



**GREENE KING**  
BURY ST EDMUNDS

# A Year in Review 2022



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## At a Glance

### REVENUE

**£2.18B**

(52 weeks to 1 Jan 2023) vs £1.34B for the 52 weeks up to 2 Jan 2022

### ADJUSTED OPERATING PROFIT

**£192.6M**

(52 weeks to 1 Jan 2023) vs £18.6m for the 52 weeks up to 2 Jan 2022

### STATUTORY OPERATING PROFIT

**£249.2M**

(52 weeks to 1 Jan 2023) vs £63.8m for the 52 weeks up to 2 Jan 2022

### FREE CASH INFLOW

**£13.1M**

(52 weeks to 1 Jan 2023) vs £7.2m for the 52 weeks up to 2 Jan 2022

### INVESTMENT

**£242.3M**

Capital expenditure and acquisitions

### NEW APPRENTICESHIPS

**1,173**

New apprenticeships started across Greene King in 2022

### NUMBER OF EMPLOYEES

**38,600**

Monthly average across 2022

### NUMBER OF PUBS

**2,636**

### RAISED FOR MACMILLAN

**£3M**

Taking our total raised since 2012 to £14m



# CEO Review



“ THE WAY OUR TEAMS HAVE RISEN TO THE MULTIPLE CHALLENGES OF 2022 HAS BEEN TRULY AWE-INSPIRING AND, WHILE THOSE CHALLENGES ARE SET TO CONTINUE, I AM EXCITED BY THE LONG-TERM PROSPECTS WE NOW HAVE IN FRONT OF US. Nick Mackenzie, Chief Executive Officer ”

## Overview

Coming out of the backdrop of Covid, this year has been all about the progress of putting our strategy into action and realising our purpose of pouring happiness into lives.

It has been a strong financial performance against a challenging backdrop, including significant inflation and the domino effects of the ongoing war in Ukraine, particularly on energy bills. For our leased and tenanted partners, these challenges have been particularly debilitating.

It feels like we are facing into higher cost headwinds than at any time previously and the significance of this cannot be stressed enough. We have seen very high inflation across our cost base throughout 2022, and continue to see the wider cost of doing business increasing as a result of compliance with existing and new regulation on our industry.

Nevertheless, I believe that pubs and brewing can continue to thrive and contribute to the UK's economy. This year alone we have paid over £500m in tax to the Treasury and this amount will be going up further in 2023. It is vital we take a long-term approach in our thinking to ensure that businesses can support the UK Government's wider aims around economic growth and achieving net zero ambitions, something that we have placed at the heart of our business this year.

To have come through these crosswinds in a strong position is testament to the incredible hard work and dedication of our teams and our partners and I would like to pay tribute to all of them here.

## Our markets

In 2022, there were forecast to be 42,793 pubs across the UK, down less than 1% on 2021. However, it will continue to be a challenging 12 to 18 months for the market and outlet decline is expected to continue until 2024\*.

Pub market value through turnover in 2022 was forecast at £22.5 billion, equating to 98% of its 2019 value before the pandemic and growth of 56.7% from 2021\*. However, price increases over the past 12 months will have contributed to this, with volumes remaining down on pre-Covid levels.

## Strategy into action

The plans we began formulating in 2021 as part of a longer-term strategy have begun to be put into action this year, including a greater emphasis on creating a sustainable business and increasing our environmental focus.

We have added 'Environment & Social' as an eighth driver to our strategy, putting it at the heart of our business.

We have made ambitious science-based commitments to reduce our carbon emissions. It is the right thing to do as we aim to ensure the long-term commercial sustainability of Greene King's pubs and breweries. There is more detail on page 8 of our strategic progress to date, but some of the highlights include expanding with our investment in Hickory's and investing in our people by rolling out our Elevate coaching programme.

## Our People

Not too long before this annual review went to press, we were proud to be named the winner of the Best Pub Employer (501+ employees) at the Publican Awards, an award we entered in December 2022 based on our work throughout the year. We were also equally thrilled to win Best Leased & Tenanted Pub Company (501+ sites) at the same event.

These were great accolades to win, especially as a big part of 2022 was about setting our people up for success. Every year, our Rant & Rave engagement survey asks our people what they think about working for Greene King. I am delighted that our increased 'sustainable engagement' score of 84% means the vast majority of our team members are engaged, enabled and energised.

Building meaningful careers for people in hospitality is something we are passionate about and was recognised in our award win. This year we celebrated reaching the landmark of 16,000 apprenticeships supported since 2011. Our employee turnover has continued to reduce this year, by 6%, equating to 2,340 more team members whom we have retained.

We want to help people build careers with us and it's been great to see us commit this year to delivering a further 5,000 apprentices by 2025 as part of our Untapping Potential report. You can read more about that on page 33.

I was also proud to see our teams' achievements celebrated at our Pride of Greene King awards, which can be read about later in this report on page 12.



## Our customers

With rising inflation fuelling a cost-of-living crisis, the manner in which many of our customers view a visit to the pub has changed. It has become even more important that we focus on providing an outstanding experience for them, so they feel a visit to the pub represents good value for money.

We have invested significantly in our estate this year, providing quality internal and external areas but also investing in our people and operational excellence to help us stand out as we aim to be the pride of British hospitality.

## Our communities

Our pubs continue to be vital hubs for their communities, not just a place to eat and drink, but a place for people and groups to be together and socialise.

Our purpose of pouring happiness into lives extends into these communities as our pubs bring people together from all walks of life where they can socialise, relax and be themselves.

Whether it is raising more than £3m this year for Macmillan Cancer Support, providing Christmas Day meals as part of our No One Alone initiative for those who

would otherwise spend the day on their own, or becoming the first national partner of Best Bar None, we put our pubs' place in the community at the heart of what we do.

## Inclusion and Diversity

We are on a journey to everyday inclusion, making Greene King a place which is fully inclusive for our team members and customers. This isn't just about words, we are also committed to using data to measure our own performance and also launching a number of new initiatives to educate and inspire people.

From my own personal perspective, I took part in our first reverse mentoring programme this year, which you can read more about later in this review. I was nervous to take part, but my confidence grew and my ability to talk to people about racism has certainly grown. I feel able now to have these conversations, to promote inclusion and to challenge where necessary to meet Greene King's aim of being a truly anti-racist organisation.

## Looking ahead

While we have made great strides this year, our strategy is a long-term one and the focus is now firmly fixed on setting ourselves up for success in the years ahead,

while at the same time continuing to overcome significant cost pressures that will continue in 2023.

We will put more focus on growing and enhancing the Greene King brand. Part of this involves a realignment of our business, moving from five divisions to four and building the strength of our brands on one side, while also expanding our Ventures arm to explore more exciting innovation and asset optimisation opportunities.

The way our teams have risen to the multiple challenges of 2022 has been truly awe-inspiring and, while those challenges are set to continue, I am excited by the long-term prospects we now have in front of us, as we continue investing in our people, our customers and our communities to fulfil our purpose of pouring happiness into lives.

I would like to thank everyone who works for Greene King, our owners, our tenanted and leased partners, our franchisees, and our suppliers. Furthermore, I would also like to thank our trade bodies who continue to highlight the enormous benefits of pubs, breweries and the wider hospitality sector to the UK.

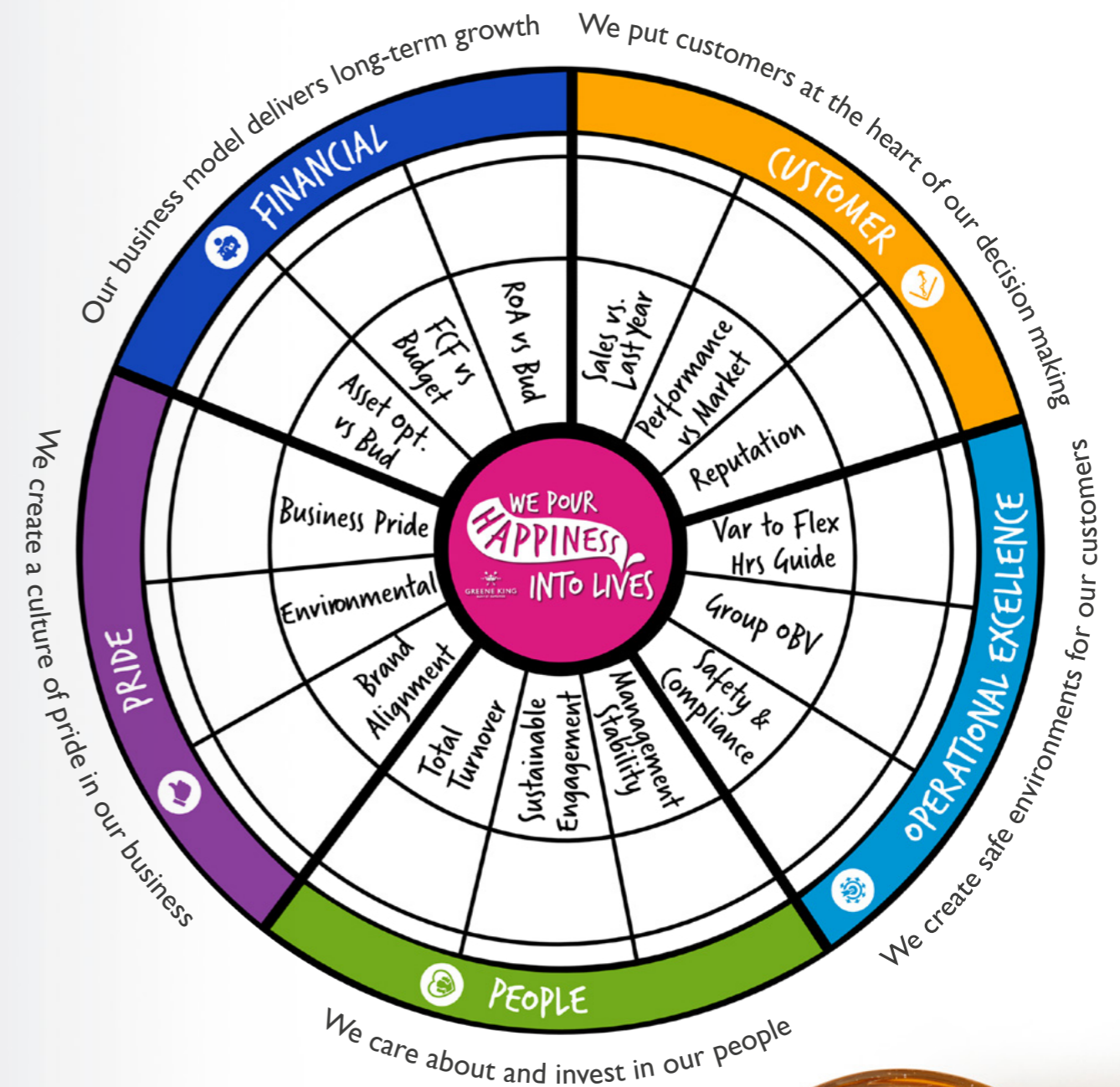
\* Lumina Intelligence: UK Pubs & Bars Market Report 2022

# Business Model



# How we Measure Success

WE USE THE DARTBOARD, A BALANCED SCORECARD WHICH TRACKS AND MONITORS GROUP PERFORMANCE AGAINST A BROAD RANGE OF KEY PERFORMANCE INDICATORS.



# Strategic Progress

Work began in earnest in 2021 to prepare a longer-term strategic plan and during 2022 the focus was on putting the plan into action. The foundational projects commenced in 2021 continued during the year to underpin our brand development strategy, including work on customer segmentation, the Greene King brand and a customer engagement programme.

This year we have made great progress in executing our strategy towards our goal of becoming the Pride of British Hospitality, famous for outstanding experiences. As we continued to refine our strategy in 2022 we added a new strategy driver: Environment & Social. Our goal and purpose are underpinned by the following strategy drivers:

## OPERATIONAL EXCELLENCE

- Invested £2.2m in a new and efficient kegging line in our Belhaven Brewery
- Achieved our highest ever average environmental health score for our c1,600 managed pubs: 4.89/5
- Helped develop the first national accreditation process for Best Bar None, the Home Office and industry supported scheme that recognises and promotes the highest operating standards. All Greene King pubs and Destination pubs will complete training and assessment for accreditation in 2023

## BRANDS

- Launched our new range of premium beers: Flint Eye and Level Head, which are now available in pubs across the UK and beginning a roll out into shops and supermarkets
- Grew our new Hive Pubs franchise to 28 sites
- Used detailed customer research to shape and evolve our Chef & Brewer Collection of pubs, completing several transformational investments of over £1m each

## EXPAND

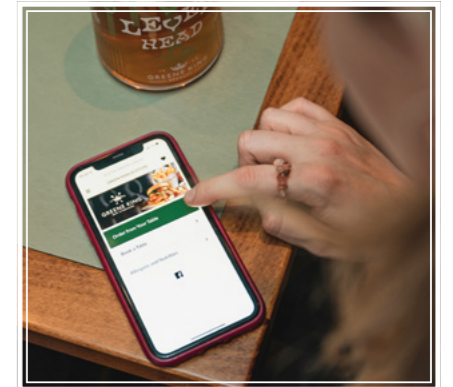
- Invested in Hickory's, a highly differentiated, leading BBQ smokehouse restaurant group, with potential to grow it into a national dining brand
- Made targeted purchases of individual venues across the country
- Announced a move for our Bury St Edmunds distribution depot to a new purpose-built 160,708 sq ft site on the outskirts of our hometown

## PEOPLE

- Spent more than £1m rolling out our Elevate leadership development programme
- Launched a new and much improved maternity policy as part of our journey to everyday inclusion
- Made progress against the commitments in our Calling Time on Racism manifesto

## DIGITAL

- Launched one of our biggest-ever IT projects: Pub Network of the Future, to bring high-quality WiFi to all our pubs for both customers and our own network systems. We completed 184 sites by the end of the year and the aim is to complete the full rollout in 2023
- Strengthened our IT security systems and cyber resilience



## ASSET OPTIMISATION

- Completed a full estate review of all our pubs to confirm which part of our business would optimise their performance and through this process identified key brand transfers. For example a number of pubs have been given a new lease of life in our Hive Pubs franchise or our Pub & Social managed business
- Further explored opportunities to premiumise with pubs transferring to Metropolitan Pub Company and Crafted Pubs
- Identified 39 hotels in our Destination Food Brands division and transferred them over to form a new Venture Hotels business

## CULTURE

- Completed our first year using our new Dartboard to measure company performance based on a range of metrics, not just financial
- As part of our Dartboard, we now reward our general managers for managing teams' hours successfully, for example so that people finish their shifts on time to allow for a better work-life balance
- Launched our Reverse Mentoring programme to bring fresh perspectives and experiences to our senior leaders as well as Inclusive Leadership training

## ENVIRONMENT & SOCIAL

- Committed to set a near term target of 50% reduction of greenhouse gas emissions across scopes 1, 2 and 3 (direct and indirect emissions) by 2030 and net zero target of 2040 through the Science Based Target Initiative (SBTi)
- Launched our Untapping Potential report, making a number of pledges including the training of 5,000 more apprentices by 2025
- Raised £3m in 2022 for Macmillan Cancer Support



## Culture and Values

Significant progress continued during the year with regard to the company's programme of cultural and strategic transformation. Supported by the board, the following elements of the programme were delivered during the year:

- Approximately 2,000 managers took part in our intensive leadership development programme called Elevate, to build the skills and capabilities to embed the cultural change programme.
- Continued the drive to improve inclusion and diversity across the business, by delivering inclusive leadership training to our senior leaders and promoting our Employee-led Inclusion Groups (ELIGs).
- We ran a high performing teams programme for our leadership team to equip them with additional skills to ensure they get the best out of their teams.
- The consistent use of the "Dartboard" balanced scorecard to measure and assess performance against strategy in a more rounded way, including shifting our mindset to look at behaviours and not just performance.
- The implementation of a new performance management and talent process which started at the beginning of 2022.

## Expand

With the ending of the Covid restrictions the business was able once again to consider taking advantage of opportunities to expand via appropriate acquisitions and investments.

A number of single site acquisitions were made during the year to enhance the estate, with a particular focus on pubs and restaurants suitable for inclusion with our Metropolitan Pub Company.

In July the acquisition of a package of three restaurants in Glasgow, including the acclaimed Ubiquitous Chip, was approved.

We also invested in Hickory's, a leading authentic BBQ smokehouse restaurant operator in the UK, which underpins Greene King's strategy of growing our reach through compelling brands. It is a family friendly smokehouse and BBQ restaurant business, with a strong focus on food quality with meats slow cooked for up to 12 hours on smokers specially imported from Memphis. Customers are offered unique dining experiences, such as chef's tables, dining verandas, cinemas and children's play areas.

Hickory's is highly complementary to our current portfolio of brands and geographical reach. We plan to leverage its scale and expertise to accelerate the national roll out of the Hickory's brand beyond its north-west heartland, with significant growth over time by optimising Greene King assets.



# WE POUR HAPPINESS INTO LIVES

PURPOSE WHY WE DO IT

STRATEGY GOAL WHAT OUR AIM IS

To be the Pride of British Hospitality, famous for outstanding experiences



OUR GREENE KING VALUES WHO WE ARE

- CUSTOMER FIRST
- WE CARE
- FREEDOM TO SUCCEED
- WE TAKE OWNERSHIP
- WIN, LEARN, (CELEBRATE TOGETHER)

OUR GREENE KING BEHAVIOURS HOW WE DO IT

- ACHIEVE
- CONNECT
- DRIVE
- GROW

How we will drive the future success of our business, in pursuit of a PURPOSE we are proud of, delivered by a clear STRATEGY, underpinned by Our Greene King VALUES and BEHAVIOURS

# Celebrating Success

## Pride of Greene King Awards

In May we held our first in-person Pride of Greene King Awards, which we started virtually during lockdown to celebrate and thank our amazing people.

As well as an outstanding contribution prize – chosen by CEO Nick Mackenzie – other awards reflected the new behaviours embedded across Greene King as part of our Unleashed culture change programme, with the previous year's winners judging the majority of the awards.

The **Procurement, Supply Chain & Distribution teams** won the outstanding contribution prize because of the challenges they overcame to keep our pubs well-stocked, despite a number of world events putting continual pressure on product availability, inflation, and deliveries.

Other winners at the awards ceremony were:

- **Terry Rigg**, general manager at the Fox & Pheasant in Stoke Poges, won the High Flyer award for producing consistently fantastic sales while always putting his customers first and making his pub a real cornerstone of the community.
- **Pete Taylor**, a dray driver based at the Eastwood depot, won the Building Bonds award after he hired a truck and filled it with donations of much-needed goods including first-aid items, sleeping bags, clothes and sanitary products. He drove on his own to the Polish border with Ukraine to deliver to the Polish Red Cross. He travelled 2,000 miles and spent 40 hours driving.
- **David McBride**, operations director for Greene King Local Pubs, won the Nourish and Flourish award for supporting his team. Since he joined in 2020, the way he coached his team has been praised repeatedly and led to three internal business development manager appointments. He has a natural flair for getting the very best out of people.
- **Andrea Greenwood**, operations manager for Greene King Local Pubs, won the Pedal to the Metal award for producing consistently strong financial results for her pubs, while simultaneously encouraging her pubs to fundraise for Greene King's charity partner Macmillan Cancer Support, with her pubs raising £165,000 the previous year.
- **Angelo Vitale**, holding general manager at The Packhorse & Talbot in Chiswick, was voted by Greene King team members as the winner of the We Pour Happiness into Lives award.
- **Paul Wishart**, national operations manager for Scotland, and **Chris Shimwell**, corporate communications manager, were highly commended in the outstanding contribution category for the commitment they had shown to help realise one of the pledges in Greene King's Calling Time on Racism manifesto.



Greene King's Chief Executive Officer Nick Mackenzie



Award winner Andrea Greenwood, pictured with executive board members Andy Wilson (left) and Assad Malic (right)

## Awards

As an employer of approximately 39,000 people nationwide, we know that without the dedication and passion of our teams we would not be able to bring our strategy to life and meet our performance targets.

We are honoured to receive a number of accolades for our work in 2022, including the following:

- Top-rated pub company on Britain's Most Admired Companies list – the longest-running annual survey of corporate reputation in the UK
- Our Village Greene employee-led inclusion group was named 'New Employee Network of the Year' at the Rainbow Honours awards
- Our Breaking the Bias campaign for International Women's Day won the Diversity & Inclusion Award at the PRCA Dare Awards
- We were listed in the Financial Times & Statista Climate Leaders 2022
- We won two awards at the Better Society Awards: Best Scheme to Encourage Staff Fundraising – long-term partners with Macmillan Cancer Support, and the Supportive Employer Award
- Belhaven Brewery was named Visitor Attraction of the Year at Global Beer Awards
- Greene King was named Best Pub Employer (501+ employees) at the Publican Awards, while our Pub Partners business unit was named Best Leased & Tenanted Pub Company (501+ sites)



Award winner David McBride pictured with executive board members Richard Smothers (left) and Clair Preston-Bear (right)



The outstanding contribution award went to the Procurement, Supply Chain & Distribution teams

# Our People

## Supporting Our People

The cost-of-living crisis has made things tough not just for businesses but for so many individuals across the country. People and culture are at the heart of our strategy, and we wanted to do all we could to support our teams through difficult times they may have been experiencing outside of work.

We want to show we care and help where we can – whether that is through practical financial support or helping to promote physical and mental wellbeing.

Here are some of the measures that we have ongoing or have introduced this year at Greene King:

### New maternity policy

In September, we launched a new industry-leading maternity offer entitling our hourly-paid team members to 13 weeks' full pay, then 13 weeks' half pay, then 13 weeks statutory maternity pay.

Our salaried team members are entitled to 26 weeks' full pay, then 13 weeks' statutory maternity pay.

### Team Member Support Scheme

We launched our Team Member Support Scheme, administered independently on our behalf by The Licensed Trade Charity, to support any team members facing financial hardship. £150,000 was donated to The Licensed Trade Charity to administer grants in 2022.

### Employee benefits

All our team members have access to a range of benefits, including a discount in our managed pubs of 33% off food and drink, and also discounts off overnight stays in Greene King hotels.

We operate a Friends and Family Scheme, for employees to give friends and family a 15% discount.

We also offer access to the Wagestream app, giving employees financial education and the option to access earnings quickly if needed, and work with a third-party to offer a range of external discounts for employees from supermarkets to travel across a range of sectors, including discounted gym membership.

### Mental wellbeing

Our Employee Assistance Programme is available 24/7 and includes a confidential telephone hotline for all team members to access free support and counselling.

We have also continued to work with Mental Health First Aid England (MHFA) to train more than 100 mental health first aiders at Greene King, who are spread across a range of departments across the country. Everyone who took part has undergone a professional and in-depth training course and is now available to be contacted by someone who needs support.

## Inclusion and Diversity

We are committed to our journey towards everyday inclusion, sharing the awareness and lived experiences of minority populations in our business.

Our aim is to:

- build and sustain a more diverse environment where all our people are embraced and valued for who they are so that they reach their full potential and thrive.
- set the bar as an inclusive organisation where all feel a sense of belonging and are made welcome.

We were pleased that between 2021 and 2022, under-represented groups saw increases of 6-8% positivity across our Rant & Rave engagement survey, outperforming the 4-5% increase seen by the Greene King population as a whole.

This is important not just for our teams but for our customers as well. As well as broader everyday inclusion at Greene King, including ongoing awareness education and an annual inclusion calendar, we also carried out a number of areas of focused activity and planning in 2022, including:

- Reverse Mentoring
- Inclusive Leadership Training
- Progressing our Calling Time on Racism manifesto
- Female Mentoring programme
- Creation of 'I'm Not Prejudiced, but...' video

### Reverse Mentoring

Our Reverse Mentoring programme flips the normal hierarchy of mentoring and partners senior leaders who hold a wide influence over the organisation with members of the diverse communities that the company is working hard to support and increase representation of.

Starting at the end of 2021 and continuing across 2022, the executive board and senior leaders across the business embarked on the scheme with 30 partnerships undertaken in 2022, supported by an external provider, School for CEO's.

Each programme lasts seven months and encourages positive, challenging and engaging conversations, all designed to inspire and to support leaders across the business to understand their role in making marginal gains in changing Greene King's culture for the better.



### Inclusive Leadership Training

To bring our inclusion and diversity goals to life, we need our people to be living and breathing them. We worked with external provider Involve to design workshops as part of our Unleashed programme to give our leaders the tools to help activate a culture change in their areas of the business.

More than 300 people from our leadership team were invited to take part in a face-to-face workshop this year looking at biases, privilege and influence so we could begin to step-change our culture.

We are taking our words and intent and making it a reality by helping our leaders realise the role they play in bringing everyday inclusion to life. There will be a programme for senior managers in 2023 as we work towards getting every one of our pub teams and managers to be trained and have the tools to embrace everyday inclusion across our company and in our pubs.



### Calling Time on Racism

In 2021 we launched our Calling Time on Racism manifesto, where we pledged four commitments to help achieve our ambition to embrace and value our Black, Asian and minority ethnic colleagues, and the wider community, and increase their representation within the hospitality sector as a leading and truly anti-racist organisation. These four commitments are: Leadership, Culture, Customer and Community.

- **Leadership**  
Our Leadership commitment is to empower leaders to own the journey of racial inclusion and representation, while embedding anti-racism across Greene King.
- **Culture**  
Our Culture commitment is to establish and embed a culture of inclusion and a celebration of difference across the business.
- **Customer**  
Our Customer commitment is to enhance the customer experience and use Greene King's brand and assets to promote racial inclusion and drive entrepreneurial opportunities for those who experience racism.
- **Community**  
Our Community commitment is all about making sure that our activity reflects the diversity of the communities we serve. It's also about making Greene King a driver for change on race diversity locally.



We also have four Employee-Led Inclusion Groups at Greene King, led by people from all kinds of jobs, from all parts of the business and from all different backgrounds. Each of the groups has a sponsor from our executive board. All the groups are safe spaces focused on making a difference.

Everyone is welcome to join, even those who may not identify with the community the group represents, but who have an interest and a desire to be an ally, learn more, and support the group's goals:

- **Unity**  
Our Black, Asian and minority ethnic focused community group where 'diversity is our identity' and the focus is on true inclusion for all.
- **Greene Sky**  
Our female community group focuses on developing great females and highlighting the impact they have across Greene King.
- **Village Greene**  
Our LGBTQ+ focused community group which helps make Greene King a great place for LGBTQ+ team members to work.
- **Ability**  
Our disability focused community group aimed at supporting Greene King to truly be a Disability Confident Employer.





# Destination Food Brands



“WE’RE PROUD TO HAVE FINISHED 2022 AHEAD OF BOTH THE WIDER MARKET AND OUR 2019 SALES PERFORMANCE. DESPITE A YEAR OF GLOBAL PRESSURES, WE’VE BEEN AT THE HEART OF COMMUNITIES, EMBRACING OUR NEW CULTURE, RAISING MORE THAN £1M FOR MACMILLAN AND SEEN GREAT RETURNS ON OUR CAPEX INVESTMENTS.”

**Our Destination Food Brands division places a strong focus on running brands that bring family and friends together.**

**It consists of seven key brands and formats: Hungry Horse, Wacky Warehouse, Chef & Brewer, Farmhouse Inns, Pub & Carvery, Pub & Dining and Pub & Grill.**

**Measuring our performance**

In 2022 our total sales increased by £230.8m compared with 2021, thanks to our dedicated teams delivering great customer service as well as no Covid restrictions and the benefit of a reduced rate of VAT on food up until 31 March 2022.

However, a combination of the Omicron variant, significant food and labour inflation, as well as reduced customer demand, meant the wider trading environment was particularly challenging for food-led businesses in 2022.

Nevertheless, our like-for-like sales were ahead of both 2019 and the market (Coffer Peach Pub Restaurants), however volumes remain below 2019 levels. This was a fantastic achievement ensuring we had the right balance on price and customer experience. Our adjusted operating profit was £46.8m, more than double that of 2021.

**Investing for future growth**

We remain confident about the long-term future of our food-led brands and invested £31.3m in capital developments in our estate throughout the year, including £25m on core schemes and £2.3m on gardens as consumer demand for high-quality outside space continued post-Covid.

We have invested in our customer journeys in all of our brands which has resulted in better customer service. In total 80 sites benefited from capital investment in the year.

**Accommodation focus**

Accommodation remains a key revenue stream for Destination Food Brands, with our pubs with rooms receiving £9.2m of investment this year as part of the wider £25m investment referenced above.

Returns on these investments have been ahead of the market. We plan to continue investing in 2023 in this space as people continue to holiday in the UK.

In February, 39 hotels were transferred out of the division to create a separate Hotels business as part of our Ventures division.

**Putting our customers first**

We are prioritising our customers’ experience in our pubs, which has contributed to our customer metrics continuing to move forwards, with Reputation.com scores improving by eight points from 2021 and complaints per 1,000 covers ratios improving by 0.03. Our safety scores also improved with our average Environmental Health (EHO) rating at the year end at 4.93 out of a maximum of 5 – increasing from 4.86 last year. This is our highest score to date.

**Engaging our people**

We ran our annual engagement survey in October, with 13,614 team members taking part in the survey. Our two key measures improved from 2021, with sustainable engagement going from 79% to 84%, and business pride increasing from 81% to 85%. Both of these are in line with the average across Greene King.

**Looking forward**

We remain cautious in our outlook for the current year, with a number of external factors continuing to impact trade. We have a strong investment programme planned, particularly around our Chef & Brewer brand and for pubs with rooms. We believe our brands are well-placed this year to deliver a strong performance on all people and customer metrics against a challenging macroeconomic backdrop.



## Chef & Brewer: Red Lion, Todwick

As part of our work to grow reach through compelling, profitable brands, we have undertaken a number of major investments in our Chef & Brewer Collection this year, with a particular focus on pubs with accommodation.

The Red Lion in Todwick transferred brands to Chef & Brewer in 2022 and underwent a seven-figure investment, reopening in December after a full revamp, which included a top-to-bottom makeover of all 30 of its hotel bedrooms. This included new bathroom suites, furniture, wallpaper and carpets which were all designed to link with the look and feel of the pub.

Set just a few miles from Rother Valley Country Park, but with easy access to the M1, this 19th century pub and hotel is a popular destination for tourists and has performed strongly since reopening. With many more refurbishments for pubs with rooms planned for 2023, this is planned to be a key area of focus for the coming year.



# Local Pubs



“ LOCAL PUBS HAVE PERFORMED STRONGLY THIS YEAR, WITH A REAL FOCUS ON ATTRACTING NEW CUSTOMERS FOR DIFFERENT OCCASIONS. WE'RE DELIGHTED THAT OUR NEWLY DESIGNED PUB & SOCIAL FORMAT IS LANDING WELL WITH CUSTOMERS AND WE WILL CONTINUE TO ROLL THIS OUT. OUR TEAMS HAVE BEEN FANTASTIC THROUGHOUT THE YEAR, SUPPORTING THEIR CUSTOMERS, THEIR COMMUNITIES AND RAISING AN INCREDIBLE £1M FOR MACMILLAN. ”

Local Pubs lie at the heart of communities up and down the UK with 615 pubs offering a unique place for customers.

The division is split into four distinct formats: Pub & Social, Pub & Kitchen, Proper Locals and Flaming Grill.

### Measuring our performance

Our revenue was up 69.5% against 2021 performance, when pubs were closed at the start of the year under Covid-19 restrictions. However, the start of this year was still affected by the spread of the Omicron variant.

Like-for-like sales were slightly up compared with 2019 and traded ahead of the comparable market over 2022 (Coffer Peach Pub Restaurants).

We made an adjusted operating profit of £57.2m, which was £54.6m ahead of 2021. Several challenges were navigated in the year with the higher than anticipated levels of inflation impacting almost everything, from food prices to energy.

### Investing in communities

With Local Pubs sitting at the heart of communities across the UK, we were pleased to be able to invest £24.9m in our pubs this year. We spent £16m on 14 core investments to establish the platform for scale investments across 2023 and beyond. The majority of spend was seen in Pub & Social and Pub & Kitchen sites as part of our test & learn programme, as well as £4.7m spent on garden schemes following on from the success of our 2021 programme. In total 105 sites benefited from capital investment in the year.

### Looking after our customers

We were pleased to see positive progress with our customer scores this year, measured by Reputation.com. We saw a 22-point increase on 2021 and a 22% drop in complaints this year when measured as ratio of complaints to number of covers.

### Engaging our people

Our engagement survey was completed across all Local Pubs and support centre teams in September with 8,542 participants taking part. Our sustainable engagement result was 84% and improved by 4% pts. against 2021's survey and business pride of 86% also saw an improvement of 4% pts. on 2021.

### Looking ahead

We have been carrying out an extensive analysis of our new Pub & Social and Pub & Kitchen formats so we can test and learn and after completing 14 core investments in these formats during 2022 this has provided a platform for further investments across 2023 and beyond.



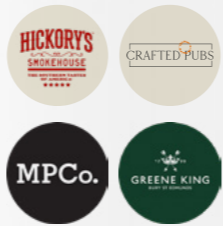
## Pub & Social: The Mulberry Tree

We invested a six-figure sum in The Mulberry Tree in Stockton Heath, Cheshire this year as part of our Pub & Social rollout plans.

The refurbishment created distinct areas for different social and eating-out occasions, including a Treehouse cocktail bar, and a fantastic garden with heaters. We also introduced new brunch and cocktail menus.

The Mulberry Tree is surrounded by pubs and restaurants and we wanted to attract a wider range of customers in order to grow sales by focusing on different occasions throughout the day. The pub now attracts customers across all age ranges and has consistently exceeded our expectations, increasing sales by an average of 71% compared with 2019. Market share has also increased from 7% to 10%.

One of our goals for Pub & Social was to create occasions to attract new customers, especially those aged under 35 and we are pleased to have seen a 5% increase in market share for customers in this age bracket. Pub & Social has surpassed our targets and expectations and we plan to continue to reflect the new template across our portfolio of pubs in the future.



# Premium, Urban & Venture



“ A YEAR OF SALES AND PROFIT GROWTH ACROSS OUR URBAN ESTATE WAS ABLY SUPPORTED BY AN AHEAD-OF-ANTICIPATED RECOVERY IN LONDON. THE VENTURE GROUP TRIPLED WITH THE ADDITION OF A HOTELS DIVISION AND THE HICKORY'S SMOKEHOUSE BRAND, AS METROPOLITAN PUB COMPANY CONTINUED ITS TARGETED EXPANSION. THE CRAFTED PUBS PROJECT FURTHER SUPPORTED THE DIVISION'S PREMIUMISATION AND OPTIMISATION OF GREENE KING'S PORTFOLIO. ”

**This division comprises a collection of more than 400 pubs, restaurants and hotels that celebrate their unique identity. From a new premium pubs concept, to iconic city centre pubs and entrepreneurial venture businesses, we have a range of offerings for our customers.**

**Urban**  
Urban Pubs, the largest element of the division at just under 300 sites, continued its sales-led recovery in 2022, despite the impact on city centres of rail strikes and people working from home. Additionally, Urban Pubs successfully launched Greene King's new premium beers Level Head and Flint Eye across its estate.

**Premium**  
Our premium pub concept, Crafted Pubs, doubled in size in 2022 with the opening of two new sites, showcasing growth through compelling brands and asset optimisation. Focusing on industry-leading outdoor space and known for their gastro dining and social pub food, plus premium wines, cocktails and coffee, the new sites have outperformed their previous trading records under other brands or formats.

**Venture**  
The division made progress with ventures this year, with the investment in Hickory's Smokehouse, a leading barbecue smokehouse restaurant operator. It also created a new hotels venture segment with the transfer of 39 hotel businesses out of the Destination Food Brands division to create a new standalone venture.

Metropolitan Pub Company also forms part of the ventures programme and continued to go from strength to strength this year, with continued expansion and acquisition of some key sites, such as the Ubiquitous Chip in Glasgow.

**Assessing our performance**  
Revenue grew by 112.9% compared to 2021, principally driven by recovery in trade from Covid, but also through investment and acquisition. Like-for-like sales were in line with 2019.

The division made an adjusted operating profit of £80.6m, which was £73.8m ahead of 2021.

**Spreading our investment**  
As well as the investment in Hickory's and other targeted acquisitions, we spent £17.5m of development capital expenditure across the division as we continue to invest to take full advantage of market opportunities and to optimise our estate.

**Giving our customers a great experience**  
We were delighted to see a fantastic improvement in our guest metrics. Our Reputation.com scores improved by 13 points in 2022, complaints per 1,000 covers ratio also improved by 0.03 and Environmental Health ratings improved by 0.06 to an average of 4.93 out of a maximum of 5.

**Listening to our people**  
We conducted a full engagement survey in September, which involved 11,141 team members. Our sustainable engagement result was 86%, which was a 6% pts. increase on 2021, and our business pride score also increased by 7% pts. to 85%.

**Looking ahead**  
In 2023, we expect a continued recovery in sales volumes as the market continues its post-Covid recovery, alongside continued investment in asset optimisation and expansion for our portfolio of venture brands. This includes the continued rollout of the Hickory's format into further locations.



## Urban: Deansgate

The iconic Deansgate in Manchester opened in November, increasing Greene King's footprint in a thriving city and expanding our reach in a previously under-served location. The pub was acquired in August 2021 and has benefited from a million-pound refurbishment to unlock value and maximise trading space in a prime central city location.

We retained the ground-floor character, while the first floor had new loose furniture and a premium bar installed. The second floor was transformed from living quarters to a third trading area with an accompanying bar. A second-floor terrace was also built to expand the outdoor seating. The pub was famous in Manchester for its outdoor festoon lighting, and these were replaced with energy saving bulbs, making it now an Instagrammable feature that lights up the Deansgate area. To celebrate the relaunch, there was a launch night attended by more than 400 people. Since opening, Deansgate has consistently enjoyed above-target trading weeks and continues to be a popular watering hole for Mancunians.





## Premium: Crafted Pubs

We have now grown our Crafted Pubs concept to include four pubs. Following the transformation of The Boat in Catherine-de-Barnes and The Watermill in Dorking, 2022 saw the completion of The Four Oaks in Sutton Coldfield and The Foundry Bell in Wokingham.

The Four Oaks opened in April, following a refurbishment of over £1m. Having previously traded in our Chef & Brewer brand, its average weekly turnover has now nearly doubled and it set a daily sales record on Christmas Eve.

The Foundry Bell in Wokingham opened in December, having previously operated as a Loch Fyne Restaurant + Bar, and underwent a similarly transformational investment. Although only starting to trade a few weeks before the end of the year, its performance over Christmas was already significantly increased, with a near trebling of drinks spending.



## Ventures: Metropolitan Pub Company

As part of our strategy to expand through targeted acquisitions, we acquired three iconic venues in Glasgow for Metropolitan Pub Company, including the Ubiquitous Chip. This was a landmark acquisition for Metro, taking it to more than 70 sites nationwide, and helped diversify its portfolio into delivering restaurant hospitality and fine dining.

With the legacy of the sites' previous owner stretching back more than 50 years, we brought the 150 team members over to Metro and will work with the teams on an investment plan for 2023 that delivers improvements while continuing the great restaurant experiences customers have come to know and love.



## Venture Hotels

We saw two new ventures join the fold this year, with the first being created out of our existing estate. We identified 39 hotels which were previously part of the Destination Food Brands division and transferred them into Venture Hotels in February, with experienced hotel operator Vincent Madden joining us as Managing Director in March.

With a newly formed leadership team there are extensive plans for the division including exciting new brand development and big investment plans. We aim to maximise the potential of our hotel assets and create new markets for Greene King accommodation – as is laid out in the asset optimisation pillar of our strategy.



## Hickory's Smokehouse

The second of our new ventures this year was our investment in Hickory's Smokehouse, the leading and family-friendly barbecue smokehouse restaurant operator, which currently operates 17 restaurants across the Midlands and north-west of England.

We plan to leverage our scale and expertise to accelerate the national roll out of the Hickory's brand, underpinning our strategy of growing our reach through compelling brands and unlocking value by making the most of each site.

Hickory's is an award-winning brand and we are excited to work with the team.



# Pub Partners



“ THIS WAS A STRONG YEAR WITH OUR PERFORMANCE UP YEAR ON YEAR THANKS TO SIGNIFICANT INVESTMENTS IN OUR PUBS, OUR PEOPLE AND OUR PARTNERS. WE WOULD LIKE TO THANK OUR TEAMS AND OUR PARTNERS, WHO CHAMPION ALL THAT IS GREAT ABOUT THE LEASED AND TENANTED SECTOR. WE'RE PROUD OF THE COLLECTIVE PROGRESS WE MADE IN 2022. ”

In Pub Partners, we have a high-quality portfolio of 990 tenanted, leased and franchise pubs. At the end of the year, 949 of these were leased or tenanted and 41 were on franchise agreements. The division generates significant and stable cash flow for the group, adds purchasing scale, enhances the Greene King brand and provides flexibility in our estate planning.

The support we provided during the period impacted by Covid-19 helped us to be in a strong position to bounce-back and deliver strong financial results for the 2022 financial year.

### Assessing our performance

The support we provided during the period impacted by Covid helped us to be in a strong position to deliver robust financial results in 2022. Revenue of £172.6m was up 57.5% compared with the previous year and adjusted EBITDA of £81.3m was up 74.1%.

Our partners faced increasing pressure on their financial stability driven by two key external factors: beer volumes not yet returning to pre-Covid levels, coupled with inflationary pressure on their cost base, most significantly from staff costs, food inflation and rising energy costs.

Despite this pressure our tenants have shown strong resilience.

### Building our franchise estate

This year we grew the number of franchise pubs from 17 at the end of 2021 to 41 at the end of 2022. Of these 41 pubs, 28 are branded under our Hive umbrella and these Hive pubs benefited from a total £8.8m of development capital and they are now showing a strong return on the investments.

Our franchise pubs have come from within our own leased and tenanted estate, where we've been able to give them a new lease of life, as well as pubs from our other pub divisions that we believe can return better value as a franchise.

The franchise estate is making a strong contribution to the Pub Partners division and we will continue to invest and grow the estate of franchise pubs in 2023.

### Investing in leased and tenanted pubs

Investing in our leased and tenanted pubs continues to be a critical part of our strategy. In 2022 we invested £17.4m in our leased and tenanted estate, with £8.9m of this focused around maintenance & IT spend and the remaining £8.5m on development capital. The development capital was spent across 113 leased and tenanted pubs.

Our programme of investment continues to deliver strong returns.

### Industry-leading relationships

The strength of relationships is crucial to building successful partnerships and we are pleased to continue receiving strong feedback in this respect from both our internal teams and our partners.

Our internal staff survey delivered a sustainable engagement score of 92% and a business pride score of 93%. In the annual industry-wide tenant survey carried out by KAM media, we were rated best overall by tenants against the other five regulated pub-owning businesses.

Our own internal measures for the Dartboard also produced a high score of 78% for partner satisfaction.

### Taking our responsibilities seriously

We continue to fulfil our obligations under the England and Wales Pubs Code, which regulates the relationship between us and our tied partners. In 2022, we adapted our ways of working to ensure compliance with the changes introduced to the Pubs Code in April 2022 following its first statutory review. We also participated in the second statutory review launched by the Government in May 2022 and await the outcome of this.



## Hive Pub: The Victoria

In 2022 we opened our biggest and most significant Hive Pubs transformation yet, The Victoria in Thurston, Suffolk. Just a few miles down the road from the Greene King Brewery in Bury St Edmunds, The Victoria re-opened as a Hive Pub following an investment of almost £1m by Greene King Pub Partners.

The site had previously been closed for three years, but thanks to the Hive Pubs franchise agreement model, we were able to transform the site ready for a franchisee to reopen it and operate it as a successful business once more. David and Natasha Riggs, former pub managers at JD Wetherspoon, became franchisees for the site which opened in December.

A perfect example of our asset optimisation programme, The Victoria has been completely transformed both inside and out, with an extension added, a large garden upgraded with beach huts, and covered outdoor seating with wooden furniture. The interior has new lighting, furniture, decorations, flooring, and a dedicated sports area. This once-closed pub is now back open and serving a growing community in Thurston where new building developments are seeing the village continue to expand.

# Brewing & Brands



| REVENUE | ADJUSTED EBITDA | ADJUSTED OPERATING PROFIT |
|---------|-----------------|---------------------------|
| £208.3M | £29.7M          | £20.6M                    |

IT'S BEEN AN EXCITING AND INNOVATIVE YEAR AS WE'VE EVOLVED OUR CENTURIES OF KNOWHOW TO CRAFT A NEW BEER RANGE, ALIGNING WITH OUR STRATEGY DRIVER OF BUILDING COMPELLING BRANDS. OUR NEW BEERS ARE A RESPONSE TO CHANGING TASTES AND WE'RE PUTTING OUR CUSTOMERS' ADVOCACY AND HAPPINESS AT THE HEART OF OUR BRILLIANT BREWING BUSINESS.

**Brewing & Brands brews, sells and distributes a wide range of market-leading beers, including Greene King IPA, Old Speckled Hen, Abbot Ale, Ice Breaker and Belhaven Best, from our two breweries in Bury St Edmunds and Dunbar. This year, we increased our intent to expand by releasing two new premium beers: a session IPA called Level Head and a modern dry-hopped lager called Flint Eye.**

**Monitoring our progress**  
Revenue was £208.3m which is 36% higher than 2021 with adjusted operating profit at £20.6m, which is up £19.7m compared with the same period.

Total on-trade beer volumes grew 51% year-on-year, however remained below 2019. This is down to multiple factors, including a continued reluctance of older drinkers to return to pubs, and pressure on people's disposable incomes. While this has seen the UK-wide cask market continue to face a challenging trading environment and declining market, we grew our share of the market consistently across the year from 8% in January to 8.8% in December.

In the off-trade, a combination of improved supply and strong underlying rate of sale allowed us to outperform the market this year, with our share in the total off-trade growing to 17.1%.

**Increasing investments**  
We sustained our commitment to invest in brewing brilliant beers and building brilliant brands throughout the year.

Our core investments in our property, plant and equipment was increased this year to £10.3m, as we continue to invest in onboarding new assets, bringing our existing assets up to a higher quality and ensuring our compliance to high safety standards. This has already seen us achieve a historically-strong safety record across the year.

In November, we also entered a 20-year lease agreement for a new purpose-built distribution centre based on Suffolk Park, Bury St Edmunds (less than three miles from our existing operation). Moving to a newer facility will allow us to maintain our high levels of operational excellence.

**Coping with challenges**  
Despite a notable reduction in the impact of Covid, supply chain disruption continued this year. Rising commodity and energy prices, plus a strong recovery in demand across a range of goods and services, led to unprecedented inflationary pressures. We absorbed significant cost increases in raw materials, canning, packaging materials, fuel and third-party distribution contracts, which increased our operating cost base. However, we have been able to mitigate this impact across the broad portfolio with levied price increases.

**Launching new brands**  
The launch of our new premium beers is a key element of our future strategy and a key driver of future growth. These beers were launched successfully in the spring, initially they were placed in a select group of our Urban pub sites, primarily in London, and later were rolled out more widely into further Greene King pubs, as well as to our free-trade customers. There are ambitious growth plans in place for further on-trade distribution in 2023, as well as new listings secured in various retailers in the off-trade.

**Engaging our people**  
A full engagement survey was completed in September with over 600 participants taking part in the survey. Our sustainable engagement result was 72%, an increase of 3% pts. on last year, with Business Pride scoring 82%, also representing a 3% pts. improvement.

**Looking ahead**  
We no doubt face another challenging year in 2023, but we are energised by our forward ambition and strong momentum brought forward from 2022, particularly in growing our premium beer portfolio, expanding our footprint in the national accounts arena, growing share in the declining market of traditional ale, and developing our people through enhancing engagement and pride.



## Launch of Premium Beers

We launched our premium portfolio of beers designed for the modern-day drinker, inspired by historical myths and legends from our hometown of Bury St Edmunds. Level Head, a session IPA, and Flint Eye, a dry hopped lager, are being rolled out nationwide. A west coast IPA, Western Zeph, and oatmeal stout, Subterranea, were also created as limited-edition brews.

A new advertising campaign for Level Head and Flint Eye ran throughout December 2022, which delivered over 100m impressions. They are now available in over 500 venues across the UK and over 750 supermarkets. We have forecast significant further growth in 2023 in premium independent pubs, pub chains, and other major supermarket chains across the UK.



# Greene King for Good



“WHILE EMOTIONAL CONNECTION IS THE BINDING THREAD THROUGH OUR ENVIRONMENT AND SOCIAL STRATEGY DRIVER AND ITS RELATED PROGRAMMES, IT IS THE SCIENTIFIC DATA-LED APPROACH THAT UNDERPINS OUR STRATEGIC PLANNING AND WILL DRIVE THE CHANGE NEEDED TO DELIVER OUR AMBITIOUS TARGETS.”

## Our vision ‘to pour happiness into lives’ has a powerful social and environmental purpose at its heart.

We’ve brought people together for generations, our pubs providing a sanctuary to communities - to share good times, laugh, to be themselves, to relax, recharge or to simply reflect. We bring people together with warm welcome to connect and build a sense of belonging, who care about others and the environment around them.

In our annual report of 2021, we referred to 2022 being the year of laying the foundations for our environmental social governance (ESG) programme. This followed a year of discovery where we shifted our approach from corporate social responsibility to environmental social governance in 2021, completed the mapping of our carbon footprint and set our carbon net zero target – 2040.

### During the course of 2022, we...

- committed to set a near term target of 50% reduction of greenhouse gas emissions across scopes 1, 2 and 3 (direct and indirect emissions) by 2030 and net zero target of 2040 through Science Based Target Initiative (SBTi)
- established an ESG board
- added 'Environment & Social' as a new strategy driver
- started our work on Task Force on Climate-related Financial Disclosures assessment
- retained zero waste to landfill accreditation
- hit a record breaking £3m fundraising in our 10th year in partnership with Macmillan Cancer Support reaching £14m in total since the start of the partnership
- committed to new social mobility targets in the launch of our Untapping Potential report
- expanded our prison leaver programme, Releasing Potential, by opening a training kitchen and academy in HMP Thameside
- launched our No One Alone Christmas community tables initiative to support those who would otherwise spend Christmas Day on their own. We trialled this across 73 pubs and gave away 1,006 meals
- made progress against the commitments in our 'Calling Time on Racism' manifesto, with reverse mentoring, inclusive leadership training and using insight to help us build pubs and experiences that welcome all

## Our ESG strategy

### ENVIRONMENT

The two key focus areas of our net zero strategy are:

- helping our customers to make more sustainable choices, and
- improve our own operations and value chain through net zero targets

We see our role as supporting our customers to reduce their environmental footprint. We can do this in a number of ways:

- Through adapting our pub environment so that sustainability is its heart, through innovation across our menus and lower carbon dishes and by providing solutions for customers to reduce food waste at the point of serve.
- We can also provide them with community assets such as EV chargers in our car parks, enhanced bio-diversity in our gardens, which in turn supports individual wellbeing.
- Sourcing responsibly so customers visit our pubs in the knowledge our products are of the high standard they expect and we have low carbon packaging solutions.
- By committing to near term and net zero targets through the Science Based Targets initiative, we will drive down our carbon footprint through the procurement of renewable energy and introduction of energy efficiency measures and solutions, as well as working with our suppliers on their emission hotspots and introducing new and innovative circular business solutions.

### SOCIAL

Our vision has a powerful social purpose at its heart. Our social ambition is to:

- give millions of people better lives, and
- provide good work and opportunities for everyone

We believe in challenging social barriers, creating opportunities for many by welcoming anyone to build a career with us regardless of education or background.

We care and it's what makes us proud.

Despite the continued uncertainty at the beginning of 2022 due to Covid restrictions we made significant progress across our social pillars of charity, community, social mobility, inclusion and diversity and wellbeing.

We raised millions for charity, started 1,173 new apprenticeships across the business, and made further steps on our journey to everyday inclusion.



### GOVERNANCE

While emotional connection is the binding thread through our environment and social strategy driver and its related programmes, it is the scientific data-led approach that underpins our strategic planning and will drive the change needed to deliver our clear targets.

We made the decision in early 2022 to put climate science at the heart of our environment strategy by committing to set near-term and net zero targets through the Science Based Targets initiative, reporting our progress to reducing our greenhouse gas (GHG) emissions across scopes 1, 2 and 3 through our annual report.

In addition to committing to these targets and reporting against them, we report ESG data via our parent company CK Assets, listed on the Hong Kong stock exchange.

In late 2022, we embarked on a detailed analysis of climate risks and opportunities in line with the Task Force on Climate-Related Financial Disclosures (TCFD) and will report findings and mitigation progress from 2023.



2022

**JANUARY**  
Complete carbon footprinting and feasibility study

**MARCH**  
Board & CK Assets approve carbon net zero target

**APRIL**  
Commit to carbon targets through SBTi

**MAY**  
Governance structure work commences

**JUNE**  
Launch of Untapping Potential social mobility report

**JULY**  
Greene King academy training kitchen opens in HMP Thameside with first candidates

**OCTOBER**  
Environment & Social becomes a strategy driver and inclusion and diversity reverse mentoring programme starts

**DECEMBER**  
Greene King fundraises £3m for Macmillan Cancer Support in 2022

## Environmental commitments and 2022 projects

OUR COMMITMENTS

- Reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2019 base year
- Reduce absolute scope 3 GHG emissions 50% by 2030 from a 2019 base year
- Reduce food waste by 50% by 2030 from a 2019 base year
- Carbon net zero year 2040

### Tub2Pub

We expanded our Tub2Pub circular recycling scheme, in which members of the community are encouraged to drop empty sweet and chocolate tubs after Christmas to our pubs. 24,000 containers were collected in January 2022 and processed by recycling specialists co-crea8, saving over three tonnes of plastic from going to landfill. The granulated plastic is repurposed into garden furniture and monies from the plastic sale were donated to our charity partner, Macmillan Cancer Support.



### Lighting

Across our property estate in 2022 we launched the final stage of our LED lighting roll out, with completion of all car park lighting expected by March 2023. We also installed EV charging in 31 locations providing 71 charge points.

### Too Good To Go

Our partnership with food waste app Too Good to Go continues to expand providing both a solution to food waste towards the end of trading periods but also freshly cooked food at discounted prices for those in need in the community. Over 180,000 meals were provided through the app from our pubs in the year.



### Biodiversity

During the year the first 45 bio-diversity pub garden projects were completed across the estate, which included bulb, tree and sedum roof planting alongside living walls in urban locations and bird boxes and insect hotels.

### Brewing efficiency

In our brewing division, progress was made in improving water efficiency with the installation of a loopilator and new centrifuges at Westgate Brewery and work to switch our forklift truck fleet to all electric commenced.



## Social commitments and 2022 projects

OUR COMMITMENTS

- Raising £18m for charity by 2025 from 2012
- Adding 5,000 new apprentices by 2025, taking us to a total of 20,000
- Support 300 more prison leavers by 2025
- Support 100 interns with Special Educational Needs or Educational Health Care Plans into work experience or employment 2025
- Help 1,000 young people from underprivileged backgrounds through The Prince's Trust and other partnership programmes
- Increase Black, Asian and minority ethnic representation in the business - by 10% by 2030 including leadership from 6% to 12%, senior managers from 3% to 10% and managers from 4% to 10% by 2030

Despite the continued uncertainty at the beginning of 2022 due to Covid restrictions, we made significant progress across our social pillars of charity, community, social mobility, inclusion and diversity and wellbeing.

### Modern slavery

Providing good and safe work is a priority at Greene King and in 2022 we began to put the building blocks in place to enhance our team members understanding and awareness of modern slavery.

We embarked on extensive learning for our supply chain and procurement teams with support from the Slave-Free Alliance. We welcomed the SFA to showcase the challenges and risks of modern slavery to our executive board, leadership and senior management team members at our conference to launch our new strategy driver. Online training for modern slavery was rolled out to all new team members and is available as a webinar on our training platform to all.

### No One Alone

Our pubs, breweries, depots and support centres lie in the heart of their communities and provide an important role in bringing people to together around a collective sense of belonging.

No One Alone is our initiative which brings people together, who may be experiencing loneliness or isolation, through group activities at our pubs.

These activities are run by our team members in the community, for their community. This year we launched a successful trial of community Christmas day tables at 73 pubs, serving 1,006 complimentary Christmas lunches to those who would otherwise be alone.

### Proud to Pitch In

We provided £340,000 in cash grants through our Proud to Pitch In scheme to more than 120 grassroots and community sports clubs across the UK, benefiting around 19,000 people. The scheme provides essential sporting equipment for vital community sports teams, and clubs, funding everything from new lawn mowers for cricket and bowls clubs, wheelchairs for wheelchair rugby, a boxing ring, and refurbished toilets for a football club.

### Donations

During the year we donated £275,000 of food direct from depots to foodbanks including Bread & Butter Thing, Fareshare and The Felix project.

We also donated £50,000 to the Disasters Emergency Committee's Ukraine appeal with a further £10,000 as match funding from team member donations. Like many throughout the UK, Greene King employees hosted Ukrainian families via the Homes for Ukraine scheme, while Greene King provided employment to an additional 113 Ukrainian nationals during 2022. Donations were also given to PubAid, Best Bar None, Only a Pavement Away, Pub is the Hub, Merlin Magic Fund and Switchboard.





# Macmillan Cancer Support

During 2022 we celebrated our 10th year in partnership with Macmillan Cancer Support. Fundraising took place throughout the year, through everyday donations via 'Pennies' at the till, our Greene King app and Macmillan menu items.

Two key fundraising periods take place in May and during September and October. In May under our theme of '10 years of love for Macmillan', our teams celebrated our milestone year with community fundays.

'Go Big for Macmillan' was the theme throughout September and October when coffee mornings, quizzes, challenges and events were held in our pubs, support centres, breweries and depots.

An extraordinary £3m was raised across the year, enough to fund 42 Macmillan professionals. This was a huge increase on the £2.2m raised in 2021 and is the equivalent of £342 raised every hour of 2022, enough each hour to fund a Macmillan nurse for a day (10 hours).

During the year we rolled out Pennies contactless payment method across the business and introduced Cancer in the Workplace training for line managers to support team members living with cancer or those who are caring for someone who is.

Our 10-year fundraising total stood at just over £14m at the end of 2022. In recognition of this PubAid and All-Party Parliamentary Beer Group hosted a reception in House of Commons presenting Greene King and Macmillan Cancer Support with an award.

We're all now turning our attention to 2023 as we aim to hit our target of £18m raised for Macmillan Cancer Support by 2025.



## The Travellers Rest

The Travellers Rest in Leeds, part of our Locals division, was our top fundraising pub of 2022, raising a staggering £22,532.

The pub is one of 300 which makes up our Locals North team, and this group was also the highest fundraising team in 2022, contributing an amazing £580,000 to Greene King's overall £3m total.

## MBE for Macmillan fundraising

Our Destination Food Brands managing director Andy Wilson received an MBE in the New Year's Honours list for services to Business and Charity during Covid-19.

Andy received the honour for his work in driving millions of pounds of fundraising across Greene King pubs, and he led from the front by running the London Marathon.



# Untapping Potential

In June 2022, we launched our Untapping Potential Report to highlight the important role that pubs play in creating job opportunities, setting people up for rewarding careers, and allowing them to succeed within their local community.

Launched in Parliament by the then Education Secretary Nadhim Zahawi MP and the then Education Committee Chair Rob Halfon MP, the report set out how pubs are particularly well placed to support the economic recovery and deliver on levelling up due to their presence in communities all across the UK.

Our report highlighted how the hospitality industry faces a perception problem - three in five young people say they see hospitality jobs as short term, with few realising the opportunities available. Many young people also feel like they have to move to big cities to progress in their careers, with 60% of young people thinking there are few opportunities locally for good jobs, even though almost 90% would be interested in a career or training opportunities that would allow them to stay locally.

We believe pubs can play an important part in reversing these worries about a lack of opportunities, by offering people the chance of finding long-term, rewarding careers in their local communities.

We therefore set out a series of new commitments in our Untapping Potential Report of how we will continue to create job and skills development opportunities for people from all backgrounds.



### Our new commitments include:

- Expanding our apprenticeship offer to support 5,000 new apprentices by 2025 and offering even more apprenticeship routes
- Recruiting 300 more prison leavers into roles by 2025 through our successful Releasing Potential programme
- Supporting 100 interns with Special Educational Needs and an Education and Health Care Plan by 2025 through our Supported Internship Programme with Landmarks Specialist College and Mencap
- Establishing our first Greene King training kitchen within HMP Thameside – working with the prison to develop a bespoke programme for inmates to train in the kitchen, receive qualifications and be ready to work in hospitality on their release
- Continuing to partner with The Prince's Trust to provide the support that 1,000 people need to help them secure a job

The report received widespread media coverage and we continue to push ahead to change perceptions of hospitality and ensure our pubs help to deliver social mobility in communities across the UK.

# Financial Review

“ THE GROUP'S CASHFLOW FOR THE YEAR REFLECTS THE CONTINUED STRONG RECOVERY FROM THE COVID-19 PANDEMIC. THE FULL YEAR ADJUSTED CASH INFLOW FROM OPERATIONS WAS £229.4M DEMONSTRATING THE STRENGTH OF THE GROUP'S TRADING PERFORMANCE DESPITE A RANGE OF ONGOING COST HEADWINDS. ”

## Income statement

|                                     | Statutory                  |                            |              | Adjusted                   |                            |              |
|-------------------------------------|----------------------------|----------------------------|--------------|----------------------------|----------------------------|--------------|
|                                     | 52 weeks<br>1 January 2023 | 52 weeks<br>2 January 2022 | YoY change   | 52 weeks<br>1 January 2023 | 52 weeks<br>2 January 2022 | YoY change   |
|                                     | £m                         | £m                         | %            | £m                         | £m                         | %            |
| Revenue                             | 2,176.4                    | 1,341.6                    | 62.2         | 2,176.4                    | 1,341.6                    | 62.2         |
| <b>Operating profit</b>             | <b>249.2</b>               | <b>63.8</b>                | <b>290.6</b> | <b>192.6</b>               | <b>18.6</b>                | <b>935.5</b> |
| Net finance costs                   | (150.8)                    | (134.2)                    | 12.4         | (125.7)                    | (132.4)                    | (5.1)        |
| <b>Profit/(loss)<br/>before tax</b> | <b>98.4</b>                | <b>(70.4)</b>              | <b>239.8</b> | <b>66.9</b>                | <b>(113.8)</b>             | <b>158.8</b> |

Revenue was £2,176.4m, an increase of 62.2% compared to the 52 weeks ending 2 January 2022, with increases in all five revenue generating segments versus the prior period due to increased levels of trading in the period as a result of fewer restrictions. Destination Food Brands revenue was up 43.8% to £757.9m, Local Pubs revenue was up 69.5% to £535.6m, and Premium, Urban and Venture revenue was up 112.9% to £502.0m. Pub Partners revenue was £172.6m, up 57.5% and Brewing & Brands revenue increased 36.0% to £208.3m.

## Group adjusted operating profit by segment

|                                            | 52 weeks<br>1 January 2023 | 52 weeks<br>2 January 2022 | YoY<br>Change |
|--------------------------------------------|----------------------------|----------------------------|---------------|
|                                            | £m                         | £m                         | %             |
| Destination Food Brands                    | 46.8                       | 20.9                       | 123.9         |
| Local Pubs                                 | 57.2                       | 2.6                        | 2,100.0       |
| Premium, Urban and Venture                 | 80.6                       | 6.8                        | 1,085.3       |
| Pub Partners                               | 68.9                       | 35.1                       | 96.3          |
| Brewing & Brands                           | 20.6                       | 0.9                        | 2,188.9       |
| Corporate                                  | (81.5)                     | (47.7)                     | 70.9          |
| <b>Group adjusted<br/>operating profit</b> | <b>192.6</b>               | <b>18.6</b>                | <b>935.5</b>  |

Net finance costs before adjusting items were down 5.1% to £125.7m, primarily due to the partial repayment of £915m of the group's revolving loan facility with CKA Holdings UK Limited, see further details in the cash flow section below.

Profit before tax and adjusting items was £66.9m, a significant improvement on the loss before tax and adjusting items of £113.8m in the prior period. The group made a statutory profit before tax of £98.4m (prior period: £70.4m loss), after an adjusting credit of £56.6m (prior period: £45.2m) and an adjusting finance cost of £25.1m (prior period: £1.8m).

Adjusted corporate costs increased £33.8m to £81.5m compared to the prior period primarily due to increased investment in central functions as well as an increase in net payroll costs following the launch of a long-term incentive plan and increase in bonus as a result of improved trading performance in the period.

## Tax

The effective rate of corporation tax (before adjusting items) is 16.2% (prior period: 19.0%) compared with the UK corporation tax rate of 19.0%. Adjustments to the rate include non-deductible interest under UK Transfer Pricing rules (+5.3%), the effect of Capital Allowances Super Deductions (-2.4%) and non-adjusting accounting movements on Property, Plant and Equipment (-5.7%). This resulted in a tax charge against operating profits (before adjusting items) of £10.8m (prior period: £55.5m credit). The adjusting tax charge of £19.7m (prior period: £16.9m charge) is discussed under adjusting items.

The group generates revenue, profits and employment that deliver substantial tax revenues for the UK government in the form of VAT, duties, income tax, employment taxes and corporation tax. In the year, total tax revenues paid by the group were c.£517m (prior period: c.£298m). The increase in tax payments in the year reflects the trading performance of the group and the expiry of reduced rate of VAT on hospitality at the beginning of the period. The group's tax policy, which has been approved by the group's board committee and which will be subject to regular review by the board of directors of the group, has the objective of ensuring that the group fulfils its obligations as a responsible UK taxpayer.

## Adjusting Items

Adjusting items was a credit of £11.8m (prior period: £26.5m credit), consisting of a £56.6m (prior period: £45.2m) credit to operating profit, a £25.1m (prior period: £1.8m) charge to finance costs and a net adjusting tax charge of £19.7m (prior period: £16.9m). Items recognised in the year included the following:

1. A net impairment reversal of £29.9m (prior period: reversal £8.2m), in relation to property, plant and equipment, and right-of-use asset comprising £0.9m net charge (prior period: £nil).
2. £18.0m (prior period £3.3m) net profit on disposal of property, plant and equipment and leases.
3. A net credit of £6.8m (prior period: £5.4m) in relation to Covid. This includes a credit of £7.3m (prior period £5.0m) on bad debt provision reversals on both free trade loans and trade debt, a £2.1m charge in respect of personal protective equipment written off and a £1.6m credit (prior period: £2.9m) relating to Covid rent concessions (net of fees).
4. A net £3.3m charge (prior period: £29.2m credit) in respect of Indirect Tax claims.
5. £4.2m charge (prior period: £nil) in respect of professional fees on corporate transactions and projects.
6. £6.1m credit (prior period: £nil) in respect of items relating to matters in the prior periods across a number of areas including depreciation, legal and HR.
7. A loss of £0.1m (prior period: £nil) in respect of the revaluation of investment property.
8. £4.3m credit in respect of insurance proceeds relating to damaged assets.
9. The £25.1m (prior period: £1.8m) charge for adjusting finance costs includes a £17.3m charge (prior period: £7.3m charge) recycled from the hedging reserve in respect of settled interest rate swap liabilities, £12.4m loss (prior period: £nil) on settlement of financial liabilities, £4.4m gain (prior period: £1.3m gain) in respect of market-to-market movements in the fair value of interest rate swaps not qualifying for hedge accounting, £0.5m charge (prior period: £4.2m credit) in respect of interest on indirect tax claims and £0.7m interest income (prior period: £nil) in respect of tax positions and adjustments.
10. The adjusting tax charge of £19.7m (prior period: £16.9m) represents an effective rate of corporation tax on adjusting items of 62% after tax adjustments of £13.7m. The adjusting tax charge includes adjustments in respect of prior years totalling £11.7m, which includes adjustments for: resubmissions of prior year returns £3.0m credit, recognition of an intercompany receipt for group relief £0.4m credit, and deferred tax prior year adjustments of £15.1m. Current year adjustments to adjusting tax items include adjusting accounting movements on property, plant and equipment of £1.3m credit, use of capital losses resulting in a £1.9m charge and disallowable expenditure £0.9m charge. P&L rate change adjustments on deferred tax totalled £0.5m in the period.

## Cashflow

|                                                               | 52 weeks<br>1 January 2023<br>£m | 52 weeks ended<br>2 January 2022<br>£m |
|---------------------------------------------------------------|----------------------------------|----------------------------------------|
| Adjusted EBITDA <sup>1</sup>                                  | 321.1                            | 156.3                                  |
| Working capital and other movements                           | 25.6                             | 89.3                                   |
| Net interest paid                                             | (113.8)                          | (102.7)                                |
| Tax paid/received                                             | (3.5)                            | (0.2)                                  |
| <b>Adjusted cash generated/(used) from operations</b>         | <b>229.4</b>                     | <b>142.7</b>                           |
| Core capital expenditure                                      | (164.1)                          | (68.0)                                 |
| Net repayment of trade loans                                  | 0.2                              | 2.8                                    |
| Repayment of lease liabilities                                | (52.4)                           | (70.3)                                 |
| <b>Free cash flow</b>                                         | <b>13.1</b>                      | <b>7.2</b>                             |
| Business acquisitions                                         | (34.7)                           | -                                      |
| Investment property expenditure                               | (0.2)                            | -                                      |
| Net disposal proceeds                                         | 19.9                             | 0.6                                    |
| New build capital expenditure & freehold purchase             | (17.4)                           | (114.7)                                |
| Receipt from a settlement of derivative financial liabilities | 8.6                              | -                                      |
| Adjusting items                                               | (4.0)                            | (8.0)                                  |
| Advance of borrowings                                         | 7.7                              | 63.9                                   |
| <b>Net decrease in cash and cash equivalents</b>              | <b>(7.0)</b>                     | <b>(51.0)</b>                          |

1. EBITDA represents earnings before interest, tax, depreciation, amortisation and adjusting items.

The group's cashflow for the year reflects the continued strong recovery from the Covid-19 pandemic. The full year adjusted cash inflow from operations was £229.4m (*prior period: inflow of £142.7m*) demonstrating the strength of the group's trading performance despite a range of ongoing cost headwinds. Overall the cash outflow for the period was £7.0m (*prior period: outflow of £51.0m*) predominantly due to investment in capital expenditure including acquisitions of £216.3m (*prior period: £182.7m*) and rent payments of £52.4m (*prior period: £70.3m*), offset by disposal proceeds of £19.9m (*prior period: £0.6m*) and a net cash inflow on settlement of derivative financial instruments of £8.6m (*prior period: £nil*).

There was a net cash advancement of borrowings during the year of £7.7m (*prior period: £63.9m*). In total there was a repayment of borrowings of £907.3m (*prior period: net advancement £63.9m*) principally funded by a share issue which generated proceeds of £915.0m as detailed below. The rationale for this was to strengthen the group's balance sheet and improve the group's financial gearing and leverage following the impact of the Covid-19 pandemic. The £915.0m repayment of debt and proceeds generated from the share issue are not presented in the cash flow as the transactions were not cash settled.

The group returned to a full programme of both maintenance and development capital expenditure including investment in IT infrastructure as well as a range of transformation projects. Net disposal proceeds of £19.9m were principally generated from 6 non-core pubs as well as one high alternative use value site.

An aggregate net cash outflow of £34.7m arose on two business acquisitions which together added 20 restaurants to the group's estate, including 17 which operate under the Hickory's Smokehouse brand.

In addition, £17.4m was spent on 4 single site acquisitions including subsequent development spend on these sites and the freehold reversion of 4 further sites which had previously been owned on a leasehold basis.

In order to support the long-term strategic priorities, the group's objective is to maximise the strength and flexibility of its balance sheet, and to maintain a capital structure which meets the short, medium, and long-term funding requirements of the business. The principal elements of the group's capital structure are its £900m bank facilities, which were £820m drawn at the year end, £1,500m revolving loan facility with CKA Holdings UK Limited, which was £311m drawn at the year end, and a long-term asset-backed financing vehicle.

In April 2022 the revolving loan facility with CKA Holdings UK Limited was extended to November 2024.

In September 2022 the group redeemed in full the Spirit debenture A5 bond at a clean price of 115% of par (net of a gilt lock hedge) and terminated the corresponding interest rate swap. The total cash cost of the redemption, which was funded via existing bank facilities, was £113.9m, comprising the net redemption amount across the bond and gilt lock hedge of £111.3m and the settlement amount on the swap of £2.6m. The Spirit A5 bond was the final bond in the Spirit debenture structure and accordingly its redemption resulted in the termination of the debenture structure and the release of security over the charged assets. The Spirit debenture has now been fully eliminated from the group's capital structure, increasing the flexibility of the group's assets by releasing 506 pubs from security.

## Balance sheet

|                                                                                   | 1 January 2023<br>£m | 2 January 2022<br>£m |
|-----------------------------------------------------------------------------------|----------------------|----------------------|
| Goodwill and other intangibles                                                    | 941.6                | 912.6                |
| Property, plant and equipment (inc. investment property and assets held for sale) | 3,896.8              | 3,723.5              |
| Post-employment assets                                                            | 55.2                 | 136.8                |
| Net debt                                                                          | (2,115.0)            | (2,994.3)            |
| Derivative financial instruments                                                  | (24.4)               | (112.8)              |
| Trade and other payables                                                          | (412.4)              | (353.1)              |
| Net IFRS 16 liability                                                             | (37.4)               | (63.6)               |
| Other net assets                                                                  | 147.0                | 195.4                |
| <b>Net assets</b>                                                                 | <b>2,451.4</b>       | <b>1,444.5</b>       |
| Share capital and premium                                                         | 1,223.4              | 308.4                |
| Reserves                                                                          | 1,228.0              | 1,136.1              |
| <b>Total equity</b>                                                               | <b>2,451.4</b>       | <b>1,444.5</b>       |

In October 2022 the group's immediate parent, CK Noble (UK) Limited, subscribed for 915 ordinary shares in the company for an aggregate subscription price of £915m. These funds were applied to a partial repayment under the group's revolving loan facility with CKA Holdings UK Limited, increasing headroom under that facility to £1,189m and bringing the drawn position down to £311m.

In November 2022 the group executed a new three-year £300m revolving loan facility with DBS Bank. The purpose of the facility was to restore bank headroom following the redemption of the Spirit debenture A5 bond in September and to provide additional funding for further refinancing activity.

In December 2022 the group redeemed in full the Greene King securitisation A5 bond at par and terminated the corresponding interest rate swap. The net cash cost of the redemption, which was funded by the new DBS Bank facility, was £160.0m, comprising the redemption amount on the bond of £179.9m partially offset by a cash inflow on the settlement of the swap of £19.9m.

At the year end, the Greene King securitisation had secured bonds with a group carrying value of £1,073.7m (*prior period: £1,314.6m*) and an average life of seven years (*prior period: eight years*), secured against 1,473 pubs (*prior period: 1,481 pubs*) with a group property, plant and equipment carrying value of £1,995.0m (*prior period: £1,945.7m*).

The group returned to covenant compliance in the Greene King securitisation throughout 2022, with all financial covenants being passed in respect of each of the April 2022, July 2022, October 2022 and January 2023 test dates. The group's financial covenant waivers, which had been granted in 2021, covered the period up to and including the April 2022 test date. The group believes that the return to covenant compliance is sustainable and that accordingly no further waivers are expected to be required.

The group's liquidity position remains strong reflecting the resilience of the group's capital structure.

The group's average cash cost of debt increased to 4.8% from 3.5% last period, and at the year end 65.5% of the group's net debt was at a fixed rate. The Greene King secured vehicle had a four-quarter lookback FCF DSCR of 1.2x at the year end, giving 16% headroom to the covenant limit of 1.1x.

Overall, the group's net debt excluding lease liabilities reduced in the year by £879.3m to £2,115.0m.

### Pensions

The group maintains two defined contribution schemes, which are open to all new team members and two defined benefit schemes, which are closed to new entrants and to future accrual.

On 19 January 2022 the Spirit Pension scheme entered into a second buy-in policy for c.£110m that provides insurance for a proportion of its members. This takes the total insured value to c.£160m.

At 1 January 2023, there was an IAS 19 net pension asset of £55.2m representing a decrease of £81.6m since 2 January 2022. The closing assets of the group's two pension schemes totalled £633.0m and closing liabilities were £577.8m compared to £1,002.6m and £865.8m respectively at the previous period end. In the current year, the membership data and demographic assumptions have been updated to reflect the latest triennial valuations completed for both schemes in 2022. Also included in the remeasurement are key assumptions relating to the discount rate of 4.8% (*prior period: 1.9%*), RPI inflation of 3.3% (*prior period: 3.3%*) and CPI inflation of 2.7% (*prior period: 2.6%*). Total cash contributions in the period were £4.1m (*prior period: £4.5m*), following the funding valuation it was agreed company contributions would be made into escrow, of the £4.1m paid in the year £1.5m was paid into escrow.

### Dividend

No dividend has been proposed by the board in the current or prior period.

# Executive Board



**Andy Wilson MBE,**  
Managing Director of  
Destination Brands

Oversees our market-leading brands that sit separately from Greene King Pubs, including: Chef & Brewer, Farmhouse Inns, Hungry Horse, Wacky Warehouse.

**Richard Smothers,**  
Chief Financial  
Officer

Accountable for finance, group procurement and supply chain, technology, and risk and assurance.

**Clair Preston-Beer,**  
Managing Director  
of Greene King Pubs

Leads all our Greene King-branded managed pubs, building and developing the Greene King pub chain brand and putting it at the heart of communities across the country.

**Wayne Shurvinton,**  
Managing Director  
of Partnerships  
and Ventures

Runs our leased and tenanted, franchise and venture managed businesses including: Pub Partners, Metropolitan Pub Company, Crafted Pubs, Hickory's, Venture Hotels.

**Nick Mackenzie,**  
Chief Executive  
Officer

Responsible for leading the strategic direction and overall operation of the business and its people.

**Maria Sebastian,**  
Chief Marketing  
Officer

Looks at things from our customers' perspective, driving our central group marketing and digital initiatives that unite our divisions, while also building compelling and sustainable brands.

**Andrew Bush,**  
Chief People &  
Transformation  
Officer

Transforming Greene King as a place to work and ensuring we have a culture and environment where everyone has the freedom to succeed.

**Assad Malic,**  
Chief Communications  
and Sustainability  
Officer

Responsible for our environmental and social targets, group strategy, internal communications, press and other external stakeholder communications.

**Matt Starbuck,**  
Managing Director of  
Brewing and Brands

Leads our brewing and distribution business, brewing beers in Bury St Edmunds and Dunbar for sale in the on-trade and off-trade as well overseeing a UK-wide distribution network.

**Nick Elliot,**  
Group Property  
Director

Protects and enhances our quality estate of over 2,600 pubs to ensure we are optimising all of our assets.

# Setting ourselves up for Success

## Realignment of Business

We started the year with an announcement about changes to our business to set ourselves up for success in 2023 and beyond. Since 2021, we've been looking in detail at the role of our Greene King brands, and identified an opportunity to strengthen our brand as a pub chain and undertake a realignment of our group divisional structure to support this, moving from five divisions to four:

## Following our strategy

These changes are in-line with our strategy to grow sales through compelling brands and unlock value from our existing assets. It will enable us to build a balanced portfolio across market segments including value, mainstream and premium, as well as continuing to build our ventures and franchise business while operating through a simplified structure.

## New structure

For 2023, Premium, Urban & Venture will no longer be a standalone division, and we will move from five divisions to four:

- Greene King pubs
- Partnerships & Ventures
- Destination Brands
- Brewing & Brands

As a customer first business, strengthening our Greene King brand as a pub chain alongside the strategic realignment of our structure is a natural next step for us as we continue to grow our business and improve our customer and team experience.

## Building the Greene King brand

As a company with heritage stretching back over 200 years, Greene King has built up a strong brand that today spans a range of businesses.

We believe while this has helped with reach and recognition of the brand, it has made it less clear about what the brand represents. All our work and customer insights have shown there is a compelling case for us to strengthen the potential of the Greene King brand as a pub chain alongside our other brands.

We are tapping into this by creating a new structure where all our managed Greene King pubs sit together to build the Greene King pub chain brand into a balanced and quality portfolio of pubs, that sits as a standalone pub brand. This in turn will give our other brands the freedom to continue developing and building their own unique identity, with Chef & Brewer already a clear example where this is beginning to take effect. This is the next phase of us becoming a brand-led business and the whole process from start to finish will take a number of years. Our goal is for all Greene King-branded businesses to be part of Greene King pubs and for any other branded business to be part of Destination Brands.

## Customer First

Fundamentally we want to become a Customer First organisation. We believe that the choices we have made will give us the best business benefit, and position us well against our competitors – all while significantly improving our customer and teams' experience.

## Operational Excellence

We are also adding a new Operational Excellence function which will play a critical role in ensuring that the structure operates effectively to support our pubs and drive consistency in execution.

This function will play a critical role in ensuring that the new structure operates effectively, and that change is implemented well in our pubs. It will be accountable for deployment, coordination and support of the operational excellence programme to support our pubs and drive consistency in execution.



## GREENE KING PUBS, led by Clair Preston-Beer

The Greene King brand will now represent the group's mainstream pub chain and will have a clear and significant customer-facing role, building on our rich heritage and further unlocking the potential of the brand. The division comprises our Urban, Heritage and Chameleon pubs from the previous Premium, Urban & Venture division, as well as the former Local Pubs estate and totals around 900 pubs.



## PARTNERSHIPS & VENTURES, led by Wayne Shurvinton

Over 1,100 pubs and restaurants, comprising Pub Partners, including our Hive sites, as well as our Venture businesses: Metropolitan Pub Company, Venture Hotels, Hickory's and Crafted Pubs. This division can operate slightly more independently and pull on the wider business for support.



## DESTINATION BRANDS, led by Andy Wilson

Around 600 pubs, comprising recognised and leading brands including Hungry Horse, Farmhouse Inns and Chef & Brewer.



## BREWING & BRANDS, led by Matt Starbuck

Our Brewing & Brands division is unaffected by these changes and will continue to focus on growing our premium beer portfolio, expanding our footprint in the national accounts arena, growing share in the declining market of traditional ale and delivering great beers into our pubs.







**GREENE KING**  
BURY ST EDMUNDS

Registered office

Westgate Brewery, Bury St Edmunds, Suffolk, IP33 1QT