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.

CONTENTS

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

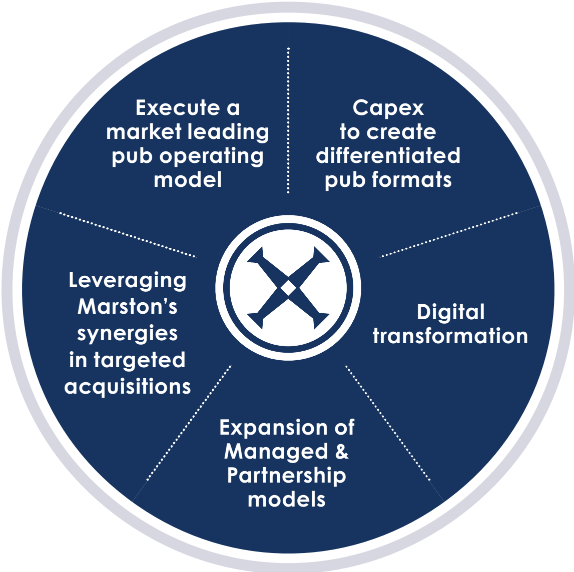
Strategy and value drivers

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.

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

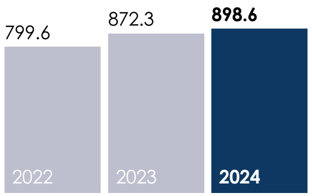
A clearly defined growth strategy

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)

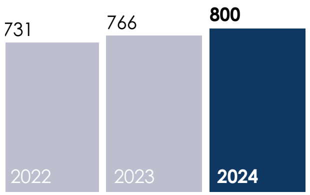


(1.4)% LfL | 10.1% LfL | **4.8% LfL**

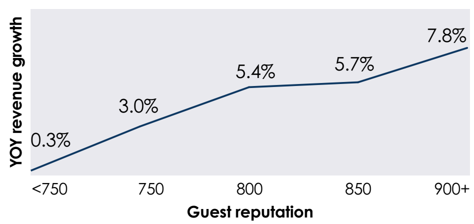
2 Focus on guest Reputation score REM

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



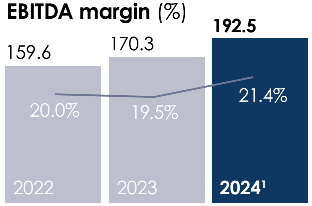
Guest Reputation drives higher revenue growth



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** (%)

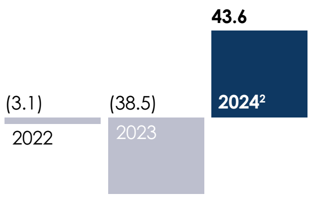


We've made some changes to our KPIs this year to align with our strategy. More details on previous KPIs can be found on page 148.

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.

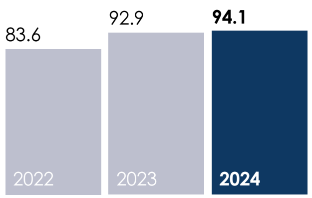
Underlying recurring free cash flow (£m)



5 Safely and sustainably operating the business

All of our pubs to be 5* EHO.

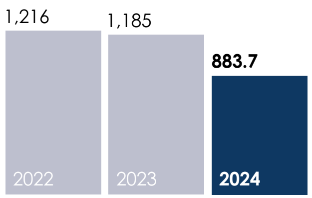
Our Pubs at 5* EHO (%)



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.

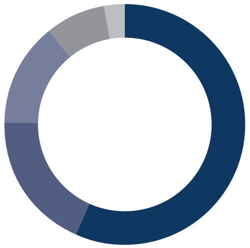
Taxation

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.

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.

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.

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

SUSTAINABILITY

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.

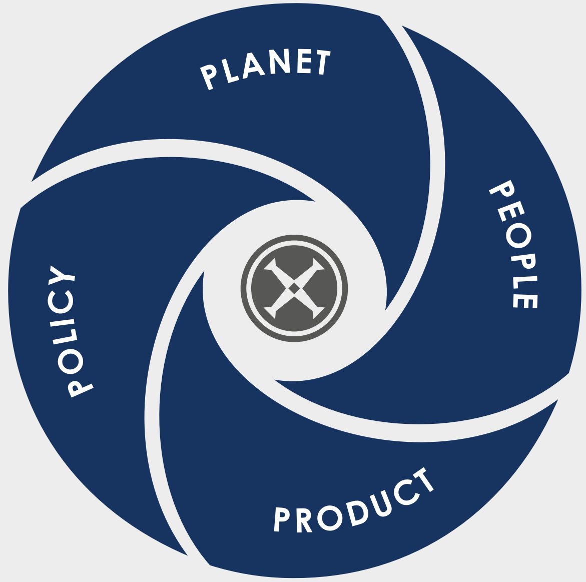
Our 2024 Impact Report, previously known as our Insight Report, is a statement of our aims, targets and intentions, and includes our focus areas and the stories to support our initiatives. Included in our report details the progress of our targets and the activities from each of the four pillars during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

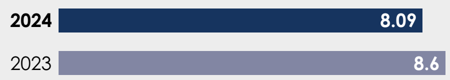
Greenhouse gas emissions by source

(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

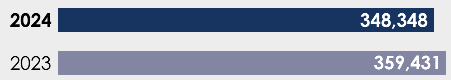
Greenhouse gas emissions intensity ratio

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.

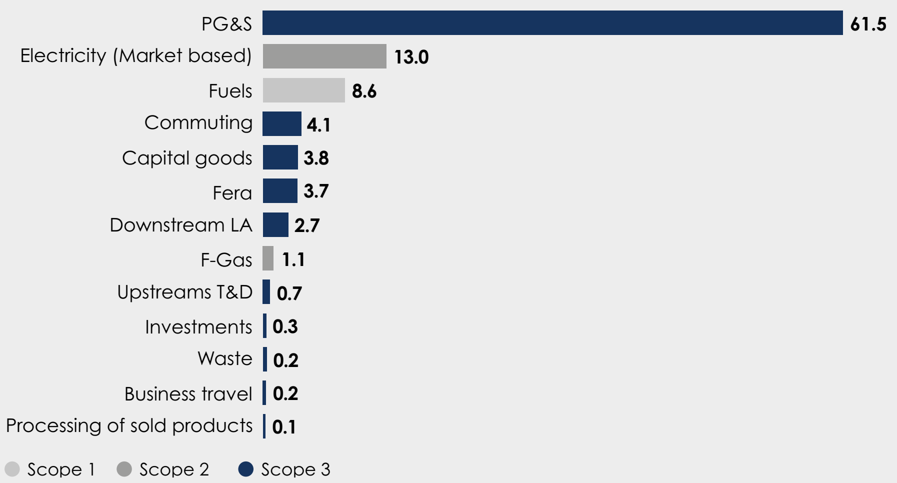
This year, working with Zero Carbon Services, we are further refining our transition plan toward Net Zero with the objective of submitting it to the Science Based Target initiative or similar standard for approval. This supports our aim of continuing to work collaboratively with the UK hospitality industry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

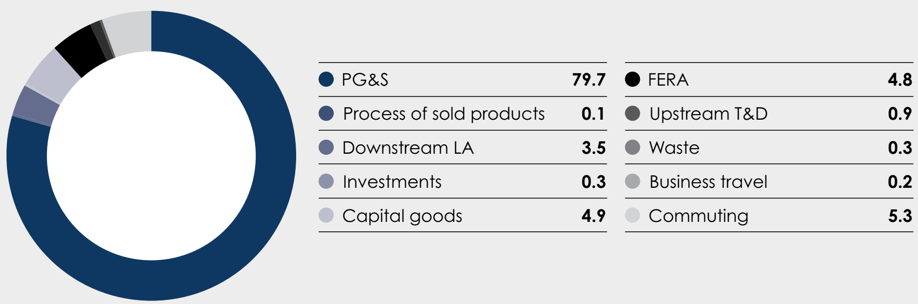
Our targets for reducing emissions are the same as our plan to achieve Net Zero:

- 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.

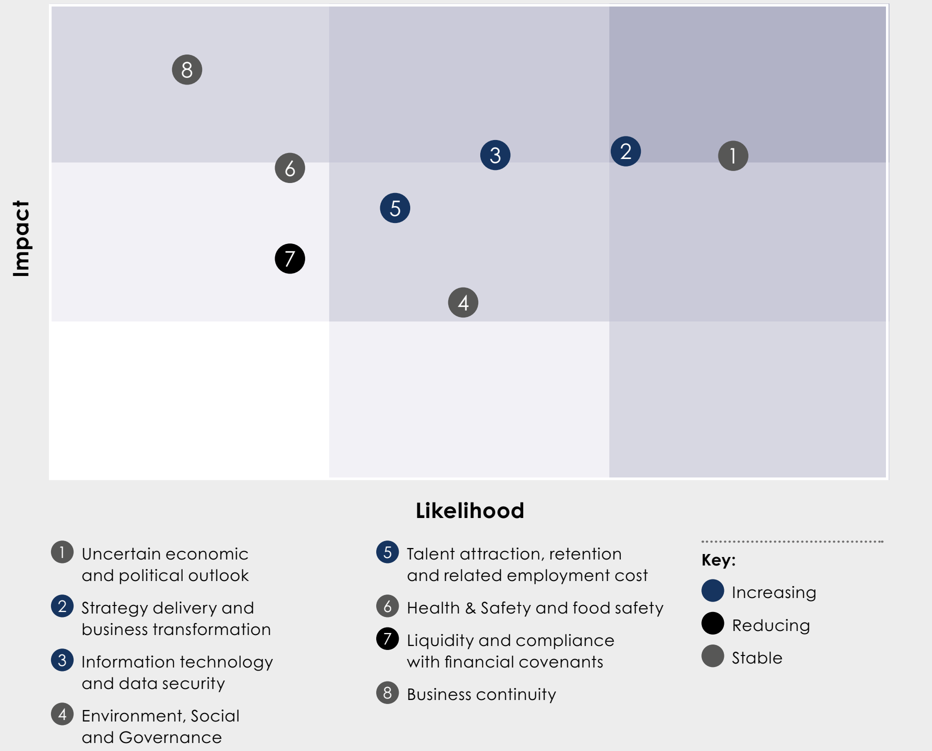
In FY2025, further improvements are planned to ensure that risk considerations are further embedded in the strategic planning processes of the Executive Committee and the Board (including formation of the Investment Committee, details of which can be found on page 51), and that the control environment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



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