2023: loss of £14.3 million). A proportion of the defined benefit obligation has been secured by buy-in policies and as such this proportion of liabilities is matched by annuities. The Trustees of the plan hold a range of assets and are aiming to better align the cash flows from these to those of the plan. They are also working with the Group to de-risk their portfolio further.

In the prior period following further improvement in the funding position of the plan, and further rises in long-term gilt yields, the Trustees took the decision to fully disinvest from the remaining direct equity allocation and increase the level of interest rate and inflation hedging. This transition took place at the end of August 2023.

A schedule of contributions was agreed as part of the 30 September 2023 triennial valuation and contributions of £0.5 million per month were payable until 30 September 2024 when the plan's funding deficit was expected to be eliminated. Contributions are also payable in respect of the plan's expenses. The next triennial valuation will be performed as at 30 September 2026.

The employer contributions expected to be paid during the financial period ending 27 September 2025 amount to £1.7 million.

The weighted average duration of the defined benefit obligation is 11 years (2023: 11 years).

The Group is aware that the Court of Appeal has recently upheld the decision in the Virgin Media vs NTL Pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgment means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained. Until further investigations have been completed by the Trustees and/or any legislative action taken by the government, the potential impact if any, on the valuation of the plan's defined benefit obligation remains unknown.

Post-retirement medical benefits

A loss of £0.1 million (2023: £nil) in respect of the remeasurement of post-retirement medical benefits has been included in the statement of comprehensive income.

16 DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate swaps	2024 £m	2023 £m
Non-current assets	**0.4**	2.7
Current assets	**–**	1.1
Non-current liabilities	**(59.4)**	(37.4)
	(59.0)	(33.6)

Details of the Group's interest rate swaps are provided in note 25.

17 INVENTORIES

	2024 £m	2023 £m
Raw materials and consumables	**4.1**	4.3
Finished goods	**10.3**	10.6
	14.4	14.9

18 TRADE AND OTHER RECEIVABLES

	2024 £m	2023 £m
Trade receivables	**12.2**	12.2
Prepayments and accrued income	**8.9**	9.3
Finance lease receivables	**1.5**	1.7
Other receivables	**3.3**	3.7
	25.9	26.9

Further detail regarding the impairment of trade receivables, finance lease receivables and other receivables is provided in note 25. All of the Group's trade receivables are denominated in pounds sterling.

At 28 September 2024 the value of collateral held in the form of cash deposits was £5.5 million (2023: £5.6 million).

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For the 52 weeks ended 28 September 2024

19 ASSETS HELD FOR SALE

	2024 £m	2023 £m
Properties	**1.3**	1.4

In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', properties categorised as held for sale have been written down to their fair value less costs to sell if this was below their carrying amount. This is a non-recurring fair value measurement falling within Level 2 of the fair value hierarchy. These Level 2 fair values have been obtained using a market approach and are derived from sales prices in recent transactions involving comparable properties.

During the current and prior period, all properties classified as held for sale were reviewed for impairment or reversal of past impairment. This review identified an impairment of £0.1 million (2023: £nil) which has been recognised in the income statement.

20 BORROWINGS

Current	2024 £m	2023 £m
Bank borrowings	**(2.5)**	(2.6)
Securitised debt	**43.5**	41.1
Lease liabilities	**17.7**	17.8
Other lease related borrowings	**(0.5)**	(0.4)
Other borrowings	**–**	10.0
	58.2	65.9

Non-current	2024 £m	2023 £m
Bank borrowings	**33.0**	228.2
Securitised debt	**516.7**	560.2
Lease liabilities	**356.0**	362.6
Other lease related borrowings	**338.9**	338.4
Other borrowings	**–**	40.0
Preference shares	**0.1**	0.1
	1,244.7	1,529.5

Bank borrowings are secured by a floating charge over certain of the Group's properties and other assets.

Other lease related borrowings represent amounts due under sale and leaseback arrangements that do not fall within the scope of IFRS 16 'Leases'. The Group has an option to repurchase each leased property for a nominal amount at the end of the lease. The leases have terms of 35 to 40 years and rents which are linked to RPI, subject to a cap and collar.

The Group has 75,000 (2023: 75,000) preference shares of £1 each in issue at the balance sheet date. The preference shares carry the right to a fixed cumulative preferential dividend at the rate of 6% per annum (they are also entitled to a non-cumulative dividend of 1% per annum provided that dividends of not less than £24,000 have been paid on the ordinary shares in that year). They participate in the event of a winding-up and on a return of capital and carry the right to attend and vote at general meetings of the Company, carrying four votes per share.

All of the Group's borrowings are denominated in pounds sterling. In respect of the Liquidity covenant associated with the Group's £40 million private placement borrowings for the fiscal month ending on or about 31 October 2022, there was a technical default in the prior period, for which waivers were secured. There were no instances of default, including covenant terms in the current period.

Maturity of borrowings

The maturity profile of the carrying amount of the Group's borrowings at the period end was as follows:

	2024			2023		
Due:	Gross borrowings £m	Unamortised issue costs £m	Net borrowings £m	Gross borrowings £m	Unamortised issue costs £m	Net borrowings £m
Within one year	**61.6**	**(3.4)**	**58.2**	69.3	(3.4)	65.9
In more than one year but less than two years	**92.2**	**(2.9)**	**89.3**	323.2	(1.6)	321.6
In more than two years but less than five years	**189.4**	**(2.6)**	**186.8**	180.8	(2.7)	178.1
In more than five years	**989.6**	**(21.0)**	**968.6**	1,051.7	(21.9)	1,029.8
	1,332.8	**(29.9)**	**1,302.9**	1,625.0	(29.6)	1,595.4

NOTES continued

For the 52 weeks ended 28 September 2024

20 BORROWINGS CONTINUED

Fair value of borrowings

The carrying amount and the fair value of the Group's borrowings are as follows:

	Carrying amount		Fair value	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Bank borrowings	**35.0**	229.0	**35.0**	229.0
Securitised debt	**562.3**	603.8	**502.9**	520.8
Lease liabilities	**373.7**	380.4	**373.7**	380.4
Other lease related borrowings	**361.7**	361.7	**361.7**	361.7
Other borrowings	**–**	50.0	**–**	50.0
Preference shares	**0.1**	0.1	**0.1**	0.1
	1,332.8	1,625.0	**1,273.4**	1,542.0

The fair value of the Group's securitised debt is based on quoted market prices and is within Level 1 of the fair value hierarchy. The fair values of all of the Group's other borrowings approximate to their carrying amounts and are within Level 2 of the fair value hierarchy.

During the current period the Group successfully secured an amendment and extension of its bank facility, which was due to expire in January 2025. The revised £340.0 million of funding comprised £300.0 million of bank facilities, maturing in July 2026, and an additional £40.0 million bank facility with a maturity of up to July 2026, drawings of which needed to be used to repay the existing £40.0 million private placement debt facility maturing in January 2025.

Following the sale of the Group's 40% interest in Carlsberg Marston's Limited for £206.0 million in cash, an additional amendment was made to the Group's bank facilities. The revised £340.0 million of funding was successfully reduced to £200.0 million comprising a £200.0 million bank facility only.

The Group's sources of funding also include a £5.0 million seasonal overdraft facility which extends to £20.0 million between the months of January and May and its securitised debt.

21 SECURITISED DEBT

On 9 August 2005 £805.0 million of secured loan notes were issued in connection with the securitisation of 1,592 of the Group's pubs held in Marston's Pubs Limited. On 22 November 2007, a further £330.0 million of secured loan notes (tranches A4 and AB1) were issued in connection with the securitisation of an additional 437 of the Group's pubs, also held in Marston's Pubs Limited. The loan notes are secured over the properties and their future income streams and were issued by Marston's Issuer PLC, a special purpose entity. On 15 January 2014 all of the AB1 notes were repurchased by the Group at par and immediately cancelled.

The carrying value of the securitised pubs at 28 September 2024 was £1,155.2 million (2023: £1,166.6 million).

The securitisation is governed by various covenants, warranties and events of default, many of which apply to Marston's Pubs Limited. These include covenants regarding the maintenance and disposal of securitised properties and restrictions on the ability to move cash to other companies within the Group.

The tranches of securitised debt have the following principal terms:

Tranche	**2024 £m**	2023 £m	Interest	Principal repayment period – by instalments	Expected average life	Expected maturity date
A2	**99.5**	129.2	Fixed/floating	2024 to 2027	3 years	2027
A3	**200.0**	200.0	Fixed/floating	2027 to 2032	8 years	2032
A4	**107.8**	119.6	Floating	2024 to 2031	7 years	2031
B	**155.0**	155.0	Fixed/floating	2032 to 2035	11 years	2035
	562.3	603.8				

The interest payable on each tranche is as follows:

Tranche	Before step up	After step up	Step up date
A2	5.1576%	SONIA + 0.1193% + 1.32%	July 2019
A3	5.1774%	SONIA + 0.1193% + 1.45%	April 2027
A4	3-month LIBOR + 0.65%	SONIA + 0.1193% + 1.625%	October 2012
B	5.6410%	SONIA + 0.1193% + 2.55%	July 2019

All floating rate notes are economically hedged in full by the Group using interest rate swaps whereby all interest payments are swapped to fixed interest payable.

At 28 September 2024 Marston's Pubs Limited held cash of £33.6 million (2023: £20.0 million), which was governed by certain restrictions under the covenants associated with the securitisation. In addition, Marston's Issuer PLC held cash of £0.4 million (2023: £0.1 million).

NOTES continued

For the 52 weeks ended 28 September 2024

22 TRADE AND OTHER PAYABLES

	2024 £m	2023 £m
Trade payables	**65.0**	66.3
Other taxes and social security	**29.3**	25.6
Accruals and deferred income	**72.0**	65.6
Other payables	**13.2**	12.9
	179.5	170.4

23 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Property leases	2024 £m	2023 £m
At beginning of the period	**4.0**	4.3
Released in the period	**(0.4)**	(0.7)
Provided in the period	**0.8**	0.8
Unwinding of discount	**0.1**	0.2
Utilised in the period	**(1.3)**	(0.6)
At end of the period	**3.2**	4.0

Recognised in the balance sheet	2024 £m	2023 £m
Current liabilities	**0.6**	1.4
Non-current liabilities	**2.6**	2.6
	3.2	4.0

Payments are expected to continue for periods of 1 to 45 years (2023: 1 to 46 years). There is not considered to be any significant uncertainty regarding the amount and timing of these cash flows relating to onerous lease and dilapidation provisions.

24 OTHER NON-CURRENT LIABILITIES

	2024 £m	2023 £m
Other liabilities	**8.3**	7.1

25 FINANCIAL INSTRUMENTS

Financial instruments by category

At 28 September 2024	Assets at fair value through profit or loss £m	Assets at amortised cost £m	Total £m
Assets as per the balance sheet			
Derivative financial instruments	**0.4**	**–**	**0.4**
Finance lease receivables (before provision)	**–**	**17.3**	**17.3**
Trade receivables (before provision)	**–**	**12.5**	**12.5**
Other receivables (before provision)	**–**	**4.1**	**4.1**
Other cash deposits	**–**	**1.1**	**1.1**
Cash and cash equivalents	**–**	**44.4**	**44.4**
	0.4	**79.4**	**79.8**

At 28 September 2024	Derivatives used for hedging £m	Liabilities at fair value through profit or loss £m	Other financial liabilities £m	Total £m
Liabilities as per the balance sheet				
Derivative financial instruments	**7.6**	**51.8**	**–**	**59.4**
Borrowings	**–**	**–**	**1,302.9**	**1,302.9**
Trade payables	**–**	**–**	**65.0**	**65.0**
Other payables	**–**	**–**	**13.2**	**13.2**
	7.6	**51.8**	**1,381.1**	**1,440.5**

At 30 September 2023	Assets at fair value through profit or loss £m	Assets at amortised cost £m	Total £m
Assets as per the balance sheet			
Derivative financial instruments	3.8	–	3.8
Finance lease receivables (before provision)	–	18.8	18.8
Trade receivables (before provision)	–	12.7	12.7
Other receivables (before provision)	–	4.8	4.8
Other cash deposits	–	3.1	3.1
Cash and cash equivalents	–	26.5	26.5
	3.8	**65.9**	**69.7**

NOTES continued

For the 52 weeks ended 28 September 2024

25 FINANCIAL INSTRUMENTS CONTINUED

At 30 September 2023	Derivatives used for hedging £m	Liabilities at fair value through profit or loss £m	Other financial liabilities £m	Total £m
Liabilities as per the balance sheet				
Derivative financial instruments	5.4	32.0	–	37.4
Borrowings	–	–	1,595.4	1,595.4
Trade payables	–	–	66.3	66.3
Other payables	–	–	12.9	12.9
	5.4	**32.0**	**1,674.6**	**1,712.0**

Fair values of financial instruments

The only financial instruments which the Group holds at fair value are derivative financial instruments, which are classified as at fair value through profit or loss or derivatives used for hedging.

IFRS 13 'Fair Value Measurement' requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the measurements, according to the following levels:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – inputs for the asset or liability that are not based on observable market data.

The tables below show the level in the fair value hierarchy into which fair value measurements have been categorised:

	2024			
Assets as per the balance sheet	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**
Derivative financial instruments	**–**	**0.4**	**–**	**0.4**

	2024			
Liabilities as per the balance sheet	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**
Derivative financial instruments	**–**	**59.4**	**–**	**59.4**

	2023			
Assets as per the balance sheet	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Derivative financial instruments	–	3.8	–	3.8

	2023			
Liabilities as per the balance sheet	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Derivative financial instruments	–	37.4	–	37.4

There were no transfers between Levels 1, 2 and 3 fair value measurements during the current or prior period.

The Level 2 fair values of derivative financial instruments have been obtained using a market approach and reflect the estimated amount the Group would expect to pay or receive on termination of the instruments, adjusted for the Group's own credit risk. The Group utilises valuations from counterparties who use a variety of assumptions based on market conditions existing at each balance sheet date. The fair values are highly sensitive to the inputs to the valuations, such as discount rates, analysis of credit risk and yield curves.

The fair values of all the Group's other financial instruments are equal to their book values, with the exception of borrowings (note 20). The carrying amount less impairment provision of finance lease receivables, trade receivables and other receivables, and the carrying amount of other cash deposits, cash and cash equivalents, trade payables and other payables, are assumed to approximate their fair values.

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign currency risk), counterparty risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department under policies approved by the Board. The treasury department identifies, evaluates and hedges financial risks. The Board sets principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, investment of excess liquidity and use of derivative and non-derivative financial instruments.

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For the 52 weeks ended 28 September 2024

25 FINANCIAL INSTRUMENTS CONTINUED

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates, and as such the Group's interest rate risk arises from its borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing, and hedging. Based on these scenarios, the Group calculates the impact on the income statement of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises borrowings at floating rates and will often swap them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract and floating rate interest amounts calculated by reference to the agreed notional amounts.

If interest rates had been 0.5% higher/lower during the period ended 28 September 2024, with all other variables held constant, the post-tax loss for the period would have been £0.4 million (2023: £0.6 million) higher/lower as a result of higher/lower interest expense.

Interest rate swaps designated as part of a hedging relationship

The Group uses interest rate swaps to fix the interest rate payable on the floating rate tranches of its securitised debt. The interest rate swap in respect of the A4 tranche of securitised debt was designated as part of a hedging relationship in the current and prior period.

This interest rate swap has the same critical terms as the associated securitised debt including reset dates, payment dates, maturities and notional amounts (note 21). The economic relationship between the forecast floating rate interest payments and the interest rate swap is determined and assessed through quantitative hedge effectiveness calculations performed at each reporting date, and upon a significant change in the circumstances affecting the hedge effectiveness requirements. As the interest rate swap has a notional amount profile the same as that of the principal amount profile of the securitised debt on which the floating rate interest is paid the hedge ratio is 1:1. Sources of ineffectiveness that might affect the hedging relationship are the Group's own credit risk, changes in the timing and amount of the interest payments and the recouponing of the swap from a single fixed rate to a stepped profile.

The fixed rate of this interest rate swap at 28 September 2024 was 6.0% (2023: 6.0%).

Interest rate swaps designated as part of a hedging relationship	2024 £m	2023 £m
Carrying amount of hedging instruments (included within derivative financial instruments)	7.6	5.4
Change in fair value of hedging instruments used as the basis for recognising hedge ineffectiveness in the period	3.0	3.6
Nominal amount of hedging instruments	107.8	119.6
Change in fair value of hedged items used as the basis for recognising hedge ineffectiveness in the period	(2.8)	(3.0)
Hedging reserve balance in respect of continuing hedges	(3.4)	(1.0)
Hedging reserve balance in respect of discontinued hedges	(37.4)	(43.4)
Hedging losses recognised in other comprehensive income	(2.8)	(3.0)
Hedge ineffectiveness losses recognised in profit or loss	(0.2)	(0.6)
Amount reclassified from the hedging reserve to profit or loss in respect of continuing hedges	(0.4)	2.1
Amount reclassified from the hedging reserve to profit or loss in respect of discontinued hedges	8.0	9.3

Hedging reserve	2024 £m	2023 £m
At beginning of the period	(44.4)	(50.7)
Hedging losses recognised in other comprehensive income	(2.8)	(3.0)
Amount reclassified from the hedging reserve to profit or loss	7.6	11.4
Deferred tax on hedging reserve movements	(1.2)	(2.1)
At end of the period	**(40.8)**	(44.4)

Interest rate swaps not designated as part of a hedging relationship

On 27 March 2019 the Group recouponed the interest rate swap that fixes the interest rate payable on the floating rate elements of its A2, A3 and B securitised notes. As a result, the hedging relationship between this interest rate swap and the associated debt ceased to meet the qualifying criteria for hedge accounting. The cumulative hedging loss existing in equity at 27 March 2019 remained in equity and is being recognised when the forecast transactions are ultimately recognised in the income statement. Fair value movements in respect of this interest rate swap after 27 March 2019 are being recognised within the income statement.

The Group also has an interest rate swap of £60.0 million which fixes the interest rate payable on the Group's bank borrowings.

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For the 52 weeks ended 28 September 2024

25 FINANCIAL INSTRUMENTS CONTINUED

The interest rate risk profile, after taking account of derivative financial instruments, is as follows:

	2024			2023		
	Floating rate financial liabilities £m	**Fixed rate financial liabilities £m**	**Total £m**	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Total £m
Borrowings	**361.7**	**971.1**	**1,332.8**	480.7	1,144.3	1,625.0

The weighted average interest rate of the fixed rate borrowings was 6.0% (2023: 5.1%) and the weighted average period for which the rate is fixed was 14 years (2023: 13 years).

Foreign currency risk

The Group buys goods denominated in non-sterling currencies, principally US dollars and euros. As a result, movements in exchange rates can affect the value of the Group's income and expenditure. The Group's exposure in this area is not considered to be significant.

Counterparty risk

The Group's counterparty risk in respect of its cash and cash equivalents and other cash deposits is mitigated by the use of various banking institutions for its deposits. There is no significant concentration of counterparty risk in respect of the Group's pension assets, as these are held with a range of institutions.

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from credit exposure to customers, including outstanding receivables and committed transactions. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, an assessment is made of the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of and adherence to credit limits is regularly monitored.

The financial assets of the Group which are subject to the expected credit loss model under IFRS 9 'Financial Instruments' comprise finance lease receivables, trade receivables and other receivables. Other cash deposits and cash and cash equivalents are also subject to the impairment requirements of IFRS 9 however the impairment loss is immaterial.

Finance lease receivables, trade receivables and other receivables have been grouped as set out below for the purpose of calculating the expected credit losses:

	Gross		Loss allowance	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Finance lease receivables				
Net investment in the lease	**17.3**	18.8	**1.4**	2.1
	17.3	18.8	**1.4**	2.1
Trade receivables				
Amounts due from current pub tenants	**1.8**	1.7	**0.1**	0.2
Miscellaneous trade receivables	**10.7**	11.0	**0.2**	0.3
	12.5	12.7	**0.3**	0.5
Other receivables				
Amounts due from previous pub tenants	**0.6**	0.9	**0.6**	0.9
Amounts due from other property tenants	**0.2**	0.5	**0.1**	0.1
Miscellaneous other receivables	**3.3**	3.4	**0.1**	0.1
	4.1	4.8	**0.8**	1.1
	33.9	36.3	**2.5**	3.7

Expected credit losses have been calculated as follows:

	Gross		Loss allowance	
	2024 £m	2023 £m	**2024 £m**	2023 £m
12-month expected credit losses	**3.3**	3.4	**0.1**	0.1
Lifetime expected credit losses for trade and lease receivables	**30.6**	32.9	**2.4**	3.6
	33.9	36.3	**2.5**	3.7

Finance lease receivables

Finance lease receivables are lease receivables that result from transactions that are within the scope of IFRS 16 'Leases' and the loss allowance is calculated as the lifetime expected credit losses. For tenants where it is considered that there is a significant risk of default the expected credit losses are calculated on an individual basis taking into account the circumstances involved. For all other tenants, after accounting for collateral held in the form of cash deposits and the value of the leased asset itself, the remaining balance due is low and as such the expected credit losses are minimal.

NOTES continued

For the 52 weeks ended 28 September 2024

25 FINANCIAL INSTRUMENTS CONTINUED

Amounts due from pub tenants

Amounts due from current pub tenants result almost entirely from transactions that are within the scope of IFRS 15 'Revenue from Contracts with Customers' or are lease receivables that result from transactions that are within the scope of IFRS 16, and as such the loss allowance is calculated as the lifetime expected credit losses. After accounting for collateral held in the form of cash deposits the remaining balance due is low and as such the expected credit losses are minimal.

Amounts due from previous pub tenants predominantly result from transactions that are within the scope of IFRS 15 or are lease receivables that result from transactions that are within the scope of IFRS 16 and as such the loss allowance is calculated as the lifetime expected credit losses. The historical loss rate on closed accounts, adjusted to reflect current and forward-looking information regarding macroeconomic factors affecting customers' ability to pay, such as the cost-of-living crisis, is used to measure the expected credit losses on these receivables.

Miscellaneous trade receivables

Miscellaneous trade receivables result almost entirely from transactions that are within the scope of IFRS 15 and as such the loss allowance is calculated as the lifetime expected credit losses. Due to the very low credit risk on the majority of these receivables the expected credit losses are minimal.

Amounts due from other property tenants

Amounts due from other property tenants are almost entirely lease receivables that result from transactions that are within the scope of IFRS 16 and as such the loss allowance is calculated as the lifetime expected credit losses. For tenants where it is considered that there is a significant risk of default the expected credit losses are calculated on an individual basis taking into account the circumstances involved. For all other tenants, after accounting for collateral held in the form of cash deposits, the remaining balance due is low and as such the expected credit losses are minimal.

Miscellaneous other receivables

Miscellaneous other receivables do not generally result from transactions that are within the scope of IFRS 15 and do not comprise lease receivables resulting from transactions that are within the scope of IFRS 16. These receivables are considered to have low credit risk and as such the loss allowance is calculated as the 12-month expected credit losses. Receivables are considered to have low credit risk where there is a low risk of default and it is expected that the debtor will be able to meet its payment obligations in the near future.

The movements in the loss allowances for finance lease receivables, trade receivables and other receivables are as follows:

Finance lease receivables	2024 £m	2023 £m
At beginning of the period	**2.1**	3.8
Net decrease in loss allowance recognised in profit or loss	**(0.5)**	(1.1)
Amounts written off as uncollectible	**(0.2)**	(0.6)
At end of the period	**1.4**	2.1

Trade receivables	2024 £m	2023 £m
At beginning of the period	**0.5**	0.7
Net decrease in loss allowance recognised in profit or loss	**(0.1)**	(0.1)
Amounts written off as uncollectible	**(0.1)**	(0.1)
At end of the period	**0.3**	0.5

	12-month expected credit losses		Lifetime expected credit losses	
Other receivables	**2024 £m**	2023 £m	**2024 £m**	2023 £m
At beginning of the period	**0.1**	0.1	**1.0**	1.2
Net increase in loss allowance recognised in profit or loss	**–**	–	**–**	0.2
Amounts written off as uncollectible	**–**	–	**(0.3)**	(0.4)
At end of the period	**0.1**	0.1	**0.7**	1.0

The Group has no significant concentration of credit risk in respect of its customers. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable.

Liquidity risk

The Group applies a prudent liquidity risk management policy, which involves maintaining sufficient cash, ensuring the availability of funding through an adequate amount of committed credit facilities and having the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group maintains the availability of committed credit lines to ensure that it has flexibility in funding.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flow. In addition, the Group's liquidity management policy involves maintaining debt financing plans, projecting cash flows and considering the level of liquid assets necessary to meet these, and monitoring balance sheet liquidity ratios against internal and external regulatory requirements. The Group's borrowing covenants are subject to regular review.

NOTES continued

For the 52 weeks ended 28 September 2024

25 FINANCIAL INSTRUMENTS CONTINUED

The tables below analyse the Group's financial liabilities and non-settled derivative financial instruments into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows.

At 28 September 2024	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
Borrowings	**145.4**	**163.3**	**374.0**	**1,722.4**	**2,405.1**
Derivative financial instruments	**1.4**	**5.1**	**17.1**	**76.1**	**99.7**
Trade payables	**65.0**	**–**	**–**	**–**	**65.0**
Other payables	**13.2**	**–**	**–**	**–**	**13.2**
	225.0	**168.4**	**391.1**	**1,798.5**	**2,583.0**

At 30 September 2023	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
Borrowings	179.2	405.8	379.6	1,835.0	2,799.6
Derivative financial instruments	(7.2)	(0.2)	7.4	75.0	75.0
Trade payables	66.3	–	–	–	66.3
Other payables	12.9	–	–	–	12.9
	251.2	405.6	387.0	1,910.0	2,953.8

26 SUBSIDIARY UNDERTAKINGS

Details of the Group's subsidiary undertakings are provided in note 6 to the Company financial statements.

27 SHARE-BASED PAYMENTS

During the period there were three classes of equity-settled employee share incentive plans outstanding:

(a) Save As You Earn (SAYE). Under this scheme employees enter into a savings contract for a period of three to five years and options are granted on commencement of the contract, exercisable using the amount saved under the contract at the time it terminates. Options under the scheme are granted at a discount to the average quoted market price of the Company's shares at the time of the invitation and are not subject to performance conditions. Exercise of options is subject to continued employment.

(b) Deferred bonus. Under this scheme nil cost options are granted to eligible employees in lieu of a cash bonus. Exercise of options is subject to a period of continued employment and required no later than the tenth anniversary of the date of grant.

(c) Long Term Incentive Plan (LTIP). Under this scheme nil cost options are granted that will only vest provided the participant satisfies the minimum shareholding requirement and performance conditions relating to earnings per share, cash flow, return on capital, profit before tax, operating margin and relative total shareholder return are met. LTIP options are exercisable no later than the tenth anniversary of the date of grant.

The tables below summarise the outstanding share options:

	Number of shares		Weighted average exercise price	
SAYE:	**2024 m**	2023 m	**2024 p**	2023 p
Outstanding at beginning of the period	**12.7**	7.9	**29.6**	46.7
Granted	**4.2**	10.4	**29.0**	26.0
Expired	**(3.4)**	(5.6)	**31.2**	46.9
Outstanding at end of the period	**13.5**	12.7	**29.0**	29.6
Exercisable at end of the period	**–**	–	**–**	96.0
Range of exercise prices	**26.0p to 44.0p**	26.0p to 96.0p		
Weighted average remaining contractual life (years)	**2.6**	3.2		

	Number of shares		Weighted average exercise price	
Deferred bonus:	**2024 m**	2023 m	**2024 p**	2023 p
Outstanding at beginning of the period	**0.3**	0.3	**–**	–
Exercised	**(0.2)**	–	**–**	–
Outstanding at end of the period	**0.1**	0.3	**–**	–
Exercisable at end of the period	**0.1**	–	**–**	–

NOTES continued

For the 52 weeks ended 28 September 2024

27 SHARE-BASED PAYMENTS CONTINUED

LTIP:	Number of shares 2024 m	Number of shares 2023 m	Weighted average exercise price 2024 p	Weighted average exercise price 2023 p
Outstanding at beginning of the period	**16.9**	9.2	**–**	–
Granted	**12.9**	10.3	**–**	–
Exercised	**(0.1)**	(0.2)	**–**	–
Expired	**(3.0)**	(2.4)	**–**	–
Outstanding at end of the period	**26.7**	16.9	**–**	–
Exercisable at end of the period	**–**	–	**–**	–

The fair values of the SAYE, deferred bonus and LTIP rights are calculated at the date of grant using the Black-Scholes option-pricing model. The significant inputs into the model for all schemes unless otherwise stated were:

	2024	2023
Dividend yield %	**2.3 to 6.3**	1.9 to 4.7
Expected volatility %	**38.0 to 42.6**	40.4 to 48.1
Risk-free interest rate %	**4.1 to 4.3**	3.3 to 5.1
Expected life of rights		
SAYE	**3 years**	3 years
Deferred bonus	**N/A**	N/A
LTIP	**3 to 5 years**	3 to 5 years

The expected volatility is based on historical volatility over the expected life of the rights.

The fair value of options granted during the current period in relation to the SAYE was 4.0p (2023: 6.5p). No options were granted in the current period or prior period in relation to the deferred bonus scheme. The weighted average fair value of options granted during the period in relation to the LTIP was 25.9p (2023: 31.8p).

The weighted average share price for options exercised over the period was 37.5p (2023: 32.6p). The total charge for the period relating to employee share-based payment plans was £2.0 million (2023: £0.4 million), all of which related to equity-settled share-based payment transactions. After tax, the total charge was £1.5 million (2023: £0.3 million).

28 EQUITY SHARE CAPITAL

Allotted, called up and fully paid	2024 Number m	2024 Value £m	2023 Number m	2023 Value £m
Ordinary shares of 7.375p each: At beginning and end of the period	**660.4**	**48.7**	660.4	48.7

29 OTHER COMPONENTS OF EQUITY

The capital redemption reserve of £6.8 million (2023: £6.8 million) arose on share buybacks.

Own shares represent the carrying value of the investment in treasury shares and shares held on trust for employee share schemes (including executive share option schemes) as set out in the table below. The trustees of the schemes are Banks's Brewery Insurance Limited, a wholly-owned subsidiary of Marston's PLC, and Computershare Trustees (C.I.) Limited.

	2024 Number m	2024 Value £m	2023 Number m	2023 Value £m
Shares held on trust for employee share schemes	**0.4**	**0.5**	0.7	0.8
Treasury shares	**26.2**	**109.7**	26.2	109.8
	26.6	**110.2**	26.9	110.6

The market value of own shares held is £11.4 million (2023: £8.2 million). Shares held on trust for employee share schemes represent 0.1% (2023: 0.1%) of issued share capital. Treasury shares held represent 4.0% (2023: 4.0%) of issued share capital. Dividends on own shares have been waived.

The Group considers its capital to comprise total equity (as disclosed on the face of the Group balance sheet) and net debt (note 30). In managing its capital the primary objectives are 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 and distributions. The Group seeks to maintain a ratio of debt to equity that both balances risks and returns at an acceptable level and retains sufficient funds to comply with lending covenants, achieve working capital targets and meet investment requirements. The Board reviews the Group's dividend policy and funding requirements at least once a year.

NOTES continued

For the 52 weeks ended 28 September 2024

30 NET DEBT

Analysis of net debt	2024 £m	2023 £m
Cash and cash equivalents		
Cash at bank and in hand	**44.4**	26.5
	44.4	26.5
Financial assets		
Other cash deposits	**1.1**	3.1
	1.1	3.1
Debt due within one year		
Bank borrowings	**2.5**	2.6
Securitised debt	**(43.5)**	(41.1)
Lease liabilities	**(17.7)**	(17.8)
Other lease related borrowings	**0.5**	0.4
Other borrowings	**–**	(10.0)
	(58.2)	(65.9)
Debt due after one year		
Bank borrowings	**(33.0)**	(228.2)
Securitised debt	**(516.7)**	(560.2)
Lease liabilities	**(356.0)**	(362.6)
Other lease related borrowings	**(338.9)**	(338.4)
Other borrowings	**–**	(40.0)
Preference shares	**(0.1)**	(0.1)
	(1,244.7)	(1,529.5)
Net debt	**(1,257.4)**	(1,565.8)

Other cash deposits and cash and cash equivalents include deposits securing letters of credit for reinsurance contracts (note 33). Included within cash and cash equivalents is an amount of £5.5 million (2023: £5.6 million) relating to collateral held in the form of cash deposits. These amounts are both considered to be restricted cash. In addition, any other cash held in connection with the securitised business is governed by certain restrictions under the covenants associated with the securitisation (note 21).

Reconciliation of net cash flow to movement in net debt	2024 £m	2023 £m
Increase/(decrease) in cash and cash equivalents in the period	**17.9**	(1.2)
(Decrease)/increase in other cash deposits	**(2.0)**	0.1
Cash outflow from movement in debt	**293.9**	35.5
Net cash inflow	**309.8**	34.4
Non-cash movements and deferred issue costs	**(1.4)**	(6.2)
Movement in net debt in the period	**308.4**	28.2
Net debt at beginning of the period	**(1,565.8)**	(1,594.0)
Net debt at end of the period	**(1,257.4)**	(1,565.8)

	2024 £m	2023 £m
Net debt excluding lease liabilities	**(883.7)**	(1,185.4)
Lease liabilities	**(373.7)**	(380.4)
Net debt	**(1,257.4)**	(1,565.8)

Changes in liabilities arising from financing activities are as follows:

	2024			2023		
	Borrowings £m	Derivative financial instruments £m	Total financing liabilities £m	Borrowings £m	Derivative financial instruments £m	Total financing liabilities £m
At beginning of the period	**(1,595.4)**	**(33.6)**	**(1,629.0)**	(1,624.7)	(20.4)	(1,645.1)
Cash flow	**293.9**	**(4.2)**	**289.7**	35.5	(0.1)	35.4
Changes in fair value	**–**	**(21.2)**	**(21.2)**	–	(13.1)	(13.1)
Other changes	**(1.4)**	**–**	**(1.4)**	(6.2)	–	(6.2)
At end of the period	**(1,302.9)**	**(59.0)**	**(1,361.9)**	(1,595.4)	(33.6)	(1,629.0)

NOTES continued

For the 52 weeks ended 28 September 2024

31 WORKING CAPITAL AND NON-CASH MOVEMENTS

Working capital movement	2024 £m	2023 £m
Decrease/(increase) in inventories	**0.5**	(2.3)
Decrease in trade and other receivables	**0.8**	4.7
Increase/(decrease) in trade and other payables	**6.9**	(31.4)
	8.2	(29.0)

Non-cash movements	2024 £m	2023 £m
Movements in respect of property, plant and equipment, assets held for sale and intangible assets	**(2.6)**	23.0
Impairment of associates	**8.0**	–
Loss on disposal of associates	**11.9**	–
Loss/(income) from associates	**16.1**	(9.9)
Non-cash movements in respect of leases	**(2.7)**	(1.2)
Share-based payments	**2.0**	0.4
	32.7	12.3

Further details of movements in respect of intangible assets, property, plant and equipment and assets held for sale are given in notes 10, 11 and 19.

32 LEASES

The Group as lessee

The Group leases a number of its properties. Right-of-use assets in respect of leasehold land and buildings with a term exceeding 100 years at acquisition/commencement of the lease or where there is an option to purchase the freehold at the end of the lease term for a nominal amount are classed as effective freehold land and buildings within property, plant and equipment. Right-of-use assets in respect of any other leasehold land and buildings are classed as leasehold land and buildings within property, plant and equipment. The Group's property leases have various terms, escalation clauses and renewal rights. A number of the leases include variable payments that depend on changes in RPI, often subject to a cap and collar.

The Group also leases certain items of fixtures, fittings, tools and equipment. These are generally held under leases with terms of five years or less and in some cases contain an option to purchase the asset for a nominal amount at the end of the lease.

Depreciation charge for right-of-use assets	2024 £m	2023 £m
Leasehold land and buildings	**11.3**	11.6
Fixtures, fittings, tools and equipment	**0.2**	0.2
	11.5	11.8

Carrying amount of right-of-use assets	2024 £m	2023 £m
Effective freehold land and buildings	**118.4**	110.4
Leasehold land and buildings	**238.6**	245.6
Fixtures, fittings, tools and equipment	**0.1**	0.6
	357.1	356.6

	2024 £m	2023 £m
Interest expense on lease liabilities	**19.2**	19.3
Expenses relating to short-term leases	**0.7**	0.7
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**–**	0.5
Variable lease payments	**0.2**	0.2
Income from subleasing right-of-use assets	**1.1**	1.3
Total cash outflow for leases	**30.2**	22.5
Additions to right-of-use assets	**7.7**	7.0

The table below analyses the Group's lease liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2024 £m	2023 £m
Less than one year	**36.5**	36.8
Between one and two years	**29.2**	29.0
Between two and five years	**86.2**	86.5
Over five years	**544.5**	562.1
	696.4	714.4

NOTES continued

For the 52 weeks ended 28 September 2024

32 LEASES CONTINUED

The Group as lessor

The Group leases a proportion of its licensed estate and other unlicensed properties to tenants. The majority of lease agreements have terms of 21 years or less. For leases where the Group is the intermediate lessor certain subleases are classified as finance leases as the classification is determined by reference to the right-of-use asset arising from the head lease rather than the underlying asset. All other leases are classified as operating leases from a lessor perspective.

Amounts recognised in the income statement are as follows:

	2024 £m	2023 £m
Finance income on the net investment in the lease	**0.8**	0.9
Lease income for operating leases	**8.0**	9.6

The maturity analysis of the undiscounted lease payments to be received for finance leases is as follows:

Finance leases	2024 £m	2023 £m
Within one year	**3.7**	4.7
In more than one year but less than two years	**2.3**	2.3
In more than two years but less than three years	**2.1**	2.1
In more than three years but less than four years	**2.1**	2.0
In more than four years but less than five years	**2.1**	2.0
In more than five years	**10.3**	11.3
	22.6	24.4
Unearned finance income	**(5.3)**	(5.6)
Net investment in the lease	**17.3**	18.8

The maturity analysis of the undiscounted lease payments to be received for operating leases is as follows:

Operating leases	2024 £m	2023 £m
Within one year	**5.8**	7.8
In more than one year but less than two years	**4.7**	5.9
In more than two years but less than three years	**3.6**	4.6
In more than three years but less than four years	**3.1**	3.1
In more than four years but less than five years	**2.2**	2.3
In more than five years	**8.4**	9.3
	27.8	33.0

33 CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

The Group has issued letters of credit totalling £3.7 million (2023: £3.7 million) to secure reinsurance contracts, of which some of these letters of credit are secured on fixed deposits (note 30).

The Group has also entered into a Deed of Guarantee with the Trustees of the Marston's PLC Pension and Life Assurance Scheme ('the Scheme') whereby it guarantees to the Trustees the ongoing obligations of the Group to contribute to the Scheme, and the obligations of the Group to contribute to the Scheme in the event of a debt becoming due under section 75 of the Pensions Act 1995 on the occurrence of either a Group company entering liquidation or the Scheme winding up.

34 ORDINARY DIVIDENDS ON EQUITY SHARES

No dividends were paid during the current or prior period. A final dividend for 2024 has not been proposed.

COMPANY BALANCE SHEET

As at 28 September 2024

	Note	28 September 2024 £m	30 September 2023 £m
Fixed assets			
Tangible assets	5	**200.5**	194.0
Investments	6	**266.2**	264.2
		466.7	458.2
Current assets			
Debtors			
Amounts falling due within one year	7	**256.6**	257.3
Amounts falling due after more than one year	7	**747.6**	668.3
Cash at bank		**2.2**	1.9
		1,006.4	927.5
Creditors Amounts falling due within one year	8	**(667.3)**	(550.4)
Net current assets		**339.1**	377.1
Total assets less current liabilities		**805.8**	835.3
Creditors Amounts falling due after more than one year	8	**(114.5)**	(155.5)
Provisions for liabilities	9	**(5.6)**	(5.2)
Net assets		**685.7**	674.6
Capital and reserves			
Equity share capital	13	**48.7**	48.7
Share premium account	14	**334.0**	334.0
Revaluation reserve	14	**25.0**	21.6
Capital redemption reserve	14	**6.8**	6.8
Own shares	14	**(110.2)**	(110.6)
Profit and loss reserves		**381.4**	374.1
Total equity		**685.7**	674.6

The profit of the Company for the 52 weeks ended 28 September 2024 was £5.5 million (2023: loss of £1.6 million).

The financial statements were approved by the Board and authorised for issue on 3 December 2024 and are signed on its behalf by:

JUSTIN PLATT
CHIEF EXECUTIVE OFFICER
3 December 2024

HAYLEIGH LUPINO
CHIEF FINANCIAL OFFICER
3 December 2024

Company registration number: 31461

COMPANY STATEMENT OF CHANGES IN EQUITY

For the 52 weeks ended 28 September 2024

	Equity share capital £m	Share premium account £m	Revaluation reserve £m	Capital redemption reserve £m	Own shares £m	Profit and loss reserves £m	Total equity £m
At 2 October 2022	48.7	334.0	25.4	6.8	(110.9)	375.4	679.4
Loss for the period	–	–	–	–	–	(1.6)	(1.6)
Revaluation of properties	–	–	(4.2)	–	–	–	(4.2)
Deferred tax on properties	–	–	0.6	–	–	–	0.6
Total comprehensive expense	–	–	(3.6)	–	–	(1.6)	(5.2)
Share-based payments	–	–	–	–	–	0.4	0.4
Sale of own shares	–	–	–	–	0.3	(0.3)	–
Transfer to profit and loss reserves	–	–	(0.2)	–	–	0.2	–
Total transactions with owners	–	–	(0.2)	–	0.3	0.3	0.4
At 30 September 2023	48.7	334.0	21.6	6.8	(110.6)	374.1	674.6
Profit for the period	–	–	–	–	–	5.5	5.5
Revaluation of properties	–	–	4.2	–	–	–	4.2
Deferred tax on properties	–	–	(0.6)	–	–	–	(0.6)
Total comprehensive income	–	–	3.6	–	–	5.5	9.1
Share-based payments	–	–	–	–	–	2.0	2.0
Sale of own shares	–	–	–	–	0.4	(0.4)	–
Transfer to profit and loss reserves	–	–	(0.2)	–	–	0.2	–
Total transactions with owners	–	–	(0.2)	–	0.4	1.8	2.0
At 28 September 2024	**48.7**	**334.0**	**25.0**	**6.8**	**(110.2)**	**381.4**	**685.7**

NOTES

For the 52 weeks ended 28 September 2024

1 ACCOUNTING POLICIES

The Company's principal accounting policies are set out below:

Company information

Marston's PLC is a public company limited by shares incorporated in England and Wales and domiciled in the UK. The registered office is St Johns House, St Johns Square, Wolverhampton, WV2 4BH.

Basis of preparation

These financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £0.1 million.

The financial statements have been prepared under the historical cost convention modified to include the revaluation of effective freehold land and buildings and the holding of certain financial instruments at fair value.

The Company is a qualifying entity for the purposes of FRS 102, as it prepares publicly available consolidated financial statements, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The Company has therefore taken advantage of the exemptions from the following disclosure requirements in FRS 102:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flows and related notes and disclosures;
- Section 11 'Basic Financial Instruments' – Interest income/expense and net gains/losses for each category of financial instrument not measured at fair value through profit or loss, impairment losses for each class of financial asset and information that enables users to evaluate the significance of financial instruments;
- Section 26 'Share-based Payment' – Reconciliation of the opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, and an explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

These financial statements present information about the Company as an individual entity and not about its group.

As permitted by section 408(3) of the Companies Act 2006, no profit and loss account has been presented for the Company.

The Directors continue to adopt the going concern basis of accounting in preparing the financial statements. Details of the going concern assessment performed by the Group are provided in note 1 to the Group financial statements.

Turnover

Turnover represents rent receivable, which is recognised over time and in the period to which it relates.

Current and deferred tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the accounts because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

NOTES continued

For the 52 weeks ended 28 September 2024

1 ACCOUNTING POLICIES CONTINUED

Fixed assets

- Land and buildings which are either freehold or are in substance freehold assets are classed as effective freehold land and buildings. This includes leasehold land and buildings with a term exceeding 100 years at acquisition/commencement of the lease or where there is an option to purchase the freehold at the end of the lease term for a nominal amount. All other leasehold land and buildings are classed as leasehold land and buildings.
- Effective freehold land and buildings are initially stated at cost and subsequently at valuation. Leasehold land and buildings and fixtures, fittings, plant and equipment are stated at cost.
- Depreciation is charged to the profit and loss account on a straight-line basis to provide for the cost or valuation of the assets less their residual values over their useful lives.
- Land and buildings are depreciated to their residual values over the lower of the lease term (where applicable) and 50 years.
- Fixtures, fittings, plant and equipment are depreciated over seven years.
- Interest costs directly attributable to capital projects are capitalised.

Residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date. The Company's effective freehold land and buildings in respect of its pub estate are considered to have a residual value equal to their current valuation and as such no depreciation is charged on these assets.

Effective freehold land and buildings are revalued by qualified valuers on an annual basis using open market values so that the carrying value of an asset does not differ significantly from its fair value at the balance sheet date. The annual valuations are determined via third party inspection of approximately a third of the sites such that all sites are individually inspected every three years. Substantially all of the Company's effective freehold land and buildings have been valued by a third party in accordance with the Royal Institution of Chartered Surveyors' Red Book. These valuations are performed directly by reference to observable prices in an active market or recent market transactions on arm's length terms for determined multiples and unobservable market data for fair maintainable trade. Internal valuations are performed on the same basis.

When a valuation is below current carrying value, the asset concerned is reviewed for impairment. Impairment losses are charged to the revaluation reserve to the extent that a previous gain has been recorded, and thereafter to the profit and loss account. Surpluses on revaluation are recognised in the revaluation reserve, except to the extent they reverse previously charged impairment losses, in which case the reversal is recorded in the profit and loss account.

Disposals of fixed assets

Profit/loss on disposal of fixed assets represents net sale proceeds less the carrying value of the assets. Any element of the revaluation reserve relating to the fixed assets disposed of is transferred to profit and loss reserves at the date of sale.

Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which comprise amounts owed by Group undertakings, other debtors and cash and cash equivalents, are initially measured at the transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Other financial assets

Derivatives, including interest rate swaps, are not basic financial assets and are accounted for as set out below.

Financial assets, other than those held at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

NOTES continued

For the 52 weeks ended 28 September 2024

1 ACCOUNTING POLICIES CONTINUED

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, comprising amounts owed to Group undertakings and borrowings, are initially recognised at the transaction price and subsequently carried at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps, are not basic financial liabilities and are accounted for as set out below.

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

Derivatives

The Company uses derivative financial instruments to hedge the Group's exposure to fluctuations in interest rates. Derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently remeasured to their fair value at each balance sheet date. The Company has not designated any derivative financial instruments as hedging instruments and as such any gains or losses on remeasurement are recognised in the profit and loss account immediately.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets' fair value at the date of inception of the lease and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to the profit and loss account on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease premiums received are recognised on a straight-line basis over the life of the lease.

Obligations arising from sale and leaseback arrangements with repurchase options that do not fall within the scope of Section 20 'Leases' of FRS 102 are classified as other lease related borrowings and accounted for as secured loans on an amortised cost basis.

Investments in subsidiaries

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Provisions

Provisions are recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation for which the estimates of future cash flows have not been adjusted. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Dividends

Dividends proposed by the Board but unpaid at the period end are recognised in the financial statements when they have been approved by the shareholders. Interim dividends are recognised when paid.

Preference shares

Preference shares are treated as borrowings, and dividends payable on those preference shares are charged as interest in the profit and loss account.

NOTES continued

For the 52 weeks ended 28 September 2024

1 ACCOUNTING POLICIES CONTINUED

Group undertakings

There is an intra group funding agreement in place between the Company and certain other members of the Group. This agreement stipulates that all balances outstanding on any intercompany loan account between these companies which exceed £1 are interest bearing at a prescribed rate.

There is a 12.5% subordinated loan owed to the Company by Marston's Pubs Limited, where the Directors have considered it unlikely that repayment will arise in the short-term, and there are deep discount bonds owed by the Company to Banks's Brewery Insurance Limited. No interest is payable on any other amounts owed by/to Group companies who are not party to the intra group funding agreement.

All amounts owed by/to Group undertakings are unsecured and, with the exception of the subordinated loan and deep discount bonds, repayable on demand.

2 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The following estimates and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities:

Tangible fixed assets

The Company carries its effective freehold land and buildings at fair value. These properties are valued by external or internal valuers on an open market value basis, primarily using earnings multiples derived from prices in observed transactions involving comparable businesses. The estimation of the fair values requires a combination of assumptions, including future earnings and appropriate multiples.

The carrying amount of tangible fixed assets is shown in note 5.

Fixed asset investments

Where there are indications of impairment or reversal of impairment of the Company's investments in subsidiary undertakings an assessment is made of the recoverable amounts of the investments, which are based on either the net assets of the subsidiary or value in use calculations. The estimation of the recoverable amounts requires a combination of assumptions, including cash flows, long-term growth rates and pre-tax discount rates.

The carrying amount of fixed asset investments is shown in note 6.

3 AUDITOR'S REMUNERATION

Fees payable to the Company's Auditor for the audit of the Company's annual accounts are disclosed in note 3 to the Group financial statements. Fees paid to the Company's Auditor for non-audit services to the Company itself are not required to be disclosed as the Group financial statements disclose such fees on a consolidated basis.

4 EMPLOYEES

The average monthly number of people employed by the Company during the period was nil (2023: nil).

5 TANGIBLE FIXED ASSETS

	Effective freehold land and buildings £m	Leasehold land and buildings £m	Fixtures, fittings, plant and equipment £m	Total £m
Cost or valuation				
At 1 October 2023	184.1	27.2	1.2	212.5
Additions	1.3	0.4	–	1.7
Revaluation	7.3	–	–	7.3
Disposals	(0.3)	(2.7)	–	(3.0)
At 28 September 2024	**192.4**	**24.9**	**1.2**	**218.5**
Depreciation				
At 1 October 2023	–	17.8	0.7	18.5
Charge for the period	–	0.6	0.2	0.8
Impairment	–	0.6	–	0.6
Disposals	–	(1.9)	–	(1.9)
At 28 September 2024	**–**	**17.1**	**0.9**	**18.0**
Net book amount at 30 September 2023	184.1	9.4	0.5	194.0
Net book amount at 28 September 2024	**192.4**	**7.8**	**0.3**	**200.5**

NOTES continued

For the 52 weeks ended 28 September 2024

5 TANGIBLE FIXED ASSETS CONTINUED

The net book amount of land and buildings is split as follows:

	2024 £m	2023 £m
Freehold land and buildings	**141.8**	135.1
Leasehold land and buildings with a term greater than 100 years at acquisition/commencement	**50.6**	49.0
Leasehold land and buildings with a term less than 100 years at acquisition/commencement	**7.8**	9.4
	200.2	193.5

If the effective freehold land and buildings had not been revalued, the historical cost net book amount would be £159.5 million (2023: £155.2 million).

Capital expenditure authorised and committed at the period end but not provided for in the financial statements was £0.2 million (2023: £nil).

The net book amount of effective freehold land and buildings held under finance leases at 28 September 2024 was £18.1 million (2023: £16.5 million). The net book amount of effective freehold land and buildings held as part of sale and leaseback arrangements that do not fall within the scope of Section 20 'Leases' of FRS 102 was £90.4 million (2023: £86.5 million). The net book amount of fixtures, fittings, plant and equipment held under finance leases was £nil (2023: £0.5 million).

The Company has charged effective freehold land and buildings with a value of £4.6 million (2023: £4.2 million) in favour of the Marston's PLC Pension and Life Assurance Scheme (the 'Scheme') as continuing security for the Group's obligations to the Scheme.

Revaluation/impairment

At 30 June 2024 independent chartered surveyors revalued the Company's effective freehold properties on an open market value basis. During the current and prior period various properties were also reviewed for impairment and/or material changes in value. These valuation adjustments were recognised in the revaluation reserve or profit and loss account as appropriate.

	2024 £m	2023 £m
Profit and loss account:		
Impairment	**(5.2)**	(16.2)
Reversal of past impairment	**7.7**	7.0
	2.5	(9.2)
Revaluation reserve:		
Unrealised revaluation surplus	**7.5**	5.1
Reversal of past revaluation surplus	**(3.3)**	(9.3)
	4.2	(4.2)
Net increase/(decrease) in shareholders' equity/tangible fixed assets	**6.7**	(13.4)

6 FIXED ASSET INVESTMENTS

	Subsidiary undertakings £m
Cost	
At 1 October 2023	264.2
Capital contribution in respect of equity-settled share-based payments	2.0
At 28 September 2024	**266.2**
Net book amount at 30 September 2023	264.2
Net book amount at 28 September 2024	**266.2**

Where there are indications of impairment or reversal of impairment of the Company's investments in subsidiary undertakings an assessment is made of the recoverable amounts of the investments, which are based on either the net assets of the subsidiary or value in use calculations.

These financial statements are separate company financial statements for Marston's PLC.

NOTES continued

For the 52 weeks ended 28 September 2024

6 FIXED ASSET INVESTMENTS CONTINUED

The Company had the following subsidiary undertakings at 28 September 2024:

	Nature of business	Class of share	Proportion of shares held directly by Marston's PLC	Proportion of shares held by the Group
Marston's Estates Limited	Property management	Ordinary 25p	–	100%
Marston's Operating Limited	Pub retailer	Ordinary £1	–	100%
Marston's Pubs Limited	Pub retailer	Ordinary £1	–	100%
Marston's Pubs Parent Limited	Holding company	Ordinary £1	–	100%
Marston's Telecoms Limited	Telecommunications	Ordinary £1	–	100%
Marston's Trading Limited	Pub retailer	Ordinary £5	–	100%
Banks's Brewery Insurance Limited	Insurance	Ordinary £1	–	100%
Marston's Acquisitions Limited	Acquisition company	Ordinary 25p	–	100%
		Preference £1	–	100%
Marston's Corporate Holdings Limited	Holding company	Ordinary £1	100%	100%
Marston's Issuer PLC	Financing company	Ordinary £1	–	–
Marston's Issuer Parent Limited	Holding company	Ordinary £1	–	–
Brasserie Restaurants Limited	Dormant	Ordinary £1	–	100%
Celtic Inns Holdings Limited	Dormant	Ordinary 1p	–	100%
Celtic Inns Limited	Dormant	Ordinary £1	–	100%
Eldridge, Pope & Co., Limited	Dormant	Ordinary 50p	–	100%
English Country Inns Limited	Dormant	Ordinary 50p	–	100%
Fayolle Limited	Dormant	Ordinary £1	–	100%
John Marston's Taverners Limited	Dormant	Ordinary £1	–	100%
Lambert Parker & Gaines Limited	Dormant	Ordinary £1	–	100%
Mansfield Brewery Limited	Dormant	Ordinary 25p	–	100%
Mansfield Brewery Trading Limited	Dormant	Ordinary £1	–	100%
Marston, Thompson & Evershed Limited	Dormant	Ordinary 25p	–	100%
Marston's Property Developments Limited	Dormant	Ordinary £1	–	100%
Osprey Inns Limited	Dormant	Ordinary £1	–	100%
Pitcher and Piano Limited	Dormant	Ordinary £1	–	100%
Porter Black (2003) Limited	Dormant	Ordinary £1	–	100%
QP Bars Limited	Dormant	Ordinary £1	–	100%
Sherwood Forest Properties Limited	Dormant	Ordinary £1	–	100%
W&DB (Finance) Limited	Dormant	Ordinary £1	–	100%
Wizard Inns Limited	Dormant	'A' Ordinary 1p	–	100%
		Deferred 1p	–	100%

The registered office of all of the above subsidiaries is St Johns House, St Johns Square, Wolverhampton, WV2 4BH, with the exception of Banks's Brewery Insurance Limited, Marston's Issuer PLC and Marston's Issuer Parent Limited. The registered office of Banks's Brewery Insurance Limited is PO Box 33, Dorey Court, Admiral Park, St Peter Port, Guernsey, GY1 4AT. The registered office of Marston's Issuer PLC and Marston's Issuer Parent Limited is Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London, EC2R 7AF.

All subsidiaries have been included in the consolidated financial statements. Although the Group does not hold any shares in Marston's Issuer PLC and its parent company, Marston's Issuer Parent Limited, these companies are treated as subsidiary undertakings for the purpose of the consolidated financial statements as it is considered that they are controlled by the Group. Marston's Issuer PLC was set up with the sole purpose of issuing debt secured on the assets of Marston's Pubs Limited. Wilmington Trust SP Services (London) Limited holds the shares of Marston's Issuer Parent Limited under a declaration of trust for charitable purposes.

7 DEBTORS

Amounts falling due within one year	2024 £m	2023 £m
Amounts owed by Group undertakings	**252.3**	252.3
Derivative financial instruments	**–**	1.1
Prepayments and accrued income	**–**	0.1
Other debtors	**4.3**	3.8
	256.6	257.3

Amounts falling due after more than one year	2024 £m	2023 £m
12.5% subordinated loan owed by Group undertaking	**747.6**	668.3
	747.6	668.3

The gross contractual amount outstanding in respect of the subordinated loan was £1,901.0 million (2023: £1,687.2 million) and the impact of discounting the expected cash flows at 12.5% was £1,153.4 million (2023: £1,018.9 million).

NOTES continued

For the 52 weeks ended 28 September 2024

8 CREDITORS

Amounts falling due within one year	2024 £m	2023 £m
Amounts owed to Group undertakings	**576.8**	504.0
Finance leases	**0.6**	0.9
Other lease related borrowings	**(0.1)**	(0.1)
Corporation tax	**80.9**	34.5
Derivative financial instruments	**–**	1.1
Accruals and deferred income	**9.1**	10.0
	667.3	550.4

Amounts falling due after more than one year	2024 £m	2023 £m
Finance leases	**18.7**	19.0
Other lease related borrowings	**88.7**	88.6
Other borrowings	**–**	40.0
Preference shares	**0.1**	0.1
Accruals and deferred income	**7.0**	7.8
	114.5	155.5

Included within amounts falling due within one year, corporation tax, are amounts payable to other group companies in respect of corporation tax.

The preference shares carry the right to a fixed cumulative preferential dividend. They participate in the event of a winding-up and on a return of capital and carry the right to attend and vote at general meetings of the Company, carrying four votes per share.

Other lease related borrowings represent amounts due under sale and leaseback arrangements that do not fall within the scope of Section 20 'Leases' of FRS 102. The Company has an option to repurchase each leased property for a nominal amount at the end of the lease. The leases have terms of 35 to 40 years and rents which are linked to RPI, subject to a cap and collar.

The amount falling due for payment after more than five years from the balance sheet date on debts repayable by instalments was £106.5 million (2023: £106.8 million). Debts of £0.1 million (2023: £0.1 million) were repayable otherwise than by instalments after more than five years from the balance sheet date.

9 PROVISIONS FOR LIABILITIES

	Deferred tax £m	Property leases £m	Total £m
At 1 October 2023	1.3	3.9	5.2
Provided in the period	–	0.8	0.8
Released in the period	–	(0.4)	(0.4)
Utilised in the period	–	(0.9)	(0.9)
Unwind of discount	–	0.1	0.1
Adjustment for change in discount rate	–	0.1	0.1
Charged to profit or loss	0.1	–	0.1
Charged to other comprehensive income	0.6	–	0.6
At 28 September 2024	**2.0**	**3.6**	**5.6**

Payments are expected to continue in respect of these property leases for periods of 1 to 20 years (2023: 1 to 21 years). There is not considered to be any significant uncertainty regarding the amount and timing of these cash flows relating to onerous lease and dilapidation provisions.

Deferred tax

The amount provided in respect of deferred tax is as follows:

	2024 £m	2023 £m
Excess of capital allowances over accumulated depreciation	**6.5**	6.4
Property related items	**0.3**	–
Other	**(4.8)**	(5.1)
	2.0	1.3

A deferred tax asset of £7.5 million (2023: £8.0 million) arising on capital losses has not been recognised due to uncertainty over its future recoverability.

NOTES continued

For the 52 weeks ended 28 September 2024

10 FINANCIAL INSTRUMENTS

Carrying amount of financial assets	2024 £m	2023 £m
Measured at fair value through profit or loss	–	1.1

Carrying amount of financial liabilities	2024 £m	2023 £m
Measured at fair value through profit or loss	–	1.1

The only financial instruments that the Company held at fair value were interest rate swaps. The fair values of the Company's interest rate swaps were obtained using a market approach and reflected the estimated amount the Company would expect to pay or receive on termination of the instruments, adjusted for the Company's own credit risk. The Company utilised valuations from counterparties who used a variety of assumptions based on market conditions existing at each balance sheet date.

11 OPERATING LEASE COMMITMENTS

At 28 September 2024 the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2024 £m	2023 £m
Within one year	6.5	7.0
In more than one year but less than five years	20.5	20.9
In more than five years	32.2	38.1
	59.2	66.0

12 FINANCE LEASE OBLIGATIONS

The Company leases various properties and items of equipment under finance leases. The leases have various terms, escalation clauses and renewal rights. Future minimum lease payments under finance leases are as follows:

	2024 £m	2023 £m
Within one year	1.7	2.0
In more than one year but less than five years	5.4	5.4
In more than five years	26.9	28.3
	34.0	35.7
Future finance charges	(14.7)	(15.8)
Present value of finance lease obligations	19.3	19.9

13 EQUITY SHARE CAPITAL

	2024		2023	
Allotted, called up and fully paid	Number m	Value £m	Number m	Value £m
Ordinary shares of 7.375p each	660.4	48.7	660.4	48.7

14 RESERVES

The share premium account comprises amounts in excess of nominal value received for the issue of shares less any transaction costs.

When effective freehold land and buildings are revalued any gains and losses are recognised in the revaluation reserve, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in the revaluation reserve; such gains and losses are recognised in profit or loss. The associated deferred tax on revaluations is also recognised in the revaluation reserve. Amounts representing the equivalent depreciation are transferred to profit and loss reserves annually and the full amount is transferred on disposal of the associated property.

The capital redemption reserve arose on share buybacks.

Details of own shares are provided in note 29 to the Group financial statements.

15 GUARANTEES AND CONTINGENT LIABILITIES

The Company has entered into a Deed of Guarantee with Marston's Trading Limited ('Trading') and the Trustees of the Marston's PLC Pension and Life Assurance Scheme ('the Scheme') whereby it guarantees to the Trustees the ongoing obligations of Trading to contribute to the Scheme and the obligations of Trading to contribute to the Scheme in the event of a debt becoming due under section 75 of the Pensions Act 1995 on the occurrence of either Trading entering liquidation or the Scheme winding up.

The Company has guaranteed the obligations of Trading under certain of its banking facilities and the obligations of Marston's Estates Limited under various property leases.

ADDITIONAL INFORMATION
ALTERNATIVE PERFORMANCE MEASURES

Abbreviations

APM Alternative performance measure
CAPEX Capital expenditure
EBITDA Earnings before interest, tax, depreciation, and amortisation
FCF Free cash flow
LFL Like-for-like
NAV Net asset value
NCF Net cash flow

Definitions

APMs

In addition to statutory financial measures, these full year results include financial measures that are not defined or recognised under IFRS, all of which the Group considers to be alternative performance measures (APMs). APMs should not be regarded as a complete picture of the Group's financial performance, which the Group presents within its total statutory results.

The APMs are used by the Board and management to analyse operational and financial performance and track the Group's progress against long-term strategic plans. The APMs provide additional information to investors and other external shareholders to enhance their understanding of the Group's results and facilitate comparison with industry peers.

CAPEX

Capital expenditure is the cost of acquiring and maintaining fixed assets, comprising both maintenance and investment expenditure. It is a measure by which the Group and interested stakeholders assess the level of investment in the estate to maintain the Group's profit. Capital expenditure is the purchase of property, plant and equipment and intangible assets as presented directly within the Group cash flow statement.

Loan to value

Loan to value is presented both for the Group's securitised debt and for the Group's net debt excluding lease liabilities. The loan to value ratio is the percentage of the amount borrowed against the value of the Group's assets.

LFL sales

LFL sales reflect sales for all pubs that were trading in the two periods being compared expressed as a percentage, excluding those pubs that have changed format between tenanted and leased and the rest of the estate. LFL sales does not exclude those pubs that have changed format between managed and franchised.

The inclusion of a pub within LFL sales is considered on a daily basis and a pub is included within LFL sales for only the days within the trading period where it meets the definition of LFL. A site is considered fully open for trading if it generated more than £100 per day. If a site is acquired or disposed of during the two periods being compared, LFL sales includes the days where the site is fully open for trading in both periods.

LFL sales is a widely used industry measure which provides better insight into the trading performance of the Group as total revenue is impacted by acquisitions, disposals, and investment into the estate through conversions and refurbishments.

NAV per share

NAV per share is the value of net assets of the Group, divided by the number of shares in issue excluding own shares held.

NCF

NCF is the increase/decrease in cash and cash equivalents in the period, adjusted for movements in other cash deposits and the cash movement in debt. NCF is used by the Group to determine targets for LTIP awards.

Net debt

Net debt is defined as the sum of cash and cash equivalents and other cash deposits, less total borrowings, at the balance sheet date. Net debt is also presented excluding lease liabilities. The net debt to EBITDA leverage ratio is presented both inclusive and exclusive of lease liabilities and the associated EBITDA impact.

Non-underlying

Non-underlying items are presented separately on the face of the income statement and are defined as those items of income and expense which, because of the materiality, nature and/or expected infrequency of the events giving rise to them, merit separate presentation to enable users of the financial statements to better understand elements of financial performance in the period, so as to facilitate comparison with future and prior periods. As management of the freehold and leasehold property estate is an essential and significant area of the business, the threshold for classification of property related items as non-underlying is higher than other items.

Underlying results should not be regarded as a complete picture of the Group's financial performance as they exclude specific items of income and expense. The full financial performance of the Group is presented within its total statutory results.

Operating profit/(loss)

Operating profit/(loss) is revenue less net operating expenses, plus the share of results from associates. Operating profit/(loss) is presented directly on the Group income statement. It is not defined in IFRS however it is a generally accepted profit measure.

ADDITIONAL INFORMATION continued
ALTERNATIVE PERFORMANCE MEASURES

Outlet sales
Outlet sales represents all revenue that is generated at the Group's managed and franchised pubs, which includes food, drink, accommodation, and gaming machine income.

Profit/(loss) before tax
Profit/(loss) before tax is profit for the period presented before the tax charge/credit for the period. Profit/(loss) before tax is presented directly on the Group income statement. It is not defined in IFRS, however it is a generally accepted profit measure.

Recurring FCF
Recurring FCF represents NCF adjusted for the sale of property, plant and equipment and assets held for sale, disposal proceeds from the sale of the Group's investment in Carlsberg Marston's Limited, and dividends received from associates.

Retail sales
Retail sales represents all revenue that is generated through the Group's EPOS (electronic point of sale) till systems in our managed and franchised pubs, which includes food, drink, and accommodation sales.

Underlying EBITDA
Underlying EBITDA is the earnings before interest, tax, depreciation, amortisation and non-underlying items. The Directors regularly use underlying EBITDA as a key performance measure in assessing the Group's profitability. The measure is considered useful to users of the financial statements as it is a widely used industry measure which allows comparison to peers, comparison of performance across periods, and is used to determine bonus outcomes for Directors' remuneration.

Wholesale sales
Wholesale sales represents revenue from contracts with customers generated from our tenanted and leased pubs.

Year
The current year refers to the 52-week period ended 28 September 2024. The prior year refers to the 52-week period ended 30 September 2023.

Reconciliation of APMs to Marston's strategy

APM	Closest equivalent statutory measure	Link to value driver for growth	Link to key sustainability targets
CAPEX	Purchase of property, plant and equipment and intangible assets	Capex to create differentiated pub formats	To promote energy from renewable or self-generated sources
NCF **Recurring FCF**	Net increase/(decrease) in cash and cash equivalents	Leveraging Marston's synergies in targeted acquisitions	To achieve Net Zero by 2024 Maintain FTSE4Good certification
LFL sales	Revenue	Execute a market leading pub operating model Digital Transformation	All of our pubs to be 5* EHO
NAV per share	Net assets	Capex to create differentiated pub formats	To achieve Net Zero by 2024
Net debt **Net debt to EBITDA leverage** **Loan to value**	Borrowings	Capex to create differentiated pub formats Execute a market leading pub operating model	To achieve Net Zero by 2024
Underlying operating margin	Operating profit	Execute a market leading pub operating model Expansion of managed & partnership models	50% reduction in food waste by 2030 To reduce the volume of water we consume across our estate every year
Underlying EBITDA	Profit/(loss) before tax		

ADDITIONAL INFORMATION continued

ALTERNATIVE PERFORMANCE MEASURES

Reconciliation of APMs to statutory results

Loan to value

	Statutory reference	2024 £m	2023 £m
Securitised pubs and lodges		**1,145.9**	1,157.1
Non-securitised effective freehold pubs and lodges		**618.5**	595.6
		1,764.4	1,752.7
Non-securitised leasehold pubs and lodges		**282.8**	287.3
Other non-core properties and administration assets		**21.8**	24.8
Property, plant and equipment total	Note 11	**2,069.0**	2,064.8
Securitised debt due within one year	Note 30	**43.5**	41.1
Securitised debt due after one year	Note 30	**516.7**	560.2
Other borrowings due within one year	Note 30	**–**	10.0
		560.2	611.3
Loan to value of securitised debt		**49%**	53%
Net debt excluding lease liabilities at end of the period	Note 30	**883.7**	1,185.4
Loan to value of debt excluding lease liabilities		**50%**	68%

LFL sales

	Statutory reference	52 weeks to 28 September 2024 £m	52 weeks to 30 September 2023 £m	LFL %
LFL retail sales		**813.7**	776.4	4.8
Non-LFL retail sales		**21.4**	29.7	
Retail sales		**835.1**	806.1	
Non-EPOS outlet sales		**29.5**	26.7	
Outlet sales	Note 3	**864.6**	832.8	

	6 weeks to 9 November 2024 £m	6 weeks to 11 November 2023 £m	LFL %
LFL retail sales	**89.2**	85.9	3.9
Non-LFL retail sales	**0.9**	0.1	
Retail sales	**90.1**	86.0	

NAV per share

	Statutory reference	2024	2023
Net assets (£m)	Balance sheet	**654.8**	640.1
Number of shares outstanding	Note 28, 29	**633.8**	633.5
NAV per share		**1.03**	1.01

NCF – including reconciliation to recurring FCF

	Statutory reference	2024 £m	2023 £m
Increase/(decrease) in cash and cash equivalents	Note 30	**17.9**	(1.2)
(Decrease)/increase in other cash deposits	Note 30	**(2.0)**	0.1
Cash outflow from movement in debt	Note 30	**293.9**	35.5
Net cash flow		**309.8**	34.4
Sale of property, plant and equipment and assets held for sale	Cash flow statement	**(46.9)**	(51.3)
Disposal of associate	Cash flow statement	**(205.5)**	–
Dividends from associates	Cash flow statement	**(13.8)**	(21.6)
Recurring FCF		**43.6**	(38.5)

ADDITIONAL INFORMATION continued
ALTERNATIVE PERFORMANCE MEASURES

Net debt

	Statutory reference	2024 £m	2023 £m
Increase/(decrease) in cash and cash equivalents	Note 30	**17.9**	(1.2)
(Decrease)/increase in other cash deposits	Note 30	**(2.0)**	0.1
Cash outflow from movement in debt excluding lease liabilities		**285.5**	30.4
Net cash inflow		**301.4**	29.3
Non-cash movements and deferred issue costs		**0.3**	1.5
Movement in net debt excluding lease liabilities in the period		**301.7**	30.8
Net debt excluding lease liabilities at beginning of the period	Note 30	**(1,185.4)**	(1,216.2)
Net debt excluding lease liabilities at end of the period	Note 30	**(883.7)**	(1,185.4)

Underlying EBITDA (from continuing operations)

	Statutory reference	2024 £m	2023 £m
Operating profit	Income statement	**151.7**	90.2
Non-underlying operating items	Note 4	**(4.5)**	34.6
Depreciation and amortisation	Cash flow statement	**45.3**	45.5
Underlying EBITDA		**192.5**	170.3
Revenue	Income statement	**898.6**	872.3
Underlying EBITDA margin		**21.4%**	19.5%

	Statutory reference	2024 £m	2023 £m
Underlying EBITDA under IFRS 16		**192.5**	170.3
Net rental charge		**(21.7)**	(21.8)
Underlying EBITDA pre IFRS 16		**170.8**	148.5
Net debt including lease liabilities at end of the period	Note 30	**1,257.4**	1,565.8
Net debt to EBITDA leverage including lease liabilities		**6.5**	9.2
Net debt excluding lease liabilities at end of the period	Note 30	**883.7**	1,185.4
Net debt to EBITDA leverage excluding lease liabilities		**5.2**	8.0

Underlying operating margin (from continuing operations)

	Statutory reference	2024 £m	2023 £m
Operating profit	Income statement	**151.7**	90.2
Non-underlying operating items	Note 4	**(4.5)**	34.6
Underlying operating profit		**147.2**	124.8
Revenue	Income statement	**898.6**	872.3
Underlying operating margin		**16.4%**	14.3%

	26 weeks to 30 March 2024 £m	26 weeks to 28 September 2024 £m	52 weeks to 28 September 2024 £m
Operating profit	51.8	99.9	**151.7**
Non-underlying operating items	0.9	(5.4)	**(4.5)**
Underlying operating profit	52.7	94.5	**147.2**
Revenue	428.1	470.5	**898.6**
Underlying operating margin	12.3%	20.1%	**16.4%**

ADDITIONAL INFORMATION continued
INFORMATION FOR SHAREHOLDERS

Annual General Meeting (AGM)
The Company's AGM will be held at 10:00am on 21 January 2025 at The Farmhouse at Mackworth, 60 Ashbourne Road, Derby DE22 4LY. Any changes to the AGM arrangements will be communicated to shareholders before the AGM through our website and, where appropriate, by RNS announcement.

Online voting for the AGM
Shareholder participation remains important to us and we strongly encourage all shareholders to participate in the business of the meeting by submitting your votes on each of the resolutions in advance. Shareholders who have already registered with Equiniti Registrars' online portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at **www.shareview.co.uk** using their user ID and password. Once logged in, click 'view' on the 'My Investments' page. Click on the link to vote and follow the onscreen instruction.

Financial calendar

AGM and Interim Management Statement	21 January 2025
Half-year results	May 2025
Full-year results	December 2025

These dates are indicative only and may be subject to change.

The Marston's website
Shareholders are encouraged to visit our website **www.marstonspubs.co.uk** for further information about the Company. The dedicated Investors section on the website contains information specifically for shareholders, including share price information, historical dividend amounts and payment dates together with this year's (and prior years') Annual Report and Accounts.

Registrars
The Company's shareholder register is maintained by our Registrar, Equiniti. If you have any queries relating to your Marston's PLC shareholding you should contact Equiniti directly by one of the methods below:

Online: help.shareview.co.uk – from here you will be able to securely email Equiniti with your query.

Telephone: +44 (0)371 384 2274[1]

By post: Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA

1. Lines are open from 8:30am to 5:30pm (UK time), Monday to Friday, excluding public holidays in England and Wales. If calling from outside the UK, please ensure the country code is used.

Dividend payments
If you believe you have any unclaimed dividends or have misplaced a cheque, please contact Equiniti or visit **www.shareview.co.uk**. By completing a bank mandate form, dividends can be paid directly into your bank or building society account. Those selecting this payment method will benefit from receiving cleared funds in their bank account on the payment date, avoiding postal delays and removing the risk of any cheques being lost in the post. To change how you receive your dividends contact Equiniti or visit **www.shareview.co.uk**.

Duplicate documents
If you have received two or more sets of the documents concerning the AGM this means that there is more than one account in your name on the shareholder register, perhaps because either your name or your address appear on each account in a slightly different way. If you think this might be the case and would like to combine your accounts, please contact Equiniti.

Moving house?
It is important that you notify Equiniti of your new address as soon as possible. If you reside in the UK, this can be done quickly over the telephone or in writing, quoting your full name, shareholder reference number (if known), previous address and new address.

Electronic communications
Changes in legislation in recent years allow the Company to use its corporate website as the main way to communicate with our shareholders. Our Annual Report and Accounts are only sent to those shareholders who have opted to receive a paper copy. Registering to receive shareholder documentation from the Company electronically will allow shareholders to:

- view the Annual Report and Accounts on the day it is published;
- receive an email alert when the Annual Report and Accounts and any other shareholder documents are available;
- cast their AGM votes electronically; and
- manage their shareholding quickly and securely online, through **www.shareview.co.uk**.

This reduces our impact on the environment, minimises waste and reduces printing and mailing costs. For further information and to register for electronic shareholder communications, visit **www.shareview.co.uk**.

ADDITIONAL INFORMATION continued
INFORMATION FOR SHAREHOLDERS

Buying and selling shares in the UK

If you wish to buy or sell Marston's PLC shares and hold a share certificate, you can:

- use the services of a stockbroker or high street bank; or
- use a telephone or online service. If you sell your shares in this way you will need to present your share certificate at the time of sale. Details of a low cost dealing service may be obtained from **www.shareview.co.uk/dealing** or 0345 603 7037.[1]

Ordinary Shares

Range of shareholding

Balance ranges	Total no. holdings	% of holders	Total no. shares	% issued capital
1–1,000	3,295	47.60%	1,290,258	0.19%
1,001–10,000	2,723	39.33%	10,009,064	1.52%
10,001–100,000	681	9.84%	18,332,786	2.78%
100,001–1,000,000	138	1.99%	47,498,867	7.19%
1,000,001–999,999,999	86	1.24%	583,231,218	88.32%

Analysis of shareholder register by investor type

Private client fund managers	**28.43%**
Private investors	**8.25%**
Institutional investors	**63.32%**

Share fraud warning

Share fraud includes scams where investors are called out of the blue and offered an inflated price for shares they own or shares that often turn out to be worthless or non-existent. These calls come from fraudsters operating 'boiler rooms' that are mostly based abroad. While high profits are promised, those who buy or sell shares in this way usually lose their money. The Financial Conduct Authority (FCA) has found most share fraud victims are experienced investors who lose an average of £20,000, with around £200 million lost in the UK each year.

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

- Get the name of the person and organisation contacting you.
- Check the Financial Services Register at **www.fca.org.uk/register** to ensure they are authorised.
- Use the details on the FCA Register to contact the firm.
- Call the FCA Consumer Helpline on 0800 111 6768 if there are no contact details on the Register or you are told they are out of date.
- Search the FCA list of unauthorised firms and individuals to avoid doing business with.
- Remember, if it sounds too good to be true, it probably is.

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme if things go wrong.

If you are approached about a share scam you should tell the FCA using the share fraud reporting form at **www.fca.org.uk** where you will find out about the latest investment scams. You can also call the Consumer Helpline on 0800 111 6768.

1. Lines are open Monday to Friday, 8:00am to 4:30pm for dealing and until 5:30pm for enquiries (UK time), excluding English public holidays.

ADDITIONAL INFORMATION continued

INFORMATION FOR SHAREHOLDERS

Company details

Registered office: St Johns House, St Johns Square, Wolverhampton WV2 4BH
Telephone: 01902 907250
Company registration number: 31461
Investor queries: investorrelations@marstons.co.uk

Auditor

RSM UK Audit LLP 10th Floor, 103 Colmore Row, Birmingham, B3 3AG

Advisers

JP Morgan Cazenove, 20 Moorgate, London EC2R 6DA
Peel Hunt LLP, Moor House, 120 London Wall, London EC2Y 5ET

Solicitors

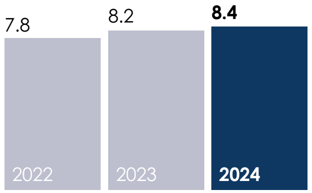
Freshfield Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HS
Slaughter & May LLP, One Bunhill Row, London EC1Y 8YY

ADDITIONAL INFORMATION continued

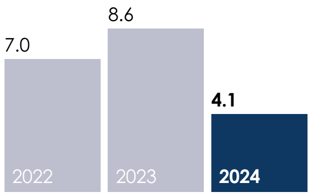
HISTORICAL KPIs & GLOSSARY

We've made changes to our KPIs during the reporting year, to align with our new strategy. The following KPIs will not be reported on from FY2025.

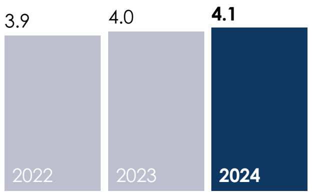
Your Voice engagement score of 8 or more



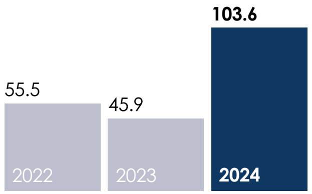
Spend per head vs LY (%)



To remain in the FTSE4Good index



Free cash flow (£m)



To be No.1 company on Reputation.com

2022	2023	**2024**
3rd	2nd	1st

AGM	Annual General Meeting
bps	Basis points – unit of measurement used to express percentage change
CAGR	Compound annual growth rate
CAPEX	Capital expenditure
CMBC	Carlsberg Marston's Brewing Company
CMD	Capital Markets Day
D&I	Diversity and inclusion
EBITDA	Earnings before interest, taxes, depreciation, and amortisation
EHO	Food hygiene rating issued by Food Standards Agency
EPC	Energy performance certificate
ESG	Environmental, Social and Governance
EV	Electric vehicle
FCF	Free cash flow
FRC	Financial Reporting Council – independent regulator
FTSE4Good	An index designed to measure the performance of companies demonstrating strong Environmental, Social and Governance practices
FY	Financial year
GHG	Greenhouse gas
H1	The first half of the financial year
H2	The second half of the financial year
IFRS	International Financial Reporting Standards
LFL	Like-for-like
LTIP	Long-Term Incentive Plan
M&A	Mergers and acquisitions
NCF	Net cash flow
NLW	National Living Wage
NMW	National Minimum Wage
M&A	Mergers and acquisitions
PBT	Profit before tax
PCA	Pubs Code Adjudicator
Pub Support Centre	Marston's head office
ROIC	Return on investment capital – a measure of how effectively we use the capital invested in our business
Sedex	Supplier Ethical Data Exchange – membership organisation for auditing supply chains
SONIA	Sterling Overnight Index Average – interest rate benchmark which reflects the average of interest rates which banks pay to borrow sterling overnight
TCFD	Task Force on Climate-related Financial Disclosures
The Pubs Code	Statutory regulation effective 21 July 2016
TSR	Total shareholder return – a combination of share price appreciation and dividends paid
Total revenue	Total revenue from continuing operations

100%
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MARSTON'S

Marston's PLC
St Johns House, St Johns Square,
Wolverhampton WV2 4BH

Telephone 01902 907250
Registered No. 31461