



GREENE KING
BURY ST EDMUNDS



A Year in Review **2023**



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At a Glance

REVENUE

£2.38b

(52 weeks to 31 December 2023)
vs £2.18b for the 52 weeks up to
1 January 2023

ADJUSTED OPERATING PROFIT

£186.1m

(52 weeks to 31 December 2023)
vs £192.6m for the 52 weeks up to
1 January 2023

STATUTORY OPERATING PROFIT

£167.2m

(52 weeks to 31 December 2023)
vs £249.2m for the 52 weeks up to
1 January 2023

FREE CASH INFLOW

£9.6m

(52 weeks to 31 December 2023)
vs £13.1m for the 52 weeks up to
1 January 2023

INVESTMENT

£215.1m

Capital expenditure for the group
(52 weeks to 31 December 2023)
vs £208.1m for the 52 weeks up to
1 January 2023

NEW APPRENTICESHIPS

944

New apprenticeships started
across Greene King in 2023

NUMBER OF EMPLOYEES

40,551

Monthly average across 2023

NUMBER OF PUBS

2,623

On 31 December 2023

RAISED FOR MACMILLAN

£3.8m

Taking our total raised since
2012 to more than £17m



CEO Review



Nick Mackenzie,
Chief Executive Officer

“Our teams have worked incredibly hard to deliver a robust financial performance as our strategy continues to drive us forward to delight our customers, support our teams, create a culture of pride, deliver consistent financial returns and prioritise operational excellence.”

Overview

Building the foundations of a stronger and more sustainable Greene King has been at the forefront of our work this year, ensuring we are fit for the future.

This means balancing long-term investments alongside hitting our short-term goals. I'm pleased to say that we have seen significant progress on many of our strategy drivers and values, with a particular focus on putting our customers first and looking after our team members, leased and tenanted partners and franchisees.

The powerful crosswinds I referenced in 2022 continued as expected in 2023. Despite these challenges, we delivered a robust financial performance and have once again invested significantly in our stellar pubs estate, with £215.1m invested across the business.

Towards the end of the year, I accepted the position as chairman of the British Beer and Pub Association. This is a real honour and gives a platform to extol the virtues and values of an industry that I am passionate about.

Pubs and brewers continue to see costs rise and it is imperative that we highlight the continuing positives that these institutions bring local communities, not just providing social value but also generating economic growth and contributing to the Treasury. In 2023, Greene King's total annual tax stood at c£518m.

For all these short-term economic realities and, in particular, the increased costs of doing business, I remain ambitious and confident about the future for Greene King. This is why we continue to invest significantly, as we know over the long-term it will set us apart from our competitors, both for

our teams – who are the lifeblood of our business – and also for our customers who will be able to visit outstanding pubs in their local communities.

Strategy into action

When I joined Greene King, I spoke about making it more brand-focused. This is an important next chapter for a business that has grown in the past 30 years to become the country's largest integrated pub company and brewer.

We made significant strides on this in 2023 with the announcement of the Greene King pubs brand as a standalone pub chain alongside our other brands.

We also announced two new concepts – Seared and Everly – which we are incredibly excited to trial in 2024 and have the potential to be rolled out as new brands.

Following our initial investment in Hickory's towards the end of 2022, its rollout is gaining momentum. We invested in our first four sites in 2023 and I am particularly excited about watching this expansion in 2024. We continue to proactively invest in our Chef & Brewer Collection, creating outstanding country pubs and hotels nationwide, and our Hive Pubs franchise is now approaching 50 sites.

We continue to balance our brewing heritage alongside creating exciting new beers for the future. This means building on the success of some of our established beers including Abbot Ale, which won gold in the Premium Bitters category and silver in the Supreme Champion category at the Great British Beer Festival this year. Meanwhile, our newer beers, Level Head and Flint Eye, continue their expansion as we broaden our premium craft portfolio.

This year also saw us create a new operational excellence function within Greene King. Given our size and breadth, this allows us to coordinate and time key projects across our pubs. Working in this more efficient manner helps offset external costs, makes life easier for our team members, and lets them focus more on looking after our customers.

Last year, environment and social became core to the Greene King strategy and this has been exemplified this year. Not only did we receive approval from the Science Based Targets initiative (SBTi) for our target to halve our greenhouse gas emissions by 2030 compared with 2019, but we also launched a new supplier platform called Engage. This will allow us to work with hundreds of suppliers to drive positive change across the industry.

Our people

We are seeing more people choose to keep on working at Greene King for longer, which is a great testament to the efforts we have made to invest in our people and transform our culture. Our team member turnover reduced to 66% this year, an improvement of 12ppts over the course of the year.

Our measure of team engagement, which is based on team feedback, has improved again to 87%. It shows that the vast majority of our 40,000 team members are engaged and energised about working at Greene King.

We also saw strong scores in our Pub Partners business unit, where Greene King was ranked first out of the six biggest leased and tenanted pub companies in the Licensee Index, carried out independently by KAM Media.



Helping people build long-term careers in the hospitality sector, and promoting social mobility, is something that has been core to Greene King for several years. This year, we celebrated the milestone of 17,200 apprentices supported since 2011.

Progress also continued with our Releasing Potential programme, finding roles for people just leaving prison and providing a stable job to help them rebuild their place in society. As part of this, we opened a training kitchen at HMP Grampian last year; in December it was a moment of pride to see the first group of cohorts graduate and be offered jobs working in Greene King kitchens.

Our customers

Our aim is to be the pride of British hospitality and a truly customer-first business. We know many of our customers have struggled this year with rising costs and a visit to the pub is viewed differently to how it would have been in years gone by.

It is important we adapt and ensure that we are offering great experiences; we know that, more than ever, our customers are having to make extremely conscious decisions about where they spend their money.

This is why we focus on delighting our customers when they visit us, providing great experiences that still represent good value for the quality of product and amazing service they receive in our pubs.

We have consequently seen some great progress in our customer review scores, hitting an average review rating of almost 4.4 out of 5 across all our managed pubs by the end of the year.

Our communities

The social value of pubs at the heart of their communities cannot be underestimated. When our pubs marked the King's Coronation in May, we published survey research showing 82% of Brits think pubs are important for local communities and 73% say socialising is the most important reason for visiting a pub. This shows what a strong place the pub holds in the British psyche, not only as a place to spend quality time with friends and family but also for what it represents for communities.

At a time when all charities are struggling for financial donations, the fact our teams helped raise £3.8m for Macmillan Cancer Support in 2023 is phenomenal and I know just how much the team at Macmillan appreciate their efforts.

Fundraising is not the only way our pubs give back; our Christmas table initiative saw 831 Christmas lunches given away to those in their communities who would otherwise spend 25th December alone.

Inclusion and diversity

We focused on Leading Inclusively in 2023, as we continue our progress to everyday inclusion. We launched several new policies and commitments, including a target to have 50% female representation across our senior management teams by 2030. This is something I feel is key to becoming not only a more diverse organisation, but also helping to make us much stronger, too.

We continue to focus on meeting the targets laid out in our Calling Time on Racism manifesto, published in 2021, which remains a core commitment as we continue to work towards our aim of being a truly anti-racist organisation.

Looking ahead

We remain focused on the long-term, putting in place significant investment now that we know will benefit us in the future.

This is an ambitious business entering its next chapter, as we invest in a long-term vision to build a balanced portfolio, coupling innovation across new concepts and digitisation with the evolution of existing brands. Further digital announcements are planned as we look to take our digital offer for customers to a new level – another example of making Greene King fit for the future.

While references to Covid-19 thankfully do not feature in this year's review to anything like the degree of previous years, the impact of the pandemic and wider global events on the economy continue to significantly impact us all.

We are in a strong position, however. I am pleased that, despite these challenges, our teams have worked incredibly hard to deliver a robust financial performance as our strategy continues to drive us forward to delight our customers, support our teams, create a culture of pride, deliver consistent financial returns, and prioritise operational excellence.

Finally, I would like to thank everyone who works for Greene King, together with our owners, our tenanted and leased partners, our franchisees and our suppliers. I would also like to thank our trade bodies who play an enormous part in championing this great industry and highlighting the social and economic benefits of pubs, breweries and the wider hospitality sector to the UK.

Our Business Model

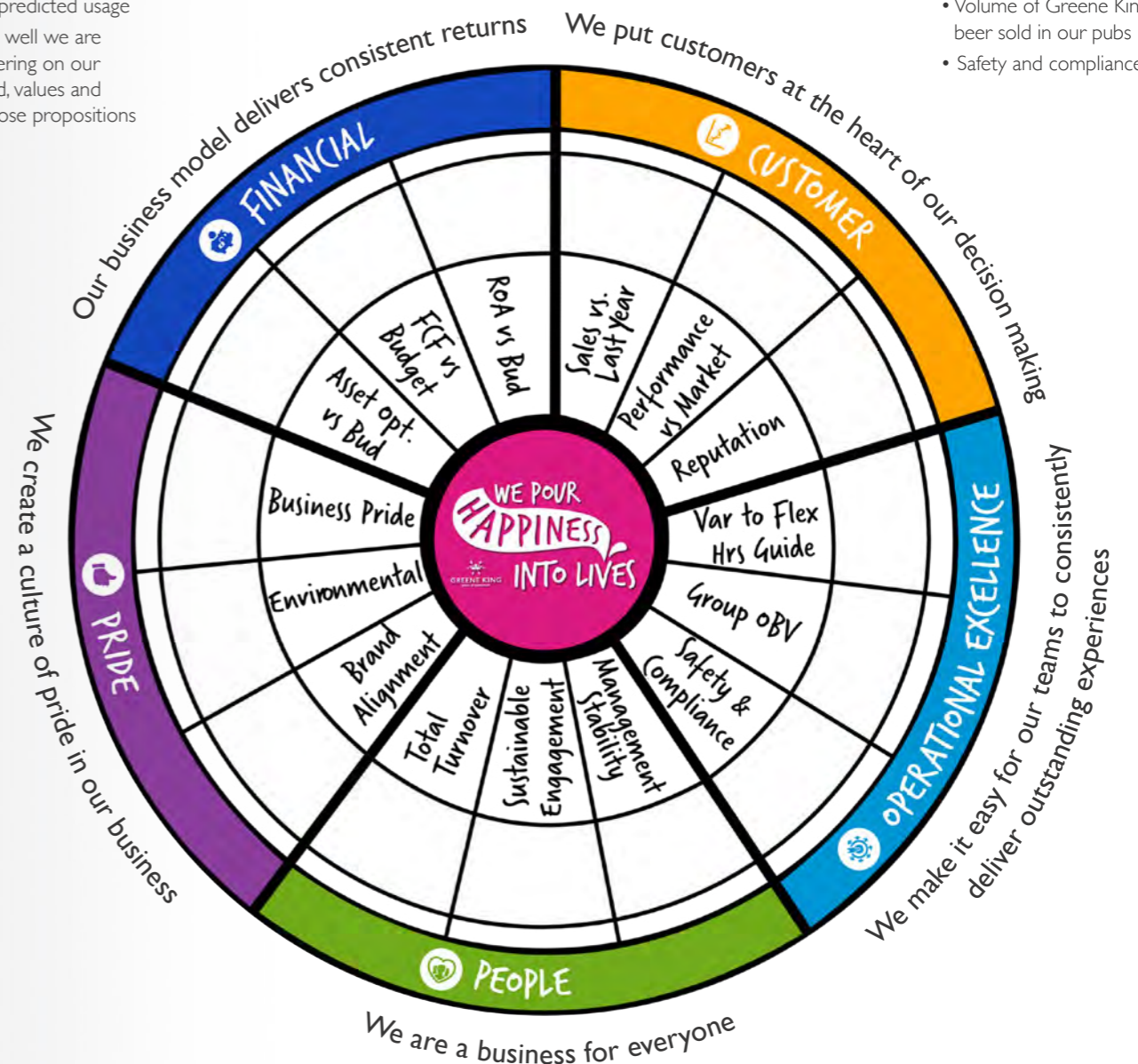
THIS WAS A YEAR OF PROGRESS ON THE STRATEGY WE INITIALLY SET OUT IN 2021 AND DEVELOPED FURTHER IN 2022. THIS STRATEGY IS REFLECTED IN OUR BUSINESS MODEL WHICH AIMS TO DELIVER VALUE IN A VARIETY OF AREAS AS WE FULFIL OUR PURPOSE TO POUR HAPPINESS INTO LIVES.



Measuring Success

WE MEASURE OUR SUCCESS THROUGH A BALANCED SCORECARD CALLED THE DARTBOARD, WHICH TRACKS AND MONITORS GROUP PERFORMANCE AGAINST A BROAD RANGE OF PERFORMANCE INDICATORS.

- PRIDE**
We create a culture of pride in our business
 - How proud our people are to be associated with Greene King
 - Actual energy used in our pubs compared with predicted usage
 - How well we are delivering on our brand, values and purpose propositions
- CUSTOMER**
We put customers at the heart of our decision making
 - Sales
 - Performance vs the market
 - Reputation
- FINANCIAL**
Our business model delivers consistent returns
 - Return on assets
 - Free cash flow
 - Asset optimisation
- PEOPLE**
We are a business for everyone
 - Total turnover
 - Sustainable engagement
 - Management stability
- OPERATIONAL EXCELLENCE**
We make it easy for our teams to consistently deliver outstanding experiences
 - Managing team hours to match demand
 - Volume of Greene King beer sold in our pubs
 - Safety and compliance



PURPOSE WHY WE DO IT

WE POUR HAPPINESS INTO LIVES

STRATEGY GOAL WHAT OUR AIM IS

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

STRATEGY DRIVERS WHAT WE WILL DO



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

Pride of Greene King Awards

IN APRIL, WE CELEBRATED OUR BIGGEST PRIDE OF GREENE KING AWARDS TO DATE, RECEIVING A RECORD NUMBER OF NOMINATIONS ACROSS TWELVE AWARDS.

We brought to life our value 'Win, Learn, Celebrate Together' with a gala night to announce the winners. It was held at The Tileyard North in Wakefield and hosted by Johnny Cochrane, the comedian and radio presenter.

Winner of the Outstanding Contribution award, chosen by the Executive Board, was Jason Radbourn, Head of Food and Product Development. Meanwhile, the 'We Pour Happiness into Lives' award, voted by team members, was won by Richard Johnson, General Manager at Plum Tree Farm in Blackpool.

CONGRATULATIONS TO ALL THE 2023 WINNERS

- We Care Award**
Peter Noble
Property Estates Manager
- Customer First Award**
Sharon McDermott
General Manager at White Barn, Cuddington, Cheshire, Destination Brands
- Freedom to Succeed Award**
Ranya Ball
Business Development Manager, Greene King pubs
- We Take Ownership Award**
Stuart Lloyd
Large Pack Manager, Brewing & Brands
- Win, Learn, Celebrate Together Award**
Pub Partners Franchise Team
Partnerships & Ventures
- Pride Award**
Sophie Burgess
Business Development Manager, Greene King pubs
- Operational Excellence Award**
Simeon Baker
Pub Partners Business Development Manager, Partnerships & Ventures
- Customer Award**
Callum Wilson
General Manager at The County, Gosforth, Tyne and Wear, Greene King pubs
- Financial Award**
Pricing Optimisation
Workstream team
- People Award**
Lynne Kennedy
Talent Development Manager, Apprenticeships and Employability Programmes team



Sharon McDermott



Lynne Kennedy



Peter Noble



Ranya Ball

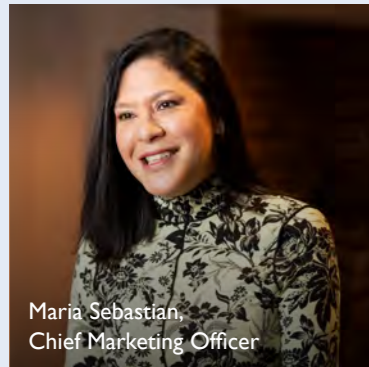


Jason Radbourn

Achievements in 2023

WE HAVE MADE PROGRESS AGAINST ALL EIGHT OF OUR STRATEGY DRIVERS THIS YEAR.

The foundational projects that we announced in previous years focus on the role of our brands and understanding our customers. These have continued to inform our strategic direction. We announced two new brand trials, moved multiple sites into more optimal brand formats, and completed the reorganisation of our business from five divisions to four. We are proud of the steps we have taken this year towards our goal of becoming the Pride of British Hospitality.



Maria Sebastian,
Chief Marketing Officer

“We have seen product development and innovation this year, alongside the evolution of our brand portfolio and digital presence, which all contribute to delighting our customers every time, creating a sustainable business for the long-term.”



Nick Elliot,
Group Property Director

“We have focused on reviewing our estate to optimise our assets for the right brand as well as taking a longer term view of investment cycles. Environmental initiatives play an important role in our property investments, including voltage optimisation and EV charging installations.”



ENVIRONMENT & SOCIAL

Supporting our communities, giving people better lives through our work with Macmillan and reducing our environmental impact.

- Launched Greene King Engage, our supplier engagement platform. It enables us to have a two-way conversation about environment and social matters with our suppliers. The platform was launched at our Greene King for Good conference in October, with 200 food, drink, property and IT suppliers invited.
- Raised £3.8m for Macmillan Cancer Support in 2023, taking our total to more than £17m since our partnership began.
- Having set a near term target of halving greenhouse gas emissions across scopes 1, 2 and 3 (direct and indirect emissions) by 2030 through the Science Based Targets Initiative and committed to a net zero target of 2040, we made good progress this year. We launched trials for alternative pub heating technology, plus solar panel trials at our support centre in Burton-on-Trent and in a pub.



Greene King for Good conference



CULTURE

Create a culture and environment through development programmes, investment in tools and training and use of our balanced scorecard giving our teams the freedom to succeed.

- Our measure of team engagement, which is based on team feedback, has improved from 84% to 87% and reflects the investments we have made in improving our culture.
- Continued our journey towards ‘Everyday Inclusion’ with our reverse mentoring scheme and leading inclusively programmes for managers within our business. We also partnered with external specialists to offer mentoring to our female talent, supporting our commitment to reach gender parity at leadership levels by 2030.
- Launched our ‘Pint of Perspective’ podcast, aiming to create more readily consumable and engaging content representing our inclusion journey. This has been supported by, and featured members of, our four Employee Led Inclusion Groups.



Pint of Perspective podcast recording



The Cart & Horses, Winchester



BRANDS

Establishing compelling brands for long-term sustainable growth.

- Announced the trial of two exciting new concepts as we continue our journey toward a balanced portfolio of brands. Seared, a pub concept, offers a freshly grilled, globally-inspired menu, while Everly Hotels Collection is a boutique hotel offer delivering modern comfort and sophistication.
- Added the Cart & Horses, Winchester (pictured above), and the Prince of Wales, Esher, to our premium brand Crafted Pubs, bringing this format up to six sites in total.
- Increased our franchise business to 52 sites, of which 45 were Hive – up from 28 last year.
- Won 18 different awards for our beer brands this year, including a Great Taste award for Ice Breaker and a gold and silver award for Abbot Ale at the Great British Beer Festival.



EXPAND

Build a balanced portfolio of sustainable brands through targeted acquisitions and innovation.

- Having invested in Hickory’s in 2022, we continued the expansion of this exciting brand by opening four new sites in 2023.
- In March, the investment in Hickory’s won Deal of the Year at the Retailers’ Retailer Awards.
- Continued to grow our Chef & Brewer brand with significant investments and conversions, including The Royal in Portishead and The Victoria in Menai Bridge.



Winners of the Best Pub Employer, Publican Awards



PEOPLE

Transform our culture and our team’s experience to enable them to deliver on our goal.

- In March we were named Best Pub Employer (501+ employees) at the Publican Awards, a major accolade in the sector.
- Colleague turnover has reduced to 66%, down 12ppts over the course of the year.
- Launched Smart Recruiters, a leading digital platform, to significantly enhance our recruiting capabilities, improve the induction experience and increase efficiency for our teams.
- Created a new code of conduct and supporting policies for our teams, codifying our commitment to improving our team’s experience while delivering for our customers. For example, in 2023 we launched new employee policies around gender identity, menopause and menstruation, and parental leave.



DIGITAL

Build meaningful relationships with customers through digital and make it easy for them to connect with us.

- Leveraging the latest technologies, we have increased customer engagement and visit frequency across our digital communications channels.
- Installed significantly upgraded Wifi at 95% of our managed pubs estate, equating to 1,561 pubs, as part of our ‘Pub Network of the Future’ project.
- Launched new and customer-focused pub websites, making it easier for customers to navigate and book online.



OPERATIONAL EXCELLENCE

Drive innovation and cost efficiency creating sustainably lower costs and ways of operating.

- Installed voltage optimisation equipment in 308 of our managed pubs and announced plans to roll it out to 600 pubs in total, which will make these sites more energy efficient.
- Created a new Operational Excellence function to ensure that not only can we generate new operational excellence ideas but, vitally, that we can also execute these ideas successfully within our pubs. The function aims to make life simpler for our pub teams, ensuring that they can focus on delivering for our customers.
- Rolled out a new bookings digital platform, improving operational effectiveness and efficiency for our teams.



ASSETS

Make the most of our assets, maximising their potential.

- Improved our customer experience by investing £150m into capital projects in our pub estate, enhancing the quality of our assets. This included the movement of 27 pubs to new trading formats to better serve their customer communities.
- Continued rolling out our EV charging stations, bringing our total number to 648, to improve how we use our assets and providing vital infrastructure.

Our People



Andrew Bush, Chief People & Transformation Officer

“People and culture sit at the heart of Greene King’s strategy and we wanted to do all we could in 2023 to continue supporting our teams, both in their day-to-day learning and career development, but also through our benefits programme and embedding everyday inclusion across our pubs and workplaces.”



Driving positive change

Greene King’s everyday inclusion journey is making positive steps. We continue to encourage everyone to fulfil their potential, regardless of age or background.

Our Inclusive Leadership culture change programme is helping our leaders make inclusion a reality in their teams. We have made strong progress against our representation ambitions; we have seen an improvement across most areas, and we are working towards our target of women filling 50% of senior management roles by 2030.

In 2023, our four Employee-Led Inclusion Groups (ELIGs) played key roles in strategic decisions and formulating new policies for team members. The ELIGs are:

- **Ability:** our disability focused ELIG
- **Greene Sky:** our female focused ELIG
- **Unity:** our Black, Asian and minority ethnic focused ELIG
- **Village Greene:** our LGBTQ+ focused ELIG

The ELIGs provide an important forum for raising awareness of issues and concerns facing the community they represent and propelling change within the business.

As a direct result of this work, we announced several new policies in 2023:

- We fast-tracked a new menopause and menstruation policy, recognising the need to remove the stigma, normalise the conversation about these issues, promote greater awareness and provide better practical support.

- We launched an improved flexible-working policy which is designed to help people through their different work/life stages. We also introduced a suite of enhanced family-leave policies, including paternity and compassionate leave.
- We announced a new gender identity policy to offer support and reassurance for LGBTQ+ team members who are transitioning at work or who identify as a different identity to that with which they were born. Line managers now receive guidance on how they can support team members before, during and after they transition.

Calling Time on Racism

As part of our ambition to become a truly anti-racist organisation, in 2023 we continued to make progress on the commitments made in our 2021 manifesto, ‘Calling Time on Racism’.

The report set out four long-term commitments to drive cultural change in how we recruit and develop our people, ensure that our pubs, restaurants and hotels are welcoming to everyone, and deliver on our ambition:

- Our senior leadership team will fully embrace anti-racism in philosophy and practice, leading the journey of racial inclusion and representation across the organisation.
- Establish and embed a sustainable culture of inclusion, celebration of difference and courage across the business.
- Enhance the customer experience and leverage the Greene King brand and assets to promote racial inclusion and drive entrepreneurial opportunities for those who experience racism.

- Ensure that our community activity reflects the diversity of the communities we serve, being a driver for change on race diversity locally.

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 discounted overnight stays in Greene King hotels.

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

In January, we also increased the discount in our managed pubs to 50% to thank all our teams for their support over Christmas.

A specific benefits section on ‘Kingdom’, our internal app, provides all our team members with access to discounts for hundreds of major retailers, as well as gym memberships and holidays.

We also offer access to the Wagestream app. This lets employees instantly access, track and save earnings in real-time if needed, while also offering confidential financial coaching.

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.

Following training with Mental Health First Aid England (MHFA), we now have more than 100 mental health first aiders at Greene King, spread across a range of departments across the country.



Destination Brands



Jodie Tate, Managing Director, Destination Brands

“It was an important year for Destination Brands as we realigned our portfolio and welcomed the Flaming Grill team to the family. We were extremely proud to see our customer scores at a record high across all brands and that’s thanks to our fantastic and engaged team members who bring our brands to life.”



REVENUE

£787.4m

ADJUSTED EBITDA

£90.3m

ADJUSTED OPERATING PROFIT

£47.5m

Our Destination Brands division focuses on creating distinctive brands that bring friends and family together by delivering consistently great service, quality and value for money across a range of eating out and drinking occasions.

Our structure

The Destination family comprises four key brands: Hungry Horse, Chef & Brewer, Farmhouse Inns and Flaming Grill. Together, these amount to 600 pubs in total.

In 2023, Flaming Grill joined the Destination Brands portfolio, further strengthening our value offer for customers.

Wacky Warehouse is also an important part of the portfolio, offering great value soft play experiences for families.

Across the estate, we have more than 1,500 rooms offering accommodation; this includes the Chef & Brewer collection.

Our ambition

Managing a diverse portfolio of brands, our aim is to deliver outstanding customer experiences whatever the occasion. In 2023 we began our journey of brand evolution, ensuring that we always work our hardest to meet our customers' expectations and changing needs.

We strive to deliver operational excellence, constantly evolving our estate by investing in new brands while maintaining the underlying value of its less-invested elements.

Measuring our performance

In 2023, our total revenue of £787.4m was up 2.2% compared with 2022, but this came against considerable cost headwinds that slightly impacted adjusted operating profit. Nevertheless, sales performed well in the first half of the year and, despite a wetter and cooler summer suppressing trade over the key holiday period, we saw steady improvement that ultimately led to record sales over Christmas.

Price increases did help to drive sales growth; however, when viewed over a two-year period, our prices are slightly below competitors as we continually aim to provide compelling value to our customers.

Overall, all our brands were in growth across the year with strong like-for-like sales. Our accommodation sales were also up 14.3% year on year.

Investing in our communities

We have invested £14.4m in 28 core development investment projects this year. This includes two new sites that we bought in 2022: The Victoria in Menai Bridge and The Royal Inn in Portishead. These two businesses are part of our Chef & Brewer brand and both have performed ahead of expectations after undergoing significant investment.

Looking after our customers

Customer experiences are crucially important for our brands, so it was a huge positive to see our scores in this area

continue to go up year on year.

Our 'Reputation' measure of online review scores improved by 29 points in 2023 compared with 2022 and we also saw an improvement in the number of complaints this year.

Engaging our people

Our customer experience – and, therefore, our division's performance – depends on more than 16,000 people who work in Destination Brands.

Despite the challenging employment market, we are delighted to have seen our people measures improve across all metrics. Total turnover improved by 14ppts in the year, with our sustainable engagement score improving 3ppts compared with last year, and business pride improving 1ppt over the same timeframe.

These measures came from our annual engagement survey, which 83% of our team completed this year, an increase of 8ppts on 2022.

Looking ahead

We expect this to be a transformational year as we focus even more on developing our brands. Towards the end of 2023 we announced our new brand Seared – the 'Pub with Global Grub' – with our first site in Droitwich Spa. We are looking forward to developing this brand and will announce further news on this in 2024.

The Royal Inn, Portishead, Chef & Brewer

This year we continued our progress to accelerate and develop the Chef & Brewer brand. Part of this involved carrying out a six-figure investment at The Royal Inn in Portishead.

Greene King bought the pub in 2022. It dates back to 1830 and is set in a 1.6 acre plot overlooking the Severn Estuary.

Extensive internal and external refurbishment included redeveloping ten hotel bedrooms with views over the Bristol Channel, an internal extension, and a three-tier external area with outdoor bar.

Staying true to the province and heritage of the area, we considered the region's history and took care to avoid compromising the look of the building. Since opening, the venue has boasted impressive figures with its average weekly turnover exceeding expectations.



☞ *Greene King bought the pub in 2022. It dates back to 1830 and is set in a 1.6 acre plot overlooking the Severn Estuary.* ☞



Hungry Horse Toy Boxing

Our ongoing community engagement work across Destination Brands saw Hungry Horse launch its Toy Boxing campaign for the third consecutive year.

The initiative helps provide toys to those families most in need in each of our pubs' communities.

We launched the 2023 campaign by installing an enormous sack of presents in Manchester city centre alongside TV personality and mum, Charlotte Dawson. The giant structure represented the millions of children who faced the prospect of going without a gift at Christmas.

In total, 235 pubs took part in the initiative, with dedicated donation stations inviting customers to drop off any preloved, new or unused toys.

Overall, the toy drive saw over 16,000 presents donated to local communities nationwide - a new Hungry Horse record.

This work is part of our wider community strategy of putting our pubs at the heart of their community.



☞ *Overall, the toy drive saw over 16,000 presents donated to local communities nationwide - a new Hungry Horse record.* ☞



Greene King pubs



Clair Preston-Bear, Managing Director, Greene King pubs

“ We have built strong foundations this year with performance ahead of the market and 2024 will see the new Greene King pubs brand identity start to appear across our estate. I would like to thank our 20,000 team members for the energy they bring to work every day and for helping to create fantastic pub experiences for our customers. ”



REVENUE

£938.4m

ADJUSTED EBITDA

£176.0m

ADJUSTED OPERATING PROFIT

£121.7m



The Greene King pubs division was created in 2023 and represents the group’s power brand within the wider Greene King estate.

It is focused on driving long-term value through a clear ambition for the Greene King brand to be the nation’s most loved pub brand.

Our structure

Greene King pubs has four business units: Community Pubs, Proper Locals, Urban Pubs and Food Pubs. In total, these amount to 898 pubs.

We have spent time reorganising our teams into these more focused groupings in order to help us provide a more consistent experience for our customers.

Measuring our performance

Both our revenue and adjusted operating profit increased by over 9% compared with 2022, with like-for-like sales also strong.

Inflation played a significant role this year by driving price rises but we remained broadly in line with our nearest competition.

City centre hospitality businesses have experienced a particularly slow recovery from the effects of the Covid-19 restrictions, so we have been encouraged by the performances of our Urban pubs. Specifically, their performance during the second half of the year was strong and ahead of the market.

Investing in our communities

As we look to set ourselves up for longer-term success, we have continued our rigorous programme of pub investments by spending £28.1m on core investments at 51 pubs in 2023.

We are pleased with the sales and profit performance at these sites, which gives us confidence to continue with these programmes. We also completed two transfers in from other divisions of the wider group and transferred four pubs out to the Partnerships & Venture division for the Pub Partners estate.

Looking after our customers

We were pleased to see our customer satisfaction scores go up in 2023 since this is a key focus of our ambitions for the brand.

We want to build a more consistent brand with strong foundations; in turn, this will support our teams by boosting engagement and training.

We saw a positive shift in online reviews left by customers this year; with the number of customer complaints also improving.

We measure customer satisfaction as ‘Reputation’ on our Dartboard scorecard and in 2023 this score increased by seven points.

Engaging our people

Our latest team member engagement survey produced high scores that were broadly level with last year; which also saw a strong set of results. Our sustainable engagement score improved by 1ppt to 87% and our business pride score was down 1ppt to 85%. In total, 81% of the Greene King pubs team completed the survey.

We also saw an improvement in our team turnover, which improved by 8ppts between January 2023 and the end of the year.

Looking ahead

During 2024 we will start rolling out the new Greene King pubs brand identity. This will mean an acceleration of investments, particularly for our Urban and Community pubs. Our aim is to attract three million new customers through our doors and, to help us get there, we will use more of our digital tools to drive broader customer reach.



The Ship in Saltburn-by-the-Sea

Popular Saltburn-by-the-Sea pub The Ship is part of our Community pubs business unit. In 2023, the pub underwent a six-figure investment to transform its interior and develop a new beer garden.

With direct access to the beach, the beer garden now has its own, separate bar and has expanded to seat 250 people. The pub itself also has a new fish-and-chip shop, which offers customers eat-in or takeaway options.

Internally, the pub has a new-look, modern décor as well as an extended bar and snug area. During the refurbishment, we revamped all the internal rooms, including the new champagne bar and also the family room, which now contains a large bar area with a bay window.

With a strong community focus at its heart, The Ship has a weekly programme of events. This includes a quiz night every Thursday, live music at the weekend from a well-known local DJ, as well as a children's craft fun day and rock 'n' roll bingo every Sunday.



“ In 2023, the pub underwent a six-figure investment to transform its interior and develop a new beer garden. ”

The Coach House

Greene King pubs' Urban venues sit in the hearts of towns and cities across the UK. Many of these pubs date back centuries and have rich and varied stories to tell.

Preserving the heritage of these pubs is incredibly important. One of our most historic sites is The George in Southwark, which was serving customers in the 1600s and has continued to do so right up to the present day. Famous past visitors range from Charles Dickens, Winston Churchill and Princess Margaret to Beyoncé and Madonna.

In 2023, we invested a six-figure sum in The Coach House, which sits in the same courtyard as The George and shares outdoor seating. The Coach House mirrors The George's format but allows us to give customers more options, including showing live sport, allowing The George to let its history take centre stage.

The new-look pub opened in the autumn and has already proved to be a particularly popular spot for tourists, while also allowing us to unlock more trading opportunities from the George.



Greene King pubs

Greene King pubs are at the heart of communities across the country, providing hospitality and a home away from home to tens of thousands of customers every day.

The Greene King brand has a rich history and is a favourite among consumers. We want to build on this to create a more distinct Greene King pubs brand which heroes our great people, fantastic pubs, outstanding experiences and high-quality, own-brewed beers.

Our plan is to make Greene King pubs the nation's most loved pub brand, giving it a unique identity and a clear role to build lasting value over time. It will complement our existing portfolio of brands, each of which play an important role for us in key segments of the market.

We will have a customer-led approach at the centre of our offering, making sure Greene King pubs are top of minds for all key occasions, so customers naturally choose to visit us more often.

The brand's 898 managed pubs will focus on: making customers feel at home; bringing people together; creating a friendly and welcoming environment; and taking pride in everything we do. This will result in us delivering an outstanding experience from the moment customers enter our pubs to when they leave, including our quality food and beverage offering. In particular, we will showcase our much-loved, own-brewed beers such as Greene King IPA, as well as newer beers like Level Head and Flint Eye.

To deliver on this ambition, we will significantly invest both in our Greene King pubs estate, as well as in how our brand shows up for customers. This combination will ensure we stand out within the pubs market.



GREENE KING
ESTD 1799



Our plan is to make Greene King pubs the nation's most loved pub brand, giving it a unique identity and a clear role to build lasting value over time.



Partnerships & Ventures



Wayne Shurvinton, Managing Director, Partnerships & Ventures

“We are delighted with the significant revenue growth seen in 2023, which was driven through investment in Venture Brands, asset optimisation and growth in our franchise business. Looking forward we plan to continue investing in our Pub Partners business alongside significant planned investments in our collection of Venture Brands.”



REVENUE

£420.9m

ADJUSTED EBITDA

£106.0m

ADJUSTED OPERATING PROFIT

£78.3m



The Partnerships and Ventures division was created this year. It contains our leased, tenanted and franchise pub operations alongside various other businesses that operate more independently outside of Greene King's core offer and target growth sectors of the market.

Our structure

The division totals 1,125 venues, bringing together our long-established Pub Partners business unit with other venture propositions. These include Hickory's Smokehouse, Metropolitan Pub Company, Crafted Pubs, and our Hotels business.

Measuring our performance

Partnerships and Ventures grew revenue by 23.2% in 2023. This was driven by our investment in Venture Brands, asset optimisation, and growth in our franchise pub models. It made an adjusted operating profit of £78.3m.

Investing in our communities

Development capital expenditure for the division totalled £28m in 2023. Investment activity focused on maintaining and improving the quality of assets in the core estate, while also optimising assets through conversions and brand building investments. In particular, this included investments in our leased and tenanted pubs, further rollout of the Hive Pubs franchise format, and targeted transformations of pubs into new Hickory's Smokehouse restaurants.

Pub Partners

This makes up the bulk of venues within the Partnerships and Ventures division, with its pubs continuing to generate significant and stable cashflow for the group. There are 932 leased and tenanted pubs and we have significantly increased our number of franchise pubs this year to 52 sites.

This growth has been driven by the continued rollout of our Hive Pubs model, which comprises well-invested assets converted from our leased and tenanted estate or from our fully-managed pub estate. The 2023 openings have delivered strong returns and there is a healthy pipeline of new conversions planned.

Hickory's Smokehouse

Greene King first invested in Hickory's in October 2022, bringing it into the Partnerships and Ventures division. Since our initial investment, this business continues to go from strength to strength; the core operation is performing in line with expectations while also delivering successful conversions across four former Greene King managed pubs during 2023.

The business now consists of 23 restaurants across the Midlands and the North West of England and is set to grow further in 2024.

Venture Hotels

Our Venture Hotels business brings together 39 venues to enable us to focus on maximising the returns of our accommodation-led assets. During 2023, we announced a new premium brand called Everly, with its first hotel in Rottingdean due to open in summer 2024.

The alignment of our hotels to new brand propositions will ensure that we continue to maximise returns from this estate.

Metropolitan Pub Company

This has 69 pubs, mostly in London. The business operates premium food and drink pubs in urban and suburban locations, with a targeted focus on investment during the year.

Crafted Pubs

This is a new premium dining concept created by Greene King. Following significant investment, it opened its first site in 2021 with The Boat in Catherine-de-Barnes. The concept allows for targeted premiumisation of existing pubs within the Greene King estate; by the end of 2023, there were six Crafted Pubs across the country.

The brand connects two key parts of our strategy: growth through compelling brands, and asset optimisation, with pubs transferred from other parts of the managed pub estate. Two further sites were opened in 2023: The Cart and Horses in Winchester and The Prince of Wales in Esher.

Looking ahead

We expect to continue investing in asset optimisation and expanding our Venture Brands. This will include the continued rollout of Hickory's Smokehouse, the opening of our first Everly hotel in East Sussex, building our franchise estate, and supporting our leased and tenanted partners with significant investment into their pubs.

Pub Partners: The Six Bells in Shinfield

Having a thriving leased and tenanted estate allows us to partner with outstanding pub operators from across the country. They bring their own talent and expertise in running great pubs and, in turn, receive the backing of Greene King's industry experience and ability to invest in their businesses.

A great example of this in action in 2023 has been the Six Bells in Shinfield, near Reading. Operated since 2018 by licensee Sachin Singh and his business partner Sunil Sharma, The Six Bells is a popular and successful destination pub. The pub is known locally for its family-friendly atmosphere and live sport offer, combined with excellent North Indian cuisine and traditional pub food served in its restaurant.

To support Sachin in expanding his successful business, Greene King Pub Partners invested £300,000 to upgrade the pub. The investment gave it an all-new dedicated sports area, a significantly improved beer garden and also an extension, which gives the pub a new, private hire space and additional restaurant covers. The refurbished and upgraded pub can now cater for private event hires such as weddings and corporate lunches and dinners. Alongside this, the improved sports area drives further footfall and volume for major sporting events, while the upgraded garden has doubled capacity from 100 to 200 covers outside, enabling the pub to fully benefit from summer trading and good weather.

Sachin has also introduced an events programme at the pub to further boost trade, which includes a Bollywood night and a regular quiz night. Alongside this, he and his bar team have added cocktails to their menu, further driving footfall and volume in their pub business.

☞ *Greene King Pub Partners invested £300,000 to upgrade the pub.* ☞



Sunil Sharma (left) and Sachin Singh (right) at the Six Bells



Hive Pubs

After launching our very first Hive Pub in 2021 at the Maldon Grey in Sudbury, we finished the year fast approaching our 50th Hive Pub.

Consisting of transfers from our leased and tenanted estate or from our managed estate, these pubs are well-invested, each one offering an opportunity for a new franchisee to take their next step on their hospitality career.

During this time, the concept has evolved in line with its expansion, with a new menu launch in 2023 and special offers tailored to the needs of different Hive Pubs.

This includes developing a core menu, a simplified menu and also an enhanced menu, so that franchisees can tailor their food offer based on the needs of the community they serve.

We have introduced a series of signature dishes, exclusively available in Hive Pubs, that all feature 'Hot Honey'. These sit alongside other Hive Pubs offers, such as Pizza and Moretti Wednesdays and a steak dinner for two offer on Thursdays.

Under the Hive Pubs franchise agreement, we offer the licensee a ready-to-trade pub at a low entrance cost. They then have a minimum guaranteed income as well as a percentage of food and drink sales. On top of this, they receive a share of the profits in their pub and can earn a bonus as well.

More Hive Pubs are planned for 2024 as well as a new franchise concept to target a different segment of the market.



☞ *Under the Hive Pubs franchise agreement, we offer the licensee a ready-to-trade pub at a low entrance cost. They then have a minimum guaranteed income as well as a percentage of sales. On top of this, they receive a share of the profits in their pub.* ☞



Jez Wright, The Westbury Tavern



Hickory's Smokehouse

Four pubs underwent transformational, seven-figure investments in 2023 to become new Hickory's Smokehouse restaurants, bringing to life Greene King's strategy driver to optimise assets.

The sites were all located within a reasonable distance of existing Hickory's restaurants. This allowed the Hickory's team to give proper care and attention to each investment and thoroughly support new team members as they began their Hickory's journey.

Each investment meant a significant increase in the size of the venue; overall, we have created more than 250 new jobs across these four sites, allowing Hickory's to support local economies whenever a new restaurant opens.

The new restaurants in 2023 are located in and around Huddersfield, Derby, Thornton-Cleveleys and Wrexham.

All four sites have performed strongly since opening and received very positive customer feedback through online reviews.

More openings will follow in 2024, with the number of new openings projected to increase significantly compared to 2023.



Each investment meant a significant increase in the size of the venue; overall, we have created more than 250 new jobs across these four sites, allowing Hickory's to support local economies whenever a new restaurant opens.



Metropolitan Pub Company

In 2022, Metropolitan Pub Company expanded to Glasgow's West End with the acquisition of three iconic restaurants, including the Stravaigin. This venue is a cultural landmark but required investment. To retain its independent spirit, we took great care when planning the refurbishment, which proved to be the right decision as the Stravaigin went on to enjoy a successful 2023. The investment enhanced the elements of the pub that made it so distinctive while also updating and improving it, including creating a new basement wine bar.

In November, the Stravaigin was named Gastropub of the Year at the annual awards ceremony hosted by the Scottish Licensed Trade News (SLTN). The award is presented to a venue that delivers on "high-end pub food with a quality drinks range to match. A top tier menu offering, with first rate friendly service in a welcoming pub environment".



Venture Hotels

In November, we were excited to announce the launch of a new sustainable hotel concept: Everly Hotels Collection. The collection will feature hotels in vibrant, destination-led market towns across the UK and focus on affordable luxury.

The first Everly Hotel will be The White Horses in Rottingdean, near Brighton in East Sussex. Opening in the summer of 2024, it will have 32 bedrooms and 290 covers, with a food menu focused on local produce.



Crafted Pubs

The Prince of Wales in Esher, our sixth Crafted Pub, opened in early December following an investment of more than £1m. The latest addition to this premium collection of pubs has made a strong start since opening, exceeding expectations both on sales and profit.

The Prince of Wales in Esher, our sixth Crafted Pub, opened in early December following an investment of more than £1m.



Brewing & Brands



Matt Starbuck, Managing Director, Brewing & Brands

“I’m proud to have been part of another exciting year for our brewing and distribution teams where we’re positioned as the market leader in the cask ale sector. Our portfolio of new premium brands also went from strength to strength, gaining continued support from our customers and numerous quality awards and accolades.”



REVENUE

£228.7m

ADJUSTED EBITDA

£32.2m

ADJUSTED OPERATING PROFIT

£21.3m



We brew beers at our two breweries, distributing and selling them across the UK and overseas. Our Westgate Brewery in Bury St Edmunds, Suffolk, and our Belhaven Brewery in Dunbar, East Lothian, brew renowned beers including Greene King IPA, Old Speckled Hen, Abbot Ale, Ice Breaker and Belhaven Best.

We also develop new beers to reflect changing tastes, with our premium beers Level Head and Flint Eye seeing further expansion in 2023.

Our structure

After brewing our beers, we supply them into the entire estate of Greene King pubs, both managed as well as leased and tenanted. We also sell our beers to independent, free-trade pubs across the country. We have strong relationships with supermarkets and other drinks retailers with significant volumes of our beers packaged up for customers to enjoy at home. We also have an export business that sees our beers transported to countries across the world.

Measuring our performance

Our revenue in 2023 of £228.7m was 9.8% higher than the previous year, with adjusted operating profit up 3.4%.

Despite 2023 being a year of persistent macroeconomic uncertainty, the business pressed forward with its strategic ambitions, which are underpinned by developing brilliant beers, brilliant brands and brilliant people.

This was a year of high inflation, which heavily impacted the brewing industry. Raw materials, canning, utilities and distribution all increased in cost. Despite absorbing high levels of inflation ourselves, some of these cost increases required us to increase prices on our own products.

However, revenue growth was not caused solely by inflation; it was also driven by increases in the volume of our beers sold in pubs and other venues.

Investing in our products

We invested significantly across our business to ensure ongoing operational excellence, including a significant spend at our Belhaven Brewery. This investment ranged from product innovation, such as our pins production, to operational efficiency, such as installing new centrifuges in our brewery. It also included improving our cellar service equipment, health and safety enhancements, and the ongoing development of our new distribution centre on the outskirts of Bury St Edmunds. In addition, we invested in relaunching our renowned Belhaven Best and Belhaven Black beers in Scotland with a new, premium design; the relaunch coincided with Belhaven being the official beer sponsor at the Edinburgh Fringe Festival.

Looking after our customers

We maintained a close focus on our customer-first approach, consistently providing high-quality products and service to our whole range of customers.

We measure successful deliveries as the percentage delivered on time and in full, and this year it increased by 0.9ppts from 2022 to 95.7% in 2023. We also saw a 100% quality score in the Bury St Edmunds brewery, which was up 5ppts on 2022.

Furthermore, our beers attained independent recognition, earning multiple awards across our portfolio. Notably, Ice Breaker received three stars at the Great Taste Awards, while Abbot Ale secured Gold in the Premium Bitters category at the Great British Beer Festival.

Engaging our people

We saw the highest-ever response rate to our annual employee engagement survey, with more than 600 participants, representing a 79% response rate.

Our sustainable engagement result improved by 6ppts from 2022 to 78% in 2023, and business pride rose by 3ppts to 85% in the same period.

Looking ahead

Our focus on the year is to build on the strong work of the past year: growing premium beer volumes; delivering share of growth across ale markets; further improving our operational excellence; and investing in upskilling our people and enhancing our culture.



Championing cask ale

As the country's largest cask ale brewer, we continue to promote and invest in this historically significant segment of the UK beer market, bringing fresh cask ales to pubs and bars across the country.

Rejuvenating our seasonal ale offers this year led to sales volumes of these beers increasing by 25% compared with 2022. We also invested a seven-figure sum in launching 4.5-gallon pins into the market in time for summer, making us the UK's first major brewer to invest in this smaller 36-pint cask vessel.

The rationale behind this initiative was to help pub operators minimise wastage and encourage even those with smaller throughput to stock cask on the bar or be able to add further range with a lesser volume.

Pins were launched with our July seasonal cask ales, Ale Fresco and New Tricks, which was a collaboration with fellow Suffolk brewer Nethergate Brewery.

The 4.5-gallon vessel was then available to order for nearly all seasonal calendar ales, providing a brilliant opportunity for operators to showcase different styles and flavours of cask ale for their customers to taste.

Cask ale is part of our heritage and the core of a great pub, and we continue to invest and innovate to secure its future.

The launch of pins has proved a great success for the brewery. It has enabled us to grow cask stockists across the year, with overall stockists of seasonal calendar ales up 20% compared with the previous year.

FRESH CASK ALE RELEASES 2023

JANUARY 	FEBRUARY 	MARCH
APRIL 	MAY 	JUNE
JULY 	AUGUST 	SEPTEMBER
OCTOBER 	NOVEMBER 	DECEMBER

Developing premium craft beers

Following the launch of our premium craft portfolio in 2022, with Level Head Session IPA and Flint Eye Dry-Hopped Lager, the last year has been focused on investing and growing distribution.

When we launched these beers, we spent time building brand loyalty from the outset by initially placing them into smaller numbers of our London pubs and then gradually rolling them out further.

This has helped to build a following and has also allowed us to gauge the reactions of customers in our Greene King pubs before making them more widely available.

In the early part of 2023, we launched these beers into Tesco and Sainsbury's; by the end of the year they were on sale in every major grocer.

We have also seen greater engagement with our own Greene King pubs, enabling us to expand our distribution of these beers substantially across our own managed estate, as well as leased and tenanted pubs, independent pubs and with other managed pub companies.

We also invested in a major marketing plan. Spanning out-of-home, social, digital and television channels, it reached over 15 million people. TV advertising was activated across the Women's Football World Cup, including during the final game.

In addition, as proof of the quality and credibility of our craft portfolio, both Flint Eye and Level Head secured medals at the World Beer Awards 2023, with Level Head securing a silver award for its category.

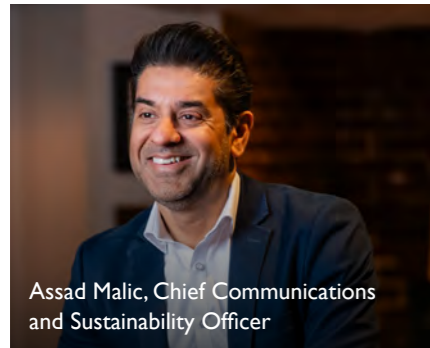
We were thrilled to close the year with our premium craft portfolio selling over 5m pints since its launch and with more than 2,000 venues serving our craft beers.

We ended the year having improved our position in the craft market, securing the number four spot for volume and value among UK craft brewers.



“ We were thrilled to close the year with our premium craft portfolio selling over 5m pints since its launch and with more than 2,000 venues serving our craft beers. ”

Environment, Social and Governance



Assad Malic, Chief Communications and Sustainability Officer

“ At Greene King our purpose is to pour happiness into lives, and that means leaving a lasting positive impact on the communities we serve, our people and the environment. We’re investing our time and capital to make improvements for generations to come. ”

Environment

HELPING OUR CUSTOMERS MAKE MORE SUSTAINABLE CHOICES

- Pub environment
- Menu innovation
- Food waste
- EV charging
- Biodiversity
- Responsible sourcing
- Recycled packaging / plastics

IMPROVING OUR OWN OPERATIONS AND VALUE CHAIN THROUGH NET ZERO TARGETS

- Renewable energy
- Energy efficiency measures
- Circular business model
- Working with suppliers

Social

GIVING MILLIONS OF PEOPLE BETTER LIVES

- Macmillan Cancer Support
- No-One Alone programme
- Calling Time on Racism manifesto
- Modern Slavery

PROVIDING GOOD WORK FOR EVERYONE

- Diversity and Inclusion
- Social Mobility
- Financial Support Scheme
- Apprenticeships

Governance

INCREASING CLARITY, TRANSPARENCY AND RESPONSIBILITY

- Increase clarity, sharper focus and embed aligned activity into business as usual across the whole of Greene King
- Improved disclosures
- Targets in line with Science Based Targets initiative
- External ratings
- Enhanced responsibility measures across retailing and sourcing



Greene King for Good conference

After creating an Environment, Social and Governance (ESG) strategy in 2021 and 2022, during this last year we began to deliver on some of our strategic actions.

We prioritised developing our roadmap to net zero, pursuing our long-term community ambitions, and enhancing our governance across a range of key issues.

Key to this has been the introduction of Environment, Social and Governance leadership forums. These include our working group leads, who are subject matter experts. The new forums report recommendations to an ESG Board, which is chaired by the Chief Communications and Sustainability Officer and includes the Chief Financial Officer and Greene King pubs' Managing Director.

The board's duties include:

- Overseeing development of Greene King's ESG strategy.
- Identifying and approving both short-term and long-term ESG objectives and the key performance indicators (KPIs) required to deliver the strategy and to review its reporting.
- Coordinating and overseeing the activities of the ESG working groups and acting as an escalation point where necessary for relevant working across different teams.
- Developing and maintaining Greene King's ESG policies and practices to ensure they remain effective and compliant with legal and regulatory requirements and industry standards, and then recommending these to the Greene King Executive Board for approval.

While emotional connection is the binding thread through our environment and social strategy driver, having this governance structure to underpin it helps to drive the change needed to deliver our clear targets.

Our focus on social responsibility was further developed in the year with the implementation of the first national pub company accreditation scheme with Best Bar None and the publishing of our modern slavery three-year action plan.

Greene King Engage

In October 2023, we introduced a supplier engagement platform called Greene King Engage at a conference for 200 key food, drink, IT and property suppliers.

During the conference, our Chief Executive Officer and Chief Communications and Sustainability Officer talked about reaching net zero and reducing indirect greenhouse gas emissions, as well as the importance of human rights within our supply chain.

All businesses invited to the launch of Greene King Engage were then migrated onto the platform, with 94% completing an initial kickstart assessment by the end of 2023. This survey covered questions on carbon emissions, human rights, biodiversity and water, waste and packaging, responsible sourcing, materials of concern and environmental management. All remaining key suppliers will be added to Greene King Engage by summer 2024.

Environment

In early 2022, we decided to put climate science at the heart of our environment strategy. We committed to set near-term and net-zero targets through the Science Based Targets initiative (SBTi), annually reporting our progress to reducing our greenhouse gas (GHG) emissions.

In February 2023, the SBTi approved our near-term targets to halve GHG emissions by 2030. In addition, we have publicly stated our intention to reach carbon net zero by 2040 and will also seek approval for this target via the SBTi. Alongside this, we remain committed to halving our food waste from 2019 levels by 2030, in line with the Courtald Agreement.

The two focus areas of our net zero strategy are:

- Helping our customers to make more sustainable choices. We see our role as supporting our customers to reduce their environmental footprint. We can do this in several ways: adapting our pub environment so that sustainability lies at its heart, innovating across our menus with lower carbon dishes, and helping customers reduce food waste. We can also source responsibly, provide electric vehicle chargers in our car parks, enhance biodiversity in our gardens and use low-carbon packaging solutions.
- Improving our own operations and value chain through net-zero targets. Through our near-term science-based target and our public commitment to our net-zero target, we will drive our carbon footprint down by procuring renewable energy and introducing energy-efficient measures and solutions. We will also work with our suppliers on their emission hotspots and introduce new and innovative circular business solutions.

Environment targets

- Reduce absolute scope 1 and 2 greenhouse gas emissions (GHG) 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
- Reach carbon net zero by 2040



Vertical farming, Fischer Farms

Actions in 2023



Solar panels, Cherry Tree Farm

Property decarbonisation

We have invested more than £7m in decarbonising projects this year:

- We have rolled out voltage optimisation equipment to 308 of our managed pubs in 2023 and will reach 600 in 2024. This will deliver reductions in our electricity usage and should reduce our carbon footprint by 7,000 tonnes of CO2 and CO2 equivalents.
- We installed technology into our Farmhouse Inns' kitchens that gives us real-time data on energy usage and analysis on equipment use, allowing targeted actions to reduce energy consumption. The project is estimated to save 2.5 gigawatt-hours of energy annually – enough to power 2.5m homes for one hour – and improve the longevity of equipment through proactive maintenance.
- We began trialling solar panels at our Burton-on-Trent support centre and at one of our pubs, Cherry Tree Farm near Derby. We anticipate that these installations will provide valuable learnings for any future rollout of the technology.
- We trialled air sourced heat pumps at two of our pubs, supplying heating and water with low-to-nil emissions. Over the coming months we will monitor the impact on energy consumption, and customer and team comfort, in order to understand the longer-term viability of heat pumps in the estate.

Sustainable farming and procurement

We have made steps towards more sustainable procurement this year:

- In April we announced a vertical farming partnership with Fischer Farms. Vertical farming allows crops to be grown all year round in undercover, racked trays stacked in tall layers. This bio-secure farming method has a small land footprint compared with traditional farming and is fuelled by sustainable energy. With controlled light, temperature and irrigation, it simulates the best growing conditions, resulting in high-quality crops. In 2023 we have seen the rollout of vertically-farmed basil, watercress and chives into our managed pubs.
- During 2023 we introduced a new policy that no air-freighted fruit and vegetables would be allowed into our business by March 2024; by September 2024 we will expand the policy to include other products or ingredients.

Brewing

We have sought to implement operational efficiencies in our Bury St Edmunds and Dunbar breweries, as well as across our distribution network. This included installing new equipment in our Bury St Edmunds brewery that is more energy efficient and uses less cooling water than before.

Food waste

We are committed to halving food waste by 2030 from a 2019 baseline:

- This year, we ran a trial to assess more accurate methods for measuring food waste to better understand the sources and causes. We are now analysing the results.
- We continued our partnership with the popular app 'Too Good To Go', which allows members of the public to buy leftover food from pubs and restaurants that would otherwise go to waste. We estimate this helped to save around 261,000 meals this year, with the partnership saving more than 500,000 meals overall since it began.

Electric vehicle charging

We continue to roll out EV charging points in our car parks, with 648 chargers now installed. This can provide an invaluable resource for communities, either in rural areas where there is not easy access to charging points or in more urban areas where homes have no off-street parking and therefore home-charging is less feasible.

Packaging

Our ongoing sustainability dialogue with suppliers means we are always looking for ways to reduce packaging:

- We removed over a million pieces of plastic cutlery and three million disposable plastic glasses from our properties in 2023.
- We replaced our plastic cake takeaway boxes with a cardboard solution, which will remove over a million plastic boxes from our estate.
- We also removed single-use items normally used at Christmas, such as party poppers and gift boxes, equating to more than 800,000 single-use items.
- We helped one of our suppliers save 50 tonnes of plastic waste annually across all their customers, including Greene King, by switching to using FSC-certified paper packaging.
- In January 2023, we collected approximately 24,000 empty sweet and chocolate containers through our Tub2Pub circular recycling scheme. This scheme lets people bring their containers to our pubs after Christmas for processing, thereby diverting more than three tonnes of plastic away from landfill. The granulated plastic is repurposed into garden furniture and we donated proceeds from the plastic sale to our charity partner, Macmillan Cancer Support.

Water

We ran two water efficiency trials this year:

- We installed Automatic Meter Reading (AMR) loggers at 50 of our sites. These enabled us to take readings of water usage at 15-minute intervals, enabling the early identification of leaks and coordination of repairs and maintenance activities as appropriate. Over 16,700m³ of water savings were identified in the trial.
- We also ran a trial for using low flow shower heads and toilet flow regulators at two of our hotels and one of our larger pubs to understand the impact on water savings and customer experience.

Biodiversity

In 2023 we completed several projects to improve biodiversity. These included initiatives providing habitats for insects and birds, and planting trees and wildflower meadows. We also collaborated with the Gloucestershire Canal & Wildlife Trust at our pub Fromebridge Mill to clear sections of the local river in order to encourage wildlife to return.



The Anchor, Southwark

Explainer: Greenhouse Gas emissions

- Scope 1 is direct emissions from the fuels we use in our breweries, pubs, restaurants, hotels and offices. It also includes emissions from vehicles owned by Greene King, including company cars.
- Scope 2 is indirect emissions associated with the generation of electricity consumed in our sites.
- Scope 3 is all other emissions generated both upstream and downstream in our supply chains.

 **3,000,000**
DISPOSABLE PLASTIC GLASSES REMOVED FROM OUR PROPERTIES IN 2023

 **50 tonnes**
OF PLASTIC SAVED BY HELPING A SUPPLIER SWITCH TO FSC-CERTIFIED PAPER PACKAGING

 **24,000**
EMPTY SWEET AND CHOCOLATE CONTAINERS COLLECTED IN JANUARY '23

Social

We believe in challenging social barriers, creating opportunities for many by welcoming anyone to build a career with us, regardless of education or background. This was another positive year of progress against our social strategy, with further development across our pillars of charity, community, social mobility, inclusion and diversity and wellbeing.

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

Social targets

- Raise £18m for Macmillan Cancer Support between 2012 and 2025.
- By 2025 have supported 5,000 new apprentices since 2022, taking us to a total of 20,000 apprentices supported.
- Support 300 more prison leavers between 2022 and 2025.
- From 2022 to 2025, have supported 100 interns with Special Educational Needs or Educational Health Care Plans into work experience or employment.
- 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% between 2022 and 2030. In the same timeframe, increase representation in the leadership team from 6% to 12%, in senior management from 3% to 10% and among our managers from 4% to 10%.

From 2022 to 2025, have supported 100 interns with Special Educational Needs or Educational Health Care Plans into work experience or employment.

Actions in 2023



Fundraising total for Macmillan

Charity

2023 was our highest fundraising year to date, raising £3.8m for Macmillan Cancer Support, an increase of £800,000 over 2022. This represented the vast majority of our fundraising.

We achieved this total by renewing our focus on 'little and often' donations, with every function and division in the business setting a yearly target. Significant fundraising uplift came from our support centres as well as from our Urban Pubs and Hungry Horse estate.

You can read more about this year's fundraising for Macmillan on page 38.

Community

Our pubs, breweries, depots and support centres lie at the heart of their communities and provide an important role in bringing people together around a collective sense of belonging. This year we have seen initiatives that helped cement this important partnership between pubs and their communities:

- Our Christmas Community Table initiative ran for its second year in 2023. It saw 219 pubs offering community tables of six people to those who would otherwise be alone on 25th December. We donated 831 Christmas lunches to customers in our communities, bringing them together to enjoy the day with others in our pubs.
- Our Venture Hotels team started a trial with Carefree, a charity that transforms vacant hotel rooms into free stays for carers. During the six-month trial, we donated two-night Bed and Breakfast hotel stays to carers needing a break.
- Our grassroots sport community grant scheme, 'Proud to Pitch In', distributed £253,000 in grants to 81 clubs in 2023. The scheme provides grants up to £4,000 for equipment and the cost of running community sports groups. To date, we have donated £645,000 to 238 clubs, enabling 59,000 people to continue to play the sports they love in their community.

- During the year, £366,000 worth of food, equating to 97,500kg, was donated direct from depots to foodbanks including Bread & Butter Thing, The Felix Project and City Harvest. We donated c.500 tablets to 2econd Chance to be refurbished and re-sold at affordable prices, providing essential funding and also training for disabled people.
- We continued our support for trade charities including PubAid, Best Bar None, Only a Pavement Away and Pub is the Hub, as well as local charities close to our support centres in Bury St Edmunds and Burton on Trent. Examples of support included funding a Therapy Garden at Wedgwood House, the mental health hospital in Bury St Edmunds and fundraising for Burton Hope in Burton-on-Trent.

Social mobility

In 2022 we made a number of social mobility commitments as part of our 'Untapping Potential' report and 2023 saw us make good progress on all these commitments.

- In 2023, 347 apprentices achieved their qualification with a further 944 new apprentices beginning an apprenticeship. We have now supported 17,200 apprenticeships since 2011.
- We have also supported 2,275 apprenticeships out of the 5,000 by 2025 target we set ourselves in 2022.
- Our Supported Internships programme helps young people with special educational needs to gain work experience. Working alongside our partners, Landmarks Specialist College and Mencap, the programme continued to expand during the year. We provided 30 supported intern placements in 2023, with 23 completing the internship and over 80% securing permanent employment with Greene King.
- Greene King continues to take a leading role in private sector recruitment and education for prison leavers through our 'Releasing Potential' programme. We recruited 62 prison leavers in 2023, making a total of 222 since the programme started in 2019. We continue to work closely with our partners including Only a Pavement Away, and this year we were named the charity's first strategic partner.
- In December we opened a second training kitchen within a prison, at HMP Grampian in partnership with the prison and the Scottish Prison Service.
- We are one of a few employers piloting prison apprenticeships.
- In the past 12 months, we have delivered Greene King employability events in over 60 prisons. We were the leading hospitality employer at the Ministry of Justice and New Futures Network Hospitality Drive, attending 26 prisons and engaging with 232 serving prisoners during a two-week period.

Inclusion and diversity

During 2023 we maintained our momentum toward everyday inclusion with the aim of creating an environment and culture where everyone can feel like they belong.

- The year saw further rollout of our Reverse Mentoring programmes and further growth and influence of our four Employee Led Inclusion Groups (ELIGs).
- We further embedded our inclusive leadership training programme.

You can read more about our inclusion and diversity work this year, including our public commitment to reach gender parity at leadership levels by 2030, on pages 10 and 11 of this annual review.

Wellbeing

Our team member wellbeing efforts focused on awareness campaigns and providing practical support.

- We raised awareness of the support available from our Employee Assistance Programme, as well as our trained mental health first aiders. During the cost-of-living crisis, we further highlighted all the discount schemes that are available for employees with high-street retailers.
- We launched a gender identity policy and menopause and menstruation policy, both supported by awareness guides, and enhanced our family-friendly policies, including paternity and adoption leave.
- We continued to offer support and financial assistance through our Team Member Support Scheme. This is administered independently on our behalf by the Licensed Trade Charity to support any team members facing financial hardship. In 2023, £76,349 of support was paid out in grants.



Prison training kitchen, HMP Grampian



In 2023, 347 apprentices achieved their qualification with a further 944 new apprentices beginning an apprenticeship.

Macmillan Cancer Support

It was a fantastic year for the Greene King and Macmillan Cancer Support partnership, with our teams and customers raising £3.8m for the charity - the largest amount we have raised in a single year to date.

It was £800,000 more than our previous record in 2022 and brings the total raised for Macmillan to over £17m since the partnership began in 2012.

The first £1m raised in the year went towards the charity's emergency grants appeal. This provides cash grants for people living with cancer to help them manage unexpected or additional costs related to their diagnosis during the cost-of-living crisis.

Throughout the year, the calendar of fundraising events was busy, varied and innovative and involved thousands of team members, support staff and customers across the country.



“ The £3.8m raised this year is £800,000 more than our previous record in 2022 and brings the total raised for Macmillan to over £17m since the partnership began in 2012. ”



Team members went above and beyond in tackling challenges to raise the vital funds, including:

- A Sea to Summit challenge in Snowdonia
- Macmillan May fundraising campaign – sparking individual events in hundreds of pubs across the country
- A coordinated “Small Change, Big Quiz” event held across Greene King pubs
- We Love Macmillan Nurses campaign
- Macmillan Coffee Mornings

It was not just the big fundraising events that helped draw in these much-needed funds. A large proportion of the fundraising was generated through the smaller donations made via collection tins and through the 25p donations that customers chose to add on at the till via the Pennies system.

All these contributions combined to help raise the amazing final total for 2023, with the Greene King teams now galvanised and ready to go again in 2024.



The King's Coronation

Pubs were at the heart of celebrations for the Coronation of King Charles III on Saturday 6 May 2023, just as they would have been for Queen Elizabeth II's in 1953.

To highlight the central role pubs have played at the heart of communities throughout this period, we commissioned a report looking at how the role of the pub has evolved across those 70 years, entitled: 'Serving King & Country: The Great British Pub at the Heart of Communities'.

Launched in April, a couple of weeks before the Coronation, the report tracked the history of the pub. It also conducted survey-based research to understand people's attitudes to the pub today.

The report was launched at our pub The Kings Arms in Mayfair and was attended by parliamentarians and journalists.



The report examined pubs' social and economic impact and the role that they play in their communities, finding that:

- 82%** OF BRITS THINK THAT PUBS ARE IMPORTANT FOR LOCAL COMMUNITIES
- 73%** SAY MEETING FRIENDS OR SOCIALISING ARE THE MOST IMPORTANT REASONS FOR VISITING A PUB
- 58%** LIVE LESS THAN A MILE FROM A PUB
- 52%** OF BRITS SAY THAT BEING CLOSE TO A GOOD LOCAL IS IMPORTANT WHEN CONSIDERING MOVING HOME
- 43%** OF BRITS VISIT A PUB AT LEAST ONCE A MONTH
- 35%** OF BRITS HAVE CELEBRATED OR WITNESSED A NATIONAL MOMENT IN A PUB
- 27%** OF 18-34 YEAR OLDS PLAN TO VISIT A PUB OVER THE CORONATION BANK HOLIDAY WEEKEND



To mark the Coronation, we created a whole new beer, available both on draught and in bottles. The limited-edition 4% ABV beer was an easy-drinking and refreshing golden ale with bright tropical fruit notes.

Financial Review



Richard Smothers,
Chief Financial Officer

“ 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. ”

Income statement

	Statutory			Adjusted		
	52 weeks 31 December 2023	52 weeks 1 January 2023	YoY change	52 weeks 31 December 2023	52 weeks 1 January 2023	YoY change
	£m	£m	%	£m	£m	%
Revenue	2,375.4	2,176.4	9.1	2,375.4	2,176.4	9.1
Operating profit	167.2	249.2	(32.9)	186.1	192.6	(3.4)
Net finance costs	(122.0)	(150.8)	(19.1)	(122.3)	(125.7)	(2.7)
Profit/(loss) before tax	45.2	98.4	(54.1)	63.8	66.9	(4.6)

Revenue was £2,375.4m, an increase of 9.1% compared to the 52 weeks ending 1 January 2023, with increases in all four revenue generating segments versus the prior period. This was due to increased levels of trading in the period as a result of continued recovery of the hospitality industry post Covid that continued into 2023.

Greene King pubs revenue was up 9.6% to £938.4m, Destination Brands revenue was up 2.2% to £787.4m, Partnerships & Ventures revenue was up 23.2% to £420.9m and Brewing & Brands revenue increased 9.8% to £228.7m.

The group’s operating profit declined during 2023 compared to 2022. This was primarily due to a change in nature of adjusting items and the continued pressure on profit caused by the rising cost of inflation and the global macroeconomic headwinds that particularly affected food, team and utility costs.

Group adjusted operating profit by segment

	52 weeks 31 December 2023	52 weeks 1 January 2023 Restated ¹	YoY Change
	£m	£m	%
Greene King pubs	121.7	111.8	8.9
Destination Brands	47.5	51.9	(8.5)
Partnerships & Ventures	78.3	89.8	(12.8)
Brewing & Brands	21.3	20.6	3.4
Corporate	(82.7)	(81.5)	(1.5)
Group adjusted operating profit¹	186.1	192.6	(3.4)

1. 2022 has been restated to reflect the new reporting segments.

Net finance costs before adjusting items were down 2.7% to £122.3m, primarily due to the partial refinancing of Spirit A5 and Greene King A5 bonds in the prior period.

Profit before tax and adjusting items was £63.8m compared to £66.9m in the prior period. The group made a statutory profit before tax of £45.2m (prior period: £98.4m profit), after adjusting operating costs of £18.9m (prior period: £56.6m credit) and adjusting finance income of £0.3m (prior period: £25.1m charge).

Adjusted corporate costs are broadly flat on the prior period following a period of continued investment in central functions and the long-term incentive and bonus plan.

Tax

The effective rate of corporation tax (before adjusting items) for the group is 24.9% (prior period: 16.2%) compared with the blended UK corporation tax rate of 23.5%. Adjustments to the rate include permanently disallowable non-adjusting items (+0.9%) the effect of Capital Allowances Super Deductions (-0.7%) and non-adjusting accounting movements on property, plant and equipment (+1.3%). This resulted in a tax charge against operating profits (before adjusting items) of £15.8m (prior period: £10.8m). The adjusting tax credit of £10.7m (prior period: £19.7m 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, employment taxes and corporation tax. In the year, total tax revenues paid by the group were c.£518m (prior period: c.£517m). 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 were a charge of £7.9m (prior period: £11.8m credit), consisting of a £18.9m (prior period: £56.6m credit) charge to operating profit, a £0.3m (prior period: £25.1m charge) credit to finance costs and a net adjusting tax credit of £10.7m (prior period: £19.7m charge). Items recognised in the year included the following:

1. A net impairment charge of £10.4m (prior period: £29.9m reversal) in relation to property, plant and equipment, and right-of-use asset comprising £6.3m net charge (prior period: £0.9m charge).
2. £1.8m (prior period: £nil) of employee costs, restructuring and other legal and professional fees.
3. £4.2m net loss (prior period: £18.0m net profit) on disposal of property, plant and equipment and leases.
4. A net charge of £0.9m (prior period: £6.8m credit) in relation to Covid. This includes a credit of £0.1m (prior period: £7.3m) on bad debt provision reversals on both free trade loans and trade debt, a £0.6m charge in respect of personal protective equipment written off (prior period: £2.1m) and a £0.4m charge (prior period: £1.6m credit) relating to Covid rent concessions (net of fees).
5. A net £1.2m gain (prior period: £3.3m charge) in respect of Indirect Tax claims.
6. £2.2m charge (prior period: £4.2m) in respect of professional fees on corporate transactions and projects.
7. A gain of £1.6m (prior period: £0.1m loss) in respect of the revaluation of investment property.
8. £4.1m credit in respect of insurance proceeds relating to damaged assets (prior period: £4.3m).
9. £0.3m income (prior period: £25.1m charge) for adjusting finance costs which is fully in respect of interest on indirect tax claims in the current year (prior period: £0.5m charge).
10. The adjusting tax credit of £10.7m (prior period: £19.7m charge) represents an effective rate of corporation tax on adjusting items of 57% after tax adjustments of £6.3m. These adjustments include a credit of £6.7m for current and deferred tax movements in the respect of the licensed estate, a £1.1m credit for prior year adjustments and a debit of £1.2m for permanently disallowable items.

Cashflow

	52 weeks 31 December 2023 £m	52 weeks ended 1 January 2023 £m
Adjusted EBITDA ¹	329.2	321.1
Working capital (excluding adjusting cash items)	42.7	25.6
Net interest paid	(102.1)	(113.8)
Tax paid	(13.9)	(3.5)
Adjusted cash generated from operations	255.9	229.4
Core capital expenditure	(194.8)	(164.1)
Net repayment of trade loans	-	0.2
Repayment of lease liabilities	(51.5)	(52.4)
Free cash flow	9.6	13.1
Business acquisitions	-	(34.7)
Investment property expenditure	(1.1)	(0.2)
Net disposal proceeds	4.4	19.9
New build capital expenditure & freehold purchase	(29.9)	(17.4)
Receipt from a settlement of derivative financial liabilities	-	8.6
Adjusting items	25.0	(4.0)
Advance of borrowings	24.6	7.7
Net increase/(decrease) in cash and cash equivalents	32.6	(7.0)

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

The full year adjusted cash inflow from operations was £255.9m (*prior period: £229.4m*), demonstrating the strength of the group's trading performance despite a range of ongoing cost headwinds. The group generated a free cash flow of £9.6m (*prior period: £13.1m*). Overall the cash inflow for the period was £32.6m (*prior period: £7.0m outflow*) after funding capital expenditure of £225.8m (*prior period: £181.7m*) and rent payments of £51.5m (*prior period: £52.4m*), offset by disposal proceeds of £4.4m (*prior period: £19.9m*) and a net cash inflow on adjusting items of £25.0m which primarily relates to cash received from HMRC in relation to VAT on gaming machine income (*prior period: £4.0m outflow*).

There was a net cash advancement of borrowings during the year of £24.6m (*prior period: £7.7m*).

The group delivered a full programme of both maintenance and development capital expenditure, including investment in IT infrastructure as well as a range of transformation and asset optimisation projects. Net disposal proceeds of £4.4m were generated from a small number of non-core assets.

In order to support its 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 £1,000m bank facilities, which were £900m 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.

At the balance sheet date current borrowings are up £518.3m on the prior year; this is due to the CKA revolving credit facility and one of the bank facilities maturing in November 2024 and December 2024 respectively. As outlined below, the CKA revolving credit facility was renewed post year end.

In April 2024 the group renewed the unsecured revolving loan facility with CKA Holdings UK Limited. The facility will be available from November 2024 and will replace the existing one. Any amounts drawn down bear interest at a fixed rate of 7% and interest is payable following the end of each interest period which is typically three months in length. Drawn amounts are repayable on maturity of the facility in November 2028. The size of the facility remains unchanged at £1,500m.

In December 2023 the group executed a new three-year £100m revolving loan facility with DBS Bank. The purpose of the facility was principally to provide funding for scheduled principal repayments under the Greene King securitisation bonds in the context of the majority of the group's cash generated from operations having been reinvested through capital expenditure in 2023.

Balance sheet

	31 December 2023 £m	1 January 2023 £m
Goodwill and other intangibles	940.0	941.6
Property, plant and equipment (inc. investment property and assets held for sale)	3,990.6	3,896.8
Post-employment assets	64.5	55.2
Net debt	(2,109.1)	(2,115.0)
Derivative financial instruments	(30.7)	(24.4)
Trade and other payables	(459.6)	(412.4)
Net IFRS 16 liability	(54.8)	(37.4)
Other net assets	150.9	147.0
Net assets	2,491.8	2,451.4
Share capital and premium	1,223.4	1,223.4
Reserves	1,268.4	1,228.0
Total equity	2,491.8	2,451.4

At the year end, the Greene King securitisation had secured bonds with a group carrying value of £1,019.5m (*prior period: £1,073.7m*) and an average life of seven years (*prior period: seven years*), secured against 1,460 pubs (*prior period: 1,473 pubs*) with a group property, plant and equipment carrying value of £2,019.2m (*prior period: £1,995.0m*).

The group maintained covenant compliance in the Greene King securitisation throughout 2023, with all financial covenants being passed in respect of each of the April 2023, July 2023, October 2023 and December 2023 test dates.

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 5.0% from 4.8% last period and, at the year end, 63.1% of the group's net debt was at a fixed rate. The Greene King secured vehicle had a four-quarter lookback FCF DSCR of 1.7x at the year end, giving 61% headroom to the covenant limit of 1.1x.

Overall, the group's net debt excluding lease liabilities reduced in the year by £5.9m to £2,109.1m.

Pensions

The group maintains four defined contribution schemes, three of which are open to all new team members and one that was closed to new contributions at the end of 2023, and two defined benefit schemes, which are closed to new entrants and to future accrual.

In the prior year, the Spirit Pension scheme entered into a second buy-in policy for c.£110m that provided insurance for a proportion of its members. This takes the total insured value to c.£160m.

At 31 December 2023, there was an IAS 19 net pension asset of £64.5m representing an increase of £9.3m since 1 January 2023. The closing assets of the group's two pension schemes totalled £629.0m and closing liabilities were £564.5m, compared to £633.0m and £577.8m respectively at the previous period end.

In the prior year, the membership data and demographic assumptions were 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 4.5% (*prior period: 4.8%*), RPI inflation of 3.1% (*prior period: 3.3%*) and CPI inflation of 2.5% (*prior period: 2.7%*). Following the funding valuation in 2022 it was agreed company contributions would be made into escrow, total cash contributions in the period were £3.5m into escrow (*prior period: £4.1m of which £1.5m was paid into escrow*).

Dividend

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



GREENE KING
BURY ST EDMUNDS

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